

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

(A) Audited Consolidated Financial Statements

The Audited Financial Statements of Rizal Commercial Banking Corporation (“RCBC” or the “Bank”) as of December 31, 2017 are contained in the latest annual report sent to security holders at the Annual Stockholders’ meeting on June 25, 2018. They are also attached to the Information Statement as Annex B.

(B) Management Discussion and Analysis of Financial Conditions and Results of Operations (2015-2017) and Plan of Operation

2015

Philippine GDP growth in 2015 was at 5.8%, slower vs. 6.1% in 2014, but still among the fastest growing economies, not only in ASEAN, but in the whole of Asia, amid improved economic and credit fundamentals, such as favorable demographics (i.e. demographic sweet spot or majority of the population reached working age in 2015), relatively low interest rates that continued to spur more investments and overall economic growth, as fundamentally supported by benign inflation amid low prices of crude oil and other global commodities. Continued growth in OFW remittances, BPO revenues, and foreign tourist revenues continued to support consumer spending, which accounted for about 69.3% of the Philippine economy in 2015. The ASEAN Economic Integration started in end-2015 and is expected to lead to greater economic growth, going forward.

Philippine GNP growth (2015) was at 5.4%, slower compared to 5.8% in 2014.

In terms of industrial origin, Services (57% of GDP) grew by 6.7%, faster than 5.9% in 2014, among the major contributors to economic growth. Industry (33.5% of GDP) grew by 6%, slower vs. 7.9% in 2014, amid slower growth in exports due to the global economic slowdown. Agriculture (9.5% of GDP) grew by 0.2%, slower vs. 1.6% in 2014 after El Nino in the early part of 2015 and typhoon in the latter part of the year.

In terms of expenditure shares, the major contributors to the country’s economic growth in 2015 were: Consumer Spending (69.3% of GDP) at 6.2%, faster vs. 5.4% in 2014, Investments (23.5% of GDP) at 13.6%, faster vs. 5.4% in 2014, and Government Spending (10.4% of GDP) at 9.4%, faster vs. 1.7% in 2014. However, Exports (46.8% of GDP) grew by at 5.5% in 2015, slower vs. 11.3% in 2014 amid the slower global economic growth, especially in China, the world’s second biggest economy.

Philippine economic growth remained resilient by growing for 68th straight quarter, despite the slower global economic growth brought about by the slowdown in China, recession in Japan, risk of recession, deflation in the Euro zone, and increased global market volatility. Softer global economic growth also supported the drop in world oil prices by at least 30% in 2015 amid increased US crude oil supplies due to shale production, decreased global oil demand, and increased crude oil production. The Philippines, which imports almost all its oil, benefited from this in terms of lower inflation and reduced import bill.

The US economy, the world’s biggest, continued to recover in 2015, fundamentally supporting the decision of the US Federal Reserve to increase key monetary interest rates by 0.25 basis points on December 16, 2015. This resulted partly to some volatility in the global financial markets.

China, the world’s second largest economy and among the biggest importers of commodities, has experienced slower economic growth. This partly led to the devaluation of yuan in August 2015, which partly triggered the global market sell-off. The resulting lower prices of crude oil and other

global commodities may have benefited the Philippines, which imports almost all of its oil, but partly led to increased global market volatility.

The local economy was partly supported by the continued growth in OFW remittances, sustained strong growth in the BPO industry, still relatively low interest rates compared to recent years that spurred greater economic activity, pick up in manufacturing, continued growth in tourism, and rollout of more infrastructure/PPP projects.

Inflation averaged 1.4% in 2015, sharply lower compared to 4.1% in 2014, below the 2%-4% target range of the Bangko Sentral ng Pilipinas (BSP), largely due to the continued decline global crude oil/commodity prices. Inflation reached a record low of 0.4% in October 2015.

The 91-day Treasury bill yield ended 2015 at 1.836%, up from 1.416% in 2014, and significantly up from a record low of 0.001% in end-2013, but still considered relatively low compared to recent years.

Key Philippine interest rates in the secondary market, as measured by the PDST yields, were mostly higher in 2015, with short-term tenors ended the year above 2%, with an increase of 0.29-0.49 percentage points for the year, while long-term tenors went up by at least 0.50 percentage points. The 3-month PDST-R2 yield was at 2.67% as of end-2015, higher by 0.29 percentage points for the year.

The BSP maintained its key overnight interest rates in 2015 at 4.00% for its key overnight borrowing rate, from the record low of 3.50% in end-2013. The also BSP maintained its SDA rate in 2015 at 2.50%, from the record low of 2.00% in end-2013.

Interest rates still considered relatively low compared to recent years, despite the uptick in 2015, and still translated to relatively low borrowing costs that encouraged greater economic activities in terms of creating new businesses and the expansion of existing businesses. This could also have spurred greater demand for loans/borrowings, amid improved economic and credit fundamentals for the country recently and the corresponding need to service the financing requirements of the local economy, which was among the fastest growing in Asia.

The low interest rate environment was also supported by relatively narrow budget deficit, which stood at -PHP121 Billion from January to December 2015, the narrowest in 8 years after a deficit of -PHP73.1 Billion (or -0.6% of GDP) in 2014 due to faster growth in government revenues despite and slower growth in government spending.

National government debt as of end-2015 was up 3.8% to PHP5.954tn, reflecting the country's improved fiscal performance and credit ratings. The country's debt-to-GDP ratio eased to 44.8% as of end-2015, vs. 45.4% in end-2014. This supported by the sustained accelerated pace of economic growth in tandem with disciplined fiscal spending that moderated borrowing requirements for the year.

The peso exchange rate depreciated vs. the US dollar in 2015, by 2.34 pesos or 5.2% to close at 47.06 in end-2015, among the weakest in more than 6 years, compared to 44.72 in end-2014. This benefited exporters, OFWs and their dependents, and others that earn in foreign currencies, in terms of greater peso proceeds of their foreign currency earnings.

Gross international reserves (GIR) as of end-2015: +US\$1.126bn or +1.4% to US\$80.7 Billion or equivalent to 10.2 months' worth of imports or more than two times the international standard of 4 months.

Overseas Filipino workers (OFW) remittances up by 4.6% to US\$25.77 Billion from January to December 2015, slower than the 5.9% growth in 2014 at US\$24.348 Billion (8.6% of GDP).

Revenues from the Business Process Outsourcing (BPO) industry were up by 17% to US\$22 Billion (7.5% of GDP), vs. 22% growth in 2014 at US\$18.9 Billion (6.6% of GDP).

Net foreign portfolio investments outflows in 2015: -US\$0.600 Billion, wider vs. -US\$0.310 Billion in 2014. Balance of payments (BOP) surplus was at US\$2.616 Billion (0.9% of GDP), after a BOP deficit of US\$2.858 Billion (1% of GDP) in 2014. OFW remittances, BPO revenues, foreign tourist revenues continued to support structural US dollar inflows into the country, as well as consumer spending, which accounted for about 69.3% of the local economy. Additional OFW, BPO, and tourism jobs and improved local employment conditions partly caused unemployment rate to improve to 6.3% in 2015, vs. 6.8% in 2014.

Total exports of the country for 2015 were down by -5.6% to US\$58.648 Billion amid slower global economic growth. Total imports from January to December 2015 grew 2.0% to US\$66.67 Billion, reflecting the requirements of a growing economy. Consequently, trade deficit from January to December 2015 widened to US\$8.037 Billion, vs. the deficit of US\$3.296 Billion in 2014 amid the decline in export and the growth in imports.

Net foreign direct investments from January to December 2015: -0.3% year-on-year to US\$5.72 Billion, still near the record high of US\$5.740 Billion in 2014 amid the improved economic and credit fundamentals of the Philippines, as attested by the further upgrade of the country's credit ratings by most of the biggest credit rating agencies, to a notch above the minimum investment grade, which increased international investor confidence on the country.

On the Philippine banking industry, the total loans of banks, as of end-2015 was up by 12% to PHP6.530 trillion, slower than the 19.1% growth as of end-2014, which was partly spurred by relatively low interest rates and sustained economic growth. Gross non-performing loan (NPL) ratio of all banks (including interbank loans) as of end-2015 improved to 2.10%, from 2.31% as of end-2014.

Domestic liquidity/M3 growth (as of end-2015): +8.3% to PHP8.340 trillion, slower vs. +11.2% as of end-2014, reflecting the slower growth in loans/credit.

The Philippine Stock Exchange Composite Index (PSEi): -3.9% in 2015, to close at 6,952.08, sharp decline from +22.8% in 2014. It reached a record high of 8,136.97 on Apr. 7, 2015 and a low of 6,603.19 on August 25, 2015.

Financial and Operating Highlights

RCBC's Total Assets increased by 12.70% or P58.16 Billion to P516.06 Billion while Total Capital Funds went up by 9.41% or P4.998 Billion to P58.129 Billion. Loans and Receivables, net expanded by 14.35% or P37.545 Billion from P261.57 Billion to P299.12 Billion. Net Income reached P5.129 Billion while Gross Operating Income reached P22.232 Billion. Non-Interest Income showed a decline of 6.29% or P447 Million from P7.102 Billion to P6.655 Billion mainly due to decline in trading gains. Operating expenses were well-managed at P15.06 Billion, 5.80% or P825 Million slightly higher from P14.24 Billion the previous year. Even with the intense pricing competition and low interest rate environment, Net Interest Income rose by 4.08% or P610 Million to P15.577 Billion resulting to a NIM of 4.15%, one of the highest in the sector.

BALANCE SHEET			
In Million Pesos	2015	2014	2013
Total Assets	516,061	457,905	421,869
Investment Securities	111,201	100,790	92,700
Loans and Receivables (Net)	299,119	261,574	237,960
Total Deposits	342,362	315,761	297,853
Capital Funds	58,129	53,131	44,808

Cash and other cash items increased by 7.53% or P985 Million from P13.085 Billion to P14.070 Billion. Due from Bangko Sentral ng Pilipinas, representing 9.81% of total resources, increased by 9.80% or P4.518 Billion from P46.099 Billion to P50.617 Billion. Due from other banks increased by 18.68% or P3.101 Billion from P16.600 Billion to P19.701 Billion. With the Bank's adoption of PFRS 9 in 2014, investment securities are now classified into At Fair Value Through Profit or Loss, At Fair Value Through Other Comprehensive Income, and At Amortized Cost amounting to P5.112 Billion, P4.208 Billion, and P101.881 Billion, respectively. Total investment securities reached P111.201 Billion and represented 21.55% of total resources.

The Bank sold certain dollar-denominated bonds classified as investment securities at amortized cost with an aggregate carrying amount of Php 35.04 Billion. The sale was made in order to fund capital expenditures related to the Bank's purchase of branch licenses this year and to immediately replenish regulatory capital as the purchase will result to a reduction in the Bank's capital position. The disposal resulted in a gain of Php1.48 Billion, which is included under Trading and securities gains-net in the statement of profit or loss.

The Bank also sold certain dollar-denominated bonds classified as investment securities at amortized cost with an aggregate carrying amount of Php 1.28 Billion due to credit deterioration. This disposal resulted in a loss of Php 234.22 Million, which is included under Trading and securities gains-net in the statement of profit or loss.

In both instances, the Bank concluded that the sale is permitted by PFRS 9 and BSP Circular 708 and that there are no changes in its business models for managing financial assets to collect contractual cash flows.

Total net loans and other receivables went up by 14.35% or P37.545 Billion from P261.574 Billion to P299.119 Billion accounting for 57.96% of total resources.

Investment properties (net) decreased by 37.07% or P1.985 Billion from P5.355 Billion to P3.370 Billion mainly due to the reclassification of certain investment properties to assets held for sale classified under other resources. Other resources (net) increased by 42.10% or P2.968 Billion from P7.050 Billion to P10.018 Billion due to reclassification from investment properties, acquisition of additional branch licenses and recognition of deferred tax assets.

Deposit liabilities expanded by 8.42% or P26.601 Billion from P315.761 Billion to P342.362 Billion and accounted for 66.34% of total resources. Demand deposits rose by 37.62% or P12.114 Billion from P32.197 Billion to P44.311 Billion while savings deposits reached P178.197 Billion and accounted for 34.53% of total resources. CASA-to-Total deposits ratio stood at 64.99% as of end-2015.

Bills payable reached P49.404 Billion and accounted for 9.57% of total resources. Bonds payable, on the other hand reached P39.364 Billion and accounted for 7.63% of total resources.

On January 21, 2015, the Bank successfully raised \$200 Million worth of 5-year senior unsecured fixed-rate notes off its \$1.0 Billion EMTN Programme. The notes carried a coupon and yield of 4.25% and maturity of January 22, 2020. On February 10, 2015, the Bank issued another \$43 Million with a coupon and yield of 4.25% under the same EMTN Programme. On September 21, 2015, RCBC closed and signed a USD280 Million three (3)-year syndicated term loan facility with a diverse group of international banks. On October 21, 2015, the Bank successfully raised \$320 Million worth of senior unsecured Reg S bonds due 2021. The notes carried a coupon and yield at 3.45%.

Total liabilities amounted to P457.932 Billion and accounted for 88.74% of total resources.

On July 24, 2015 the bank redeemed its USD 100 Million 9.875% Non-Cumulative Step-up Perpetual Securities (“the Hybrid Tier 1 Notes”) as approved by the Board of Directors and by the Bangko Sentral ng Pilipinas last March 30, 2015 and May 27, 2015, respectively. The Hybrid Tier 1 Notes were redeemed for a total price of USD 113.93 Million.

Capital Paid in Excess of Par grew by 40.17% of ₱6.487 Billion from ₱16.148 Billion to ₱22.635 Billion, which was mainly due to the issuance of capital to Cathay Life Insurance. Net Unrealized Gains/(Losses) on Financial Assets At Fair Value Through Other Comprehensive Income amounted to ₱689 Million, down by 17.60% or ₱146 Million from ₱835 Million due to fair value losses on certain investments.

Retained earnings went up by 18.11% or ₱3.327 Billion from ₱18.367 Billion to ₱21.694 Billion as a result of net income earned during the year which was partially offset by dividends declared and the redemption premium on hybrid perpetual securities charged directly to retained earnings. The Bank’s capital, excluding non-controlling interest, reached ₱58.105 Billion, 9.41% or ₱4.996 Billion higher from ₱53.109 Billion in 2014 and accounted for 11.26% of total resources.

Income Statement

INCOME STATEMENT			
In Million Pesos	2015	2014	2013
Interest Income	21,520	20,200	18,824
Interest Expense	5,943	5,233	5,513
Net Interest Income	15,577	14,967	13,311
Other Operating Income	6,655	7,102	9,810
Impairment Losses	2,350	2,509	2,054
Operating Expenses	15,061	14,236	14,474
Net Income attributable to Parent Company Shareholders	5,129	4,411	5,321

Total interest income reached P21.520 Billion and accounted for 96.80% of total operating income. Interest income from loans and receivables went up by 9.40% or P1.501 Billion from P15.961 Billion to P17.462 Billion and accounted for 78.54% of total operating income. Other interest income decreased by 16.43% or P35 Million from P213 Million to P178 Million primarily due to lower interest income from SDA. Interest income from investment securities reached P3.880 Billion and accounted for 17.45% of total operating income.

Total interest expense went up by 13.57% or P710 Million from P5.233 Billion to P5.943 Billion and accounted for 26.73% of total operating income. Interest expense from deposit liabilities reached P2.992 Billion while interest expense from bills payable and other borrowings reached P2.951 Billion, representing 13.46% and 13.27% of total operating income, respectively. As a result, net interest income increased by 4.08% or P610 Million from P14.967 Billion to P15.577 Billion and accounted for 70.07% of total operating income.

Impairment losses decreased by 6.34% or P159 Million from P2.509 Billion to P2.350 Billion and represented 10.57% of total operating income.

Other operating income of P6.655 Billion accounted for 29.93% of total operating income and is broken down as follows:

- Trading and securities gain-net reached P1.327 Billion and accounted for 19.94% of total operating income
- Service fees and commissions reached P3.473 Billion and accounted for 52.19% of total operating income
- Foreign exchange gains reached P260 Million while Trust fees reached P286 Million
- Miscellaneous income decreased by 24.16% or P0.417 Million from P1.726 Billion to P1.309 Billion.

Operating expenses reached P15.061 Billion and utilized 67.74% of total operating income.

- Manpower costs reached P4.731 Billion and consumed 21.28% of total operating income
- Occupancy and equipment-related costs stood at P2.607 Billion and consumed 11.73% of total operating income.
- Depreciation and amortization reached P1.611 Billion.
- Taxes and licenses stood at P1.437 Billion.
- Miscellaneous expenses settled at P4.675 Billion from P4.604 Billion and consumed 21.03% of total operating income.

Tax expense declined by 133.59% or P1.221 Billion mainly due to the recognition of P1.138 Billion Deferred Tax Income relating to Net Operating Loss Carry-over (NOLCO), allowance for impairment losses and other temporary differences.

Loss attributable to non-controlling interest remained unchanged at P1 Million.

The Bank aims to continue growing its client base and achieve 12 Million customers in 5 years through expansion in the Bank's distribution and electronic banking channels, brand-building, and introduction of innovative products and services. The Bank will continue to cater to the country's middle class and overseas Filipino workers in the remittance business and give special focus on the growing micro, small, and medium enterprises (MSMEs), and consumer segment. The Bank will also leverage on the entry of Cathay Life Insurance as a strategic investor and tie-ups with various Japanese and other Asian banks to support the business expansion of their SME clients operating here in the country. It will continue to hire more young, dedicated, and competent people and train its existing personnel.

For 2016, there are no known trends, demands, commitments, events or uncertainties that would have a material impact on the Bank's liquidity. The Bank does not anticipate having any cash flow or liquidity problems within the next twelve (12) months. It is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement. Further, there are no trade payables that have not been paid within the stated terms.

Performance Indicators

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES				
	Audited			
	Consolidated		Parent	
	2015	2014	2015	2014
Return on Average Assets (ROA)	1.09%	1.04%	1.30%	1.23%
Return on Average Equity (ROE)	9.33%	9.23%	9.34%	9.26%
BIS Capital Adequacy Ratio (CAR)	15.72%	15.37%	15.63%	14.93%
Non-Performing Loans (NPL) Ratio	0.79%	0.90%	0.26%	0.24%
Non-Performing Assets (NPA) Ratio	1.45%	1.72%	0.37%	0.47%
Net Interest Margin (NIM)	4.15%	4.30%	3.62%	3.71%
Cost-to-Income Ratio	67.74%	64.51%	62.45%	60.08%
Loans-to-Deposit Ratio	86.74%	82.19%	87.12%	82.09%
Current Ratio	0.43	0.49	0.43	0.48
Liquid Assets-to-Total Assets Ratio	0.17	0.21	0.17	0.21
Debt-to-Equity Ratio	7.88	7.62	6.40	6.22
Asset-to- Equity Ratio	8.88	8.62	7.41	7.23
Asset -to- Liability Ratio	1.13	1.13	1.16	1.16
Interest Rate Coverage Ratio	1.81	2.02	2.06	2.14
Earnings per Share (EPS)				
Basic	Php 3.07	Php 3.11	Php 3.07	Php 3.11
Diluted	Php 3.07	Php 3.11	Php 3.07	Php 3.11

Wholly-Owned/Majority Owned Subsidiaries

RCBC SAVINGS BANK	Audited	
In Php 000s	2015	2014
Net Income	Php 1,250,962	Php 1,040,096
Return on Average Assets (ROA)	1.48%	1.42%
Return on Average Equity (ROE)	14.10%	13.80%
BIS Capital Adequacy Ratio (CAR)	13.55%	14.73%
Non-Performing Loans (NPL) Ratio	1.94%	2.57%
Non-Performing Assets (NPA) Ratio	5.23%	6.35%
Earnings per Share (EPS)	Php 40.52	Php 33.69

RIZAL MICROBANK	Audited	
In Php 000s	2015	2014
Net Loss	Php (64,848)	Php (74,772)
Return on Average Assets (ROA)	-7.47%	-9.12%
Return on Average Equity (ROE)	-14.11%	-16.47%
BIS Capital Adequacy Ratio (CAR)	90.26%	56.99%
Non-Performing Loans (NPL) Ratio	-0.75%	-0.61%
Non-Performing Assets (NPA) Ratio	0.89%	1.19%
Loss per Share (EPS)	Php (5.76)	Php (8.53)

RCBC CAPITAL CORPORATION and Subsidiaries	Audited	
In Php 000s	2015	2014
Net Income	Php 133,505	Php 464,604
Return on Average Assets (ROA)	3.02%	9.78%
Return on Average Equity (ROE)	3.59%	11.79%
BIS Capital Adequacy Ratio (CAR)	26.27%	41.41%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	0.01%	0.05%
Earnings per Share (EPS)	Php 1.13	Php 3.93

RCBC FOREX BROKERS CORPORATION	Audited	
In Php 000s	2015	2014
Net Income	Php 70,914	Php 76,149
Return on Average Assets (ROA)	15.36%	16.15%
Return on Average Equity (ROE)	32.73%	33.94%
Capital to Total Assets	63.92%	62.32%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per Share (EPS)	Php 141.83	Php 152.30

RCBC INTERNATIONAL FINANCE, LTD. and Subsidiary	Unaudited	
In Php 000s	2015	2014
Net Income /(Loss)	Php 3,749	Php (4,367)
Return on Average Assets (ROA)	2.92%	-3.25%
Return on Average Equity (ROE)	3.02%	-3.35%
Capital to Total Assets	95.02%	97.24%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Loss per Share	Php 1.50	Php (1.75)

RCBC NORTH AMERICA, INC.	Unaudited	
In Php 000s	2015	2014
Net Loss	Php (3,825)	Php (13,697)
Return on Average Assets (ROA)	-76.41%	-29.56%
Return on Average Equity (ROE)	-178.16%	-133.52%
Capital to Total Assets	215.19%	-0.75%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Income/(Loss) per Share	Php (87.47)	Php (313.24)

RCBC TELEMONEY EUROPE S.P.A	Unaudited	
In Php 000s	2015	2014
Net Income	Php 5,276	Php 15,513
Return on Average Assets (ROA)	1.94%	4.84%
Return on Average Equity (ROE)	45.69%	500.92%
Capital to Total Assets	-5.67%	-1.09%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per Share (EPS)	Php 52.76	Php 155.13

RCBC-JPL HOLDING COMPANY, INC. (Formerly JP Laurel Bank, Inc.)	Audited	
In Php 000s	2015	2014
Net Income/ (Loss)	Php (5,745)	Php 1,332
Return on Average Assets (ROA)	-2.53%	0.54%
Return on Average Equity (ROE)	5.03%	-1.19%
Capital to Total Assets	-50.14%	-45.73%
Non-Performing Loans (NPL) Ratio	-	42.56%
Non-Performing Assets (NPA) Ratio	-	58.02%
Income/ (Loss) per Share (EPS)	Php (0.03)	Php 0.01

NIYOG PROPERTY HOLDINGS, INC.	Audited	
In Php 000s	2015	2014
Net Income	Php 88,670	Php 27,309
Return on Average Assets (ROA)	10.68%	3.36%
Return on Average Equity (ROE)	11.43%	3.45%
Capital to Total Assets	86.06%	94.63%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per Share (EPS)	Php 63.75	Php 19.63

RCBC LEASING AND FINANCE CORP. and Subsidiary	Audited	
In Php 000s	2015	2014
Net Income	Php 33,983	Php 24,456
Return on Average Assets (ROA)	0.81%	0.63%
Return on Average Equity (ROE)	5.86%	4.65%
Capital to Total Assets	20.54%	14.05%
Non-Performing Loans (NPL) Ratio	15.70%	19.70%
Non-Performing Assets (NPA) Ratio	13.94%	16.77%
Earnings per Share (EPS)	Php 0.07	Php 0.05

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 BIS 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) / (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.*

2016

Philippine GDP growth in 2016 was at 6.8%, faster vs. 5.9% in 2015, the fastest in 3 years (since 2013) and still among the fastest growing economies, not only in ASEAN, but in the whole of Asia, amid election-related spending with the May 2016 presidential elections, improved economic and credit fundamentals such as favorable demographics (i.e. demographic sweet spot or majority of the population reached working age since 2015), still relatively low interest rates compared to recent years that continued to spur more investments and overall economic growth, as fundamentally supported by benign inflation amid relatively lower prices of crude oil and other global commodities vs. in recent years. Continued growth in OFW remittances, BPO revenues, and foreign tourist revenues continued to support consumer spending, which accounted for about 69.4% of the Philippine economy in 2016. The ASEAN Economic Integration has already started in end-2015 and is expected to lead to greater economic growth, going forward.

Philippine GNP growth (2016) was at 6.6%, faster compared to 5.8% in 2015.

In terms of industrial origin, Services (57.5% of GDP) grew by 7.5%, faster than 6.8% in 2015, among the major contributors to economic growth. Industry (33.8% of GDP) grew by 8%, faster vs. 6% in 2015, despite slower growth in exports relative to imports due to the global economic slowdown. Agriculture (8.8% of GDP) contracted, by -1.3%, vs. 0.1% in 2015 after El Nino drought reduced agricultural production in the early part of 2016 and after the typhoons in the latter part of the year.

In terms of expenditure shares, the major contributors to the country's economic growth in 2016 were: Consumer Spending (69.4% of GDP) at 6.9%, faster vs. 6.3% in 2015, Investments (26.9% of GDP) at 20.8%, faster vs. 15.1% in 2015, and Government Spending (10.5% of GDP) at 8.3%, faster vs. 7.8% in 2015.

Philippine economic growth remained resilient by growing for 72nd straight quarter, despite the slower global economic growth brought about by the slowdown in China, risk of recession and deflation in Japan and in the Euro zone, and increased global market volatility. Softer global economic growth also supported the still relatively lower world oil prices in 2016, compared to recent years, but already corrected higher from the lows after OPEC decided to cut oil production output. The Philippines, which imports almost all its oil, benefited from this in terms of lower inflation and reduced import bill.

The US economy, the world's biggest, continued to recover in 2016, fundamentally supporting the decision of the US Federal Reserve to increase key monetary interest rates by another 0.25 basis points on December 14, 2016 (after 0.25 Fed rate hike on Dec. 16, 2015). This resulted partly to some volatility in the global financial markets. Other sources of global market volatility in 2016 include Brexit (UK voted to exit from the European Union) in June 2016 and after the victory of Donald Trump in the US president elections in November 2016 (Trump signaled possible protectionist policies to save/create US jobs).

China, the world's second largest economy and among the biggest importers of commodities, again experienced slower economic growth (among the slowest in more than 25 years). This partly led to the continued devaluation of yuan since August 2015. The resulting relatively lower prices of crude oil and other global commodities (but already corrected higher from lows in 2016) may have benefited the Philippines, which imports almost all of its oil, but partly led to increased global market volatility.

The local economy was partly supported by the continued growth in OFW remittances, sustained strong growth in the BPO industry, still relatively low interest rates compared to recent years that spurred greater economic activity, pick up in manufacturing, continued growth in tourism, and rollout of more infrastructure/PPP projects.

Inflation averaged 1.8% in 2016, higher compared to 1.4% in 2015, again below the 2%-4% target range of the Bangko Sentral ng Pilipinas (BSP), largely due to the continued relatively lower global crude oil/commodity prices compared to recent years.

The 91-day Treasury bill yield ended 2016 at 1.555%, lower vs. 1.836% in end-2015, though significantly up from a record low of 0.001% in end-2013, but still considered relatively low compared to recent years.

Key Philippine interest rates in the secondary market, as measured by the PDST yields, were mostly higher in 2016, especially long-term tenors. However, the 3-month PDST-R2 yield was at 2.07% as of end-2016, lower by 0.59 percentage points for the year.

The BSP already implemented the interest rate corridor (IRC) system in June 2016, effectively lowered its overnight policy rate by 1 percentage point to 3%. The 7-day and 28-day Term Deposit Facility (TDF) rates went up to 3% levels (up from a low of 2.50%).

Interest rates are still considered relatively low compared to recent years, despite the uptick in 2016 for most long-term tenors, and still translated to relatively lower borrowing costs that encouraged greater economic activities in terms of creating new businesses and the expansion of existing businesses. This could also have spurred greater demand for loans/borrowings, amid improved economic and credit fundamentals for the country recently and the corresponding need to service the financing requirements of the local economy, which was among the fastest growing in Asia.

The upward correction in most long-term interest rates was partly due to wider budget deficit, which already widened to –PHP235.2 Billion, more than five times wider vs. –PHP46.5 Billion same period last year amid the faster growth in government spending compared to government revenues, but still consistently below the government's target ceiling of 2% of GDP since 2013 (but the target was raised to 3% of GDP starting 2017 in able to further increase the government's infrastructure spending).

National government debt as of end-2016 was up 2.3% to PHP6.090 trillion, reflecting the country's improved fiscal performance and credit ratings. The country's debt-to-GDP ratio eased to 44.2% as of end-3Q 2016, vs. 44.7% in end-2015. This supported by the sustained accelerated pace of economic growth in tandem with disciplined fiscal spending that moderated borrowing requirements for the year.

The peso exchange rate depreciated vs. the US dollar in 2016, by 2.66 pesos or 5.7% to close at 49.72 in end-2016, among the weakest in about a decade, compared to 47.06 in end-2015. This benefited exporters, OFWs and their dependents, and others that earn in foreign currencies, in terms of greater peso proceeds of their foreign currency earnings.

Gross international reserves (GIR) as of end-2016: Slightly higher, by +US\$24mn or +0.03% to US\$80.691 Billion or equivalent to 9.2 months' worth of imports and more than two times the international standard of 4 months.

Overseas Filipino workers (OFW) remittances was up, by 5.0% year-on-year to US\$26.9 Billion from January to December 2016, faster vs. 4.0% growth a year ago. Revenues from the Business Process Outsourcing (BPO) industry were up by 14% to US\$25 Billion (8.2% of GDP), vs. 16% growth in 2015 at US\$22 Billion (7.5% of GDP).

Net foreign portfolio investments inflows in 2016: +US\$0.353 Billion, vs. -US\$0.599 Billion in 2015. Balance of payments (BOP) deficit was at -US\$0.420 Billion (-0.1% of GDP), after a BOP surplus of +US\$2.616 Billion (+0.9% of GDP) in 2015. OFW remittances, BPO revenues, foreign tourist revenues continued to support structural US dollar inflows into the country, as well as consumer spending, which accounted for about 69.4% of the local economy. Additional OFW, BPO, and tourism jobs and improved local employment conditions partly caused unemployment rate to improve to 5.5% in 2016, vs. 6.3% in 2015.

Total exports of the country for 2016 were down by -4.4% to US\$56.232 Billion amid slower global economic growth. Total imports for 2016 grew by 14.2% to US\$81.159 Billion, reflecting the requirements of a growing economy. Consequently, trade deficit or net imports for 2016 widened to -US\$24.927 Billion, more than twice vs. the -US\$12.240 Billion in 2015 amid the decline in exports and the faster growth in imports.

Net foreign direct investments from January to December 2016: Grew by 145.7% year-on-year to US\$6.973 Billion, already at a new record high for 2016 amid the improved economic and credit fundamentals of the Philippines, as attested by the further upgrade of the country's credit ratings by most of the biggest credit rating agencies, to a notch above the minimum investment grade (which was reached for the first time since 2013), which increased international investor confidence on the country.

On the Philippine banking industry, the total loans of banks, as of end-2016 was up by 16.6% to PHP7.612 trillion, faster than the 11.9% growth as of end-2015, which was partly spurred by still relatively low interest rates and sustained economic growth. Gross non-performing loan (NPL) ratio of all banks (including interbank loans) as of end-2016 improved to 1.90%, from 2.10% as of end-2015.

Domestic liquidity/M3 growth (as of end-2016): +12.4% to PHP9.473 trillion, faster vs. +9.4% as of end-2015, reflecting the faster growth in loans/credit.

The Philippine Stock Exchange Composite Index (PSEi): -1.6% in 2016, to close at 6,840.64, after -3.9% in 2015. It reached a record high of 8,136.97 on Apr. 7, 2015 and a low of 6,084.28 on January 21, 2016.

Financial and Operating Highlights

Balance Sheet

RCBC's Total Assets stood at ₱521.2 Billion.

BALANCE SHEET			
In Million Pesos	2016	2015	2014
Total Assets	521,193	516,061	457,905
Investment Securities	75,622	111,201	100,790
Loans and Receivables (Net)	306,167	299,119	261,574
Total Deposits	353,077	342,362	315,761
Capital Funds	62,133	58,129	53,131

Cash and other cash items increased by 7.86% or Php1.106 Billion from Php14.070 Billion to Php15.176 Billion. Due from Bangko Sentral ng Pilipinas, representing 12.76% of total resources, increased by 31.42% or Php15.903 Billion from Php50.617 Billion to Php66.520 Billion. Due from other banks increased by 28.38% or Php5.592 Billion from Php19.701 Billion to Php25.293 Billion. Total trading investment securities decreased by 32.00% or Php35.579 Billion from Php111.201 Billion to Php75.622 Billion and represented 14.51% of total resources.

As permitted by PFRS 9 and BSP Circular 708, the Group sold certain loans and receivables, peso and dollar-denominated bonds classified as investment securities at amortized cost with an aggregate carrying amount of Php73.464 Billion. The disposals resulted in a gain of Php1.352 Billion, which is included under Trading and securities gains-net in the statement of profit or loss. In addition, the Group concluded that the sales did not result to changes in its business models for managing financial assets to collect contractual cash flows.

Loans and Receivables-net reached Php306.167 Billion and represented 58.74% of total resources.

Bank Premises, furniture, Fixtures and Equipment, net grew by 16.76% or Php1.274 Billion from Php7.602 Billion to Php8.876 Billion mainly due opening of additional 25 branches and acquisition of equipment for lease during the year by a wholly owned subsidiary. Other Resources, net increased by 12.11% or Php1.065 Billion from Php8.796 Billion to Php9.861 Billion.

Deferred Tax Assets increased by Php 955 Million or 78.15% from Php 1.222 Billion in 2015 to Php 2.177 Billion in 2016 as a result of recognition of tax effects of additional temporary differences arising mainly from allowance for impairment, MCIT and provision for credit card reward payments. This is partially offset by the reversal of deferred tax assets arising from NOLCO.

Deposit liabilities settled at Php353.077 Billion and accounted for 67.74% of total resources. Demand deposits were recorded at Php42.053 Billion. Savings deposits reached Php162.926 Billion and accounted 31.24% of total resources. Time deposits grew by 23.56% or Php28.243 Billion from Php119.854 Billion to Php148.097 Billion and accounted for 28.42% of total resources.

Bills payable decreased by 23.81% or down by Php11.761 Billion from Php49.404 Billion to Php37.643 Billion mainly attributable to the net payment on foreign borrowings, it represented 7.22% of total resources. Bonds payable, was recorded at Php41.595 Billion and accounted for 7.98% of total resources.

Total liabilities stood at Php459.060 Billion and represented 88.08% of Total Resources.

Total Equity went up by 6.89% or Php4.004 Billion from Php58.129 Billion to Php62.133 Billion mainly due to Net Income for the period, net of cash dividends declared and paid.

Income Statement

INCOME STATEMENT			
In Million Pesos	2016	2015	2014
Interest Income	23,137	21,520	20,200
Interest Expense	7,430	5,943	5,233
Net Interest Income	15,707	15,577	14,967
Other Operating Income	7,114	6,655	7,102
Impairment Losses	1,770	2,350	2,509
Operating Expenses	17,355	15,061	14,236
Tax Expense (Income)	(174)	(307)	914
Net Income attributable to Parent Company Shareholders	3,868	5,129	4,411

Total interest income reached Php23.137 Billion and accounted for 101.38% of total operating income. Interest income from loans and receivables went up by 11.34% or Php1.980 Billion from Php17.462 Billion to Php19.442 Billion and accounted for 85.19% of total operating income. The increase is mainly due to increase in average volume of Loans and Receivables and higher average yield. Other interest income stood at Php426 Million and interest income from investment securities reached Php3.269 Billion and accounted for 14.32% of total operating income.

Total interest expense went up by 25.02% or Php1.487 Billion from Php5.943 Billion to Php7.430 Billion and accounted for 32.56% of total operating income. Interest expense from deposit liabilities, which grew by 9.26% from Php2.992 Billion, reached Php3.269 Billion, representing 14.32% of total operating income. Interest expense from bills payable and other borrowings reached Php4.161 Billion, 41% up or Php1.210 Billion higher from last year's Php2.951 Billion, it represented 18.23% of total operating income. As a result, net interest income reached Php15.707 and accounted for 68.83% of total operating income.

The Group booked lower impairment losses at Php1.77 Billion, down by 24.68% or Php580 Million from Php2.350 Billion and represented 7.76% of total operating income.

Other operating income of Php7.114 Billion accounted for 31.17% of total operating income and is broken down as follows:

- Service fees and commissions stood at Php3.164 Billion and accounted for 13.86% of total operating income
- Trading and securities gain-net settled at Php1.619 Billion and accounted for 7.09% of total operating income
- Foreign exchange gains increased by 6.15% or Php16 Million from Php260 Million to Php276 Million attributable to higher commission from commercial transactions
- Trust fees settled at P294 Million
- Share in net earnings of subsidiaries and associates settled at Php131 Million.
- Miscellaneous income went up by 34.05% or Php414 Million from Php1.216 Billion to P1.630 Billion brought about by higher dividend and rental income.

Operating expenses grew by 15.23% or Php2.294 Billion from Php15.061 Billion to Php17.355 Billion and consumed 76.05% of total operating income.

- Manpower costs reached Php5.408 Billion and consumed 23.70% of total operating income due to additional headcount for the 25 newly opened business centers.
- Occupancy and equipment-related stood at Php2.871 Billion and consumed 12.58% of total operating income
- Taxes and licenses stood at Php1.766 Billion
- Depreciation and amortization reached Php1.840 Billion

- Miscellaneous expenses went up by 17.01% or Php795 Million to settle at Php5.470 Billion from Php4.675 Billion, increase was mainly due to the Php1 Billion BSP fine, and it consumed 23.97% of total operating income

Excluding the Php1 Billion BSP fine, OPEX grew by Php8.59% or Php1.294 Billion.

Negative Tax expense was at P 174 Million in 2016 from P307 Million in 2015 due to lower amount of Deferred Tax Income relating to MCIT, allowance for impairment losses and other temporary differences and reversal of DTA or utilized and expired NOLCO.

Income from non-controlling interest went up to settle at Php2 Million.

Overall, net income was down by 24.53% or Php1.258 Billion from Php5.128 Billion in 2015 to Php3.870 Billion in 2016.

Performance Indicators

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES				
	Audited			
	Consolidated		Parent	
	2016	2015	2016	2015
Return on Average Assets (ROA)	0.77%	1.09%	0.93%	1.30%
Return on Average Equity (ROE)	6.42%	9.33%	6.43%	9.34%
BIS Capital Adequacy Ratio (CAR)	16.16%	15.72%	16.23%	15.63%
Non-Performing Loans (NPL) Ratio	0.98%	0.79%	0.17%	0.26%
Non-Performing Assets (NPA) Ratio	1.52%	1.45%	0.33%	0.37%
Net Interest Margin (NIM)	4.06%	4.15%	3.47%	3.62%
Cost-to-Income Ratio	76.05%	67.74%	74.30%	62.45%
Loans-to-Deposit Ratio	89.07%	86.74%	89.71%	87.12%
Current Ratio	0.56	0.43	0.52	0.43
Liquid Assets-to-Total Assets Ratio	0.26	0.17	0.26	0.17
Debt-to-Equity Ratio	7.39	7.88	5.73	6.40
Asset-to- Equity Ratio	8.39	8.88	6.73	7.40
Asset -to- Liability Ratio	1.14	1.13	1.17	1.16
Interest Rate Coverage Ratio	1.50	1.81	1.60	2.06
Earnings per Share (EPS)				
Basic	Php 2.76	Php 3.07	Php 2.76	Php 3.07
Diluted	Php 2.76	Php 3.07	Php 2.76	Php 3.07

Wholly-Owned/Virtually Owned Subsidiaries

RCBC SAVINGS BANK	Audited	
In Php 000s (Except EPS)	2016	2015
Net Income	Php 1,005,140	Php 1,250,962
Return on Average Assets (ROA)	1.05%	1.48%
Return on Average Equity (ROE)	9.89%	14.10%
BIS Capital Adequacy Ratio (CAR)	13.44%	13.99%
Non-Performing Loans (NPL) Ratio	2.88%	1.94%
Non-Performing Assets (NPA) Ratio	5.95%	5.23%
Earnings per Share (EPS)	Php 32.56	Php 40.52

RIZAL MICROBANK	Audited	
In Php 000s (Except EPS)	2016	2015
Net Loss	Php (3,384)	Php (64,848)
Return on Average Assets (ROA)	-0.33%	-7.47%
Return on Average Equity (ROE)	-0.55%	-14.11%
BIS Capital Adequacy Ratio (CAR)	65.28%	90.26%
Non-Performing Loans (NPL) Ratio	0.09%	0.00%
Non-Performing Assets (NPA) Ratio	1.24%	0.89%
Loss per Share (EPS)	Php (0.30)	Php (5.76)

RCBC CAPITAL CORPORATION and Subsidiaries	Audited	
In Php 000s (Except EPS)	2016	2015
Net Income	Php 294,079	Php 133,505
Return on Average Assets (ROA)	7.13%	3.02%
Return on Average Equity (ROE)	8.14%	3.59%
BIS Capital Adequacy Ratio (CAR)	27.99%	26.27%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	0.05%	0.01%
Earnings per Share (EPS)	Php 2.49	Php 1.13

RCBC FOREX BROKERS CORPORATION	Audited	
In Php 000s (Except EPS)	2016	2015
Net Income	Php 39,917	Php 70,914
Return on Average Assets (ROA)	16.60%	15.36%
Return on Average Equity (ROE)	20.14%	32.73%
Capital to Total Assets	77.08%	63.92%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per Share (EPS)	Php 79.83	Php 141.83

RCBC INTERNATIONAL FINANCE, LTD. and Subsidiary	Audited	
In Php 000s (Except EPS)	2016	2015
Net Income /(Loss)	Php (1,931)	Php 3,749
Return on Average Assets (ROA)	-1.38%	2.92%
Return on Average Equity (ROE)	-1.40%	3.02%
Capital to Total Assets	100.05%	95.02%
Non-Performing Loans (NPL) Ratio	-0.54%	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings (Loss) per Share	Php (0.77)	Php 1.50

RCBC NORTH AMERICA, INC.	Audited	
In Php 000s (Except EPS)	2016	2015
Net Loss	Php (1,555)	Php (3,825)
Return on Average Assets (ROA)	-91.01%	-76.41%
Return on Average Equity (ROE)	-90.98%	-178.16%
Capital to Total Assets	217.45%	215.19%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Income/Loss per Share	Php (35.56)	Php (87.47)

RCBC TELEMONEY EUROPE S.P.A	Audited	
In Php 000s (Except EPS)	2016	2015
Net Income (Loss)	Php (45,056)	Php 5,276
Return on Average Assets (ROA)	-52.36%	1.94%
Return on Average Equity (ROE)	-110.16%	45.69%
Capital to Total Assets	-47.43%	-5.67%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings (Loss) per Share (EPS)	Php (450.56)	Php 52.76

RCBC-JPL HOLDING COMPANY, INC. (Formerly JP Laurel Bank, Inc.)	Audited	
In Php 000s (Except EPS)	2016	2015
Net Income/ (Loss)	Php 2,259	Php (5,745)
Return on Average Assets (ROA)	1.05%	-2.53%
Return on Average Equity (ROE)	-1.88%	5.03%
Capital to Total Assets	-62.35%	-50.14%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Income/ (Loss) per Share (EPS)	Php 0.01	Php (0.03)

NIYOG PROPERTY HOLDINGS, INC.	Audited	
In Php 000s (Except EPS)	2016	2015
Net Income	Php 10,414	Php 88,670
Return on Average Assets (ROA)	1.40%	10.68%
Return on Average Equity (ROE)	1.46%	11.43%
Capital to Total Assets	94.43%	86.06%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per Share (EPS)	Php 7.49	Php 63.75

RCBC LEASING AND FINANCE CORP. and Subsidiary	Audited	
In Php 000s (Except EPS)	2016	2015
Net Income	Php 70,218	Php 33,983
Return on Average Assets (ROA)	1.04%	0.81%
Return on Average Equity (ROE)	11.23%	5.86%
Capital to Total Assets	13.95%	20.54%
Non-Performing Loans (NPL) Ratio	12.51%	15.70%
Non-Performing Assets (NPA) Ratio	8.41%	13.94%
Earnings per Share (EPS)	Php 0.15	Php 0.07

2017

Philippine GDP growth in 2017 was at 6.7%, slower vs. 6.9% in 2016, still among the fastest growing economies, not only in ASEAN, but in the whole of Asia, as the faster GDP growth in 2016 may be attributed to election-related spending during the May 2016 presidential elections (i.e. higher base/denominator effects a year ago). Philippine GDP growth remained relatively high compared to recent years due to improved economic and credit fundamentals such as favorable demographics (i.e. demographic sweet spot or majority of the population reached working age since 2015), still relatively low interest rates compared to recent years/decades that continued to spur more investments and overall economic growth, as fundamentally supported by benign inflation amid relatively lower prices of crude oil and other global commodities vs. in recent years.

Continued growth in OFW remittances, BPO revenues, and foreign tourist revenues continued to support consumer spending, which accounted for about 68.7% of the Philippine economy in 2017. The ASEAN Economic Integration has already started in end-2015 and is expected to lead to greater economic growth, going forward.

Fitch Ratings upgraded Philippine credit rating on December 11, 2017, by 1 notch to BBB (1 notch above the minimum investment grade; already the same as the credit ratings by S&P and Moody's), from BBB-; with stable outlook. Investor sentiment on the Philippines improved further after the passage of the first package of the tax reform measures (TRAIN) in December 2017.

Philippine GNP growth (2017) was at 6.5%, slower compared to 6.7% in 2016.

In terms of industrial origin, Services (57.4% of GDP) grew by 6.7%, slower than 7.4% in 2016, still among the major contributors to economic growth. Industry (34.1% of GDP) grew by 7.2%, slower vs. 8.4% in 2016, amid slower growth in exports relative to imports due to the global economic slowdown. Agriculture (8.5% of GDP) grew, by 3.9%, vs. -1.3% in 2016 when there was El Nino drought that reduced agricultural production in the early part of 2016.

In terms of expenditure shares, the major contributors to the country's economic growth in 2017 were: Consumer Spending (68.7% of GDP) at 5.8%, slower vs. 7.0% in 2016, Investments (28.6% of GDP) at 9.0%, slower vs. 23.7% in 2016, and Government Spending (10.5% of GDP) at 7.3%, slower vs. 8.4% in 2016.

Philippine economic growth remained resilient by growing for 76th straight quarter, despite the relatively slower global economic growth brought about by the slowdown in China, risk of recession and deflation in Japan and in the Euro zone, and increased global market volatility. Softer global economic growth also supported the still relatively lower world oil prices in 2017, compared to recent years, but already corrected higher from the lows after OPEC and other major oil-producing countries cut oil production output in an effort reduce the glut/oversupply in global oil supplies.

The US economy, the world's biggest, continued to recover in 2017, fundamentally supporting the decision of the US Federal Reserve to further increase key monetary interest rates by a total of +0.75 basis points in 2017 (+0.25 each on March 15, 2017; June 14, 2017; and December 17, 2017), after +0.25 each on December 14, 2016 and on Dec. 16, 2015. These Fed rate hikes in 2017 resulted partly to some volatility in the global financial markets. Other sources of global market volatility in 2017 include the tapering of Fed's balance sheet in 4Q 2017 (US\$10 Billion) and increased tensions on North Korea amid ICBM/missile tests. Positive external developments in 2017 highlighted by US President Trump's signing of Republican-backed US\$1.5 trillion tax cut/overhaul of US tax code on December 22, 2017, in first major legislative win, delivering a major tax cut to US corporations along with a package of temporary tax cuts for other businesses and most individuals.

China, the world's second largest economy and among the biggest importers of commodities, still experienced relatively slower economic growth (still among the slowest in about 25 years).

The local economy was partly supported by the continued growth in OFW remittances, sustained strong growth in the BPO industry, still relatively lower interest rates compared to recent years/decades that spurred greater economic activity, pick up in manufacturing, continued growth in tourism, and rollout of more infrastructure/PPP projects.

Inflation averaged 3.2% in 2017, higher compared to 1.8% in 2016, but still below the 2%-4% target range of the Bangko Sentral ng Pilipinas (BSP), largely due to the continued relatively lower global crude oil/commodity prices compared to recent years.

The 91-day Treasury bill yield ended 2017 at 2.15%, higher vs. 1.55% in end-2016, also significantly up from a record low of 0.001% in end-2013, but still considered relatively lower compared to recent years/decades.

Key Philippine interest rates in the secondary market, as measured by the PDST yields, were mostly higher in 2017, especially long-term tenors. The benchmark 3-month PDST-R2 yield was at 2.43% as of end-2017, higher by 0.35 percentage points for the year.

Interest rates are still considered relatively lower compared to recent years/decades, despite the uptick in 2017, and still translated to relatively lower borrowing costs that encouraged greater economic activities in terms of creating new businesses and the expansion of existing businesses. This could also have spurred greater demand for loans/borrowings, amid improved economic and credit fundamentals for the country recently and the corresponding need to service the financing requirements of the local economy, which was among the fastest growing in Asia.

The upward correction in most long-term interest rates was partly due higher inflation, rising trend in US/global interest rates amid normalization of monetary policy in the US and in some developed countries, as well as wider budget deficits in 2016 and 2017, at -PHP350.6 Billion in 2017 (or -2.2% of GDP), slightly narrower vs. -PHP353.4 Billion (or -2.4% of GDP) in 2016 as government spending increased especially on infrastructure, but still consistently below the government's upwardly revised target ceiling of 3% of GDP for 2017 (from 2%).

National government debt as of end-2017 was up by 9.2% to PHP6.652 trillion. However, the country's debt-to-GDP ratio remained relatively low at 42.1% as of end-2017, same as in end-2016. This is supported by the sustained accelerated pace of economic growth in tandem with disciplined fiscal spending that moderated borrowing requirements in recent years.

The peso exchange rate depreciated vs. the US dollar in 2017, by 0.21 pesos or 0.4% to close at 49.93 in end-2017, among the weakest in about a decade, compared to 49.72 in end-2016. This benefited exporters, OFWs and their dependents, and others that earn in foreign currencies, in terms of greater peso proceeds of their foreign currency earnings.

Gross international reserves (GIR) as of end-2017 increased by US\$878 Million or 1.1% to US\$80.691 Billion or equivalent to 8.3 months' worth of imports and more than two times the international standard of 4 months.

OFW remittances were up, by 4.3% year-on-year to US\$28.1 Billion (9% of GDP) in 2017, slower vs. 5.0% growth in 2016. Revenues from the Business Process Outsourcing (BPO) industry were up by 16% to US\$28.9 Billion (9.2% of GDP), slower vs. 18% growth in 2016 at US\$25 Billion (8.2% of GDP).

Net foreign portfolio investments outflows in 2017: -US\$0.205 Billion, vs. +US\$0.404 Billion in 2016. Balance of payments (BOP) deficit was at -US\$0.863 Billion (-0.3% of GDP), after -US\$0.420 Billion (-0.1% of GDP) in 2016. OFW remittances, BPO revenues, foreign tourist revenues continued to support structural US dollar inflows into the country, as well as consumer spending, which accounted for about 68.7% of the local economy. Additional OFW, BPO, and tourism jobs and improved local employment conditions partly caused unemployment rate to remain relatively low at 5.7% in 2017, vs. 5.4% in 2016.

Total exports of the country for 2017 grew by 10.2% to US\$63.2 Billion amid the pickup in global economic growth. Total imports for 2017 went by, 10.4% to US\$92.8 Billion, reflecting the increased requirements of a fast-growing economy. Consequently, trade deficit or net imports for 2017 widened to a record of -US\$29.6 Billion, wider vs. the -US\$26.7 Billion in 2016.

Net foreign direct investments in 2017: Grew by +21.4% year-on-year to US\$10 Billion, a new record high vs. previous record high of US\$8.2 Billion in 2016 amid the improved economic and

credit fundamentals of the Philippines, as attested by the further upgrade of the country's credit ratings by most of the biggest credit rating agencies, to a notch above the minimum investment grade (which was reached for the first time since 2013), which boosted international investor confidence on the country.

On the Philippine banking industry, the total loans of banks, as of end-2017 was up by 16.4% year-on-year to PHP8.862 trillion, slower vs. 16.6% growth as of end-2016, which was partly spurred by still relatively lower interest rates compared to recent years/decades and sustained economic growth. Gross non-performing loan (NPL) ratio of all banks (including interbank loans) as of end-2017 improved to 1.72%, from 1.89% as of end-2016.

