



May 30, 2025

PHILIPPINE DEALING AND EXCHANGE CORPORATION

29/F, BDO Equitable Tower,
8751 Paseo de Roxas, Makati City

Attention: **ATTY. SUZY CLAIRE R. SELLEZA**
Head – Issuer Compliance and Disclosure Department

Subject: Integrated Annual Corporate Governance Report (SEC Form I-
ACGR)

Dear Atty. Selleza:

In compliance with the disclosure requirements of the Philippine Dealing and Exchange Corporation, please find attached our disclosure on the Bank's Integrated Annual Corporate Governance Report (I-ACGR) for 2024.

Thank you.

Sincerely yours,


ROSANNA E. ESPIÑO
Assistant Corporate Secretary

Encl: a/s

SECURITIES AND EXCHANGE COMMISSION

SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended
Dec 31, 2024
2. SEC Identification Number
17514
3. BIR Tax Identification Number
000-599-760-000
4. Exact name of issuer as specified in its charter
RIZAL COMMERCIAL BANKING CORPORATION
5. Province, country or other jurisdiction of incorporation
Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
6819 Ayala cor. Gil J. Puyat Ave., Makati City
Postal Code
0727
8. Issuer's telephone number, including area code
8894-9000
9. Former name, former address, and former fiscal year, if changed since last report
Not Applicable

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Rizal Commercial Banking Corporation

RCB

PSE Disclosure Form I-ACGR - Integrated Annual Corporate Governance Report
Reference: SEC Code of Corporate Governance for Publicly-Listed Companies, PSE Corporate Governance Guidelines, and ASEAN Corporate Governance Scorecard

Description of the Disclosure

Filed I-ACGR for 2024. Please see attached.

Filed on behalf by:

Name	Rosanna Espiño
Designation	Assistant Corporate Secretary



May 29, 2025

THE PHILIPPINE STOCK EXCHANGE, INC.

6th - 10th Floors, PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: Atty. Johanne Daniel M. Negre
Officer-In-Charge, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORPORATION

29/F, BDO Equitable Tower,
8751 Paseo de Roxas, Makati City

Attention: Atty. Marie Rose M. Magallen-Lirio
Head, Issuer Compliance and Disclosure Department (ICDD)

Dear Attys. Negre and Magallen-Lirio,

Pursuant to SEC Memorandum Circular No. 15, Series of 2017, we submit herewith the 2024 Integrated Annual Corporate Governance Report (I-ACGR) of Rizal Commercial Banking Corporation together with its annexes.

Thank you.

Very truly yours,

RIZAL COMMERCIAL BANKING CORPORATION

By:


ATTY. MIKHAIL G. ROMULO
Head, Compliance Oversight Officer
Compliance Group

COVER SHEET

1 7 5 1 4 S.E.C. Registration Number

R I Z A L C O M M E R C I A L B A N K I N G
C O R P O R A T I O N
(Company's Full Name)

6 8 1 9 A Y A L A A V E N U E C O R N E R G I L
P U Y A T A V E N U E M A K A T I C I T Y
(Business Address: No. Street City/ Town/ Province)

Mikhail G. Romulo
Contact Person

8894-9000 (loc. 9429)
Company Telephone Number

SEC FORM 17-C

1 2 3 1
Month Day
Fiscal Year

I A C G R
FORM TYPE

0 6 2 4
Month Day
Annual Meeting

Secondary License Type, If Applicable

C G F
Dept. Requiring this Doc.

Amended Articles Number/Section

820
Total No. Of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks= pls. Use black ink for scanning purposes



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended December 31, 2024
2. SEC Identification Number 17514
3. BIR Tax Identification No. 000-599-760-000
4. Exact name of issuer as specified in its charter RIZAL COMMERCIAL BANKING CORP
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 1200
Address of principal office Postal Code
8. (632) 8894-9000
Issuer's telephone number, including area code
9. Not Applicable
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	Provide information or Links: to a document containing information on the following:	The Bank's Board of Directors is composed of fifteen (15)members with diverse educational backgrounds, experienced professionals, known for their integrity, training and competence.
2. Board has an appropriate mix of competence and expertise.	COMPLIANT	1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors	Links: 2024 SEC FORM 17-A, pages 74-81 (Item 9 - Directors and Executive Officers of the Issuer):
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	COMPLIANT	2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance	https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf Corporate Governance Manual, page 12. (PartIII.A.iii - Qualifications of a Director): https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4.-2024.pdf <u>The qualifications of persons nominated to the Board are reviewed and assessed by the Corporate Governance and Nominations Committee, which applies the fit and proper standards in its evaluation.</u> Links: 2024 Definitive Information Statement, pages 395-404 (Certification of Independent Directors) https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf
Recommendation 1.2			

<p>1. Board is composed of a majority of non-executive directors.</p>	<p>COMPLIANT</p>	<p>Identify or provide Links: to a document identifying the directors and the type of their directorships</p>	<p>In accordance with RCBC's By-Laws and Corporate Governance Manual, its Board of Directors has fifteen (15) members. In 2024, the fifteen (15) - member Board is composed of fourteen (14) Non-Executive Directors, including five (5) Independent Directors, and one (1) Executive Director.</p> <p>Links/References:</p> <p>Amended By-Laws, pages 4-5 (Board of Directors)</p> <p>https://www.rcbc.com/uploads/media/AMENDED-BY-LAWS-2018-(FDIST).pdf</p> <p>Corporate Governance Manual, pages 13-14 (Qualifications of a Director)</p> <p>https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p> <p>2024 Definitive Information Statement, pages 52-53 (Board Composition)</p> <p>https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p>
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Recommendation 1.3			
<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.</p>	<p>The Bank's Corporate Governance and Nominations Committee oversees the continuing education program for the Board. The Training Program for Board of Directors has been adopted in the Bank's Corporate Governance Manual.</p> <p>Links:</p> <p>Policy on the training of Directors Part XIV. A. Board of Directors Training Program of the Corporate Governance Manual, page 52:</p> <p>https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual--July-4,-2024.pdf</p> <p><u>Section 5.2. of the Corporate Governance and Nominations Committee Charter, page 4</u></p> <p>https://www.rcbc.com/uploads/media/Corporate-Governance-and-Nominations-Committee-Charter---updated-as-of-June-2024.pdf</p>
<p>2. Company has an orientation program for first time directors.</p>	<p>COMPLIANT</p>	<p>Provide information or Links: to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.</p>	<p>The orientation program for first time Directors shall be for at least eight hours, while the annual continuing training shall be at least for four hours. The training programs should cover topics relevant in carrying out their duties and responsibilities as directors. For term 2024, no new directors were elected.</p> <p>Links:</p> <p>Part XIV. A. Board of Directors Training Program of the Corporate Governance Manual, page 52:</p> <p>https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual--July-4,-2024.pdf</p> <p><u>Section 5.2. of the Corporate Governance and Nominations Committee Charter, page 4</u></p> <p>https://www.rcbc.com/uploads/media/Corporate-Governance-and-Nominations-Committee-Charter---updated-as-of-June-2024.pdf</p>

<p>3. Company has relevant annual continuing training for all directors.</p>	<p>COMPLIANT</p>		<p>The Directors' annual continuing training program makes certain that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the company. It involves courses on corporate governance, matters relevant to the company, including audit, internal controls, risk management, sustainability and strategy. The Bank shall assess its own training and development needs in determining the coverage of their continuing training program. The annual continuing training shall be at least for four hours.</p> <p>In 2024, the Directors attended the following online seminars as part of their continuing education:</p> <p>1. July 6, 2024 at 8:30am-12:30pm 2024 YGC Annual Corporate Governance Seminar Program: "Transforming Boards to Succeed in a World of Disruption"</p> <p>Reference: Schedule of Annexes (Annex 1) for the details of the 2024 Annual Training of the Directors.</p>
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Recommendation 1.4			
<p>1. Board has a policy on board diversity.</p>	<p>COMPLIANT</p>	<p>Provide information on or Links: to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board.</p>	<p>Part II. A. ii. e and f of the Bank's Corporate Governance (CG) Manual states that "The Board should be composed of directors with collective working knowledge, experience or expertise that is relevant to the industry/sector that the company is in. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and to respond to the needs of the organization based on evolving business environment and strategic direction. The Board shall promote diversity in its membership and shall not disqualify a nominee/member on the basis of gender, race, age, religion, or political affiliation."</p> <p>In 2024, the Board had three (3) female Directors out of the fifteen (15) Board members. Among the women in the Board are Erika Fille T. Legara, an independent director, Gayatri P. Bery and Mrs. Helen Y. Dee, the Chairperson.</p> <p>Links:</p> <p>Part II. Board Governance of the Corporate Governance Manual, page 11: https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p> <p>Bank's Board of Directors as posted in the RCBC Website: https://www.rcbc.com/our-company</p>

