COVER SHEET

1 7 5 1 4

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

(Company's Full Name)

6 8 1 9   A Y A L A   A V E N U E   C O R N E R   G I L

P U Y A T   A V E N U E   M A K A T I   C I T Y

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

GEORGE GILBERT G. DELA CUESTA

Contact Person

8894-94-55

Company Telephone Number

DEFINITIVE INFORMATION STATEMENT

1 2 | 3 1

Month Day

Fiscal Year

FORM TYPE

0 6

Month Day

Annual Meeting

GSED

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

816

Total No. Of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks= pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM IS
INFORMATION STATEMENT PURSUANT TO SECTION 17.1 (b)
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [√] **Definitive Information Statement**

2. Name of Registrant as specified in its charter: **Rizal Commercial Banking Corporation**

3. Province, Country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **17514**

5. BIR Tax Identification Code: **000-599-760-000**

6. Address of principal office: **Yuchengco Tower, RCBC Plaza, 6819 Ayala Ave. cor. Sen. Gil J. Puyat Avenue, Makati City**
   Postal Code **0727**

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

8. Date, time and place of the meeting of the security holders: **July 3 2023, 4:00 P.M. via virtual meeting (no physical place of meeting) given the continued health risks brought by the pandemic. The link for the virtual meeting will be provided to stockholders of record who register to confirm their attendance.**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **June 1, 2023**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	(as of May 16, 2023) 2,037,478,896

11. Are any or all of registrant's securities listed on the Philippine Stock Exchange? Yes [√] No [ ]

A. GENERAL INFORMATION

1. Date, Time and Place of Meeting of Security Holders

Date	:	July 3, 2023
Time	:	4:00 P.M.
Place	:	There is no physical place for the meeting The meeting will be held virtually given the continued health risks brought by the pandemic. The link for the virtual meeting will be provided to stockholders of record who register to confirm their attendance.
Complete mailing address of Principal office	:	21st Floor, RCBC Plaza, Tower II 6819 Ayala Avenue corner 333 Sen. Gil J. Puyat Avenue Makati City
Approximate date on which the Information Statement is first to be sent or given to security holders	:	June 1, 2023

WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

2. Dissenter's Right of Appraisal

There are no other matters or proposed actions as specified in the attached Notice of Annual Stockholders' Meeting that may give rise to a possible exercise by shareholders of their appraisal rights or similar right as provided in Title X of the Corporation Code of the Philippines. However, if at any time after this Information Statement has been sent out, an action (which may give rise to exercise of appraisal right) is proposed at the Annual Stockholders' Meeting, any stockholder who wishes to exercise such right and who voted against the proposed action must make a written demand within thirty (30) days after the Annual Stockholders' Meeting.

Under Title X of the Corporation Code, shareholders dissenting from and voting against the following corporate actions may demand payment of the fair value of their shares as of the day prior to the date on which the vote was taken for such corporation action: (i) amendment to the Bank's articles and by-laws which has the effect of changing or restricting the rights of any shareholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class; (ii) sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the Bank's assets; (iii) merger or consolidation; (iv) investment of corporate funds in another corporation or business or for any purpose other than its primary purpose; and (v) extension or shortening of term of corporate existence.

The appraisal right may be exercised by any shareholder who shall have voted against the proposed corporate action, by making a written demand on the Bank within thirty (30) days after the date on which the vote was taken for payment of the fair market value of such shareholder's shares. The failure to make demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the Bank shall pay the dissenting shareholder, upon surrender of the certificate(s) representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director or officer of the Bank and, to the best knowledge of the Bank, no associate of a director or officer of the Bank has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the corporate actions to be acted upon at the Annual Stockholders' Meeting, other than election to office of the directors.

None of the directors of the Bank has informed the Bank of his/her intention to oppose any of the corporate actions to be acted upon at the Annual Stockholders' Meeting. Moreover, all directors and management of the Bank act in the best interest of the Shareholders and there have been no adverse findings of conflict of interest or insider trading involving any director or management in the past 2 years.

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof

Class of Voting Securities As of May 11, 2023, 2,037,478,896 Common shares and 267,410 Preferred shares are outstanding, and are entitled to be represented and vote at the Annual Stockholders' Meeting. Each share is entitled to one vote.

Record Date: Only stockholders of record as of June 1, 2023 shall be entitled to notice and vote at the meeting.

Manner of Voting: The By-Laws of the Bank provides that the election shall be by ballot, and that every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing in his own name in the stock and transfer books of the Bank at the time the books were closed and said stockholder may vote such number of shares for as many persons as there are directors, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, multiplied by the number of shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, Provided, that the whole number of votes cast by him shall not exceed the number of shares owned by him, as shown in the books of the Bank, multiplied by the whole number of directors to be elected; and Provided, that no stock declared delinquent by the Board of Directors for unpaid subscriptions shall be voted. The votes shall be verified and tabulated by Punongbayan and Araullo, which is an independent third party. As allowed by the Revised Corporation Code and the Commission's rules, the Board of Directors, on April 24, 2023, issued a resolution allowing voting through remote communication or in absentia.

Security Ownership of Certain Record Owners of more than 5% (as of March 31, 2023)

(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) Citizenship	(5) Number of Shares Held	(6) Percent
Common	**Pan Malayan Management & Investment Corporation** (PMMIC) Address: 48/F Yuchengco Tower, RCBC Plaza, 6819 Ayala Ave., Makati City Relationship with Issuer: RCBC is a subsidiary of	Pan Malayan Management & Investment Corporation *The records in the possession of the Bank show that the beneficial ownership of this company belongs to the shareholders of record of said company. The Bank has not been advised otherwise.*	Filipino	807,582,173*	39.64% This includes certificated shares (29.17%) and shares under PCD Nominee (10.47%)

	PMMIC *Atty. Guia Margarita Y. Santos and Michele Marie Y. Dee are authorized to vote the certificated shares (594,248,085) of PMMIC.* *RCBC Securities, Inc.'s Marilen B. Zuñiga and Simeon A. Lorica, Jr. are authorized to vote the 213,334,088 shares of PMMIC under PCD Nominee.*				
	Cathay Life Insurance Co. LTD (Cathay) Address: No. 296 Ren Ai Road Sec. 4 Taipei R.O.C. (Taiwan) 10633 Relationship with Issuer: Stockholder *HSBC's Karina del Rosario and Paul Arthur O. Austria are authorized to vote the shares of Cathay which are all under PCD Nominee.*	Cathay Life Insurance Co.Ltd. *The records in the possession of the Bank show that the beneficial ownership of this company belongs to the shareholders of record of said company. The Bank has not been advised otherwise.*	Non-Filipino	452,018,582	22.19% (Shares are under PCD Nominee)
Common	**International Finance Corporation (IFC) & IFC Capitalization (Equity) Fund, L.P.** (IFC) Address:2121 Pennsylvania Avenue, NW Washington, DC 20433 USA Relationship with Issuer: Stockholder *HSBC's Karina del Rosario and Paul Arthur O. Austria are authorized to vote 71,151,505 shares of IFC under PCD Nominee. Citibank's Rachel Oliveros, and Ginger Aguirre-Reyes are authorized to vote 36,724,137 shares of IFC under PCD Nominee.*	International Finance Corporation (IFC) *The records in the possession of the Bank show that the beneficial ownership of this company belongs to the shareholders of record of said company. The Bank has not been advised otherwise.*	Non-Filipino	107,875,642	5.29% (Shares are under PCD Nominee)

**Combined Direct and Indirect Shares of PMMIC*

No other individual or corporation under PCD Nominee Corp. holds shares in excess of 5%.

The participants under PCD owning more than 5% of the voting securities (common) are (as of March 31, 2023):

Name	Shares	% of Total
RCBC Securities, Inc.	634,484,707	31.14%
The Hongkong and Shanghai Banking Corp. Ltd.	523,824,701	25.71%
BDO Securities Corporation	111,685,753	5.48%

Security Ownership of Certain Record Owners of more than 5% (as of March 31, 2023)

Title of Class	Name & Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizen-ship	No. of Shares	Percent
Preferred	None				

Security Ownership of Foreigners (as of April 30, 2023)

Title of Class	Shares	% of Total
Common	685,647,068	33.65%
Preferred	0	0.00

Security Ownership of Management (as of May 15, 2023)

Title of Class	***Name of Beneficial Owner/ Position***		***Amount and Nature of Beneficial Ownership ”r”/”b”****	***Citizen-ship***	***Percent of Class***
a. Board of Directors:					
Common	Helen Y. Dee	Chairperson	P4,380.00 “r” P14,918,680.00 “b”	Filipino	0.07%
Common	Cesar E. A. Virata	Director/ Corporate Vice-Chairman	P1,670 “r” P1,382,670.00 “b”	Filipino	0.01%
Common	Eugene S. Acevedo	President and CEO	P3,441,000.00 “b”	Filipino	0.02%
Common	Gil A Buenaventura	Director	P50.00 “r”	Filipino	0.000%
Common	Armando M. Medina	Director	P1,950.00 “r”	Filipino	0.000%
Common	John Law	Director	P10.00 “r”	French/ Taiwanese	0.000%
Common	Shih-Chiao (Joe) Lin	Director	P10.00 “r”	R.O.C./ Taiwanese	0.000%
Common	Arnold Kai Yuen Kan	Director	P10.00 “r”	Canadian	0.000%
Common	Lilia B. De Lima	Director	P10.00 “r”	Filipino	0.000%
Common	Gayatri P. Bery	Director	P10.00 “r”	American	0.000%
Common	Juan B Santos	Independent Director	P50.00 “r”	Filipino	0.00%
Common	Gabriel S Claudio	Independent Director	P10.00 “r”	Filipino	0.000%
Common	Vaughn F Montes	Independent Director	P50.00 “r”	Filipino	0.00%
Common	Laurito E. Serrano	Independent Director	P10.00 “r”	Filipino	0.000%
Common	Erika Fille T. Legara	Independent Director	P10.00 “r” P50,000 “b”	Filipino	0.000%
b. Senior Management:					
Common	Xavier Y. Zialcita	SVP	P30.00 “r” P244,880 “b”	Filipino	0.00%
c. Directors & Principal Officers (as a Group)			P20,045,460.00		0.10%

*”r” refers to registered ownership and “b” refers to beneficial ownership

Changes in Control: At present, there is no arrangement known to the Bank which may result in a change in control.

Voting Trust Holders of 5% or More: There are no shareholdings holding any Voting Trust Agreement or any such similar agreement.

5. Directors and Executive Officers

(a) Nominees for Independent Directors:

i. Mr. Juan B. Santos
ii. Mr. Gabriel S. Claudio
iii. Mr. Vaughn F. Montes, PhD
iv. Mr. Laurito E. Serrano
v. Ms. Erika Fille T. Legara, PhD

(b) Nominees for Directors:

i. Ms. Helen Y. Dee
ii. Mr. Cesar E.A. Virata
iii. Mr. Eugene S. Acevedo
iv. Mr. Gil A. Buenaventura
v. Mr. Armando M. Medina
vi. Mr. John Law
vii. Mr. Shih-Chiao (Joe) Lin
viii. Mr. Arnold Kai Yuen Kan
ix. Atty. Lilia B. De Lima
x. Ms. Gayatri P. Bery

Mr. Eduardo S. Lopez, Jr., a stockholder who is not in any way related to the nominees, nominated to the Board the re-election of Mr. Juan B. Santos, Mr. Gabriel S. Claudio, Mr. Vaughn F. Montes, Mr. Laurito E. Serrano, and Ms. Erika Fille T. Legara as Independent Directors.

The Corporate Governance Committee composed of five (5) members, three (3) of whom are independent directors, reviews and evaluates the qualifications of all persons to be nominated to the Board as well as those to be nominated to other positions requiring appointment by the Board of Directors, i.e, with the ranks of Vice President and higher. The Directors will be nominated and elected in accordance with SRC Rule 38.

All the nominated directors comply with all the qualifications required of a director mentioned under Section 132 (for director) of the Manual of Regulations for Banks (MORB) and do not possess any of the disqualifications mentioned under Section 138 (for director) of the MORB.

Likewise, pursuant to the Code of Corporate Governance for Publicly-Listed Companies (2016), all the directors for re-election have satisfied the required number of attendance in board meetings, as well as in their respective Committees.

The Directors shall hold office for one (1) year and until their successors are elected and qualified.

The Independent Directors, Mr. Juan B. Santos, Mr. Gabriel S. Claudio, Mr. Vaughn F. Montes, Mr. Laurito E. Serrano, and Ms. Erika Fille T. Legara have each always possessed the qualifications and none of the disqualifications of an independent director. The Certification of Independent Director of each of the foregoing Independent Directors is attached.

(c) Directors:

Directors	(Age)/ *Citizenship*	*Position/Period which they have served*
Helen Y. Dee	(79)/ Filipino	Board Chairperson (June 25, 2007 to present) Director (March 28, 2005 to present)

Ms. Dee is the Bank's Chairperson. Ms. Dee is also the Chairperson of House of Investments, Inc, and Petroenergy Resources Corp, both of which are PSE-listed companies. She is also the Chairperson of Pan Malayan Management and Investment Corporation, Malayan Insurance Co.Inc., Landev Corporation, Hi-Eisai Pharmaceutical Inc., Malayan Educational Systems, Inc. and Manila Memorial Park Cemetery. Among the top companies where she holds a directorship position are Philippine Long Distance Telephone Company and Sun Life Grepa Financial, 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.

Recent training/continuing education (2018 to present): Corporate Governance and Financial Technology (RCBC); Sustainability Reporting, and Customer Due Diligence and Trade-Based Money Laundering (RCBC); Best Practices to Manage ML/TF Risks from Online Sexual Exploitation of Children Coursed through Banks and MSBs, and ML/TF Typologies (ABCOMP and Baiphil); BSP Supervisory Assessment Framework to replace CAMELS and ROCA Rating Systems for BSFIs (ABCOMP and Baiphil), How to Lead Courageously During a Crisis (PLDT); Lessons from a Pandemic: the MPIC Hospital Group COVID-19 Experience and Best Practices (PLDT); Building Better Bankers: Fostering a Stronger KYE Program (ABCOMP); Becoming Obsessed with the Customer - 2021 Annual Corporate Governance Session (PLDT), Sunlife Advanced Corporate Governance and AML Refresher Course (Sunlife Philippines) Annual Corporate Governance Enhancement Session - Agile Leadership : A Conversation with Ms. Anna Wintour (PLDT); BSP Awareness- Raising Session on Institutional Risk Assessment and Results of the 2022 Thematic Review on Targeted Financial Sanctions (ABCOMP); 2022 YGC Annual Corporate Governance Seminar (YGC-RCBC); Keeping Ahead of Cyber Risk's New Normal (YGC-RCBC); The Future of AI: Microsoft on Generative AI (YGC-RCBC).

Company	**Position**
Philippine Long Distance Telephone Company	Director
Landev Corp.	Chairperson
House of Investments, Inc.	Chairperson
HI-Eisai Pharmaceuticals, Inc.	Chairperson
Manila Memorial Park Cemetery, Inc.	Chairperson
Petro Energy Resources Inc.	Chairperson
Luis Miguel Foods	Director
Pan Malayan Management & Investment Corp.	Chairperson
Shayamala Corporation	Chairperson
Honda Cars Philippines, Inc.	Director
Isuzu Philippines, Inc.	Director
Luisita Industrial Park Corporation	Director
Malayan Education System, Inc.	Chairperson
Pan Malayan Realty Corp.	Chairperson
Honda Cars Kalookan, Inc.	Director
GPL Holdings, Inc.	Chairman
La Funeraria Paz Sucat, Inc.	Chairperson
Malayan Insurance Co. Inc.	Chairperson
Xamdu Motors, Inc.	Chairperson

Philippine Integrated Advertising Agency, Inc.	Director
RCBC Leasing and Finance Corporation	Chairperson
Philippine Business for Education, Inc.	Board Member / Trustee
Petrowind Energy Inc.	Chairperson
Y Realty, Inc.	Director
Malayan High School of Science, Inc.	Chairperson
Malayan Colleges Laguna, Inc.	Trustee
Pan Malayan Express	Chairperson
Sunlife Grepa Financial, Inc.	Chairperson
Malayan Colleges of Mindanao, Inc.	Chairperson
MICO Equities, Inc.	Chairperson
Yuchengco Center, Inc.	Chairperson
A.T. Yuchengo, Inc.	Chairperson
ET Yuchengco, Inc.	Chairperson
YGC Corporate Services, Inc.	Chairperson / President
Mayahin Holdings Corporation	Chairperson
RCBC Realty Corporation	Chairperson
RCBC Land, Inc.	Director
AY Holdings, Inc.	Chairperson
AY Foundation, Inc.	Chairperson / Trustee
Mijo Holdings, Inc.	Chairperson / President
Dee Yu Corporation	Chairperson / President

Cesar E.A. Virata	(92)/ Filipino	Director (1995 to present) Corporate Vice Chairperson (June 22, 2000 to present)

Mr. Virata 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 Corporation, RCBC Land, Inc., Malayan Insurance Co., Inc., Business World Publishing Corporation, Luisita Industrial Park Corporation, RCBC Bankard Services Corporation, AY Foundation, Inc., City and Land Developer Corporation, UCM Philippines Foundation, Inc., and Cavitex Holdings Corporation, among others. He is an adviser of Lopez Holdings and ICCP, 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 Chairman of the Board of Investments, Undersecretary for Industry. He was also Chairman of the Land Bank of the Philippines and Philippine National Bank. 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, Davos 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 in Business Administration (Industrial Management) from the Wharton Graduate School University of Pennsylvania.

Recent training/continuing education (2018 to present): Advanced Corporate Governance Training Program (ICD); Corporate Governance and Financial Technology (RCBC); Sustainability Reporting, and Customer Due Diligence and Trade-Based Money Laundering (RCBC); Best Practices to Manage ML/TF Risks from Online Sexual Exploitation of Children Coursed through Banks and MSBs, and ML/TF Typologies (ABCOMP and Baiphil); BSP Supervisory Assessment Framework to replace CAMELS and ROCA Rating Systems for BSFIs (ABCOMP and Baiphil); Building Better Bankers: Fostering a Stronger KYE Program (ABCOMP); Leveraging on FinTech: Financial Services Under the New Economy Arrangement (ABCOMP); RCBC Digital Academy Executive Learning Series (YGC-Deloitte); 2022 YGC Annual Corporate Governance Seminar (YGC-RCBC); Corporate Governance Training: Cybersecurity and Supply Chain Disruption (Lopez Holdings Corporation); Economic & Political Briefing (Lopez Holdings Corporation); Keeping Ahead of Cyber Risk's New Normal (YGC-RCBC); The Future of AI: Microsoft on Generative AI (YGC-RCBC)..

Company	**Position**
ATAR VI Property Holding Company, Inc.	Chairman / Director
RCBC Realty Corporation.	Director
RCBC Bankard Services Corporation	Chairman / Director
RCBC Land, Inc.	Chairman / Director
ALTO Pacific Company, Inc.	Chairman / Director
Malayan Insurance Co., Inc.	Director
Luisita Industrial Park Corporation	Vice Chairman / Director
Lopez Holdings Corp.	Adviser
Cavitex Holdings, Inc.	Director
YGC Corporate Services, Inc.	Director
Niyog Properties Holdings, Inc.	Director
Business World Publishing Corp.	Vice Chairman / Director
City and Land Developers, Inc.	Independent Director
Cajel Realty Corporation	Director
AY Foundation, Inc.	Trustee
Malayan Education System, Inc. (Mapua Institute of Technology)	Trustee
World Trade Center Management, Inc.	Director
Yuchengco Center	Trustee
Tan Yan Kee Foundation, Inc.	Trustee
IFI Support Foundation, Inc.	Trustee
UP Business Research Foundation, Inc.	Chairman Emeritus
Yuchengco Museum, Inc.	Trustee
UCMP Foundation, Inc.	Chairman / Trustee
UP Engineering Foundation, Inc.	Member
MAP Agribusiness Foundation, Inc.	Member
Federation for Economic Freedom	Adviser
Makati Business Club	Member
Cavite Historical Society, Inc.	Chairman/ Trustee
Investment & Capital Corporation of the Phils.	Adviser
Phil. Dealing System Holding Corporation	Chairman Emeritus

Eugene S. Acevedo	(59)/ Filipino	Director, President and CEO (July 1, 2019 to present)

Mr. Acevedo 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, Singapore and Hong Kong. He is currently the Chairman of the Asian Bankers Association.

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 where he now serves in the Board of Trustees. He completed the Advanced Management Program at the Harvard Business School. He holds Professional Certificates in Clean Power from Imperial College London, Digital Marketing from The Wharton School and Customer Experience from The CX Academy (Ireland).

Recent training/continuing education (2018 to present): Corporate Governance Orientation Program (ICD); Sustainability Reporting, and Customer Due Diligence and Trade-Based Money Laundering (RCBC); Best Practices to Manage ML/TF Risks from Online Sexual Exploitation of Children Coursed through Banks and MSBs, and ML/TF Typologies (ABCOMP and Baiphil); BSP Supervisory Assessment Framework to replace CAMELS and ROCA Rating Systems for BSFIs (ABCOMP and Baiphil); Building Better Bankers: Fostering a Stronger KYE Program (ABCOMP); Leveraging on FinTech: Financial Services Under the New Economy Arrangement (ABCOMP); 2022 YGC Annual Corporate Governance Seminar (YGC-RCBC); Keeping Ahead of Cyber Risk's New Normal (YGC-RCBC); The Future of AI: Microsoft on Generative AI (YGC-RCBC).

Company	**Position**
De La Salle John Bosco College	Vice Chairman and Trustee
Holly Tree Holdings	Chairman
Amadeus Arabica Corp	Director
Rizal Microbank, Inc. – A Thrift Bank of RCBC	Chairman
RCBC Leasing and Finance Corporation	Vice Chairman / Director
RCBC Rental Corporation	Director
RCBC Capital Corporation	Director
RCBC International Finance Limited	Director
RCBC Investment Limited	Director
Niyog Property Holdings, Inc.	Director
Cajel Realty Corporation	Director
PPMI	Director
Asian Institute of Management	Trustee
YGC CSI	Director
Asian Bankers Association	Chairman
Bankers Association of the Philippines	Director, Second Vice President
Frame Properties, Inc.	President and CEO

Gil A. Buenaventura	(70)/ Filipino	Director (July 1, 2016 to present)

Mr. Buenaventura 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 trusteeship positions in De La Salle Lipa, 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.

Recent training/continuing education (2018 to present): Corporate Governance and Financial Technology (RCBC); Sustainability Reporting, and Customer Due Diligence and Trade-Based Money Laundering (RCBC); Best Practices to Manage ML/TF Risks from Online Sexual Exploitation of Children Coursed through Banks and MSBs, and ML/TF Typologies (ABCOMP and Baiphil); BSP Supervisory Assessment Framework to replace CAMELS and ROCA Rating Systems for BSFIs (ABCOMP and Baiphil); Building Better Bankers: Fostering a Stronger KYE Program (ABCOMP); RCBC Digital Academy Executive Learning Series (YGC-Deloitte); BSP Awareness - Raising Session on Institutional Risk Assessment and Results of the 2022 Thematic Review on Targeted Financial Sanctions (ABCOMP); 2022 YGC Annual Corporate Governance Seminar (YGC-RCBC); Keeping Ahead of Cyber Risk's New Normal (YGC-RCBC); The Future of AI: Microsoft on Generative AI (YGC-RCBC).

Company	**Position**
De La Salle Lipa	Trustee
Malayan Insurance Company, Inc.	Director
House of Investments, Inc.	Director
Manila Memorial Park Cemetery, Inc.	Director

Armando M. Medina (73)/ Filipino Director (January 1, 2021 to present)

Mr. Medina 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 Co., Inc. 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.

Recent training/continuing education (2018 to present): Corporate Governance and Financial Technology (RCBC); Sustainability Reporting, and Customer Due Diligence and Trade-Based Money Laundering (RCBC); Best Practices to Manage ML/TF Risks from Online Sexual Exploitation of Children Coursed through Banks and MSBs, and ML/TF Typologies (ABCOMP and Baiphil); BSP Supervisory Assessment Framework to replace CAMELS and ROCA Rating Systems for BSFIs (ABCOMP and Baiphil); Building Better Bankers: Fostering a Stronger KYE Program (ABCOMP); Leveraging on FinTech: Financial Services Under the New Economy Arrangement (ABCOMP); Executive Briefing Center: Plenary- Culture, Innovation, & Transformation (AWS-YGC); Executive Briefing Center: Industry Block 1: Banking, Financial Services, and Insurance (AWS-YGC); Understanding Climate Risks: Launch of The ASEAN Climate Governance Network (CGM); RCBC Digital Academy Executive Learning Series (YGC-Deloitte); BSP Awareness- Raising Session on Institutional Risk Assessment and Results of the 2022 Thematic Review on Targeted Financial Sanctions (ABCOMP); 2022 YGC Annual Corporate Governance Seminar (YGC-RCBC); Keeping Ahead of Cyber Risk's New Normal (YGC-RCBC); The Future of AI: Microsoft on Generative AI (YGC-RCBC).

Company	**Position**
Malayan Insurance Co.	Independent Director

John Law (72)/ French & Taiwanese (dual citizen) Director (April 27, 2015 to present)

Mr. Law 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 from January 2013 through 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.

Recent training/continuing education (2018 to present): Corporate Governance and Financial Technology (RCBC); Customer Due Diligence and Trade-Based Money Laundering (RCBC); Sustainability Reporting, and Customer Due Diligence and Trade-Based Money Laundering (RCBC); Best Practices to Manage ML/TF Risks from Online Sexual Exploitation of Children Coursed through Banks and MSBs, and ML/TF Typologies (ABCOMP and Baiphil); BSP Supervisory Assessment Framework to replace CAMELS and ROCA Rating Systems for BSFIs (ABCOMP and Baiphil); Building Better Bankers: Fostering a Stronger KYE Program (ABCOMP); RCBC Digital Academy Executive Learning Series (YGC-Deloitte); BSP Awareness - Raising Session on Institutional Risk Assessment and Results of the 2022 Thematic Review on Targeted Financial Sanctions (ABCOMP); 2022 YGC Annual Corporate Governance Seminar (YGC-RCBC); The Future of AI: Microsoft on Generative AI (YGC-RCBC).

Company	Position
Far East Horizon Ltd.	Non-Executive Director
Khan Bank (Mongolia)	Non-Executive Director

Shih-Chiao (Joe) Lin (51)/ R.O.C/Taiwanese Director (March 25, 2019 to present)

Mr. Lin, 51, 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.

Recent training/continuing education (2018 to present): Corporate Governance Orientation Program (ICD); Best Practices to Manage ML/TF Risks from Online Sexual Exploitation of Children Coursed through Banks and MSBs, and ML/TF Typologies (ARCCO-Phil.); BSP Supervisory Assessment Framework to replace CAMELS and ROCA Rating Systems for BSFIs (ABCOMP and Baiphil); Building Better Bankers: Fostering a Stronger KYE Program (ABCOMP); Leveraging on FinTech: Financial Services Under the New Economy Arrangement (ABCOMP); 2021 Cathay Sustainable Finance and Climate Change Summit; 2022 YGC Annual Corporate Governance Seminar (YGC-RCBC); 2022 Cathay Sustainable Finance and Climate Change Summit; Keeping Ahead of Cyber Risk's New Normal (YGC-RCBC); 2023 CommonWealth Economic Forum; Speed of Trust(Franklin Convey); The Future of AI: Microsoft on Generative AI (YGC-RCBC).

Company	Position
Cathay Life Insurance	Executive Vice President

Arnold Kai Yuen Kan (62)/ Canadian Director (June 24, 2019 to present)

Mr. Kai Yuen Kan gained experience from Citibank, the First National Bank of Chicago, the National Westminster Bank, JP Morgan Chase Bank, and Credit Agricole Corporate & Investment Bank. He is currently the Executive Vice President of Cathay United Bank assuming the roles as the Chief Executive of its Hong Kong Branch and Co-Head of its Overseas Channels. 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.

Recent training/continuing education (2019 to present): Corporate Governance Orientation Program (ICD). Best Practices to Manage ML/TF Risks from Online Sexual Exploitation of Children Coursed through Banks and MSBs, and ML/TF Typologies (ABCOMP and Baiphil); BSP Supervisory Assessment Framework to replace CAMELS and ROCA Rating Systems for BSFIs (ABCOMP and Baiphil); Building Better Bankers: Fostering a Stronger KYE Program (ABCOMP); Leveraging on FinTech: Financial Services Under the New Economy Arrangement (ABCOMP); From Green Finance to Social and Sustainable Bonds: Principles, Standards, Developments and Social-Economic Implications (HKQAA); Climate Risk from the Regulatory Perspective (HKMA); Reporting and Monitoring (KPMG); Due Diligence (KPMG) Legal Documentation for Transition away from LIBOR (HKAB); FATCA/CRS Refresher Training (KPMG); RCBC Digital Academy Executive Learning Series (YGC-Deloitte); 2022 YGC Annual Corporate Governance Seminar (YGC-RCBC); Keeping Ahead of Cyber Risk's New Normal (YGC-RCBC); The Future of AI: Microsoft on Generative AI (YGC-RCBC).

Company	**Position**
Cathay United Bank	Chief Executive, Hong Kong Branch Co-Head of Overseas Channels
New Foresight Limited	Director
Alpha Vantage Investments Limited	Director
Alpha Guard Investments Limited	Director
Krea Capital Limited	Director

Atty. Lilia B. De Lima (82)/ Filipino Director (June 24, 2019 to present)

Atty. de Lima 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.

Recent training/continuing education (2018 to present): Briefing on Best Practices in Board Risk Oversight (PHINMA); Corporate Governance Orientation Program (ICD); Sustainability Reporting, and Customer Due Diligence and Trade-Based Money Laundering (RCBC); . Business Continuity Planning: Executive Briefing for Board Directors and Management (PHINMA); Best Practices to Manage ML/TF Risks from Online Sexual Exploitation of Children Coursed through Banks and MSBs, and ML/TF Typologies (ABCOMP and Baiphil); BSP Supervisory Assessment Framework to replace CAMELS and ROCA Rating Systems for BSFIs (ABCOMP and Baiphil); Investment, Trust and Estate Management (Wealth Management Center for Communication and Research, Inc.); Anti-Bribery and Corruption (FWD Insurance); Building Better Bankers: Fostering a Stronger KYE Program (ABCOMP); Leveraging on FinTech: Financial Services Under the New Economy Arrangement (ABCOMP); Industry Block 1: Banking, Financial Services, and Insurance (AWS-YGC); RCBC Digital Academy Executive Learning Series (YGC-Deloitte); BSP Awareness - Raising Session on Institutional Risk Assessment and Results of the 2022 Thematic Review on Targeted Financial Sanctions (ABCOMP); 2022 YGC Annual Corporate Governance Seminar (YGC-RCBC); Keeping Ahead of Cyber Risk's New Normal (YGC-RCBC); The Future of AI: Microsoft on Generative AI (YGC-RCBC).

Company	Position
Fatima Center for Human Development	Trustee
IONICS, Inc.	Independent Director
IONICS EMS, Inc.	Independent Director
Science Park of the Philippines	Independent Director
RFM Science Park of the Philippines	Independent Director
Asian Institute of Management	Executive in Residence
PHINMA Corporation	Independent Director
FWD Life Insurance Corporation	Independent Director
Dusit Thani Philippines	Independent Director
Regatta Properties, Inc.	Independent Director
Pueblo de Oro Development Corporation	Independent Trustee
AC Industrials	Advisory Council Member
Megawide Construction Corporation	Independent Director
Cadence Property Development Corporation	Independent Director

Gayatri P. Bery (57)/ American Director (July 27, 2020 to present)

Ms. Bery gained financial experience from Drexel Burnham & Lambert (New York), Ranieri & Company (New York), Morgan Stanley & Co. Incorporated (New York and Hong Kong), and managed investments in Hong Kong. Most recently, she served as Chief Operating Officer, Global Capital Markets Asia-Pacific, of Morgan Stanley (Hong Kong) where she was also a member of the Steering Committee of Morgan Stanley's HK Women's Business Alliance Team. She graduated with a Bachelor of Science degree in Applied Mathematics/Computer Science from Carnegie Mellon University (Pennsylvania, USA), and obtained a Master of Business Administration (Beta Gamma Sigma) from Columbia Business School (New York, USA).

Recent training/continuing education (2019 to present): Financial Times Non-Executive Director Diploma (Hong Kong); Corporate Governance Orientation Program (ICD); Best Practices to Manage ML/TF Risks from Online Sexual Exploitation of Children Coursed through Banks and MSBs, and ML/TF Typologies (ABCOMP and Baiphil); BSP Supervisory Assessment Framework to replace CAMELS and ROCA Rating Systems for BSFIs (Baiphil); Leveraging on FinTech: Financial Services Under the New Economy Arrangement (ABCOMP); 2021 GRI Cross Country Learning Session for Business (GRI-SEC); 2022 YGC Annual Corporate Governance Seminar (YGC-RCBC); The Future of AI: Microsoft on Generative AI (YGC-RCBC).

Company	Position
None	none

The Bank is compliant with SEC Memorandum Circular No. 4, Series of 2017 on the term limit of independent directors. It provides that an independent director shall serve for a maximum cumulative term of nine years, and that the reckoning period for the cumulative nine-year term is 2012. All Independent Directors set forth below have served for less than nine (9) years.

Juan B. Santos (84)/ Filipino — Independent Director (November 2, 2016 to present)

Mr. Santos 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.

Recent training/continuing education (2018 to present): Advanced Corporate Governance Training (ICD); Best Practices to Manage ML/TF Risks from Online Sexual Exploitation of Children Coursed through Banks and MSBs, and ML/TF Typologies (ABCOMP and Baiphil); BSP Supervisory Assessment Framework to replace CAMELS and ROCA Rating Systems for BSFIs (ABCOMP and Baiphil); Building Better Bankers: Fostering a Stronger KYE Program (ABCOMP); Executive Briefing Center: Industry Block 1: Banking, Financial Services, and Insurance (AWS-YGC); RCBC Digital Academy Executive Learning Series (YGC-Deloitte); AMLA Compliance Overview, Targeted Financial Sanctions, and Updates (ICD); 2022 Advanced Corporate Governance Training (ICD); 2022 YGC Annual Corporate Governance Seminar (YGC-RCBC); Keeping Ahead of Cyber Risk's New Normal (YGC-RCBC); Regulations on the Disclosure of Beneficial Ownership Information (SEC); The Future of AI: Microsoft on Generative AI (YGC-RCBC).

Company	**Position**
Philippine Investment Management Corp.	Independent Director
Mitsubishi Motor Phil. Corp.	Advisory Board
House of Investments, Inc.	Independent Director
Dualtech Training Center Foundation	Advisory Board
East-West Seed Co. Inc. (Phils.)	Advisory Board
Marsman-Drysdale Group	Consultant
SunLife Grepa Financial, Inc.	Independent Director
St. Luke's Medical Center	Trustee
Allamanda Management Corp.	Director

Gabriel S. Claudio (68)/ Filipino — Independent Director (July 25, 2016 to present)

Mr. Claudio 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), and Toby's Youth Sports Foundation. 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 Director of the Philippine Amusement and Gaming Corporation (PAGCOR), 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.

Recent training/continuing education (2018 to present): Corporate Governance and Financial Technology (RCBC); Corporate Governance and Crisis Management (Ginebra San Miguel, Inc.-GSMI); Best Practices to Manage ML/TF Risks from Online Sexual Exploitation of Children Coursed through Banks and MSBs, and ML/TF Typologies (ABCOMP and Baiphil); BSP Supervisory Assessment Framework to replace CAMELS and ROCA Rating Systems for BSFIs (ABCOMP and Baiphil); Building Better Bankers: Fostering a Stronger KYE Program (ABCOMP); Leveraging on FinTech: Financial Services Under the New Economy Arrangement (ABCOMP); 2022 YGC Annual Corporate Governance Seminar (YGC-RCBC); Keeping Ahead of Cyber Risk's New Normal (YGC-RCBC); The Future of AI: Microsoft on Generative AI (YGC-RCBC).

Company	**Position**
Ginebra San Miguel, Incorporated	Member, Board of Directors
Risk & Opportunities Assessment Management	Vice Chairman/Member, Board of Directors
Conflict Resolution Group Foundation (CORE)	Member, Board of Directors
Toby's Youth Sports Foundation	Member, Board of Directors

Vaughn F. Montes, Ph.D.	(72)/ Filipino	Independent Director (September 26, 2016 to present)

Mr. Montes has been an Independent Director of the Bank since September 2016. He is a former Trustee at the Institute of Corporate Directors (ICD) as well as a current 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 was a national consultant for Risk Management to the NEDA PPP Center under an ADB technical assistance grant from December 2011 to October 2022, and continues to provide consultancy services to the PPP Center on a project basis. He is a Trustee and Founding Fellow of the Foundation for Economic Freedom. He is an Adjunct Faculty member at the Asian Institute of Management. 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.

Recent training/continuing education (2018 to present): Corporate Governance and Financial Technology (RCBC); Sustainability Reporting, and Customer Due Diligence and Trade-Based Money Laundering (RCBC); 2018 5th SEC-PSE Corporate Governance Forum; Best Practices to Manage ML/TF Risks from Online Sexual Exploitation of Children Coursed through Banks and MSBs, and ML/TF Typologies (ABCOMP and Baiphil); BSP Supervisory Assessment Framework to replace CAMELS and ROCA Rating Systems for BSFIs (ABCOMP and Baiphil); Building Better Bankers: Fostering a Stronger KYE Program (ABCOMP); Leveraging on FinTech: Financial Services Under the New Economy Arrangement (ABCOMP); RCBC Digital Academy Executive Learning Series (YGC-Deloitte); 2021 ICD Distinguished Corporate Governance Speaker Series - Becoming a Board Room Star; BSP Awareness - Raising Session on Institutional Risk Assessment and Results of the 2022 Thematic Review on Targeted Financial Sanctions (ABCOMP); 2022 YGC Annual Corporate Governance Seminar (YGC-RCBC); Keeping Ahead of Cyber Risk's New Normal (YGC-RCBC); 2022 9th SEC-PSE Corporate Governance Forum; The Future of AI: Microsoft on Generative AI (YGC-RCBC).

Company	Position
Parents for Education Foundation (PAREF)	Trustee
PAREF Southridge School for Boys	Chairman and President
PAREF Westbridge School for Boys	Trustee
PAREF Northfield School for Boys	Trustee
Foundation for Economic Freedom	Founding Fellow/Trustee
Center for Family Advancement	President
Center for Excellence in Governance	Director
Institute for Corporate Directors	Teaching Fellow-Corporate Governance
Asian Institute of Management	Adjunct Faculty Member

Laurito E. Serrano (62)/ Filipino Independent Director (March 20, 2019 to present)

Mr. Serrano 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.

Recent training/continuing education (2018 to present): Corporate Governance Orientation Program (Institute of Corporate Directors); Best Practices to Manage ML/TF Risks from Online Sexual Exploitation of Children Coursed through Banks and MSBs, and ML/TF Typologies (ARCCO-Phil.); BSP Supervisory Assessment Framework to replace CAMELS and ROCA Rating Systems for BSFIs (ABCOMP and Baiphil); Crypto Assets for Corporates (Center for Global Best Practices); Revised Corporation Code of the Philippines (Center for Global Best Practices); Building Better Bankers: Fostering a Stronger KYE Program (ABCOMP); Leveraging on FinTech: Financial Services Under the New Economy Arrangement (ABCOMP); 2022 YGC Annual Corporate Governance Seminar (YGC-RCBC); Keeping Ahead of Cyber Risk's New Normal (YGC-RCBC).

Company	Position
Anglo Philippine Holdings Inc	Independent Director
2GO Group Inc.	Independent Director
Axelum Resources Corp.	Independent Director
MRT Development Corporation	Director

Erika Fille T. Legara, Ph.D. (39)/ Filipino Independent Director (July 25, 2022 to present)

Ms. Legara has been an independent director of the Bank since July 2022. She is a scientist, educator, and an advisor on data science and artificial intelligence (AI), data and AI strategy and governance, infrastructure, and education. She holds the following positions at the Asian Institute of Management (AIM): Associate Professor of Data Science; Founding Director of the Master of Science in Data Science Program; Deputy Director and Senior Scientist of the Analytics, Computing, and Complex Systems Laboratory; and Aboitiz Chair in Data Science. She is also a

Fellow with the Institute of Corporate Directors (Philippines). Prior to joining AIM in 2017, Ms. Legara was a scientist at A*STAR, Singapore, where she worked closely with government institutions and the industry sector on different R&D initiatives. She is a TOYM and TOWNS awardee and received the National Academy of Science and Technology Outstanding Young Scientist award in 2020. She is an Asia 21 Young Leader (Class of 2022). Ms. Legara graduated cum laude from the University of the Philippines, Diliman with the degree of BS in Physics. She obtained her MS and PhD in Physics also from the same university. She also took up Leading Smart Policy Design at JF Kennedy School of Government, Harvard University, Executive Education in 2021 and completed the London School of Economics and Political Science's program on Ethics for AI in March 2023. She was also a resource person in the Asian Dialogues on AI Accountability Workshop (Singapore Management University-Microsoft) in April 2023.

Recent training/continuing education (2018 to present): Professional Directors Program, including the Corporate Governance Orientation Program (ICD); 2022 YGC Annual Corporate Governance Seminar (YGC-RCBC); Keeping Ahead of Cyber Risk's New Normal (YGC-RCBC); The Future of AI: Microsoft on Generative AI (YGC-RCBC).

Company	**Position**
Asian Institute of Management	Associate Professor of Data Science
Asian Institute of Management	Program Director - Master of Science in Data Science (Aboitiz School of Innovation, Technology, and Entrepreneurship)
Asian Institute of Management	Deputy Director and Senior Scientist - Analytics, Computing, and Complex Systems laboratory
Asian Institute of Management	Aboitiz Chair in Data Science

Please see the Annual Report Accompanying the Information Statement (Annex A) for reports on attendance, performance appraisal, and compensation of directors.

(d) Executive Officers:

Senior Executive Vice Presidents

BANCOD, Redentor C.	Group Head Chief of Staff	Office of the Group Head – ITSSG & Operations Office of the President & Chief Executive Officer
DEVERAS, John Thomas G.	Head, Strategic Initiatives Group Head (*retired effective February 15, 2023)	Office of the President & Chief Executive Officer Office of the Group Head - Asset Management & Remedial

Executive Vice-Presidents

CORONEL, Elizabeth E.	Group Head	Office of the Group Head- Corporate Banking
LIM, Richard C.	Group Head	Office of the Group Head- Retail Banking
NARCISO, Emmanuel T.	Group Head	Office of the Group Head – Global Transaction Banking
VILLANUEVA, Angelito M.	Chief Innovation and Inclusion Officer/ Group Head	Office of the Group Head – Digital Enterprise & Innovations

First Senior Vice-Presidents

ALVAREZ, Ma. Christina P.	Group Head	Office of the Group Head – Corporate Planning
DELA CUESTA, George Gilbert G.	Group Head / Corporate Secretary	Office of the Group Head – Legal Affairs and Corporate Secretariat
ESTRELLA, Brent C.	Chief Compliance Officer / Group Head	Compliance Office and Office of the Group Head – Regulatory Affairs
MADONZA, Florentino M.	Group Head	Office of the Group Head – Controllership
MAŇAGO, Jane N.	Group Head	Office of the Group Head - Wealth Management
PEDROSA, Alberto N.	Treasurer / Group Head	Office of the Group Head - Treasury
RAMOS, Robert Rol Richard Raymond B.	Trust Officer / Group Head	Office of the Group Head – Trust & Investments
RODRIGUEZ, Joseph Colin B.	Segment Head	Subsidiaries Treasury Risk Positions
SANTIAGO, Bennett Clarence D.	Group Head	Office of the Group Head – Credit Management
SUBIDO, Rowena F.	Group Head	Office of the Group Head – Human Resources
TINIO, Ma. Angela V.	Group Head (*retired effective January 25, 2023)	Office of the Group Head - Small & Medium Enterprise Banking
TIROL, Martin Roberto G.	Deputy Group Head	Office of the Group Head – Global Transaction Banking

Senior Vice-Presidents

BORROMEO, Jose Maria P.	Segment Head	Reserves & Liquidity Management
BUENAFLOR, Enrique C.	Segment Head	Global Transaction Banking
CABUDOY, Ma. Pamela Katrina M.	Group Head (*effective November 2, 2022)	Office of the Group Head – Data Science & Analytics
CANIZA, Jose Manuel E.	Division Head	Trading Division
CANLAS, Karen K.	Division Head	Wealth Management Division 2
CRUZ, Antonio Manuel E. Jr.	Segment Head	Chinese Corporate Banking
DE VILLA, Ramil M.	Group Head	Office of the Group Head – Consumer Lending
DIOSO, Sheila Ricca G.	Chief Audit Executive / Group Head (effective October 3, 2022)	Office of the Group Head – Internal Audit
DY, Evangeline M.	Sales Director	Makati Regional Office
ESTACIO, Benjamin E.	Regional Service Head	Mindanao Service Region
GASPAR, Bernice U.	Division Head	Corporate Workout Division
MACATANGAY, Mary Grace P.	Segment Head	Consumer Services & Collection Segment
MENDOZA, Jose Jayson L.	Acting President (effective January 25, 2023	RCBC Leasing and Finance Corporation (Seconded)
MIRAL, Gerardo G.	Division Head	Japanese & Economic Zone Banking Division 2
NATIVIDAD, Maria Cecilia F.	Group Head	Office of the Group Head – Marketing
NOVILLA, Aline A.	Chief Audit Executive / Group Head (effective July 6, 2022)	Office of the Group Head – Internal Audit

ONG, Arniel Vincent B.	President and Chief Executive Officer	RCBC Bankard Services Corporation (Seconded)
QUIOGUE, Nancy J.	Regional Service Head	North Metro Manila Service Region
RAMOS, Elsie S.	Division Head	Litigation / Labor Division
REYES, Ismael S.	Segment Head	RBG Marketing & Strategy Segment
REYES, Maria Evangeline T.	Segment Head	Head Office Operations Segment
SANTOS, Raoul V.	Segment Head	Investment Services Division
SARIA, CARREN T.	Sales Director	Metro North Regional Office
SARMIENTO, Jose Rene Y.	Segment Head	Conglomerates and Global Corporate Banking
SELIRIO, Libertine R.	Division Head	CBG-Business Development Division
SO, Johan C.	Division Head	National Corporate Banking 1
SORIANO, Elvira D.	Segment Head	BCLC Audit Segment 1
TABUENA, Cecilia E.	Segment Head (*separated effective December 12, 2022)	Local Corporate Banking Segment
TIRADO, Gianni Franco D.	Sales Director	Office of the Sales Director Mindanao
TOMAS, Juan Gabriel R. IV	Chief Risk Officer / Group Head	Office of the Group Head – Risk Management
TORRES, Lea B.	Division Head	Corporate Remedial Management Division
VALDES, Emmanuel Mari K.	Division Head	Office of the Division Head – Cross Sell
VICENTE, Anna Christina M.	Group Head (effective January 25, 2023)	Office of the Group Head – Small & Medium Enterprise Banking
ZAMORA, Paula Fritzie C.	Segment Head	Financial Institutions & Support Segment
ZANTUA, Nilo C.	Chief Technology Officer	Office of the Group Head - ITSSG
ZIALCITA, Xavier Y.	SVP, Strategic Initiatives	Office of the President & CEO

Nine of the Directors and most of the Executive Officers mentioned herein have held their positions for at least five (5) years.

There are no compensation arrangements for members of the Board of Directors, other than the per diem and dividends/profit sharing provided under Article V, Section 8, and Article XI, Section 2, respectively, of the Bank's Revised By-Laws. Key executives also receive long term bonuses earned over a 5-year period, the amount of which is tied directly to shareholder value, profitability and enterprise value.

(e) Significant Employees: There is no person other than the entire human resources as a whole, and the executive officers, who is expected to make a significant contribution to the Bank.

(f) Family Relationships: None of the Bank's Directors are related to one another or to any of the Bank's executive officers.

(g) Legal Proceedings:

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.

Alleged Unauthorized Transfer of funds – Bank of Bangladesh

In February 2016, four (4) 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 MB impose 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.

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.

In a Decision/Order dated January 13, 2023, the NY State Court denied the Bank's Motion to Dismiss, ruling that it has jurisdiction over the case, and directed the Bank to (a) file its Answer; and (b) undergo mediation. On January 19, 2023, the Bank filed its Notice of Appeal with the Supreme Court of the State of New York Appellate Division, First Division, and timely filed its Answer with the NY State Court on March 6, 2023.

The NY State Court has since referred the case to the Alternative Dispute Resolution (ADR) Program of the Commercial Division. A mediation conference is set on May 16, 2023, even as the parties have initiated discovery proceedings.

Philippine Litigation relating to the Bangladesh Bank Incident

On March 6, 2019, the Bank/its former National Sales Director ("NSD") filed a complaint for Injunction and Damages against Bangladesh Bank with the Regional Trial Court of Makati City ("Makati Trial Court").

After initially denying the said Motion to Dismiss, the Makati Trial Court reversed itself holding that it did not acquire jurisdiction over Bangladesh Bank citing the alleged (a) lack of provision in the 1997 and 2019 Rules of Court for service of summons on a foreign public corporation not doing business in the Philippines; and (b) non-applicability of the rules on extra-territorial service.

The Bank/former NSD sought the reversal of the aforecited ruling, and the inhibition of the hearing Judge, citing, among others, the 2019 the Rules of Court which directs a counsel making a special appearance to serve summons upon his or her client. Notwithstanding an earlier order directing the transmittal of the records to the Office of the Clerk of Court for re-raffle and re-assignment, the same remains with the originating branch of the Makati Trial Court.

At the March 15, 2023 hearing, the Makati Trial Court (a) directed Bangladesh Bank to file its comment to the Bank's Motion for Reconsideration within ten (10) days from the aforesaid date; (b) directed the Bank to file its reply within ten (10) days from receipt of Bangladesh Bank's comment, after which the matter shall be submitted for resolution; and (c) set a status conference on May 10, 2023.

(h) Non-Involvement in Certain Legal Proceedings:

To the knowledge and/or information of the Bank, the nominees for election as Directors of the Bank, its present members of the Board of Directors or its Executive Officers, are not, presently or during the last five (5) years, involved or have been involved in any legal proceeding decided adversely affecting/involving themselves, and/or their property before any court of law or administrative body in the Philippines or elsewhere.

No director has resigned or declined to stand for re-election to the board of directors since the date of the annual meeting of security holders because of disagreement with the Bank on any matter relating to the Bank's operations, policies or practices.

To the knowledge and/or information of the Bank, none of the following events has occurred with respect to the nominees for election as Directors of the Bank, its present members of the Board of Directors, its Executive Officers, underwriters, or control persons during the last five (5) years:

a. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
b. Any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
c. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
d. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

(i) 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 YGC. As of December 31, 2022, Cathay Life Insurance Co. Ltd. (Cathay) also owns 22.19% 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 Php10.0 million 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 Php10.0 million pesos 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 director. 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 a 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 27 June 2022.

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 2022 include loans and receivables and deposit liabilities. The total amount of loans outstanding was at P24.0 billion [Note 27.1, Notes to Financial Statements] while total deposit liabilities was at P19.8 billion [Note 27.2, Note to Financial Statements] as of December 31, 2022.

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, 2022 and 2021, the Group and the Parent Company are in compliance with these requirements.

The total amount of Group and Parent Company DOSRI loans, excluding loans granted as fringe benefits to officers which are excluded from the individual ceiling was nil for 2022 and P96.9 million as of end December 2021.

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 27.3, Notes to Financial Statements].

- *Retirement Fund* - The Parent Company and certain subsidiaries' retirement funds covered under their post-employment plan maintained for qualified employees are administered and managed by the Parent Company's Trust & Investments Group in accordance with the respective trust agreements covering the plan [Note 27.4, Notes to Financial Statements].

- *Sale of ATYC to ATYCI* - The Parent Company sold a portion of its ATYC bank premises and investment properties to ATYCI and immediately leased back from the latter. In October 2022, the Parent Company entered into a five-year lease agreement with ATYCI. The Parent Company's lease contract is effective until September 30, 2027 [Notes 27.5(a) and 27.5(b), Notes to Financial Statements].

- *Increase in shareholding of SMBC* - On November 2, 2022, the Bank's BOD approved the increase in shareholding of SMBC, an existing shareholder of 4.99% of the total outstanding common stock of the Bank, to 20% through the combined sale of subscription of an aggregate of 382 common stock to SMBC, partly coming from the reissuance of treasury shares and issuance of new common stock, at the price of P71 per share. As of the report date of the 2022 financial statements, there is still no capital infusion in relation to this transaction [Notes 27.5(d), Notes to Financial Statements].

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

- *Lease contracts with RCBC Realty Corporation (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 27.5(b), Notes to Financial Statements]

- *Service Agreement with RCBC Bankard Services Corporation (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, and personal and salary loans business. [Note 27.5(c), 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.

The foregoing information is correlated with the information in Note 27 of the Financial Statements annexed to this Information Statement (please see Notes to Financial Statements, Annex "B-1").

6. <u>Compensation of Directors and Executive Officers</u>

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**
2023 Estimate			
Eugene S. Acevedo	President & Chief Executive Officer	99,265	42,233
Redentor C. Bancod	Senior Executive Vice President		
Richard C. Lim	Executive Vice President		
Emmanuel T. Narciso	Executive Vice President		
Angelito M. Villanueva	Executive Vice President		
2022 Actual			
Eugene S. Acevedo	President & Chief Executive Officer	94,538	38,394
Redentor C. Bancod	Senior Executive Vice President		
John Thomas G. Deveras	Senior Executive Vice President		
Emmanuel T. Narciso	Executive Vice President		
Angelito M. Villanueva	Executive Vice President		
2021 Actual			
Eugene S. Acevedo	President & Chief Executive Officer	92,550	39,072
Redentor C. Bancod	Senior Executive Vice President		
Horacio E. Cebrero III	Senior Executive Vice President		
John Thomas G. Deveras	Senior Executive Vice President		
Emmanuel T. Narciso	Executive Vice President		

Officers as a Group Unnamed		
2023 Estimate	4,059,936	1,070,440
2022 Actual	3,690,851	973,127
2021 Actual	3,517,587	938,810

All Directors (Fees and Other Compensation)*		
2023 Estimate		150,099
2022 Actual		92,037
2021 Actual		69,688

* *Inclusive of per diem of Directors amounting to P13.1 Million in 2021, P13.1 Million in 2022 and P13.6 Million in 2023 (estimate).*

Profit Sharing Bonus and Per Diem of Directors

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 of 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 2022, total fees and other compensation of all Directors amounted to P92.0 million, inclusive of P13.1 million representing per diem paid for the meetings they attended during the year.

For the protection of its directors from threats against the security of their persons, property, and private data, the Bank presents above the aggregate compensation of the members of the Board of Directors and Advisory Board for 2022, inclusive of bonuses received in accordance with the By-Laws. A report on the total compensation per director shall be presented to the stockholders during the Annual Stockholders' Meeting of the Bank on July 3, 2023, and a similar report will be directly submitted to the SEC.

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.

7. <u>Independent Public Accounts</u>

Punongbayan and Araullo (P&A) acts as the independent auditor of RCBC, RCBC Forex Brokers Corporation, and RCBC Leasing and Finance Corporation since 2006, of RCBC Capital Corporation since 2003, of Rizal Microbank, Inc.- A Thrift Bank of RCBC since 2008 and of RCBC-JPL Holding Company, Inc. since 2009.

In connection with the audits of the Bank's financial statements for the two (2) most recent years ended December 31, 2022 and 2021, there were no disagreements with P&A on any matter of accounting principles or practices, financial statement disclosures, audit scope or procedure.
P&A has been the independent external auditor of the Bank beginning with the audited financial statements (AFS) for the year ended December 31, 2005 and they will be recommended for re-appointment at the scheduled annual stockholders' meeting. For the period 2005-2009 Mr. Leonardo Cuaresma, Jr. was the handling/signing partner of the Bank. Mr. Cuaresma, Jr. was replaced by Mr. Romualdo V. Murcia III as the handling/signing partner in 2010 and 2011. Mr. Murcia was replaced by Mr. Benjamin P. Valdez in 2012 and 2013. For the years 2014 to 2017, Ms. Maria Isabel E. Comedia was the handling/signing partner of the Bank which was further replaced by Mr. Anthony L. Ng for the year 2018. Ms. Comedia returned as the handling partner in 2022.

Representatives of P&A are expected to be present at the stockholders' meeting and will have the opportunity to make a statement if they desire to do so and will be available to answer appropriate questions.

The Bank is in compliance with the SRC Rule 68 (3)(b)(iv).

8. <u>Compensation Plans</u> – Not Applicable

C. ISSUANCE AND EXCHANGE OF SECURITIES

9. <u>Authorization or Issuance of Securities Other than for Exchange</u> – Not applicable

10. <u>Modification or Exchange of Securities</u> – Not applicable

11. <u>Financial and Other Information</u>

a. **Financial statements meeting the requirements of SRC Rule 68, as amended**
Please see Annex "B". This includes the Statement of Management Responsibility and Supplementary Schedules required by SRC Rule 68 (Please see Annex "B-1"),

Attached as Annex "B-2" are the Interim Financial Statements for the First Quarter 2023 (17-Q).

b. **Management's Discussion and Analysis (MD & A) or Plan of Operation**
Please see Annual Report Accompanying the Information Statement, Annex "A".

c. **Changes in and Disagreements with Accountants on Accounting and Financial Disclosures -** None.

d. **A statement as to whether or not representatives of the principal accountants for the current year and for the most recently completed fiscal year are expected to be present at the meeting, will have the opportunity to make a statement if they so desire, and are expected to be available to respond to appropriate questions:**

Representatives of Punongbayan & Araullo are expected to be present at the stockholders' meeting and will have the opportunity to make a statement if they desire to do so and will be available to answer appropriate questions.

12. <u>Acquisition or Disposition of Property</u> – Please see Notes 13 and 14 of the attached Audited Financial Statements in Annex B

13. <u>Restatement of Accounts</u> – Please see Note 2 of the attached Audited Financial Statements in Annex B

D. OTHER MATTERS

15. <u>Action with Respect to Reports</u>

The Management Report, as set forth in the Annual Report, and the Minutes of the previous stockholders' regular meeting held on June 27, 2022 will be submitted for stockholders' approval. Approval of the Annual Report constitutes a ratification of the Bank's performance during the previous fiscal years as contained in the Annual Report.

Approval of the June 27, 2022 Minutes constitutes a ratification of the accuracy and faithfulness of the Minutes to the events that transpired during said meeting, such as: (a) approval of the 2021 Annual Report and Audited Financial Statements, (b) ratification of actions and proceedings of the Board of Directors, different Committees and Management during the year 2021, (d) confirmation of significant transactions with DOSRI and related parties, (e) election of directors, (f) appointment of external auditor, and (g) approval of the amendments to the Articles of Incorporation. A copy of the Minutes for the foregoing meeting is attached as Annex E.

The corporate acts of the Board of Directors, different Committees and Management that are subject to ratification are those made from the date of the last Annual Stockholders' Meeting (June 27, 2022) up to the date of the meeting (July 3, 2023). These include, among others, those that involve day-to-day operations, administration and management of the corporate affairs such as approval of loans, write-offs, restructuring of past due accounts, sale of ROPOAs, appointment/resignation of directors/officers, authorization of officers, sanctions/disciplinary measures imposed to erring officers/employees, and authority to file or handle criminal/civil complaints.

16. **Matters Not Required to be Submitted** – Not applicable

17. **Amendment of Charter, By-Laws or Other Documents** – Not applicable

18. Other Proposed Action – Not applicable

19. Voting Procedures

The vote required for election or approval.

In the election of Directors, the fifteen (15) nominees with the greatest number of votes will be elected Directors.

In the other proposals or matters submitted to a vote, a vote of the majority or super majority, as the case may be, of the shares of the capital stock of the Bank whether given *in absentia,* by remote communication or represented by proxy at the meeting is necessary for approval of such proposals or matters.

The method by which votes will be counted

Each shareholder may vote *in absentia*, by remote communication, or by proxy the number of shares of stock standing in his name on the books of the Bank. Each share represents one vote. Voting shall be by balloting. An independent third party, Punongbayan & Araullo, shall validate and count the votes to be cast.

The procedures for voting are also detailed in the Procedure for the Annual Stockholders' Meeting, the Proxy Form, and the Vote Ballot with Instructions and Procedures, all of which are attached to this Information Statement on the pages that follow the Notice of Meeting.

No director has informed the Bank of any intention to oppose the matters to be taken up in the annual meeting.

E. OTHER CERTIFICATIONS

Attached as Annex "C" is the written certification by the Corporate Secretary that none of the directors and officers listed herein work in government.

Attached as Annexes "D" to "D-4" are the Certifications of Independent Directors.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information given in this Information Statement is true, complete and correct. This Statement is signed in the City of Makati on May 16, 2023.

RIZAL COMMERCIAL BANKING CORPORATION

By:

GEORGE GILBERT G. DELA CUESTA
Corporate Secretary

RCBC
Partners Through Generations

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Dear Stockholder:

Please be advised that the Annual Stockholders' Meeting of the Bank will be conducted virtually through https://www.rcbc.com/ASM2023 on **July 3, 2023 at 4:00 P.M.**, for the purpose of considering and acting on the following matters:

1. Approval of the Minutes of the Annual Meeting of the Stockholders held on June 27, 2022
2. Approval of the Annual Report and the Audited Financial Statements for 2022
3. Ratification of the actions and proceedings of the Board of Directors, different Committees and Management during the year 2022
4. Confirmation of significant transactions with DOSRI and related parties
5. Appointment of External Auditor
6. Election of Directors
7. Such other matters as may properly come before the meeting

Enclosed is a copy of the Information Statement pursuant to Section 20-IS of the Securities Regulation Code, as well as a copy of the Agenda and Rationale/Explanation for the Agenda Items.

Only stockholders of record at close of business on **June 1, 2023** will be entitled to participate and vote at the meeting or any adjournment thereof. Votes shall be cast by ballot in accordance with the attached form and procedures.

For the safety and well-being of all the Bank's stakeholders, there will be no physical meeting on July 3, 2023. Stockholders may participate in the virtual meeting either by remote communication by themselves or by proxy, or by casting their votes in absentia. For this purpose, stockholders must register and/or cast their votes by sending a registration email to RCBC-ASM-2023@rcbc.com in accordance with the attached procedures until **5:00 pm of June 25, 2023**. Only stockholders or their proxies who duly register by email shall be allowed to access the virtual meeting at https://www.rcbc.com/ASM2023.

We are not soliciting your proxy. If you opt to attend the meeting by proxy, please submit a duly-accomplished proxy substantially in the form attached hereto together with your registration email.

The validation of ballots and proxies shall be held on **June 26, 2023 at 9:00 am** at the Office of the Corporate Secretariat.

Due to logistical limitations at the virtual meeting, only relevant comments and questions on agenda items which are submitted by email to CorSecRCBC@rcbc.com **by 5:00 pm of June 30, 2023** will be considered during the open forum.

May 16, 2023 Makati City, Metro Manila, Philippines.

GEORGE GILBERT G. DELA CUESTA
Corporate Secretary

PROCEDURE FOR THE ANNUAL STOCKHOLDERS' MEETING

1. Only stockholders of record at close of business on **June 1, 2023** (Stockholders) will be entitled to participate and vote at the meeting or any adjournment thereof.

2. For the safety and well-being of all the Bank's stakeholders, there will be no physical meeting on July 3, 2023.

3. Stockholders may participate in the virtual meeting either by remote communication by themselves or by proxy, or by casting their votes in absentia. For this purpose, Stockholders must duly register by sending a **registration email** to RCBC-ASM-2023@rcbc.com **by 5:00 pm of June 25, 2023**. Only duly registered stockholders shall be counted for purposes of quorum.

4. **REGISTRATION** - The **registration email** should contain the following:

   a. Form of participation (choose one)
      (i) stockholder by remote communication
      (ii) proxy by remote communication
      (iii) vote in absentia

   b. Information of the stockholder
      (i) name
      (ii) address
      (iii) telephone number
      (iv) mobile number
      (v) valid and active email address

      For corporate stockholders, please include the following information:
      (i) name of authorized representative
      (ii) mobile number of authorized representative
      (iii) valid and active email address of authorized representative

   c. Supporting documents – Each must be in either JPEG or PDF format and must not exceed 400 KB.

      For individual stockholders:
      (i) Scanned copy of a valid government-issued ID with photo, signature and personal details, preferably with residential address.

      For corporate stockholders:
      (i) Scanned copy of Secretary's Certificate attesting to the authority of the representative to participate by remote communication for and on behalf of the Corporation
      (ii) Scanned copy of the authorized representative's valid government-issued ID with photo, signature and personal details, preferably with residential address

   d. Duly accomplished Proxy Form (for those attending through proxy by remote communication). If a stockholder opts to attend through proxy by remote communication but does not indicate the name of the proxy, the stockholder shall be deemed to have appointed the Chairperson as his proxy.

   e. Duly Accomplished Vote Ballot
      Each stockholder personally attending by remote communication or voting in absentia shall submit a duly accomplished Vote Ballot.

5. Duly registered Stockholders who signified attendance by remote communication or their identified proxies shall receive an email with a link and password for the meeting.

6. **<u>OPEN FORUM</u>** - Due to logistical limitations at the virtual meeting, only relevant comments and questions on agenda items which are submitted by email to CorSecRCBC@rcbc.com **by 5:00 pm of June 30, 2023** with subject: **QUESTIONS/COMMENTS** will be considered during the open forum. The Corporate Secretary will reply, by email, to relevant comments and questions received after the June 30, 2023 cut-off and until the end of the meeting on July 3, 2023.

7. **<u>VOTING</u>** - Votes of duly registered Stockholders can only be cast through ballots or proxies. The ballot or proxy should be substantially in the form provided in the Definitive Information Statement and filled in accordance with the instructions set forth therein. All ballots and proxies should be received by the Bank together with the registration email not later than **5:00 pm of June 25, 2023**. Failure of the stockholder to send his/her votes as stated herein shall be deemed a vote of approval for all the agenda items.

   If a stockholder avails of the option to vote through ballots and also issues proxy votes with differing instructions, the ballots shall replace the proxy votes issued by the stockholder.

8. Validation of ballots and proxies will be on **June 26, 2023 at 9:00 am.**

9. Stockholders shall be responsible for their own internet connectivity during the virtual meeting.

10. The proceedings of the meeting will be recorded.

Should you have questions or requests for clarification on the procedure for attending the annual stockholders' meeting through remote communication, please email them to CorSecRCBC@rcbc.com with subject: **CLARIFICATION NEEDED**.

P R O X Y

KNOW ALL MEN BY THESE PRESENTS:

That I, _____________________, a shareholder of the RIZAL COMMERCIAL BANKING CORPORATION (the "Corporation"), a domestic corporation, do hereby nominate, constitute and appoint ___________________________, with full power of substitution and delegation, as the proxy, of the undersigned to represent and vote all shares registered in my name on the books of Corporation, or owned by me at the Annual Meeting of Stockholders on July 3, 2023 of said Corporation, and any adjournment/s thereof, as fully to all intents and purposes as I might or could do if present and acting in my person, hereby ratifying and confirming any and all acts which my said attorney and proxy may do in or upon any and all matters which may properly come before any said meeting, or any adjournment or adjournments thereof, upon the proposals enumerated below.

In case of absence of ________________________ and any substitute proxy designated by him at the said meeting, the undersigned hereby grants the Chairperson of the meeting chosen accordance with the Corporation's By-Laws or, in case of his absence the President of the Corporation, full power and authority to act as alternate proxy of the undersigned at such meeting.

The proxy/substitute proxy/alternate proxy, as the case may be, shall vote subject to the instructions indicated below and the proxy/substitute proxy/alternate proxy, as the case may be, is authorized to vote in his discretion upon other business as may properly come before the Annual Meeting of Stockholders and any adjournments or postponements thereof. Where no specific instruction is clearly indicated below, the proxy/substitute proxy/alternate proxy, as the case may be, shall vote and shall be deemed authorized to vote "FOR" with respect to Proposal 1 to 6 and "FOR ALL" with respect to Proposal 7.

PROPOSALS AND VOTING INSTRUCTIONS

Management recommends a "FOR" vote for Proposals 1 to 6, and a "FOR ALL" vote for Proposal 7

	FOR	AGAINST	ABSTAIN
1. Approval of the Minutes of the Annual Meeting of the Stockholders held on June 27, 2022 *(Agenda Item No. 3)*	☐	☐	☐
2. Approval of the Annual Report and the Audited Financial Statements for 2022 *(Agenda Item No. 4)*	☐	☐	☐
3. Ratification of the actions and proceedings of the Board of Directors, different Committees and Management during the year 2022 *(Agenda Item No. 5)*	☐	☐	☐
4. Confirmation of Significant Transactions with DOSRI and Related Parties *(Agenda Item No. 6)*	☐	☐	☐
5. Appointment of Punongbayan & Araullo as External Auditor *(Agenda Item No. 8)*	☐	☐	☐
6. Other Matters (At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting). *(Agenda Item No. 9)*	☐	☐	☐

(proposal 7 on next page)

7. Election of Directors 15 Directors (10 Regular Directors and 5 Independent Directors) *(Agenda Item No. 7)*

REGULAR DIRECTORS
a. Ms. Helen Y. Dee
b. Mr. Cesar E.A. Virata
c. Mr. Eugene S. Acevedo
d. Mr. Gil A. Buenaventura
e. Mr. Armando M. Medina
f. Mr. John Law
g. Mr. Shih-Chiao (Joe) Lin
h. Mr. Arnold Kai Yuen Kan
i. Atty. Lilia B. De Lima
j. Ms. Gayatri Bery

INDEPENDENT DIRECTORS
k. Mr. Juan B. Santos
l. Mr. Gabriel S. Claudio
m. Mr. Vaughn F. Montes, PhD
n. Mr. Laurito E. Serrano
o. Ms. Erika Fille T. Legara, PhD

For All	**Withhold For All**	**Exceptions** (please state**)**
☐	☐	☐ ____________________________
		____________________________
		____________________________

The stockholder may withhold authority to vote for any or some nominee(s), by marking the exception box and writing the name(s) of such nominee(s) on the space provided above. If the stockholder designates exception(s), the number of shares to be distributed to each of the remaining nominees must be indicated on the spaces provided above.

The stockholder can either (a) vote for all of the nominees, in which case the stockholder's total votes will be split and cast equally among the nominee(s); (b) withhold his vote for all of the nominees; or (c) vote only for some and not all of the nominees, in which case the stockholder's total votes will be distributed and cast as indicated by the stockholder in the spaces provided above. If the stockholder does not indicate the number of shares to be distributed among the remaining nominees who are not named on the spaces for exceptions above, then the stockholder's total votes will be split and cast equally among the remaining nominees. The total number of votes which a stockholder may cast is equal to fifteen (15) times the number of shares of common stock and voting preferred stock held as of the Record Date.