Domestic liquidity/M3 growth (as of end-2017): 11.9% year-on-year to PHP10.637 trillion, slower vs. 12.8% as of end-2016, partly reflecting the slower growth in loans/credit.

The Philippine Stock Exchange Composite Index (PSEi) gained by 25.1% in 2017, to close at 8,558.42, after -1.6% in 2016. It reached a record high of 8,640.04 on December 29, 2017 and a low of 6,746.80 on January 3, 2017.

Financial and Operating Highlights

Balance Sheet

RCBC's Total Assets stood at P554.0 Billion.

BALANCE SHEET			
In Million Pesos	2017	2016	2015
Total Assets	553,988	521,193	516,061
Investment Securities	72,932	75,622	111,201
Loans and Receivables (Net)	354,243	306,167	299,119
Total Deposits	388,412	353,077	342,362
Capital Funds	67,027	62,133	58,129

RCBC's Total Assets grew by 6.29% or P32.795 Billion from P521.193 bio to P553.988 Billion mainly due to the increase in Loans and Receivables, Net.

Due from Bangko Sentral ng Pilipinas, representing 10.61% of total resources, decreased by 11.60% or P7.719 Billion from P66.520 Billion to P58.801 Billion as a result of a decrease in overnight deposit and term deposit placements. Due from other banks decreased by 21.65% or P5.475 Billion from P25.293 Billion to P19.818 Billion, mainly due to decrease in foreign bank placements. Total trading investment securities, representing 13.16% of Total Resources stood at P72.932 Billion.

As permitted by PFRS 9 and BSP Circular 708, the Group sold in 2017 certain peso and dollar-denominated bonds classified as investment securities at amortized cost with an aggregate carrying amount of P22.729 Billion. The disposals resulted in a gain of P683 Million, which is included under Trading and securities gains-net in the statement of profit or loss. In addition, the Group concluded that the sales did not result in changes in its business models for managing financial assets to collect contractual cash flows.

Loans under reverse repurchase agreement grew by 24.62% or P1.942 Billion from P7.889 Billion to P9.831 Billion mainly due to higher placements with the BSP.

Loans and Receivables-net increased by 15.70% or P48.076 Billion from P306.167 Billion to P354.243 Billion and represented 63.94% of total resources. This was primarily as a result of increase in the volume of loan releases across all product types. In terms of ADB, SME Loans grew by 18%

or P6.0 Billion, Consumer Loans by 15% or P10.7 Billion, and Corporate Loans by 12% or P20.5 Billion. Growth in consumer loans was led by the Credit Card Portfolio, which grew by 28% or P2.9 Billion, Auto Loans by 21% or P5.5 Billion, and Mortgage Loans by 9% or P3.2 Billion. For the Loan Mix, Corporate Loans was 55%, SME was 16% and Consumer Loans was 29% of the Total Loans.

Investments in Associates, net grew by 8.88% or P34 Million from P383 Million to P417 Million as a result of additional equity income from associates.

Investment Properties, net increased by 5.26% or P170 Million from P3.229 Billion to P3.399 Billion attributable to additional foreclosed properties made by subsidiaries. Deferred Tax Assets declined by 12.91% or P291 Million due to higher taxable income during the year resulting to utilization of tax benefits of minimum corporate income tax incurred in prior years. Other Resources, net decreased by 8.61% or P849 Million from P9.861 Billion to P9.012 Billion mainly due to disposal of assets held for sale by a subsidiary.

Deposit liabilities grew by 10.01% or P35.335 Billion from P353.077 Billion to P388.412 Billion and represented 70.11% of Total Resources. Demand deposits increased by 23.64% or P9.943 Billion from P42.053 to P51.996 Billion, Savings Deposits were recorded at P165.187 Billion and accounted for 29.82% of Total Resources. Time deposits grew by 15.62% or P23.131 Billion from P148.098 bio to P171.229 Billion and accounted for 30.91% of total resources. Increase in deposit liabilities was as a result of newly opened business centers.

Bills payable increased by 16.80% or P6.324 Billion from P37.643 Billion to P43.967 Billion mainly attributable to higher foreign borrowings; it represented 7.94% of total resources. Bonds payable decreased by 32.54% or P13.535 Billion from P41.595 Billion to P28.060 Billion primarily as a result of the maturity of the U.S.\$275 Million senior notes in January 2017. Accrued taxes, interest and other expenses payable decreased by 13.23% or P638 Million from P4.823 bio to P4.185 mainly due to decrease in accruals for other expenses as a result of the settlement of prior year's accrual of the BSP's regulatory action relating to the alleged heist involving the Bank of Bangladesh.

Total liabilities stood at P486.961 Billion and represented 87.90% of Total Resources.

Net Unrealized Gains/(Losses) on Financial Assets At Fair Value Through Other Comprehensive Income decreased by 7.51% or P160 Million due to revaluation of investment securities. Actuarial losses on Defined Benefit Plan decreased by P1.514 Billion from P1.593 Billion to P79 Million as a result of the revaluation of plan assets held by the retirement fund. Retained Earnings grew by 14.34% or P3.518 Billion from P24.531 Billion to P28.049 Billion due to higher income for the period and accounted 41.85% of Total Capital Funds.

Total Capital Funds grew by 7.88% or P4.894 bio from P62.133 bio to P67.027 bio.

Income Statement

INCOME STATEMENT			
In Million Pesos	2017	2016	2015
Interest Income	25,118	23,137	21,520
Interest Expense	7,097	7,430	5,943
Net Interest Income	18,021	15,707	15,577
Other Operating Income	7,100	7,114	6,655
Impairment Losses	2,155	1,770	2,350
Operating Expenses	17,815	17,355	15,061
Tax Expense (Income)	841	(174)	(307)
Net Income attributable to non-controlling interest	2	2	(1)
Net income	4,308	3,868	5,129

Total interest income increased by 8.56% or P1.981 Billion from P23.137 Billion to P25.118 Billion and accounted for 99.99% of total operating income. Interest income from loans and receivables went up by 12.93% or P2.514 Billion from P19.442 Billion to P21.956 Billion and accounted for 87.40% of total operating income. The increase is mainly due to increase in average volume of Loans and Receivables. Interest income from investment securities went down by 14.84% or P485 Million mainly due to decrease in volume of total investment securities. It accounted for 11.08% of total operating income. Other interest income decreased by 11.27% or P48 Million from P426 Million to P378 Million primarily as a result of decrease in BSP term deposit placements.

Total interest expense stood at P7.097 Billion and accounted 28.25% of total operating income. Interest expense from deposit liabilities grew by 21.11% from P3.269 Billion to P3.959 Billion, representing 15.76% of total operating income. The increase was a result of higher volume and cost of time deposits. Interest expense from bills payable and other borrowings declined by 24.59% or P1.023 Billion mainly due to the maturity of the US\$275 Million senior notes in January 2017. As a result, net interest income increased by 14.73% or P2.314 Billion from P15.707 Billion to P18.021 Billion.

The Group booked higher impairment losses at P2.155 Billion, up by 21.75% or P385 Million from P1.77 Billion and represented 8.58% of total operating income. Increase in impairments losses net was mainly due to higher general loan loss provisions relative to increase in loan volume as previously discussed.

Other operating income of P7.100 Billion accounted for 28.26% of total operating income and is broken down as follows:

- Service fees and commissions stood at P3.138 Billion and accounted for 12.49% of total operating income.
- Trading and securities gain-net declined by 44.41% or P719 Million from P1.619 Billion to P900 Million attributable to decrease in realized trading gains from securities sold.
- Foreign exchange gains increased by 189.13% or Php522 Million from P276 Million to P798 Million attributable to higher volatility in the market resulting to increase in volume of transactions.
- Trust fees settled at P279 Million.
- Share in net earnings of subsidiaries and associates settled at Php92 Million.
- Miscellaneous income went up by 18.46% or Php295 Million from Php1.598 Billion to P1.893 Billion brought about by higher dividend and gains on assets sold.

Operating expenses stood at P17.815 Billion and accounted 70.92% of Total Operating Income.

- Manpower costs increased by 11.63% or P629 Million from P5.408 Billion to P6.037 Billion, as a result of hiring for the newly opened branches. It consumed 24.03% of the total operating income.
- Occupancy and equipment-related grew by 10.24% or P294 Million from P2.871 Billion to P3.165 Billion mainly due to the 27 branches opened in 2017. It accounted 12.60% of the total operating income.
- Taxes and licenses stood at P1.821 Billion.
- Depreciation and amortization increased by 8.38% or P148 Million from P1.766 Billion to P1.914 Billion.
- Miscellaneous expenses declined by 10.82% or P592 Million to settle at P4.878 Billion from P5.470 Billion, primarily as a result of the P1.0 Billion fine imposed by the BSP in 2016, and it consumed 19.42% of total operating income

Tax expense increased by P1.015 Billion from a tax income of P174 Million to a tax expense of P841 Million, primarily as a result of higher taxable income as well as the origination and reversal of temporary differences relating to MCIT.

Net profit attributable to non-controlling interest settled at P2 Million.

Overall, net income increased by 11.37% or P440 Million from P3.870 Billion in 2016 to P4.310 Billion in 2017.

Performance Indicators

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES				
	Audited			
	Consolidated		Parent	
	2017	2016	2017	2016
Return on Average Assets (ROA)	0.82%	0.77%	1.02%	0.93%
Return on Average Equity (ROE)	6.72%	6.42%	6.74%	6.43%
BIS Capital Adequacy Ratio (CAR)	15.46%	16.16%	15.33%	16.23%
Non-Performing Loans (NPL) Ratio	1.25%	0.98%	0.54%	0.17%
Non-Performing Assets (NPA) Ratio	1.37%	1.52%	0.48%	0.34%
Net Interest Margin (NIM)	4.25%	4.06%	3.85%	3.47%
Cost-to-Income Ratio	70.92%	76.05%	68.01%	74.30%
Loans-to-Deposit Ratio*	90.84%	86.60%	91.67%	87.62%
Current Ratio	0.47	0.56	0.52	0.52
Liquid Assets-to-Total Assets Ratio	0.20	0.26	0.20	0.26
Debt-to-Equity Ratio	7.27	7.39	5.60	5.73
Asset-to- Equity Ratio	8.27	8.39	6.60	6.73
Asset -to- Liability Ratio	1.14	1.14	1.18	1.17
Interest Rate Coverage Ratio	1.73	1.50	1.95	1.60
Earnings per Share (EPS)				
Basic	Php 3.08	Php 2.76	Php 3.08	Php 2.76
Diluted	Php 3.08	Php 2.76	Php 3.08	Php 2.76

*Excluding Interbank loans and Loans under Reverse Repurchase Agreement

Wholly-Owned/Virtually Wholly Owned Subsidiaries

RCBC SAVINGS BANK	Audited	
In Php 000s	2017	2016
Net Income	Php 1,350,231	Php 1,005,140
Return on Average Assets (ROA)	1.22%	1.05%
Return on Average Equity (ROE)	11.80%	9.89%
BIS Capital Adequacy Ratio (CAR)	14.03%	12.44%
Non-Performing Loans (NPL) Ratio	3.13%	2.88%
Non-Performing Assets (NPA) Ratio	4.09%	5.95%
Earnings per Share (EPS)	Php 43.74	Php 32.56

RIZAL MICROBANK	Audited	
In Php 000s (Except EPS)	2017	2016
Net Loss	Php (9,537)	Php (3,384)
Return on Average Assets (ROA)	-0.69%	-0.33%
Return on Average Equity (ROE)	-1.54%	-0.55%
BIS Capital Adequacy Ratio (CAR)	43.24%	65.28%
Non-Performing Loans (NPL) Ratio	0.02%	0.09%
Non-Performing Assets (NPA) Ratio	0.01%	1.24%
Loss per Share (EPS)	Php (1.09)	Php (0.30)

RCBC CAPITAL CORPORATION and Subsidiaries	Audited	
In Php 000s (Except EPS)	2017	2016
Net Income	Php 550,269	Php 294,079
Return on Average Assets (ROA)	12.40%	7.13%
Return on Average Equity (ROE)	14.46%	8.14%
BIS Capital Adequacy Ratio (CAR)	39.36%	27.99%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	0.03%	0.05%
Earnings per Share (EPS)	Php 4.66	Php 2.49

RCBC FOREX BROKERS CORPORATION	Audited	
In Php 000s (Except EPS)	2017	2016
Net Income	Php 4,502	Php 39,917
Return on Average Assets (ROA)	2.48%	16.60%
Return on Average Equity (ROE)	2.60%	20.14%
Capital to Total Assets	95.31%	77.08%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per Share (EPS)	Php 9.00	Php 79.83

RCBC INTERNATIONAL FINANCE, LTD. and Subsidiary	Audited	
In Php 000s (Except EPS)	2017	2016
Net Loss	Php (8,940)	Php (1,931)
Return on Average Assets (ROA)	-6.34%	-1.38%
Return on Average Equity (ROE)	-6.49%	-1.40%
Capital to Total Assets	97.83%	100.05%
Non-Performing Loans (NPL) Ratio	0.00%	-0.54%
Non-Performing Assets (NPA) Ratio	0.00%	-
Loss per Share	Php (3.58)	Php (0.77)

RCBC NORTH AMERICA, INC.	Audited	
In Php 000s (Except EPS)	2017	2016
Net Loss	Php 0	Php (1,555)
Return on Average Assets (ROA)	0.00%	-91.01%
Return on Average Equity (ROE)	0.00%	-90.98%
Capital to Total Assets	58.70%	217.45%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Loss per Share	Php 0	Php (35.56)

RCBC TELEMONEY EUROPE S.P.A	Audited	
In Php 000s (Except EPS)	2017	2016
Net Loss	Php (9,172)	Php (45,056)
Return on Average Assets (ROA)	-55.15%	-52.36%
Return on Average Equity (ROE)	12.43%	-110.16%
Capital to Total Assets	-647.61%	-47.43%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Loss per Share (EPS)	Php (91.72)	Php (450.56)

RCBC-JPL HOLDING COMPANY, INC. (Formerly JP Laurel Bank, Inc.)	Audited	
	2017	2016
In Php 000s (Except EPS)		
Net Income	Php 88	Php 2,259
Return on Average Assets (ROA)	0.05%	1.05%
Return on Average Equity (ROE)	-0.07%	-1.88%
Capital to Total Assets	-61.78%	-62.35%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per Share (EPS)	Php 0.00	Php 0.01

NIYOG PROPERTY HOLDINGS, INC.	Audited	
	2017	2016
In Php 000s (Except EPS)		
Net Income	Php 134,909	Php 10,414
Return on Average Assets (ROA)	18.42%	1.40%
Return on Average Equity (ROE)	19.32%	1.46%
Capital to Total Assets	96.05%	94.43%
Non-Performing Loans (NPL) Ratio	-	-
Non-Performing Assets (NPA) Ratio	-	-
Earnings per Share (EPS)	Php 96.99	Php 7.49

RCBC LEASING AND FINANCE CORP. and Subsidiary	Audited	
	2017	2016
In Php 000s (Except EPS)		
Net Income	Php 91,147	Php 70,218
Return on Average Assets (ROA)	1.10%	1.04%
Return on Average Equity (ROE)	13.64%	11.23%
Capital to Total Assets	7.87%	13.95%
Non-Performing Loans (NPL) Ratio	8.61%	12.51%
Non-Performing Assets (NPA) Ratio	6.65%	8.41%
Earnings per Share (EPS)	Php 0.199	Php 0.15

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 BIS 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) / (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 2018

Sustaining the core business growth and to stabilize core earnings while focusing on select segments and niche markets will be the main thrust of the Bank for 2018. SME and consumer loans will remain as the main drivers of loan growth; Microfinance lending will continue to grow especially in the Mindanao and Visayas regions. In addition, the Bank aims to build its securities portfolio and increase low-cost deposits.

The Bank aims to increase its fee-based income from deposit and branch-related transactions, e-banking channels, corporate, consumer and investment banking businesses, wealth management, trust, retail banking, cash management, Bancassurance, investment banking, and cards business. The Bank aims to increase deposit volume by introducing new products, client requisition through branch expansion and offer cash management products and services to business enterprises, and regular deposit campaigns and promos.

The Bank intends to capitalize on the various alliances forged with several Japanese, Chinese, and Korean banks by offering products and services to multinational corporate clients while expanding capabilities with the transfer of technologies and best practices. Strong focus will be given to building a strong consumer franchise inclusive of a large consumer credit portfolio by capitalizing on the branch network through a much refined branch referral incentive program.

Note to Financial Statements as of September 30, 2018

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

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

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

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

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

Issuances, Repurchases and Repayments of Debt and Equity Securities. On September 28, 2018, the bank successfully raised P3.58 Billion of new Long Term Negotiable Certificates of Deposits (LTNCDs) due in 2024. The 5.5 year LTNCD carries a coupon of 5.50% per annum.

On April 27, 2018, the bank re-opened its USD 300 Million 4.125% Senior Unsecured Fixed Rate Notes due on March 16, 2023 via a second USD 150 Million tranche drawdown off its USD 2 Billion Medium Term Note Programme with a re-opening yield of 4.4084% and maturity date on March 16, 2023.

On March 15, 2018, the bank issued a US\$ 300 Million Senior Unsecured Fixed Rate Notes with a coupon and yield at 4.13% with maturity date on March 16, 2023. On March 5, 2018, the bank has undertaken an update of its US\$ 2 Billion Medium Term Note Programme with a coupon and yield at 4.125% with maturity date on March 16, 2023.

Dividends Paid for Ordinary or Other Shares. In its meeting held on July 30, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1108 per share or a total of approximately P27 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on September 4, 2018 and paid on September 24, 2018.

In its meeting held on April 30, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1080 per share or a total of approximately P27 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on June 14, 2018 and paid on June 25, 2018.

In its meeting held on March 26, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.6160 per share or a total of approximately P862 Million payable to holders of Common Class and a total of approximately P17 thousand payable to holders of Preferred Class shares, both were approved by the Bangko Sentral ng Pilipinas on April 5, 2018 and paid on May 7, 2018.

In its meeting held on January 30, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0919 per share, or a total of approximately P23 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on March 1, 2018 and paid on March 28, 2018.

In its meeting held on October 30, 2017, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0840 per share, or a total of approximately P23 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on December 12, 2017 and paid on December 22, 2017.

In its meeting held on July 31, 2017, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0840 per share, or a total of approximately P23 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on September 5, 2017 and paid on September 22, 2017.

In its meeting held on April 24, 2017, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0807 per share or a total of approximately P23 thousand payable to holders of Preferred Class shares which was approved by the Bangko Sentral on April 26, 2017 and paid on June 23, 2017. The Board of Directors also approved the declaration and payment of cash dividends amounting to P0.5520 per share or a total of approximately P772 Million payable to holders of Common Class and a total of approximately P154 thousand payable to holders of Preferred Class shares, both were approved by the Bangko Sentral ng Pilipinas on April 26, 2017 and paid on May 25, 2017.

In its meeting held on January 30, 2017, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.07491 per share, or a total of approximately P21 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on March 22, 2017 and paid on March 24, 2017.

The details of the cash dividend approvals and distributions from 2017 up to September 30, 2018 are as follows (amounts in Thousand Php except per share figures):

Date Declared	Dividend			Date Approved by the BSP	Date Paid / Payable	Nature of Securities
	Per Share		Total Amount (in Thousand)			
30-Jan-17	P	0.0749	P 21	22-Mar-17	24-Mar-17	Convertible Preferred stock
24-Apr-17	P	0.0807	P 23	26-Apr-17	23-Jun-17	Convertible Preferred stock
24-Apr-17	P	0.5520	P 772,754	26-Apr-17	25-May-17	Common Stock
24-Apr-17	P	0.5520	P 154	26-Apr-17	25-May-17	Convertible Preferred Stock
31-Jul-17	P	0.0840	P 23	5-Sep-17	22-Sep-17	Convertible Preferred stock
30-Oct-17	P	0.0840	P 23	12-Dec-17	22-Dec-17	Convertible Preferred Stock
29-Jan-18	P	0.0919	P 23	1-Mar-18	28-Mar-18	Convertible Preferred stock
26-Mar-18	P	0.6160	P 862,340	5-Apr-18	7-May-18	Common Stock
26-Mar-18	P	0.0616	P 172	5-Apr-18	7-May-18	Convertible Preferred Stock
30-Apr-18	P	0.1080	P 27	14-Jun-18	25-Jun-18	Convertible Preferred Stock
30-Jul-18	P	0.1108	P 27	4-Sep-18	24-Sep-18	Convertible Preferred Stock

Segment Information. The following table presents revenues and expenses of the Parent Company that are directly attributable to primary business segments for the period ended September 30, 2018 (in Millions)

RESULTS OF OPERATIONS*					
	Retail Banking Group	Corporate Banking Group	Treasury / Trust	Others	Total
Net interest income	12,251	6,229	1,046	(4,839)	14,688
Non-interest income	3,288	1,560	838	(959)	4,727
Total revenue	15,539	7,790	1,885	(5,798)	19,415
Non-interest expense	10,832	1,893	453	2,483	15,660
Income (loss) before Income tax	4,707	5,897	1,432	(8,281)	3,755
Income tax expense	-	-	-	545	545
Net income (loss)	4,707	5,897	1,432	(8,826)	3,210

*Amounts may not add up due to rounding off.

Material Events Subsequent to the End of the Interim Period Not Reflected in the Financial Statements. There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

Changes in Composition of the Issuer During the Interim Period. RCBC North America, Inc. ceased its operations in March 2014. RCBC North America's dissolution date is on May 8, 2018. It is a wholly-owned subsidiary of the bank and was a foreign exchange remittance office in California.

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

Material Contingencies and Any Other Events or Transactions. On September 24, 2018, the Bank's Board of Directors approved the merger of RCBC Savings Bank (a wholly owned subsidiary) into RCBC, subject to regulatory approvals. The proposed transaction will facilitate for the RCBC Group the following objectives: (1) more efficient capital deployment, (2) more efficient compliance with the Basel 3 liquidity ratios, (3) optimal coordination between the branch banking networks of

RCBC and RCBC Savings, (4) medium-term improvement in the funding economics, and (5) operational cost efficiencies.

On January 29, 2018, the bank received the Board of Directors' approval to conduct a Stock Rights Offering (SRO) to raise up to P15 Billion in fresh Common Tier 1 Capital. The Philippine Stock Exchange (PSE) approved the Bank's SRO on May 25, 2018. The offer started on June 25, 2018 and ended on June 29, 2018. The shares were offered at P28.00 with entitlement ratio of 1 Right Share for every 2.6132 RCBC common shares held. Its ex-rights date was on June 8, 2018 and record date on June 14, 2018.

The Bank's SRO of 535,710,378 shares were listed in the PSE on July 16, 2018 and the gross proceeds amounting to P14,999,890,584 were booked on the same date. This resulted to 1,935,628,775 total issued and outstanding capital stock of the Bank.

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

Financial Performance

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES									
	Consolidated				Parent				
	Unaudited		Audited		Unaudited		Audited		
	30-Sep-18		31-Dec-17		30-Sep-18		31-Dec-17		
Return on Average Assets (ROA)* ^{1/}	0.73%		0.82%		0.91%		1.02%		
Return on Average Equity (ROE) * ^{2/}	5.94%		6.72%		5.94%		6.74%		
BIS Capital Adequacy Ratio	17.28%		15.46%		17.62%		15.33%		
Non-Performing Loans (NPL) Ratio ^{3/}	1.22%		1.25%		0.55%		0.54%		
Non-Performing Assets (NPA) Ratio ^{4/}	1.14%		1.37%		0.43%		0.48%		
Net Interest Margin (NIM)*	3.92%		4.25%		3.63%		3.85%		
Cost-to-Income Ratio	73.91%		70.92%		70.22%		68.01%		
Loans-to-Deposit Ratio ^{5/}	97.38%		93.38%		98.61%		94.26%		
Current Ratio	0.49		0.47		0.56		0.52		
Liquid Assets -to-Total Assets Ratio	0.20		0.20		0.21		0.20		
Debt-to-Equity Ratio	6.35		7.27		4.96		5.60		
Asset-to- Equity Ratio	7.35		8.27		5.96		6.60		
Asset -to- Liability Ratio	1.16		1.14		1.20		1.18		
Interest Rate Coverage Ratio	1.52		1.73		1.70		1.95		
Earnings per share (EPS)* ^{6/}									
Basic and Diluted	PHP	2.84	PHP	3.08	PHP	2.84	PHP	3.08	

*September 30, 2018 ratios/amounts were annualized

^{1/} Average assets for the consolidated and parent ratios were computed based on the 10-month average of end of month balances of total assets. Unaudited net income for the 9-month period ended September 30, 2018 in the amount of P3.209 Billion represented the consolidated and parent.

^{2/} Average equity for the consolidated and parent ratios were, likewise, computed based on the 10-month average of end of month balances. Unaudited net income for the 9-month period ended September 30, 2018 in the amount of P3.209 Billion represented the consolidated and parent.

^{3/} Non-performing loans (NPLs) were net of total specific allowance for probable losses per BSP Circular No. 772 of 2012.

^{4/} NPAs were net of total specific allowance for probable losses.

^{5/} Including Interbank Loans

^{6/} Total weighted average number of issued and outstanding common shares (diluted) as of September 30, 2018 – 1,511,520,221 shares; as of December 31, 2017 – 1,399,916,364 shares.

Performance Indicators for Wholly-Owned/Majority Owned Subsidiaries

RCBC SAVINGS BANK In Php 000s	Unaudited		Audited	
		September 30, 2018		December 31, 2017
Net Income	PHP	888,756	Php	1,350,231
Return on Average Assets (ROA)*		0.99%		1.22%
Return on Average Equity (ROE)*		9.19%		11.80%
BIS Capital Adequacy Ratio (CAR)		13.19%		14.03%
Non-Performing Loans (NPL) Ratio		3.11%		3.13%
Non-Performing Assets (NPA) Ratio		3.50%		4.09%
Earnings per Share (EPS)*	PHP	38.49	Php	43.74

RIZAL MICROBANK In Php 000s	Unaudited		Audited	
		September 30, 2018		December 31, 2017
Net Income (Loss)	PHP	10,966	Php	(9,537)
Return on Average Assets (ROA)*		1.04%		-0.69%
Return on Average Equity (ROE)*		2.51%		-1.54%
BIS Capital Adequacy Ratio (CAR)		36.85%		43.24%
Non-Performing Loans (NPL) Ratio		-0.12%		0.02%
Non-Performing Assets (NPA) Ratio		0.21%		0.01%
Earnings (Loss) per Share (EPS)*	PHP	1.67	Php	(1.09)

RCBC CAPITAL CORPORATION and Subsidiaries In Php 000s	Unaudited		Audited	
		September 30, 2018		December 31, 2017
Net Income	PHP	127,258	Php	550,269
Return on Average Assets (ROA)*		3.98%		12.40%
Return on Average Equity (ROE)*		4.48%		14.46%
BIS Capital Adequacy Ratio (CAR)		59.02%		39.36%
Non-Performing Loans (NPL) Ratio		0.00%		0.00%
Non-Performing Assets (NPA) Ratio		0.04%		0.03%
Earnings per Share (EPS)*	PHP	1.44	Php	4.66

RCBC FOREX BROKERS CORPORATION In Php 000s	Unaudited		Audited	
		September 30, 2018		December 31, 2017
Net Income	PHP	7,241	Php	4,502
Return on Average Assets (ROA)*		5.38%		2.48%
Return on Average Equity (ROE)*		5.69%		2.60%
Capital to Total Assets Ratio		93.58%		95.31%
Non-Performing Loans (NPL) Ratio		0.00%		0.00%
Non-Performing Assets (NPA) Ratio		0.00%		0.00%
Earnings per Share (EPS)*	PHP	19.36	Php	9.00

*September 30, 2018 ratios/amounts were annualized

¹RCBC North America, Inc. ceased its operations in March 2014. Final dissolution date was on May 8, 2018

RCBC INTERNATIONAL FINANCE, LTD. and Subsidiary In Php 000s	Unaudited		Audited
	September 30, 2018		December 31, 2017
Net Loss	PHP	(10,609)	Php (8,940)
Return on Average Assets (ROA)*		-10.47%	-6.34%
Return on Average Equity (ROE)*		-10.76%	-6.49%
Capital to Total Assets Ratio		97.04%	97.83%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Loss per Share (EPS)*	PHP	(5.67)	Php (3.58)

RCBC TELEMONEY EUROPE S.P.A ² In Php 000s	Unaudited		Audited
	September 30, 2018		December 31, 2017
Net Loss	PHP	(12,872)	Php (9,172)
Return on Average Assets (ROA)*		-122.72%	-55.15%
Return on Average Equity (ROE)*		37.08%	12.43%
Capital to Total Assets Ratio		-369.26%	-647.61%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Loss per Share (EPS)*	PHP	(172.09)	Php (91.72)

RCBC-JPL HOLDING COMPANY, INC. (Formerly JP Laurel Bank, Inc.) In Php 000s	Unaudited		Audited
	September 30, 2018		December 31, 2017
Net Income	PHP	4,415	Php 88
Return on Average Assets (ROA)*		3.02%	0.05%
Return on Average Equity (ROE)*		-5.09%	-0.07%
Capital to Total Assets Ratio		-57.18%	-61.78%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Earnings per Share (EPS)*	PHP	0.03	Php 0.00

NIYOG PROPERTY HOLDINGS, INC. In Php 000s	Unaudited		Audited
	September 30, 2018		December 31, 2017
Net Income	PHP	28,405	Php 134,909
Return on Average Assets (ROA)*		5.50%	18.42%
Return on Average Equity (ROE)*		5.79%	19.32%
Capital to Total Assets Ratio		95.29%	96.05%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Earnings per Share (EPS)*	PHP	27.30	Php 96.99

*September 30, 2018 ratios/amounts were annualized

²The company ceased its operations in March 2016. Waiting for final liquidation closure

RCBC LEASING AND FINANCE CORP. and Subsidiary In Php 000s	Unaudited		Audited
		September 30, 2018	December 31, 2017
Net Income	PHP	92,860	Php 88,296
Return on Average Assets (ROA)*		1.34%	1.10%
Return on Average Equity (ROE)*		12.87%	13.64%
Capital to Total Assets Ratio		12.98%	7.87%
Non-Performing Loans (NPL) Ratio		7.05%	8.61%
Non-Performing Assets (NPA) Ratio		5.74%	6.65%
Earnings per Share (EPS)*	PHP	0.27	Php 0.199

**September 30, 2018 ratios/amounts were annualized*

30 September 2018 vs 31 December 2017

RCBC's Total Assets grew by 10.90% or P60.391 Billion from P553.988 Billion to P614.379 Billion mainly due to the increase in Investment Securities and Loans and Receivables.

Due from Bangko Sentral ng Pilipinas, representing 10.14% of total resources, increased by 5.94% or P3.496 Billion from P58.801 Billion to P62.296 Billion attributable to the increase in level of placement in Term Deposit Facility. Due from other banks decreased by 13.66% or P2.707 Billion from P19.818 Billion to P17.111 Billion, mainly due to decrease in foreign bank placements.

Total Investment Securities, representing 15.90% of Total Resources, increased by 33.92% or P24.737 Billion from P72.932 Billion to P97.669 Billion attributable to 45.92% or P2.463 Billion increase in Financial Assets at Fair Value through other Comprehensive Income (FVOCI) from P5.364 Billion to P7.827 Billion and 37.69% or P22.603 Billion increase in Hold-to-Collect (HTC) portfolio from P59.977 Billion to P82.579 Billion.

Loans under Repurchase Agreement increased by P22.60% or P2.222 Billion from P9.831 Billion to P12.053 Billion.

Loans and Receivables-net went up by 9.52% or P33.723 Billion from P354.243 Billion to P387.966 Billion and represented 63.15% of total resources. This was primarily as a result of increase in the volume of loan releases.

Deferred Tax Assets-net increased by 14.61% from or P277 Million from P1.896 Billion to P2.173 Billion as a result of origination of additional deductible temporary differences. Other Resources-net decreased by 8.63% or P778 Million from P9.012 Billion to P8.234 Billion.

Deposit liabilities grew by 5.59% or P21.723 Billion from P388.412 Billion to P410.135 Billion and represented 66.76% of Total Resources. Demand deposits increased by 9.23% or P4.801 Billion from P51.996 Billion to P56.797 Billion and accounted for 9.24% of Total Resources; Savings Deposits grew by 5.95% or P9.823 Billion from P165.187 Billion to P175.010 Billion and accounted for 28.49% of total resources. Time deposits reached P178.328 Billion and accounted for 29.03% of total resources.

Bills payable decreased by 11.88% or P5.225 Billion from P43.967 Billion to P38.742 Billion, mainly attributable to decline in foreign borrowings. Bonds payable increased by 94.34% or P26.472 Billion from P28.060 Billion to P54.532 Billion primarily as a result of issuance of U.S.\$300 Million senior notes in March 2018 and U.S.\$150 Million senior notes in April 2018.

Accrued taxes, interest and other expenses payable increased by 11.84% or P495 Million from P4.185 Billion to P4.680 Billion mainly due to increase in accruals for interest.

Total liabilities grew by 8.99% or P43.790 Billion from P486.958 Billion to P530.748 Billion and represented 88.39% of Total Resources.

Common Stock grew by 38.27% or P5.357 Billion attributable to the Stock Rights Offering in July 2018. Capital Paid in Excess of Par also increased by 41.75% or P9.451 Billion.

Net Unrealized Gains on Financial Assets at Fair Value through Other Comprehensive Income declined by 16.87% or P332 Million from P1.968 Billion to P1.636 Billion as a result of revaluation of investment securities. Cumulative Translation Adjustment also declined by 36.83% or P31 Million from P85 Million to P53 Million as a result of the liquidation of a foreign subsidiary.

Total Capital Funds increased by 24.77% or P16.601 Billion from P67.030 Billion to P83.631 Billion and accounted for 13.61% of Total Resources. The growth was a result of the additional P15 Billion common Tier 1 capital from the Stock Rights Offering last July 2018.

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

30 September 2018 vs. 30 September 2017

Total interest income increased by 21.38% or P3.866 Billion from P18.084 Billion to P21.950 Billion and accounted for 113.06% of total operating income. Interest income on loans and receivables went up by 22.34% or P3.536 Billion from P15.828 Billion to P19.364 Billion and accounted for 99.74% of total operating income. The increase is mainly due to increase in average yield and volume of Loans and Receivables. Interest income on investment securities was recorded at P2.282 Billion, 23.98% or P441 Million higher than last year's P1.841 Billion and accounted for 11.75% of total operating income, attributable to the increase in volume of securities and increase in average yield. Other interest income decreased by 26.77% or P111 Million from P415 Million to P304 Million primarily as a result of lower income on overnight Deposits due to lower average volume of placements.

Total interest expense increased by 47.02% or P2.322 Billion from P4.940 Billion to P7.262 Billion and accounted 37.41% of total operating income. Interest expense on deposit liabilities grew by 46.80% or P1.355 Billion from P2.896 Billion to P4.252 Billion primarily as a result of increase in deposit level in terms of average daily balance coupled by increase in average cost; it represented 21.90% of total operating income. Interest expense on bills payable and other borrowings increased by 47.31% or P967 Million from P2.044 Billion to P3.011 Billion mainly due to issuance of Senior Notes in 2018.

Net interest income increased by 11.75% or P1.544 Billion from P13.144 Billion to P14.688 Billion and accounted 75.65% of Total Operating Income.

The Group booked lower impairment losses at P1.310 Million, down by 16.32% or P256 Million from P1.566 Billion and represented 6.75% of total operating income. Decrease in impairments losses net was mainly due to lower provisioning requirement on corporate and consumer loans.

Other operating income of P4.727 Billion which accounted for 24.35% of total operating income was down by 12.95% or P703 Million and is broken down as follows:

- Service fees and commissions increased by 16.50% or P387 Million from P2.345 Billion to P2.732 Billion as a result of increase in debit and credit card fees, and commitment fees on loans.

- Trust fees settled at P209 Million.
- Trading and securities gain-net declined by 121.40% or P1.215 Billion to a trading loss of P214 Million mainly due to one-time gain on HTC sale in 2017.
- Foreign exchange gains increased by 30.25% or P174 Million from P574 Million to P748 Million largely due to higher fx position gains, partly offset by lower income from commercial transactions.
- Miscellaneous income stood at P1.252 Billion.

Operating expenses which accounted for 73.91% of Total Operating Income, increased by 10.41% or P1.353 Billion from P12.997 Billion to P14.350 Billion due to the following:

- Manpower costs increased by 10.19% or P452 Million from P4.433 Billion to P4.885 Billion, as a result of increase in headcount and regular merit and salary adjustment. It consumed 25.16% of the total operating income;
- Occupancy and equipment-related expenses increased by 6.34% or P149 Million from P2.344 Billion to P2.492 Billion and consumed 12.84% of Total operating income;
- Taxes and licenses grew by 29.04% or P383 Million from P1.319 Billion to P1.702 Billion primarily as a result of higher Documentary Stamp Tax expense as a result of higher DST rates imposed on debt instruments due to TRAIN;
- Depreciation and amortization was recorded at P1.358 Billion;
- Miscellaneous expenses went up by 12.46% or P434 Million to settle at P3.913 Billion from P3.480 Billion primarily mainly due to higher set-up of deferred tax assets (DTA).

Tax expense was lower by 9.92% or P60 Million from P605 Million to P545 Million as a result of lower taxable income for the period.

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

Overall, net income declined by 5.77% or P197 Million from P3.406 Billion to P3.210 Billion.

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

Commitments and Contingent Liabilities (as set forth in the Interim Report)

See accompanying Notes to FS for the detailed discussion of Commitments and Contingent Liabilities and the summary of contingencies and commitments arising from off-balance sheet items at their equivalent peso contractual amounts (Note 13).

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

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

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

(C) Financial Statements

The consolidated financial statements have been prepared in conformity with Financial Reporting Standards in the Philippines for Banks (FRSPB) and reflect amounts that are based on the best estimates and informed judgment of management with appropriate consideration to materiality. (Please see Annex B for the Audited Financial Statements for 2017)

If material;

(i) Commitments and Contingent Liabilities

In the normal course of operations of the Bank, there are various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, tax assessments, etc., which are not reflected in the accompanying financial statements. Management does not anticipate losses from these transactions that will adversely affect results of operations.

In the opinion of Management, the suits and claims arising from the normal course of operations of the Bank that remain unsettled, if decided adversely, will not involve sums that would have a material effect on Bank's financial position or operating results. These suits are specified under Legal Proceedings.

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

Except for the above-mentioned proceedings, the Bank is not aware of any suits and claims by or against it or its subsidiaries, which if decided adversely would have a material effect on its financial position or operating results.

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

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

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

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

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

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

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

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

(D) External Audit Fees

External Audit Fees and Services. The Audit Committee is empowered to appoint the external auditor of the Bank 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 Bank'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 P11.24 Million and P10.75 Million for 2017 and 2016, respectively. Additionally, approximately P1.73 Million was paid for other services rendered by the independent accountant in 2017.

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

As for non-audit services and other fees, these pertain only to the quarterly financial statements review.

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, 2017 and 2016, there were no disagreements with Punongbayan and Araullo on any matter of accounting principles or practices, financial statement disclosures, audit scope or procedures.

The Members of the Audit and Compliance Committee are as follows: Mr. Melito S. Salazar, Jr. as Chairman, and Atty. Adelita A. Vergel De Dios and Vaughn F. Montes as Members.

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

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

RCBC is a universal bank in the Philippines that provides a wide range of banking and financial products and services. It has total resources of P554 Billion and total network of P67.03 Billion, including minority interest, as of end-December 2017. The Bank ranked eighth (8th) in terms of assets among private local banks. In terms of business centers, the Bank, excluding government-owned and foreign banks, ranked sixth (6th) with a consolidated network of 508 business centers inclusive of 35 extension offices and supplemented by 1,562 ATMs as of December 31, 2017.

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

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

RCBC's common shares are 42.45% 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. Other significant investors include the World Bank's International Finance Corporation and Cathay Life Insurance Co. Ltd., a wholly-owned subsidiary of Cathay Financial which is the largest publicly listed financial holding company in Taiwan.

The registered address of RCBC is Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue cor. Sen. Gil Puyat 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 efforts 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 Savings Bank, Inc. (RSB), a wholly-owned subsidiary of the Bank, was established in 1996 as the Bank's consumer banking arm. RSB provides deposit products, real estate loans, auto loans and personal loans. As of end-December 2017, RSB had 154 business centers and 459 ATMs nationwide.

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. In 2016, the foreign exchange business of RCBC Forex was consolidated into RCBC Treasury Group such that RCBC Forex will only continue dealing with money changers, foreign exchange dealers and remittance agents. This will provide synergies such as elimination of redundancy, generation of higher income and meaningful cost savings, and maintenance of client service/relationship. The integration will also enhance Treasury group's presence in the provinces while Forex operations will contribute extensive experience in documentary review.

RCBC International Finance Limited (RCBC IFL), a wholly-owned subsidiary of the Bank, was established in 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.

RCBC North America, Inc. (formerly RCBC California International, Inc.), a wholly-owned subsidiary of the Bank (83.97% owned by RCBC; 16.03% indirectly owned through RCBC IFL), was a foreign exchange remittance office in California. The company ceased its operations in March 2014.

RCBC TeleMoney Europe S.p.a., a wholly-owned subsidiary of the Bank, was established in 1995 in Rome, Italy to engage in the remittance business. The company ceased its operations in March 2016.

Merchants Savings and Loan Association, Inc. (now operating under the name & style - Rizal Microbank, a thrift bank), a 98.03% owned subsidiary, was acquired on May 15, 2008 to engage in microfinancing and development of small businesses. Rizal Microbank has 18 branches and 5

microbanking offices with operations in Southern Luzon and Mindanao. Rizal Microbank moved its Head Office (HO) and branch from Makati City to Davao City in April 2011.

RCBC Leasing and Finance Corporation (formerly First Malayan Leasing and Finance Corporation) (RCBC LFC), a 97.80% 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. 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), a wholly-owned subsidiary of the Bank, was incorporated on September 13, 2005 to purchase, subscribe for or otherwise dispose of real and personal property of every kind and description but not as an investment company. It is 48.11% owned by the Bank and 51.89% indirectly owned through RSB.

RCBC-JPL Holding Company, Inc. (formerly Pres. Jose P. Laurel Rural Bank, Inc.) (RCBC-JPL), 99.39% 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, project financing and merchant banking.

In 2017, the following additional products and electronic services were introduced:

Time Deposit	Premier Banking (RCBC Savings)
5 Year Peso Time Deposit	For individuals
Checking Account	Hexagon Club - Privilege
Dragon All-in-One Checking Account	For SMEs and Corporations
(RCBC Savings)	Hexagon Club Prestige
	Debit Card
	RCBC MyDebit Mastercard

Several products and services are pipelined for launch to the public in 2018 to offer value-added features and improve product delivery and service to enhance the Bank's competitive advantage.

Listed below are the products and services of RCBC:

(1) DEPOSITS	
<u>Peso Deposits</u>	<u>Peso Deposits</u>
Checking Accounts	Savings Accounts
Regular Checking	Regular Savings
Checking Account with Interest	iSave
SuperValue Checking	Dragon Savings
eWoman Checking	Super Earner Loyalty Plus
Rizal Enterprise Checking	eWoman Savings
eLite Checking	ePassbook Savings
eLite 2500 (RCBC Savings)	ePassbook Premium Plus
eVIP Checking	SSS Pensioner
Dragon Checking	Payroll Savings
	WISE Savings
	Telemoney ATM Savings Account
	Contractual Savings - Passbook-based & connected to loan availment (RMB)

<p><u>Peso Deposits</u> Time Deposits Regular Time Deposit Special Time Deposit Time Deposit 2 Year, 3 Year, 4 Year, 5 Year Time Deposit 30 to 365 days (RCBC Savings) Time Deposit 2 Year, 3 Year, 5 Years + 1 day (RCBC Savings)</p>	<p><u>Foreign Currency Deposits</u> Savings Accounts Regular Savings US Dollar Japanese Yen Euro British Pounds Canadian Dollar Chinese Yuan Enhanced Chinese Yuan SA – with tiered interest rates Australian Dollar Swiss Franc Dollar Dragon Savings</p>
<p><u>Foreign Currency Deposits</u> Time Deposits US Dollar 2 Year USD TD 3 Year USD TD 4 Year USD TD 5 Year USD TD Japanese Yen Euro Dollar British Pounds Canadian Dollar Australian Dollar Swiss Franc</p>	
<p>(2) CASH CARDS RCBC MyWallet RCBC Savings Bank MyWallet RCBC MyWallet Visa RCBC MyWallet Co-branded Cards RCBC MyWallet Visa Prepaid Card</p>	<p>(3) ELECTRONIC BANKING CHANNELS Automated Teller Machines Bills Payment Machines RCBC Online Banking for Retail Internet Banking Mobile Banking RCBC Online Banking for Corporate Cash Express (MPOS)/ POS TouchQ</p>
<p>(4) REMITTANCE SERVICES <i>RCBC TeleMoney Products and Services</i> RCBC TeleRemit (Cash Pick-Up) RCBC TeleCredit (Credit to a Bank Account) RCBC TeleDoor2Door (Cash Delivery) RCBC TelePay (International Bills Payment) Maritime Allotment Payment System (MAPS)</p>	<p>(5) CREDIT CARDS RCBC Bankard Black Platinum Mastercard Visa Infinite Card World Mastercard Fully Booked-RCBC Bankard MasterCard RCBC Bankard Web Shopper Diamond Platinum Mastercard UnionPay Card Classic and Gold Card</p>
<p>(6) LOANS <i>Commercial Loans (Peso and/or Foreign Currency)</i> Fleet and Floor Stock Financing Short-term Credit Facilities Term Loans Trade Finance Vendor Invoice Program <i>Consumer Loans</i> Auto Insurance Loan Car Loans Credit Card Gold Cheque Housing Loans Salary Loans</p>	<p><i>Microenterprise and Small Business Loans</i> PITAKA ME Loan PITAKA ME PLUS Loan PITAKA Revolving Credit Line Facility Flexi Term Loan Flexi Revolving Credit Line Facility <i>Agricultural Value Chain Financing</i> Agri-Finance Term Loan Agri-Finance Revolving Credit Line Facility</p>

<p><i>Special Lending Facilities</i> DBP Wholesale Lending Facilities Land Bank Wholesale Lending Facilities SSS Wholesale Lending Facilities BSP Rediscounting Facility Guaranty Facilities Small Business Guarantee and Finance Corporation (SBGFC) Philippine Export-Import Credit Agency (PhilEXIM) Home Guaranty Corporation (HGC)</p>	
(7) PAYMENT AND SETTLEMENT SERVICES	
<p><i>Check Clearing</i> <i>Domestic Letters of Credit</i> <i>Fund Transfers</i> Collection Services Cash Card Checkwriting Services Demand Drafts (Peso and Dollar) Gift Checks Manager's Checks Payroll Services Telegraphic Transfers Traveler's Checks</p>	<p><i>International Trade Settlements</i> Import/Export Letters of Credit Documents Against Payment/Acceptance Open Account Arrangements</p> <p><i>Overseas Workers Remittances</i> <i>Securities Settlement</i> <i>Collection and Receivables Services</i> BancNet On-Line BancNet Direct Bills Payment BancNet Point of Sale System</p>
(8) TREASURY AND GLOBAL MARKETS	
<p><i>Foreign Exchange</i> Foreign Exchange Spot Foreign Exchange Forwards Foreign Exchange Swaps</p> <p><i>Fixed Income</i> 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 Short and Long Term Commercial Papers (STCPs/LTCPs) Global Peso Notes (GPNs) Corporate Bonds</p>	<p><i>Fixed Income</i> 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</p> <p><i>Derivatives</i> Interest Rate Swaps Cross Currency Swaps Asset Swaps</p> <p><i>Advisory Services</i></p>
(9) TRUST SERVICES	
<p><i>Trusteeship</i> Retirement Fund Management Corporate and Institutional Trust Pre-Need Trust Fund Management Customized Employee Savings Plan Employee Savings Plan Personal Management Trust Estate Planning Mortgage/Collateral Trust Bond Trusteeship Legislated and Quasi-judicial Trust Project Accounts Trusteeship</p> <p><i>Agency</i> Safekeeping Escrow Investment Management Loan and Paying Agency Bond Registry and Paying Agency</p>	<p><i>Agency</i> Facility Agency Receiving Agency Sinking Fund Management Stock Transfer and Dividend Paying Agency</p> <p><i>Unit Investment Trust Funds</i> 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 Rizal Global Equity Feeder Fund (Up to March 28, 2018)</p>

(10) CORPORATE CASH MANAGEMENT	
<i>Collection and Receivables Services</i> Bills Collection Channels Auto Debit Agreement (ADA) Deposit Pick-up Bills Payment Machine PDC Warehousing <i>Channels</i> Over the Counter (OTC) Automated Teller Machine (ATM) Internet – RCBC Online Corporate (ROC) Mobile	<i>Disbursements</i> ROC Managers & Corporate Checks Employee Payments Service (Payroll Services) Auto Credit Arrangement (ACA) <i>Government Payment</i> Payment Gateway <i>Third Party Services</i> Collection and Receivables Services Bancnet eGov - SSS/Pag-Ibig/ Philhealth
(11) INVESTMENT BANKING	
<i>Underwriting of Debt and Equity Securities for distribution via Public Offering or Private Placement:</i> Common and Preferred Stock Convertible Preferred Stock and Bonds Long- and Short-Term Commercial Papers and Corporate Notes Corporate and Local Government Bonds <i>Arranging/Packaging of:</i> Syndicated Loans (Peso and Dollar) Joint Ventures Project Finance <i>Financial Advisory and Consultancy</i> Mergers and Acquisitions	ANCILLARY SERVICES <i>Day & Night Depository Services</i> <i>Deposit Pick-up and Delivery</i> <i>Foreign Currency Conversions</i> <i>Foreign Trade Information</i> <i>Research (Economic and Investment)</i> <i>Wealth Management</i> (12) Safety Deposit Box

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

Product/ Services	2017		2016*		2015	
	in Php-MM	%	in Php-MM	%	in Php-MM	%
Interest Income	25,118	78.0%	23,137	76.5%	21,520	76.4%
Loans and receivables	21,956	68.1%	19,442	64.3%	17,462	62.0%
Investment Securities	2,784	8.6%	3,269	10.8%	3,880	13.8%
Others	378	1.2%	426	1.4%	178	0.6%
Other Income	7,100	22.0%	7,114	23.5%	6,655	23.6%
Service fees and commission	3,138	9.7%	3,196	10.6%	3,473	12.3%
Trading and securities gains-net	900	2.8%	1,619	5.4%	1,327	4.7%
Trust Services	279	0.9%	294	1.0%	286	1.0%
Other Treasury &/ or ancillary services	2,783	8.6%	2,005	6.6%	1,569	5.6%
TOTAL	32,218	100.0%	30,251	100.0%	28,175	100.0%

*Restated

The three (3) foreign subsidiaries - RCBC International Finance Limited (Hong Kong), RCBC North America, Inc. (USA) and RCBC Telemoney Europe (Italy) - accounted for 0.04%, 0.12% and 0.65% of gross revenues for the years 2017, 2016 and 2015, respectively.

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. Mergers, acquisitions, and closures reduced the number of players in the industry from a high of 50 upon the liberalization of rules on the entry of foreign banks to twenty (20) universal and commercial banks. With the inclusion of 23 foreign banks, this brings the total to 43 in 2017.

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 and corporate loans and asset and cash management services. These services are provided through its branch network, ATMs and electronic delivery channels (internet and mobile banking).

Certain Relationships and Related Transactions

The Bank is a member of the Yuchengco Group of Companies (YGC). The Yuchengco family, primarily through Pan Malayan Management and Investment Corporation (PMMIC), is the largest shareholder. As of December 31, 2017, PMMIC owned 473,963,631 certificated shares, approximately 33.86% of the Bank's issued and outstanding common shares. Total shareholdings comprising both certificated and scripless shares amount to 594,248,081, approximately 42.45% of the Bank's issued and outstanding common shares.

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 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, consultants 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 Pesos: Ten Million (Php10,000,000.00), or significant transactions with related parties requiring Board approval regardless of amount, are reportable to the RPT Board Committee as related party transactions ("RPTs"). Related party transactions involving amounts below the materiality threshold of Pesos: Ten Million (Php10,000,000.00) are reportable to the RPT Management Committee.

Related parties, through their respective account officers, are enjoined to notify the appropriate Related Party Transactions Committee of any potential RPT 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 independent and non-executive directors, with independent directors comprising the majority. The Chairman is an independent director. The RPT Management Committee is composed of heads of the Controllership Group, Operations Group, Corporate Risk

Management Services Group, Retail Banking Group, and Corporate Planning Group, or their selected designates.

