RCBC
Partners Through Generations

March 31, 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 **Dir. Felizmenio**,

We submit herewith the following reports of Rizal Commercial Banking Corporation as of December 31, 2022:

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

Very truly yours,

03.31.23
Florentino M. Madonza
FSVP, Head – Controllership Group

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

COVER SHEET

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

Contact Person

8 8 9 4 9 9 3 2

Company Telephone Number

1 2	3 1
Month	*Day*

Fiscal Year

1 7 - A

FORM TYPE

0 7	0 3
Month	*Day*

Annual Meeting

Secondary License Type, If Applicable

S E C

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

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2022**

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

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

RIZAL COMMERCIAL BANKING CORPORATION.

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

6. Industry Classification Code: (SEC Use Only)

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

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

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock, P10 par value	2,037,478,896 (as of 31 Dec 2022)

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

Yes (x) No ( )

12. Check whether the registrant:

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

Yes (x) No ( )

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

Yes (x) No ( )

13. Aggregate market value of the voting stock held by non-affiliates:
    Php 23,704,224,880.5 (as of Dec 31, 2022, P23.70 per share)

NOTE

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

	Value
Total Number of Shares	2,037,478,896
YGC Shares*	1,037,300,631
Non YGC Shares	1,000,178,265
Share Price	Php 23.70
Aggregate Market Value	Php 23,704,224,880.5

***YGC Combined Ownership in RCBC**

Rank	Name	Common Shares	%
1	Pan Malayan Management and Investment Corp.	807,582,173	39.64%
2	GPL Holdings Inc.	83,644,487	4.11%
3	RCBC Retirement Plan	51,754,520	2.54%
4	Malayan Insurance Co., Inc.	46,891,695	2.30%
5	MICO Equities, Inc.	26,626,375	1.31%
6	Hydee Management & Res. Corporation	7,881,516	0.39%
7	Grepa Realty Holdings Corp.	3,141,537	0.15%
8	RCBC Land	3,668,270	0.18%
9	A.T. Yuchengco, Inc.	1,649,806	0.08%
10	RCBC Capital Corporation	1,462,289	0.07%
11	Manila Memorial Park Cemetery	1,237,630	0.06%
12	AY Holdings, Inc.	727,500	0.04%
13	House of Investments, Inc.	64,986	0.00%
14	Enrique T. Yuchengco, Inc.	967,847	0.05%
	Total	**1,037,300,631**	**50.91%**

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

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

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

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

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

In 2022, the following additional products and electronic services were introduced:

1. Deposits

   1.1. OneAccount Business is a corporate deposit product designed to be a savings, checking and time deposit bank product all rolled into one account. It aims to cater to the needs of Small Medium Enterprise (SME) Retail clients by providing high interest rates and bundling Cash Management products that are known to help smoothen the operations of small-time businesses.

   1.2. Peso Green Time Deposit is the first-of-its-kind in the Philippines. It's a short term Peso time deposit product dedicated to support green and sustainable initiatives under RCBC's portfolio while offering higher interest rates versus many of the regular time deposit board rates available in the market. It seeks to cater individuals and companies looking to invest their surplus cash reserves in environmentally friendly projects.

   1.3. Hexagon Club Priority for Individuals is a new offering under Hexagon Club, which is a premier membership program offered to our highly valued depositors where they can enjoy exclusive perks and benefits.

2. Credit Cards

   2.1 UnliPay – With the implementation of UnliPay, RCBC Credit cardholders in good standing are able to use their Philippine Peso-dominated RCBC Credit Card to make payments in Philippine Pesos to any bank account or e-wallet via bank transfer.

3. Transaction Banking

   3.1 RCBC QR and non-QR Bills Pay is an interoperable digital bills collection service that enables billers to accept payments from subscribers with accounts from other Bancnet participating institutions, hence, allowing them to receive online payments from a wider set of customers. This service is under the BSP's Bills Pay PH facility wherein customers or subscribers can conveniently perform the payment transactions either by scanning or uploading the QRPH Person-to-Biller (P2B) code, or by manually inputting the payment details for the non-QR mode of payment.

   3.2 RCBC QR Pay is an interoperable digital collection solution allowing merchants to accept payments from their customers by scanning the QR code using the mobile app of Bancnet participating institutions. RCBC QR Pay uses QR PH, Philippines' national QR code standard. With QR Pay, the merchants can accept contactless, cashless, and cardless payment via customer's mobile app. The customers just need to scan the QR code displayed at a merchant's store and pay.

Listed below are the products and services of RCBC:

A. DEPOSITS

Peso Deposits

Checking Accounts
- eWoman Checking
- Dragon Checking
- One Account (Retail)
- One Account Business

Savings Accounts
- Regular Savings (with ATM and with Passbook variants)
- iSave
- Dragon Savings
- eWoman Savings
- SSS Pensioner
- Payroll Savings
- GoSavers Savings
- Basic Savings
- Telemoney ATM Savings Account
- Contractual Savings - Passbook-based & connected to loan availment

Time Deposits
- Peso Regular Time Deposit (30 days to 1 Year)
- Peso Green Time Deposit (30 days to 1 year)
- Peso Time Deposit (2 Year, 3 Year, 4 Year, 5 Year + 1 day)

Foreign Currency Deposits

Savings Accounts
- Regular Savings
  - US Dollar
  - Japanese Yen
  - Euro
  - British Pounds
  - Canadian Dollar
  - Chinese Yuan
  - Australian Dollar
  - Swiss Franc

- Dragon Dollar Savings
  - US Dollar

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

Exclusive Membership Program

Hexagon Club

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

B. ELECTRONIC BANKING PRODUCTS / SERVICES AND CHANNELS

Product and Services

RCBC MyDebit Mastercard
RCBC MyWallet Visa

Electronic Banking Channels

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

C. CREDIT CARDS

RCBC Credit Card Products

RCBC Classic: Mastercard, JCB
RCBC Gold: Mastercard, JCB
Flex Classic Visa
Flex Gold Visa
YGC Rewards Plus Classic Visa
YGC Rewards Plus Gold Visa
YGC Rewards Plus Platinum Mastercard
RCBC Black Platinum Mastercard (Peso, Dollar)
RCBC Diamond Platinum Mastercard
RCBC Hexagon Club Platinum Mastercard
RCBC World Mastercard
RCBC Balesin World Mastercard
RCBC The City Club World Mastercard
RCBC Platinum VISA
RCBC Visa Infinite
RCBC Platinum JCB
RCBC UnionPay Diamond
RCBC Landmark Anson Mastercard
RCBC MANGO Mastercard
RCBC Phoenix Mastercard
Air Asia Visa
RCBC Web Shopper
RCBC Corporate Card Mastercard
Zalora Credit Card
Installment Online
QR Payment Acceptance
UnliPay

D. LOANS

Commercial Loans (Peso and/or Foreign Currency)
- Short-Term Revolving Facilities
  - Non-Trade Facilities
    - Credit Line
    - Accounts Receivable Line (ARL)
    - Bills Purchased Line (BPL)
    - Second Endorsed Checks Line (SECP)
  - Trade Facilities
    - Import / Domestic Trade Facilities
      - Letter of Credit Line
      - Trust Receipt (TR) Line
      - Shipping Guarantee
    - Export Financing
      - Export Advance Loan / Line
      - Export Bills Purchased Line
  - Others
    - Standby LC Facility
    - Bank Guarantee
- Long- Term Non-Revolving Facilities
  - Corporate Finance Loans
  - Project Finance Loans

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

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

Agricultural Value Chain Financing
- Agri-Finance Term Loan (Regular & Lite)
- Agri-Finance Revolving Credit Line Facility
- Agri-Production Loan (Regular & Lite)

Special Lending Facilities
- BSP Rediscounting Facility

E. TREASURY AND GLOBAL MARKETS

Foreign Exchange

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

RCBC FX Online

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

Fixed Income

Peso Denominated Government Securities and other Debt Instruments
- Treasury Bills
- Fixed Rate Treasury Notes (FXTNs)
- Retail Treasury Bonds (RTB)
  - Local Government Units Bonds (LGUs)
  - Quasi-Sovereign Bonds or Government-Owned and Controlled Corporate Bonds
- Corporate Bonds
  - Short and Long Term Commercial Papers (STCPs/LTCPs)
  - Global Peso Notes (GPNs)

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

Derivatives

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

F. TRUST SERVICES

Trusteeship

Retirement Fund Management
Corporate and Institutional Trust
Pre-Need Trust Fund Management
Customized Employee Savings Plan
Employee Savings Plan
Personal Management Trust
Estate Planning Complementary Services
Mortgage/Collateral Trust
Bond Trusteeship
Legislated and Quasi-judicial Trust
Project Accounts Trusteeship

Agency

Safekeeping
Escrow
Investment Management

Loan and Paying Agency
Bond Registry and Paying Agency
Facility Agency
Receiving Agency
Sinking Fund Management
Stock Transfer and Dividend Paying Agency

<u>Unit Investment Trust Funds</u>
Rizal Peso Money Market Fund
Rizal Peso Cash Management Fund
Rizal Peso Bond
Rizal Balanced Fund
Rizal Equity Fund
Rizal Dollar Money Market Fund
Rizal Dollar Bond Fund
RCBC Peso Short Term Fund
RCBC R25 Blue-Chip Equity Fund
RCBC R25 Dividend Equity Fund
RCBC US Equity Index Feeder Fund

G. TRANSACTION BANKING

<u>Check Clearing</u>
<u>Domestic Letters of Credit</u>
<u>Fund Transfers</u>
Demand Drafts (Peso and Dollar)

<u>International Trade Settlements</u>
Import/Export Letters of Credit
Documents Against Payment/Acceptance
Open Account Arrangements
Direct Remittances
Intercompany Netting Arrangements

<u>Collection and Receivables Services</u>
Bills Collections
Over the Counter (OTC)
Auto Debit Agreement (ADA)
Automated Teller Machine (ATM)
Corporate Internet Banking
Mobile
Partner Payment Centers (PPC)
RCBC QR and non-QR Bills Pay
PDC Warehousing
PDC Warehousing with Printing Facility
Remote Bulk Check Deposit
Cash & Check Pick-up / Cash Delivery via Armored Truck
Cash & Check Pick-up via Motorized Collector
Cash Acceptance Machines (CAM)
Pay Portal
RCBC QR Pay

Disbursements Services

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

Government Payment

BIR payments
Bureau of Customs (PAS6) Payments

Third Party Services

BancNet Direct Bills Payment

Payment Management Services

Bancnet eGov - SSS/PAg-Ibig/Philhealth

Remittance Services

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

H. INVESTMENT BANKING

Arrangement, Issue Management and/or Underwriting of:

Debt
- Corporate and Local Government Retail Bonds
- Project Finance
- Acquisition Finance
- Corporate Notes
- Long or Short Term Commercial Papers
- Promissory Notes
- Syndicated Term Loans

Initial Public Offerings, Follow-On-Offerings, Stock Rights Offering, Private Placements of:

Equities
- Common Shares and Preferred Shares
- Real Estate Investment Trusts ("REITs")

Financial Advisory and Consultancy

Mergers & Acquisition
Corporate Restructuring
Company Valuations
Spin-offs

I. WEALTH MANAGEMENT

Financial Planning Advisory

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

Investments & Financial Products

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

J. ANCILLARY SERVICES

Day & Night Depository Services
Foreign Currency Conversions
Foreign Trade Information
Safety Deposit Box

Revenue Derived from Foreign Operations

The contribution of RCBC International Finance Limited (Hong Kong), a foreign subsidiary, accounted for at 0.03% of gross revenues for all the years 2022, 2021 and 2020.

Competition. The Bank faces competition from both domestic and foreign banks as a result of the liberalization of the banking industry by the government. Since 1994, a number of foreign banks have been granted licenses to operate in the Philippines. These foreign banks have focused their operations on large corporations and selected consumer finance products, such as credit cards. They have increased competition in the corporate market and caused more domestic banks to focus on the commercial middle-market, placing pressure on margins in both markets. In 2022, there were 45 Universal and Commercial Banks, 19 are locally owned and 26 are foreign owned.

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

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

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

a) *Corporate/Institutional Market*

RCBC's Corporate Banking Group continued to deliver a solid performance in 2022 as the economy slowly emerged from the pandemic. The group was recognized by one of the United Kingdom's leading banking publication, Global Banking & Finance Awards (GBAF) for being the Best Corporate Bank - Philippines for the second year in a row.

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

CBG ended the year strong with a 3.8% growth in its asset base, and a 17.4% jump in deposits. This solid performance was driven by the conglomerates and large local corporations where growth was seen from sectors such as power, infrastructure, telecom, logistics, e-commerce, among others.

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

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

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

b) *SMEs/Commercial Middle Market*

The SME journey began in 2007 as a conscious decision of RCBC to establish its footprint in the SME market and be a cut above the rest.

The SME Banking team started off as a segment under the Corporate Banking Group, then manned by only four lending centers and stationed in just a handful of satellite offices. Fueled by the vision for SME Banking to account for 19.8% of the Bank's total loan portfolio, the team has undergone several changes in structure and has grown both its organization and portfolio. In 2019, the team emerged stronger as a separate group focused on the holistic banking needs of the country's small and medium enterprises.

Today, the SME Banking Group or SMEBG is composed of seven regional divisions, further broken down into 17 lending centers strategically located across the nation. It has another division dedicated to onboarding of smaller ticket accounts through a simpler set of underwriting parameters; and two support divisions focused on business development and business administration. The group provides services to a diversified client base of entrepreneurs (over 13,000 in customer count of both borrowing and non-borrowing names) located in different parts of the country and spread in various industry sectors such as wholesale & retail trade including automotive dealerships, construction, manufacturing, hotels, agriculture, and healthcare, among others. SMEBG employs a holistic approach in helping clients grow their businesses, focusing not only on the clients' lending requirements, but going beyond by offering bundled products and services in synergy with other groups within RCBC or affiliate companies within the YGC.

Over the last few years of the pandemic, SMEBG – alongside the Bank's Credit Management Group – has been able to sustainably provide assistance to SME clients through flexible terms and concessional rates as their businesses transition from relief to recovery. Furthermore, the group in collaboration with the Bank's Global Transaction Banking team, has been helping SME clients migrate to the digital realm by empowering them with digitized cash management solutions, as accelerated by the evolving business landscape. The SME Banking Group has embraced a culture of customer-centricity that has shaped its successes over the past years. This has pushed the team to transform internally and equipped its members in helping clients to digitally transform as well. Putting the clients first has propelled the whole group in achieving its goals and targets, earning for the Bank the recognition as a leader in SME Banking.

The Bank's SME loans portfolio ended 2022 with an outstanding balance of P107.4 billion, a 15.0% increase from P93.4 billion in 2021.

This 2023, the SMEBG team gears up towards growing its loan and deposit portfolio further, reaching out to even more customers, encouraging innovation and accelerating digital adoption, and advancing to customer obsession to deliver the best-in-class customer experience to Filipino SMEs.

c) *Consumer/Retail Market*

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

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

In 2022, the Retail Banking Group was awarded *"The Best Retail Bank in the Philippines"* by Global Banking & Finance; and by the Retail Banker International Asia Trailblazer Awards. In addition, the Hexagon Club was awarded with the *"Excellence in Mass Affluent Banking"* by the Retail Banker International Asia Trailblazer Awards and *"Best Priority Banking in the Philippines"* by International Finance Awards.

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

Credit Card Business

RCBC Bankard has rebranded to RCBC Credit Cards last September 2022. Akin to the initiative is the brand promise to enable its cardholders to Live Life Unlimited. This commitment is substantiated through distinct card benefits, strong digital solutions, and numerous promotions, including:

- Unlimited Installments through "Unli Installment" - RCBC Credit cardholders can manage their cash flow and their card payments because they can convert their straight purchases made anywhere, including purchases made online or overseas, to up to 36 months installments, via the RCBC Digital app.

- Unlimited Travel Privileges - RCBC Credit Cards facilitate the entry of its cardholders, regardless of card variant, to the prestigious Marhaba Lounge located at the Ninoy Aquino International airport. On top of this, all retail cardholders are entitled to free travel insurance and purchase protection overseas as long as they used their RCBC Credit Cards in purchasing their international travel tickets.

- Unlimited Joys of Dining, Shopping, and Wellness - RCBC Credit Cards offers close to three hundred (300) Dining, Shopping, and Wellness promotions to its card base, from top in-store and online merchants. These deals enable cardholders to enjoy better experiences and value for their money since they are provided discounts or free items from partner merchants whenever they use their cards. The exciting omnibus offers are on top of the targeted category-based offers that are made available to a selected base.

- Unlimited Rewards - Cardholders earn no-cap, flexible rewards on their discretionary and non-discretionary purchases, including bills payment. Cardholders can choose whether they want to earn points, Airmiles, or cash rebates.