This proxy shall be valid for the Annual Meeting of Stockholders of the Corporation on July 3, 2023 unless sooner withdrawn by me through notice in writing delivered to the Corporate Secretary. In case I shall be present at the meeting, this proxy stands revoked.

IN WITNESS WHEREOF, I, the undersigned shareholder, have executed this proxy at _____________________ this _______day of ___________________ 2023.

____
(Signature Over Printed Name)
☐ Stockholder
☐ Authorized Representative of Stockholder
Date: _______________, 2023

PLEASE SEE NEXT PAGE FOR OTHER INFORMATION AND INSTRUCTIONS

OTHER INFORMATION AND INSTRUCTIONS FOR THE PROXY FORM

1. *Submission of Proxy*

(a) The proxy form must be duly completed, signed and dated by the stockholder or his duly authorized representative, and received by email via RCBC-ASM-2023@rcbc.com together with the stockholder's registration mail by **5:00 pm of June 25, 2023.** If the name of the proxy is not specified, the stockholder shall be deemed as having appointed the Chairperson as proxy.

(b) If the proxy is given by one or more joint owners of shares of stock of the Company, the proxy form must be signed by all of the joint owners.

(c) If the shares of stock of the Company are owned in an "and/or" capacity, the proxy form must be signed by either one of the registered owners.

(d) If the proxy is given by a holder of shares of stock of the Company that is a corporation, association, partnership or unincorporated entity, the proxy form must be accompanied by a certification signed by a duly authorized officer, partner or representative of such corporation, association, partnership or unincorporated entity, to the effect that the person signing the proxy form has been authorized by the governing body or has the power pursuant to the By-Laws, constitutive documents or duly approved policies of such corporation, association, partnership or unincorporated entity, for such purpose.

(e) A proxy given by a broker or dealer in respect of shares of stock of the Company carried by such broker or dealer for the account of a customer must be supported by a sworn certification that the same is given with the express prior authorization of such customer.

(f) If any customer of a broker or dealer who is the beneficial owner of shares of stock of the Company executes a sub-proxy, the broker or dealer shall certify that the signature on the sub-proxy is the true and genuine signature of its customer.

2. *Revocation of Proxy*

A holder of shares of stock of the Company who has given a proxy has the power to revoke it by written instrument duly signed and dated, which must be received by email via RCBC-ASM-2023@rcbc.com not later than **5:00 pm of June 30, 2023**. A proxy is also considered suspended if an individual stockholder signifies by email to RCBC-ASM-2023@rcbc.com on or before **5:00 pm of June 25, 2023** that he is attending the meeting by remote communication.

3. *Validation of Proxy*

The validation of proxies will be held on **June 26, 2023** at **9:00 am** at the Office of the Corporate Secretary. Validation of proxies will be done by the Corporate Secretary and persons designated by the Corporate Secretary who shall be under his supervision and control, in accordance with the procedure and guidelines set out in the Company's By-Laws and Section 11(b) of the SRC Rule 20.

VOTE BALLOT

___ Attending by remote communication **___ Voting in absentia**

PROPOSALS AND VOTING INSTRUCTIONS

Management recommends a "FOR" vote for Proposals 1 to 6, and a "FOR ALL" vote for Proposal 7.

	FOR	AGAINST	ABSTAIN
1. Approval of the Minutes of the Annual Meeting of the Stockholders held on June 27, 2022 *(Agenda Item No. 3)*	☐	☐	☐
2. Approval of the Annual Report and the Audited Financial Statements for 2022 *(Agenda Item No. 4)*	☐	☐	☐
3. Ratification of the actions and proceedings of the Board of Directors, different Committees and Management during the year 2022 *(Agenda Item No. 5)*	☐	☐	☐
4. Confirmation of Significant Transactions with DOSRI and Related Parties *(Agenda Item No. 6)*	☐	☐	☐
5. Appointment of Punongbayan & Araullo as External Auditor *(Agenda Item No. 8)*	☐	☐	☐
6. Other Matters (At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting). *(Agenda Item No. 9)*	☐	☐	☐

7. Election of Directors 15 Directors (10 Regular Directors and 5 Independent Directors) *(Agenda Item No. 7)*

REGULAR DIRECTORS
a. Ms. Helen Y. Dee
b. Mr. Cesar E.A. Virata
c. Mr. Eugene S. Acevedo
d. Mr. Gil A. Buenaventura
e. Mr. Armando M. Medina
f. Mr. John Law
g. Mr. Shih-Chiao (Joe) Lin
h. Mr. Arnold Kai Yuen Kan
i. Atty. Lilia B. De Lima
j. Ms. Gayatri Bery

INDEPENDENT DIRECTORS
k. Mr. Juan B. Santos
l. Mr. Gabriel S. Claudio
m. Mr. Vaughn F. Montes, PhD
n. Mr. Laurito E. Serrano
o. Ms. Erika Fille T. Legara, PhD

For All ☐ **Withhold For All** ☐ **Exceptions** (please state**)** ☐ ______________________________
____
____

The stockholder may withhold authority to vote for any or some nominee(s), by marking the exception box and writing the name(s) of such nominee(s) on the space provided above. If the stockholder designates exception(s), the number of shares to be distributed to each of the remaining nominees must be indicated on the spaces provided above.

The stockholder can either (a) vote for all of the nominees, in which case the stockholder's total votes will be split and cast equally among the nominee(s); (b) withhold his vote for all of the nominees; or (c) vote only for some and not all of the nominees, in which case the stockholder's total votes will be distributed and cast as indicated by the stockholder in the spaces provided above. If the stockholder does not indicate the number of shares to be distributed among the remaining nominees who are not named on the spaces for exceptions above, then the stockholder's total votes will be split and cast equally among the remaining nominees. The total number of votes which a stockholder may cast is equal to fifteen (15) times the number of shares of common stock and voting preferred stock held as of the Record Date.

Where no specific instruction is clearly indicated above in any, some, or all of the items, the vote shall be deemed as a vote "FOR" with respect to Proposal 1 to 6, and "FOR ALL" with respect to Proposal 7.

IN WITNESS WHEREOF, I, the undersigned stockholder have cast the foregoing Vote Ballot at ____________________ this _______day of __________________ 2023

____

(Signature Over Printed Name)

□ Stockholder

□ Authorized Representative of Stockholder

Date: _______________ , 2023

RIZAL COMMERCIAL BANKING CORPORATION

AGENDA

ANNUAL MEETING OF THE STOCKHOLDERS

DATE	:	July 3, 2023
TIME	:	4:00 P. M.
PLACE	:	Virtual Meeting https://www.rcbc.com/ASM2023

1. Proof of the Due Notice of the Meeting
2. Determination of the presence of a Quorum
3. Approval of the Minutes of the Annual Meeting of the Stockholders held on June 27, 2022
4. Approval of the Annual Report and the Audited Financial Statements for 2022
5. Ratification of the actions and proceedings of the Board of Directors, different Committees and Management during the year 2022
6. Confirmation of significant transactions with DOSRI and related parties
7. Election of Directors
8. Appointment of External Auditor
9. Other Matters
10. Open Forum
11. Adjournment

RATIONALE / EXPLANATION
FOR AGENDA ITEMS REQUIRING SHAREHOLDERS' APPROVAL

1. Proof of Due Notice of the Meeting

Rationale/ Explanation:	Only stockholders of record as of **June 1, 2023** shall be entitled to notice and vote at the meeting. The notice of the meeting, which shall contain, in addition to the date, hour and link to the virtual meeting, a statement of the matters to be taken up at such meeting, shall be published for 2 consecutive days in 2 newspapers of general circulation in both print and online formats in accordance with the rules of the Securities and Exchange Commission. The Corporate Secretary shall confirm that due notice of the meeting was made.

2. Determination of the presence of a Quorum

Rationale/ Explanation:	Quorum shall consist of stockholders owning the majority of the subscribed capital stock represented in person or by proxy, or with votes cast in absentia who duly registered through RCBC-ASM-2023@rcbc.com as of June 25, 2023. On the basis of such registration, the Corporate Secretary shall declare whether or not a quorum exists for the Annual Stockholders Meeting. Stockholders who cast their votes in absentia shall be deemed present for purposes of quorum.

3. Approval of the Minutes of the Annual Meeting of the Stockholders held on June 27, 2022

Rationale/ Explanation:	Approval of the June 27, 2022 Minutes of the Annual Meeting of the Stockholders constitutes a ratification of the accuracy and faithfulness of the Minutes to the events that transpired during said meeting, including, (a) approval of the Minutes of the 2021 meeting, (b) approval of the 2021 annual report and audited financial statements, (c) ratification of actions and proceedings of the Board of Directors, different Committees and Management during the year 2021, (d) confirmation of significant transactions with DOSRI and related parties, (e) election of directors, and (f) appointment of external auditor. The said Minutes is available on the Bank's website and attached to the Information Statement. A vote representing majority of stockholders represented and eligible to vote during the meeting is required to pass a resolution on this matter.

4. Approval of the Annual Report and the Audited Financial Statements for 2022

Rationale/ Explanation:	Approval of the Annual Report constitutes a ratification of the Bank's performance during the previous fiscal years as contained in the Annual Report. The Annual Report will contain the results of the operation of the Company during the year 2022. The financial statements as of December 31, 2022 will also be presented and endorsed for approval by the Board of Directors and the Audit Committee. The Audited Financial Statements for 2022 will be attached to the Definitive Information Statement and is incorporated in the Bank's SEC 17-A (Annual Report) submitted to the Securities and Exchange Commission (SEC) and available on the Bank's website. A vote representing majority of stockholders represented and eligible to vote during the meeting is required to pass a resolution on this matter.

5. Ratification of the actions and proceedings of the Board of Directors, different Committees and Management during the year 2022

Rationale/ Explanation:	The corporate acts of the Board of Directors, different Committees and Management that are subject to ratification are those made from the date of the last annual stockholders' meeting (June 27, 2022) up to the date of the meeting (July 3, 2023). These include, among others, those that involve the day-to-day operation, administration and management of the corporate affairs such as approval of loans, special projects, material transactions, restructuring of past due accounts, sale of ROPOAs, appointment/ resignation of directors/ officers, sanctions/disciplinary measures imposed to erring officers/ employees, authority to file criminal/civil complaints, and related matters. A vote representing majority of stockholders represented and eligible to vote during the meeting is required to pass a resolution on this matter.

6. Confirmation of Significant Transactions with DOSRI and Related Parties

Rationale/ Explanation:	Significant transactions with DOSRI and related parties for the year 2022 include: loans/receivables and deposit liabilities; trading of investment securities; sale of a portion of the ATY Centre bank premises and investment properties to ATY Centre, Inc., increase in shareholding of SMBC (although without capital infusion as of report date), lease contracts with RCBC Realty Corporation and sub-lease agreements with subsidiaries for occupancy in the RCBC Plaza; various service agreements with RCBC Bankard Services Corporation, RCBC Forex Brokers Corporation, RCBC Capital Corporation, RCBC Securities, Inc., Rizal Microbank – A Thrift Bank of RCBC, RCBC Leasing and Finance Corporation, Niyog Property Holdings, Inc., and RCBC International Finance Limited; agreement with RCBC Rental Corporation for the financing of 1,600 new ATMs; and the administration and management of some of the subsidiaries' retirement funds. The Bank's other transactions with affiliates include service agreements, leasing office premises to subsidiaries, 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 transactions are at arms' length. Details of said related party transactions are disclosed in the Bank's SEC 17-A Report which is also available on the Bank's website. These are also provided in the Annual Report accompanying the Information Statement, Annex A. In accordance with BSP Circular No. 895 dated December 14, 2015, which requires the Bank's stockholders to confirm by majority vote, the Bank's significant transactions with DOSRI and related parties, the above-mentioned significant transactions are presented to the stockholders for confirmation.

7. Election of Directors

Rationale/ Explanation:	The By-Laws of the Bank allows all shareholders, including minority stockholders, the right to nominate candidates for the Board of Directors. Nominees for election as members of the Board of Directors of RCBC, including nominees for election as independent Directors, as well as their profiles are provided in the Definitive Information Statement. A vote representing majority of stocks represented and eligible to vote during the meeting is required to pass a resolution on this matter.

8. Appointment of External Auditor

Rationale/ Explanation:	The Audit and Compliance Committee will screen and endorse to the stockholders the appointment of a selected qualified SEC-accredited auditing firm as external auditor of RCBC for the year 2023, including their proposed remuneration. The profile of the external auditor is provided in the Definitive Information Statement. A vote representing majority of stocks represented and eligible to vote during the meeting is required to pass a resolution on this matter.

9. Other Matters

Rationale/ Explanation:	Other matters that may have arisen after the Notice of Meeting and Agenda have been sent out, or those raised throughout the meeting may be presented to the stockholders for consideration. Stockholders may also propose to consider such other relevant matters or issues.

10. Open Forum

Rationale/ Explanation:	Due to logistical limitations at the virtual meeting, only relevant comments and questions on agenda items which are submitted by email to CorSecRCBC@rcbc.com with subject: **QUESTIONS/COMMENTS by 5:00 pm of June 30, 2023** will be considered during the open forum. The Corporate Secretary will reply, by email, to relevant comments and questions received after the June 30, 2023 cut-off and until the end of the meeting on July 3, 2023.

11. Adjournment

Annex "A"

ANNUAL REPORT ACCOMPANYING INFORMATION STATEMENT
REQUIRED UNDER SRC RULE 17.1 (b)

(A) Audited Consolidated Financial Statements

The Audited Financial Statements of the Bank as of December 31, 2022 are contained in the latest annual report sent to security holders at the Annual Stockholders' meeting on July 3, 2023. They are also attached to the Information Statement.

(B) Management Discussion and Analysis of Financial Conditions and Results of Operations (2020-2022) and Plan of Operation

2020

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.
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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.
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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

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

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 (Loss) per Share (EPS)	Php (7.90)	Php 1.18

RCBC CAPITAL CORPORATION and Subsidiaries	Audited	
In Php 000s (Except EPS)	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	**Audited**	
In Php 000s (Except Loss per Share)	**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
Loss per Share*	Php (37.12)	Php (31.18)

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

RCBC INTERNATIONAL FINANCE, LTD. and Subsidiary	**Audited**	
In Php 000s (Except EPS)	**2020**	**2019**
Net Income (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 *	**Audited**	
In Php 000s (Except Loss per Share)	**2020**	**2019**
Net Loss	Php 0.00	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	Php 0.00	Php (136.30)

**In the process of liquidation.*

NIYOG PROPERTY HOLDINGS, INC.	**Audited**	
In Php 000s (Except EPS)	**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.)	**Audited**	
In Php 000s (Except EPS)	**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	Audited	
In Php 000s (Except EPS)	**2020**	**2019**
Net Income (Loss)	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 (Loss) per Share (EPS)	Php (0.04)	Php 0.07

CAJEL REALTY CORPORATION	Audited	
In Php 000s (Except Loss per Share)	**2020**	**2019**
Net Loss	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
Loss per Share	Php (0.20)	Php (1.21)

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.*

2021

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

Balance Sheet

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.
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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

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

Wholly-Owned/Virtually Wholly Owned Subsidiaries

RIZAL MICROBANK	Audited	
In Php 000s (Except Loss per Share)	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	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 Loss per Share)	**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 Common Share*	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 Loss per Share)	**2021**	**2020**
Net Income (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)	**2021**	**2020**
Net Loss	Php 0.00	Php 0.00
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
Earnings 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	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 (Loss) 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 Loss per Share)	**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.*

2022

After two years of strict quarantine protocols due to the COVID-19 pandemic, the Philippines returned to a state of almost normalcy in 2022. Mobility restrictions further eased, face-to-face classes and 100% onsite work resumed, and businesses returned to their full capacity as the number of COVID-19 cases remained muted throughout the year.

As a result, the Philippine economy continued to climb out of the recession brought by the pandemic as it grew by 7.6% in 2022. This growth outturn is higher than market expectations, even beating the 6.5%-7.5% government target, as consumer spending spurred growth despite higher inflation. Although, growth was partly magnified by lower base effect due to hard lockdowns in 2021. Nonetheless, consumer spending, which made up 76% of the economy, grew remarkably by +8.3%, or its fastest on record. Meanwhile, on the supply side, economic growth was mainly driven by the recovery in industries such as wholesale and retail trade, manufacturing, and construction following a sustained economic reopening. Continued growth in OFW remittances and BPO revenues, as well as the resumption in foreign tourism since February 2022 further supported overall economic growth.

Inflation was elevated globally in 2022 as the Russia-Ukraine war dealt a major shock to global markets, disrupting production and trade. Prices of commodities such as oil, coal, metals, and wheat surged following the war. Global crude oil prices went up, especially during early-2022 as it reached a high of US$130 per barrel in March, ending the year 6.7% higher than the previous year. In the US, the war led to risks of recession amid higher inflation, which prompted Fed to aggressively tighten its monetary policy, raising its interest rates by 425 basis points in 2022. Locally, average inflation went up to 5.8% in 2022 vs. 3.9% in the previous year, even reaching its peak of 8.1% in December, amid higher input prices and supply chain disruptions. Inflation hovered above BSP's 2%-4% target band. Similar to US, this prompted BSP to aggressively tighten its monetary policy as it raised its key policy rate by 350 basis points in 2022, ending the year at its new 14-year high of 5.50%. Aggressive Fed rate hikes also led to stronger US dollar vs. other global currencies, which bloated the Philippines' import bill, and higher global interest rates. USD/PHP closed the year at 55.755, higher by +9.3% year-on-year, after reaching its record high of 59.000 in October. Meanwhile, local interest rates (PHP BVAL yields) ended the year higher by 200-300 basis points vs. end-2021.

Financial and Operating Highlights

<u>Balance Sheet</u>

BALANCE SHEET			
In Million Pesos	**2022**	**2021**	**2020**
Total Assets	1,154,108	959,133	772,106
Investment Securities	374,365	219,235	88,064
Loans and Receivables (Net)	558,869	538,302	491,284
Total Deposits	857,244	672,459	535,788
Capital Funds	116,361	111,080	101,378

In the middle of 2022, RCBC hit another milestone when its Total Assets breached the P1.0 trillion-mark and ended the year with a record high of P1.2 trillion. This represents a growth of 20.3% or P195.0 billion versus end of 2021. Significant movements are discussed below:

Cash and other Cash Items increased by 23.1% or P3.4 billion from P14.7 billion to P18.1 billion due to the additional cash requirements of the 28 new branches and 107 new ATMs and to service withdrawals during the holidays.

Due from Bangko Sentral ng Pilipinas (BSP) increased by 20.4% or P26.5 billion from P130.2 billion to P156.7 billion mainly attributable to higher level of term deposits as short term investment and higher pesonet deposits as clearing account to service electronic fund transfers.

Due from Other Banks decreased by 52.0% or P6.3 billion from P12.2 billion to P5.8 billion mainly due to the net decrease in foreign bank placements as a result of redeployment of funds.

Loans Arising from Reverse Repurchase Agreement decreased by 25.4% or P3.0 billion from P11.7 billion to P8.7 billion also as a result of redeployment of funds.

Total Investment Securities, representing 32.4% of Total Resources, increased by 70.8% or P155.1 billion from P219.2 billion to P374.4 billion attributable to the 131.0% or P65.2 billion increase in Financial Assets at Fair Value Other Comprehensive Income (FVOCI); 54.3% or P88.8 billion increase in Investments at Amortized Cost; and 20.0% or P1.2 billion increase in Financial Assets at Fair Value Through Profit or Loss (FVTPL).
Investment in Associates – net, increased by 10.2% or P35.0 million from P344.0 million to P379.0 million on account of higher income from associates.

Bank Premises, Furniture, Fixture & Equipment - net, decreased by 11.0% or P1.4 billion from P12.7 billion to P11.3 billion mainly due to the sale of ATYC properties.

Investment Properties – net, decreased by 26.8% or P956.0 million from P3.6 billion to P2.6 billion representing the investment property portion of the sold ATYC properties.

Deferred Tax Assets (DTA) increased by 16.7% or P534.0 million from P3.2 billion to P3.7 billion as a result of the recognition of DTA on MCIT, Net Operating Loss Carry-Over and net increase in allowance for credit losses during the year.

Deposit Liabilities were recorded at P857.2 billion and represented 74.3% of Total Resources. Demand deposits grew by 20.5% or P29.8 billion from P144.8 billion to P174.6 billion and accounted for 15.1% of Total Resources. Savings deposits grew by 7.8% or P17.8 billion from P228.5 billion to P246.2 billion and accounted for 21.3% of Total Resources. Time deposits reached P436.4 billion, grew by 45.9% or P137.3 billion from P299.2 billion and accounted for 37.8% of Total Resources.

Bills Payable increased by 19.2% or P10.8 billion from P55.9 billion to P66.7 billion as alternative sources of funds.

Bonds Payable decreased by 14.7% or P12.8 billion from P87.2 billion to P74.4 billion attributable to the maturities of the P31.2 billion fixed rate bonds, net of the P14.8 billion **s**ustainability bond issuance during the year.

Accrued Taxes, Interest and Other Expenses increased by 38.2% or P2.3 billion from P6.1 billion to P8.4 billion mainly due to higher interest expense on Time Deposits as a result of the significant increase in volume and hike in interest rates.

Other Liabilities increased by 17.5% or P4.6 billion from P26.4 billion to P31.0 billion primarily due to the increase on finance lease liability recognition and unclaimed deposits.

Total Liabilities stood at P1.0 trillion and represented 89.9% of Total Resources.

Other Comprehensive Income decreased by 232.4% or P4.5 billion from P1.9 billion to P6.4 billion loss mainly due to decline in Net Unrealized Gains on Financial Assets at FVOCI securities.

Retained Earnings increased by 23.0% or P9.7 billion from P42.4 billion to P52.1 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 P116.4 billion and accounted for 10.1% of Total Resources.

Income Statement

INCOME STATEMENT			
In Million Pesos	**2022**	**2021**	**2020**
Interest Income	45,835	37,111	36,952
Interest Expense	14,619	8,280	10,671
Net Interest Income	31,216	28,831	26,281
Other Operating Income	13,238	7,563	11,632
Impairment Losses	44,454	36,394	37,913
Operating Expenses	5,706	6,048	9,375
Tax Expense	25,100	22,535	22,045
Net income	1,568	728	1,475
Attributable to:	12,080	7,083	5,018
Parent Company's Shareholders			
Non-controlling Interests	12,080	7,082	5,020

The Bank booked a net income of P12.08 billion in 2022, higher by 70.6% or P5.0 billion year-on-year. The record-high net income was a result of the following:

Total interest income increased by 23.5% or P8.7 billion from P37.1 billion to P45.8 billion and accounted for 103.1% of total operating income. Interest income on loans and receivables increased by 9.6% or P3.1 billion from P31.9 billion to P35.0 billion due to growth in average volume and average yield. It accounted 78.7% of total operating income. Interest income on Trading and Investment Securities increased by 119.3% or P5.3 billion from P4.4 billion to P9.8 billion due to combined effects of higher average volume and average yield; it accounted for 21.9% of total operating income. Due from BSP and Other Interest Income, on the other hand, increased by 45.5% or P347.0 million from P763.0 million to P1.1 billion mainly due to higher average yield of placements with the BSP.

Total interest expense increased by 76.6% or P6.3 billion from P8.3 billion to P14.6 billion and accounted for 32.9% of total operating income. Interest expense on Deposit Liabilities increased by 147.8% or P6.0 billion from P4.1 billion to P10.1 billion primarily due to growth in volume and higher average costs; it represented 22.6% of total operating income. Interest expense on Bills Payable and Other Borrowings increased by 8.1% or P341.0 billion from P4.2 billion to P4.6 billion due to growth in volume, net of lower average costs year-on-year.

The Bangko Sentral ng Pilipinas (BSP) implemented successive rate hikes starting May 2022 to December 2022. The benchmark rate ended at 5.5% for the year with a cumulative rate hike of 350 basis points.

As a result, net interest income increased by 8.3% or P2.4 billion from P28.8 billion to P31.2 billion.

The Bank booked total Impairment losses of P5.7 billion, down by 5.7% or P342.0 million from P6.0 billion last year due to impairment recovery from settlement of loan, net of the impact of the annual updating of expected credit loss components. It represented 12.8% of total operating income.

Other operating income increased by 75.0% or P5.7 billion from last year's P7.6 billion to P13.2 billion. This accounted for 29.8% of total operating income, and is broken down as follows:

- Service fees and commissions increased by 20.2% or P920.0 million from P4.5 billion to P5.5 billion mainly due to higher fees from retail transactions. It represented 12.3% of total operating income;

- Gain on assets sold – net, significantly increased by 2,957.4% or P3.0 billion from P101.0 million to P3.1 billion as a result of gain on sale of ATYC properties and various acquired assets;
- Foreign exchange gains – net, increased by 765.7% or P1.4 billion from P181.0 million to P1.6 billion due to higher foreign position profits;
- Trust fees increased by 5.9% or P23.0 million from P392.0 million to P415.0 million due to significant increase in volume of trust portfolio year-on-year;
- Trading and securities gains (losses) – net, decreased by 104.3% or P900.0 million from P863.0 million gain to P37.0 million loss due to lower realized trading gains and unrealized marked-to-market gains;
- Share in net earnings of subsidiaries and associates increased by 166.7% or P20.0 million due to higher equity earnings from Investments in Associates;
- Miscellaneous income increased by 84.6% or P1.2 billion from P1.5 billion to P2.7 billion mainly on account of the gain on settlement of loan, dividend and other income.

Operating expenses, which accounted for 56.5% of total operating income, increased by 11.4% or P2.6 billion from P22.5 billion to P25.1 billion due to the following:

- Total Employee benefits increased by 3.0% or P192.0 million from P6.4 billion to P6.6 billion. It represented 14.8% of total operating income;
- Taxes and licenses, which accounted for 10.4% of total operating income, increased by 33.7% or P1.2 billion from P3.5 billion to P4.6 billion mainly due to increase in gross revenues and higher documentary stamp tax, which are volume-related;
- Depreciation and amortization was recorded at P3.0 billion. It represented 6.8% of total operating income;
- Occupancy and equipment-related expenses increased by 3.1% or P88.0 million from P2.8 billion to P2.9 billion. It represented 6.5% of total operating income;
- Miscellaneous expenses increased by 16.0% or P1.1 billion from P6.8 billion to P7.9 billion largely due to the increase in volume-related expenses. It accounted for 17.9% of total operating income.

Tax expense increased by 115.4% or P840.0 million from P728.0 million to P1.6 billion mainly due to higher final tax on investments securities and higher income year-on-year.

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

(Performance indicators and other information continued on next page)

Performance Indicators

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES				
	Audited			
	Consolidated		Parent	
	2022	2021	2022	2021
Return on Average Assets (ROA)	1.2%	0.8%	1.2%	0.8%
Return on Average Equity (ROE)*	11.2%	6.7%	11.2%	6.7%
Risk-based Capital Adequacy Ratio (CAR)	15.3%	15.2%	15.0%	14.9%
Common Equity Tier 1 Ratio	12.3%	12.2%	12.0%	11.8%
Non-Performing Loans (NPL) Ratio	2.0%	3.3%	1.9%	3.2%
Non-Performing Assets (NPA) Ratio	1.5%	2.7%	1.4%	2.6%
Net Interest Margin (NIM)	3.7%	4.1%	3.7%	4.1%
Cost-to-Income Ratio	56.5%	61.9%	55.8%	61.4%
Loans-to-Deposit Ratio**	63.4%	76.3%	62.4%	74.9%
Current Ratio	0.5	0.6	0.5	0.6
Liquid Assets-to-Total Assets Ratio	0.2	0.2	0.2	0.2
Debt-to-Equity Ratio	8.9	7.6	8.8	7.6
Asset-to- Equity Ratio	9.9	8.6	9.8	8.6
Asset -to- Liability Ratio	1.1	1.1	1.1	1.1
Interest Rate Coverage Ratio	1.9	1.9	2.0	2.0
Earnings per Share (EPS)**				
Basic	Php 5.42	Php 3.09	Php 5.42	Php 3.09
Diluted	Php 5.42	Php 3.09	Php 5.42	Php 3.09

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

Wholly-Owned/Virtually Wholly Owned Subsidiaries

RIZAL MICROBANK	Audited	
In Php 000s (Except EPS)	2022	2021
Net Income (Loss)	Php 19,592	Php (9,938)
Return on Average Assets (ROA)	1.3%	-0.7%
Return on Average Equity (ROE)	3.9%	-2.0%
Risk-based Capital Adequacy Ratio (CAR)	29.1%	31.0%
Non-Performing Loans (NPL) Ratio	1.3%	3.0%
Non-Performing Assets (NPA) Ratio	3.6%	4.6%
Earnings (Loss) per Share (EPS)	Php 1.74	Php (0.88)

RCBC CAPITAL CORPORATION and Subsidiaries	Audited	
In Php 000s (Except EPS)	2022	2021
Net Income	Php 149,435	Php 315,427
Return on Average Assets (ROA)	3.6%	7.3%
Return on Average Equity (ROE)	4.8%	9.6%
Risk-based Capital Adequacy Ratio (CAR)	46.9%	38.5%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	0.0%	0.0%
Earnings per Share (EPS)	Php 1.26	Php 2.67

RCBC FOREX BROKERS CORPORATION	**Audited**	
In Php 000s (Except Loss per Share)	**2022**	**2021**
Net Income	Php 5,761	Php 1,725
Return on Average Assets (ROA)	3.5%	1.0%
Return on Average Equity (ROE)	3.7%	1.1%
Capital to Total Assets	95.9%	95.7%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Loss per Common Share*	Php (36.48)	Php (44.55)

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

RCBC INTERNATIONAL FINANCE, LTD. and Subsidiary	**Audited**	
In Php 000s (Except Loss per Share)	**2022**	**2021**
Net Loss	Php (5,820)	Php (8,176)
Return on Average Assets (ROA)	-5.1%	-7.5%
Return on Average Equity (ROE)	-5.4%	-7.7%
Capital to Total Assets	94.5%	95.4%
Non-Performing Loans (NPL) Ratio	0.0%	0.0%
Non-Performing Assets (NPA) Ratio	0.0%	0.0%
Loss per Share	Php 2.33)	Php (3.27)

RCBC TELEMONEY EUROPE S.P.A *	**Audited**	
In Php 000s (Except EPS)	**2022**	**2021**
Net Income	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
Earnings 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)	**2022**	**2021**
Net Income	Php 8,028	Php (3,458)
Return on Average Assets (ROA)	5.7%	-2.2%
Return on Average Equity (ROE)	-7.5%	3.1%
Capital to Total Assets	-70.8%	-80.1%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Earnings (Loss) per Share (EPS)	Php 0.04	Php (0.02)

NIYOG PROPERTY HOLDINGS, INC.	**Audited**	
In Php 000s (Except EPS)	**2022**	**2021**
Net Income	Php 53,003	Php 22,490
Return on Average Assets (ROA)	9.4%	4.0%
Return on Average Equity (ROE)	10.1%	4.3%
Capital to Total Assets	93.7%	93.6%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Earnings per Share (EPS)	Php 38.11	Php 16.17

RCBC LEASING AND FINANCE CORP. and Subsidiary	Audited	
In Php 000s (Except EPS)	**2022**	**2021**
Net Income (Loss)	Php (107,834)	Php 147,883
Return on Average Assets (ROA)	-0.9%	1.3%
Return on Average Equity (ROE)	-4.7%	6.8%
Capital to Total Assets	19.1%	17.4%
Non-Performing Loans (NPL) Ratio	13.0%	8.3%
Non-Performing Assets (NPA) Ratio	11.2%	5.4%
Earnings (Loss) per Share (EPS)	Php (0.04)	Php 0.05

CAJEL REALTY CORPORATION	Audited	
In Php 000s (Except Loss per Share)	**2022**	**2021**
Net Loss	Php (430)	Php (476)
Return on Average Assets (ROA)	-0.8%	-0.9%
Return on Average Equity (ROE)	-0.8%	-0.9%
Capital to Total Assets	99.9%	100.0%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Loss per Share	Php (0.72)	Php (0.80)

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 2023

In 2023, headwinds in the form of high inflation and increasing interest rate will still affect the Philippines, at least in the first half. Despite this, the country is expected to continue its growth momentum coming from last year's more relaxed restrictions and increased in business and consumer confidence. The bank will grow its assets primarily loans and investment securities as we expect increased in economic activity. To manage interest expense caused by the rising benchmark policy rates, the bank will pursue deposit growth primarily through CASA with the support of innovative cash management products and the new branches opened in 2022.

The 2023 strategy remains anchored on customer acquisition; improvement in processes, including the redesign of customer journeys across all channels to deliver fast and efficient service to give the best customer experience; and to migrate more customers to the mobile app and digitize all our core products.

Note to Financial Statements as of March 31, 2023

Statement of Compliance with Generally Accepted Accounting Principles. The interim financial statements of the Bank have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS)

See accompanying Notes to Interim Financial Statements for the detailed discussion of compliance with Generally Accepted Accounting Principles

Accounting Policies and Methods of Computation. See accompanying Notes to Interim Financial Statements for the detailed discussion of the accounting policies and methods of computation (Note 2)

Seasonality or Cyclicality of Interim Operations. Seasonal or cyclical events and/or conditions do not materially affect the year-round operations of the Bank.

Changes in Estimates of Amounts Reported. There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in estimates of amounts reported in prior financial years

Issuances, Repurchases and Repayments of Debt and Equity Securities. On March 16, 2023, the Bank redeemed the USD450.0 million or Php24.7 billion Senior Notes with coupon rate of 4.125%.

On January 30, 2023, the Board of Directors approved the issuance of US Dollar Notes, via a public issuance and/or private placement out of the Bank's USD3.0 billion Medium Term Note Programme, subject to market conditions.

Dividends Paid for Ordinary or Other Shares. In its meeting held on March 27, 2023, the Board of Directors approved the declaration and payment of cash dividends amounting to P1.08 per share or a total of P2.2 billion and P288.8 thousand payable to holders of Common Class and Preferred Class shares, respectively, both paid on April 27, 2023.

In its meeting held on February 27, 2023, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1685 per share or a total of P45.0 thousand payable to holders of Preferred Class shares and paid on March 23, 2023.

In its meeting held on January 30, 2023, the Board of Directors approved the declaration and payment of cash dividends on the Bank's USD300 million Non-cumulative Hybrid Perpetual Securities at a dividend rate of 6.50% per annum or a total of USD9.8 million or P532.7 million payable to holders of said Securities, which was paid on February 27, 2023.

In its meeting held on November 28, 2022, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1407 per share or a total of P37.6 thousand payable to holders of Preferred Class shares and paid on December 27, 2022.

In its meeting held on August 30, 2022, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1047 per share or a total of P28.0 thousand payable to holders of Preferred Class shares and paid on September 22, 2022.

In its meeting held on July 25, 2022, the Board of Directors approved the declaration and payment of cash dividends on the Bank's USD300 million Non-cumulative Hybrid Perpetual

Securities at a dividend rate of 6.50% per annum or a total of USD9.8 million or P539.7 million payable to holders of said Securities, which was paid on August 26, 2022.

In its meeting held on May 30, 2022, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0748 per share or a total of P20.0 thousand payable to holders of Common Class shares and paid on June 23, 2022.

In its meeting held on March 28, 2022, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.6180 per share or a total of P1.3 billion and P165.3 thousand payable to holders of Common Class and Preferred Class shares, respectively, both paid on April 27, 2022.

In its meeting held on February 28, 2022, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0553 per share or a total of P14.8 thousand payable to holders of Preferred Class shares and paid on March 23, 2022.

In its meeting held on January 31, 2022, the Board of Directors approved the declaration and payment of the cash dividends on the Bank's USD300 million Non-cumulative Hybrid Perpetual Securities at a dividend rate of 6.50% per annum or a total of USD9.8 million or P497.4 million payable to holders of said Securities, which was paid on February 28, 2022.

The details of the cash dividend approvals and distributions from 2022 up to March 31, 2023 are as follows (amounts in Thousand Php except per share figures):

Date Declared	Dividend		Date Paid / Payable	Nature of Securities
	Per Share	Total Amount (in Thousand)		
31-Jan-22	-	P 497,445.0	28-Feb-22	Hybrid Perpetual Securities
28-Feb-22	P 0.0553	P 14.8	23-Mar-22	Convertible Preferred
28-Mar-22	P 0.6180	P 1,259,162.0	27-Apr-22	Common Stock
28-Mar-22	P 0.6180	P 165.3	27-Apr-22	Convertible Preferred
30-May-22	P 0.0748	P 20.0	23-Jun-22	Convertible Preferred
25-Jul-22	-	P 539,662.5	26-Aug-22	Hybrid Perpetual Securities
30-Aug-22	P 0.1047	P 28.0	22-Sep-22	Convertible Preferred
28-Nov-22	P 0.1407	P 37.6	27-Dec-22	Convertible Preferred
30-Jan-23	-	P 532,740.0	27-Feb-23	Hybrid Perpetual Securities
27-Feb-23	P 0.1685	P 45.0	23-Mar-23	Convertible Preferred
27-Mar-23	P 1.0800	P 2,200,477.2	27-Apr-23	Common Stock
27-Mar-23	P 1.0800	P 288.8	27-Apr-23	Convertible Preferred

Note: In 2015, the BSP, through the monetary board, 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. Further, prior BSP approval is no longer required except for certain cases.

Material Events Subsequent to the End of the Interim Period Not Reflected in the Financial Statements. See accompanying Notes to Interim Financial Statements for the detailed discussion on the material events subsequent to the end of the interim period not reflected in the financial statements (Note 13).

Changes in Composition of the Issuer During the Interim Period and Material Contingencies and Any Other Events or Transactions. There were no material changes in composition of the issuer during the interim period and material contingencies and any other events or transactions.

Changes in Contingent Liabilities or Contingent Assets. There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Financial Performance

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES	Consolidated		Parent	
	Unaudited	Audited	Unaudited	Audited
	31-Mar-23	31-Dec-22	31-Mar-23	31-Dec-22
Return on Average Assets (ROA)* 1/	1.3%	1.2%	1.3%	1.2%
Return on Average Equity (ROE) *2/	13.3%	11.2%	13.3%	11.2%
Risk-based Capital Adequacy Ratio (CAR)	14.1%	15.3%	13.8%	15.0%
Common Equity Tier 1 Ratio	11.3%	12.3%	10.9%	12.0%
Non-Performing Loans (NPL) Ratio 3/	2.0%	2.0%	1.9%	1.9%
Non-Performing Assets (NPA) Ratio 4/	1.5%	1.5%	1.4%	1.4%
Net Interest Margin (NIM)*	3.2%	3.7%	3.1%	3.7%
Cost-to-Income Ratio	55.4%	56.5%	55.7%	55.8%
Loans-to-Deposit Ratio 5/	66.0%	63.4%	65.0%	62.4%
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	8.9	8.9	8.8	8.8
Asset-to-Equity Ratio	9.9	9.9	9.8	9.8
Asset-to-Liability Ratio	1.1	1.1	1.1	1.1
Interest Rate Coverage Ratio	1.6	1.9	1.6	2.0
Earnings per share (EPS) 6/				
Quarter-to-date Basic and Diluted	PHP 1.65	PHP 0.86	PHP 1.65	PHP 0.86
Year-to-date Basic and Diluted	PHP 1.65	PHP 5.42	PHP 1.65	PHP 5.42
Basic and Diluted*	PHP 6.71	PHP 5.42	PHP 6.71	PHP 5.42

** March 31, 2023 and 2022 ratios/amounts were annualized*

Notes to the Computations:

1. *Average assets for the consolidated and parent ratios were computed based on the 3-month average of end of month balances of total assets. Unaudited net income for the 3-month period ended March 31, 2023 in the amount of P3.6 billion represented the consolidated and parent.*
2. *Average equity for the consolidated and parent ratios were, likewise, computed based on the 3-month average of end of month balances. Unaudited net income for the 3-month period ended March 31, 2023 in the amount of P3.4 billion represented the consolidated and parent, net of dividends on Hybrid Perpetual Securities of P266.4 million.*
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 Real and Other Properties Acquired (ROPA) + Non-performing Sales Contract Receivable (SCR) + Non-Current Assets Held for Sale (NCAHS) / Gross Total Assets.*
5. *Excluding Interbank Loans*
6. *Total weighted average number of issued and outstanding common shares (diluted) were 2,037,539,330 shares as of March 31, 2023 and 2,037,538,705 as of December 31, 2022. Net income was net of dividends on Hybrid Capital Securities.*

Statement of Condition 31 March 2023 vs 31 December 2023

RCBC's Total Assets recorded at P1.2 trillion as of March 31, 2023.

Cash and Other Cash Items decreased by 27.4% or P4.9 billion from P18.1 billion to P13.1 billion as a result of leveling off of cash in vaults and ATMs from its higher year-end cash requirement.

Loans under Reverse Repurchase Agreement significantly increased by 141.8% or P12.4 billion from P8.7 billion to P21.1 billion due to higher placements with the BSP.

Total Investment Securities, representing 30.4% of Total Resources, decreased by 6.2% or P23.1 billion from P374.4 billion to P351.3 billion attributable to the 9.5% or P10.9 billion decrease in Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI); 7.3% or P18.5 billion decrease in Investment Securities at Amortized Cost; net of 90.5% or P6.4 billion increase in Financial Assets at Fair Value Through Profit or Loss (FVTPL);

Loans and Receivables – net, settled at P573.1 billion and represented 49.7% of Total Resources.

Investment in Associates – net, increased by 11.6% or P44.0 million from P379.0 million to P423.0 million on account of higher income from associates.

Bank Premises, Furniture, Fixtures & Equipment – net, decreased by 14.1% or P1.6 billion from P11.3 billion to P9.7 billion mainly due to the sale of various real estate properties.

Other Resources – net, increased by 27.4% or P3.7 billion from P13.6 billion to P17.3 billion mainly due to recognition of net defined benefit asset and higher creditable withholding tax.

Deposit Liabilities were recorded at P859.4 billion and represented 74.5% of Total Resources. Demand deposits settled at P175.5 billion and accounted for 15.2% of Total Resources. Savings deposits at P256.5 billion which is 22.2% of Total Resources. Time deposits reached P427.4 billion and accounted for 37.0% of Total Resources.

Bonds Payable significantly decreased by 34.4% or P25.6 billion from P74.4 billion to P48.8 billion mainly attributable to the maturities of USD450.0 million Senior Notes in March. It represented 4.2% of Total Resources.

Accrued Taxes, Interest and Other Expenses increased by 6.6% or P558.0 million from P8.4 billion to P9.0 billion mainly due to the increase in accruals of interest on deposits.

Other Liabilities increased by 75.1% or P23.3 billion from P31.0 billion to P54.3 billion largely due to increase in trade payables and set-up of dividends payable on common shares.

Total Liabilities recorded at P1.0 trillion and represented 89.9% of Total Resources.

Other Comprehensive Loss – net, was higher by 13.8% or P885.0 million from P6.4 billion to P7.3 billion mainly due to the re-measurement of net defined benefits.

Total Capital Funds were recorded at P116.4 billion and accounted for 10.1% of Total Resources

Income Statement

31 March 2023 vs. 31 March 2022

The Bank recorded a net income of P3.6 billion for the first quarter of the year – higher by P1.5 billion or 69.9% from the same period last year. The significant improvement was driven by the following matters below.

Total interest income increased by 42.8% or P4.4 billion from P10.3 billion to P14.7 billion and accounted for 112.9% of total operating income. Interest income on loans and receivables increased by 31.8% or P2.6 billion from P8.1 billion to P10.7 billion driven by the growth in average volume and higher average yield of loans and receivables year-on-year. It accounted for 82.4**%** of total operating income. Interest income on investment securities increased by 60.6% or P1.2 billion from P2.0 billion to P3.2 billion as a result of the growth in volume and better yields; it accounted 24.9**%** of total operating income. Other interest income, likewise, increased by 424.3% or P594.0 million from P140.0 million to P734.0 million due to the higher placements with the BSP complemented with higher average yield.

Total interest expense increased by 233.1% or P5.2 billion from P2.2 billion to P7.4 billion and accounted for 57.0**%** of total operating income. Interest expense on deposit liabilities increased by 463.5% or P5.1 billion from P1.1 billion to P6.2 billion due to the combined effects of the increase in volume and rising interest rates; it represented 47.6**%** of total operating income. Interest expense on bills payable and other borrowings increased by 8.4% or P95.0 million from P1.1 billion to P1.2 billion due to higher volume and average costs year-on-year; it accounted for at 9.4% of total operating income.

As a result, net interest income decreased by 9.7% or P785.0 million from P8.1 billion to P7.3 billion.

The Group booked total Impairment Losses of P1.5 billion and it represented 11.5% of total operating income.

Other operating income amounted to P5.7 billion which grew by 209.5% or P3.9 billion. This accounted for 44.1% of total operating income and is broken down as follows:

- Trading and securities gains and losses – net, were lower by 52.1% or P63.0 million mainly attributable to lower realized trading gains, tapered off by higher unrealized marked-to-market gains from securities;

- Service fees and commissions increased by 26.6% or P299.0 million from P1.1 billion to P1.4 billion on account of higher fee-based income led by credit card, loans and deposits and digital fees. It represented 11.0% of total operating income;
- Foreign exchange gains – net, were higher by 1,587.5% or P381.0 million from P24.0 million to P405.0 million mainly due to higher foreign exchange income from commercial transactions;
- Miscellaneous income increased by 679.3% or P3.3 billion from P479.0 million to P3.7 billion largely on account of gain on sale of various real estate properties.

Operating expenses were recorded at P7.2 billion which inched up by 22.3% or P1.3 billion. This accounted for 55.4**%** of total operating income, and broken down as follows:

- Total Employee benefits increased by 7.6% or P121.0 million from P1.6 billion to P1.7 billion, as a result of the increase in headcount to complement the new Business Centers opened in 2022. It represented 13.2% of total operating income;
- Occupancy and equipment-related expenses increased by 18.8% or P131.0 million from P698.0 million to P829.0 million largely due to increase in rental expenses and repairs and maintenance of computer equipment and software. It represented 6.4% of total operating income;
- Taxes and licenses, which accounted for 12.8% of total operating income, increased by 71.4% or P695.0 million from P974.0 million to P1.7 billion mainly due to higher gross receipt tax attributed to increase in gross revenues year-on-year and higher documentary stamp tax;
- Depreciation and amortization increased by 15.3% or P112.0 million from P730.0 million to P842.0 million largely due to increase in amortization of right-of-use on leased assets and higher depreciation on ROPA real estate properties. It represented 6.5% of total operating income;
- Miscellaneous expenses increased by 13.3% or P251.0 million from P1.9 billion to P2.1 billion largely due to increase in regulatory fees and other transaction-related expenses. It accounted for 16.5% of total operating income.

The higher income year-on-year resulted to an increase in Tax expense by 104.9% or P341.0 million from P325.0 million to P666.0 million.

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

Commitments and Contingent Liabilities See accompanying Notes to FS for the detailed discussion of Commitments and Contingent Liabilities and the summary of contingencies and commitments arising from off-balance sheet items and their equivalent peso contractual amounts (Note 12).

There are also no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

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

(C) Financial Statements

The consolidated financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with appropriate consideration to materiality. (Please see Annex B for the audited financial statements for 2022)

If material;

(i) Commitments and Contingent Liabilities

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. These suits are specified in the Legal Proceedings portion of the Information Statement.

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.

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.

(ii) events that will trigger direct or contingent financial obligation that is material to the company; including any default or acceleration of an obligation

To the knowledge and/or information of the Bank, there are no events that will trigger a direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

(iii) all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period

The following is a summary of contingencies and commitments arising from off-statement of financial position items at their equivalent peso contractual amounts as of March 31, 2023 and December 31, 2022:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Trust department accounts	P 147,492	P 142,479
Outstanding guarantees issued	142,348	127,837
Derivative assets	156,127	111,212
Derivative liabilities	115,004	69,485
Spot exchange sold	27,988	6,493
Spot exchange bought	27,981	6,497
Unused commercial letters of credit	15,224	17,242
Inward bills for collection	11,265	18,451
Late deposits/payments received	768	642
Outward bills for collection	65	27
Others	64	64

(iv) description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures

There were no material commitments for capital expenditures.

(v) any known trends, events or uncertainties (material impact on sales)

There are also no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

(D) External Audit Fees

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, excluding out-of-pocket expenses, by its independent accountant amounts/amounted to P13.0 million and P12.3 million for 2022 and 2021, respectively. Additionally, approximately P4.6 million was paid for other services rendered by the independent accountant in 2022.

The audit fees already incorporate fees for tax accounting, compliance, advice, planning and any other form of tax services rendered by the external auditor. There is no separate breakdown of tax fees since the tax compliance procedures are normal/recurring procedures conducted by the external auditor during their year-end audit and is not engaged separately by the Bank from the annual financial statements audit.

As for non-audit services and other fees, these pertain to the quarterly financial statements review and due diligence engagements for offering circulars.

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, 2022 and 2021, there were no disagreements with Punongbayan and Araullo on any matter of accounting principles or practices, financial statement disclosures, audit scope or procedures.

The Audit and Compliance Committee approved the policies and procedures for the above services.

(F) Brief Description of the General Nature and Scope of Business of RCBC and its Subsidiaries

Rizal Commercial Banking Corporation (RCBC) is a universal bank in the Philippines that provides a wide range of banking and financial products and services. The Bank has total resources of P1.2 trillion becoming the fifth (5th) biggest privately-owned bank in the country as of end-December 2022 with a total networth of P116.4 billion. It has a consolidated network of 462 business centers and supplemented by 1,352 automated teller machines (ATMs) and 1,559 ATM Go terminals strategically located nationwide.

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 derivative 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, personal/salary loans, 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 Bangko Sentral ng Pilipinas 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, with 22.19% ownership.

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. – A Thrift Bank of RCBC (formerly Merchants Savings and Loan Association, Inc.)*,* a wholly-owned subsidiary of the Bank was acquired on May 15, 2008 to engage in microfinancing and development of small businesses. Rizal Microbank (RMB) 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 (formerly 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.

(G) Directors and Executive Officers

The directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified. **Incumbent directors** are:

Name	**Age**	**Position**	**Inclusive Dates**	**Citizenship**
Helen Y. Dee	79	Director	March 28, 2005 to present	Filipino
		Chairperson of the Board	June 27, 2007 to present	
		Interim President and Chief Executive Officer	March 23, 2016 to June 30, 2016	
Cesar E. A. Virata	92	Director	1995 to present	Filipino
		Corporate Vice-Chairman	June 22, 2000 to present	
		Acting Chief Executive Officer	January 28, 2002 to June 29, 2003	
		Chief Executive Officer	June 30, 2003 to June 28, 2004	
Eugene S. Acevedo	59	Director	July 1, 2019 to present	Filipino
		President and Chief Executive Officer	July 1, 2019 to present	
		Deputy Chief Executive Officer	January 2, 2019 to June 30, 2019	
Gil A. Buenaventura	70	Director	July 1, 2016 to present	Filipino
		President and Chief Executive Officer	July 1, 2016 to June 30, 2019	
Armando M. Medina	73	Director	January 1, 2021 to present	Filipino
		Independent Director	Feb. 26, 2003 to December 31, 2020	

John Law	72	Director	April 27, 2015 to present	French & Taiwanese (dual citizen)
Shih-Chiao (Joe) Lin	51	Director	March 25, 2019 to present	Taiwan/ R.O.C.
Arnold Kai Yuen Kan	62	Director	June 24, 2019 to present	Canadian
Lilia B. De Lima	82	Director	June 24, 2019 to present	Filipino
		Independent Member of the Advisory Board	July 3, 2017 to June 23, 2019	
Gayatri P. Bery	57	Independent Director	July 27, 2020 to present	American
Juan B. Santos	84	Independent Director	Effective July 1, 2016 (assumption of office is on November 2, 2016) to present	Filipino
Gabriel S. Claudio	68	Independent Director	July 25, 2016 to present	Filipino
Vaughn F. Montes, PhD	72	Independent Director	September 26, 2016 to present (appointed on July 25, 2016)	Filipino
Laurito E. Serrano	62	Independent Director	March 20, 2019 to present	Filipino
Erika Fille T. Legara, PhD	39	Independent Director	July 25, 2023 to present	Filipino

Regular Directors

Ms. Helen Y. Dee is the Bank's Chairperson. Ms. Dee is also the Chairperson of House of Investments, Inc, and Petroenergy Resources Corp, both of which are PSE-listed companies. She is also the Chairperson of Pan Malayan Management and Investment Corporation, Malayan Insurance Co. Inc., Landev Corporation, Hi-Eisai Pharmaceutical Inc., Malayan Educational Systems, Inc. and Manila Memorial Park Cemetery. Among the top companies where she holds a directorship position are Philippine Long Distance Telephone Company and Sun Life Grepa Financial, 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.

Mr. Cesar E. A. Virata 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, AY Foundation, Inc., City and Land Developer Corporation, UCM Philippines Foundation, Inc., and Cavitex Holdings Corporation, among others. He is an adviser of Lopez Holdings and ICCP, 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 Chairman of the Board of Investments, Undersecretary for Industry. He was also Chairman of the Land Bank of the Philippines and Philippine National Bank. 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, Davos 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 in Business Administration (Industrial Management) from the Wharton Graduate School University of Pennsylvania.

Mr. Eugene S. Acevedo 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, Singapore and Hong Kong. He is currently the Chairman of the Asian Bankers Association. 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 where he now serves in the Board of Trustees. He completed the Advanced Management Program at the Harvard Business School. He holds Professional Certificates in Clean Power from Imperial College London, Digital Marketing from The Wharton School and Customer Experience from The CX Academy (Ireland).

Mr. Gil A. Buenaventura 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 trusteeship positions in De La Salle Lipa, 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 of Business Administration in Finance degree from the University of Wisconsin.

Mr. Armando M. Medina 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 Co., Inc. 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.

Mr. John Law 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 from January 2013 through 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 of Arts degree, major in Poetry, from the University of Paris, France.

Mr. Shih-Chiao (Joe) Lin 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.

Mr. Arnold Kai Yuen Kan has been a Director of the Bank since June 24, 2019. He gained experience from Citibank, the First National Bank of Chicago, the National Westminster Bank, JP Morgan Chase Bank, and Credit Agricole Corporate & Investment Bank. He is currently the Executive Vice President of Cathay United Bank assuming the roles as the Chief Executive of its Hong Kong Branch and Co-Head of its Overseas Channels. 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 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.

Ms. Gayatri P. Bery has been a Director of the Bank since July 27, 2021. She gained financial experience from Drexel Burnham & Lambert (New York), Ranieri & Company (New York), Morgan Stanley & Co. Incorporated (New York and Hong Kong), and managed investments in Hong Kong. Most recently, she served as Chief Operating Officer, Global Capital Markets Asia-Pacific, of Morgan Stanley (Hong Kong) where she was also a member of the Steering Committee of Morgan Stanley's HK Women's Business Alliance Team. She graduated with a Bachelor of Science degree in Applied Mathematics/Computer Science from Carnegie Mellon University (Pennsylvania, USA), and obtained a Master of Business Administration (Beta Gamma Sigma) from Columbia Business School (New York, USA).

Independent Directors

Mr. Juan B. Santos 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. 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.

Mr. Gabriel S. Claudio 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, and Toby's Youth Sports Foundation. 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 Director of the Philippine Amusement and Gaming Corporation, 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.

Mr. Vaughn F. Montes, Ph.D has been an Independent Director of the Bank since September 2016. He is a former Trustee at the Institute of Corporate Directors (ICD) as well as a current 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 was a national consultant for Risk Management to the NEDA PPP Center under an ADB technical assistance grant from December 2011 to October 2022, and continues to provide consultancy services to the PPP Center on a project basis. He is a Trustee and Founding Fellow of the Foundation for Economic Freedom. He is an Adjunct Faculty member at the Asian Institute of Management. 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.

Mr. Laurito E. Serrano has been an independent director of the Bank since March 20, 2019. Mr. Serrano was part of the Audit & Business Advisory Group and a partner of SGV & Co - Corporate Finance Consulting Group before joining companies in general finance and special project functions. He is currently in the financial advisory practice with clients mostly in the private sector and has over 30 years of experience in the management and execution of engagements involving fund raising, business/asset acquisitions, public offerings, securitization, and project development works. His past experience also includes, among others, directorships in Metro Global Holdings Group, Metro Rail Transit Group, Travellers Hotels Philippines, Inc. (Resorts World), MJCI Investments, Inc., United Paragon Mining Corp., Sagittarius Mining Corporation, APC Group, Inc., 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 degree in Business Administration from the Harvard Graduate School of Business.

Ms. Erika Fille T. Legara, Ph.D. has been an independent director of the Bank since July 2022. She is a scientist, educator, and an advisor on data science and artificial intelligence (AI), data and AI strategy and governance, infrastructure, and education. She holds the following positions at the Asian Institute of Management (AIM): Associate Professor of Data Science; Founding Director of the Master of Science in Data Science Program; Deputy Director and Senior Scientist of the Analytics, Computing, and Complex Systems Laboratory; and Aboitiz Chair in Data Science. She is also a Fellow with the Institute of Corporate Directors (Philippines). Prior to joining AIM in 2017, Ms. Legara was a scientist at A*STAR, Singapore, where she worked closely with government institutions and the industry sector on different R&D initiatives. She is a TOYM and TOWNS awardee and received the National Academy of Science and Technology Outstanding Young Scientist award in 2020. She is an Asia 21 Young Leader (Class of 2022). Ms. Legara graduated cum laude from the University of the Philippines, Diliman with the degree of BS in Physics. She obtained her MS and PhD in Physics also from the same university. She also took up Leading Smart Policy Design at JF Kennedy School of Government, Harvard University, Executive Education in 2021 and completed the London School of Economics and Political Sciences program on Ethics for AI in March 2023. She was also a resource person in the Asian Dialogues on AI Accountability Workshop (Singapore Management University-Microsoft) in April 2023.

The names, ages and positions of all **incumbent executive officers** (including those who retired/resigned after the 2022 Annual Stockholders' Meeting) are as follows:

Redentor C. Bancod, 59, Filipino, Senior Executive Vice President, 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.

John Thomas G. Deveras, 60, 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 Master in Business Administration from the University of Chicago. *(Retired effective February 15, 2023)*

Richard C. Lim, 54, 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, 51, 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, 61, 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, 52, 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 Master in Business Management degree from the Asian Institute of Management in 1998.

Elizabeth E. Coronel, 54, Filipino, Executive 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, 55, Filipino, First Senior Vice President, is the Group Head of the Legal Affairs and Corporate Secretariat Group and the Bank's Corporate Secretary. He joined RCBC in November 2016 as Deputy Head for the Legal and Regulatory Affairs Group. He was Head of Legal for Asian Terminals for more than seven (7) years. He also previously worked 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, 39, Filipino, First Senior Vice President, 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. 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 HSBC-Philippines and handled this role since October 2018. His other prior positions are 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 at the Ateneo de Manila University in 2004.

Florentino M. Madonza, 52, 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.

Alberto N. Pedrosa, 53, Filipino, First Senior Vice President, is currently the Treasurer and Head of Treasury Group . Prior to his appointment to this role on 04 March 2022, he was Head of Asset and Liability Management in Treasury Group. He handled other roles in the Bank as follows: Head of Balance Sheet Management and Investment & Markets Trading Group from July 2017 to April 2019 ; Head of Investment and Markets Trading Segment from July 2013 to June 2017 and Investment Portfolio Management Division Head from August 2009 to June 2013. He has previous employment with other financial institutions where he handled significant roles as follows: Vice-President and Head of Global Liquid Products Trading for JG Summit Capital Markets (2000 to 2008), Assistant Vice-President of Asset and Liquidity Management & Investment and 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, 49, 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. His employment background includes previous employment with the following local banks: at Union Bank where he handled various roles such as Trust Officer and Chief Investment Officer, Business Development Head and Portfolio Manager; at BDO Private Bank, Inc. (formerly Banco Santander Philippines, Inc.) where he worked as Senior Manager/Relationship Manager; at Bank of the Philippine Islands where he handled roles such as Branch Manager/Branch Service Officer/Treasury Staff/Trust Staff. 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 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 and he completed a one-year Balance Sheet Management course on Trust Operations with distinction.

Joseph Colin B. Rodriguez, 56, 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, 53, 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 in Business Administration in 2001 from the Ateneo Graduate School of Business.

Rowena F. Subido, 56, 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 Organizational /Industrial Psychology at De La Salle University.

Ma. Angela V. Tinio, 60, 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. (*Retired effective January 25, 2023*)

Jose Maria P. Borromeo, 56, 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 Master in Business Administration in 1993 in the same university.

Enrique C. Buenaflor, 52, 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 Master in Business Management degree at Asian Institute of Management.

Ma. Pamela Katrina M. Cabudoy, 46, Filipino, Senior Vice President, is the Head of Data Science and Analytics Group. Prior to joining the Bank, she was connected with Globe Telecom as Director for Advanced Analytics, Enterprise Data Office from September 2017 up to her separation from the said company in 2022. She also served as a Director for Customer Data. Analytics for the Marketing Services Hub of the same company from April 2021 to December 2021 She previously worked at SAS Institute Philippines, Inc. where she was assigned with the following roles: Head of Solutions and Practices, Presales Manager from April 2014 to September 2017; Customer Intelligence Practice Lead from April 2007 to April 2014; Principal Consultant from June 2005 to April 2007 ; Senior Consultant / Project Manager from June 2001 to June 2005; and Associate Consultant from June 1998 to June 2001 . She graduated with a degree in Bachelor of Science in Statistics in 1998 from the University of the Philippines in Diliman.

Jose Manuel E. Caniza, 53, Filipino, Senior Vice President, is currently the Head of Trading Division in Treasury Group. Prior to being designated as such, he was the Head of Interest Rate Risk Division from July 2009 up to the time he assumed the position of Head of Domestic Interest Division in January 2013. Before joining RCBC, he was connected with Citibank, N.A. where he handled the following roles: Vice President for Debt & Interest Rate Derivatives from 2007 to 2009, Assistant Vice President from 2004 to 2007; Manager for FX Desk from 1997 to 2003; Assistant Manager for Treasury Marketing form 1996 to 1997; and as Staff from 1992 to 1996. He graduated from De La Salle University in 1991 with a degree in Bachelor of Science in Mechanical Engineering. He earned his Master's in Business Administration from the University of San Francisco in 1996.

Karen K. Canlas, 48, 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., 55, 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, 49, Filipino, Senior Vice President, is the Head of Consumer Lending Group. Prior to this appointment, he was Head of the Consumer Collection Segment in Credit Management 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.

Sheila Ricca G. Dioso, 39, Filipino, Senior Vice President, is the Chief Audit Executive / Head of Internal Audit Group. Prior to joining the Bank, she was connected with R. G. Manabat and Co. (KPMG in the Philippines) as Partner for Audit Services, a position she held since October 2019 up to her separation from the firm in 2022. Prior to assuming this role, she was a Director for Advisory Services from June 2017 to September 2019. She had previous employment with the following firms: Suyen Corporation where she worked as Finance Controller from February 2014 to May 2017; Ernst & Young Singapore where she served as a Manager for Audit Services from November 2008 to February 2014; and SGV & Co. where she was employed as Senior for Audit Services from November 2005 to October 2008 .Ms. Dioso graduated with a degree in Bachelor of Science in Business Administration and Accountancy at the University of the Philippines in 2005. She passed her CPA Licensure Examination in November 2005.

Evangeline M. Dy, 47, Filipino, Senior Vice President, is currently a Regional Sales Director of Retail Banking Group, supervising the Makati Regional Office Group. Before assuming this role in November 2020, she was the Regional Sales Director for Pasig Region from August 2019 to November 16, 2020. Prior to her promotion to the Regional Sales Director role, she was designated as District Sales Director from June 2016 to August 2019 supervising Bel-Air / South East initially and Pasig Region subsequently. She rose from the ranks from a secretarial post in

1997 to branch positions starting with a PB New Accounts role in 2002 and then as Senior Personal Banker from 2005 to 2011 for Wack Wack and Unimart branches. She became a Business Center Manager in 2011 for the business center at The Fort Sapphire Residences until 2013. Thereafter, she was assigned as Business Manager for other business centers in Ayala and Buendia from 2013 to 2016. She earned a Bachelor of Science degree in Secondary Education from the University of Santo Tomas in 1997.

Benjamin E. Estacio, 52, 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, 56, Filipino, Senior Vice-President, is the Head of Corporate Workout Division . Prior to this appointment, she was Head Division III in Chinese Banking Segment. Prior to this Division III Head 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, 53, Filipino, Senior Vice-President, is the Head of Consumer Services and Collections Segment (formerly named as Consumer Loans Services and Support Segment) in the Consumer Lending Group. Prior to this role which she assumed on January 16, 2021, she was assigned to Credit Management Group as Consumer Loan Segment Head. 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 Master’s in Business Administration from the same university in 1997.

Jane N. Mañago, 58, Filipino, First 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 Behavioral Science from the University of Santo Tomas.

Jose Jayson L. Mendoza, 52, Filipino, Senior Vice President, is seconded to RCBC Leasing and Finance Corporation as Acting President effective January 25, 2023. Before assuming this role, he was Head of North Metro Manila Division in SME Banking and prior to this, he was 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, 57, Filipino, Senior Vice-President, is the Head of Japanese & Economic Zone Banking 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, 49, Filipino, 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, 40, 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. (*Resigned effective July 6, 2022*)

Arniel Vincent B. Ong, 37, Filipino, 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.

Richard M. Peralta, 49, Filipino, Senior Vice President, is currently the Head of Branch Services Support Segment in Operations Group. Prior to assuming this role in May 2022, he was Head of Branch Operations and Control Segment from October 2020 to April 2022. Upon the merger of RCBC and RCBC Savings, he was designated as Regional Service Head for Central Metro Manila and Rizal Region, role which he performed from August 2019 to October 2020. At RCBC Savings Bank , he was assigned to roles as follows: National Service Head from 2016 to 2019; Regional Service Head from 2012 to 2016; District Service Head from 2010 to 2012; Operations Specialist from 2002 to 2009; and Business Center Control Officer from 1998 to 2002. He was formerly connected with Capitol Bank where he started as a General Bookkeeper in 1994 and later assumed a Branch Accountant function in 1996. His career in the banking industry started in 1994 when he joined Insular Savings Bank as a Corplan Analyst. He graduated in 1994 at the University of the Philippines in Los Banos with a degree in Bachelor of Science in Economics. He finished the program for Doctor of Jurisprudence in 2009 at the University of Batangas.

Nancy J. Quiogue, 54, 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, 57, 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.

Maria Evangeline T. Reyes, 55, Filipino, Senior Vice President, is currently the Segment Head of Head Office Operations in Operations Group. Prior to assuming this role, she was Division Head for Transaction Banking Services (formerly named as Remittance and Payments) from February 2011 to January 2021 and Operations Head of the Contact Center Department from April 2012 to 2011. She was hired by the Bank in February 2011 as a Business Process Management Officer for Retail and Channels Division. Before joining RCBC, she was connected with Banco De Oro Unibank as Backroom Support Head from 2009 to 2011. She also had a stint at GE Money Bank where she worked as a Customer Service Leader from 2007 to 2009 and at Citytrust Banking Corporation from 1989 to 1997 as Phonebanking Officer. She had employment stints at non–banking firms such as Globe Telecom where she worked as Call Center head from 2005 to 2007 and Customer Interaction Center Head from 1999 to 2004. She also previously worked with MBF Mastercard as a Customer Service Management Officer from 1997 to 1999. She obtained her degree in Bachelor of Science in Home Economics in 1989 from the University of the Philippines.

Ismael S. Reyes, 57, Filipino, Senior Vice-President, is currently the Head of Marketing and Strategy Segment in Retail Banking Group. Prior to assuming this role on March 21, 2022, he was assigned as Regional Sales Director for Metro Central Region and Quezon City after serving 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 Head of the Loans Operations Group, Branch Banking Group Head Deputy Branch Banking Group Head and Business Development Unit Head. He worked for iRemit Inc where he handled roles such as Division Head for Market Management and Deputy Head for the Global Sales and Marketing Division. He also worked with Bank of the Philippine Islands where he was assigned as Operations Manager/Section Head for Funds Transfer Department. 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 later held the position of a Department Head in International Operations and became a Project Officer also for the Remittance Center. Mr. Reyes earned his Bachelor of Science degree in Commerce major in Economics at the University of Santo Tomas.

Carren T. Saria, 56, Filipino, Senior Vice President, is currently a Regional Sales Director of Metro North Regional Office in Retail Banking Group. She started her banking career when she joined the Bank in 1988 as a Marketing Assistant. She was later designated as an Authorized Signer in Binondo branch in 1991. She rose from the ranks thereafter up until she assumed an Account Manager role from 1996 to 2000. She became a Branch Manager in 2000 and was then assigned at Arranque branch until she was promoted to a District Sales Manager role for Chinatown (Manila) District in 2007. She was reassigned in the same role for Chinese Uptown District from 2009 to 2013 and Chinatown from 2013 to 2015. Her position was then retitled to District Sales Director which she handled from 2016 to 2018 for Midtown and Chinatown Metro. She was promoted to a Regional Sales Director role in 2018 handling West Metro Manila Regional Office. She finished a Bachelor of Arts degree major in Psychology and Bachelor of Science in Commerce major in Marketing Management at De La Salle University in 1988.

Raoul V. Santos, 56, 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, 38, 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 Master's 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, 57, 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, 52, Filipino, Senior Vice-President, is the currently the Head of Division 1 in National Corporate Banking Segment . Prior the Group's reorganization , he was designated as Head of Division 1 in Local Corporate Banking Segment. Prior to this role . 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 Master's degree in Business Administration from the Ateneo Graduate School of Business in 1999.

Elvira D. Soriano, 57, Filipino, Senior Vice President, is the Segment Head of BC LC Audit-Segment 1 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.

Cecilia E. Tabuena, 56, 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. (*Resigned effective December 31, 2022*)

Gianni Franco D. Tirado, 50, Filipino, Senior Vice President, is the Sales Director of Mindanao . He was formerly designated as Regional Sales Director of West Mindanao. 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.

Martin Roberto G. Tirol, 51, Filipino, First Senior Vice President, is the Deputy Group Head of Global Transaction Banking Group. Before joining RCBC, he was connected with Deutsche Bank AG, Manila Branch as Head of Transaction Banking / Director. Prior to assuming this role in January 2021, he was Head of Global Subsidiary Coverage/ Director from June 2018 to December

2020. His employment stints include the following : Head of Transaction Banking Group/Head of Transformation Group in Maybank Philippines, Inc; Head of Cash Management Department at Philippine National Bank; Head of Trade Finance Department in Australia and New Zealand Banking; Vice President for Global Transaction Services in Citibank, N.A. and Assistant Vice President; Assistant Vice President for Cash Management , Trade and Supply Chain Sales at Standard Chartered Bank ; Management Associate for Global Consumer Banking at Citibank, N.A. and Marketing Assistant of Institutional Banking Group at Rizal Commercial Banking Corporation.
He graduated in 1994 from Ateneo de Manila University with a degree in Economics. In 1997, he was able to complete a Master of Science in Management from Arthur D. Little School of Management in Boston.