If a transaction is determined to be an RPT, 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, RPTs evaluated by the RPT Board Committee are thereafter presented to the Board of Directors for approval while 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 RPT. 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 2017.

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 2017 include loans and receivables and deposit liabilities. The total amount of loans outstanding was at P10.647 Billion while total deposit liabilities was at P6.188 Billion by end of December 2017. (see Notes 28.1 and 28.2, in the Notes to Financial Statements)

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 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, 2017 and 2016, the Group and the Parent Company are in compliance with these regulatory requirements.

The total amount of Parent Company DOSRI loans was at P553 Million as of end December 2016 and was at P509 Million by end of December 2017. (Note 28.1, Notes to Financial Statements)
Certain of the Bank's major related-party transactions are described below.

- RCBC and certain subsidiaries engage in trade of investment securities as counterparties to the transaction. These transactions are priced similar to transactions with other counterparties outside the Group and there are no unsettled transactions as of the end of each reporting period. [Note 28.3, Notes to Financial Statements]
- RCBC's and certain subsidiaries' retirement funds covered under their defined benefit post-employment plan maintained for qualified employees are administered and managed by RCBC's and RSB's Trust Departments in accordance with the respective trust agreements covering the plan. The retirement fund neither provides guarantee or surety for any obligation of the Group nor its investment in its own shares of stock covered by any restriction and liens. [Note 28.4, Notes to Financial Statements]

- RCBC and certain subsidiaries occupy several floors of RCBC Plaza as leaseholders of RCBC Realty Corporation (RRC). Rental expense incurred by the Group related to this lease arrangements is included as part of Occupancy and Equipment-related account in the statements of profit or loss. RCBC's lease contract with RRC is effective until December 31, 2020 after it was renewed in 2015 for another five years. The outstanding payable on the lease contract is presented as part of Accounts payable under Other Liabilities account in the 2017 and 2016 statements of financial position. The related outstanding payable is unsecured, noninterest-bearing and payable in cash on demand. [Note 28.5(a), par.1, Notes to Financial Statements]
- RCBC entered into sublease agreements with certain subsidiaries which occupy several floors of RCBC Plaza. Rental income by RCBC related to the sublease arrangements is included as part of Rentals under the Miscellaneous income account in the statements of profit or loss. The outstanding receivable on the lease contracts is presented as part of Accounts receivable under Loans and Receivables account in the statements of financial position. 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. [Note 28.5(a), par.2, Notes to Financial Statements]
- In October 2013, RCBC and RSB entered into a lease agreement covering certain office and parking spaces of RSB Corporate Center at a monthly rental fee of P7. The monthly rental payments are subject to an escalation rate of 5% annually effective in 2014 up to the 5th year of the lease term. The lease is for a period for five years which shall end in October 2018 and renewable as may be agreed by the parties. The outstanding receivable on the lease contract is presented as part of Accounts receivable under Loans and Receivables account in the statements of financial position. The related outstanding receivable is unsecured, noninterest-bearing and payable in cash on demand. Management believes that receivable from the lease contract is fully recoverable. [Note 28.5(b), Notes to Financial Statement]
- RCBC has a Service Agreement (the Agreement) with RBSC, wherein RBSC shall provide RCBC with marketing, distribution, technical, collection and selling assistance and processing services in connection with the operation of RCBC's credit card business. The total service processing fees incurred by RCBC is recognized as part of the Service and processing fees under the Miscellaneous Expenses account in the statements of profit or loss. 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. The related outstanding payable is unsecured, noninterest-bearing and payable in cash on demand. [Note 28.5(c), Notes to Financial Statement]
- On May 25, 2015, RCBC's BOD approved the equity infusion into Rizal Microbank of P250 Million by purchasing additional 2,500,000 common shares of stock with par value of P100 each. The additional capital infusion into Rizal Microbank was approved by BSP on September 30, 2015. [Note 12.1, par. 1, Notes to Financial Statements]

On February 23, 2015, RCBC's BOD approved the subscription to P500 Million worth of share of stock of RCBC LFC. In 2016, RCBC LFC filed an application with the SEC for an increase in authorized capital stock after it has secured the certificate of authority to amend the articles of incorporation from the BSP. Accordingly, as of December 31, 2016, the subscription to P500 worth of shares of stock of RCBC LFC was reclassified to the related investment account. As of December 31, 2017, approval from SEC is still pending. [Note 12.1, par. 2, Notes to Financial Statements]

Transactions which are considered to have no material impact on the financial statements as the amounts paid represent less than five percent (5%) of total assets:

- The Bank entered into a Memorandum of Agreement with HI, a member of the YGC, for the procurement of outsourcing services. Under the agreement, HI is the Bank's sole representative in negotiating the terms of the contracts with selected suppliers or service providers for the procurement of certain outsourcing services, primarily IT related services. The agreement stipulated that HI would not charge fees for its service except for its share in the savings generated from suppliers and service providers. Moreover, HI is obligated to ensure that the contracts they initiate do not prejudice the Bank in any way and that the Bank does not pay more than the cost of buying the items without aggregation.

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

- The Bank has service agreements with RSB and RBSC for the in-sourced internal audit services. The Bank provides full-scope audit services to RSB and limited audit services to Bankard Inc., 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, Rizal Microbank, RCBC Leasing and Finance Corporation and Niyog Property Holdings, Inc.
- The Bank has a service agreement with 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 and RSB 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'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.

Principal Terms and Expiration Dates of All Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions, and Royalty Agreements Held. The Bank has obtained the registration of the marks "RCBC" (word mark), "RCBC a YGC Member" and Logo, "RCBC Capital Corporation a YGC Member and Logo", and "Rizal Microbank a Thrift Bank of RCBC and Design," "RCBC Land, Inc. a YGC Member and Logo," "RCBC Realty Corporation & Logo," and "RCBC Plaza & Device" with the Intellectual Property Office (IPO) at the Department of Trade and Industry of the Philippines. The Bank also has pending applications for the registration of the marks "RCBC" (blue hexagon on field of white), "RCBC" (white hexagon on field of blue), and "We Believe in You."

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 normal operations of the Bank is not adversely affected by any existing governmental regulation nor is it expected that any probable governmental regulation would have a material adverse effect on the operations of the Bank.

Amount Spent on Research and Development Activities. The Group's total investment in IT Software is P304 Million in 2017, P294 Million in 2016 and P348 Million in 2015. Percent (%) to total revenue is 1.21% in 2017, 1.29% in 2016 and 1.57% in 2015. This is also disclosed in Note 15 of the AFS as part of the movement of the Group's software.

Employees. The Bank, excluding subsidiaries, has 1,778 non-officers from 1,740 in 2016 and 2,676 officers from 2,499 in 2016 or a total manpower of 4,454 as of December 31, 2017 compared to 4,239 last year. The increase in the number of employees was mostly a result of the expansion in the Bank's branch network. Although not all non-officer employees are members of the RCBC Employees Association, all are covered by the Collective Bargaining Agreement (CBA). CBA covered period is from 2016 – 2021. Projected full year 2018 headcount is 4,675. All of the Bank's non-managerial employees, other than those expressly excluded under the collective bargaining agreement, are represented by an independent union, the RCBC Employees Association. In December 2016, the Bank (not including its subsidiaries) and the RCBC Employees Association agreed on the 3-year economic provisions and the 5-year non-economic terms of the collective bargaining agreement for the period 01 October 2016 to 30 September 2021.

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

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

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

(E) Properties

RCBC's headquarters is located on an island site at the corner of Ayala Avenue and Sen. Gil Puyat Avenue Ext. called the RCBC Plaza Building. The RCBC Plaza Building is one of the largest sites in the Makati Central Business District. The Bank and some of its subsidiaries lease and occupy about eleven and a half (11.5) floors of the twin tower complex. The Bank's lease, covering an area of 19,649.04 square meters, expired on December 31, 2015. The agreement was renewed for another five years until December 31, 2020. Annual rent of Bank's principal offices, exclusive of VAT, amounts to P249 Million.

RSB Corporate Center, a property owned by the Bank, serves as the main headquarters of RSB which is the largest subsidiary of the Bank. It is located at the 25th and 26th Streets, Bonifacio Global City, Taguig City. The Bank and RSB occupy about thirteen and a half (13.5) floors or 18,848.14 square meters of the 33-storey building.

The Group's rental expense based on the lease contracts amounted to P1,100 Million in 2017. The lease periods are from 1 to 25 years. Most of the lease contracts contain renewal options, which give the Parent Company and its subsidiaries the right to extend the lease on terms mutually agreed upon by both parties.

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

LOCATION/BC NAME	BUSINESS ADDRESS	AREA (in sqm)
A. RCBC OWNED PREMISES		
METRO MANILA AREA		
Alabang	Alabang-Zapote Road, Alabang, Muntinlupa City	1,955.00
Alabang (Toyota)	Alabang-Zapote Road, Las Piñas City	7,056.00
Baclaran	Taft Avenue Extension, Baclaran, Parañaque	219.00
BANKARD – Robinson’s EPCI Tower	Robinson’s Equitable-PCI Tower, #4 ADB Ave. cor. Poveda St., Ortigas Center, Pasig City.	3,531.00
BF Homes	Ground Floor, Centermall Building (Matrix Center), Presidents Avenue, BF Homes, Parañaque City	299.00
Binondo	Q. Paredes St., Binondo, Manila	2,149.66
Caloocan	No.259 Rizal Avenue, Caloocan City	1,300.00
Carlos Palanca	Ground Floor, BSA Suites, C. Palanca Street, Legaspi Village, Makati City	142.80
Commonwealth	Commonwealth Avenue, Old Balara, Quezon City	470.00
Connecticut	No. 51 Connecticut Street, Northeast Greenhills, San Juan City	1,003.00
Divisoria	Mezzanine, New Divisoria Condominium Center, Sta. Elena, Divisoria, Manila	449.60
Greenbelt	Ground Floor, BSA Tower, Legaspi Street, Legaspi Village, Makati City	173.80
Greenhills	Grace Building, Ortigas Ave., Greenhills, San Juan, MM	108.69
J. P. Rizal	J. P. Rizal Street, Makati City	198.75
Kapitolyo	Shaw Boulevard, Kapitolyo, Pasig City	311.00
Katipunan	Torres Building, Katipunan, Loyola Heights, Quezon City	234.00
Legaspi Village	ACCRA Bldg., Gamboa cor. Salcedo Sts., Legaspi Village, Makati City	522.00
Legaspi Village (Cristina Condo)	Cristina Condominium, Legaspi cor. Herrera, Legaspi Village, Makati City	120.00
Metallim Compound	No. 95 T. Arguelles (formerly Brixton St.), Brgy. Imelda, Quezon City	2,421.70
Ortigas Center	Malayan Tower, ADB Avenue, Ortigas Center, Pasig City	272.95
Pacific Place	Ground Floor, Pacific Place Building, Pearl Drive, Ortigas Center, Pasig City	1,219.59
Quezon Avenue	Quezon Avenue, Quezon City	1,427.70
Rockwell	Phinma Plaza, Hidalgo Street, Rockwell Center, Makati City	259.00
RSBCC (BGC - The Fort)	Bonifacio South Big Delta, Fort Bonifacio, Taguig City	3,150.00
Salcedo	Le’ Metropole Building, Sen. Gil Puyat Avenue corner Tordesillas and H.V. Dela Costa Streets, Salcedo Village, Makati City	192.04
Salcedo Village	Ground Floor, Y Tower II Building, Leviste (Alfaro) corner Gallardo Streets, Salcedo Village, Makati City	230.09
Sangandaan	Sangandaan, A. Mabini cor. Plaridel, Caloocan City	323.00
Taft-Remedios	Taft Avenue, Manila	295.10
Tektite	East Tower, PSE Center, Exchange Road, Pasig City	311.00
Timog	Timog Avenue, Barangay Laging Handa, Quezon City	690.00

LUZON AREA		
LOCATION/BC NAME	BUSINESS ADDRESS	AREA (in sqm)
Angeles	Sto. Rosario Street corner Theresa Avenue, Barangay Sto. Rosario, Angeles City	600.00
Angono	Quezon Avenue, Angono, Rizal	1,074.00
Apalit	National Road, San Vicente, Apalit, Pampanga	1,250.00
Bacoor	Lot 1, Pcs-042103-007035, Aguinaldo Hi-way cor. Road Lot 3, Brgy. Habay, Bacoor, Cavite	268.00
Bacoor	Unit 101-103, Aguinaldo Hi-way, Bacoor, Cavite	339.00
Baguio	Session Road, Baguio City	474.54
Balibago	McArthur Highway, Barangay Balibago, Angeles City	331.00
Batac	Marcos Highway, Batac, Ilocos Norte	378.08
Bristol Textile INC	Maguyam Road, Brgy. Maguyam Silang, Cavite	27,192.00
Cabanatuan	Maharlika Highway cor. Paco Roman St.Extension, Brgy. Barrera District Cabanatuan City, Nueva Ecija	1,203.00
Calamba	Provincial Road corner Cadena De Amor Street, Dolor Subdivision, Barangay 1, Poblacion, Calamba City, Laguna	815.00
Carmen	McArthur Highway, Carmen, Rosales, Pangasinan	720.00
Dasmariñas (FCIE-Cavite)	FCIE Compound, National Highway, Barangay Langkaan, Dasmariñas, Cavite	265.00
Gateway	Gateway Industrial Park, Brgy. Javalera, General Trias, Cavite	787.00
La Union	Quezon cor. P. Burgos, San Fernando, La Union	442.00
Lima	Hotel Drive corner Business Loop, Lima Technology (Business) Center, (Lima Square), Barangay Santiago, Malvar, Batangas	1,524.00
Palawan	San Miguel St., Puerto Princesa, Palawan	1,526.00
San Mateo	Gen. Luna St., Brgy.Gitnang Bayan II, San Mateo, Rizal	307.00
Sta. Cruz	A. Regidor corner P. Burgos, Sta. Cruz, Laguna	131.00
Tobaco	Ziga Avenue, Tabaco, Albay	316.00
Taytay Extension Office	Rizal avenue, Cuatro Cantos, Taytay, Rizal	211.00
VISAYAS AREA		
Ayala-Cebu	Lot 1 Blk 6, Along Mindanao Ave. & Siquijor Rd., Cebu Business Park, Cebu City	1,814.00
Bacolod-Libertad	Lot 390, de modccion catastral de Bacolod, Libertad Street, Bacolod City	2,547.00
Bacolod-Main	Rizal corner Locsin Streets, Bacolod City	440.00
Bacolod-Shopping	Hilado Extension Street, Capitol Shopping District, Bacolod City	1,057.00
Bayawan	National Highway, Bayawan, Negros Oriental	568.00
Cadiz	Abelarde corner Mabini Streets, Cadiz City	741.00
Escario	N. Escario Street, Cebu City	437.00
Fuente Osmena	GPL Tower, Fuente Osmena, Rotonda, Cebu City	845.27
Iloilo	J. M. Basa cor. Arsenal, Iloilo City	2,647.00
Kabankalan	Poblacion, Kabankalan City, Negros Occidental	1,000.00
Mandaue	A. Cortez Avenue, Barangay Ibabao, Mandaue City	1,664.00

P. del Rosario	P. del Rosario st., Bo. Sambag, Cebu City	298.00
Roxas City	Plaridel Street, Banquerojan, Roxas City	624.00
Sara	Don Victorino Salcedo Street, Sara, Iloilo	450.00
Silay	Rizal corner Burgos Streets, Zone1, Silay City	799.70
Tagbilaran	C.P.G. (J. P Garcia) Avenue, Tagbilaran City	633.00
Talisay	National Hi-way, Tabunok, Talisay, Cebu	679.00
MINDANAO AREA		
Dadiangas	Pioneer Avenue, General Santos City	930.00
Davao-Recto	C. M. Recto and Palma Gil, Davao City	1,085.00
Digos	Rizal Avenue, Digos, Davao del Sur	300.00
Gen. Santos	Pioneer Avenue, General Santos City	443.00
Ipil	National Highway, Barangay Luiz Ruiz Sr., Poblacion, Ipil, Zamboanga del Sur	1,000.00
Isulan	National hi-way cor. Lebak Road, , Kalawag III, Isulan, Sultan Kudarat	372.00
Lapasan	C. M. Recto, Lapasan, Cagayan de Oro City	456.00
Ozamis	Don Anselmo Bernad corner A. Mabini Street, Ozamis City	202.00
Pagadian	Rizal Avenue, Pagadian City	301.00
Polomolok	Dhalia Street, Polomolok, South Cotabato	511.00
Surallah	National Highway, Surallah, South Cotabato	496.00
Tagum	Pioneer Avenue, Tagum, Davao del Norte	1,200.00
Velez	Velez Street, Cagayan de Oro City	382.00

RCBC OWNED PREMISES OCCUPIED BY RCBC SAVINGS BANK BUSINESS CENTERS

RSB Corporate Center, 26th Street, near corner 5th Avenue, Bonifacio South, Bonifacio Global City, Taguig City

Floor/Unit No. - Bldg. Name	Lease Area (sq.m.)
Basement 1 – Cash Center - RSB Corporate Center	625.19
Unit G01 – RSB Corporate Center	365.63
Unit G03- ATM Vestibule – RSB Corporate Center	10.21
Unit M01 - Mezzanine – RSB Corporate Center	108.28
Second Floor – Unit 207	195.61
Unit 207 – RSB Corporate Center	195.61
28 th Floor – RSB Corporate Center	1,382.74
29 th Floor – RSB Corporate Center	1,382.74
30 th Floor – RSB Corporate Center	1,382.74
31 st Floor – RSB Corporate Center	1,382.74
33 rd Floor – RSB Corporate Center	888.39
92 Parking Slots	

LOCATION/BC NAME	BUSINESS ADDRESS	LEASEAREA (in sqm)
Angono	RCBC Savings Bank Angono Business Center, Quezon Avenue, Brgy. San Pedro, Angono, Rizal	139.15
Apalit	RCBC Savings Bank Apalit Business Center, National Rd. San Vicente, Apalit, Pampanga	200.00

Bacoor	RCBC Savings Bank Bacoor Business Center, Aguinaldo Highway, Bacoor, Cavite City	198.22
Bacoor	Units 101 & 102 RCBC Bacoor Business Center Condominium, Brgy. Salinas & Habay, Bacoor, Cavite	142.92
Cabanatuan	RCBC Savings Bank Cabanatuan Business Center, Maharlika Highway corner Paco St., Cabanatuan City	326.00
Commonwealth	RCBC Savings Bank Commonwealth Business Center, Lot 43 B3, Toyota Bldg., Commonwealth Ave., Old Balara, Quezon City	150.15
Escario	RCBC Savings Bank Escario Business Center, N. Escario St., Capitol Site, Cebu City	571.83
Escario	Unit 401 RCBC Savings Bank Escario Business Center, N. Escario St., Capitol Site, Cebu City	111.21
General Santos	RCBC Savings Bank General Santos Business Center, Pioneer Avenue, General Santos City	258.69
J. P. Rizal	RCBC Savings Bank J.P. Rizal Business Center, J.P. Rizal St. cor. Makati Ave., Poblacion, Makati City	208.02
Kapitolyo	RCBC Savings Bank Kapitolyo Business Center, 615 Shaw Blvd., Kapitolyo, Pasig City	189.80
Katipunan	RCBC Savings Bank Katipunan Business Center, Torres Bldg., Katipunan Ave., Loyola Heights, Quezon City	234.00
Pacific Place	RCBC Savings Bank, Pacific Place Bldg., Pearl Drive, Ortigas Center, Pasig City	GF 476.77 sqm 2F 162.67 sqm
P. del Rosario	RCBC Savings Bank P. Del Rosario Business Center, P. Del Rosario St., Sambag, Cebu City	651.32
San Mateo	RCBC Savings Bank San Mateo Business Center, General Luna St., Gitnang Bayan, Ampid 1, San Mateo, Rizal	344.50
Sangandaan	RCBC Savings Bank Sangandaan Business Center, A. Mabini cor Plaridel St., Poblacion, Caloocan City	200.00
Taft-Remedios	RCBC Savings Bank Taft-Remedios Business Center, No. 1932 Taft Avenue, Malate, Manila	207.00
Talisay	RCBC Savings Bank Talisay Business Center, South Road, Bulacao, Talisay City, Cebu	180.67
Velez	RCBC Savings Bank Velez Business Center, Velez St., Cagayan de Oro City, Misamis Oriental	164.00

RCBC SAVINGS BANK OWNED PREMISES		
Anonas	69 Anonas cor Chico St. Project 2, Quezon City	187.50
Antipolo-Taytay Junction	Palmera Hills 300, Ortigas Ext. Dolores, Antipolo Rizal	650.00
Betterliving	Dona Soledad St. Better Living Bicutan, Paranaque	479.00
Binakayan	Aguinaldo H-way, Binakayan Kawit, Cavite	197.00
Binan	126 A. Bonifacio St. Poblacion Binan Laguna	286.00
Binangonan	M.L. Quezon St. cor Zamora St. Binangonan Rizal	200.00
Blumentritt	Blumentritt cor. Andrade St. Sta Cruz Manila	210.00
Bocau	249 Binang 2 Mc Arthur H-way Bocau, Bulacan	250.00
Bolton	Bolton St. Davao City	300.00
Cabuyao	J.P. Rizal cor. Del Pilar St. Cabuyao, Laguna	248.00

Calamba	National Road, Calamba Laguna	300.00
Camarin	Susano Road, Camarin Novaliches Quezon City	559.00
Dasmaringas	Aguinaldo H-way, Dasmaringas Cavite	264.00
Dumaguete	Real St. cor. San Juan St. Dumaguete City	211.00
E. Rodriguez	444 E. Rodriguez Sr. Blvd. Cor. Jacinto St. Quezon City	279.00
Felix Avenue	Karangalan Village, Phase II, Felix Avenue, Cainta Rizal	221.19
GMA	Block 2, lot 10 GMA, Cavite	204.00
Imus	Nuevo Tansang Luma, Imus Cavite	400.00
Jalandoni	Jalandoni St. San Agustin Iloilo City	256.00
La Paz	Luna st., la Paz, Iloilo City	339.00
Lacson	Lacson St., Mandalagan, Bacolod City	628.50
Lagro	Km 22 Quirino H-way Lagro, Novaliches Quezon City	280.00
Lucena	Lot 2983 Quezon Ave. Lucena City	214.00
Malolos	Paseo del Congreso, Malolos Bulacan	304.00
Mandaue	Mandaue Cebu City	254.00
Marulas	Mc Arthur H-way , Marulas Valenzuela Metro Manila	200.00
Masinag	Sumulong H-way, Masinag Antipolo Rizal	238.00
Meycauayan	831 Mc Arthur H-way, Meycauayan, Bulacan	215.00
Montalban	Jose Rizal cor. Linco St. Montalban Rizal	447.00
Muntinlupa	National H-way, Muntinlupa City	227.00
Naic	Capt. Nazareno St. Naic, Cavite	337.00
Navotas	Estrella cor. Yangco St. Navotas East, Metro Manila	220.00
Novaliches	917 Bo. Gulod., Quirino Highway	263.00
Noveleta	Poblacion Noveleta, Cavite	300.00
Ortigas Ext.	Ortigas Avenue, Ext. Pasig City	241.00
P. Tuazon	P. Tuazon cor. 12 th Ave. Cubao Quezon City	355.00
Padre Rada	649 Pade Rada St. Tondo, Manila	400.00
Pateros	M. Almeda St. Bo. San Roque, Pateros Metro Manila	300.00
Plaridel	Cagayan Valley Road, Banga 1, Plaridel Bulacan	670.00
RSB Corporate Center	G/F RCBC Savings Bank Corporate Center , 25th and 26th Sts. Bonifacio Global City, Taguig	364.15
San Joaquin	Concepcion St. San Joaquin, Pasig City	159.00
San Roque	J.P. Rizal St. San Roque Marikina City	400.00
Sta. Mesa	4463 Old Sta. Mesa Manila	214.00
Sta. Rosa	J. Rizal Blvd. Cor. Perlas Village, Brgy. Tagapo Sta. Rosa, Laguna	480.00
T. Morato	169 Tomas Morato cor. Sct. Castor, Quezon City	175.00
Tagbilaran	C.P. Garcia cor. H. Grupo Sts., Tagbilaran Bohol	300.00
Tarlac	Mc Arthur Highway, Blossomville Subd., Brgy. Sto Cristo, Tarlac City	554.00
Visayas Ave.	6 Visayas Ave. Tandang Sora, Quezon City	300.00

BC NAME	BUSINESS ADDRESS	Lease Rate	LEASE TERM	
		(inclusive of 12% VAT)	START	END
RCBC LEASED PREMISES				
METRO MANILA AREA				
168 Mall	Unit 4H-01 4 th Floor, 168 Shopping Mall, Sta. Elena St., Binondo, Manila	147,745.64	1-Jan-16	31-Dec-20
A. Mabini	1353 Tesoro Bldg. A. Mabini St. Ermita Manila	249,947.78	15-Oct-14	14-Oct-19
Abad Santos	1628 Jose Abad Santos Avenue, Tondo, Manila	202,230.00	1-May-17	30-Apr-27
Acropolis	191 Triquetra Bldg., E. Rodriguez Jr. ave., Bagumbayan, Quezon City	222,958.58	1-Jun-15	31-May-20
Acropolis Extension Office	Unit G8A-B, G/F MDC 100 Building, No. 188 E. Rodriguez Jr. Avenue cor. Eastwood Avenue, Barrio Bagumbayan, Quezon City	118,422.86	2-Dec-15	2-Dec-20
ADB Avenue-Garnet	Unit 110 AIC Burgundy Empire Tower ADB Ave. corner Garnet Road, Ortigas Center, Pasig City	295,576.80	1-May-17	30-Apr-22
Adriatico	Hostel 1632 G/F Unit No. 1632 M. Adriatico St. Malate, City of Manila	256,800.00	1-May-17	14-May-27
Aguirre-Bf Homes	G/F Fitness & Beauty Mall Bldg., 290 Aguirre Avenue. Cor. Gov. Santos St., BF Homes, Paranaque City	154,080.00	1-Jan-17	1-Jan-22
Alabang -Filinvest Corporate City	Units G04 & G05 Vivere Hotel 5102 Bridgeway Ave., Filinvest Corporate City, Alabang, Muntinlupa City	140,482.44	21-Oct-15	21-Oct-20
Alabang Madrigal Business Park	Unit 5 and 6, Ground Floor CTP Alpha Bldg., Investment Drive, Madrigal Business Park, Ayala Alabang, Muntinlupa City	202,460.16	15-Sep-15	14-Sep-25
Amang Rodriguez	1249 A. Rodriguez Ave., Dela Paz, Pasig City	55,000.00	1-Jul-17	30-Jun-27
Amoranto	Units 1-F and 1-G Edificio Enriqueta 422 N.S. Amoranto St., cor. D. Tuason Ave. Quezon City	124,120.00	1-Mar-17	28-Feb-27
Aurora Blvd-Madison	Madison 101, Aurora Blvd cor. Madison St., Quezon City	241,479.47	1-Dec-15	30-Nov-25
Ayala	Unit 709 & 710 Tower I Ayala Triangle Ayala, Makati City	224,579.84	1-Oct-15	30-Sep-18
Annapolis-Greenhills	G/F Platinum 2000, No. 7 Annapolis St., San Juan, Metro Manila	84,782.25	1-Sep-15	31-Aug-20

Araneta Center	G/F Unit 111 Sampaguita Theatre Bldg., Gen. Araneta & Gen.Roxas Sts., Cubao, Quezon City	396,004.00	1-Mar-09	28-Feb-19
Arnaiz	843 G/F B & P Realty Inc. Building, Arnaiz Ave., Legaspi Village, Makati City	125,534.96	1-Dec-11	30-Nov-21
Arranque	1001 Orient Star Bldg. cor. Masangkay and Soler Sts., Sta. Cruz, Manila	278,200.00	15-May-17	14-May-27
Banawe	Unit I-K, CTK Bldg. 385 Banawe cor. N.Roxas Sts. Quezon City	212,153.92	16-Feb-15	15-Feb-20
Bayani Road	30B Bayani Road AFPOVAI Subdivision, Fort Bonifacio, Taguig City	150,287.86	1-Sep-12	31-Aug-22
Bel Air	Unit 101 Dona Consolacion Bldg., 122 Jupiter St., Bel-Air, Makati City	128,529.84	1-Oct-16	30-Sep-21
Better Living	#14 Doña Soledad Ave., Better living Subd., Brgy. Don Bosco Parañaque City	114,659.75	15-Sep-13	14-Sep-18
Boni Ave.	617 Boni Ave. Mandaluyong City	246,446.94	1-May-17	30-Apr-21
Boni San Rafael	503 Boni Ave cor. San Rafael, Mandaluyong City	132,412.50	1-Sep-16	31-Aug-26
Buendia	Grepalife Bldg. 221 Sen. Gil J. Puyat Ave., Makati City	312,648.00	1-Jan-17	31-Dec-17
Buendia-Techzone	Techzone Philippines Bldg., 213 Sen. Gil Puyat Ave. Brgy. San Antonio, Makati City	83,520.99	1-Sep-15	21-Aug-20
C. Raymundo	261 Unit C, C. Raymundo Avenue, Brgy. Maybunga, Pasig City	115,560.00	1-Feb-17	31-Jan-27
Cainta	Multicon Bldg., F.P. Felix Ave., Cainta	115,008.29	16-Nov-17	15-Nov-27
Caruncho	Prima 3 Commercial Center #7 Caruncho Avenue Pasig City	160,500.00	1-Jul-17	30-Jun-27
Commonwealth	G/F Verde Oro Bldg., 535 Commonwealth Ave., Diliman Quezon City	313,317.40	15-Jan-13	30-Dec-17
Congressional	Ground Floor, Unit A & B, 188 Congressional Avenue, Quezon City	153,178.95	1-Jan-17	31-Dec-21
Concepcion, Marikina	# 17 Bayan-Bayanan Ave., Concepcion 1 Marikina City	123,050.00	1-Aug-17	31-Jul-22
Cubao	Space 37/38 Shopwise Arcade, Times Square Ave., Araneta Center	152,430.00	1-Apr-17	MONTH-TO-MONTH
Dela Rosa	G/F Sterling Center Ormaza Coner Dela Rosa St. Legaspi Village Makati City	740,301.56	1-May-14	30-Apr-19
Dela Rosa -Pasong Tamo	Ground Floor, King's Court 2 Building, 2129 Chino Roces Avenue, Makati City	351,016.00	1-Mar-17	28-Feb-27
Delta	N. Dela Merced Bldg., West Avenue, Quezon City	81,682.02	1-Sep-15	contract still with lessor (for signature)

Del Monte	180 Del Monte Avenue, Quezon City	144,450.00	1-May-17	30-Apr-27
Diliman	Kalayaan Ave., corner Matalino St., Diliman, Quezon City	274,857.69	16-Nov-11	15-Nov-21
D. Tuazon	G/F Academe Foundation Bldg., No. 47 D. Tuazon St., Sta. Mesa Heights, Quezon City	148,783.50	15-Sep-15	14-Sep-20
E. Rodriguez-Dona Josefa	59 E. Rodriguez Sr. Ave. Brgy. Dona Josefa, Quezon City	97,126.58	1-Dec-15	30-Nov-20
East Capitol Drive	Ground Floor, Trinity Bldg., No. 26 East Capitol Drive, Brgy, Kapitolyo, Pasig City	145,520.00	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	330,772.60	8-Mar-15	31-Jan-20
Edsa Kalookan	520 E. Delos Santos Ave., Kalookan city	121,631.01	1-Oct-11	30-Sep-21
Edsa Taft	Giselle Park Plaza Edsa cor. Taft Ave. Pasay City	219,443.65	1-Sep-12	Ongoing negotiation with lessor
Elcano	676 Elcano cor Lavezares St., Binondo, Manila	200,291.13	1-May-17	30-Apr-22
Ermita	550 UN Ave., Ermita Manila	308,839.78	01-Jun-14	31-Dec-18
Evangelista	Hernandez Building, Evangelista St., cor. Gen. Alejandrino St., Brgy Bangkal, Makati City	247,298.40	1-Jun-17	31-May-27
F. Blumentritt-R. Pascual	No. 158 F. Blumentritt St. corner R. Pascual, Brgy Batis, San Juan City	84,262.50	1-Sep-15	14-Sep-20
Fairview	Medical Arts Bldg., Dahlia St. North Fairview, Quezon City	147,006.36	01-May-15	30-Apr-20
Frontera Verde	G/F Transcom Bldg., Frontera Verde Compd. Bgy. Ugong, Pasig City	329,625.85	01-Sep-13	31-Aug-18
Garnet	Unit No. 106 Parc Chateau Condominium, Garnet cor. Onyx St., Ortigas Center, Pasig City	133,031.95	14-Apr-15	14-Apr-20
Gilmore	100 Granada St. Brgy. Valencia, Quezon City	258,486.86	1-Jan-17	31-Dec-21
Greenhills Business Center (formerly Unimart)	Unit MA-103 Mckinley Arcade, Greenhills Shopping Center, San Juan City 502	190,197.00	1-Nov-16	31-Oct-21
Hermosa- Limay	Hermosa cor. Limay Sts., Tondo, Manila	139,100.00	1-Jan-17	31-Dec-26
JP Rizal	773 JP Rizal Avenue, Brgy. Poblacion, Makati	137,709.00	1-Nov-16	31-Oct-26
Las Pinas	G/F Veraville Bldg., Alabang-Zapote Road, Las Pinas City	407,312.62	16-May-13	15-May-23

Leviste-Salcedo	G/F Eurovilla III Condominium, LP Leviste St. cor. San Agustin St., Salcedo Village, Makati City	342,069.48	15-Sep-15	14-Sep-20
Linden Suites	G/F Linden Suites Tower II, #37 San Miguel Ave., Ortigas Center, Pasig City	121,283.12	1-Oct-15	30-Sep-20
Loyola Heights	G/F MQI Centre 42 E. Abada St. cor. Rosa Alvero St., Loyola Heights, Quezon City	124,859.97	31-Jan-12	31-Jan-22
Lucky Chinatown Mall	3rd Floor Lucky Chinatown Mall, Soler St., Binondo, Manila	306,873.27	15-Sep-15	31-Jul-20
Macapagal Avenue-Pearl Drive	Scape Bldg., Macapagal Ave. corner Pearl Drive, Business Park 1, Barangay 76, San Rafael, Pasay City	207,427.31	1-Nov-16	31-Oct-21
Magallanes	G/F BMG Centre, Paseo de Magallanes, Makati City	92,856.15	15-Oct-15	30-Sep-20
Maginhawa Avenue	Ground Floor, Unit #129 Maginhawa St., Brgy Teachers Village, Quezon City	166,920.00	1-Mar-17	28-Feb-27
Makati Avenue	G/F Executive Bldg. Center Inc., 369 Sen. Gil Puyat cor. Makati Ave.	426,029.10	2-Nov-13	2-Nov-18
Makati Rada	One Legaspi Park, 121 Rada St. Legaspi Village Makati City	185,651.22	23-Mar-17	22-Mar-22
Malabon	685 J.P. Rizal Ave., San Agustin, Malabon	111,479.29	1-Jun-14	31-May-24
Malate	470 Maria Daniel Bldg., San Andres St., cor. M.H. del Pilar, Malate, Manila	113,100.46	1-May-15	1-May-20
Mandaluyong	Unit 102 G/F, EDSA Central Square, Greenfield District, Mandaluyong City	269,297.60	1-Sep-15	31-Jan-18
Marikina	No.36 Gil Fernando Ave., cor. Sta. Ana Ext. San Roque, Marikina City	189,199.83	1-Jan-15	31-Dec-24
Mckinley Hills	G/F Two World Hill Building, Upper McKinley Road, McKinley Town Center Fort Bonifacio, Taguig City	625,414.74	1-Jun-13	31-Jul-18
Meralco Ave.	G/F Regency Bldg., Meralco Ave., cor. Exchange Road Ortigas, Pasig City	173,029.29	22-Feb-12	21-Feb-22
Mindanao Ave-Tandang Sora	GF 003 MC Square Bldg., Mindanao Ave cor. Tandang Sora, Quezon City	225,894.88	Oct-15	Oct-20
Missouri-Greenhills	No. 8 Missouri St., Northeast Greenhills, San Juan City	216,244.59	1-Sep-15	31-Aug-20
Moonwalk-Paranaque	No. 2 Armstrong St., Moonwalk Village, Paranaque City	170,772.00	1-Dec-15	30-Nov-20
Morayta	828 Nicanor Reyes St., Sampaloc, Manila City	100,800.00	1-Sep-16	31-Aug-21
N. Domingo Pasadena	LHK Building, 288 N. Domingo St.,Brgy. Pasadena, San Juan City	130,436.00	1-Sep-15	31-Aug-20
Navotas	551 M. Naval St. Brgy. Bangkulasi Navotas City	68,126.23	15-Jan-13	14-Jan-23
New Manila	Upper Ground Hemady Square Building 86 Dona Hemady cor E.	248,183.24	1-May-13	20-Apr-23

	Rodriguez Sr. Avenue Brgy Kristong Hari, Diliman, Quezon City			
Novaliches	882 Quirino Highway, Novaliches, Quezon City	227,621.63	1-Jul-14	30-Jun-19
Otis	Isuzu Manila 1502 Paz M. Guazon St. Paco Manila	108,592.96	30-Sep-16	30-Sep-26
P. Ocampo-FB Harrison	Ground Floor Unit Sunrise Center Bldg.,#488 Pablo Ocampo Sr., Avenue, Malate Manila	181,900.00	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	189,337.84	1-Dec-15	30-Nov-20
Paco-A. Linao	Unit s 1662 & 1664 Angel Linao St., Paco, Manila	107,000.00	1-Sep-16	21-Aug-26
Palanan-Bautista	G/F Shalimar Bldg., 3696 Bautista St., Palanan, Makati City	78,645.00	1-Oct-15	1-Oct-20
Pasay	2015 San Bell Bldg., Gil Puyat Ext. cor. Leveriza St., Pasay City	79,627.80	15-May-15	14-May-20
Paseo de Roxas	8747 G/F Lepanto Bldg., Paseo De Roxas, Makati City	405,739.85	16-Nov-09	15-Nov-19
Pasig	#92 Dr. Sixto Ave. Cor. Raymundo St. Pasig City	219,788.64	1-Aug-14	31-Jul-19
Pasig Kapitolyo	G/F D'Ace Water Spa Plaza, United St., cor. Brixton St., Brgy. Kapitolyo, Pasig City	98,432.90	15-Feb-12	14-Feb-22
Pasig-Toby's C. Raymundo	Lot 1 & 2A Good Harvest Complex, C. Raymundo Ave., Caniogan, Pasig City	75,730.51	1-Mar-17	28-Feb-22
Pasig Westlake	Unit A G/F 168 Westlake Bldg., Pasig Blvd.,Brgy. Bagong Ilog, Pasig City	104,124.86	1-Aug-15	31-Jul-20
Pasong Tamo	2283 Pasong Tamo Ext. cor. Lumbang St., Makati City	349,788.87	16-Mar-16	15-Mar-21
Pasong Tamo-Bagtikan	1173 Don Chino Roces Ave., Brgy. San Antonio, Makati City	211,903.34	15-Nov-15	14-Nov-20
Pasong Tamo-EDSA	Wilcon IT Hub, 2251 Chino Roces, Makati City	228,957.22	1-Nov-15	31-Oct-20
Presidents Avenue-Paranaque	Lot 22, Blk 9 President's Avenue, Sucat, Paranaque City	115,560.00	1-Feb-17	31-Jan-27
Quezon Ave.-Roosevelt.	Lower Ground Floor 1, Fisher Mall Heroes Hill, Brgy. Sta. Cruz, Quezon Ave. cor. Roosevelt Ave., Quezon City	135,369.36	15-Oct-15	31-Dec-20
Quirino Ave.	411 Anflocor Bldg. Quirino Ave. cor NAIA Rd. Tambo Paranaque City	190,650.94	16-Oct-16	15-Oct-21
Raon, Sales	653 Gonzalo Puyat cor Sales St., Sta. Cruz, Manila	116,688.60	1-Jun-13	31-May-18
Remedios-Taft	No. 1853 Taft Avenue, Malate, Manila	188,748.00	15-Sep-15	14-Sep-20

Roosevelt	300 Roosevelt Ave., San Francisco Del Monte, Quezon City	102,109.30	16-Feb-16	15-Feb-21
Roosevelt-Pitimini	205 Roosevelt Ave. cor. Pitimini St., Quezon City	112,350.00	7-Sep-15	6-Sep-20
Roxas Blvd.	Unit 1 Russel Mall, Russel St. cor. Roxas Blvd. Pasay City	168,169.40	01-Dec-16	Ongoing negotiation with lessor
Roxas Blvd-Arquiza	Roxas Blvd cor. Arquiza St., Ermita, Manila	256,111.94	1-Nov-15	31-Oct-20
Roxas Blvd-Libertad	Unit 103 Coko Bldg. 1, 2550 Roxas Blvd., Pasay City	169,649.03	1-Jun-17	31-May-22
San Lorenzo	1018 L & R Bldg. Pasay Road, Makati City.	187,565.24	17-Aug-14	16-Aug-19
Shaw Blvd. Lawson	G/F SCT Bldg., 143 Shaw Blvd. Mandaluyong City	105,000.00	1-Oct-16	30-Sep-21
South Harbor	23rd Sts. Cor. Delgado St. South Harbor Manila	158,760.00	31-Dec-16	31-Dec-18
Sta. Lucia East	Ground Level Bldg. 2, Sta. Lucia Mall, Marcos Hi-way cor. Felix Ave., Cainta Rizal 1900	53,620.48	29-May-14	30-Jun-19
Sta. Mesa	1-B G. Araneta Ave. Brgy. Dona Imelda Quezon City	245,592.78	1-Jul-11	1-Jul-21
Sto. Domingo-Quezon Ave.	4 Sto. Domingo Ave., Quezon City	107,294.25	1-Dec-15	30-Nov-20
Sucot	2F Santana Grove, Dr. A. Santos Ave. cor. Soreena St., Sucot, Paranaque City	78,157.25	15-Apr-13	14-Apr-18
Taytay	Manila East Road, Taytay, Rizal	112,204.14	1-Jan-13	31-Dec-22
T. Alonzo	1461-1463 Soler St., Sta. Cruz, Manila	245,008.60	30-Jul-14	30-Jun-24
The Firm	CVC Law Center 11th Ave. cor 39th St., Fort Bonifacio, Taguig	494,968.17	1-May-10	30-Apr-20
The Fort – JY Campos	JY Campos Center, 9 th Avenue cor. 39 th St., Fort Bonifacio, Taguig	330,066.26	20-May-13	19-May-23
The Fort – Sapphire Residences	G/F Sapphire Residences, 31st St., cor. 2nd Avenue, The Fort, Taguig City	145,180.94	15-Apr-15	14-Apr-20
The Fort Sunlife	Ground Floor, Sunlife Building, 5th Avenue corner Rizal Drive, BGC, Taguig City	193,408.39	15-Feb-12	14-Feb-22
The Strip-Ortigas Avenue	The Strip Ortigas Avenue, Pasig City	235,400.00	1-Jan-17	31-Jan-21
T. Mapua	Park Tower Condominium, 630 Tomas Mapua, Sta. Cruz, Manila	177,518.26	1-May-13	30-Apr-18
Trinoma	Space P015B Level 1, Trinoma EDSA cor. North Avenue, Quezon City	345,099.94	1-Sep-17	31-Aug-18
Tutuban	G/F Center Mall I, Tutuban Center corner C.M. Recto Ave., Tondo, Manila	87,968.00	16-Apr-13	15-Apr-28
Valenzuela	231 Mac Arthur Highway, Karuhatan, Valenzuela City	123,736.48	1-Sep-08	31-Aug-23

Wack Wack	Unit K Facilities Center Bldg., 548 Shaw Blvd, Mandaluyong City	94,263.75	1-Feb-15	31-Jan-20
West Ave	Unit 101 West Insula Condominium, 135 West Ave., Brgy. Bungad, District 5, Quezon City	122,339.27	1-Sep-13	31-Aug-23
Wilson-Greenhills	G Square Bldg., Upper Ground Floor, Units 4 & 5 Wilson St., Greenhills, San Juan	138,266.73	1-Dec-15	30-Nov-20
LUZON AREA				
Aparri	108 J.P. Rizal St., Brgy. Centro 14, Aparri, Cagayan	57,356.09	15-Feb-11	15-Feb-21
Angeles-Sto. Cristo	243 Sto. Entierro St., Brgy. Sto. Cristo, Angeles City	80,250.00	18-Feb-17	17-Feb-27
Bacao Extension Office	Yokota Commercial Bldg., Bacar Road, Gen. Trias, Cavite	56,624.40	17-Mar-17	16-Mar-20
Bacoor	Maraudi Bldg., Aguinaldo Highway, Brgy. Niog Bacoor City Cavite	72,538.56	2-May-08	1-May-18
Balagtas	McArthur Highway, Borol 1st, Balagtas, Bulacan	80,250.00	16-Nov-17	15-Nov-27
Balanga	Don M. Banzon Ave cor. Cuaderno St., Balanga City, Bataan	87,740.00	1-Oct-17	30-Sep-22
Baliuag	01 J. P. Rizal cor. Tagle Sts., Baliuag, Bulacan	129,136.98	16-Aug-17	15-Aug-27
Bataan	RCBC Bldg. AFAB Mariveles, Bataan	43,709.72	28-Mar-14	27-Mar-19
Batangas	No. 17 Rizal Avenue cor. P. Gomez, Batangas City	94,374.00	1-Apr-12	31-Mar-22
Bauan Extension Ofc.	J.P. Rizal St., Poblacion, Bauan, Batangas	53,928.00	12-Sep-16	15-Sep-21
Binan	G/F Admin Bldg Laguna International Industrial Park., Mamplasan, Biñan, Laguna	58,790.00	1-Oct-16	30-Sep-21
Boac Extension Office	D. Reyes St., Brgy. San Miguel, Boac Marinduque	24,773.18	1-Jun-13	1-Jun-23
Cabanatuan	1051 Burgos Ave, Cabanatuan City, Nueva Ecija	86,034.14	1-Oct-11	30-Sep-21
Carmelray 1	Adm. Bldg., Carmelray Industrial Park 1, Canlubang, Calamba, Laguna	127,542.68	1-Nov-14	31-Oct-19
Carmelray 2	Adm. Bldg., Carmelray Industrial Park 2, Bgy. Tulo, Calamba, Laguna	160,305.29	1-Jul-16	1-Jul-21
Carmona	People's Technology Complex, SEZ, Governor's Drive, Carmona, Cavite	125,564.86	16-Jul-02	15-Jul-27
Cauayan	Calahi Bldg. FN Dy Blvd, Cauayan City	69,550.00	1-Aug-17	31-Jul-27
Cavite City	P. Burgos Avenue, Caridad, Cavite City	70,374.54	1-Dec-16	30-Nov-18
Clark	C.M. Recto Highway, Clark Special Economic Zone, Clark, Pampanga	235,400.00	1-Aug-13	14-Oct-20
Clark II	Bertaphil III Clark Center, Jose Abad Santos Avenue, Clark Freeport Zone	USD 2,100	1-Jun-16	31-Jul-26

CPIP-Batino	Citigold Bldg., Calamba Premiere Industrial Park, Batino, Calamba, Laguna	103,843.78	1-Jun-15	31-May-25
Dagupan	RCBC Bldg AB Fernandez Avenue, Dagupan City	329,734.25	1-Jul-99	30-Jun-19
DMIA Extension Office	Clark International Airport (CRK), Passenger Terminal Building, Arrival Area, Angeles, Pampanga	17,417.40	1-Feb-2017	ongoing negotiation with lessor
Dasmarinas Mangubat Drive	Heritage Bldg., Mangubat Drive, Dasmarinas, Cavite	69,044.08	14-Jan-15	14-Jan-20
Dasmarinas Pala-Pala	Dasmarinas Commercial Complex, Pala-Pala Governor's Drive, Dasmarinas Cavite	59,455.62	3-Oct-17	4-Oct-20
First Phil Indl Park BC (FPIP)	Unit 1 & 2, Ground Floor, Oasis Commercial Center, R.S. Diaz Ave., FPIP Brgy. Sta. Anastacia, Sto. Tomas, Batangas	95,200.00	14-Jun-16	13-Jun-21
Gapan	Tinio St., San Vicente, Gapan City, Nueva Ecija	75,109.17	1-Dec-12	30-Nov-22
Gateway Extension Office	G/F Samantha's Place Commercial Bldg., Governors Drive, Manggahan, Gen. Trias Cavite	71,691.52	1-Aug-16	31-Jul-21
GMA, Cavite	Citi Appliance Bldg., Brgy. San Gabriel, Governor's Drive, GMA, Cavite	86,706.11	1-Aug-14	31-Jul-19
Guimba	Afan Salvador St., Guimba, Nueva Ecija	67,977.38	30-Sep-12	30-Sep-22
Hacienda Luisita	Robinson's Plaza, San Miguel, Tarlac City	97,323.61	01-Jan-15	31-Dec-19
Ilagan, Isabela	RCK Building, Calamagui 2nd, Maharlika Rd., Ilagan, Isabela	47,806.53	1-Dec-17	30-Nov-27
Imus	Esguerra Bldg., Palico IV, Aguinaldo Highway, Imus, Cavite	57,796.64	1-Oct-17	Ongoing Legal review
Laguna Technopark	LTI Administration Building II Laguna Technopark, Binan, Laguna	184,759.30	16-Mar-13	15-Mar-18
Laoag	Jackie's Commercial Building II, J. Rizal St., Laoag City	117,967.50	1-Feb-15	31-Jan-18
La Trinidad	Peliz Loy Centrum Bldg., Km 5, La Trinidad, Benguet	94,852.64	1-Sep-09	31-Aug-19
Legaspi City	G/F M.Dy Bldg. Rizal St. Legazpi City	92,862.25	1-Dec-11	30-Nov-21
Lipa	C M Recto Ave. cor. E. Mayo St., Lipa City	121,889.00	1-Feb-15	31-Jan-25
LISP III Extension Office	LISP III Admin Bldg., Millennium Drive, Brgy. San Rafael Sto. Tomas Batangas	61,870.26	1-Apr-13	31-Mar-18
Lucena	Quezon Ave. cor. Tagarao St., Lucena City	161,025.64	1-Jul-18	1-Jul-23
Lucena-Evangelista	Quezon Ave., cor. Evangelista st., Lucena City	62,662.02	22-Dec-08	21-Dec-18

Malolos	FC Building, McArthur Highway, Bo. Sumapang Matanda, Malolos, Bulacan	78,035.50	1-Dec-13	30-Nov-18
Marinduque	EDG Building, Bgy. Lapu-lapu, Sta. Cruz, Marinduque	31,578.95	01-Jan-18	01-Jan-28
Meycauayan	VD&S Bldg., Mac Arthur Highway, Calvario, Meycauayan City, Bulacan	74,696.45	16-Oct-08	15-Oct-18
Meycauayan Extension Office	Sterling Square, Sterling Industrial Compound, Iba Malhacan Natl Highway, Meycauayan City, Bulacan	78,217.51	16-Nov-15	15-Oct-25
Naga	G/F, Crown Hotel Bldg, Penafrancia Ave., Naga City	91,769.75	1-Jul-11	1-Jul-21
Olongapo	1055 Rizal Ave., Extn West Tapinac Olongapo City	87,343.39	1-Sep-08	31-Aug-18
Palawan National Highway	Lustre Arcade National Highway, Brgy. Tiniguiban, Puerto Princesa City	104,188.90	1-Aug-12	31-Jul-22
Rosario	Cavite Export Processing Zone Authority, Rosario, Cavite	30,709.00	7-Jan-17	6-Jan-27
San Fernando	G/F Hiz-San Bldg., McArthur Highway, Brgy. Dolores, San Fernando, Pampanga	95,796.14	1-Feb-11	31-Jan-21
San Fernando – JASA	Unit 3 & 4, GF Kingsborough Commercial Center, Jose Abad Santos Avenue, San Fernando, Pampanga	100,272.38	1-May-14	30-Apr-19
San Fernando-Sindalan	SBC Bldg. McArthur Highway, Sindalan, City of San Fernando, Pampanga	100,152.00	1-Apr-18	31-Mar-28
San Jose City	Mokara Bldg., Maharlika H-way, Abar 1st San Jose City, Nueva Ecija	86,875.04	1-Sep-08	31-Aug-18
San Pablo	Ultimart Shopping Plaza, M. Paulino St., San Pablo City	130,540.00	1-Jan-17	31-Dec-21
San Pedro	EM Arcade 1 Building, Brgy. Poblacion, National Highway, San Pedro Laguna	88,765.38	3-Feb-12	2-Feb-22
Santiago	#26 Maharlika Highway, Victory Norte, Santiago City, Isabela	99,092.70	1-Jan-14	31-Dec-23
Science Park	Admin Bldg., LISP1, Pulo Road, Brgy Diezmo, Cabuyao, Laguna	62,933.20	1-Jun-14	31-May-19
Solano	211 JP Rizal Ave., National Highway, Solano, Nueva Vizcaya	58,492.46	1-Jun-12	31-May-22
Solenad 2 EO	Unit M 20 Bldg 2 Nuvali Solenad 2, National Road Brgy. Sto. Domingo, Sta. Rosa City, Laguna	48,130.74	1-Jul-17	30-Jun-18
Sta. Cruz Extension Office	Teoxon Bldg., Sitio Narra Brgy. Labuin, Sta. Cruz Laguna	31,808.76	1-Jan-18	31-Dec-22
Sta. Maria, Bulacan	#39 J.P. Rizal St., Pob., Sta. Maria Bulacan	75,279.87	1-Jan-08	ongoing negotiation with lessor
Sta. Rosa	Paseo 5, Paseo de Sta. Rosa, Greenfield City, Don Jose, Sta. Rosa, Laguna	300,761.96	1-Jun-17	31-May-20