- Unlimited Payments to Anyone through "UnliPay" - A new card feature called UnliPay was launched in the RCBC Digital App that allowed RCBC Credit Cardholders to pay and transfer money to any bank account or e-wallet using their available credit card limit. UnliPay does not require pre-enrollment of the recipient account and transfers can be real-time depending on the amount.

RCBC Credit Cards has been recognized for its initiatives and have been accorded the following international awards: Credit Card of the Year | Global Retail Banking Innovation Awards 2022 by The Digital Banker, Best Credit Card Initiative | Retail Banker International Asia Trailblazer Awards 2022, Outstanding Digital CX - Loans | Digital CX Awards 2022 by The Digital Banker

Further, it has remained true to its commitment to be a responsible corporate citizen. RCBC Credit Cards turned over P2.2 million in donations to Gawad Kalinga coming from its Diamond Cares Program.

The RCBC Credit Card initiatives have helped establish its position as a formidable player in the local credit card industry and allowed it to perform excellently. RCBC Credit Card posted a 60% growth in Issuing Billings from P60.2 billion, year-end 2021, to P96.3 billion year-end 2022 and a 42% growth in Receivables from P35.6 billion, year-end 2021, to P50.4 billion year-end 2022. RCBC Credit Card ranks top 5 in terms of Issuing Billings, top 5 in terms of Receivables, and top 6 in terms of Cards-In-Force.

Rizal Microbank

RMB is the thrift banking arm of RCBC that is focused on providing financial products and services to micro and small entrepreneurs in the Philippines. Although its main focus is the microenterprise segment or those enterprises with total assets Php3.0 million and below, RMB has been providing since 2013 small business loan products for those whose loan requirements put them above microfinance yet their financing needs are still below the lending floor of small & medium enterprise loans. In 2015, RMB introduced agricultural loan products using the value chain finance framework/approach. The agricultural loan product seeks to provide financing to agricultural value chain players such as traders, consolidators, aggregators, processors and farmers. Over the past years, RMB has expedited its reach within the agricultural sector by augmenting its partnerships with private and public entities, which includes but not limited to Agricultural Cooperative Development International (ACDI) /Volunteers in Overseas Cooperative Assistance (VOCA), Franklin Baker Philippines, Department of Trade and Industry via the RAPID Project, Department of Agriculture, and Livelihood Fund for Family Farming (L3F). As of December 31, 2022, RMB's agricultural loans stood at 48% of its bankwide portfolio of P1.20 billion.

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

In addition, the bank has implemented an agency banking program called Bangko ng Bayan (RMB-BNB) wherein local merchants in the barangays are tapped to serve as cash agents, thereby providing formal financial access points for the underserved and unbanked segments of the populations. With its cloud-based core-banking system, financial services such as cash-in (deposit), cash-out (withdrawal), bills payment, and opening of basic deposit accounts can be done real time through a secured electronic platform provided to the accredited agents. RMB has accredited and partnered with 86 cash agents across its trade areas, and has processed more than Php 38.7 Million in transactions since the program institution.

d) *Overseas Filipino Workers (OFW)*

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

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

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

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

e) *High Net Worth Individuals Market*

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

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

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

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

Digital Enterprise and Innovation Banking

RCBC, with the visionary leadership of the Digital Enterprise and Innovation Group (DEIG), is now the Philippines' multi-awarded and pioneering challenger bank in offering innovative and inclusive digital financial inclusion which were scaled and developed through a multi-pronged approach of partnering with grassroots-based stakeholders, deepening ties with industry partners, and adopting pioneering processes and technology.

As the Philippines exits a precarious economic situation brought by the pandemic, RCBC successfully cemented its position as a leading digital solutions provider by yielding outstanding annual growth in 2022. At the core of these digital initiatives is empathy for every Filipino which is reflected in the DEIG's mantra, "Innovations with Empathy." RCBC's blueprint for success centers on providing the best customer experience ever yet in the whole formal banking system.

RCBC ATM Go, the neighborhood mobile point-of-sale terminals (mPOS), has transformed from a reliable channel for millions of Filipinos at the height of the pandemic into an emerging community-centric pillar for financial wellness and empowerment. To connect more Filipinos into the formal banking ecosystem, RCBC has successfully connected all 82 provinces through RCBC ATM Go. In 2023, RCBC ATM Go is now available through 1,559 terminals and 1,144 partner merchants. With a larger network, a larger segment of the Philippine market can withdraw, transfer funds, pay bills, and inquire their balance without enduring long commutes to major urban areas to access basic financial services.

ATM Go

- 38.9% leap in transaction volume (3.9 million in 2022 from 2.8 million in 2021)
- 31.3% jump in transaction value (Php 10.2 billion in 2022 from Php 7.8 billion in 2021)
- 90% compounded annual growth rate for 6 years

RCBC took the lead to fully adopt PalengQR which empowered merchants and market vendors in different pilot cities and provinces' public markets to accept digital payments through the interoperable QRPh code. RCBC is also one of the challenger banks to adopt the BSP's BillsPay PH which allows users to pay their bills across different billers and banks with just a single scan of the QR code found on their billing statements.

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

RCBC Digital aims to help the Philippines as the country transitions to a cash-lite, digitally-inclusive financial ecosystem. RCBC Digital features person-to-merchant QR payments use cases, the in-app UITF placement, mobile check deposit, and the Philippines' first digital concierge, among others. A key feature of RCBC Digital is the ability to send cash and have the funds received by unbanked recipients through provincial remittance centers still open in the lockdown. Unbanked recipients could even receive cash via Cardless ATM Withdrawals. RCBC Digital offers safe, fast, and reliable access to funds at any time, complete with a variety of functions that are ever-evolving to cater to the market's most pressing financial needs.

RCBC Digital App:

- 43.8% surge in transaction value (Php 167.7 billion in 2022 from Php 116.6 billion in 2021), 32.5% increase in transaction volume (15.5 million in 2022 from 11.7 million in 2021)
- 41.4% increase in transaction value in PESONet transactions (Php 13.5 billion in 2022 from Php 9.6 billion in 2021), 22.4% jump in transaction volume in PESONet transactions (0.5 million in 2022 from 0.4 million in 2021)
- 35.3% growth in transaction value in InstaPay transactions (Php 65.5 billion in 2022 from Php 48.4 billion in 2021), 22.9% leap in transaction volume in InstaPay transactions (7.6 million in 2022 from 6.2 million in 2021)

RCBC DiskarTech is one of the finest examples of fusing digital innovation with social purpose. It is the Philippines' first Taglish (Tagalog-English) and Cebuano financial inclusion super application that was launched on July 1, 2020. Since its launch, millions of Filipinos in the provinces rely on it as their one-stop-shop for basic banking services while enjoying a competitive 3.5% annual interest rate for savings, which is on top of zero initial deposit, zero maintaining balance, and zero dormancy fees. RCBC DiskarTech stays true to its purpose of making digital finance accessible and attractive to all Filipinos as it continues to offer the most affordable bank transfer rate of Php 8.00.

Through its convenient and seamless account registration process powered by eKYC innovative processes, Filipinos are encouraged to open a basic deposit account. Filipinos can skip the exhausting journeys to city centers and the long lines to open a bank account as all they need is one primary I.D. to open a bank account. With a buffet of friendly features and options to the ordinary Filipino, more and more unbanked and underserved Filipinos are embracing and migrating to RCBC DiskarTech.

To elevate the customer experience of every Filipino in using RCBC DiskarTech, the campaign #HalosLahatPwede (#AlmostEverythingIsPossible) was launched to heighten the usage of bills payment, e-loading, incoming and outgoing fund transfers via Instapay and PESONet, partner deposits, loans, and microinsurance services.

For the first time, underserved and unbanked Filipinos were given the opportunity to own their own credit-risk profiles as RCBC DiskarTech rolled out 'DiskarTech (DT) Score' that measured the credit rating of every user, which became a foundation of the DiskarTech Loan program. Millions of users now have credit within their fingertips - DiskarTech loan, Agri Loan, Auto Loan, Doctor's Loan, Housing Loan, Motorcycle Loan, and Negosyo Loan. This wide selection of credit services enable a wide group of Filipinos to avail safe and secure loans to make their financial goals and dreams into reality.

RCBC DiskarTech also gives its users affordable telemedicine plans that connect them to quality and reliable medical professionals. Users can choose from DiskarTech Telekonsulta Unli, in association with Philippine Natural Telehealth, and the iDoc Basic Plan. To strengthen their financial shields against any unforeseen medical situations and emergencies, RCBC DiskarTech has made life and non-life insurance options available at affordable prices. Underserved Filipinos can now protect their families' futures, houses, cars, and other properties from any unwanted and unforeseen negative event.

Overseas Filipino Workers can now send money to their loved ones through RCBC DiskarTech. The digital bank partnered with Remitly, JapanRemit and Ayannah to enable Filipino families to receive remittances through the super financial application.

In addition, users can also pay bills, purchase load, and shop for e-pins through RCBC DiskarTech. E-commerce has never been this rewarding as RCBC DiskarTech rewards cashback to users that use the application for their online purchases.

In 2022, RCBC DiskarTech deepened its engagements with government agencies as it provided Financial Literacy programs through the 'DiskarTech - Aralin sa Madiskarteng Pananalapi" and DiskarTechpreneur program with the Department of Education. The digital bank also recognized the important role that cooperatives play in Philippine society which prompted RCBC to partner with the Cooperative Development Authority to advance digital financial inclusion to almost 19,000 operating cooperatives.

RCBC DiskarTech joined forces with GrowSari to accelerate the digitalization of sari-sari stores and micropreneurs in the country. With the collaboration, GrowSari merchants can now receive and make digital payments, an important step in expediting financial transactions with customers and suppliers. With GrowSari's rapid growth, RCBC DiskarTech will be available to 20,000 merchants in 2022 and to 200,000 merchants in the coming year.

RCBC DiskarTech

- 54.3% increase in internal fund transfer (Php 291.2 million in 2022 from Php 188.8 million in 2021)
- 48.6% surge in the transaction value of cardless withdrawals (Php 98.8 million in 2022 from Php 66.5 million in 2021)
- 37.0% increase in the amount of bills payment transactions (Php 97.0 million in 2022 from 70.8 million in 2021), 14.4% in the number of bills payments (34,709 in 2022 from 30,399 in 2021)
- 69.3% jump in the number of Telemedicine purchases
- 24.1% growth in partner deposits (Php 5.0 million in 2022 from Php 4.0 million in 2021)
- 56.2% leap in RCBC to DiskarTech fund transfer transaction value (Php 1.2 billion in 2022 from Php 746.7 million in 2021), and 42.1% jump in transaction volume (206,443 in 2022 from 145,303 in 2021)
- 128.0% surge in DiskarTech to RCBC fund transfer transaction value (Php 404.9 million in 2022 from Php 177.6 million in 2021), 98.7% leap in transaction volume (63,340 in 2022 from 31,875 in 2021)

For all these efforts, RCBC has been recognized as the undisputed leading and award-winning digital challenger bank accelerating digital transformation and expanding financial inclusion in the Philippines. In 2022, RCBC bagged a three-peat award as the Philippines' Best Bank for Digital by Asiamoney. RCBC DiskarTech was hailed as one of the winners of the sought-after Gartner Eye for Innovation Awards under the Asia-Pacific (APAC) region. RCBC bannered the Philippine flag, beating more than 300 entries in the region. The group also bagged back-to-back wins as the country's best financial inclusion app in the recently concluded Best Financial Technology Awards by The Asian Banker. The bank is also the first Philippine bank to win 'The Challenger' award from YouTube.

Transactions and/or Dependence on Related Parties. The information required is contained in item 12 on page 104.

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

Effect of Existing or Probable Governmental Regulations on the Business. The Bank's operations are guided by laws and regulations enacted by the Philippine government for the purpose of limiting the spread of COVID-19. Nonetheless, the aforementioned laws and regulations have not had a material adverse effect on the operations of the Bank.

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

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

As the economy continues with its recovery from pandemic-related issues in 2022, the Group saw more normalized operations and increasingly positive results.

Amount Spent on Research and Development Activities. The Group's total investment in IT Software is P334 million in 2022, P494 million in 2021 and P591 million in 2020. Percent (%) to total revenue is 0.8% in 2022, 1.4% in 2021 and 1.6% in 2020. This is also disclosed in Note 15.3 of the AFS as part of the movement of the Group's software.

Employees. The Bank, excluding subsidiaries, has a total manpower of 5,717 as of December 31, 2022 (1,912 non-officers and 3,805 officers) from 5,650 as of December 31, 2021 (2,068 non-officers and 3,582 officers). Although not all non-officer employees are members of the RCBC Employees Association, all are covered by the Collective Bargaining Agreement (CBA). All of the Bank's non-managerial employees, other than those expressly excluded under the CBA, are represented by an independent union, the RCBC Employees Association. In November 2021, the Bank (excluding subsidiaries) and the RCBC Employees Association agreed on the 3-year economic provisions (2021-2024) and the 5-year non-economic terms of the CBA for the period 01 October 2021 to 30 September 2026.

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

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

In 2022, the Bank continued to be part of the YGC Vaccination Program wherein the institution ordered 70,000 doses of Moderna vaccines for its employees and dependents. Through the Bank's relentless effort, 99% of its employees were fully vaccinated by 31 December 2022.

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

- Sustained robust information drive via release of critical/necessary advisories in line with the pandemic;
- Continued implementation of safety protocols such as policies on self-quarantine and travel bans;
- COVID-19 testing to symptomatic employees and those who were deemed as close contacts
- Organized bankwide webinars on the following:
    - Vaccination
    - Mental Well-being
    - Anxiety and Coping Skills
    - Resiliency and Self Care
    - Beating Burn-out and Practical Mindfulness

The Bank continues to invest in its employees through various training programs strategically focused on digital transformation and customer-centricity, sales planning and management, product knowledge, leadership, risk management, and technical skills. The Bank also developed and implemented the following eLearning courses in 2022:

- Operational Risk Management
- Targeted Financial Sanctions
- Signature Verification
- Netiquette
- Customer Service 101
- Business Continuity
- United Nations Sustainability Development Goals (UN SDG)
- Fraud Risk Management
- Data Privacy Act

Under the Digital Academy, the Bank was able to secure slots for employees to take the Fintech Foundation Program Flex, an e-learning offered by 10x1000.org. It is a crash course in Fintech foundations wherein practitioners learn about concepts such as technology that makes Fintech possible, best practices in product thinking, how to scale businesses, the relationship between digitization and inclusion.

***Risk Management*.** The RCBC Group recognizes that risk is an inherent part of its activities, and that banking is essentially a business of managing risks. The Group views risk management as a value proposition imbued with the mission of achieving sustainable growth in profitability and shareholder value through an optimum balance of risk and return. The RCBC Group's Risk Governance Framework aims to:

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

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

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

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

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

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

- **Anti-Money Laundering (AML) Board Committee** is constituted by the Board of Directors for the purpose of carrying out its mandate to fully comply with the Anti-Money Laundering Act, as amended, its Revised Implementing Rules and Regulations and the Anti-Money Laundering Regulations under the MORB; and to ensure that Money Laundering/Terrorist Financing risks are effectively managed. The AML Board Committee has oversight on all AML-related matters such as the implementation of the Bank's Anti Money Laundering and Terrorist Financing Prevention Program (MTPP), AML findings, alerts management, and CTRs & STRs. This Committee also ensures that infractions are immediately corrected, issues are addressed and AML training of directors, officers, and staff are regularly conducted.

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

  - Oversee senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It shall ensure that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiencies and effectiveness of operations, and safeguarding assets.

  - 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.

  - Oversee the Compliance Program, and shall ensure that compliance issues are expeditiously resolved.

  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.

Ensuring that Bank personnel and affiliated parties adhere to the pre-defined compliance standards of the Bank rest collectively with senior management, of which the Chief Compliance Officer ("CCO") is the lead operating officer on compliance. The Senior Management through the CCO shall periodically report to the Audit and Compliance Committee matters that affect the design and implementation of the compliance program. Any changes, updates and amendments to the compliance program must be approved by the board of directors. However, any material breaches of the compliance program shall be reported to and promptly addressed by the CCO within the mechanisms defined by the compliance manual.

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

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

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

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

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

- The **Anti-Money Laundering Management Committee (AML ManCom)**, which meets weekly, evaluates the unusual/suspicious transaction cases reported by the different bank units, RCBC Business Centers, alerts that are generated by the 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 COD, through the Chief Compliance Officer, reports to the AML Board Committee its monthly activities including the results of the AML ManCom Meetings.

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

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

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

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

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

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

c) **Market Risk** – Market Risk is the risk to earnings or capital arising from adverse movements in factors that affect the market value of instruments, products, and transactions in the Bank's trading book portfolio, both on- and off-balance sheet.