Optional: Recommendation 1.4			
<p>1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.</p>	<p>COMPLIANT</p>	<p>Provide information on or Links: to a document containing the company's policy and measurable objectives for implementing board diversity.</p> <p>Provide link or reference to a progress report in achieving its objectives.</p>	<p>Part II. A. ii. e and f of the Bank's Corporate Governance Manual states that "The Board should be composed of directors with collective working knowledge, experience or expertise that is relevant to the industry/sector that the company is in. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and to respond to the needs of the organization based on evolving business environment and strategic direction. The Board shall promote diversity in its membership and shall not disqualify a nominee/member on the basis of gender, race, age, religion, or political affiliation." The progress on the Board diversity is reported yearly in the Annual and Sustainability Report and in the 2024 Definitive Information Statement which are posted in the RCBC website. The Board has three (3) female Directors out of the fifteen (15) member Board. Among the women in the Board are Erika Fille T. Legara, an independent director, Gayatri P. Bery, Director and Mrs. Helen Y. Dee, the Chairperson.</p> <p>Links:</p> <p>Part II. Board Governance of the Corporate Governance Manual, page 11:</p> <p>https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p> <p>Bank's Board of Directors as posted in the RCBC Website:</p> <p>https://www.rcbc.com/our-company</p> <p>https://www.rcbc.com/uploads/media/20240625-SEC-Form-17-C-PSE-Disclosure---Results-of-Annual-Stockholders-Meeting---June-24,-2024.pdf</p> <p>https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-2024.pdf</p> <p>2024 Definitive Information Statement, page 52-53 (Board Composition)</p> <p>https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p>
Recommendation 1.5			
<p>1. Board is assisted by a Corporate Secretary.</p>	<p>COMPLIANT</p>	<p>Provide information on or Links: to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.</p>	<p>Atty. George Gilbert G. Dela Cuesta is the Bank's Corporate Secretary. He is not the Chief Compliance Officer nor is a member of the Board. His profile is disclosed in the 2024 SEC FORM 17-A (Item 9 - Directors and Executive Officers of the Issuer) while the duties and responsibilities of the Corporate Secretary are contained in the Bank's By-Laws under) and in the Corporate Governance Manual (Part II.B.iii -Corp. Secretary). Said documents are posted on RCBC's website.</p>

1. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		Links:
2. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT		<p>Profile of Atty. Dela Cuesta 2024 SEC FORM 17-A (Item 9 - Directors and Executive Officers of the Issuer), page 84: https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p> <p>List of Senior Management as posted in the RCBC Website: https://www.rcbc.com/our-company</p> <p>Qualifications of Corporate Secretary Corporate Governance Manual, page 14 and page 29 https://www.rcbc.com/uploads/media/PSE-Disclosure--Updated-Corporate-Governance-Manual--July-4,-2024.pdf</p> <p>Duties and Responsibilities of the Corporate Secretary Article VIII Section 6 (Powers and Duties of the Officers) of the Amended By-Laws https://www.rcbc.com/uploads/media/AMENDED-BY-LAWS-2018-(FDIST).pdf</p>
3. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	Provide information or Links: to a document containing information on the corporate governance training attended, including number of hours and topics covered	<p>In 2024, the Corporate Secretary attended the following online seminars as part of his continuing education:</p> <p>1. July 6, 2024 at 8:30am-12:30pm 2024 YGC Annual Corporate Governance Seminar Program: "Transforming Boards to Succeed in a World of Disruption"</p> <p>Reference: Schedule of Annexes (Annex 1) for the details of the 2024 Annual Training of the Corporate Secretary.</p>
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	COMPLIANT	Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting	<p>The Board meeting materials are generally released to the Board five (5) business days (1 calendar week) before the meeting by the Corporate Secretary.</p> <p>Reference: Schedule of Annexes (Annex 2) for the sample Board materials distributed at least five (5) business days before the Board meeting.</p>
Recommendation 1.6			

1. Board is assisted by a Compliance Officer.	COMPLIANT	Provide information on or Links: to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	The Bank's Chief Compliance Officer (CCO) and Head of the Regulatory Affairs Group ¹ is Mr. Brent C. Estrella ² . He has a rank of First Senior Vice President and he is not a member of the Board. Links: Profile of Mr. Estrella 2024 SEC FORM 17-A (Item 9 - Directors and Executive Officers of the Issuer), page 85: https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf <u>Duties and Responsibilities of the CCO</u> <u>Part X.A of the Corporate Governance Manual, page 43</u> https://www.rcbc.com/uploads/media/PSE-Disclosure--Updated-Corporate-Governance-Manual---July-4,-2024.pdf
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		
3. Compliance Officer is not a member of the board.	COMPLIANT		
4. Compliance Officer attends training/s on corporate governance.	COMPLIANT	Provide information on or Links: to a document containing information on the corporate governance training attended, including number of hours and topics covered	In 2024, the Chief Compliance Officer attended the following online seminars as part of his continuing education: 1. July 6, 2024 at 8:30am-12:30pm 2024 YGC Annual Corporate Governance Seminar Program: "Transforming Boards to Succeed in a World of Disruption" Reference: Schedule of Annexes (Annex 1) for the details of the 2024 Annual Training of the Chief Compliance Officer

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	Materials are sent ahead of time to the Board so that they are fully informed of the matters to be taken up during Board Meetings. The discussions during meetings show that the directors act in good faith, with due diligence and care, and in the best interest of the company. Reference: Schedule of Annexes (Annex 2) proof of distribution of meeting materials 5 days before the Board meeting and (Annex 3) excerpts of the Board minutes of the meeting.
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Recommendation 2.2

¹ Now, Compliance Group

<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>COMPLIANT</p>	<p>Provide information or Links: to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)</p> <p>Indicate frequency of review of business objectives and strategy</p>	<p>In November 2024, the Board approved the 2025 Board Work Plan which contains the business strategies of the different business groups. Thus every month, one business group makes a strategy presentation to the board for discussion. In addition, part of the budget matters tackled in the Special BOD Meeting in December 2024 is the discussion on the strategy undertaken for the previous fiscal year and the strategy moving forward.</p> <p>Reference: Schedule of Annexes (Annex 4) for Board minutes on the discussion involving business plan and strategy.</p>
<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>COMPLIANT</p>		

² The Bank has appointed a new Chief Compliance Officer, Ms. Sheila Ricca Dioso effective on January 1, 2025.

Supplement to Recommendation 2.2			
<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>COMPLIANT</p>	<p>Indicate or provide Links: to a document containing the company's vision, mission and core values.</p> <p>Indicate frequency of review of the vision, mission and core values.</p>	<p>Vision</p> <p>We are committed to building meaningful relationships while providing cutting-edge solutions</p> <p>Mission</p> <p>Empowering generations of Filipinos through financial innovation</p> <p>Core Values</p> <p>Customer Obsession. We prioritize our customers in all decisions and actions, ensuring that our services meet their diverse needs.</p> <p>Loyalty. We pursue corporate interests as our own, speaking well of the company and taking pride in its achievements.</p> <p>Integrity. We uphold the highest standards of discipline, accountability, and ethical conduct in all interactions, building trust with customers and stakeholders.</p> <p>Excellence. We strive to be great, deliver quality results promptly, and improve our results continuously.</p> <p>Nurturing. We are responsible stewards of our environment and communities, encouraging social development and sustainability.</p> <p>Teamwork. We collaborate toward our shared goals and tap areas of synergy actively to deliver the best possible outcomes for the customers and communities we serve.</p> <p>The Mission, Vision and Core Values are disclosed in the website.</p> <p>Link: https://www.rcbc.com/our-company (see Mission & Vision)</p>
<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>COMPLIANT</p>	<p>Provide information on or Links: to a document containing information on the strategy execution process.</p>	<p>In November 2024, the Board approved the 2024 Annual Board Plan which contains the business strategies of the different business groups. It shows that, every month, one business group makes a strategy presentation to the board for discussion. In addition, part of the budget matters tackled in the Special BOD Meeting in December 2024 is the discussion on the strategy undertaken for the previous fiscal year and the strategy moving forward.</p> <p>Reference: Schedule of Annexes (Annex 4) for Board minutes on the discussion involving business plan and strategy.</p>
Recommendation 2.3			

<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications</p>	<p>Mrs. Helen Y. Dee is the Chairperson of the Bank's Board. She is also the Chairperson of House of Investments, Inc. and PetroEnergy Resources Corporation, which are publicly-listed companies.</p> <p>Link:</p> <p>Profile of Mrs. Dee 2024 SEC FORM 17-A (Item 9 - Directors and Executive Officers of the Issuer), page 74: https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p> <p>Qualifications, Duties and Responsibilities of a Chairman/Chairperson Part II.vi. Chairperson of the Board of Directors of the Corporate Governance Manual, pages 20-21 https://www.rcbc.com/uploads/media/PSE-Disclosure--Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p>
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Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	Disclose and provide information or Links: to a document containing information on the company's succession planning policies and programs and its implementation	As stated in the Bank's Corporate Governance Manual, the Bank's Board, through the Corporate Governance and Nominations Committee, oversees the selection and performance of the directors and senior management. Link: Succession Plan for the Directors and Senior Management Sections II.A.viii, page 21 and XIV. C of the Corporate Governance Manual, page 53 https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT		
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	Provide information on or Links: to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	As disclosed in the Bank's Corporate Governance Manual, it is the Board's responsibility on the approval of a sound remuneration and other incentives policy for personnel. The remuneration of the Bank's Board is commensurate with their contributions and scope of their responsibilities. Likewise, the Board does not participate in the determination of their own per diem or compensation. The policy on the remuneration of the directors is disclosed in the Bank's By-Laws (under Article V, Sec. 8-Directors Fees) and in the Corporate Governance Manual (under Section II.A.V, Remuneration of Board of Directors) which are posted in the RCBC website. Links: Policy on the remuneration of the Directors Article V, Section 8 - Directors Fees https://www.rcbc.com/Content/Web/img/about/pdf/AMENDED_BYLAWS_2018.pdf Section II.A.V, Remuneration of Board of Directors, pages 19-2- https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		
Optional: Recommendation 2.5			