Sta. Rosa Balibago	Carvajal Building, Old National Highway, Balibago, Sta. Rosa, Laguna	82,245.82	1-May-17	30-Apr-22
Sta. Rosa-Balibago Waltermart Ext. Ofc.	Upper GF/Lower GF, Waltermart Sta. Rosa, Brgy. Balibago cor. San Lorenzo Road, Sta. Rosa, Laguna	58,208.00	16-Dec-17	31-Jan-20
Starmall Daang Hari	Starmall Prima Daang Hari cor. Molino Road, Brgy Molino 4, Bacoor, Cavite	14,737.58	21-Dec-15	20-Dec-20
Subic	Royal Subic Duty Free Complex, Rizal cor. Argonaut Highway, Subic Free Port Zone, Olongapo, Zambales	\$2,979.31	1-Feb-09	31-Jan-19
Tagaytay	Unit A Olivarez Plaza, Tagaytay City	94,534.64	1-Jul-15	30-Jun-20
Tarlac	F. Tanedo St., Tarlac City	130,059.17	1-Jan-13	30-Sep-21
Tayug	A. Bonifacio St., Brgy. A, Tayug, Pangasinan	42,750.00	1-Apr-17	31-Mar-27
Tuguegarao	Bonifacio cor. Gomez St., Centro 7 Tuguegarao City	107,000.00	1-Mar-15	28-Feb-25
Urdaneta	E.F. Square Bldg. McArthur Highway, Urdaneta City, Pangasinan	103,354.44	1-Apr-13	30-Mar-23
VISAYAS AREA				
Antique	Del Carmen Bldg, Solana St. corner T.Fornier St. , San Jose, Antique	91,041.42	1-Apr-09	31-Mar-19
Bacolod – Lacson	GF Lourdes C. Bldg II, 14th Lacson St., Bacolod City	87,633.00	1-Nov-16	31-Oct-21
Bacolod – Libertad	Libertad Extension, Bacolod City	50,557.50	1-May-16	30-Apr-21
Bacolod – Shopping	Hilado Extension, Capitol Shopping Center, Bacolod City	110,000.00	10-Oct-16	9-Oct-26
Balamban Ext. Office	D.C. Sanchez St., Balamban, Cebu	58,501.12	15-Aug-16	14-Aug-21
Banilad	A.S Fortuna St., Banilad, Cebu City	179,445.42	16-Feb-12	15-Feb-22
Boracay	Station 1, Brgy Balabag Boracay, Malay, Aklan	90,110.80	1-Nov-09	31-Oct-19
Calbayog	Corner Magsaysay Boulevard and Rueda Streets, Calbayog City	101,368.42	1-Sep-17	31-Aug-27
Catarman	Ang Ley Building, JP Rizal St., Catarman, North Samar	82,142.63	1-Jan-12	31-Dec-21
Catbalogan	Del Rosario St., Catbalogan , Western Samar	93,203.65	1-Nov-12	31-Oct-22
Caticlan Ext Ofc	Jerry Port, Caticlan, Malay Aklan	18,208.28	1-Nov-13	31-Oct-18
Cebu IT Park	S-04 G/F Skyrise 4 Bldg., Cebu IT Park Lahug, Cebu City	126,489.75	1-Jul-17	30-Jun-22
Cebu Paseo Arcenas	Don Ramon Arcenas St., R. Duterte St., Banawa, Cebu City	111,852.07	27-Feb-14	26-Feb-19
Cebu – Sto. Nino	Belmont Hardware Depot Building cor. P. Burgos and Legaspi sts. Bgy. San Roque, Cebu City	77,575.00	1-Nov-13	31-Oct-18
Consolacion	ADM Building, Cansaga, Consolacion, Cebu	125,096.19	5-May-03	4-May-18

Dumaguete	Dr. V. Locsin St., Dumaguete City	71,532.54	1-Jan-13	31-Dec-17
Guadalupe	63 M. Velez & A. Abellana Sts., Guadalupe, Cebu City	48,231.99	1-Jan-12	31-Dec-37
Hinigaran	Rizal St. (National Road), Hinigaran, Negros Occidental	43,235.24	5-May-05	30-Apr-20
Iloilo-Ledesma	Cor. Ledesma & Quezon St., Iloilo City	117,700.00	2-May-08	30-Apr-18
Iloilo-Mabini	Go Pun Building, Mabini cor. Delgado Sts., Iloilo City	58,574.76	1-Apr-09	1-Apr-19
Jaro	Cor. Seminario & E. Lopez STS. Jaro. Iloilo City	114,490.00	1-Dec-14	30-Nov-24
J. Centre	A.S. Fortuna St. Bakilid Mandaue City	166,532.72	16-Oct-16	15-Oct-21
Kalibo	Roxas Ave., Kalibo Aklan	84,442.00	1-Apr-08	31-Mar-18
Mactan	Mepz Bldg., Mepz 1, Lapu-Lapu City, Cebu	21,397.86	9-Jan-17	8-Jan-32
MEPZ 2 Extension Office	Pueblo Verde Mactan Export Processing Zone II Basak, Lapu-Lapu City	95,692.00	13-Oct-16	12-Oct-21
Manalili	Tan Sucheng Bldg., V. Gullas St., Cebu City	272,324.58	1-Feb-17	31-Jan-22
North Reclamation	G/F CIFIC Tower, Humabon St., cor Juan Luna Ave., North Reclamation Area, Cebu City	267,954.75	1-Aug-16	1-Aug-21
Ormoc	GF MFT Bldg., Real cor Carlos Tans Sts., Ormoc City	172,077.89	16-May-17	16-May-22
San Carlos	Laguda Bldg., Locsin St., San Carlos City, Negros Occidental	37,450.00	1-Aug-17	31-Jul-18
Taboan	Cor. Lakandula & C Padilla Sts., Cebu City	64,401.27	1-Feb-08	31-Jan-18
Talisay Ext Ofc (For clarification of lease terms)	South Central Square, Lawaan 111, Talisay City, Cebu	77,390.51	16-Sep-15	15-Sep-20
Toledo	G/F Toledo Commercial Village Bldg, Rafols St Brgy Poblacion, Toledo City, Cebu	53,085.38	16-Sep-15	15-Sep-20
MINDANAO AREA				
Ateneo De Davao Ext. Office	F-106G/F Finster Bldg., Ateneo de Davao University Main Campus, Cor. CM Recto Ave. & Roxas Ave., Davao City	73,497.51	15-Sep-11	15-Sep-21
Butuan	Dy Teban Building II, Ester Luna St., Butuan City	80,752.69	01-Jan-16	30-Sep-23
Butuan Ext. Office	Brgy. Tandang Sora, J.C. Aquino Ave., Butuan City	60,029.21	1-Jun-11	31-May-21
Cagayan de Oro- Velez	A. Velez corner Cruz Taal St., Cagayan de Oro City	193,576.82	1-Oct-11	30-Sep-18
CDO Osmeña (Cogon)	Simplex Building, Osmeña St., Cagayan De Oro City	199,890.73	1-Sep-08	31-Aug-18

Cd-Masterson Avenue	Xavier Estates, Masterson Avenue, Upper Balulang, Cagayan de Oro City 9000	143,437.40	1-Oct-16	30-Sep-26
Calinan Ext. Office	National Highway, Poblacion Calinan, Davao City	17,070.27	1-Apr-16	31-Mar-21
Carrascal Extension Office	National Highway, Brgy. Gamuton, Carrascal, Surigao del Sur	37,159.76	1-Apr-14	1-Mar-24
Cotabato	M. Bldg Quezon Ave., Cotabato City	74,206.75	1-Jun-10	31-May-20
Damosa Gateway	Corner Mamay Road and JP Laurel Avenue, Lanang, Davao City	43,501.73	1-Aug-12	For signature of lease contract
Davao - Bajada	JP Laurel Ave., corner Villa Abrille st., Davao City	190,782.28	16-Aug-09	15-Aug-19
Davao-Quirino	E.Quirino Ave., Brgy. 3-A, Poblacion, Davao City	77,021.04	1-Oct-16	30-Sep-21
Dipolog	cor General Luna & Lacaya Sts., Dipolog City	49,546.35	1-Oct-11	30-Sep-21
Dole Ext. Office	Dole Phils Pavillion, Polomolok, South Cotabato	25,272.00	1-Jan-18	31-Dec-18
Gensan	RGH Bldg., J. Catolico Ave., Lagao, General Santos City	66,997.64	1-Mar-17	1-Mar-22
Iligan	Lanao Fil-Chinese Chamber of Commerce Inc. Bldg. Quezon Ave. cor. B. Labao St. Iligan City	110,245.52	1-Feb-14	30-Jan-20
Kabacan	Poblacio, National Highway, Kabacan, Cotabato Province	50,312.36	1-Jan-12	31-Jan-22
Kidapawan	KMCC Bldg. Dayao St., Kidapawan City, North Cotabato	103,213.80	16-Jul-08	15-Jul-18
Limketkai	Gateway Tower 1, Limketkai Center, Cagayan de Oro City	241,418.94	5-Sep-09	31-Oct-19
Malaybalay	Don Carlos St., Poblacion, Malaybalay City	67,353.68	1-Aug-10	31-Jul-20
Maramag Ext. Office	FIBECO Compound, Sayre Highway, Brgy. Anahawon, Maramag, Buikidnon	42,725.10	1-Sep-11	31-Aug-21
Maranding Extension Office	National Highway, Maranding, Lala, Lanao del Norte	37,518.26	1-Oct-12	30-Sept-19
Marbel	Gen San Drive cor Roxas St., Koranadal City, South Cotabato	189,557.03	1-Nov-07	1-Nov-19
Marbel Extension Ofc.	Kobe Building, NDMU Compound, Alunan Avenue, Koranadal City, South Cotabato 9506	21,400.00	1-Nov-17	31-Oct-22
Nabunturan	SMPTC Bldg., Lauro Arabejo St., Brgy. Poblacion, Nabunturan Compostela Valley	54,868.75	1-Jul-12	30-Jun-22

NCCC Mall Davao	NCCC MALL Davao, Crossing McArthur Hiway and Ma-a Road, Matina, Davao City	95,852.40	14-Jul-13	13-Jul-18
Panabo	Greatsun Ventures Bldg., National Highway, Purok Atis, Sto. Nino, Panabo City	69,364.89	1-Jul-14	30-Jun-19
R. Castillo Extension Office	Techno Trade Corp. Bldg., 164 R. Castillo St., Davao City	24,421.08	31-Oct-17	30-Oct-22
Roadway Inn Ext. Ofc.	Roadway Inn, J.P. Laurel Avenue, Bajada, Davao City	63,208.76	1-Nov-17	31-Oct-22
Sta. Ana	Cor. Monteverde & Sales Sts., Davao City	266,269.50	7-Jun-15	6-Jun-20
Surigao	Cor. San Nicolas & Burgos Sts., Surigao City	57,829.71	1-Feb-08	31-Jan-18
Tacurong	G/F Hilario Bldg., cor Bonifacio St., National Highway, Tacurong City	71,651.79	16-Nov-16	15-Nov-26
Tandag	Pimentel Bldg., Donasco St., Tandag, Surigao del Sur	92,953.81	1-Jul-16	30-Jun-26
Toril	McArthur Highway, Toril Proper, Toril, Davao City	48,159.06	1-Aug-15	31-Jul-20
Valencia	Marchedon Building, Sayre Highway, Valencia City, Bukidnon	117,967.50	1-Oct-15	30-Sep-20
Victoria Plaza	Victoria Plaza Mall, J.P. Laurel Ave., Davao City	152,161.85	31-Jul-15	12-Jul-20
Zamboanga	SIA Bldg., Tomas Claudio St. Zone III Zamboanga City	160,500.00	1-May-13	1-May-23
Zamboanga Veterans	YPC Bldg., Veterans Ave., Zamboanga City	75,279.87	1-Jan-15	20-Jan-20

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.

Legal Proceedings

In the normal course of operations of the Bank, there are various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, tax assessments, etc., which are not reflected in the accompanying financial statements. Management does not anticipate losses from these transactions that will adversely affect results of operations.

In the opinion of Management, the suits and claims arising from the normal course of operations of the Bank that remain unsettled, if decided adversely, will not involve sums that would have a material effect on Bank's financial position or operating results.

Sale of National Steel Corporation (NSC) Plant Asset

In October 2008, Global Steel Philippines (SPV-AMC), Inc. (GSPI) and Global Ispat Holdings (SPV-AMC), Inc. (GIHI) (collectively, "Global Steel"), which purchased the Iligan Plant assets of the NSC ("NSC Plant Assets") from the Liquidator in 2004, initiated arbitration proceedings with the Singapore International Arbitration Centre ("SIAC") seeking damages on account of the failure of the Liquidator and the Secured Creditors, including the Bank and RCBC Capital Corporation ("RCAP"), to deliver the NSC Plant Assets free and clear from liens and encumbrance; purportedly depriving them of the opportunity to use the said assets to secure additional SIAC loans to fund the operations of the Plant and upgrade the same. On May 9, 2012, the SIAC Arbitral Tribunal

rendered a Partial Award in favor of Global Steel in the total amount of (a) US\$80, as and by way of lost opportunity to make profits and (b) P1,403, representing the value of the undelivered Billet Shop Land measuring 3.4071 hectares (the "Lost Land Claim").

On appeal, and on July 31, 2014, the Singapore High Court set aside the Partial Award, and subsequently granted the Secured Creditors' application for the lifting of the injunctions issued in 2008 and directed the release of Global Steel's installment payment to the Secured Creditors. Accordingly, the Bank and RCAP received their respective share in the funds previously held in escrow. Moreover, the Secured Creditors could now compel Global Steel to comply with their obligations under the Omnibus Agreement (OMNA)/Asset Purchase Agreement (APA) and take legal action upon Global Steel's failure to do so.

On March 31, 2015, and on Global Steel's appeal, the Singapore Court of Appeals rendered a decision which affirmed the earlier decision of the Singapore High Court insofar as it set aside (a) the monetary award of US\$80 and P1,403 representing lost opportunity to make profit and the value of the Lost Land Claim in favor of Global Steel, respectively, and (b) the deferment of Global Steel's obligation to pay the purchase price of the NSC Plant Assets. The Singapore Court of Appeals ruled that (a) aside from the lack of jurisdiction to rule on the issue of lost opportunity to make profit and absence of evidentiary support for the award, and (b) the premature ruling on the issue of the Lost Land Claim, the dispute relating to Global Steel's payment obligation is an obligation under the OMNA, which is beyond the ambit of arbitration, so that the SIAC Arbitral Tribunal could not properly order the Bank, RCAP and the other Secured Creditors to defer holding Global Steel in default. However, the Singapore Court of Appeals held that the NSC Liquidator and Secured Creditors are still required to deliver to Global Steel clean title to the NSC Plant Assets.

On November 27, 2015, the Singapore Court of Appeals further held that the issue of Global Steel's lost opportunity to make profit cannot be remanded to the Arbitral Tribunal, or to a new Arbitral Tribunal for that matter, to be litigated anew after the setting aside of the Partial Award. The doctrines of res judicata and abuse of process also operated to preclude the reopening of this issue. However, the Singapore Court of Appeals held that the Lost Land Claim may be the subject of a fresh arbitration proceedings before a new arbitral tribunal. The Singapore Court of Appeals likewise awarded litigation costs to the Liquidator but none to the Secured Creditors.

The Parent Company's estimated exposure is approximately P209 in terms of estimated property taxes and transfer costs due on the NSC Plant Assets, while it has a receivable from Global Steel in the amount of P486, taking into consideration the P49 installment payment it had received from the funds previously in escrow. The Parent Company has recognized full impairment loss on the receivable since then, with the gross amount of receivable classified as UDSC under Loans and Receivable account. The Parent Company's exposure, however, may be varied depending on whether the Iligan City's assessment of the post-closing taxes will be sustained as valid (including those imposed on non-operational machineries), now that all pre-closing taxes on the NSC assets sold to Global Steel, covering the period 1999 to October 14, 2004, are deemed paid, following the denial with finality of the City of Iligan's Petition for Review by the Supreme Court and the issuance of an Entry of Judgment on March 16, 2016, in the case initiated solely by the NSC Liquidator.

In defiance, however, of the aforesaid final and executory ruling, the City of Iligan (a) issued a Notice of Delinquency against NSC, seeking to collect the tax arrears covering the period 1999 to 2016, (b) levied the NSC properties, and (c) set the same for public auction on October 19, 2016, which proceeded even as the local government unit (LGU) received the October 18, 2016 Writ of Execution issued by the Regional Trial Court of Makati City, Branch 57 (the "Makati Trial Court"), directing it to (a) comply with the valid and binding Tax Amnesty Agreement dated October 13, 2004, and (b) afford NSC relief from the payment of interests and penalties. On November 3, 2016, the Iligan City police took possession of the NSC Plant compound. On November 4, 2016, the NSC, through the Liquidator, filed an Omnibus Motion praying that (a) the City of Iligan, the Sangguniang Panlungsod and City Treasurer be directed to show cause why they should not be

held in contempt, and, (b) the Auction Sale of the NSC properties held on October 19, 2016 be nullified.

In an Order dated April 4, 2017, the Makati Trial Court (a) nullified the public auction of the NSC Plant Assets, among others, and (b) enjoined any and all real property tax collection actions against the NSC until the Decision dated October 7, 2011, which held that the NSC pre-closing taxes have been paid, is fully executed and NSC's remaining tax liabilities are correctly computed. The Makati Trial Court likewise (a) directed the Iligan City Treasurer to show cause why she should not be held in contempt of court for holding the auction sale of the NSC Plant Assets without clearing NSC of the pre-closing taxes, and (b) directed the Iligan City Treasurer, among others, to inform the Makati Trial Court of the names of the responsible persons who ordered, aided and abetted her assailed conduct. The LGU, the Iligan City Treasurer and the Sangguniang Panlungsod of the City of Iligan moved for the reconsideration of the April 4, 2017 Order, which the Makati Trial Court denied in its Omnibus Order dated May 21, 2018, as with their Urgent Motion to recall the Orders dated October 18, 2016 and April 4, 2017, among others.

The City of Iligan, represented by its purported Acting City Mayor Jemar L. Vera Cruz, filed with the Court of Appeals a Petition for Certiorari dated July 6, 2018, contumaciously alleging that the said LGU had the right to sell at public auction the NSC Plant and other assets due to non-payment both pre-closing and post-closing taxes. The Petition likewise alleged that (a) the writ of execution issued by the Makati City Regional Trial Court was null and void, and (b) the case before the Makati City Regional Trial Court was an action to assail the tax delinquency auction sale which should not have been given due course for non-payment of docket fees and non-deposit of the contested tax amount of P0.004.

Verotel Merchant Services B.V. Case

In 2011, Verotel Merchant Services B.V. (VMS), a Netherlands corporation, and Verotel International Industries, Inc. ("VII"), a Philippine corporation, civilly sued the Parent Company, Bankard, Inc. (Bankard), Grupo Mercarse Corp., CNP Worldwide, Inc. ("CNP") and several individuals before the Los Angeles Superior Court for various causes of action including fraud, breach of contract and accounting, claiming that VII and its alleged parent company, VMS, failed to receive the total amount of US\$1.5, which the defendants allegedly misappropriated. VMS is an Internet merchant providing on-line adult entertainment and on-line gambling, in addition to the sale of pharmaceuticals over the Internet.

After nearly five years, and after being transferred to a fourth judge, the case went to trial from January 13, 2016 to January 26, 2016, where the issues on prescription, VII's lack of capacity to sue and VMS's lack of standing to sue were reserved for Judge Michael J. Raphael's disposition. On January 27, 2016, the jury rendered a verdict solely in favor of VMS. On March 10, 2016, the Parent Company/Bankard informed Judge Raphael that they will, instead, be filing a motion for judgment notwithstanding verdict (JNOV) and motion for new trial. On April 11, 2016, the Parent Company /Bankard timely filed their motions for JNOV and new trial, and on April 27, 2016, the Parent Company /Bankard likewise timely filed their Reply to the Oppositions filed by VII/VMS.

On May 12, 2016, Judge Raphael heard, and partially granted, the Parent Company/Bankard's Motion for JNOV by deleting the US\$7.5 punitive damages awarded to VMS in the absence of proof that (a) a corporate officer of the Parent Company/Bankard knew of, authorized, or ratified fraudulent acts, and (b) Janet Conway was a managing agent of the Parent Company/Bankard within the meaning of the California Civil Code Section 3294(b). However, Judge Raphael ruled that Conway was an agent of the Parent Company/Bankard for some purposes, and sustained the award of US\$1.5. Judge Raphael likewise denied the Parent Company/Bankard's Motion for New Trial, and likewise partially granted, plaintiffs' motion for interest and awarded VMS prejudgment interest in the amount of US\$0.5.

On July 11, 2016, the Parent Company/Bankard timely filed their Notice of Appeal on the partial denial of their Motion for JNOV with the California Court of Appeals, and received a copy of the Notice of Appeal solely filed by VMS on July 8, 2016. On July 21, 2016, the Parent Company/Bankard timely posted the amount of US\$3.1, as and by way of security to stay the enforcement of the Amended Judgment rendered by Judge Rafael.

On September 8, 2016, VMS filed its unsealed Certificate of Interested Persons, after the California Court of Appeals sustained the Parent Company/Bankard's position that the identities subject of the disclosure was, in fact, a central issue in this case and the appeal, as it relates to whether VMS has standing in this case and is entitled to any damages. In an Order dated, and filed, on November 16, 2016, the California Court of Appeals adopted the briefing sequence proposed by the Parent Company/Bankard, thus, allowing the full ventilation of the case on appeal. In a notice dated January 25, 2017, the California Court of Appeals informed the parties of the filing of the reporter's transcripts.

Subsequently, on March 7, 2017, Judge Raphael granted VMS's motion for cost of proof sanction and directed the Parent Company/Bankard to pay VMS the additional amount of US\$0.08 to cover the cost of (a) the services of expert witnesses and (b) their presentation during the trial, given his ruling that the Parent Company/Bankard unjustifiably denied VMS's request for admission that they failed to comply with MasterCard and VISA association rules. The Parent Company/Bankard timely filed their Notice of Appeal on the aforementioned Order of Judge Raphael but no longer posted any additional filing fees, following VMS's agreement not seek to enforce of the said award during the pendency of the appeal.

The Parent Company/Bankard filed their Revised Opening Brief on their Appeal with the California Court of Appeals on October 2, 2017, raising the following arguments: (a) there is no substantial evidence to establish that the Parent Company/Bankard caused VMS' loss, which arose as a result of the processing of VMS' transactions under and using the merchant ID of another merchant, in a side deal without Bankard's knowledge and consent; (b) there is, therefore, no contract/no processing relationship between VMS and Bankard; (c) there is no substantial evidence to establish that the Parent Company/Bankard caused VMS' loss under agency law, given that (i) Conway could not be Bankard's agent as a matter of law, because she was defrauding Bankard, (ii) plaintiffs did not establish that Conway was an agent of Bankard, (iii) plaintiff did not establish that Conway was a purported agent of Bankard, and, (iv) plaintiffs did not establish that Conway's wrongful conduct was within the scope of her agency; and. (d) the Trial Court abused its discretion in awarding cost of proof sanctions. On March 28, 2018, the Parent Company/Bankard was advised of the filing of VMS's Combined Respondents' Brief and Cross-Appellants' Opening Brief. On August 14, 2018, the Parent Company/Bankard filed their combined Reply and Cross-Respondent's Brief. In accordance with prior stipulations, VMS has until November 1, 2018 to file its Final Reply Brief.

RCBC Securities Case

In December 2011, RCBC Securities, Inc. ("RSEC") initiated the filing of a criminal case for falsification against its former agent, Mary Grace V. Valbuena ("Valbuena"), who carried out certain questionable transactions with her own personal clients. Since then, RSEC has filed additional criminal and civil cases, including charges of violations of Batas Pambasa Blg. 22 ("BP 22"), against the aforesaid former agent. On November 17, 2016, the Metropolitan Trial Court of Makati City, Branch 66, convicted Valbuena of the crime of BP 22. Valbuena proposed to pay RSEC P30, payable in five years, in settlement of all the claims against her, which RSEC refused. Valbuena appealed before the Regional Trial Court of Makati City, Branch 41, which denied her appeal in its Decision dated November 27, 2017, and denied her Motion for Reconsideration in its Order dated April 19, 2018. Valbuena has since then filed a Petition for Review with the Court of Appeals, where the same is pending.

In May 2012, the Capital Markets Integrity Corporation ("CMIC") conducted an investigation on the complaint filed by Francisco Ken Cortes against RSEC. On July 3, 2015, the CMIC issued a

Resolution of even date dismissing the complaint filed by Mr. Cortes. In October 2015, the CMIC affirmed the dismissal of Mr. Cortes' complaint with the denial of his Motion for Reconsideration dated 21 July 2015. Mr. Cortes did not file any appeal before the SEC en banc, so that the dismissal of his complaint is now final and executory.

In September 2014, Carlos S. Palanca IV ("Palanca") and Cognatio Holdings, Inc. ("Cognatio") likewise filed a complaint against RSEC with the CMIC, even as Cognatio's earlier complaint dated December 30, 2013 against RSEC, its former Vice President for Operations/Chief Finance Officer, its former Compliance Officer and Valbuena, was pending with the Enforcement and Investor Protection Department of the Securities and Exchange Commission ("EIPD-SEC") (the "SEC Cognatio Case"). In its decision letter dated December 4, 2014, the CMIC dismissed Palanca/Cognatio's complaint on the ground of prescription and res judicata. Consequently, Palanca/Cognatio respectively appealed the case to the SEC en banc, which granted the appeal of Palanca/Cognatio and reversed the CMIC's decision. In turn, RSEC appealed the SEC en banc's reversal of the CMIC decision to the Court of Appeals. On October 27, 2017, the Court of Appeals granted RSEC's Petition for Review and reinstated the CMIC decision, ruling that Palanca/Cognatio committed willful and deliberate forum shopping. Palanca/Cognatio filed a Motion for Reconsideration, which RSEC opposed via its Comment/ Opposition dated February 22, 2018. In response thereto, Palanca/Cognatio filed a Motion for leave to file reply and its Reply, both dated March 19, 2018. In a Resolution dated September 5, 2018, the Court of Appeals denied Palanca/Cognatio's Motion for Reconsideration. On September 26, 2018, Palanca/ Cognation signified their intention to challenge the decision and resolution of the Court of Appeals before the Supreme Court via a Petition for Review to be filed on or before October 11, 2018. The SEC Cognatio Case, where RSEC and its former Vice President for Operations/Chief Finance Officer filed a Manifestation with Motion to Dismiss, in light of the above-cited decision of the Court of Appeals finding Palanca/Cognatio guilty of willful and deliberate forum-shopping, which was followed by the filing of other pleadings, the last of which was Cognatio's Rejoinder, remains pending with the EIPD-SEC.

On February 22, 2013, Stephen Y. Ku ("Ku") filed a complaint against RSEC with the Regional Trial Court of Makati, Branch 149 (the "Makati Trial Court"), praying, among others, for the return of his shares of stock and cash payments which he claims to have turned over to Valbuena. On May 20, 2013, RSEC sought the dismissal of the complaint on the ground of non-payment of the correct filing fees and failure to state a case of action, which was, however, denied by the Makati Trial Court. Aggrieved, RSEC filed a Petition for Certiorari with the Court of Appeals on November 22, 2013, which was given due course. In the Decision dated October 9, 2014, the Court of Appeals sustained RSEC's position and ordered the dismissal of the complaint pending before the Makati Trial Court on the ground of lack of jurisdiction. In a Petition for Review dated September 15, 2015, Ku sought the reversal of the ruling of the Court of Appeals, and as an alternative, prayed to be allowed to re-file his Complaint sans docket fees. The case remains pending with the Supreme Court.

Poverty Eradication and Alleviation Certificates Bonds

In October 2011, the Bank filed a case before the Court of Tax Appeals questioning the 20% final withholding tax on PEACe Bonds by the BIR. The Bank subsequently withdrew its petition and joined various banks in their petition before the Supreme Court on the same matter. Notwithstanding the pendency of the case and the issuance of a Temporary Restraining Order by the Supreme Court, the Bureau of Treasury withheld P199 in October 2011 from the Bank on the interest on its PEACe bonds holdings. The amount was originally recognized as part of Accounts receivables under Loans and Receivables account in the statements of financial position until it was settled in 2017.

On January 13, 2015, the Supreme Court nullified the 2011 BIR Rulings classifying all bonds as deposit substitutes and ordered the Bureau of Treasury to return the 20% final withholding tax it withheld on the PEACe Bonds on October 18, 2011. On March 16, 2015, the Bank and RCAP filed

a Motion for Clarification and/or Partial Reconsideration, seeking clarification and/or the exclusion from the definition “deposit substitutes” the PEACe Bonds since there was only one lender at the primary market, and subsequent sales in the secondary market pertain to a sale or assignment of credit, which is not subject to withholding tax. The Parent Company and RCAP also sought partial reconsideration of the ruling that should the PEACe Bonds be considered as deposit substitutes, the BIR should collect the unpaid final withholding tax directly from RCAP/Code NGO, or any lender or investor, as withholding agents, since there was no interest earned and collection of the withholding tax, if at all, has already prescribed. The Bank and RCAP also reiterated its arguments that the tax constitutes double taxation, violates the non-impairment clause of the Constitution, and is a breach of the obligations by the Bureau of Treasury when it issued the PEACe Bonds. The Office of the Solicitor General (“OSG”), as counsel for the Republic and other public respondents, also filed a Motion for Reconsideration and Clarification, reiterating the BIR’s right to withhold 20% as Final Withholding Tax and asking for clarification on the effect of the ruling on other government securities.

In a Resolution dated October 5, 2016, the Supreme Court partially granted the Bank and RCAP’s Motion for Clarification and/or Partial Reconsideration, stating that (a) to determine whether the securities newly issued and sold by the Bureau of Treasury should be treated as “deposit substitutes”, the phrase “at any one time” in relation to “20 or more lenders” should be reckoned at the time of their original issuance, (b) this interpretation, at any rate, cannot be applied retroactively since this would prejudice the Bank and RCAP which relied in good faith on the rulings/opinions of the BIR that the transaction in issue is exempted from any final withholding tax, and (c) such being the case, the PEACe Bonds cannot be treated as deposit substitutes. On the other hand, the Supreme Court denied the Motion for Reconsideration and Clarification filed by the OSG. The Supreme Court likewise held that due to the continued refusal of the Bureau of Treasury to release the amount of P4,966, which it withheld upon maturity of the PEACe Bonds, in violation of the order issued by the Supreme Court, the Bureau of Treasury is liable to pay legal interest of six percent (6%) per annum on the aforesaid amount of P4,966, counted from October 19, 2011 until fully paid.

On April 11, 2017, the Parent Company received a copy of the Entry of Judgment stating, among others, that the Decision dated January 13, 2015 and the Resolution dated August 16, 2016, which partially granted the Motion for Clarification and/or Partial Reconsideration filed by the Parent Company became final and executory on October 20, 2016. The Bureau of Treasury has so far settled P197 of the Parent Company’s claim.

As approved by Philippine Deposit Insurance Corporation and Bureau of Treasury, the balance of P2, which is the subject of a deed of assignment in favor of the Parent Company (by a rural bank which has since been placed under liquidation) has been settled on October 18, 2018.

Applicability of RR 4-2011

On March 15, 2011, the BIR issued RR 4-2011, which prescribed that for income tax reporting purposes, banks and other financial institutions must (a) report costs and expenses either under RBU or FCDE/EFCDU or OBU if specifically identified as such; or (b) allocate such cost and expenses, which cannot be specifically identified, based on percentage share of gross income earnings of a unit. The BIR, however, issued assessment notices to banks and 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 RBU.

On April 6, 2015, the Parent Company and other member-banks of the Bankers Association of the Philippines (“BAP”) (the “Petitioners”), filed the above-captioned case with Application for TRO and/or Writ of Preliminary Injunction with the Regional Trial Court of Makati, Branch 57 (the “Makati Trial Court”), wherein the Petitioners assailed the validity of RR 4-2011 on the ground, among others, that (a) RR 4-2011 violates the Petitioners’ substantive due process rights; (b) it is not only illegal but also unfair; (c) it serves as a deterrent to banks to invest in capital market transactions to the prejudice of the economy; (d) it sets a dangerous precedent for the disallowance of full

deductions due to the prescribed method of allocation; (e) it was promulgated without prior consultation, thus, violating the procedural due process rights of the petitioners; and (f) it violated the equal protection clause guaranteed in the Constitution for requiring Banks and other financial institutions to adopt a method of allocation when other institutions and taxpayers were not being required to do so by the Department of Finance ("DOF") and BIR.

On April 8, 2015, the Makati Trial Court issued a TRO enjoining the BIR from enforcing RR 4-2011. Also, on April 27, 2015, the Makati Trial Court issued a Writ of Preliminary Injunction enjoining the BIR from enforcing, carrying out, or implementing in any way or manner RR 04-2011 against the Parent Company and other BAP member banks, including the issuance of Preliminary Assessment Notice or Final Assessment Notice against them during the pendency of the litigation, unless sooner dissolved.

On June 10, 2015, the Makati Trial Court issued a Confirmatory Order stating that the TRO and Writ of Preliminary Injunction also prohibits the BIR from ruling or deciding on any administrative matter pending before it in relation to the subject revenue regulations and insofar as the Parent Company and other BAP member banks are concerned. The Pre-trial Conference of the case began on August 2, 2016 and continued to August 3, 2017. During the August 3, 2017 hearing, in lieu of trial for the resolution of the case, the Makati Trial Court directed the parties to file their respective Memorandum on September 15, 2017, which the parties complied with. In an Order dated May 25, 2018, the Makati Trial Court granted the Petition for Declaratory Relief and declared RR 4-2011 null and void for being issued beyond the authority of the Secretary of Finance and Commissioner of Internal Revenue. The Makati Trial Court likewise made permanent the Writ of Preliminary Injunction it issued earlier.

The Department of Finance ("DOF") and the BIR elevated the matter to the Supreme Court via its Petition for Review on Certiorari dated August 1, 2018, alleging that (a) the petitions assailing the validity of RR 4-2011 should have been brought before the Court of Tax Appeal and not the Makati Trial Court, (b) upon the issuance of RR 4-2011, the banks should have already adjusted their accounting and book keeping methods, (c) the declaratory relief action was no longer proper in view of the issuance of Preliminary Assessment Notices, and (d) RR 4-2011 is a valid regulatory issuance of the DOR and BIR.

Alleged Unauthorized Transfer of Funds – Bank of Bangladesh

In February 2016, there was an alleged unauthorized transfer of funds from the Bank of Bangladesh to four accounts in the Bank, which were eventually transferred to various accounts outside of the Bank (the "BOB Incident"). In August 2016, the Monetary Board approved the imposition of supervisory action on the Bank to pay the amount of P1,000 in relation to the completed special examination. There may be other cases arising from these events. The Bank has fully recognized the BSP's P1,000 fine as part of miscellaneous expenses in its 2016 Consolidated Statements of Profit or Loss, and it has paid this penalty in full ahead of the August 2017 deadline set by the BSP. The Bank's payment of the penalty did not affect its ability to perform its existing obligations or unduly hamper its operations.

On November 18, 2016, the AMLC filed a criminal complaint against current and former employees of the Bank in relation to the BOB Incident with the Department of Justice (DOJ). The AMLC alleged that respondents Raul Victor B. Tan, Ismael S. Reyes, Brigitte R. Capiña, Nestor O. Pineda, Romualdo S. Agarrado and Angela Ruth S. Torres violated Section 4(f) of R.A. No. 9160, as amended ("AMLA"), in connection with the BOB Incident. The AMLC alleged that each of the named persons performed or failed to perform an act, which facilitated the crime of money laundering, particularly the remittance and eventual withdrawal of US\$81 from certain accounts maintained at the Bank's Makati Jupiter Business Center..

On March 27, 2017, respondents Tan, Reyes, Capiña and Agarrado, as well as respondent Pineda filed their affidavits contesting, among other things, their culpability and the existence of several

required elements of the charges alleged by the AMLC. Between May and July 2017, the AMLC and the aforementioned individuals filed various affidavits and manifestations in connection with the charges. In a Resolution dated February 5, 2018, the newly assigned DOJ investigating prosecutor found probable cause against respondents Tan, et al., and recommended the filing of the corresponding Information against them. On March 22, 2018, respondents Tan, Reyes, Capiña, and Agarrado timely filed their Motion for Reconsideration on the aforementioned Resolution.

In a belatedly filed Consolidated Opposition dated June 21, 2018, the AMLC insisted that the Philippine courts have adopted the US "Willful Blindness" doctrine, and that the contents of the MT103 message should have made respondents Tan, Reyes and Capiña suspicious of the remittances in issue. In their Reply dated August 7, 2018, respondents Tan, Reyes, and Capiña pointed out, among others, that (a) the AMLC's position is a departure from its earlier claim that respondents Tan, Reyes and Capiña ought to be charged for failing to read the same MT103 message, and (b) only final decisions of the Supreme Court become judicial precedents, and that the cited tax evasion decision of the Court of Tax Appeals cannot be accorded the same status. Respondent Agarrado, for his part, reiterated that it was respondent Torres and Deguito who approved the large transaction withdrawals on February 9, 2016.

On March 8, 2016, William S. Go, an existing client of the Bank in another Business Center, and the Bank, filed criminal charges against (a) Maia Santos-Deguito, the former Branch Manager of the Makati Jupiter Business Center, and (b) Angela Ruth S. Torres, the former Senior Customer Service Officer of the Makati Jupiter Business Center, with the Office of the City Prosecutor of the Makati City ("OCP-Makati"). The criminal complaints alleged that the two identified former employees: (a) falsified bank documents in order to open fictitious U.S. Dollar and Peso denominated accounts in the name of William S. Go DBA Centurytex Trading, which were used in the transfer/conversion of US\$81 subject of the BOB Incident, and (b) Angela Ruth S. Torres committed perjury when she executed the affidavit identifying William S. Go as the person who allegedly received the P20 withdrawn from his fictitious Peso account on February 5, 2016. The OCP-Makati found probable cause to charge Maia Santos-Deguito with several counts of falsification. On the other hand, while the OCP-Makati dismissed the charges of falsification against Angela Ruth S. Torres, but it found probable cause to charge her for perjury. The criminal cases against Maia Santos-Deguito and Angela Ruth Torres are currently pending before the Makati Metropolitan Trial Court. The Bank has several other ongoing criminal cases or petitions for review, which are currently pending, in relation to actions that it has initiated against former Bank employees in relation to the BOB Incident.

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

Except for the above-mentioned proceedings, the Bank is not aware of any suits and claims by or against it or its subsidiaries, which if decided adversely would have a material effect on its financial position or operating results.

(G) Directors and Executive Officers

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

Regular Directors

Ms. Helen Y. Dee, [REDACTED] has been the Bank's Chairperson since 2005. Ms. Dee is also the Chairperson/President of Hydee Management and Resource Corporation; Chairperson of House of Investments, RCBC Savings Bank, RCBC Leasing and Finance Corporation, Landev Corporation, Hi-Eisai Pharmaceutical Inc., Mapua Information Technology Center, Inc., Malayan Insurance Co. Inc., , and Manila Memorial Park Cemetery, Inc.; and Vice Chairperson of Pan

Malayan Management and Investment Corporation. She also holds directorship positions in top companies such as Philippine Long Distance Telephone Company, Petro Energy Resources, Inc., Sunlife Grepa Financial, Inc., Honda Cars Philippines, Inc., Isuzu Philippines, Inc., AY Holdings, Inc. and MICO Equities, Inc. Ms. Dee is also a Trustee of the Malayan Colleges, Inc. (operating under the name Mapua Institute of Technology). She graduated from Assumption College with a Bachelor of Science degree in Commerce and completed her Masters in Business Administration at the De La Salle University.

Mr. Cesar E.A. Virata, [REDACTED], has been a Director of the Bank since 1995, Corporate Vice Chairman since June 2000 and Senior Adviser since 2007. Mr. Virata's roster of companies where he is also a Director and/or Chairman include, RCBC Savings Bank; RCBC Realty Corp.; RCBC Land, Inc.; Malayan Insurance Company, Inc.; Business World Publishing Corporation; Belle Corporation; Lopez Holdings Corporation; City & Land Developers, Inc.; RCBC International Finance, Ltd. (Hong Kong); Luisita Industrial Park Corporation; Niyog Property Holdings, Inc.; Cavite Infrastructure Corporation.; ALTO Pacific Company, Inc.; Malayan Colleges, Inc.; RCBC Bankard Services Corporation; AY Foundation, Inc.; and YGC Corporate Services, Inc., among others. Mr. Virata held various key positions in the Philippine government including Prime Minister, Secretary/Minister of Finance, Chairman of the Committee on Finance of the Batasan Pambansa (National Assembly), member of the Monetary Board, and Chairman of the Land Bank of the Philippines. He likewise 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. Mr. Virata graduated from the University of the Philippines with degrees in Mechanical Engineering and Business Administration (Cum Laude). He completed his Masters in Business Administration at the Wharton Graduate School, University of Pennsylvania.

Mr. Gil A. Buenaventura, [REDACTED], has been the Bank's Director, President, and Chief Executive Officer since July 1, 2016. Mr. Buenaventura holds directorship and officership positions in GAB Realty Incorporated, RCBC Capital Corporation, RCBC Leasing and Finance Corporation, RCBC Rental Corporation, Rizal Microbank, RCBC Savings Bank, RCBC Forex Brokers Corporation, and Niyog Property Holdings, Inc. He is also a member of the Makati Business Club, Asian Bankers Association, and Bankers Association of the Philippines. Before joining the bank, he worked in various capacities in other Banks and financial institutions, including the following: President and Chief Executive Officer of Development Bank of the Philippines, Chairman/Vice Chairman of the LGU Guarantee Corporation, President and Chief Executive Officer of Prudential Bank, Chairman of Citytrust Securities Corporation, BPI Leasing Corporation, Pilipinas Savings Bank, and Prudential Investments, Inc., Director of BPI Family Savings Bank, and Ayala Plans, Inc., and Executive Vice President of Citytrust Banking Corp., and Vice President of Citibank N.A. Manila., among others, Mr. Buenaventura graduated from the University of San Francisco in California with a Bachelor of Arts in Economics in 1973, and from the University of Wisconsin in Madison, Wisconsin, with a Master of Business Administration in Finance in 1975.

Mr. Tze Ching I. Chan, [REDACTED], has been a Director of the Bank since 2011. He started with Citibank in Hong Kong as a Management Associate in 1980 and served in various capacities. He was Hong Kong Country Head and Head of Corporate and Investment Banking business for Greater China when he retired from Citi in 2007. He worked briefly as Deputy Chief Executive for Bank of China (Hong Kong) in 2008. Mr. Chan is currently a Senior Adviser at CVC Capital Partners and The Bank of East Asia, Limited and holds various board seats in listed companies, government statutory bodies and NGOs including, among others, AFFIN Holdings Berhad, The Community Chest of Hongkong and Hongkong Exchanges and Clearing Limited. Among his government-appointed roles, he is currently Council Chairman of the Hong Kong Polytechnic University, a Member of the Financial Reporting Council of Hong Kong and Hong Kong Tourism Board. Mr. T.C. Chan completed both his Bachelors Degree in Business Administration and Masters of Business Administration from the University of Hawaii in the United States. He is professionally qualified as a Certified Public Accountant (AICPA).

Mr. Richard Gordon Alexander Westlake, [REDACTED], has been a director of the Bank since October 1, 2014. He is the founder and managing director of Westlake Governance Limited, a New Zealand-based globally focused business now regarded as a leading adviser in Corporate Governance. Mr. Westlake has over 25 years of experience as a Director and Board Chairman. He is currently the Chairman of the Careerforce Industry Training Organisation Limited and an Independent Director of Dairy Goat Co-Operative (NZ) Ltd, the world's leading producer and exporter of goat milk infant formula. Previous roles include chairmanship of Intergeren Limited, the Standards Council of New Zealand; Deputy Chairman of Institute of Geological & Nuclear Sciences Limited; Establishment Chairman of Meteorological Service of New Zealand and Quotable Value Limited; and he was a founding director of Kiwibank Ltd for ten years.

Mr. John Law, [REDACTED]. He has been a director of the Bank since April 27, 2015. He is also currently a Senior Advisor for Greater China for Oliver Wyman, and is member of the Board of Directors of Far East Horizon, Ltd. in Hong Kong, BNP Paribas in China and Khan Bank in Mongolia. In the past, he held Board seats in several financial institutions, including the Industrial Bank (China), UBS Securities Co. Ltd. (China), Bank of Nanjing (China), Bank of Hangzhou (China), Sacombank (Vietnam), and SinoPac Securities Ltd. (Taiwan), and worked in various capacities at the International Finance Corporation/World bank, JP Morgan and Citibank / Citigroup. He is a graduate of BS Psychology from Chung Yuan University in Taiwan, holds an MBA from Indiana University, USA, and a Master of Art in Poetry from the University of Paris, France.

Mr. Yuh-Shing (Francis) Peng, [REDACTED], has been a director of the Bank since April 27, 2015. He is an Executive Vice President of Cathay United Bank, handling various departments, particularly the Overseas Management Department and Strategic Planning Division/Investment Management Department. Prior to these positions, he also was Executive Vice President handling the International Banking Department, Corporate Banking Strategy & Product Department, and Offshore Banking Unit of Cathay United Bank. He also served in various capacities with Citibank N.A. in Hongkong, Citibank Taiwan Limited, and Citibank Taipei. He holds a Bachelor of Science degree in Control Engineering National from the ChiaoTung University and Bachelor of Laws degree from the National Taiwan University. He also obtained a Masters in Business Administration from the National Central University.

Atty. Florentino M. Herrera, III, [REDACTED], has been a Director of the Bank since August 30, 2016. He is also a Founding Partner of the Herrera Teehankee & Cabrera Law Offices, a Senior Adviser at CVC Asia Pacific Limited, an International Private Equity Firm, and was former Partner of the Angara Abello Concepcion Regala & Cruz Law Offices. He has been engaged in the general practice of law for the past thirty nine (39) years specializing in corporate law practice, and serves as counsel for various companies engaged in banking, management of foreign fund investments, airlines, repair, maintenance and overhaul of aircraft, real estate, resorts, telecommunications, media and PR firms, insurance, gaming, shipping and financing. He also holds Directorship and top Management positions in various companies in the Philippines such as Trans-Pacific Oriental Holdings, Co., Inc., Canlubang Golf & Country Club, Inc., Bellagio Properties, Inc., Philippine Airlines, Inc., Lufthansa Technik Philippines, Inc., Macroasia Corporation, Mantrade Development Corporation, Aeropartners, Inc., Regent Resources, Inc., and STI Education Services Group, Inc. He obtained both his Bachelor of Arts in Political Science and Bachelor of Laws from the University of the Philippines in 1972 and 1977, respectively.

Independent Directors

Mr. Armando M. Medina, [REDACTED], has been an Independent Director of the Bank since 2003. He is a member of various board committees of the Bank, including the Related Party Transactions Committee where he is Chairman, and Executive Committee, Trust Committee, and Technology Committee where he is a member. He is also an Independent Director of RCBC Savings Bank, RCBC Capital Corporation, and Malayan Insurance Co. Inc. Prior to being Independent Director,

he held top management positions in the Bank for 16 years. He was also President/COO from 1986-91 and President/CEO from 1991-1996. He also held directorship and officership positions in other institutions like Great Life Financial Assurance Corporation, Merchant Savings & Loan Association, Inc., RCBC Forex Brokers Corporation, Bankard, Inc., RCBC International Finance Ltd., RCBC Capital Corporation, RCBC California International, Inc., Honda Cars Philippines, Isuzu Philippines, Business Harmony Realty, Inc., and Phil. Clearing House Corp. He graduated (Magna Cum Laude) from De La Salle University with a Bachelor of Arts degree in Economics and a Bachelor of Science in Commerce in Accounting.

Mr. Juan B. Santos, [REDACTED], assumed office as an Independent Director of the Bank since November 2, 2016. He is currently a Member of the Board of Directors of First Philippine Holdings Corporation, Sun Life Grepa Financial, Inc., Alaska Milk Corporation, East-West Seed ROH Limited (Bangkok, Thailand), House of Investments, Inc., Golden Spring Group (Singapore) Allamanda Management Corp. and Philippine Investment Management (PHINMA), Inc.; a member of the Board of Advisors of Coca-Cola FEMSA Philippines, AMUNDI (Singapore), Mitsubishi Motor Phil. Corp., East-West Seeds Co., Inc., Chairman, Board of Trustee, Dualtech Training Center Foundation, Inc., a trustee of St. Luke's Medical Center, and a consultant of the Marsman-Drysdale Group of Companies. Prior to joining the Bank, he was Chairman of the Social Security Commission, he served briefly as Secretary of Trade and Industry and was designated as a member of the Governance Advisory Council, and Private Sector Representative for the Public-Private Sector Task Force for the Development of Globally Competitive Philippine Service Industries. He also served as Director of various publicly listed companies, including the Philippine Long Distance Telephone Company (PLDT), Philex Mining Corporation, San Miguel Corporation, Equitable Savings Bank, Inc., and PCI Leasing and Finance, Inc. He obtained his Bachelor of Science Degree in Business Administration from the Ateneo de Manila University, and pursued post-graduate studies on Foreign Trade at the Thunderbird School of Global Management in Arizona, USA. He completed his Advanced Management Course at International Institute for Management Development (IMD) in Lausanne, Switzerland.

Amb. Lilia R. Bautista, [REDACTED], has been an Independent Director of the Bank since July 25, 2016. She holds position as Member of the Board of Directors/Board of Trustees of various Corporations, including RFM Corporation, Transnational Diversified Group, Inc., St. Martin de Porres Charity Hospital, CIBI Foundation, Inc., and Philja Development Center. She was former Director of the Bank of the Philippine Islands and BPI Capital and has held distinguished positions in the public and private sector, including as Member and, subsequently, Chairperson of the WTO Appellate Body, Chairperson of the Securities and Exchange Commission, Ex-Officio Member of the Anti-Money Laundering Council, Acting Secretary of the Department of Trade and Industry, Chairman Ex-Officio of the Board of Investments, and Ambassador Extraordinary and Plenipotentiary, Chief of Mission, Class 1 and Permanent Representative to the United Nations Office, World Trade Organization, World Health Organization, International Labor Organization and Other International Organizations in Geneva, Switzerland. She has a degree in Bachelor of Laws and Masters in Business Administration, both from the University of the Philippines. She obtained a Master of Laws from the University of Michigan (Dewitt Fellow).

Mr. Gabriel S. Claudio, [REDACTED], has been an Independent Director of the Bank since July 25, 2016. Mr. Claudio served as Presidential Political Adviser to Presidents Fidel V. Ramos and Gloria Macapagal Arroyo. As member of the Cabinet, he also served as Presidential Legislative Adviser; Chief of the Presidential Legislative Liaison Office (PLLO); Cabinet Officer for Regional Development (CORD) for Eastern Visayas; and Acting Executive Secretary. He was Chairman of the Board of Trustees of the Metropolitan Water and Sewerage System (MWSS); Member of the Board of Directors of the Development Bank of the Philippines (DBP); and Member of the Board of Directors of the Philippine Charity Sweepstakes Office (PCSO). Currently, he holds directorships/trusteeships in various public and private institutions, such as Philippine Amusement and Gaming Corporation (PAGCOR); Ginebra San Miguel, Inc. (GSMI); Conflict Resolution (CORE) Group Foundation; Risks and Opportunities Assessment Management (ROAM), Inc; Lion's


Club Pasig Host Chapter; and Toby's Youth and Sports Development Foundation. He obtained his degree in AB Communication Arts in 1975 from the Ateneo de Manila University.