   To manage market risks inherent in the Bank's portfolio, three (3) related measures of risk values are estimated or established:

   - The sensitivity of the position or portfolio to a movement in the market risk factor to which it is exposed;

   - The volatility of the position (the maximum expected movement in the market risk factor for a given time horizon at a specified level of confidence); and

The Value-at-Risk, (the likely impact on earnings for a given time horizon due to expected movements in the market factors), interest rate sensitive instruments of the Bank's trading portfolio are covered by a system of Loss Limit and Management Action Trigger ("MAT") controls which quantify management's tolerance for losses on year to date and month to date cumulative loss. In addition, Value-at-Risk ("VaR") is computed per product group to determine potential loss.

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

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

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

The Bank's liquidity policy is to manage its operations to ensure that funds available are more than adequate to meet demands of its customers and to enable deposits to be repaid on demand or upon maturity. The main sources of the Bank's funding are capital, core deposits from retail and commercial clients and wholesale deposits. The Bank also maintains a portfolio of High Quality Liquid Assets (HQLA) to further strengthen its liquidity position. The Bank ensures compliance to the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). At least once annually, the Bank presents a request for liquidity limits to the Risk Oversight Committee for final approval and ratification by the Board of Directors. The Bank's Treasury formulates an annual Funding Plan at the start of the year that effectively serves as a projection of funding requirement based on assumptions from the forecasted balance sheet.

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

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

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

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

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

The Bank is currently using a transaction monitoring system that has real-time monitoring capabilities and machine learning features which enhances fraud detection rates. The Bank also ensures that fraud trends are incorporated into existing controls to mitigate potential fraud losses.

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

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

h) **Reputational Risk** – This is the risk to earnings, capital, and liquidity arising from negative perception on the Bank of its customers, shareholders, investors, and employees, market analysts, the media, and other stakeholders such as regulators and other government agencies, that can adversely affect the bank's ability to maintain existing business relationships, establish new businesses or partnerships, or continuously access varied sources of funding. Based on regulatory guidelines, the Bank has defined its drivers that may cause or affect its good name such as corporate risk governance, personnel/management ethics, staff competence, organizational structure, business practice, product/service quality, employee and customer relations, financial soundness/business viability, legal and regulatory compliance, exposures to credit, market and operational risk and exposures to environmental, social and governance risk.

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

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

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

Item 2. Properties

RCBC Head Office is located at RCBC Plaza, corner Ayala Avenue and Sen. Gil Puyat Avenue Ext., Makati City. The Bank and some of its subsidiaries lease the premises occupied with lease contracts of five (5) years and are renewable upon mutual agreement of both parties under certain terms and conditions.

In September 2022, the Bank sold and immediately leased back for five years a portion of its bank premises and investment properties pertaining to AT Yuchengco Centre (ATYC) building located at the 26th and 25th Streets, Bonifacio Global City, Taguig City.

The Group's total lease related expenses comprising of rent, right-of-use amortization, and interest on lease liability amounted to P1.7 billion in 2022. The lease periods are from 1 to 20 years. Most of the lease contracts contain renewal options, which give the Parent Company and its subsidiaries the right to extend the lease on terms mutually agreed upon by both parties.

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

A. RCBC OWNED PREMISES

LOCATION/BC NAME	BUSINESS ADDRESS	AREA (in sqm)
METRO MANILA AREA		
Alabang	Alabang-Zapote Road, Alabang, Muntinlupa City	1,955.0
Alabang (Toyota)	Alabang-Zapote Road, Las Piñas City, Parañaque	7,056.0
Anonas	69 Anonas cor Chico St. Project 2, Quezon City	187.5
Baclaran	Taft Avenue Extension, Baclaran, Parañaque	219.0
BANKARD – Robinson's EPCI Tower	Robinson's Equitable-PCI Tower, #4 ADB Ave. cor. Poveda St., Ortigas Center, Pasig City.	3,532.0
Beacon	Don Chino Roces Ave. and A. Arnaiz Ave., San Lorenzo, Makati City	206.5
Betterliving	Dona Soledad St. Betterliving Bicutan, Paranaque	479.0
BF Homes	Ground Floor, Centermall Building (Matrix Center), Presidents Avenue, BF Homes, Parañaque City	221.0
Binondo	Q. Paredes St., Binondo, Manila	2,149.7
Blumentritt	Blumentritt cor. Andrade St. Sta Cruz Manila	105.0
Caloocan	No.259 Rizal Avenue, Caloocan City	650.0
Camarin	Susano Road, Camarin Novaliches Quezon City	559.0
Carlos Palanca	Ground Floor, BSA Suites, C. Palanca Street, Legaspi Village, Makati City	142.8
Commonwealth	Commonwealth Avenue, Old Balara, Quezon City	620.2
Connecticut	No. 51 Connecticut Street, Northeast Greenhills, San Juan City	1,003.0

LOCATION/BC NAME	BUSINESS ADDRESS	AREA (in sqm)
Divisoria	Mezzanine, New Divisoria Condominium Center, Sta. Elena, Divisoria, Manila	449.6
Padre Rada	# 649 Padre Rada St. Cor. Juan Luna Brgy Padre Rada Tondo, Metro Manila	289.7
E. Rodriguez	444 E. Rodriguez Sr. Blvd. Cor. Jacinto St. Quezon City	279.0
Felix Avenue	Karangalan Village, Phase II, Felix Avenue, Cainta Rizal	221.2
Greenbelt	Ground Floor, BSA Tower, Legaspi Street, Legaspi Village, Makati City	173.8
Greenhills	Grace Building, Ortigas Ave., Greenhills, San Juan, MM	108.7
Kapitolyo	Shaw Boulevard, Kapitolyo, Pasig City	311.0
Katipunan	Torres Building, Katipunan, Loyola Heights, Quezon City	234.0
Legaspi Village (ACCRA)	ACCRA Condominium, cor. Salcedo & Gamboa St., Legaspi Village, Makati	522.0
Marulas	Mc Arthur H-way, Marulas Valenzuela Metro Manila	200.0
Masinag	Sumulong H-way, Masinag Antipolo Rizal	238.0
Metallim Compound	No. 95 T. Arguelles (formerly Brixton St.), Brgy. Imelda, Quezon City	2,421.7
Meycauyan - Requino	831 Mc Arthur Highway, Calvario, Meycauyan, Bulacan	215.0
Montalban	Jose Rizal cor. Linco St. Montalban Rizal	447.0
Muntinlupa	National H-way, Muntinlupa City	227.0
Novaliches	917 Bo. Gulod.,Quirino Highway	263.0
Navotas	Estrella cor. Yangco St. Navotas East, Metro Manila	220.0
Ortigas Center	Malayan Tower, ADB Avenue, Ortigas Center, Pasig City	245.0
Ortigas Extension	Ortigas Ave. Extn. Brgy.Sta.Lucia Pasig City 2nd District Metro Manila	241.0
P. Tuazon	P. Tuazon Cor. 12th Ave. Cubao Quezon City	355.0
Pacific Place	Ground Floor, Pacific Place Building, Pearl Drive, Ortigas Center, Pasig City	1,219.6
Pateros	M. Almeda St. Bo. San Roque, Pateros Metro Manila	300.0
Quezon Avenue	Quezon Avenue, Quezon City	1,427.7
Rockwell	Phinma Plaza, Hidalgo Street, Rockwell Center, Makati City	223.4
Salcedo	Le' Metropole Building, Sen. Gil Puyat Avenue corner Tordesillas and H.V. Dela Costa Streets, Salcedo Village, Makati City	192.0
Salcedo Village	Ground Floor, Y Tower II Building, Leviste (Alfaro) corner Gallardo Streets, Salcedo Village, Makati City	230.1
Salcedo Village (8/F Y TOWER)	8/F Y Tower II Building, Alfaro cor. Gallardo, Sts., Salcedo Village, Makati City (with 2 covered, 1 semi-covered and 1 open parking space)	432.0
San Joaquin	Concepcion St. San Joaquin, Pasig City	159.0
San Roque	J.P. Rizal St. San Roque Marikina City	400.0
Sangandaan	Sangandaan, A. Mabini cor. Plaridel, Caloocan City	323.0
Sta. Mesa	4463 Old Sta. Mesa Manila	214.0
Tomas Morato	169 Tomas Morato cor. Sct. Castor, Quezon City	175.0
Taft-Remedios	Taft Avenue, Manila	295.1
Tektite	East Tower, PSE Center, Exchange Road, Pasig City	311.0

LUZON AREA		
LOCATION/BC NAME	**BUSINESS ADDRESS**	**AREA (in sqm)**
Timog	Timog Avenue, Barangay Laging Handa, Quezon City	690.0
Visayas Ave.	6 Visayas Ave. Tandang Sora, Quezon City	300.0
Angeles	Sto. Rosario Street corner Theresa Avenue, Barangay Sto. Rosario, Angeles City	600.0
Angono	Quezon Avenue, Angono, Rizal	1,074.0
Apalit	National Road, San Vicente, Apalit, Pampanga	1,250.0
Bacoor	Lot 1, Pcs-042103-007035, Aguinaldo Hi-way cor. Road Lot 3, Brgy. Habay, Bacoor, Cavite	268.0
Bacoor	Unit 101-10**3**, Aguinaldo Hi-way, Bacoor, Cavite	344.9
Baguio	Session Road, Baguio City	474.5
Balibago	McArthur Highway, Barangay Balibago, Angeles City	331.0
Batac	Marcos Highway, Batac, Ilocos Norte	378.1
Binakayan	Aguinaldo H-way, Binakayan Kawit, Cavite	197.0
Biñan	126 A. Bonifacio St. Poblacion Biñan Laguna	286.0
Binangonan	M.L. Quezon St. cor Zamora St. Binangonan Rizal	200.0
Bocaue	249 Binang 2 Mc Arthur H-way Bocaue, Bulacan	250.0
Brystol Textile, Inc.	Maguyam Road, Brgy. Maguyam Silang, Cavite	27,192.0
Cabanatuan	Maharlika Highway cor. Paco Roman St.Extension, Brgy. Barrera District Cabanatuan City, Nueva Ecija	1,203.0
Cabuyao	J.P. Rizal cor. Del Pilar St. Cabuyao, Laguna	224.0
Calamba	Provincial Road corner Cadena De Amor Street, Dolor Subdivision, Barangay 1, Poblacion, Calamba City, Laguna	815.0
Carmen	McArthur Highway, Carmen, Rosales, Pangasinan	720.0
Dasmariñas	Aguinaldo H-way, Dasmariñas Cavite	264.0
Dasmariñas (FCIE-Cavite)	FCIE Compound, National Highway, Barangay Langkaan, Dasmariñas, Cavite	265.0
Gateway	Gateway Industrial Park, Brgy. Javalera, General Trias, Cavite	787.0
GMA	Block 2, lot 10 GMA, Cavite	204.0
La Union	Quezon cor. P. Burgos, San Fernando, La Union	1,090.0
Imus	Nuevo Tansang Luma, Imus Cavite	400.0
Lima	Hotel Drive corner Business Loop, Lima Technology (Business) Center, (Lima Square), Barangay Santiago, Malvar, Batangas	1,524.0
Malolos	Paseo del Congreso, Malolos Bulacan	304.0
Naic	Capt. Nazareno St. Naic, Cavite	337.0
Noveleta	Poblacion Noveleta, Cavite	300.0
Palawan	RCBC Palawan Building, 257 Rizal Avenue, Puerto Princesa City, Palawan	1,131.0
Plaridel	Cagayan Valley Road, Banga 1, Plaridel Bulacan	670.0
San Mateo	Gen. Luna St., Brgy.Gitnang Bayan II, San Mateo, Rizal	307.0
Sta. Cruz	A. Regidor corner P. Burgos, Sta. Cruz, Laguna	131.0
Sta. Rosa	J. Rizal Blvd. Cor. Perlas Village, Brgy. Tagapo Sta. Rosa, Laguna	480.0
Tarlac	Mc Arthur Highway, Blossomville Subd. Brgy. Sto Cristo, Tarlac City	554.0
Tabaco	Ziga Avenue, Tabaco, Albay	316.0

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

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

B. RCBC LEASED PREMISES LOCATED IN RCBC PLAZA AND ATY CENTER

The Bank's leased premises in RCBC Plaza and ATY Centre (excluding the branches at the ground floors) cover an area of 18,455.2 and 19,944.1 square meters with average monthly rental of P32.5 and P26.5 million, inclusive of VAT, respectively.

BC NAME	BUSINESS ADDRESS	Monthly Lease Rate (in absolute amounts) (inclusive of 12% VAT)	LEASE TERM START	LEASE TERM END
METRO MANILA AREA				
11th Ave. BGC	G/F BGC Corporate Center Bldg., 11th Ave. cor. 30th St., Bonifacio Global City, Taguig	414,974.9	1-Jun-21	31-Dec-25
25th Street BGC	G/F One McKinley Place Condominium, 4th Ave., cor. 25th St., Bonifacio Global City, Taguig	185,592.0	1-Sep-22	31-Aug-27
3rd Ave. BGC	G/F, Mckinley Park Residences Bldg., 3rd Ave. corner 31st Street, BGC, Taguig	287,717.6	1-Jun-21	31-May-26
4th Ave. BGC	27th Street Corner 4th Avenue, Bonifacio Global City, Taguig	273,564.8	1-Aug-22	31-Jul-27
7th Ave. BGC	Unit E2 G/F, W City Center Bldg., 7th Avenue corner 30th Street, Bonifacio Global City, Taguig, Metro Manila 1634	540,945.4	15-Jun-21	14-Jun-26
9th Ave. BGC	Ecoprime Tower Building, G/F Units 5 & 6 Lane R Cor. 9th Avenue, Bonifacio GLobal City, Taguig	212,498.0	1-Nov-21	31-Oct-26
A. Mabini	1353 Tesoro Bldg. A. Mabini St. Ermita Manila	347,135.8	19-Oct-19	14-Oct-24
Abad Santos	1628 Jose Abad Santos Avenue, Tondo, Manila	258,102.4	1-May-17	30-Apr-27
Acropolis	191 Triquetra Bldg., E. Rodriguez Jr. ave., Bagumbayan, Quezon City	235,345.2	1-Jun-20	31-May-25
Acropolis EastWood	Unit G8A-B, G/F MDC 100 Building, No. 188 E. Rodriquez Jr. Avenue cor. Eastwood Avenue, Barrio Bagumbayan, Quezon City	151,141.3	21-Dec-20	21-Dec-25
ADB Avenue-Garnet	Unit 110 AIC Burgundy Empire Tower ADB Ave. corner Garnet Road, Ortigas Center, Pasig City	359,275.5	1-May-22	30-Apr-27
Adriatico	Hostel 1632 G/F Unit No. 1632 M. Adriatico St. Malate, City of Manila	312,142.0	1-May-17	14-May-27
Aguirre-BF Homes	G/F Fitness & Beauty Mall Bldg., 290 Aguirre Avenue. Cor. Gov. Santos St., BF Homes, Paranaque City	206,518.6	1-Jan-22	1-Jan-27
Alabang - Filinvest	Units G04 & G05 Vivere Hotel 5102 Bridgeway Ave., Filinvest Corporate City, Alabang, Muntinlupa City	162,626.0	21-Oct-20	21-Oct-25
Alabang Madrigal Business Park	Unit 5 and 6, Ground Floor CTP Alpha Bldg., Investment Drive, Madrigal Business Park, Ayala Alabang, Muntinlupa City	258,397.0	15-Sep-15	15-Nov-25