<p>1. Board approves the remuneration of senior executives.</p>	<p>COMPLIANT</p>	<p>Provide proof of board approval</p>	<p>The Board approves the remuneration of the Senior Executives through the Executive Committee, including the review and approval of their credentials and qualifications.</p> <p>Link: The aggregate compensation paid to the Bank's Chief Executive Officer and four other most highly compensated executive officers of the Bank in 2024 Item 10. Executive Compensation of the 2024 SEC Form 17-A, page 97</p> <p>https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p> <p>Duties and responsibilities of the Board: Corporate Governance Manual, page 23 https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p>
<p>2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.</p>	<p>COMPLIANT</p>	<p>Provide information on or Links: to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.</p>	<p>As stated in the Bank's Corporate Governance Manual "A proportion of the executive directors" remuneration shall be structured so as to link reward to corporate and individual performance." The Compensation and Rewards Program of the Bank for its employees, including the senior officers, is disclosed in the Sustainability Report, under Employee Management of the Social section. The Bank's Remuneration Policy is also disclosed in the Annual and Sustainability Report under Employee Management of the Social Contributions section.</p> <p>Links: Part II.A.v.1 of the Corporate Governance Manual, page 19, Part VI.D.i.4, page 43 https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p> <p>Compensation and Rewards Program for the Bank's employees https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-2024.pdf https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p>
<p>Recommendation 2.6</p>			

1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	<p>Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.</p> <p>Provide proof if minority shareholders have a right to nominate candidates to the board</p>	<p>The Corporate Governance Manual refers to the Bank's By-Laws for the nomination and election process of directors. For the proper implementation of this provision, all nominations for election of directors by the stockholders shall be submitted in writing to the President and the Corporate Secretary at the Corporation's principal place of business at least thirty (30) working days before the regular or special meeting of stockholders for the purpose of electing directors.</p> <p>The Bank allows all shareholders, including minority stockholders, the right to nominate candidates to the Board. However, the policy does not distinguish or explicitly state the number of shares held by the nominating shareholder.</p> <p>Further, the Board is assisted by the Corporate Governance and Nominations Committee in fulfilling its corporate governance responsibilities, including the oversight of the nomination process for members of the board of directors and for positions appointed by the board of directors. The Committee reviews and evaluates the qualifications of all persons nominated to the Board of Directors as well as those nominated to other positions requiring appointment by the Board of Directors. Also, as contained in the charter of the Corporate Governance and Nominations Committee, the Committee shall review the composition of the Board and determine the set of qualifications, skills, experience and/or expertise which are aligned with the Bank's strategic direction.</p> <p>All nominees to the Board undergo a Fit and Proper Test through the Corporate Governance and Nominations Committee.</p> <p>Links:</p> <p>Article V, Section 2. Election of Directors Amended By-Laws, page 4 https://www.rcbc.com/uploads/media/AMENDED-BY-LAWS-2018-(FDIST).pdf</p> <p>Part VI.D. item ii General Responsibilities of the Corporate Governance and Nominations Committee, page 37 and Part XVI. Stockholders' Rights and Protection of Minority Stockholders item 9. Nomination and Election of Directors of the Corporate Governance Manual, page 57 https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p> <p>Item 5.0. Duties and Responsibilities of the Corporate Governance and Nominations Committee, page 4 https://www.rcbc.com/uploads/media/Corporate-Governance-and-Nominations-Committee-Charter---updated-as-of-June-2024.pdf</p>
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT		
4. Board nomination and election policy includes how the board shortlists candidates.	COMPLIANT		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	COMPLIANT		

6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT		<p>Item (I) Compliance with leading practices on Corporate Governance - Board Governance and Right to Nominate Candidates for Board of Director Definitive Information Statement, pages 53 and 69</p> <p>https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p>
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	COMPLIANT	Identify the professional search firm used or other external sources of candidates	In accordance with the Bank's By-Laws, the stockholders nominate the directors for election. The candidates that are nominated by the stockholders come from various sources. Some of the bank's directors and stockholders are fellows of the Institute of Corporate Directors (ICD), thus they have access to the database of ICD.

Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	<p>Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs</p> <p>Identify transactions that were approved pursuant to the policy.</p>	<p>The Related Party Transactions (RPT) Policy of the Bank is approved by the Board and is posted in the RCBC website, under Company Policies. The Bank's definition of related parties include, among others, the Bank's DOSRI and close family members within the fourth degree of consanguinity and affinity, subsidiaries, affiliates and all other YGC companies. The Bank has constituted the RPT Committee to review all material RPTs to ensure that they are conducted in the regular course of business and not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, and collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances.</p> <p>On favorable review, the RPT Committee endorses material RPTs to the Board for approval. Material RPTs approved by the Board shall be submitted to the Stockholders for confirmation during the Annual Stockholders Meeting. The Charter of the RPT Committee can be found on the website. The material RPTs that were approved in 2024 are disclosed in the SEC FORM 17-A.</p> <p>Links:</p> <p>Related Party Transactions Policy http://rcbc.com/uploads/media/PSE-Disclosure-Updated-Related-Party-Transactions-Policy-October-9,-2024.pdf</p> <p>Related Party Committee Charter https://www.rcbc.com/uploads/media/RPT-Committee-Charter_Updated-as-of-July-2024.pdf</p> <p>Material Related Party Transactions for the year 2024 2024 SEC Form 17-A (Annual Report), page 101 https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p>
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, and risk profile and complexity of operations.	COMPLIANT		

Supplement to Recommendations 2.7			
<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	COMPLIANT	<p>Provide information on a materiality threshold for RPT disclosure and approval, if any.</p> <p>Provide information on RPT categories</p>	<p>The materiality threshold for disclosure and approval of RPTs, as well as the RPT categories, are disclosed in the Bank's RPT Policy transactions with related parties involving amounts of at least Php10,000,000.00 are considered as material RPTs. The said threshold shall not apply to DOSRI loans and other credit accommodations and guarantees, and other transactions requiring Board approval under the regulations, i.e., cross-selling, outsourcing, etc., which are always considered "material" regardless of amount.</p> <p>All material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the material RPT. In case that a majority of the independent directors' vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock. Material RPTs approved by the Board shall be submitted to the Stockholders for confirmation during the Annual Stockholders Meeting.</p> <p>The Related Party Transactions Policy is posted on RCBC's website.</p> <p>Link: http://rcbc.com/uploads/media/PSE-Disclosure-Updated-Related-Party-Transactions-Policy-October-9,-2024.pdf</p>
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	COMPLIANT	<p>Provide information on voting system, if any.</p>	<p>The approval of the material RPTs done by all the shareholders present during the Annual Stockholders' Meeting, regardless of relationship. Thus the approval of the material RPTs by all the non-related party shareholders are also secured during the Annual Stockholders' Meeting.</p> <p>Reference: https://www.rcbc.com/uploads/media/Draft-Minutes-of-Annual-Stockholders'-Meeting_24Jun2024_For-Posting_with-ATTACHMENTS_with-signature-(2).pdf</p>
Recommendation 2.8			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	COMPLIANT	<p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p>Identity the Management team appointed</p>	<p>The Board is primarily responsible for approving the selection of the CEO including the Bank's Senior Management.</p> <p>Links: Board's Duties and Responsibilities Part II. B. i. c. of the Corporate Governance Manual, page 23 https://www.rcbc.com/uploads/media/PSE-Disclosure--Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p> <p>Bank's Senior Management https://www.rcbc.com/our-company</p>

<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>COMPLIANT</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p>	<p>The Board oversees the performance of the management and regularly monitors and assess its performance and effectiveness based on the approved performance standards.</p> <p>The Board likewise assesses at least annually its performance and effectiveness as a body, as well as its various Committees, the individual directors, the Chairperson, the CEO and Senior Management.</p> <p>Link:</p> <p>Board's Duties and Responsibilities Part II.B.i.c.3, and Part II.B.i.d.1.f of the Corporate Governance Manual, pages 24 – 25</p> <p>https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p>
Recommendation 2.9			
<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.</p>	<p>COMPLIANT</p>	<p>Provide information on or Links: to a document containing the Board's performance management framework for management and personnel.</p>	<p>The Bank is committed to providing its employees with continuing opportunities to achieve and excel in one's field, profession or job; grow professionally and personally to their fullest potentials; and makes a meaningful contribution to the execution of the institution's Vision, Mission and strategies as well as in the exemplification of its Core Values.</p> <p>In line with this philosophy, the Bank implements a Performance Management System with the following objectives:</p> <ol style="list-style-type: none"> 1. Align individual and organizational goals; 2. Provide feedback on employees' work progress and accomplishments based on clearly defined goals and objectives, job description and performance indicators; 3. Provide information for planning, training and career development programs; 4. Provide a structured basis for decisions on personnel movements; 5. Encourage open communication and a supportive relationship between employees and their unit heads and within work teams; and 6. Serve as a basis for granting rewards/promotions or imposing disciplinary sanctions, as applicable.
<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	<p>COMPLIANT</p>		<p>Reference: Schedule of Annexes (Annex 7) for the Bank's Performance Management Policy for management and personnel.</p>

Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	Provide information on or Links: to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	<p>As provided under Sec. II.B.i.b.4 of the Corporate Governance Manual and in the Sec. 2.2 of the Audit and Compliance Committee Charter, the Board, through the Audit and Compliance Committee, monitors and evaluates the adequacy and effectiveness of the bank's internal control systems. In the 2024 Definitive Information Statement, the following critical components of the internal control system are discussed: control environment, risk assessment, control activities, management reporting system, monitoring activities and correcting deficiencies.</p> <p>Links:</p> <p>Duties and Responsibilities of Internal Control and Risk Management Audit and Compliance Committee Charter, page 5</p> <p>https://www.rcbc.com/uploads/media/A-1.pdf</p> <p>Duties and Responsibilities of Audit and Compliance Committee Part VI, Item B. Audit and Compliance Committee Corporate Governance Manual, page 35</p> <p>https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p> <p>Internal Control 2024 Definitive Information Statement, pages 80-81</p> <p>https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p>
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT		
3. Board approves the Internal Audit Charter.	COMPLIANT	Provide reference or link to the company's Internal Audit Charter	<p>The revised Internal Audit Charter was approved by the Board during the June 2019 Board Meeting.</p> <p>Link: https://www.rcbc.com/uploads/media/A-1.pdf</p>
Recommendation 2.11			

<p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p>	<p>COMPLIANT</p>	<p>Provide information on or Links: to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.</p> <p>Provide proof of effectiveness of risk management strategies, if any.</p>	<p>The Board's oversight responsibility on the establishment of sound enterprise risk management is discussed in Part II.B.i.b.4 of the Corporate Governance Manual, page 24. The Risk Oversight Committee (ROC) Charter also provides that the Board, through the ROC, shall oversee the Risk Governance Framework.</p> <p>Links: https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf https://www.rcbc.com/uploads/media/Approved-ROC-Charter_2023.pdf</p> <p>Risk management is embedded in the Bank's processes and is made part of its culture. The Bank has a Risk Governance Framework that provides structure and guidance for identifying, understanding, measuring and handling risks. The framework employed effectively manages the risk. The Bank complies with regulations on risk and capital management, and is operating well within its risk appetite.</p> <p>Link: https://www.rcbc.com/corporate-governance_(Enterprise_Risk_Management)</p> <p>Reference: Schedule of Annexes (Annex 8) for the Risk Governance Framework</p>
<p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>	<p>COMPLIANT</p>		
<p>Recommendation 2.12</p>			
<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.</p>	<p>COMPLIANT</p>	<p>Provide link to the company's website where the Board Charter is disclosed.</p>	<p>The Bank's Board Charter formalizes and clearly states the Board of Directors' roles, responsibilities and accountabilities in carrying out its fiduciary duties. In addition to the existing rules, By-Laws, and the Corporate Governance Manual, the Board Charter also serves as a guide to the directors in the performance of their functions.</p>
<p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p>	<p>COMPLIANT</p>		<p>The Bank's Board Charter is publicly available and disclosed on the RCBC website.</p> <p>Link: https://www.rcbc.com/uploads/media/Board-of-Directors-Charter-2024---FINAL-clean.pdf</p>
<p>3. Board Charter is publicly available and posted on the company's website.</p>	<p>COMPLIANT</p>		
<p>Additional Recommendation to Principle 2</p>			

1. Board has a clear insider trading policy.	COMPLIANT	Provide information on or Links: to a document showing company's insider trading policy.	The Bank's Insider Trading Policy is disclosed in the RCBC website. Link: https://www.rcbc.com/corporate-governance (Company Policies - Insider Trading Policy)
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	COMPLIANT	Provide information on or Links: to a document showing company's policy on granting loans to directors, if any.	The policy on granting of loans to Directors is incorporated in the Bank's RPT Policy which is posted in the RCBC website. Link: http://rcbc.com/uploads/media/PSE-Disclosure-Updated-Related-Party-Transactions-Policy-October-9,-2024.pdf
2. Company discloses the types of decision requiring board of directors' approval.	COMPLIANT	Indicate the types of decision requiring board of directors' approval and where these are disclosed.	The types of decision requiring board approval are incorporated in the Board Charter, under Sec. 3, Powers, Duties and Responsibilities of the Directors. Link: https://www.rcbc.com/uploads/media/Board-of-Directors-Charter-2024---FINAL-clean.pdf

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>COMPLIANT</p>	<p>Provide information or Links: to a document containing information on all the board committees established by the company.</p>	<p>RCBC has seven (7) Board-level Committees:</p> <ol style="list-style-type: none"> 1. Executive Committee 2. Audit and Compliance Committee 3. Risk Oversight Committee 4. Corporate Governance and Nominations Committee 5. Related Party Transactions Committee 6. Anti-Money Laundering Committee 7. Technology Committee <p>The charters of the Board Committees are posted on RCBC's website.</p> <p>Link: https://www.rcbc.com/corporate-governance (Board and Board Committee)</p>
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Recommendation 3.2

<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>COMPLIANT</p>	<p>Provide information or Links: to a document containing information on the Audit Committee, including its functions.</p> <p>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</p>	<p>The Bank has an Audit and Compliance Committee that provides oversight over the Bank's financial reporting policies, practices and control and internal and external audit functions.</p> <p>Further, in cases of appointment or dismissal of external directors, it is encouraged that the decision be made only by the independent and non-executive external audit committee members.</p> <p>The Charter of the Audit and Compliance Committee (ACC) is posted on RCBC's website. As stated in Sections 5.2.2.1 and 5.2.2.2 of the ACC Charter, part of the duties and responsibilities of the ACC is to recommend to the Board the selection and replacement of the external auditors.</p> <p>Link: https://www.rcbc.com/uploads/media/A-1.pdf (ACC Charter)</p>
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>COMPLIANT</p>	<p>Provide information or Links: to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</p>	<p>The 2024 Audit and Compliance Committee (ACC) is composed of three (3) Independent Directors namely Director Laurito E. Serrano (Chairperson), Director Erika Fille T. Legara, and Director Vaughn F. Montes.</p> <p>The qualifications and membership of the ACC are provided in the ACC Charter and in the 2024 SEC Form 17-A which are both posted in the RCBC website.</p> <p>Links:</p>

			<p>Part 3.0. Composition and Qualifications Audit and Compliance Committee Charter, pages 3-4</p> <p>https://www.rcbc.com/uploads/media/A-1.pdf</p> <p>Profile of the Audit and Compliance Committee members/directors Part III. Item 9 Directors and Executive Officers of the Issuers 2024 SEC Form 17-A, pages 79-81 https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p> <p>Profiles and members of the Audit and Compliance Committee Definitive Information Statement, pages 58-60</p> <p>https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p>
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	Provide information or Links: to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.	<p>The members of the Bank's Audit and Compliance Committee have the relevant background, knowledge, skills and experience in the areas of accounting, auditing and finance.</p> <p>The profiles of the members of the Audit and Compliance Committee – Director Laurito E. Serrano (Chairman), Director Vaughn F. Montes and Director Erika Fille T. Legara are disclosed in the 2024 SEC FORM 17-A (Item 9 -Directors and Executive Officers of the Issuer)</p> <p>Link: Profile of the Audit and Compliance Committee members/directors Part III. Item 9 Directors and Executive Officers of the Issuers 2024 SEC Form 17-A, (Annual Report) pages 79-81 https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p>
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	Provide information or Links: to a document containing information on the Chairman of the Audit Committee	<p>Director Laurito E. Serrano, the Chairman of the ACC, is not the chairman of the Board or of any other Committee.</p> <p>Links: Profile of Director Laurito E. Serrano Part III. Item 9 Directors and Executive Officers of the Issuers 2024 SEC Form 17-A, pages 79-81 https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p> <p>Director's Profiles, RCBC 2024 Annual Report, page xx https://www.rcbc.com/uploads/media/RCBC-Annual-Report-2023.pdf</p>
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.	In 2024, only one applicable non-audit service (i.e., AUP for the Updating of the Bank's EMTN Programme) was endorsed to the ACC Directors. This was confirmed by the Directors via email.

