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## **Report of Independent Auditors**

### **The Board of Directors and Holders of Sustainability Bonds Rizal Commercial Banking Corporation**

Yuchengco Tower, RCBC Plaza  
6819 Ayala Avenue cor. Sen. Gil Puyat Avenue  
Makati City

### **Limited Assurance Report on the Allocation Report**

#### ***Conclusion***

We have performed limited assurance procedures on the Eligible Green Loan Portfolio and Eligible Social Loan Portfolio included in the RCBC Sustainability Bonds Allocation Report (hereafter the “Allocation Report”) as at December 31, 2020, of Rizal Commercial Banking Corporation (the Bank or RCBC).

Based on our procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Eligible Green Loan Portfolio and Eligible Social Loan Portfolio included in the Allocation Report as at December 31, 2020 are not, in all material respects, prepared in accordance with the Eligibility Criteria as described in the RCBC Sustainable Finance Framework dated April 30, 2019 (hereafter the “Framework”).

#### ***Basis for Conclusion***

We conducted our limited assurance procedures in accordance with the Philippine Standard on Assurance Engagements (PSAE) 3000 (Revised), *Assurance Engagements other than Audits and Review of Historical Financial Information*. Our responsibilities under this standard are further described in the *Auditors’ Responsibilities on Limited Assurance Report on the Allocation Report* section of our report. We are independent of the Bank 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 assurance engagements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We apply Philippine Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. We believe that the assurance evidence we have obtained is sufficient and appropriate to provide the basis for our conclusion.

### **Subject Matter Information**

The scope of our work is limited to assurance over the application of the Eligibility Criteria in the Allocation Report as of December 31, 2020.

### **Reporting Criteria**

The reporting criteria are the Eligibility Criteria described in the Framework. The Allocation Report needs to be read and understood together with the Eligibility Criteria as described in the Framework.

### **Responsibilities of Management and Those Charged with Governance for the Allocation Report**

Management is responsible for the preparation of the Allocation Report, which includes the Eligible Green Loan Portfolio and Eligible Social Loan Portfolio, in accordance with the Eligibility Criteria as described in the Framework, and for such internal control as management determines is necessary to enable the preparation of the Allocation Report that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Bank's reporting process.

### **Auditors' Responsibilities on Limited Assurance Report on the Allocation Report**

Our objective is to plan and perform the procedures in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and vary in nature and timing from and are less in extent than for a reasonable assurance engagement. The level of assurance obtained in engagements with a limited level of assurance is therefore substantially less than the assurance obtained in audit engagements. Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Allocation Report. The materiality affects the nature, timing and extent of our procedures and the evaluation of the effect of identified misstatements on our conclusion.

As part of our procedures in accordance with PSAE, we exercise professional judgment and maintain professional skepticism throughout our work.

### **Approach**

The procedures we performed were based on our professional judgment and we believe that the procedures performed, and the assurance evidence obtained are sufficient and appropriate to provide a basis for our conclusion.

Our work included, among other things, the following procedures:

**General Procedures**

- Identified areas of the Allocation Report where a material misstatement, whether due to fraud or error, are most likely to occur, designing and performing assurance procedures responsive to these areas, and obtaining assurance information that is sufficient and appropriate to provide a basis for our conclusion.
- Considered the internal control relevant to our review in order to determine assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the Bank's internal control.
- Reviewed the application of the Eligibility Criteria used in the preparation of the Eligible Green Loan Portfolio and Eligible Social Loan Portfolio in the Allocation Report.
- Interviewed relevant staff and officers at RCBC responsible for managing, reporting, and consolidating the Eligible Green Loan Portfolio and Eligible Social Loan Portfolio.
- Evaluated internal and external documentation, based on limited sampling, to determine whether the information in the Eligible Green Loan Portfolio and Eligible Social Loan Portfolio is plausible in line with the Eligibility Criteria of the Framework.

**Specific Procedures**

Nominated Assets/Projects

- Reviewed statement on objectives of the 2-year ASEAN peso sustainability bonds and 5-year USD unsecured sustainability notes which are the sources of funds for the Eligible Green Loan Portfolio and Eligible Social Loan Portfolio.
- Reviewed nominated assets/projects that meet the objectives and Eligibility Criteria of the Framework.

Use of Proceeds

- Reviewed the percentage of net proceeds allocated to Eligible Green and Eligible Social categories.
- Reviewed if there are any overlaps of nominated assets/projects in the Allocation Report.

Reporting

- Reviewed consistency of information as processed in the Bank's internal account systems and as consolidated and disclosed in the Allocation Report.

### **Restriction of Use of Limited Assurance Report**

Our limited assurance report is intended solely for the Board of Directors of RCBC and the Holders of Sustainability Bonds issued by RCBC and should not be distributed to other parties and used for other purposes. We do not therefore accept or assume responsibility for any other purpose or to any other person or organization.

### **PUNONGBAYAN & ARAULLO**



By: **Anthony L. Ng**  
Partner

CPA Reg. No. 0109764  
TIN 230-169-270  
PTR No. 8533236, January 4, 2021, Makati City  
SEC Group A Accreditation  
Partner - No. 109764-SEC (until Dec. 31, 2023)  
Firm - No. 0002 (until Dec. 31, 2024)  
BIR AN 08-002511-038-2019 (until Sept. 4, 2022)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

January 25, 2021



Partners Through Generations

Rizal Commercial Banking Corporation

Sustainability Bonds Allocation Report

December 31, 2020

# RCBC Sustainability Bonds Allocation Report

## December 31, 2020

ELIGIBLE SUSTAINABLE PORTFOLIO				SUSTAINABLE FUNDING						
	Number of Projects	Amount (Php M)	%	Instrument	Maturity Date	Amount (Php M)	Allocation			
							Green	%	Social	%
<b>Eligible Green</b>	<b>15</b>	<b>32,733</b>	<b>63%</b>	<b>Sustainability Bond (Php)</b>	<b>4-Jun-21</b>	<b>8,000</b>	<b>400</b>	<b>5%</b>	<b>7,600</b>	<b>95%</b>
Renewable Energy	10	19,862	38%	<b>Sustainability Bond (USD)</b>	<b>11-Sep-24</b>	<b>16,000</b>	<b>14,400</b>	<b>90%</b>	<b>1,600</b>	<b>10%</b>
Energy Efficiency	1	5,920	11%							
Clean Transportation	3	6,016	12%							
Sustainable Water Management	1	934	2%							
<b>Eligible Social</b>	<b>9,947</b>	<b>19,432</b>	<b>37%</b>							
Access to Essential Services	27	4,580	9%							
Socioeconomic Advancement and Empowerment	1	1,634	3%							
Employment Generation	802	6,254	12%							
Affordable Housing	9,117	6,965	13%							
<b>Total Eligible Sustainable</b>	<b>9,962</b>	<b>52,165</b>	<b>100%</b>	<b>Total Funding</b>		<b>24,000</b>	<b>14,800</b>	<b>62%</b>	<b>9,200</b>	<b>38%</b>

Percentage of Eligible Sustainable Portfolio Allocated (Usage) **46%**  
 Percentage of Net Proceeds of Sustainable Funding Allocated to Eligible Sustainable Portfolio **100%**

### Buffer

Eligible Green Portfolio **17,933 55%**  
 Eligible Social Portfolio **10,232 53%**  
 Total Eligible Sustainable Portfolio **28,165 54%**