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM START	END
Alfonso-Cavite	Fenway Commons Bldg., B2 L6 Gen. Emilio Aguinaldo Highway, Alfonso, Cavite	59,920.0	1-Apr-22	27-Sep-27
Amang Rodriguez	1249 A. Rodriguez Ave., Dela Paz, Pasig City	66,852.8	1-Jul-17	30-Jun-27
Amoranto	Units 1-F and 1-G Edificio Enriqueta 422 N.S. Amoranto St., cor. D. Tuason Ave. Quezon City	150,868.6	1-Mar-17	28-Feb-27
Ampid	122 General Luna St., Ampid 1, San Mateo Rizal	222,371.7	7-Nov-20	7-Nov-25
Aurora Blvd-Madison	Madison 101, Aurora Blvd cor. Madison St., Quezon City	308,195.8	1-Dec-15	30-Nov-25
Ayala	Unit 709 & 710 Tower I Ayala Triangle Ayala, Makati City	862,534.7	1-Oct-21	30-Sep-24
Ayala Vicente Madrigal	Unit 100-B G/F, Vicente Madrigal Bldg., 6793 Ayala Avenue, Makati City	496,587.0	1-Aug-21	31-Jul-26
Ayala-Paseo	GF 8767 Philamlife Tower, Paseo De Roxas Makati City	376,316.3	1-Sep-20	31-Aug-25
Annapolis-Missouri	G/F Unit 102 The Victoria Plaza, #41 Annapolis St. San Juan City	198,787.5	19-Feb-18	15-Feb-33
Antipolo	Antipolo Triangle Mall, San Lorenzo Sumulong Memorial Circle, Brgy. San Jose, Antipolo City	100,088.7	15-Oct-21	14-Oct-31
Araneta Center	G/F Unit 111 Sampaguita Theatre Bldg., Gen. Araneta & Gen.Roxas Sts., Cubao, Quezon City	415,804.3	1-Mar-22	30-Apr-24
Arnaiz	843 G/F B & P Realty Inc. Building., Arnaiz Ave., Legaspi Village, Makati City	129,301.0	1-Dec-21	30-Nov-26
Arranque	1001 Orient Star Bldg. cor. Masangkay and Soler Sts., Sta. Cruz, Manila	408,767.1	15-May-17	14-May-27
ATY Center	26th and 25th Streets, Bonifacio Global City, Taguig City	641,393.1	1-Oct-22	30-Sep-27
Baclaran-Quirino Ave	#3916 Qurino Avenue corner Aragon Street, Baclaran, Paranaque City	111,479.3	1-Oct-20	1-Oct-25
Banawe	Unit I-K, CTK Bldg. 385 Banawe cor. N.Roxas Sts. Quezon City	262,775.9	15-Feb-20	15-Feb-25
Bayani Road	30B Bayani Road AFPOVAI Subdivision, Fort Bonifacio, Taguig City	174,582.9	1-Sep-2022	31-Aug-32
Bel Air	Unit 101 Dona Consolacion Bldg., 122 Jupiter St., Bel-Air, Makati City	168,018.3	1-Oct-21	30-Sep-26
Better Living	#14 Doña Soledad Ave., Better living Subd., Brgy. Parañaque City	184,660.7	15-Sep-18	14-Sep-23
BF Resort	J Studio HQ Building, BF Resort Drive, BF Resort Village, Talon Uno, Las Pinas City	205,440.0	1-Sep-22	31-Aug-27
Binondo	ETY Building, 484 Quintin Paredes St., Binondo, Manila	548,740.4	1-Apr-18	31-Mar-23
Boni Ave.	617 Boni Ave. Mandaluyong City	171,964.3	30-Apr-21	30-Apr-26
Buendia	Grepalife Bldg. 221 Sen. Gil J. Puyat Ave., Makati City	290,820.6	1-Jan-19	31-Dec-23

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
C. Raymundo	261 Unit C, C. Raymundo Avenue, Brgy. Maybunga, Pasig City	140,463.9	1-Feb-17	31-Jan-27
Cainta	Multicon Bldg., F.P. Felix Ave., Cainta	146,783.0	16-Nov-17	15-Nov-27
Caruncho	Prima 3 Commercial Center #7 Caruncho Avenue Pasig City	195,088.8	1-Jul-17	30-Jun-27
Cogeo	Cogeo Trade Hall Bldg., Sitio Kasapi, Brgy. Bagong Nayon, Antipoli City	94,117.5	5-Oct-21	31-Oct-26
Commonwealth	G/F Verde Oro Bldg., 535 Commonwealth Ave.,Diliman Quezon City	377,323.5	1-Jan-23	31-Dec-27
Commonwealth-Casa Milan	L24 B157 Commonwealth Ave., Greater Lagro Quezon City	260,052.8	1-Mar-22	28-Feb-27
Congressional	Ground Floor, Unit A & B, 188 Congreassional Avenue, Quezon City	195,499.5	1-Jan-22	31-Dec-31
Concepcion, Marikina	# 17 Bayan-Bayanan Ave., Concepcion Uno Marikina City	133,750.0	1-Aug-22	31-Jul-32
Cubao	RCBC SuperCenter, Araneta Center, QC	369,820.0	1-Jan-18	30-Sep-24
D. Tuazon	G/F Academe Foundation Bldg., No. 47 D. Tuazon St., Sta. Mesa Heights, Quezon City	184,202.9	15-Sep-20	14-Sep-25
Del Monte	180 Del Monte Avenue, Quezon City	211,489.3	1-May-17	30-Apr-27
Dela Rosa	G/F Sterling Center Ormaza Coner Dela Rosa St. Legaspi Village Makati City	386,582.8	1-May-19	30-Apr-24
Dela Rosa - Pasong Tamo	Ground Floor, King's Court 2 Building, 2129 Chino Roces Avenue, Makati City	460,109.7	1-Mar-17	28-Feb-27
Diliman	Cor. Matalino St. & Kalayaan Ave., Diliman, Quezon City	260,371.1	16-Nov-21	15-Nov-26
Don Jesus Blvd.	Don Gesu Bldg., Don Jesus Blvd., Brgy. Cupang, Muntinlupa City	86,402.5	1-May-22	30-Apr-27
East Capitol Drive	Ground Floor, Tinity Bldg., No. 26 East Capitol Drive, Brgy, Kapitolyo, Pasig City	185,724.5	1-Jan-17	31-Dec-26
Eastwood Mall	G/F Unit A – 102B, Eastwood Mall, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Ave. Bagumbayan, Quezon City	438,393.4	1-Feb-20	31-Jan-25
Edsa Kalookan	520 E. Delos Santos Ave., Kalookan city	219,082.5	1-Oct-21	30-Sep-31
Edsa Taft	Giselle's Park Plaza Edsa cor. Taft Ave. Pasay City	292,392.0	1-Sep-22	31-Aug-27
Elcano	676 Elcano cor Lavezares St., Binondo, Manila	252,817.9	1-May-22	30-Apr-27
Ermita	550 UN Ave., Ermita Manila	512,061.8	01-Jun-19	31-Dec-23
Evangelista	Hernandez Building, Evangelista St., cor. Gen. Alejandrino St., Brgy Bangkal, Makati City	300,592.8	1-Jun-17	31-May-27

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Fairview	Medical Arts Bldg., Dahlia St. North Fairview, Quezon City	158,766.9	01-May-15	30-Apr-25
Fort Bonifacio	Unit 1D Crescent Park Residences, 30th St Cor 2nd Ave., Burgos Circle, Fort Bonifacio, Taguig City	340,272.0	1-May-22	30-Apr-27
Frontera Verde	9F Ortigas Bldg., Ortigas Avenue, Pasig City	291,982.5	01-Sep-18	28-Feb-23
Garnet	Unit No. 106 Parc Chateau Condominium, Garnet cor. Onyx St., Ortigas Center, Pasig City	201,134.6	14-Apr-20	14-Apr-25
Gilmore	100 Granada St. Brgy. Valencia, Quezon City	312,469.1	1-Jan-23	31-Dec-27
Greenhills Business Center (Form.Unimart)	Unit MA-103 Mckinley Arcade, Greenhills Shopping Center, San Juan City 502	257,144.9	1-Nov-21	31-Jan-23
Greenhills-P. Guevarra	G/F Ongapauco Bldg. P. Guevarra St. Wilson Greenhills San Juan City	93,312.0	15-Mar-16	14-Mar-24
Hermosa- Limay	Hermosa cor. Limay Sts., Tondo, Manila	177,530.8	1-Jan-17	31-Dec-26
HV Dela Costa	Shop 1 G/F, Alpha Salcedo Condominium, 124 H.V. Dela Costa St., Salcedo Village, Makati City	270,019.0	1-Apr-21	31-Apr-26
JP Rizal	773 JP Rizal Avenue, Brgy. Poblacion, Makati	175,755.5	1-Nov-16	31-Oct-26
Kalentong	49 C&D Building New Panaderos St. Kalentong Sta. Ana Manila	154,745.0	01-May-22	30-Apr-27
Lagro	Km 23 Quirino Highway, Greater Lagro, Novaliches, Quezon City	179,760.0	07-Apr-22	6-Apr-2027
La Huerta	G/F Delos Santos Bldg 1003 Quirino Ave Lahuerta Paranaque City	84,426.0	1-Sep-19	31-Aug-24
Las Pinas	Veraville Bldg., Alabang-Zapote Rd. Las Piñas City	655,981.1	16-May-13	15-May-23
Las Pinas-Pamplona	G/F Elena Bldg. Alabang-Zapoted Rd Pamplona 3 Las Piñas City	127,968.8	9-Nov-18	8-Nov-23
La Vista-Katipunan	Petron La Vista Building, Katipunan Ave. cor. Mangyan St., Brgy. Pansol, Quezon City	81,048.0	15-Sep-22	14-Feb-24
Lee-Shaw Blvd.	Lee Gardens Condominium, Shaw Blvd. cor. Lee St. Mandaluyong City	170,588.0	16-Jul-22	15-Jul-27
Leviste-Salcedo	G/F Eurovilla III Condominium, LP Leviste St. cor. San Agustin St., Salcedo Village, Makati City	506,795.5	15-Sep-20	14-Sep-23
Linden Suites	G/F Linden Suites Tower II, #37 San Miguel Ave., Ortigas Center, Pasig City	167,329.2	1-Oct-20	30-Sep-25
Loyola Heights	G/F MQI Centre 42 E. Abada St. cor. Rosa Alvero St., Loyola Heights, Quezon City	179,973.7	31-Jan-22	31-Jan-32

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM START	LEASE TERM END
Macapagal Avenue-EDSA	EDSA cor Macapagal Avenue, Pasay City	387,995.6	1-Dec-22	30-Nov-27
Macapagal Avenue-Pearl Drive	Scape Bldg., Macapagal Ave. corner Pearl Drive, Business Park 1, Barangay 76, San Rafael, Pasay City	252,129.2	1-Jan-17	31-Dec-26
Magallanes	G/F BMG Centre, Paseo de Magallanes, Makati City	112,867.2	1-Oct-20	30-Sep-25
Maginhawa Avenue	Ground Floor, Unit #129 Maginhawa St., Brgy Teachers Village, Quezon City	213,036.9	1-Mar-17	28-Feb-27
Makati Avenue	G/F Executive Bldg. Center Inc., 369 Sen. Gil Puyat cor. Makati Ave.	655,272.2	2-Nov-18	2-Nov-23
Makati Rada	One Legaspi Park, 121 Rada St. Legaspi Village Makati City	211,556.5	23-Mar-22	22-Mar-27
Malabon	685 J.P. Rizal Ave., San Agustin, Malabon	142,279.0	1-Jun-14	31-May-24
Malate	470 Maria Daniel Bldg., San Andres St., cor. M.H. del Pilar, Malate, Manila	166,943.9	1-May-20	30-Apr-25
Mandaluyong	Unit 102 G/F, EDSA Central Square, Greenfield District, Mandaluyong City	390,562.3	1-Dec-22	30-Nov-25
Mapua-Pablo Ocampo	Unit 1 G/F Mapua University Bldg., 1191 Pablo Ocampo Sr. Extension, Brgy. Sta. Cruz, Makati City	177,908.9	1-Sep-22	31-Aug-27
Marikina	No.36 Gil Fernando Ave., cor. Sta. Ana Ext. San Roque, Marikina City	241,472.2	1-Jan-15	31-Dec-24
Mckinley Hills	G/F Two World Hill Building, Upper McKinley Road, McKinley Town Center Fort Bonifacio, Taguig City	769,158.6	1-Aug-21	31-Jul-24
Mendiola	163 E. Mendiola St., cor Concepcion Aguila St., San Miguel, Manila	165,118.3	1-Sep-20	31-Aug-25
Meralco Ave.	G/F Regency Bldg., Meralco Ave., cor. Exchange Road Ortigas, Pasig City	202,545.6	23-Feb-22	22-Feb-27
Mindanao Ave-Tandang Sora	GF 003 MC Square Bldg., Mindanao Ave cor. Tandang Sora, Quezon City	332,132.7	1-Nov-20	31-Oct-25
Moonwalk-Paranaque	No. 2 Armstrong St., Moonwalk Village, Paranaque City	217,953.2	1-Dec-20	30-Nov-25
Morayta	828 Nicanor Reyes St., Sampaloc, Manila City	85,500.0	1-Sep-21	31-Aug-26
Morong	T. Claudio St. Brgy. San Juan Tanay Rizal	50,000.4	1-Jun-22	1-Jun-27
NAIA Terminal 1	G/F, Arrival Area, NAIA Terminal 1, MIA Road, Pasay City	14,406.5	1-Jul-21	20-Jun-24
New Manila	Upper Ground Hemady Square Building 86 Dona Hemady cor E. Rodriguez Sr. Avenue Brgy Kristong Hari, Diliman, Quezon City	316,751.7	1-May-13	20-Apr-23
Newport City	G/F Plaza 66 Manlunas Street, Newport Blvd., Pasay City	229,684.0	1-May-22	30-Apr-27

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Novaliches	882 Quirino Highway, Novaliches, Quezon City	346,952.4	1-Jan-19	30-Jun-24
One Bonifacio High Street	5/F PSE Bldg. - One Bonifacio High Street, 28th St., corner 5th Ave., BGC Taguig 1630	1,010,813.8	15-Dec-17	14-Dec-27
Ortigas Ave-San Juan	Medecor Bldg. 222 Ortigas Avenue, Greehills, San Juan City	249,713.6	1-Aug-17	30-Jul-27
Ortigas Extension	G/F Merijr Building Corner Riverside Village Ortigas Ave. Extension Brgy. Sta. Lucia Pasig City 1608	207,986.7	1-Sep-18	31-Aug-23
Otis	Isuzu Manila 1502 Paz M. Guazon St. Paco Manila	138,595.2	1-May-16	30-Apr-26
P. Ocampo-Fb Harrison	Ground Floor Unit Sunrise Center Bldg.,#488 Pablo Ocampo Sr., Avenue, Malate Manila	227,417.8	1-Jan-17	31-Dec-26
Pablo Ocampo-Venecia	G/F Savanna Commercial Center Bldg., 1201 Pablo Ocampo St. and Venecia St., Brgy. Sta. Cruz, Makati City	204,842.3	1-Dec-21	30-Nov-26
Palanan-Bautista	G/F Shalimar Bldg., 3696 Bautista St., Palanan, Makati City	107,064.7	1-Oct-22	1-Oct-27
Pasay	2015 San Bell Bldg., Gil Puyat Ext. cor. Leveriza St., Pasay City	232,879.5	15-May-20	14-May-25
Pasay-Libertad	2350 Taft Avenue Cor. Libertad Pasay City	141,476.9	1-Mar-18	28-Feb-23
Paseo de Roxas	8747 G/F Lepanto Bldg., Paseo De Roxas, Makati City	599,892.7	16-Nov-19	15-Nov-24
Pasig	#92 Dr. Sixto Ave. Cor. Raymundo St. Pasig City	398,253.4	31-Jul-19	31-Jul-24
Pasig Kapitolyo	G/F D'Ace Water Spa Plaza, United St., cor. Brixton St., Brgy. Kapitolyo, Pasig City	70,181.3	15-Feb-22	14-Feb-27
Pasig-Toby's C. Raymundo	Lot 1 & 2A Good Harvest Complex, C. Raymundo Ave., Caniogan, Pasig City	87,417.3	1-Mar-22	28-Feb-27
Pasig Westlake	Unit A G/F 168 Westlake Bldg., Pasig Blvd.,Brgy. Bagong Ilog, Pasig City	120,537.5	10-Dec-20	9-Dec-25
Pasong Tamo	2283 Pasong Tamo Ext. cor. Lumbang St., Makati City	361,539.0	16-Mar-21	15-Mar-26
Pasong Tamo-Bagtikan	1173 Don Chino Roces Ave., Brgy. San Antonio, Makati City	285,245.6	15-Nov-20	14-Nov-23
Pasong Tamo-EDSA	Wilcon IT Hub, 2251 Chino Roces, Makati City	224,699.3	1-Nov-21	30-Oct-26