Mr. Melito S. Salazar, [REDACTED], has been an Independent Director of the Bank since June 27, 2016. He is also an Independent Director of Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity GS Fund, Inc., Philippines First Insurance Corp., YANMAR Philippines, TECO Philippines and Concepcion Industrial Corporation, a Director of the Chamber of Commerce of the Philippine Islands, Dean of the Centro Escolar University School of Accountancy and Management, columnist of the Manila Bulletin and Regent of the Philippine Normal University. In the past, he held various key positions in the government, including Monetary Board Member of the Bangko Sentral ng Pilipinas, Undersecretary of the Department of Trade and Industry, and Vice-Chairman & Governor – Board of Investments. He also served as president of the Management Association of the Philippines, the Financial Executive Institute of the Philippines and Chamber of Commerce of the Philippine Islands. He graduated with a degree of Bachelor of Science in Business Administration major in Accounting and a Master of Business Administration from the University of the Philippines in 1971 and attended executive development and training programs in MIT, the Harvard Business School and INSEAD.

Atty. Adelita A. Vergel De Dios, [REDACTED], has been an Independent Director of the Bank since June 27, 2016. She is currently an Independent Director of RCBC Savings Bank, and Member of Board of Trustees of the Center for Excellence in Governance, Inc. and Center for School Governance, Inc. Prior to these, she was Commissioner of the Insurance Commission, and held directorship and officership positions in various companies including President of the Institute of Corporate Directors Chairman of the Board of Malayan Insurance Co., Inc., President and Chief Operating Officer of the Philippine Savings Bank (PSBANK), Member of the Board of Trustees of the Asian Reinsurance Corporation (Bangkok, Thailand), and President of the Filipino Merchants Insurance Company. She is a Certified Public Accountant with a degree of Bachelor of Business Administration (BBA) from the University of the East, which she obtained in 1965. She completed her Bachelor of Laws as Magna cum Laude from the University of the East in 1973.

Mr. Vaughn F. Montes, Ph.D., [REDACTED], has been an Independent Director of the Bank since September 26, 2016. Mr. Vaughn F. Montes has had a long career in banking, 25 years of which was with Citibank where he held various roles the last of which was as Director for the bank's Philippine Public Sector business in government fund raisings, transaction banking, and credit ratings advisory, and others. Prior to joining RCBC, he was a Director of the Development Bank of the Philippines (DBP) and in its related companies, namely the DBP Leasing Corporation, Al-Amanah Islamic Investment Bank, and DBP-Daiwa Capital Markets Inc. where he was also Vice Chairman. At present he is a Trustee of Foundation for Economic Freedom, the Parents for Education Foundation (PAREF) and the Center for Family Advancement. He is a Director of the Center for Excellence in Governance, and a Teaching Fellow on corporate governance at the Institute of Corporate Directors. He worked as an Associate Economist at the Wharton Econometric Forecasting Associates in Philadelphia, Pennsylvania, USA in the early 1980s. Mr. Montes has an AB Economics degree from Ateneo de Manila University, which he completed in 1971. He obtained a Master of Science in Industrial Economics degree from the Center for Research and Communication, Manila in 1973, and a PhD in Business Economics from the Wharton Doctoral Programs, University of Pennsylvania in 1984.

Directors
Helen Y. Dee

(Age)/
Citizenship
()

Position/Period which they have served
Board Chairperson (June 25, 2007 to present)
Director (March 25, 2005 to present)

Company	Position
Hydee Management & Resources, Inc.	Chairperson/President
RCBC Savings Bank	Chairperson
House of Investments, Inc.	Chairperson
Mapua Information Technology Center, Inc.	Chairperson
Malayan Insurance Co. Inc.	Chairperson/Director
Malayan Insurance Co. (HK) Ltd.	Chairperson/Director
Pan Malayan Realty Corp.	Chairperson
RCBC Leasing and Finance Corporation	Director / Chairperson
RCBC Land, Inc.	Director
Tameena Resources, Inc.	Chairperson & CEO
Landev Corp.	Chairperson
HI-Eisai Pharmaceuticals, Inc.	Chairperson
Manila Memorial Park Cemetery, Inc.	Chairperson
La Funeraria Paz Sucat	Chairperson/Director
Mijo Holdings, Inc.	Chairman/President
Xamdu Motors, Inc.	Chairperson
Promotions Personalized, Inc.	Chairperson
Dee Yu Corporation	Chairperson
Silver Falcon Insurance Agency, Inc.	Chairperson
Shayamala Corporation	Chairperson
Pan Malayan Management & Investment Corp.	Chairperson/Director
Philippine Long Distance Telephone Company	Director
Petro Energy Resources Corp.	Chairperson and Director
Petrowind Energy Inc.	Chairperson
MICO Equities, Inc.	Chairperson/Director
AY Holdings, Inc.	Chairperson/Director
AY Foundation, Inc.	Chairperson/Trustee
A.T. Yuchengo, Inc.	Chairperson
Yuchengco Center	Chairperson
Pan Malayan Express	Chairperson/Director
Isuzu Philippines, Inc.	Director
Honda Cars Philippines, Inc.	Director
Philippine Integrated Advertising Agency, Inc.	Director
Sunlife Grepa Financial Inc.	Chairperson/Director
Honda Cars Kalookan	Director
Mapua University	Chairperson/Trustee
Philippine Business for Education, Inc.	Board Member Trustee
EEL Corporation	Board Member
GPL Holdings	President
Moirra Management, Inc.	President
YGC Corporate Services, Inc.	Chairperson/Director/President
RCBC Realty Corporation	Chairperson/Director
Luisita Industrial Park Corporation	Director
Y Realty Corporation	Director

E.T. Yuchengco, Inc.	Chairperson/Director
Malayan Colleges Laguna, Inc.	Trustee
Malayan High School of Science, Inc.	Chairperson
Malayan Colleges Mindanao (A Mapua School), Inc.	Chairperson
Luis Miguel Foods	Director

Cesar E.A. Virata



Director (1995 to present)
Corporate Vice-Chairman (June 22, 2000 to present)

Company	Position
ATAR VI Property Holding Company, Inc.	Chairman & Director
RCBC Realty Corp.	Director
RCBC Bankard Services Corporation	Chairman/ Director
RCBC Land, Inc.	Chairman/ Director
ALTO Pacific Company, Inc.	Chairman / Director
Malayan Insurance Co., Inc.	Director
RCBC Savings Bank	Director
Luisita Industrial Park Corporation	Vice-Chairman/ Director
Lopez Holdings Corp.	Independent Director
Cavitex Holdings, Inc.	Chairman/ Director
YGC Corporate Services, Inc.	Director
Niyog Properties Holdings, Inc.	Director
Business World Publishing Corp.	Vice-Chairman/ Director
Belle Corporation	Independent Director
City and Land Developers, Inc.	Independent Director

AY Foundation, Inc.	Trustee
Malayan University (Operating under Mapua Institute of Technology)	Trustee
Micah Quality Property Development Corporation	Director
World Trade Center Management, Inc.	Director
Yuchengco Center	Trustee

Gil A. Buenaventura



Director, President and CEO (effective July 1, 2016)

Company	Position
RCBC Capital Corporation	Director
RCBC Leasing and Finance Corporation	Vice-Chairman
RCBC Rental Corporation	Director
Merchants Savings and Loan Association, Inc.	Chairman
RCBC Savings Bank	Vice-Chairman
RCBC Forex Brokers Corporation	Chairman
Asian Bankers Association	Member
Niyog Property Holdings, Inc.	Director
Makati Business Club	Member
De La Salle Philippines School System	Member of the Investment Committee
Bankers Association of the Philippines	Member
Gab Realty Incorporated	Director and Treasurer

Tze Ching Chan



Director (November 28, 2011 to present)

Company	Position
AFFIN Bank Berhad	Non-Executive Director
The Bank of East Asia, Limited	Senior Adviser
The Community Chest of Hong Kong	Member, Board of Directors
CVC Capital Partners	Senior Adviser
East Asia Futures Limited	Non-Executive Director
East Asia Securities Company Limited	Non-Executive Director
Hong Kong Exchanges and Clearing Limited	Independent Non-Executive Director
Hong Kong Institute of Bankers	Honorary Advisory Vice President
Hong Kong Polytechnic University	Chairman of Council
Hong Kong Red Cross	Council Member
Hong Kong Securities Clearing Company Limited	Member, Disciplinary Appeals Committee
Mongolian Mining Corporation	Independent Non-Executive Director
Portofino (165) Limited	Director
Prasac Microfinance Institution Limited (Cambodia)	Chairman
Financial Reporting Council	Member
The Hong Kong Tourism Board	Member
Executive Committee of the Investor Education Centre, Securities and Futures Commission	Member
Standing Commission on Civil Service Salaries and Conditions of Service	Member
Standing Committee on Judicial Salaries and Conditions of Service	Member

Richard G.A. Westlake



Director (October 1, 2014 to present)

Company	Position
Westlake Governance Limited, Wellington, New Zealand	Managing Director and Founder
Careerforce Industry Training Organisation Limited, New Zealand	Independent Chairman
Dairy Goat Co-operative (NZ) Limited, New Zealand	Independent Director and Chair of Finance & Audit Committee
Westlake Consulting Limited, New Zealand	Owner

John Law



Director (April 27, 2015 to present)

Company	Position
Oliver Wyman	Senior Advisor, Greater China
Far East Horizon Ltd.	Director
BNP Paribas (China) Ltd.	Director
Khan Bank (Mongolia)	Director
Foremost Groups	Independent Non-Executive Director

**Yuh-Shing (Francis)
Peng**



Director (April 27, 2015 to present)

Company	Position
Cathay United Bank	Executive Vice President, Overseas Management Department and Global Transactions Business

**Atty. Florentino M.
Herrera III**



Director (August 30, 2016 to present)

Company	Position
Herrera Teehankee & Cabrera Law Offices	Founding Partner
Amica Corporation	Director/Chairman/President
Andorra Holdings, Inc.	Director/Chairman/President
Bedarra Holdings, Inc.	Director/Chairman/President
Bellagio Properties, Inc.	Director/Chairman/President
Bellcore Holdings Corporation	Director/Chairman/President
Bellendorf Peak Resources, Inc.	Director/Chairman/President
Domain Property Ventures, Inc.	Director/Chairman/President
Dunes and Eagle Land Development Corp.,	Director/Chairman/President
Econolink Investments, Inc.	Director/Chairman/President
Filgrow Ventures Corporation	Director/Chairman/President
Fontana Resources Corporation	Director/Chairman/President
Genshare Holdings Corporation	Director/Chairman/President
HunterValley Resources, Inc.	Director/Chairman/President
Ipioneer Properties, Inc.	Director/Chairman/President
Maseena Resources Corporation	Director/Chairman/President
Medlinks Resources, Inc.	Director/Chairman/President
Pomona Properties, Inc.	Director/Chairman/President
Pergamon Resources Corporation	Director/Chairman/President
Regent Resources, Inc.	Director/Chairman/President
Saville Resources Corporation	Director/Chairman/President
Seabright Resources, Inc.	Director/Chairman/President
Shindig, Inc.	Director/Chairman/President
Vassra Holdings, Inc.	Director/Chairman/President
Viking Star Ventures, Inc.	Director/Chairman/President
Websphere Resources, Inc.	Director/Chairman/President
911 Alarm, Inc.	Director/Chairman
Media Star Holding Corporation	Director/Chairman
Owl Ventures & Development Condominium Corp.	Director/Chairman
San Juanico Property Ventures	Director/Chairman
Mantrade Development Corporation	Director/Vice-Chairman
Aeropartners, Inc.	Director/President
Nabasan Subic Development Corporation	Director/President
Marilag Corporation	Director/Vice-President/Treasurer
La Regalade, Inc.	Director/Corporate Secretary

Melrra Realty, Inc.	Director/Corporate Secretary
Armada Capital, Inc.,	Director/Treasurer
North Point Resources, Inc	Director/Treasurer
Asian Alliance Holdings & Development Corporation	Director
Beneficial Life Insurance Company, Inc.	Director
Canlubang Golf & Country Club, Inc.,	Director
FMF Development Corporation	Director
GEOGRACE Resources Philippines	Director
Philippine Airlines, Inc.	Director
Stargate Media Corporation	Director
United Coconut Chemicals, Inc.	Director
Rizal Commercial Banking Corporation	Director
Lufthansa Technik Philippines, Inc.,	Director
Allianz-PNB Life Insurance Inc.	Corporate Secretary
BOC Holdings Corporation	Corporate Secretary
Grassroots Film Production & Distribution, Inc.,	Corporate Secretary
MacroAsia Corporation	Corporate Secretary
Medtecs International Corporation Ltd.	Corporate Secretary
Medtex Corporation	Corporate Secretary
Medtecs Materials Technology Corporation	Corporate Secretary
Corsica Resources , Inc.	Treasurer
Fontalloro Resources, Inc.	Treasurer
Long Trail Holding, Inc.	Treasurer
Mountain Links Corporation	Treasurer

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

Armando M. Medina



Independent Director (February 26, 2003 to present)

Company	Position
RCBC Capital Corp.	Independent Director
RCBC Savings Bank	Independent Director
Malayan Insurance Co.	Independent Director

Juan B. Santos



Independent Director (November 2, 2016 to present)

Company	Position
First Philippine Holdings Corporation,	Director
Sun Life Grepa Financial, Inc.,	Director
Alaska Milk Corporation	Director
Allamanda Mgt. Corp.	Director
Philippine Investment Management (PHINMA), Inc.;	Director

PHINMA Corp.	Director
Coca-Cola FEMSA Philippines	Member, Advisory Board
East-West Seeds Corporation	Member, Advisory Board
East-West Seeds International Ltd.	Member, Supervisory Board
Dualtech Training Center Foundation, Inc.,	Chairman, Board of Trustees
St. Luke's Medical Center	Trustee
Marsman-Drysdale Group of Companies	Consultant
Mitsubishi Motor Philippines Corporation	Consultant
Golden Spring Group Ltd (Singapore)	Independent Director
House of Investments, Inc.	Independent Director

Melito S. Salazar, Jr.



Independent Director (June 27, 2016 to present)

Company	Position
Quickminds Corporation	Chairman and President
Omnipay, Inc.	Chairman
Manila Bulletin	Columnist
Philippine Normal University System	Regent
Concepcion Industrial Corporation	Independent Director
Yanmar Philippines	Independent Director
TECO Philippines	Independent Director
Philippines First Insurance Corporation	Independent Director
Sun Life Prosperity GS Funds, Inc.	Independent Director
Sun Life of Canada Prosperity Balanced Fund, Inc.	Independent Director
Sun Life of Canada Prosperity Philippine Equity Fund, Inc.	Independent Director
Sun Life of Canada Prosperity Philippine Stock index Fund	Independent Director
Sun Life Prosperity Wellspring Fund	Independent Director
Sun Life Prosperity Voyager Fund	Independent Director
Sun Life Prosperity Achieve 2038 Fund	Independent Director
Sun Life Prosperity Achieve 2048 Fund	Independent Director
Chamber of Commerce of the Philippine Islands	Director and Vice- President

Atty. Adelita A. Vergel De Dios



Independent Director (June 27, 2016 to present)

Company	Position
RCBC Savings Bank	Independent Director

Amb. Lilia R. Bautista



Independent Director (July 25, 2016 to present)

Company	Position
RFM Corporation	Independent Director
Transnational Diversified Group, Inc.	Independent Director
Lopez Holdings, Inc.	Independent Director
CIBI Foundation	Trustee
Pamantasan ng Lungsod ng Maynila	Professor

Philippine Judicial Academy	Professional Lecturer
Philja Development Center	Director
(National Group) Permanent Court of Arbitration	Member
St. Martin de Porres Charity Hospital	Trustee and Legal Counsel
Jose Rizal University	Dean, Law School

Gabriel S. Claudio



Independent Director (July 25, 2016 to present)

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


Vaughn F. Montes, Ph.D.



Independent Director (September 26, 2016 to present)

Company	Position
Parents for Education Foundation (PAREF)	Trustee
PAREF Southridge School for Boys	Chairman and President
PAREF Westbridge School for Boys	Trustee
PAREF Northfield School for Boys	Trustee
Foundation for Economic Freedom	Trustee
Center for Family Advancement	President
Center for Excellence in Governance	Director
Institute for Corporate Directors	Teaching Fellow – Corporate Governance
Asian Development Bank Technical Assistance Grant on Public Private Partnerships Program	National Consultant on Public Private Partnerships Risk Management to Department of Finance
Asian Development Bank Technical Assistance Grant on Public Private Partnerships Program	National Consultant on Public Private Partnerships Risk Management to the National Economic Development Authority / Public Private Partnership Center

The names, ages and positions of all **incumbent executive officers** are as follows:

Redentor C. Bancod, , Senior Executive Vice-President, is the Head of the IT Shared Services Group, Head of the Operations Group, and Chief of Staff of the Office of the President. Prior to assuming these roles, he was the Head of IT Shared Services & Operations Group and the concurrent head of Digital Banking Group. 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, [REDACTED], 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.

Horacio E. Cebrero III, [REDACTED], Senior Executive Vice President, is the Treasurer and the Head of Treasury Group. He has over 34 years of professional experience with expertise in the fields of asset and liability management, reserves and liquidity, trading, distribution of treasury-related products, fund and capital raising activities, credit management, trust investments portfolio, and real trust products. He served as Treasury Head of the Philippine National Bank for over 8 years.

Michael O. de Jesus, [REDACTED] Executive Vice-President, is the Head of National Corporate Banking Group. He was also the Deputy Group Head of Corporate Banking from November to December 2012 and the Corporate Banking Segment 2 Head from July 2007 to November 2012. He has a Bachelor of Arts degree in Economics from Union College in Schenectady, New York and a Masters in Business Administration (Finance) from The Wharton School, University of Pennsylvania.

Rommel S. Latinazo, [REDACTED] Executive Vice-President, is the President and Chief Executive Officer of RCBC Savings Bank. Prior to this, he was the Head of Corporate Banking Segment 1 under the Corporate Banking Group. He joined the Bank in 2000 as First Vice-President. Previously, he held various positions in Solidbank Corporation, Standard Chartered Bank, CityTrust Banking Corporation, First Pacific Capital Corporation and Philamlife Insurance Company. Mr. Latinazo obtained his Bachelor of Science degree in Management from the Ateneo de Manila University and his Masters in Business Administration from the University of the Philippines.

Ana Luisa S. Lim, [REDACTED] Executive Vice-President, is the Chief Compliance Officer and Head of Regulatory Affairs Group. She was formerly the Head of Operational Risk Management Group prior to assuming her current role. She was also the Head of Internal Audit Group prior to her transfer to Operational Risk Management. She is also a Director and Corporate Secretary of BEAMExchange, Inc. She joined the Bank in 2000 primarily to implement the risk-based audit approach under a shared-services set-up in conformity with the Bank's strategic risk management initiatives. Ms. Lim obtained her Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines. She is a Certified Public Accountant, Certified Information Systems Auditor and Certified Internal Auditor.

Richard C. Lim, [REDACTED], Executive Vice President, Head of the Retail Banking Group. Prior to September 14, 2018. Mr. Lim was seconded to, and served as the Chief Operating Officer of, the RCBC Savings Bank, overseeing both the retail banking and consumer lending business. He has 25 years of experience in retail banking and was Executive Vice President and Head of Maybank's Retail Banking Group before joining the Bank.

Edel Mary G. Vegamora, [REDACTED] Executive Vice President, is the Chief Audit Executive and Head of the Internal Audit Group. Her banking background includes being the Chief Financial Officer and Controller of Bank of Commerce from December 2013 to August 2017 and Chief Internal Auditor/ Head of Internal Audit of BDO Unibank, Inc. from September 2010 to January 2013. She has experience gained from various firms, including being Chief Financial Officer, Treasurer of Sun Life of Canada (Phils) Inc. and Director for Assurance (Banking and Insurance

Business) of KPMG Laya Mananghaya & Co. CPAs. Ms. Vegamora graduated from the University of the East in 1980 with a degree in BS Business Administration, major in Accounting. She completed her Masters in Business Administration (Abridged) in 1998 offered in Manila by the New York Institute of Finance. She is a Certified Public Accountant (1980) and a Certified Internal Auditor (Institute of Internal Auditors International, USA 1999). She also obtained a Certification in Risk Management Assurance given by the Internal Auditors International, USA 2012. She is a graduate of the Professional Directors Program of the Institute of Corporate Directors and a Fellow at the same institute.

Jamal Ahmad, [REDACTED] First Senior Vice-President, is the Chief Risk Officer and Head of Corporate Risk Management Services. Mr. Ahmad has over 29 years of work experience, 11 years of which are with banks and with particular focus in the areas of risk management and risk governance. He served as Head of Operational Risk for Standard Chartered Bank (Phils.) and Bank Permata Indonesia. He became Country Chief Risk Officer for Standard Chartered Bank (Phils.) in 2012 and Country Chief Risk officer for Standard Chartered Bank (Vietnam) in 2015. Mr. Ahmad finished his Masters of Finance at Stern School of Business, New York University and Hong Kong University of Science and Technology in 2012. He also holds a Master of Business Administration degree from the Ateneo de Manila University. He obtained his undergraduate degree on Political Science and Journalism from the University of Punjab, Pakistan.

Simon Javier A. Calasanz, [REDACTED] First Senior Vice President, is the President and CEO of RCBC Bankard Services Corporation. Prior to this, he worked for over 13 years at Hongkong Shanghai Banking Corporation where he handled the following roles : Senior Vice President and Head of Contact Center Management and Consumer Loans (February 2012 to October 2015), Senior Vice President and Head of Cards and Consumer Assets (January 2009 to January 2012), Vice President for Credit Approval Risk Management (May 2007 to January 2009), OIC for Consumer Credit and Risk (September 2008 to November 2008), Assistant Vice President for Personal Financial Services (September 2006 to April 2007), Manager for Third Party Verification Agencies and Process Management (July 2005 to September 2006), Assistant Manager for Quality Review and Systems Support (December 2004 to July 2005), Manila Credit and Risk Support Manager-Manila Project Team (August 2004 to October 2004), Assistant Manager for Management Information Systems (June 2003 to December 2004), Management Information Credit Analyst (September 2002 to June 2003) and Credit Approval Unit Credit Analyst (April 2002 to September 2002). In addition, he also performed significant roles for the Credit Card Association of the Philippines where he is currently the Special Advisor to the Board, and for the Credit Management Association of the Philippines in which the last position he assumed was as Director in 2008. Mr. Calasanz graduated from De La Salle University with a Bachelor of Science degree in Commerce, major in Marketing Management and Bachelor of Arts degree in Psychology.

Elizabeth E. Coronel, [REDACTED], First Senior Vice President, is the Head of the Conglomerates and Global Corporate Banking Group. Ms. Coronel has more than 29 years of experience in corporate banking, corporate finance and consumer banking. She has been with RCBC since 2013. Prior to RCBC, she was the Chief Operations Officer of Equicom Savings Bank for 5 years. She was also a former Director/Adviser of Bancnet, Inc., VP and Co-Head of Corporate Finance of Mizuho Bank. She was also Division Head of Corporate Banking in Equitable PCI Bank where she was employed for 11 years. Early on, she was a Relationship Manager in the Global Consumer Bank of Citibank N.A. She started her career in RCBC as Marketing Assistant in 1989. Ms. Coronel graduated from the University of Santo Tomas with a Bachelor of Arts degree in Behavioral Science. She also finished the Mizuho-ICS Mini MBA Program at Kitotsubashi University Graduate School of International Corporate Strategy in 2007.

George Gilbert G. Dela Cuesta, [REDACTED] 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 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.

Jonathan C. Diokno, [REDACTED] First Senior Vice President, is the Head of the Global Filipino Banking Segment. Prior to September 14, 2018, Mr. Diokno was Retail Banking Group Head. He has over 22 years of professional experience in transaction banking, cash management services, and overseas Filipino remittance, with extensive focus on sales and product management. Prior to joining the Bank, he was the Head of BDO Remittance Origination and Head of Business Development BDO Cash Management Services. He started his career in banking under the Junior Officer Training Program of Citytrust Banking Corporation. Mr. Diokno graduated from the University of the Philippines with a Bachelor of Science major in Business Administration in 1994.

Gerald O. Florentino, [REDACTED] First Senior Vice-President, is the President of RCBC Securities. He held the position of Group Head and Deputy Group Head of Corporate Planning in RCBC prior to assuming his current position. Before joining the Bank, he was Senior Vice-President for the Investment Banking Group of Investment and Capital Corporation of the Philippines. He gained his corporate planning expertise from AXA Philippines as Vice-President and Head of Strategic Planning, Project Management and Business Development and AXA Way from 2007 to 2009. He also held various positions in UCPB for seven years during which his last appointment was the Head of Cash Management Products for the Working Capital Products Group. Mr. Florentino graduated from the Loyola University of Chicago, Illinois with a degree in Bachelor of Business Administration majoring in Finance and obtained his Masters in Business Management from the Asian Institute of Management.

John P. Go, [REDACTED] First Senior Vice-President, is the Head of Chinese Banking Segment 2. Prior to joining the Bank, Mr. Go was the Vice-President/Chief Finance Officer/Assistant to the Chairman of Liwayway Marketing Corporation (March 2002 to January 2008), Assistant Vice-President of UCPB (August 1996 to February 2002) and Manager/Business Development Department Head of Monte Piedad Savings Bank (January 1996 to July 1996). He holds a Bachelor of Science degree in Marketing from the Philippine School of Business Administration.

Margarita B. Lopez, [REDACTED] First Senior Vice President, is the Head of Digital Banking Group. Prior to joining the Bank, she was connected with Manulife Financial as a member of the Board of Directors and Corporate Vice President/ Asia Head of Digital from October 2014 to March 2016 and the Chief Operations Officer from February 2010 to September 2014. She also held the following positions in various institutions: Chief Operations Officer / Head of Customer Services and Support at Philippine AXA Life (January 2007 to February 2010), Group Head/First Vice President of Electronic Banking Services at Philippine National Bank (January 2005 to December 2006) and Division Head/Vice President of Transactional Banking at United Coconut Planters Bank (1996 to 2004). She also held consultancy roles from 1988 to 1996 and was the Analyst Programmer for Infolink assigned at CityTrust from 1987 to 1988. Ms. Lopez started her career as Lecturer at the University of the Philippines in 1995. She obtained her Bachelor of Computer Science and Masters in Technology Management, Business and Industry from the same university.

Florentino M. Madonza, [REDACTED] First Senior Vice-President, is the Controller and Head of the Controllershship Group. Mr. Madonza has been Group Head Controllershship since October 14, 2014. He was the Deputy Group Head of Controllershship 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.

Remedios M. Maranan, [REDACTED] First Senior Vice-President, is the Special Assistant to the Retail Banking Group Head for Business Controls. Prior to assuming this role, she was the National Service Head of Retail Banking Group. Ms. Maranan started as a BOTP Trainee in 1989 after which she assumed various positions in branch operations. Her noteworthy stints include being the Regional Operations Head for Metro Manila in December 1998 to April 2004, BC Services Division Head in May 2004 to May 2008 and Regional Service Head for Metro Manila in June 2008 to February 2010 and Deputy Group Head of BC Services from March 2010 to September 2013. She obtained her Bachelor of Science degree in Commerce majoring in Accounting from the Polytechnic University of the Philippines.

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

Mario T. Miranda, [REDACTED], First Senior Vice President, is the Trust Officer and Group Head of Trust and Investments. Mr. Miranda has over 38 years of professional experience with expertise in the fields of trust and investment management, asset management, fund management, wealth management, private banking, among others. He finished his Master of Business Administration at the University of California in 1983 and graduated with a degree in Bachelor of Science in Management Engineering from the Ateneo de Manila University in 1980.

Emmanuel T. Narciso, [REDACTED] First Senior 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.

Reynaldo P. Orsolino, [REDACTED] First Senior Vice-President, is the Segment Head of Emerging Corporates. He was also the Head of Commercial & Medium Enterprises Division before assuming his current position. Prior to joining the Bank, he served as Senior Vice-President of Philippine National Bank from June 2003 to July 2007, and previously held senior positions at the Planters Development Bank, Asian Banking Corporation, and the Land Bank of the Philippines. He holds a Bachelor of Arts degree in Economics from the University of the Philippines.

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

Joseph Colin B. Rodriguez, [REDACTED], First Senior Vice President, is the President and CEO of RCBC Forex Brokers Corporation. Prior to this appointment, he was the Treasurer of RCBC Savings Bank in September 2016 to and before this secondment, 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 RCBC 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.

Rowena F. Subido, [REDACTED] 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 her Masters in Psychology majoring in Organisational/Industrial Psychology at De La Salle University.

Bennett Clarence D. Santiago, [REDACTED] First Senior Vice President, is the Head of the Credit Management Group. 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 in this bank include serving as Head, Business Development, Commercial Banking, Institutional Banking Group and Head, Credit Risk Control, Commercial Banking. He had previous stints with other banks in various roles such as Commercial Bank Risk Head of Citibank, N.A.; Chief Compliance Officer of Unionbank, Strategic MIS Officer, Unionbank and Loans Product Manager, Unionbank; Risk Management Center Head and Credit Risk Officer, International Exchange Bank. He started his banking career at Hongkong Shanghai Banking Corporation as Assistant Account Manager, Garments Division. He handled other roles thereafter in the said bank as follows: OIC, General Trading and Manufacturing Division, Business Development Officer, Assistant Manager, Financial Institutions, Remedial Management, and Relationship Manager, Financial Institutions. He also had experiences from other industries such as Globe Telecom Inc. where he worked as Senior Manager for Insurance and Manager for Asset Liability and Dasmariñas Garments Corporation as Executive Assistant. He graduated from the University of the Philippines in 1991 with a Bachelor of Science degree in Business Administration. He finished his Master in Business Administration in 2001 from Ateneo de Manila Business School.

Ma. Christina P. Alvarez, [REDACTED] 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.

Ma. Carmela S. Bolisay, [REDACTED] Senior Vice President, is the Head of the Management Services Division of the Operations Group. Ms. Bolisay has over 24 years of professional experience. She has acquired operational expertise in the fields of customer service and experience, quality assurance, risk management, process streamlining and project management. Her experience includes being Vice President and Chief of Staff for the Chairman in W. Hydrocolloids Inc. of W Group Inc., and Vice President and Business Planning Manager/Country Manager for Service Excellence for Standard Chartered Bank. She graduated with a degree in Bachelor of Arts major in Psychology, Minor Education at University of the Philippines, and took up the Basic Management Program at Asian Institute of Management, Makati.

Lalaine I. Bilaos, [REDACTED] Senior Vice President, is the Head of the Local Corporate Banking Segment – Division II. Prior to occupying the position of Division Head on April 2011, she was holding the position of a Relationship Manager. She joined the bank in June 1992 as a Secretary for Corporate Planning. Six months thereafter, she moved to Credit Operations Department to handle a Credit Analyst role. By January 1994, she joined Corporate Banking Group and was assigned under Project Finance as a Project Analyst. She also had other roles in the said team as Marketing Assistant and Jr. Project Account Officer. She became an Account Officer in 2000 at the Corporate Division 1 of Corporate Banking Group in Ortigas. Before joining RCBC, she had stints with Dynamic Union of Consultants and Managers, Inc and American Home Assurance Co. as Credit and Collection Assistant and Billing Assistant respectively. She graduated from De La Salle University in Manila in 1989 with a degree in Bachelor of Arts major in Economics.

Jose Maria P. Borrromeo, [REDACTED] ⁵¹, Filipino Senior Vice President, is the Head of the Balance Sheet Management Segment, Treasury Group. He has over 25 years of experience in Treasury including positions in Standard Chartered Bank, Bank of the Philippine Islands and CityTrust Banking Corporation. Mr. Borrromeo obtained a BS in Economics and an MA in Business Administration from the University of the Philippines, Diliman.

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

Karen K. Canlas, [REDACTED], 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.

Brigitte B. Capina, [REDACTED], Senior Vice-President, is the Regional Sales Director of South Metro Manila. Prior to occupying this position, she was the Marketing and Sales Director of Makati Central Business District in 2013, the Regional Sales Manager of South Metro Manila in 2012, Regional Sales Manager of Corporate Headquarters in 2009 and Business Manager for various branches such as RCBC Plaza in 2005, Buendia in 2004 and Makati Avenue in 2003. She obtained her Bachelor of Science degree in Commerce majoring in Accounting from the University of San Agustin, Iloilo City and her Masters in Business Management from the University of the Philippines, Visayas.

Arsenio L. Chua, [REDACTED], Senior Vice-President, is the Regional Sales Director of North Metro Manila. Prior to occupying this position, he was the Marketing and Sales Director of Ortigas Central Business District in 2013, Regional Sales Manager of North Metro Manila in 2012, Regional Sales Manager of Central Metro Manila in 2010, District Sales Manager of Southern Metro Manila in 2009 and Business Manager of Caloocan Branch in 2007. He obtained his Bachelor of Science degree in Management and Industrial Engineering from the Mapua Institute of Technology.

Claro Patricio L. Contreras, [REDACTED], Senior Vice-President, is the Head of Remedial Management Division. Prior to joining RCBC, he was the AVP for Special Accounts Management Services Group at BPI (April 2000 to June 2000), AVP for Credit Mgmt. Services Group at FEBTC (January 1997 to March 2000), and Manager for Credit Management Services Group at FEBTC (October 1995 to December 1996). He completed his Bachelor of Science degree in Commerce majoring in Business Management from San Beda College.

Isagani A. Cortes, [REDACTED], Senior Vice President and Deputy Group Head for Regulatory Affairs. Atty. Cortes has over 22 years of professional experience with expertise in compliance, risk assessment and AML. He obtained his Bachelor of Laws degree from the University of the Philippines in 1991 and his AB English degree from University of the East in 1987.

Antonio Manuel E. Cruz, Jr., [REDACTED], Senior Vice President, is the OIC for Chinese Banking Segment 1. 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.

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

Benjamin E. Estacio, [REDACTED], 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.

Erico C. Indita, [REDACTED], Senior Vice President, is the National Sales Director/ Segment Head of Retail Banking Sales. Mr. Indita was hired as Domestic Remittance Clerk in 1993 after which he assumed various positions in Retail Banking. His noteworthy stints includes being the Regional Sales Director of Central Metro Manila (January 2015 to November 2016), District Sales Director of Makati Central Business District (January 2014 to December 2014), Marketing and Sales Director of Chinese Uptown (February 2013 to December 2013), District Sales Manager of Makati Central Business District (January 2011 to February 2013) and Business Manager of Makati Avenue (November 2004 to December 2010). He graduated from San Beda College with a degree in Bachelor of Science in Commerce major in Management in 1989 and finished his Masters in Business Administration at the Ateneo de Manila in 2007.

Jonathan Edwin F. Lumain, [REDACTED] Senior Vice President, is the Bank's Chief Technology Officer. Mr. Lumain joined the Bank in 2001 and held the following IT-related positions: IT Head for Shared Technology Services (January 2008 to May 2016), Application Systems Department Head (August 2003 to December 2007) and Information Management Head (August 2001 to August 2003). Prior to joining RCBC, he was the Department Head of Branch Systems for BPI (November 1999 to July 2001), Department Head of Trust Banking Systems Development for Far East Bank and Trust Company (August 1993 to October 1999), Project Manager for Philippine Commercial International Bank Automation Center (November 1990 to July 1993) and Systems Analyst for Al Ajlani Ent., KSA (May 1985 to October 1990). He started his career in IT when he joined Andres Soriano Corporation as Programmer Trainee in December 1981. Mr. Lumain earned his Bachelor of Science in Business Administration degree from the University of the Philippines in 1981. He obtained his Master of Science in Computer Science from the Ateneo de Manila University in 1997.

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

Jose Jayson L. Mendoza, [REDACTED] Senior Vice President, is the Provincial Division Head for Commercial and SME Banking Segment. 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, [REDACTED], Senior Vice-President, is 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, [REDACTED] 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.

Evelyn Nolasco, [REDACTED] Senior Vice-President, is the Head of the Asset Disposition Division. Before she joined the Bank, she was the Senior Vice-President and Treasury Head of the ASB Group of Companies in 1995 and Manager for Corporate Finance for SGV & Company from 1994 to 1995. She graduated from De La Salle University with a Bachelor of Science degree in Commerce majoring in International Marketing and obtained her Master's degree in Business Management from the Asian Institute of Management.

Loida C. Papilla, [REDACTED] Senior Vice-President, is the Asset Management Support Division Head. She joined RCBC in 2006 as Operations Support Division Head. She worked for various institutions in the following capacities : Assistant Vice-President / Head of Billing and Collections Section in PNB (April 2004 to February 2006), Assistant Vice-President/OIC in UCPB Securities Inc. (August 1999 to January 2004), Operations Finance Manager in Guoco Securities Inc. (January 1994 to August 1999), Media Consultant in the Office of the Senate President (October 1992 to December 1993), Research Director in Philippine Newsday (June 1989 to June 1992), Research Head in Business Star (June 1987 to June 1989) and Researcher in Business Day Corp. (November 1981 to June 1987). Ms. Papilla graduated from the University of the East in 1981 with a Bachelor of Science in Business Administration major in Accounting. She is also a Certified Public Accountant.

Arsilito A. Pejo, [REDACTED] Senior Vice-President, is the Regional Sales Director of Visayas Region. Prior to this, he was the Regional Sales Director of Eastern Visayas. Mr. Pejo joined RCBC in 1982. His noteworthy stints include being the Regional Service Head of Visayas from June 2008 to December 2014 and Area Service Head of Visayas from May 2004 to May 2008, Regional Operations Head from October 2002 to April 2004 and Cebu Operations Center Head from June 1998 to September 2002. He obtained his Bachelor of Science degree in Commerce major in Accounting from Colegio de San Jose – Recoletos in 1982.

Honorata V. Po, [REDACTED], Senior Vice President, is the Regional Sales Director for the South Luzon Regional Office. Prior to assuming the role of Regional Sales Director in 2016, she was a District Sales Director and a District Sales Manager for Southeast Luzon District from 2014 to 2016 and 2008 to 2013 respectively. In between these roles, she was designated as Financial Center Head based in Lucena in 2013. She joined the bank in 1994 as Business Center Manager, a position which she held until 2008. Before she joined RCBC, she was connected with Philippine National Bank from 1983 to 1993. She handled various roles in the said bank which include the following - Audit Clerk, Statistician, Audit Examiner, Accountant, Cashier and Branch Manager. Her first banking experience was gained from Far East Bank where she worked as a Teller from 1980 to 1982. Outside the banking industry, she had engagements in other institutions as follows: as Regional Governor for the Philippine Chamber of Commerce and Industry (2009 to 2010), as President of Quezon - Lucena Chamber of Commerce and Industry (2007 to 2008) and as a Director/Minor stockholder of Moldedcraft Consulting Corporation. She obtained a Bachelor of Science in Business Administration major in Accounting at the University of the East in 1980.

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

Steven Michael T. Reyes, [REDACTED], Senior Vice-President, is the Head of Commercial Trading and Sales Segment. Previously, he was First Vice President of Global Markets for Australian & New Zealand Banking Group (March 2009 to January 2014), Vice President / Head of Capital Markets for Banco De Oro (October 2006 to March 2009), Assistant Vice President /Debt and Interest Rate Trader for Citibank, Singapore (January 2006 to October 2006) and Assistant Vice President/Bonds Trader for Citibank, Manila (January 2002 to December 2005). He also worked for Equitable PCIBank from July 1999 to December 2001 and PCIBank from May 1996 to July 1999 and held the following positions: Senior Manager/Head of Capital Markets Desk (July 2000 to December 2001), Manager /Global Fixed Income Proprietary Trader (July 1999 to July 2000), Assistant Manager / Fixed Income Proprietary Bond Trader (July 1997 to July 1999) and Proprietary Bond Trader (May 1996 to July 1997). Mr. Reyes started his banking career when he joined Bank of the Philippine Islands in 1993 as Position Analyst. He completed his Bachelor of Science in Tourism Management at the University of the Philippines in 1993.

Ma. Rosanna M. Rodrigo, [REDACTED], Senior Vice President, is the Regional Sales Director of North Luzon Region. Ms. Rodrigo joined the Bank in 1992 and assumed the following positions: Marketing and Sales Director of North West Luzon (February 2013 to September 2013), District Sales Manager of North Central Luzon (November 2009 to February 2013), Branch Manager of Tarlac (February 2005 to November 2009), Branch Manager of Hacienda Luisita (July 1997 to January 2005) and Senior Personal Banker of Tarlac (November 1992 to June 1997). She also worked for Producers Bank of the Philippines as Cashier of Tarlac Branch (April 1983 to October

1992), Far East Bank and Trust Co. as New Accounts Clerk of Tarlac Branch (March 1982 to March 1983) and as contractual employee for New Accounts of Tarlac Branch (December 1981 to February 1982). Ms. Rodrigo obtained her Bachelor of Arts degree in Mass Communication major in Broadcasting from the University of the Philippines in 1981.

Raoul V. Santos, [REDACTED], Senior Vice-President, is the Investment Services Division Head. 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.

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

Elvira D. Soriano, [REDACTED], Senior Vice President, is the Head Office Audit Segment Head. She has over 29 years of experience in account management, credit review, remedial management and internal auditing including stints with PDCP Bank and UCPB. Ms. Soriano has a degree in Bachelor of Science in Commerce from the University of Bohol.

Cecilia E. Tabuena, [REDACTED] *Filipino*, Senior Vice President, is the Segment Head, Local Corporates 2, National Corporate Banking Group. She has over 24 years of experience in corporate finance and investment banking, treasury, corporate and relationship management with various banking/financial institutions including Citigroup Philippines, Security Bank Corporation, and CTBC Bank (Philippines) Corporation. Ms. Tabuena finished her Master of Business Administration (Finance) at the Peter F. Drucker Graduate School of Management, Claremont Graduate University of California. She has Bachelor of Science in Commerce (Marketing Management) and Bachelor of Arts in Psychology degrees from the De La Salle University.

Ma. Angela V. Tinio, [REDACTED], Senior Vice-President, is the Head of Commercial and Small Medium Enterprises Banking Segment. She has been with the Bank since 2000, holding various positions in Corporate Banking such as VisMin Lending Region Head (December 2010 to June 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.

Gianni Franco D. Tirado, [REDACTED], Senior Vice President, is the Regional Sales Director of Mindanao Region. 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 Masters in Education major in Special Education at the Holy Cross of Davao College in 2009.

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

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

Emmanuel Mari K. Valdes, [REDACTED], Senior Vice President, is the Head of Deposit, Product 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.

Maria Teresa C. Velasco, ⁴⁶ Filipino, Senior Vice President, is the Global Distribution & Advisory Division Head. She has over 21 years of experience in banking including her stint with Banco de Oro Universal Bank. Ms. Velasco has a degree in Bachelor of Arts major in Economics (Honors Program) from the Ateneo de Manila University.

Paula Fritzie C. Zamora, [REDACTED], Senior Vice President, is the Head of the Financial Institutions Management Segment. She has over 18 years of experience in trading, treasury sales and distribution, capital raising activities and financial institutions management. She was previously

employed by Tokio Marine Malayan Insurance Company as the Finance Officer and held various Treasury positions in Far East Bank and Trust Company. Ms. Zamora has a Bachelor of Science in Management from the Ateneo De Manila University.

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

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

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

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

Non-Involvement in Certain Legal Proceedings:

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

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

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

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

(H) Market Price and Dividends

(1) Market Price of Bank's Common Equity

The common shares of the Bank are listed in the Philippine Stock Exchange. As of April 10, 2017 the market price of RCBC's common shares closed at 39.30 per share. The trading prices of said shares for the different quarters of the years 2017, 2016 and 2015 are as follows:

		Q1		Q2		Q3		Q4	
		Last Practicable Trading Date		Last Practicable Trading Date		Last Practicable Trading Date		Last Practicable Trading Date	
2018	High	57.30	1.17.18						
	Low	43.25	3.22.18						
2017	High	45.10	2.14.17	66.00	6.1.17	61.10	7.7.17	63.30	10.20.17
	Low	33.50	1.03.17	37.70	4.3.17	45.00	9.28.17	48.00	10.6.17
2016	High	34.30	2.23.16	32.50	04.04.16	36.95	09.16.16	38.00	10.19.16
	Low	29.10	3.22.16	30.00	05.16.16	31.60	07.08.16	33.55	12.29.16

Source: Philippine Stock Exchange

(2) Number of Stockholders as of December 31, 2017 — 758 stockholders (common)
— 78 stockholders (preferred)

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

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

(4) Top 20 Stockholders of RCBC as of December 31, 2017

Common stockholders

name	shares	percentage
PCD NOMINEE CORP.(NON-FILIPINO)	475,678,926	34.01%
PAN MALAYAN MANAGEMENT	473,963,631	33.89%
PCD NOMINEE CORPORATION (FILIPINO)	418,557,854	29.93%
SYBASE EQUITY INVESTMENTS CORPORATION	23,528,800	1.68%
ABOITIZ & COMPANY, INC.	3,103,530	0.22%
HYDEE MANAGEMENT & RESOURCE CORPORATION	2,173,349	0.16%
NAVARRO, RIZALINO S.	260,865	0.02%
A. T. YUCHENGCO, INC.	255,190	0.02%
CONCEPCION, CARMENCITA DE LAS ALAS	224,490	0.02%
ALAS, CARLOS DE LAS	114,298	0.01%
ALAS, CORNELIO DE LAS	114,195	0.01%
CHAN, FREDERICK	111,677	0.01%
YANG JIN LIANG	100,000	0.01%
RUFINO, JOSIE PADILLA	92,865	0.01%
LOMBOS, MANUEL C. &/OR MEYRICK J.	68,574	0.00%
YAO, SHUOBIN	57,000	0.00%
YAO, SHUOYU	57,000	0.00%
RUFINO, JOSEFINA PADILLA	54,292	0.00%

Preferred stockholders

name	shares	percentage
ROSARIO, RODOLFO P. DEL	81,521	31.46%
GO, HOMER	46,355	17.89%
CONCEPCION, CARMENCITA	31,842	12.29%
OPTIMUM SECURITIES CORP.	16,666	6.43%
BDO SECURITIES CORP.	9,304	3.59%
ERESE, HENRY	8,790	3.39%
NGO, LORETA	8,600	3.32%
MANDARIN SECURITIES CORPORATION	7,583	2.93%
TAN, LUCIANO H.	7,309	2.82%
ABACUS SECURITIES CORP.	6,021	2.32%
HWANG, HANS YAP	5,558	2.14%
ANG, TONY ANG &/OR ROSEMARIE	5,372	2.07%
SIA, JOHNSON CHUA	5,000	1.93%
CAMPOS LANUZA & CO. INC.	3,535	1.36%
ACERO, NICASIO MARIN JR., &/OR ARNOLFO O. CO, JUSTINA DY	3,371	1.30%
CHENG, SUSAN	3,258	1.26%
GLOBALINKS SEC. & STOCKS	2,665	1.03%
BEDAN CORPORATION	2,454	0.95%
LUYS SECURITIES CO. INC.	2,100	0.81%
	1,852	0.71%

Security Ownership of Foreigners (as of November 30, 2018)

Title of Class	Shares	% of Total
Common	666,197,772	34.42
Preferred	0	0.00

(4) Cash Dividends (as of December 31, 2017) (updated info provided above)

Nature of Securities	Dividend		Record Date	Date Approved		Date Paid/Payable
	Per Share	Total Amount (in Thousand Php)		By BOD	by BSP	
Preferred	P 0.0564	P 0.02	December 21, 2014	October 27, 2014	December 19, 2014	January 28, 2015
Hybrid Perpetual	*	P221.57	*	October 27, 2014	March 20, 2015	April 27, 2015
Preferred	P 0.0564	P0.02	March 21, 2015	January 26, 2015	March 20, 2015	March 27, 2015
Common	P 0.6000	P839.95	May 13, 2015	March 30, 2015	May 13, 2015	June 8, 2015
Preferred	P 0.6000	P0.19	May 13, 2015	March 30, 2015	May 13, 2015	June 8, 2015
Preferred	P 0.0567	P0.02	June 21, 2015	April 27, 2015	September 11, 2015	September 22, 2015

Preferred	P0.0583	P0.02	September 21, 2015	July 27, 2015	September 11, 2015	September 24, 2015
Preferred	P0.0593	P0.02	December 21, 2015	November 4, 2015	**	December 22, 2015
Preferred	P0.6495	P0.02	March 21, 2016	January 25, 2016	**	March 23, 2016
Preferred	P0.0660	P0.02	June 21, 2016	April 25, 2016	June 16, 2016	June 21, 2016
Common	P0.7200	P1,007.94	June 30, 2016	April 25, 2016	June 16, 2016	July 18, 2016
Preferred	P0.7200	P0.21	June 30, 2016	April 25, 2016	June 16, 2016	July 18, 2016
Preferred	P0.0676	P0.02	September 21, 2016	July 25, 2016	September 16, 2016	October 11, 2016
Preferred	P0.0724	P0.02	December 21, 2016	November 2, 2016	January 13, 2017	January 17, 2017
Preferred	P0.0749	P0.02	March 21, 2017	January 30, 2017	March 22, 2017	March 24, 2017
Common	P0.5520	P772.75	April 27, 2017	April 24, 2017	April 26, 2017	May 25, 2017
Preferred	P0.5520	P0.15	April 27, 2017	April 24, 2017	April 26, 2017	May 25, 2017
Preferred	P0.0807	P0.02	June 21, 2017	April 24, 2017	April 26, 2017	June 23, 2017
Preferred	P0.0840	P0.02	September 21, 2017	July 31, 2017	September 5, 2017	September 22, 2017
Preferred	P0.0840	P0.02	December 21, 2017	October 30, 2017	December 12, 2017	December 22, 2017

*Pertains to dividends on hybrid perpetual securities

** Not applicable, BSP approval not anymore required

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 Bangko Sentral ng Pilipinas.

(I) Compliance with leading practices on Corporate Governance

Core Principles

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

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

The Board of Directors

Key Roles and Responsibilities

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

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

Board Composition

In accordance with RCBC's By-Laws and Corporate Governance Manual, its Board of Directors is comprised of fifteen (15) members, all of whom are known for their integrity, experience, education, training and competence. The Corporate Governance Committee ensures that majority of the Board are non-executive directors who possess the necessary qualifications to effectively participate and help secure objective and independent judgment on corporate affairs and to substantiate proper check and balances. Out of the 15-member board, 14 are non-executive directors, including the 7 independent directors, and 1 executive director.

The Board of Directors promotes diversity in its membership. It is the policy of RCBC that no person shall be disqualified to sit as member of its Board on the basis of gender, age, religion or political affiliation. The representation of women in the Board has increased from 14% in 2015 to 20% in 2016, and remained at 20% in 2017. Among the women in the Board is Mrs. Helen Y. Dee, the Chairperson.

Nomination and Election

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

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

Maximum Board Seats

Being a director of the Bank necessitates commitment. Thus, under the Bank's Corporate Governance Manual, a non-executive director may concurrently serve as a director in a maximum of five (5) publicly-listed companies only. In applying this policy to concurrent directorships in entities within a conglomerate, each entity where the non-executive director is concurrently serving as director shall be separately considered in assessing compliance with this requirement.

Who Are In Our Board

Non-Executive Non-Independent	Non-Executive Independent	Executive
Ms. Helen Y. Dee	Mr. Armando M. Medina	Mr. Gil A. Buenaventura
Mr. Cesar E.A. Virata	Mr. Juan B. Santos	
Mr. Tze Ching Chan	Atty. Adelita A. Vergel De Dios	
Mr. Richard G.A. Westlake	Amb. Lilia R. Bautista	
Mr. John Law	Mr. Gabriel S. Claudio	
Mr. Yuh-Shing (Francis) Peng	Mr. Melito S. Salazar, Jr.	
	Mr. Vaughn F. Montes, Ph.D.	

The Bank adopts the definition of independent directors under SEC's *Code of Corporate Governance* and BSP's *Enhanced Guidelines on Corporate Governance for BSP Supervised Financial Institutions*. In 2016, the Board reinforced its independence by increasing the number of independent directors. The attributes of an independent director include independence from management or from any business or relationship which could, or could reasonably be perceived to materially interfere with the exercise of independent judgment, and the lack of relationship to the Bank, its related companies or substantial shareholders as a regular director or officer or relative of said director or officer, as an executive or professional adviser within the past three (3) years, or business relations other than arm's length, immaterial or insignificant transactions.