			Annex 9 Email Notification
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	COMPLIANT	Provide proof that the Audit aCommittee conducted regular meetings and dialogues with the external audit team without anyone from management present.	Executive sessions were conducted in 2024 wherein the external audit team discussed with ACC directors and IAG Group Head their issues and concerns about the management team. The said discussion was not minuted.
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	COMPLIANT	Indicate the number of Audit Committee meetings during the year and provide proof	In 2024, the Audit and Compliance Committee (ACC) met sixteen (16) times. This information is disclosed in the 2024 Preliminary Information Statement (under the 2024 Table of Attendance of the Board and Board Committees) which is posted in the RCBC website. Link: https://www.rcbc.com/uploads/media/20240503-SEC-Form-20-IS-Preliminary-Information-Statement.pdf
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.	Sec. 5.2.1.10 of the Audit and Compliance Committee (ACC) Charter provides that the Committee shall be responsible for the appointment, replacement or dismissal of the Chief Audit Executive. Link: https://www.rcbc.com/uploads/media/A-1.pdf (ACC Charter)
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.	The Bank's Corporate Governance and Nominations Committee (CGNC) assists the Board of Directors in fulfilling its corporate governance responsibilities. It is also the CGNC who reviews and evaluates the qualifications of the persons nominated to the Board. The Corporate Governance and Nominations Committee (CGNC) Charter is disclosed in the RCBC website. The duties and responsibilities of the CGC which are contained in Section V of the CGC Charter include the review of the composition of the Board and determine the set of qualifications, skills, experience and/or experience which are aligned with the Bank's strategic direction. Link: Duties and Responsibilities of the CGNC Part 5.0 of the Corporate Governance and Nominations Committee Charter, pages 4-6 https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf

			<p>Corporate Governance Manual, pages 37-38 https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p>
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	COMPLIANT	<p>Provide information or Links: to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.</p>	<p>The Corporate Governance and Nomination Committee (CGNC) is composed of three (3) Independent Directors (ID) namely – Director Juan B. Santos - Chairperson/ID, Gabriel S. Claudio - ID and Director Erika Fille T. Legara (ID).</p> <p>The qualifications and membership of CGNC) are provided in the CGNC Charter which is posted in the RCBC website. Their profiles are disclosed in the 2024 SEC FORM 17-A (Item 9 - Directors and Executive Officers of the Issuer).</p> <p>Links:</p> <p>Composition of CGNC Corporate Governance and Nominations Committee Charter, page 3 https://www.rcbc.com/uploads/media/Corporate-Governance-and-Nominations-Committee-Charter---updated-as-of-June-2025.pdf</p> <p>Composition and General Responsibilities of CGNC Part D., Corporate Governance Manual, pages 37-38 https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p> <p>Profiles of the member of CGNC Part III. Item 9 Directors and Executive Officers of the Issuers 2024 SEC Form 17-A (Annual Report), pages 78-81 https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p>
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	COMPLIANT	<p>Provide information or Links: to a document containing information on the Chairman of the Corporate Governance Committee.</p>	<p>Mr. Juan B. Santos, an Independent Director, is the Chairman of the Corporate Governance and Nomination Committee.</p> <p>The Bank's Corporate Governance and Nomination Committee Charter contains the information relating to the purpose, composition, qualification, duties and responsibilities of its members.</p> <p>Links: Profile of Director Juan B. Santos</p>

			<p>Part III. Item 9 Directors and Executive Officers of the Issuers 2024 SEC Form 17-A, pages 79-81 https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p> <p>Corporate Governance and Nomination Committee Charter https://www.rcbc.com/uploads/media/Corporate-Governance-and-Nominations-Committee-Charter---updated-as-of-June-2025.pdf</p>
Optional: Recommendation 3.3			
1. Corporate Governance Committee meet at least twice during the year.	COMPLIANT	Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.	<p>In 2024, the Corporate Governance and Nominations Committee met twelve (12) times. This information is disclosed in the 2024 Preliminary Information Statement (under 2024 Table of Attendance of the Board and the Board Committees) which is posted in the RCBC website.</p> <p>Link: https://www.rcbc.com/uploads/media/20240503-SEC-Form-20-IS-Preliminary-Information-Statement.pdf</p>
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	COMPLIANT	Provide information or Links: to a document containing information on the Board Risk Oversight Committee (BROC), including its functions	<p>RCBC has a Board-level Risk Oversight Committee (ROC). The Bank's ROC oversees the Enterprise Risk Management Framework of the Bank.</p> <p>The functions of the ROC are provided in the ROC Charter and in the Corporate Governance Manual which are both posted in the RCBC website.</p> <p>Links: Risk Oversight Committee Charter https://www.rcbc.com/uploads/media/Approved-ROC-Charter_2023.pdf</p> <p>Duties and Responsibilities of the Risk Oversight Committee Item C. i and ii of the Corporate Governance Manual, pages 36-37 https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4.-2024.pdf</p>

<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>COMPLIANT</p>	<p>Provide information or Links: to a document containing information on the members of the BROC, including their qualifications and type of directorship</p>	<p>The ROC is composed of at least three (3) non-executive members of the Board of Directors, none of whom is also a member of a management committee..</p> <p>The ROC members are as follows: Director Vaughn F. Montes (Chairman/ID), Director Laurito E. Serrano (ID), and Director Gayatri P. Bery, (Non-Executive Director), Director Erika Fille T. Legara (ID) and Director Katsufumi Uchida (Non-Executive Director).</p> <p>The qualifications and membership of the Risk Oversight Committee (ROC) are provided in the ROC Charter and in the Corporate Governance Manual which are both posted in the RCBC website.</p> <p>Their profiles are disclosed in Item 9 (Directors and Executive Officers of the Issuer) of the 2024 SEC FORM 17-A.</p> <p>Links:</p> <p>Risk Oversight Committee Charter https://www.rcbc.com/uploads/media/Approved-ROC-Charter_2023.pdf</p> <p>Profiles of the members of ROC Part III, Item 9. Directors and Executive Officers of the Issuers 2024 SEC Form 17-A (Annual Report), pages 78-81 https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p>
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>Provide information or Links: to a document containing information on the Chairman of the BROC</p>	<p>Director Vaughn F. Montes, the Chairman of the ROC is not the Chairman of the Board or of any other committee.</p> <p>Links:</p> <p>Profile of Director Vaughn F. Montes Part III. Item 9 Directors and Executive Officers of the Issuers 2024 SEC Form 17-A, pages 79-80 https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p> <p>Director's Profiles, RCBC 2024 Annual Report, pages 79-80 https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p>
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>COMPLIANT</p>	<p>Provide information or Links: to a document containing information on the background, skills, and/or experience of the members of the BROC.</p>	<p>The members of the Risk Oversight Committee are Director Vaughn F. Montes, Director Laurito E. Serrano and Director Gayatri P. Bery, Director Erika Fille T. Legara (ID) and Director Katsufumi Uchida (Non-Executive Director). Their profiles are disclosed in the 2024 SEC FORM 17-A (Item 9 - Directors and Executive Officers).</p> <p>Director Vaughn Montes, the Chairman of the ROC was a former Trustee of the Institute of Corporate Directors and was a national consultant for Risk Management to the NEDA PPP Center under an ADB technical assistance grant.</p>

			<p>Link:</p> <p>Profiles of the ROC members Part III. Item 9 Directors and Executive Officers of the Issuers 2024 SEC Form 17-A, pages 79-81 https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p> <p>Director's Profiles, RCBC 2024 Annual Report, pages 79-80 https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p>
Recommendation 3.5			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>COMPLIANT</p>	<p>Provide information or Links: to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.</p>	<p>The Bank's Related Party Transactions (RPT) Committee ensures that the transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations including the Bank's RPT Policy.</p> <p>The composition, functions and other information on the RPT are provided in the RPT Committee Charter and Corporate Governance Manual which are both posted on RCBC's website.</p> <p>Links:</p> <p>Related Party Transactions Policy http://rcbc.com/uploads/media/PSE-Disclosure-Updated-Related-Party-Transactions-Policy-October-9,-2024.pdf</p> <p>Compositions, Duties and Responsibilities of the RPT Committee Related Party Transactions Committee Charter https://www.rcbc.com/uploads/media/RPT-Committee-Charter_Updated-as-of-July-2024.pdf</p> <p>Part VI. Item E. of the Corporate Governance Manual, pages 38-39 https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p>