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Pasong Tamo-Pio Del Pilar	G/F Matrinco Bldg., 2178 Pasong Tamo Makati City	168,960.0	15-Feb-19	14-Feb-25
Perea	G/F Sunrise Terrace Bldg. 100 Perea Street, Legaspi Village, Makati City	205,440.0	16-Aug-21	15-Aug-26
Pioneer	2B Pioneer St. Barangay Highway Hills Mandaluyong City	350,637.9	1-Jun-17	30-Apr-27
Presidents Avenue-Paranaque	Lot 22, Blk 9 Presidnet's Avenue, Sucat, Paranaque City	140,463.9	1-Feb-17	31-Jan-27
Quezon Ave-Araneta	141 Quezon Avenue, Quezon City	152,475.0	25-Sep-22	24-Sep-27
Quezon Ave-Cordillera	78 Cordillera St., Cor. Quezon Avenue Quezon City	189,176.0	1-Jan-22	31-Dec-26
Quirino Ave.	555 Quirino Avenue, Tambo, Paranaque	318,512.3	1-Jun-19	31-May-29
Raffles Ortigas	78 Cordillera St., Cor. Quezon Avenue Quezon City	255,528.0	1-Apr-22	31-Mar-27
Raon, Sales	655-657 Gonzalo Puyat St. Quiapo, Mla.	135,503.8	1-Jun-18	31-May-23
RCBC Plaza	6819 Rcbc Plaza, Ayala Avenue, Makati	1,245,573.1	1-Jan-21	31-Dec-25
Reliance	Unit 2 Ground Floor	204,843.2	8-Jun-17	31-Jul-27
Roosevelt	300 Roosevelt Ave., San Francisco Del Monte, Quezon City	118,977.6	21-Feb-21	15-Feb-26
Roxas Blvd.	Unit 1 Russel Mall, Russel St. cor. Roxas Blvd. Pasay City	194,675.0	1-Jan-22	31-Dec-24
Roxas Blvd-Service Road	Roxas Blvd cor. Arquiza St., Ermita, Manila	304,952.4	1-Nov-20	31-Oct-25
Roxas Blvd-Libertad	Unit 103 Coko Bldg. 1, 2550 Roxas Blvd., Pasay City	End of lease contract was May 31, 2022 but temporarily closed since May 19, 2022. The building was demolished and still scouting for a new site for relocation.		
Rufino	Coherco Corporate Center, 116 V.A. Rufino Street, Legazpi Village, Makati City	217,210.0	1-Mar-22	28-Feb-27
San Lorenzo	1018 L & R Bldg. Pasay Road, Makati City.	399,585.6	17-Aug-19	16-Aug-24
Shaw Blvd. Lawson	G/F SCT Bldg., 143 Shaw Blvd. Mandaluyong City	150,000.0	1-Oct-21	30-Sep-26
South Harbor	Harbor Centre I, cor. Chicago and 23rd Sts., Port Area, Manila	193,579.0	1-Jan-23	31-Dec-23
St. Ignatius	Katipunan Ave., St. Ignatius, Quezon City	106,732.5	1-Aug-21	31-Jul-31
Sta. Lucia East	Ground Level Building 2 Sta. Lucia Mall Marcos Hi -way cor Felix Ave., Cainta Rizal	121,220.0	1-Jul-22	30-Jun-23
Sta. Mesa	1-B G. Araneta Ave. Brgy. Dona Imelda Quezon City	284,304.4	1-Jul-21	30-Jun-31
Starmall Edsa-Shaw	444 Edsa Cor. Shaw Blvd Mandaluyong City	145,480.0	1-Aug-22	31-Jul-25

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Sucat	2F Santana Grove, Dr. A. Santos Ave. cor. Soreena St., Sucat, Paranaque City	101,650.7	15-Apr-18	14-Apr-23
Sucat Dr. A. Santos Ave. **(Formerly Sucat Virramall Sept 2019)**	8223 Dr. A. Santos Ave., Brgy. San Isidro, Sucat, Paranaque	153,357.8	1-Nov-19	31-Oct-24
Taytay	Manila East Road, Taytay, Rizal	157,372.1	1-Jan-13	31-Dec-22
Tanay	M.L. Quezon St. Cor J.P. Laurel St. Brgy. Plaza Aldea Tanay Rizal	89,6357	1-Aug-22	1-Aug-32
Teresa	Magsaysay Ave., Brgy. San Gabriel, Teresa, Rizal	66,319.3	15-Jun-22	15-Jun-32
T. Alonzo	1461-1463 Soler St., Sta. Cruz, Manila	343,637.2	30-Jul-14	30-Jun-24
The Firm	CVC Law Center 11th Ave. cor 39th St., Fort Bonifacio, Taguig	590,392.4	1-May-20	30-Apr-30
The Fort – JY Campos	JY Campos Center, 9th Ave., Bonifacio Global Center, Taguig City 1634	441,703.1	20-May-13	19-May-23
The Fort Sunlife	Ground Floor, Sunlife Building, 5th Avenue corner Rizal Drive, BGC, Taguig City	246,843.6	15-Feb-22	14-Feb-27
Timog-Picture City Center	#88 Picture City Center Timog Ave, Q.C.	111,849.9	16-Feb-16	15-Feb-25
Tomas Mapua	626 Tomas Mapua St., Sta Cruz Manila	254,850.4	1-May-18	30-Apr-23
Trinoma	Space P015B Level 1, Trinoma EDSA cor. North Avenue, Quezon City	406,849.7	1-Sep-19	31-Aug-24
Tutuban	G/F Center Mall I, Tutuban Center corner C.M. Recto Ave., Tondo, Manila	87,968.0	16-Apr-13	15-Apr-28
Valenzuela	231 Mac Arthur Highway, Karuhatan, Valenzuela City	155,872.3	1-Sep-08	31-Aug-23
Wack Wack	Unit K Facilities Center Bldg., 548 Shaw Blvd, Mandaluyong City	120,307.1	1-Feb-20	1-Feb-25
West Ave	Unit 101 West Insula Condominium, 135 West Ave., Brgy. Bungad, District 5, Quezon City	156,139.4	1-Sep-13	31-Aug-23

LUZON AREA

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Aparri	108 J.P. Rizal St., Brgy. Centro 14, Aparri, Cagayan	69,657.0	16-Feb-21	15-Feb-26
Angeles-Sto. Cristo	243 Sto. Entierro St. Brgy. Sto. Cristo Angeles City Pampanga	97,544.4	18-Feb-17	17-Feb-27

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM START	LEASE TERM END
Bacao	Yokota Commercial Bldg., Bacar Road, Gen. Trias, Cavite	78,772.5	16-Mar-20	16-Mar-25
Bacoor	Maraudi Bldg., Aguinaldo Highway, Brgy. Niog Bacoor City Cavite	88,171.1	1-May-18	1-May-28
Baguio-Mabini St	Rm 104 GP Shopping Arcade Upper Mabini St., Baguio City	200,990.6	22-Jun-20	22-Jun-27
Balagtas	McArthur Highway, Borol 1st, Balagtas, Bulacan	97,544.4	16-Nov-17	15-Nov-27
Balanga	Don M. Banzon Ave cor. Cuaderno St., Balanga City, Bataan	89,300.0	1-Oct-22	30-Sep-27
Baler	Quezon St. corner Bonifacio St. Poblacion, Baler, Aurora	61,740.0	1-May-14	30-Apr-34
Baliuag	01 J. P. Rizal cor. Tagle Sts., Baliuag, Bulacan	172,814.4	16-Aug-17	15-Aug-27
Bataan	RCBC Bldg. AFAB Mariveles, Bataan	55,789.5	28-Mar-19	27-Mar-24
Batangas	No. 17 Rizal Avenue cor. P. Gomez, Batangas City	103,368.9	1-Apr-22	31-Mar-32
Bauan	J.P. Rizal St., Poblacion, Bauan, Batangas	60,000.0	12-Sep-21	15-Sep-26
Binan	G/F Admin Bldg Laguna International Industrial Park., Mamplasan, Biñan, Laguna	71,459.6	1-Oct-21	30-Sep-26
Boac	Governor Damian Reyes St. Brgy. San Miguel, Boac, Marinduque	28,070.6	1-Jun-13	1-Jun-23
Cabanatuan	1051 Burgos Ave, Cabanatuan City, Nueva Ecija	93,903.4	1-Oct-21	30-Sep-31
Calapan	Homemark Bldg., J.P. Rizal St., Camilmil, Calapan City, Oriental Mindoro 5200	100,373.2	1-Oct-21	1-Oct-26
Carmelray 1	Adm. Bldg., Carmelray Industrial Park 1, Canlubang, Calamba, Laguna	147,646.9	1-Nov-19	31-Oct-24
Candon	National Hi-Way, San Jose, Ccandon City, Ilocos Sur	138,253.5	1-Oct-19	30-Sep-24
Carmelray 2	Adm. Bldg., Carmelray Industrial Park 2, Bgy. Tulo, Calamba, Laguna	176,735.9	1-Jul-21	1-Jul-26
Carmona	People's Technology Complex (SEZ) Governor's Drive, National Highway, Bo. Maduya, Carmona, Cavite	183,839.5	16-Jul-02	15-Jul-27
Virac, Catanduanes	Stall 21 VTC Riverside Bldg., Virac Town Center, Rizal Avenue, Gogon Sirangan, Virac, Catanduanes	237,968.0	1-Jun-21	31-May-26
Cauayan	Calahi Bldg. FN Dy Blvd, Cauayan City	73,027.5	1-Aug-17	31-Jul-27
Cavite City	Big 5 Bldg., 633 P. Burgos Avenue, Caridad, Cavite City 4100	96,345.8	1-Dec-18	30-Nov-23
Clark	Berthaphil 8 Mercedez Benz Bldg., MA Roxas Highway, Clarkfield, Pampanga 2023	USD1,822.5	1-Nov-17	31-Dec-27

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Clark II	Bertaphil III Clark Center, Jose Abad Santos Avenue, Clark Freeport Zone	USD2,681.0	1-Jun-16	31-Jul-26
CPIP-Batino	Citigold Bldg., Calamba Premiere Industrial Park, Batino, Calamba, Laguna	138,216.1	1-Jun-15	31-May-25
Daang Hari-Verdana	L & R Building, Verdana Village Center, Molino 4 Daang Hari, Bacoor	59,920.0	15-Aug-21	14-Aug-26
Dagupan	RCBC Bldg AB Fernandez Avenue, Dagupan City	231,721.9	1-Jul-19	30-Jun-29
Dagupan-Tapuac	Units 101 & 102, Rvr Bldg., Tapuac District, Dagupan City	129,675.0	1-Jan-23	31-Dec-27
DMIA Branch Lite	Bldg. 7549 (portion), A. Bonifacio Avenue, Clark Civil Aviation Complex, Clark Freeport Zone, Pampanga	USD2,500.0	30-Jun-22	1-May-25
First Phil. Industrial Park (FPIP)	Unit 1 & 2, Ground Floor, Oasis Commercial Center, R.S. Diaz Ave., FPIP Brgy. Sta. Anastacia, Sto. Tomas, Batangas	117,920.3	14-Jun-21	13-Jun-26
Gapan	Tinio St., San Vicente, Gapan City, Nueva Ecija	92,899.4	1-Jul-16	30-Jun-26
General Trias	G/F Samantha's Place Commercial Bldg., Governors Drive, Manggahan, Gen. Trias Cavite	89,755.7	1-Aug-21	31-Jul-26
Gen. Trias	#59 Gov. Luis Ferrer Ave, Gen Trias Cavite	43,357.0	31-May-18	31-May-28
GMA, Cavite	Citi Appliance Bldg., Brgy. San Gabriel,Governor's Drive, GMA, Cavite	106,170.8	1-Aug-19	31-Jul-24
Guagua	760 Omicron Bldg., Sto. Cristo, Guagua, Pampanga	120,503.4	1-May-22	30-Apr-27
Guimba	Afan Salvador St., Guimba, Nueva Ecija	75,000.0	30-Sep-22	30-Sep-27
Hacienda Luisita	Robinson's Plaza, San Miguel, Tarlac City	92,903.3	1-Jan-2022	31-Dec-23
Ilagan, Isabela	RKChy Building, Maharlika Road, Calamagui 2nd, Ilagan City, Isabela	50,196.9	1-Dec-17	30-Nov-27
Imus	Esguerra Bldg., Palico IV, Aguinaldo Hi-way, Imus, Cavite	87,892.9	1-Oct-20	30-Sep-25
Laguna Technopark	LTI Administration Building II, Laguna Technopark, Brgy. Malamig, Binan, Laguna	220,378.3	15-Mar-18	15-Mar-23
Laoag	Jackie's Commercial Building II, J. Rizal St., Laoag City	153,469.8	1-Feb-21	31-Jan-26
La Trinidad	Peliz Loy Centrum Bldg., Km 5, La Trinidad, Benguet	157,106.3	1-Sep-19	31-Aug-23
Legaspi City	G/F M. Dy Bldg. Rizal St. Legazpi City	101,587.2	1-Dec-21	30-Nov-31
Legazpi-Landco Business Park	Ground Floor, Delos Santos Commercial Building, Landco Business Park, Legazpi City	198,997.0	1-Jul-20	1-Jul- 30
Lemery	Ilustre Ave. District Ii Lemery Batangas	135,323.1	13-Dec-22	17-Dec-32

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Lingayen	G/F Columban Plaza, Avenida Rizal East, Poblacion, Lingayen, Pangasinan 2401	123,981.6	1-Sep-18	31-Aug-23
Lipa	C M Recto Ave. cor. E. Mayo St., Lipa City	179,095.0	1-Feb-15	31-Jan-25
Lipa-Ayala Highway	G/F Trinity Business Center, Ayala Highway Lipa City	121,397.1	6-Feb-15	6-Feb-25
LISP III Extension Office	LISP III Admin Bldg., Millenium Drive, Brgy. San Rafael Sto. Tomas Batangas	61,870.3	1-Apr-18	31-Mar-23
Lucena	Quezon Ave. cor. Tagarao St., Lucena City	165,501.8	1-Jul-18	1-Jul-23
Lucena-Evangelista	Maharlika Highway Red-V, Lucena City	80,355.2	22-Dec-18	21-Dec-28
Malolos	FC Building, McArthur Highway, Bo. Sumapang Matanda, Malolos, Bulacan	78,035.5	1-Dec-18	30-Nov-23
Marinduque	EDG Building, Bgy. Lapu-lapu, Sta. Cruz, Marinduque	41,071.3	01-Jan-18	01-Jan-28
Masbate	460 Quezon St., Brgy F. Magallanes, Masbate City	43,989.8	12-Dec-18	12-Dec-28
Mexico Branch Lite	Clk Bldg. Jose Abad Santos Avenue, Brgy. Lagundi Mexico Pampanga	82,121.2	1-Mar-19	28-Feb-29
Meycauayan-Malhacan	Sterling Square, Sterling Industrial Compound, Iba Malhacan Natl Highway, Meycauayan City, Bulacan	99,827.6	16-Nov-15	15-Oct-25
Molino	Grd. Flr. Rfc Molino Mall Molino 2 Bacoor Cavite	172,419.9	1-Jul-18	30-Jun-28
Muzon, SJDM	Diaz Bldg., Carriedo Street, Brgy. Muzon, City Of San Jose Del Monte, Bulacan	86,024.4	1-Nov-21	30-Oct-23
Naga	G/F, Crown Hotel Bldg, Penafrancia Ave., Naga City	150,998.4	1-Jul-21	30-Jun-31
Olongapo	1055 Rizal Ave., Extn West Tapinac Olongapo City	101,877.3	1-Sep-18	31-Aug-28
Padre Garcia	45 A Mabini Poblacion Padre Garcia Batangas	49,875.0	1-Nov-20	31-Oct-25
Palawan National Highway	Lustre Arcade, National Highway, Brgy. Tiniguiban, Puerto Princesa, Palawan	94,063.7	1-Aug-22	31-Jul-32
Plaridel Bypass Access Road	Mark One Building (Jolly Industrial Park), Plaridel Bypass Access Rd., Brgy. Parulan, Plaridel, Bulacan	50,557.5	1-Mar-22	28-Feb-27
Puerto Princesa	175 Rizal Avenue Pacific Plaza Building Puerto Princesa City, Palawan	60,976.7	16-Nov-22	16-Nov-27
Rosario	Cavite Export Processing Zone Authority, Rosario, Cavite	39,193.3	7-Jan-17	6-Jan-27
San Fernando Pampanga	Ground Floor Emerald Business Center, Mac Arthur Highway, Dolores, City Of San Fernando, Pampanga	102,720.0	1-Nov-22	31-Oct-27
San Fernando – JASA	Unit 3 & 4, Ground Floor., Kingsborough Commercial Center, Jose Abad Santos Avenue, City of San Fernando	121,881.7	1-May-19	30-Apr-29