Juan Gabriel R. Tomas IV, 52, Filipino, Senior Vice President, is the Chief Risk Officer/ Head of Risk Management Group . Prior to assuming this role, he was under Operations Group as Head of the Customer Service Support Segment. 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 Master's degree in Business Management major in Finance in 2001 at the Asian Institute of Management.

Lea B. Torres, 58, 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.

Emmanuel Mari K. Valdes, 50, Filipino, Senior Vice President, is currently the Regional Sales Director for Metro East. Before this recent movement to the region last March 21, 2022, he was assigned as 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, 56**,** Filipino, Senior Vice President, is the Head of SME Banking Group effective January 25, 2023. Prior to this appointment, she was seconded to RCBC Leasing and Finance Corporation as President and Chief Executive Officer. Prior to her secondment to this subsidiary in June 2021, she was a Segment Head in Small and Medium

Enterprises Banking Group and a Division Head for North Metro Manila, a position which she has held since hired in June 2016. She gained her banking experience and acquired competencies in the various roles she handled in her employment with other banks. Her banking stints include the following : as Head for Business Banking in Retail Banking Group at Maybank Philippines; as Team Head of Metro Manila , Corporate & Commercial Banking Division, Head, Credit Control Division, Department Head, Supervised Credit Division , Account Officer, Institutional Recovery Management Division, Account Officer, Corporate Banking Division at United Coconut Planters Bank; as Manager of Branch Banking Group I at Bank of Commerce; as Manager for Commercial Loans at UCPB Savings Bank and as Staff Assistant, Retail Banking Group-Marketing Division, Loans Assistant, Greenhills Branch, Credit Analyst Trainee, Credit Division and Money Market Trader, Greenhills Branch at Far East Bank and Trust Company. 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, 52, 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, 57, Filipino, Senior Vice President, is the Chief Technology Officer. He was initially hired by the Bank as 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.

Xavier Y. Zialcita, 46, Filipino, is the Senior Vice President, Strategic Initiatives. He has over twenty four (24) years of professional experience with particular focus on investment banking. Prior to joining the Bank, he was Senior Account Officer / Senior Vice President (effective July 2022) for Investment Banking at RCBC Capital Corporation. He was involved in various deals helping clients meet their financial and strategic goals. Other roles he handled include the following in RCBC Capital Corporation and other firms: as Senior Account Officer / First Vice President for Investment Banking from January 2018 to June 2022; Account Officer (Manager to Vice President) from June 2008 to December 2017; Liaison Officer / Assistant Vice President at YGC Corporate Services, Inc. from 2001 to 2007; Staff Associate at SGV & Co from 1999 to 2001; and as Systems Analyst at Joaquin Cunanan & Co. from 1998 to 1999. He is involved in other pursuits being a non-executive director of DBP Daiwa Corporation, a stock brokerage, as well as RCBC Realty Corporation, a property development and management corporation. He graduated from Ateneo De Manila University in 1998 with a degree in Bachelor of Science major in Management Information Systems. He earned a Post Graduate Diploma in Strategy and Innovation at the University of Oxford–Said Business School in 2012.

Nine of the Directors and most of the executive officers mentioned above have held their positions for at least five (5) years.

(H) Market Price and Dividends

(1) Market Price of Bank's Common Equity and Related Stockholder Matters

The common shares of the Bank are listed in the Philippine Stock Exchange. As of May 8, 2023, the market price of RCBC's common shares closed at P23.90 per share. The trading prices of said shares for the different quarters of the years 2023, 2022, 2021 and 2020 are as follows

		Q1	Last Practicable Trading Date	Q2	Last Practicable Trading Date	Q3	Last Practicable Trading Date	Q4	Last Practicable Trading Date
2023	High	25.00	2.22.23						
	Low	21.50	1.11.23						
2022	High	22.70	3.03.22	20.80	4.05.22	21.45	9.30.22	28.30	11.03.22
	Low	19.94	1.07.22	19.02	6.02.22	18.84	7.18.22	20.75	10.03.22
2021	High	19.00	1.15.21	28.50	6.29.21	23.55	7.01.21	21.90	11.08.21
	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

Source: Philippine Stock Exchange

(2) ***Number of Stockholders as of May 15, 2023*** — 744 stockholders (common)
— 72 stockholders (preferred)

There were 72 preferred shareholders and 744 common shareholders of record as of May 15, 2023. Likewise, preferred shares and common shares outstanding as of May 15, 2023 were 267,410 and 2,037,478,896, respectively.

As of April 30, 2023, total equity ownership of foreigners on the Bank's common shares was at 33.65% or 685,647,068 shares.

(3) Recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction

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

(4) Top 20 Stockholders of RCBC as of April 30, 2023

Common stockholders

Name	No. of Shares	% to Total
PCD NOMINEE CORP - FILIPINO Includes Pan Malayan Management and Investment Corporation	729,757,923.00	35.816710
PCD NOMINEE CORP - NON-FILIPINO Includes Cathay Life Insurance Co. Ltd Includes International Finance Corporation and IFC Capitalization (Equity Fund, LP *No other PCD Nominee shareholder holds more than 5%	685,432,622.00	33.641213

PAN MALAYAN MANAGEMENT AND INVESTMENT CORPORATION	594,248,085.00	29.165852
SYBASE EQUITY INVESTMENTS CORPORATION	23,528,800.00	1.154800
HYDEE MANAGEMENT & RESOURCE CORPORATION	2,173,349.00	0.106669
A. T. YUCHENGCO, INC.	255,190.00	0.012525
ALAS, CARLOS DE LAS	114,298.00	0.005610
ALAS, CORNELIO DE LAS	114,195.00	0.005605
CHAN, FREDERICK	111,677.00	0.005481
YANG JIN LIANG	100,000.00	0.004908
RUFINO, JOSIE PADILLA	92,865.00	0.004558
LOMBOS, MANUEL C. &/OR MEYRICK J.	68,574.00	0.003366
MANUEL A. SANTIAGO OR ELLA C. SANTIAGO	65,900.00	0.003234
YAO, SHUOBIN	57,000.00	0.002798
YAO, SHUOYU	57,000.00	0.002798
RUFINO, JOSEFINA PADILLA	54,292.00	0.002665
QUE, LIONG HEE G.	52,297.00	0.002567
CIPRIANO, BIENVENIDO C.	45,354.00	0.002226
REYES JR., MAURO C.	45,183.00	0.002218
CHAM TENG HUI	40,000.00	0.001963

Preferred stockholders

Name	No. of Shares	% to Total
ROSARIO, RODOLFO P. DEL	81,521.00	30.485397
GO, HOMER	46,355.00	17.334804
CONCEPCION, CARMENCITA	31,842.00	11.907558
OPTIMUM SECURITIES CORP.	16,666.00	6.232377
BDO SECURITIES CORP.	9,304.00	3.479301
NGO, LORETA	8,600.00	3.216035
MANDARIN SECURITIES CORPORATION	7,583.00	2.835720
TAN, LUCIANO H.	7,309.00	2.733256
ABACUS SECURITIES CORP.	6,021.00	2.251599
HWANG, HANS YAP	5,558.00	2.078456
ANG, TONY ANG &/OR ROSEMARIE	5,372.00	2.008900
SIA, JOHNSON CHUA	5,000.00	1.869788
CAMPOS LANUZA & CO. INC.	3,535.00	1.321940
ACERO, NICASIO MARIN JR., &/OR ARNOLFO O.	3,371.00	1.260611
CO, JUSTINA DY	3,258.00	1.218354
CHENG, SUSAN	2,665.00	0.996597
GLOBALINKS SEC. & STOCKS	2,454.00	0.917692
BEDAN CORPORATION	2,100.00	0.785311
LUYS SECURITIES CO. INC.	1,852.00	0.692569
GO, ROBERTO CHAN	1,367.00	0.511200

** The list of material information on the Bank's stockholders as of record date will be posted on the PSE edge and the Bank's website after June 1, 2023 (the record date).*

Security Ownership of Foreigners (as of April 30, 2023)

Title of Class	Shares	% of Total
Common	685,647,068	33.65%
Preferred	0	0.00

(4) Cash Dividends **(from 2020 and as of December 31, 2022)**

Nature of Securities	Dividend		Record Date	Date Approved by BOD	Date Paid /Payable
	Per Share	Total Amount (in Million Php)			
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
Hybrid Tier 1 Securities	-	P497.45	4-Feb-22	31-Jan-22	28-Feb-22
Preferred	P0.0553	P0.01	3-Mar-22	28-Feb-22	23-Mar-22
Common	P0.6180	P1,259.16	30-Mar-22	28-Mar-22	27-Apr-22
Preferred	P0.6180	P0.17	30-Mar-22	28-Mar-22	27-Apr-22
Preferred	P0.0748	P0.02	2-Jun-22	30-May-22	23-Jun-22
Hybrid Tier 1 Securities	-	P539.66	29-Jul-22	25-Jul-22	26-Aug-22
Preferred	P0.1047	P0.03	31-Aug-22	30-Aug-22	22-Sep-22
Preferred	P0.1407	P0.04	5-Dec-22	28-Nov-22	27-Dec-22

In 2015, the BSP, through the Monetary Board, approved 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.

(I) Compliance with leading practices on Corporate Governance

Core Principles

RCBC affirms its commitment to good corporate governance. With an empowered Board leading the way, RCBC continues to work towards a solid control environment, high levels of transparency and disclosure, and well-defined shareholders' rights.

The corporate governance framework of RCBC combines global best practices such as the G20/OECD Principles of Good Governance and the general principles of the ASEAN Corporate Governance Scorecard, and the regulatory requirements of SEC Memorandum Circular No. 19, series of 2016 or the *Code of Corporate Governance for Publicly-listed Companies* and BSP Circular No. 969, series of 2017 or the *Enhanced Corporate Governance Guidelines for BSP Supervised Financial Institutions*. RCBC's corporate governance framework is embodied in its Corporate Governance Manual, the latest version of which was approved by the Board in July 2022.

<u>Board Governance</u>

The Board of Directors

Key Roles and Responsibilities

RCBC is headed by a competent and working board that oversees the implementation of the Bank's strategic objectives, governance framework and corporate values.

The Board of Directors is primarily responsible for establishing a sound corporate governance framework not only for the Bank but for the whole RCBC Group. It has the fiduciary responsibility to the Bank and all its shareholders, including minority shareholders. Among its many functions include the approval and oversight on the implementation of RCBC's strategies to achieve corporate objectives, risk governance framework, and systems of checks and balances. The Board also approves the selection of the CEO and key members of senior management and heads of control functions.

Board Composition

In accordance with RCBC's By-Laws and Corporate Governance Manual, its Board of Directors is comprised of fifteen (15) members, all of whom are known for their integrity, experience, education, training and competence. The Corporate Governance Committee ensures that majority of the Board are non-executive directors who possess the necessary qualifications to effectively participate and help secure objective and independent judgment on corporate affairs and to substantiate proper check and balances. Out of the 15 board members, 14 are non-executive directors including the 5 independent directors, and 1 executive director.

The Board of Directors promotes diversity in its membership. It is the policy of RCBC that no person shall be disqualified to sit as member of its Board on the basis of gender, age, religion or political affiliation. The representation of women in the Board remains at 26.67% with 4 female directors out of the 15-member board. Among the women in the Board are Atty. Adelita A. Vergel De Dios, an independent director and Mrs. Helen Y. Dee, the Chairperson.

Nomination and Election

Directors of RCBC are elected at the Annual Stockholders' Meeting, each of whom shall hold office for a term of one year or until his successor shall have been duly chosen and qualified. The first fifteen candidates receiving the highest number of votes shall be declared as elected.

All nomination for election of directors by the stockholders shall be submitted in writing to the President and the Corporate Secretary at RCBC's principal place of business at least thirty (30) working days before the regular or special meeting of the stockholders for the purpose of electing directors. The Corporate Governance Committee reviews the qualifications of persons nominated to the Board, and applies the *fit and proper standards* in its evaluation. The Committee considers the nominee's educational background, professional experience, nature and business of the corporations of which he/she is a director, age, number of directorships/active memberships and officerships in other corporations/organizations, and possible conflict of interest in determining his/her suitability to be nominated to the Board. The Committee ensures that each nominee possesses all of the minimum qualifications and none of the disqualifications as prescribed under existing laws and regulations. It is provided in the By-Laws that no person shall be qualified or be eligible for nomination or election to the Board of Directors if he is engaged in any business that competes with or is antagonistic to that of RCBC, its subsidiaries and affiliates, as may be determined by the Board of Directors, in the exercise of its judgment in good faith, by at least a majority vote.

Maximum Board Seats

Being a director of the Bank necessitates commitment. Thus, under the Bank's Corporate Governance Manual, a non-executive director may concurrently serve as a director in a maximum of five (5) publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.

In applying this policy to concurrent directorships in entities within a conglomerate, each entity where the non-executive director is concurrently serving as director shall be separately considered in assessing compliance with this requirement.

Who Are In Our Board

Non-Executive Non-Independent	Non-Executive Independent	Executive
Ms. Helen Y. Dee Mr. Cesar E.A. Virata Mr. Gil A. Buenaventura Mr. Armando M. Medina Mr. John Law Mr. Shih-Chiao Lin Mr. Arnold Kai Yuen Kan Atty. Lilia B. De Lima Ms. Gayatri P. Bery	Mr. Juan B. Santos Mr. Gabriel S. Claudio Mr. Vaughn F. Montes, Ph.D. Mr. Laurito E. Serrano Ms. Erika Fille T. Legara, Ph.D.	Mr. Eugene S. Acevedo

Independent Directors

The Bank adopts the definition of independent directors under SEC's *Code of Corporate Governance for Publicly Listed Companies* and BSP's *Enhanced Guidelines on Corporate Governance for BSP Supervised Financial Institutions*. The attributes of an independent director include independence from management or from any business or relationship which could, or could reasonably be perceived to materially interfere with the exercise of independent judgment, and the lack of relationship to the Bank, its related companies or substantial shareholders as a regular director or officer or relative of said director or officer, as an executive or professional adviser within the past three (3) years, or business relations other than arm's length, immaterial or insignificant transactions.

The Bank's independent directors are active in board-level committees. It is the policy of the Bank, however, that an independent director who is a member of any committee that exercises executive or management functions that can potentially impair such director's independence cannot accept membership in committees that perform independent oversight or control functions such as the Audit and Compliance Committee, Risk Oversight Committee, Corporate Governance Committee, Related Party Transactions Committee, and the Anti-Money Laundering Committee.

In 2022, RCBC had 5 independent directors, including one female independent director, Atty. Adelita A. Vergel de Dios (until July 15, 2022) and Ms. Erika Fille T. Legara (from July 25, 2022). The 4 other independent directors are Mr. Gabriel S. Claudio, Mr. Vaughn F. Montes, Ph.D., Mr. Juan B. Santos and Mr. Laurito E. Serrano. Mr. Santos is the Lead Independent Director.

An independent director of RCBC is only allowed to serve for a maximum cumulative term of nine (9) years. After which the independent director shall be perpetually barred from serving as independent director in the Bank, but may continue to serve as a regular director. The maximum cumulative term of nine (9) years shall be reckoned from 2012. In adherence to the foregoing policy.

The Chairperson

The Chairperson of the Board of Directors, Mrs. Helen Y. Dee, provides leadership in the Board of Directors. She ensures the effective functioning of the Board of Directors, including maintaining a relationship of trust with members of the Board of Directors.

To promote checks and balances, it is provided under the Bank's Corporate Governance Manual that the Chairperson of the Board of Directors shall be a non-executive director or an independent director, and must not have served as CEO of the Bank within the past three (3) years. Moreover, the Chairperson should not concurrently serve as CEO.

The Corporate Vice Chairperson

The By-laws of the Bank provides that the Corporate Vice Chairperson shall have such powers and perform such duties as the Board of Directors may from time to time prescribe. In the absence or inability of the Chairperson to act, the Corporate Vice Chairman will act in her stead, and will exercise any and all such powers and perform any and all duties pertaining to the office of the Chairperson conferred upon it by the By-laws. Mr. Cesar E.A. Virata is the Bank's Corporate Vice Chairperson.

Lead Independent Director

The Bank's Corporate Governance Manual provides that the Board should designate a lead independent director among the independent directors if the Chairman of the Board is not an independent director, including if the positions of the Chairman of the Board and Chief Executive Officer are held by one person. Mr. Juan B. Santos has been appointed by the Board as the Bank's Lead Independent Director effective March 24, 2021.
The Lead Independent Director shall perform a more enhanced function over the other Independent Directors and shall: a) Lead the independent directors at BOD meetings in raising queries and pursuing matters; b) Convene and chair meetings of the non-executive directors without the presence of the executive directors; c) Serve as an intermediary between the Chairperson and the other directors when necessary; and d) Contribute to the performance evaluation of the Chairperson, as required.

Meetings and Quorum Requirement

The regular meeting of the Board of Directors is every last Monday of the month at the principal office of RCBC. Should the meeting date fall on a holiday, the meeting shall be held at the same hour on the next succeeding business day. A majority of the incumbent Directors shall constitute a quorum at any meeting, and a majority of the members in attendance at any Board meeting shall decide its action.

The meetings of the Board of Directors may be conducted through modern technologies such as, but not limited to, teleconferencing and video conferencing as long as the director who is taking part in said meetings can actively participate in the deliberations on matters taken up therein. It is further required that every member shall physically attend at least twenty-five percent (25%) of all meetings of the Board of Directors every year. The absence of a director in more than fifty percent (50%) of all regular and special meetings of the board of directors during his/her incumbency is a ground for disqualification in the succeeding election. Due to the Covid-19 pandemic, the Board Meetings in 2022 were held via remote communications and/or video conferencing as allowed by the BSP and SEC.

Meetings of Board Committees are prescribed in their respective charters. Participation of committee members may likewise be in person or through modern technologies. A director's attendance in committee meetings is considered by the Corporate Governance Committee in the assessment of the director's continuing fitness and propriety as a member of the said board-level committee and of the Board of Directors. Due to the Covid-19 pandemic, the meetings of the Board Committees in 2022 were also held via remote communications and/or video conferencing as allowed by the BSP and SEC.

For the period January to December 2022, the members' attendance at Board and Committee meetings are as follows:

Directors	BOARD		EXCOM		TRUST		TECH		ACC		ROC		CG		RPT		AML		Total		% Attendance
	M	A	M	A	M	A	M	A	M	A	M	A	M	A	M	A	M	A	M	A	
Helen Y. Dee	13	12	49	49			12	10											74	71	95.95%
Cesar E.A. Virata	13	13	49	49	11	11	12	12											85	85	100.00%
Gil A. Buenaventura	13	13	49	49													11	10	73	72	98.63%
Eugene S. Acevedo	13	13	49	49	11	10	12	11											85	83	97.65%
John Law	13	12																	13	12	92.31%
Lilia B. De lima	13	13			11	11							11	11					35	35	100.00%
Laurito E. Serrano	13	13							16	16	14	12							43	41	95.35%
Arnold Kai Yuen Kan	13	11																	13	11	84.62%
Armando M. Medina	13	13	49	49															62	62	100.00%
Shih-Chiao (Joe) Lin	13	12											11	10	12	10			36	33	91.67%
Vaughn F. Montes[1]	13	13							16	16	14	14	7	7			11	11	61	61	100.00%
Juan B. Santos[2]	13	13			11	11							5	5					29	29	100.00%
Adelita A. Vergel de Dios[3]	6	3							9	5			6	5	7	6			28	19	67.86%
Gabriel S. Claudio	13	13											11	11	12	12	11	11	47	47	100.00%
Gayatri P. Bery	13	12									14	12							27	25	89.29%
Erika Fille T. Legara[4]	6	6							7	7			4	4	5	4			18	17	94.44%

M = Numbers of Meetings
A = Meetings Attended
[1] CG Committee Member until July 2022
[2] Appointed as new Chairperson of CGC effective July 2022
[3] Board and RPT Com member until July 2022 and CGC member until June 2022
[4] Elected as new Board on July 2022 and appointed as CGC, RPT and ACC member on July 2022

Separate meeting of the Non-Executive Directors

Non-executive directors (NEDs) are required to have separate periodic meetings with the heads of the internal audit, compliance and risk functions and external auditor without any executive directors present to ensure that proper checks and balances are in place within the Bank. For Y2022, the NEDS held a separate meeting with the heads of internal audit, compliance and risk functions and external auditor on December 12, 2022 to discuss the control units' assessment of the business units and the Bank as a whole. The meeting was chaired by the Lead Independent Director, Mr. Santos.

Board Performance

The Corporate Governance Committee oversees the periodic evaluation of contribution and performance of the Board of Directors, board-level committees, and senior management. This exercise covers the assessment of the ongoing suitability of each member, taking into account his or her performance in the board of directors and board-level committees.

The Corporate Governance Committee decides the manner by which the Board's performance may be evaluated, and proposes an objective performance criteria approved by the Board. The performance indicators determine how the Board has enhanced long-term shareholder value.

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Board of Directors Training Program

The Corporate Governance Committee oversees the continuing education program for the Board of Directors. The Training Program for the members of the Board has been adopted in the Bank's Corporate Governance Manual.

Under the Bank's Corporate Governance Manual, all new directors must undergo proper orientation upon joining the Board. This ensures that new members are appropriately apprised of their duties and responsibilities before beginning their directorships. The orientation program covers SEC-mandated topics on corporate governance and an introduction to the Bank's business, Articles of Incorporation, and Code of Conduct. The Orientation Program is designed to meet the specific needs of the individual directors and aid any new director in effectively performing his or her functions.

In addition to the Orientation Program, first-time directors are required to attend a seminar on corporate governance following the BSP-prescribed syllabus. The directors are required to submit a certification of compliance of this requirement to BSP.

Board members also undergo the Annual Continuing Training Program which covers courses on corporate governance, matters relevant to the Bank, including audit, internal controls, risk management, sustainability, and strategy. The Board, through the Corporate Governance Committee, assesses its members' training and development needs in determining the coverage of the Annual Continuing Training Program. The directors are required to complete at least four hours of the Annual Continuing Training Program.

Remuneration of the Board

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

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

Non-executive directors are entitled to reasonable per diem for attendance in board and board committee meetings. Non-executive directors receive a per diem of P35,000.00 for attendance in board meetings. The Chairpersons of Audit and Risk Oversight Committees receive P20,000.00 while members of the said committees receive P15,000.00 per diem for attendance in meetings. The per diem in other board committees is at no greater than P15,000.00 for the chairperson and P10,000.00 for members.

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

For the protection of its directors from threats against the security of their persons, property, and private data, the Bank presents below the aggregate compensation of the members of the Board of Directors and Advisory Board for 2022, inclusive of bonuses received in accordance with the By-Laws. A report on the total compensation per director shall be presented to the stockholders during the Annual Stockholders' Meeting of the Bank on July 3, 2023, and a similar report will be submitted to the SEC.

Remuneration Item	**2022** (in Php '000)
(a) Per diem Allowance	**13,075** (aggregate amount for the 2022 meetings
(b) Directors' Bonuses Directors' bonuses are given to non-executive and independent directors based on the formula provided for in the Bank's By-Laws**.**	**78,962**
TOTAL	**92,037**

Board Committees

The Board of Directors has delegated some of its functions to the following board-level committees:

1. Executive Committee

Composition:
Chairperson and at least four (4) members of the Board of Directors

Members:
Helen Y. Dee - *Chairperson*
Eugene S. Acevedo - *Vice Chairperson*
Cesar E.A. Virata
Gil A. Buenaventura
Armando M. Medina

The Executive Committee has the power to act and pass upon such matters as the Board of Directors may entrust to it for action. However, matters affecting general policy are always referred to the Board of Directors for decision. The Executive Committee has the power to review an asset or loan to ensure timely recognition and resolution of impaired assets.

In 2022, the Executive Committee:

- Discussed various issuances by regulatory agencies;
- Approved non-DOSRI loans that reach the Single Borrower's Limit (SBL);
- Evaluated and approved various operations/product manuals;
- Reviewed and endorsed for Board approval various management matters;
- Deliberated upon and approved various management matters within its approving authority.

2. Audit and Compliance Committee

Composition:
The Audit and Compliance Committee shall be composed of at least three (3) members of the board of directors, majority of whom shall be independent including the Chairperson. Members of the committee should have the knowledge of the industry in which the bank operates, the ability to read and understand fundamental financial statements, and the ability to understand key business and financial risks and related controls and control processes.

Members:
Laurito E. Serrano (ID) - *Chairperson*
Vaughn F. Montes (ID)
Adelita A. Vergel De Dios (ID) (*until July 15, 2022*)
Erika Fille T. Legara (ID) (*starting July 25, 2022*)

Observer:
Shih-Chiao (Joe) Lin
Hiroki Nakatsuka

The Audit and Compliance Committee, a board-level committee, shall be responsible for overseeing senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It is 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.
- Provides authority to investigate 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 in the areas of 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.

In 2022, the highlights of the Audit and Compliance Committee's actions pertaining to Internal Audit, External Audit and Compliance functions are as follows:

a. For External Audit Function

- Review of Results and Endorsement for Board Approval of Punongbayan & Araullo's (P&A) Quarterly Review of the Financial Information of RCBC and selected Subsidiaries
- Review of Results and Endorsement for Board Approval of P&A's Audit of the Financial Statements of RCBC and Subsidiaries for the year ended December 31, 2021.
- Reappointment and approval of fees of P&A as External Financial Auditor and corresponding Review and Approval of P&A's Plan for the Audit of the Financial Statements of RCBC and Subsidiaries for the year ending December 31, 2022.

- Approval of the External Auditors' (P&A) Fees for the (1) Quarterly Review of the Financial Statements (FS) of RCBC and selected Subsidiaries and (2) for the Agreed-upon Procedures for the Issuance of Comfort Letter on Peso Bond Issuance Series E and subsequent bond offers under the Board Approved USD EMTN and Peso Bond Programme.
- Approval of the request to endorse the Management Commitments or Action Plans to the Board of Directors the Management Letter of P&A for Submission to BSP.

b. For Internal Audit Function

- Engaging in discussions on the results of internal audits managed and executed by the Internal Audit Group (IAG) during the monthly Audit and Compliance Committee meetings to evaluate the adequacy and effectiveness of the Bank's internal control and risk management systems including financial reporting and information technology security.
- Assessing and resolving to refer to the immediate attention of the responsible business units, Board-level Committees and Bank personnel matters arising from the internal audits.
- Monthly review and notation of the status of audit plans, IAG manpower complement and vacancies, and outstanding/unresolved audit issues.
- Approval of Revisions in the Internal Audit Policies.
- Approval of focused audit strategy for BCs.
- Approval to Conduct Special Audits in accordance with IAG's Special Audit and Consulting Policy.
- Approval of factors for the evaluation of the performance of the Chief Audit Executive (CAE) and corresponding performance evaluation for the year 2021 in a separate meeting session with the CAE.
- Approval of the resignation effective July 6, 2022 of SVP Aline A. Novilla as the Chief Audit Executive and appointment of SVP Elvira D. Soriano as the Internal Audit Group's Officer-in-Charge while the new CAE is not yet on board.
- Confirmation of appointment of SVP Sheila Ricca G. Dioso as the Chief Audit Executive Effective October 4, 2022.
- Approval of revisions in the 2022 Annual Audit Plan.
- Approval of the Internal Audit Group's 2023 Audit Plan
- Approval of External Service Provider to conduct the independent assessment of the Bank's Operational Risk Management Framework.
- Notation of 2022 Internal Audit Group's Annual Report for the 2021 Internal Audit Activities.
- Notation of the Agreement to Provide Direct Assistance to External Auditors, P&A, for the 2022 Financial Statements Audit.
- Notation and Approval of Internal Audit's Digital Transformation Plan
- Recognition of the invaluable contribution of Director Adelita Vergel De Dios as member of the Audit and Compliance Committee

c. For Compliance Function

- Review of the extent and scope, activities, staffing, resources and organizational structure of the Compliance Function.
- Review of the Compliance Function Target Operating Model.
- Review of the Service Level Agreement for the Hub and Spoke as part of the new Compliance Function Target Operating Model.
- Review of the compliance reports of the Compliance Officer to assess compliance with laws, rules and regulations. This also included the review of findings of any examinations by regulatory agencies (e.g., BSP, National Privacy Commission, etc.).
- Notation of the Bank's proposed revisions to the BSP Exposure Draft on the Amendments to the Prudential Guidelines on Large Exposures.

- Notation of the impact of the newly enacted Financial Products and Services Consumer Protection Act to the Bank.
- Notation of the amendments to BSP regulations on Foreign Currency Deposit.
- Notation of the results of the Specialized Assurance Review on the Bank's compliance with the 2018 Anti-Money Laundering Council Resolution No. 149 on the Digitization of Customer Records requirements.
- Notation of the report on the Mandatory Credit Allocation for Agri-Agra Act and Innovation Development.
- Notation of the results of BSP's Thematic Review on Liquidity Risk and Interest Rate Risk Banking Book and the Bank's Terms & Conditions.
- Notation of the Issuance of Certificate of Eligibility by BSP to the Bank for Dacion en Pago under the Financial Institutions Strategic Transfer Act (R.A. No. 11523)

3. Risk Oversight Committee

Composition:
The Risk Oversight Committee (ROC) shall be composed of at least three (3) non-executive members of the Board of Directors, none of whom is also a member of a management committee. Majority of the members shall be independent directors, including the Chairperson. The ROC's Chairperson shall not be the Chairperson of the Board of Directors, or any other board-level committee. The Risk Oversight Committee shall possess a range of expertise and adequate knowledge on risk management issues and practices.

Members:
Vaughn F. Montes (ID) – *Chairperson*
Laurito E. Serrano (ID) – *Vice Chairperson*
Gayatri P. Bery

Observers:
Eugene S. Acevedo
John Law
Arnold Kai Yuen Kan

The ROC supports the Board with respect to oversight and management of risk exposures of the RCBC parent bank and subsidiaries (the Group). In this regard, the ROC exercises authority over all 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.

The highlights of the Risk Oversight Committee's actions in 2022 are as follows:

<u>ROC Charter</u>

- Approved the updated ROC Charter

<u>ROC Self-Assessment</u>

- Noted the 2022 ROC Self-Assessment Results

<u>Enterprise Risk and ICAAP</u>

- Approved:
  - 2022 ICAAP : Macroeconomic Scenario Assumptions and Pillar 2 Measurement Methodologies
  - 2022 ICAAP: Pillar 2 Risk Assessments, Management Mitigating Actions (MMA), Audit Findings on the 2021 ICAAP-RP, Final ICAAP Document

- Risk Governance Framework (RGF) Risk Assessment Measures – Financial Impact
- 2022 Recovery Plan: Six Stress Scenarios and Recovery Triggers, Recovery Plan Options and RP Document
- 2023 ICAAP – Macroeconomic Scenario

- Noted:
  - Enterprise Risk Reports including RCBC Group Risk Profile, Risk Dashboards, Risk Heat Maps, Reports on Asset Quality and Capital Adequacy
  - Results of Uniform Stress Testing on Credit Risk
  - S&P Scorecard Performance Review and Transition Matrix Analysis
  - 2022 ICAAP and RP Workplan/Updates
  - BSP Feedback on the 2022 ICAAP Document

<u>Credit Management</u>

- Approved:
  - Revised Expected Credit Loss (ECL) Framework
  - Credit Framework for Physical Risks and Calamity Response

- Noted:
  - Credit Management reports including Updates on Asset Quality, Key Accounts, Flagged Accounts, Problem Loan Committee, NPL and ECL Forecast, Updates on CARE Program, Ratings Migration, Industry Exposure Limits, Consumer Loan Portfolio, Treasury Bond Portfolio, Portfolio Quality of Subsidiaries and Moody's Rating Downgrade.

<u>Market and Liquidity Risk</u>

- Approved:
  - 2022 Treasury Limits
  - Intraday Liquidity Stress Test Scenarios
  - Annual Update of Pre-Settlement Risk (PSR) Factors
  - Update to Limit Reporting Thresholds
  - Annual Review of Off Market Tolerance Factors

- Noted:
  - 2022 Treasury Funding Plan
  - Market and Liquidity Risk Reports including Regulatory Ratios, Liquidity and Repricing Gaps, Interest Rate Risk in the Banking Book (IRRBB) Metrics, and other measures
  - Deposit Level Update
  - Results of Uniform Stress Testing on Market Risk
  - RCBC Investment Book
  - BSP Observations from the Thematic Review of Liquidity Risk and IRRBB
  - FVTPL FCDU Month-To-Date Loss Limit Breach

<u>Portfolio Quality</u>

- Approved:
  - 2021 Sustainability Report
  - Environmental and Social Management System (ESMS) Policy Amendments
  - Paris Agreement Capital Transition Assessment (PACTA) and Climate Stress Test Manual

- Noted:
  - Credit Portfolio Quality Report
  - Independent Credit Review Updates
  - 2021 Sustainability Bonds Allocation Report and Impact Reports
  - Environmental and Social Risk Report
  - 2021 Impact Report
  - Sustainability Updates

Operational Risk

- Approved:
  - Physical Security Risk Framework
  - Reputational Risk Management Framework
  - Updates to the Operational Risk Framework

- Noted:
  - Operational Risk Reports including RCSA, KRI, and CST Library
  - KRI and CST Results
  - Business Resiliency Reports
  - Trust Risk Reports
  - Consumer Protection Reports
  - Update on Document Deficiency Monitoring (Quarterly), Update on Bankwide Document Deficiency Monitoring
  - 2022 Risk Control Self-Assessment (RCSA) Reassessment
  - Physical Security Updates

Enterprise Fraud Risk

- Approved:
  - Updated EFRD Roadmap

- Noted:
  - Enterprise Fraud Risk Reports
  - 2022 EFRD Roadmap

Information Security Governance

- Approved:
  - Information Security Strategic Plan 2021-2025

- Noted:
  - Information Security and Systems Reports
  - Updated Email Policies and Minimum Standards
  - Report on the Bank's Readiness and Security Plan against Cyber Threats
  - 2020 RCBC Information Security Risk Assessment (RCBC Subsidiaries)

Others

- Approved
  - Removal of Branch Relationship Manager Job Rotation
  - Amendment to FVTPL USD/Php Swap/ Forward Aggregate Limit
  - Legal Risk Framework for Regular and Closed Cases

- Noted:
  - Subsidiary Reports
  - Collateralized Consumer Loans report including Consumer Portfolio Analytics and Consumer Loans Clean-up Update (Quarterly for Consumer Portfolio Analytics)
  - Reputational Risk Reports
  - Compliance Advisor Ombudsman Report
  - Update on FVOCI Portfolio
  - Report on Bank's Material Cases (Quarterly)
  - Macroeconomic and Market Update on Investment Securities
  - Treasury Investment Update
  - Update on the RCBC Meeting with Moody's
  - Bank's Policy on Cryptocurrencies
  - Liquidity Report (Treasury)
  - Update on the Status of Expired Credit Applications
  - FVOCI Year-to-Date Loss

4. The Corporate Governance Committee

Composition:
The Corporate Governance Committee shall be composed of at least five (5) members of the Board of Directors who shall all be non-executive directors, majority of whom shall be independent directors, including the chairperson, with (1) one member representing the minority shareholders.

Members:
Adelita A. Vergel de Dios (ID) – *Chairperson until June 27, 2022 before the ASM*
Juan B. Santos (ID) – *Chairperson starting June 27, 2022 after the ASM*
Gabriel S. Claudio (ID)
Shih-Chiao (Joe) Lin
Lilia B. de Lima
Vaughn F. Montes (ID) *(until July 25, 2022)*
Erika Fille T. Legara (ID) (*starting July 25, 2022*)

Observer:
Hiroki Nakatsuka

The Corporate Governance Committee assists the Board of Directors in fulfilling its corporate governance responsibilities. The highlights of the actions of the Corporate Governance Committee in 2022 are as follows:

- Exercised oversight on the nomination process for members of the Board of Directors and for positions requiring board approval;
- Reviewed and recommended to the Board the assignment to Board Committees;
- Reviewed and endorsed for Board approval the interlocking positions of directors and officers;
- Reviewed and endorsed for Board approval the appointments of senior officers;
- Reviewed and endorsed for Board approval the secondment of senior officers to Subsidiary Companies;
- Exercised oversight on the continuing education program for the Board of Directors;
- Reviewed and endorsed for Board approval the revisions to the Corporate Governance Manual;
- Reviewed and approved the 2021 Integrated Annual Corporate Governance Report
- Reviewed and endorsed for Board approval the RCBC Anti-Bribery & Corruption Policy
- Reviewed and endorsed for Board approval the 2023 Annual Board Plan
- Discussed and Noted the following:
  (a) Quarterly Report on New Hires and Separated Employees, and Attrition Report
  (b) Quarterly Whistleblowing Report
  (c) Result of the 2021 Annual Board Evaluation
  (d) BSP Circular No. 1129 on Amendments to Corporate Governance Guidelines for BSP-Supervised Financial Institutions

5. The Related Party Transactions Committee

Composition:
The Related Party Transactions (RPT) Committee shall be composed of at least three (3) members of the Board of Directors, two (2) of whom shall be independent directors, including the chairperson. The Committee shall at all times be entirely composed of independent directors and non-executive directors, with independent directors comprising majority of the members.

Members:
Adelita A. Vergel de Dios (ID) – *Chairperson until June 27, 2022 before the ASM*
Gabriel S. Claudio (ID) – *Chairperson starting June 27, 2022 after the ASM*
Shih-Chiao (Joe) Lin
Adelita A. Vergel De Dios (ID) – (*until July 15, 2022*)
Erika Fille T. Legara (ID) – (*starting July 25, 2022*)

The RPT Committee assists the Board in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders. In 2022, the RPT Committee fulfilled its mandate under its charter particularly on the review and disclosure of material related party transactions. Work done by the Committee in 2022 includes the following:

- Reviewed and evaluated all material related party transactions, those within the threshold amount of Php10,000.00 and above and those that require Board approval regardless of amount (i.e., DOSRI loans, outsourcing, cross-selling, etc.) to ensure that such transactions are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged.
- All vetted material RPTs were endorsed to the Board for approval.
- Reviewed and reported to the Board on a quarterly basis the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties.
- Reviewed and endorsed for Board approval the revisions to the Related Party Transactions Policy
- Exercised oversight on the filing of the required reports to BSP under BSP Circular No. 895, as amended: (a) Report on Conglomerate Structure, and (b) Report on Material Related Party Transactions.

6. The Anti-Money Laundering Committee

Composition:
The Anti-Money Laundering Committee shall be composed of at least three (3) directors, majority of whom are independent directors, including the chairperson.

Members:
Gabriel S. Claudio (ID) – *Chairperson*
Vaughn F. Montes (ID)
Gil A. Buenaventura

Observers:
Eugene S. Acevedo
Hiroki Nakatsuka

The AML Committee assists the Board of Directors in 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 Manual of Regulations for Banks; and to ensure that oversight on the Bank's compliance management is adequate.

In 2022, some of the crucial actions of the Committee include:

- Approval of:
  - Amendments to the MTPP to include Syria and Crimea Region of Ukraine to the List of Prohibited Jurisdictions
  - Amendments to the Bank's Institutional Risk Assessment (IRA) Methodology for 2022
  - AML Key Result Area (KRA) Weights Recalibration
  - Closure of accounts tagged under casinos and gambling industry in response to the country's inclusion to Financial Action Task Force (FATF) Grey List
  - Risk Acceptance: Closing dormant legacy Telemoney accounts
  - Risk Acceptance: LBC Express, Inc. (Money Service Business)Risk Acceptance: Diskartech Batch Enrollment Service (BES) Program

- The AML Committee closely monitored the remediation plan of the Bank on its covered transaction reporting to ensure that all regulatory issues are addressed in a manner acceptable to the Anti-Money Laundering Council.

- The AML Committee continues to monitor the review of Money Service Business (MSB) clients, which includes the review of online and offline alerts and periodic reviews.
- The AML Committee closely monitored the conduct of Enhanced Due Diligence and closure of accounts tagged under the Casino and Gambling Industry pursuant to the country's efforts to address its inclusion to the FATF Grey List.
- Discussed and noted the Diskartech Transaction Monitoring – Predator Integration initiative.
- The AML Committee also discussed and monitored the updates on the Petro Scam Investigation and resolved to the account closure of Power Fill International Subic, Inc. Discussed and clarified the Bank's Policy on Crypto currencies.
- Discussed and noted the results of the PesoNet Outward Transaction Screening Process review pursuant to BSP Memorandum No. 2022-007.
- Discussed and noted the results of KPMG's Independent Model Validation on the Bank's Transaction Monitoring Model.
- Discussed and noted the Discontinuation of RCBC Digital (ROR) Send Cash via ATM.
- Discussed and noted the results of Specialized Assurance Evaluation of the New-to-Bank RCBC Online.

7. The Trust Committee

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

Members:
Juan B. Santos (ID) – Chairperson
Cesar E.A. Virata
Lilia B. De Lima
President and CEO: Eugene S. Acevedo
Trust Officer: Robert B. Ramos

The Trust Committee is a special committee which reports directly to the Board of Directors and is primarily responsible for overseeing the fiduciary activities of the Bank. Its activities in 2022 included the following:

- Formulation of new policies and guidelines
- Oversight of trust business including
  - Review of Trust performance and approval business plans
  - Discussions on the monthly market updates and investment strategies of Trust
  - Approval of creation and amendments of new UITF products, and
  - Review of organization structure, succession plan for Trust and other HR matters, among others

- Endorsement to the Board of Directors the approval for the launch of two new UITFs: the RCBC US Dollar Biotech Equity Index Feeder Fund and the RCBC ESG Equity Fund, which funds will be launched as soon as market conditions improve.
- Endorsement to the Board of Directors the spin-off of the RCBC trust business into a stand-alone Trust Corporation to be known as RCBC Trust Corporation
- Evaluation and approval of management recommendations on the investment and disposition of funds or properties held in trust
- Management of risks in the conduct of the trust business

- Monthly discussions and review of various risk management reports (market risk, credit risk, operational risk, reputation risk, strategic risk, legal risk)
- Discussions on incident reports and issues affecting Trust
- Monitoring of the proper implementation of approved policies and guidelines

- Monitored resolution of various audit and compliance issues in BSP examination, internal audit and compliance reviews

8. The Technology Committee

Composition:
At least three (3) members of the Board of Directors.

Members:
Helen Y. Dee – *Chairperson*
Cesar E.A. Virata
Eugene S. Acevedo (Executive Director)

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

- Approves major IT investments.
- Manages and aligns IT initiatives across the Group.
- Reviews status of major projects.
- Prioritizes IT initiatives, when warranted.
- Evaluates emerging IT solutions for use of the Group.
- Reviews, evaluates and resolves Cyber Security Issues, Disruptions and Disaster Recovery activities raised.
- Ensures compliance to BSP rules and regulations relating to Information Technology.

In 2022, highlights of the actions of the Technology Committee are as follows:
- Oracle Cloud Maintenance Support
- Replacement of Desupported Lenovo Server and Upgrade to VMWare 7.0
- RCBC Online Corporate (ROC) 2.0 Modernization
- EndPoint Security (Behavioral-Based)
- PowerBI Premium Capacity Upgrade
- Secure File Transfer Protocol (SFTP) Modernization
- Backup Storage Infrastructure Annual Maintenance
- Privileged Access Management Deep Identity Maintenance
- Enterprise Digital Document Platform
- CMG Automation of Consumer Credit Process
- RCBC QR PAY – QR Ph Biller
- Moneyware Trust System Phase 2.1
- Upgrade of PCHC's Participating Bank Module (PBM)
- Windows 7 PC Replacement Project
- Back-up Storage Capacity Upgrade
- MSSQL Server 2008 and 2012 EOS Upgrade
- Mobile App Security
- Cross Border Payments Migration to ISO 20022
- RCBC Bankard Mobile Contactless Payment
- SME BPR Project, Phase 2
- Endpoint Security for RCBC Bankard
- Network Infrstructure EOL – RCBC ATYC and Plaza

- Operational Data Storage (ODS) Modernization
- Oracle EPM Maintenance
- SME BizApp Project
- Salesforce Archiving Solution
- Red Team Assessment
- Internet Network Infrastructure Upgrade
- Various Digital Enhancements
- Various DiskarTech Enhancements
- Various Infrastructure Refresh and Upgrades

Advisory Board

The Bank has an Advisory Board that provides informed guidance to the Board of Directors. Members of the Advisory Board are appointed by the Board of Directors. They do not have any voting rights but contribute by way of providing non-binding but relevant advice during board meetings. While the By-Laws allow for up to 10 members in the Advisory Board, the Bank has 3 appointed Advisory Board members. Each of these members is considered as a business leader and is of known probity and integrity. The members of the Advisory Board are Mr. Francis C. Laurel, Ms. Yvonne S. Yuchengco and Mr. Hiroki Nakatsuka.

Shareholdings in the Company

As of December 31, 2022, only the following stockholders own more than 5% of RCBC's common stock:

Title of Class	Name, Address of record owner and relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent (%)
Common	**Pan Malayan Management & Investment Corporation** Address: 48/F Yuchengco Tower, RCBC Plaza 6819 Ayala Avenue 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 belongs to the shareholders of record of said company. The Bank has not been advised otherwise.*	Filipino	807,582,173*	39.64% *(This includes certificated shares of 29.17% and shares under PCD Nominee of 10.47%)*
Common	**Cathay Life Insurance Corporation** Address: 296 Ren Al Road Sec4 Taipei 10633 Taiwan R.O.C. Relationship with Issuer: Stockholder	*The records in the possession of the Bank show that the beneficial ownership of this company belongs to the shareholders of record of said company. The Bank has not been advised otherwise.*	Non-Filipino	452,018,582	22.19% (*Shares are under PCD Nominee)*

Common	**International Finance Corporation (IFC) & IFC Capitalization (Equity) Fund, L.P.** Address: 2121 Pennsylvania Avenue, NW Washington, DC 20433 USA Relationship with Issuer: Stockholder HSBC's Karina del Rosario and Paul Arthur O. Austria are authorized to vote 71,151,505 shares of IFC under PCD Nominee. Citibank's Rachel Oliveros, and Ginger Aguirre-Reyes are authorized to vote 36,724,137 shares of IFC under PCD Nominee	International Finance Corporation *The records in the possession of the Bank show that the beneficial ownership of this company belongs to the shareholders of record of said company. The Bank has not been advised otherwise.*	Non-Filipino	107,875,642	5.29% (*Shares are under PCD Nominee)*

**Combined Direct and Indirect Shares of PMMIC;*

As of December 31, 2022, the following **directors and officers** directly and indirectly own shares in RCBC:

Title of Class	**Name of Beneficial Owner**	**Amount and nature of record / beneficial ownership**		**Citizenship**	**Percent of Class (%)**
		Par Amount	**Nature**		
Directors					
Common	Helen Y. Dee	14,923,060	R / B	Filipino	0.07
Common	Cesar E.A. Virata	1,384,340	R / B	Filipino	0.01
Common	Eugene S. Acevedo	3,441,000	R / B	Filipino	0.02
Common	Gil A. Buenaventura	50	R	Filipino	0.00
Common	Armando M. Medina	1,950	R	Filipino	0.00
Common	John Law	10	R	French	0.00
Common	Shih-Chiao Lin	10	R	R.O.C. Taiwan	0.00
Common	Arnold Kai Yuen Kan	10	R	Canadian	0.00
Common	Lilia B. de Lima	10	R	Filipino	0.00
Common	Gayatri P. Bery	10	R	American	0.00
Common	Juan B. Santos	50	R	Filipino	0.00
Common	Gabriel S. Claudio	10	R	Filipino	0.00
Common	Vaughn F. Montes	50	R	Filipino	0.00
Common	Laurito E. Serrano	10	R	Filipino	0.00
Common	Erika Fille T. Legara	50,010	R / B	Filipino	0.00
	Subtotal	***19,800,580***			
Executive Officers					
Common	Xavier Y. Zialcita	244,880	R / B	Filipino	0.00
	TOTAL	***20,045,460***			0.10

Shareholders' Rights and Protection of Minority Stockholders' Interest

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

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

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights, *i.e.*, any shareholder or group of shareholders with at least five percent (5%) share of the total outstanding shares of the company shall be allowed to propose any relevant item for inclusion in the agenda for the meeting.

Right to Nominate Candidates for Board of Directors

The By-Laws of the Bank allows all shareholders, including minority stockholders, the right to nominate candidates for the Board of Directors.

Voting Right

The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the Bank. The stockholders shall be encouraged to personally attend such meetings. As allowed by the Revised Corporation Code and the Commission's rules, the Board of Directors, on April 24, 2023, issued a resolution allowing voting through remote communication or in absentia.
In case the stockholders cannot attend the annual and special stockholders' meetings, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the stockholders' favor.

The Board shall take the appropriate steps to remove excessive costs and other administrative impediments to the stockholders' participation in meetings, whether in person or by proxy. Accurate and timely information shall be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Stockholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Revised Corporation Code. A director shall not be removed without cause if it shall deny minority stockholders representation in the Board.

The voting rights and procedures are also detailed in the Procedure for the Annual Stockholders' Meeting, the Proxy Form, and the Vote Ballot with Instructions and Procedures, all of which are attached to this Information Statement on the pages that follow the Notice of Meeting (before this Annex).

Conduct of Shareholders' Meeting

Stockholders are encouraged to personally attend shareholders' meetings. In case the stockholders cannot attend the annual and special stockholders' meetings, they are apprised ahead of time of their right to appoint a proxy. As allowed by the Revised Corporation Code and the Commission's rules, the Board of Directors, on April 24, 2023, issued a resolution allowing voting through remote communication or in absentia.

Accurate and timely information is made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. Stockholders are allowed to pose questions and/or raise matters before and during the meeting in accordance with the procedures set forth in the Notice, and these are addressed by the Chairperson, members of the Board and/or management accordingly.

In view of the Covid-19 pandemic, the Annual Stockholders' Meeting which was held on June 27, 2022 was conducted virtually via videoconferencing as allowed by the SEC. The Bank hired an independent party, Punongbayan & Araullo, to count and validate votes cast at the said meeting. Proper and timely disclosures were made immediately after the ASM. Results of the meeting as well as minutes thereof are available on the Bank's website.

Right to Inspection

All stockholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Revised Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

Right to Information

The stockholders shall be provided, upon request, with periodic reports which disclose relevant personal and professional information about the directors and officers and certain other matters such as their holdings of the Bank's shares, dealing with the Bank, relationships among directors and key officers, and the aggregate compensation of directors and officers.

The minority stockholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

The minority stockholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority stockholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

Dividend Policy

Article XI, Section 1 of the By-Laws of the Bank, provides that dividends shall be 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.

As a policy, management shall determine the amount of dividends to be declared and present the recommendation for the declaration of the same to the Board of Directors for approval. If it has stipulated dividend payment obligations, the Bank shall declare dividends in accordance with its commitment.

The Bank ensures compliance with the pre-requisites set by the BSP for the declaration of dividends. Likewise, the Bank shall not declare dividends greater than its accumulated net profits then on hand, deducting therefrom its losses and bad debts.

In accordance with Section 124 of the 2018 Manual of Regulations for Banks, the net amount available for dividends shall be the amount of unrestricted or free retained earnings and undivided profits reported in the Financial Reporting Package as of the calendar/fiscal year-end immediately preceding the date of dividend declaration. The derivation of the dividend amount from the unrestricted/free retained earnings shall be based on sound accounting system and loss provisioning processes under existing regulations which takes into account relevant capital adjustments including losses, bad debts and unearned profits or income. Unearned profits or income refers to unrealized items which are considered not available for dividend declaration such as accumulated share/equity in net income of its subsidiaries, associates or joint venture accounted for under the equity method, recognized deferred tax asset, foreign exchange profit arising from revaluation of foreign exchange denominated accounts and others.

Record date of the disclosure of dividend declaration shall be set in accordance with the Rules of the Securities and Exchange Commission (SEC) and when appropriate, the Rules of BSP. The disclosure of the record date must not be less than ten (10) trading days from the said date

Details of the **2022 cash dividend** distribution are as follows:

Nature of Securities	Date Declared	Dividend		Record Date	Date Approved	Date Paid/
		Php Per Share	Total Amount*		By BOD	
Hybrid Tier 1 Securities	Jan 31, 2022	-	497.45	Feb.4, 2022	Jan 31, 2022	Feb 28, 2022
Preferred	Feb. 28, 2022	0.0553	0.01	Mar 3, 2022	Feb. 28, 2022	Mar 23, 2022
Common	Mar 28, 2022	0.6180	1,259.16	Mar 30, 2022	Mar 28, 2022	Apr 27, 2022
Preferred	Mar 28, 2022	0.6180	0.17	Mar 30, 2022	Mar 28, 2022	Apr 27, 2022
Preferred	May 30, 2022	0.0748	0.02	Jun. 2, 2022	May 30, 2022	Jun. 23, 2022
Hybrid Tier 1 Securities	Jul. 25, 2022	-	539.66	Jul 29, 2022	Jul. 25, 2022	Aug. 26, 2022
Preferred	Aug. 30, 2022	0.1047	0.03	Aug 31, 2022	Aug. 30, 2022	Sep. 22, 2022
Preferred	Nov. 28, 2022	0.1407	0.04	Dec. 5, 2022	Nov. 28, 2022	Dec. 27, 2022

** in millions Php*

Appraisal Right

The stockholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 81 of the Revised Corporation Code of the Philippines.

Investor Relations Program

The Bank is committed to high standards of transparency, accountability, and fairness through its Investor Relations (IR) program. The IR program adopts a comprehensive communication and engagement framework to ensure the timely and accurate disclosure of material and relevant information, including its operating and financial results, and significant business developments, to provide the basis for the sound investment decisions of shareholders and investors. Company disclosures, investor and briefing presentations, and press releases are prepared and submitted in accordance to the requirements of the applicable regulatory institution. These are posted on the Bank's website at www.rcbc.com.

The IR program is developed, implemented, and managed by the Corporate Planning Group, in coordination with the Senior Management and related groups. The Corporate Planning Group works with the Marketing Communication Division to conduct regular briefings with the media, institutional investors, and analysts. Further, the Bank actively participates in investor conferences, roadshows and one-on-one meetings with analysts and credit rating agencies. Some members of the Senior Management team also join the briefings and conference calls to impart more insights on the Bank's performance and strategic direction. The Bank continues to engage investors, shareholders, analysts and other parties through the email address investor_relations@rcbc.com posted on the website

Material Information/Transactions

The Bank is committed to disclose material information to its stakeholders as part of its adherence to transparency, accountability, and fairness. The Bank commits at all times to fully disclose material information dealings. It shall cause the timely filling of all required information for the interest of its shareholders and other stakeholders. The reports or disclosures required shall be prepared and submitted to the SEC and Philippine Stock Exchange (PSE) by the responsible committee or officer through the Bank's Compliance Officer. Material Information emanating from the Board of Directors shall be disclosed under the responsibility of the Corporate Information Officer (CIO). The CIO shall be responsible for efficiency in providing information and addressing concerns of its shareholders and other stakeholders through the Bank's webpage which provides complete information about the Bank in a form that is user-friendly.

Transactions between related parties shall be disclosed to include the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship of the financial statements.

All material information about the Bank, *i.e.*, anything that could adversely affect share price, shall be publicly disclosed. Such information and/or transactions shall include, among others, earnings results, acquisition or disposal of significant assets, related party transactions, board membership changes, shareholdings of directors and officers and any changes thereto, and such material events or information which are required to be disclosed pursuant to the SRC and its Implementing Rules and Regulations. Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management, corporate strategy, and off balance sheet transactions.

All disclosed information shall be released via the approved and established stock exchange procedure for corporate announcements and/or through the annual report.

The governance of the Bank shall be adequately transparent to its shareholders and other stakeholders.

The Bank shall designate authorized signatories and alternates for disclosures. All disclosures or information stated or relayed by the authorized signatory shall be presumed to have been made with the approval of the Chairperson of the Board, and principal officers of the Bank.

The following are the material information/transactions approved by the Board of Directors for 2022:

01-31-2022 Other Events

During the January 31, 2022 Regular Meeting of the Board of Directors of the Bank, where a quorum was present and acting throughout, the issuance of foreign currency denominated Senior Notes out of the Bank's Medium Term Note Programme (subject to market conditions) was approved.

02-28-2022 Other Events
02-28-2022 Change in Directors/Officers

During the February 28, 2022 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, 2021, as audited by Punongbayan & Araullo, for final approval of the stockholders.

2. Declaration of cash dividends on convertible preferred shares amounting to P0.05532 (US$0.00108) per share or a total of P14,791.98 (US$290.04 @ P50.999). The cash dividend is payable to holders of convertible preferred shares as of March 21, 2022 (record date) and payable within 5 trading days from record date. The cash dividend is for unlisted preferred shares.
3. Interlocking Officerships of Atty. Claribelle S. Bautista-Perez, Vice President/Head of Consumer Banking Compliance and Financial Crime Risk Stewardship of Regulatory Affairs Group as Chief Compliance Officer of Rizal Microbank, Inc. – A Thrift Bank of RCBC, effective March 7, 2022 (subject to BSP/other regulatory approvals, as may be required).
4. Appointment of First Senior Vice President Alberto Magno N. Pedrosa as Treasurer and Head of Treasury Group, effective March 4, 2022 (subject to BSP/regulatory approvals as may be required).

03-28-2022 Other Events
03-28-2022 Change in Directors/Officers
03-28-2022 Declaration of Cash Dividends (PSE Disclosure Form 17-C)

During the March 28, 2022 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 P0.618 per share, or a total of approximately P1.259 Billion 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. Appointment of LTC Jefferson A. Tecson as Chief Security Officer, with rank of Vice President, effective April 1, 2022 (replacing SVP Edwin R. Ermita) (subject to BSP/regulatory approvals as may be required).

04-25-2022 Other Events
04-25-2022 Amendments to Articles of Incorporation
04-25-2022 Notice of Annual Special Stockholders' Meeting (PSE Disclosure Form 7-1)

During the April 25, 2022 Regular Meeting of the Board of Directors of the Bank, where a quorum was present and acting throughout, the following were approved:

1. Amendments to the Articles of Incorporation

   Deletion of the following paragraphs from Article Seventh:

   Common Shares of stock may be transferred to Philippine and foreign nationals provided that not less than Sixty Percent (60%) and not more than Forty Percent (40%) of the voting stocks shall be at all times beneficially owned by Philippine Nationals and by foreign nationals, respectively.

   Any issuance, sale or transfer of Common Shares of stock, in violation of the restriction above set forth, shall be null and void and shall not be registrable in the books of the Corporation.

   b. Amend Article Fourth to be consistent with R.A. No. 11232 (which grants perpetual corporate terms to corporations)

   FROM:
   FOURTH: The term for which said Corporation is to exist is for another fifty (50) years from 23 September 2010.

TO:
FOURTH: The Corporation shall have perpetual existence.

2. The 2022 Annual Stockholders' Meeting be conducted virtually, and that the stockholders be allowed to participate and to vote through remote communication or in absentia. The meeting is scheduled to be held on June 27, 2022 at 4:00 p.m.

05-10-2022 Notice of Annual Special Stockholders' Meeting) (Amendment)

The disclosure on the Notice of Annual Stockholders' Meeting was amended to provide the Record Date and other details pertaining to the Annual Stockholders' Meeting and to provide the Notice, Procedure, Proxy Form, Ballot Form, Agenda and Rationale/Explanation for the Agenda Items.

05-30-2022 Other Events

During the May 30, 2022 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 amounting to P0.07482 (US$0.00143) per share or a total of P20,008.44 (US$383.38 @ P52.190) was approved. The cash dividend is payable to holders of convertible preferred shares as of June 21, 2022 (record date) and payable within 5 trading days from record date. The cash dividend is for unlisted preferred shares.

06-27-2022 Other Events
06-27-2022 Change in Directors/Officers
06-27-2022 Results of Annual Stockholders' Meeting
06-27-2022 Results of Organizational Meeting
06-27-2022 Amendments to Articles of Incorporation (PSE Disclosure Form 4-3) (Amendment)

Items approved by Stockholders at their Annual meeting and Board of Directors at their regular and organizational meetings respectively held on June 27, 2022.

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

1. Increase in Peso Bond and Commercial Paper Programme to P200.0 Billion.
2. Promotion/appointment of Officers effective July 1, 2022 (subject to BSP/other regulatory approvals, as may be required):

   <u>From First Senior Vice President to Executive Vice President</u>
   Elizabeth E. Coronel

   <u>From First Vice President to Senior Vice President</u>
   Jose Manuel E. Caniza
   Evangeline M. Dy
   Richard M. Peralta
   Maria Evangeline T. Reyes
   Carren T. Saria

<u>Annual Stockholders' Meeting</u>

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

   <u>As Regular Directors</u>
   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

<u>As Independent Directors</u>
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 Annual Report and Audited Financial Statements for 2021;
3. Appointment of Punongbayan & Araullo as the Bank's external auditor for the fiscal year 2022
4. Amendments to the Articles of Incorporation.

<u>Organizational Board of Directors Meeting:</u>

1. Appointment of Corporate Officers:
   Mr. Eugene S. Acevedo - President and Chief Executive Officer
   Mr. Alberto Magno N. Pedrosa – 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
   Mr. Hiroki Nakatsuka

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 Shih-Chiao (Joe) Lin	Chairperson Member Member Observer
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	Juan B. Santos 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 Hiroki Nakatsuka	Chairperson Member Member Observer Observer
Related Party Transactions Committee	Gabriel S. Claudio Shih-Chiao (Joe) Lin Atty. Adelita A. Vergel De Dios	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

Amendment to the Disclosure on the Amendments to the Articles of Incorporation:

The disclosure on the Amendments to Articles of Incorporation was amended to provide the update that the Amendments to the Bank's Articles of Incorporation were approved by at least 2/3 of the stockholders during the June 27, 2022 Annual Stockholders' Meeting.

07-11-2022 Change in Directors/Officers (PSE Disclosure From 4-8)

The Bank received the resignation of Atty. Adelita A. Vergel de Dios from the Board of Directors effective July 16, 2022. She resigned due to health reasons.

07-25-2022 Other Events
07-25-2022 Change in Directors/Officers

During the July 25, 2022 Regular Meeting of the Board of Directors of the Bank, where a quorum was present and acting throughout, the following were approved:

1. Appointment/Election of Ms. Erika Fille T. Legara as an Independent Director of the Bank, Member of the Audit and Compliance Committee, the Corporate Governance Committee (Director Vaughn F. Montes will step down as member for this purpose), and Related Party Transactions Committee, and her interlocking positions (subject to BSP/other regulatory approvals, as may be required).
2. Submission to the SEC of the Annual General Information Sheet
3. The transfer/contribution of 119 of RCBC real estate properties to a subsidiary to be incorporated by RCBC ("Property Holding Co."). RCBC's shareholdings in the Property Holding Co. will be subsequently transferred by RCBC to the RCBC Employees' Retirement Fund (subject to regulatory approvals, as may be required).

08-30-2022 Other Events
08-30-2022 Change in Directors/Officers

During the August 30, 2022 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 P0.05455 P0.10467 (US$0.00190) per share or a total of P27,990.33 (US$507.72 @ P55.130), payable to holders of convertible preferred shares as of September 21, 2022 and payable within 5 trading days from record date. The cash dividend is for unlisted preferred shares.
2. Appointment of Martin Roberto G. Tirol as Deputy Head of the Global Transaction Banking Group with the rank of First Senior Vice President, subject to BSP and other regulatory approvals as may be required.
3. Interlocking Officership of Mr. Jefferson A. Tecson, RCBC Chief Security Officer (CSO) and as CSO of Rizal Microbank, Inc. – A Thrift Bank of RCBC, effective September 1, 2022, subject to BSP and other regulatory approvals as may be required.

09-15-2022 Amendments to Articles of Incorporation (PSE Disclosure Form 4-3) (Amendment)

The disclosure on the Amendments to Articles of Incorporation was amended to provide the information regarding BSP's approval dated August 26, 2022 received on September 15, 2022.

09-22-2022 Amendments to Articles of Incorporation (PSE Disclosure Form 4-3) (Amendment)

The disclosure on the Amendments to Articles of Incorporation (AOI) was amended to update the information regarding the expected date of filing of the amendments to the AOI to the SEC and the expected date of approval of the SEC.

09-26-2022 Other Events
09-26-2022 Change in Directors/Officers

During the September 26, 2022 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 Ma. Pamela Katrina M. Cabudoy as Head of the Data Science and Analytics Group with the rank of Senior Vice President, effective November 2, 2022 (subject to BSP and other regulatory approvals as may be required).
2. Appointment of Sheila Ricca G. Dioso as Chief Audit Executive and Head of the Internal Audit Group with the rank of Senior Vice President, effective October 3, 2022 (subject to BSP and other regulatory approvals as may be required).

10-04-2022 Amendments to Articles of Incorporation (PSE Disclosure Form 4-3) (Amendment)

The disclosure on the Amendments to Articles of Incorporation (AOI) was amended to update the information regarding the date of approval by the SEC (September 30, 2022) and the date of receipt of SEC approval (October 4, 2022).

10-05-2022 Other Events

The Bank disclosed that it is looking to issue at least P5.0 Billion Fixed Rate Bonds (the "Bonds") under its upsized P200.0 Billion bond and commercial paper program as approved by the board on June 27, 2022.

11-02-2022 Other Events
11-02-2022 Change in Directors/Officers

During the November 2, 2022 Regular Meeting of the Board of Directors of the Bank, where a quorum was present and acting throughout, the following were approved:

1. Recall from secondment to RCBC Leasing and Finance Corporation of SVP Anna Christina M. Vicente as President and CEO and appointment as Head of SME Banking Group effective January 25, 2023, subject to BSP/other regulatory approvals, as may be required.
2. Secondment of SVP Jose Jayson L. Mendoza to RCBC Leasing and Finance Corporation and appointment as Acting President effective January 25, 2023, subject to BSP/other regulatory approvals, as may be required.
3. Appointment of Mr. Xavier Y. Zialcita as SVP, Strategic Initiatives effective November 3, 2022, subject to BSP/other regulatory approvals, as may be required.
4. Sale of common shares to Sumitomo Mitsui Banking Corporation

11-28-2022 Other Events

During the November 28, 2022 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 P0.14068 (US$0.00243) per share or a total of P37,618.75 (US$648.93 @ P57.970), payable to holders of convertible preferred shares as of December 21, 2022 and payable within 5 trading days from record date. The cash dividend is for unlisted preferred shares.
2. Spin-off of Trust and Investments Group to a Stand-Alone Trust Corporation in accordance with the BSP MORNBFI.

12-12-2022 Other Events

During the meeting held on December 12, 2022 Special Meeting of the Board of Directors of the Bank where a quorum was present and acting throughout, the proposed 2023 budget was approved.

Other Stakeholders

Creditors' Rights

It is the policy of the Bank to conduct its business in an efficient and fair manner for it to meet its contractual obligations to its depositors, subordinated debt noteholders, and service providers. In the event of any liquidation or bankruptcy proceeding, such creditors have preference over the assets of the Bank in accordance with Philippine laws on preference of credits.

As a listed company, the Bank discloses, either through its website or the required stock exchanges, the relevant terms and conditions of their investment and fund-raising activities.

Supplier/Contractor Selection and Criteria

The Bank has a Board-approved Policy on Outsourcing in accordance with BSP Circular No. 765 re: "Revised Outsourcing Framework for Banks." The Bank's policy provides for guidelines, processes, and controls in managing outsourcing risks. The Bank is required under the policy and in accordance with the BSP Circular to conduct due diligence on service providers to ensure their integrity, technical expertise, operational capability, financial capacity, and suitability to perform the outsourced activity.

In certain cases as permitted by law and regulations, the supplier/contractor selection process is being handled by House of Investments, Inc. (HOI), an affiliate of the Bank.

HOI's Procurement Shared Services has the following policies:

a. Code of Ethics for Procurement
b. Code of Ethics for Suppliers
c. Supplier Management
d. Policies in Choosing a Supplier
e. Procurement Process
f. Contract Management
g. Manual Structure, Use, Revisions/Amendments
h. Early Involvement in Procurement

Suppliers are evaluated based on compliance with user requirements, quality, performance record in the industry, technical competence, customer service, design, delivery, dependability. Accreditation of new suppliers is based on recommendations of procurement heads or officers and is evaluated and approved by the HOI's PSS Manager and General Manager. Accredited suppliers are likewise subject to performance evaluation.

Generally, the Bank shall initially reach out to HOI for its need for a prospective supplier/service provider to carry out some banking functions, services or activities (BFSA). For the outsourcing of BFSA that may not be addressed by the accredited vendors/service providers from HOI, the Bank may also solicit Request for Proposals from prospective service providers. Either way, the Bank (outsourcing unit) shall determine if the use of the third party supplier/ service provider will fall within the purview of the BSP's Revised Outsourcing Framework for Banks per Section 112 of the BSP Manual of Regulations for Banks (MORB).

In this regard, the Board-approved policy on Outsourcing of Banking Functions, Services or Activities, which provides for guidelines, processes and controls in managing outsourcing risks, shall direct the outsourcing units in the conduct of outsourcing activities to ensure that at all times, it is aligned with the outsourcing provisions in the MORB and the applicable BSP issuances.

In the selection of prospective suppliers/service providers, the outsourcing units should work within the framework of the outsourcing policy of the Bank in its due diligence to establish the latter's integrity, technical expertise, operational capability, financial capacity, and suitability to perform the outsourced activity. In addition to the due diligence to be conducted, a further evaluation on the compliance of the prospective suppliers/service providers with pertinent rules and regulations shall be undertaken by the outsourcing unit which shall include, but not be limited to, the following:

a. Money Laundering and Terrorist Financing Prevention Program (MTPP)
b. Data Privacy
c. Department of Labor and Employment (DOLE)
d. Related Party Transaction (RPT)
e. Banking Laws

Due diligence on the prospective supplier/service provider shall require, among others, the following:

a. Request for Proposal (RFP) Assessment Worksheet Template – this shall document the capability of the prospective supplier/service provider to carry out/deliver the requirements of the Bank for the concerned BFSA for the duration of the outsourcing contract
b. Scoring Sheet Template – this shall document the competence and stability of the prospective supplier/service provider, both financially and operationally, among others;
c. RFP Interview Questionnaire Template – shall document the most qualified prospective supplier/service provider among the prospective applicants; and

d. Vendor Security Assessment Form Questionnaire - shall document the ability of the prospective supplier/service provider to comply with the information security requirements of the Bank.

Once the winning supplier/service provider is selected by the outsourcing unit, the same shall undergo further screening once the proposed outsourcing contract is reviewed by the Regulatory Affairs Group, the Legal Affairs Group, and the Operational Risk Management Department under Risk Management Group prior to the presentation to the concerned Board-level Committee for approval and confirmation of the Board of Directors.

Towards Sustainable Value Chains

As early as 2011, RCBC has embarked on environmental and social (E&S) stewardship with the adoption and implementation of the Environmental and Social Management System (ESMS). This policy requires that all credit relationships (whether portfolio or pipeline) are vetted on an E&S perspective in a manner that promotes sustainable practices for the Bank and its clients, minimizing any negative environmental, social, and reputational impact of the financing activities. RCBC's ESMS subscribes to IFC's Performance Standards and Exclusion List.