<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p>COMPLIANT</p>	<p>Provide information or Links: to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.</p>	<p>The RPT Committee is composed of two (2) Independent Directors (ID) and one (1) Non-Executive Director (NED) namely Gabriel S. Claudio - Chairperson/ID, Erika Fille T. Legara - ID, and Shih-Chiao (Joe) Lin - NED.</p> <p>The qualifications and membership of the RPT Committee are provided in the RPT Committee Charter and in the Corporate Governance Manual which are both posted in the RCBC website.</p> <p>Their profiles are disclosed in Item 9 (Directors and Executive Officers) of the 2024 SEC Form 17-A.</p> <p>Links:</p> <p>Composition of RPT Committee Related Party Transactions Committee Charter, page 2 http://rcbc.com/uploads/media/PSE-Disclosure-Updated-Related-Party-Transactions-Policy-October-9,-2024.pdf</p> <p><u>Compositions, Duties and Responsibilities</u> Part VI. Item E. of the Corporate Governance Manual, pages 38-39 https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p> <p>Profiles of RPT Committee Members</p> <p>Part III. Item 9 Directors and Executive Officers of the Issuers 2024 SEC Form 17-A (Annual Report), pages 78-81 https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p>
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Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Provide information on or Links: to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	<p>All the Charters of the Board-level Committees, which contain their functions and other relevant information, are posted on RCBC's website.</p> <p>Links:</p> <p>https://www.rcbc.com/uploads/media/Board-of-Directors-Charter-2024---FINAL-clean.pdf</p> <p>https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p>
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT		
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	Provide link to company's website where the Committee Charters are disclosed.	
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	<p>Provide information or Links: to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</p> <p>Provide information or Links: to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p>	<p>The Bank is guided by SEC Memorandum Circular No. 15, Series of 2001 regarding Board meetings through teleconferencing / videoconferencing and Section 52 of the Revised Corporation Code which allows remote communication as well: " x x x Directors or trustees who cannot physically attend or vote at board meetings can participate and vote through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate". The provision on meetings via teleconferencing is provided in the Bank's By-Laws (under Article V, Sec. 3 - Regular Meetings) and in the Board Charter which are both posted in the RCBC website.</p> <p>Links:</p> <p>https://www.rcbc.com/uploads/media/AMENDED-BY-LAWS-2018-(FDIST).pdf</p> <p>https://www.rcbc.com/uploads/media/Board-of-Directors-Charter-2024---FINAL-clean.pdf</p> <p>Reference:</p> <p>Schedule of Annexes (Annex 10) for an excerpt of a Board Meeting showing the attendance and participation of the directors via videoconferencing.</p>

2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT		Materials are sent ahead of time to the Board and Committee members so that they are fully informed of the matters to be taken up during Board and Committee Meetings. Reference: Schedule of Annexes (Annex 2) for sample screenshot showing that the Board materials were given in advance.
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	Provide information or Links: to a document containing information on any questions raised or clarification/explanation sought by the directors	Please refer to the schedule of Annexes (Annex 11) for sample Minutes of the Board meeting where the Directors raised questions or sought clarification/explanation during the Board meeting.
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT	Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously. Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies	Part II. A. iii. b of the Corporate Governance Manual states that: "A non-executive director may concurrently serve as director in a maximum of five (5) publicly listed companies." In applying this provision to concurrent directorship 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. The details of the other positions held by the Directors are disclosed in the 2024 Preliminary Information Statement. Links: https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4.-2024.pdf https://www.rcbc.com/uploads/media/20240503-SEC-Form-20-IS-Preliminary-Information-Statement.pdf
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.	Part II. A. iii. b of the Corporate Governance Manual states that a director should notify the Bank's Board of Directors before accepting directorship in another company. Please see Annex 12 for the various Memos to the Corporate Governance Committee (CG Com) for additional directorships as well as the Excerpts of the Minutes showing the CG Com's endorsement and the Board's approval of the additional directorships. Link: https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4.-2024.pdf
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	COMPLIANT		Mr. Eugene S. Acevedo, the Bank's President & CEO and only Executive Director, is not serving in more than 2 Boards of listed companies outside of the group.

2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT		The 2025 Annual Board Plan, which includes the schedule of Board and Committee meetings for the year, was presented to the Corporate Governance and Nominations Committee (CGNC) and the Board of Directors for approval on November 25, 2024. Reference: Schedule of Annexes (Annex 5) the Approved 2025 Annual Board Plan.
3. Board of directors meet at least six times during the year.	COMPLIANT	Indicate the number of board meetings during the year and provide proof	In 2024, the Board of Directors met thirteen (13) times. This information is disclosed in the 2024 Preliminary Information Statement (2023 Table of Meetings and Quorum Requirement) which is posted in the RCBC website. Link: https://www.rcbc.com/uploads/media/20240503-SEC-Form-20-IS-Preliminary-Information-Statement.pdf
4. Company requires as minimum quorum of at least 2/3 for board decisions.	COMPLIANT	Indicate the required minimum quorum for board decisions	While the Bank's By-Laws state that the majority of the members in attendance at any board meeting shall decide on its action, all matters that require Board decisions are passed unanimously by the Board after thorough discussion. So in general, the 2/3 vote requirement is always met. Link: Amended By-Laws

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	COMPLIANT	Provide information or Links: to a document containing information on the number of independent directors in the board	The RCBC Board of Directors has fifteen (15) members. In 2024, the Board has five (5) Independent Directors (IDs) or 33.33% of the Board. The independent directors are: Gabriel S. Claudio, Vaughn F. Montes, Laurito E. Serrano, Erika Fille T. Legara and Juan B. Santos, as the Lead Independent Director. Links containing the information on the number of Independent Directors in the Board: 2024 SEC FORM 17-A (Item 9 - Directors and Executive Officers of the Issuer - Independent Directors), pages 78-81: https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf https://www.rcbc.com/uploads/media/Minutes-of-Annual-Stockholders'-Meeting-3Jul2023_For-Posting_lat_with-ATTACHMENTS.pdf
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Recommendation 5.2

1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	COMPLIANT	Provide information or Links: to a document containing information on the qualifications of the independent directors.	The qualifications of an Independent Director are contained in the Sec. II. A. iii. b of the Corporate Governance Manual while the profiles of the Independent Directors are disclosed in Item 9 (Directors and Executive Officers of the Issuer) of the SEC Form 17-A. The certification of the independent directors that they continue to possess all the qualifications and none of
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			<p>the disqualifications are attached in the 2024 Definitive Information Statement under Annexes D to D-5. These documents are posted on the RCBC website.</p> <p>Links: https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p>
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	COMPLIANT	Provide Links: to a document containing information that directors are not constrained to vote independently.	<p>As per 2024 Preliminary Information Statement, there are no shareholdings holding any Voting Trust Agreement or any such similar agreement.</p> <p>Link: https://www.rcbc.com/uploads/media/20240503-SEC-Form-20-IS-Preliminary-Information-Statement.pdf</p>
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	COMPLIANT	Provide information or Links: to a document showing the years IDs have served as such.	<p>The profiles of the Independent Directors, including the number of years that they have served the Bank, are disclosed in Item 9 (Directors and Executive Officers of the Issuer) of the 2024 SEC Form 17-A.</p> <p>Dir. Armando A. Medina, after serving the Bank as an Independent Director for a cumulative term of 9 years (reckoned from 2012), ceased to be an independent director by December 31, 2020 and was elected by the Board as a regular director effective January 1, 2021.</p> <p>Link: https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p>
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT	Provide information or Links: to a document containing information on the company's policy on term limits for its independent director	<p>Part II.A.iii.b of the Corporate Governance Manual states that: "An independent director of the Bank may only serve as such for a maximum cumulative term of nine years. After which, the independent director shall be perpetually barred from serving as independent director in the Bank, but may continue to serve as regular director. The nine year maximum cumulative term for independent directors shall be reckoned from 2012."</p> <p>Link: Corporate Governance Manual, page 14 https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p>
3. In the instance that the company retains an independent director in	COMPLIANT	Provide reference to the meritorious justification and proof of shareholders'	<p>The Bank's policy does not allow an Independent Director to serve in the same capacity after nine years reckoned from 2012. In adherence to this policy, Dir. Armando M. Medina, an</p>

the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.		approval during the annual shareholders' meeting.	Independent Director who has served the bank for a cumulative term of 9 years, reckoned from 2012, has ceased to be an Independent Director by December 31, 2020 and has been appointed as a regular director effective January 1, 2021. None of the remaining Independent Directors of RCBC has served for more than nine years, with the earliest joining date being 2016.
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	Identify the company's Chairman of the Board and Chief Executive Officer	The positions of the Chairman of the Board and President & CEO are held by separate individuals. The Bank's Chairperson of the Board is Mrs. Helen Y. Dee while the President/CEO is Mr. Eugene S. Acevedo. Link/Reference: 2024 SEC Form 17-A (Annual Report) Item 9. Directors and Executive Officers of the Issuer, pages 74 & 82 https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf
2. The Chairman of the Board and Chief Executive Officer has clearly defined responsibilities.	COMPLIANT	Provide information or Links: to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer. Identify the relationship of Chairman and CEO.	The roles and responsibilities of the Chairperson and the Chief Executive Officer (CEO) are discussed in the Corporate Governance Manual. To promote checks and balances, 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 years. The positions of Chairperson and CEO shall not be held by one person. Refer to Sec. II. A. vi. A & c of the Corp. Governance Manual which is posted on RCBC's website. Link: Corporate Governance Manual https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	COMPLIANT	Provide information or Links: to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if the Chairman is independent.	Sec. II.A.vii of the Corporate Governance Manual states that the Board shall designate a Lead Independent Director among the independent directors if the Chairman of the Board is not an independent director, including if the positions of the Chairman of the Board and Chief Executive Officer are held by one person. Mrs. Helen Y. Dee, the Chairperson of the Board is not an independent director, thus, the Board has appointed Mr. Juan B. Santos as the Bank's Lead Independent Director effective March 29, 2021. The Lead Independent Director shall perform a more enhanced function over the other Independent Directors and shall: a. Lead the independent directors at BOD meetings in raising queries and pursuing matters; b. Convene and chair meetings of the non-executive directors without the presence of the executive directors; c. Serve as an intermediary between the Chairperson and the other directors when necessary; and d. Contribute to the performance evaluation of the Chairperson, as required.