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
San Fernando-Sindalan	Phoenix Building, McArthur Highway, City of San Fernando, Pampanga	115,938.5	1-Apr-18	31-Mar-28
San Ildefonso	Villa Amelia Buencamino St.San Jose San Miguel Bulacan	107,956.2	23-May-21	23-May-31
San Jose	Abar 1st Maharlika Highway San Jose City Nueva Ecija	78,996.1	1-Sep-18	1-Sep-28
San Jose Batangas	G/F Cameco Bldg., Makalintal Ave., Poblacion 4, San Jose, Batangas	77,524.6	23-Aug-13	23-Aug-23
Starmall-San Jose Del Monte	G/F Starmall Building Brgy. Kaypian San Jose Del Monte Bulacan	224,071.5	15-Apr-22	14-Apr-23
San Pablo	Ultimart Shopping Plaza, M. Paulino St., San Pablo City	140,983.2	1-Jan-21	31-Dec-26
San Pedro	EM Arcade 1 Building, Brgy. Poblacion, National Highway, San Pedro Laguna	107,894.9	3-Feb-22	2-Feb-32
San Pedro-Nueva	National Highway, Brgy. Nueva, San Pedro Laguna	79,860.0	13-Apr-15	14-Apr-25
Santiago-Centro West	# 29 City Road, Centro West, Santiago City, Isabela 3311	182,082.2	16-Apr-21	15-Apr-26
Science Park	Admin Bldg., LISP1, Pulo Road, Brgy Diezmo, Cabuyao, Laguna	82,107.5	1-Nov-18	31-Oct-24
Solano	211 JP Rizal Ave., National Highway, Solano, Nueva Vizcaya	63,124.4	1-Jun-22	31-May-32
Sorsogon	LKY Property Holdings Bldg., Rizal Street, Talisay, Sorsogon City	109,568.0	1-Jun-21	31-May-26
Sta. Rosa Bel-Air	Cw Home Depot Sta.Rosa-Tagaytay Road Brgy.Pulong Sta.Cruz, Santa Rosa City Laguna 4026	77,242.4	20-Dec-22	19-Dec-27
Sta. Rosa Solenad	Unit M 20 Bldg 2 Nuvali Solenad 2, National Road Brgy. Sto. Domingo, Sta. Rosa City, Laguna	52,943.8	1-Jan-22	31-Dec-23
Sta. Cruz-National Road	Teoxon Bldg., Unit 1 Sitio Narra, Brgy. Labuin, Sta. Cruz Laguna	69,984.2	1-Jan-19	31-Dec-23
Sta. Maria, Bulacan	173 J.P. Rizal St., Poblacion, Sta. Maria Bulacan	90,567.9	1-Jun-22	31-May-32
Sta. Rosa	Paseo 5, Paseo de Sta. Rosa, Greenfield City, Don Jose, Sta. Rosa, Laguna	360,439.1	1-Jun-20	31-May-25
Sta. Rosa Balibago*	Carvajal Building, Old National Highway, Balibago, Sta. Rosa, Laguna	90,470.4	1-May-17	30-Apr-22
Starmall Daang Hari	Starmall Prima Daang Hari cor. Molino Road, Brgy Molino 4, Bacoor, Cavite	166,933.3	21-Dec-22	20-Dec-25
Subic	Precision Tek Motor Service Corporation	USD 3,687.9	1-Mar-19	1-Mar-29
Tagaytay	Unit 1 Olivarez Plaza, E.Aguinaldo Highway, Tagaytay City	120,652.8	1-Jul-20	30-Jun-25
Tanauan	G/F Reyes Bldg Jp Laurel Highway Poblacion 4 Tanauan City Batangas 4232	70,279.2	15-Jul-21	14-Jul-26
Tanza	A.Soriano Highway,Tanza,Cavite	104,575.1	1-Aug-22	31-Jul-27

** Deceased original lessor; transfer of property to the heirs still in-process hence cannot execute contract renewal.*

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Tarlac	F. Tañedo St., Tarlac City	156,862.5	1-Oct-21	30-Sep-26
Tayug	A. Bonifacio St., Brgy. A, Tayug, Pangasinan	54,561.0	1-Apr-17	31-Mar-27
Trece Martirez	Brgy. San Agustin, Trece Martires City	123,769.6	1-Aug-18	31-Jul-23
Tuguegarao	Bonifacio cor. Gomez St., Centro 7 Tuguegarao City	136,562.1	1-Mar-15	28-Feb-25
Alaminos	Marcos Ave. Cor Montemayor St., Poblacion, Alaminos City, Pangasinan	143,668.5	1-Sep-21	31-Aug-26
Urdaneta	E.F. Square Bldg. McArthur Highway, Urdaneta City, Pangasinan	131,909.4	1-Apr-13	30-Mar-23
Vigan	Nueva Segovia Street, Vigan City, Ilocos Sur	108,118.4	1-Jun-15	31-May-25

VISAYAS AREA

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Antique	Del Carmen Bldg, Solana St. corner T.Fornier St. , San Jose, Antique	80,750.0	1-Apr-2019	31-Mar-29
Bacolod – Lacson	GF Lourdes C. Bldg II, 14th Lacson St., Bacolod City	106,518.5	1-Nov-21	31-Oct-26
Bacolod – Libertad	Libertad Extension, Bacolod City	42,750.0	1-May-21	30-Apr-26
Bacolod – Shopping	Hilado Extension, Capitol Shopping Center, Bacolod City	131,345.8	10-Oct-16	9-Oct-26
Balamban	D.C. Sanchez St., Balamban, Cebu	90,415.0	15-Aug-21	14-Aug-31
Banilad	A.S Fortuna St., Banilad, Cebu City	218,117.0	16-Feb-22	15-Feb-32
Boracay	Station 1, Brgy Balabag Boracay, Malay, Aklan	161,025.6	1-Nov-19	31-Oct-29
Calbayog	Corner Magsaysay Boulevard and Rueda Streets, Calbayog City	123,214.0	1-Sep-17	31-Aug-27
Catarman	Ang Ley Building, JP Rizal St., Brgy. Sampaguita, Catarman, North Samar	114,821.6	1-Jan-22	31-Dec-31
Catbalogan	Del Rosario St., Catbalogan , Western Samar	95,794.5	1-Nov-22	31-Oct-32
Caticlan Branch Lite	Jerry Port, Caticlan, Malay Aklan	26,643.5	1-Nov-18	4-Nov-23
Cebu IT Park	Block 2 Lot 4 Asiatown IT Park Subdivision, Brgy. Apas, Cebu City	177,071.7	1-Jul-22	30-Jun-27
Cebu Paseo Arcenas	Don Ramon Arcenas St., R. Duterte St., Banawa, Cebu City	173,019.0	27-Feb-19	26-Feb-24
Cebu – Sto. Nino	Belmont Hardware Depot Building cor. P. Burgos and Legaspi sts. Bgy. San Roque, Cebu City	106,443.8	1-Nov-18	31-Oct-23
Consolacion	ADM Building, Cansaga, Consolacion, Cebu	159,657.8	5-May-18	4-May-33

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Dumaguete	Dr. V. Locsin St., Dumaguete City	156,071.0	1-Feb-18	31-Jan-23
F. Cabahug	Ground Floor Pacific Square Bldg, F. Cabahug St., Mabolo, Cebu City 6000	120,687.4	1-Dec-22	30-Nov-27
Guadalupe	63 M. Velez & A. Abellana Sts., Guadalupe, Cebu City	55,914.1	1-Jan-12	31-Dec-37
Hinigaran	Rizal St., National Road, Hinigaran, Negros Occidental	57,808.0	30-May-20	30-Apr-30
Iloilo-Ledesma	MJM Building Cor. Ledesma & Quezon Sts., Iloilo City	156,800.0	2-May-18	30-Apr-28
Jaro	Cor. E. Lopez and Seminario Sts., Jaro, Iloilo City	140,255.2	1-Dec-14	30-Nov-24
J. Centre Mall	A.S. Fortuna St. Bakilid Mandaue City	183,601.7	16-Oct-21	15-Oct-26
Kalibo	Lu Bldg. Roxas Avenue, Poblacion, Kalibo, Aklan	102,407.0	1-Apr-18	31-Mar-28
Liloan	MU Building, National Highway, Poblacion, Liloan, Cebu	150,000.0	1-Aug-22	31-Jul-27
Luzuriaga Bacolod	G/F Golden Heritage Bldg., San Juan-Luzuriaga Sts., Bacolod City	127,338.8	1-Jun-19	30-May-24
Maasin Leyte	Tomas Oppus St., Brgy. Abgao, Maasin City, Southern Leyte, Phils., 6600	58,379.7	1-Feb-19	23-Jan-24
Mactan	Mepz Bldg., Mepz 1, Lapu-Lapu City, Cebu	27,309.7	9-Jan-17	8-Jan-32
Mactan-LG Garden Walk	LG Garden Walk, Mactan, Cebu	102,078.0	1-Jun-22	31-May-27
Magsaysay, Naga	G/F Sarap Realty Bldg.,Magsaysay Avenue, Balatas, Naga City	98,324.7	1-May-16	30-Apr-26
MEPZ 2 Extension Office	Pueblo Verde, Mactan Economic Zone II (MEZII) Baranggay Basak, Lapulapu City	350,772.8	13-Oct-21	12-Oct-23
Cebu Manalili	Tan Sucheng Bldg., V. Gullas St. (formerly Manalili St) Cebu City	260,167.2	31-Jan-22	31-Jan-28
North Reclamation	G/F CIFC Tower, Humabon St., cor Juan Luna Ave., North Reclamation Area, Cebu City	290,804.2	1-Aug-21	1-Aug-26
Ormoc	GF MFT Bldg., Real cor Carlos Tans Sts., Ormoc City	109,661.1	16-May-17	16-May-23
Oton Iloilo	Lord's Place, J.C Zulueta St., Oton, Iloilo	60,775.3	1-Mar-17	28-Feb-26
Panglao-Bohol	Yap Bldg., Panglao Circumferential Road, Tawala, Panglao, Bohol	169,327.5	1-Aug-21	31-Jul-26
San Carlos	S. Carmona St., San Carlos City, Negros Occidental	28,500.0	1-Nov-18	31-Oct-28
Taboan	C. Padilla St., Brgy San Nicolas, Cebu City	189,811.0	1-Feb-18	31-Jan-23
Talamban Cebu	G/F Ecotrade Bldg., J. Panis St., Talamban, Cebu City	108,193.1	1-Apr-22	31-Mar-23
Talisay	South Central Square, Lawaan 111, Talisay City, Cebu	98,772.1	16-Sep-20	15-Sep-25
Toledo	G/F FGM Bldg II, Macapagal Highway, Toledo City	107,000.0	1-Apr-22	30-Apr-27

MINDANAO AREA				
BC NAME	BUSINESS ADDRESS	Lease Rate	LEASE TERM	
		(inclusive of 12% VAT)	START	END
Buhangin	Dr A and B Bldg 2010 Km 7 Diversion Road Buhangin, Davao City	49,673.1	1-Jun-19	1-Jun-24
Butuan	Dy Teban Building II, Ester Luna St., Butuan City	103,063.2	01-Jan-16	30-Sep-23
CDO Carmen	G/F Macaibay Bldg., Waling-waling St., Cagayan de Oro City	116,688.6	1-Jan-17	31-Dec-26
CDO Velez	Don Apolinar Velez St. and Cruz Taal St., Cagayan de Oro City	247,058.5	1-Oct-18	30-Sep-25
CDO-Masterson Avenue	Xavier Estates, Masterson Avenue, Upper Balulang, Cagayan de Oro City 9000	162,574.0	1-Oct-16	30-Sep-26
CDO Limketkai	Gateway Tower 1, Limketkai Center, Cagayan de Oro City	309,116.0	1-Nov-19	31-Oct-29
Calinan	National Highway, Poblacion Calinan, Davao City	20,749.0	1-Apr-21	31-Mar-24
Carrascal	National Highway, Brgy.Gamuton, Carrascal, Surigao del Sur	47,426.3	1-Apr-14	1-Mar-24
Cotabato	M. Bldg Quezon Ave., Cotabato City	83,706.3	1-Jun-20	31-May-30
Damosa Gateway	Corner Mamay Road and JP Laurel Avenue, Lanang, Davao City	93,484.3	1-Aug-22	31-Jul-27
Davao - Bajada	JP Laurel Ave., corner Villa Abrille st., Davao City	206,044.9	16-Aug-09	24-Aug-24
Davao-Quirino	E.Quirino Ave., Brgy. 3-A, Poblacion, Davao City	87,276.4	1-Oct-21	30-Sep-26
Davao Matina (former NCCC Mall)	Km. 2 McArthur Highway, Matina, Davao City	147,805.6	27-Jun-18	27-Jun-28
Dipolog	cor General Luna & Lacaya Sts., Dipolog City	90,950.0	1-Oct-21	30-Sep-27
Dole	Dole Phils Pavillion, Cannery Plant Site, Polomolok, South Cotabato	39,590.8	1-Jan-18	31-Dec-23
General Santos	RGH Bldg., J. Catolico Ave., Lagao, General Santos City	82,074.9	1-Mar-22	1-Mar-27
Gen. Santos-National Highway	National Highway, Brgy. City Heights, Gen. Santos City	58,344.3	30-Jun-18	30-Jun-23
Iligan	Lanao Fil-Chinese Chamber of Commerce Inc. Bldg. Quezon Ave. cor. B. Labao St. Iligan City	127,623.0	1-Feb-21	30-Jan-31
JP Laurel Bajada	G/F Ana Soccoro Bldg. J.P. Laurel Ave., Bajada, Davao City 8000	98,846.1	1-Jan-23	28-Dec-31

BC NAME	BUSINESS ADDRESS	Lease Rate (inclusive of 12% VAT)	LEASE TERM	
			START	END
Kabacan	National Highway, Poblacion, Kabacan, Cotabato	58,097.3	1-Jan-22	31-Jan-31
Kidapawan	KMCC Bldg. Dayao St., Kidapawan City, North Cotabato	166,226.9	16-Jul-18	15-Jul-28
Malaybalay	Don Carlos St., Poblacion, Malaybalay City	110,000.0	1-Aug-20	31-Jul-30
Maranding	Rj Homes Building, National Highway, Maranding, Lala, Lanao del Norte	53,432.4	1-Oct-22	30-Sep-24
Marbel	Cor. General Santos Drive and Roxas Sts., Koronadal City, South Cotabato	291,917.8	1-Nov-19	31-Oct-31
Monteverde Davao	Door 5 & 6 Veterans Building Monteverde Davao City	131,862.9	1-Aug-17	30-Jun-23
Nabunturan	SMPTC Bldg, L. Arabejo Avenue, Brgy Poblacion, Nabunturan, Compostela Valley	67,028.5	1-Jul-22	30-Jun-27
Panabo	Greatsun Ventures Bldg., National Highway, Purok Atis, Sto. Nino, Panabo City	159,558.4	1-Jul-19	30-Jun-24
San Francisco	Grace Ong Property, Brgy 4 San Francisco, National Highway, Agusan Del Sur	104,485.5	1-May-22	30-Apr-27
SASA	KM. 9 Bo. Pampanga, Sasa beside ONB Bldg. Davao City	117,053.3	1-Sep-18	31-Aug-23
Sta. Ana	Corner Monteverde and Sales Sts., Sta. Ana, Davao City	486,900.3	7-Jun-22	6-Jun-27
Surigao	Cor. San Nicolas & Burgos Sts., Surigao City	72,094.4	1-Feb-18	31-Jan-28
Tacurong	Corner Mariano Marcos, National Highway & Ramon Magsaysay Ave., Tacurong City Sultan Kudarat	91,447.8	16-Nov-16	15-Nov-26
Tandag	Pimentel Bldg., Donasco St., Tandag, Surigao del Sur	116,632.5	1-Jul-16	30-Jun-26
Toril	McArthur Highway, Toril Proper, Toril, Davao City	61,186.7	1-Aug-20	31-Jul-25
Valencia	Sayre Highway, corner G. Laviña Avenue, Valencia City, Bukidnon	144,502.6	1-Oct-22	30-Sep-29
Victoria Plaza	Victoria Plaza Mall, J.P. Laurel Ave., Davao City	216,704.4	1-Jul-19	30-Jun-24
Zamboanga	SIA Bldg., Tomas Claudio St. Zone III Zamboanga City	204,843.2	1-May-13	1-May-23
Zamboanga-Gov. Lim Ave.	G/F Jesus Wee Bldg., Gov. Lim Ave., Zamboanga City	75,000.0	1-May-19	30-Apr-24
Zamboanga Veterans	YPC Bldg., Veterans Ave., Zamboanga City	96,078.3	1-Jan-20	31-Dec-24

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

Item 3. Legal Proceedings

See accompanying Notes to FS for the detailed discussion of the Bank's Legal Proceedings under Commitments and Contingencies (Note 28).

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

In the Bank's annual meeting of stockholders held on June 27, 2022 where 77.54% of the outstanding capital stock was present, the stockholders representing more than a majority of the outstanding capital stock elected the following directors to serve as such for a term of one year:

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

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

At the said annual meeting, the stockholders also approved the following:
1. Minutes of the June 28, 2021 Annual Stockholders Meeting
2. Annual Report and Audited Financial Statements for 2021
3. Ratification of actions of the Board of Directors, different Committees and Management
4. Confirmation of Significant Transactions with DOSRI and Related Parties
5. Appointment of External Auditor
6. Amendment of the Articles of Incorporation

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

The common shares of the Bank are listed in the Philippine Stock Exchange. As of March 20, 2023, the market price of RCBC's common shares closed at P23.95 per share. The trading prices of said shares for the different quarters of the years 2022, 2021 and 2020 are as follows:

		Q1		Q2		Q3		Q4	
			Last Practicable Trading Date		Last Practicable Trading Date		Last Practicable Trading Date		Last Practicable Trading Date
2022	High	22.70	3.3.22	20.80	4.5.22	21.45	9.30.22	28.30	10.31.22
	Low	19.94	1.17.22	19.02	6.2.22	18.45	7.18.22	20.60	9.26.22
2021	High	19.00	1.15.21	28.50	6.29.21	23.55	7.1.21	21.90	11.8.21
	Low	16.80	3.31.21	16.50	5.18.21	18.50	9.29.21	18.00	10.06.21
2020	High	23.50	1.20.20	21.85	6.03.20	17.20	7.06.20	19.80	11.24.20
	Low	15.60	3.19.20	14.50	5.26.20	15.30	9.02.20	16.40	10.01.20

Source: Philippine Stock Exchange

There were 72 preferred shareholders and 748 common shareholders of record as of December 31, 2022. Likewise, preferred shares and common shares outstanding as of December 31, 2022 were 267,410 and 2,037,478,896, respectively.