In 2019, RCBC developed its Sustainable Finance Framework through which the Bank articulates its strategy towards the deployment of Sustainable Financing Instruments (SFIs) to finance or refinance loans to projects with clear E&S benefits. These SFIs conform to global sustainable finance principles, primarily those of the International Capital Market Association (ICMA) and ASEAN Capital Markets Forum. In 2022, RCBC's SFIs comprised of Sustainability Bonds and the Peso Green Time Deposits (the first in Philippine banking, launched by RCBC in February 2022) which refinanced the Bank's sustainable portfolio consisting of roughly 8,000 projects as of the end of 2022 (about 71% attributable to eligible green projects and 29% to eligible social projects). By the end of 2022, the sustainable asset portfolio comprised 12% of the Bank's total loan portfolio.

Both the ESMS and the Sustainable Finance Framework conform to the BSP's directives under BSP Circulars 1085 and 1128. ESMS Policy updates were approved by the Risk Oversight Committee and implemented in September 2022 to primarily incorporate certain requirements of BSP Circular 1128. Updates on the Bank's compliance with the BSP Circulars were also regularly monitored by RCBC through the Sustainable Finance Committee that performs functions in accordance with RCBC's Sustainable Finance Framework.

Internal Control

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

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

- Control Environment

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

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

- Risk Assessment

RCBC's risk assessment is a systematic process of identifying and analyzing relevant inherent and residual risks and the corresponding control mechanisms that can adversely affect the achievement of the Bank's objectives. The assessment helps determine the adequacy and effectiveness of control mechanisms in mitigating risks and the corresponding strengths and weaknesses of the Bank vis-à-vis the risk environment.

RCBC's Risk Oversight Committee (ROC, a Board-level Committee) has responsibility over the Risk Governance Framework (RGF) which provides a detailed discussion on each type of risk, including the identification, measurement and management of these risks. The ROC shall oversee compliance to the established risk appetite, risk management policies, and limits. The assessment of control mechanisms in managing inherent and residual risks by the business units is an effective risk engine in the risk management process. By determining and assessing the risks involved in banking operations, the Bank can decide what types of controls are needed and how they should be managed.

Supporting the ROC in carrying out its mandate are the Risk Management Group (RMG) and Credit Management Group (CMG). These groups are responsible for overseeing the risk-taking activities across the Group, as well as in evaluating whether these remain consistent with the Bank's risk appetite and strategic direction.

RMG is headed by the Bank's Chief Risk Officer (CRO) who serves on a full-time basis and functionally reports to the ROC. The CRO is responsible for overseeing the risk management function and supporting the Board in the development of the risk appetite of the Bank. The CRO leads a team of six different risk areas: i) Enterprise Risk, ii) Portfolio Quality, iii) Market and Liquidity Risk Management, iv) Operational Risk Management, v) Enterprise Fraud Risk, and vi) Information Security Governance.

CMG, headed by the Chief Credit Officer, manages the Bank's credit risk portfolio covering both business and consumer lending exposures, by way of formulating relevant credit risk policies, as well as providing independent credit risk assessment on all exposure types. The CCO provides regular reports and insights on the Bank's portfolio credit quality to stakeholders including the Risk Oversight Committee, and the Senior Management Committee and regulators like the BSP.

- Control Activities

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

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

a. Approvals and authorization for transactions and activities;
b. Reconciliation;
c. Review of operating performance and exception reports;

d. Safeguards or physical controls for use of assets and records;
e. Segregation of duties to reduce a person's opportunity to commit and conceal fraud or errors;
f. Requirement on mandatory leaves;
g. Rotation of duties; and
h. Number control

- Management Reporting System

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

- Monitoring Activities and Correcting Deficiencies

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

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

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

Compliance Function

The compliance function of the Bank facilitates the effective management of compliance risks or risks of legal or regulatory sanctions, material financial loss, or loss to reputation that a bank may suffer as a result of its failure to comply with laws, rules, related self-regulatory organization standards, and codes of conduct applicable to its activities.

The Compliance Function is discharged by the Regulatory Affairs Group (RAG) headed by the Chief Compliance Officer (CCO). RAG is a separate and independent unit with no business function. It reports to the Board of Directors through the Audit and Compliance Committee and the AML Committee.

RAG facilitates the effective management of compliance risks by:

a. Advising the Board of Directors and senior management on relevant laws, rules and standards, including keeping them informed on developments in the area;

b. Apprising Bank personnel on compliance issues, and acting as a contact point within the Bank for compliance queries from its personnel;
c. Establishing written guidance to staff on the appropriate implementation of laws, rules and standards through policies and procedures and other documents such as compliance manuals, internal codes of conduct and practice guidelines;
d. Identifying, documenting and assessing the compliance risks associated with the Bank's business activities, including new products and business units;
e. Assessing the appropriateness of the Bank's compliance procedures and guidelines, promptly following up any identified deficiencies, and where necessary, formulating proposals for amendments;
f. Monitoring and testing compliance by performing sufficient and representative compliance testing; and
g. Maintaining a constructive working relationship with the BSP and other regulators.

The risk stewardship, governance, and control ownership functions of RAG are discharged by six (6) divisions under the direct supervision of the CCO.

a. Under risk stewardship:
    - Centralized Support Compliance Division (CSC)
    - Wholesale Banking Compliance Division (WBC)
    - Consumer Banking Compliance Division (CBC)

    The risk steward function provides regulatory and compliance advice, guidance, opinions, direction, and training to the business. It also ensures that business complies with the letter and spirit of regulations, which will consequently deliver fair outcomes for customers and embed robust risk management culture in the Bank’s processes.

    Each business units and subsidiaries of the Bank have designated risk steward division assisting them to ensure compliance with applicable regulatory requirements.

    CSC
    - Digital Enterprise & Innovations Group
    - IT Shared Services Group
    - Operations Group (excluding Branch, Treasury, and Trust Operations)
    - Data Science and Analytics Group
    - Marketing Group
    - Controllership Group
    - Risk Management Group (excluding Market & Liquidity Risk Department)
    - Security

    WBC
    - Treasury
    - CBG
    - SME
    - GTB
    - CMG – Commercial
    - Market & Liquidity Risk
    - Asset and Remedial Mgt.
    - Corporate Planning
    - Trust & Investments
    - Subsidiaries: RCAP,RSEC, RLFC, RCBC Forex, RCBC

    CBC
    - Retail Banking Group
    - Wealth Management Group

- Branch Services Support Segment
- Branch Operations & Control Segment
- Consumer Lending Group
- CMG – Consumer
- Financial Crime Policy
- Subsidiaries: RCBC Bankard and Rizal Microbank

b. Under governance:
   - Compliance Oversight Division (COD)
   - Compliance Assurance Division (CAD)

   In collaboration with the other RAG divisions, COD creates an information system that provides a top-down view of the governance and status of compliance, regulatory, and AML/CTF risk monitoring. It also communicates and tracks the obligations from regulations, frameworks, policies, and controls identified by the risk stewardship function that require oversight, provides the first line of defense reporting templates to record compliance and areas of concern, and monitors the individual and overall compliance of business units and subsidiaries.

   CAD is responsible for the effective conduct of periodic, independent and objective assessment of compliance-related processes and/or controls. The aim of compliance assurance is to assess whether the elements, processes and controls of the compliance program are designed appropriately and are operating effectively.

c. Under control ownership:
   - Compliance Operations Division - The Compliance Operations Division is responsible for the monitoring, analysis, disposition and investigation of AML alerts; reporting of possible suspicious transactions; filing of reports on crimes and losses; monitoring and filing of covered transactions reports and suspicious transactions reports; recommending new or updating AML alert rules; and updating AML watchlists for name screening.

Internal Audit

The Bank has in place an independent internal audit function headed by the Chief Audit Executive who functionally and administratively reports to the Audit and Compliance Committee.

The scope of work of Internal Audit encompasses, but is not limited to, the examination and evaluation of all business systems, processes, operations, functions and activities within the Bank including functions that are outsourced, its subsidiaries and branches. Such scope of work determines the adequacy and effectiveness of the Bank's risk management, control and governance process to provide reasonable assurance that:

- Risks are appropriately identified and managed in the context of current and potential risks;
- Interaction with various governance groups and control units occurs as needed;
- Programs, plans and objectives are achieved;
- Resources are acquired economically, used efficiently and protected adequately;
- Quality and continuous improvement are fostered in the Bank's control process;
- Significant financial, managerial and operating information is accurate, reliable and timely;
- Employees' actions including performance of trading activities are in compliance with policies, standards, procedures and applicable laws and regulations;
- Significant legislative or regulatory issues impacting the Bank are appropriately recognized and addressed including areas of interest to regulators such as, among others, monitoring of compliance with relevant laws, rules and regulations, including but not limited to the

assessment of the adequacy of capital and provisions; liquidity level; regulatory and internal reporting;

- Management and financial information system including the electronic information system and electronic banking services are reliable and effective and resulting data has integrity

Internal Audit adheres to the applicable professional standards and code of ethics, including the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, Information Systems Audit and Control Association standards and guidelines and the relevant requirements of the BSP and other Bank regulators.

An independent assessment of the internal audit function is conducted every five (5) years by an external auditor through a quality assurance review. In 2020, the internal audit function underwent a full external quality assessment review by an independent assessor and the latest Quality Assessment Report was released on May 11, 2021.

The External Auditor

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

The following are audit and non-audit fees of the bank's external auditor, Punongbayan and Araullo, in 2022 (in Million Pesos):

2022	Audit Fee	Non-Audit Fee	Total
Parent	8.00	3.56	11.56
Group	12.95	4.63	17.58

Non-audit fees include engagements for the quarterly review and agreed upon procedures in connection with the Bank's Offering Circulars.

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 most recent years ended December 31, 2022 and 2021, there were no disagreements with Punongbayan and Araullo on any matter of accounting principles or practices, financial statement disclosures, audit scope or procedures.

Policies

Code of Conduct

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

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

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

a. Treatment of Clients
b. Treatment of Bank Assets
c. Treatment of Others
d. Conflict of Interests
e. Knowledge, Understanding & Compliance

Anti-Corruption Policies

Under Part D of the Code of Conduct on Conflict of Interests, to avoid conflict of interest, employees are to conduct business transactions for the Bank in accordance with Bank policy and avoid direct or indirect use of the Bank's goodwill, reputation, funds and property or other resources for personal gain. This involves, among other things, accepting gifts, entertainment or favors from customers or suppliers; outside employment; outside directorship; and receiving commissions or benefits from customers or suppliers.

In 2022, RAG lifted certain sections from the Bank's Code of Conduct and expanded its provisions to establish the Anti-Bribery and Corruption (ABC) Policy that aligns the Bank's framework to key principles of the UK Bribery Act and the US Foreign Corrupt Practices Act.

The ABC Policy prescribes the standards of professional and ethical conduct for all directors, officers, employees, as well as consultants and agents indirectly representing the Bank, and establishes reasonable thresholds for giving and receiving gifts, entertainment or other personal benefits or privilege in any form which are customary and reasonable under the circumstances.
<u>Gifts and Entertainment</u>. The Bank does not allow solicitation of gifts, directly or indirectly, from customers or suppliers. Under no circumstance do employees accept, directly or indirectly, payments, loans, kickbacks, special privileges or services in exchange for favors.

<u>Favors</u>. The Bank does not buy business. This is obtained on the merits of the Bank's products, services and people. It does not bend rules nor offer money, illegal or inappropriate favors of unusual value to obtain or retain business. In this regard, any and all significant donations or contributions to or through a customer for whatever purpose using Bank property or funds should be with the prior authorization of the concerned Group Head. Should said donation or contribution be through the purchase of a raffle or lottery ticket, any prize or winnings therefrom, regardless of whether the ticket is in the employee's possession or in the employee's name, must be turned over to the Bank.

<u>Receiving Commissions or Benefits</u>. Employees must avoid situations which may unduly influence the relationships with customers or suppliers in a position to transact business with the Bank. Employees must make sure that the procedures laid down in providing customer services or in purchasing goods and services are strictly followed. Employees who have a direct hand in choosing companies from which purchases of the Bank's business requirements are to be made, are discouraged to use said authority to obtain commissions or leverage to purchase the same item/s for personal interests at terms not otherwise available to his/her colleagues or the public. Suppliers and customers are chosen based on merit and not on what can be gained from them.

The Code of Conduct is a main topic included in the Bank's Employee Orientation Program which is held on a regular basis.

The Code of Discipline provides for penalties for violations of the Code of Conduct. Administrative cases are handled in accordance with the Bank's Administrative Cases Procedure and existing laws. The Personnel Evaluation and Review Committee, as mentioned, acts as an independent body in the evaluation and review of cases involving dishonesty, fraud, negligence or violation of any internal Bank policy, rule or procedure committed by an RCBC employee and ensures that the appropriate preventive, corrective and disciplinary measures are imposed on cases involving dishonesty, fraud, negligence or violation of any internal Bank policy, rule or procedure committed by a Bank employee.

Use of Insider Information

There are laws that prohibit the use of inside information when buying, selling or trading publicly traded securities, including RCBC securities. Insider information can take many forms, but always includes information not available to the public and which might influence an investor's decision to buy, sell or hold securities in a company.

Under the Code of Conduct, employees are prohibited from buying, selling or trading RCBC securities or the securities of other companies about which employees have inside information, until that information becomes public. In addition, this information should not be shared with anyone else, including family members or friends or anyone about trading in any securities based on this information.

Whistleblowing Policy

The Bank's Whistleblowing Policy is a key element in safeguarding the Bank's integrity. It aims to enhance the Bank's transparency and system for combating practices that might damage its activities and reputation. Protecting the integrity and reputation of the Bank requires the active support of its stakeholders, particularly its employees.

The following are the basic principles of the Bank's Whistleblowing Policy:

1. Employees and other stakeholders must be provided with alternative and sufficient channels for whistleblowing and communication. In certain instances, they must be able to bypass the main channels for whistleblowing if these prove inappropriate;
2. Employees and other stakeholders making the report in good faith should at all times be protected against reprisals;
3. Identity of the whistleblower making the report in good faith should remain confidential;
4. Reported incidents shall be verified in an appropriate manner, and if confirmed, the Bank must take the necessary actions; and
5. The rights of any person implicated in any report must be respected.

Reports of any actual or suspected criminal activities, unlawful acts or omissions, fraud, violations of the Code of Conduct and other bank policies, danger to health and safety, improprieties or malpractice in the workplace, including those relative to matters of financial reporting, internal control and/or auditing may be sent through YGC's Open Communication system www.rcbc.com/TalktoUs.

Anti-Money Laundering

The Bank to embedding a culture of compliance in its overall structure as this is critical to the development and ongoing administration of an effective Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Program. The Board commitment to this objective is set forth in this Money Laundering and Terrorist Financing Prevention Program (MTPP). In combating money laundering, terrorist financing, and proliferation financing, the Bank shall apply the following principles:

1. Conduct business in conformity with high ethical standards in order to protect the safety and soundness of the Bank as well as the integrity of the national banking and financial system;
2. Know the customer sufficiently at all times and ensure that the financially or socially disadvantaged are not denied access to financial services while at the same time prevent suspicious individuals or entities from opening or maintaining an account or transacting with the covered person by himself or otherwise;

3. Adopt and effectively implement a sound money laundering, terrorist financing, and proliferation financing prevention risk management system that identifies, assesses, monitors and controls risks associated with money laundering and terrorist financing;
4. Comply fully with Part Nine of the MORB, existing laws, and implementing rules and regulations aimed at combating money laundering and terrorist financing by making sure that officers and employees are aware of their respective responsibilities and carry them out in accordance with superior and principled culture of compliance; and
5. Fully cooperate with the Anti-Money Laundering Council for the effective implementation and enforcement of the Anti-Money Laundering Act, as amended, the Terrorist Financing Suppression and Prevention Act, and the Anti-Terrorism Act, and their respective Implementing Rules and Regulations.

The MTPP is strategically aligned with the results of the National Risk Assessment (NRA) on Money Laundering (ML) and Terrorist Financing (TF) of the Philippines, a government-wide assessment of the overall exposure of the country to money laundering and its related predicate offenses, terrorism and terrorist financing. It is a comprehensive process of identifying and analyzing the money laundering and terrorist financing (ML/TF) risks within the realm of the supervised sectors, financial institutions, and covered persons and entities under the AMLA, as amended.

The MTPP shall be updated at least once every two years or as needed to properly adhere to the new rules and regulations of regulatory agencies, laws of the Republic of the Philippines and other countries, and policies and procedures of the Bank.

Related Party Transactions

On September 26, 2022, the Board approved the revised Policy on Related Party Transactions (RPT) following SEC Memorandum Circular No. 10, series of 2019 or the "Rules on Material Related Party Transactions for Publicly-listed Companies" issued on April 27, 2019. The policy defines related party transactions as transactions or dealings with related parties of the Bank, including its trust department, regardless of whether or not a price is charged. These shall include, but not limited, to the following:

- On- and off-balance sheet credit exposures and claims and write-offs;
- Investments and/or subscriptions for debt/equity issuances;
- Consulting, professional, agency and other service arrangements/contracts;
- Purchases and sales of assets, including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements)
- Construction arrangements/contracts;
- Lease arrangements/contracts;
- Trading and derivative transactions;
- Borrowings, commitments, fund transfers and guarantees;
- Sale, purchase or supply of any goods or materials; and
- Establishment of joint venture entities

RPTs shall be interpreted broadly to include not only transactions that are entered into with RPTs shall be interpreted broadly to include not only transactions that are entered into with related parties but also outstanding transactions that were entered into with an unrelated party that subsequently becomes a related party.

The term "related parties" under the Bank's updated RPT Policy has been expanded in scope as it broadens the definition of "close family members" to include relatives of the Bank's Directors, Officers and Stockholders within the fourth degree of consanguinity or affinity, legitimate or common-law. Related parties also include corresponding persons in affiliated companies, those with direct or indirect linkages with the Bank, members of the Bank's Advisory Board and subsidiaries of related parties.

The Bank constituted the RPT Committee and RPT Management Committee to review and approve, as the case may be, RPTs.

The RPT Committee 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, and 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 Board for approval.

All material RPTs shall be approved by at least two-thirds vote of the Board, with at least a majority of the independent directors voting to approve the material RPT. In case that a majority of the independent directors' vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. Material RPTs approved by the Board shall be submitted to the Stockholders for confirmation during the Annual Stockholders Meeting.

The RPT Management Committee reviews and approves 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 to such related parties than similar transactions with non-related parties under similar circumstances. On favorable review, the RPT Management Committee approves the non-material RPT and submits the same to the BOD for confirmation.

Transactions with related parties involving amounts of at least Php10 million are considered as material RPTs. This threshold shall not apply to DOSRI loans and other credit accommodations and guarantees, and other transactions requiring Board approval under the regulations (e.g., cross-selling, outsourcing) which are always considered "material" regardless of amount. Where the amount involved in the transaction is at least 10% of the combined assets of the RCBC Group, the transaction shall be accompanied by a fairness opinion issued by an external independent party to be appointed by the Board.

The Bank observes the following limits on exposures to related parties:

	INDIVIDUAL	AGGREGATE
LOANS / CREDIT	SBL	50% of Capital
OTHER CONTRACT	NONE*	10% of Capital

* Not to exceed the aggregate limit for Other Contracts

The Bank submits a quarterly report to the BSP on material exposures to related parties, which include the material RPTs of non-bank financial subsidiaries and affiliates. A summary of material RPTs entered into during the reporting year is also disclosed in the Bank's Integrated Annual Corporate Governance Report.

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Details of the Bank's major related party transactions in 2022 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 27.3, Notes to Financial Statements].

- *Retirement Fund* - The Parent Company and certain subsidiaries' retirement funds covered under their post-employment plan maintained for qualified employees are administered and managed by the Parent Company's Trust & Investments Group (TIG) in accordance with the respective trust agreements covering the plan [Note 27.4, Notes to Financial Statements].

- *Sale of ATYC to ATYCI* - The Parent Company sold a portion of its ATYC bank premises and investment properties to ATYCI and immediately leased back from the latter. In October 2022, the Parent Company entered into a five-year lease agreement with ATYCI. The Parent Company's lease contract is effective until September 30, 2027 [Notes 27.5(a) and 27.5(b), Notes to Financial Statements].

- *Increase in shareholding of SMBC* - On November 2, 2022, the Bank's BOD approved the increase in shareholding of SMBC, an existing shareholder of 4.99% of the total outstanding common stock of the Bank, to 20% through the combined sale of subscription of an aggregate of 382 common stock to SMBC, partly coming from the reissuance of treasury shares and issuance of new common stock, at the price of P71 per share. As of the report date of the 2022 financial statements, there is still no capital infusion in relation to this transaction [Notes 27.5(d), Notes to Financial Statements].

The Group's significant transactions with its related parties as of end December 2022 include loans and receivables and deposit liabilities. The total amount of loans outstanding was at P24.0 Billion [Note 27.1, Notes to Financial Statements] while total deposit liabilities was at P19.8 Billion [Note 27.2, Note to Financial Statements] as of December 31, 2022.

Other RPTs include:

- *Lease contract with RCBC Rental Corporation (RRC) and Sublease Agreements with Subsidiaries* - The Parent Company and certain subsidiaries occupy several floors of RCBC Plaza as leaseholders of RRC. The occupancy of some of the subsidiaries in RCBC Plaza is covered by sublease agreements with the Bank. The Bank's lease contract with RRC is effective until December 31, 2025.

- *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.

- 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.- A Thrift Bank of RCBC,, 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 RRC for the lease of 1,600 new ATMs with a lease 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 years. It 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.

(J) Undertaking to Provide Annual Report

The Bank undertakes to provide each stockholder without charge a copy of the annual report on SEC Form 17-A upon written request to the Bank addressed to:

Atty. George Gilbert G. dela Cuesta
Corporate Secretary
Rizal Commercial Banking Corporation
46/F, Yuchengco Tower, RCBC Plaza
6819 Ayala Ave. cor. Sen. Gil J. Puyat Ave.
Makati City

Annex "B"

COVER SHEET

1	7	5	1	4

S.E.C. Registration Number

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

(Company's Full Name)

YUCHENGCO TOWER, RCBC PLAZA, 6819 AYALA AVENUE, MAKATI CITY

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

MARIETA O. MIRANDA

Contact Person

8894 9932

Company Telephone Number

12 31

Month *Day*

Fiscal Year

17-A

FORM TYPE

06 27

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

SEC

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

748

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Tristan John Kabigting

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Mon, Apr 3, 2023 at 10:24 AM
To:
Cc

Hi RIZAL COMMERCIAL BANKING CORPORATION,

Valid files

- EAFS000599760ITRTY122022.pdf
- EAFS000599760AFSTY122022.pdf
- EAFS000599760RPTTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-C95FCGLA0A7L798FDP21YPYPS07JF89L66**
Submission Date/Time: **Apr 03, 2023 10:24 AM**
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.

This is a system-generated e-mail. Please do not reply.

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, 2022 (including the comparative financial statements as of December 31, 2021 and for the years ended December 31, 2021 and 2020), 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.

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

MAR 0 8 2023

SUBSCRIBED AND SWORN TO BEFORE ME, this ___ day of _______ , 2023 at Makati City, Philippines, affiants exhibited to me their valid identifications, to wit:

Name	*ID No.*	*Date/Place of Issue*
Helen Y. Dee		
Eugene S. Acevedo		
Alberto N. Pedrosa		
Florentino M. Madonza		

ATTY. CATALINO VICENTE L. ARABIT
NOTARY PUBLIC
Appointment No
PTR No
IBP No.
ROLL NO
MCLE Compliance No

Doc. No. 36 ;
Page No. 9 ;
Book No. 638 ;
Series of 2024

P&A Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Rizal Commercial Banking Corporation and Subsidiaries

December 31, 2022, 2021 and 2020

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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2022 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, 2022, the Group's and the Parent Company's expected credit loss (ECL) allowance for loans and receivables amounted to P16,030 million and P15,088 million, respectively, while the carrying amount of loans and receivables amounted to P558,869 million and P551,214 million, respectively (see Note 11). 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 of loans and receivables 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 and probability of default for corporate loans, flow rates for consumer loans, 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 continuing impact of COVID-19 pandemic to the Group's and Parent Company's loans and receivables. With the changes in the current economic condition and granular behavior analysis of customers, the management has enhanced its existing ECL model in 2022 to reflect the continuing 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. Furthermore, the Group and Parent Company have already incorporated the post-model adjustments to the enhanced ECL model by re-segmentation of loan portfolios for probability of default and estimation of adjustments on loss given default based on bimodal behavior of defaulted accounts. The revised ECL model considers the impact of COVID-19 in its business as-usual calculation.

The summary of significant accounting policies, the significant judgments, 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 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 Group's enhanced ECL model.

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

- reviewed the changes on the Group's enhanced ECL model and engaged our Firm specialist to assist in evaluating the appropriateness of methodologies and assumptions used in the ECL calculation;

- 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 past due determination based on portfolio flow rates, and evaluated the appropriateness of the specific model 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; and,

- 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 the Group's and Parent Company's loan portfolios and industry where the Group operates.

As part of our audit of the ECL methodology, we reviewed 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 verified 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 and appropriateness of the disclosures in the financial statements against the requirements of the relevant financial reporting standards.

(b) Accounting for 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 and natural calamities to allow them to get back in the habit of paying loans and receivables. As at December 31, 2022, the total outstanding balance of loans and receivables modified under the Group's and Parent Company's financial support program amounted to P35,695 million and P33,086 million, respectively (see Note 4).

Management has assessed that these modifications were 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 loan 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 loan modification, as 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 reviewed 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 Equity Securities

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 P2,112 million and P2,088 million, respectively, as of December 31, 2022 (see Note 10). 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 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 engaged our Firm valuation specialist 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 net asset value method, we involved our Firm valuation specialist to evaluate the appropriateness of the valuation method and reasonableness of the fair value of the net assets of the counterparties. We also verified the mathematical accuracy of the calculation for both valuation techniques used by management.

(d) Impairment Assessment of Goodwill and Branch Licenses

Description of the Matter

The Group and the Parent Company has goodwill of P426 and P269 million, respectively, and branch licenses with indefinite useful lives amounting to P1,000 million as of December 31, 2022. These are reported as part of Other Resources in the 2022 statement of financial position of the Group and Parent Company.

Under PFRS, the Group and the Parent Company are required to annually test the amount of goodwill and branch license with indefinite useful lives for impairment. This annual impairment testing of goodwill and branch licenses with indefinite useful lives for impairment is considered to be a key audit matter because of the complexity of the management’s process in assessing the recoverability of the intangible assets. In addition, the assumptions used in determining the cash generating units (CGUs) where the goodwill and branch licenses with indefinite useful lives are allocated and estimating the recoverable amount involves significant judgment. The recoverable amount of the CGUs has been computed using discounted cash flows method. This valuation method uses several key assumptions, including estimates for forecasted statements of financial position and income of CGUs, terminal value growth rates and discount rates. Hence, we assessed this as a key audit matter.

The Group and the Parent Company's disclosures about goodwill and branch licenses are included in Notes 2, 3 and 15 to the financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to impairment of goodwill and branch licenses with indefinite useful lives included, among others, evaluating the appropriateness of valuation methodologies and related assumptions used by the management, in particular, those relating to the forecasted statements of financial position and statement of income as well as the discount and growth rates used. We have engaged our Firm valuation specialist to assist in evaluating the appropriateness of the valuation method and assumptions used in estimating the recoverable amount of CGUs. In addition, our audit of the financial statements of the Group and the Parent Company as of and for the year ended December 31, 2022 did not identify events or conditions that may indicate impairment of the Group's and the Parent Company's goodwill and branch licenses and our recalculation is not materially different with the Group's computation.

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, 2022, 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, 2022 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, in 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 25 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, 2022, 2021 and 2020 required by the Bangko Sentral ng Pilipinas (BSP) as disclosed in Note 33 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 Maria Isabel E. Comedia.

PUNONGBAYAN & ARAULLO

By: Maria Isabel E. Comedia
Partner

CPA Reg. No.
TIN
PTR
SEC Group
Partner
Firm
BIR
Firm's BOA/PRC Cert. of Reg.

February 27, 2023

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
(Amounts in Millions of Philippine Pesos)

	Notes	GROUP				PARENT COMPANY			
		2022		2021		**2022**		2021	
R E S O U R C E S									
CASH AND OTHER CASH ITEMS	9	**P**	**18,078**	P	14,691	**P**	**18,024**	P	14,663
DUE FROM BANGKO SENTRAL NG PILIPINAS	9		**156,664**		130,170		**155,340**		128,931
DUE FROM OTHER BANKS	9		**5,836**		12,162		**5,383**		11,860
LOANS ARISING FROM REVERSE REPURCHASE AGREEMENTS	9		**8,724**		11,691		**8,552**		11,656
TRADING AND INVESTMENT SECURITIES - Net	10		**374,365**		219,235		**371,732**		216,177
LOANS AND RECEIVABLES - Net	11		**558,869**		538,302		**551,214**		530,464
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES - Net	12		**379**		344		**7,035**		7,027
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	13		**11,264**		12,660		**9,546**		10,571
INVESTMENT PROPERTIES - Net	14		**2,616**		3,572		**2,488**		3,435
DEFERRED TAX ASSETS - Net	25		**3,740**		3,206		**3,508**		3,013
OTHER RESOURCES - Net	15		**13,573**		13,100		**11,927**		12,497
TOTAL RESOURCES		**P**	**1,154,108**	P	959,133	**P**	**1,144,749**	P	950,294

See Notes to Financial Statements.

	Notes	GROUP 2022	GROUP 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
LIABILITIES AND EQUITY					
DEPOSIT LIABILITIES	17	**P 857,244**	P 672,459	**P 857,639**	P 674,414
BILLS PAYABLE	18	**66,660**	55,904	**58,391**	46,399
BONDS PAYABLE	19	**74,411**	87,215	**74,411**	87,215
ACCRUED INTEREST, TAXES AND OTHER EXPENSES	20	**8,428**	6,097	**8,192**	5,880
OTHER LIABILITIES	21	**31,004**	26,378	**29,832**	25,393
Total Liabilities		**1,037,747**	848,053	**1,028,465**	839,301
EQUITY	22				
Attributable to:					
Parent Company's Shareholders		**116,353**	111,062	**116,284**	110,993
Non-controlling Interests		**8**	18	**-**	-
		116,361	111,080	**116,284**	110,993
TOTAL LIABILITIES AND EQUITY		**P 1,154,108**	P 959,133	**P 1,144,749**	P 950,294

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Millions of Philippine Pesos, Except Per Share Data)

	Notes	GROUP 2022	GROUP 2021	GROUP 2020	PARENT COMPANY 2022	PARENT COMPANY 2021	PARENT COMPANY 2020
INTEREST INCOME							
Loans and receivables	11	**P 34,970**	P 31,900	P 33,909	**P 34,367**	P 31,095	P 33,031
Trading and investment securities	10	**9,755**	4,448	2,079	**9,683**	4,379	1,991
Due from BSP and other banks	9	**1,110**	763	964	**1,077**	755	945
		45,835	37,111	36,952	**45,127**	36,229	35,967
INTEREST EXPENSE							
Deposit liabilities	17	**10,057**	4,059	5,288	**10,055**	4,056	5,265
Bills payable and other borrowings	18, 19, 21, 23	**4,562**	4,221	5,383	**4,173**	3,837	4,877
		14,619	8,280	10,671	**14,228**	7,893	10,142
NET INTEREST INCOME		**31,216**	28,831	26,281	**30,899**	28,336	25,825
IMPAIRMENT LOSSES - Net	16						
Financial assets	4, 10, 11	**5,347**	5,013	9,108	**5,131**	4,912	8,686
Non-financial assets	14, 15	**359**	1,035	267	**358**	1,021	265
		5,706	6,048	9,375	**5,489**	5,933	8,951
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		**25,510**	22,783	16,906	**25,410**	22,403	16,874
OTHER OPERATING INCOME							
Service fees and commissions	2	**5,469**	4,549	3,506	**5,112**	4,047	3,320
Gain on assets sold - net	13, 14	**3,088**	101	36	**2,985**	196	7
Foreign exchange gains - net	19	**1,567**	181	574	**1,555**	171	558
Trust fees	26	**415**	392	323	**415**	392	323
Trading and securities gains (losses) - net	10	**(37)**	863	6,084	**22**	856	6,040
Share in net earnings (losses) of subsidiaries and associates	12	**32**	12	(94)	**154**	477	(70)
Miscellaneous - net	24	**2,704**	1,465	1,203	**2,012**	575	506
		13,238	7,563	11,632	**12,255**	6,714	10,684
TOTAL OPERATING INCOME *(Forward)*		**P 38,748**	P 30,346	P 28,538	**P 37,665**	P 29,117	P 27,558

See Notes to Financial Statements.

	Notes	GROUP 2022	GROUP 2021	GROUP 2020	PARENT COMPANY 2022	PARENT COMPANY 2021	PARENT COMPANY 2020
TOTAL OPERATING INCOME		**P 38,748**	P 30,346	P 28,538	**P 37,665**	P 29,117	P 27,558
OTHER OPERATING EXPENSES							
Employee benefits	23	**6,563**	6,371	6,626	**5,794**	5,686	5,896
Taxes and licenses	25	**4,645**	3,475	3,184	**4,508**	3,341	3,062
Depreciation and amortization	13, 14, 15	**3,037**	3,020	2,924	**2,544**	2,524	2,491
Occupancy and equipment-related	27, 28	**2,908**	2,820	2,819	**2,813**	2,763	2,777
Miscellaneous	24	**7,947**	6,849	6,492	**8,408**	7,196	6,875
		25,100	22,535	22,045	**24,067**	21,510	21,101
PROFIT BEFORE TAX		**13,648**	7,811	6,493	**13,598**	7,607	6,457
TAX EXPENSE	25	**1,568**	728	1,475	**1,518**	525	1,437
NET PROFIT		**P 12,080**	P 7,083	P 5,018	**P 12,080**	P 7,082	P 5,020
ATTRIBUTABLE TO:							
PARENT COMPANY'S SHAREHOLDERS		**P 12,080**	P 7,082	P 5,020			
NON-CONTROLLING INTERESTS		**-**	1	(2)			
		P 12,080	P 7,083	P 5,018			
Earnings Per Share							
Basic and diluted	29	**P 5.42**	P 3.09	P 2.43			

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Millions of Philippine Pesos)

		GROUP			PARENT COMPANY		
	Notes	**2022**	2021	2020	**2022**	2021	2020
NET PROFIT		**P 12,080**	P 7,083	P 5,018	**P 12,080**	P 7,082	P 5,020
OTHER COMPREHENSIVE INCOME (LOSS)							
Items that will not be reclassified subsequently to profit or loss							
Actuarial gains on defined benefit plan	23	**782**	425	361	**782**	375	361
Fair value gains (losses) on equity securities at fair value through other comprehensive income (FVOCI)	10, 22	**191**	548	(570)	**272**	490	(591)
Share in other comprehensive income (losses) of the subsidiaries and associates:							
Actuarial gains (losses) on defined benefit plan	12	**4**	(3)	(8)	**4**	47	(8)
Fair value gains (losses) on equity securities at FVOCI	12, 22	**-**	-	-	**(81)**	58	21
		977	970	(217)	**977**	970	(217)
Items that will be reclassified subsequently to profit or loss							
Fair value gains (losses) on debt securities at FVOCI	10, 22	**(5,446)**	(823)	339	**(5,446)**	(823)	339
Translation adjustments on foreign operations	22	**-**	-	1	**-**	-	1
		(5,446)	(823)	340	**(5,446)**	(823)	340
Total Other Comprehensive Income (Loss)	22	**(4,469)**	147	123	**(4,469)**	147	123
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**P 7,611**	P 7,230	P 5,141	**P 7,611**	P 7,229	P 5,143
ATTRIBUTABLE TO:							
PARENT COMPANY'S SHAREHOLDERS		**P 7,611**	P 7,229	P 5,143			
NON-CONTROLLING INTERESTS		**-**	1	(2)			
		P 7,611	P 7,230	P 5,141			

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(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, 2022		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
Transactions with owners:														
Reissuance of treasury shares	22	-	-	(12)	-	-	-	-	-	-	-	(12)	-	(12)
Cash dividends	22	-	-	-	-	-	-	-	-	-	(2,308)	(2,308)	-	(2,308)
		-	-	(12)	-	-	-	-	-	-	(2,308)	(2,320)	-	(2,320)
Net profit for the year		-	-	-	-	-	-	-	-	-	12,080	12,080	-	12,080
Other comprehensive loss		-	-	-	-	(4,469)	-	-	-	-	-	(4,469)	-	(4,469)
General loan loss appropriation	22	-	-	-	-	-	-	-	-	207	(207)	-	-	-
Changes in ownership interest of a subsidiary	22	-	-	-	-	-	-	-	11	-	(11)	-	(10)	(10)
Transfer from surplus to reserve for trust business	26	-	-	-	-	-	-	24	-	-	(24)	-	-	-
		-	-	-	-	(4,469)	-	24	11	207	11,838	7,611	(10)	7,601
Balance at December 31, 2022		**P 22,509**	**P 3**	**P 42,493**	**P 14,463**	**(P 6,392)**	**(P 9,287)**	**P 532**	**(P 86)**	**P 3,824**	**P 48,294**	**P 116,353**	**P 8**	**P 116,361**
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	22	-	-	(63)	-	-	4,432	-	-	-	-	4,369	-	4,369
Cash dividends	22	-	-	-	-	-	-	-	-	-	(1,897)	(1,897)	-	(1,897)
		-	-	(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	22	-	-	-	-	-	-	-	-	166	(166)	-	-	-
Transfer from surplus to reserve for trust business	26	-	-	-	-	-	-	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	22	-	-	-	14,463	-	-	-	-	-	-	14,463	-	14,463
Cash dividends	22	-	-	-	-	-	-	-	-	-	(1,076)	(1,076)	-	(1,076)
		-	-	-	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	22	-	-	-	-	-	-	-	-	319	(319)	-	-	-
Transfer from surplus to reserve for trust business	26	-	-	-	-	-	-	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

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, 2022		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
Transactions with owners:											
Reissuance of treasury shares	22	-	-	(12)	-	-	-	-	-	-	(12)
Cash dividends	22	-	-	-	-	-	-	-	-	(2,308)	(2,308)
		-	-	(12)	-	-	-	-	-	(2,308)	(2,320)
Net profit for the year		-	-	-	-	-	-	-	-	12,080	12,080
Other comprehensive income		-	-	-	-	(4,469)	-	-	-	-	(4,469)
General loan loss appropriation	22	-	-	-	-	-	-	-	207	(207)	-
Transfer from surplus to reserve for trust business	26	-	-	-	-	-	-	24	-	(24)	-
		-	-	-	-	(4,469)	-	24	207	11,849	7,611
Balance at December 31, 2022		**P 22,509**	**P 3**	**P 42,493**	**P 14,463**	**(P 6,392)**	**(P 9,287)**	**P 532**	**P 3,823**	**P 48,140**	**P 116,284**
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	22	-	-	(63)	-	-	4,432	-	-	-	4,369
Cash dividends	22	-	-	-	-	-	-	-	-	(1,897)	(1,897)
		-	-	(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	22	-	-	-	-	-	-	-	176	(176)	-
Transfer from surplus to reserve for trust business	26	-	-	-	-	-	-	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	22	-	-	-	14,463	-	-	-	-	-	14,463
Cash dividends	22	-	-	-	-	-	-	-	-	(1,076)	(1,076)
		-	-	-	14,463	-	-	-	-	(1,076)	13,387
Net profit for the year		-	-	-	-	-	-	-	-	5,020	5,020
Other comprehensive loss	22	-	-	-	-	123	-	-	-	-	123
General loan loss appropriation		-	-	-	-	-	-	-	310	(310)	-
Transfer from surplus to reserve for trust business		-	-	-	-	-	-	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

See Notes to Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Millions of Philippine Pesos)

	Notes	GROUP 2022	GROUP 2021	GROUP 2020	PARENT COMPANY 2022	PARENT COMPANY 2021	PARENT COMPANY 2020
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before tax		**P 13,648**	P 7,811	P 6,493	**P 13,598**	P 7,607	P 6,457
Adjustments for:							
Interest income	9, 10, 11	**(45,835)**	(37,111)	(36,952)	**(45,127)**	(36,229)	(35,967)
Interest received		**45,379**	35,416	35,607	**44,516**	34,676	34,780
Interest expense	17, 18, 19, 21, 23	**14,619**	8,280	10,671	**14,228**	7,893	10,142
Interest paid		**(12,577)**	(8,244)	(11,669)	**(12,145)**	(7,892)	(11,142)
Impairment losses - net	16	**5,706**	6,048	9,375	**5,489**	5,933	8,951
Gain on assets sold - net	13, 14	**(3,088)**	(101)	(37)	**(2,985)**	(65)	(11)
Depreciation and amortization	13, 14, 15	**3,037**	3,020	2,924	**2,544**	2,524	2,491
Recoveries from written-off assets	24	**(486)**	(223)	(102)	**(486)**	(223)	(99)
Dividend income	24	**(293)**	(105)	(78)	**(227)**	(39)	(16)
Share in net losses (earnings) of subsidiaries and associates	12	**(32)**	(12)	94	**(154)**	(477)	70
Gain on sale of financial assets at amortized cost -net	10	**-**	-	(2,695)	**-**	-	(2,678)
Operating profit before working capital changes		**20,078**	14,779	13,631	**19,251**	13,708	12,978
Decrease (increase) in financial assets at fair value through profit and loss		**(1,174)**	(975)	660	**(1,260)**	(1,064)	985
Increase in loans and receivables		**(35,643)**	(62,435)	(25,935)	**(35,452)**	(62,076)	(25,969)
Decrease (increase) in investment properties		**2,093**	(359)	4	**2,009**	(363)	38
Decrease (increase) in other resources		**180**	(2,636)	(3,320)	**725**	(1,937)	(3,703)
Increase in deposit liabilities		**184,785**	136,671	79,207	**183,225**	137,666	80,155
Increase in accrued interest, taxes and other expenses		**256**	130	326	**189**	194	394
Increase (decrease) in other liabilities		**13,716**	(1,628)	(31)	**14,091**	(2,729)	(454)
Cash generated from operations		**184,291**	83,547	64,542	**182,778**	83,399	64,424
Income taxes paid		**(2,069)**	(859)	(2,009)	**(1,973)**	(773)	(1,921)
Net Cash From Operating Activities		**182,222**	82,688	62,533	**180,805**	82,626	62,503
CASH FLOWS FROM INVESTING ACTIVITIES							
Additional investments in securities at amortized cost	11	**(149,832)**	(230,816)	(174,920)	**(148,342)**	(230,816)	(174,920)
Acquistion of securities at at fair value through other comprehensive income (FVOCI)	10	**(131,018)**	(127,044)	(201,531)	**(130,903)**	(126,809)	(201,351)
Proceeds from redemption and maturity of securities at amoritzed cost	11	**61,045**	110,217	235,515	**59,894**	110,418	235,304
Disposal of securities at FVOCI	10	**60,578**	117,158	215,395	**59,863**	116,890	214,711
Acquisitions of bank premises, furniture, fixtures, and equipment	13	**(1,627)**	(1,333)	(1,764)	**(1,251)**	(995)	(773)
Proceeds from disposals of bank premises, furniture, fixtures and equipment	13	**2,487**	88	92	**2,032**	95	39
Acquisitions of software	15	**(334)**	(494)	(591)	**(333)**	(493)	(575)
Cash dividends received	12, 25	**293**	105	78	**798**	663	659
Net Cash From (Used in) Investing Activities *(Forward)*		**(P 158,408)**	(P 132,119)	P 72,274	**(P 158,242)**	(P 131,047)	P 73,094

See Notes to Financial Statements.

	Notes	GROUP 2022	GROUP 2021	GROUP 2020	PARENT COMPANY 2022	PARENT COMPANY 2021	PARENT COMPANY 2020
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from availments of bills payable	18, 30	**P 62,142**	P 148,820	P 284,718	**P 55,380**	P 142,675	P 276,859
Payments of bills payable	18, 30	**(52,865)**	(104,018)	(371,858)	**(44,867)**	(98,411)	(365,298)
Maturity of bonds payable	19, 30	**(31,170)**	(18,810)	(27,371)	**(31,170)**	(18,810)	(27,371)
Issuance of bonds payable	19, 30	**14,756**	17,873	23,670	**14,756**	17,873	23,670
Payment of lease liabilities	21	**(5,311)**	(1,360)	(1,173)	**(5,695)**	(1,205)	(1,113)
Dividends paid	22	**(2,308)**	(1,897)	(1,076)	**(2,308)**	(1,897)	(1,076)
Reissuance of treasury shares	22	**(12)**	4,369	-	**(12)**	4,369	-
Net proceeds from issuance of hybrid perpetual securities	22	**-**	-	14,463	**-**	-	14,463
Net Cash From (Used in) Financing Activities		**(14,768)**	44,977	(78,627)	**(13,916)**	44,594	(79,866)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**9,046**	(4,454)	56,180	**8,647**	(3,827)	55,731
CASH AND CASH EQUIVALENTS AT BEGINNING 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
		199,277	203,731	147,551	**197,673**	201,500	145,769
CASH AND CASH EQUIVALENTS AT END OF YEAR							
Cash and other cash items	9	**18,078**	14,691	16,520	**18,024**	14,663	16,464
Due from Bangko Sentral ng Pilipinas	9	**156,664**	130,170	115,467	**155,340**	128,931	113,949
Due from other banks	9	**5,836**	12,162	15,707	**5,383**	11,860	15,214
Loans arising from reverse repurchase agreements	9	**8,724**	11,691	13,356	**8,552**	11,656	13,226
Interbank loans receivable	9, 11	**19,021**	30,563	42,681	**19,021**	30,563	42,647
		P 208,323	P 199,277	P 203,731	**P 206,320**	P 197,673	P 201,500

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	
	2022	2021	**2022**	2021
Automated teller machines (ATMs)	**1,352**	1,245	**1,352**	1,245
Branches	**456**	428	**440**	412
Extension offices	**6**	6	**4**	4

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, 2022 and 2021, Cathay Life Insurance Corporation (Cathay) also owns 22.19% 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 2022 and 2021:

Subsidiaries and Associates	Line of Business	Explanatory Notes	Effective Percentage of Ownership 2022	2021
Subsidiaries:				
RCBC Forex Brokers Corporation (RCBC Forex)	Foreign exchange dealing		**100.00**	100.00
RCBC Telemoney Europe (RCBC Telemoney)	Remittance		**100.00**	100.00
RCBC International Finance Limited (RCBC IFL)	Remittance		**100.00**	100.00
RCBC Investment Ltd.	Remittance	(a)	**100.00**	100.00
RCBC Capital Corporation (RCBC Capital)	Investment house		**99.96**	99.96
RCBC Securities, Inc. (RSI or RCBC Securities)	Securities brokerage and dealing	(b)	**99.96**	99.96
RCBC Bankard Services Corporation (RBSC)	Credit card management	(b)	**99.96**	99.96
RCBC-JPL Holding Company, Inc. (RCBC JPL)	Property holding		**99.41**	99.41
Rizal Microbank, Inc. (Rizal Microbank)	Thrift banking and microfinance		**100.00**	98.03
RCBC Leasing and Finance Corporation (RCBC LFC)	Financial leasing		**99.67**	99.67
RCBC Rental Corporation (RRC)	Property leasing	(c)	**99.67**	99.67
Special Purpose Companies (SPCs):	Real estate buying and selling	(d)		
Cajel Realty Corporation (Cajel)			**100.00**	100.00
Niyog Property Holdings, Inc. (NPHI)			**100.00**	100.00
Associates:				
YGC Corporate Services, Inc. (YCS)	Support services for YGC		**40.00**	40.00
Luisita Industrial Park Co. (LIPC)	Real estate buying, developing, selling and rental		**35.00**	35.00
Honda Cars Phils., Inc. (HCPI)	Sale of motor vehicles		**12.88**	12.88

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 15.1).

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, 2022 (including the comparative financial statements as of December 31, 2021 and for the years ended December 31, 2021 and 2020) were approved and authorized for issue by the Board of Directors (BOD) of the Parent Company on February 27, 2023.

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, 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 2.16). 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. The financial statements of the Group's foreign currency deposit unit (FCDU), which is reported in United States (US) dollar, are translated to Philippine peso based on Philippine Dealing System (PDS) closing rates at the end of reporting period for the statement of financial position accounts and at the average PDS rate for the period for the profit and loss.

2.2 Adoption of Amended PFRS

(a) Effective in 2022 that are Relevant to the Group

The Company adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2022:

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
PFRS 3 (Amendments)	:	Business Combinations – Reference to the Conceptual Framework
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the 10 per cent' Test for Derecognition of Liabilities
PFRS 16 (Amendments)	:	Leases – Lease Incentives

Discussed below are the relevant information about these pronouncements.

(i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use.* The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact on the Group's financial statements as there were no sales of such items produced by property, plant and equipment made before being available for use on or after the beginning of the earliest period presented.

(ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract.* The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. Costs that relate directly to a contract include both incremental costs of fulfilling that contract (e.g., direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g., the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments resulted in a revision in the Group's policy to include both incremental costs and an allocation of other costs when determining whether a contract was onerous. The amendments apply prospectively to contracts existing at the date when the amendments are first applied. Management assessed that there is no significant impact on the Group's financial statements as a result of the change since none of the existing contracts as of January 1, 2022 would be identified as onerous after applying the amendments.

(iii) PFRS 3 (Amendments), *Business Combinations – Reference to the Conceptual Framework*. The amendments are responses to feedback received from the post-implementation review of IFRS 3. The amendment clarify the minimum attributes that the acquired set of activities and assets must have to be considered a business. To meet the definition of a business, the acquired set of activities and assets must have inputs and substantive processes that can collectively significantly contribute to the creation of outputs. The amendments removed the assessment of whether market participants are able to replace missing inputs or processes and continue to produce outputs. The amendments introduced an optional test ('the concentration test') that allows the acquirer to carry out a simple assessment to determine whether the acquired set of activities and assets is not a business. The entity can choose whether to apply the concentration test for each transaction it makes. These amendments have no significant impact to the Group's financial statements.

(iv) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments which do not have significant impact and which are effective from January 1, 2022, are relevant to the Group's financial statements:

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 percent' Test for Derecognition of Liabilities*. The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The amendments remove potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

(b) Effective in 2022 that is not Relevant to the Group

Among the amendments to PFRS which are mandatorily effective for annual periods beginning on or after January 1, 2022, the following annual improvements to PFRS 2018-2020 cycles are not relevant to the Group's financial statements:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Subsidiary as a First-time Adopter*

- PAS 41, *Agriculture – Taxation in Fair Value Measurements*

(c) Effective Subsequent to 2022 but Not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements below 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) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)

(ii) 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 2.17).

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 Current versus Non-current Classification

The Group presents assets and liabilities in the statement of financial position based on liquidity, while current or noncurrent classification is presented in Note 31. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

2.6 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.

Financial Assets at Amortized Cost

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 2022 and 2021, 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.

2.7 Bank Premises, Furniture, Fixtures and Equipment

Land is stated at cost less impairment losses, if any. Since 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 of 1 to 12 years, 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 2.17). 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.

2.8 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 2.17). 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.

Investment properties, except land, are depreciated on a straight-line basis over a period of 20 to 50 years.

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.

2.9 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.

2.10 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 2.17). 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 2.17).

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.

2.11 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.

2.12 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.

2.13 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.

2.14 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 2.19).

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) *Gain on Assets Sold*

Gain 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. Gain on assets sold are included as part of 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.

(a) *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.

2.15 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 2.17).

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 statement of financial position.

(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.

(c) *Sale and Leaseback Transaction*

As a seller-lessee, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

2.16 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.

2.17 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.

2.18 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 PAS 37 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.

2.19 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.

2.20 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.

2.21 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 resources based on the latest audited consolidated financial statements entered into with related parties are considered material.

2.22 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.

2.23 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.

2.24 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.

There is no disposal of HTC investments in 2022 and 2021.

In 2022, the Parent Company started to perform evaluation of its business models for HTC and FVOCI investments as a result of internal changes on how it manages these financial assets. Such changes are determined by senior management as significant to the Parent Company's operations wherein it implemented adjustments to its portfolio strategies in light of the revised long-term outlook following the pandemic and other global developments. Revisions in the business models may result in reclassifications in the categories of portfolio investments to be effected only at the beginning of the next reporting period following the change in business model. The Parent Company expects to complete its assessment before the end of year 2023.

(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, branches, machineries and equipment, 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.

In 2021, 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. In 2022, the related property is sold (see Notes 13 and 14).

(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 (see Note 2.15).

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, or 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 outstanding ordinary shares of the latter. In making this judgment, management considered the Group's and the Parent Company's agreement with another stockholder of HCPI 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 2.12 and relevant disclosures are presented in Note 28. 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 28, 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 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, 2022 and 2021, 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, 2022 and 2021 are disclosed in Note 25.1.

(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 2.17.

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 23.2.

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, RCBC Business Centers, alerts that are generated by our Screening System (Accuity), Transaction Monitoring System (Predator) and other referrals from relevant Regulators 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 Investigators from the Compliance Operations Division (COD) 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, 2022 and 2021 are presented below.

	Group					
	2022					
	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 143,756	P 1,941	P 2,583	P 1	P 60,042	P 208,323
Investment - net	104,192	6,773	69,882	187,972	5,546	374,365
Loans and receivables - net	31,278	23,537	39,306	47,412	398,315	539,848
Other resources - net	3,230	4,109	1,195	294	22,744	31,572
Total resources	282,456	36,360	112,966	235,679	486,647	1,154,108
Liabilities:						
Deposit liabilities	182,086	24,074	10,413	4	640,667	857,244
Bills payable	48,571	10,848	6,863	-	378	66,660
Bonds payable	25,081	13,743	35,587	-	-	74,411
Other liabilities	14,506	11,385	428	-	13,113	39,432
Total liabilities	270,244	60,050	53,291	4	654,158	1,037,747
Equity	-	-	-	-	116,361	116,361
Total liabilities and equity	270,244	60,050	53,291	4	770,519	1,154,108
On-book gap	12,212	(23,690)	59,675	235,675	(283,872)	-
Cumulative on-book gap	12,212	(11,478)	48,197	283,872	-	-
Contingent resources	41,796	-	-	-	-	41,796
Contingent liabilities	62,608	-	-	-	-	62,608
Off-book gap	(20,812)	-	-	-	-	(20,812)
Cumulative off-book gap	(20,812)	(20,812)	(20,812)	(20,812)	(20,812)	-
Periodic gap	**(8,600)**	**(23,690)**	**59,675**	**235,675**	**(283,872)**	**20,812**
Cumulative total gap	**(P 8,600)**	**(P 32,290)**	**P 27,385**	**P 263,060**	**(P 20,812)**	**P -**

	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 -

	Parent Company 2022					
	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 142,520	P 1,525	P 1,316	P 1	P 60,958	P 206,320
Investments - net	102,319	6,773	69,882	187,972	4,786	371,732
Loans and receivables - net	30,438	22,856	32,869	47,409	398,621	532,193
Other resources - net	3,106	4,109	1,195	294	25,800	34,504
Total resources	278,383	35,263	105,262	235,676	490,165	1,144,749
Liabilities:						
Deposit liabilities	181,529	23,903	10,410	4	641,793	857,639
Bills payable	48,142	8,995	1,254	-	-	58,391
Bonds payable	25,081	13,743	35,587	-	-	74,411
Other liabilities	13,975	11,366	428	-	12,255	38,024
Total liabilities	268,727	58,007	47,679	4	654,048	1,028,465
Equity	-	-	-	-	116,284	116,284
Total liabilities and equity	268,727	58,007	47,679	4	770,332	1,144,749
On-book gap	9,656	(22,744)	57,583	235,672	(280,167)	-
Cumulative on-book gap	9,656	(13,088)	44,495	280,167	-	-
Contingent resources	41,767	-	-	-	-	41,767
Contingent liabilities	48,956	-	-	-	-	48,956
Off-book gap	(7,189)	-	-	-	-	(7,189)
Cumulative off-book gap	(7,189)	(7,189)	(7,189)	(7,189)	(7,189)	-
Periodic gap	**2,467**	**(22,744)**	**57,583**	**235,672**	**(280,167)**	**7,189**
Cumulative total gap	**P 2,467**	**(P 20,277)**	**P 37,306**	**P 272,978**	**(P 7,189)**	**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 -

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 Group 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
2022:				
Foreign currency risk	P 54	P 56	P 106	P 27
Interest rate risk	639	435	639	376
Overall	**P 693**	**P 491**	**P 745**	**P 403**
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

	Group and Parent Company			
	At December 31	Average	Maximum	Minimum
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

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					
	2022			2021		
	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 -**	**P -**	+1.00%	P 1	P 1
	-1.00%	**-**	**-**	-1.00%	(1)	(1)
EUR	**+1.00%**	**(1)**	**(1)**	+1.00%	(2)	(2)
	-1.00%	**1**	**1**	-1.00%	2	2
GBP	**+1.00%**	**(2)**	**(2)**	+1.00%	1	1
	-1.00%	**2**	**2**	-1.00%	(1)	(1)
Others	**+1.00%**	**5**	**5**	+1.00%	(3)	(3)
	-1.00%	**(5)**	**(5)**	-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:

	2022	2021	2020
Closing	**P 55.76**	P 50.99	P 48.04
WAR	**55.58**	49.26	49.61

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
2022:			
Resources:			
Cash and other cash items	P 1,111	P 16,967	P 18,078
Due from BSP	-	156,664	156,664
Due from other banks	4,866	970	5,836
Loans arising from reverse repurchase agreements	-	8,724	8,724
Financial assets at FVTPL	392	6,645	7,037
Financial assets at FVOCI	46,124	68,822	114,946
Investment securities at amortized cost - net	118,135	134,247	252,382
Loans and receivables - net	85,911	472,958	558,869
Other resources	417	787	1,204
	P 256,956	**P 866,784**	**P 1,123,740**
Liabilities:			
Deposit liabilities	P 170,613	P 686,631	P 857,244
Bills payable	58,391	8,269	66,660
Bonds payable	41,782	32,629	74,411
Accrued interest and other expenses	1,507	6,350	7,857
Other liabilities	1,028	24,305	25,333
	P 273,321	**P 758,184**	**P 1,031,505**
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

	Parent Company Foreign Currencies	Parent Company Philippine Pesos	Parent Company Total
2022:			
Resources:			
Cash and other cash items	P 1,111	P 16,913	P 18,024
Due from BSP	-	155,340	155,340
Due from other banks	4,866	517	5,383
Loans arising from reverse repurchase agreements	-	8,552	8,552
Financial assets at FVTPL	392	5,747	6,139
Financial assets at FVOCI	46,124	68,141	114,265
Investment securities at amortized cost - net	118,135	133,193	251,328
Loans and receivables - net	85,911	465,303	551,214
Other resources	417	785	1,202
	P 256,956	**P 854,491**	**P 1,111,447**
Liabilities:			
Deposit liabilities	P 170,613	P 687,026	P 857,639
Bills payable	58,391	-	58,391
Bonds payable	41,782	32,629	74,411
Accrued interest and other expenses	1,507	6,156	7,663
Other liabilities	1,028	23,259	24,287
	P 273,321	**P 749,070**	**P 1,022,391**
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

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.
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 2022					
	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 162,611	P 4,970	P 1,403	P 21,010	P 18,329	P 208,323
Investments - net	99,525	6,838	69,910	187,876	10,216	374,365
Loans and receivables - net	229,590	92,608	132,177	30,710	54,763	539,848
Other resources - net	3,283	1,082	1,113	423	25,671	31,572
Total resources	495,009	105,498	204,603	240,019	108,979	1,154,108
Liabilities:						
Deposit liabilities	476,848	76,158	156,993	146,761	484	857,244
Bills payable	48,571	10,848	6,863	-	378	66,660
Bonds payable	25,081	13,743	35,587	-	-	74,411
Other liabilities	839	132	252	-	38,209	39,432
Total liabilities	551,339	100,881	199,695	146,761	39,071	1,037,747
Equity	-	-	-	-	116,361	116,361
Total liabilities and equity	551,339	100,881	199,695	146,761	155,432	1,154,108
On-book gap	(56,330)	4,617	4,908	93,258	(46,453)	-
Cumulative on-book gap	(56,330)	(51,713)	(46,805)	46,453	-	-
Contingent resources	41,796	-	-	-	-	41,796
Contingent liabilities	62,220	-	-	-	-	62,220
Off-book gap	(20,424)	-	-	-	-	(20,424)
Cumulative off-book gap	(20,424)	(20,424)	(20,424)	(20,424)	(20,424)	-
Periodic gap	**(76,754)**	**4,617**	**4,908**	**93,258**	**(46,453)**	**20,424**
Cumulative total gap	**(P 76,754)**	**(P 72,137)**	**(P 67,229)**	**P 26,029**	**(P 20,424)**	**P -**

	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 -

	Parent Company 2022					
	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 161,376	P 4,554	P 136	P 22,230	P 18,024	P 206,320
Investments - net	97,653	6,838	69,910	187,876	9,455	371,732
Loans and receivables - net	228,750	91,927	125,740	30,708	55,068	532,193
Other resources - net	3,159	1,081	1,113	423	28,728	34,504
Total resources	490,938	104,400	196,899	241,237	111,275	1,144,749
Liabilities:						
Deposit liabilities	476,290	75,987	157,801	147,395	166	857,639
Bills payable	48,142	8,995	1,254	-	-	58,391
Bonds payable	25,081	13,743	35,587	- -	- -	74,411
Other liabilities	308	114	252	-	37,350	38,024
Total liabilities	549,821	98,839	194,894	147,395	37,516	1,028,465
Equity	-	-	-	-	116,284	116,284
Total liabilities and equity	549,821	98,839	194,894	147,395	153,800	1,144,749
On-book gap	(58,883)	5,561	2,005	93,842	(42,525)	-
Cumulative on-book gap	(58,883)	(53,322)	(51,317)	42,525	-	-
Contingent resources	41,767	-	-	-	-	41,767
Contingent liabilities	62,194	-	-	-	-	62,194
Off-book gap	(20,427)	-	-	-	-	(20,427)
Cumulative off-book gap	(20,427)	(20,427)	(20,427)	(20,427)	(20,427)	-
Periodic gap	**(79,310)**	**5,561**	**2,005**	**93,842**	**(42,525)**	**20,427**
Cumulative total gap	**(P 79,310)**	**(P 73,749)**	**(P 71,744)**	**P 22,098**	**(P 20,427)**	**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 -

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, 2022				
Group	**P 459**	**P 917**	**(P 459)**	**(P 917)**
Parent Company	**(480)**	**(960)**	**480**	**960**
December 31, 2021				
Group	(P 405)	(P 809)	P 405	P 744
Parent Company	(372)	(744)	372	809

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, 2022 and 2021 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 33.

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).

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.
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.

** Ratings from AA to CCC are modified by a plus (+) or minus (-) sign to show relative standing within the rating categories.*

Rating Scale	Rating Description/Criteria
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 includes 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 credit-worthiness;
- 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 the relevant fund transfer pricing rate, whichever is more applicable.

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. With the changes in the current economic condition and granular behavior analysis of customers, the management has enhanced its existing ECL model in 2022 to reflect the continuing 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 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 Group considers economic scenarios and forward-looking macroeconomic assumptions underpinning the ECL calculation. 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"), as applicable.

Prior to 2022, the Group's BAU ECL methodology has 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 modeled 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 were needed to reflect the considerable uncertainty in BAU ECL methodology given the unprecedented impacts of COVID-19.

In 2022, the Group revised its BAU ECL methodology to incorporate impacts of COVID-19 under its new normal assessments eliminating the need for separate post model adjustments. 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 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 heeding the continuing impact of COVID-19.

(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 (applicable to 2021 only)

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.

The impact of post-model adjustments made in estimating the reported ECL as at December 31, 2021 are disclosed in Note 4.4.9. Post-model adjustment in 2022 is already included in the enhanced ECL model.