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

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

The incumbent independent directors are *Amb. Lilia R. Bautista, Mr. Gabriel S. Claudio, Mr. Armando M. Medina, Mr. Vaughn F. Montes, Ph.D., Mr. Melito S. Salazar, Jr., Mr. Juan B. Santos, and Atty. Adelita A. Vergel De Dios.*

The Chairperson

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

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

The Corporate Vice Chairman

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

Meetings and Quorum Requirement

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

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

Meetings of board committees are prescribed in their respective charters. Participation of committee members may likewise be in person or through modern technologies. A director's attendance in committee meetings is considered by the Corporate Governance Committee in the assessment of the director's continuing fitness and propriety as a member of the said board-level committee and of the Board of Directors.

Non-executive directors are required to have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the Bank.

From the period January to December 2017, the members' attendance at Board and Committee meetings are as follows:

DIRECTORS	BOARD		% BOARD	EXCOM		TRUST		TECH		PERC		ACC		ROC		CG		RPT		AML		TOTAL		% TOTAL
	M	A		M	A	M	A	M	A	M	A	M	A	M	A	M	A	M	A	M	A	M	A	
HELEN Y. DEE	17	15	88.24%	48	39			11	10	3	3											79	67	84.81%
CESAR E.A. VIRATA*	17	17	100.00%	48	45	12	11	11	9			8	8									96	90	93.75%
GILA A. BUENAVENTURA**	16	16	100.00%	48	45	12	12	11	8											3	2	90	83	92.22%
TZE CHING I. CHAN	17	13	76.47%																			17	13	76.47%
RICHARD G.A. WESTLAKE	17	16	94.12%									11	10									28	26	92.86%
YUH-SHING (FRANCIS) PENG	17	14	82.35%											12	7	10	8					39	29	74.36%
JOHN LAW	17	14	82.35%									11	8									28	22	78.57%
FLORENTINO M. HERRERA III	17	16	94.12%																	5	4	22	20	90.91%
ARMANDO M. MEDINA	17	15	88.24%	48	46	12	11	11	10									10	10	5	5	103	97	94.17%
MELITO S. SALAZAR, JR.	17	16	94.12%							26	25	11	9	12	9							66	59	89.39%
ADELITA A. VERGEL DE DIOS	17	12	70.59%							26	21			12	11	10	8					65	52	80.00%
JUAN B. SANTOS	17	16	94.12%			12	10					11	9					10	10			50	45	90.00%
LILIA R. BAUTISTA	17	17	100.00%	48	46																	65	63	96.92%
GABRIEL S. CLAUDIO***	17	15	88.24%											12	10	10	10			2	2	41	37	90.24%
VAUGHN F. MONTES	17	16	94.12%					11	10			26	24	11	11	12	12					77	73	94.81%

M = NUMBER OF MEETINGS

A = MEETINGS ATTENDED

* Resigned from ROC on 25 September 2017

** Resigned from AML on 30 October 2017

*** Appointed to AML Committee on 30 October 2017

Board Performance

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

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

Board of Directors Training Program

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

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

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

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

Remuneration of the Board

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

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

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

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

Remuneration Item	2017
(a) Per diem Allowance Non-Executive Directors, Independent Directors and members of the Advisory Board are entitled to per diem	Php13,895,000.00 (aggregate amount for NED's, ID's, for the Board and Committees for the year 2017)
(b) Directors' Bonuses Directors' bonuses are given to executive, non-executive and independent directors based on the formula provided for in the Bank's By-Laws.	N/A
TOTAL	Php13,895,000.00

Board Committees

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

1. Executive Committee

Composition:

Chairman and at least four (4) members of the Board of Directors

Members:

Helen Y. Dee - *Chairperson*

Gil A. Buenaventura

Cesar E.A. Virata

Armando M. Medina (ID)

Lilia R. Bautista (ID)

The Executive Committee has the power to act and pass upon such matters as the Board of Directors may entrust to it for action. However, matters affecting general policy are always referred to the Board of Directors for decision. The Executive Committee has the power to review an asset or loan to ensure timely recognition and resolution of impaired assets. In 2017, the Executive Committee:

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

2. Audit and Compliance Committee

Composition:

The Audit and Compliance Committee shall be composed of at least three (3) non-executive directors, majority of whom shall be independent including the Chairperson. The Chairperson should not be the Chairperson of the Board or of any other board-level committees. Members of the committee should have accounting, auditing or related financial management expertise or experience.

Members:

Melito S. Salazar, Jr. (ID) – *Chairperson*

Vaughn F. Montes (ID)

Adelita A. Vergel De Dios (ID)

The Audit and Compliance Committee assists the Board in oversight responsibilities on: (1) financial reporting framework (2) internal control system (3) internal audit function (4) external audit function (5) compliance function (6) implementation of corrective action and (6) investigation of significant issues or any matter within its terms of reference.

In 2017, work done include, but not limited, to the following:

- Performance of oversight functions over the internal and external auditors and ensuring that they acted independently from each other and both auditors were given unrestricted access to records, properties and personnel in the discharge of their functions.
- Review of audit reports of both internal and external auditors and engaging in discussions of the results of audits during Audit and Compliance Committee meetings to evaluate the adequacy and effectiveness of internal control system and risk management including financial reporting and information technology security. This also included the review of the annual and quarterly financial statements before submission to the Board and regulators focusing on the following matters:
 - Any changes in accounting policies and practices;
 - Significant adjustments arising from audit;
 - Compliance with accounting standards;
 - Compliance with tax, legal and regulatory requirements;
 - Going concern assumptions;
 - Major judgmental areas; and
 - Completeness of disclosures of material information including subsequent events and related party transactions.
- Review of the extent and scope, activities, staffing, resources and organizational structure of the Internal Audit function and approved the annual audit plan to ensure its conformity with the objectives of the Bank. This also included quarterly review of audit plan accomplishment / status including capacity and manpower complement.
- Review of the extent and scope, activities, staffing, resources and organizational structure of the Compliance Function.
- Review and approval of the annual testing plan and monitoring the status thereof.
- Review and approval of the Compliance Charter and Manual
- Review of the compliance reports of the Compliance Officer to assess compliance with laws, rules and regulations. This also included the review of findings of any examinations by regulatory agencies (e.g., BSP).
- Review of the Audit and Compliance Charter.
- Appointment of the Chief Compliance Officer and Chief Audit Executive.

3. Risk Oversight Committee

Composition:

The Risk Oversight Committee (ROC) shall be composed of at least three (3) members of the board of directors, majority of whom shall be independent directors, including the chairperson. The ROC's chairperson shall not be the chairperson of the board of directors, or any other board-level committee. The risk oversight committee shall possess a range of expertise and adequate knowledge on risk management issues and practices.

Members:

Vaughn F. Montes (ID) – Chairperson
Melito S. Salazar, Jr. (ID) – Vice Chairperson
Richard G.A. Westlake

Observers:

John Law
Gil A. Buenaventura

The highlights of the Risk Oversight Committee's actions in 2017 are as follows:

ROC Organizational Matters and General Risk Management

- Conduct of Self-Assessment of 2016 performance
- Oversight on preparation of the Annual Report's Risk & Capital Management section
- Notation and confirmation of accomplishments and plans of the various Risk Management groups
- Notation of significant BSP findings and the corresponding replies/actions taken by Management; notation of ROE required actions relating to risk management and approval of responses
- Notation of presentations on Cir. 969 & 971, and the gap analysis versus existing frameworks
- Approval of the amended ROC Charter
- Notation of the Enterprise Risk Management Framework
- Resolution to continuously review the enterprise risk management framework and manual

Enterprise Risk/ICAAP/Capital Management/Recovery Plan

- Approval of the inclusion of the approved proposals in the ICAAP and Recovery Plan Document for submission to the BSP
 - ICAAP projections for 2017-2019
 - Enterprise Risk Appetite/Tolerance Statement (RAS) thresholds for 2017
 - Liquidity triggers and recovery options
 - Amendments to the RCBC Communication Plan and the RCBC Recovery Plan Committee
- Notation of Capital Adequacy reports
- Notation of Economic Capital estimates for Credit, Market, and Operational Risks
- Notation of enterprise Risk Appetite/Tolerance Statement monitoring reports
- Notation of RAPM reports
- Notation of presentations on the Bank's capital plan
- Notation of the report on the bank's actual half year performance for 2017 versus projections
- Notation of the results of the Real Estate Stress Test (REST), and resolution to inform the BSP of the bank's breach in the REST limit and the measures it would adopt in response to the breach

Credit Risk

- Approval of Industry Exposure limits
- Notation of regular credit risk reports:
 - Credit Risk Portfolio monitoring reports
 - Tiered Pricing & Tiered RORA reports
 - Loan Portfolio RAROC reports
 - Reports on the Treasury Bond Portfolio
 - Loan Portfolio & Treasury Portfolio stress testing results
 - Various SEMS reports
 - Various Industry Review reports
 - Various Credit Management reports on account and portfolio review
 - The S&P Rating Model performance report
 - Various updates on the portfolio quality of Subsidiaries
- Oversight on the review of the Credit Risk Management Framework:
 - Notation of discussions on the Credit Risk Management Framework
 - Notation of discussions on the Credit Risk Policy Manual
 - Notation of updates on the Credit Risk Monitoring Framework
 - Approval of the revised composition of the Credit and Collection Committee
 - Approval of the proposal to increase Excom's credit authority up to regulatory SBL
 - Approval of the policy on Credit Delegated Authorities
 - Approval of the policy on credit authorities
 - Approval of adjusted delegated authority limits of Treasury and Wealth Management
 - Approval of amendments to the policy on validity of credit approvals
 - Approval of amendments to the policy on updating of financial information
 - Approval of amendments to the policy on collateral
 - Approval of amendments to the policy on trust receipts
 - Approval of amendments to the policy on LGUGC Guarantee
 - Approval of policies and procedures relating to the impairment testing of HTC investment security accounts
 - Notation of the redevelopment and further enhancement of Bankard's credit scoring model
 - Approval of the RCBC Bankard restructuring program
 - Approval of revised approving authorities for credit card restructuring
 - Approval of amendments to the SEMS policy
- Oversight of Independent Credit Review
 - Approval of the Independent Credit Review manual
 - Notation of the independent credit review report on the top 35 loan accounts
 - Notation of the Emerging Corporates Segment loan portfolio review
- Notation of updated ECL results

Market & Liquidity Risk

- Approval of Treasury's position and risk limits for 2017
- Approval of the following revised limits:
 - Revised MCO limits, and the proposed second tier limit scheme
 - Request to temporarily increase the bond futures product limit and the risk limits of the foreign currency portfolio, and notation of its return
 - Request to increase the MCO limit of the foreign currency book
- Notation of the temporary assignment of higher authorities/limits
- Approval of the revised Contingency Funding Plan (CFP)
- Confirmation of ALCO actions on disposition of various limit breaches
- Notation of regular Market & Liquidity Risk reports
- Notation of the discussion on the pre-settlement factors for 2018, and resolution to have a memo containing the models, assumptions, methodologies, and the implications circulated to the ROC

- Notation of BSP Circular 981, and resolution to conduct a gap analysis vs. existing frameworks

Trust Risk

- Notation of regular Trust Risk Management reports
- Approval of revisions to the Trust Risk Policy Manual
- Approval of amendments in TIG approving authorities and credit approval limits

Operational Risk

- Approval of revisions to the ORM Guidelines/Framework
- Approval of the Enterprise-Level Operational Risk Appetite Statement (RAS)
- Approval of revised Operational Risk Control and Mitigation guidelines
- Approval of revised bank-wide operational risk KRIs and thresholds
- Oversight of general AML matters:
 - Notation of AML RCSA results
 - Approval of AML and OGB KRI thresholds
 - Notation of AML KRI monitoring reports
- Notation of the business center RCSA results
- Notation of KRI monitoring reports
- Notation of Loss Event reports
- Notation of the assignment of a 5% weight in the KRA of DOROs
- Oversight of risk issues with RCBC's international 24x7 operations, with the resolution to rationalize roles and responsibilities, and ensure that an officer of adequate qualification/s is always present and accountable
- Oversight of risk issues concerning RCBC's CSMES Ortigas Lending Center
- Notation of discussions regarding the Policies and Procedures Circulars Clearing House
- Notation of the renewal of the D&O insurance for 2017-2018
- Oversight of discussions concerning Comprehensive Crime Insurance/Bankers Blanket Bond
- Notation of various subsidiary reports

IT & Information Security

- Approval of the revised Information Security Charter
- Notation of status updates on various major projects
- Notation of reports on top IT risks and Information Security priorities, with their mitigation status
- Notation of regular reports on InfoSec KRIs
- Notation of incident reports and reports on other significant events relating IT & InfoSec Risk
- Notation of observations/findings regarding the InfoSec RCSA, and APPROVED proposed changes to the RCSA process
- Approval of enhanced Protection of Electronic Document Policy

Fraud Management

- Notation of the EFMD work plan for 2017
- Approval of amendments to the Enterprise Fraud Management framework
- Endorsement of the EFMD manual for Board approval
- Notation of updates on the rollout of EFMS fraud rules
- Approval of changes in the issuance of Bank Guarantees/Domestic Standby LCs
- Notation of various fraud incident reports and fraud management updates

Business Continuity Management

- Approval of the Incident Management Framework
- Approval of the Institutional Business Continuity Plan for cyber-attacks

- Notation of presentations on existing BCPs and related plans for system glitches & cyber-attacks
- Approval of the revised Crisis Management Plan & Institutional Business Continuity Plan
- Notation of Incident Management and DR/BCP exercise assessment reports, and other updates

Compliance Risk

- Approval of the RCBC Data Privacy Policy
- Notation of FATCA updates

Anti-Money Laundering

- Oversight on the review and cleanup of high risk accounts
- Approval of transaction thresholds for high risk accounts
- Oversight of Project Sentinel – OGB Task Force ring-fencing program, including:
 - Approval of Online Gaming Business (OGB) KRIs

Strategic Risk

- Notation of introductory presentations on FinTech

Consumer Protection

- Notation of reports on consumer complaints, the passbook out of balance issue, and other consumer protection issues

Reputation Risk

- Approval of the RCBC Social Media Risk Management Policy
- Notation of updates on the Social Media Risk Management Framework
- Notation of the incident report on the PMCJ rally

4. The Corporate Governance Committee

Composition:

At least four (4) members of the board of directors who shall all be non-executive directors, majority of whom shall be independent directors, including the chairperson, with (1) one member representing the minority shareholders.

Members:

Adelita A. Vergel de Dios (ID) – *chairperson*
 Vaughn F. Montes (ID)
 Gabriel S. Claudio (ID)
 Yuh-Shing (Francis) Peng

The Corporate Governance Committee assists the Board of Directors in fulfilling its corporate governance responsibilities. The highlights of the actions of the Corporate Governance Committee in 2017 are as follows:

- Reviewed and endorsed for Board approval the Bank's Corporate Governance Manual;
- Approval of the Annual Corporate Governance Report (ACGR) and the PSE Corporate Governance Disclosure Template;
- Monitored the Bank's implementation of the recommendations of the International Finance Corporation (IFC) on corporate governance;
- Engaged KPMG to conduct third-party validation of the effectiveness of the adoption and implementation of IFC's corporate governance standards;

- Exercised oversight on the nomination process for members of the Board of Directors and for positions requiring board approval;
- Ensured the implementation of the training program for the members of the Board of Directors;
- Facilitated the performance evaluation process of the Board of Directors, the individual members, the Chairperson and the CEO;
- Reviewed and endorsed for Board approval the interlocking positions of directors and officers;
- Exercised oversight on the Bank's Performance Management Framework;
- Exercised oversight on the Bank's succession plan for the CEO and senior executives;
- Enhanced disclosures by ensuring that gaps identified in ASEAN Corporate Governance Scorecard are addressed.

5. The Related Party Transactions Committee

Composition:

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

Members:

Adelita A. Vergel De Dios (ID)¹ – *Chairperson*
 Gabriel S. Claudio (ID)
 Yuh-Shing (Francis) Peng

The RPT Committee assists the Board in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations. In 2017, the RPT Committee fulfilled its mandate under its charter particularly on the review and disclosure of material related party transactions. Work done by the Committee in 2017 includes the following:

- Review of related party transactions with a threshold amount of Php10,000.00 and above and those that require Board approval, i.e., DOSRI loans, to ensure that such transactions are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances;
- Oversaw the filing of required reports under BSP Circular No. 895, as amended, i.e., Report on Conglomerate Structure and Report on Material Related Party Transactions.

6. The Anti-Money Laundering Committee

Composition:

Three (3) directors, majority of which are independent directors including the chairperson.

Members:

Gabriel S. Claudio (ID)¹ – *Chairperson*
 Florentino M. Herrera III
 Vaughn F. Montes²

Observer:

Gil A. Buenaventura³

The AML Committee assists the Board of Directors in its mandate to fully comply with the Anti-Money Laundering Act, as amended, its Revised Implementing Rules and Regulations and the Anti-Money Laundering Regulations under the Manual of Regulations for Banks (MORB); and to ensure that oversight on the Bank's compliance management is adequate. Its specific duties and responsibilities include:

Client Profiling

- To review and approve the AML client risk profiling model and changes thereto;
- To review and note changes in the risk profiles of clients, *i.e.*, downgrading from high risk to normal or low risk, and upgrading from low risk to normal or high risk;
- To review and approve changes in the sensitivity of watch list name screening on Base60;

STR Reporting

- To note the suspicious transaction reports filed pursuant to the approval of the AML Management Committee;

Alerts Monitoring

- To approve changes in alert scenarios, rules, parameters and thresholds in AML alert management and transaction monitoring systems;
- To review and approve reports on transactions disposed as false positive;

Disposition of Issues

- To review and recommend actions for AML critical issues;
- To review and approve reports on transactions disposed via Triage;
- To review and note closure of accounts;

Compliance Testing and Monitoring

- To review and approve AML compliance risk assessment;
- To review and approve the annual testing plan and changes thereto;
- To review the findings of Compliance Testing for AML and approve sanctions to be imposed as a result of such findings;
- To monitor and oversee timely compliance and responses to BSP/AMLC findings on regular or special examination in relation to AML.

Policy and Manuals

- To review the Bank's MLPP for the approval of the Board of Directors;
- To review and approve the Manuals on the following:
 - a. System;
 - b. Alerts
 - c. Policy;
 - d. Testing

Others

- To review and approve training plan for the Board and bank employees on AML;
- To note the Covered Transactions Reports;
- To note the AML risk indicators set by the Risk Oversight Committee;
- To confirm minutes of the AML Management Committee;
- To monitor the status of requests for information by the regulators, *i.e.*, BSP and AMLC.

7. The Trust Committee

Composition:

At least five (5) members including (i) the president or any senior officer of the bank and (ii) the trust officer. The remaining committee members, including the chairman, may be any of the following: (i) non-executive directors or independent directors who are not part of the Audit Committee or (ii) those considered as qualified independent professionals, provided that in case there are more than five (5) Trust Committee members, the majority shall be composed of qualified non-executive members

Members:

Juan B. Santos (ID) – chairperson
Cesar E.A. Virata
Gil A. Buenaventura
Lilia R. Bautista
Trust Officer

The Trust Committee is a special committee which reports directly to the Board of Directors and is primarily responsible for overseeing the fiduciary activities of the Bank. Its activities in 2017 include the following:

- Approval of new policies and guidelines
 - Inclusion of the definition of Legislated and Quasi-Judicial Trust in the Trust Policy Manual (TPM)
 - Revision of TPM on the definition of Safekeeping based on the FRPTI;
 - Revision of policy on inter-account transactions to provide the procedure on cascading among the portfolio managers of the assets available for sale or inter-account transfers
 - Revision of Trust Operations Manual to incorporate additional internal controls and/or reconciliation procedures to ensure accuracy of regulatory reports and timely detection and correction of errors, if any.
 - Revision of Trust Risk Manual to include provision on validation and reporting of RCSA results
 - Revision of Rizal UITF Online Facility Guidelines
 - Revised policies on records management and retention for Trust and Investment Group (TIG);
 - Revision of various policies related to AMLA requirements for Trust accounts (FATCA supplemental form)
 - Policy on validation of client's address in lieu of sending thank you letters
 - Revised Self-Assessment Forms for the Trust Committee
 - Guidelines on the periodic review of directed equity investments
 - Policy revision allowing non-residents to invest in the Rizal Peso fixed income funds
 - Policy on handling discretionary and non-discretionary accounts
 - Updating of guidelines and procedures for e-submission of BSP requirements;
 - Revision of Trust Operations Manual on the reinforcement and inclusion of additional controls over the quarterly preparation and submission of Financial Reporting Package for Trust Institutions (FRPTI)
 - Streamlining of procedures and guidelines on the closure/termination of accounts
 - Guidelines on provisioning for financial assets of TIG
 - Amendment of credit approval limits of TIG
 - Revisions on the administrative review policies and guidelines
 - Revised Trust Committee Charter

- Conducted oversight of trust business
 - Review of Trust performance for 2017
 - Approval of Trust business plans for 2018
 - Approval of the Audited Financial Statements of TIG and the Rizal UITFs for 2016 (February 2017)
 - Discussions on the results of the Self-Assessment of the Trust Committee for 2016
 - Review of monthly financial performance of Trust for 2017
 - Discussions of impact of new regulations issued on the trust business
 - Review of industry landscape and trends (quarterly)
 - Monthly review of status of trust loan portfolio and past due loans
 - Annual status report on ROPAs held by Trust
 - Performance review of accounts (February 2017)
 - Administrative review of accounts (Year-round as presented by management)
 - Report on compliance with client prescribed limits (quarterly)
 - Monthly review of pre-need assets
 - Discussions on the monthly market updates and investment strategies of Trust
 - Product development efforts for 2017
 - Discussions on accounts opened and closed on a monthly basis together with new mandates obtained
 - Review of organization structure, succession plan for Trust and other HR matters
 - Discussions on the implementation of PFRS9 by January 1, 2018

- Evaluation and approval of management recommendations on the investment and disposition of funds or properties held in trust
 - Approval of lines for local financial institutions (November and December 2017)
 - Approval of lines of foreign financial institutions (July 2017)
 - Accreditation of stockbrokers (Sept 2017)
 - Approval of credit lines for corporate borrowers and bond issuers (as necessary)
 - Approval of the list of investment outlets for various accounts (as necessary)
 - Approval of various issues (bonds, IPOs and preferred shares) offered in the market
 - Approval of list of equity issues (September 2017)

- Management of risks in the conduct of the trust business
 - Monthly discussions and review of various risk management reports (market risk, credit risk, operational risk, reputation risk, strategic risk, legal risk)
 - Discussions on incident reports and issues affecting Trust
 - Monitoring of the proper implementation of approved policies and guidelines
 - Review of compliance with applicable laws and regulations
 - Development of systems to enhance productivity and customer service
 - Updates on regulatory developments affecting the Trust business

8. The Technology Committee

Composition:

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

Members:

Helen Y. Dee – *Chairperson*
 Cesar E.A. Virata
 Gil A. Buenaventura

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

- Approves major IT investments.
- Manages and aligns IT initiatives across the Group.
- Reviews status of major projects.
- Prioritizes IT initiatives, when warranted.
- Evaluates emerging IT solutions for use of the Group.
- Reviews and resolves IT risks and other IT related issues raised in the TechCom.
- Ensures compliance to BSP rules and regulations relating to Information Technology.

9. The Personnel Evaluation and Review Committee

Composition:

A Chairperson, who shall be a member of the Board of Directors, and other members who may either be directors or senior management officers of RCBC. The Head of the Internal Audit Group shall sit during meetings as a resource person.

Members:

Helen Y. Dee – Chairperson
Head, Human Resources Group
Head, Retail Banking Group
Head or Deputy Head, Operations Group
Head, Controllership Group
Head, Corporate Risk Management Services
Head, Legal Affairs Group

The Personnel Evaluation and Review Committee is created by the Board of Directors for the following purposes:

- To act as an independent body in the evaluation and review of cases involving dishonesty, fraud, negligence or violation of any internal Bank policy, rule or procedure committed by an RCBC employee resulting to an actual or potential loss to the Bank of at least One Million Pesos (Php1,000,000.00).
- To ensure that the appropriate preventive, corrective and disciplinary measures are imposed on cases involving dishonesty, fraud, negligence or violation of any internal Bank policy, rule or procedure committed by an RCBC employee.
- Such other purposes as may be necessary in the performance and discharge of its functions.

Advisory Board

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

Shareholdings in the Company

Security Ownership of Certain Record Owners of more than 5% (as of September 30, 2018)

(1) Title of Class	(2) Name, address of record owner and relationship with issuer	(3) Name of Beneficial Owner and Relationship with Record Owner	(4) Citizenship	(5) Number of Shares Held	6) Percent
Common	Pan Malayan Management & Investment Corporation 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 <i>The records in the possession of the Bank show that the beneficial ownership of this company belongs to its shareholders of record. The Bank has not been advised otherwise.</i>	Filipino	804,312,369*	41.55%
	Cathay Life Insurance Co. Ltd. Address: No. 296 Ren Ai Road Sec. 4 Taipei R.O.C. (Taiwan) 10633 Relationship with Issuer: Stockholder	Cathay Life Insurance Co. Ltd. <i>The records in the possession of the Bank show that the beneficial ownership of this company belongs to its shareholders of record. The Bank has not been advised otherwise.</i>	Non-Filipino	452,018,582	23.35%
Common	International Finance Corporation (IFC) & IFC Capitalization (Equity) Fund, L.P. Address: 2121 Pennsylvania Avenue, NW Washington, DC 20433 USA Relationship with Issuer: Stockholder	International Finance Corporation (IFC) <i>The records in the possession of the Bank show that the beneficial ownership of this company belongs to its shareholders of record. The Bank has not been advised otherwise.</i>	Non-Filipino	107,875,642	5.57%

*Combined Direct and Indirect Shares of PMMIC

The participants under PCD owning more than 5% of the voting securities (common) are (as of September 30, 2018):

Name	Shares	% of Total
RCBC Securities, Inc.	293,141,606	15.14%
The Hongkong and Shanghai Bank	579,582,737	29.94%

Security Ownership of Certain Record Owners of more than 5% (as of September 30, 2018)

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

Security Ownership of Foreigners (as of November 30, 2018)

Title of Class	Shares	% of Total
Common	666,197,772	34.41
Preferred	0	0.00

Security Ownership of Management (as of September 30, 2018)

Title of Class	Name of Beneficial Owner/ Position	Amount and Nature of Beneficial Ownership "r"/"b"	Citizen- ship	Percent of Class	
<i>a. Board of Directors:</i>					
Common	Helen Y. Dee	Chairperson	P4,380.00 "r" P13,983,680.00 "b"	Filipino	0.07%
Common	Cesar E. A. Virata	Director/ Corporate Vice-Chairman	P1,670 "r" P1,382,670.00 "b"	Filipino	0.01%
Common	Gil A Buenaventura	President and CEO	P50.00 "r"	Filipino	0.000%
Common	Amb Lilia R Bautista	Director	P50.00 "r"	Filipino	0.000%
Common	Florentino M Herrera III	Director	P3,150.00 "r" P43,580.00 "b"	Filipino	0.000%
Common	Adelita A Vergel De Dios	Director	P10.00 "r"	Filipino	0.000%
Common	John Law	Director	P10.00 "r"	French	0.000%
Common	Tze Ching Chan	Director	P10.00 "r"	Chinese	0.000%
Common	Richard G.A. Westlake	Director	P10.00 "r"	New Zealander	0.000%
Common	Gabriel S Claudio	Director	P10.00 "r"	Filipino	0.000%
Common	Vaughn F Montes	Independent Director	P50.00 "r"	Filipino	0.00%
Common	Yuh-Shing Peng	Director	P10.00 "r"	R.O.C. (Taiwan)	0.000%
Common	Armando M. Medina	Independent Director	P1,950.00 "r"	Filipino	0.000%
Common	Melito S Salazar Jr	Independent Director	P10.00 "r"	Filipino	0.000%
Common	Juan B Santos	Independent Director	P50.00 "r"	Filipino	0.00%
<i>b. Senior Management:</i>					
Common	Evelyn Nolasco	Senior Vice President	27,000.00 "b"	Filipino	0.00%
<i>c. Directors & Principal Officers (as a Group)</i>			P10,417,850.00		0.08%

*"r" refers to registered ownership and "b" refers to beneficial ownership

Shareholders' Rights and Protection of Minority Stockholders' Interest

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

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

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights, *i.e.*, any shareholder or group of shareholders with at least five percent (5%) share

of the total outstanding shares of the company shall be allowed to propose any relevant item for inclusion in the agenda for the meeting.

Right to Nominate Candidates for Board of Directors

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

Voting Right

The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the Bank. The stockholders shall be encouraged to personally attend such meetings.

In case the stockholders cannot attend the annual and special stockholders' meetings, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the stockholders' favor.

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

Stockholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.

A director shall not be removed without cause if it shall deny minority stockholders representation in the Board.

Conduct of Shareholders' Meeting

Stockholders are encouraged to personally attend shareholders' meetings. In case the stockholders cannot attend the annual and special stockholders' meetings, they are apprised ahead of time of their right to appoint a proxy. Accurate and timely information is made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. Stockholders are allowed to pose questions and/or raise matters in person during the meeting and are addressed by the Chairperson, members of the Board and/or management.

The last Annual Stockholders' Meeting was held on June 25, 2018. The Bank hired an independent party, Punongbayan & Araullo, to count and validate votes cast at the said meeting. Proper and timely disclosures were made immediately after the ASM. Results of the meeting as well as minutes thereof are available in the Bank's website.

Right to Inspection

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

Right to Information

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

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

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

Dividend Policy

Article XI, Section 1 of the By-Laws of the Bank, provides that dividends shall be declared and paid out of the surplus profits of the Bank as often and at such times as the Board of Directors may determine after making provisions for the necessary reserves in accordance with law and the regulations of the Central Bank of the Philippines.

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

The Bank ensures compliance with pre-requisites set by the BSP for the declaration of dividends.

The net amount available for dividends is also in accordance with the formula provided under § X136.3 of the BSP's Manual of Regulations for Banks, as follows:

Amount of unrestricted or free earned surplus and undivided profits less:

- a. Bad debts against which valuation reserves are not required by the BSP to be set up;
- b. Unbooked valuation reserves, and other unbooked capital adjustments required by the BSP, whether or not allowed to be set up on a staggered basis;
- c. Deferred income tax;
- d. Accumulated profits not yet received but already recorded by a bank representing its share in profits of its subsidiaries under the equity method of accounting;
- e. Accrued interest as required to be excluded pursuant to Item "d" of Subsec. X305.4, net of booked valuation reserves on accrued interest receivable or allowance for uncollectible interest on loans; and
- f. Foreign exchange profit arising from revaluation of foreign exchange denominated accounts.

For purposes of the subsection, any balance of *Paid-in Surplus* account may be included in the amount available for stock dividends.

Appraisal Right

The stockholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines.

Investor Relations Program

The Board shall commit at all times to fully disclose material information dealings. It shall cause the timely filling of all required information for the interest of its shareholders and other stakeholders. The reports or disclosures required under this Manual shall be prepared and submitted to the SEC

and Philippine Stock Exchange (PSE) by the responsible committee or officer through the Bank's Compliance Officer. Material Information emanating from the Board of Directors shall be disclosed and the responsibility of the Corporate Information Officer (CIO). The CIO shall be responsible for efficiency providing information and addressing concerns of its shareholders and other stakeholders through the Bank webpage which provides complete information about the Bank in a form that is user-friendly.

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

All material information about the Bank, *i.e.*, anything that could adversely affect share price, shall be publicly disclosed. Such information and/or transactions shall include, among others, earnings results, acquisition or disposal of significant assets, related party transactions, board membership changes, shareholdings of directors and officers and any changes thereto, and such material events or information which are required to be disclosed pursuant to the SRC and its Implementing Rules and Regulations.

Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management, corporate strategy, and off balance sheet transactions.

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

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

The Bank shall designate authorized signatories and alternates for disclosures. All disclosures or information state or relayed by the authorized signatory shall be presumed to have been made with the approval of the Chairman of the board, and principal officers of the Bank. The officers, including the signatories and their alternates, shall be responsible and liable for the truthfulness of the disclosures.

Other Stakeholders

Creditors' Rights

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

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

Supplier/Contractor Selection and Criteria

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

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

HOI's Procurement Shared Services has the following policies:

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

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

Environmentally-friendly Value Chain

The Bank has adopted its Policy on Social and Environmental Management System in order to promote sustainable practices for both the Bank and its clients that will mutually enhance profitability, and minimize any negative environmental, social and reputation impacts of the Bank's financing activities and its clients' operation, and to encourage loan borrowers to adhere to the preservation and development of the natural, social, and cultural environment which will redound to their own company's best interest .

The Policy applies to borrowers of the Bank whose business operations/projects have environmental impacts and risks that should be managed in an on-going basis in relation to the environmental and social concerns of the Bank. In addition to the regular credit evaluation process, review/evaluation of all credit application/proposal for project/s for financing shall also consider social & environmental requirements such as the International Finance Corporation (IFC) Exclusion List, applicable national laws on environment, health, safety and social issues and any standards established therein; and IFC Performance Standards. Environmental risk categories are assigned and credit approval obtained in accordance with requirements depending on the risk category. Environmental covenants are incorporated in the Loan/Credit Agreement, and periodically evaluated and monitored.

Internal Control

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

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

- Control Environment

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

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

- Risk Assessment

Risk assessment is the identification and analysis of relevant inherent and residual risks and the corresponding control mechanisms that can adversely affect the achievement of the Bank's objectives. The assessment helps determine the adequacy and effectiveness of control mechanisms in mitigating risks and the strengths and weaknesses of the risk environment.

The Corporate Risk Management Services Group (CRISMS) has come up with a Risk Management Manual which provides a detailed discussion on each type of risk including the identification, measurement and management of risks.

The assessment of control mechanisms in managing inherent and residual risks by the business units is an effective risk engine in the risk management process. By determining and assessing the risks involved in banking operations, the Bank can decide what types of controls are needed and how they should be managed.

- Control Activities

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

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

- a. Establishing approvals and authorization for transactions and activities;
- b. Reconciliation;
- c. Review of operating performance and exception reports;
- d. Establishing safeguards or physical controls for use of assets and records;
- e. Segregation of duties to reduce a person's opportunity to commit and conceal fraud or errors;
- f. Requirement on mandatory leaves;
- g. Rotation of duties; and
- h. Number control

- Management Reporting System

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

- **Monitoring Activities and Correcting Deficiencies**

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

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

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

Compliance Function

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

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

The Regulatory Affairs Group shall facilitate the effective management of compliance risks by:

- a. Advising the board of directors and senior management on relevant laws, rules and standards, including keeping them informed on developments in the area;
- b. Apprising Bank personnel on compliance issues, and acting as a contact point within the Bank for compliance queries from its personnel;
- c. Establishing written guidance to staff on the appropriate implementation of laws, rules and standards through policies and procedures and other documents such as compliance manuals, internal codes of conduct and practice guidelines;
- d. Identifying, documenting and assessing the compliance risks associated with the Bank's business activities, including new products and business units;
- e. Assessing the appropriateness of the Bank's compliance procedures and guidelines, promptly following up any identified deficiencies, and where necessary, formulating proposals for amendments;

- f. Monitoring and testing compliance by performing sufficient and representative compliance testing; and
- g. Maintaining a constructive working relationship with the BSP and other regulators.

The functions of the RAG are discharged by the following divisions which are under the direct supervision of the CCO:

- a. The Regulatory Affairs Divisions (RADs) performs horizon scanning and impact assessment of new regulations and market trends, and the embedding of rules and regulations to the Bank's policies, procedures, and controls.
- b. The Anti-Money Laundering and Fraud Management Division (AFMD) is responsible for the monitoring, analysis, disposition and investigation of AML and fraud alerts; reporting of possible suspicious transactions and detected fraud; monitoring filing of reports on crimes and losses; filing of covered transactions report and suspicious transactions report; preparing and recommending new policies; recommending new or updating AML and fraud alert rules; and, maintaining Base60 and Predator parameters.
- c. The Testing and Monitoring Division (TMD) is responsible for the identification, assessment and monitoring of compliance risks and level of compliance of the different business lines, products and services with the relevant regulations governing banks.
- d. The Standards and Resource Management Division (SRMD) shall serve as support to the overall operations of RAG. Functions include project management for key compliance projects; dissemination and reporting of regulatory issuances; planning, and administrative matters

Internal Audit

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

The scope of work of Internal Audit encompasses the examination and evaluation of all business systems, processes, operation, function and activities within the Bank including functions that are outsourced, its subsidiaries and branches. Such scope of work determines the adequacy and effectiveness of the Bank's risk management, control and governance process to provide reasonable assurance that:

- Risks are appropriately identified and managed in the context of current and potential risks;
- Interaction with various groups occurs as needed;
- Programs, plan and objectives are achieved;
- Resources are acquired economically, used efficiently and protected adequately;
- Quality and continuous improvement are fostered in the Bank's control process;
- Significant financial, managerial and operating information is accurate, reliable and timely;
- Employees' actions including performance of trading activities are in compliance with policies, standards, procedures and applicable laws and regulations;
- Significant legislative or regulatory issues impacting the Bank are appropriately recognized and addressed including areas of interest to regulators such as, among others monitoring of compliance with relevant laws, rules and regulations, including but not limited to the assessment of the adequacy of capital and provisions; liquidity level; regulatory and internal reporting;
- Management and financial information system including the electronic information system and electronic banking services are reliable and effective and resulting data has integrity.

The Internal Audit subscribes to and complies with all applicable professional standards and code of ethics, including the Institute of Internal Auditors – “International Standards for the Professional Practice of Internal Auditing,” Information Systems Audit and Control Association and the relevant requirements of the Bangko Sentral ng Pilipinas and other bank regulators.

An independent assessment of the effectiveness of the internal audit function is conducted every 3 or 5 years by an external auditor through a quality assurance review. In 2015, the internal audit function underwent full external quality assessment review by an independent assessor and the latest Quality Assurance Report was released on November 25, 2015.

The External Auditor

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

The following are audit and non-audit fees paid to the bank’s external auditor, Punongbayan and Araullo, in 2017:

2017	Audit Fee (in Million Pesos)	Non-Audit Fee (in Million Pesos)	Total (in Million Pesos)
Parent	P 3.35	P0.50	P3.85
Group	P11.24	P1.73	P12.97

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure. In connection with the audits of the Bank’s financial statements for the two (2) most recent years ended December 31, 2017 and 2016, there were no disagreements with Punongbayan and Araullo on any matter of accounting principles or practices, financial statement disclosures, audit scope or procedures.

Policies

Code of Conduct

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

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

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

- A. Treatment of Clients
- B. Treatment of Bank Assets
- C. Treatment of Others
- D. Conflict of Interests
- E. Knowledge, Understanding & Compliance

Anti-Corruption Policies

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

Gifts and Entertainment. The Bank does not allow solicitation of gifts, directly or indirectly, from customers or suppliers. Under no circumstance do employees accept, directly or indirectly, payments, loans, kickbacks, special privileges or services in exchange for favors.

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

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

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

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

Use of Insider Information

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

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

Whistleblowing Policy

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

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

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

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

AMLA

The Bank's Money Laundering and Terrorist Financing Prevention Program (MLPP) is a comprehensive and risk-based policy geared toward the promotion of high ethical and professional standards and the prevention of the of the bank being used, intentionally or unintentionally for money laundering and terrorist financing. The MLPP is consistent with the Anti-Money Laundering Act of 2001, as amended, The Terrorism Financing Prevention and Suppression Act of 2012, and BSP Circular No. 706, as amended. The MLPP is updated at least once every two years. This covers policies on Know Your Customer procedures, Record Keeping and Retention, Training, Risk Profiling and Covered and Suspicious Transaction Alerts Management. Central to improving the Bank's compliance to AML/CFT related regulations is the revision of the MLPP at least once every two years. The revised MLPP addresses the requirement outlined in new regulations and addresses changes in Bank practices considered significant as part of its ongoing process of re-framing the Bank's Compliance Program.

Related Party Transactions

In May 2016, the Board approved the revised Policy on Related Party Transactions following BSP's issuance of Circular No. 895 or Guidelines on Related Party Transactions on December 14, 2015. The said policy adopted the definition of "related party transactions" under the circular which are transactions or dealings with related parties of the Bank, including its trust department, regardless of whether or not a price is charged. These shall include, but not limited, to the following:

- On- and off-balance sheet credit exposures and claims and write-offs;
- Investments and/or subscriptions for debt/equity issuances;
- Consulting, professional, agency and other service arrangements/contracts;
- Purchases and sales of assets, including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements)
- Construction arrangements/contracts;
- Lease arrangements/contracts;

- Trading and derivative transactions;
- Borrowings, commitments, fund transfers and guarantees;
- Sale, purchase or supply of any goods or materials; and
- Establishment of joint venture entities.

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

The term “related parties” under the Bank’s policy is broader in scope as includes members of the Advisory Board and consultants of the Bank.

The Bank constituted the Related Party Transactions Committee and RPT Management Committee to review and approve, as the case may be, related party transactions.

The Related Party Transactions Committee is a board-level committee that reviews material related party transactions to ensure that the terms are no less favorable to the Bank than terms available to any unconnected third party under the same or similar circumstances. A transaction is considered “material” if it involves an amount of at least P10,000,000.00, or the transaction requires Board approval such as in the case of DOSRI loans and other credit transactions. Material related party transactions are approved by the Board and subsequently presented to the stockholders at the Annual Stockholders Meeting for confirmation.

Transactions below the materiality threshold of P10,000,000.00 are reviewed and approved by the RPT Management Committee composed of Group Heads of the following units, or their respective designates:

1. Controllership Group
2. Operations Group
3. Corporate Risk Management Services (“CRISMS”) Group
4. Retail Banking Group
5. Corporate Planning Group

Transactions approved the RPT Management Committee are confirmed by the Board of Directors.

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

	INDIVIDUAL	AGGREGATE
LOANS / CREDIT	25% of Capital	50% of Capital
OTHER CONTRACT	NONE	10% of Capital

Breaches in the foregoing limits are reportable to the Board of Directors with the decision of the Board to accept the exposure or to take steps to address the breaches, as may be necessary, duly documented in the minutes of the meeting.

Under BSP Circular No. 895, Banks are required to submit a report on material exposures to related parties, which shall include the material RPTs of their non-bank financial subsidiaries and affiliates within 20 calendar days after the end of the reference quarter.

Details of the Bank’s major related party transactions in 2017 are described below:

- The total amount of Parent Company DOSRI loans was at P553 Million as of end December 2016 and was at P509 Million by end of December 2017.
- RCBC and certain subsidiaries engage in trade 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.

- RCBC's and certain subsidiaries' retirement funds covered under their defined benefit post-employment plan maintained for qualified employees are administered and managed by RCBC's and RSB's Trust Departments in accordance with the respective trust agreements covering the plan. The retirement fund neither provides guarantee or surety for any obligation of the Group nor its investment in its own shares of stock covered by any restriction and liens.
- RCBC and certain subsidiaries occupy several floors of RCBC Plaza as leaseholders of RCBC Realty Corporation (RRC). Rental expense incurred by the Group related to this lease arrangements is included as part of Occupancy and Equipment-related account in the statements of profit or loss. RCBC's lease contract with RRC is effective until December 31, 2020 after it was renewed in 2015 for another five years.
- RCBC entered into sublease agreements with certain subsidiaries which occupy several floors of RCBC Plaza.
- In October 2013, RCBC and RSB entered into a lease agreement covering certain office and parking spaces of RSB Corporate Center at a monthly rental fee of P7. The monthly rental payments are subject to an escalation rate of 5% annually effective in 2014 up to the 5th year of the lease term. The lease is for a period for five years which shall end in October 2018 and renewable as may be agreed by the parties.
- RCBC has a Service Agreement (the Agreement) with RBSC, wherein RBSC shall provide RCBC with marketing, distribution, technical, collection and selling assistance and processing services in connection with the operation of RCBC's credit card business.
- The Bank entered into a Memorandum of Agreement with HI, a member of the YGC, for the procurement of outsourcing services. Under the agreement, HI is the Bank's sole representative in negotiating the terms of the contracts with selected suppliers or service providers for the procurement of certain outsourcing services, primarily IT related services. The agreement stipulated that HI would not charge fees for its service except for its share in the savings generated from suppliers and service providers. Moreover, HI is obligated to ensure that the contracts they initiate do not prejudice the Bank in any way and that the Bank does not pay more than the cost of buying the items without aggregation.
- The Bank has service agreements with RCBC Savings Bank (RSB) and Bankard Inc. (now RBSC) for the in-sourced internal audit services. The Bank provides full-scope audit services to RSB and limited audit services to Bankard Inc., 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., Merchant Savings and Loan Association, Inc. (Rizal Microbank), 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, to be 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 and RSB 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.

(J) Undertaking to Provide Annual Report

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

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

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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Contact Person

8	9	4	9	0	0	0
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Company Telephone Number

0	9
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Month

3	0
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Day

Fiscal Year

1	7	Q
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FORM TYPE

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Month

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Day

Annual Meeting

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Secondary License Type, If Applicable

S	E	C
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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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SEC Number 17514
PSE Code _____
File Number _____

**RIZAL COMMERCIAL BANKING
CORPORATION AND SUBSIDIARIES**

(Company's Full Name)

**Yuchengco Tower, RCBC Plaza
6819 Ayala Ave. corner Sen G.J. Puyat Ave., Makati City**

(Company's Address)

894-9000

(Telephone Number)

September 30, 2018

(Fiscal Quarter Ending)

SEC FORM 17-Q

Form Type

Amendment Designation (if applicable)

Period Ended Date

(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE
AND SRC RULE 17(2)(b) THEREUNDER**

1. For the fiscal year ended September 30, 2018
2. SEC Identification Number 17514
4. BIR Tax Identification No. 000-599-760-000
3. Exact name of registrant as specified in its charter: RIZAL COMMERCIAL BANKING CORPORATION
5. Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. RCBC Plaza Yuchengco Tower 6819 Ayala Ave. cor. Sen. Puyat Avenue, Makati City 0727
Address of principal office Postal Code
8. (632) 894-9000
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 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Stock, P10 par value	1,935,628,775 (as of 30 September 2018)

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 ()

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
(Amounts in Millions of Philippine Pesos)

		9/30/2018	12/31/2017
	Notes	(Unaudited)	(Audited)
<u>RESOURCES</u>			
CASH AND OTHER CASH ITEMS		P 14,389	P 14,693
DUE FROM BANGKO SENTRAL NG PILIPINAS		62,296	58,801
DUE FROM OTHER BANKS		17,111	19,818
LOANS UNDER REVERSE REPURCHASE AGREEMENT		12,053	9,831
TRADING AND INVESTMENT SECURITIES - Net	3	97,669	72,932
LOANS AND RECEIVABLES - Net	4	387,966	354,243
INVESTMENTS IN ASSOCIATES - Net		419	417
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT- Net		8,486	8,946
INVESTMENT PROPERTIES - Net		3,581	3,399
DEFERRED TAX ASSETS		2,175	1,896
OTHER RESOURCES - Net	5	8,234	9,012
TOTAL RESOURCES		P 614,379	P 553,988
<u>LIABILITIES AND CAPITAL FUNDS</u>			
DEPOSIT LIABILITIES	6	410,135	388,412
BILLS PAYABLE	7	38,742	43,967
BONDS PAYABLE	8	54,532	28,060
ACCRUED TAXES, INTEREST AND OTHER EXPENSES		4,679	4,185
OTHER LIABILITIES	9	12,678	12,369
SUBORDINATED DEBT	10	9,982	9,968
Total Liabilities		530,748	486,961
CAPITAL FUNDS			
Attributable to Parent Company Shareholders:			
Preferred Stock		3	3
Common Stock		19,356	13,999
Capital Paid in Excess of Par		32,087	22,635
Other Comprehensive Income:			
Net Unrealized Gains on Financial Assets At Fair Value Through Other Comprehensive Income		1,635	1,968
Cumulative Translation Adjustment		53	85
Retirement plan		(3)	(79)
Reserve for Trust Business		444	436
Other Reserves		(97)	(97)
Retained Earnings Appropriated for General Provision		2,518	-
Retained Earnings		27,614	28,049
Non-controlling Interest		21	28
Total Capital Funds		83,631	67,027
TOTAL LIABILITIES AND CAPITAL FUNDS		P 614,379	P 553,988

See Notes to Interim Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF INCOME

(Amounts in Millions of Philippine Pesos, Except Per Share Data)

		1/1/2018 to 9/30/2018	1/1/2017 to 9/30/2017	7/1/2018 to 9/30/2018	7/1/2017 to 9/30/2017
	Note	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
INTEREST INCOME ON					
Loans and receivables		P 19,364	P 15,828	P 6,589	P 5,523
Investment securities		2,282	1,841	906	573
Others		<u>304</u>	<u>415</u>	<u>174</u>	<u>81</u>
		<u>21,950</u>	<u>18,084</u>	<u>7,668</u>	<u>6,177</u>
INTEREST EXPENSE ON					
Deposit liabilities		4,252	2,896	1,559	999
Bills payable and other borrowings		<u>3,011</u>	<u>2,044</u>	<u>1,096</u>	<u>660</u>
		<u>7,263</u>	<u>4,940</u>	<u>2,655</u>	<u>1,659</u>
NET INTEREST INCOME		14,687	13,144	5,012	4,518
IMPAIRMENT LOSSES - Net		<u>1,310</u>	<u>1,566</u>	<u>573</u>	<u>580</u>
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		<u>13,377</u>	<u>11,578</u>	<u>4,439</u>	<u>3,939</u>
OTHER OPERATING INCOME (CHARGES)					
Service fees and commissions		2,732	2,345	1,046	795
Foreign exchange gains - net		748	574	226	251
Trust fees		209	208	70	67
Trading and securities gains (losses) - net		(214)	1,001	(106)	205
Miscellaneous	12	<u>1,252</u>	<u>1,301</u>	<u>354</u>	<u>332</u>
		<u>4,727</u>	<u>5,429</u>	<u>1,590</u>	<u>1,649</u>
OTHER OPERATING EXPENSES					
Employee benefits		4,885	4,433	1,632	1,483
Occupancy and equipment-related		2,492	2,344	864	830
Taxes and licenses		1,702	1,319	578	429
Depreciation and amortization		1,358	1,421	446	473
Miscellaneous	12	<u>3,913</u>	<u>3,480</u>	<u>1,260</u>	<u>1,121</u>
		<u>14,349</u>	<u>12,997</u>	<u>4,780</u>	<u>4,337</u>
PROFIT BEFORE TAX		3,755	4,011	1,249	1,252
TAX EXPENSE		<u>545</u>	<u>605</u>	<u>202</u>	<u>193</u>
NET PROFIT		3,210	3,406	1,047	1,060
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTEREST		<u>1</u>	<u>2</u>	<u>0</u>	<u>1</u>
NET PROFIT ATTRIBUTABLE TO PARENT					
COMPANY SHAREHOLDERS		<u>P 3,209</u>	<u>P 3,405</u>	<u>P 1,047</u>	<u>P 1,059</u>
Earnings Per Share (Annualized)					
Basic		<u>P 2.84</u>	<u>P 3.25</u>		
Diluted		<u>P 2.84</u>	<u>P 3.25</u>		

See Notes to Interim Financial Statements

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Millions of Philippine Pesos)

	<u>1/1/2018 to</u> <u>9/30/2018</u> <u>(Unaudited)</u>	<u>1/1/2017 to</u> <u>9/30/2017</u> <u>(Unaudited)</u>
NET PROFIT FOR THE PERIOD	<u>P 3,210</u>	<u>P 3,406</u>
OTHER COMPREHENSIVE INCOME (LOSSES) DURING THE PERIOD:		
Fair value losses on Financial assets at Other Comprehensive Income	(789)	(89)
Retirement plan	76	367
Translation adjustments on foreign operations	<u>0</u>	<u>1</u>
Other Comprehensive Income (Loss) for the period	(<u>713</u>)	<u>279</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>P 2,496</u>	<u>P 3,685</u>
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTEREST	(<u>6</u>)	<u>1</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	<u><u>P 2,502</u></u>	<u><u>P 3,685</u></u>

See Notes to Interim Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF CHANGES IN CAPITAL FUNDS
(Amounts in Millions of Philippine Pesos)

	1/1/2018 to 9/30/2018 (Unaudited)	1/1/2017 to 9/30/2017 (Unaudited)
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		
PREFERRED STOCK		
Balance, beginning	P 3	P 3
Conversion of preferred stock	(0)	(0)
Balance, end	<u>3</u>	<u>3</u>
COMMON STOCK		
Balance, beginning	13,999	13,999
Conversion of preferred stock to common stock	(0)	0
Issuance of common stock	5,357	-
Balance, end	<u>19,356</u>	<u>13,999</u>
CAPITAL PAID IN EXCESS OF PAR		
Balance, beginning	22,636	22,636
Conversion of preferred stock to common stock	0	0
Excess of consideration given over cost of common shares issued	9,451	-
Balance, end	<u>32,087</u>	<u>22,636</u>
NET UNREALIZED GAINS/(LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
Balance, beginning as previously reported	1,968	2,128
Effect of Adoption of PFRS9	456	-
Balance, beginning as restated	2,424	2,128
Fair value losses during the period	(789)	(89)
Balance, end	<u>1,635</u>	<u>2,039</u>
CUMULATIVE TRANSLATION ADJUSTMENTS		
Balance, beginning	85	86
Impact of dissolution of a foreign subsidiary	(32)	-
Translation adjustment during the period	0	1
Balance, end	<u>53</u>	<u>87</u>
OTHER COMPREHENSIVE INCOME - RETIREMENT PLAN		
Balance, beginning	(79)	(1,593)
Remeasurement of the defined benefits during the period	76	367
Balance, end	<u>(3)</u>	<u>(1,226)</u>
RESERVE FOR TRUST BUSINESS		
Balance, beginning	436	415
Transfer from retained earnings - free	7	5
Balance, end	<u>444</u>	<u>420</u>
OTHER RESERVES	<u>(97)</u>	<u>(97)</u>
RETAINED EARNINGS APPROPRIATED FOR GENERAL PROVISION		
Beginning balance, as previously reported	-	-
Effect of Adoption of PFRS9	2,139	-
Beginning balance, as restated	2,139	-
Transfer from retained earnings - free	379	-
Balance, end	<u>2,518</u>	<u>-</u>
RETAINED EARNINGS		
Beginning balance, as previously reported	28,050	24,531
Effect of Adoption of PFRS9	(2,391)	-
Beginning balance, as restated	25,659	24,531
Net profit	3,209	3,405
Cash dividends on common shares	(862)	(773)
Cash dividends on preferred shares	(0)	(0)
Transfer of fair value reserves on FVOCI	(5)	3
Transfer to retained earnings appropriated for general provision	(379)	-
Transfer to reserves for trust business	(7)	(5)
Balance, end	<u>27,615</u>	<u>27,161</u>
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	<u>83,610</u>	<u>65,022</u>
NON-CONTROLLING INTEREST		
Balance, beginning	29	26
Effect of Adoption of PFRS9	(3)	-
Balance, beginning as restated	26	26
Fair value gains (losses) on FVOCI	(6)	1
Net Profit for the period	1	2
Balance, end	<u>21</u>	<u>28</u>
TOTAL CAPITAL FUNDS	P 83,631	P 65,050

See Notes To Interim Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
(Amounts in Millions of Philippine Pesos)

	Notes	YTD Ended 9/30/2018 (Unaudited)	YTD Ended 9/30/2017 9/30/2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits before tax	P	3,755	P 4,011
Adjustments for:			
Interest income	(	21,950	(18,400)
Interest expense		7,263	5,256
Impairment losses		1,310	1,566
Depreciation and amortization		1,358	1,422
Dividend income	(	189	(219)
Share in net earnings of associates		1	(64)
Operating income before working capital changes	(	8,453	(6,428)
Decrease in financial assets at fair value through profit and loss	3	329	12,480
Increase in loans and receivables	4	(23,366)	(34,413)
Increase in investment property	(	182	(296)
Decrease (Increase) in other resources	5	(2,167)	488
Increase in deposit liabilities	6	21,723	21,497
Increase (Decrease) in accrued taxes, interest and other expenses		243	(680)
Increase in other liabilities	9	399	1,703
Cash used in operations	(	11,475	(5,648)
Interest received		21,238	18,315
Interest paid	(	6,850	(5,428)
Cash paid for taxes	(	900	(518)
Net Cash From Operating Activities		<u>2,013</u>	<u>6,721</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in Financial Assets at FVOCI	3	(2,797)	67
Increase in Investment securities at amortized cost	3	(22,603)	(5,108)
Acquisitions of bank premises, furniture, fixtures and equipment (net)	(	694	(1,256)
Cash dividends received		189	219
Acquisitions of intangibles	(	164	(262)
Net Cash Used in Investing Activities	(	26,067	(6,340)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of bills payable	7	(5,225)	(8,664)
Dividends paid	(	862	(773)
Net proceeds from (Redemption of) bonds payable		26,472	(13,043)
Net proceeds from issuance of common stock		14,809	-
Net Cash From (Used in) Financing Activities		<u>35,194</u>	<u>(22,480)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>11,140</u>	<u>(22,099)</u>
CASH AND CASH EQUIVALENTS, BEGINNING			
Cash and other cash items		14,693	15,176
Due from Bangko Sentral ng Pilipinas		58,801	66,520
Due from other banks		19,818	25,293
Interbank Loans and Loans and Receivables under reverse repurchase agreement		9,869	7,889
		<u>103,181</u>	<u>114,878</u>
CASH AND CASH EQUIVALENTS, END			
Cash and other cash items		14,389	11,729
Due from Bangko Sentral ng Pilipinas		62,296	58,143
Due from other banks		17,111	17,937
Interbank Loans and Loans and Receivables under reverse repurchase agreement		20,528	4,969
	P	<u>114,324</u>	<u>P 92,778</u>

See Notes to Interim Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND DECEMBER 31, 2017
(Amounts in Millions of Philippine Pesos)

1. CORPORATE MATTERS

Rizal Commercial Banking Corporation (the Parent Company, the Bank or RCBC), a universal bank engaged in all aspects of banking, was originally incorporated on September 23, 1960. The Bank renewed its corporate existence on December 10, 2009. It provides products and services related to traditional loans and deposits, trade finance, domestic and foreign fund transfers or remittance, cash management, treasury, and trust and custodianship services. It also enters into forward currency contracts as an accommodation to its clients and as a means of managing its foreign exchange exposures. The Parent Company and its subsidiaries (together hereinafter referred to as the Group) are engaged in all aspects of traditional banking, investment banking, retail financing (credit cards, auto loans, mortgage/housing and microfinance loans), remittance, leasing and stock brokering.