As of December 31, 2022, total equity ownership of foreigners on the Bank's common shares was at 33.7% or 686,270,501 shares.

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

The top 20 common certificated stockholders as of December 31, 2022

	Name	No. of Shares	% to Total
1	PCD NOMINEE CORP - FILIPINO	728,917,250	35.78%
2	PCD NOMINEE CORP - NON FILIPINO	686,270,501	33.68%
3	PAN MALAYAN MANAGEMENT AND INVESTMENT CORPORATION	594,248,085	29.17%
4	SYBASE EQUITY INVESTMENTS CORPORATION	23,528,800	1.15%
5	HYDEE MANAGEMENT & RESOURCE CORPORATION	2,173,349	0.11%
6	A. T. YUCHENGCO, INC.	255,190	0.01%
7	ALAS, CARLOS DE LAS	114,298	0.01%
8	ALAS, CORNELIO DE LAS	114,195	0.01%
9	CHAN, FREDERICK	111,677	0.01%
10	YANG JIN LIANG	100,000	0.00%
11	RUFINO, JOSIE PADILLA	92,865	0.00%
12	LOMBOS, MANUEL C. &/OR MEYRICK J.	68,574	0.00%
13	MANUEL A. SANTIAGO OR ELLA C. SANTIAGO	65,900	0.00%
14	YAO, SHUOBIN	57,000	0.00%
15	YAO, SHUOYU	57,000	0.00%

	Name	No. of Shares	% to Total
16	RUFINO, JOSEFINA PADILLA	54,292	0.00%
17	QUE, LIONG HEE G.	52,297	0.00%
18	CIPRIANO, BIENVENIDO C.	45,354	0.00%
19	REYES JR., MAURO C.	45,183	0.00%
20	CHAM TENG HUI	40,000	0.00%

The top 20 preferred certificated stockholders as of December 31, 2022

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

The details of the 2020, 2021 and 2022 cash dividend distributions follow:

Nature of Securities	Dividend		Record Date	Date Approved by BOD	Date Paid /Payable
	Per Share	Total Amount (in Million Php)			
Preferred	P0.0993	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 MB, approved the liberalized rules for banks and quasi-banks on dividend declaration. The policy no longer requires prior regulatory approval, except for certain cases, and requires that dividend declaration be immediately recognized as a liability upon the approval of the BOD and that it be disclosed in the statement of changes in equity.

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

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

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.

Financial and Operating Highlights

Balance Sheet

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Income Statement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Performance Indicators

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

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

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

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

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

**Closed operations in March 2016.*

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

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

RCBC LEASING AND FINANCE CORP. and Subsidiary In Php 000s (Except EPS)	Audited 2020	Audited 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 EPS)	**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 (EPS)	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 Asset*s. For some subsidiaries, the NPL/NPA ratios were not computed since these ratios were not applicable.

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

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

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

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

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

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

Financial and Operating Highlights

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.

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	7,083	5,018	5,388
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%	0.8%	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*
***Excluding Interbank loans and Loans under Reverse Repurchase Agreement*

Wholly-Owned/Virtually Wholly Owned Subsidiaries

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

RCBC CAPITAL CORPORATION and Subsidiaries In Php 000s (Except EPS)	Audited	
	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 In Php 000s (Except EPS)	Audited	
	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 (EPS)*	Php (44.55)	Php (37.12)

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

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

RCBC TELEMONEY EUROPE S.P.A *	Audited	
In Php 000s (Except EPS)	2021	2020
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)	2021	2020
Net Income (Loss)	Php (3,458)	Php 2,276
Return on Average Assets (ROA)	-2.2%	1.4%
Return on Average Equity (ROE)	3.1%	-2.0%
Capital to Total Assets	-80.1%	-72.6%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Earnings (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 EPS)	2021	2020
Net Loss	Php (476)	Php (119)
Return on Average Assets (ROA)	-0.9%	-0.2%
Return on Average Equity (ROE)	-0.9%	-0.2%
Capital to Total Assets	100.0%	100.0%
Non-Performing Loans (NPL) Ratio	0	0
Non-Performing Assets (NPA) Ratio	0	0
Loss per Share (EPS)	Php (0.80)	Php (0.20)

Notes to the Computations:

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

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

Balance Sheet

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).

Loans and Receivables – net, grew by 3.8% or P20.6 billion from P538.3 billion to P558.9 billion year-on-year. It represented 48.4% of Total Resources.

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 sustainability 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
Gross income	44,454	36,394	37,913
Impairment Losses	5,706	6,048	9,375
Operating Expenses	25,100	22,535	22,045
Tax Expense	1,568	728	1,475
Net income	12,080	7,083	5,018
Attributable to:			
Parent Company's Shareholders	12,080	7,082	5,020
Non-controlling Interests	0	1	(2)

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

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 In Php 000s (Except EPS)	Audited	
	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 In Php 000s (Except EPS)	Audited	
	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 In Php 000s (Except EPS)	Audited	
	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 (EPS)*	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 EPS)	**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 (Loss)	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 EPS)	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 (EPS)	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.

Item 7. Financial Statements

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

Item 8. Information on Independent Accountant and other Related Matters

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

For the audit of the Group's annual financial statements and services provided in connection with statutory and regulatory filings or engagements, the aggregate amount to be billed/billed, excluding out-of-pocket expenses, by its independent accountant amounts/amounted to 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.

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.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

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

Regular Directors

Helen Y. Dee

Ms. Dee, 78, Filipino, is the Bank's Chairperson. Ms. Dee is also the Chairperson of House of Investments, Inc, EEI Corporation, Petroenergy Resources Corp, all 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.

Cesar E.A. Virata

Mr. Virata, 92, Filipino, has been a Director since 1995, Corporate Vice Chairman since June 2000 and Senior Adviser from 2007. Mr. Virata's roster of companies where he is also a Director and/or Chairman includes RCBC Realty Corp., RCBC Land, Inc., Malayan Insurance Co., Inc., Business World Publishing Corporation, Luisita Industrial Park Corporation, RCBC Bankard Services Corporation, 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 Corporation 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 also Chairman of the Land Bank of the Philippines. He has served as Governor for the Philippines to the World Bank, the Asian Development Bank and the International Fund for Agriculture Development. He was Chairman of the Development Committee of the World Bank and International Monetary Fund from 1976 to 1980 and Chairman of the Board of Governors of the Asian Development Bank. Prior to his Government positions, he was a Professor and Dean of the College of Business Administration of the University of the Philippines and Principal, SyCip Gorres Velayo and Company, Management Services Division. Mr. Virata has also held membership in various international committees/fora in the past, including: Bretton Woods Committee, Group of 30, Institute of International Finance, Rockefeller Tripartite Commission for Asia, 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's in Business Administration from the Wharton Graduate School, University of Pennsylvania.

Eugene S. Acevedo

Mr. Acevedo, 58, Filipino, is the Bank's President and Chief Executive Officer. He has over thirty four years (34) 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).

Gil A. Buenaventura

Mr. Buenaventura, 70, Filipino, has been a Director of the Bank since July 2016 and has since been sitting as a member of the Bank's Executive Committee. He was also President and Chief and Executive Officer of the Bank until June 30, 2019. He holds directorship and trusteeship positions in De La Salle Philippines School System, Malayan Insurance Company, Inc., House of Investments, Inc., and Manila Memorial Park Cemetery, Inc. He graduated with a Bachelor of Arts degree, major in Economics, from the University of San Francisco, California, and with a Master's of Business Administration in Finance from the University of Wisconsin.

Armando M. Medina

Mr. Medina, 73, Filipino, was an Independent Director of the Bank from 2003 to 2020. He became a regular director of the Bank starting January 1, 2021. He is a member of the Bank's Executive Committee. He is also an Independent Director of Malayan Insurance 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.

John Law

Mr. Law, 72, a dual citizen of France and Taiwan, has been a Director of the Bank since April 2015. He is also currently a Director of Far East Horizon Ltd. in Hong Kong and Khan Bank in Mongolia. He served as Senior Advisor for Greater China for Oliver Wyman from Jan 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.

Shih-Chiao (Joe) Lin

Mr. Lin, 51, Taiwanese, has been a Director of the Bank since March 25, 2019. He has been with Cathay Life Insurance for over 20 years and is currently an Executive Vice President there. He graduated with a Bachelor's degree in Business Administration from the National Chengchi University and holds an MBA from the National Taiwan University.

Arnold Kai Yuen Kan

Mr. Kai Yuen Kan, 61, Canadian, 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 Chief Executive of Cathay United Bank's Hong Kong Branch and Co-Head of the International Banking Group. He graduated with a Bachelor of Social Sciences degree from the University of Hong Kong and obtained a Master's degree in Business Administration from the York University in Canada.

Atty. Lilia B. de Lima

Atty. de Lima, 82, Filipino, has been has been a Director of the Bank since June 24, 2019. She was an Independent Member of the Bank's Advisory Board from July 3, 2017 to June 24, 2019. Prior thereto, she served as the Director General of PEZA from 1995 to 2016. Other positions she has held include being Board Member of the Cagayan and Zamboanga Economic Zones, Commissioner of the National Amnesty Commission, Executive Director of the Department of Trade and Industry Price Stabilization Council and Director of the Bureau of Trade, and Chief Operating Officer of the World Trade Center Manila. She was an Elected Delegate to the 1971 Constitutional Convention representing the 2nd District of Camarines Sur. She is the recipient of numerous local and international awards including the 2017 Ramon Magsaysay Award, The Order of the Rising Sun-Gold and Silver Star (Japan), The Outstanding Women in the Nation's Service (TOWNS) in the field of law, and the 2010 Management Man of the Year.

Gayatri P. Bery

Ms. Bery, 57, American, gained experience from Drexel Burnham & Lambert (New York), Ranieri & Company (New York), Morgan Stanley & Co. Incorporated (New York), being an investment advisor in Hong Kong, and being a member of the Steering Committee of Morgan Stanley's HK Women's Business Alliance Team. She also served as Chief Operating Officer, Global Capital Markets, of Morgan Stanley (Hong Kong). She graduated with a Bachelor of Science degree in Applied Mathematics/Computer Science from Carnegie Mellon University (Pennsylvania, USA), and obtained a Master of Business Administration (Beta Gamma Sigma) from Columbia Business School (New York, USA).

Juan B. Santos

Mr. Santos, 84, Filipino, has been an Independent Director of the Bank since November 2016. He serves as Lead Independent Director of the Bank. He holds director, trustee, and advisory positions in various companies as detailed below. Prior to joining the Bank, he was the Chairman of the Social Security Commission. He served briefly as Secretary of Trade and Industry and was CEO and Chairman of Nestle Philippines, Singapore, and Thailand. He also served as Director of various publicly listed companies, including the Philippine Long Distance Telephone Company, Philex Mining Corporation, San Miguel Corporation, Equitable Savings Bank, Inc., and PCI Leasing and Finance, Inc. He holds a Bachelor of Science in Business Administration degree from the Ateneo de Manila University and a degree in Foreign Trade from the Thunderbird School of Management in Arizona, USA. He completed his Advanced Management Course at the International Institute for Management Development in Lausanne, Switzerland.

Gabriel S. Claudio

Mr. Claudio, 68, Filipino, has been an Independent Director of the Bank since July 2016. He has directorships in Ginebra San Miguel, Incorporated, Risk & Opportunities Assessment Management, Conflict Resolution Group Foundation (CORE), 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.

Vaughn F. Montes, Ph.D.

Mr. Montes, 71, Filipino, 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. 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.

Laurito E. Serrano

Mr. Serrano, 62, Filipino, has been an independent director of the Bank since March 2019. Mr. Serrano was part of the Audit & Business Advisory Group and a partner of SGV & Co - Corporate Finance Consulting Group. He is currently in the financial advisory practice with clients mostly in the private sector. He likewise serves as an independent director of 2Go Group, Inc., Axelum Resources Corp., Pacific Online Systems Inc., Anglo Philippine Holdings Inc, and a director in MRT Development Corporation. His past experience includes, among others, directorships in Atlas Mining & Development Corporation, Metro Global Holdings Group, Travellers Hotels Philippines, Inc. (Resorts World), MJCI Investments, Inc., United Paragon Mining Corp., Sagittarius Mining Corporation, and Philippine Veterans Bank. Mr. Serrano holds a Bachelor of Science degree in Commerce (Major in Accounting) from the Polytechnic University of the Philippines and has a Master's in Business Administration degree from the Harvard Graduate School of Business.

Erika Fille T. Legara, Ph.D.

Ms. Legara, 38, Filipino 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. 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, and Executive Education in 2021.

The Directors of the Bank are elected at the annual shareholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified. Vacancies occurring during the year are filled for the unexpired term by election or appointment made by the remaining Directors, and the person so elected or appointed shall hold office until the election at the next annual stockholders' meeting.

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

Executive Officers

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

Eugene S. Acevedo, 58, Filipino, President and Chief Executive Officer effective July 1, 2019. He joined the Bank on January 2, 2019 as Deputy Chief Executive Officer. Mr. Acevedo has over thirty four years (34) years of solid banking experience which he gained from local and multinational banks. With his expertise in strategy formulation, business development, origination, relationship building, cost reduction and risk control, he has successfully handled challenging roles and led sales and revenue generating teams in the said banks. His exposure focused on the following areas: Corporate Banking, Retail Banking, Treasury, Trust, Consumer Finance, Marketing, Credit and Remittance.

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

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

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

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

Redentor C. Bancod, 58, 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, 59, Filipino, Senior Executive Vice-President, is the Head of Asset Management & Remedial Group and Strategic Initiatives. Initially, he was the Strategic Initiatives Head when he joined RCBC in 2007 but was appointed as Head of Asset Management & Remedial Group in October 2015. Prior to joining the Bank, he was an Investment Officer at International Finance Corporation. He also worked for PNB Capital and Investment Corporation as President and PNB Corporate Finance as Senior Vice-President. He obtained his Bachelor of Science degree in Management Engineering from the Ateneo de Manila University and earned his Masters in Business Administration from the University of Chicago.

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.

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.

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.

Angelito M. Villanueva, 50, 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.

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 Masters in Business Management degree from the Asian Institute of Management in 1998.

George Gilbert G. Dela Cuesta, 54, Filipino, First Senior Vice President, is the Group Head of the Legal Affairs Group and the Bank's Corporate Secretary. He joined RCBC in November 2016 as Deputy Head for Legal and Regulatory Affairs Group. Previously, he was Head of Legal for Asian Terminals for more than seven (7) years. He previously worked also as General Counsel for Hanjin Heavy Industries & Construction Co. Ltd. and for Mirant (Phils) Corporation. He had previous consultancy engagements and employment with Follosco Morallos & Herce Law Office, PNOC-EDC and at the Department of Environmental and Natural Resources. He started his career at Quisumbing and Torres. Atty. dela Cuesta graduated from the University of the Philippines in 1988 with a degree in Bachelor of Arts major in Political Science. He earned his Law degree from the same university in 1992.

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

Florentino M. Madonza, 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 Magno 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, 55, 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's in Business Administration in 2001 from Ateneo Business School.

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 Organisational /Industrial Psychology at De La Salle University.

Ma. Angela V. Tinio, 59, 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.

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.

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 Masters 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 Masters in Business Management at Asian Institute of Management.

Ma. Pamela Katrina M. Cabudoy, 45, 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, 52, 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 Masters 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 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 he 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 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, 55, 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, 52, Filipino, Senior Vice-President, is the Head of Consumer Services and Collections Segment (formerly named as Consumer Loans Services and Support Segment) in Consumer Lending Group. Prior to this role which she assumed on January 16, 2021, she was assigned in 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 Masters in Business Administration from the same university in 1997.

Jane N. Manago, 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 Behavioural Science from the University of Santo Tomas.

Jose Jayson L. Mendoza, 51, Filipino, Senior Vice President, is the Head of North Metro Manila Division in SME Banking. Prior to this, he held positions as Head of Metro Manila Division and VisMIn Lending Region. He joined the Bank in 2008 as Lending Center Head for Small & Medium Enterprises Division-Luzon. Previously, he worked with MayBank Philippines as Head of Retail Loans Management (January 2005 to August 2008), Philippine National Bank as Account Officer (January 2003 to December 2004), Philippine Savings Bank as Account Officer (August 1996 to December 2002) and Islacom as Senior Credit Investigator (May 1994 to July 1996). He started his banking career when he joined Allied Banking Corp. as Credit Investigator in 1993. Mr. Mendoza graduated in 1993 from De La Salle University with a degree of AB Management.

Gerardo G. Miral, 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, 48, 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.

Arniel Vincent B. Ong, 37, 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, 48, 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.

Ismael S. Reyes, 56, 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.