4.4.7 Credit Risk Exposures

An analysis of the maximum credit risk exposure relating to receivables from customers is shown below:

	Group			
	Gross Maximum Exposure	**Fair Value of Collaterals**	**Net Exposure**	**Financial Effect of Collaterals**
2022				
Loans and discounts:				
Corporate	P 380,722	P 334,727	P 45,995	P 334,727
Consumer	107,776	145,007	-	107,776
Credit card receivables	50,380	-	50,380	-
Leasing and finance	3,233	12,248	-	3,233
Microfinance and small business	1,235	3,178	-	1,235
Other receivables	31,553	1,919	29,634	1,919
	P 574,899	**P 497,079**	**P 126,009**	**P 448,890**
2021				
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
Other receivables	43,835	1,852	41,983	1,852
	P 556,566	P 459,459	P 156,340	P 400,226

	Parent Company			
	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure	Financial Effect of Collaterals
2022				
Loans and discounts:				
Corporate	P 377,420	P 334,727	P 42,693	P 334,727
Consumer	107,776	145,005	-	107,776
Credit card receivables	50,380	-	50,380	-
Other receivables	30,726	1,799	28,927	1,799
	P 566,302	**P 481,531**	**P 122,000**	**P 444,302**
2021				
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	-
Other receivables	42,870	1,754	41,116	1,754
	P 547,803	P 450,028	P 151,481	P 396,322

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	
	2022	2021	**2022**	2021
Cash and cash equivalents	**P 208,323**	P 199,277	**P 206,320**	P 197,673
Debt Securities:				
At amortized cost	**252,545**	163,758	**251,399**	162,951
At FVOCI	**111,314**	46,094	**111,205**	45,611
	P 572,182	P 409,129	**P 568,924**	P 406,235

Cash and cash equivalents include 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 below and 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, 2022 and 2021, 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, 2022 and 2021.

a) *Loans and receivables*

	Group				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired*	Total
2022					
Corporate Loans					
Pass					
AAA to BBB	P 14,666	P -	P 2	P -	P 14,668
BBB- to B-	323,944	1	3	-	323,948
Watchlisted	15,794	205	125	-	16,124
Especially mentioned	3,845	3,620	400	-	7,865
Substandard	-	-	8,533	-	8,533
Defaulted	-	-	348	20	368
Unrated	9,164	11	41	-	9,216
	367,413	3,837	9,452	20	380,722
Allowance for ECL	(1,607)	(1,200)	(5,818)	(18)	(8,643)
Carrying Amount	**365,806**	**2,637**	**3,634**	**2**	**372,079**
Consumer loans					
Current	89,533	1,730	-	-	91,263
1-30 dpd	-	4,465	-	-	4,465
31-90 dpd	-	3,166	-	-	3,166
Defaulted	-	-	8,882	-	8,882
	89,533	9,361	8,882	-	107,776
Allowance for ECL	(210)	(222)	(2,024)	-	(2,456)
Carrying amount	**89,323**	**9,139**	**6,858**	**-**	**105,320**
Credit cards					
Current	46,988	30	-	-	47,018
1-29 dpd	725	10	-	-	735
30-59 dpd	-	386	-	-	386
60-89 dpd	-	326	-	-	326
Defaulted	-	-	1,915	-	1,915
	47,713	752	1,915	-	50,380
Allowance for ECL	(718)	(310)	(1,662)	-	(2,690)
Carrying amount	**46,995**	**442**	**253**	**-**	**47,690**
Leasing and finance receivables*					
AAA+ to B+	742	-	-	-	742
B-	399	-	-	-	399
CCC below	-	1,286	806	-	2,092
	1,141	1,286	806	-	3,233
Allowance for ECL	(26)	(100)	(624)	-	(750)
Carrying amount	**1,115**	**1,186**	**182**	**-**	**2,483**
Micro and small business loans*					
Unclassified	982	-	-	-	982
Especially Mentioned	-	67	-	-	67
Defaulted	-	-	186	-	186
	982	67	186	-	1,235
Allowance for ECL	(1)	(2)	(65)	-	(68)
Carrying amount	**981**	**65**	**121**	**-**	**1,167**
Balance forwarded	**P 504,220**	**P 13,469**	**P 11,048**	**P 2**	**P 528,739**

	Group				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased credit-impaired***	**Total**
Balance carried forward	**P 504,220**	**P 13,469**	**P 11,048**	**P 2**	**P 528,739**
Other receivables					
Current	29,187	-	-	-	29,187
Past due	-	494	1,872	-	2,366
	29,187	494	1,872	-	31,553
Allowance for ECL	(128)	(57)	(1,238)	-	(1,423)
Carrying amount	**29,059**	**437**	**634**	**-**	**30,130**
Total gross amount	535,969	15,797	23,113	20	574,899
Allowance for ECL	(2,690)	(1,891)	(11,431)	(18)	(16,030)
Carrying amount	**P 533,279**	**P 13,906**	**P 11,682**	**P 2**	**P 558,869**

**Purchased credit-impaired financial assets pertain to the non-performing loans of RCBC JPL*
***Leasing and finance receivables are from RCBC LFC*
****Micro and small business loans are from Rizal Microbank*

	Group				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired*	Total
2021					
Corporate loans					
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	350,025	625	5,502	5	356,157
Consumer loans					
Current	81,363	2,889	-	-	84,252
1-30 dpd	-	4,854	-	-	4,854
31-90 dpd	-	4,770	-	-	4,770
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	31,598	46	-	-	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
Balance forwarded	P 462,688	P 13,248	P 18,234	P 5	P 494,175

	Group				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired*	Total
Balance carried forward	P 462,688	P 13,248	P 18,234	P 5	P 494,175
*Leasing and finance receivables***					
AAA+ to B+	1,101	-	-	-	1,101
B-	-	755	-	-	755
CCC 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	684	-	-	-	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
Other receivables					
Current	39,996	-	-	-	39,996
Past due	-	327	3,512	-	3,839
	39,996	327	3,512	-	43,835
Allowance for ECL	(140)	(16)	(2,367)	-	(2,523)
Carrying amount	39,856	311	1,145	-	41,312
Total gross amount	507,468	15,363	33,690	45	556,566
Allowance for ECL	(3,219)	(778)	(14,227)	(40)	(18,264)
Carrying amount	P 504,249	P 14,585	P 19,463	P 5	P 538,302

**Purchased credit-impaired financial assets pertain to the non-performing loans of RCBC JPL*
***Leasing and finance receivables are from RCBC LFC*
****Micro and small business loans are from Rizal Microbank*

	Parent Company				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased credit-impaired**	**Total**
2022					
Corporate Loans					
Pass					
AAA to BBB	P 14,666	P -	P 2	P -	P 14,668
BBB- to B-	323,944	1	3	-	323,948
Watchlisted	15,794	205	125	-	16,124
Especially mentioned	3,845	3,620	400	-	7,865
Substandard	-	-	8,533	-	8,533
Defaulted	-	-	348	-	348
Unrated	5,882	11	41	-	5,934
	364,131	3,837	9,452	-	377,420
Allowance for ECL	(1,607)	(1,200)	(5,818)	-	(8,625)
Carrying amount *(Balance forwarded)*	**P 362,524**	**P 2,637**	**P 3,634**	**P -**	**P 368,795**

	Parent Company				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Balance carried forward	**P 362,524**	**P 2,637**	**P 3,634**	**P -**	**P 368,795**
Consumer loans					
Current	89,533	1,730	-	-	91,263
1-30 dpd	-	4,465	-	-	4,465
31-90 dpd	-	3,166	-	-	3,166
Defaulted	-	-	8,882	-	8,882
	89,533	9,361	8,882	-	107,776
Allowance for ECL	(210)	(222)	(2,024)	-	(2,456)
Carrying amount	**89,323**	**9,139**	**6,858**	**-**	**105,320**
Credit cards					
Current	46,988	30	-	-	47,018
1-29 dpd	725	10	-	-	735
30-59 dpd	-	386	-	-	386
60-89 dpd	-	326	-	-	326
Defaulted	-	-	1,915	-	1,915
	47,713	752	1,915	-	50,380
Allowance for ECL	(718)	(310)	(1,662)	-	(2,690)
Carrying amount	**46,995**	**442**	**253**	**-**	**47,690**
Other receivables					
Current	28,589	-	-	-	28,589
Past due	-	461	1,676	-	2,137
	28,589	461	1,676	-	30,726
Allowance for ECL	(76)	(52)	(1,189)	-	(1,317)
Carrying amount	**28,513**	**409**	**487**	**-**	**29,409**
Total gross amount	529,966	14,411	21,925	-	566,302
Allowance for ECL	(2,611)	(1,784)	(10,693)	-	(15,088)
Carrying amount	**P 527,355**	**P 12,627**	**P 11,232**	**P -**	**P 551,214**
2021					
Corporate Loans					
Pass					
AAA to BBB	P 12,771	P -	P -	P -	P 12,771
BBB- to B-	331,812	145	2,458	-	334,415
Watchlisted	1,852	460	54	-	2,366
Especially mentioned	-	45	444	-	489
Substandard	-	-	-	-	-
Defaulted	-	-	7,671	-	7,671
Unrated	1,567	4	93	-	1,664
	348,002	654	10,720	-	359,376
Allowance for ECL	(2,064)	(29)	(5,218)	-	(7,311)
Carrying amount	345,938	625	5,502	-	352,065
Consumer loans					
Current	81,363	2,889	-	-	84,252
1-30 dpd	-	4,854	-	-	4,854
31-90 dpd	-	4,770	-	-	4,770
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
Balance forwarded	P 426,938	P 12,781	P 17,848	P -	P 457,567

	Parent Company				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Balance carried forward	P 426,938	P 12,781	P 17,848	P -	P 457,567
Credit cards					
Current	31,598	46	-	-	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
Other receivables					
Current	39,249	-	-	-	39,249
Past due	-	312	3,309	-	3,621
	39,249	312	3,309	-	42,870
Allowance for ECL	(132)	(16)	(2,341)	-	(2,489)
Carrying amount	39,117	296	968	-	40,381
Total gross amount	500,849	14,271	32,683	-	547,803
Allowance for ECL	(3,131)	(727)	(13,481)	-	(17,339)
Carrying amount	P 497,718	P 13,544	P 19,202	P -	P 530,464

b) *Investments in debt securities at amortized cost and at FVOCI*

	Group		Parent Company	
	HTC	FVOCI	HTC	FVOCI
2022				
Government securities				
AAA to A+	P 28,000	P 31,495	P 28,000	P 31,495
BBB+ to BBB-	190,163	21,997	189,017	21,997
	218,163	53,492	217,017	53,492
Corporate debt securities				
AAA	8,685	32,552	8,685	32,552
AA+ to A+	276	241	276	241
A to A-	695	-	695	-
BBB+ to BBB-	13,584	18,777	13,584	18,777
BB+ to BB-	10,979	6,252	10,979	6,143
B+ and below	163	-	163	-
	34,382	57,822	34,382	57,713
Allowance for ECL	(163)	(13)	(71)	(13)
	34,219	57,809	34,311	57,700
	P 252,382	**P 111,301**	**P 251,328**	**P 111,192**

	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

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**
2022				
Corporate loans				
Pass				
AAA to BBB	P 132	P -	P -	P 132
BBB- to B-	8,297	-	-	8,297
Watchlisted	13	-	-	13
Unrated	488	-	-	488
	8,930	-	-	8,930
ECL provisions	(29)	-	-	(29)
	8,901	-	-	8,901
Credit cards				
Current	15,568	-	-	15,568
ECL provisions	(185)	-	-	(185)
	15,383	-	-	15,383
	P 24,284	**P -**	**P -**	**P 24,284**

	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

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	
	2022	2021	**2022**	2021
Government securities	**P 3,883**	P 4,330	**P 3,834**	P 3,346
Corporate debt securities	**38**	35	**38**	35
Derivative financial assets	**2,267**	1,266	**2,267**	1,266
	P 6,188	P 5,631	**P 6,139**	P 4,647

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				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
2022					
Corporate Loans					
Balance at beginning of year	P 2,064	P 29	P 5,218	P 40	P 7,351
Transfers:					
Stage 1 to Stage 2	(120)	120	-	-	-
Stage 1 to Stage 3	(17)	-	17	-	-
Stage 2 to Stage 1	17	(17)	-	-	-
Stage 2 to Stage 3	-	(10)	10	-	-
Stage 3 to Stage 1	8	-	(8)	-	-
Stage 3 to Stage 2	-	7	(7)	-	-
Assets derecognized or repaid	(1,055)	(108)	(314)	(22)	(1,499)
New assets originated:					
Remained in Stage 1	710	-	-	-	710
Moved to Stages 2 and 3	-	1,179	902	-	2,081
	(457)	1,171	600	(22)	1,292
Balance at end of year	**1,607**	**1,200**	**5,818**	**18**	**8,643**
Consumer loans					
Balance at beginning of year	363	357	3,772	-	4,492
Transfers:					
Stage 1 to Stage 2	(46)	46	-	-	-
Stage 1 to Stage 3	(272)	-	272	-	-
Stage 2 to Stage 1	228	(228)	-	-	-
Stage 2 to Stage 3	-	(187)	187	-	-
Stage 3 to Stage 2	-	183	(183)	-	-
Assets derecognized or repaid	(387)	(31)	(781)	-	(1,199)
New assets originated:					
Remained in Stage 1	324	-	-	-	324
Moved to Stages 2 and 3	-	82	455	-	537
Write-offs	-	-	(1,698)	-	(1,698)
	(153)	(135)	(1,748)	-	(2,036)
Balance at end of year	**210**	**222**	**2,024**	**-**	**2,456**
Balance carried forward	**P 1,817**	**P 1,422**	**P 7,842**	**P 18**	**P 11,099**

	Group				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Balance carried forward	P 1,817	P 1,422	P 7,842	P 18	P 11,099
Credit cards					
Balance at beginning of year	572	325	2,150	-	3,047
Transfers:					
Stage 1 to Stage 2	(22)	22	-	-	-
Stage 1 to Stage 3	(106)	-	106	-	-
Stage 2 to Stage 3	-	(271)	271	-	-
Stage 3 to Stage 2	-	43	(43)	-	-
Stage 2 to Stage 1	41	(41)	-	-	-
Stage 3 to Stage 1	51	-	(51)	-	-
Assets derecognized or repaid	(846)	(139)	(288)	-	(1,273)
New assets originated:					
Remained in Stage 1	1,028	-	-	-	1,028
Moved to Stages 2 and 3	-	371	2,993	-	3,364
Write-offs	-	-	(3,476)	-	(3,476)
	146	(15)	(488)	-	(357)
Balance at end of year	**718**	**310**	**1,662**	**-**	**2,690**
Leasing and finance receivables*					
Balance at beginning of year	31	35	654	-	720
Transfers:					
Stage 1 to Stage 2	(177)	177	-	-	-
Stage 1 to Stage 3	(140)	-	140	-	-
Stage 2 to Stage 3	-	(176)	176	-	-
Assets derecognized or repaid	(18)	(31)	(414)	-	(463)
New assets originated:					
Remained in Stage 1	330	-	-	-	330
Moved to Stages 2 and 3	-	95	68	-	163
	(5)	65	(30)	-	30
Balance at end of year	**26**	**100**	**624**	**-**	**750**
Micro and small business loans**					
Balance at beginning of year	49	16	66	-	131
Transfers:					
Stage 1 to Stage 2	(1)	1	-	-	-
Stage 2 to Stage 3	-	(11)	11	-	-
Assets derecognized or repaid	(19)	(5)	(6)	-	(30)
New assets originated:					
Remained in Stage 1	6	-	-	-	6
Moved to Stages 2 and 3	-	1	5	-	6
Write-offs	(34)	-	(11)	-	(45)
	(48)	(14)	(1)	-	(63)
Balance at end of year	**1**	**2**	**65**	**-**	**68**
Balance forwarded	P 2,562	P 1,834	P 10,193	P 18	P 14,607

	Group				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Balance carried forward	P 2,562	P 1,834	P 10,193	P 18	P 14,607
Other receivables					
Balance at beginning of year	140	16	2,367	-	2,523
Transfers:					
Stage 1 to Stage 2	(35)	35	-	-	-
Stage 2 to Stage 3	-	(31)	31	-	-
Stage 3 to Stage 1	17	-	(17)	-	-
Assets derecognized or repaid	(152)	(126)	(386)	-	(664)
New assets originated:					
Remained in Stage 1	158	-	-	-	158
Moved to Stages 2 and 3	-	163	336	-	499
Write-offs	-	-	(1,093)	-	(1,093)
	(12)	41	(1,129)	-	(1,100)
Balance at end of year	128	57	1,238	-	1,423
	P 2,690	P 1,891	P 11,431	P 18	P 16,030
2021					
Corporate Loans					
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	2,064	29	5,218	40	7,351
Consumer loans					
Balance at beginning of year	725	393	3,077	-	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 Stages 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
Balance forwarded	P 2,427	P 386	P 8,990	P 40	P 11,843

	Group				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Balance carried forward	P 2,427	P 386	P 8,990	P 40	P 11,843
Credit cards					
Balance at beginning of year	656	1,499	2,625	-	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	-	4,923
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	18	76	204	-	298
Transfers:					
Stage 1 to Stage 2	(13)	13	-	-	-
Stage 1 to Stage 3	(78)	-	78	-	-
Stage 2 to Stage 3	-	(149)	149	-	-
Assets derecognized or repaid	(5)	(20)	(24)	-	(49)
New assets originated:					
Remained in Stage 1	7	-	-	-	7
Moved to Stages 2 and 3	-	7	15	-	22
Others	102	108	232	-	442
	13	(41)	450	-	422
Balance at end of year	31	35	654	-	720
*Micro and small business loans***					
Balance at beginning of year	40	2	92	-	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
Balance forwarded	P 3,079	P 762	P 11,860	P 40	P 15,741

	Group				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Balance carried forward	P 3,079	P 762	P 11,860	P 40	P 15,741
Other receivables					
Balance at beginning of year	486	52	1,785	-	2,323
Transfers:					
Stage 2 to Stage 3	-	(182)	182	-	-
Stage 3 to Stage 1	78	-	(78)	-	-
Assets derecognized or repaid	(579)	(7)	(226)	-	(812)
New assets originated:					
Remained in Stage 1	155	-	-	-	155
Moved to Stages 2 and 3	-	153	708	-	861
Write-offs	-	-	(4)	-	(4)
	(346)	(36)	582	-	200
Balance at end of year	140	16	2,367	-	2,523
	P 3,219	P 778	P 14,227	P 40	P 18,264

	Parent Company				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased credit-impaired**	**Total**
2022					
Corporate Loans					
Balance at beginning of year	P 2,064	P 29	P 5,218	P -	P 7,311
Transfers:					
Stage 1 to Stage 2	(120)	120	-	-	-
Stage 1 to Stage 3	(17)	-	17	-	-
Stage 2 to Stage 1	17	(17)	-	-	-
Stage 2 to Stage 3	-	(10)	10	-	-
Stage 3 to Stage 1	8	-	(8)	-	-
Stage 3 to Stage 2	-	7	(7)	-	-
Assets derecognized or repaid	(1,055)	(108)	(314)	-	(1,477)
New assets originated:					
Remained in Stage 1	710	-	-	-	710
Moved to Stages 2 and 3	-	1,179	902	-	2,081
	(457)	1,171	600	-	1,314
Balance at end of year (*balance forwarded*)	**P 1,607**	**P 1,200**	**P 5,818**	**P -**	**P 8,625**

	Parent Company				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Balance carried forward	**P 1,607**	**P 1,200**	**P 5,818**	**P -**	**P 8,625**
Consumer loans					
Balance at beginning of year	363	357	3,772	P -	4,492
Transfers:					
Stage 1 to Stage 2	(46)	46	-	-	-
Stage 1 to Stage 3	(272)	-	272	-	-
Stage 2 to Stage 1	228	(228)	-	-	-
Stage 2 to Stage 3	-	(187)	187	-	-
Stage 3 to Stage 2	-	183	(183)	-	-
Assets derecognized or repaid	(387)	(31)	(781)	-	(1,199)
New assets originated:					
Remained in Stage 1	324	-	-	-	324
Moved to Stages 2 and 3	-	82	455	-	537
Write-offs	-	-	(1,698)	-	(1,698)
	(153)	(135)	(1,748)	-	(2,036)
Balance at end of year	**210**	**222**	**2,024**	**-**	**2,456**
Credit cards					
Balance at beginning of year	572	325	2,150	-	3,047
Transfers:					
Stage 1 to Stage 2	(22)	22	-	-	-
Stage 1 to Stage 3	(106)	-	106	-	-
Stage 2 to Stage 3	-	(271)	271	-	-
Stage 3 to Stage 2	-	43	(43)	-	-
Stage 2 to Stage 1	41	(41)	-	-	-
Stage 3 to Stage 1	51	-	(51)	-	-
Assets derecognized or repaid	(846)	(139)	(288)	-	(1,273)
New assets originated:					
Remained in Stage 1	1,028	-	-	-	1,028
Moved to Stages 2 and 3	-	371	2,993	-	3,364
Write-offs	-	-	(3,476)	-	(3,476)
	146	(15)	(488)	-	(357)
Balance at end of year	**718**	**310**	**1,662**	**-**	**2,690**
Other receivables					
Balance at beginning of year	132	16	2,341	-	2,489
Transfers:					
Stage 1 to Stage 2	(7)	7	-	-	-
Stage 2 to Stage 3	-	(19)	19	-	-
Stage 3 to Stage 1	17	-	(17)	-	-
Assets derecognized or repaid	(247)	(112)	(397)	-	(756)
New assets originated:					
Remained in Stage 1	181	-	-	-	181
Moved to Stages 2 and 3	-	160	336	-	496
Write-offs	-	-	(1,093)	-	(1,093)
	(56)	36	(1,152)	-	(1,172)
Balance at end of year	**76**	**52**	**1,189**	**-**	**1,317**
	P 2,611	**P 1,784**	**P 10,693**	**P -**	**P 15,088**

	Parent Company				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
2021					
Corporate Loans					
Balance at beginning of year	P 1,813	P 761	P 4,853	P -	P 7,427
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	-	486
	251	(732)	365	-	(116)
Balance at end of year	2,064	29	5,218	-	7,311
Consumer loans					
Balance at beginning of year	725	393	3,077	-	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	656	1,499	2,625	-	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	-	4,923
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
Balance forwarded	P 2,999	P 711	P 11,140	P -	P 14,850

	Parent Company				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Balance carried forward	P 2,999	P 711	P 11,140	P -	P 14,850
Other receivables					
Balance at beginning of year	298	45	1,618	-	1,961
Transfers:					
Stage 1 to Stage 2	-	-	-	-	-
Stage 2 to Stage 3	-	(175)	175	-	-
Stage 3 to Stage 1	78	-	(78)	-	-
Assets derecognized or repaid	(399)	(7)	(59)	-	(465)
New assets originated:					
Remained in Stage 1	155	-	-	-	155
Moved to Stages 2 and 3	-	153	685	-	838
	(166)	(29)	723	-	528
Balance at end of year	132	16	2,341	-	2,489
	P 3,131	P 727	P 13,481	P -	P 17,339

Presented below are the composition of allowance for ECL as by loan portfolio (see Note 11):

	Group		Parent Company	
	2022	2021	**2022**	2021
Corporate	**P 8,643**	P 7,351	**P 8,625**	P 7,311
Credit card receivables	**2,690**	3,047	**2,690**	3,047
Consumer	**2,456**	4,492	**2,456**	4,492
Leasing and finance	**750**	720	**-**	-
Microfinance and small business	**68**	131	**-**	-
Other receivables	**1,423**	2,523	**1,317**	2,489
	P 16,030	P 18,264	**P 15,088**	P 17,339

b) Investments in debt securities at amortized cost and at FVOCI

	Group			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2022				
HTC				
Balance at beginning of year	P 147	P -	P -	P 147
Net remeasurement of loss allowance	19	-	-	19
Derecognition of financial assets	(3)	-	-	(3)
Balance at end of year	**P 163**	**P -**	**P -**	**P 163**
2021				
Balance at beginning of year	P 142	P -	P -	P 142
Net remeasurement of loss allowance	14	-	-	14
Derecognition of financial assets	(9)	-	-	(9)
Balance at end of year	P 147	P -	P -	P 147

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
2022				
Balance at beginning of year	P 52	P -	P -	P 52
Net remeasurement of loss allowance	19	-	-	19
Balance at end of year	**P 71**	**P -**	**P -**	**P 71**
2021				
Balance at beginning of year	P 48	P -	P -	P 48
Net remeasurement of loss allowance	12	-	-	12
Derecognition of financial assets	(8)	-	-	(8)
Balance at end of year	P 52	P -	P -	P 52

	Group and Parent Company			
	Stage 1	Stage 2	Stage 3	Total
2022				
FVOCI				
Balance at beginning of year	P 12	P -	P -	P 12
Net remeasurement of loss allowance	1	-	-	1
Balance at end of year	**P 13**	**P -**	**P -**	**P 13**
2021				
Balance at beginning of year	P 1	P -	P -	P 1
Net remeasurement of loss allowance	11	-	-	11
Balance at end of year	P 12	P -	P -	P 12

c) *Loan commitments*

	Group and Parent Company			
	Stage 1	Stage 2	Stage 3	Total
2022				
Corporate Loans				
Balance at beginning of year	P 18	P -	P 5	P 23
Transfers:				
Stage 3 to 1	5	-	(5)	-
New assets originated:				
Remained in Stage 1	6	-	-	6
	11	-	(5)	6
Balance at end of year	**29**	**-**	**-**	**29**
Credit Cards				
Balance at beginning of year	122	-	-	122
New assets originated:				
Remained in Stage 1	63	-	-	63
	63	-	-	63
Balance at end of year	**185**	**-**	**-**	**185**
	P 214	**P -**	**P -**	**P 214**

	Group and Parent Company			
	Stage 1	Stage 2	Stage 3	Total
2021				
Corporate Loans				
Balance at beginning of year	P 18	P 1	P 5	P 24
Transfers:				
Stage 2 to 1	1	(1)	-	-
Assets derecognized	(1)	-	-	(1)
	-	(1)	-	(1)
Balance at end of year	18	-	5	23
Credit Cards				
Balance at beginning of year	P 115	P -	P -	P 115
New assets originated:				
Remained in Stage 1	7	-	-	7
	7	-	-	7
Balance at end of year	122	-	-	122
	P 140	P -	P 5	P 145

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 2022 and 2021 contributed to the changes in the allowance for ECL.

a) *Loans and receivables*

	Group				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased credit-impaired**	**Total**
2022					
Corporate Loans					
Balance at beginning of year	P 352,089	P 654	P 10,720	P 45	P 363,508
Transfers:					
Stage 1 to Stage 2	(2,910)	2,910	-	-	-
Stage 1 to Stage 3	(2,392)	-	2,392	-	-
Stage 2 to Stage 1	293	(293)	-	-	-
Stage 2 to Stage 3	-	(130)	130	-	-
Stage 3 to Stage 1	51	-	(51)	-	-
Stage 3 to Stage 2	-	21	(21)	-	-
Assets derecognized or repaid	(170,111)	(3,585)	(5,221)	(25)	(178,942)
New assets originated:					
Remained in Stage 1	190,393	-	-	-	190,393
Moved to Stages 2 and 3	-	4,260	1,503	-	5,763
	15,324	3,183	(1,268)	(25)	17,214
Balance at end of year *(Balance forwarded)*	**P 367,413**	**P 3,837**	**P 9,452**	**P 20**	**P 380,722**

	Group				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Balance carried forward	**P 367,413**	**P 3,837**	**P 9,452**	**P 20**	**P 380,722**
Consumer loans					
Balance at beginning of year	81,363	12,513	16,118	-	109,994
Transfers:					
Stage 1 to Stage 2	(4,551)	4,551	-	-	-
Stage 1 to Stage 3	(1,070)	-	1,070	-	-
Stage 2 to Stage 1	5,962	(5,962)	-	-	-
Stage 2 to Stage 3	-	(2,061)	2,061	-	-
Stage 3 to Stage 1	-	-	-	-	-
Stage 3 to Stage 2	-	2,085	(2,085)	-	-
Assets derecognized or repaid	(4,225)	(2,389)	(6,708)	-	(13,322)
New assets originated:					
Remained in Stage 1	12,054	-	-	-	12,054
Moved to Stages 2 and 3	-	624	124	-	748
Write-offs	-	-	(1,698)	-	(1,698)
	8,170	(3,152)	(7,236)	-	(2,218)
Balance at end of year	**89,533**	**9,361**	**8,882**	**-**	**107,776**
Credit cards					
Balance at beginning of year	32,235	792	2,536	-	35,563
Transfers:					
Stage 1 to Stage 2	(603)	603	-	-	-
Stage 1 to Stage 3	(2,002)	-	2,002	-	-
Stage 2 to Stage 1	122	(122)	-	-	-
Stage 2 to Stage 3	-	(634)	634	-	-
Stage 3 to Stage 1	65	-	(65)	-	-
Stage 3 to Stage 2	-	51	(51)	-	-
Assets derecognized or repaid	(83,655)	(411)	(2,658)	-	(86,724)
New assets originated:					
Remained in Stage 1	101,551	-	-	-	101,551
Moved to Stages 2 and 3	-	473	2,993	-	3,466
Write-offs	-	-	(3,476)	-	(3,476)
	15,478	(40)	(621)	-	14,817
Balance at end of year	**47,713**	**752**	**1,915**	**-**	**50,380**
Balance forwarded	**P 504,659**	**P 13,950**	**P 20,249**	**P 20**	**P 538,878**

	Group				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Balance carried forward	P 504,659	P 13,950	P 20,249	P 20	P 538,878
Leasing and finance receivables*					
Balance at beginning of year	1,101	755	737	-	2,593
Transfers:					
Stage 1 to Stage 2	(1,641)	1,641	-	-	-
Stage 1 to Stage 3	(446)	-	446	-	-
Stage 2 to Stage 1	-	-	-	-	-
Stage 2 to Stage 3	-	(325)	325	-	-
Stage 3 to Stage 1	-	-	-	-	-
Stage 3 to Stage 2	-	2	(2)	-	-
Assets derecognized or repaid	(496)	(1,072)	(898)	-	(2,466)
New assets originated:					
Remained in Stage 1	2,623	-	-	-	2,623
Moved to Stages 2 and 3	-	285	198	-	483
	40	531	69	-	640
Balance at end of year	**1,141**	**1,286**	**806**	**-**	**3,233**
Micro and small business loans*					
Balance at beginning of year	684	322	67	-	1,073
Transfers:					
Stage 1 to Stage 2	(46)	46	-	-	-
Stage 1 to Stage 3	-	-	-	-	-
Stage 2 to Stage 1	-	-	-	-	-
Stage 2 to Stage 3	-	(53)	53	-	-
Stage 3 to Stage 1	-	-	-	-	-
Stage 3 to Stage 2	-	2	(2)	-	-
Assets derecognized or repaid	(297)	(276)	(72)	-	(645)
New assets originated:					
Remained in Stage 1	677	-	-	-	677
Moved to Stages 2 and 3	-	26	149	-	175
Write-offs	(36)	-	(9)	-	(45)
	298	(255)	119	-	162
Balance at end of year	**982**	**67**	**186**	**-**	**1,235**
Other receivables					
Balance at beginning of year	39,996	327	3,512	-	43,835
Transfers:					
Stage 1 to Stage 2	(84)	84	-	-	-
Stage 2 to Stage 3	-	(313)	313	-	-
Stage 3 to Stage 1	114	-	(114)	-	-
Assets derecognized or repaid	(11,783)	(252)	(1,082)	-	(13,117)
New assets originated:					
Remained in Stage 1	944	-	-	-	944
Moved to Stages 2 and 3	-	648	336	-	984
Write-offs	-	-	(1,093)	-	(1,093)
	(10,809)	167	(1,640)	-	(12,282)
Balance at end of year	**29,187**	**494**	**1,872**	**-**	**31,553**
	P 535,969	**P 15,797**	**P 23,113**	**P 20**	**P 574,899**

	Group				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
2021					
Corporate Loans					
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	352,089	654	10,720	45	363,508
Consumer loans					
Balance at beginning of year	78,060	11,986	11,100	-	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	26,906	2,442	2,625	-	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)	(615)	(4,130)	-	(60,519)
New assets originated:					
Remained in Stage 1	64,072	-	-	-	64,072
Moved to Stages 2 and 3	-	617	4,577	-	5,194
Write-offs	(1,101)	(1,820)	(2,236)	-	(5,157)
	5,329	(1,650)	(89)	-	3,590
Balance at end of year	32,235	792	2,536	-	35,563
Balance forwarded	P 465,687	P 13,959	P 29,374	P 45	P 509,065

	Group				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Balance carried forward	P 465,687	P 13,959	P 29,374	P 45	P 509,065
*Leasing and finance receivables**					
Balance at beginning of year	2,153	680	625	-	3,458
Transfers:					
Stage 1 to Stage 2	(715)	715	-	-	-
Stage 1 to Stage 3	(463)	-	463	-	-
Stage 2 to Stage 1	-	-	-	-	-
Stage 2 to Stage 3	-	(322)	322	-	-
Stage 3 to Stage 1	38	-	(38)	-	-
Stage 3 to Stage 2	-	-	-	-	-
Assets derecognized or repaid	(348)	(25)	(130)	-	(503)
New assets originated:					
Remained in Stage 1	515	-	-	-	515
Moved to Stages 2 and 3	-	200	5	-	205
Others	(79)	(493)	(510)	-	(1,082)
	(1,052)	75	112	-	(865)
Balance at end of year	1,101	755	737	-	2,593
*Micro and small business loans***					
Balance at beginning of year	P 1,021	P 10	P 98	P -	P 1,129
Transfers:					
Stage 1 to Stage 2	(42)	42	-	-	-
Stage 1 to Stage 3	-	-	-	-	-
Stage 2 to Stage 1	-	-	-	-	-
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
Other receivables					
Balance at beginning of year	49,849	933	3,130	-	53,912
Transfers:					
Stage 2 to Stage 3	-	(414)	414	-	-
Stage 3 to Stage 1	337	-	(337)	-	-
Assets derecognized or repaid	(13,041)	(498)	(715)	-	(14,254)
New assets originated:					
Remained in Stage 1	2,851	-	-	-	2,851
Moved to Stages 2 and 3	-	306	1,024	-	1,330
Write-offs	-	-	(4)	-	(4)
	(9,853)	(606)	382	-	(10,077)
Balance at end of year	39,996	327	3,512	-	43,835
	P 507,468	P 15,363	P 33,690	P 45	P 556,566

2022	Parent Company				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Corporate Loans					
Balance at beginning of year	P 348,002	P 654	P 10,720	P -	P 359,376
Transfers:					
Stage 1 to Stage 2	(2,910)	2,910	-	-	-
Stage 1 to Stage 3	(2,392)	-	2,392	-	-
Stage 2 to Stage 1	293	(293)	-	-	-
Stage 2 to Stage 3	-	(130)	130	-	-
Stage 3 to Stage 1	51	-	(51)	-	-
Stage 3 to Stage 2	-	21	(21)	-	-
Assets derecognized or repaid	(169,306)	(3,585)	(5,221)	-	(178,112)
New assets originated:					
Remained in Stage 1	190,393	-	-	-	190,393
Moved to Stages 2 and 3	-	4,260	1,503	-	5,763
	16,129	3,183	(1,268)	-	18,044
Balance at end of year	**P 364,131**	**P 3,837**	**P 9,452**	**P -**	**P 377,420**
Consumer loans					
Balance at beginning of year	81,363	12,513	16,118	-	109,994
Transfers:					
Stage 1 to Stage 2	(4,551)	4,551	-	-	-
Stage 1 to Stage 3	(1,070)	-	1,070	-	-
Stage 2 to Stage 1	5,962	(5,962)	-	-	-
Stage 2 to Stage 3	-	(2,061)	2,061	-	-
Stage 3 to Stage 1	-	-	-	-	-
Stage 3 to Stage 2	-	2,085	(2,085)	-	-
Assets derecognized or repaid	(4,225)	(2,389)	(6,708)	-	(13,322)
New assets originated:					
Remained in Stage 1	12,054	-	-	-	12,054
Moved to Stages 2 and 3	-	624	124	-	748
Write-offs	-	-	(1,698)	-	(1,698)
	8,170	(3,152)	(7,236)	-	(2,218)
Balance at end of year	**89,533**	**9,361**	**8,882**	**-**	**107,776**
Credit cards					
Balance at beginning of year	32,235	792	2,536	-	35,563
Transfers:					
Stage 1 to Stage 2	(603)	603	-	-	-
Stage 1 to Stage 3	(2,002)	-	2,002	-	-
Stage 2 to Stage 1	122	(122)	-	-	-
Stage 2 to Stage 3	-	(634)	634	-	-
Stage 3 to Stage 1	65	-	(65)	-	-
Stage 3 to Stage 2	-	51	(51)	-	-
Assets derecognized or repaid	(83,655)	(411)	(2,658)	-	(86,724)
New assets originated:					
Remained in Stage 1	101,551	-	-	-	101,551
Moved to Stages 2 and 3	-	473	2,993	-	3,466
Write-offs	-	-	(3,476)	-	(3,476)
	15,478	(40)	(621)	-	14,817
Balance at end of year	**47,713**	**752**	**1,915**	**-**	**50,380**
Balance forwarded	**P 501,377**	**P 13,950**	**P 20,249**	**P -**	**P 535,576**

	Parent Company				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Balance carried forward	**P 501,377**	**P 13,950**	**P 20,249**	**P -**	**P 535,576**
Other receivables					
Balance at beginning of year	39,249	312	3,309	-	42,870
Transfers:					
Stage 1 to Stage 2	(28)	28	-	-	-
Stage 2 to Stage 3	-	(284)	284	-	-
Stage 3 to Stage 1	114	-	(114)	-	-
Assets derecognized or repaid	(11,727)	(224)	(1,046)	-	(12,997)
New assets originated:					
Remained in Stage 1	981	-	-	-	981
Moved to Stages 2 and 3	-	629	336	-	965
Write-off	-	-	(1,093)	-	(1,093)
	(10,660)	149	(1,633)	-	(12,144)
Balance at end of year	**28,589**	**461**	**1,676**	**-**	**30,726**
	P 529,966	**P 14,411**	**P 21,925**	**P -**	**P 566,302**
2021					
Corporate Loans					
Balance at beginning of year	P 299,814	P 4,937	P 10,002	P -	P 314,753
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	(150,433)	(1,164)	(1,004)	-	(152,601)
New assets originated:					
Remained in Stage 1	195,900	-	-	-	195,900
Moved to Stages 2 and 3	-	247	1,077	-	1,324
	48,188	(4,283)	718	-	44,623
Balance at end of year	348,002	654	10,720	-	359,376
Consumer loans					
Balance at beginning of year	78,060	11,986	11,100	-	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
Balance forwarded	P 429,365	P 13,167	P 26,838	P -	P 469,370

	Parent Company				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Balance carried forward	P 429,365	P 13,167	P 26,838	P -	P 469,370
Credit cards					
Balance at beginning of year	26,906	2,442	2,625	-	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)	(615)	(4,130)	-	(60,519)
New assets originated:					
Remained in Stage 1	64,072	-	-	-	64,072
Moved to Stages 2 and 3	-	617	4,577	-	5,194
Write-offs	(1,101)	(1,820)	(2,236)	-	(5,157)
	5,329	(1,650)	(89)	-	3,590
Balance at end of year	32,235	792	2,536	-	35,563
Other receivables					
Balance at beginning of year	49,810	867	2,837	-	53,514
Transfers:					
Stage 1 to Stage 2	-	-	-	-	-
Stage 2 to Stage 3	-	(397)	397	-	-
Stage 3 to Stage 1	337	-	(337)	-	-
Assets derecognized or repaid	(12,451)	(464)	(548)	-	(13,463)
New assets originated:					
Remained in Stage 1	1,553	-	-	-	1,553
Moved to Stages 2 and 3	-	306	960	-	1,266
	(10,561)	(555)	472	-	(10,644)
Balance at end of year	39,249	312	3,309	-	42,870
	P 500,849	P 14,271	P 32,683	P -	P 547,803

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.

b) Investment in debt securities at amortized cost and at FVOCI

	Group		Parent Company	
	HTC	FVOCI	HTC	FVOCI
2022				
Balance at beginning of year	P 163,758	P 46,094	P 162,951	P 45,611
Assets purchased	149,832	131,018	148,342	130,903
Assets derecognized	(61,045)	(60,578)	(59,894)	(59,863)
Fair value loss	-	(5,220)	-	(5,446)
Balance at end of year	**P 252,545**	**P 111,314**	**P 251,399**	**P 111,205**
2021				
Balance at beginning of year	P 43,168	P 36,720	P 42,561	P 36,295
Assets purchased	230,816	127,044	230,816	126,809
Assets derecognized	(110,226)	(117,158)	(110,426)	(116,890)
Fair value loss	-	(512)	-	(603)
Balance at end of year	P 163,758	P 46,094	P 162,951	P 45,611

c) Loan Commitments

	Group and Parent Company			
	Stage 1	Stage 2	Stage 3	Total
2022				
Corporate Loans				
Balance at beginning of year	P 4,106	P 4	P 13	P 4,123
Transfers:				
Stage 2 to 1	4	(4)	-	-
Stage 3 to 1	13	-	(13)	-
New assets originated:				
Remained in Stage 1	4,807	-	-	4,807
	4,824	(4)	(13)	4,807
Balance at end of year	**8,930**	**-**	**-**	**8,930**
Credit Cards				
Balance at beginning of year	9,607	-	-	9,607
New assets originated:				
Remained in Stage 1	5,961	-	-	5,961
	5,961	-	-	5,961
Balance at end of year	**15,568**	**-**	**-**	**15,568**
	P 24,498	**P -**	**P -**	**P 24,498**

	Group and Parent Company			
	Stage 1	Stage 2	Stage 3	Total
2021				
Corporate Loans				
Balance at beginning of year	P 5,536	P 12	P 13	P 5,561
Transfers:				
Stage 2 to 1	8	(8)	-	-
Assets derecognized	(1,438)	-	-	(1,438)
	(1,430)	(8)	-	(1,438)
Balance at end of year	4,106	4	13	4,123
Credit Cards				
Balance at beginning of year	8,501	-	-	8,501
New assets originated:				
Remained in Stage 1	1,106	-	-	1,106
Balance at end of year	9,607	-	-	9,607
	P 13,713	P 4	P 13	P 13,730

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, 2022 and 2021.

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**
2022				
Real properties	P 120,659	P 9,862	P 11,157	P 141,678
Chattel	66,648	8,404	6,974	82,026
Hold-out deposits	10,993	1	7	11,001
Equity securities	15,681	-	247	15,928
Others	237,070	2,524	6,852	246,446
	P 451,051	**P 20,791**	**P 25,237**	**P 497,079**

	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		147,579		558		13,551		161,688
	P	389,426	P	22,648	P	47,385	P	459,459

	Parent Company							
	Stage 1		**Stage 2**		**Stage 3**		**Total**	
2022								
Real properties	P	117,894	P	9,197	P	10,842	P	137,933
Chattel		64,833		6,049		5,606		76,488
Hold-out deposits		10,936		-		5		10,941
Equity securities		15,681		-		247		15,928
Others		233,118		1,136		5,987		240,241
	P	**442,462**	**P**	**16,382**	**P**	**22,687**	**P**	**481,531**
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		13,263		160,702
	P	382,691	P	21,258	P	46,079	P	450,028

The Group and the Parent Company have recognized certain properties arising from foreclosures in settlement of loan account amounting to P761 and P760, respectively, in 2022 and P908 and P907, respectively, in 2021.

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 2022 and 2021.

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 2022 and 2021 amounted to P35,695 and P30,918, respectively, for the Group, and P33,086 and P27,032, respectively for the Parent Company.

The following tables provide a summary of the outstanding balance of modified loans resulting from the financial reliefs provided by the Group as of December 31:

	Group		Parent Company	
	2022	**2021**	**2022**	**2021**
Stage 1 (Performing)				
Corporate	**P 21,121**	P 23,104	**P 21,121**	P 23,000
Consumer	**2,956**	540	**2,956**	540
Credit card	**654**	2,256	**654**	2,256
Leasing and finance	**115**	1,519	**-**	-
Microfinance and small business	**47**	205	**-**	-
	P 24,893	P 27,624	**P 24,731**	P 25,796
Stage 2 (Underperforming)				
Corporate	**P 205**	P 351	**P 205**	P 351
Consumer	**2,218**	518	**2,218**	744
Credit card	**120**	462	**120**	462
Leasing and finance	**1,738**	518	**-**	-
Microfinance and small business	**55**	88	**-**	-
	P 4,336	P 1,937	**P 2,543**	P 1,557
Stage 3 (Nonperforming)				
Corporate	**P 1,818**	P 1,112	**P 1,818**	P 497
Consumer	**3,830**	1,900	**3,830**	1,900
Credit card	**164**	843	**164**	843
Leasing and finance	**554**	1,136	**-**	-
Microfinance and small business	**100**	17	**-**	-
	P 6,466	P 5,008	**P 5,812**	P 3,240

(b) 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 2022 and 2021 amounted to P6,312 and P5,161, respectively, for the Group, and P6,267 and P5,157, 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, 2022 and 2021 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**
2022				
Credit card receivables			**(P 461)**	**P 1,477**
Unemployment rate	**- 5.80%**	**+ 5.20%**		
Inflation rate	**- 0.20%**	**+ 5.30%**		
Corporate loans			**(99)**	**871**
USD-Php exchange rate	**- P3**	**+ P10.50**		
Inflation rate	**- 0.50%**	**+ 5.00%**		
91D TD bill	**- 0.50%**	**+ 5.00%**		
Consumer loans:				
Salary loans			**(11)**	**20**
Unemployment rate	**- 2.00%**	**+ 9.00%**		
USD-Php exchange rate	**- P3**	**+ P10.50**		
Inflation rate	**-0.50%**	**+ 5.00%**		
Bank lending rate	**-0.50%**	**+ 5.00%**		
Housing loans			**(5)**	**45**
Unemployment rate	**- 2.00%**	**+ 9.00%**		
Inflation rate	**- 0.50%**	**+ 5.00%**		
Bank lending rate	**- 0.50%**	**+ 5.00%**		
Auto loans			**(1)**	**7**
GDP	**+ P26,008**	**- P338,098**		
USD-Php exchange rate	**- P3**	**+ P10.50**		
Bank lending rate	**- 0.50%**	**+ 5.00%**		
Personal loans			**(6)**	**37**
GDP	**+ P26,008**	**- P338,098**		
USD-Php exchange rate	**- P3**	**+ P10.50**		
Bank lending rate	**- 0.50%**	**+ 5.00%**		

	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%		

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 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 Group 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 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 BCD 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 London Interbank Offered Rate (LIBOR) Reform

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 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 Interbank Offered Rates (IBOR) Fallback Rates from Bloomberg for legacy deals while Overnight Index Swap (OIS) Rates as specified in the ISDA protocols will be used for normal Interest Rate Swaps upon cessation of LIBOR and other rates.

As of December 31, 2022, the Group has initiated set-up of the required changes to systems and processes to be fully implemented in 2023. 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, 2022 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 11,640	P -
Bills payable	-	1,673
	11,640	1,673
Derivatives	182	123
Total assets/liabilities exposed to USD LIBOR	P 11,822	P 1,796

(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
2022:		
Tier 1 Capital		
CET 1	**P 85,637**	**P 81,243**
AT1	**14,465**	**14,465**
	100,102	**95,708**
Tier 2 Capital	**6,081**	**6,025**
Total Qualifying Capital	**P 106,183**	**P 101,733**
Total Risk – Weighted Assets	**P 694,421**	**P 679,361**
Capital ratios:		
Total qualifying capital expressed as a percentage of total risk-weighted assets	**15.29%**	**14.97%**
Tier 1 Capital Ratio	**14.42%**	**14.09%**
Total CET 1 Ratio	**12.33%**	**11.96%**

		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%

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
2022:				
Tier 1 Capital	**P**	**100,102**	**P**	**95,708**
Exposure measure		**1,198,389**		**1,184,364**
		8.35%		**8.08%**
2021:				
Tier 1 Capital	P	93,874	P	89,914
Exposure measure		963,320		950,191
		9.74%		9.46%

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, 2022								
Total stock of HQLA	P	429,188	P	420,715	P	426,745	P	418,521
Expected Net Cash Outflows*		1,258,367		259,722		1,257,964		258,974
Liquidity Coverage Ratio				**161.99%**				**161.61%**
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%

**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 Group'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, 2022		
Available stable funding	P 694,870	P 687,997
Required stable funding	553,443	554,141
Basel III NSFR	**125.55%**	**124.16%**
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%

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			
	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash and cash equivalents	**P 208,323**	**P 208,323**	P 199,277	P 199,277
Investment securities - net	**252,382**	**220,523**	163,611	164,277
Loans and receivables - net	**539,848**	**555,018**	507,739	538,971
Other resources	**1,204**	**1,204**	825	825
	1,001,757	**985,068**	871,452	903,350
At fair value:				
Investment securities at FVTPL	**7,037**	**7,037**	5,863	5,863
Investment securities at FVOCI	**114,946**	**114,946**	49,761	49,761
	121,983	**121,983**	55,624	55,624
	P 1,123,740	**P 1,107,051**	P 927,076	P 958,974
Financial Liabilities				
At amortized cost:				
Deposit liabilities	**P 857,244**	**P 857,299**	P 672,459	P 672,708
Bills payable	**66,660**	**66,660**	55,904	55,904
Bonds payable	**74,411**	**72,446**	87,215	87,687
Accrued interest and other expenses	**7,857**	**7,857**	5,559	5,559
Other liabilities	**25,333**	**25,333**	20,724	20,724
	1,031,505	**1,029,595**	841,861	842,582
At fair value –				
Derivative financial liabilities	**2,116**	**2,116**	926	926
	P 1,033,621	**P 1,031,711**	P 842,787	P 843,508

	Parent Company			
	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash and cash equivalents	**P 206,320**	**P 206,320**	P 197,673	P 197,673
Investment securities - net	**251,328**	**219,806**	162,899	163,560
Loans and receivables - net	**532,193**	**546,950**	499,901	531,276
Other resources	**1,202**	**1,202**	823	823
	991,043	**974,278**	861,296	893,332
At fair value:				
Investment securities at FVTPL	**6,139**	**6,139**	4,879	4,879
Investment securities at FVOCI	**114,265**	**114,265**	48,399	48,399
	120,404	**120,404**	53,278	53,278
	P 1,111,447	**P 1,094,682**	P 914,574	P 946,610

	Parent Company			
	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities				
At amortized cost:				
Deposit liabilities	**P 857,639**	**P 857,694**	P 674,414	P 674,663
Bills payable	**58,391**	**58,391**	46,399	46,399
Bonds payable	**74,411**	**72,446**	87,215	87,687
Accrued interest and other expenses	**7,663**	**7,663**	5,391	5,391
Other liabilities	**24,287**	**24,287**	19,641	19,641
	1,022,391	**1,020,481**	833,060	833,781
At fair value –				
Derivative financial liabilities	**2,116**	**2,116**	926	926
	P 1,024,507	**P 1,022,597**	P 833,986	P 834,707

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 7.3.

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, 2022					
Loans and receivables – Receivable from customers	11	**P 543,346**	**(P 11,001)**	**P -**	**P 532,345**
Trading and investment securities – Investment securities at amortized cost	10	**252,472**	**(40,481)**	**-**	**211,991**
Other resources – Margin deposits	15	**240**	**-**	**(240)**	**-**
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)	-

	Notes	Gross amounts recognized in the statements of financial position	Related amounts not set off in the statements of financial position: Financial instruments	Collateral received	Net amount
		Parent Company			
December 31, 2022					
Loans and receivables – Receivable from customers	11	**P 535,576**	**(P 10,941)**	**P -**	**P 524,635**
Trading and investment securities – Investment securities at amortized cost	10	**251,328**	**(40,481)**	**-**	**210,847**
Other resources – Margin deposits	15	**240**	**-**	**(240)**	**-**
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)	-

The following financial liabilities presented in the statements of financial position at gross amounts are covered by enforceable master netting arrangements and similar agreements:

	Notes	Gross amounts recognized in the statements of financial position	Related amounts not set off in the statements of financial position: Financial instruments	Collateral received	Net amount
		Group			
December 31, 2022					
Deposit liabilities	17	**P 857,244**	**(P 11,001)**	**P -**	**P 846,243**
Bills payable	18	**66,660**	**(40,481)**	**-**	**26,179**
Other liabilities – Derivative financial liabilities	21	**2,116**	**-**	**(240)**	**1,876**
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	21	926	-	(73)	853

	Notes	Gross amounts recognized in the statements of financial position	Related amounts not set off in the statements of financial position: Financial instruments	Collateral received	Net amount
		Parent Company			
December 31, 2022					
Deposit liabilities	17	**P 857,639**	**(P 10,941)**	**P -**	**P 846,698**
Bills payable	18	**58,391**	**(40,481)**	**-**	**17,910**
Other liabilities – Derivative financial liabilities	21	**2,116**	**-**	**(240)**	**1,876**
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	21	926	-	(73)	853

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, 2022 and 2021.

	Group			
	Level 1	Level 2	Level 3	Total
2022:				
Financial assets at FVTPL:				
Government securities	**P 3,883**	**P -**	**P -**	**P 3,883**
Corporate debt securities	**38**	**-**	**-**	**38**
Equity securities	**849**	**-**	**-**	**849**
Derivative assets	**20**	**2,247**	**-**	**2,267**
	4,790	**2,247**	**-**	**7,037**
Financial assets at FVOCI:				
Equity securities	**515**	**1,005**	**2,112**	**3,632**
Government securities	**53,492**	**-**	**-**	**53,492**
Corporate debt securities	**57,822**	**-**	**-**	**57,822**
	111,829	**1,005**	**2,112**	**114,946**
Total Resources at Fair Value	**P 116,619**	**P 3,252**	**P 2,112**	**P 121,983**
Derivative liabilities	**P 33**	**P 2,083**	**P -**	**P 2,116**
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

	Parent Company			
	Level 1	Level 2	Level 3	Total
2022:				
Financial assets at FVTPL:				
Government securities	**P 2,985**	**P -**	**P -**	**P 3,834**
Corporate debt securities	**38**	**-**	**-**	**38**
Equity securities	**-**	**-**	**-**	**-**
Derivative assets	**20**	**2,247**	**-**	**2,267**
	3,892	**2,247**	**-**	**6,139**
Financial assets at FVOCI:				
Equity securities	**622**	**350**	**2,088**	**3,060**
Government securities	**53,492**	**-**	**-**	**53,492**
Corporate debt securities	**57,713**	**-**	**-**	**57,713**
	111,827	**-**	**2,088**	**114,265**
Total Resources at Fair Value	**P 115,719**	**P 2,247**	**P 2,088**	**P 120,404**
Derivative liabilities	**P 33**	**P 2,083**	**P -**	**P 2,116**
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

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, 2022 and 2021 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 net asset value method, dividend discounted model or market-based approach (price-to-book value method) using current market values of comparable listed entities.

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, 2022 and 2021 ranges from 0.82:1 to 1.35:1 and from 0.84:1 to 1.56:1, 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 applying a discount rate of 9.2% and 4.8%, which is based on the latest available weighted cost of capital of the investee company, in 2022 and 2021, 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 2022 and 2021 is shown below.

	Group		**Parent Company**	
	2022	2021	**2022**	2021
Balance at beginning of year	**1,815**	P 1,570	**1,788**	P 1,542
Fair value gains - net	**297**	245	**300**	246
Balance at end of year	**P 2,112**	P 1,815	**P 2,088**	P 1,788

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 2022 and 2021.

(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
2022:				
Financial Assets:				
Cash and other cash items	**P 18,078**	**P -**	**P -**	**P 18,078**
Due from BSP	**156,664**	**-**	**-**	**156,664**
Due from other banks	**5,836**	**-**	**-**	**5,836**
Loans arising from reverse repurchase agreements	**8,724**	**-** **-**	**-** **-**	**8,724**
Interbank loans	**19,021**	**-**	**-**	**19,021**
Investment securities at amortized cost	**220,523**	**-**	**-**	**220,523**
Loans and receivables - net	**-**	**-**	**555,018**	**555,018**
Other resources	**-**	**-**	**1,204**	**1,204**
	P 428,846	**P -**	**P 556,222**	**P 985,068**
Financial Liabilities:				
Deposit liabilities	**P -**	**P -**	**P 857,299**	**P 857,299**
Bills payable	**-**	**-**	**66,660**	**66,660**
Bonds payable	**-**	**72,446**	**-**	**72,446**
Accrued interest and other expenses	**-**	**-**	**7,857**	**7,857**
Other liabilities	**-**	**-**	**25,333**	**25,333**
	P -	**P 72,446**	**P 957,149**	**P 1,029,595**
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	164,277	-	-	164,277
Loans and receivables - net	-	-	538,971	538,971
Other resources	-	-	825	825
	P 363,554	P -	P 539,796	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

	Parent Company							
	Level 1		Level 2		Level 3		Total	
2022:								
Financial Assets:								
Cash and other cash items	**P**	**18,024**	**P**	**-**	**P**	**-**	**P**	**18,024**
Due from BSP		**155,340**		**-**		**-**		**155,340**
Due from other banks		**5,383**		**-**		**-**		**5,383**
Loans arising from reverse repurchase agreements		**8,552**		**-**		**-**		**8,552**
Interbank loans		**19,021**		**-**		**-**		**19,021**
Investment securities at amortized cost		**219,806**		**-**		**-**		**219,806**
Loans and receivables - net		**-**		**-**		**546,950**		**546,950**
Other resources		**-**		**-**		**1,202**		**1,202**
	P	**426,126**	**P**	**-**	**P**	**548,152**	**P**	**974,278**
Financial Liabilities:								
Deposit liabilities	**P**	**-**	**P**	**-**	**P**	**857,694**	**P**	**857,694**
Bills payable		**-**		**-**		**58,391**		**58,391**
Bonds payable		**-**		**72,446**		**-**		**72,446**
Accrued interest and other expenses		**-**		**-**		**7,663**		**7,663**
Other liabilities		**-**		**-**		**24,287**		**24,287**
	P	**-**	**P**	**72,446**	**P**	**948,035**	**P**	**1,020,481**
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

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

Details of Group's and Parent Bank's investment properties and the information about the fair value hierarchy as of December 31, 2022 and 2021 are shown in the succeeding page.

	Group			
	Level 1	Level 2	Level 3	Total
December 31, 2022				
Land	P -	P -	P 7,168	P 7,168
Building and improvements	-	-	1,520	1,520
	P -	**P -**	**P 8,688**	**P 8,688**
December 31, 2021				
Land	P -	P -	P 6,098	P 6,099
Building and improvements	-	-	5,512	5,511
	P -	P -	P 11,610	P 11,610

	Parent			
	Level 1	Level 2	Level 3	Total
December 31, 2022				
Land	P -	P -	P 6,843	P 6,843
Building and improvements	-	-	1,416	1,416
	P -	**P -**	**P 8,259**	**P 8,259**
December 31, 2021				
Land	P -	P -	P 5,765	P 5,765
Building and improvements	-	-	5,416	5,416
	P -	P -	P 11,181	P 11,181

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 or internal 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 2022 and 2021.

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, 2022, 2021 and 2020 follow:

	Retail	Corporate	SME	Treasury	Others	Total
2022:						
Revenues						
From external customers						
Interest income	**P 33,539**	**P 27,865**	**P 6,325**	**P 12,615**	**P 100**	**P 80,444**
Interest expense	**(14,272)**	**(14,491)**	**(4,258)**	**(7,674)**	**(7)**	**(40,702)**
Net interest income	**19,267**	**13,374**	**2,067**	**4,941**	**93**	**39,742**
Non-interest income	**8,152**	**6,671**	**240**	**673**	**1,075**	**16,811**
	27,419	**20,045**	**2,307**	**5,614**	**1,168**	**56,553**
Intersegment revenues						
Interest income	**-**	**5**	**2,372**	**-**	**13**	**2,390**
Non-interest income	**650**	**-**	**-**	**-**	**-**	**650**
	650	**5**	**2,372**	**-**	**13**	**3,040**
Total net revenues	**28,069**	**20,050**	**4,679**	**5,614**	**1,181**	**59,593**
Expenses						
Operating expenses excluding impairment, depreciation and amortization	**15,436**	**2,763**	**1,507**	**1,053**	**59**	**20,818**
Impairment losses -net	**3,529**	**1,544**	**400**	**19**	**214**	**5,706**
Depreciation and amortization	**1,239**	**880**	**27**	**23**	**23**	**2,192**
	20,204	**5,187**	**1,934**	**1,095**	**296**	**28,716**
Segment operating income	**P 7,865**	**P 14,863**	**P 2,745**	**P 4,519**	**P 885**	**P 30,877**
Total resources	**P 163,956**	**P 307,379**	**P 88,807**	**P 357,684**	**P 4,224**	**P 922,050**
Total liabilities	**P 570,994**	**P 417,070**	**P 107,165**	**P 43,284**	**P 571**	**P 1,139,084**
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 impairment, depreciation and amortization	14,404	2,286	352	777	604	18,423
Impairment losses -net	4,718	954	256	14	106	6,048
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
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 impairment, depreciation and amortization	13,016	80	1,266	1,004	69	15,435
Impairment losses -net	6,775	1,744	704	1	151	9,375
Depreciation and amortization	945	521	16	42	14	1,538
	20,736	2,345	1,986	1,047	234	26,348
Segment operating income	P 2,330	P 10,352	P 2,125	P 7,052	(P 88)	P 21,771

	Retail	Corporate	SME	Treasury	Others	Total
2020:						
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

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.

	2022	2021	2020
Revenue			
Total segment revenues	**P 59,593**	P 45,514	P 48,119
Elimination of intersegment revenues	**(15,139)**	(9,120)	(10,206)
Net revenues as reported in profit or loss	**P 44,454**	P 36,394	P 37,913
Profit or loss			
Total segment operating income	**P 30,877**	P 19,047	P 21,771
Elimination of intersegment profit	**(18,797)**	(11,964)	(16,753)
Group net profit as reported in profit or loss	**P 12,080**	P 7,083	P 5,018
Resources			
Total segment resources	**P 922,050**	P 769,606	P 676,705
Unallocated assets	**232,058**	189,527	95,401
Total resources	**P 1,154,108**	P 959,133	P 772,106
Liabilities			
Total segment liabilities	**P 1,139,084**	P 915,795	P 756,957
Unallocated liabilities (elimination of intersegment liabilities)	**(101,337)**	(67,742)	(86,229)
Total liabilities	**P 1,037,747**	P 848,053	P 670,728

8.4 Analysis of Secondary Segment Information

Secondary information (by geographical locations) as of and for the years ended December 31, 2022, 2021 and 2020 follow:

	Philippines	**Asia and Europe**	**Total**
2022:			
Statement of profit or loss			
Total income	P 59,057	P 16	P 59,073
Total expenses	46,971	22	46,993
Net profit (loss)	**P 12,086**	**(P 6)**	**P 12,080**
Statement of financial position			
Total resources	**P 1,153,994**	**P 114**	**P 1,154,108**
Total liabilities	**P 1,037,741**	**P 6**	**P 1,037,747**
Other segment information			
Depreciation and amortization	**P 3,037**	**P -**	**P 3,037**

	Philippines		Asia and Europe		Total	
2021:						
Statement of profit or loss						
Total income	P	44,660	P	14	P	44,674
Total expenses		37,569		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

9. CASH AND CASH EQUIVALENTS

The components of Cash and Cash Equivalents follow:

	Group				**Parent Company**			
	2022		2021		**2022**		2021	
Cash and other cash items	**P**	**18,078**	P	14,691	**P**	**18,024**	P	14,663
Due from BSP		**156,664**		130,170		**155,340**		128,931
Due from other banks		**5,836**		12,162		**5,383**		11,860
Loans arising from reverse repurchase agreements		**8,724**		11,691		**8,552**		11,656
Interbank loans receivables (see Note 11)		**19,021**		30,563		**19,021**		30,563
	P	**208,323**	P	199,277	**P**	**206,320**	P	197,673

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	
	2022	2021	**2022**	2021
Demand deposit and secured settlement accounts	**P 76,582**	P 65,074	**P 75,340**	P 63,931
Term deposit	**72,050**	45,086	**72,000**	45,000
Overnight deposit	**8,032**	20,010	**8,000**	20,000
	P 156,664	P 130,170	**P 155,340**	P 128,931

The balance of Due from other banks account represents regular deposits with the following:

	Group		Parent Company	
	2022	2021	**2022**	2021
Foreign banks	**P 4,689**	P 10,386	**P 4,681**	P 10,371
Local banks	**1,147**	1,776	**702**	1,489
	P 5,836	P 12,162	**P 5,383**	P 11,860

Interest on placements with BSP and other banks, which is presented as Interest Income on Others in the statements of profit or loss, consist of:

	Group		
	2022	2021	2020
BSP	**P 1,037**	P 755	P 929
Other banks	**73**	8	35
	P 1,110	P 763	P 964

	Parent Company		
	2022	2021	2020
BSP	**P 1,033**	P 752	P 917
Other banks	**44**	3	28
	P 1,077	P 755	P 945

The Group's deposits in other banks and in BSP arising from overnight lending from excess liquidity earn annual interest of 0.00% to 1.60% and 1.50% to 4.80% in 2022, 0.00% to 2.00% and 1.50% to 2.50% in 2021, and 0.00% to 2.00% and 1.50% to 2.20% in 2020, respectively.

10. TRADING AND INVESTMENT SECURITIES

This account is comprised of:

	Group				Parent Company			
	2022		2021		**2022**		2021	
Financial assets at FVTPL	**P**	**7,037**	P	5,863	**P**	**6,139**	P	4,879
Financial assets at FVOCI		**114,946**		49,761		**114,265**		48,399
Investment securities at amortized cost		**252,382**		163,611		**251,328**		162,899
	P	**374,365**	P	219,235	**P**	**371,732**	P	216,177

10.1 Financial Assets at Fair Value Through Profit or Loss

Financial assets at FVTPL is composed of the following:

	Group				Parent Company			
	2022		2021		**2022**		2021	
Government securities	**P**	**3,883**	P	4,330	**P**	**3,834**	P	3,346
Derivative financial assets		**2,267**		1,266		**2,267**		1,266
Equity securities		**849**		232		**-**		232
Corporate debt securities		**38**		35		**38**		35
	P	**7,037**	P	5,863	**P**	**6,139**	P	4,879

The carrying amounts of financial assets at FVTPL are classified as follows:

	Group				Parent Company			
	2022		2021		**2022**		2021	
Held-for-trading	**P**	**4,770**	P	4,365	**P**	**3,872**	P	3,381
Designated as at FVTPL		**-**		232		**-**		232
Derivative financial assets		**2,267**		1,266		**2,267**		1,266
	P	**7,037**	P	5,863	**P**	**6,139**	P	4,879

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 nil, P22, and P20 in 2022, 2021, and 2020, respectively, and nil, P22, and P9 for the Parent Company in 2022, 2021 and 2020, respectively, which are included as part of Miscellaneous income under the Other Operating Income account in the statements of profit or loss (see Note 24.1).

Treasury bills and other debt securities issued by the government and other private corporations earn annual interest as follows:

	2022	2021	2020
Peso denominated	**1.41% - 12.38%**	1.37% - 8.12%	2.38% - 15.00%
Foreign currency denominated	**0.28% - 9.63%**	1.37% - 10.62%	2.46% - 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
2022:			
Currency swaps and forwards	**P 156,832**	**P 2,053**	**P 1,949**
Interest rate swaps and futures	**16,067**	**203**	**130**
Debt warrants	**5,864**	**9**	**-**
Options	**1,320**	**2**	**4**
Credit default swap	**613**	**-**	**33**
	P 180,696	**P 2,267**	**P 2,116**
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

Derivative liabilities are shown as Derivative financial liabilities as part of Other Liabilities account in the statements of financial position (see Note 21). 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	
	2022	2021	**2022**	2021
Quoted equity securities	**P 1,520**	P 1,852	**P 972**	P 1,000
Unquoted equity securities	**2,112**	1,815	**2,088**	1,788
Government debt securities	**53,492**	28,682	**53,492**	28,682
Corporate debt securities	**57,822**	17,412	**57,713**	16,929
	P 114,946	P 49,761	**P 114,265**	P 48,399

The reconciliation of the carrying amounts of these financial assets are as follows:

	Group		Parent Company	
	2022	2021	**2022**	2021
Balance at the beginning	**P 49,761**	P 40	**P 48,399**	P 38,813
Additions	**131,018**	127,044	**130,903**	126,809
Disposals	**(60,578)**	(117,158)	**(59,863)**	(116,890)
Fair value losses - net	**(5,255)**	(275)	**(5,174)**	(16,929)
Balance at end of year	**P 114,946**	P 49,761	**P 114,265**	P 48,399

Unquoted equity securities include investments in non-marketable equity securities of private companies. The carrying amount and fair value of the Group's unquoted equity securities as of December 31, 2022 and 2021 amounted to P2,112 and P1,815, 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).

In 2022, 2021 and 2020, dividends recognized on these equity securities amounting to P293, P83 and P58 by the Group and, P227, P17 and P7 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 24.1).

10.3 Investment Securities at Amortized Cost

Investment securities at amortized cost as of December 31 consist of:

	Group		Parent Company	
	2022	2021	**2022**	2021
Government securities	**P 218,163**	P 132,969	**P 217,017**	P 132,162
Corporate debt securities	**34,382**	30,789	**34,382**	30,789
	252,545	163,758	**251,399**	162,951
Allowance for impairment	**(163)**	(147)	**(71)**	(52)
	P 252,382	P 163,611	**P 251,328**	P 162,899

Interest rates per annum on government securities and corporate debt securities range from the following:

	2022	2021	2020
Peso denominated securities	**2.90% - 6.87%**	2.63% - 5.26%	3.38% - 8.60%
Foreign currency-denominated securities	**0.28% - 7.65%**	0.18% - 7.65%	0.18% - 10.63%

There is no disposal of HTC investment in 2022 and 2021.

The Group recognized ECL on investment securities at amortized cost amounting to P19 in 2022, P14 in 2021, and P1 in 2020 (see Note 16). The Parent Company recognized ECL on investment at amortized cost amounting to P19 in 2022, P12 in 2021 and nil in 2020 (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 26).

As of December 31, 2022 and 2021, 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 2022, 2021 and 2020 are shown below.

	Group		
	2022	2021	2020
Financial assets at FVTPL	**P 150**	P 96	P 223
Debt securities at FVOCI	**2,094**	1,343	848
Investment securities at amortized cost	**7,511**	3,009	1,008
	P 9,755	P 4,448	P 2,079

	Parent		
	2022	2021	2020
Financial assets at FVTPL	**P 150**	P 92	P 213
Debt securities at FVOCI	**2,074**	1,320	804
Investment securities at amortized cost	**7,459**	2,967	974
	P 9,683	P 4,379	P 1,991

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 2022, 2021, and 2020 are as follows:

	Group		
	2022	2021	2020
Profit or loss:			
Financial assets at FVTPL	**(P 42)**	P 309	P 286
Debt securities at FVOCI	**5**	554	3,103
Investment securities at amortized cost	**-**	-	2,695
	(P 37)	P 863	P 6,084
Other comprehensive income (loss):			
Equity securities at FVOCI	**P 191**	P 548	(P 570)
Debt securities at FVOCI	**(5,446)**	(823)	339
	(P 5,255)	(P 275)	(P 231)

	Parent		
	2022	2021	2020
Profit or loss:			
Financial assets at FVTPL	**P 34**	P 314	P 264
Debt securities at FVOCI	**(12)**	542	3,098
Investment securities at amortized cost	**-**	-	2,678
	P 22	P 856	P 6,040
Other comprehensive income (loss):			
Equity securities at FVOCI	**P 272**	P 490	(P 591)
Debt securities at FVOCI	**(5,446)**	(823)	339
	(P 5,174)	(P 333)	(P 252)

11. LOANS AND RECEIVABLES

This account consists of the following (see also Note 27.1)

	Group		Parent Company	
	2022	2021	**2022**	2021
Receivables from customers:				
Loans and discounts	**P 465,160**	P 452,495	**P 459,956**	P 446,954
Credit card receivables	**50,380**	35,563	**50,380**	35,563
Customers' liabilities on acceptances, import bills and trust receipts	**22,587**	20,662	**22,587**	20,662
Lease contract receivables	**3,084**	2,296	**-**	-
Bills purchased	**2,888**	2,033	**2,888**	2,033
Receivables financed	**149**	297	**-**	-
	544,248	513,346	**535,811**	505,212
Unearned discount	**(902)**	(615)	**(235)**	(279)
	543,346	512,731	**535,576**	504,933
Other receivables:				
Interbank loans receivables (see Note 9)	**19,021**	30,563	**19,021**	30,563
Accrued interest receivables	**7,828**	7,372	**7,669**	7,058
Accounts receivables [see Note 27.5(a)]	**4,015**	4,114	**3,479**	3,603
UDSCL	**-**	989	**-**	989
Sales contract receivables	**689**	797	**557**	657
	31,553	43,835	**30,726**	42,870
	574,899	556,566	**566,302**	547,803
Allowance for impairment (see Notes 4.4.9 and 16)	**(16,030)**	(18,264)	**(15,088)**	(17,339)
	P 558,869	P 538,302	**P 551,214**	P 530,464

Receivables from customers' portfolio earn average annual interest or range of interest as follows:

	2022	2021	2020
Loans and discounts:			
Philippine peso	**6.12%**	7.37%	8.58%
Foreign currencies	**4.92%**	4.37%	4.62%
Credit card receivables	**16.21% - 18.12%**	14.23% - 18.87%	16.52% - 29.87%
Lease contract receivables	**7.25% - 26.00%**	8.00% - 26.00%	9.50% - 26.00%
Receivables financed	**10.00% - 22.00%**	11.00% - 22.00%	10.00% - 24.00%

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 as of December 31, 2021 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. In 2022, the outstanding balance of UDSL was fully written off as recovery is no longer expected from the counterparty. Write-off amounting to P989 is included as part of Impairment losses – net in 2022 statement of profit or loss (see Note 16).

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, 2022 and 2021, the outstanding balance amounted to P127. The receivable amount is unsecured, noninterest-bearing and payable in cash on demand (see Note 27). 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		
	2022	2021	2020
Loans and discounts	**P 27,068**	P 25,827	P 25,678
Credit card receivables	**6,289**	4,890	6,759
Finance lease receivables	**202**	319	337
Others	**1,411**	864	1,135
	P 34,970	P 31,900	P 33,909

	Parent Company		
	2022	2021	2020
Loans and discounts	**P 26,889**	P 25,661	P 25,483
Credit card receivables	**6,289**	4,890	6,759
Others	**1,140**	225	452
	P 34,367	P 31,095	P 33,031

The breakdown of the receivables from customers' portfolio as to secured and unsecured follows:

	Group		Parent Company	
	2022	2021	**2022**	2021
Secured:				
Real estate mortgage	**P 169,253**	P 132,782	**P 168,045**	P 132,094
Chattel mortgage	**44,003**	66,351	**41,542**	66,254
Hold-out deposits	**11,001**	7,464	**10,941**	7,457
Other securities	**11,286**	14,280	**7,938**	14,248
	235,543	220,877	**228,466**	220,053
Unsecured	**307,803**	291,854	**307,110**	284,880
	P 543,346	P 512,731	**P 535,576**	P 504,933

A reconciliation of the allowance for impairment on loans and receivables at the beginning and end of 2022 and 2021 is shown below (see Note 16).

	Group		Parent Company	
	2022	2021	**2022**	2021
Balance at beginning of year	**P 18,264**	P 19,193	**P 17,339**	P 18,363
Impairment losses during the year	**5,259**	4,994	**5,043**	4,895
Accounts written off and others	**(7,493)**	(5,923)	**(7,294)**	(5,919)
Balance at end of year	**P 16,030**	P 18,264	**P 15,088**	P 17,339

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	
	2022	2021
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	**192**	187
Share in net earnings for the year	**32**	12
Share in actuarial gains (losses) on defined benefit plan	**4**	(3)
Others	**(1)**	(4)
Balance at end of year	**227**	192
	P 379	P 344

	Parent Company	
	2022	2021
Acquisition costs of subsidiaries:		
RCBC Capital	**P 2,231**	P 2,231
Rizal Microbank	**1,253**	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 *(balance forwarded)*	**P 6,814**	P 6,803

	Parent Company	
	2022	2021
Total acquisition costs *(balance carried forward)*	**P 6,814**	P 6,803
Accumulated equity in net earnings:		
Balance at beginning of year	**(120)**	(162)
Share in net earnings for the year	**122**	465
Share in actuarial gains on defined benefit plan	**-**	50
Share in fair value loss on financial assets at FVOCI	**(81)**	58
Cash dividends	**(71)**	(524)
Others	**(8)**	(7)
Balance at end of year	**(158)**	(120)
Investments in subsidiaries	**6,656**	6,683
Investments in associates	**379**	344
	P 7,035	P 7,027

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 amounting to P71 and P524 in 2022 and 2021, respectively. No dividends were earned from associates for 2022 and 2021. Dividends receivable as of December 31, 2022 and 2021 amounted to nil and P500, 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 as of December 31, 2022 and 2021, 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, 2022 and 2021. HCPI uses a fiscal year ending March 31 as its reporting period.

	2022	2021
Financial position:		
Current assets	**P 4,832**	P 3,835
Noncurrent assets	**1,101**	1,063
Current liabilities	**2,604**	1,823
Noncurrent liabilities	**403**	420
Financial performance:		
Revenues	**13,508**	11,113
Gross income	**952**	1,070
Operating income	**152**	255
Net income	**203**	221
Other comprehensive loss	**-**	(25)
Total comprehensive income	**203**	196
Cash flows:		
Net cash from (used in):		
Operating activities	**55**	(930)
Investing activities	**731**	(31)
Cash at the beginning	**679**	1,640
Cash at the end	**1,465**	679

The table presented below summarized the reconciliation of equity interest to HCPI as of December 31, 2022 and 2021

	2022	2021
Net asset of HCPI	**P 2,926**	P 2,655
Proportion of interest	**12.88%**	12.88%
Current liabilities	**377**	342
Nominal goodwill in equity ownership	**2**	2
Carrying amount of investment	**P 379**	P 344

Effective March 25, 2020, HCPI closed the production operations on its plant site in Laguna, where it assembles certain models of passenger cars. This is in consideration of efficient allocation and distribution of its resources in Asia and Oceania. Despite the closure of the manufacturing plant, HCPI will continue sales and after-sales service operations in the Philippines as an importer/wholesaler. The Parent Company believes that the event will not lead to any significant uncertainty for HCPI to continue its operations as a going concern.