			Link: Corporate Governance Manual https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4.-2024.pdf
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	COMPLIANT	Provide proof of abstention, if this was the case	Please refer to the schedule of Annexes (Annex 13) for sample Board minutes involving abstentions.
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	COMPLIANT	Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.	The Separate Meeting of the Non-Executive Directors with the external auditor and heads of the internal audit, compliance and risk functions is held annually. In 2024, the meeting was held on December 9, 2024 attended by all the Non-Executive Directors, the Chief Risk Officer, Chief Compliance Officer, Chief Audit Executive, and the external auditor (Punongbayan & Araullo). The said meeting was chaired by Mr. Juan B. Santos, who is the Lead Independent Director (LID).
2. The meetings are chaired by the lead independent director.	COMPLIANT		Reference: Schedule of Annexes (Annex 14) for the Agenda of the Separate NEDs Meeting with the Control Unit Heads and External Auditors on December 9, 2024.
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	COMPLIANT	Provide name/s of company CEO for the past 2 years	None of the Bank's directors is a former CEO of the Bank within the past 2 years. While one director previously served as President and CEO, his tenure ended in 2019, which is more than two (2) years prior to the reporting period.
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees	Please refer to the excerpts of May 2025 Corporate Governance Committee meeting (Annex 17) on the results of the 2024 self-assessment of the performance of the Board, the individual members, the Chairman and the Committees.
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT		
3. The individual members conduct a self-assessment of their performance.	COMPLIANT		

4. Each committee conducts a self-assessment of its performance.	COMPLIANT		
5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT	Identify the external facilitator and provide proof of use of an external facilitator.	The Bank has engaged Korn Ferry to support the self-assessment of the 2023 performance of the Board, the Committees, the individual directors, the Chairman and the CEO. Reference: Schedule of Annexes (Annex 6) for the Letter of Confirmation with Korn Ferry
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	COMPLIANT	Provide information or Links: to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders	The self-assessment of the performance of the Board, individual directors and committees was conducted. The criteria and procedure by which the assessments were performed are disclosed in the 2024 Definitive Information Statement (under Board Performance) which are posted in the RCBC website. These disclosures allow for a feedback mechanism from the shareholders. Links: https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf For feedback from the shareholders RCBC Website - Investor Assistance https://www.rcbc.com/investor-relations
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT		
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	COMPLIANT	Provide information on or Links: to the company's Code of Business Conduct and Ethics.	The Bank's Code of Business Conduct and Ethics is posted on RCBC's website. Link: https://www.rcbc.com/uploads/media/Code-of-Conduct-(Rev).pdf
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.	The Bank's Code of Business Conduct and Ethics is posted and can be accessed on the RCBC website. It is also posted in the RCBC's intranet, the RCBC RIZ (http://riz.rcbc.com/) which can be accessed by all RCBC employees.

			<p>New Directors are given a Board Kit which includes, among others, the Bank's Code of Business Conduct and Ethics while all new employees are required to undergo the Employee Orientation Program/Branch Induction Program wherein the bank's Code of Business Conduct and Ethics is one of the major topics being discussed.</p> <p>Link: https://www.rcbc.com/uploads/media/Code-of-Conduct-(Rev.pdf</p>
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.	<p>The Bank's Code of Business Conduct and Ethics is posted in the RCBC website which is accessible by the public.</p> <p>Link: https://www.rcbc.com/uploads/media/Code-of-Conduct-(Rev.pdf</p>
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	COMPLIANT	Provide information on or Links: to a document containing information on the company's policy and procedure on curbing and penalizing bribery	<p>Under Part D of the Code of Business Conduct and Ethics, 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. The Code of Business Conduct and Ethics also has a provision on the different Types of Penalties corresponding to the various Types of Offenses.</p> <p>Link: https://www.rcbc.com/uploads/media/Code-of-Conduct-(Rev.pdf</p>
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT		<p>To ensure compliance with the Code of Conduct and Business Ethics, all new employees undergo the Employee Orientation Program/Branch Induction Program of the Bank wherein the Code is discussed thoroughly while new directors are given the Code during onboarding. The Code is also posted in the RCBC website and intranet (RIZ Online Library). The Personnel Evaluation and Review Committee (PERC) was created 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. The Committee also 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.</p>
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	<p>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</p> <p>Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.</p>	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			

<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	<p>COMPLIANT</p>	<p>Provide information on or Links: to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders</p>	<p>The Bank complies with the PSE Disclosure Rules as well as applicable laws and rules such as the Revised Corporation Code, Banking Laws, and relevant issuances of the Securities and Exchange Commission and the Bangko Sentral ng Pilipinas. The Bank also has established an Investor Relations Program wherein the Corporate Information Officer is responsible for efficiently providing information and addressing the 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. The RCBC website also contains all the required company disclosures.</p> <p>Links: https://edge.pse.com.ph/companyInformation/form.do?cmpy_id=232 https://www.rcbc.com/investor-relations https://www.rcbc.com/company-disclosures</p>
Supplement to Recommendations 8.1			
<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>COMPLIANT</p>	<p>Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.</p>	<p>The 2024 Audited Financial Statements (AFS) was submitted to the PSE on February 26, 2025 or 57 days from the end of fiscal year 2024 while quarterly interim reports were filed within 45 days from the end of the quarter. The 2024 AFS is also disclosed on the RCBC website.</p> <p>Links: https://edge.pse.com.ph/openDiscViewer.do?edge_no=31f5ad971f48c634ec6e1601ccee8f59 https://www.rcbc.com/uploads/media/2024-RCBC-Audited-Financial-Statements_SEC17-C.pdf</p>
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the company's annual report where the following are disclosed: 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>1. There are no identified risks to minority shareholders associated with the identity of the company's controlling shareholders. Nonetheless, the identities of the controlling shareholders as well as the ownership concentration are disclosed in the Annual and Sustainability Report and in the 2024 Definitive Information Statement (under Shareholdings in the Company).</p> <p>2. The cross-holdings among company affiliates are disclosed through the conglomerate structure; both the direct and indirect shareholdings in the Bank are also disclosed.</p> <p>3. There are no voting agreements in place and the By-Laws of the Bank allows all shareholders, including minority shareholders, the right to nominate candidates for the Board of Directors.</p> <p>Links: https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf https://www.rcbc.com/annual-reports (Annual and Sustainability Report)</p>

Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT	Provide information on or Links: to the company's policy requiring directors and officers to disclose their dealings in the company's share.	Part XIV of the Corporate Governance Manual requires the Directors to commit at all times to fully report dealings in the Bank's shares within the same day for disclosure within three to five days. For the Bank employees, the Code of Business Conduct and Ethics, under Company Shares, requires all employees to disclose/report any dealings in the company's shares to HRG – Employee Relations Department within three business days. Links: https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf https://www.rcbc.com/uploads/media/Code-of-Conduct-(Rev.pdf
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT	Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	COMPLIANT	Provide information on or Links: to the shareholdings of directors, management and top 100 shareholders. Provide link or reference to the company's Conglomerate Map.	The information on the shareholdings of the directors and management as of December 31, 2024 is disclosed in the Annual and Sustainability Report and in the 2024 Definitive Information Statement which are posted in the RCBC website. Link: https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf The list of Top 100 Shareholders of RCBC as of December 31, 2024 is posted in PSE Edge. https://edge.pse.com.ph/openDiscViewer.do?edge_no=c61ba55f335ae769ec6e1601ccee8f59 The Conglomerate Map showing the relationship between the Company and its Related Entities is disclosed in the RCBC website under Our Company (Conglomerate Map). Links: https://www.rcbc.com/our-company_(Conglomerate_Map) https://www.rcbc.com/annual-reports_(Annual_and_Sustainability_Report)
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	The profiles of the Bank's Board of Directors are disclosed in the 2024 Definitive Information Statement as well as in Item 9 of the SEC Form 17-A. Links: https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf

2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	The profiles of the Bank's Senior Management are disclosed in the 2024 Definitive Information Statement as well as in Item 9 of the SEC Form 17-A. Links: https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	COMPLIANT	Disclose or provide Links: to the company policy and practice for setting board remuneration	The policy on the remuneration of the directors is disclosed in the Bank's By-Laws (Article V, Sec. 8 – Director's Fee and Article XI – Dividends and Profit Sharing), Corporate Governance Manual (Sec. II. A. v) and in the Annual and Sustainability Report and in the 2024 Definitive Information Statement (under Remuneration of the Board), which are all posted in the RCBC website. Links: https://www.rcbc.com/uploads/media/AMENDED-BY-LAWS-2018-(FDIST).pdf https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf https://www.rcbc.com/annual-reports (Annual and Sustainability Report)
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	COMPLIANT	Disclose or provide Links: to the company policy and practice for determining executive remuneration	The policy Executive Remuneration is disclosed in the Annual and Sustainability Report (under Senior Executive Remuneration in the Corp. Governance section and under Remuneration Policy in the Social Contributions section, which is posted in the RCBC website. Link: https://www.rcbc.com/annual-reports (Annual and Sustainability Report)
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	COMPLIANT	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.	For security/safety and other concerns, the Bank discloses the aggregate remuneration of the Board and the aggregate remuneration of the CEO and four other senior officers with highest remuneration in the Annual Report. Refer to Item 10 – Executive Compensation of the 2024 SEC Form 17-A which is posted in the RCBC website. Link: https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	COMPLIANT	Disclose or provide reference/link to company's RPT policies Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.	The Related Party Transactions (RPT) Policy provides that any member of the Board who has an interest in the transaction under discussion shall not participate in discussions and shall abstain from voting on the approval of the Related Party Transaction. The RPT Policy is posted on RCBC's website. Link: http://rcbc.com/uploads/media/PSE-Disclosure-Updated-Related-Party-Transactions-Policy-October-9,-2024.pdf