Maria Evangeline T. Reyes, 54, 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 a degree in Bachelor of Science in Home Economics in 1989 at the University of the Philippines.

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.

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 our 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.

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 Masters in Business Administration degree at the Asian Institute of Management in 2013 and completed an Executive Program in Management at the Columbia Business School (New York USA) in 2019.

Libertine R. Selirio, 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 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 Masters degree in Business Administration from the Ateneo Graduate School of Business in 1999.

Elvira D. Soriano, 56, Filipino, Senior Vice President, is the Segment Head of BLC Audit of Internal Audit Group. She had prior assignment to handle the Head Office Audit Segment. Before assuming this role in September 2017, she was an Audit Cluster Head since January 2008. She previously worked with other banks namely: United Coconut Planters Bank where she performed roles in Audit and Credit Review; PDCP Bank where she was assigned with roles such as Account Officer, Project Analyst, Accountant and Audit Assistant. She earned a Bachelor of Science degree in Commerce at the University of Bohol in 1986.

Gianni Franco D. Tirado, 50, Filipino, Senior Vice President, is the 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.

Juan Gabriel R. Tomas IV, 51, 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 Masters 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, 49, 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 President and Chief Executive Officer of RCBC Leasing and Finance Corporation. Prior to her secondment to this subsidiary in June 2021, she was a Segment Head in Small and Medium Enterprises Banking Group and 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, 45, Filipino, is a 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.

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

All of the officers identified above are Filipino citizens.

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

Item 10. Executive Compensation

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

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES				
Names	**Principal Position**	**Aggregate Compensation (net of Bonuses)**	**Bonuses**	**Fees and Other Compensation ***
2023 Estimate				
Eugene S. Acevedo	President & CEO	99,265	42,233	-
Redentor C. Bancod	Senior EVP			
Richard C. Lim	EVP			
Emmanuel T. Narciso	EVP			
Angelito M. Villanueva	EVP			
2022 Actual				
Eugene S. Acevedo	President & CEO	94,538	38,394	-
Redentor C. Bancod	Senior EVP			
John Thomas G. Deveras	Senior EVP			
Emmanuel T. Narciso	EVP			
Angelito M. Villanueva	EVP			
2021 Actual				
Eugene S. Acevedo	President & CEO	92,550	39,072	-
Redentor C. Bancod	Senior EVP			
Horacio E. Cebrero III	Senior EVP			
John Thomas G. Deveras	Senior EVP			
Emmanuel T. Narciso	EVP			
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	-
Directors as a Group Unnamed				
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).*

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

Likewise, Article XI of the By-Laws the Bank entitles the members of the Board of Directors, the Advisory Board and the Executive Committee of the Bank to profit sharing bonus at a maximum of 2% but not less than 1% of the net earnings resulting from the operation of the Bank during the preceding year, after provisions for taxes and after deductions as may be required by law or regulations. For the year 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 and security of its directors and officers, the Bank opted to disclose the annual compensation on aggregate basis.

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2022, RCBC knows of no one who beneficially owns in excess of 5% of RCBC's common stock except as set forth in the table below:

(1) Title of Class	(2) Name, address of record owner and relationship with issuer	(3) Name of Beneficial Owner and Relationship with Record Owner	(4) Citizen ship	(5) Number of Shares Held	(6) Percent
Common	**Pan Malayan Management & Investment Corporation** Address: 48/F Yuchengco Tower, RCBC Plaza, 6819 Ayala Ave., Makati City Relationship with Issuer: RCBC is a subsidiary of PMMIC	Pan Malayan Management & Investment Corporation *The records in the possession of the Bank show that the beneficial ownership of this company belong to the shareholders of record of said company. The Bank has not been advised otherwise.*	Filipino	807,582,173*	39.64%
Common	**Cathay Life Insurance Corp.** Address: 296 Ren Al Road Sec4 Taipei 10633 Taiwan R.O.C. Relationship with Issuer: Stockholder		Non-Filipino	452,018,582	22.19%

**Combined Direct and Indirect Shares of PMMIC*

(2) Security ownership of management*:

	(1) Title of Class	(2) Name of beneficial owner	(3) Amount and nature of record / beneficial ownership		(4) Citizenship	(5) Percent of class (%)
			Par Amount	Nature		
Directors						
1	Common	Helen Y. Dee	14,923,060	R / B	Filipino	0.07
2	Common	Gil A. Buenaventura	50	R / B	Filipino	0.00
3	Common	Cesar E.A. Virata	1,384,340	R / B	Filipino	0.01
4	Common	Lilia B. de Lima	10	R	Filipino	0.00
5	Common	John Law	10	R	French	0.00
6	Common	Gayatri P. Bery	10	R	American	0.00
7	Common	Armando M. Medina	1,950	R	Filipino	0.00
8	Common	Shih-Chiao Lin	10	R / B	R.O.C. Taiwan	0.00
9	Common	Arnold Kai Yuen Kan	10	R	Canadian	0.00
10	Common	Gabriel S. Claudio	10	R	Filipino	0.00
11	Common	Laurito E. Serrano	10	R	Filipino	0.00
12	Common	Juan B. Santos	50	R	Filipino	0.00
13	Common	Eugene S. Acevedo	3,441,000	R	Filipino	0.02
14	Common	Erika Fille T. Legara	50,010	R	Filipino	0.00
15	Common	Vaughn F. Montes	50	R	Filipino	0.00
		Sub-total	*19,800,580*			
Executive Officers						
1	Common	Xavier Y. Zialcita	244,880	B	Filipino	0.00
		Sub-total	*244,880*			
		TOTAL	**20,045,460**			**0.10**

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

The aggregate number of shares owned of record by all directors and executive officers as a Group named herein as of December 31, 2022 is 2,004,546 common shares equivalent to 20,045,460 at P10.0 per share or approximately 0.1% of the Bank's outstanding common shares.

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

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

Item 12. Certain Relationships and Related Transactions

RCBC is a 39.64% owned subsidiary of Pan Malayan Management and Investment Corporation (PMMIC), the holding company of the flagship institutions of the 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 directors. The Chairman is an independent director. The RPT Management Committee is composed of heads of the Controllership Group, Operations Group, Risk Management Group, Retail Banking Group, and Corporate Planning Group, or their selected designates.

If a transaction is determined to be 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 (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].

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

- *Lease contracts with RCBC Realty Corp. (RRC) and Sub-lease Agreements with Subsidiaries.* The Parent Company and certain subsidiaries occupy several floors of RCBC Plaza as leaseholders of RRC. The occupancy of some of subsidiaries in RCBC Plaza is covered by sublease agreements with RCBC. RCBC's lease contract with RRC is effective until December 31, 2025. [Note 27.5(b), Notes to Financial Statements].

- *Service Agreement with RCBC Bankard Services Corp. (RBSC).* The Parent Company has Service Agreement with RBSC, wherein RBSC shall provide the Parent Company with marketing, distribution, technical, collection and selling assistance and processing services in connection with the operation of the Parent Company's credit card, 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.

PART IV - EXHIBITS AND SCHEDULES

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

(a) Reports on SEC Form 17-C

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

01-31-2022 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.

Regular Meeting of the Board of Directors

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):

   From First Senior Vice President to Executive Vice President
   Elizabeth E. Coronel

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

Annual Stockholders' Meeting

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

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

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

2. Approval of the 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.

Organizational Board of Directors Meeting:

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

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, the City of Makati on March 20, 2023.

RIZAL COMMERCIAL BANKING CORPORATION
Issuer

By :

EUGENE S. ACEVEDO
President & Chief Executive Officer

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

FLORENTINO M. MADONZA
FSVP, Head – Controllership Group

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

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

APR 0 3 2023

SUBSCRIBED AND SWORN to before me this ___th day of March, 2023 affiants exhibiting to me their Community Tax Certificates, as follows:

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

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Book No. L042
Series of 2022

RCBC

Tristan John Kabigting <takabigting@rcbc.com>

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: TAKABIGTING@rcbc.com
Cc: takabigting@rcbc.com

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.

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RCBC
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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.

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

RCBC
Partners Through Generations

HELEN Y. DEE
Chairperson, Board of Directors

EUGENE S. ACEVEDO
President & Chief Executive Officer

ALBERTO N. PEDROSA
FSVP, Head – Treasury Group

FLORENTINO M. MADONZA
FSVP, Head – Controllership Group

SUBSCRIBED AND SWORN TO BEFORE ME, this ___ day of MAR 08 2023, 2023 at Makati City, Philippines, affiants exhibited to me their valid identifications, to wit:

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

[redacted]

ATTY. CATALINO VICENTE L. ARABIT
NOTARY PUBLIC
Appointment No. M-095 (2023-2024)
PTR No. 9563584, 01/03/23, Makati City
IBP No.260480 01/05/23, Makati City
ROLL NO. 40145
MCLE Compliance No. VII-0009943, 15 Feb 2022
21st Floor Yuchengco Tower 2, RCBC Plaza
6819 Ayala Avenue, Makati City

Doc. No. 36;
Page No. 9;
Book No. 638;
Series of 2023

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

P&A Grant Thornton

Shaping a Vibrant Tomorrow
#BoldPerspectives #DivergentThinking #ForgingPaths

Punongbayan & Araullo
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Philippines

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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. 0092966
TIN 189-477-563
PTR No. 9566629, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 92966-SEC (until financial period 2022)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-021-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

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 2022	GROUP 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
RESOURCES					
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)

		GROUP			PARENT COMPANY		
	Notes	**2022**	2021	2020	**2022**	2021	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.

	Notes	PARENT COMPANY									
		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	**Philippine Pesos**	**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				
2021	Stage 1	Stage 2	Stage 3	Purchased credit-impaired*	Total
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	Related amounts not set off in the statements of financial position: 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	Related amounts not set off in the statements of financial position: 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	Related amounts not set off in the statements of financial position: 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		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		Parent Company	
	2022	2021	**2022**	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		Parent Company	
	2022	2021	**2022**	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		Parent Company	
	2022	2021	**2022**	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:

	Group		**Parent Company**	
Nature of Transactions	**Net Amount of Transaction**	**Outstanding Balance**	**Net Amount of Transaction**	**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

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. 0092966
TIN 189-477-563
PTR No. 9566629, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 92966-SEC (until financial period 2022)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-021-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 27, 2023

Rizal Commercial Banking Corporation and Subsidiaries
List of Supplementary Information
December 31, 2022

Schedule	Description	Page
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**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

<u>2017 - P2,502,000,000 Long Term Negotiable Certificate of Deposit</u>
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.

<u>2018- P3,580,000,000 Long Term Negotiable Certificate of Deposit</u>
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.

<u>2018 - US$ 450,000,000 Senior Note</u>
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.

<u>2018 - P15,000,000,000 Stock Rights Offering (535,710,378 shares)</u>
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).

<u>2019 - US$ 300,000,000 Senior Note</u>
Gross Proceeds: US$300,000,000 (Issue Price: US$ 300,000,000 @ 99.751%)
Related Expenses: US$862,031.65

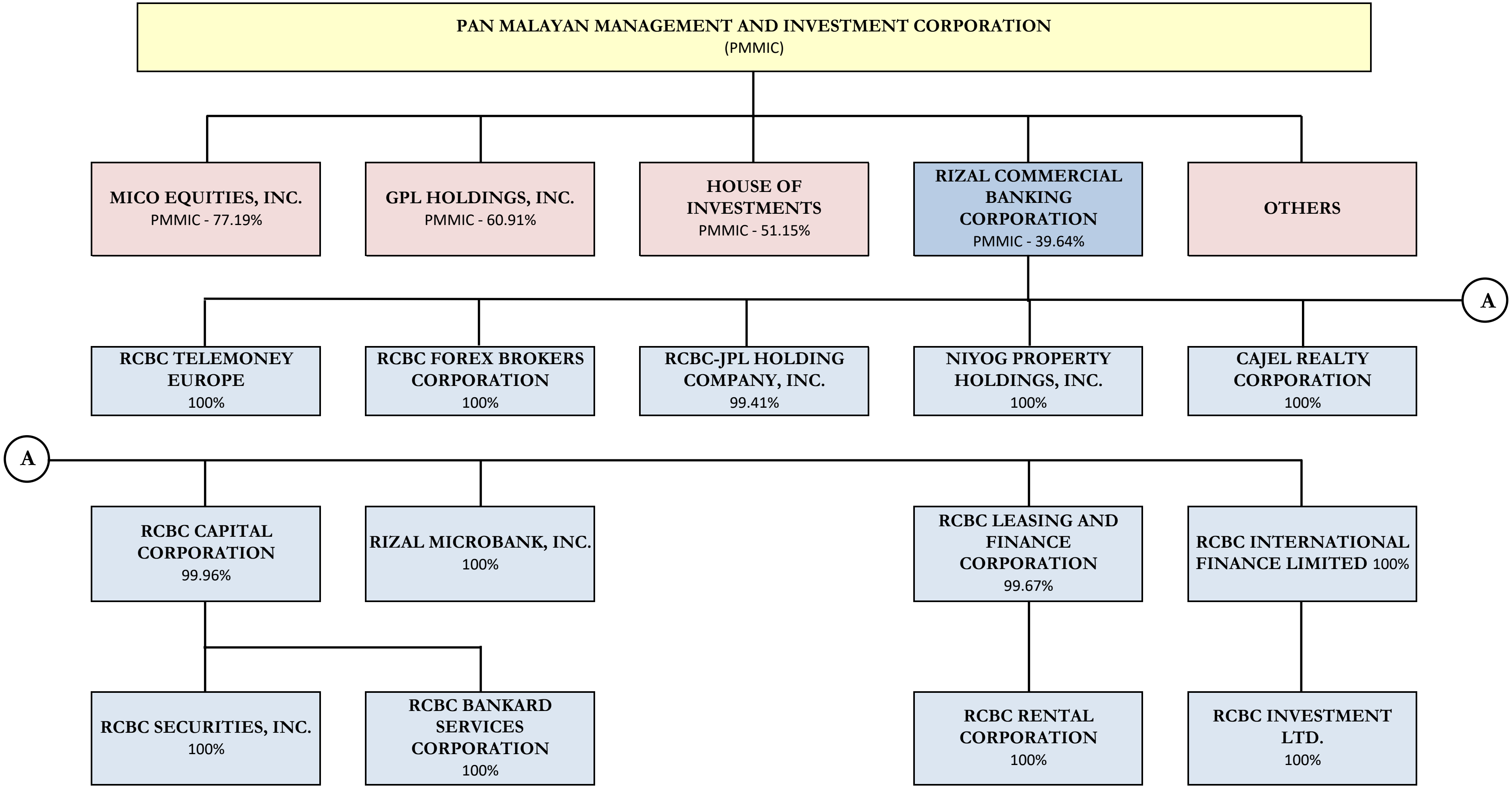
<u>2020 - US$ 300,000,000 Hybrid Perpetual Securities</u>
Gross Proceeds: US$ 300,000,000 (Issue Price: US$ 300,000,000 @ 100.00%)
Related Expenses: US$796,991.93
Use of Proceeds: To to support and finance medium-term to long-term asset growth, loans to customers, other general corporate purposes and to maintain sufficient buffers above the minimum capital thresholds required by BSP.

<u>2021 - P13,742,840,000 Senior Note</u>
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.

<u>2021 - P4,129,730,000 Senior Note</u>
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.

<u>2022 - P14,756,260,000 Senior Note</u>
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	2022		2021	
Current ratio	Total current assets / Total current liabilities	337,912 / 325,255	1.04	355,522 / 213,094	1.67
Acid test ratio	Quick assets / Total current liabilities	215,360 / 325,255	0.66	205,140 / 213,094	0.96
Solvency ratio	Total liabilities / Total assets	1,037,747 / 1,154,108	89.92%	848,053 / 959,133	88.42%
Debt-to-equity ratio	Total liabilities / Total equity	1,037,747 / 116,361	8.92	848,053 / 111,080	7.63
Resources-to-equity ratio	Total resources / Total equity	1,154,108 / 116,361	9.92	959,133 / 111,080	8.63
Interest rate coverage ratio	Earnings before interest and taxes / Interest expense	28,267 / 14,619	1.93	16,091 / 8,280	1.94
Return on equity	Net profit (net of AT1) / Average total equity	11,042 / 98,243	11.24%	7,083 / 105,642	6.71%
Return on resources	Net profit / Average total resources	12,080 / 1,004,977	1.20%	7,083 / 844,048	0.84%
Net profit margin	Net profit / Revenues	12,080 / 44,454	27.17%	7,083 / 36,394	19.46%
Other ratios:					
Net interest margin	Net interest income / Average interest earning resources	31,442 / 850,682	3.70%	29,054 / 713,875	4.07%
Cost-to-income ratio	Total other operating expenses / Gross income	25,100 / 44,454	56.46%	22,535 / 36,394	61.92%
Capital adequacy ratio	Total qualifying capital / Total risk-weighted assets	106,183 / 694,421	15.29%	99,465 / 653,108	15.23%