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 2022 and 2021 are shown below and in succeeding page.

	Group					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Right-of-use Asset	Total
December 31, 2022						
Cost	P 918	P 2,385	P 12,537	P 1,900	P 9,842	P 27,582
Accumulated depreciation and amortization	-	(1,435)	(8,431)	(899)	(5,553)	(16,318)
Net carrying amount	**P 918**	**P 950**	**P 4,106**	**P 1,001**	**P 4,289**	**P 11,264**
December 31, 2021						
Cost	P 1,267	P 3,822	P 11,470	P 1,509	P 6,967	P 25,035
Accumulated depreciation and amortization	-	(1,742)	(6,697)	(595)	(3,341)	(12 ,375)
Net carrying amount	P 1,267	P 2,080	P 4,773	P 914	P 3,626	P 12,660
January 1, 2021						
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

	Parent Company					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Right-of-use Asset	Total
December 31, 2022						
Cost	P 917	P 2,385	P 7,538	P 1,737	P 9,831	P 22,408
Accumulated depreciation and amortization	-	(1,436)	(5,526)	(772)	(5,128)	(12,862)
Net carrying amount	**P 917**	**P 949**	**P 2,012**	**P 965**	**P 4,703**	**P 9,546**
December 31, 2021						
Cost	P 1,222	P 3,788	P 8,828	P 1,411	P 7,134	P 22,383
Accumulated depreciation and amortization	-	(1,720)	(6,577)	(531)	(2,984)	(11,812)
Net carrying amount	P 1,222	P 2,068	P 2,251	P 880	P 4,150	P 10,571
January 1, 2021						
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

A reconciliation of the carrying amounts of bank premises, furniture, fixtures and equipment at the beginning and end of 2022 and 2021 is shown below.

	Group					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Right-of-Use Asset	Total
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 1,267	P 2,080	P 4,773	P 914	P 3,626	P 12,660
Additions	1	389	605	632	2,023	3,650
Disposals	(350)	(1,306)	(479)	(241)	-	(2,376)
Depreciation and amortization charges for the period	-	(213)	(793)	(304)	(1,360)	(2,670)
Balance at December 31, 2022, net of accumulated depreciation and amortization	**P 918**	**P 950**	**P 4,106**	**P 1,001**	**P 4,289**	**P 11,264**
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

	Parent Company					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Right-of-use Asset	Total
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 1,222	P 2,068	P 2,251	P 880	P 4,150	P 10,571
Additions	1	291	577	382	1,845	3,096
Disposals	(306)	(1,306)	(271)	(56)	-	(1,939)
Depreciation and amortization charges for the period	-	(104)	(545)	(241)	(1,292)	(2,182)
Balance at December 31, 2022, net of accumulated depreciation and amortization	**P 917**	**P 949**	**P 2,012**	**P 965**	**P 4,703**	**P 9,546**

	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

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, 2022 and 2021, 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 P8,740 and P7,905, respectively, as of December 31, 2022, and P6,974 and P6,334, respectively, as of December 31, 2021.

As part of strengthening the Parent Company's capital position, on September 30, 2022, the Parent Company sold and immediately leased back for five years a portion of its bank premises and investment properties pertaining to AT Yuchengco Centre (ATYC), with carrying amount of P1,501 and P1,361, respectively [see Notes 14 and 27.5(a)]. The sale qualified as a sale and leaseback and accounted under the applicable financial reporting standard (see Note 2.15). The total selling price amounted to P6,065, of which P2,426 is still outstanding as part of Loans and discounts under Loans and Receivables – net in the 2022 statement of financial position. The loan receivable from ATYCI is secured, bears 6.04% interest and payable in 3 years. The impairment loss recognized on this loan receivable under the Parent Company's ECL model amounted to P10 [see Notes 11 and 27.5(a)].

The gain on sale recognized over the aforementioned sale and leaseback transaction amounted to P2,352 and is reported as part of the Gain on asset sold – net under Other Operating Income in the 2022 statement of profit or loss. Right-of-use asset and lease liability recognized amounted to P760 and P1,611, respectively (see Note 21). There is no similar transaction in 2021.

The Group has leases for certain offices and branches (see Note 21). 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, respectively. The total short-term leases and leases of low-value entered into contract by the Parent Company amounted to P39 and P7 in 2022 and 2021, respectively. 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 table below describes the nature of the Company's leasing activities at December 31, 2022 and 2021:

	Number of right-of-use Assets leased		Range of remaining lease terms (in years)		Average remaining lease terms (in years)	
	2022	2021	**2022**	2021	**2022**	2021
Buildings	**7**	4	**1 to 5**	1 to 4	**2**	2
Warehouses	**6**	1	**1 to 3**	1	**1**	1
ATM batches	**18**	13	**3 to 5**	4 to 5	**4**	4
Branches	**334**	380	**1 to 11**	1 to 12	**4**	3

The lease liabilities are secured by the related underlying assets and are presented as part of Other Liabilities in the statement of financial position (see Note 21). The undiscounted maturity analysis of lease liabilities at December 31, 2022 and 2021 are as follows:

	Within 1 Year	Within 2 Years	Within 3 Years	Within 4 Years	Within 5 Years	More than 5 Years	Total
2022:							
Group							
Lease payments	P 1,458	P 1,296	P 1,096	P 895	P 610	P 884	P 6,239
Finance charges	(222)	(171)	(125)	(85)	(53)	(83)	(739)
Net present value	**P 1,236**	**P 1,125**	**P 971**	**P 810**	**P 557**	**P 801**	**P 5,500**
Parent Company							
Lease payments	P 1,495	P 1,328	P 1,156	P 980	P 698	P 973	P 6,630
Finance charges	(215)	(165)	(122)	(83)	(51)	(81)	(717)
Net present value	**P 1,280**	**P 1,163**	**P 1,034**	**P 897**	**P 647**	**P 892**	**P 5,913**
2021:							
Group							
Lease payments	P 1,214	P 1,033	P 854	P 675	P 452	P 545	P 4,773
Finance charges	(216)	(164)	(122)	(86)	(54)	(81)	(723)
Net present value	P 998	P 869	P 732	P 589	P 398	P 464	P 4,050
Parent Company							
Lease payments	P 1,239	P 1,075	P 899	P 730	P 538	P 694	P 5,175
Finance charges	(206)	(157)	(117)	(83)	(53)	(80)	(696)
Net present value	P 1,033	P 918	P 782	P 647	P 485	P 614	P 4,479

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 ensure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term. 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.

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. In addition, the Parent Company has also entered a five-year lease agreement with ATYC, Inc. (ATYCI) in October 2022 which is effective until September 30, 2027.

The total cash outflow in respect of leases in 2022, 2021 and 2020 amounted to P5,311, P1,360 and P1,173, respectively, for the Group, and P5,695, P1,205 and P1,113, respectively, for the Parent Company. Interest expense in relation to lease liabilities in 2022, 2021 and 2020 amounted to P189, P170 and P165, respectively, for the Group, and P218, P185 and P162, respectively, for the Parent Company and is presented as part of Interest expense in the statements of profit or loss.

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 2022 and 2021 are shown below.

	Group			Parent Company		
	Land	Buildings	Total	Land	Buildings	Total
December 31, 2022						
Cost	P 1,781	P 1,784	P 3,565	P 1,643	P 1,763	P 3,406
Accumulated depreciation	-	(675)	(675)	-	(665)	(665)
Accumulated impairment (see Note 16)	(22)	(252)	(274)	(1)	(252)	(253)
Net carrying amount	**P 1,759**	**P 857**	**P 2,616**	**P 1,642**	**P 846**	**P 2,488**
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

	Group			Parent Company		
	Land	Buildings	Total	Land	Buildings	Total
January 1, 2021						
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

The reconciliations of the carrying amounts of investment properties at the beginning and end of 2022 and 2021 follow:

	Group		Parent Company	
	2022	2021	**2022**	2021
Balance at January 1, net of accumulated depreciation and impairment	**P 3,572**	P 3,725	**P 3,435**	P 3,580
Additions	**784**	437	**767**	436
Disposals	**(1,672)**	(71)	**(1,648)**	(66)
Reclassification	**(10)**	(7)	**(10)**	(7)
Depreciation charges for the year	**(57)**	(172)	**(56)**	(172)
Impairment losses	**(1)**	(340)	**-**	(336)
Balance at December 31, net of accumulated depreciation and impairment	**P 2,616**	P 3,572	**P 2,488**	P 3,435

As of December 31, 2022 and 2021, 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 P784 and P767, respectively, in 2022, and P437 and P436, respectively, in 2021, in settlement of certain loan accounts.

As of December 31, 2022, and 2021, foreclosed investment properties still subject to redemption period by the borrowers amounted to P918 and P638, respectively, for the Group and P894 and P1,390, respectively, for the Parent Company.

The total gain recognized by the Group and the Parent Company from disposals of investment properties amounted to P510 and P502, respectively, in 2022, and P30 and P18, respectively, in 2021, and P23 and P20, respectively, in 2020, which is presented as part of Gain on assets sold – net under Other Operating Income account in the statements of profit or loss.

14.2 Income and Expenses from Investment Properties Held for Rental

The Group and Parent Company earned rental income from investment properties amounting to P199 in 2022, P229 in 2021 and P215 in 2020, and are presented as part of Rentals under Miscellaneous Income account in the statements of profit or loss [see Notes 24.1 and 27.5(b)]. Expenses incurred by the Group and Parent Company in relation to the investment properties include taxes and licenses amounting to P48 in 2022, P16 and P13, respectively, in 2021 and P6 and P5, respectively, in 2020.

15. OTHER RESOURCES

Other resources consist of the following:

	Note	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Assets held-for-sale and disposal group	15.1	**P 3,440**	P 5,295	**P 2,665**	P 4,745
Creditable withholding taxes		**3,257**	2,412	**3,211**	2,398
Prepaid expenses	15.2	**1,795**	1,651	**1,573**	1,449
Software – net	15.3	**1,362**	1,338	**1,359**	1,332
Branch licenses	15.4	**1,000**	1,000	**1,000**	1,000
Refundable and other deposits		**803**	528	**801**	526
Goodwill	15.5	**426**	426	**269**	269
Unused stationery and supplies		**559**	419	**545**	412
Deferred charges		**547**	390	**529**	369
Returned checks and other cash items		**80**	196	**80**	196
Margin deposits	15.6	**240**	73	**240**	73
Miscellaneous	15.7	**1,287**	640	**721**	863
		14,796	14,368	**12,993**	13,632
Allowance for impairment	15.1, 15.5	**(1,223)**	(1,268)	**(1,066)**	(1,135)
		P 13,573	P 13,100	**P 11,927**	P 12,497

15.1 Assets Held-for-Sale and Disposal Group

	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Equity securities	**P 1,894**	P 1,842	**P 1,889**	P 1,842
Foreclosed automobiles	**918**	2,812	**546**	2,673
Foreclosed real properties	**628**	641	**230**	230
	3,440	5,295	**2,665**	4,745
Allowance for impairment	**(1,048)**	(1,118)	**(1,048)**	(1,118)
Balance at end of year	**P 2,392**	P 4,177	**P 1,617**	P 3,627

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. Recovery on assets held for sale for Group and Parent amounted to P135 for 2022 while impairment loss amounted to P678 for 2021 and are presented as part of the Impairment losses – net on non-financial asset (see Note 16).

15.1.1 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 28.3). 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. In 2022, the Parent Company recognized impairment of the HHIC equity securities amount to P516 and this is included as part of Impairment Losses – net in the 2022 statement of profit or loss (see Note 16). There is no similar transaction in 2021.

As of December 31, 2022, the Bank estimates that it will need two more years to complete the sale of the shares under its current 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.

15.2 Prepaid Expenses

Prepaid expenses include prepayments for insurance, taxes and licenses, and software maintenance.

15.3 Software

A reconciliation of the carrying amounts of software at the beginning and end of 2022 and 2021 is shown below.

	Group		Parent Company	
	2022	2021	**2022**	2021
Balance at beginning of year	**P 1,338**	P 1,184	**P 1,332**	P 1,175
Additions	**334**	494	**333**	493
Amortization	**(310)**	(340)	**(306)**	(336)
Balance at end of year	**P 1,362**	P 1,338	**P 1,359**	P 1,332

Amortization charges for software are included as part of Depreciation and Amortization account in the statements of profit or loss.

15.4 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 CGU level, as appropriate when circumstances indicate that the intangible asset may be impaired.

Branch licenses is subject to annual impairment testing and whenever there is an indication of impairment. The recoverable amount used to determine impairment on the branch licenses was based on Value-in-Use (VIU) calculation computed through discounting the five-year cash flow projections from financial budgets approved by the Parent Company's senior management covering a five-year period. The recoverable amount was computed by determining the excess of the projected interest income from the projected interest expense. 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 applied to cash flow projections is 10.91% and 8.5% in 2022 and 2021, respectively, while the growth rate used to extrapolate cash flows covering a five-year period is 5.67% and 5.00%, in 2022 and 2021, respectively.

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 2022 and 2021, 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 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 2022 and 2021, the discount rate applied to cash flow projections is 13.86% and 10.55%, respectively, while the growth rate used to extrapolate cash flows beyond five-year period is 5.67% and 6.46% for 2022 and 2021, respectively. On the basis of the report of the third-party consultant dated January 18, 2023 and January 26, 2022 with valuation date as of the end of 2022 and 2021, 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.

		Group		Parent Company	
	Notes	**2022**	2021	**2022**	2021
Balance at beginning of year					
Loans and receivables	11	**P 18,264**	P 19,193	**P 17,339**	P 18,363
Investment securities at amortized cost	10.3	**147**	142	**52**	48
Loan commitments	21	**145**	194	**145**	139
Investment properties	14	**277**	311	**261**	298
Other resources	15	**1,268**	802	**1,135**	670
		20,101	20,642	**18,932**	19,518
Impairment losses – net:					
Loans and receivables	11	**5,259**	4,994	**5,043**	4,895
Investment securities at amortized cost	10.3	**19**	14	**19**	12
Loan commitments	4.4	**69**	5	**69**	5
Investment properties	14	**1**	340	**-**	336
Other resources	15	**358**	695	**358**	685
		5,706	6,048	**5,489**	5,933
Charge-offs and other adjustments during the year		**(7,903)**	(6,589)	**(7,729)**	(6,519)
Balance at end of year					
Loans and receivables	11	**16,030**	18,264	**15,088**	17,339
Investment securities at at amortized cost	10.3	**163**	147	**71**	52
Loan commitments	21	**214**	145	**214**	145
Investment properties	14	**274**	277	**253**	261
Other resources	15	**1,223**	1,268	**1,066**	1,135
		P 17,904	P 20,101	**P 16,692**	P 18,932

17. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities (see also Note 27.2):

	Group		Parent Company	
	2022	2021	**2022**	2021
Demand	**P 174,563**	P 144,810	**P 175,230**	P 146,793
Savings	**246,242**	228,470	**246,524**	228,944
Time	**430,357**	293,097	**429,803**	292,595
Long-term Negotiable Certificate of Deposits (LTNCD)	**6,082**	6,082	**6,082**	6,082
	P 857,244	P 672,459	**P 857,639**	P 674,414

The Parent Company's LTNCD as of December 31, 2022 and 2021 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:

	2022	2021	2020
Demand, Savings and Time deposits	**0.07% - 6.13%**	0.10% - 6.00%	0.10% - 5.00%

The total interest expense incurred by the Group and the Parent Company on deposit liabilities are as follows:

	Group		
	2022	2021	2020
Time	**P 7,995**	P 2,639	P 4,118
Savings	**894**	597	503
Demand	**868**	524	327
LTNCD	**300**	299	340
	P 10,057	P 4,059	P 5,288

	Parent Company		
	2022	2021	2020
Time	**P 7,987**	P 2,632	P 4,086
Savings	**895**	597	504
Demand	**873**	528	335
LTNCD	**300**	299	340
	P 10,055	P 4,056	P 5,265

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. The reserve requirement ratio for the Parent Company and Rizal Microbank is at 12% and 3%, respectively, both in 2022 and 2021.

Peso-denominated LTNCDs of the Parent Company are subject to reserve requirement equivalent of 4% in both years. As of December 31, 2022 and 2021, 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 P76,582, P65,074, and P49,539 for the Group and P75,340, P63,931, and P48,119 for the Parent Company as of December 31, 2022, 2021 and 2020, respectively (see Note 9).

18. BILLS PAYABLE

This account consists of borrowings from:

	Group		Parent Company	
	2022	2021	**2022**	2021
Foreign banks	**P 40,482**	P 46,398	**P 40,482**	P 46,398
Local banks	**26,178**	9,505	**17,909**	-
Others	**-**	1	**-**	1
	P 66,660	P 55,904	**P 58,391**	P 46,399

Borrowings from foreign and local banks are subject to annual fixed interest rates as follows:

	2022	2021	2020
Group			
Peso denominated	**4.66% - 8.00%**	4.15% - 7.50%	4.66% - 4.96%
Foreign currency denominated	**0.0001% - 0.725%**	0.0001% - 0.725%	0.22% - 0.54%
Parent Company			
Peso denominated	**4.66% - 4.96%**	4.66% - 4.96%	4.66% - 4.96%
Foreign currency denominated	**0.0001% - 0.725%**	0.0001% - 0.725%	0.22% - 0.54%

The total interest expense incurred by the Group on the bills payable amounted to P824 in 2022, P420 in 2021, and P933 in 2020. The total interest expense incurred by the Parent Company on the bills payable amounted to P420 in 2022, P22 in 2021, and P434 in 2020.

As of December 31, 2022 and 2021, bills payable availed under repurchase agreements amounting to P62,142 and P55,380, respectively, are secured by the Group and Parent Company's investment securities (see Note 10.3). Investment securities used as collateral to the bills payable are government securities and corporate debt securities that are measured at amortized cost. The average interest rate is 4.05% in 2022, and 8.60% in 2021 for government securities, and 3.70% in 2022 and 3.10% in 2021 for corporate debt securities. Average remaining terms before maturity of these investment securities as of 2022 and 2021 is 3 years and 4 years, respectively, for government securities, and 7 years and 12 years, respectively, for corporate debt 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 2022	Outstanding Balance 2021
February 21, 2022	May 21, 2024	3.00%	P 14,756	**P 14,756**	P -
March 31, 2021	September 30, 2023	3.20%	P 13,743	**13,743**	13,743
March 31, 2021	June 30, 2026	4.18%	P 4,130	**4,130**	4,130
September 11, 2019	September 11, 2024	3.05%	$ 300	**16,727**	15,264
March 15, 2018	March 16, 2023	4.13%	$ 450	**25,055**	22,908
July 27, 2020	July 27, 2022	3.25%	P 16,616	**-**	16,616
April 7, 2020	April 7, 2022	4.85%	P 7,054	**-**	7,054
November 13, 2019	November 13, 2022	4.43%	P 7,500	**-**	7,500
				P 74,411	P 87,215

On February 21, 2022, the Parent Company issued unsecured Peso-denominated Senior Notes with principal amount and outstanding balance as of December 31, 2022 of P14,756 bearing an interest of 3.00% per annum. The senior notes will mature on May 21, 2024.
On March 31, 2021, the Parent Company issued unsecured Peso-denominated Senior Notes with outstanding balance as of December 31, 2022 of P13,743 and P4,130 bearing an interest of 3.20% and 4.18% 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 September 30, 2023 and June 30, 2026, respectively.

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 matured last 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 matured 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 matured 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, 2022 and 2021, the peso equivalent of this outstanding bond issue amounted to P16,727 and P15,624, respectively.

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, 2022, and 2021, the peso equivalent of this outstanding bond issue amounted to P25,055 and P22,908, respectively.

The debt issue cost incurred in 2022 and 2021 amounted to P111 and P134, respectively. The unamortized debt issue cost as of December 31, 2022 and 2021 amounted to P150 and P194, respectively. The related amortization of unamortized debt issue cost is recorded as part of Interest Expense in the statements of profit or loss.

The interest expense incurred on these bonds payable amounted to P3,397 in 2022, P3,503 in 2021, and P4,023 in 2020. The Group and Parent Company recognized foreign currency exchange gains related to these bonds payable amounting to P3,567, P2,287 and P2,712 in 2022, 2021 and 2020, 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. ACCRUED INTEREST, TAXES AND OTHER EXPENSES

The composition of this account follows:

	Group		Parent Company	
	2022	2021	**2022**	2021
Accrued expenses	**P 4,492**	P 4,236	**P 4,302**	P 4,113
Accrued interest	**3,365**	1,323	**3,361**	1,278
Taxes payable	**571**	538	**529**	489
	P 8,428	P 6,097	**P 8,192**	P 5,880

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.

21. OTHER LIABILITIES

Other liabilities consist of the following:

		Group		Parent Company	
	Notes	**2022**	2021	**2022**	2021
Accounts payable	27.5(b)	**P 7,756**	P 7,963	**P 7,041**	P 7,155
Lease liabilities	13	**5,500**	4,050	**5,913**	4,479
Outstanding acceptances payable		**4,587**	4,634	**4,587**	4,634
Derivative financial liabilities	10.1	**2,116**	926	**2,116**	926
Bills purchased – contra		**2,113**	1,018	**2,113**	1,018
Post-employment defined benefit obligation	23.2	**1,986**	2,501	**1,972**	2,487
Manager's checks		**1,680**	1,150	**1,680**	1,150
Unclaimed balances-deposit		**1,128**	42	**1,128**	42
Deposit on lease contracts		**776**	799	**33**	92
Withholding taxes payable		**714**	449	**708**	448
Unearned income		**602**	585	**589**	558
Other credits		**432**	440	**432**	440
Sundry credits		**355**	341	**357**	341
Payment orders payable		**241**	263	**241**	263
ECL provisions on loan commitments	4.4.9(c)	**214**	145	**214**	145
Guaranty deposits		**66**	363	**66**	363
Due to BSP		**66**	44	**66**	44
Advance rentals		**10**	72	**10**	72
Miscellaneous		**662**	593	**566**	736
		P 31,004	P 26,378	**P 29,832**	P 25,393

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.

Miscellaneous liabilities include unclaimed balances for deposits and other miscellaneous liabilities.

Interest expense incurred on other liabilities for 2022, 2021 and 2020 amounted to P11, P15 and P83 for the Group, and P11, P15 and P81 for the Parent Company, respectively.

22. EQUITY

22.1 Capital Stock

The movements in the outstanding capital stock of the Parent Company are as follows:

	Number of Shares		
	2022	2021	2020
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 and 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	**2,037,478,896**	1,935,628,896	1,935,628,896
Reissuance of shares during the year	**-**	101,850,000	-
Balance at end of year	**2,037,478,896**	2,037,478,896	1,935,628,896

As of December 31, 2022, and 2021, 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 P23.70 per share and P20.00 per share as of December 31, 2022 and 2021, 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 LIBOR 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.

22.2 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.

22.3 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. In 2021, 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. In 2022, the Parent Company incurred additional expenses amounting to P12 in relation to this treasury shares reissuance and this was charged against the 2022 Capital Paid in Excess of Par account.

22.4 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, 2022 and 2021, 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.

22.5 Surplus and Dividend Declarations

The details of the cash dividend distributions follow:

Date Declared	Dividend Per Share	Dividend Total Amount	Record Date	Date Approved by BOD	Date Paid/Payable
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
January 31, 2022*	-	500.57	February 28, 2022	January 31, 2022	February 28, 2022
February 28, 2022	0.0553	0.01	March 21, 2022	February 28, 2022	March 23, 2022
March 28, 2022	0.6180	1,259.16	April 11, 2022	March 28, 2022	April 27, 2022
March 28, 2022	0.6180	0.17	April 11, 2022	March 28, 2022	April 27, 2022
May 30, 2022	0.0748	0.02	June 21, 2022	May 30, 2022	June 23, 2022
July 25, 2022*	-	547.59	August 26, 2022	July 25, 2022	August 26, 2022
August 30, 2022	0.1047	0.03	September 21, 2022	August 30, 2022	September 22, 2022
November 28, 2022	0.1407	0.04	December 21, 2022	November 28, 2022	December 27, 2022

**Dividends for Hybrid Perpetual Securities*

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 P11,757 and P11,749 as of December 31, 2022 and 2021, respectively, and treasury shares of the Parent Company amounting to P9,287 as of December 31, 2022 and 2021, are not currently available for distribution as dividends.

22.6 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, 2022	P 389	P 54	(P 2,366)	(P 1,923)
Actuarial gains on defined benefit plan	-	-	786	786
Fair value loss on financial assets at FVOCI	(5,255)	-	-	(5,255)
Other comprehensive income (loss)	(5,255)	-	786	(4,469)
Balance as of December 31, 2022	**(P 4,866)**	**P 54**	**(P 1,580)**	**(P 6,392)**
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)

22.7 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, 2022 and 2021 amounted to P3,824 and P3,617 for the Group, and P3,823 and P3,616 for the Parent Company, respectively. The additional appropriation made in 2022 amounted to P207 for the Group and Parent Company.

22.8 Other Reserves

As of December 31, 2022 and 2021, this account consists of reserves arising from the acquisitions of RCBC LFC and Rizal Microbank amounting to P86 and P97, respectively.

In 2022, the Parent Company has acquired remaining interest to Rizal Microbank making it a wholly-owned subsidiary of the Parent Company (see Note 1.2). This acquisition resulted in the reduction of Other Reserves and Non-controlling Interest accounts amounting to P11 and P9, respectively. There is no similar transaction in 2021.

23. EMPLOYEE BENEFITS

23.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and other employee benefits are shown below.

	Group		
	2022	2021	2020
Short-term employee benefits	**P 6,100**	P 5,888	P 6,167
Post-employment defined benefits	**463**	483	459
	P 6,563	P 6,371	P 6,626

	Parent Company		
	2022	2021	2020
Short-term employee benefits	**P 5,368**	P 5,247	P 5,468
Post-employment defined benefits	**426**	439	428
	P 5,794	P 5,686	P 5,896

23.2 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 2022 and 2021.

The amounts of post-employment benefit obligation recognized in the financial statements are determined as follows:

	Group		Parent Company	
	2022	2021	**2022**	2021
Present value of the obligation	**P 5,130**	P 5,604	**P 4,857**	P 5,309
Fair value of plan assets	**(3,145)**	(3,104)	**(2,885)**	(2,822)
Effect of asset ceiling test	**1**	1	**-**	-
Deficiency of plan assets	**P 1,986**	P 2,501	**P 1,972**	P 2,487

The Group and Parent Company's post-employment defined benefit obligation as of December 31, 2022 and 2021 are included as part of Other Liabilities account in the statements of financial position (see Note 21).

The movements in the present value of the defined benefit obligation follow:

	Group		Parent Company	
	2022	2021	**2022**	2021
Balance at beginning of year	**P 5,604**	P 5,650	**P 5,309**	P 5,342
Current and past service cost	**463**	483	**426**	439
Interest expense	**280**	223	**266**	212
Business combinations	**(11)**	-	**-**	-
Remeasurements – actuarial gains arising from changes in:				
– experience adjustments	**(44)**	(254)	**(57)**	(248)
– financial assumptions	**(730)**	(80)	**(700)**	(28)
– demographic assumptions	**(1)**	(1)	**-**	(1)
Benefits paid by the plan	**(431)**	(417)	**(387)**	(407)
Balance at end of year	**P 5,130**	P 5,604	**P 4,857**	P 5,309

The movements in the fair value of plan assets are presented below.

	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Balance at beginning of year	**P 3,104**	P 2,657	**P 2,822**	P 2,389
Interest income	**152**	110	**139**	99
Gains on plan assets (excluding amounts included in net interest)	**7**	91	**25**	98
Contributions paid into the plan	**313**	663	**286**	643
Benefits paid by the plan	**(431)**	(417)	**(387)**	(407)
Balance at end of year	**P 3,145**	P 3,104	**P 2,885**	P 2,822

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 2022	Group 2021	Parent Company 2022	Parent Company 2021
Cash and cash equivalents	**P 556**	P 551	**P 506**	P 450
Debt securities:				
Corporate debt securities	**337**	385	**300**	378
Government bonds	**105**	90	**-**	1
Equity securities:				
Financial intermediaries	**1,256**	1,077	**1,256**	1,066
Transportation and communication	**185**	254	**185**	254
Electricity, gas and water	**133**	113	**133**	112
Diversified holding companies	**89**	31	**89**	24
Quoted equity securities	**30**	-	**-**	-
Others	**56**	180	**11**	114
Unquoted long-term equity investments	**139**	140	**139**	140
UITF	**256**	273	**256**	273
Investment properties	**7**	5	**7**	5
Loans and receivables	**4**	5	**3**	5
Others	**(8)**	-	**-**	-
	P 3,145	P 3,104	**P 2,885**	P 2,822

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 on plan assets are as follows:

	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Interest income	**P 152**	P 110	**P 139**	P 99
Fair value gains - net	**7**	91	**25**	98
Actual gains - net	**P 159**	P 201	**P 164**	P 197

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		
	2022	2021	2020
Reported in profit or loss:			
Current and past service cost	**P 463**	P 483	P 459
Net interest expense	**141**	113	179
	P 604	P 596	P 638
Reported in other comprehensive income:			
Actuarial gains (losses) arising from changes in:			
– Experience adjustments	**P 44**	P 254	P 179
– Financial assumptions	**730**	80	422
– Demographic assumptions	**1**	1	1
Effect of asset ceiling test	**-**	(1)	-
Gains (Losses) on plan assets (excluding amounts included in net interest)	**7**	91	(241)
	P 782	P 425	P 361

	Parent Company		
	2022	2021	2020
Reported in profit or loss:			
Current service costs	**P 426**	P 439	P 428
Net interest expense	**127**	112	177
	P 553	P 551	P 605
Reported in other comprehensive income:			
Actuarial gains (losses) arising from changes in:			
– Experience adjustments	**P 57**	P 248	P 172
– Financial assumptions	**700**	28	443
– Demographic assumptions	**-**	1	-
Gains (Losses) on plan assets (excluding amounts included in net interest)	**25**	98	(254)
	P 782	P 375	P 361

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 on 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:

	2022	2021	2020
Group			
Discount rates	**7.22% - 7.56%**	4.98% - 5.09%	3.67% - 4.08%
Expected rate of salary increases	**5.00% - 8.00%**	3.50% - 8.00%	2.70% - 8.00%

Parent Company

Discount rates	**7.44%**	5.01%	3.95%
Expected rate of salary increases	**5.00%**	4.00%	3.00%

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, 2022 and 2021:

Group

	Impact on Post-employment Defined Benefit Obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
2022:			
Discount rate	+/-1 %	**(P 437)**	**P 506**
Salary growth rate	+/-1 %	**513**	**(449)**
2021:			
Discount rate	+/-1 %	(P 551)	P 638
Salary growth rate	+/-1 %	641	(558)

Parent Company

	Impact on Post-employment Defined Benefit Obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
2022:			
Discount rate	+/- 1%	**(P 413)**	**P 477**
Salary growth rate	+/- 1%	**484**	**(425)**
2021:			
Discount rate	+/- 1%	(P 512)	P 600
Salary growth rate	+/- 1%	600	(520)

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, 2022 and 2021 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 P1,975 and P1,972 for the Group and Parent Company, respectively, based on the latest funding actuarial valuations in 2022.

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	
	2022	2021	**2022**	2021
Less than one year	**P 1,936**	P 194	**P 240**	P 186
More than one year to five years	**5,916**	1,592	**1,560**	1,472
More than five years to ten years	**4,236**	3,646	**4,047**	3,477
More than ten to fifteen years	**-**	19	**-**	-
More than fifteen years	**6,172**	26	**-**	-
	P 18,260	P 5,477	**P 5,847**	P 5,135

The Group and Parent Company expect to contribute P6,313 and P6,268, respectively, to the plan in 2023.

24. MISCELLANEOUS INCOME AND EXPENSES

These accounts consist of the following:

24.1 Miscellaneous Income

		Group		
	Notes	**2022**	2021	2020
Gain on extinguishment of loan		**P 890**	P -	P -
Rentals	14.2	**872**	926	883
Recoveries from written off assets		**486**	223	102
Dividend income	10.1, 10.2	**293**	105	78
Others		**163**	211	140
		P 2,704	P 1,465	P 1,203

	Notes	Parent Company 2022	2021	2020
Gain on extinguishment of loan		P 890	P -	P -
Recoveries from written off assets		486	223	99
Rentals	14.2, 27.5(b)	261	287	266
Dividend income	10.1, 10.2	227	39	16
Others		148	26	125
		P 2,012	P 575	P 506

In 2022, the Parent Company received the full payment of its outstanding receivables from HHIC-Phil, Inc. The excess of the settlement amount over the carrying value of loans receivable amounting to P890 was recognized as Gain on extinguishment of loan.

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.

24.2 Miscellaneous Expenses

	Group 2022	2021	2020
Insurance	P 1,543	P 1,215	P 1,017
Credit card-related expenses	1,302	1,114	1,023
Service and processing fees	776	540	420
Litigation/assets acquired expenses	600	739	434
Communication and information services	582	604	639
Management and other professional fees	505	514	413
Banking fees	376	319	271
Advertising and publicity	322	324	288
Transportation and travel	225	133	166
Stationery and office supplies	140	118	233
Other outside services	122	135	137
Donation and charitable contribution	107	79	93
Representation and entertainment	55	15	29
Membership fees	21	17	22
Others	1,271	983	1,307
	P 7,947	P 6,849	P 6,492

	Parent Company 2022	2021	2020
Insurance	P 1,541	P 1,213	P 1,015
Service and processing fees	1,418	540	419
Credit card-related expenses	1,279	1,655	1,631
Litigation/assets acquired expense	589	729	427
Communication and information services	552	572	606
Management and other professional fees	465	438	334
Banking fees	370	316	267
Advertising and publicity	318	321	286
Transportation and travel	213	126	155
Stationery and office supplies	135	115	228
Other outside services	122	135	135
Donations and charitable contributions	106	79	93
Representation and entertainment	48	11	24
Membership fees	19	16	16
Others	1,233	930	1,239
	P 8,408	P 7,196	P 6,875

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 P362 and P362, P298 and P298, and P267 and P263, in 2022, 2021 and 2020, respectively (see Note 27).

25. 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) [see Note 20], 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 Bayanihan to Recover as One (BARO) Act and as implemented under Revenue Regulation 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2021 and 2022 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 2022, 2021 and 2020, 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.

25.1 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. There is no similar transaction in 2022.

The tax expense as reported in the statements of profit or loss consists of:

	Group		
	2022	2021	2020
Current tax expense:			
Final tax	**P 1,564**	P 635	P 1,278
RCIT at 25% in 2022 and 2021	**286**	192	1,091
Adjustment in 2020 income taxes due to change in income tax rate	**-**	(165)	-
Excess MCIT over RCIT	**252**	228	10
	2,102	890	2,379
Deferred tax income arising from:			
Origination and reversal of temporary differences	**(534)**	(670)	(904)
Effect of change in income tax rate	**-**	508	-
	(534)	(162)	(904)
	P 1,568	P 728	P 1,475

	Parent Company		
	2022	2021	2020
Current tax expense:			
Final tax	**P 1,553**	P 618	P 1,033
RCIT at 25% in 2022 and 2021	**209**	80	1,281
Adjustment in 2020 income taxes due to change in income tax rate	**-**	(151)	-
Excess MCIT over RCIT	**251**	226	-
	2,013	773	2,314
Deferred tax income arising from:			
Origination and reversal of temporary differences	**(495)**	(708)	(877)
Effect of change in income tax rate	**-**	460	-
	(495)	(248)	(877)
	P 1,518	P 525	P 1,437

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		
	2022	2021	2020
Tax on pretax profit at at 25% in 2022 and 2021 and 30% in 2020	**P 3,412**	P 1,952	P 1,948
Adjustments for income subjected to lower income tax rates	**(399)**	(108)	(348)
Adjustment in 2020 income taxes due to change in income tax rate		343	-
Tax effects of:			
FCDU income	**(780)**	(402)	(755)
Unrecognized temporary differences	**(852)**	(396)	157
Non-taxable income	**(562)**	(680)	(1,672)
Non-deductible expenses	**504**	406	2,146
Excess MCIT over RCIT	**252**	228	-
Utilization of NOLCO	**(7)**	(8)	(1)
Recognition of previously unrecognized deferred tax asset	**-**	(614)	-
Others	**-**	7	-
	P 1,568	P 728	P 1,475

	Parent Company		
	2022	2021	2020
Tax on pretax profit at at 25% in 2022 and 2021 and 30% in 2020	**P 3,399**	P 1,902	P 1,937
Adjustments for income subjected to lower income tax rates	**(397)**	(104)	(337)
Adjustment in 2020 income taxes due to change in income tax rate		309	-
Tax effects of:			
Unrecognized temporary differences	**(925)**	(404)	124
FCDU income	**(780)**	(402)	(755)
Non-taxable income	**(511)**	(627)	(1,656)
Non-deductible expenses	**481**	239	2,124
Excess MCIT over RCIT	**251**	226	-
Recognition of previously unrecognized deferred tax asset	**-**	(614)	-
	P 1,518	P 525	P 1,437

The deferred tax assets of the Group recognized in the consolidated statements of financial position as of December 31, 2022 and 2021 relate to the operations of the Parent Company and certain subsidiaries as shown below.

	Statements of Financial Position		Statements of Profit or Loss		
	2022	2021	**2022**	2021	2020
Allowance for impairment	**P 2,925**	P 2,785	**P 140**	(P 49)	P 1,109
Excess MCIT over RCIT	**538**	286	**252**	281	(199)
NOLCO	**194**	33	**161**	(34)	67
Post-employment benefit obligation	**83**	102	**(19)**	(36)	52
Provision for credit card reward payments	**-**	-	**-**	-	(117)
Others	**-**	-	**-**	-	(8)
Deferred tax assets – net	**P 3,740**	P 3,206			
Deferred tax income – net			**P 534**	P 162	P 904

The deferred tax assets of the Parent Company recognized in its statements of financial position as of December 31, 2022 and 2021 is shown below.

	Statement of Financial Position		Statements of Profit of Loss		
	2022	2021	**2022**	2021	2020
Allowance for impairment	**P 2,747**	P 2,648	**P 99**	(P 33)	P 1,131
Excess MCIT over RCIT	**477**	226	**251**	226	(124)
NOLCO	**193**	33	**160**	33	-
Post-employment benefit obligation	**91**	106	**(15)**	22	7
Provision for credit card reward payments	**-**	-	**-**	-	(117)
Others	**-**	-	**-**	-	(20)
Deferred tax assets	**P 3,508**	P 3,013			
Deferred tax income – net			**P 495**	P 248	P 877

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	
	2022	2021	**2022**	2021
Allowance for impairment	**P 1,551**	P 2,204	**P 1,190**	P 2,049
Post-employment benefit obligation	**406**	523	**402**	516
NOLCO	**221**	226	-	-
Excess MCIT over RCIT	**33**	33	-	-
	P 2,211	P 2,986	**P 1,592**	P 2,565

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 and 2026, respectively. The details of the Group's NOLCO are shown below.

Inception Year	Amount	Utilized	Expired	Balance	Expiry Year
2022	P 644	P -	P -	P 644	2025
2021	140	-	-	140	2026
2020	873	-	-	873	2025
2019	23	7	16	-	
	P 1,680	**P 7**	**P 16**	**P 1,657**	

The details of the Parent Company's NOLCO are shown below:

Inception Year	Amount	Utilized	Expired	Balance	Expiry Year
2022	P 640	-	-	640	2025
2021	132	-	-	132	2026
	P 772	**P -**	**P -**	**P 772**	

The breakdown of the Group's excess MCIT over RCIT with the corresponding validity periods follows:

Inception Year	Amount	Utilized	Expired	Balance	Expiry Year
2022	P 252	P -	P -	P 252	2025
2021	228	-	-	228	2024
2020	91	-	-	91	2023
2019	80	-	80	-	
	P 651	**P -**	**P 80**	**P 571**	

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
2022	P 251	P -	P -	P 251	2025
2021	226	-	-	226	2024
2019	19	19	-	-	
	P 496	**P 19**	**P -**	**P 477**	

25.2 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.

25.3 Applicability of Revenue Regulation No. 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 for alleged non-intra-unit allocation of costs and expenses to exempt income and income subjected to final tax within the RBU.

On April 6, 2015, the Bank/other Bankers Association of the Philippines member banks ("BAP-member banks") filed a Petition for Declaratory Relief with application for provisional remedies with the Makati Trial Court and the court ruled in favor of the Banks. It subsequently declared RR 4-2011 null and void in its Order dated May 25, 2018.

The Department of Finance ("DOF")/BIR elevated the matter to the Supreme Court via a Petition for Review. And on December 1, 2021, the Supreme Court issued its Decision denying the Petition and declaring RR 4-2011 VOID for having issued ultra vires. It ruled that RR 4-2011 unduly contravened and expanded the provisions of the Tax Code.

The Supreme Court explained that the BIR may only prescribed an accounting method if (i) no accounting method has been employed by the taxpayer, or (ii) if an accounting method has been employed, it does not reflect the income of the taxpayers. It further ruled that by prescribing a method for allocating and reporting expenses, the Commissioner effectively derogated the rights of banks and other financial institutions to adopt its own accounting method and impaired their rights to claim deductions.

The Department of Finance ("DOF")/BIR elevated the matter to the Supreme Court via a Petition for Review. The Bank/other BAP-member banks countered among others that RR 4-2011 was issued by the BIR in the exercise of its quasi-legislative power, hence, original jurisdiction over the Declaratory Relief case lies with the Makati Trial Court; and RR 4-2011 was correctly invalidated for mandating banks/other financial institutions to adopt a different method of accounting from the other classes of taxpayers; unlawfully amending the NIRC or Tax Code; and depriving the Bank/other BAP-member banks of their substantive rights to fully deduct legitimate business expenses. In a Resolution dated September 30, 2020, the Supreme Court directed the DOF/BIR to file their reply to the separate Comments filed by the Bank/other BAP-member banks. The DOF and the BIR submitted their Consolidated Reply dated March 30, 2021. The Supreme Court is expected to issue a resolution submitting the case for decision.

The Supreme Court Decision became final and executory on June 7, 2022.

26. TRUST OPERATIONS

With the endorsement of the Group's Trust Committee, on November 28, 2022, the Bank's BOD approved the spin-off of the Trust operations from the Parent Company into a separate corporate entity by establishing a Stand-Alone Trust Corporation (SATC) in accordance with the Manual of Regulations for Non-Bank Financing Institution. The BOD approved the capital infusion by the Parent Company equivalent to 40% of the required capital under the capital build-up plan. As early as March 2022, the Group has been coordinating with the BSP with respect to stage licenses that the Parent Company needs to obtain with the planned transition to a SATC. The Parent Company foresees that it will be able to fully transition its trust operations to a SATC by third or fourth quarter of 2024.

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 P142,479 and P146,769 as of December 31, 2022 and 2021, respectively (see Note 33).

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 P1,842 and P1,638 as of December 31, 2022 and 2021, 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 P415, P392 and P323 in 2022, 2021 and 2020, respectively, in the Group and Parent Company's statements of profit or loss.

27. 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, 2022, 2021 and 2020 is presented below.

		Group					
		2022		2021		2020	
	Notes	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Stockholders							
Loans and receivables	27.1	**(P 96)**	**P -**	(P 55)	P 96	(P 55)	P 151
Deposit liabilities	27.2	**670**	**2,670**	745	2,000	454	1255
Interest expense on deposits	27.2	**46**	**-**	24	-	17	-
Cash received from issuance of shares of stock	22.3	**-**	**-**	4,369	-	-	-
Interest income from loans and receivables	27.1	**-**	**-**	9	-	14	-
Associates							
Loans and receivables	27.1	**-**	**-**	(203)	-	203	203
Deposit liabilities	27.2	**15**	**98**	(984)	83	769	1,085
Interest expense on deposits	27.2	**2**	**-**	1	-	3	-
Related Parties Under Common Ownership							
Loans and receivables	27.1	**2,782**	**3,597**	(2,818)	815	3,436	3,633
Deposit liabilities	27.2	**2,343**	**5,359**	397	3,016	628	4,516
Interest income from loans and receivables	27.1	**98**	**-**	37	-	183	-
Interest expense on deposits	27.2	**56**	**-**	24	-	67	-
Gain on assets sold	27.5(a)	**2,352**	**-**	-	-	-	-
Occupancy and equipment related expenses	27.5(b)	**6,997**	**2,426**	967	-	777	-
Miscellaneous expenses – others	24.2	**362**	**-**	298	-	267	-

		Group					
		2022		2021		2020	
	Note	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Key Management Personnel							
Loans and receivables	27.1	**P -**	**P 6**	(P 8)	P 6	P 1	P 14
Deposit liabilities	27.2	**107**	**426**	75	319	42	244
Interest expense on deposits	27.2	**4**	**-**	2	-	4	-
Salaries and employee benefits	27.5(e)	**583**	**-**	585	-	629	-
Other Related Interests							
Loans and receivables	27.1	**1,831**	**20,361**	9,979	18,530	5,863	8,551
Deposit liabilities	27.2	**5,794**	**11,228**	914	5,434	1,202	4,520
Interest income from loans and receivables	27.1	**823**	**-**	716	-	370	-
Interest expense on deposits	27.2	**137**	**-**	33	-	48	-

		Parent Company					
		2022		2021		2020	
	Note	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Stockholders							
Loans and receivables	27.1	**(P 96)**	**P -**	(P 55)	P 96	(P 55)	P 151
Deposit liabilities	27.2	**670**	**2,670**	745	2,000	296	1,255
Interest expense on deposits	27.2	**46**	**-**	15	-	17	-
Cash received from reissuance of treasury shares	22.3	**-**	**-**	4,369	-	-	-
Interest income from loans and receivables	27.1	**-**	**-**	9	-	14	-

		Parent Company					
		2022		2021		2020	
	Notes	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Subsidiaries							
Loans and receivable	27.1	**P -**	**P -**	P -	P -	(P 13)	P -
Deposit liabilities	27.2	**(1,159)**	**1,493**	2,211	2,652	(1)	441
Interest expense on deposits	27.2	**6**	**-**	6	-	1	-
Dividend	12	**71**	**-**	524	500	1,243	600
Rental income	27.5(a)	**62**	**-**	60	-	50	40
Occupancy and equipment-related expenses	27.5(a)	**436**	**-**	420	-	368	365
Service and processing fees	27.5(b)	**650**	**-**	564	-	617	591
Sale of investment securities	27.3	**1,780**	**-**	1,034	-	30	126
Purchase of investment securities	27.3	**620**	**-**	497	-	1,202	3
Assignment of receivables	11	**-**	**127**	(20)	127	(25)	147
Associates							
Loans and receivables	27.1	**-**	**-**	(203)	-	203	203
Deposit liabilities	27.2	**15**	**116**	(984)	101	1,009	1,085
Interest expense on deposits	27.2	**2**	**-**	1	-	3	-
Related Parties Under Common Ownership							
Loans and receivables	27.1	**2,782**	**3,597**	(2,818)	815	212	3,633
Deposit liabilities	27.2	**2,112**	**7,025**	(1,483)	4,913	1,632	6,396
Interest income from loans and receivables	27.1	**98**	**-**	37	-	176	-
Interest expense on deposits	27.2	**56**	**-**	24	-	55	-
Gain on assets sold	27.5(a)	**2,352**	**-**	-	-	-	-
Occupancy and equipment-related expenses	27.5(b)	**6,985**	**2,426**	961	-	775	-
Miscellaneous expenses – others	24.2	**362**	**-**	298	-	263	-

		Parent Company					
		2022		2021		2020	
	Note	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Key Management Personnel							
Loans and receivables	27.1	**P -**	**P 1**	P -	P 1	P 1	P 1
Deposit liabilities	27.2	**107**	**413**	62	306	42	244
Interest expense on deposits	27.2	**4**	**-**	2	-	4	-
Salaries and employee benefits	27.5(e)	**334**	**-**	335	-	391	-
Other Related Interests							
Loans and receivables	27.1	**1,831**	**20,361**	9,984	18,530	6,171	8,546
Deposit liabilities	27.2	**5,794**	**13,798**	3,484	8,004	1,202	4,520
Interest income from loans and receivables	27.1	**823**	**-**	716	-	370	-
Interest expense on deposits	27.2	**137**	**-**	33	-	48	-

27.1 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, 2022, 2021 and 2020 are as follows:

	Group			
Related Party Category	**Issuances**	**Repayments**	**Interest Income**	**Loans Outstanding**
2022:				
Stockholders	P -	P 96	P -	P -
Related parties under common ownership	5,360	2,578	98	3,597
Key management personnel	1	1	-	6
Other related interests	4,192	2,361	823	20,361
	P 9,553	**P 5,036**	**P 921**	**P 23,964**
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

	Parent Company			
Related Party Category	**Issuances**	**Repayments**	**Interest Income**	**Loans Outstanding**
2022:				
Stockholders	P -	P 96	P -	P -
Related parties under common ownership	5,360	2,578	98	3,597
Key management personnel	1	1	-	1
Other related interests	4,192	2,361	823	20,361
	P 9,553	**P 5,036**	**P 921**	**P 23,959**

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
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

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, 2022, 2021 and 2020, the Group and Parent Company is in compliance with these regulatory requirements.

As of December 31, 2022, 2021 and 2020, the Group has not recognized impairment loss on loans and receivables from DOSRI.

27.2 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, 2022, 2021 and 2020 are as follows (see Note 17):

Related Party Category	Group Deposits	Withdrawals	Interest Expense	Outstanding Balance
2022:				
Stockholders	P 10,299	P 9,629	P 46	P 2,670
Associate	48,673	48,658	2	98
Related parties under common ownership	197,237	194,894	56	5,359
Key management personnel	845	738	4	426
Other related interests	188,857	183,063	137	11,228
	P 445,911	**P 436,982**	**P 245**	**P 19,781**

Related Party Category	Group Deposits		Withdrawals		Interest Expense		Outstanding Balance	
2021:								
Stockholders	P	10,349	P	9,604	P	15	P	2,000
Associate		50,457		51,459		1		83
Related parties under common ownership		199,399		200,899		24		3,016
Key management personnel		840		765		2		319
Other related interests		186,805		185,891		33		5,434
	P	447,850	P	448,618	P	75	P	10,852
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

Related Party Category	**Parent Company Deposits**		**Withdrawals**		**Interest Expense**		**Outstanding Balance**	
2022:								
Stockholders	P	10,299	P	9,629	P	46	P	2,670
Subsidiaries		141,887		143,046		6		1,493
Associate		48,673		48,658		2		116
Related parties under common ownership		197,006		194,894		56		7,025
Key management personnel		845		738		4		413
Other related interests		188,857		183,063		137		13,798
	P	**587,567**	**P**	**580,028**	**P**	**251**	**P**	**25,515**
2021:								
Stockholders	P	10,349	P	9,604	P	15	P	2,000
Subsidiaries		143,387		141,176		6		2,652
Associate		48,173		49,157		1		101
Related parties under common ownership		195,506		196,989		24		4,913
Key management personnel		825		763		2		306
Other related interests		187,707		184,223		33		8,004
	P	585,947	P	581,912	P	81	P	17,976
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

Deposit liabilities transactions with related parties have similar terms with third party depositors.

27.3 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.

27.4 Retirement Fund

The Parent Company and certain subsidiaries' retirement funds covered under their 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, 2022, 2021 and 2020 as follows:

Nature of Transactions	Group Net Amount of Transaction	Group Outstanding Balance	Parent Company Net Amount of Transaction	Parent Company Outstanding Balance
2022:				
Investment in common shares of Parent Company	**P 215**	**P 1,255**	**P 214**	**P 1,249**
Investments in corporate debt securities of Parent Company	**(2)**	**2**	**-**	**-**
Deposits with the Parent Company	**(49)**	**34**	**(49)**	**4**
Fair value gains	**1**	**-**	**191**	**-**
Interest income	**1**	**-**	**-**	**-**
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 gains	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	-

The carrying amount and the composition of the plan assets as of December 31, 2022, 2021 and 2020 are disclosed in Note 23.2. 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 23.2.

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.

27.5 Other Related Party Transactions

(a) Sale of ATYC to ATYCI

In 2022, the Parent Company sold to ATYCI and immediately leased back from the later a portion of its bank premises and investment properties pertaining to ATYC (see Notes 13 and 14).

(b) Lease Contracts with ATYCI and RRC and Sublease Agreement with Subsidiaries

The Parent Company and certain subsidiaries occupy several floors of RCBC Plaza as leaseholders of RRC [see Note 28.4(b)]. In October 2022, the Parent Company entered into a five-year lease agreement with ATYCI [see Notes 13 and 27.5 (a)]. Amortization of right-of-use of asset amounted to P400 for the years ended December 31, 2022 and 2021, 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 and ATYCI is effective until December 31, 2025 and September 30, 2027, respectively.

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 and 24.1). 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.

(c) 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, and personal and salary loans 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 24.2). 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 21). The related outstanding payable is unsecured, noninterest-bearing and payable in cash on demand.

(d) Increase in shareholding of SMBC

On November 2, 2022, the Bank's BOD approved the increase in shareholding of SMBC, an existing shareholder of 4.99% of the total outstanding common stock of the Bank, to 20% through the combined sale of subscription of an aggregate of 382 common stock to SMBC, partly coming from the reissuance of treasury shares and issuance of new common stock, at the price of P71 per share. As of the report date of the 2022 financial statements, there is still no capital infusion in relation to this transaction.

(e) Key Management Personnel Compensation

The breakdown of key management personnel compensation follows:

	Group		
	2022	2021	2020
Short-term employee benefits	**P 537**	P 546	P 601
Post-employment defined benefits	**46**	39	28
	P 583	P 585	P 629

	Parent Company		
	2022	2021	2020
Short-term employee benefits	**P 334**	P 335	P 391

28. 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.

28.1 Applicability of RR 4-2011

In March 2011, the Bureau of Internal Revenue ("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 ("DOF")/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. While it agreed with the DOF/BIR, the Supreme Court still denied the Petition for Review in its Decision dated December 1, 2021, as (a) RR 4-2011 violated the banks' right to decide which accounting method accurately reflects their income; (b) the questioned income streams are within the same bank/financial institutions, negating any reason to invoke Sec. 50 of the Tax Code; and (c) RR 4-2011 further added a condition for expense deductibility not found therein. The penalty imposed by RR 4-2011 also made the prior notice/hearing/publication requirement mandatory. The Supreme Court Decision became final and executory on June 7, 2022.

28.2 Alleged Unauthorized Transfer of Funds – Bank of Bangladesh

In February 2016, four (4) 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 MB impose 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.

28.2.1 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.

28.2.2 Philippine Litigation relating to the Bangladesh Bank Incident

On March 6, 2019, the Bank/its former National Sales Director ("NSD") filed a complaint for Injunction and Damages against Bangladesh Bank with the Regional Trial Court of Makati City ("Makati Trial Court").

After initially denying the said Motion to Dismiss, the Makati Trial Court reversed itself holding that it did not acquire jurisdiction over Bangladesh Bank citing the alleged (a) lack of provision in the 1997 and 2019 Rules of Court for service of summons on a foreign public corporation not doing business in the Philippines; and (b) non-applicability of the rules on extra-territorial service.

The Bank/former NSD sought the reversal of the aforecited ruling, and the inhibition of the hearing Judge, citing, among others, the 2019 the Rules of Court which directs a counsel making a special appearance to serve summons upon his or her client. Notwithstanding an earlier order directing the transmittal of the records to the Office of the Clerk of Court for re-raffle and re-assignment, the same remains with the originating branch of the Makati Trial Court.

28.3 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 or 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.

In April 2022, the outstanding loan obligation of HHIC-Phil to the Bank has been fully settled.

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.

28.4 Lease Commitments – Group as a Lessor

a. Finance Lease

The Group, as a lessor, enters into finance leases covering various equipment and vehicles with lease term ranging one to more than five years. To manage its risks over these finance leases, the Group retains its legal title over the underlying assets and are used as securities over the finance lease receivables. The Group's future minimum lease payments receivable (MLPR) under this finance lease together with the present value of net minimum lease payments receivable (NMLPR) follow:

	2022		2021	
	Future MLPR	**PV of NMLPR**	Future MLPR	PV of NMLPR
Within one year	**P 923**	**P 867**	P 972	P 933
After one year but not more than two years	**571**	**503**	603	556
After two years but not more than three years	**252**	**209**	280	247
After three years but not more than four years	**69**	**54**	92	78
After four years but not more than five years	**25**	**18**	9	8
More than five years	**3**	**2**	4	3
Total MLPR	**1,843**	**1,653**	1,960	1,825
Unearned lease income	**(190)**	**-**	(135)	-
Present value of MLPR	**P 1,653**	**P 1,653**	P 1,825	P 1,825

The only change in the carrying amount of the net investment in finance leases during the year is the amortization of finance income. The net investment relating to this finance lease is presented as Lease contract receivables under Loans and Receivables account in the statements of financial position (see Note 11). The interest income from the finance leases amount to P202, P319, and P337 in 2022, 2021 and 2020, respectively and is presented as part of is recognized as part of Interest Income in the statements of profit or loss (see Note 11).

b. Operating Lease

Prior to the sale of the ATYC, the Group and Parent Company has entered into various lease contracts related to this property, with lease terms ranging from one to five years and with monthly rent depending on market price with 6% escalation rate every year. Moreover, RRC entered into several lease agreements for lease of machineries and equipment for a period of one to more than five years. Total rent income earned from these leases amounted to P872, P926, and P883 in 2022, 2021, and 2020, respectively, which are presented as Rentals under the Miscellaneous Income account in the statements of profit or loss (see Note 24.1).

The Group is subject to risk incidental to the leasing operations which include, among others, changes in the market rental rates, inability to renew leases upon lease expiration and inability to collect rent from lessees due to bankruptcy or insolvency of lessees. To mitigate these risks, lessees pay guarantee deposit ranging from 10% to 20% of the value of the leased assets, which is forfeited in case a lessee pre-terminates without prior notice or before the expiry of lease terminate without cause.

There are no variable lease rentals as of December 31, 2022 and 2021.

The Group's and Parent Company's future minimum rental receivables under this non-cancellable operating lease arrangement are as follows:

	Group		
	2022	2021	2020
Within one year	**P 598**	P 1,347	P 984
After one year but not more than two years	**444**	959	765
After two years but not more three five years	**392**	718	601
After three years but not more than four years	**173**	583	435
After four years but not more than five years	**13**	257	343
More than five years	**-**	45	212
	P 3,463	P 5,870	P 5,297

	Parent Company		
	2022	2021	2020
Within one year	**P -**	P 498	P 470
After one year but not more than two years	**-**	421	375
After two years but not more three five years	**-**	269	244
After three years but not more than four years	**-**	182	135
After four years but not more than five years	**-**	72	93
More than five years	**-**	13	56
	P -	P 1,455	P 1,373

28.4 Capital Commitments

As of December 31, 2022 and 2021, the Group and Parent bank has no contractual commitment for the acquisition of Bank premises, furniture, fixtures and equipment, Intangible assets, and Investment properties (see Notes 13, 14 and 15).

29. 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:

		2022		2021		2020
Net profit attributable to Parent Company's shareholders	**P**	**12,080**	P	7,082	P	5,020
Dividends paid to preferred shareholders and distributions allocated to holders of hybrid perpetual securities	**(**	**1,037)**	(	964)	(	320)
		11,043		6,118		4,700
Weighted average number of outstanding common shares of stock		**2,037**		1,979		1,936
Basic and diluted EPS	**P**	**5.42**	P	3.09	P	2.43

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.

30. 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; disposals of investment properties and bank premises as discussed in Note 14 and 15, additions of real properties, chattel properties and other assets through foreclosures, dacion in payment and repossessions as discussed in Notes 14.1 and 15; and, partial settlement of certain loan in exchange of equity securities as discussed in Note 15.

In 2022, the Parent Company disposed of a portion of its bank premises and investment properties with total selling price P6,065, which is paid partly in cash and through issuance of notes receivables [see Notes 11, 13, 14 and 27.5(a)].

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 21)	Hybrid Perpetual Securities (see Note 22)	Total Financing Activities
Balance at January 1, 2022	P 55,904	P 87,215	P 4,050	P 14,463	P 161,632
Cash flow from financing activities:					
Availments/proceeds from issuance	62,142	14,756	-	-	76,898
Payments/redemption	(52,865)	(31,170)	(5,311)	-	(89,346)
Non-cash financing activities:					
Additional lease liabilities	-	-	6,563	-	6,563
Foreign exchange gains	1,479	3,567	-	-	5,046
Amortization of discount and interest	-	43	198	-	241
Balance at December 31, 2022	**P 66,660**	**P 74,411**	**P 5,500**	**P 14,463**	**P 161,034**
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

	Parent Company				
	Bills Payable (see Note 18)	**Bonds Payable (see Note 19)**	**Lease Liabilities (see Note 21)**	**Hybrid Perpetual Securities (see Note 22)**	**Total Financing Activities**
Balance at January 1, 2022	P 46,399	P 87,215	P 4,479	P 14,463	P 152,556
Cash flow from financing activities:					
Availments/proceeds from issuance	55,380	14,756	-	-	70,136
Payments/redemption	(44,867)	(31,170)	(5,695)	-	(81,732)
Non-cash financing activities:					
Additional lease liabilities			7,057	-	7,057
Foreign exchange gains	1,479	3,567	-	-	5,046
Amortization of discount and interest	-	43	72	-	115
Balance at December 31, 2022	**P 58,391**	**P 74,411**	**P 5,913**	**P 14,463**	**P 153,178**
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
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

31. 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:

	2022					
	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 18,078	P -	P 18,078	P 18,024	P -	P 18,024
Due from BSP	112,871	43,793	156,664	111,089	44,251	155,340
Due from other banks	5,080	756	5,836	5,383	-	5,383
Loans and receivables arising from reverse repurchase agreements	8,724	-	8,724	8,552	-	8,552
Interbank loans receivables	19,021	-	19,021	19,021	-	19,021
Financial assets at FVTPL	5,568	1,469	7,037	4,670	1,469	6,139
Financial assets at FVOCI - net	74,914	40,032	114,946	74,914	39,351	114,265
Investments at amortized cost - net	30,482	221,900	252,382	29,508	221,820	251,328
Loans and other receivables - net	54,815	485,033	539,848	53,294	478,899	532,193
Other resources - net	1,204	-	1,204	1,202	-	1,202
	330,757	792,983	1,123,740	325,657	785,790	1,111,447
Non Financial Assets						
Investment in subsidiaries and associates - net	-	379	379	-	7,035	7,035
Bank premises, furnitures, fixtures and equipment - net	-	11,264	11,264	-	9,546	9,546
Investment properties - net	-	2,616	2,616	-	2,488	2,488
Deferred tax asset-net	-	3,740	3,740	-	3,508	3,508
Other resources - net	7,155	5,214	12,369	7,033	3,692	10,725
	7,155	23,213	30,368	7,033	26,269	33,302
	P 337,912	**P 816,196**	**P 1,154,108**	**P 332,690**	**P 812,059**	**P 1,144,749**
Financial Liabilities						
Deposit liabilities	P 206,161	P 651,083	P 857,244	P 205,432	P 652,207	P 857,639
Bills payable	59,419	7,241	66,660	57,137	1,254	58,391
Bonds payable	38,823	35,588	74,411	38,824	35,587	74,411
Accrued interest and other expenses	3,365	4,492	7,857	3,361	4,302	7,663
Other liabilities	14,919	10,414	25,333	14,303	9,984	24,287
	322,687	708,818	1,031,505	319,057	703,334	1,022,391
Non Financial Liabilities						
Accrued interest and other expenses	571	-	571	529	-	529
Other liabilities	1,997	3,674	5,671	1,904	3,641	5,545
	2,568	3,674	6,242	2,433	3,641	6,074
	P 325,255	**P 712,492**	**P 1,037,747**	**P 321,490**	**P 706,975**	**P 1,028,465**

	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
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
Trust						
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	9,462	21,650	10,963	9,604	20,567
	212,107	630,680	842,787	210,300	623,686	833,986
Non Financial Liabilities						
Accrued interest and other expenses	538	-	538	489	-	489
Other liabilities	449	4,279	4,728	448	4,378	4,826
	987	4,279	5,266	937	4,378	5,315
	P 213,094	P 634,959	P 848,053	P 211,237	P 628,064	P 839,301

32. OTHER MATTERS

32.1 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, Bayanihan to Heal as One (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 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.

Since last year, 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 continued to increase. 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.

As the economy continue with its recovery from pandemic-related issues in 2022, the Group saw more normalized operations and increasingly positive results.

32.2 Impact of Russia – Ukraine Conflict

The ongoing Russia-Ukraine war since February 24, 2022 led to higher global crude oil and other commodity prices in 2022 which partly bloated the Philippines' imports and trade deficit to record levels. This resulted in elevated inflation worldwide which triggered aggressive Federal rate hikes that supported a strong U.S. dollar earlier in 2022.

This event prompted BSP to implement local policy rate hikes totaling 350 basis points in 2022 and another 50 bps this February 2023 to temper the high domestic inflation and be in sync with US Federal hikes to help manage the peso exchange rate.

The increase in BSP policy rates resulted in higher cost of deposits. It has also led to unrealized mark-to-market losses in FVOCI portfolio which fluctuates according to market condition; unless sold, these losses are recorded as part of the other comprehensive income or loss under Statement of comprehensive income.

The Group has implemented strategies to mitigate the increase in cost by issuances of loans with higher rates and growing low-cost deposits. BSP policy rates are also seen to come down in the second half of 2023 as inflation decelerates.

33. SUPPLEMENTARY INFORMATION REQUIRED BY THE BSP

Presented below are the supplementary information required by the BSP under Section 174 (Appendix 55) of the BSP 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		
	2022	2021	2020
Return on average equity			
Net profit / Average total equity	**11.24%**	6.71%	5.54%
Return on average resources			
Net profit / Average total resources	**1.20%**	0.84%	0.68%
Net interest margin			
Net interest income / Average interest earning resources	**3.70%**	4.07%	4.31%

	Parent Company		
	2022	2021	2020
Return on average equity			
Net profit / Average total equity	**11.24%**	6.72%	5.55%
Return on average resources			
Net profit / Average total resources	**1.21%**	0.85%	0.69%
Net interest margin			
Net interest income / Average interest earning resources	**3.70%**	4.06%	4.31%

(b) Capital Instruments Issued

(i) Common Stock

As of December 31, 2022 and 2021, the Parent Company's common stock amounted to P22,509 representing 2,250,916,144 issued common shares.

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.

(ii) Preferred Stock

As of December 31, 2022 and 2021, 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.

(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			
	2022		2021	
	Amount	**Share**	Amount	Share
Consumer	**P 158,481**	**29%**	P 145,560	28%
Real estate, renting and other related activities	**80,276**	**15%**	89,891	18%
Electricity, gas and water	**73,970**	**14%**	69,258	14%
Wholesale and retail trade	**69,080**	**13%**	57,829	11%
Manufacturing (various industries)	**50,441**	**9%**	55,618	11%
Transportation and communication	**49,605**	**9%**	41,080	8%
Financial intermediaries	**39,878**	**7%**	33,794	7%
Agriculture, fishing, and forestry	**5,285**	**1%**	4,414	1%
Hotels and restaurants	**4,616**	**1%**	4,207	1%
Other community, social and personal activities	**2,817**	**1%**	2,439	-
Mining and quarrying	**1,193**	**-**	1,022	-
Others	**7,704**	**1%**	7,619	1%
	P 543,346	**100%**	P 512,731	100%

	Parent Company			
	2022		2021	
	Amount	**Share**	Amount	Share
Consumer	**P 158,475**	**30%**	P 145,557	29%
Real estate, renting and other related activities	**79,139**	**15%**	83,231	16%
Electricity, gas and water	**73,856**	**14%**	69,258	14%
Wholesale and retail trade	**67,985**	**13%**	56,866	11%
Manufacturing (various industries)	**49,240**	**9%**	55,618	11%
Transportation and communication	**46,436**	**9%**	41,080	8%
Financial intermediaries	**39,872**	**7%**	33,772	7%
Agriculture, fishing, and forestry	**4,940**	**1%**	4,309	1%
Hotels and restaurants	**4,514**	**1%**	4,207	1%
Other community, social and personal activities	**2,734**	**-**	2,439	-
Mining and quarrying	**988**	**-**	1,022	-
Others	**7,397**	**1%**	7,574	2%
	P 535,576	**100%**	P 504,933	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 or 10% of Tier 1 capital.

As of December 31, 2022, 10% of Tier 1 capital of the Group and Parent Company amounted to P10,010 and P9,571, respectively. As of December 31, 2021, 10% of Tier 1 capital of the Group and Parent Company amounted to P9,387 and P8,991, respectively. The table below show the industry groups exceeding this level (amounts in millions).

	2022		2021	
	Group	**Parent**	Group	Parent
Consumer	**P 158,481**	**P 158,475**	P 145,560	P 145,557
Real estate, renting and other related activities	**80,276**	**79,139**	89,891	83,231
Electricity, gas and water	**73,970**	**73,856**	69,258	56,866
Wholesale and retail trade	**69,080**	**67,985**	57,829	56,866
Manufacturing (various industries)	**50,441**	**49,240**	55,618	55,618
Transportation and communication	**49,605**	**46,436**	41,080	41,080
Financial intermediaries	**39,878**	**39,872**	33,794	33,772

(d) Credit Status of Loans

The breakdown of receivable from customers as to status is shown below.

Group

	2022		
	Performing	**Non-performing**	**Total Loan Portfolio**
Gross carrying amount:			
Corporate	P 373,172	P 10,475	P 383,647
Consumer	148,777	10,922	159,699
	521,949	21,397	543,346
Allowance for ECL	(4,642)	(9,965)	(14,607)
Net carrying amount	**P 517,307**	**P 11,432**	**P 528,739**

	2021		
	Performing	Non-performing	Total Loan Portfolio
Gross carrying amount:			
Corporate	P 353,986	P 12,115	P 366,101
Consumer	128,458	18,172	146,630
	482,444	30,287	512,731
Allowance for ECL	(4,670)	(11,952)	(16,622)
Net carrying amount	P 477,774	P 18,335	P 496,109

Parent Company

	2022		
	Performing	**Non-performing**	**Total Loan Portfolio**
Gross carrying amount:			
Corporate	P 368,535	P 8,885	P 377,420
Consumer	147,234	10,922	158,156
	515,769	19,807	535,576
Allowance for ECL	(4,538)	(9,232)	(13,770)
Net carrying amount	**P 511,231**	**P 10,575**	**P 521,806**

	2021		
	Performing	Non-performing	Total Loan Portfolio
Gross carrying amount:			
Corporate	P 348,642	P 10,734	P 359,376
Consumer	127,374	18,183	145,557
	476,016	28,917	504,933
Allowance for ECL	(4,562)	(11,169)	(15,731)
Net carrying amount	P 471,454	P 17,748	P 489,202

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	
	2022	2021	**2022**	2021
Gross NPLs	**P 21,397**	P 30,287	**P 19,807**	P 28,917
Allowance for impairment	**(9,965)**	(11,952)	**(9,232)**	(11,169)
	P 11,432	P 18,335	**P 10,575**	P 17,748

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, 2022, gross and net NPL ratios of the Group and the Parent Company as reported to BSP were 3.75% and 2.00%, and 3.52% and 1.88%, respectively. 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. Most of the NPLs are secured by real estate or chattel mortgages.