As a banking institution, the Group's operations are regulated and supervised by the Bangko Sentral ng Pilipinas (BSP). As such, the Group is required to comply with banking rules and regulations such as those relating to maintenance of reserve requirements on deposit liabilities and deposit substitutes and those relating to the adoption and use of safe and sound banking practices, among others, as promulgated by the BSP. The Group's activities are subject to the provisions of Republic Act (RA) No. 8791, the *General Banking Law of 2000*, and other related banking laws.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The interim financial statements of the Bank have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

There were no changes in the accounting policies and methods of computation followed in the interim financial statements as compared with the most recent annual financial statements.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standards (PAS) 1, *Presentation of Financial Statements*. The Group presents all items of income and expenses in two statements: a "statement of profit or loss" and a "statement of comprehensive income."

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Group's functional and presentation currency. All amounts are in millions, except per share data or when otherwise indicated.

2.2 *Adoption of New and Amended PFRS*

The Group adopted PFRS 9 (2014) effective January 1, 2018, the date of adoption. This new standard on financial instruments replaced PAS 39, *Financial Instruments: Recognition and Measurement*, and PFRS 9 (2009, 2010, and 2013 versions) – hereinafter referred to as PFRS 9. PFRS 9 has been early adopted by the Group on January 1, 2014. In addition to the principal classification categories for financial assets and financial liabilities and hedge accounting under PFRS 9, PFRS 9 (2014) includes the following major provisions:

- limited amendments to the classification and measurement requirements for financial assets introducing a fair value measurement through other comprehensive income for eligible debt securities; and,
- an expected credit loss (ECL) model in determining impairment of all debt financial assets that are not measured at fair value through profit or loss (FVPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset.

The adoption of PFRS 9 (2014) from January 1, 2018 resulted in changes in accounting policies and adjustments to the amounts previously reported in the Group's financial statements. The new accounting policies are set out in Note 3.2 below. As allowed and in accordance with the transitional provisions of this new standard, comparative figures have not been restated but the Group is required to provide the related transition disclosure requirements under PFRS 7, *Financial Instruments: Disclosures*.

The following table shows the effects of the adoption of PFRS 9 (2014) on the carrying amounts and presentation of certain affected consolidated statement of financial position accounts as of January 1, 2018:

	<u>Investment Securities at</u>			<u>Loans and Receivables</u>	<u>Other Liabilities</u>
	<u>FVPL</u>	<u>FVOCI</u>	<u>Amortized Cost</u>		
Balance at December 31, 2017 under PAS 39/PFRS 9	<u>P 7,591</u>	<u>P 5,363</u>	<u>P 59,978</u>	<u>P 354,243</u>	<u>P 12,369</u>
Reclassification of financial assets to (from):					
Debt securities from FVPL to FVOCI	(105)	105	-	-	-
Quoted equity securities from FVPL to FVOCI	(302)	302	-	-	-
Unquoted equity securities from FVPL to FVOCI	(543)	543	-	-	-
Debt security from FVPL to amortized cost	(51)	-	54	-	-
Debt securities from amortized cost to FVOCI	-	310	(315)	-	-
<i>Balance forwarded</i>	<u>(P 1,001)</u>	<u>P 1,260</u>	<u>(P 261)</u>	<u>P -</u>	<u>P -</u>

	<u>Investment Securities at</u>				
	<u>FVPL</u>	<u>FVOCI</u>	<u>Amortized Cost</u>	<u>Loans and Receivables</u>	<u>Other Liabilities</u>
<i>Balance carried forward</i>	(P 1,001)	P 1,260	(P 261)	P -	P -
Allowance for expected credit loss:					
Loans and receivables	-	-	-	331	-
Investment securities at amortized cost	-	-	(21)	-	-
Loan commitments	-	-	-	-	107
	-	-	(21)	331	107
Total impact of adoption of PFRS 9 (2014)	(1,001)	1,260	(282)	331	107
Balance at January 1, 2018 under PFRS 9 (2014)	<u>P 6,590</u>	<u>P 6,623</u>	<u>P 59,696</u>	<u>P 354,574</u>	<u>P 12,476</u>
	<u>Effect on</u>				
	<u>Surplus</u>	<u>Revaluation Reserves</u>	<u>General Loan Loss Reserves</u>	<u>Non-controlling interest</u>	
Balance at December 31, 2017 under PAS 39/PFRS 9	P 28,049	P 1,974	P -	P 28	
Effect of reclassification of financial assets	(459)	456	-	-	
Increase in allowance for credit losses on loans and receivables	(1,912)	-	2,138	(3)	
Increase in allowance for credit losses on debt securities at amortized cost	(20)	-	-	-	
	(2,391)	456	2,138	(3)	
Balance at January 1, 2018 under PFRS 9 (2014)	<u>P 25,697</u>	<u>P 2,430</u>	<u>P 2,138</u>	<u>P 25</u>	

a. *Investment securities reclassified from FVPL to FVOCI*

The Group elected to present in other comprehensive income changes in the fair value of certain investment securities previously classified as at FVPL because these investments are held as long-term strategic investments that are not expected to be sold in the short-to-medium term. As a result, certain debt and equity securities with fair value of P950 were reclassified from FVPL to FVOCI and the accumulated fair value gains on those assets amounting to P456 were reclassified from Surplus to Revaluation Reserves account.

b. *Debt security reclassified from FVPL to amortized cost*

A certain foreign corporate bond with fair value of P51 at January 1, 2018, which is no longer held for trading and which is held by the Group for collection of contractual cash flows representing solely payments of principal and interest was reclassified from investment securities at FVPL to investment securities at amortized cost, with the fair value loss amounting to P3, previously recognized in profit or loss, adjusted as a reduction from Surplus account.

c. Debt securities reclassified from amortized cost to FVOCI

Debt securities with total carrying amount of P315 was reclassified to FVOCI as the assets are now held by the Group with the objective of collecting the contractual cash flows and selling in the future for liquidity purposes. The assets have a fair value of P310 upon reclassification on January 1, 2018 with fair value losses of P5 adjusted to the opening balance of Surplus account.

d. Credit losses on investment in debt securities

All of the Group's investment in debt securities classified at amortized cost and FVOCI are considered to have low credit risk, and the loss allowance recognized was therefore limited to 12-month expected credit loss. Management considers 'low credit risk' for listed and government bonds to be an investment grade credit rating with at least one reputable rating agency. Other instruments are considered to have 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. Additional allowance for credit losses recognized on these debt securities as at January 1, 2018 amounted to P20, adjusted against the opening balance of Surplus.

e. Credit losses on loans and receivables

The application of the ECL methodology based on the stages of impairment assessment for loans and receivables resulted in the recognition of additional allowance for credit losses for specific loan accounts amounting P1,915, with adjustment charged against the opening balance of Surplus, while the reduction in the required allowance for credit losses for general loan portfolio amounting to P2,138 which represents the excess of the 1% required allowance of the BSP over the computed allowance for ECL was recognized by the Group as General Loan Loss Reserve reported as a separate component in the condensed consolidated statement of changes in equity.

f. Exposures at default on loan commitments

Based on the Group's outstanding lending commitments, management determines the exposures at default related to the future amounts that may be drawn based on historical observations of actual drawdowns and forward-looking forecasts. ECLs related to undrawn loan commitments amounted to P107 and is recognized as part of Other Liabilities as of January 1, 2018.

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, after the elimination of material intercompany transactions. All intercompany resources and liabilities, equity, income, expenses and cash flows relating to transactions with subsidiaries are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

2.4 Financial Assets

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

(a) Classification, Measurement and Reclassification of Financial Assets

Under PFRS 9, *Financial Instruments*, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described in the succeeding pages.

(i) Financial Assets at Amortized Cost

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

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

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

(ii) Financial Assets at Fair Value Through Profit or Loss (FVPL)

The Group classifies financial assets as FVPL when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking.

Debt instruments that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVPL at initial recognition, are measured at FVPL. Equity investments are classified as financial assets at FVPL, unless the Group designates an equity investment that is not held for trading as at *Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)* at initial recognition. The

Group's financial assets at FVPL include government securities, corporate bonds, equity securities, which are held for trading purposes or designated as at FVPL.

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

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

Debt Instruments at FVOCI

The Group classifies debt instruments under FVOCI when both of the following conditions are met:

- the asset is held within the Group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

FVOCI debt securities are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in Other Comprehensive Income (OCI). Interest Income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified to profit or loss.

Equity Instruments at FVOCI

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading. The Group has designated certain equity instruments as at FVOCI on initial application of PFRS 9.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss, but is reclassified directly to Surplus account.

(b) Impairment of Financial Assets

PFRS 9 requires the Bank to record an allowance for Expected Credit Losses (ECL) for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired, the allowance is based on the change in the ECLs over the life of the asset.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group classifies its loans into the following stages:

- Stage 1 : When loans are first recognized, the Group recognizes an allowance based on the twelve-month ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2 : When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime ECLs. Stage 2 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3 : When a loan is considered as credit impaired, the Group records an allowance for the lifetime ECL.

The key elements used in the calculation of ECL are as follows:

Probability of Default – is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

Loss Given Default – is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Bank would expect to receive, including the realization of any collateral.

Exposure At Default – represents the gross carrying amount of the financial instruments subject to the impairment calculation.

(c) *Derecognition of Financial Assets*

A financial asset (or where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.5 Financial Liabilities

Financial liabilities which include deposit liabilities, bills payable, bonds payable, subordinated debt, accrued interest and other expenses, and other liabilities (except tax-related payables, post-employment defined benefit obligation and deferred income) are recognized when the Group becomes a party to the contractual terms of the instrument.

Financial liabilities are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, for those with maturities beyond one year, less settlement payments. All interest-related charges incurred on financial liabilities are recognized as an expense in the statement of profit or loss under the caption Interest Expense.

2.6 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events (e.g., legal dispute or onerous contracts).

2.7 Revenue and Expense Recognition

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Group; and the costs incurred or to be incurred can be measured reliably.

2.8 Impairment of Non-financial Assets

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows [cash-generating units (CGU)]. As a result, some assets are tested for impairment either individually or at the CGU level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each CGU and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each CGU and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets, except for intangible assets with indefinite useful life and goodwill, are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or CGU's recoverable amount exceeds its carrying amount.

2.9 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, tax authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the statement of profit or loss.

Deferred tax is provided using the liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be utilized. Deferred tax assets are reassessed at the end of each reporting period. Previously

unrecognized deferred tax assets are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

2.10 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the funded retirement plan of each of the entities under the Group.

2.11 Events After the End of the Reporting Period

Any event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. TRADING AND INVESTMENT SECURITIES

This account is composed of the following:

	September 30, 2018 <u>(Unaudited)</u>		December 31, 2017 <u>(Audited)</u>
Financial assets at FVPL	P 7,263	P	7,591
Financial assets at FVOCI	7,827		5,363
Investment securities at amortized cost - net	<u>82,579</u>		<u>59,978</u>
	<u>P 97,669</u>	P	<u>72,932</u>

3.1 Financial Assets at FVPL

This account is composed of the following:

	September 30, 2018 <u>(Unaudited)</u>		December 31, 2017 <u>(Audited)</u>
Government securities	P 3,455	P	4,386
Corporate debt securities	1,772		462
Derivative financial assets	1,310		1,119
Equity securities	<u>726</u>		<u>1,624</u>
	<u>P 7,263</u>	P	<u>7,591</u>

3.2 Financial Assets at FVOCI

This account is composed of the following:

	September 30, 2018 <u>(Unaudited)</u>	December 31, 2017 <u>(Audited)</u>
Quoted equity securities	P 2,289	P 3,653
Unquoted equity securities	2,380	1,710
Government bonds	2,391	-
Corporate debt securities	<u>767</u>	<u>-</u>
	P 7,827	P 5,363

3.3 Investments at Amortized Cost

This account is composed of the following:

	September 30, 2018 <u>(Unaudited)</u>	December 31, 2017 <u>(Audited)</u>
Government securities	P 60,722	P 39,134
Corporate debt securities	<u>21,993</u>	<u>20,934</u>
	82,715	60,068
Allowance for impairment	<u>(136)</u>	<u>(90)</u>
	P 82,579	P 59,978

4. LOANS AND RECEIVABLES

This account consists of the following:

	September 30, 2018 <u>(Unaudited)</u>	December 31, 2017 <u>(Audited)</u>
Receivable from customers:		
Loans and discounts	P 334,179	P 319,099
Credit card receivables	19,545	16,405
Customers' liabilities on acceptances, import bills and trust receipts	20,385	12,404
Bills purchased	2,067	2,612
Lease contract receivable	2,910	2,893
Receivables financed	<u>408</u>	<u>249</u>
	379,494	353,662
Unearned discount	<u>(635)</u>	<u>(817)</u>
	378,860	352,845
Other receivables:		
Interbank loans receivables	8,475	38
Accrued interest receivable	3,805	3,094
Unquoted debt securities classified as loans	1,953	1,939
Accounts receivable	1,641	2,641
Sales contract receivable	<u>1,302</u>	<u>1,679</u>
	17,176	9,391
	396,036	362,236
Allowance for impairment	<u>(8,070)</u>	<u>(7,993)</u>
	P 387,966	P 354,243

5. OTHER RESOURCES

This account consists of the following:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Creditable withholding taxes	P 2,256	P 2,110
Asset held-for-sale and disposal group	1,003	1,594
Branch licenses	1,000	1,000
Software – net	935	977
Prepaid expenses	931	538
Goodwill	426	426
Refundable and other deposits	363	334
Unused stationery and supplies	294	288
Returned checks and other cash items	88	87
Foreign currency notes	36	98
Margin deposits	26	23
Sundry debits	9	29
Miscellaneous	<u>1,015</u>	<u>1,699</u>
	8,382	9,203
Allowance for impairment	<u>(148)</u>	<u>(191)</u>
	P 8,234	P 9,012

6. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Demand	P 56,797	P 51,996
Savings	175,010	165,187
Time	165,192	161,727
Long-term Negotiable Certificate of Deposits (LTNCD)	<u>13,136</u>	<u>9,502</u>
	P 410,135	P 388,412

The details of the Parent Company's Long-term Negotiable Certificate of Deposits (LTNCDs) as of September 30, 2018 and December 31, 2017 are as follows:

<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Coupon Interest</u>	<u>Outstanding Balance</u>	
			<u>Sep 30, 2018</u> <u>(Unaudited)</u>	<u>Dec 31, 2017</u> <u>(Audited)</u>
September 28, 2018	March 28, 2024	5.50%	P 3,580	P -
August 11, 2017	February 11, 2023	3.75%	2,502	2,502
December 19, 2014	June 19, 2020	4.13%	2,100	2,100
November 14, 2013	May 14, 2019	3.25%	2,860	2,860
November 14, 2013	May 14, 2019	0.00%	<u>2,094</u>	<u>2,040</u>
			P 13,136	P 9,502

The Parent Company's LTNCDs were used in the expansion of its term deposit base to support long-term asset growth and for other general funding purposes.

7. **BILLS PAYABLE**

This account consists of borrowings from:

	<u>September 30, 2018</u> <u>(Unaudited)</u>	<u>December 31, 2017</u> <u>(Audited)</u>
Foreign banks	P 25,642	P 33,102
Local banks	13,098	10,862
Others	<u>2</u>	<u>3</u>
	<u>P 38,742</u>	<u>P 43,967</u>

8. **BONDS PAYABLE**

The composition of this account for the Group and the Parent Company follows:

<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Coupon Interest</u>	<u>Face Value</u>	<u>Outstanding Balance</u>	
				<u>Sep 30, 2018</u> <u>(Unaudited)</u>	<u>Dec 31, 2017</u> <u>(Audited)</u>
March 15, 2018	March 16, 2023	4.13%	\$ 450	P 24,201	P -
November 2, 2015	February 2, 2021	3.45%	320	17,286	15,977
January 21, 2015	January 22, 2020	4.25%	<u>243</u>	<u>13,045</u>	<u>12,083</u>
			<u>\$ 863</u>	<u>P 54,532</u>	<u>P 28,060</u>

9. **OTHER LIABILITIES**

Other liabilities consist of the following:

	<u>September 30, 2018</u> <u>(Unaudited)</u>	<u>December 31, 2017</u> <u>(Audited)</u>
Accounts payable	P 5,721	P 6,451
Manager's checks	1,226	1,575
Bills purchased – contra	902	1,079
Outstanding acceptances payable	874	405
Derivative financial liabilities	849	483
Deposits on lease contracts	564	342
Other credits	376	370
Unearned income	336	296
Payment orders payable	245	193
Withholding taxes payable	233	243
Guaranty deposits	187	62
Sundry credits	116	121
Post-employment defined benefit obligation	113	111
Liability for credit losses on off-balance sheet exposures	83	-
Due to BSP	14	39
Miscellaneous	<u>839</u>	<u>599</u>
	<u>P 12,678</u>	<u>P 12,369</u>

10. SUBORDINATED DEBT

On June 27, 2014, the Parent Company issued P7 billion Basel III-compliant Tier 2 Capital Notes (the “Tier 2 Notes”) which shall be part of the Group’s regulatory capital compliance in accordance with Basel III capital guidelines of the BSP. The Parent Company re-opened the Tier 2 Notes and issued an additional P3 billion of the Notes on September 5, 2014, which constituted a further issuance of, and formed a single series with the existing P7 billion Tier 2 Notes.

11. EQUITY

The movements in the outstanding capital stock are as follows:

	<u>Number of Shares*</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Preferred stock – voting, non-cumulative non-redeemable, participating convertible into common stock – P10 par value Authorized – 200,000,000 shares		
Balance at beginning of year	276,845	293,987
Conversion of shares during the year	(8,958)	(17,142)
Balance at end of year	<u>267,887</u>	<u>276,845</u>
Common stock – P10 par value Authorized – 2,600,000,000 shares		
Balance at beginning of year	1,399,916,364	1,399,912,464
Issuance of shares during the year	535,710,378	-
Conversion of shares during the year	<u>2,033</u>	<u>3,900</u>
Balance at end of year	<u>1,935,628,775</u>	<u>1,399,916,364</u>

**Amounts in absolute number of shares*

12. MISCELLANEOUS INCOME AND EXPENSES

These accounts consist of the following:

12.1 Miscellaneous Income

	<u>January 1 to</u>		<u>January 1 to</u>
	<u>September 30, 2018</u>		<u>September 30, 2017</u>
	<u>(Unaudited)</u>		<u>(Unaudited)</u>
Rentals	P 570	P	538
Dividend income	189		219
Recoveries from written-off assets	165		142
Gains on assets sold	60		77
Others	<u>268</u>		<u>325</u>
	<u>P 1,252</u>	P	<u>1,301</u>

12.2 Miscellaneous Expenses

	January 1 to September 30, 2018 (Unaudited)		January 1 to September 30, 2017 (Unaudited)
Credit card related expenses	P 638	P	656
Insurance	603		565
Communication and information	366		312
Management and other professional fees	305		276
Litigation/asset acquired expenses	245		85
Advertising and publicity	208		229
Service processing fees	229		130
Employee activities	226		205
Banking fees	168		147
Transportation and travel	149		142
Stationery and office supplies	126		100
Others	650		633
	<u>P 3,913</u>	P	<u>3,480</u>

13. COMMITMENTS AND CONTINGENCIES

In the normal course of operations of the Group, there are various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, tax assessments, etc., with amounts not reflected in the financial statements. Management does not anticipate losses from these transactions that will adversely affect the Group's operations.

In the opinion of management, the suits and claims arising from the normal course of operations of the Group that remain unsettled, if decided adversely, will not involve sums that would have material effect on the Group's financial position or operating results.

13.1 Contingent Accounts, Guarantees and Other Commitments

The following is a summary of contingencies and commitments arising from off-statement of financial position items at their equivalent peso contractual amounts as of September 30, 2018 and December 31, 2017:

	September 30, 2018 (Unaudited)		December 31, 2017 (Audited)
Trust department accounts	P 85,758	P	91,585
Derivative liabilities	66,677		41,822
Derivative assets	59,418		46,230
Outstanding guarantees issued	45,628		41,858
Unused commercial letters of credit	17,080		17,055
Spot exchange sold	10,074		6,307
Spot exchange bought	9,763		6,204
Inward bills for collection	5,655		1,407
Late deposits/payments received	537		566
Outward bills for collection	112		133
Others	23		17

13.2 Sale of National Steel Corporation (NSC) Plant Asset

In October 2008, Global Steel Philippines (SPV-AMC), Inc. (GSPI) and Global Ispat Holdings (SPV-AMC), Inc. (GIHI) (collectively, “Global Steel”), which purchased the Iligan Plant assets of the NSC (“NSC Plant Assets”) from the Liquidator in 2004, initiated arbitration proceedings with the Singapore International Arbitration Centre (“SIAC”) seeking damages on account of the failure of the Liquidator and the Secured Creditors, including the Bank and RCBC Capital Corporation (“RCAP”), to deliver the NSC Plant Assets free and clear from liens and encumbrance; purportedly depriving them of the opportunity to use the said assets to secure additional loans to fund the operations of the Plant and upgrade the same. On May 9, 2012, the SIAC Arbitral Tribunal rendered a Partial Award in favor of Global Steel in the total amount of (a) US\$80, as and by way of lost opportunity to make profits and (b) P1,403, representing the value of the undelivered Billet Shop Land measuring 3.4071 hectares (the “Lost Land Claim”).

On appeal, and on July 31, 2014, the Singapore High Court set aside the Partial Award, and subsequently granted the Secured Creditors’ application for the lifting of the injunctions issued in 2008 and directed the release of Global Steel’s installment payment to the Secured Creditors. Accordingly, the Bank and RCAP received their respective share in the funds previously held in escrow. Moreover, the Secured Creditors could now compel Global Steel to comply with their obligations under the Omnibus Agreement (OMNA)/Asset Purchase Agreement (APA) and take legal action upon Global Steel’s failure to do so.

On March 31, 2015, and on Global Steel’s appeal, the Singapore Court of Appeals rendered a decision which affirmed the earlier decision of the Singapore High Court insofar as it set aside (a) the monetary award of US\$80 and P1,403 representing lost opportunity to make profit and the value of the Lost Land Claim in favor of Global Steel, respectively, and (b) the deferment of Global Steel’s obligation to pay the purchase price of the NSC Plant Assets. The Singapore Court of Appeals ruled that (a) aside from the lack of jurisdiction to rule on the issue of lost opportunity to make profit and absence of evidentiary support for the award, and (b) the premature ruling on the issue of the Lost Land Claim, the dispute relating to Global Steel’s payment obligation is an obligation under the OMNA, which is beyond the ambit of arbitration, so that the SIAC Arbitral Tribunal could not properly order the Bank, RCAP and the other Secured Creditors to defer holding Global Steel in default. However, the Singapore Court of Appeals held that the NSC Liquidator and Secured Creditors are still required to deliver to Global Steel clean title to the NSC Plant Assets.

On November 27, 2015, the Singapore Court of Appeals further held that the issue of Global Steel’s lost opportunity to make profit cannot be remanded to the Arbitral Tribunal, or to a new Arbitral Tribunal for that matter, to be litigated anew after the setting aside of the Partial Award. The doctrines of *res judicata* and abuse of process also operated to preclude the reopening of this issue. However, the Singapore Court of Appeals held that the Lost Land Claim may be the subject of a fresh arbitration proceedings before a new arbitral tribunal. The Singapore Court of Appeals likewise awarded litigation costs to the Liquidator but none to the Secured Creditors.

The Parent Company’s estimated exposure is approximately P209 in terms of estimated property taxes and transfer costs due on the NSC Plant Assets, while it has a receivable from Global Steel in the amount of P486, taking into consideration the P49 installment payment it had received from the funds previously in escrow. The Parent Company has recognized full impairment loss on the receivable since then, with the gross amount of receivable classified as UDSCL under Loans and Receivable account. The Parent Company’s exposure, however, may be varied depending on whether the Iligan City’s assessment of the post-closing taxes will be sustained as valid (including those imposed on non-operational machineries), now that all pre-closing taxes on the NSC assets sold to Global Steel, covering the period 1999 to October 14, 2004, are deemed paid, following the denial with finality of the City of Iligan’s Petition for Review by the Supreme Court and the issuance of an Entry of Judgment on March 16, 2016, in the case initiated solely by the NSC Liquidator.

In defiance, however, of the aforesaid final and executory ruling, the City of Iligan (a) issued a Notice of Delinquency against NSC, seeking to collect the tax arrears covering the period 1999 to 2016, (b) levied the NSC properties, and (c) set the same for public auction on October 19, 2016, which proceeded even as the local government unit (LGU) received the October 18, 2016 Writ of Execution issued by the Regional Trial Court of Makati City, Branch 57 (the "Makati Trial Court"), directing it to (a) comply with the valid and binding Tax Amnesty Agreement dated October 13, 2004, and (b) afford NSC relief from the payment of interests and penalties. On November 3, 2016, the Iligan City police took possession of the NSC Plant compound. On November 4, 2016, the NSC, through the Liquidator, filed an Omnibus Motion praying that (a) the City of Iligan, the Sangguniang Panlungsod and City Treasurer be directed to show cause why they should not be held in contempt, and, (b) the Auction Sale of the NSC properties held on October 19, 2016 be nullified.

In an Order dated April 4, 2017, the Makati Trial Court (a) nullified the public auction of the NSC Plant Assets, among others, and (b) enjoined any and all real property tax collection actions against the NSC until the Decision dated October 7, 2011, which held that the NSC pre-closing taxes have been paid, is fully executed and NSC's remaining tax liabilities are correctly computed. The Makati Trial Court likewise (a) directed the Iligan City Treasurer to show cause why she should not be held in contempt of court for holding the auction sale of the NSC Plant Assets without clearing NSC of the pre-closing taxes, and (b) directed the Iligan City Treasurer, among others, to inform the Makati Trial Court of the names of the responsible persons who ordered, aided and abetted her assailed conduct. The LGU, the Iligan City Treasurer and the Sangguniang Panlungsod of the City of Iligan moved for the reconsideration of the April 4, 2017 Order, which the Makati Trial Court denied in its Omnibus Order dated May 21, 2018, as with their Urgent Motion to recall the Orders dated October 18, 2016 and April 4, 2017, among others.

The City of Iligan, represented by its purported Acting City Mayor Jemar L. Vera Cruz, filed with the Court of Appeals a Petition for Certiorari dated July 6, 2018, contumaciously alleging that the said LGU had the right to sell at public auction the NSC Plant and other assets due to non-payment both pre-closing and post-closing taxes. The Petition likewise alleged that (a) the writ of execution issued by the Makati City Regional Trial Court was null and void, and (b) the case before the Makati City Regional Trial Court was an action to assail the tax delinquency auction sale which should not have been given due course for non-payment of docket fees and non-deposit of the contested tax amount of P0.004.

13.3 Verotel Merchant Services B.V. Case

In 2011, Verotel Merchant Services B.V. (VMS), a Netherlands corporation, and Verotel International Industries, Inc. ("VII"), a Philippine corporation, civilly sued the Parent Company, Bankard, Inc. (Bankard), Grupo Mercarse Corp., CNP Worldwide, Inc. ("CNP") and several individuals before the Los Angeles Superior Court for various causes of action including fraud, breach of contract and accounting, claiming that VII and its alleged parent company, VMS, failed to receive the total amount of US\$1.5, which the defendants allegedly misappropriated. VMS is an Internet merchant providing on-line adult entertainment and on-line gambling, in addition to the sale of pharmaceuticals over the Internet.

After nearly five years, and after being transferred to a fourth judge, the case went to trial from January 13, 2016 to January 26, 2016, where the issues on prescription, VII's lack of capacity to sue and VMS's lack of standing to sue were reserved for Judge Michael J. Raphael's disposition. On January 27, 2016, the jury rendered a verdict solely in favor of VMS. On March 10, 2016, the Parent Company/Bankard informed Judge Raphael that they will, instead, be filing a motion for judgment notwithstanding verdict (JNOV) and motion for new trial. On April 11, 2016, the Parent Company /Bankard timely filed their motions for JNOV and new trial, and on April 27, 2016, the Parent Company /Bankard likewise timely filed their Reply to the Oppositions filed by VII/VMS.

On May 12, 2016, Judge Raphael heard, and partially granted, the Parent Company/Bankard's Motion for JNOV by deleting the US\$7.5 punitive damages awarded to VMS in the absence of proof that (a) a corporate officer of the Parent Company/Bankard knew of, authorized, or ratified fraudulent acts, and (b) Janet Conway was a managing agent of the Parent Company/Bankard within the meaning of the California Civil Code Section 3294(b). However, Judge Raphael ruled that Conway was an agent of the Parent Company/Bankard for some purposes, and sustained the award of US\$1.5. Judge Raphael likewise denied the Parent Company/Bankard's Motion for New Trial, and likewise partially granted, plaintiffs' motion for interest and awarded VMS prejudgment interest in the amount of US\$0.5.

On July 11, 2016, the Parent Company/Bankard timely filed their Notice of Appeal on the partial denial of their Motion for JNOV with the California Court of Appeals, and received a copy of the Notice of Appeal solely filed by VMS on July 8, 2016. On July 21, 2016, the Parent Company/Bankard timely posted the amount of US\$3.1, as and by way of security to stay the enforcement of the Amended Judgment rendered by Judge Rafael.

On September 8, 2016, VMS filed its unsealed Certificate of Interested Persons, after the California Court of Appeals sustained the Parent Company/Bankard's position that the identities subject of the disclosure was, in fact, a central issue in this case and the appeal, as it relates to whether VMS has standing in this case and is entitled to any damages. In an Order dated, and filed, on November 16, 2016, the California Court of Appeals adopted the briefing sequence proposed by the Parent Company/Bankard, thus, allowing the full ventilation of the case on appeal. In a notice dated January 25, 2017, the California Court of Appeals informed the parties of the filing of the reporter's transcripts.

Subsequently, on March 7, 2017, Judge Raphael granted VMS's motion for cost of proof sanction and directed the Parent Company/Bankard to pay VMS the additional amount of US\$0.08 to cover the cost of (a) the services of expert witnesses and (b) their presentation during the trial, given his ruling that the Parent Company/Bankard unjustifiably denied VMS's request for admission that they failed to comply with MasterCard and VISA association rules. The Parent Company/Bankard timely filed their Notice of Appeal on the aforementioned Order of Judge Raphael but no longer posted any additional filing fees, following VMS's agreement not seek to enforce of the said award during the pendency of the appeal.

The Parent Company/Bankard filed their Revised Opening Brief on their Appeal with the California Court of Appeals on October 2, 2017, raising the following arguments: (a) there is no substantial evidence to establish that the Parent Company/Bankard caused VMS' loss, which arose as a result of the processing of VMS' transactions under and using the merchant ID of another merchant, in a side deal without Bankard's knowledge and consent; (b) there is, therefore, no contract/no processing relationship between VMS and Bankard; (c) there is no substantial evidence to establish that the Parent Company/Bankard caused VMS' loss under agency law, given that (i) Conway could not be Bankard's agent as a matter of law, because she was defrauding Bankard, (ii) plaintiffs did not establish that Conway was an agent of Bankard, (iii) plaintiff did not establish that Conway was a purported agent of Bankard, and, (iv) plaintiffs did not establish that Conway's wrongful conduct was within the scope of her agency; and. (d) the Trial Court abused its discretion in awarding cost of proof sanctions. On March 28, 2018, the Parent Company/Bankard was advised of the filing of VMS's Combined Respondents' Brief and Cross-Appellants' Opening Brief. On August 14, 2018, the Parent Company/Bankard filed their combined Reply and Cross-Respondent's Brief. In accordance with prior stipulations, VMS has until November 1, 2018 to file its Final Reply Brief.

13.4 RCBC Securities Case

In December 2011, RCBC Securities, Inc. ("RSEC") initiated the filing of a criminal case for falsification against its former agent, Mary Grace V. Valbuena ("Valbuena"), who carried out certain questionable transactions with her own personal clients. Since then, RSEC has filed additional criminal and civil cases, including charges of violations of Batas Pambasa Blg. 22 ("BP 22"), against the aforesaid former agent. On November 17, 2016, the Metropolitan Trial Court of Makati City, Branch 66, convicted Valbuena of the crime of BP 22. Valbuena proposed to pay RSEC P30, payable in five years, in settlement of all the claims against her, which RSEC refused. Valbuena appealed before the Regional Trial Court of Makati City, Branch 41, which denied her appeal in its Decision dated November 27, 2017, and denied her Motion for Reconsideration in its Order dated April 19, 2018. Valbuena has since then filed a Petition for Review with the Court of Appeals, where the same is pending.

In May 2012, the Capital Markets Integrity Corporation ("CMIC") conducted an investigation on the complaint filed by Francisco Ken Cortes against RSEC. On July 3, 2015, the CMIC issued a Resolution of even date dismissing the complaint filed by Mr. Cortes. In October 2015, the CMIC affirmed the dismissal of Mr. Cortes' complaint with the denial of his Motion for Reconsideration dated 21 July 2015. Mr. Cortes did not file any appeal before the SEC en banc, so that the dismissal of his complaint is now final and executory.

In September 2014, Carlos S. Palanca IV ("Palanca") and Cognatio Holdings, Inc. ("Cognatio") likewise filed a complaint against RSEC with the CMIC, even as Cognatio's earlier complaint dated December 30, 2013 against RSEC, its former Vice President for Operations/Chief Finance Officer, its former Compliance Officer and Valbuena, was pending with the Enforcement and Investor Protection Department of the Securities and Exchange Commission ("EIPD-SEC") (the "SEC Cognatio Case"). In its decision letter dated December 4, 2014, the CMIC dismissed Palanca/Cognatio's complaint on the ground of prescription and res judicata. Consequently, Palanca/Cognatio respectively appealed the case to the SEC en banc, which granted the appeal of Palanca/Cognatio and reversed the CMIC's decision. In turn, RSEC appealed the SEC en banc's reversal of the CMIC decision to the Court of Appeals. On October 27, 2017, the Court of Appeals granted RSEC's Petition for Review and reinstated the CMIC decision, ruling that Palanca/Cognatio committed willful and deliberate forum shopping. Palanca/Cognatio filed a Motion for Reconsideration, which RSEC opposed via its Comment/ Opposition dated February 22, 2018. In response thereto, Palanca/Cognatio filed a Motion for leave to file reply and its Reply, both dated March 19, 2018. In a Resolution dated September 5, 2018, the Court of Appeals denied Palanca/Cognatio's Motion for Reconsideration. On September 26, 2018, Palanca/ Cognatio signified their intention to challenge the decision and resolution of the Court of Appeals before the Supreme Court via a Petition for Review to be filed on or before October 11, 2018. The SEC Cognatio Case, where RSEC and its former Vice President for Operations/Chief Finance Officer filed a Manifestation with Motion to Dismiss, in light of the above-cited decision of the Court of Appeals finding Palanca/Cognatio guilty of willful and deliberate forum-shopping, which was followed by the filing of other pleadings, the last of which was Cognatio's Rejoinder, remains pending with the EIPD-SEC.

On February 22, 2013, Stephen Y. Ku ("Ku") filed a complaint against RSEC with the Regional Trial Court of Makati, Branch 149 (the "Makati Trial Court"), praying, among others, for the return of his shares of stock and cash payments which he claims to have turned over to Valbuena. On May 20, 2013, RSEC sought the dismissal of the complaint on the ground of non-payment of the correct filing fees and failure to state a case of action, which was, however, denied by the Makati Trial Court. Aggrieved, RSEC filed a Petition for Certiorari with the Court of Appeals on November 22, 2013, which was given due course. In the Decision dated October 9, 2014, the Court of Appeals sustained RSEC's position and ordered the dismissal of the complaint pending before the Makati Trial Court on the ground of lack of jurisdiction. In a Petition for Review dated September 15, 2015, Ku sought the reversal of the ruling of the Court of Appeals,

and as an alternative, prayed to be allowed to re-file his Complaint sans docket fees. The case remains pending with the Supreme Court.

13.5 Poverty Eradication and Alleviation Certificates Bonds

In October 2011, the Bank filed a case before the Court of Tax Appeals questioning the 20% final withholding tax on PEACe Bonds by the BIR. The Bank subsequently withdrew its petition and joined various banks in their petition before the Supreme Court on the same matter. Notwithstanding the pendency of the case and the issuance of a Temporary Restraining Order by the Supreme Court, the Bureau of Treasury withheld P199 in October 2011 from the Bank on the interest on its PEACe bonds holdings. The amount was originally recognized as part of Accounts receivables under Loans and Receivables account in the statements of financial position until it was settled in 2017.

On January 13, 2015, the Supreme Court nullified the 2011 BIR Rulings classifying all bonds as deposit substitutes and ordered the Bureau of Treasury to return the 20% final withholding tax it withheld on the PEACe Bonds on October 18, 2011. On March 16, 2015, the Bank and RCAP filed a Motion for Clarification and/or Partial Reconsideration, seeking clarification and/or the exclusion from the definition “deposit substitutes” the PEACe Bonds since there was only one lender at the primary market, and subsequent sales in the secondary market pertain to a sale or assignment of credit, which is not subject to withholding tax. The Parent Company and RCAP also sought partial reconsideration of the ruling that should the PEACe Bonds be considered as deposit substitutes, the BIR should collect the unpaid final withholding tax directly from RCAP/Code NGO, or any lender or investor, as withholding agents, since there was no interest earned and collection of the withholding tax, if at all, has already prescribed. The Bank and RCAP also reiterated its arguments that the tax constitutes double taxation, violates the non-impairment clause of the Constitution, and is a breach of the obligations by the Bureau of Treasury when it issued the PEACe Bonds. The Office of the Solicitor General (“OSG”), as counsel for the Republic and other public respondents, also filed a Motion for Reconsideration and Clarification, reiterating the BIR’s right to withhold 20% as Final Withholding Tax and asking for clarification on the effect of the ruling on other government securities.

In a Resolution dated October 5, 2016, the Supreme Court partially granted the Bank and RCAP’s Motion for Clarification and/or Partial Reconsideration, stating that (a) to determine whether the securities newly issued and sold by the Bureau of Treasury should be treated as “deposit substitutes”, the phrase “at any one time” in relation to “20 or more lenders” should be reckoned at the time of their original issuance, (b) this interpretation, at any rate, cannot be applied retroactively since this would prejudice the Bank and RCAP which relied in good faith on the rulings/opinions of the BIR that the transaction in issue is exempted from any final withholding tax, and (c) such being the case, the PEACe Bonds cannot be treated as deposit substitutes. On the other hand, the Supreme Court denied the Motion for Reconsideration and Clarification filed by the OSG. The Supreme Court likewise held that due to the continued refusal of the Bureau of Treasury to release the amount of P4,966, which it withheld upon maturity of the PEACe Bonds, in violation of the order issued by the Supreme Court, the Bureau of Treasury is liable to pay legal interest of six percent (6%) per annum on the aforesaid amount of P4,966, counted from October 19, 2011 until fully paid.

On April 11, 2017, the Parent Company received a copy of the Entry of Judgment stating, among others, that the Decision dated January 13, 2015 and the Resolution dated August 16, 2016, which partially granted the Motion for Clarification and/or Partial Reconsideration filed by the Parent Company became final and executory on October 20, 2016. The Bureau of Treasury has so far settled P197 of the Parent Company’s claim.

As approved by Philippine Deposit Insurance Corporation and Bureau of Treasury, the balance of P2, which is the subject of a deed of assignment in favor of the Parent Company (by a rural bank which has since been placed under liquidation) has been settled on October 18, 2018.

13.6 Applicability of RR 4-2011

On March 15, 2011, the BIR issued RR 4-2011, which prescribed that for income tax reporting purposes, banks and other financial institutions must (a) report costs and expenses either under RBU or FCDCU/EFDCU or OBU if specifically identified as such; or (b) allocate such cost and expenses, which cannot be specifically identified, based on percentage share of gross income earnings of a unit. The BIR, however, issued assessment notices to banks and 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 RBU.

On April 6, 2015, the Parent Company and other member-banks of the Bankers Association of the Philippines (“BAP”) (the “Petitioners”), filed the above-captioned case with Application for TRO and/or Writ of Preliminary Injunction with the Regional Trial Court of Makati, Branch 57 (the “Makati Trial Court”), wherein the Petitioners assailed the validity of RR 4-2011 on the ground, among others, that (a) RR 4-2011 violates the Petitioners’ substantive due process rights; (b) it is not only illegal but also unfair; (c) it serves as a deterrent to banks to invest in capital market transactions to the prejudice of the economy; (d) it sets a dangerous precedent for the disallowance of full deductions due to the prescribed method of allocation; (e) it was promulgated without prior consultation, thus, violating the procedural due process rights of the petitioners; and (f) it violated the equal protection clause guaranteed in the Constitution for requiring Banks and other financial institutions to adopt a method of allocation when other institutions and taxpayers were not being required to do so by the Department of Finance (“DOF”) and BIR.

On April 8, 2015, the Makati Trial Court issued a TRO enjoining the BIR from enforcing RR 4-2011. Also, on April 27, 2015, the Makati Trial Court issued a Writ of Preliminary Injunction enjoining the BIR from enforcing, carrying out, or implementing in any way or manner RR 04-2011 against the Parent Company and other BAP member banks, including the issuance of Preliminary Assessment Notice or Final Assessment Notice against them during the pendency of the litigation, unless sooner dissolved.

On June 10, 2015, the Makati Trial Court issued a Confirmatory Order stating that the TRO and Writ of Preliminary Injunction also prohibits the BIR from ruling or deciding on any administrative matter pending before it in relation to the subject revenue regulations and insofar as the Parent Company and other BAP member banks are concerned. The Pre-trial Conference of the case began on August 2, 2016 and continued to August 3, 2017. During the August 3, 2017 hearing, in lieu of trial for the resolution of the case, the Makati Trial Court directed the parties to file their respective Memorandum on September 15, 2017, which the parties complied with. In an Order dated May 25, 2018, the Makati Trial Court granted the Petition for Declaratory Relief and declared RR 4-2011 null and void for being issued beyond the authority of the Secretary of Finance and Commissioner of Internal Revenue. The Makati Trial Court likewise made permanent the Writ of Preliminary Injunction it issued earlier.

The Department of Finance (“DOF”) and the BIR elevated the matter to the Supreme Court via its Petition for Review on Certiorari dated August 1, 2018, alleging that (a) the petitions assailing the validity of RR 4-2011 should have been brought before the Court of Tax Appeal and not the Makati Trial Court, (b) upon the issuance of RR 4-2011, the banks should have already adjusted their accounting and book keeping methods, (c) the declaratory relief action was no longer proper in view of the issuance of Preliminary Assessment Notices, and (d) RR 4-2011 is a valid regulatory issuance of the DOR and BIR.

13.7 Alleged Unauthorized Transfer of Funds – Bank of Bangladesh

In February 2016, there was an alleged unauthorized transfer of funds from the Bank of Bangladesh to four accounts in the Bank, which were eventually transferred to various accounts outside of the Bank (the “BOB Incident”). In August 2016, the Monetary Board approved the imposition of supervisory action on the Bank to pay the amount of P1,000 in relation to the

completed special examination. There may be other cases arising from these events. The has fully recognised the BSP's P1,000 fine as part of miscellaneous expenses in its 2016 Consolidated Statements of Profit or Loss, and it has paid this penalty in full ahead of the August 2017 deadline set by the BSP. The Bank's payment of the penalty did not affect its ability to perform its existing obligations or unduly hamper its operations.

On November 18, 2016, the AMLC filed a criminal complaint against current and former employees of the Bank in relation to the BOB Incident with the Department of Justice (DOJ). The AMLC alleged that respondents Raul Victor B. Tan, Ismael S. Reyes, Brigitte R. Capiña, Nestor O. Pineda, Romualdo S. Agarrado and Angela Ruth S. Torres violated Section 4(f) of R.A. No. 9160, as amended ("AMLA"), in connection with the BOB Incident. The AMLC alleged that each of the named persons performed or failed to perform an act, which facilitated the crime of money laundering, particularly the remittance and eventual withdrawal of US\$81 from certain accounts maintained at the Bank's Makati Jupiter Business Center..

On March 27, 2017, respondents Tan, Reyes, Capiña and Agarrado, as well as respondent Pineda filed their affidavits contesting, among other things, their culpability and the existence of several required elements of the charges alleged by the AMLC. Between May and July 2017, the AMLC and the aforementioned individuals filed various affidavits and manifestations in connection with the charges. In a Resolution dated February 5, 2018, the newly assigned DOJ investigating prosecutor found probable cause against respondents Tan, et al., and recommended the filing of the corresponding Information against them. On March 22, 2018, respondents Tan, Reyes, Capiña, and Agarrado timely filed their Motion for Reconsideration on the aforementioned Resolution.

In a belatedly filed Consolidated Opposition dated June 21, 2018, the AMLC insisted that the Philippine courts have adopted the US "Willful Blindness" doctrine, and that the contents of the MT103 message should have made respondents Tan, Reyes and Capiña suspicious of the remittances in issue. In their Reply dated August 7, 2018, respondents Tan, Reyes, and Capiña pointed out, among others, that (a) the AMLC's position is a departure from its earlier claim that respondents Tan, Reyes and Capiña ought to be charged for failing to read the same MT103 message, and (b) only final decisions of the Supreme Court become judicial precedents, and that the cited tax evasion decision of the Court of Tax Appeals cannot be accorded the same status. Respondent Agarrado, for his part, reiterated that it was respondent Torres and Deguito who approved the large transaction withdrawals on February 9, 2016.

On March 8, 2016, William S. Go, an existing client of the Bank in another Business Center, and the Bank, filed criminal charges against (a) Maia Santos-Deguito, the former Branch Manager of the Makati Jupiter Business Center, and (b) Angela Ruth S. Torres, the former Senior Customer Service Officer of the Makati Jupiter Business Center, with the Office of the City Prosecutor of the Makati City ("OCP-Makati"). The criminal complaints alleged that the two identified former employees: (a) falsified bank documents in order to open fictitious U.S. Dollar and Peso denominated accounts in the name of William S. Go DBA Centurytex Trading, which were used in the transfer/conversion of US\$81 subject of the BOB Incident, and (b) Angela Ruth S. Torres committed perjury when she executed the affidavit identifying William S. Go as the person who allegedly received the P20 withdrawn from his fictitious Peso account on February 5, 2016. The OCP-Makati found probable cause to charge Maia Santos-Deguito with several counts of falsification. On the other hand, while the OCP-Makati dismissed the charges of falsification against Angela Ruth S. Torres, but it found probable cause to charge her for perjury. The criminal cases against Maia Santos-Deguito and Angela Ruth Torres are currently pending before the Makati Metropolitan Trial Court. The Bank has several other ongoing criminal cases or petitions for review, which are currently pending, in relation to actions that it has initiated against former Bank employees in relation to the BOB Incident.

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

Except for the above-mentioned proceedings, the Bank is not aware of any suits and claims by or against it or its subsidiaries, which if decided adversely would have a material effect on its financial position or operating results.

Additional Disclosures to Item I – Financial Statements

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

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

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

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

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

Issuances, Repurchases and Repayments of Debt and Equity Securities. On September 28, 2018, the bank successfully raised P3.58 billion of new Long Term Negotiable Certificates of Deposits (LTNCDs) due in 2024. The 5.5 year LTNCD carries a coupon of 5.50% per annum.