The breakdown of restructured receivables from customers follows:

	Group				Parent Company			
	2022		2021		**2022**		2021	
Loans and discounts	**P**	**3,833**	P	1,604	**P**	**1,021**	P	806
Credit card receivables		**1**		1		**1**		1
	P	**3,834**	P	1,605	**P**	**1,022**	P	807

Interest income from restructured receivables from customers amounted P18, P10, and P1 in 2022, 2021, 2020, 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			
	2022		2021		**2022**		2021	
Secured:								
Real estate mortgage	**P**	**169,253**	P	150,218	**P**	**168,045**	P	149,530
Chattel mortgage		**44,003**		48,915		**41,542**		48,818
Hold-out deposits		**11,001**		7,464		**10,941**		7,457
Other securities		**11,286**		14,280		**7,938**		14,248
		235,543		220,877		**228,466**		220,053
Unsecured		**307,803**		291,854		**307,110**		284,880
	P	**543,346**	P	512,731	**P**	**535,576**	P	504,933

(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, credit accommodations and guarantees to DOSRI, excluding loans granted as fringe benefits to officers which are excluded from the individual ceiling as of December 31 in accordance with BSP reporting guidelines:

	Group				Parent Company			
		2022		2021		**2022**		2021
Total outstanding DOSRI loans	**P**	**-**	P	97	**P**	**-**	P	97
Unsecured DOSRI		**-**		1		**-**		1
Past due DOSRI		**-**		-		**-**		-
Non-accruing DOSRI		**-**		-		**-**		-
Percent of DOSRI loans to total loan portfolio		**0.00%**		0.02%		**0.00%**		0.02%
Percent of unsecured DOSRI loans to total DOSRI loans		**0.00%**		0.70%		**0.00%**		0.70%
Percent of past due DOSRI Loans to total DOSRI		**0.00%**		0.00%		**0.00%**		0.00%
Percent of non-accruing DOSRI loans to total DOSRI loans		**0.00%**		0.00%		**0.00%**		0.00%

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			
		2022		2021		**2022**		2021
Total outstanding Related Party loans	**P**	**23,967**	P	19,447	**P**	**23,959**	P	19,442
Unsecured Related Party		**16,765**		16,165		**16,763**		16,162
Past due Related Party		**1**		1		**1**		1
Percent of Related Party loans to total loan portfolio		**4.41%**		3.61%		**4.47%**		3.66%
Percent of unsecured Related Party loans to total Related Party loans		**69.95%**		83.12%		**69.97%**		83.13%
Percent of past due Related Party loans to total Related Party loans		**0.00%**		0.00%		**0.00%**		0.00%
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, 2022, 2021 and 2020, the Group and Parent Company is in compliance with these regulatory requirements.

As of December 31, 2022, 2021 and 2020, 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.

	2022	2021
Aggregate amount of secured liabilities	**P 58,391**	P 45,378
Aggregate amount of resources pledged as security	**P 73,160**	P 54,145

(h) 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, 2022 and 2021:

	2022	2021
Trust Investment Group accounts	**P 142,479**	P 146,769
Outstanding guarantees issued	**127,837**	79,927
Derivative assets	**111,212**	71,092
Derivative liabilities	**69,485**	50,251
Inward bills for collection	**18,451**	4,003
Unused commercial letters of credit	**17,242**	12,412
Spot exchange bought	**6,497**	6,170
Spot exchange sold	**6,493**	6,165
Late deposits/payments received	**642**	377
Others	**64**	58
Outward bills for collection	**27**	78

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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

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

T +63 2 8988 2288

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 (together hereinafter referred to as the Group) for the year ended December 31, 2022, on which we have rendered our report dated February 27, 2023. Our audit was 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: Maria Isabel E. Comedia
Partner

CPA Reg. No.
TIN :
PTR No.
SEC Group
Partner -
Firm - No.
BIR ,
Firm's BOA/PRC Cert. of Reg. No.

February 27, 2023

Annex "B-1"

Rizal Commercial Banking Corporation and Subsidiaries
List of Supplementary Information
December 31, 2022

**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, 2022
(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 3,814	P 3,883	P 3,883	P 103
Corporate debt securities	P 42	38	38	1
Equity securities	133,697,642	849	849	-
Derivative financial assets	P 31,466	2,267	2,267	46
		7,037	7,037	150
Financial Asset at Fair Value Through Other Comprehensive Income				
Quoted equity securities	150,632,090	1,520	1,520	-
Unquoted equity securities	836,644	2,112	2,112	-
Government securities	P 101,897	53,492	53,492	1,558
Corporate debt securities	P 15,044	57,822	57,822	536
		114,946	114,946	2,094
Investment Securities at Amortized Cost				
Government securities	P 222,877	218,163	198,098	6,722
Corporate debt securities	P 26,502	34,382	22,588	789
		252,545	220,686	7,511
Allowance for impairment		(163)	(163)	-
		252,382	220,523	7,511
		P 374,365	**P 342,506**	**P 9,755**

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, 2022
(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 96	P -	P 96	P -	P -	P -	P -
House of Investments Inc.	312	233	215	-	330	-	330
Credit Card Receivables							
Bankard (Officers)	64	331	299	-	96	-	96
RCBC Capital Corporation							
Loans Receivable							
Employee Loans - RCAP	1	1	1	-	1	-	1
Employee Loans- RSEC	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	19	17	19		8	9	17
Accounts Receivables	58	728	719	-	67	-	67

Rizal Commercial Banking Corporation and Subsidiaries
Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2022
(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	77		(2)	-	75	-	75
RCBC Capital Corporation							
Due from other banks	301	39,445	(39,676)	-	249	-	70
Dividends receivable	500	-	(500)	-	-	-	-
Accounts Receivable - RBSC	58	728	(719)	-	67	-	67
RCBC Leasing and Finance Corp.							
Due from other banks - RCBC	1,979	6,791	(7,743)	-	1,027	-	1,027
RCBC International Finance, Ltd.							
Due from other banks - RCBC	18	10	-	-	28	-	28
RCBC Forex Brokers Corp.							
Due from other banks - RCBC	159	-	4	-	163	-	163
RCBC - JPL Holding Company							
Assignment of receivables	127	-	-	-	127	-	127
Niyog Property Holdings, Inc.							
Due from other banks - RCBC	118	12	-	-	130	-	130

Rizal Commercial Banking Corporation and Subsidiaries
Schedule D - Long Term Debt
December 31, 2022
(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	P 13,743		P 13,743
Interest Rate: 3.2% Fixed Rate			
Maturity Date: 9/30/2023			
Number of periodic installments: Not applicable			
P 4,130,000,000 Senior Notes	P4,130		P 4,130
Interest Rate: 4.18% Fixed Rate			
Maturity Date: 6/30/2026			
Number of periodic installments: Not applicable			
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 16,727
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 25,055
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 14,756,260,000 Senior Notes	P 14,756		P 14,756
Interest Rate: 3.0% Fixed Rate			
Maturity Date: 5/21/2024			
Number of periodic installments: Not applicable			

Rizal Commercial Banking Corporation and Subsidiaries
Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2022
(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, 2022
(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, 2022
(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	267,410	267,410	-	-	-
Common Shares	2,600,000,000	2,037,478,896	-	1,649,608,296	2,004,546	385,866,054

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, 2022
(Amounts in Millions of Philippine Pesos)

Unappropriated Retained Earnings at Beginning of Year		**P 38,599**
Adjustments:		
Accumulated share in equity of subsidiaries and associates	(P 69)	
Deferred tax assets	(3,508)	(3,577)
Unappropriated Retained Earnings at Beginning of Year Available for Dividend Declaration at Beginning of Year, As Adjusted		**35,022**
Net Profit Realized During the Year		
Net profit per audited financial statements		**12,080**
Non-actual/unrealized income		
Share in net income of subsidiaries and associates		(154)
Deferred tax income		(495)
		11,431
Other Transactions During the Year		
Dividends declared	(P 2,308)	
Appropriation for general loan loss provision	(207)	
Appropriation of retained earnings to trust reserves	(24)	(2,539)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		**P 43,914**

Rizal Commercial Banking Corporation and Subsidiaries
Schedule of Recent Public Offerings
December 31, 2022

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

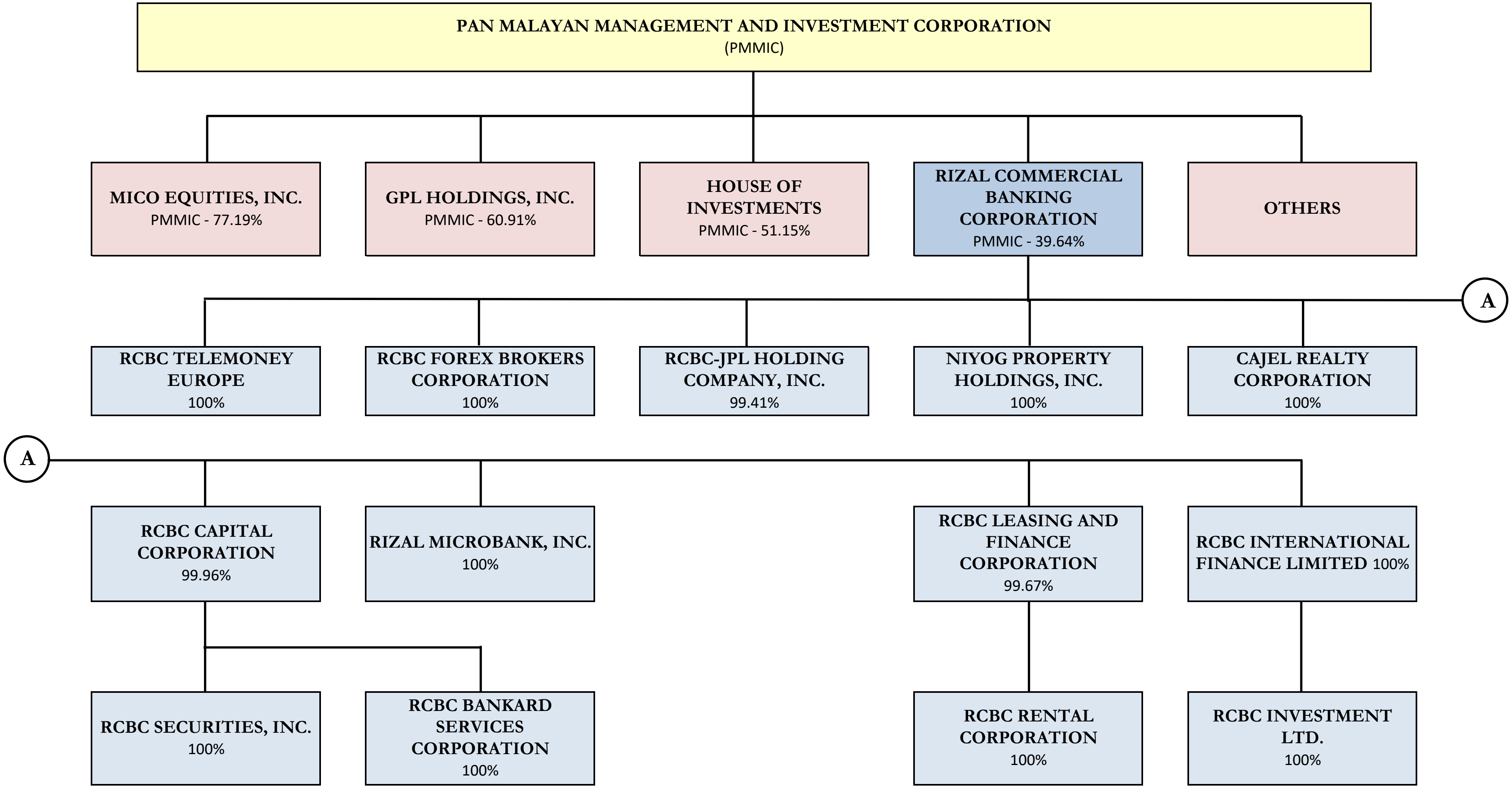
2020 - US$ 300,000,000 Hybrid Perpetual Securities
Gross Proceeds: US$ 300,000,000 (Issue Price: US$ 300,000,000 @ 100.00%)
Related Expenses: US$796,991.93
Use of Proceeds: To to support and finance medium-term to long-term asset growth, loans to customers, other general corporate purposes and to maintain sufficient buffers above the minimum capital thresholds required by BSP.

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.

2022 - P14,756,260,000 Senior Note
Gross Proceeds: P14,756,260,000(Issue Price: P P14,756,260,000 @ 100.00%)
Related Expenses: P110,671,950
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, 2022



Rizal Commercial Banking Corporation and Subsidiaries
Supplemental Schedule of Financial Soundness Indicators
(Amount in Millions of Philippine Pesos, Except Share Data)
December 31, 2022 and 2021

Ratio	Formula	Ratio 2022		Ratio 2021	
Current ratio	Total current assets	337,912	1.04	355,522	1.67
	Total current liabilities	325,255		213,094	
Acid test ratio	Quick assets	215,360	0.66	205,140	0.96
	Total current liabilities	325,255		213,094	
Solvency ratio	Total liabilities	1,037,747	89.92%	848,053	88.42%
	Total assets	1,154,108		959,133	
Debt-to-equity ratio	Total liabilities	1,037,747	8.92	848,053	7.63
	Total equity	116,361		111,080	
Resources-to-equity ratio	Total resources	1,154,108	9.92	959,133	8.63
	Total equity	116,361		111,080	
Interest rate coverage ratio	Earnings before interest and taxes	28,267	1.93	16,091	1.94
	Interest expense	14,619		8,280	
Return on equity	Net profit (net of AT1)	11,042	11.24%	7,083	6.71%
	Average total equity	98,243		105,642	
Return on resources	Net profit	12,080	1.20%	7,083	0.84%
	Average total resources	1,004,977		844,048	
Net profit margin	Net profit	12,080	27.17%	7,083	19.46%
	Revenues	44,454		36,394	
Other ratios:					
Net interest margin	Net interest income	31,442	3.70%	29,054	4.07%
	Average interest earning resources	850,682		713,875	
Cost-to-income ratio	Total other operating expenses	25,100	56.46%	22,535	61.92%
	Gross income	44,454		36,394	
Capital adequacy ratio	Total qualifying capital	106,183	15.29%	99,465	15.23%
	Total risk-weighted assets	694,421		653,108	

Annex "B-2"

May 11, 2023

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

Dear **Director Felizmenio**,

We submit herewith the March 31, 2023 SEC 17-Q report of Rizal Commercial Banking Corporation.

Thank you.

Very truly yours,

Florentino M. Madonza
FSVP, Head-Controllership Group

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

COVER SHEET

1 7 5 1 4

S.E.C. Registration Number

RIZAL COMMERCIAL BANKING
CORPORATION AND SUBSIDIARIES

(Company's Full Name)

YUCHENGCO TOWER, RCBC PLAZA,
6819 AYALA AVENUE, MAKATI CITY

MARIETA O. MIRANDA	8 8 9 4 9 9 3 2
Contact Person	Company Telephone Number

0 3	3 1	1 7 Q		
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

S E C	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

74 8		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SEC Number 17514
PSE Code
File Number

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

(Company's Full Name)

Yuchengco Tower, RCBC Plaza
6819 Ayala Ave. corner Sen. Gil J. Puyat Ave., Makati City

(Company's Address)

8894-9000

(Telephone Number)

December 31

(Fiscal Year Ending)

SEC FORM 17-Q

Form Type

Amendment Designation (if applicable)

March 31, 2023

For the Quarterly Period Ended

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2023**
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. (SEC Use Only)
   Industry Classification Code:
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 (March 31, 2023)

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 ( )

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION

(Amounts in Millions of Philippine Pesos)

	Notes	3/31/2023 (Unaudited)	12/31/2022 (Audited)
RESOURCES			
Cash and Other Cash Items		P 13,132	P 18,078
Due From Bangko Sentral ng Pilipinas		155,486	156,664
Due From Other Banks		5,962	5,836
Loans Under Reverse Repurchase Agreement		21,098	8,724
Trading and Investment Securities	3	351,259	374,365
Loans and Receivables - Net	4	573,132	558,869
Investments in Associates		423	379
Bank Premises, Furniture, Fixtures & Equipment- Net		9,673	11,264
Investment Properties - Net		2,642	2,616
Deferred Tax Assets		3,838	3,740
Other Resources - Net	5	17,297	13,573
Total Resources		P 1,153,942	P 1,154,108
LIABILITIES AND EQUITY			
Deposit Liabilities	6	P 859,396	P 857,244
Bills Payable	7	66,074	66,660
Bonds Payable	8	48,835	74,411
Accrued Taxes, Interest And Other Expenses		8,986	8,428
Other Liabilities	9	54,279	31,004
Total Liabilities		1,037,570	1,037,747
EQUITY			
Attributable to Parent Company Shareholders:			
Preferred Stock	10	P 3	P 3
Common Stock	10	22,509	22,509
Hybrid Perpetual Securities	10	14,463	14,463
Capital Paid in Excess of Par		42,493	42,493
Treasury Shares	10	(9,287)	(9,287)
Other Comprehensive Income:			
Net Unrealized Losses on Financial Assets At Fair Value Through Other Comprehensive Income		(4,581)	(4,865)
Cumulative Translation Adjustment		54	54
Retirement plan		(2,750)	(1,581)
Reserve for Trust Business		538	532
Other Reserves		(86)	(86)
Retained Earnings Appropriated for General Provision		4,108	3,824
Retained Earnings		48,901	48,294
		116,365	116,353
Non-controlling Interest		7	8
Total Equity		116,372	116,361
TOTAL LIABILITIES AND CAPITAL FUNDS		P 1,153,942	P 1,154,108

See Notes to Interim Condensed Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF INCOME

(Amounts in Millions of Philippine Pesos, Except Per Share Data)

	Note	1/1/2023 to 3/31/2023 (Unaudited)	1/1/2022 to 3/31/2022 (Unaudited)
INTEREST INCOME ON			
Loans and receivables		P 10,702	P 8,122
Investment securities		3,232	2,012
Others		734	140
		14,668	10,274
INTEREST EXPENSE ON			
Deposit liabilities		6,181	1,097
Bills payable and other borrowings		1,220	1,125
		7,401	2,222
NET INTEREST INCOME		7,267	8,052
IMPAIRMENT LOSSES - Net		1,496	1,552
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		5,771	6,500
OTHER OPERATING INCOME			
Service fees and commissions		1,423	1,124
Foreign exchange gains - net		405	24
Trust fees		107	102
Trading and securities gain - net		58	121
Miscellaneous	11	3,733	479
		5,726	1,850
OTHER OPERATING EXPENSES			
Employee benefits		1,710	1,589
Taxes and licenses		1,669	974
Depreciation and amortization		842	730
Occupancy and equipment-related		829	698
Miscellaneous	11	2,144	1,893
		7,194	5,884
PROFIT BEFORE TAX		4,303	2,466
TAX EXPENSE		666	325
NET PROFIT		3,637	2,141
Net Loss Attributable to Non-Controlling interest		(1)	-
Net Profit Attributable to Parent Company Shareholders		P 3,638	P 2,141
Earnings Per Share (Annualized)			
Basic		P 6.71	P 3.77
Diluted		P 6.71	3.77

See Notes to Interim Condensed Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Millions of Philippine Pesos)

	1/1/2023 to 3/31/2023 (Unaudited)	1/1/2022 to 3/31/2022 (Unaudited)
NET PROFIT FOR THE PERIOD	**P 3,637**	2,141
OTHER COMPREHENSIVE INCOME (LOSSES) DURING THE PERIOD:		
Fair value gains (losses) on Financial assets at Other Comprehensive Income	**284**	(2,533)
Retirement plan	**(1,169)**	1
Other Comprehensive Loss for the period	**(885)**	(2,532)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**P 2,752**	(391)
COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	**-**	-
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	**P 2,752**	(391)

See Notes to Interim Condensed Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
(Amounts in Millions of Philippine Pesos)

	1/1/2023 to 3/31/2023 (Unaudited)	1/1/2022 to 3/31/2022 (Unaudited)
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		
PREFERRED STOCK		
Balance at beginning and end of period	**P 3**	P 3
COMMON STOCK		
Balance at beginning and end of period	**22,509**	22,509
HYBRID PERPETUAL SECURITIES		
Balance at beginning and end of period	**14,463**	14,463
CAPITAL PAID IN EXCESS OF PAR		
Balance at beginning and end of period	**42,493**	42,505
TEASURY SHARES, At Cost		
Balance at beginning and end of period	**(9,287)**	(9,287)
NET UNREALIZED GAINS (LOSSES) ON FINANCIAL ASSETS AT OTHER COMPREHENSIVE INCOME		
Beginning balance	**(4,865)**	391
Fair value gains (losses) during the period	**284**	(2,533)
Balance, end	**(4,581)**	(2,142)
CUMULATIVE TRANSLATION ADJUSTMENTS		
Balance at beginning and end of period	**54**	54
OTHER COMPREHENSIVE INCOME (LOSS) - RETIREMENT PLAN		
Balance, beginning	**(1,581)**	(2,367)
Remeasurement of the defined benefits during the period	**(1,169)**	1
Balance, end	**(2,750)**	(2,366)
RESERVE FOR TRUST BUSINESS		
Balance, beginning	**532**	507
Transfer from retained earnings - free	**6**	11
Balance, end	**538**	518
OTHER RESERVES		
Balance at beginning and end of period	**(86)**	(97)
RETAINED EARNINGS APPROPRIATED FOR		
GENERAL PROVISION		
Beginning balance	**3,824**	3,617
Transfer from retained earnings - free	**284**	125
Balance, end	**4,108**	3,742
RETAINED EARNINGS		
Beginning balance	**48,294**	38,764
Net profit	**3,638**	2,141
Cash dividends on common shares	**(2,200)**	(1,259)
Dividends on Hybrid Capital Securities	**(533)**	(497)
Transfer of fair value reserves on FVOCI	**(8)**	(8)
Transfer to retained earnings appropriated for general provision	**(284)**	(125)
Transfer to reserves for trust business	**(6)**	(11)
Balance, end	**48,901**	39,005
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	**P 116,365**	P 108,907
NON-CONTROLLING INTEREST		
Balance, beginning	**8**	18
Net Profit (Loss) for the year	**(1)**	0
Balance, end	**7**	18
TOTAL EQUITY	**P 116,372**	P 108,925

See Notes to Interim Condensed Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
(Amounts in Millions of Philippine Pesos)

	1/1/2023 to 3/31/2023 (Unaudited)	1/1/2022 to 3/31/2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profits before tax	**P 4,303**	P 2,467
Adjustments for:		
Interest income	**(14,668)**	(10,274)
Interest expense	**7,401**	2,222
Gain on assets sold	**(3,350)**	(46)
Impairment losses	**1,496**	1,552
Depreciation and amortization	**842**	730
Dividend income	**(14)**	(24)
Share in net earnings of associates	**(43)**	(16)
Operating income before working capital changes	**(4,033)**	(3,389)
Decrease (Increase) in financial assets at fair value through profit and loss	**(6,369)**	1,075
Decrease (Increase) in loans and receivables	**(24,947)**	3,803
Decrease (Increase) in investment property	**(26)**	99
Decrease (Increase) in other resources	**250**	(11,726)
Increase in deposit liabilities	**2,152**	2,809
Increase in accrued taxes, interest and other expenses	**60**	146
Increase in other liabilities	**20,300**	8,039
Cash generated from (used in) operations	**(12,613)**	856
Interest received	**14,822**	10,069
Interest paid	**(7,133)**	(2,805)
Cash paid for taxes	**(489)**	(291)
Net Cash From (Used in) Operating Activities	**(5,413)**	7,829
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in Financial Assets at FVOCI	**11,231**	(10,565)
Decrease (increase) in Investment securities at amortized cost	**18,536**	(49,421)
Acquisitions of bank premises, furniture, fixtures and equipment (net)	**(502)**	(492)
Cash dividends received	**14**	24
Acquisitions of intangibles	**(117)**	(62)
Net Cash From (Used in) Investing Activities	**29,162**	(60,516)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of bills payable	**(586)**	(20,967)
Dividends paid	**(532)**	(497)
Net proceeds from (Redemption of) bonds payable	**(25,576)**	15,324
Net Cash Used in Financing Activities	**(26,694)**	(6,140)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(2,945)**	(58,827)
CASH AND CASH EQUIVALENTS, BEGINNING		
Cash and other cash items	**18,078**	14,691
Due from Bangko Sentral ng Pilipinas	**156,664**	130,170
Due from other banks	**5,836**	12,162
Interbank Loans and Loans and Receivables under reverse repurchase agreement	**27,745**	42,254
	208,323	199,277
CASH AND CASH EQUIVALENTS, END		
Cash and other cash items	**13,132**	12,031
Due from Bangko Sentral ng Pilipinas	**155,486**	79,183
Due from other banks	**5,962**	4,811
Interbank Loans and Loans and Receivables under reverse repurchase agreement	**30,798**	44,425
	205,378	P 140,450

Supplemental Information on Non-cash Operating and Investing Activities

In March 2023, the Bank transferred and leased back certain real estate properties with total net book value of P1,796 to another entity in exchange for 100% ownership in the latter which were subsequently transferred to the retirement fund to fund its plan assets. The total value of shares received amounted to P6,268 resulting in a gain of P3,106, presented as part of Gain on Assets Sold under Miscellaneous Income.

See Notes to Interim Condensed Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2023 AND DECEMBER 31, 2022
(Amounts in Millions of Philippine Pesos, Except Otherwise 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. It also enters into forward currency contracts as an accommodation to its clients and as a means of managing its foreign exchange exposures. The Parent Company and its subsidiaries (together hereinafter referred to as the Group) are engaged in all aspects of traditional banking, investment banking, retail financing (credit cards, auto loans, mortgage/housing and microfinance loans), remittance, leasing and stock brokering.

As a banking institution, the Group's operations are regulated and supervised by the Bangko Sentral ng Pilipinas (BSP). As such, the Group is required to comply with banking rules and regulations such as those relating to maintenance of reserve requirements on deposit liabilities and deposit substitutes and those relating to the adoption and use of safe and sound banking practices, among others, as promulgated by the BSP. The Group's activities are subject to the provisions of 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).

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 March 31, 2023 and December 31, 2022, Cathay Life Insurance Corporation (Cathay) also owns 22.19% interest in RCBC.

The condensed consolidated interim financial statements of the Group as of and for the three months ended March 31, 2023 (including the comparatives for the three months ended March 31, 2022) and the year ended December 31, 2022 were presented to and reviewed by the Bank's Audit and Compliance Committee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized in the succeeding pages. The policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The interim financial statements of the Bank have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

There were no changes in the accounting policies and methods of computation followed in the interim financial statements as compared with the most recent annual financial statements.

(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 its statement of financial position broadly in order of liquidity and presents all items of income and expenses in two statements: a "statement of profit or loss" and a "statement of comprehensive income."

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Group's functional and presentation currency. All amounts are in millions, except per share data or when otherwise indicated.

2.2 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, 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.

2.3 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, 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.

(a) Classification, Measurement and Reclassification of Financial Assets

Under PFRS 9, *Financial Instruments*, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described in the succeeding paragraphs.

(i) Financial Assets at Amortized Cost

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

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument 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 plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

(ii) Financial Assets at Fair Value Through Profit or Loss (FVPL)

The Group classifies financial assets as FVPL when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking.

Debt instruments that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVPL at initial recognition, are measured at FVPL. Equity investments are classified as financial assets at FVPL, unless the Group designates an equity investment that is not held for trading as at *Financial Assets at Fair Value Through Other Comprehensive Income* (FVOCI) at initial recognition. The Group's financial assets at FVPL include government securities, corporate bonds, equity securities, which are held for trading purposes or designated as at FVPL.

Financial assets at FVPL 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 FVPL category and realized gains or losses arising from disposals of these instruments are included in Trading and Securities Gains under Other Operating Income account in the statement of profit or loss.

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

<u>Debt Instruments at FVOCI</u>

The Group classifies debt instruments under FVOCI when both of the following conditions are met:

- the asset is held within the Group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

FVOCI debt securities are initially measured at fair value plus transaction costs. They are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in Other Comprehensive Income (OCI). Interest Income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost.

On derecognition, cumulative gains or losses previously recognized in OCI are reclassified to profit or loss.

Equity Instruments at FVOCI

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. The Group has designated certain equity instruments as at FVOCI on initial application of PFRS 9.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are 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. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss, but is reclassified directly to Surplus account.

(b) *Impairment of Financial Assets*

PFRS 9 requires the Bank to record an allowance for Expected Credit Losses (ECL) for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired, the allowance is based on the change in the ECLs over the life of the asset.

The Group has established a policy to perform an assessment, at the end of each reporting period, of 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.

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 significant increase in credit risk (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 key elements used in the calculation of ECL are as follows:

Probability of Default – is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

Loss Given Default – is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Bank would expect to receive, including the realization of any collateral.

Exposure At Default – represents the gross carrying amount of the financial instruments subject to the impairment calculation.

b.1 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 Bank considers economic scenarios and forward-looking macroeconomic assumptions underpinning the ECL calculation. The expected impacts of COVID-19 have been reasonably captured using the Group's business-as-usual (BAU) ECL methodology.

In 2022, the Bank revised its BAU ECL methodology to incorporate impacts of COVID-19 under its new normal assessments eliminating the need for separate post model adjustments. 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.

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) Derecognition of Financial Assets

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 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.

(c) Modification of Loans

When the Group derecognizes a financial asset through renegotiation or modification of the contractual payment terms of the loans due to significant credit distress of the borrower, 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.

2.4 Financial Liabilities

Financial liabilities which include deposit liabilities, bills payable, bonds payable, accrued interest and other expenses, and other liabilities (except tax-related payables, post-employment defined benefit obligation and deferred income) are recognized when the Group becomes a party to the contractual terms of the instrument.

Financial liabilities are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, for 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.

2.5 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).

2.6 Revenue and Expense Recognition

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Group; and the costs incurred or to be incurred can be measured reliably.

2.7 Impairment of Non-financial Assets

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.

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. In determining value in use, management estimates the expected future cash flows from each 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 and goodwill, 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.

2.8 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.

2.9 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.

2.10 Events After the End of the Reporting Period

Any 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-reporting events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. TRADING AND INVESTMENT SECURITIES

This account is composed of the following:

		March 31, 2023 (Unaudited)		December 31, 2022 (Audited)
Financial assets at FVPL	P	13,406	P	7,037
Financial assets at FVOCI		104,007		114,946
Investment securities at amortized cost - net		233,846		252,382
	P	351,259	P	374,365

3.1 Financial Assets at FVPL

This account is composed of the following:

		March 31, 2023 (Unaudited)		December 31, 2022 (Audited)
Government securities	P	10,987	P	3,883
Derivative financial assets		1,556		2,267
Equity securities		827		849
Corporate debt securities		36		38
	P	13,406	P	7,037

3.2 Financial Assets at FVOCI

This account is composed of the following:

		March 31, 2023 (Unaudited)		December 31, 2022 (Audited)
Government bonds	P	60,580	P	53,492
Corporate debt securities		39,823		57,822
Unquoted equity securities		2,525		2,112
Quoted equity securities		1,079		1,520
	P	104,007	P	114,946

3.3 Investments at Amortized Cost

This account is composed of the following:

		March 31, 2023 (Unaudited)		December 31, 2022 (Audited)
Government securities	P	209,132	P	218,163
Corporate debt securities		24,876		34,382
		234,008		252,545
Allowance for impairment		(162)		(163)
	P	233,846	P	252,382

4. LOANS AND RECEIVABLES

This account consists of the following:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Receivable from customers:		
Loans and discounts	**P 480,859**	P 465,160
Credit card receivables	**52,342**	50,380
Customers' liabilities on acceptances, import bills and trust receipts	**22,591**	22,587
Bills purchased	**8,119**	2,888
Lease contract receivable	**3,542**	3,084
Receivables financed	**162**	149
	567,615	544,248
Unearned discount	**(793)**	(902)
	566,822	543,346
Other receivables:		
Interbank loans receivables	**9,702**	19,021
Accrued interest receivable	**7,674**	7,828
Accounts receivable	**4,885**	4,015
Sales contract receivable	**676**	689
	22,937	31,553
	589,759	574,899
Allowance for impairment	**(16,627)**	(16,030)
	P 573,132	P 558,869

5. OTHER RESOURCES

This account consists of the following:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Assets held-for-sale and disposal group	**P 3,261**	P 3,440
Creditable withholding taxes	**3,909**	3,257
Net defined benefit asset	**3,127**	-
Prepaid expenses	**1,867**	1,795
Software – net	**1,379**	1,362
Branch licenses	**1,000**	1,000
Refundable and other deposits	**673**	803
Unused stationery and supplies	**607**	559
Deferred charges	**557**	547
Goodwill	**426**	426
Margin deposits	**231**	240
Returned checks and other cash items	**208**	80
Miscellaneous	**1,190**	1,287
	18,488	14,796
Allowance for impairment	**(1,191)**	(1,223)
	P 17,297	P 13,573

6. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities:

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
Demand	**P**	**175,477**	P	174,563
Savings		**256,478**		246,242
Time		**423,861**		430,357
Long-term Negotiable Certificate of Deposits (LTNCD)		**3,580**		6,082
	P	**859,396**	P	857,244

The details of the Parent Company's Long-term Negotiable Certificates of Deposits (LTNCDs) as of March 31, 2023 and December 31, 2022 are as follows:

Issuance Date	Maturity Date	Coupon Interest	Outstanding Balance March 31, 2023 (Unaudited)		Outstanding Balance December 31, 2022 (Audited)	
September 28, 2018	March 28, 2024	5.50%	**P**	**3,580**	P	3,580
August 11, 2017	February 11, 2023	3.75%		**-**		2,502
			P	**3,580**	P	6,082

The Parent Company's LTNCDs were used in the expansion of its term deposit base to support long-term asset growth and for other general funding purposes.

7. BILLS PAYABLE

This account consists of borrowings from:

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
Foreign banks	**P**	**41,714**	P	40,482
Local banks		**24,360**		26,178
	P	**66,074**	P	66,660

8. BONDS PAYABLE

The composition of this account for the Group and the Parent Company follows:

Issuance Date	Maturity Date	Coupon Interest		Face Value	Outstanding Balance March 31, 2023 (Unaudited)	Outstanding Balance December 31, 2022 (Audited)
February 21, 2022	May 21, 2024	3.00%	P	14,756	P 14,756	P 14,756
March 31, 2021	September 30, 2023	3.20%	P	13,743	13,743	13,743
March 31, 2021	June 30, 2026	4.18%	P	4,130	4,130	4,130
September 11, 2019	September 11, 2024	3.05%	$	300	16,206	16,727
March 15, 2018	March 16, 2023	4.13%	$	450	-	25,055
					P 48,835	P 74,411

9. OTHER LIABILITIES

Other liabilities consist of the following:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Accounts payable	P 24,207	P 7,756
Bills purchased – contra	7,366	2,113
Lease liabilities	7,310	5,500
Outstanding acceptances payable	3,990	4,587
Derivative financial liabilities	2,214	2,116
Dividends payable	2,201	-
Manager's checks	1,305	1,680
Unclaimed balances	1,123	1,128
Withholding taxes payable	872	714
Deposits on lease contracts	785	776
Unearned income	741	602
Sundry credits	374	355
Other credits	361	432
Guaranty deposits	333	66
Due to BSP	165	66
Expected credit loss provisions on loan commitments	124	214
Post-employment defined benefit obligation	-	1,986
Payment orders payable	114	241
Miscellaneous	694	672
	P 54,279	P 31,004

10. EQUITY

The movements in the outstanding capital stock are as follows:

	Number of Shares*	
	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Preferred stock – voting, non-cumulative non-redeemable, participating convertible into common stock – P10 par value Authorized – 200,000,000 shares		
Balance at beginning and end of period	**267,410**	267,410
Common stock – P10 par value Authorized – 2,600,000,000 shares		
Balance at beginning and end of period	**2,037,478,896**	2,037,478,896

**Amounts in absolute number of shares*

10.1 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 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. 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.

10.2 Hybrid Perpetual Securities

On 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 March 31, 2023, 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.

11. MISCELLANEOUS INCOME AND EXPENSES

These accounts consist of the following:

11.1 Miscellaneous Income

	For the Three months Ended	
	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Gains on assets sold	**P 3,350**	P 46
Rentals	**159**	241
Recoveries	**152**	75
Dividend income	**14**	24
Others	**58**	93
	P 3,733	P 479

11.2 Miscellaneous Expenses

	For the Three months Ended	
	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Insurance	**P 480**	P 379
Credit card related expenses	**400**	277
Service processing fees	**231**	165
Litigation/asset acquired expenses	**169**	152
Communication and information	**155**	170
Management and other professional fees	**107**	126
Banking fees	**101**	88
Advertising and publicity	**78**	84
Transportation and travel	**53**	51
Stationery and office supplies	**44**	30
Other outside services	**39**	33
Shipment and freight	**17**	7
Donations and charitable contributions	**15**	24
Representation and entertainment	**11**	12
Others	**244**	295
	P 2,144	P 1,893

12. COMMITMENTS AND CONTINGENCIES

In the normal course of operations of the Group, there are various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, tax assessments, etc., 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 remains unsettled, if decided adversely, will not involve sums that would have material effect on the Group's financial position or operating results.

12.1 Contingent Accounts, Guarantees and Other Commitments

The following is a summary of contingencies and commitments arising from off-statement of financial position items at their equivalent peso contractual amounts as of March 31, 2023 and December 31, 2022:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Trust department accounts	**P 147,492**	P 142,479
Outstanding guarantees issued	**142,348**	127,837
Derivative assets	**156,127**	111,212
Derivative liabilities	**115,004**	69,485
Spot exchange sold	**27,988**	6,493
Spot exchange bought	**27,981**	6,497
Unused commercial letters of credit	**15,224**	17,242
Inward bills for collection	**11,265**	18,451
Late deposits/payments received	**768**	642
Outward bills for collection	**65**	27
Others	**64**	64

13. OTHER MATTERS

13.1 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.

Since 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 continued to increase. 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.

As the economy continues with its recovery from pandemic-related issues in 2023, the Group saw more normalized operations and increasingly positive results.

13.2 Impact of Russia – Ukraine Conflict

The ongoing Russia-Ukraine war since February 24, 2022 led to higher global crude oil and other commodity prices in 2022 which partly bloated the Philippines' imports and trade deficit to record levels. This resulted in elevated inflation worldwide which triggered aggressive Federal rate hikes that supported a strong U.S. dollar earlier in 2022.

This event prompted BSP to implement local policy rate hikes totaling 350 basis points in 2022, 50 bps in February 2023 and another 25 bps this March 2023 to temper the high domestic inflation and be in sync with US Federal hikes to help manage the peso exchange rate.

The increase in BSP policy rates resulted in higher cost of deposits. It has also led to unrealized mark-to-market losses in FVOCI portfolio which fluctuates according to market condition; unless sold, these losses are recorded as part of the other comprehensive income or loss under Statement of comprehensive income.

The Group has implemented strategies to mitigate the increase in cost by issuances of loans with higher rates and growing low-cost deposits. BSP policy rates are also seen to come down in the second half of 2023 as inflation decelerates.

13.3 Increase in shareholding of SMBC

On November 2, 2022, the Bank's BOD approved the increase in shareholding of SMBC, an existing shareholder of 4.99% of the total outstanding common stock of the Bank, to 20% through the combined sale of subscription of an aggregate of 382 common stock to SMBC, partly coming from the reissuance of treasury shares and issuance of new common stock, at the price of P71 per share. As of March 31, 2023, there is still no capital infusion in relation to this transaction.

ADDITIONAL DISCLOSURES TO ITEM I – FINANCIAL STATEMENTS

Statement of Compliance with Generally Accepted Accounting Principles. The interim financial statements of the Bank have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

See accompanying Notes to Interim Financial Statements for the detailed discussion of compliance with Generally Accepted Accounting Principles.

Accounting Policies and Methods of Computation. See accompanying Notes to Interim Financial Statements for the detailed discussion of the accounting policies and methods of computation (Note 2).

Seasonality or Cyclicality of Interim Operations. Seasonal or cyclical events and/or conditions do not materially affect the year-round operations of the Bank.

Changes in Estimates of Amounts Reported. There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in estimates of amounts reported in prior financial years.

Issuances, Repurchases and Repayments of Debt and Equity Securities. On March 16, 2023, the Bank redeemed the USD450.0 million or Php24.7 billion Senior Notes with coupon rate of 4.125%.

On January 30, 2023, the Board of Directors approved the issuance of US Dollar Notes, via a public issuance and/or private placement out of the Bank's USD3.0 billion Medium Term Note Programme, subject to market conditions.

Dividends Paid for Ordinary or Other Shares. In its meeting held on March 27, 2023, the Board of Directors approved the declaration and payment of cash dividends amounting to P1.08 per share or a total of P2.2 billion and P288.8 thousand payable to holders of Common Class and Preferred Class shares, respectively, both paid on April 27, 2023.

In its meeting held on February 27, 2023, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1685 per share or a total of P45.0 thousand payable to holders of Preferred Class shares and paid on March 23, 2023.

In its meeting held on January 30, 2023, the Board of Directors approved the declaration and payment of cash dividends on the Bank's USD300 million Non-cumulative Hybrid Perpetual Securities at a dividend rate of 6.50% per annum or a total of USD9.8 million or P532.7 million payable to holders of said Securities, which was paid on February 27, 2023.

In its meeting held on November 28, 2022, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1407 per share or a total of P37.6 thousand payable to holders of Preferred Class shares and paid on December 27, 2022.

In its meeting held on August 30, 2022, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1047 per share or a total of P28.0 thousand payable to holders of Preferred Class shares and paid on September 22, 2022.

In its meeting held on July 25, 2022, the Board of Directors approved the declaration and payment of cash dividends on the Bank's USD300 million Non-cumulative Hybrid Perpetual Securities at a dividend rate of 6.50% per annum or a total of USD9.8 million or P539.7 million payable to holders of said Securities, which was paid on August 26, 2022.

In its meeting held on May 30, 2022, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0748 per share or a total of P20.0 thousand payable to holders of Common Class shares and paid on June 23, 2022.

In its meeting held on March 28, 2022, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.6180 per share or a total of P1.3 billion and P165.3 thousand payable to holders of Common Class and Preferred Class shares, respectively, both paid on April 27, 2022.

In its meeting held on February 28, 2022, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0553 per share or a total of P14.8 thousand payable to holders of Preferred Class shares and paid on March 23, 2022.

In its meeting held on January 31, 2022, the Board of Directors approved the declaration and payment of the cash dividends on the Bank's USD300 million Non-cumulative Hybrid Perpetual Securities at a dividend rate of 6.50% per annum or a total of USD9.8 million or P497.4 million payable to holders of said Securities, which was paid on February 28, 2022.

The details of the cash dividend approvals and distributions from 2022 up to March 31, 2023 are as follows (amounts in Thousand Php except per share figures):

Date Declared	Dividend		Date Paid / Payable	Nature of Securities
	Per Share	Total Amount (in Thousand)		
31-Jan-22	-	P 497,445.0	28-Feb-22	Hybrid Perpetual Securities
28-Feb-22	P 0.0553	P 14.8	23-Mar-22	Convertible Preferred
28-Mar-22	P 0.6180	P 1,259,162.0	27-Apr-22	Common Stock
28-Mar-22	P 0.6180	P 165.3	27-Apr-22	Convertible Preferred
30-May-22	P 0.0748	P 20.0	23-Jun-22	Convertible Preferred
25-Jul-22	-	P 539,662.5	26-Aug-22	Hybrid Perpetual Securities
30-Aug-22	P 0.1047	P 28.0	22-Sep-22	Convertible Preferred
28-Nov-22	P 0.1407	P 37.6	27-Dec-22	Convertible Preferred
30-Jan-23	-	P 532,740.0	27-Feb-23	Hybrid Perpetual Securities
27-Feb-23	P 0.1685	P 45.0	23-Mar-23	Convertible Preferred
27-Mar-23	P 1.0800	P 2,200,477.2	27-Apr-23	Common Stock
27-Mar-23	P 1.0800	P 288.8	27-Apr-23	Convertible Preferred

Note: In 2015, the BSP, through the monetary board, 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. Further, prior BSP approval is no longer required except for certain cases.

Material Events Subsequent to the End of the Interim Period Not Reflected in the Financial Statements. See accompanying Notes to Interim Financial Statements for the detailed discussion on the material events subsequent to the end of the interim period not reflected in the financial statements (Note 13).

Changes in Composition of the Issuer During the Interim Period and Material Contingencies and Any Other Events or Transactions. There were no material changes in composition of the issuer during the interim period and material contingencies and any other events or transactions.

Changes in Contingent Liabilities or Contingent Assets. There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Performance

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES				
	Consolidated		Parent	
	Unaudited	Audited	Unaudited	Audited
	31-Mar-23	31-Dec-22	31-Mar-23	31-Dec-22
Return on Average Assets (ROA)* 1/	1.3%	1.2%	1.3%	1.2%
Return on Average Equity (ROE) *2/	13.3%	11.2%	13.3%	11.2%
Risk-based Capital Adequacy Ratio (CAR)	14.1%	15.3%	13.8%	15.0%
Common Equity Tier 1 Ratio	11.3%	12.3%	10.9%	12.0%
Non-Performing Loans (NPL) Ratio 3/	2.0%	2.0%	1.9%	1.9%
Non-Performing Assets (NPA) Ratio 4/	1.5%	1.5%	1.4%	1.4%
Net Interest Margin (NIM)*	3.2%	3.7%	3.1%	3.7%
Cost-to-Income Ratio	55.4%	56.5%	55.7%	55.8%
Loans-to-Deposit Ratio 5/	66.0%	63.4%	65.0%	62.4%
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	8.9	8.9	8.8	8.8
Asset-to-Equity Ratio	9.9	9.9	9.8	9.8
Asset-to-Liability Ratio	1.1	1.1	1.1	1.1
Interest Rate Coverage Ratio	1.6	1.9	1.6	2.0
Earnings per share (EPS) 6/				
Quarter-to-date Basic and Diluted	PHP 1.65	PHP 0.86	PHP 1.65	PHP 0.86
Year-to-date Basic and Diluted	PHP 1.65	PHP 5.42	PHP 1.65	PHP 5.42
Basic and Diluted*	PHP 6.71	PHP 5.42	PHP 6.71	PHP 5.42

** March 31, 2023 and 2022 ratios/amounts were annualized*

1/ Average assets for the consolidated and parent ratios were computed based on the 3-month average of end of month balances of total assets. Unaudited net income for the 3-month period ended March 31, 2023 in the amount of P3.6 billion represented the consolidated and parent.

2/ Average equity for the consolidated and parent ratios were, likewise, computed based on the 3-month average of end of month balances. Unaudited net income for the 3-month period ended March 31, 2023 in the amount of P3.4 billion represented the consolidated and parent, net of dividends on Hybrid Perpetual Securities of P266.4 million.

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 Real and Other Properties Acquired (ROPA) + Non-performing Sales Contract Receivable (SCR) + Non-Current Assets Held for Sale (NCAHS) / Gross Total Assets.*

5/ Excluding Interbank Loans

6/ Total weighted average number of issued and outstanding common shares (diluted) were 2,037,539,330 shares as of March 31, 2023 and 2,037,538,705 as of December 31, 2022. Net income was net of dividends on Hybrid Capital Securities.

STATEMENT OF CONDITION: 31 March 2023 vs. 31 December 2022

RCBC's Total Assets recorded at P1.2 trillion as of March 31, 2023.

Cash and Other Cash Items decreased by 27.4% or P4.9 billion from P18.1 billion to P13.1 billion as a result of leveling off of cash in vaults and ATMs from its higher year-end cash requirement.

Loans under Reverse Repurchase Agreement significantly increased by 141.8% or P12.4 billion from P8.7 billion to P21.1 billion due to higher placements with the BSP.

Total Investment Securities, representing 30.4% of Total Resources, decreased by 6.2% or P23.1 billion from P374.4 billion to P351.3 billion attributable to the 9.5% or P10.9 billion decrease in Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI); 7.3% or P18.5 billion decrease in Investment Securities at Amortized Cost; net of 90.5% or P6.4 billion increase in Financial Assets at Fair Value Through Profit or Loss (FVTPL);

Loans and Receivables – net, settled at P573.1 billion and represented 49.7% of Total Resources.

Investment in Associates – net, increased by 11.6% or P44.0 million from P379.0 million to P423.0 million on account of higher income from associates.

Bank Premises, Furniture, Fixtures & Equipment – net, decreased by 14.1% or P1.6 billion from P11.3 billion to P9.7 billion mainly due to the sale of various real estate properties.

Other Resources – net, increased by 27.4% or P3.7 billion from P13.6 billion to P17.3 billion mainly due to recognition of net defined benefit asset and higher creditable withholding tax.

Deposit Liabilities were recorded at P859.4 billion and represented 74.5% of Total Resources. Demand deposits settled at P175.5 billion and accounted for 15.2% of Total Resources. Savings deposits at P256.5 billion which is 22.2% of Total Resources. Time deposits reached P427.4 billion and accounted for 37.0% of Total Resources.

Bonds Payable significantly decreased by 34.4% or P25.6 billion from P74.4 billion to P48.8 billion mainly attributable to the maturities of USD450.0 million Senior Notes in March. It represented 4.2% of Total Resources.

Accrued Taxes, Interest and Other Expenses increased by 6.6% or P558.0 million from P8.4 billion to P9.0 billion mainly due to the increase in accruals of interest on deposits.

Other Liabilities increased by 75.1% or P23.3 billion from P31.0 billion to P54.3 billion largely due to increase in trade payables and set-up of dividends payable on common shares.

Total Liabilities recorded at P1.0 trillion and represented 89.9% of Total Resources.

Other Comprehensive Loss – net, was higher by 13.8% or P885.0 million from P6.4 billion to P7.3 billion mainly due to the re-measurement of net defined benefits.

Total Capital Funds were recorded at P116.4 billion and accounted for 10.1% of Total Resources.

INCOME STATEMENT: 31 March 2023 vs. 31 March 2022

The Bank recorded a net income of P3.6 billion for the first quarter of the year – higher by P1.5 billion or 69.9% from the same period last year. The significant improvement was driven by the following:

Total interest income increased by 42.8% or P4.4 billion from P10.3 billion to P14.7 billion and accounted for 112.9% of total operating income. Interest income on loans and receivables increased by 31.8% or P2.6 billion from P8.1 billion to P10.7 billion driven by the growth in average volume and higher average yield of loans and receivables year-on-year. It accounted for 82.4**%** of total operating income. Interest income on investment securities increased by 60.6% or P1.2 billion from P2.0 billion to P3.2 billion as a result of the growth in volume and better yields; it accounted 24.9**%** of total operating income. Other interest income, likewise, increased by 424.3% or P594.0 million from P140.0 million to P734.0 million due to the higher placements with the BSP complemented with higher average yield.

Total interest expense increased by 233.1% or P5.2 billion from P2.2 billion to P7.4 billion and accounted for 57.0**%** of total operating income. Interest expense on deposit liabilities increased by 463.5% or P5.1 billion from P1.1 billion to P6.2 billion due to the combined effects of the increase in volume and rising interest rates; it represented 47.6**%** of total operating income. Interest expense on bills payable and other borrowings increased by 8.4% or P95.0 million from P1.1 billion to P1.2 billion due to higher volume and average costs year-on-year; it accounted for at 9.4% of total operating income.

As a result, net interest income decreased by 9.7% or P785.0 million from P8.1 billion to P7.3 billion.

The Group booked total Impairment Losses of P1.5 billion and it represented 11.5% of total operating income.

Other operating income amounted to P5.7 billion which grew by 209.5% or P3.9 billion. This accounted for 44.1% of total operating income and is broken down as follows:

- Trading and securities gains and losses – net, were lower by 52.1% or P63.0 million mainly attributable to lower realized trading gains, tapered off by higher unrealized marked-to-market gains from securities;
- Service fees and commissions increased by 26.6% or P299.0 million from P1.1 billion to P1.4 billion on account of higher fee-based income led by credit card, loans and deposits and digital fees. It represented 11.0% of total operating income;
- Foreign exchange gains – net, were higher by 1,587.5% or P381.0 million from P24.0 million to P405.0 million mainly due to higher foreign exchange income from commercial transactions;
- Miscellaneous income increased by 679.3% or P3.3 billion from P479.0 million to P3.7 billion largely on account of gain on sale of various real estate properties.

Operating expenses were recorded at P7.2 billion which inched up by 22.3% or P1.3 billion. This accounted for 55.4**%** of total operating income, and broken down as follows:

- Total Employee benefits increased by 7.6% or P121.0 million from P1.6 billion to P1.7 billion, as a result of the increase in headcount to complement the new Business Centers opened in 2022. It represented 13.2% of total operating income;
- Occupancy and equipment-related expenses increased by 18.8% or P131.0 million from P698.0 million to P829.0 million largely due to increase in rental expenses and repairs and maintenance of computer equipment and software. It represented 6.4% of total operating income;
- Taxes and licenses, which accounted for 12.8% of total operating income, increased by 71.4% or P695.0 million from P974.0 million to P1.7 billion mainly due to higher gross receipt tax attributed to increase in gross revenues year-on-year and higher documentary stamp tax;

- Depreciation and amortization increased by 15.3% or P112.0 million from P730.0 million to P842.0 million largely due to increase in amortization of right-of-use on leased assets and higher depreciation on ROPA real estate properties. It represented 6.5% of total operating income;
- Miscellaneous expenses increased by 13.3% or P251.0 million from P1.9 billion to P2.1 billion largely due to increase in regulatory fees and other transaction-related expenses. It accounted for 16.5% of total operating income.

The higher income year-on-year resulted to an increase in Tax expense by 104.9% or P341.0 million from P325.0 million to P666.0 million.

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

Commitments and Contingent Liabilities

See accompanying Notes to FS for the detailed discussion of Commitments and Contingent Liabilities and the summary of contingencies and commitments arising from off-balance sheet items and their equivalent peso contractual amounts (Note 12).

There are also no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

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

SIGNATURES

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

Issuer **RIZAL COMMERCIAL BANKING CORPORATION**

Date **May 11, 2023**

EUGENE S. ACEVEDO
President & CEO

FLORENTINO M. MADONZA
FSVP, Head-Controllership Group

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

RIZAL COMMERCIAL BANKING CORPORATION
Aging of Other Receivables
As of March 31, 2023
(Amounts in Millions of Philippine Pesos)

	1 - 90 days	91 - 180 days	181 -1 year	Over 1 year	Total	Allowance	Net
Accounts Receivable	3,484.5	248.9	204.6	946.8	4,884.8	1,115.2	3,769.6

Annex "C"

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

CERTIFICATION

I, **GEORGE GILBERT G. DELA CUESTA**, incumbent Corporate Secretary of the Rizal Commercial Banking Corporation (the "Bank"), a corporation organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal place of business at Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue corner Sen. Gil Puyat Avenue, Makati City, do hereby certify that, to the best of my knowledge, none of the directors and officers listed in the Information Statement work in government.

IN WITNESS WHEREOF, I have hereunto signed this Certification this MAY 10 2023 at Makati City, Philippines.

GEORGE GILBERT G. DELA CUESTA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 10 2023 at Makati City, affiant **GEORGE GILBERT G. DELA CUESTA** who is personally known to me exhibiting to me his .

Doc. No. 366;
Page No. 75;
Book No. 643;
Series of 2023.

ATTY. CATALINO VICENTE L. ARABIT
NOTARY PUBLIC
Appointment No
PTR No
IBP No.
ROLL NO
MCLE Compliance I

Annex "D"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JUAN B. SANTOS**, Filipino, of legal age and a resident of , after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of the Rizal Commercial Banking Corporation and have been its independent director since November 2, 2016.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Dualtech Training Center Foundation	Advisory Board	January 2023 to present
Philippine Investment Management Corp.	Independent Director	December 2018 to present
Mitsubishi Motor Phil. Corp.	Advisory Board	January 2015 to present
House of Investments, Inc.	Independent Director	October 2014 to present
East-West Seed Co. Inc. (Phils.)	Advisory Board	2008 to present
Marsman-Drysdale Group	Consultant	September 2007 to present
SunLife Grepa Financial, Inc.	Independent Director	October 2006 to present
St. Luke's Medical Center	Trustee	August 2005 to present
Allamanda Management Corp.	Director	January 2000 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Rizal Commercial Banking Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (RCBC and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code, (where applicable)

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding <u>or</u> I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A		

6. I am not in government service/affiliated with a government agency or GOCC.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of any changes in the abovementioned information within five days from its occurrence.

Done, this APR 2 5 2023 at Makati City.

JUAN B. SANTOS
Affiant

SUBSCRIBED AND SWORN to before me this APR 2 5 2023 at Makati City, affiant who is personally known to me, appeared before me and exhibited to me his

Doc. No. 115
Page No. 24
Book No. 645
Series of 2023.

ATTY. CATALINO VICENTE L. ARABIT
NOTARY PUBLIC
Appointment No
PTR
IBP No.:
ROLL NO
MCLE Compliance

Annex "D-1"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GABRIEL S. CLAUDIO,** Filipino, of legal age and a resident of r, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of the Rizal Commercial Banking Corporation and have been its independent director since July 25, 2016.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Ginebra San Miguel, Incorporated	Member, Board of Directors	Jun-11 to present
Risk & Opportunities Assessment Management	Vice Chairman/Member, Board of Directors	Nov-11 to present
Conflict Resolution Group Foundation (CORE)	Member, Board of Directors	Sep-10 to present
Toby's Youth Sports Foundation	Member, Board of Directors	Mar-11 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Rizal Commercial Banking Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (RCBC and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code, (where applicable)

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding <u>**or**</u> I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A		

6. I have the required written permission or consent from the head of the Philippine Amusement and Gaming Corporation to be an independent director in the Rizal Commercial Banking Corporation, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of any changes in the abovementioned information within five days from its occurrence.

Done, this APR 2 5 2023 at Makati City.

GABRIEL S. CLAUDIO
Affiant

SUBSCRIBED AND SWORN to before me this APR 2 5 2023 at Makati City, affiant, who is personally known to me, appeared before me and exhibited to me his

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Book No. 648
Series of 2023.

ATTY. CATALINO VICENTE L. ARABIT
NOTARY PUBLIC
Appointment No
PTR No
IBP No.
ROLL NO
MCLE Compliance No.

Annex "D-2"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **VAUGHN F. MONTES,** Filipino, of legal age and a resident of , after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of the Rizal Commercial Banking Corporation and have been its independent director since September 26, 2016.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Parents for Education Foundation (PAREF)	Trustee	2000 to present
PAREF Southridge School for Boys	Chairman and President	2014 to present
PAREF Westbridge School for Boys	Trustee	2000 to present
PAREF Northfield School for Boys	Trustee	2000 to present
Foundation for Economic Freedom	Founding Fellow/Trustee	2014 to present
Center for Family Advancement	President	2017 to present
Center for Excellence in Governance	Director	2016 to present
Institute for Corporate Directors	Teaching Fellow - Corporate Governance	2015 to present
Asian Institute of Management	Adjunct Faculty Member	2022 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Rizal Commercial Banking Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (RCBC and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code, (where applicable)

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NA		

5. I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
State offense investigated (suit filed against all DBP Directors)	Office of the Ombudsman (July 2015 complaint re GCG-approved bonuses given to more than 2,200 DBP employees)	Pending. There has been no action on the case by the Ombudsman ever since the complaint was filed in 2015.

6. I am not in government service/affiliated with a government agency or GOCC. I was, however, a national consultant on Public Private Partnerships (PPP) Risk Management to Department of Finance/Bureau of Treasury (from December 2011 to December 2016) and am a national consultant on PPP Risk Management to the National Economic Development Authority/PPP Center (from February 2012 to the present), both under the Asian Development Bank Technical Assistance Grant on PPP Program. The posts are appointive and part-time.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of any changes in the abovementioned information within five days from its occurrence.

Done, this day of MAY 03 2023 at Makati City.

VAUGHN F. MONTES
Affiant

SUBSCRIBED AND SWORN to before me this day of MAY 03 2023 at Makati City, affiant, who is personally known to me, appeared before me, and exhibited to me his

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Page No. 38
Book No. 64
Series of 2023.

ATTY. CATALINO VICENTE L. ARABIT
NOTARY PUBLIC
Appointment No
PTR
IBP No
ROLL NO
MCLE Compliance No

Annex "D-3"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **LAURITO E. SERRANO,** Filipino, of legal age and a resident of

, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of the Rizal Commercial Banking Corporation and have been its independent director since March 20, 2019.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Anglo Philippine Holdings Inc	Independent Director	June 2021 to present
2GO Group Inc.	Independent Director	April, 2017 to present
Pacific Online Systems Corporation	Independent Director	May, 2014 to present
Axelum Resources Corp.	Independent Director	April, 2017 to present
MRT Development Corporation	Director	July, 2013 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Rizal Commercial Banking Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (RCBC and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code, (where applicable)

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding <u>or</u> I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A		

6. I am not in government service/affiliated with a government agency or GOCC.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of any changes in the abovementioned information within five days from its occurrence.

Done, this MAY 08 2023 at Makati City.

LAURITO E. SERRANO
Affiant

SUBSCRIBED AND SWORN to before me this MAY 08 2023 at Makati City, affiant who is personally known to me appeared before me and exhibited to me his

Doc. No. 89
Page No. 19
Book No. 647
Series of 2023.

ATTY. CATALINO VICENTE L. ARABIT
NOTARY PUBLIC
Appointment No
PTR No
IBP
ROLL NO
MCLE Compliance No

Annex "D-4"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ERIKA FILLE T. LEGARA,** Filipino, of legal age and a resident of , after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of the Rizal Commercial Banking Corporation and have been its independent director since July 25, 2022.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Asian Institute of Management	Associate Professor of Data Science	2017 to present
	Program Director - Master of Science in Data Science (Aboitiz School of Innovation, Technology, and Entrepreneurship)	2017 to present
	Deputy Director and Senior Scientist - Analytics, Computing, and Complex Systems laboratory	2017 to present
	Aboitiz Chair in Data Science	2019 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Rizal Commercial Banking Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (RCBC and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code, (where applicable)

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding <u>or</u> I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A		

6. I am not currently in government service/affiliated with a government agency or GOCC.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of any changes in the abovementioned information within five days from its occurrence.

Done, this MAY 0 2 2023 at Makati City.

ERIKA FILLE T. LEGARA
Affiant

SUBSCRIBED AND SWORN to before me this MAY 0 2 2023 at Makati City, affiant, who is personally known to me, appeared before me and exhibited to me her

ATTY. CATALINO VICENTE L. ARABIT
NOTARY PUBLIC
Appointment No.
PTR No.
IBP No.
ROLL NO.
MCLE Compliance No.

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Annex "E"

RIZAL COMMERCIAL BANKING CORPORATION
Minutes of the Annual Stockholders' Meeting
(For approval of the Stockholders at the 2023 Annual Stockholders' Meeting)

Date	:	**27 June 2022**
Time	:	**4:00 PM**
Place	:	Virtual Meeting https://www.rcbc.com/ASM2022

Pursuant to notices served to all stockholders, the Annual Stockholders' Meeting of Rizal Commercial Banking Corporation (the "Bank") was held on June 27, 2022 at 4:00 PM and conducted virtually via https://www.rcbc.com/ASM2022.

Chairperson Helen Y. Dee presided over the meeting, while the Corporate Secretary, Atty. George dela Cuesta, recorded the proceedings. The Chairperson welcomed and thanked the shareholders who joined the live webcast. She then introduced those who are joining her in the meeting, Mr. Eugene Acevedo, President and CEO, and Atty. dela Cuesta.

Thereafter, the Chairperson asked the Corporate Secretary whether the stockholders have been duly notified and whether there was quorum for the transaction of business.

The other members of the Board of Directors and other officers of the Bank and representatives of Punongbayan & Araullo were in attendance through the live webcast. (The list of directors and officers of the Bank present is hereto attached as *Annex "A"* and made an integral part of the minutes.)

I. **Proof of Notice** — The Corporate Secretary explained that notices for the meeting were duly served to all stockholders of record as of May 30, 2022 in three ways as allowed by prevailing SEC Rules and Circulars: (a) by posting on the Bank's website, (b) by disclosure in the Philippine Stock Exchange (PSE), and (c) by publication for 2 consecutive days on May 30 and May 31, 2022, in the print and online business section of two newspapers of general circulation, namely The Philippines Star and Manila Bulletin. (The list of stockholders as of Record Date May 30, 2022 is hereto attached as *Annex "B"* and made an integral part of the minutes.)

II. **Quorum** — The Corporate Secretary reported that stockholders owning a total of 1,580,041,890 common and preferred shares representing 77.54% of the total outstanding common and preferred shares entitled to vote were present. (The list of stockholders who were present is hereto attached as *Annex "C"* and made an integral part of the minutes.)

In view of the foregoing, the Corporate Secretary certified the presence of a quorum.

The presence of a quorum being ascertained, the Chairperson declared the agenda open for deliberation.

III. **Instructions on Rules of Conduct and Procedures —** The Chairperson said that while the meeting is being held in a virtual format due to the government regulations that prevented people from conducting in-person meetings, the Bank strived to provide the shareholders the opportunity to participate in the meeting.

The Corporate Secretary reported that the rules of conduct and voting procedures are set forth in the Notice of the Annual Stockholders' Meeting. He highlighted the following points:

1. Only Stockholders who notified the Bank by email at RCBC-ASM-2022@rcbc.com until 5:00 p.m. of June 19, 2022 and who duly registered by email are allowed to access the virtual meeting at https://www.rcbc.com/ASM2022.

2. Only those who registered were allowed to send their questions or comments on the agenda items to CorSecRCBC@rcbc.com. And only those questions the Bank received by 5:00 pm of June 24, 2022 were considered for the open forum at the stockholders' meeting.

3. The Bank will reply by email to questions and comments it received, if any, after June 24 up to 4 p.m. of June 27, 2022.

The process for stockholders to ask questions was provided in the Procedure for the Annual Stockholders' Meeting attached to the Definitive Information Statement.

4. As indicated in the ballot for the voting of shareholders, there are seven resolutions proposed for approval by the stockholders in the meeting. Each proposed resolution will be shown on the screen as the same is being taken up.

5. Stockholders or their representative cast their votes on the proposed resolutions by completing, dating, signing and sending the form to the Bank via RCBC-ASM-2022@rcbc.com together with the stockholder's registration mail by 5:00 P.M. of June 19, 2022. If the name of the proxy is not specified, the stockholder shall be deemed as having appointed the Chairperson as proxy.

6. The Bank has tabulated the votes cast after the end of the proxy validation process. Those votes are from stockholders representing 77.54% of the total outstanding shares.

To count and/or validate the votes of the meeting, the Bank has engaged an independent party, Punongbayan & Araullo.

The Definitive Information Statement and the Explanation of Agenda Items also provides that (1) only stockholders of record at close of business on May 30, 2022 will be entitled to participate and vote at the meeting or any adjournment thereof; (2) only duly registered stockholders shall be counted for purposes of quorum; and (3) where no specific instruction is clearly indicated in any, some or all of the items specified in the proxy form/ballot form, the vote shall be deemed as a vote "FOR" with respect to proposal 1 to 6 and 8 (*i.e.*, Items IV to VII and IX to XI hereof) in the forms and "FOR ALL" with respect to proposal 7 (*i.e.*, Item VIII hereof) in the forms.

IV. **Approval of the Minutes** — The Chairperson explained that an electronic copy of the minutes is available on the website of the Bank and was attached to the Definitive Information Statement.

The Corporate Secretary reported that Management is proposing the adoption of Resolution No. 22-01 (as shown below) and that stockholders representing 1,580,041,890 shares or 100% of the votes cast, voted in favor of approval of the minutes of the Annual Stockholders' Meeting held on June 28, 2021. Accordingly, the following resolution was approved:

Resolution No. 22-01

> "BE IT RESOLVED, AS IT IS HEREBY RESOLVED, That the stockholders hereby approve, confirm

> and ratify the Minutes of the Annual Stockholders' Meeting held on June 28, 2021, copies of which are posted on the Bank's website, and attached to the Definitive Information Statement."

V. <u>Approval of the Annual Report and Audited Financial Statements for 2021</u> — The Annual Report and the 2021 Audited Financial Statements of the Bank, copies of which are available at the Bank's website, the PSE Edge and which were also attached to the Definitive Information Statement, were explained and submitted to the stockholders for approval.

The Annual Report together with the Definitive Information Statement includes, among others, the following matters: (a) an explanation of the dividend policy and dividend payments; (b) material information on the current stockholders and their voting rights; and (c) a detailed, descriptive and balanced assessment of the Bank's performance. The duly signed and certified Audited Financial Statements also includes a statement on the adequacy of the corporation's internal controls or risk management systems, and a statement of all external audit and non-audit fees.

Mr. Acevedo presented his report to the stockholders. He started his report by highlighting that in spite the ripple effects of the COVID-19 pandemic still being felt in 2021, RCBC continued to navigate the ever-changing business and economic landscape to deliver on its purpose and create long-term value for its stakeholders.

He pointed out that even without COVID, RCBC's business is already being disrupted by rapidly changing customer expectations, increasing regulation, and intensifying competition from banks, as well as other players such as fintechs and telcos. The pandemic, however, brought three things to light:

a. Even the best-laid plans could go awry, as the Bank's business is increasingly being shaped by what is happening in the world, from economic, social, and political developments, to the changing regulatory environment;
b. Even the worst crisis could open up windows of opportunities; and
c. Innovation is no longer optional but has become imperative for business to succeed.

Because of these insights, the Bank has learned to cope with the new operating environment even as it continues to be on the lookout for "black swans" that could set it back. He thinks that grappling with uncertainty will now be a way of life. Thus, the Bank should turn every crisis into a chance to serve its customers better with empathy, stay ahead of the game, and seize pockets of opportunities that emerge.

Mr. Acevedo stated that while there was still reluctance to lend due to lingering market uncertainty, RCBC found a way to step up to the plate. RCBC looked at the entire spectrum and saw borrowers from safe-haven sectors that deserve credit assistance. Many of these borrowers — from SMEs to conglomerates — were long-time depositors who have stayed with RCBC through generations. The pandemic gave the Bank the opportunity to reward their trust and loyalty with its partnership so they not only survive, but thrive.

He proudly declared that RCBC's steadfast determination to serve these sectors came from data-driven decisions and that this strategy served the Bank in good stead, enabling it to expand its customer base.

Mr. Acevedo reported that the Bank's consolidated net income rose to an all-time high in 2021 — to P7.08 Billion or by 41.2% from P5.02 Billion in 2020. This was spurred by a 71.6% increase in the fourth quarter of 2021 alone to P1.75 Billion from P1.02 Billion a year earlier, as lockdown restrictions further eased, boosting consumer confidence and benefitting RCBC's core businesses.

RCBC's return on equity improved to 6.7% from 5.5%, while return on assets was at 0.84% from 0.68%.

Customer loans accelerated at a faster pace than industry, by 12.4% to P513.1 Billion. This led to a 9.7% growth in net interest income to P28.8 Billion, mostly from the corporate segment which rose by 14.6%, and from SMEs which grew by 18.6%. Consumer loans also inched up by 5.1%.

Through prudent credit practices, the Bank managed to keep a lid on its nonperforming loans (NPLs) at P18.34 Billion, bringing the Bank's NPL ratio to 3.3%. This translated to a 35.5% reduction in the loan loss reserves the Bank needed to set aside in 2021, or to P6.05 Billion from P9.38 Billion.

RCBC's operating expenses only slightly increased by 2.2% to P22.54 Billion from P22.05 Billion. The Bank expects its digitization process to contribute to further improvement in its cost-to-income ratio in the coming years.

The Bank's deposits rose by an unprecedented 25.5% to P672.5 Billion in 2021, stronger than the industry average. The level of investment securities more than doubled while total earning assets expanded by 30.8%.

RCBC remained well-capitalized with a capital adequacy ratio and common equity Tier 1 ratio of 15.2% and 12.2%, respectively.

With the P4.48 Billion fresh capital infused in RCBC in June 2021 by Sumitomo Mitsui Banking Corp., it has ramped up its tech investments, and is working on collaboration and synergy opportunities in key business areas.

Mr. Acevedo said that behind these numbers is the story of the Bank's courage and agility in execution.

He expressed that during the pandemic, the Bank has witnessed how consumers quickly embraced new digital solutions, as shown by the growing demand for online banking. The benchmark is a 24/7, frictionless omnichannel experience when accessing products and services. This customer behavior is now driving the digital ambition of banks. Like RCBC, all banks are now in a race to provide the best customer experience.

Mr. Acevedo highlighted that harnessing the latest technology to improve customer experience is not enough and the Bank needs to build capabilities from within, strengthen its core, and create a new mindset. He assured that this is the persistent pursuit that runs through the Bank's DNA, driving innovation across the organization, culture and processes.

He was proud to share that the Bank packed RCBC Digital with the most powerful features and that it needed to perform a lot of back-office reengineering to become more efficient and reduce turnaround time. He further shared that the Bank had to deploy robotic process automation to improve both customer and employee experiences. In the process, the Bank always goes back to the customer. The Bank spends time asking them, understanding their needs and pain points, immersing itself in their situation, and ideating potential solutions. Then it tests its solutions and goes back to the customer again so they can tell the Bank if it works or not.

Mr. Acevedo emphasized the importance of RCBC providing banking services that make its customers delighted, whether at the level of the branch (the Branch of the Future) or on the RCBC Digital, RCBC Online Banking for Corporate, or DiskarTech, its commitment is to innovate for the customer.

He was pleased to mention that the 58 awards and recognition the Bank received from prestigious publications and organizations in 2021 are badges RCBC wears proudly.

He said that these inspire the Bank to embrace more novel ways of deepening its insights as the Bank makes RCBC the best in providing exceptional customer experience.

RCBC's ability to win in the battle of hearts and minds relies largely on the trust of all its stakeholders. To be a trusted financial institution, RCBC must also ensure the integrity of customer data and their privacy, be operationally resilient, as well as compliant with regulations. To earn stakeholders' trust is to harness all the Bank's innovations for the greater good, in support of solving society's problems. He shared that RCBC has already shown this at the height of the COVID-19 pandemic when, through DiskarTech and ATM Go terminals, it led a private sector coalition to ensure the timely disbursement of P9.3 Billion in emergency aid to vulnerable households.

Further in 2021, RCBC stepped up on its national contributions to meet the United Nations' Sustainable Development Goals through our pioneering efforts such as issuing our P17.9 Billion ASEAN Sustainability Bond, the largest issuance in the Bank's 61-year history.

Mr. Acevedo said that RCBC is also determined to lead the charge in sustainable financing in the country and have grown our total eligible sustainable portfolio by 28.5% to P67.0 Billion in 2021. Of the total eligible sustainable portfolio, renewable energy and energy efficiency projects accounted for 60.0%.

Mr. Acevedo stated that RCBC has proven that its success is only made possible because it has steady and true partners in its journey — each and every RCBC Banker, its customers who have trusted us through generations, and its shareholders and Board of Directors for the purposeful collaboration and teamwork.

He declared that the challenges in the past two years of the pandemic make RCBC's performance in 2021 all the more meaningful. He asked his RCBC colleagues to continue making it count for every Filipino, to whom they have made a commitment to serve, wherever they are in the world.

The Chairperson thanked Mr. Acevedo for his report.

The Corporate Secretary then reported that Management is proposing the adoption of Resolution No. 22-02 (as shown below) and that the stockholders representing 1,579,295,455 shares or 99.95 % of the votes cast, voted in favor of the approval of the Bank's Annual Report and its Audited Financial Statements for the year 2021. Accordingly, the following resolution was approved:

Resolution No. 22-02

> "BE IT RESOLVED, AS IT IS HEREBY RESOLVED, That the stockholders hereby approve the Annual Report and Audited Financial Statements of the Bank for the year 2021."

VI. <u>Ratification of actions of the Board of Directors, different Committees and Management</u> — The next item considered was the ratification of the actions of the Board of Directors, the different Committees and Management of the Bank from June 28, 2021 to the date of the meeting. The Corporate Secretary described the transactions subject of the ratification.

Thereafter, he presented Resolution No. 22-03 (as shown below) and reported that stockholders representing 1,579,295,455 shares or 99.95% of the votes cast voted in favor of the approval, confirmation and ratification of the actions of the Board of Directors, the different Committees and the Management from June 28, 2021 to June 27, 2022. Accordingly, the following resolution was approved:

Resolution No. 22-03

> "BE IT RESOLVED, AS IT IS HEREBY RESOLVED, That the stockholders hereby approve, confirm and ratify, the actions of the Board of Directors, different Committees and Management from June 28, 2021 to June 27, 2022."

VII. <u>Confirmation of Significant Transactions with DOSRI and Related Parties</u> — The confirmation of significant transactions with DOSRI and related parties approved by the Board of Directors, the different Committees and Management of the Bank from June 28, 2021 to June 27, 2022 was then considered.

The Corporate Secretary reported that significant transactions with DOSRI and related parties for the year 2021 up to June 27, 2022 include: loans/receivables and deposit liabilities; trading of investment securities; sale of ATY Centre to a subsidiary of House of Investments, Inc., lease contracts with RCBC Rental Corporation and sub-lease agreements with subsidiaries for occupancy in the RCBC Plaza; various service agreements with RCBC Bankard Services Corporation, RCBC Forex Brokers Corporation, RCBC Capital Corporation, RCBC Securities, Inc., Rizal Microbank – A Thrift Bank of RCBC, RCBC Leasing and Finance Corporation, Niyog Property Holdings, Inc., and RCBC International Finance Limited; and agreement with RCBC Rental Corporation for the financing of 1,600 new ATMs. He added that the subject transactions include the administration and management of the retirement funds of some of the subsidiaries; service agreements, leasing office premises to subsidiaries, accreditation of RCBC Trust agent and of insurance companies, and regular banking transactions.

Details of said related party transactions were disclosed in the Bank's SEC 17-A Report which is also available on the Bank's website. These were also provided in the Annual Report together with the Definitive Information Statement.

The Corporate Secretary then presented Resolution No. 22-04 (as shown below) and reported that stockholders representing 1,580,041,890 shares or 100% of the votes cast, voted in favor of the approval, confirmation and ratification of the significant transactions with DOSRI and related parties approved by the Board of Directors, the different Committees and Management from June 28, 2021 to June 27, 2022. Accordingly, the following resolution was approved:

Resolution No. 22-04

> "BE IT RESOLVED, AS IT IS HEREBY RESOLVED, That the stockholders hereby approve, confirm and ratify, the significant transactions with DOSRI and related parties approved by the Board of Directors, the different Committees and Management from June 28, 2021 to June 27, 2022."

VIII. <u>Election of Directors</u> — The next item in the Agenda was the election of Directors of the Bank for the year 2022-2023. Before the election, the Corporate Secretary reported to the stockholders the annual compensation of each of the directors. He explained that the Bank is sharing the information in compliance with Corporate Governance Regulations of the SEC and the Revised Corporation Code.

Thereafter, the Corporate Secretary presented the names of the following stockholders duly nominated as members of the Board of Directors for the ensuing term:

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, and
5. Mr. Laurito E. Serrano

The Corporate Secretary reported that the Bank's Corporate Governance Committee has ascertained that all the nominees for directors are qualified to serve as directors of the Bank, and that all the nominees have given their consent to their respective nominations.

The Corporate Secretary reported that each of the fifteen nominees for director has garnered at least 99.99% of the votes cast and consequently certified that each of the nominees has received sufficient votes for election to the Board of Directors of the Bank.

As verified and tabulated by independent third party Punongbayan & Araullo, the votes for the directors were as follows:

	FOR	PERCENTAGE
1. Ms. Helen Y. Dee	1,579,962,850	99.99%
2. Mr. Cesar E.A. Virata	1,579,962,850	99.99%
3. Mr. Eugene S. Acevedo	1,580,041,890	100.00%
4. Mr. Gil A. Buenaventura	1,580,041,890	100.00%
5. Mr. Armando M. Medina	1,579,962,850	99.99%
6. Mr. John Law	1,580,041,890	100.00%
7. Mr. Shih-Chiao (Joe) Lin	1,579,962,490	99.99%
8. Mr. Arnold Kai Yuen Kan	1,580,041,890	100.00%
9. Atty. Lilia B. De Lima	1,579,962,490	99.99%
10. Ms. Gayatri P. Bery	1,580,041,890	100.00%
11. Mr. Juan B. Santos	1,580,041,890	100.00%
12. Atty. Adelita A. Vergel De Dios	1,580,041,890	100.00%
13. Mr. Gabriel S. Claudio	1,580,041,890	100.00%
14. Mr. Vaughn F. Montes	1,580,041,890	100.00%
15. Mr. Laurito E. Serrano	1,580,041,890	100.00%

Accordingly, the following resolution was approved:

Resolution No. 22-05

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, That the stockholders duly elected the members of the Board of Directors of the Bank as named hereunder, to hold office for a term of one year until their successors shall have been duly elected and qualified:

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:

11. Mr. Juan B. Santos
12. Atty. Adelita A. Vergel De Dios
13. Mr. Gabriel S. Claudio
14. Mr. Vaughn F. Montes, and
15. Mr. Laurito E. Serrano"

IX. **Appointment of External Auditor** — The appointment of the External Auditor of the Bank was next taken up. Punongbayan & Araullo was proposed to be re-appointed as auditor of the Bank for the year ending December 31, 2022.

Management is proposing the adoption of Resolution No. 22-06 (as shown below). The Corporate Secretary reported that stockholders representing 1,580,041,890 shares or 100% of the votes cast, voted in favor of the approval of the re-appointment of Punongbayan & Araullo as auditor of the Bank for the fiscal year 2022. Accordingly, the following resolution was approved:

Resolution No. 22-06

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, That the stockholders approve that the services of Punongbayan & Araullo be retained as External Auditor of the Bank for the fiscal year 2022."

X. **Amendments to the Articles of Incorporation** — The next item in the agenda was the amendments to the Bank's Articles of Incorporation.

The Corporate Secretary shared that on April 28, 2022, the Board of Directors unanimously approved for endorsement to the stockholders, the revision of the Bank's Articles of Incorporation.

He presented the 2 proposed amendments.

First, is to provide for the perpetual term of the Bank. Currently, RCBC's term is 50 years per Article Fourth of the Bank's Articles of Incorporation. Under the Revised Corporation Code (Republic Act No. 11232), a corporation is granted perpetual corporate term.

The second amendment is to delete the 40% foreign ownership limit under Article Seventh of the Articles of Incorporation of the Bank. Such is in line with the Bank's intention to take in additional foreign capital. The deletion is consistent with Republic Act No. 10641 which removes ownership limits of qualified foreign banks in existing Philippine banks. The Bank continues to explore various capital-raising opportunities and the amendment will accommodate future capital infusion by new or existing foreign investors.

The Corporate Secretary then presented Resolution No. 22-07 (as shown below) and reported that stockholders representing 1,580,041,890 shares or 100% of the votes cast, voted in favor of the approval of the Amendments to the Bank's Articles of Incorporation. Accordingly, the following resolution was approved:

Resolution No. 22-07

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, That the stockholders hereby approve the change in the corporate term of the Bank, and for this purpose, Article FOURTH of the Amended Articles of Incorporation of the Bank be amended to read as follows:

> "FOURTH: **<u>The Corporation shall have perpetual existence.</u>**"

BE IT RESOLVED FURTHER, AS IT IS HEREBY RESOLVED, That the following provisions in Article SEVENTH of the Amended Articles of Incorporation of the Bank on the nationality restriction on the ownership of the Bank's common shares of stock be removed:

> "Common Shares of stock may be transferred to Philippine and foreign nationals provided that not less than Sixty Percent (60%) and not more than Forty Percent (40%) of the voting stocks shall be at all times beneficially owned by Philippine nationals and by foreign nationals, respectively.
>
> "Any issuance, sale or transfer of Common Shares of stock, in violation of the restriction above set forth, shall be null and void and shall not be registrable in the books of the Corporation."

and, for this purpose, Article SEVENTH of the Amended Articles of Incorporation of the Bank be amended to read as follows:

> **"SEVENTH** - That the authorized capital of said Corporation is TWENTY EIGHT BILLION PESOS (₱28,000,000,000.00) Philippine Currency, divided into the following classes of shares:
>
> 1. Two Billion Six Hundred Million (2,600,000,000) Common Shares of stock with a par value of Ten Pesos (₱10.00) per share.
>
> 2. Two Hundred Million (200,000,000) Preferred Shares of stock with a par value of Ten Pesos (₱10.00) per share.
>
> Common Shares of stock are entitled to participate and vote at stockholders' meetings or in connection with any corporate action in which the consent and approval of stockholders is required by law.
>
> The particular features of the Preferred Shares are as follows:
>
> Preferred Shares of stock

x x x"'

XI. **Other Matters** — The Chairperson asked if there were questions or comments received from the stockholders. The Corporate Secretary informed the Chairperson that there were no questions received from the stockholders.

XII. **Adjournment** — There being no other business to transact, the meeting was adjourned at 04:35 P.M.

Attachments:

1. The list of directors and officers of the Bank present is hereto attached as *Annex "A"* and made an integral part of the minutes.
2. The list of stockholders as of Record Date May 30, 2022 is hereto attached as *Annex "B"* and made an integral part of the minutes.
3. The list of stockholders who were present is hereto attached as *Annex "C"* and made an integral part of the minutes.

ANNEX "A"

LIST OF DIRECTORS and OFFICERS PRESENT
RIZAL COMMERCIAL BANKING CORPORATION
ANNUAL STOCKHOLDERS MEETING: JUNE 27, 2022

Helen Y. Dee
Cesar E.A. Virata
Eugene S. Acevedo
Gil A. Buenaventura
Armando M. Medina
John Law
Shih-Chiao (Joe) Lin
Lilia B. De Lima, and
Gayatri P. Bery
Juan B. Santos
Gabriel S. Claudio
Vaughn F. Montes, and
Laurito E. Serrano
Yvonne Yuchengco (Advisory Board)
Hiroki Nakatsuka (Advisory Board)
Francis Laurel (Advisory Board)
Ma. Christina P. Alvarez
Elizabeth E. Coronel
George Gilbert G. Dela Cuesta
John Thomas G. Deveras
Brent C. Estrella
Richard C. Lim
Florentino M. Madonza
Jane N. Mañago
Maria Cecilia F. Natividad
Aline A. Novilla
Alberto N. Pedrosa
Robert Rol Richard Raymond B. Ramos
Bennett Clarence D. Santiago
Rowena F. Subido
Maria Angela V. Tinio
Juan Gabriel R. Tomas IV
Angelito M. Villanueva
Arniel Vincent B. Ong (Head of subsidiary)
Raymundo C. Roxas (Head of subsidiary)
Liza Marie G. Vengco
Michael Christopher C. Cruz
Racelis S. Samson
Marisheil P. Sikay
Dino V. Yason
Mary Jill Myrla D. Ong Gue
Joyce Corine O. Lacson
Maria Cecilia V. Chaneco-Lonzon

COMMON SH NAME	OUTSTANDING SHARES	PERCENTAGE
CHUA, VICKY BARRETTO	100.00	0.00000
FAJARDO, MARIETTA A.	638.00	0.00003
CHUA, MARIA TERESA N.	169.00	0.00001
TAN, REMEDIOS TIU	13,129.00	0.00064
TAN, ALFREDO	516.00	0.00003
DIAZ, RICARDO L.	6.00	0.00000
ALVAREZ, RODERICK ALAIN	115.00	0.00001
ESTRADA, FRANCIS G.	3.00	0.00000
LAUREL, FRANCIS	2.00	0.00000
FERNANDEZ-ESTAVILLO, MA. CELIA H.	18.00	0.00000
HANS YAP HWANG	833.00	0.00004
RAMOS, CAROLYN	129.00	0.00001
PO, VICTORIA L.	1,495.00	0.00007
MARTINEZ, CARMEN R.	750.00	0.00004
OSMENA, ISABEL	15.00	0.00000
SANCHEZ, WILFRIDO E.	1.00	0.00000
SALOM, R. JOHN CHRISTOPHER J.	874.00	0.00004
SALOM, H.J. ADELEEN FRANCES J.	874.00	0.00004
IMEE T. ESTABILLO &/OR NIKKA DENESSE E. QUINSAAT	115.00	0.00001
YUCHENGCO, YVONNE S.	1.00	0.00000
EIZMENDI, FRANCISCO	1.00	0.00000
OCAMPO, ROBERTO DE	1.00	0.00000
VEA, REYNALDO	1.00	0.00000
AU, OWEN NATHANIEL AU ITF: LI MARCUS	11.00	0.00000
BDO SECURITIES CORP.	1,395.00	0.00007
EIB SECURITIES INC.	12.00	0.00000
ACERO, NICASIO MARIN JR. &/OR ARNOLFO O.	505.00	0.00002
CHAN, SHERWIN CO	25.00	0.00000
CHOA MEI LING	19.00	0.00000
CUBILLAN, JACINTO CU	22.00	0.00000
ESTABILLO, IMEE T.	2.00	0.00000
GUSAYKO ONG, MARIA CHUA	2.00	0.00000
JASMIN, JUANITA S.	12.00	0.00000
RAMIREZ, IDA	9.00	0.00000
TAN, CRESENCIO B.	52.00	0.00000
UY, CO FAY	1,222.00	0.00006
YAP, BENNETH YAP &/OR LIBERATA BASA	2.00	0.00000
CORTEZ, PAULINO A.	10,000.00	0.00049
TEAGUE, CHRISTOPHER IAN	100.00	0.00000
MCCARTHY, ROBERT	100.00	0.00000
YANG JIN LIANG	100,000.00	0.00491
SEC ACCOUNT FAO: VARIOUS CUSTOMERS OF GUOGO SEC (PHILS) INC.	538.00	0.00003
ALINDOGAN JR., ANTONINO	1.00	0.00000
CHARLTON NG ITF KAITLIN CHUA NG	2,000.00	0.00010
CHARLTON NG ITF BENEDICT CHUA NG	2,000.00	0.00010
AMERICAN WIRE & CABLE CO., INC.	20,000.00	0.00098
CHAM TENG HUI	40,000.00	0.00196
TANJUAKIO, NOE AMAGNA	2,777.00	0.00014
TEO, STEPHEN T. TEO &/OR TERESITA R.	3,000.00	0.00015
ALCANTARA, ZENAIDA P. ALCANTARA &/OR LUIS M.	25,000.00	0.00123
DAVID, MARY LYN Y.	1,100.00	0.00005

JULIETA Q. TAGORDA ITF JONAS ALEXIS Q. TAGORDA	82.00	0.00000
SEC ACCOUNT NO. 2 FAO: VARIOUS CUSTOMERS OF GUOCO SECURITIES (PHILIPPINES), INC.	81.00	0.00000
YU, JAMES ONG	100.00	0.00000
EDWIN B. ARCILLA &/OR MINDA GARCIA	200.00	0.00001
CASAMBROS, NEMESIO D. CASAMBROS &/OR PRISCILA D.	500.00	0.00002
RUBIALES, PAUL OBANIANA	300.00	0.00001
PASCUAL, ALVIN J.	345.00	0.00002
YAN, LUCIO W. YAN &/OR CLARA	30,000.00	0.00147
VALENCIA, JESUS SAN LUIS	20.00	0.00000
MAXIMO S. UY &/OR LIM HUE HUA	20,000.00	0.00098
DIPASUPIL, MARGARITA F.	1,382.00	0.00007
HAPI ILOILO CORPORATION	100.00	0.00000
TAN, ROGER KO TAN &/OR MAE ROLEN HING	4,707.00	0.00023
VILLANUEVA, FRANK CHUA	553.00	0.00003
LIM, CHARLIE S.	10,000.00	0.00049
M.J. SORIANO TRADING, INC.	100.00	0.00000
YAO, SHUOBIN	57,000.00	0.00280
YAO, SHUOYU	57,000.00	0.00280
PUEY, MANUEL H.	1,000.00	0.00005
GASPAY, MERLY B.	100.00	0.00000
TALISAYAN, BENITA Z.	1,300.00	0.00006
NAVAS, WINFRED T.	500.00	0.00002
TACUB, PACIFICO B.	2,000.00	0.00010
LIM, NIEVES Q. LIM &/OR CHARIS HONEYLET Q.	1,000.00	0.00005
ANGANGCO, RAOUL R.	10,000.00	0.00049
HYDEE MANAGEMENT & RESOURCE CORPORATION	2,173,349.00	0.10667
NERA, MEDEL T.	1.00	0.00000
LOMBOS, MANUEL C. &/OR MEYRICK J.	68,574.00	0.00337
SYBASE EQUITY INVESTMENTS CORPORATION	23,528,800.00	1.15480
ONG, JILLIANNE DE JESUS	5,000.00	0.00025
REITERER, ALFRED	1.00	0.00000
BUENAVENTURA, LEOPOLDO E. SAN	250.00	0.00001
NAVARRO, RODEL SY	10.00	0.00000
CBNA MLA OBO AC 6011800001	4.00	0.00000
CHENG, CHARLEY W.	198.00	0.00001
LAW, JOHN	1.00	0.00000
BALADAD, ALFREDO R.	1,300.00	0.00006
ESMANE, CONCHITA E.	790.00	0.00004
LEOPOLDO E. SAN BUENAVENTURA ITF CHARMELYN M. SAN BUENAVENTURA	100.00	0.00000
LEOPOLDO E. SAN BUENAVENTURA ITF LEOPOLDO M. SAN BUENAVENTURA JR.	100.00	0.00000
LEOPOLDO E. SAN BUENAVENTURA ITF MARGHELYC M. SAN BUENAVENTURA	100.00	0.00000
LEOPOLDO E. SAN BUENAVENTURA ITF QUELHMARD M. SAN BUENAVENTURA	100.00	0.00000
LEOPOLDO E. SAN BUENAVENTURA ITF PHOLYMN M. SAN BUENAVENTURA	100.00	0.00000

LEOPOLDO E. SAN BUENAVENTURA ITF MAYRHILYN M. SAN BUENAVENTURA	100.00	0.00000
RAMOS, ELISEA S.	3,234.00	0.00016
VIDAL, CHERRY R.	647.00	0.00003
RAMOS, JOSEPH DAVID S.	647.00	0.00003
RAMOS, ELSIE GRACE S.	647.00	0.00003
BUENAVENTURA, GIL A.	5.00	0.00000
SANTOS, JUAN B.	5.00	0.00000
CLAUDIO, GABRIEL S.	1.00	0.00000
DIOS, ADELITA A. VERGEL DE	1.00	0.00000
ALEXIS CONSORCIO P. PASQUIN	563.00	0.00003
MONTES, VAUGHN F.	5.00	0.00000
HERRERA III, FLORENTINO M.	1.00	0.00000
SHAREHOLDERS' ASSOCIATION OF THE PHILIPPINES, INC.	100.00	0.00000
DIPASUPIL, CHRISTIAN FANDIALAN	1,000.00	0.00005
HERRERA, NADEZHDA ISKRA F.	200.00	0.00001
ESTERO, FELICITAS DIPASUPIL	1,382.00	0.00007
RICARDO L. DIAZ	42.00	0.00000
LARRGO SECURITIES CO., INC.	12.00	0.00000
JOAQUIN FALGUERA JUNQUERA	380.00	0.00002
SANDRA MARIE R. AGUILAR	3,272.00	0.00016
GISELLE KAREN Y. GO	10,000.00	0.00049
REUEL ALLACAR ALMARIO	2,333.00	0.00011
STEPHEN G. SOLIVEN	38.00	0.00000
LAURITO E. SERRANO	1.00	0.00000
BOTSCHAFT N. CHENG OR SEVILA NGO	1.00	0.00000
SHIH-CHIAO LIN	1.00	0.00000
ARNOLD KAI YUEN KAN	1.00	0.00000
LILIA B. DE LIMA	1.00	0.00000
MANUEL A. SANTIAGO OR ELLA C. SANTIAGO	65,900.00	0.00323
GAYATRI P. BERY	1.00	0.00000
ARMANDO ENERO	2,065.00	0.00010
GERARDO L. SALGADO	8.00	0.00000
REGINA CAPITAL DEVELOPMENT CORP	324,454.00	0.01592
REGINA CAPITAL DEV. CORP. 000351	25,098.00	0.00123
ABAYA, CARLOS MIGUEL Y.	1,905.00	0.00009
ABAYA, JOSE PAOLO Y.	1,905.00	0.00009
ABAYA, MONA LISA Y.	4,496.00	0.00022
ALMARIO, ROBERTO	218.00	0.00001
ALVENDIA, JOSE P.	69.00	0.00000
ALVENDIA, SYLVIA P.	116.00	0.00001
ALVERO, MYRNA A.	1,207.00	0.00006
ANGARA, EDGARDO	13.00	0.00000
ARANETA, ENRIQUE	40.00	0.00000
ARANETA II, GREGORIO	540.00	0.00003
ARCENAL, CELSO R.	1,541.00	0.00008
BARROGA, ANTONIO B.	218.00	0.00001
BORROMEO, MILAGROS N.	13,662.00	0.00067
BUHAY, RICARDO	3,122.00	0.00015
CALADIAO JR., EUSEBIO	3,737.00	0.00018
CHAN, FREDERICK	111,677.00	0.00548
CHANGCO JR., PEDRO	425.00	0.00002
CIPRIANO, BIENVENIDO C.	45,354.00	0.00223
COCHONGCO, CYNTHIA	218.00	0.00001
CUEVA, TELESFORO DELA	540.00	0.00003
DEE, HELEN Y.	438.00	0.00002

DY, TEDDY T.	247.00	0.00001
FRANCO, RENATO V.	540.00	0.00003
GALVAN, FREDESVINDO	540.00	0.00003
GO ENG BOK	23.00	0.00000
GO, JOY MARGARET C.	9,000.00	0.00044
GOLOY, ANTONIO	540.00	0.00003
GOMEZ, ERIBERTO H.	7,252.00	0.00036
GUANZON, HENRY	218.00	0.00001
FLORENTINO HERRERA III & VICTORIA SYCIP IN TRUST FOR AMOR ROSELLE HERRERA	157.00	0.00001
FLORENTINO HERRERA III & VICTORIA SYCIP IN TRUST FOR ANNA CARMINA HERRERA	157.00	0.00001
ILUSTRE, ANGELINA LEILA A.	1,367.00	0.00007
ILUSTRE, GIL A.	1,367.00	0.00007
ILUSTRE, ROMAN V.	1,367.00	0.00007
LEON, HONESTO DE	52.00	0.00000
LIMJUCO, SONIA	14,547.00	0.00071
LOPEZ JR., EDUARDO S.	6,091.00	0.00030
MACEDA, ARTURO F.	80.00	0.00000
MAGBANUA, RENE T.	2,370.00	0.00012
MALLARI, ESPERANZA	364.00	0.00002
MARTINEZ, JOSEFINA H.	4,573.00	0.00022
MARTINEZ, SALVADOR	218.00	0.00001
MEDINA, ARMANDO M.	195.00	0.00001
ALBERT &/OR BERNADETTE &/OR EMMANUEL MENDOZA	2,415.00	0.00012
ANTONIO MOJICA &/OR ZENAIDA MOJICA	1,367.00	0.00007
MONZON, ARTURO T.	32.00	0.00000
PADILLA, ALEXANDER A.	1,550.00	0.00008
PADILLA, MARIE GRACE A.	23.00	0.00000
PADILLA, MARIA ROSARIO A.	23.00	0.00000
PENAOJAS, AZUCENA	10.00	0.00000
PERFECTO, RAFAEL Z.	155.00	0.00001
RAMOS JR., CARLOS	4,689.00	0.00023
REYES, AMANDO	57.00	0.00000
REYES JR., MAURO C.	45,183.00	0.00222
RODRIGUEZ, JOSE MARIA A.	790.00	0.00004
RODRIGUEZ, MARIA ELENA A.	790.00	0.00004
RODRIGUEZ, SANDRA MARIE A.	10.00	0.00000
ROJAS JR., FILADELFO S.	1,139.00	0.00006
ROMAN III, ANGEL	598.00	0.00003
RUBIO, CESAR A.	7,252.00	0.00036
RUFINO, JOSEFINA PADILLA	54,292.00	0.00266
SALES, MERLYN K.	604.00	0.00003
SANCHEZ, AMPARO V.	6,993.00	0.00034
AUGUSTO V. SANCHEZ &/OR FRANCIANINA G. SANCHEZ	34.00	0.00000
MARY LINA SANTIAGO IN TRUST TO DANILO H. &/OR MARIA LINA A. DE SANTIAGO	5,842.00	0.00029
STELLA MARIS SANTIAGO IN TRUST TO DANILO H. &/OR MARIA LINA A. DE SANTIAGO	5,842.00	0.00029
GERALDINE MARIE SANTIAGO IN TRUST TO DANILO H. &/OR MARIA LINA A. DE SANTIAGO	5,842.00	0.00029
SANTOS, JOSE F.	1,307.00	0.00006
SANTOS, SUSANNE Y.	137.00	0.00001

SEGARRA, CONRADO	218.00	0.00001
TAN, ALLEN M.	218.00	0.00001
TANTOCO JR., BIENVENIDO R.	247.00	0.00001
TANTOCO SR., BIENVENIDO R.	247.00	0.00001
TIMBOL, ALEXANDER S.	7,659.00	0.00038
VALDEZ, MANUEL C.	50.00	0.00000
VALENCIA JR., ABELARDO	218.00	0.00001
VILLAMOR, REYNALDO	247.00	0.00001
YIN, ANTHONY WOO PEY	2,748.00	0.00013
GREGORIO YAP JR. &/OR AIDA SANCHEZ	3,239.00	0.00016
YIU, AGUSTINO ONG	218.00	0.00001
YNZON, BENJAMIN DE	40.00	0.00000
YU, EDWARD R.	2,093.00	0.00010
YU, PETER C.	140.00	0.00001
YUCHENGCO, ALFONSO T.	3,997.00	0.00020
YUCHENGCO JR., ALFONSO	261.00	0.00001
ZALDIVAR, MELCHOR P.	20.00	0.00000
A. T. YUCHENGCO, INC.	255,190.00	0.01252
BRIDGESTONE SECURITIES CORPORATION	12,454.00	0.00061
PAN MALAYAN MANAGEMENT AND INVESTMENT CORPORATION	594,248,085.00	29.16585
RCBC TA #75-172	2,900.00	0.00014
RTG & COMPANY, INC.	34.00	0.00000
RUSTAN INVESTMENT AND MANAGEMENT CORPORATION	12,605.00	0.00062
ALAS, CORNELIO DE LAS	114,195.00	0.00560
ALAS, CARLOS DE LAS	114,298.00	0.00561
DONES, VALENTINO M.	70.00	0.00000
JESUS, ZENAIDA D. DE	7,982.00	0.00039
SUAREZ, MARIA LUISA J.	6,716.00	0.00033
RAMIREZ, MARIA SOCORRO J.	7,604.00	0.00037
JESUS, LUIS CONRADO D. DE	7,604.00	0.00037
JESUS, MARCOS RUSTICO D. DE	7,604.00	0.00037
TANADA, CAMILLE F.	110.00	0.00001
TANADA, SUSAN F.	110.00	0.00001
TANADA, ROSALIA F.	110.00	0.00001
TANADA, MELISSA F.	5,623.00	0.00028
CO FAY UY	2,937.00	0.00014
E. CHUA CHIACO SECURITIES, INC.	80.00	0.00000
LAUREL III, JOSE S.	92.00	0.00000
LEGASPI, GRELI S.	80.00	0.00000
GALVEZ, ROSARIO PADILLA	69.00	0.00000
RUFINO, JOSIE PADILLA	92,865.00	0.00456
RODRIGUEZ, SYLVIA A.	13,258.00	0.00065
VIRATA, CESAR E.A.	167.00	0.00001
CHUA, MERCEDES	92.00	0.00000
CO, JUSTINA DY	22,973.00	0.00113
PENA, TEODORO Q.	101.00	0.00000
RCBC TA# 33-472-3	3,260.00	0.00016
ORTIGAS, RAFAEL B.	1,092.00	0.00005
UAL, NESTOR P.	80.00	0.00000
CHIACO, BERNARD S. CHUA	23.00	0.00000
NGO, KENDRICK	7.00	0.00000
EQUITIWORLD SECURITIES, INC.	249.00	0.00001
DINGCO, ANGELITO DELA	11.00	0.00000
RCBC T/A 76-284-9	2,169.00	0.00011
CRUZ, NORLABEL DELA	11.00	0.00000
ZIALCITA, XAVIER	3.00	0.00000
DY, MARCELO T.	1.00	0.00000

PUEY, ANNA CRISTINA	1.00	0.00000
PUEY, ANNA MARIE	3.00	0.00000
PUEY, JOSE ALFONSO	3.00	0.00000
ZARAGOZA, ROSAURO D.	97.00	0.00000
ROSAL, RAYMOND U.	168.00	0.00001
AQUINO, GODOFREDO	57.00	0.00000
ANGPING & ASSOC. SEC., INC. A/C CWEI0000	259.00	0.00001
GISON JR., AMBROSIO M.	57.00	0.00000
ALVENDIA, ESPERANZA	2,265.00	0.00011
SYCIP, JOSE G.	437.00	0.00002
SYCIP, JOHN G.	142.00	0.00001
DIZON, SALVADOR T.	347.00	0.00002
ABELLERA, FELIX	100.00	0.00000
SYCIP, PAUL	57.00	0.00000
BARJA, EDWARD	20.00	0.00000
INVESTORS SECURITIES, INC.	34.00	0.00000
OLAGUER, ROGERIO R.	1,365.00	0.00007
ORIENTAL ASSURANCE CORPORATION	1,966.00	0.00010
EAST ASIA CAPITAL CORPORATION	103.00	0.00001
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	23.00	0.00000
YAP, ROSALINA O.	179.00	0.00001
PNB SECURITIES, INC.	211.00	0.00001
YOUNG, JAMES D.	5,451.00	0.00027
MUKESH S. ADVANI &/OR SITA S. ADVANI	319.00	0.00002
INTRA INVEST SECURITIES, INC.	4,201.00	0.00021
POA LIM &/OR VIVIAN L. TAN	75.00	0.00000
DUHIG, ELSIE T.	150.00	0.00001
DEES SECURITIES CORPORATION	345.00	0.00002
SARABIA, CONDRADO L.	60.00	0.00000
CUBILLAN, ROSALINA C.	127.00	0.00001
FORTUNATO &/OR ARSENIA SY	2,875.00	0.00014
R. COYIUTO SECURITIES, INC.	172.00	0.00001
R.S. LIM & COMPANY, INC.	750.00	0.00004
TORRES, FLORDELIZA G.	115.00	0.00001
VALENZUELA, ELSA	460.00	0.00002
OPTIMUM SECURITIES CORPORATION	2,499.00	0.00012
CANEDA, LUCITA	129.00	0.00001
TORRE, LARA M.	230.00	0.00001
CRUZ, MILAGROS O. DELA	885.00	0.00004
HAO, ANGELINA	60.00	0.00000
LU, RINA U.	115.00	0.00001
WONG WEE SIOK	29.00	0.00000
OCUBILLO, JOSEPHINE F.	105.00	0.00001
CO, BYRON JOHN	437.00	0.00002
CAYABYAB, ROVIL L.	519.00	0.00003
FERNANDEZ, GLORIA S.	650.00	0.00003
HERNARDO, NEL	115.00	0.00001
LEE, WILLY P.	632.00	0.00003
QUIMBO, TERESITA	45.00	0.00000
QUIMBO, VINCENT CHRISTIAN	30.00	0.00000
SINGSON, ANTONIO	22.00	0.00000
TIZO, ALEX	115.00	0.00001
TANLU, JOEMARIE	389.00	0.00002
ALDRIC CHUA &/OR KATHERINE CHUA	405.00	0.00002
CHEN, JOHNSON	402.00	0.00002
REYES, ROBERTO A.	57.00	0.00000
YUBOCO, FIDEL &/OR EVANGELINE	750.00	0.00004
CARDENAS , DAVID	1,301.00	0.00006

CARMONA, ROSEMARIE S.	172.00	0.00001
TAN CHONG SENG	90.00	0.00000
TAN, LUCIANO H.	7,674.00	0.00038
GSIS FAO GRACE ALVAREZ ABONITALLA	161.00	0.00001
DABLE JR., DAVID	138.00	0.00001
LIM, ERNIE Y.	1,265.00	0.00006
LEGASPI, MA. SALOME	57.00	0.00000
MADRID, RUBEN	23.00	0.00000
ALIPIO, ANTONIO	58.00	0.00000
GUZMAN, ELEANOR DE	22.00	0.00000
ESTERON JR., ISMAEL J.	11.00	0.00000
ESPINUEVA, JEMELLI G.	259.00	0.00001
NAZAIRE, SARAHLEE C.	129.00	0.00001
KHOE JR., ANANIAS	400.00	0.00002
SARSOSA, MALOU K.	57.00	0.00000
TEH, BASILIO	103.00	0.00001
BITONG, ELIZABETH	1,150.00	0.00006
YUKEE, MINERVA F.	1,610.00	0.00008
GONZALES, ESTHER ESMENA	115.00	0.00001
MANAPAT, CARLOS B.	477.00	0.00002
LIM, CELY S.	1,150.00	0.00006
OMENGAN JR., VICENTE U.	699.00	0.00003
LI, SANDRA	150.00	0.00001
TAN, CARIDAD K.	7,066.00	0.00035
ALPAPARA, WILSON	481.00	0.00002
ERIC VERBO &/OR ANGELITA VERBO	29.00	0.00000
MARTIN, LYONELL	135.00	0.00001
MUNOZ, MILADY	910.00	0.00004
ANG YEE TIM	120.00	0.00001
DIAZ, AIDA GARCIA	345.00	0.00002
PASCUA, ERLINDA A.	202.00	0.00001
REGINA CAPT DEVT CORP/001081	333.00	0.00002
ROBLES, MARIO J.	489.00	0.00002
ALPAPARA, WILSON	212.00	0.00001
CHIN, JIMMY NG ENG	1,169.00	0.00006
CHUAN, MANUEL CO SING	450.00	0.00002
LIM, ERNNIE P,	30.00	0.00000
TIU, GRACE L.	834.00	0.00004
QUERUBIN, CRISOSTOMO	880.00	0.00004
YEO, MICHAEL	495.00	0.00002
VENUS, ALEXANDER	14.00	0.00000
ELMAR PANOPIO &/OR RUBY PANOPIO	44.00	0.00000
TANG, SAMUEL U. DY	169.00	0.00001
JALOCON, BLESILDA G.	16.00	0.00000
DAGANDAN, VIRGINIA A.	239.00	0.00001
VALIANT CARE SYSTEM CORP.	67.00	0.00000
GO, MIGUELA SY	2,848.00	0.00014
WEE, BENITA	849.00	0.00004
TONY CO &/OR HERBERT CO	33.00	0.00000
PO, JOSE	91.00	0.00000
CARMENCITA PAJARILLO &/OR CEZAR P. PAJARILLO	995.00	0.00005
SARABIA, MARIETTA	30.00	0.00000
CUBILLAN, JACINTO	125.00	0.00001
POA LIM &/OR BRYAN LIM	75.00	0.00000
DIAZ, CATHERINE P.	30.00	0.00000
ESMANE, GENARO E.	118.00	0.00001
ALEXANDER D. LO &/OR CARMELITA L. LO	150.00	0.00001

SARABIA, MARIETTA	45.00	0.00000
CHI DANG CO &/OR GREG S. CO	230.00	0.00001
CO, DANIEL S.	230.00	0.00001
JOSE J. LEONARDO &/OR TERESITA LEONARDO	38.00	0.00000
SIA LIM BOON	1,435.00	0.00007
ONGCHINKE, WINSTON	574.00	0.00003
SIA PHOA A HON	5,593.00	0.00027
PEREZ, NICASIO P.	244.00	0.00001
MANZANO, DOMINIC	1,150.00	0.00006
YAP, VICTORIA	519.00	0.00003
VITO, AUGUST CAESAR	425.00	0.00002
ROSA, GABRIEL P. LA	874.00	0.00004
DOBLES, RODOLFO D.	230.00	0.00001
BARENG, JOCELYN D.	30.00	0.00000
FRANCISCO, RUBEN C.	230.00	0.00001
GARCIA, MARIA C.	43.00	0.00000
LIM, MANUEL G.	84.00	0.00000
GAW, TERESITA	575.00	0.00003
ANA, EMMANUEL SAN JUAN STA.	105.00	0.00001
CATHAY SECURITIES CO., INC. A/C#1713	9.00	0.00000
LIM SIN ENG	150.00	0.00001
CELESTINO FRANCISCO B. ALMAZAN II &/OR MARIA JOVIE ANN O. ALMAZAN	931.00	0.00005
ASICO, WINIFREDA B.	169.00	0.00001
UY BEE NGO	230.00	0.00001
YU CHENG KANG	150.00	0.00001
ALFREDO MARTINEZ &/OR ELIZABETH GABRIEL	30.00	0.00000
DALANGIN, RADILLA RAZON	575.00	0.00003
JERUSALEM, DULCESIMA L.	30.00	0.00000
LO, JOHNNY	12,261.00	0.00060
ONG, DOLORES	920.00	0.00005
BALBINO, RUBY B.	420.00	0.00002
AQUINO, ROSALIE A.	858.00	0.00004
SADO, JULIET P.	1,035.00	0.00005
ESTER A. CUEVA &/OR MARY JOYCE A. CUEVA	920.00	0.00005
FERNANDEZ, JOHHNY	1,150.00	0.00006
TRINIDAD, ANGEL	45.00	0.00000
PASCUAL, BENJAMIN S.	175.00	0.00001
LAO, GINA A.	62.00	0.00000
YUOANKEE, PAUL D.	2,355.00	0.00012
MAURICIO A. PIRAMIDE &/OR ALBERTINO B. ALO	43.00	0.00000
DY, BERNABE	1,150.00	0.00006
ONG, JERRY C.	5,795.00	0.00028
KA, JUANA ONG	30.00	0.00000
UY, JULIETA T.	150.00	0.00001
SUGAY, MA. THERESA L.	1,150.00	0.00006
CANIZARES, MANUEL &/OR ANTONIA	1,713.00	0.00008
LACSON, ELIA L.	120.00	0.00001
GURNAMAL, AIL &/OR HARESH	195.00	0.00001
BARRAMEDA, MA. JESUSA O.	15.00	0.00000
DEPAKAKIBO, ARNOLD RAFAEL Y.	460.00	0.00002
LAU KAY CHUNG	60.00	0.00000
TAN, NATIVIDAD L.	575.00	0.00003
UY, ANTONIO	2,300.00	0.00011
GAWTEE, NIDA UY	230.00	0.00001
CHUA, JEANIE A.	52.00	0.00000

LECHIDO, JOAN S.	230.00	0.00001
BORRES, JUN M.	1,495.00	0.00007
PALISOC, MARCELINO N.	1,301.00	0.00006
PEPITO, RUNALDO	75.00	0.00000
CASUPANAN, JANE	230.00	0.00001
LLESOL, MANUEL I.	1,150.00	0.00006
PARAGGUA, RUTHEBBA L.	230.00	0.00001
SANTIAGO, CECILIA ROSEMELI C.	230.00	0.00001
CHUA, VICENTE EUTY	16.00	0.00000
TAN, HUDSON ANG	3,000.00	0.00015
TAN, GEORGE D. &/OR LUZ A.	575.00	0.00003
CONQUEST LINKAGES CORPORATION CCONQ	728.00	0.00004
YEO, MELVISON	1,265.00	0.00006
TANUNLIONG, ERWIN T.	839.00	0.00004
CHUA BON PEN	1,950.00	0.00010
TONY CO &/OR KENNETH CO	75.00	0.00000
YANG, YLAINE DEE	230.00	0.00001
DULALIA, ELIAS D.	115.00	0.00001
LIBI, MADEILINE TAN	150.00	0.00001
SO, HELEN C.	1,952.00	0.00010
ERFELO, ANABELLE M.	63.00	0.00000
AMANDA M. PADILLA A/C CPADIAMA	718.00	0.00004
BIANCA M. PADILLA A/C CPADIBIA	718.00	0.00004
ERICA M. PADILLA A/C CPADIERI	718.00	0.00004
PATRICK M. PADILLA A/C CPADIPAT	93.00	0.00000
MAURO BRAVO JR. &/OR ANDRELIE BRAVO	90.00	0.00000
ACOSTA, EVELYN M.	84.00	0.00000
ANG, JONATHAN ONG	230.00	0.00001
SORIANO, GINA C.	690.00	0.00003
SAY, ELIZABETH C.	115.00	0.00001
GATCHALIAN, EMERITA &/OR CECILIA RIVERA	230.00	0.00001
OQUIAS, JOCELYN LIM	5,750.00	0.00028
FRANCIS I. SALVADOR ITF JOSE LEANDRO F. SALVADOR	1,150.00	0.00006
MARCELO SOYAO &/OR ETHEL M. ITF MA. RCHELO SOYAO	30.00	0.00000
RODOLFO V. LIM &/OR NGA BIN C. LIM	92.00	0.00000
QUITORIANO, ALEJANDRO R.	188.00	0.00001
BARRAMEDA, ALEXANDER O.	115.00	0.00001
BALMES, GREGORIA ACLAN	115.00	0.00001
LAZA, ROSSAMANTHA C.	172.00	0.00001
SHAN SHAN LAM	1,035.00	0.00005
LEE, VICTORIA GO	1,150.00	0.00006
OMENGAN, IGNACIO U.	2,070.00	0.00010
TANG, EDMUND U. DY	150.00	0.00001
CATHAY SECURITIES CO., INC. A/C 2703	575.00	0.00003
MACIAS, MEDINA	131.00	0.00001
CUYUGAN, VIRGINIA A.	131.00	0.00001
CANLAS, MA. VICTORIA JOSEFA R.	112.00	0.00001
QUEZON CITY ACADEMY	39,840.00	0.00196
BRAVO, OFELIA C.	2,816.00	0.00014
INFANTADO, GRACE JUMIG	805.00	0.00004
CHUA, ALVIN G.	129.00	0.00001
SIY, WILLY	345.00	0.00002
MONTEVERDE, MANUELITO C.	65.00	0.00000
CHOI, ANITA	300.00	0.00001
QUERUBIN, EILYN O.	460.00	0.00002

PUNZALAN, JAIME C.	575.00	0.00003
BERMEJO, MARISSA V.	1,548.00	0.00008
LOPEZ, ADORA A.	84.00	0.00000
MENDOZA, EVANGELINA P.	261.00	0.00001
RAMIREZ, IDA NG	51.00	0.00000
TEMPLANZA, ELIZABETH C.	704.00	0.00003
TADEO, NESTOR E.	1,186.00	0.00006
YANEZA, LOREZA Q.	230.00	0.00001
LIZARONDO JR., FELIX SANTIAGO	632.00	0.00003
VENERACION, MARIA GORDIANA KIM	517.00	0.00003
MANSUKHANI, AJIT K.	235.00	0.00001
LEE, SAMUEL U.	6,511.00	0.00032
LIM, MAYBELLE	2,604.00	0.00013
CAROLYN PASCUAL &/OR JACINTO PASCUAL	8,329.00	0.00041
DIZON, ABELARDO T.	115.00	0.00001
PERDON, FLORECITA B.	158.00	0.00001
SABORNAY, VICENTE A.	690.00	0.00003
TENG, ABELARDO T.	1,050.00	0.00005
JOSE S. BANGAYAN &/OR RAQUEL T. BANGAYAN	2,645.00	0.00013
PIMENTEL, ALBERT C.	87.00	0.00000
FLAMINIANO, ADRIEN REUEL E.	37.00	0.00000
MA. TERESITA BATARA &/OR ANITA BATARA	249.00	0.00001
VILLACORTES, CARMEN N.	26.00	0.00000
CARIG, LEONILA T.	143.00	0.00001
ROCES, IRENE VIOLA DE	301.00	0.00001
CASELA, PETRONILA A.	117.00	0.00001
DELARIARTE, MICHAEL L.	1,207.00	0.00006
SALCEDO, EDGARDO M.	575.00	0.00003
SANTOS, RAUL L.	435.00	0.00002
LAO, JOHN T.	2,201.00	0.00011
CARINO, NESTOR C.	450.00	0.00002
LANUZA, ROGELIO A.	129.00	0.00001
GUSAYKO, MARIA CHUA	16.00	0.00000
MELENDEZ, ALFREDO V.	455.00	0.00002
MERCADO, BRANDO	115.00	0.00001
PADILLA, JOCELYN T.	244.00	0.00001
ESPARAGOZA, ROWENA TEVES	75.00	0.00000
LOQUELLANO, ROSALIE TEVES	749.00	0.00004
ABABAT, ROSEMARIE TEVES	182.00	0.00001
MERCADO, GRACE	150.00	0.00001
VICENTE TE &/OR BETTY TE	864.00	0.00004
HUI TIN WAI	197.00	0.00001
MACABASCO JR., CORNELIO M.	575.00	0.00003
LIM, JACOB G.	1,725.00	0.00008
LIM, TIMOTHY G.	1,725.00	0.00008
GUZMAN, AGNES	7.00	0.00000
DELFIN LETRAN &/OR DAVID JOE KEE SI	3,000.00	0.00015
MARTINEZ, ANTONIO C.	431.00	0.00002
ASIA METAL TRADING CORPORATION	1,050.00	0.00005
DALIVA, MA. LILIAN D. L.	15.00	0.00000
QUA, RAFAEL MARIA	23.00	0.00000
GUZMAN, MA. TERESITA DE	345.00	0.00002
TAN, WILLIAM LUY	300.00	0.00001
DIAZ, EMMANUEL	1,150.00	0.00006
YU, SILVESTRE &/OR KAREN GEMMEL	575.00	0.00003
LIM, JOSEFITO	300.00	0.00001
LUMANTAS, NEIL /MARIO PELISCO	460.00	0.00002

MONTANTE, CONCHITA I.	73.00	0.00000
SANTOS, RONALDY S.	15.00	0.00000
JESUS, MILDRED H. DE	90.00	0.00000
LIM, DIOMEDES G.	39.00	0.00000
PANTALEON, VIRGINIA	73.00	0.00000
GSIS FAO EDNA M. VILLAMIN	115.00	0.00001
MAGBALON, LORITESSE S.	287.00	0.00001
HINLO, GISELLE M.	115.00	0.00001
CHU, DARWIN M.	115.00	0.00001
YUMOL, RAFAEL I.	4.00	0.00000
PICACHE, MA. ELIZABETH V.	750.00	0.00004
MALIG, JAIME	3,906.00	0.00019
BALDAGO, GLORIA PATRIA A.	17.00	0.00000
WONG, CORAZON KIAT	1,762.00	0.00009
ESPARAGOZA, EMMANUEL L.	305.00	0.00001
MATIAS, LETICIA V.	35.00	0.00000
EBOL, WILLIAM	2,449.00	0.00012
TORRES, ESTRELLA M.	716.00	0.00004
SI JOE KEE, DAVID	2,300.00	0.00011
CELY C. REAPORT &/OR SENEN C. REAPORT	150.00	0.00001
ROBERT ANG &/OR FELIZA YAP	1,150.00	0.00006
MACALAGAY, MARY JOY	230.00	0.00001
BIGORNIA, WILLIAM DE LEON	129.00	0.00001
DOMANTAY, MARY JOY S.	345.00	0.00002
DIPASUPIL, EUSEBIO A.	414.00	0.00002
TAN BUN BENG	2,875.00	0.00014
SY, MICHAEL	16.00	0.00000
TORRES, RODOLFO O.	87.00	0.00000
BALDERAMA, LYMA	115.00	0.00001
HO, RACHEL Y.	337.00	0.00002
DUHIG, ELMA G.	517.00	0.00003
CATAPIA, ARMI LYLAH	1,150.00	0.00006
OCCIDENTAL, VERNACITA	36.00	0.00000
MORENO, ERNESTO	1,150.00	0.00006
DIZON, FRANCISCO A.	7,122.00	0.00035
ENDAYA, TITUS L.	2,000.00	0.00010
MONDIDO, ALEGRIA P.	230.00	0.00001
ANG, DANNY K.	10,640.00	0.00052
ANGLINBEE, ROBERTO K.	6,655.00	0.00033
CASTRO, MA. ELEONOR T.	115.00	0.00001
LIM, BENJAMIN T.	892.00	0.00004
ONG, ANTONIO	80.00	0.00000
GOTAMCO, IDA GOTAMCO TAN &/OR AMELIA	780.00	0.00004
GINETE, MYLA	129.00	0.00001
BUYCO, MARY ALLYN C.	230.00	0.00001
MARIA TERESA V. SORIANO &/OR LOURDES C. VELASCO	1,096.00	0.00005
TE, FLORENCE	460.00	0.00002
TANJUAKIO, NOE A.	416.00	0.00002
CHU, IVY T. CHU &/OR CESAR S.	68.00	0.00000
YEE, JENNIFER T.	33.00	0.00000
MELGAR, BALTAZAR L.	2,389.00	0.00012
SIA, ANITA	3,450.00	0.00017
ICARO, CARLITO L. &/OR MILAGROS L.	259.00	0.00001
PO, EPIFANIO T.	734.00	0.00004
MOYA, JOSEPH ROSTUM B.	230.00	0.00001
CASTRO, EDUARDO F.	227.00	0.00001
REGALA, TEODORO D.	1.00	0.00000
JASMIN, RUFINO T.	822.00	0.00004

UY CHUN BING	3,170.00	0.00016
GO, ALBERT H.	11,500.00	0.00056
MANTUANO, RONER R.	1,301.00	0.00006
GARRIDO, PIVI H.	120.00	0.00001
ANTINEO, RODRIGO L.	115.00	0.00001
TAN, SAMSON	3,105.00	0.00015
SALUD, ROY O.	349.00	0.00002
TAN KOK PUAN	33.00	0.00000
RAMIREZ, LEOVINO C.	126.00	0.00001
PHILIPPINE JOURNALISTS, INC.	10,898.00	0.00053
UY, BENITO C.	886.00	0.00004
ONG, SIAO-LIONG L.	450.00	0.00002
LIBARIOS, RUBY	690.00	0.00003
MAYBELLINE IGNACIO &/OR JOSEPH PATRICK ROBERT IGNACIO	51.00	0.00000
DOMOGO, JOSEPH G.	1,150.00	0.00006
SALMIN, CECILE	158.00	0.00001
LIM, ANDRES	2,300.00	0.00011
HERNANDEZ, RENATO M.	3,450.00	0.00017
CHUA, LOLITA	150.00	0.00001
NGO, LORETA T.	1,290.00	0.00006
GERARDINE VILLAPANDO &/OR PILAR ROSALES ITF ARMALOU R. VILLAPANDO	5.00	0.00000
SUY LING DY, ROSA	4,600.00	0.00023
ANG KIAN LAM	2,070.00	0.00010
YU, FORTUNATA	230.00	0.00001
LIMKIMSO, MARIANO	287.00	0.00001
VIRTUSIO, MA. CECILIA G.	115.00	0.00001
CHUA, CEFERINO	3,737.00	0.00018
ARIZNABARRETA, EDGAR G.	752.00	0.00004
CORTES, RENATO M.	1,150.00	0.00006
YAN, MIA CARLA S.	2,300.00	0.00011
ATILES, MA. ELAINE P.	75.00	0.00000
QUA, PATRICK L.	3.00	0.00000
QUA, GERARD L.	42.00	0.00000
ADUAN, SOFRONIO R.	3.00	0.00000
LACSON, SALVACION L.	150.00	0.00001
DIAMANTE, PERLA	36.00	0.00000
TAN SIOK YAN	13.00	0.00000
UY, HYDEE	118.00	0.00001
PLANDES, JOVITA A.	30.00	0.00000
ERNESTO B. LLANEZA &/OR ERNESTO LLANEZA III	30.00	0.00000
GAMBOA JR., DOMINADOR L.	477.00	0.00002
CHUA, REGINA DE VILLA	88.00	0.00000
PANTALEON, VIRGINIA G.	438.00	0.00002
PADILLA, AMANDA MEDINA	277.00	0.00001
PADILLA, PATRICK MEDINA	36.00	0.00000
PADILLA, BIANCA MEDINA	277.00	0.00001
PADILLA, ERICA MEDINA	277.00	0.00001
LIM, MELCHOR TAN	442.00	0.00002
OBANA, VALERIANO RESARDE	719.00	0.00004
QUINTO, SOFIA CERA	1,035.00	0.00005
GEMILIANO S. MANALILI &/OR ALMA B. MANALILI	97.00	0.00000
YUCHENGCO III, ALFONSO S.	11,904.00	0.00058
DIZON, SALVADOR TIOTUYCO	56.00	0.00000
ATIENZA, MA. LUISA ONGSIAPCO	1,150.00	0.00006
TAN, FELISA Y.	602.00	0.00003
YUCHENGCO-LIM DEV. CORP.	8,445.00	0.00041

LIM JR., VICTOR YUCHENGCO	920.00	0.00005
CANIZARES, MANUEL RAMOS	19,154.00	0.00094
ONGADON, JORDAN CHAN	5,795.00	0.00028
ONG, JOSEPH CHAN	7,419.00	0.00036
CHUA, BON PEN SEE	750.00	0.00004
BUENAVENTURA, PEDRO PANOPIO	335.00	0.00002
LAM, SHAN SHAN	399.00	0.00002
TONG, FRANCISCO K.	34.00	0.00000
FERMIN, ERNESTO A.	113.00	0.00001
ANGEL S. TRINIDAD &/OR ERLINDA R. DUQUE	92.00	0.00000
GO, PACITA TAN	360.00	0.00002
DY TANG, EDMUND UY	57.00	0.00000
PANOPIO, ELMAR A.	1,199.00	0.00006
CHU, JOHN FREDERICK DY	2,165.00	0.00011
GERALDINE MARIE SANTIAGO IN TRUST TO DANILO H. SANTIAGO	2,252.00	0.00011
BENJAMIN CO CA & CO., INC.	335.00	0.00002
CO, FAY UY	7,332.00	0.00036
YAO, LUIS ANTONIO UY	1,274.00	0.00006
ADVANI, SITA SEHWANI	945.00	0.00005
OBIDOS, WINSTON M.	18.00	0.00000
ETHEL M. SOYAO OR MARCELO U. SOYAO	11.00	0.00000
ONG, GIOK ENG O.	235.00	0.00001
ALDRIC SY CHUA &/OR KATHERINE COO CHUA	486.00	0.00002
ALICIA T. LIM &/OR JOY T. LIM & RICHARD T. LIM	9,200.00	0.00045
JOSE BERNARDINO SO &/OR AMELIA CASTILLO SO	7,648.00	0.00038
DY, AURORA Y.	17.00	0.00000
VILLADELGADO, FREDDIE G.	80.00	0.00000
ALVENDIA, ESPERANZA PAHATI	874.00	0.00004
ALVENDIA, SYLVIA PAHATI	43.00	0.00000
TE, CYNTHIA DIONISIO	79.00	0.00000
PROJECT QUEST CORPORATION	357.00	0.00002
TANDOC, NEIL CLIFFORD C.	324.00	0.00002
ANTHONY TAN ANG &/OR SUSAN SI ANG	3,520.00	0.00017
CHUA, TERESITA WY	7,526.00	0.00037
CHUA, CONSTANTINO WY	381.00	0.00002
CHUA, WILLINGTON WY	1,792.00	0.00009
CHENG, SUSAN CHAM	18,792.00	0.00092
CRUZ, MARY JOY DOMANTAY	132.00	0.00001
PINEDA, RODOLFO R.	94.00	0.00000
SY, WILSON L.	9,683.00	0.00048
TANQUIENG, JULIET OMENGAN	955.00	0.00005
OMENGAN, JOYCE D.	1,060.00	0.00005
ENDAYA, TITUS LEVISTE	41.00	0.00000
LUY TAN, WILLIAM HAW	115.00	0.00001
MACIAS, NELLY L.	187.00	0.00001
LIBRES, RICHARD P.N.	718.00	0.00004
TAN, HELEN C.	259.00	0.00001
SANVICTORES, JULIUS J.	230.00	0.00001
CHUA, JOSE	1,690.00	0.00008
TAN YAN DOO, JOSE	5,750.00	0.00028
ENRIQUEZ, EUGENIO ACIERTO	194.00	0.00001
CO KIAN CHAY	45.00	0.00000
BALBON, EVELINA A.	678.00	0.00003
SIO FONG WONG	49.00	0.00000

TURNER, PHILIP	1.00	0.00000
AUGUSTO VILLANUEVA SANCHEZ &/OR FRANCIANINA GONZALEZ SANCHEZ	4,744.00	0.00023
YU, VERONICA VIRGINIA R.	359.00	0.00002
SANTOS-QUA, GUIA MARGARITA	11.00	0.00000
PENA, NELIA A.	353.00	0.00002
TAN, JOSE YAN DOO	345.00	0.00002
TURNER, ELNORA N.	1.00	0.00000
TAN, MA. LIWAYWAY M.	259.00	0.00001
WONG, JUSTINE U.	105.00	0.00001
GERALDINE A. SANTIAGO IN TRUST TO DANILO H. SANTIAGO	443.00	0.00002
MARY LINA A. SANTIAGO IN TRUST TO DANILO H. SANTIAGO	2,696.00	0.00013
STELLA MARIE A. SANTIAGO IN TRUST TO DANILO H. SANTIAGO	2,696.00	0.00013
BAUAN MACHINE SHOP, INC.	52.00	0.00000
DIAZ, AIDA G.	8.00	0.00000
GISON, AMBROSIO M.	28.00	0.00000
CO, KIAN CHAY G.	361.00	0.00002
PACIFIC NORTHSTAR, INC.	24.00	0.00000
ONG, CHRISTINE S.	5,996.00	0.00029
QUE, LIONG HEE G.	52,297.00	0.00257
LAGANDAON, ROMULUS T. &/OR MA. LOURDES	4,343.00	0.00021
PASCUAL, JACINTO OR CAROLYN	3,546.00	0.00017
TANTUCO, ELOISA G.	10.00	0.00000
NICASIO M. MARIN JR. &/OR ARNOLFO O. ACERO	2,269.00	0.00011
NG, MARIA ROSARIO Y.	1,212.00	0.00006
TE, BETTY G.	506.00	0.00002
CHUA, VICENTE EUTY L.	690.00	0.00003
BENDOM HOLDINGS CORPORATION	1,780.00	0.00009
VILLALBA JR., ISIDRO C.	484.00	0.00002
MADILYN O. CALDOZA	181.00	0.00001
YAP, ROBERT LOUIS L.	125.00	0.00001
DIAZ, EMMANUEL G.	64.00	0.00000
GEMPERLE, MICHELLE PEREZ	2,213.00	0.00011
GILI JR., GUILLERMO F.	1,212.00	0.00006
PANG, VICENTE LIM	230.00	0.00001
MEDINA, ARNIE A.	16.00	0.00000
YU, JOSEPHINE	30.00	0.00000
AGUIRRE, EMELITA G.	58.00	0.00000
PUEBLO, MARY GRACE G.	345.00	0.00002
ALOVA, AARON T. ALOVA &/OR NORA G.	1,380.00	0.00007
BELL-KNIGHT, EDNA S.	5,750.00	0.00028
ONG, VICTOR SY	1,682.00	0.00008
MARASIGAN, APOLINARIO/PURITA/MA. C.P. ASSUMPTA	30.00	0.00000
PCD NOMINEE CORP - FILIPINO	728,387,654.00	35.74946
PCD NOMINEE CORP - NON FILIPINO	686,476,143.00	33.69243
	2,037,478,896.00	

PREFERRED SH NAME	OUTSTANDING SHARES	PERCENTAGE
ABACUS SECURITIES CORP.	6,021.00	2.25160
MANDARIN SECURITIES CORPORATION	7,583.00	2.83572
MONTANTE, CONCHITA I.	70.00	0.02618
AQUINO, ROSALIE	133.00	0.04974
ARAMBULO, GUADALUPE A.	575.00	0.21503
NGO, LORETA	8,600.00	3.21604
BDO SECURITIES CORP.	9,304.00	3.47930
OCCIDENTAL, VERNACITA	35.00	0.01309
BERMEJO, MARISSA	243.00	0.09087
BUENVIAJE, ALLAN	255.00	0.09536
OPTIMUM SECURITIES CORP.	16,666.00	6.23238
CAMPOS LANUZA & CO. INC.	3,535.00	1.32194
CASELA, PETRONILA	16.00	0.00598
CHENG SIO BIN	128.00	0.04787
CHENG, SUSAN	2,665.00	0.99660
CHUA, JEANIE A.	50.00	0.01870
PANTALEON, VIRGINIA	487.00	0.18212
CHUA, VICENTE	110.00	0.04114
PASCUAL, CAROLYN &/OR JACINTO	1,295.00	0.48428
CO, JUSTINA DY	3,258.00	1.21835
PASCUAL, CAROLYN OR JACINTO	570.00	0.21316
CO, KIAN CHAY	110.00	0.04114
YUOANKEE, PAUL D.	369.00	0.13799
CONCEPCION CHUA CHENG	333.00	0.12453
CONCEPCION, CARMENCITA	31,842.00	11.90756
CUBILLAN, JACINTO CU	153.00	0.05722
CUBILLAN, ROSALINA C.	133.00	0.04974
PENA, NELIA A.	55.00	0.02057
PIMENTEL, ALBERT CHUA	83.00	0.03104
ROSARIO, RODOLFO P. DEL	81,521.00	30.48540
DIAZ, AIDA GARCIA	55.00	0.02057
PO, EPIFANIO T.	104.00	0.03889
PO, JOSE	87.00	0.03253
EIB SECURITIES INC.	83.00	0.03104
RAMIREZ, IDA	63.00	0.02356
ESTABILLO, IMEE T.	17.00	0.00636
ROSAL, RAYMOND U.	174.00	0.06507
RUBIO, CESAR A.	1,028.00	0.38443
LAO, GINA A.	416.00	0.15557
SALES, MERLYN K.	85.00	0.03179
GLOBALINKS SEC. & STOCKS	2,454.00	0.91769
GO, PACITA TAN	51.00	0.01907
SALOM, R. JOHN CHRISTOPHER J.	833.00	0.31151
GO, ROBERTO CHAN	1,367.00	0.51120
SALOM, H.J. ADELEEN FRANCES J.	833.00	0.31151
GOMEZ, ERIBERTO H.	1,028.00	0.38443
SALUD, ROY ONG	333.00	0.12453
GURNAMAL, AIL &/OR HARESH	202.00	0.07554
GUSAYKO ONG, MARIA CHUA	18.00	0.00673
HUI, TIN WAI	188.00	0.07030
HWANG, HANS YAP	5,558.00	2.07846
TAN, CARIDAD K.	1,111.00	0.41547
JASMIN, RUFINO T.	116.00	0.04338
TAN, LUCIANO H.	7,309.00	2.73326
TAN, REMEDIOS TIU	866.00	0.32385
LAO, BUN THIAM	925.00	0.34591
TANDOC, NEIL CLIFFORD C.	46.00	0.01720
LIBRES, RICHARD PONCIANO	425.00	0.15893
LUYS SECURITIES CO. INC.	1,852.00	0.69257

ANG, TONY ANG &/OR ROSEMARIE	5,372.00	2.00890
VIDAL, JULIETA M.	215.00	0.08040
VILLACORTES, CARMEN NICOLASORA	174.00	0.06507
WONG, CORAZON KIAT	250.00	0.09349
ACERO, NICASIO MARIN JR., &/OR	3,371.00	1.26061
GO, HOMER	46,355.00	17.33480
YAP, BENNETH YAP &/OR LIBERATA BASA	18.00	0.00673
CHOA MEI LENG	128.00	0.04787
CHAN, SHERWIN CO	167.00	0.06245
JASMIN, JUANITA S.	83.00	0.03104
TAN, CRESENCIO B.	352.00	0.13163
BEDAN CORPORATION	2,100.00	0.78531
SIA, JOHNSON CHUA	5,000.00	1.86979
	267,410.00	

Annex "C"

RIZAL COMMERCIAL BANKING CORPORATION
ASM: JUNE 27, 2022

SHAREHOLDERS' ASSOCIATION OF THE PHILIPPINES, INC.
DEE, HELEN Y.
BUENAVENTURA, GIL A.
VIRATA, CESAR E.A.
LILIA B. DE LIMA
LAW, JOHN
GAYATRI P. BERY
MEDINA, ARMANDO M.
SHIH-CHIAO LIN
ARNOLD KAI YUEN KAN
CLAUDIO, GABRIEL S.
LAURITO E. SERRANO
SANTOS, JUAN B.
DIOS, ADELITA A. VERGEL DE
MONTES, VAUGHN F.
RCBC SECURITIES FAO SUMITOMO MITSUI BANKING CORPORATION
RCBC SECURITIES INC.
SCBK1000000
DEUTSCHE BANK AG MANILA
PAN MALAYAN MANAGEMENT AND INVESTMENT CORPORATION
CITIOMNIFOR
CITIOMNIFOR
CITIOMNIFOR
CITIOMNIFOR
CITIOMNIFOR
CITIOMNIFOR
CITIOMNIFOR
CITIOMNIFOR
COL FINANCIAL FAO MICHAEL OLIVA
RCBC SECURITIES FAO PAN MALAYAN MANAGEMENT & INVESTMENT CORP
HSBC10 MNL CNC NOM 22/0589
COL FINANCIAL FAO ROMEO R. VERSULA
COL FINANCIAL FAO EDWARD C. YAO
SANVICTORES, JULIUS J.