On April 27, 2018, the bank re-opened its USD 300 million 4.125% Senior Unsecured Fixed Rate Notes due on March 16, 2023 via a second USD 150 million tranche drawdown off its USD 2 billion Medium Term Note Programme with a re-opening yield of 4.4084% and maturity date on March 16, 2023.

On March 15, 2018, the bank issued a US\$ 300 million Senior Unsecured Fixed Rate Notes with a coupon and yield at 4.13% with maturity date on March 16, 2023. On March 5, 2018, the bank has undertaken an update of its US\$ 2 billion Medium Term Note Programme with a coupon and yield at 4.125% with maturity date on March 16, 2023.

Dividends Paid for Ordinary or Other Shares. In its meeting held on July 30, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1108 per share or a total of approximately P27 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on September 4, 2018 and paid on September 24, 2018.

In its meeting held on April 30, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1080 per share or a total of approximately P27 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on June 14, 2018 and paid on June 25, 2018.

In its meeting held on March 26, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.6160 per share or a total of approximately P862 million payable to holders of Common Class and a total of approximately P17 thousand payable to holders of Preferred Class shares, both were approved by the Bangko Sentral ng Pilipinas on April 5, 2018 and paid on May 7, 2018.

In its meeting held on January 30, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0919 per share, or a total of approximately P23 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on March 1, 2018 and paid on March 28, 2018.

In its meeting held on October 30, 2017, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0840 per share, or a total of approximately P23 thousand payable to

holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on December 12, 2017 and paid on December 22, 2017.

In its meeting held on July 31, 2017, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0840 per share, or a total of approximately P23 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on September 5, 2017 and paid on September 22, 2017.

In its meeting held on April 24, 2017, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0807 per share or a total of approximately P23 thousand payable to holders of Preferred Class shares which was approved by the Bangko Sentral on April 26, 2017 and paid on June 23, 2017. The Board of Directors also approved the declaration and payment of cash dividends amounting to P0.5520 per share or a total of approximately P772 million payable to holders of Common Class and a total of approximately P154 thousand payable to holders of Preferred Class shares, both were approved by the Bangko Sentral ng Pilipinas on April 26, 2017 and paid on May 25, 2017.

In its meeting held on January 30, 2017, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.07491 per share, or a total of approximately P21 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on March 22, 2017 and paid on March 24, 2017.

The details of the cash dividend approvals and distributions from 2017 up to September 30, 2018 are as follows (amounts in Thousand Php except per share figures):

Date Declared	Dividend		Date Approved by the BSP	Date Paid / Payable	Nature of Securities
	Per Share	Total Amount (in Thousand)			
30-Jan-17	P 0.0749	P 21	22-Mar-17	24-Mar-17	Convertible Preferred stock
24-Apr-17	P 0.0807	P 23	26-Apr-17	23-Jun-17	Convertible Preferred stock
24-Apr-17	P 0.5520	P 772,754	26-Apr-17	25-May-17	Common Stock
24-Apr-17	P 0.5520	P 154	26-Apr-17	25-May-17	Convertible Preferred Stock
31-Jul-17	P 0.0840	P 23	5-Sep-17	22-Sep-17	Convertible Preferred stock
30-Oct-17	P 0.0840	P 23	12-Dec-17	22-Dec-17	Convertible Preferred Stock
29-Jan-18	P 0.0919	P 23	1-Mar-18	28-Mar-18	Convertible Preferred stock
26-Mar-18	P 0.6160	P 862,340	5-Apr-18	7-May-18	Common Stock
26-Mar-18	P 0.0616	P 172	5-Apr-18	7-May-18	Convertible Preferred Stock
30-Apr-18	P 0.1080	P 27	14-Jun-18	25-Jun-18	Convertible Preferred Stock
30-Jul-18	P 0.1108	P 27	4-Sep-18	24-Sep-18	Convertible Preferred Stock

Segment Information. The following table presents revenues and expenses of the Parent Company that are directly attributable to primary business segments for the period ended September 30, 2018 (in millions).

RESULTS OF OPERATIONS*					
	Retail Banking Group	Corporate Banking Group	Treasury / Trust	Others	Total
Net interest income	12,251	6,229	1,046	(4,839)	14,688
Non-interest income	3,288	1,560	838	(959)	4,727
Total revenue	15,539	7,790	1,885	(5,798)	19,415
Non-interest expense	10,832	1,893	453	2,483	15,660
Income (loss) before Income tax	4,707	5,897	1,432	(8,281)	3,755
Income tax expense	-	-	-	545	545
Net income (loss)	4,707	5,897	1,432	(8,826)	3,210

*Amounts may not add up due to rounding off.

Material Events Subsequent to the End of the Interim Period Not Reflected in the Financial Statements.

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

Changes in Composition of the Issuer During the Interim Period. RCBC North America, Inc. ceased its operations in March 2014. RCBC North America's dissolution date is on May 8, 2018. It is a wholly-owned subsidiary of the bank and was a foreign exchange remittance office in California.

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

Material Contingencies and Any Other Events or Transactions. On September 24, 2018, the Bank's Board of Directors approved the merger of RCBC Savings Bank (a wholly owned subsidiary) into RCBC, subject to regulatory approvals. The proposed transaction will facilitate for the RCBC Group the following objectives: (1) more efficient capital deployment, (2) more efficient compliance with the Basel 3 liquidity ratios, (3) optimal coordination between the branch banking networks of RCBC and RCBC Savings, (4) medium-term improvement in the funding economics, and (5) operational cost efficiencies.

On January 29, 2018, the bank received the Board of Directors' approval to conduct a Stock Rights Offering (SRO) to raise up to P15 billion in fresh Common Tier 1 Capital. The Philippine Stock Exchange (PSE) approved the Bank's SRO on May 25, 2018. The offer started on June 25, 2018 and ended on June 29, 2018. The shares were offered at P28.00 with entitlement ratio of 1 Right Share for every 2.6132 RCBC common shares held. Its ex-rights date was on June 8, 2018 and record date on June 14, 2018.

The Bank's SRO of 535,710,378 million shares were listed in the PSE on July 16, 2018 and the gross proceeds amounting to P14,999,890,584 were booked on the same date. This resulted to 1,935,628,775 total issued and outstanding capital stock of the Bank.

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

Financial Performance

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES								
	Consolidated				Parent			
	Unaudited		Audited		Unaudited		Audited	
	30-Sep-18		31-Dec-17		30-Sep-18		31-Dec-17	
Return on Average Assets (ROA)* ^{1/}	0.73%		0.82%		0.91%		1.02%	
Return on Average Equity (ROE) * ^{2/}	5.94%		6.72%		5.94%		6.74%	
BIS Capital Adequacy Ratio	14.45%		15.46%		17.62%		15.33%	
Non-Performing Loans (NPL) Ratio ^{3/}	1.22%		1.25%		0.55%		0.54%	
Non-Performing Assets (NPA) Ratio ^{4/}	1.14%		1.37%		0.43%		0.48%	
Net Interest Margin (NIM)*	3.92%		4.25%		3.63%		3.85%	
Cost-to-Income Ratio	73.91%		70.92%		70.22%		68.01%	
Loans-to-Deposit Ratio ^{5/}	97.38%		93.38%		98.61%		94.26%	
Current Ratio	0.49		0.47		0.56		0.52	
Liquid Assets -to-Total Assets Ratio	0.20		0.20		0.21		0.20	
Debt-to-Equity Ratio	6.35		7.27		4.96		5.60	
Asset-to- Equity Ratio	7.35		8.27		5.96		6.60	
Asset -to- Liability Ratio	1.16		1.14		1.20		1.18	
Interest Rate Coverage Ratio	1.52		1.73		1.70		1.95	
Earnings per share (EPS)* ^{6/}								
Basic and Diluted	PHP	2.84	PHP	3.08	PHP	2.84	PHP	3.08

**September 30,2018 ratios/amounts were annualized*

^{1/} Average assets for the consolidated and parent ratios were computed based on the 10-month average of end of month balances of total assets. Unaudited net income for the 9-month period ended September 30, 2018 in the amount of P3.209 billion represented the consolidated and parent.

^{2/} Average equity for the consolidated and parent ratios were, likewise, computed based on the 10-month average of end of month balances. Unaudited net income for the 9-month period ended September 30, 2018 in the amount of P3.209 billion represented the consolidated and parent.

^{3/} Non-performing loans (NPLs) were net of total specific allowance for probable losses per BSP Circular No. 772 of 2012.

^{4/} NPAs were net of total specific allowance for probable losses.

^{5/} Including Interbank Loans

^{6/} Total weighted average number of issued and outstanding common shares (diluted) as of September 30, 2018 – 1,511,520,221 shares; as of December 31, 2017 – 1,399,916,364 shares.

Performance Indicators for Wholly-Owned/Majority Owned Subsidiaries¹

RCBC SAVINGS BANK In Php 000s	Unaudited		Audited	
		September 30, 2018		December 31, 2017
Net Income	PHP	888,756	Php	1,350,231
Return on Average Assets (ROA)*		0.99%		1.22%
Return on Average Equity (ROE)*		9.19%		11.80%
BIS Capital Adequacy Ratio (CAR)		13.19%		14.03%
Non-Performing Loans (NPL) Ratio		3.11%		3.13%
Non-Performing Assets (NPA) Ratio		3.50%		4.09%
Earnings per Share (EPS)*	PHP	38.49	Php	43.74

RIZAL MICROBANK In Php 000s	Unaudited		Audited	
		September 30, 2018		December 31, 2017
Net Income (Loss)	PHP	10,966	Php	(9,537)
Return on Average Assets (ROA)*		1.04%		-0.69%
Return on Average Equity (ROE)*		2.51%		-1.54%
BIS Capital Adequacy Ratio (CAR)		36.85%		43.24%
Non-Performing Loans (NPL) Ratio		-0.12%		0.02%
Non-Performing Assets (NPA) Ratio		0.21%		0.01%
Earnings (Loss) per Share (EPS)*	PHP	1.67	Php	(1.09)

RCBC CAPITAL CORPORATION and Subsidiaries In Php 000s	Unaudited		Audited	
		September 30, 2018		December 31, 2017
Net Income	PHP	127,258	Php	550,269
Return on Average Assets (ROA)*		3.98%		12.40%
Return on Average Equity (ROE)*		4.48%		14.46%
BIS Capital Adequacy Ratio (CAR)		59.02%		39.36%
Non-Performing Loans (NPL) Ratio		0.00%		0.00%
Non-Performing Assets (NPA) Ratio		0.04%		0.03%
Earnings per Share (EPS)*	PHP	1.44	Php	4.66

RCBC FOREX BROKERS CORPORATION In Php 000s	Unaudited		Audited	
		September 30, 2018		December 31, 2017
Net Income	PHP	7,241	Php	4,502
Return on Average Assets (ROA)*		5.38%		2.48%
Return on Average Equity (ROE)*		5.69%		2.60%
Capital to Total Assets Ratio		93.58%		95.31%
Non-Performing Loans (NPL) Ratio		0.00%		0.00%
Non-Performing Assets (NPA) Ratio		0.00%		0.00%
Earnings per Share (EPS)*	PHP	19.36	Php	9.00

*September 30, 2018 ratios/amounts were annualized

¹RCBC North America, Inc. ceased its operations in March 2014. Final dissolution date was on May 8, 2018.

RCBC INTERNATIONAL FINANCE, LTD. and Subsidiary In Php 000s	Unaudited		Audited
	September 30, 2018		December 31, 2017
Net Loss	PHP	(10,609)	Php (8,940)
Return on Average Assets (ROA)*		-10.47%	-6.34%
Return on Average Equity (ROE)*		-10.76%	-6.49%
Capital to Total Assets Ratio		97.04%	97.83%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Loss per Share (EPS)*	PHP	(5.67)	Php (3.58)

RCBC TELEMONEY EUROPE S.P.A. ² In Php 000s	Unaudited		Audited
	September 30, 2018		December 31, 2017
Net Loss	PHP	(12,872)	Php (9,172)
Return on Average Assets (ROA)*		-122.72%	-55.15%
Return on Average Equity (ROE)*		37.08%	12.43%
Capital to Total Assets Ratio		-369.26%	-647.61%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Loss per Share (EPS)*	PHP	(172.09)	Php (91.72)

RCBC-JPL HOLDING COMPANY, INC. (Formerly JP Laurel Bank, Inc.) In Php 000s	Unaudited		Audited
	September 30, 2018		December 31, 2017
Net Income	PHP	4,415	Php 88
Return on Average Assets (ROA)*		3.02%	0.05%
Return on Average Equity (ROE)*		-5.09%	-0.07%
Capital to Total Assets Ratio		-57.18%	-61.78%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Earnings per Share (EPS)*	PHP	0.03	Php 0.00

NIYOG PROPERTY HOLDINGS, INC. In Php 000s	Unaudited		Audited
	September 30, 2018		December 31, 2017
Net Income	PHP	28,405	Php 134,909
Return on Average Assets (ROA)*		5.50%	18.42%
Return on Average Equity (ROE)*		5.79%	19.32%
Capital to Total Assets Ratio		95.29%	96.05%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Earnings per Share (EPS)*	PHP	27.30	Php 96.99

*September 30, 2018 ratios/amounts were annualized

²The company ceased its operations in March 2016. Waiting for final liquidation closure.

RCBC LEASING AND FINANCE CORP. and Subsidiary In Php 000s	Unaudited		Audited
		September 30, 2018	December 31, 2017
Net Income	PHP	92,860	Php 88,296
Return on Average Assets (ROA)*		1.34%	1.10%
Return on Average Equity (ROE)*		12.87%	13.64%
Capital to Total Assets Ratio		12.98%	7.87%
Non-Performing Loans (NPL) Ratio		7.05%	8.61%
Non-Performing Assets (NPA) Ratio		5.74%	6.65%
Earnings per Share (EPS)*	PHP	0.27	Php 0.199

**September 30, 2018 ratios/amounts were annualized*

30 September 2018 vs 31 December 2017

RCBC's Total Assets grew by 10.90% or P60.391 billion from P553.988 billion to P614.379 billion mainly due to the increase in Investment Securities and Loans and Receivables.

Due from Bangko Sentral ng Pilipinas, representing 10.14% of total resources, increased by 5.94% or P3.496 billion from P58.801 billion to P62.296 billion attributable to the increase in level of placement in Term Deposit Facility. Due from other banks decreased by 13.66% or P2.707 billion from P19.818 billion to P17.111 billion, mainly due to decrease in foreign bank placements.

Total Investment Securities, representing 15.90% of Total Resources, increased by 33.92% or P24.737 billion from P72.932 billion to P97.669 billion attributable to 45.92% or P2.463 billion increase in Financial Assets at Fair Value through other Comprehensive Income (FVOCI) from P5.364 billion to P7.827 billion and 37.69% or P22.603 billion increase in Hold-to-Collect (HTC) portfolio from P59.977 billion to P82.579 billion.

Loans under Repurchase Agreement increased by P22.60% or P2.222 billion from P9.831 billion to P12.053 billion.

Loans and Receivables-net went up by 9.52% or P33.723 billion from P354.243 billion to P387.966 billion and represented 63.15% of total resources. This was primarily as a result of increase in the volume of loan releases.

Deferred Tax Assets-net increased by 14.61% from or P277 million from P1.896 billion to P2.173 billion as a result of origination of additional deductible temporary differences. Other Resources-net decreased by 8.63% or P778 million from P9.012 billion to P8.234 billion.

Deposit liabilities grew by 5.59% or P21.723 billion from P388.412 billion to P410.135 billion and represented 66.76% of Total Resources. Demand deposits increased by 9.23% or P4.801 billion from P51.996 billion to P56.797 billion and accounted for 9.24% of Total Resources; Savings Deposits grew by 5.95% or P9.823 billion from P165.187 billion to P175.010 billion and accounted for 28.49% of total resources. Time deposits reached P178.328 billion and accounted for 29.03% of total resources.

Bills payable decreased by 11.88% or P5.225 billion from P43.967 billion to P38.742 billion, mainly attributable to decline in foreign borrowings. Bonds payable increased by 94.34% or P26.472 billion from P28.060 billion to P54.532 billion primarily as a result of issuance of U.S.\$300 million senior notes in March 2018 and U.S.\$150 million senior notes in April 2018.

Accrued taxes, interest and other expenses payable increased by 11.84% or P495 million from P4.185 billion to P4.680 billion mainly due to increase in accruals for interest.

Total liabilities grew by 8.99% or P43.790 billion from P486.958 billion to P530.748 billion and represented 88.39% of Total Resources.

Common Stock grew by 38.27% or P5.357 billion attributable to the Stock Rights Offering in July 2018. Capital Paid in Excess of Par also increased by 41.75% or P9.451 billion.

Net Unrealized Gains on Financial Assets at Fair Value through Other Comprehensive Income declined by 16.87% or P332 million from P1.968 billion to P1.636 billion as a result of revaluation of investment securities. Cumulative Translation Adjustment also declined by 36.83% or P31 million from P85 million to P53 million as a result of the liquidation of a foreign subsidiary.

Total Capital Funds increased by 24.77% or P16.601 billion from P67.030 billion to P83.631 billion and accounted for 13.61% of Total Resources. The growth was a result of the additional P15 billion common Tier 1 capital from the Stock Rights Offering last July 2018.

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

30 September 2018 vs. 30 September 2017

Total interest income increased by 21.38% or P3.866 billion from P18.084 billion to P21.950 billion and accounted for 113.06% of total operating income. Interest income on loans and receivables went up by 22.34% or P3.536 billion from P15.828 billion to P19.364 billion and accounted for 99.74% of total operating income. The increase is mainly due to increase in average yield and volume of Loans and Receivables. Interest income on investment securities was recorded at P2.282 billion, 23.98% or P441 million higher than last year's P1.841 billion and accounted for 11.75% of total operating income, attributable to the increase in volume of securities and increase in average yield. Other interest income decreased by 26.77% or P111 million from P415 million to P304 million primarily as a result of lower income on overnight Deposits due to lower average volume of placements.

Total interest expense increased by 47.02% or P2.322 billion from P4.940 billion to P7.262 billion and accounted 37.41% of total operating income. Interest expense on deposit liabilities grew by 46.80% or P1.355 billion from P2.896 billion to P4.252 billion primarily as a result of increase in deposit level in terms of average daily balance coupled by increase in average cost; it represented 21.90% of total operating income. Interest expense on bills payable and other borrowings increased by 47.31% or P967 million from P2.044 billion to P3.011 billion mainly due to issuance of Senior Notes in 2018.

Net interest income increased by 11.75% or P1.544 billion from P13.144 billion to P14.688 billion and accounted 75.65% of Total Operating Income.

The Group booked lower impairment losses at P1.310 million, down by 16.32% or P256 million from P1.566 billion and represented 6.75% of total operating income. Decrease in impairments losses net was mainly due to lower provisioning requirement on corporate and consumer loans.

Other operating income of P4.727 billion which accounted for 24.35% of total operating income was down by 12.95% or P703 million and is broken down as follows:

- Service fees and commissions increased by 16.50% or P387 million from P2.345 billion to P2.732 billion as a result of increase in debit and credit card fees, and commitment fees on loans.
- Trust fees settled at P209 million.
- Trading and securities gain-net declined by 121.40% or P1.215 billion to a trading loss of P214 million mainly due to one-time gain on HTC sale in 2017.
- Foreign exchange gains increased by 30.25% or P174 million from P574 million to P748 million largely due to higher fx position gains, partly offset by lower income from commercial transactions.
- Miscellaneous income stood at P1.252 billion.

Operating expenses which accounted for 73.91% of Total Operating Income, increased by 10.41% or P1.353 billion from P12.997 billion to P14.350 billion due to the following:

- Manpower costs increased by 10.19% or P452 million from P4.433 billion to P4.885 billion, as a result of increase in headcount and regular merit and salary adjustment. It consumed 25.16% of the total operating income;

- Occupancy and equipment-related expenses increased by 6.34% or P149 million from P2.344 billion to P2.492 billion and consumed 12.84% of Total operating income;
- Taxes and licenses grew by 29.04% or P383 million from P1.319 billion to P1.702 billion primarily as a result of higher Documentary Stamp Tax expense as a result of higher DST rates imposed on debt instruments due to TRAIN;
- Depreciation and amortization was recorded at P1.358 billion;
- Miscellaneous expenses went up by 12.46% or P434 million to settle at P3.913 billion from P3.480 billion primarily mainly due to higher set-up of deferred tax assets (DTA).

Tax expense was lower by 9.92% or P60 million from P605 million to P545 million as a result of lower taxable income for the period.

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

Overall, net income declined by 5.77% or P197 million from P3.406 billion to P3.210 billion.

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

Commitments and Contingent Liabilities

See accompanying Notes to FS for the detailed discussion of Commitments and Contingent Liabilities and the summary of contingencies and commitments arising from off-balance sheet items at their equivalent peso contractual amounts (Note 13).

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

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

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

SIGNATURES

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

Issuer RIZAL COMMERCIAL BANKING CORPORATION

Date November 14, 2018


GIL A. BUENAVENTURA
President & CEO


FLORENTINO M. MADONZA
FSVP, Head - Controllership Group 


MA. CHRISTINA P. ALVAREZ
SVP, Head - Corporate Planning 

RIZAL COMMERCIAL BANKING CORPORATION
Aging of Other Receivables
30-Sep-18
(Amounts in PHP)

	1-90 days	91-180 days	181-1 year	Over one year	Total	Allow	Net
Accounts Receivable	661,591,889.07	21,119,269.47	340,734,958.47	617,986,140.97	1,641,432,257.99	569,288,188.61	1,072,144,069.38

RCBC Savings Bank, Inc.
Required Information under Annex C

PART I (A): DESCRIPTION OF BUSINESS.

(1) Business Development.

RCBC Savings Bank, Inc. (the "RSB"), a wholly-owned subsidiary of Rizal Commercial Banking Corporation ("RCBC"), was established as RCBC's consumer banking arm. RSB provides deposit products, real estate loans, auto loans and personal loans. It is the 3rd largest thrift bank in terms of assets ending 2017 with Php117.87 billion. Its loan portfolio outpaced industry growth, expanding by 12.74%. The uptrend recorded a loan interest income of Php6.31 billion resulting in a net income of Php1.35 billion, which is 34.33% higher than earnings in 2016. This enabled RSB to have a higher ROE of 12.00% and ROA of 1.19%.

On the funding side, RSB breached the Php100.00 billion mark with total deposits of Php101.68 billion supported by new product offering and promos.

At the end of 2017, RSB's distribution channels stood at 154 branches and 459 in-branch and offsite automated teller machines. RSB has no subsidiary.

(a) Form and year of organization;

RSB started its thrift banking operations in 1996.

(b) Any bankruptcy, receivership or similar proceeding; and

RSB is not involved in any bankruptcy, receivership or similar proceedings.

(c) Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

Other than the proposed merger with its parent bank, there has been no material reclassification, merger, consolidation or purchase or sale of a significant amount of assets involving RSB, which is not in the ordinary course of its business.

(2) Description of business of RSB.

(a) Principal products or services

RSB offers a wide range of financial products and services including loan products, deposit products, trust products, treasury products and cash management services.

RSB generates 80.9% of its revenues from interest income from loans and receivables for 2017. The table below shows the contribution of interest income and service income to Revenue during the last three years:

ANNEX A-2

RCBC Savings Bank, Inc.
Required Information under Annex C

Product/Services	2017		2016		2015	
	in Php-MM	%	in Php-MM	%	in Php-MM	%
Interest Income	6,787	87.0%	6,106	84.2%	5,410	81.2%
Loans and receivables	6,308	80.9%	5,755	79.4%	5,002	75.1%
Trading and investment securities	387	5.0%	327	4.5%	402	6.0%
Others	92	1.2%	24	0.3%	6	0.1%
Other Income	1,012	13.0%	1,142	15.8%	1,252	18.8%
Service fees and commission	762	9.8%	944	13.0%	965	14.5%
Trading gains – net	17	0.2%	14	0.2%	25	0.4%
Trust Services	53	0.7%	52	0.7%	54	0.8%
Other Treasury &/or ancillary	180	2.3%	132	1.8%	207	3.1%
TOTAL	7,799	100.0%	7,249	100.0%	6,662	100.0%

Note: Based on Audited Financial Statements

- (b) Percentage of sales or revenues and net income contributed by foreign sales (broken down into major markets such as western Europe, southeast Asia, etc.) for each of the last three years;

Not applicable.

- (c) Distribution methods of the products or services;

RSB's target market segments are consumer, SMEs, and corporates to whom it offers consumer loans, business loans, deposits, and cash management services. These products and services are provided through its branch network, ATMs, and electronic delivery channels (internet and mobile banking).

- (d) New product or service.

None.

- (e) Competition.

The Philippine Banking Industry is a competitive market with about a hundred universal, commercial and thrift banks. Retail consumer lending and deposit taking, the main business of RSB, was traditionally offered by thrift banks. With rising interest rates, more commercial/universal banks are

ANNEX A-2

RCBC Savings Bank, Inc. Required Information under Annex C

focusing on consumer lending because the yields are higher compared to other types of loans. Although other banks compete in terms of pricing, lowering their interest rates to get market share, RSB competes in terms of service as RSB continuously improves its operations in order to deliver its products faster and more efficiently to its customers and partners to complement its pricing strategy. As of end-2017, RSB is the third largest thrift bank in terms of assets, loans, and deposits.

- (f) Sources and availability of raw materials and the names of principal suppliers.

Not applicable.

- (g) Dependence upon a single customer or a few customers

There is no single customer that accounts for 20% or more of RSB's deposits and loans.

- (h) Transactions with and/or dependence on related parties;

RSB is a member of the Yuchengco Group of Companies (YGC). The Yuchengco family, primarily through Pan Malayan Management and Investment Corporation (PMMIC), is the largest shareholder of RCBC, RSB's parent company.

RSB has extended housing, auto loans and SME loans to relatives of its officers, officers and related parties of its parent bank, employees of its affiliates and other YGC companies, the external counsel of its parent bank and RSB's outsourced service provider. It has also accredited YGC member companies in its corporate offerings.

RSB recognizes that RPTs can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with RSB's and its stockholders', especially the minority stockholders', and other stakeholders' best interests.

It is the RSB's policy that related party transactions are conducted at arm's length basis with any consideration paid or received RSB in connection with any such transaction being on terms no less favorable to RSB than terms available to any unconnected third party under the same or similar circumstances.

As such, the RPT Policy Manual contains the following:

- 1) Duties and responsibilities of the Board of Directors, the Credit and Collection Committee (as the RPT Committee of the Bank), Senior Management, Internal Audit and the Compliance Office;
- 2) Coverage of the related parties;
- 3) Identification of the reportable and non-reportable RPTs;
- 4) Reporting and evaluation procedures of RPTs, including the price discovery mechanisms;

ANNEX A-2

RCBC Savings Bank, Inc. Required Information under Annex C

- 5) Approval matrix
 - 6) Whistleblowing mechanisms with regard to illegal, unethical and questionable RPTs; and
 - 7) Restitution of losses and other remedies of abusive RPTs
- (i) Patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements held.

There is none.

- (j) Need for any government approval of principal products or services.

As an entity regulated by the Bangko Sentral ng Pilipinas (“BSP”), certain products and services of RSB requires the approval of the BSP before it can be offered to the public, the following products and services offered by RSB have been approved by the BSP:

Banking Services: Touch Q, RCBC Access One Retail, Access One Corporate, Business Online Solutions, Check Writer Software, Check Writer Plus, ATM Services, Deposit Pick-Up Services via Armored Cars, and NRPS Instapay;

- Banking Products: WISE-BOYF (Wise Investor Save Early – Build On Your Future) Savings Account, FCDU Savings Account, FCDU Time Deposit Account, MyWallet Visa Prepaid Card, and MyDebit Mastercard Debit Card;
- Trust Products: Investment Management Account (IMA) and RSB Peso Money Market Unit Investment Trust Fund (UITF);
- Cross Selling Products: all Sun Life Grepa products including Sun Grepa ProSecure 5, Sun Grepa ProSecure 10, Sun Grepa ProSecure Regular Pay, Sun Grepa ProSecure Plus 5, Sun Grepa ProSecure Plus 10, Sun Grepa ProSecure Plus Regular Pay, Sun Grepa Elev8, Sun Grepa ProTerm, Sun Grepa Power Builder 1, Sun Grepa Power Builder 5, Sun Grepa Power Builder 10, Sun Grepa Power Builder Dollar 1, Sun Grepa Global Asset Builder (World Titans) Sun Grepa Global Asset Builder (World Titans) and Sun Grepa ProHealth

There are no pending BSP approval on new products and services.

- (k) Effect of existing or probable governmental regulations on the business.
- BSP Cir. 996 (Amendments to the Liquidity Coverage Ratio [LCR] Requirements).

Under BSP Cir. 996, banks are required to meet an LCR, which is the ratio of High Quality Liquid Assets (HQLA) to total net cash outflows, of at least 100%. This deficiency will already be moot with the merger since RCBC has no problem with the LCR requirement..

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- AMLC – Rules on the Imposition of Administrative Sanctions (RIAS)

The rules impose a sanction of P300,000.00 per transaction for non-compliance with the requirement to report to AMLC covered and suspicious transactions. The AML Department of RSB embarked on various initiatives to minimize and/or eliminate possible causes of sanctions (e.g., unreported CTRs) that require system enhancement. However, due to limited IT resources, said enhancements were either delayed or are still pending. With the merger, RCBC IT can now provide greater support and resources to preclude unreported CTRs.

- BSP Cir.1009 (Amendment to the Rules on the Mandatory Credit Allocation for Agriculture and Agrarian (“AGRI/AGRA”) Reform Credit Requirement)

This regulation provides that banks should set aside at least 25% of loanable funds for loans to the agriculture sector in general, with at least 10% of such fund being made available exclusively for agrarian reform beneficiaries. Alternatively, banks can buy government securities which proceeds shall be used for lending to the agriculture and agrarian reform sectors, open special deposit accounts with accredited rural financial institutions, provide rediscounting on eligible agriculture, fisheries and agrarian credits, and provide lending for construction and upgrading of infrastructure including farm-to-market roads. The BSP shall impose administrative sanctions and penalties of 0.50% of the total amount of its non-compliance and under-compliance.

- BSP Cir. 982 (Enhanced Guidelines on Information Security Management Requirement)

This regulation highlight the role of banks board and senior management in spearheading sound information security governance and strong security culture within their respective networks. Likewise, banks are mandated to manage information security risks and exposures within acceptable levels through a dynamic interplay of people, policies, processes, and technologies following a continuing cycle (i.e. identify, prevent, detect, respond, recover and test phases). The new guidelines also recognize that banks are at varying levels of cyber-maturity and cyber-risk exposures which may render certain requirements restrictive and costly vis-à-vis expected benefits. Thus, the IT profile classification has been expanded from two to three, namely: “Complex,” “Moderate” and “Simple” to provide greater flexibility in complying with the requirements.

RCBC has an existing CISO, hence the merger will resolve this deficiency.

- (I) Research and development activities.

Not applicable.

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- (m) Compliance with environmental laws.

Not applicable.

- (n) Employees.

As of October 31, 2018, the total number of employees of RSB is 2,152. RSB is expecting 78 additional employees to be on boarded in the next twelve (12) months performing sales (31 employees) and operations (47 employees). Out of the 78 expected new employees, six (6) are covered by CBA whilst seventy-two (72) are non-CBA.

RSB has not suffered any strikes in the past 3 years, and the management believes that its relationship with its employees and the union is good.

The supplemental benefits that RSB has for its employees based on the 2018 CBA include:

- a. Enhancements to the Medical Benefit (maximum limits tiered based on rank).
- b. Teller's Allowance of additional P30/month.
- c. Increase in Medical Allowance P500/annual.

- (o) Additional Requirements as to Certain Issues or Issuers

Not applicable.

PART I (B): DESCRIPTION OF PROPERTY.

RSB's head office is located at RCBC Savings Bank Corporate Center, 26th and 25th Streets, Bonifacio South, Bonifacio Global City, Taguig. It is covered by a Contract of Lease with RCBC as the lessor. The leased premises are the Basement 1, Units G01, G03, M01, 207, 28th to 33rd Floors, with a total lease area of 9,107 square meters more or less, and 92 Parking Slots.

The lease commenced in October 9, 2013 and ended in October 9, 2018. It was renewed for another 5 years beginning October 10, 2018 up to October 9, 2023. Total monthly rental is Php9,784,206.62 subject to 5% escalation beginning 2nd year up to 5th year of the lease period.

As of 31 December 2017, RSB owns the real properties where the following branches are located: P.Tuazon Branch (P.Tuazon cor. 12Th Ave. Cubao Quezon City), Ortigas Branch (Ortigas Avenue, Ext. Brgy Sta. Lucia Pasig City), San Roque Branch (319 JP Rizal St. Brgy San Roque Marikina City), Lagro Branch (Km 22 Quirino H-Way Lagro, Novaliches Quezon City), Masinag Branch (#259 Sumulong H-way Masinag Antipolo City), Montalban Branch (J.P Rizal Ave. Cor. Linco St. Montalban Rizal), Better Living Branch (133 Dona Soledad St. Better Living Bicutan, Paranaque), Muntinlupa Branch (National Road, Putatan Muntinlupa City), Binangonan Branch (M.L. Quezon St. cor Zamora St, Binangonan, Rizal),

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Noveleta Branch (Magdiwang H-way, Poblacion Noveleta, Cavite), GMA Branch(Blk. 2 Lot 10 Brgy. San Gabriel GMA, Cavite),Dasmaringas Branch (Brgy. San Augustine 1 Zone 4 Aguinaldo H-way Dasmaringas City, Cavite), Naic Branch (Capt. C. Nazareno Street Naic Poblacion Naic Cavite), Cabuyao Branch (J.P Rizal cor. Del Pilar St, Cabuyao Laguna), Felix Ave Branch (Karangalan Village, Phase II, Felix Avenue Cainta, Rizal), Binakayan Branch (Trona H-way, Binakayan Kawit, Cavite),Imus Branch (Nuevo Ave. Tansang Luma 1, Imus City Cavite),Visayas Ave Branch(6 Visayas Avenue Bahay Toro Quezon City 2nd District Metro Manila), E.Rodriguez Branch (444 E. Rodriguez Sr. Ave. cor. E Jacinto St, Brgy Doña Aurora, Galas, Quezon City), Marulas Branch (Mc Arthur H-way, Marulas Valenzuela MM), Tomas Morato Branch (169 Tomas Morato cor. Sct.Castor, Quezon City), Meycauyan Branch (831 Mc Arthur H-way, Meycuayan Bulacan), Malolos Branch (Paseo Del Congreso Catmon Malolos(City/Capital)Bulacan), Novaliches Branch (917 Bo. Gulod, Quirino Highway Quezon City),Bocaue Branch (249 Binang 2 Mc Arthur H-way Bocaue, Bulacan), Plaridel Branch (Cagayan Valley Road, Banga 1, Plaridel , Bulacan), Jalandoni Branch (Jalandoni St. San Agustin, Iloilo City), La Paz Branch (Calle Luna, Brgy. Bantud, La Paz Iloilo City), Anonas Branch (69 Anonas cor. Chico St. Proj 2, Quezon City), Navotas Branch (Estrella cor. Yangco St, Navotas East, MM), Lucena Branch (82 Quezon Ave. Lucena (City/Capital) Quezon), Bolton Branch(Bolton St, Davao City),Pateros Branch (M.Almeda St, Bo. San Roque, Pateros MM), Tarlac Branch (Mc Arthur Hi way, Blossomville Subd, Brgy, Sto. Cristo, Tarlac),Calamba Branch (National Road, Calamba, Laguna), Mandaue Branch (MC Briones St, Hi-way Seno Brgy. Guizo , Mandaue City Cebu 6014), San Joaquin Branch (Concepcion St. San Joaquin, Pasig City), Lacson Branch (Lacson St. Mandalagan, Bacolod City), Binan Branch (126 A. Bonifacio St. Canlalay Binan, Laguna), Sta.Mesa Branch (4463 Old. Sta. Mesa, Brgy 587 Zone 58 Sta Mesa 6th Dist M.M (City of Manila), Dumaguete Branch (Real St. cor. San Juan St. Dumaguete City), Sta. Rosa Branch (J. Rizal Blvd. Cor Perlas Village, Brgy. Tagapo, Sta. Rosa Laguna), Antipolo-Taytay Branch (G/F Marc Square Bldg. Rizal Ave. Taytay Rizal), Camarin Branch (Susano Road cor. Palmera Spring Camarin Caloocan City 3rd District Metro Manila), Blumentritt Branch (#1876 Blumentritt cor. Andrade St. Sta. Cruz, Manila), Tagbilaran Branch (CPG Avenue corner H. Grupo Street, Tagbilaran City, Bohol) and Davao City Branch (Ilustre Ext, Brgy 2 Poblacion, Davao City).

PART I (C): LEGAL PROCEEDINGS.

RSB may be subject to various legal proceedings and claims that arise in the ordinary course of its operations. In the opinion of Management, the suits and claims arising from the normal course of operations of RSB that remain unsettled, if decided adversely, will not involve sums that would have a material effect on RSB's financial position or operating results. Most of RSB's cases involve nullification of loan and security documents, Extra-judicial foreclosure sale, deposit related cases (civil and criminal) and labor cases.

There are 2 tax cases involving RSB:

(1) Court of Tax Appeals ("CTA") Case No. 9001 entitled "*RCBC Savings Bank, Inc. vs. Commissioner of Internal Revenue*"

On 27 February 2015 RSB filed a Petition for review with the CTA assailing the Commissioner of Internal Revenue's (CIR) Decision dated 21 January 2015 on the protest and appeal of RSB from the Final Decision on Disputed Assessment dated 13 November

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2013 for alleged deficiency income taxes in the aggregate amount of Php 59,844,040.34 for Taxable Year 2006.

RSB argued that the Formal Assessment Notice ("FAN") issued by the CIR is null and void for failure to comply with the mandate under Section 228 of the National Internal Revenue Code ("NIRC") as implemented by Revenue Regulation ("RR") No. 12-99. The FAN issued by CIR did not categorically mention the factual and legal basis for the disallowance of bad debts other than the general, sweeping and bare allegation that RSB failed to present supporting documents.

RSB also argued that CIR's right to assess for deficiency taxes for taxable year 2006 has already prescribed as the government only has the right to assess internal revenue taxes within a period of three (3) years from the last day prescribed by law for the filing of the tax return or the actual date of filing of such return. An exemption is if before the expiration of the prescribed, both the taxpayer and the CIR agreed in writing for assessment after such time. RSB received the FAN on 16 January 2012, almost five (5) years since the actual filing by RSB of its corporate income tax return. The waivers of prescription supposedly executed by RSB are null and void.

Consequently RSB prayed that the CTA render a judgment ordering the withdrawal, cancellation and/or nullification of the Final Assessment Notice in the aggregate amount of P59,844,040.34 for Taxable Year 2006 and declare RSB not liable for said deficiency taxes.

The Memorandum have been submitted and RSB is awaiting decision by the CTA.

(2) CTA Case No. 9832 entitled "RCBC Savings Bank, Inc. vs. Commissioner of Internal Revenue

On 04 May 2018, RSB filed a Petition for Review assailing the CIR's Decision dated 02 April 2018 on the protest and appeal of RSB from the Final Decision on Disputed Assessment dated 13 November 2013 for alleged deficiency income tax (P352,304,933.30, percentage (P127,005,991.92), withholding tax-expanded (P17,311,098.87), withholding tax- compensation (P8,771,523.11), final withholding tax (322,782.48) and documentary stamp tax (P182,614,396.99) in the aggregate amount of P688,330,726.67 for Taxable Year 2007.

RSB argued that CIR's right to assess for deficiency taxes for taxable year 2007 has already prescribed as the government only has the right to assess internal revenue taxes within a period of three (3) years from the last day prescribed by law for the filing of the tax return or the actual date of filing of such return. An exemption is if before the expiration of the period, both the taxpayer and the CIR agreed in writing to assessment after such time. RSB received the FAN on 23 June 2011, when more than 3 years already lapsed since the actual filing by RSB of its 2007 income tax return and other 2007 tax returns. The waivers of prescription supposedly executed by RSB are null and void.

RSB asked that the CTA issue an order of "Suspension of Collection of Taxes" and that judgment be rendered ordering the withdrawal, cancellation and/or nullification of the Formal Assessment Notice with Formal Letter of Demand dated 08 June 2011, and

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declaration that RSB is not liable for the deficiency taxes for Taxable Year 2007 in the aggregate amount of P688,330,726.67.

The CTA is currently hearing the Motion to Exempt RSB from posting a surety bond.

PART II, (A) SECURITIES OF THE REGISTRANT

RCBC owns one hundred percent (100%) of RSB's common shares. During the past two years, RSB has not declared any dividends:

PART III (A) MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A).

2015

RSB continued to record double-digit growth in its loan portfolio amidst intense competition in the consumer finance industry. Loan portfolio increased 19.76% to Php63.7 billion as of end-2015, driven by growth of its core loans – auto 26.77% and real estate 16.43%. This enabled RSB to generate increased level of loan interest income at Php5.00 billion in 2015. Non-interest income likewise increased by 2.58%, despite volatilities in the market, as service fees grew 28.00%. While its loan portfolio continued to grow, RSB managed to improve its net non-performing loan ratio to 1.94% from 2.57% in 2014.

RSB, in its thrust to generate incremental casa volume, launched the Save Up and Drive promo where depositors could win a car for the grand prize and gadgets as consolation prizes. This allowed RSB to increase its CASA level to Php35.77 billion during the year.

RSB remained the 3rd largest thrift bank in the country with Php92.89 billion in assets, higher by 14.74% from 2014. RSB ended the year with Php1.25 billion net income, 21.40% growth over earnings in the previous year. This yielded a Return on Equity (ROE) of 13.78% and Return on Assets (ROA) of 1.44%.

RSB's capital stood at Php9.67 billion at year-end 2015, translating to a CAR of 13.55%, well above BSP's statutory requirement.

To widen market reach, RSB continued to expand its distribution network, particularly in the provincial areas and other urban centers which have benefited from the robust growth in the BPO sector and the resilient OFW remittances. As of end-2015, RSB had 150 branches and extension offices, 32 lending centers and desks, and 436 ATMs nationwide.

In 2015, RSB launched a variant of its existing MyWallet product – the MyWallet Visa, which is a debit card accepted in VISA accredited establishments.

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2016

RSB continued to deliver to its commitment, as a life-changing agent for the Filipinos, despite tighter competition and increasing regulatory requirements.

RSB's loan portfolio grew by 14% to Php 72.5 billion as of end of 2016, driven by its core loans: auto loans accounting for 43% of the portfolio and 51% for real estate. The growth in loan portfolio resulted to an increase in loan interest income of 15%. The recent tie-up with Lendr has helped RSB gain presence in the digital space and have a fair share of the market.

Deposits, on the other hand, managed to grow at 18%. Initiatives that led to this improvement were the launch of the Save Up Move Up promo where depositors could win 1 condominium unit as a grand prize, and the branch referral program. The drive to increase CASA level ended the year with Php 24.9 billion.

This backdrop has made RSB's liquidity position strong (Loans to Deposit Ratio of 82.1%) likewise the capital, ending 2016 with a Capital Adequacy Ratio (CAR) of 13.4%.

To help address and adapt to evolving customer dynamics, advancements in technology, increasing regulatory oversight, geo politics and economics, RSB's response entailed taking measures that had significant impact: the restructuring of the Retail Banking Group, charges for regulatory matters, and trading losses.

RSB continues to be a strong and major player in the industry, being the 3rd largest thrift bank in the country with total assets of Php108.9 billion. As one of the dominant players in consumer financing, RSB will continue to expand its presence in the provinces to cater to a wider market. As of end of 2016, RSB has a total of 152 branches, extension offices and lending centers, and 443 ATMs nationwide.

RSB continues to pursue its mandate as the consumer finance arm of RCBC Group with a firm commitment to being a partner of Filipinos in realizing their dream of owning their own home, driving their own car and growing their own business.

2017

RSB, remains to be one of the top consumer lenders in the market today, being the 3rd largest thrift bank in terms of assets ending 2017 with Php117.87 billion. Its loan portfolio outpaced industry growth, expanding by 13.37%.

The uptrend recorded a loan interest income of Php6.31 billion resulting to a net income of Php1.35 billion, 34.33% higher than earnings in 2016. This enabled RSB to have a higher ROE of 12.00% and ROA of 1.19%.

On the funding side, RSB breached the Php100.00 billion mark with total deposits of Php101.68 billion supported by new product offering and promos. RSB introduced the Dragon All-in-One Account, a checking account with tiered interest rates and a bonus rate if no withdrawal is made in a month. RSB also launched the Save Up & Fly raffle

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where the depositors can win free trip to various Asian and European destinations with an instant gratification component where Samsung phones were given away.

Together with the RCBC Group, RSB took on a more vibrant look that still anchors on the power of synergy, affirming its commitment to improve the lives of the Filipino people by helping them realize their dreams.

PART III (B) CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

In connection with the audits of RSB's financial statements for the two (2) most recent years ended December 31, 2017 and 2016, there were no disagreements with Punongbayan and Araullo on any matter of accounting principles or practices, financial statement disclosures, audit scope or procedures.

PART IV (A) MANAGEMENT AND CERTAIN SECURITY HOLDERS

(1) Directors and Officers.

The directors of RSB are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified. The following are the incumbent directors of RSB who were all elected during RSB's annual stockholders' meeting held last April 3, 2018:

BOARD OF DIRECTORS	
Non-Executive Director	Chairperson Helen Y. Dee
Non-Executive Director	Vice-Chairman Gil A. Buenaventura
Executive Director	Pres. & CEO Rommel S. Latinazo
Non-Executive Director	Cesar E. A. Virata
Non-Executive Director	Michele Marie Y. Dee
Non-Executive / Independent Director	Armando M. Medina
Non-Executive / Independent Director	Nestor P. Bonoan
Non-Executive / Independent Director	Alberto L. Monreal
Non-Executive / Independent Director	Adelita A. Vergel De Dios
Non-Executive / Independent Director	Emilio S. de Quiros, Jr.
Non-Executive / Independent Director	Maria Mercedes M. Corrales

Non-Executive Director

Ms. Helen Y. Dee, [REDACTED], has been RSB's Chairperson since 2007. Ms. Dee is also the Chairperson/President of Hydee Management and Resource Corporation; Chairperson of House of Investments, RCBC, RCBC Leasing and Finance Corporation, Landev Corporation, Hi- Eisai Pharmaceutical Inc., Mapua Information Technology Center, Inc., Malayan Insurance Co. Inc., and Manila Memorial Park Cemetery, Inc.; and Vice Chairperson of Pan Malayan

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Management and Investment Corporation. She also holds directorship positions in top companies such as Philippine Long Distance Telephone Company, Petro Energy Resources, Inc., Sunlife Grepa Financial, Inc., Honda Cars Philippines, Inc., Isuzu Philippines, Inc., AY Holdings, Inc. and MICO Equities, Inc. Ms. Dee is also a Trustee of the Malayan Colleges, Inc. (operating under the name Mapua Institute of Technology).

Mr. Gil A. Buenaventura, [REDACTED], has been RSB's Director and Vice Chairperson since July 1, 2016. He is also the President, and Chief Executive Officer of RCBC. Mr. Buenaventura holds directorship and officership positions in GAB Realty Incorporated, RCBC Capital Corporation, RCBC Leasing and Finance Corporation, RCBC Rental Corporation, Rizal Microbank, RCBC Forex Brokers Corporation, and Niyog Property Holdings, Inc. He is also a member of the Makati Business Club, Asian Bankers Association, and Bankers Association of the Philippines. Before joining RSB, he worked in various capacities in other Banks and financial institutions, including the following: President and Chief Executive Officer of Development Bank of the Philippines, Chairman/Vice Chairman of the LGU Guarantee Corporation, among others.

Mr. Cesar E.A. Virata, [REDACTED], has been a Director of RSB since 1999. He is also the Corporate Vice-Chairman, Director and Senior Adviser of RCBC. Mr. Virata's roster of companies where he is also a Director and/or Chairman include, RCBC Realty Corp., RCBC Land, Inc., Malayan Insurance Company, Inc., Business World Publishing Corporation, Belle Corporation, Lopez Holdings Corporation, City & Land Developers, Inc., RCBC International Finance, Ltd. (Hong Kong), Luisita Industrial Park Corporation, Niyog Property Holdings, Inc., Cavite Infrastructure Corporation., ALTO Pacific Company, Inc., Malayan Colleges, Inc., RCBC Bankard Services Corporation, AY Foundation, Inc., and YGC Corporate Services, Inc., among others. Mr. Virata held various key positions in the Philippine government. He was also the Chairman and Director of RCBC Forex Corporation and Director of RCBC International Finance, Ltd. (HK).

Ms. Michele Marie Y. Dee, [REDACTED], has been a Director of RSB since 2007. She is currently a Director of Malayan Insurance Co., Inc., First Nationwide Assurance Corp., Pan Malayan Express, Inc., Phil. Integrated Advertising Agency, Malayan Securities Corp., Sun Life Grepa Financial, Inc. She is also a Member of Board of Trustees of AY Foundation, Inc. and holds officership positions in Sandee Unlimited, Inc., MICO Equities, Inc., Luis Miguel Food, Inc., Yuchengco Museum, Inc., PMMIC, and MJ888 Corporation. She also held directorship and officership positions in other institutions like RADD Tech and Innovations, Grand Plaza Hotel and RCBC.

Executive Director

Rommel S. Latinazo, [REDACTED], is the President and Chief Executive Officer of RCBC Savings Bank since October 1, 2010. Prior to this, he was the Head of Corporate Banking Segment 1 under the Corporate Banking Group of RCBC. He joined RSB in 2000 as First Vice-President.

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Non-Executive/Independent Directors

Mr. Armando M. Medina, [REDACTED], has been an Independent Director of RSB since 2003. He is also an Independent Director of RCBC, RCBC Capital Corporation, and Malayan Insurance Co. Inc. Prior to being Independent Director, he held top management positions in RCBC for 16 years. He was also President/COO from 1986-91 and President/CEO from 1991-1996. He was also an Independent Trustee of Malayan College Inc.

Mr. Nestor P. Bonoan, [REDACTED], has been an Independent Director of RSB since 2013. He is also a Director/Chairman of the following institutions: RCBC Securities Corp., RCBC Capital Corp., RCBC (Malayan) Rental Corp., and RCBC (Malayan) Leasing. He also held directorship in Foundation for Assistance to Hansenites (FAHAN), Educational Research Development Assistance (ERDA), Albert Schweitzer Association of the Philippines (ASAP).

Atty. Alberto L. Monreal, [REDACTED], has been an Independent Director of RSB since 2013. He is also a Director of RCBC Forex Brokers Corp. Previously, he was the Head of Legal Services Division in RCBC and was the Corporate Secretary of RCBC Securities, Inc. and RCBC California International Corp. He was also a Director in real estate companies including U.J. Realty, Inc., Taurus First Properties, SNP Estates and other institutions, including the following: Sigma Cee Mining Corp., Nippon Express (Philippines) Corp., RTA Holdings, Nissin Transport and Securities Clearing Corp.

Atty. Adelita A. Vergel De Dios, [REDACTED] has been an Independent Director of RSB since 2015. She is currently an Independent Director of RCBC. She is also the managing partner of Vergel De Dios Law Office. She was a Member of the Board of Trustees of the Center for Excellence in Governance, Inc., Center for School Governance, Inc. and Center for Family Advancement, Inc. and the President of Philippine Register of Shipping.

Mr. Emilio S. de Quiros Jr, [REDACTED], is a newly elected Independent Director of RSB as of 23 July 2018. He is also the Chairman of Belle Corporation and an Independent Director of Atlas Consolidated Mining Corporation. He was also a Consultant of the Ministry of Finance & Economy (Royal Government of Cambodia). He also held key positions in Bank of the Philippine Islands, Ayala Life Assurance Inc., Ayala Plans, BPI Bancassurance, Inc. and Far East Bank and Trust Company. He earned his Bachelor of Arts in Economics from Ateneo de Naga and Masters in Economics and Ph.D Economics (credits) from University of the Philippines.

Ms. Maria Mercedes M. Corrales, [REDACTED], has been an Independent Director of RSB since 2016. She is also a member of the Board of Trustees of Mapua Institute of Technology. She also held a Director position in Fraser and Neave Ltd. (Singapore), D.E. Master Blenders (Netherlands), and Huhtamaki Oyj (Finland).

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(2) Significant Employees

There is no person other than the entire human resources as a whole, and the executive officers, who is expected to make a significant contribution to RSB.

(3) Family Relationships

Director Michele Marie Y. Dee is the daughter of the Chairperson, Helen Y. Dee.

(4) Involvement in Certain Legal Proceedings

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

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

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

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