2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions 	<p>The material RPTs in 2024 are disclosed in Item 12 of the SEC Form 17-A (Certain Relationships and Related Transactions)</p> <p>Link: https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf</p>
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	COMPLIANT	Indicate where and when directors disclose their interests in transactions or any other conflict of interests.	<p>The members of the Board submit their updated Bio-Data annually, and whenever there are changes within the year. Further, as contained in Part III .ii of the Corporate Governance Manual, Directors should, whenever possible, avoid situations that would give rise to a conflict of interest. If transactions with the institution cannot be avoided, it should be done in the regular course of business and upon terms not less favorable to the institution than those offered to others. Also, Part VI. E. i of the same Manual states that, in case a Related Party Transactions Committee member has conflict of interest in a particular RPT, he should refrain from evaluating that particular transaction. Section IX of the RPT Policy also provides that interested directors and officers with personal interest in the transaction shall fully and timely disclose any and all material facts, including their respective interests in the related party transaction. Interested directors and officers shall abstain from discussion, approval and management of such transaction or matter affecting the company.</p> <p>Links: https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p>

			http://rcbc.com/uploads/media/PSE-Disclosure-Updated-Related-Party-Transactions-Policy-October-9,-2024.pdf
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Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	COMPLIANT	Provide link or reference where this is disclosed, if any	<p>The policy in ensuring that RPTs are conducted at arms' length is provided in the RPT Policy which is posted in the RCBC website. Also as provided in the RPT Committee Charter, the Committee was constituted by the Board of Directors to review proposed Related Party Transactions for the purpose of determining whether or not the transaction is on terms no less favorable to the Bank than terms available to any unconnected third party under the same or similar circumstances. The RPT Policy and the RPT Committee Charter are posted on RCBC's website.</p> <p>Links: http://rcbc.com/uploads/media/PSE-Disclosure-Updated-Related-Party-Transactions-Policy-October-9,-2024.pdf https://www.rcbc.com/uploads/media/RPT-Committee-Charter_Updated-as-of-July-2024.pdf</p>
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	COMPLIANT	Provide link or reference where this is disclosed	<p>Material transactions, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders, are disclosed in accordance with the PSE and SEC disclosure rules and regulations. The disclosures are also posted in the RCBC website, under Company Disclosures and Investor Relations.</p> <p>PSE Edge link: https://edge.pse.com.ph/companyinformation/form.do?cmpy_id=232</p> <p>RCBC Website links: https://www.rcbc.com/company-disclosures ; https://www.rcbc.com/investor-relations https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p>
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT	<p>Identify independent party appointed to evaluate the fairness of the transaction price</p> <p>Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.</p>	<p>As provided in the RPT Policy, where the amount involved in the transaction is at least 10% of the combined assets of the RCBC Group based on the latest audited financial statement, the transaction shall be accompanied by a fairness opinion issued by an external independent party to be appointed by the Board of Directors. An external independent party may include, but is not limited to, auditing/accounting firms and third party consultants and appraisers.</p> <p>Link: http://rcbc.com/uploads/media/PSE-Disclosure-Updated-Related-Party-Transactions-Policy-October-9,-2024.pdf</p>
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting	COMPLIANT	Provide link or reference where these are disclosed.	As disclosed in the 2024 Definitive Information Statement, there are no shareholdings holding any Voting Trust Agreement or any such similar agreement.

trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.			Link: https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Provide link to the company's website where the Manual on Corporate Governance is posted.	The Bank's updated Corporate Governance Manual is posted in the RCBC website as well as in the PSE Edge. Links: https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf https://edge.pse.com.ph/openDiscViewer.do?edge_no=f43e4b67d6430479abca0fa0c5b4e4d0
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT		
3. Company's MCG is posted on its company website.	COMPLIANT		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	Provide proof of submission.	Please see link and proof of submission to PSE: Link: https://edge.pse.com.ph/openDiscViewer.do?edge_no=f43e4b67d6430479abca0fa0c5b4e4d0 Proof of submission to SEC: Re: CGFD_Rizal Commercial Banking Corporation_Updated Corporate Governance Manual_4July2024 External > Inbox x  The screenshot shows an email from 'ICTD Submission' to 'me' at 'sec.gov.ph'. The subject is 'Re: CGFD_Rizal Commercial Banking Corporation_Updated Corporate Governance Manual_4July2024'. The email content includes a thank you message and information about the verification and review process for the submitted document, including a link to the SEC Express website and a phone number for further clarifications.
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		Provide link or reference to the company's Annual Report containing the said information.	The Annual and Sustainability Report can be viewed at the RCBC website:

a. Corporate Objectives	COMPLIANT		<p>https://www.rcbc.com/annual-reports (RCBC 2023 Annual and Sustainability Report)</p> <p>For (a), see Vision and Mission For (b), see Financial Highlights For (c), see Financial Highlights (see Others in the lower part of the table) and Operational Highlights For (d), see Dividend Policy under the Corporate Governance section For (e), see Directors' Profiles For (f), see Attendance in Board and Board Committees Meetings under the Corporate Governance Section For (g), see Remuneration of the Board under the Corporate Governance section</p>
b. Financial performance indicators	COMPLIANT		
c. Non-financial performance indicators	COMPLIANT		
d. Dividend Policy	COMPLIANT		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	COMPLIANT		
f. Attendance details of each director in all directors meetings held during the year	COMPLIANT		
g. Total remuneration of each member of the board of directors	COMPLIANT		
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	COMPLIANT	Provide link or reference to where this is contained in the Annual Report	<p>As provided in the Annual and Sustainability Report, under the Corporate Governance section, the corporate governance framework of RCBC combines global best practices such as the G20/OECD Principles of Good Governance and the general principles of the ASEAN Corporate Governance Scorecard, and the regulatory requirements of SEC Memorandum Circular No. 19, series of 2016 or the Code of Corporate Governance for Publicly-listed Companies and BSP Circular No. 969, series of 2017 or the Enhanced Corporate Governance Guidelines for BSP Supervised Financial Institutions. RCBC's corporate governance framework is embodied in its Corporate Governance Manual, the latest version of which was approved by the Board on June 24, 2024.</p> <p>Link: https://www.rcbc.com/annual-reports</p>

3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	COMPLIANT	Provide link or reference to where this is contained in the Annual Report	The Audit and Compliance Committee disclosed the highlights of its reviews conducted that pertains to internal audit, external audit and compliance functions in the Annual and Sustainability Report, under Audit and Compliance Committee. Link: https://www.rcbc.com/annual-reports
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	COMPLIANT	Provide link or reference to where this is contained in the Annual Report	As stated in the Annual and Sustainability Report, under Audit and Compliance Committee, the Audit and Compliance Committee reports its evaluation of the effectiveness of the internal controls, financial reporting processes, information technology security and controls, risk management systems and governance process of the Bank based on the report and unqualified opinion obtained from the External Auditor, the overall assurance provided by the Chief Audit Executive and additional reports and information requested from Senior Management, and found that these are generally adequate across RCBC. Link: https://www.rcbc.com/annual-reports
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	COMPLIANT	Provide link or reference to where these are contained in the Annual Report	The Board and Management of RCBC believe that effective management of risk is central to achieving strategic objectives and performance targets. In the pursuit of strategy and to produce a superior return for its shareholders, RCBC has identified the various types of risk which is disclosed in the SEC Form 17-A under Major Risks Involved. Links: https://www.rcbc.com/uploads/media/Minutes-of-Annual-Stockholders&#39;-Meeting-June-2024-v2.pdf https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	Provide information or Links: to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	The process for approving and recommending the appointment, reappointment, removal and fees of the external auditor is provided in the Audit and Compliance Charter which is posted in the RCBC website. Link: https://www.rcbc.com/uploads/media/A-1.pdf

<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>	<p>COMPLIANT</p>	<p>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.</p>	<p>As disclosed in the Highlights of Actions of the Audit and Compliance Committee in the 2024 SEC Form 17-A, the ACC endorsed for Board approval the reappointment of Punongbayan and Araullo (P&A) as the external auditor of RCBC for the fiscal year 2024. The reappointment of P&A was approved by the Board and ratified by the Stockholders representing 2,083,030,349 shares or 86.08% of the votes during the Annual Stockholder's Meeting held on June 24, 2024.</p> <p>Links: https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf https://www.rcbc.com/uploads/media/Minutes-of-Annual-Stockholders-&#39;-Meeting-June-2024-v2.pdf</p>
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>COMPLIANT</p>	<p>Provide information on or Links: to a document containing the company's reason for removal or change of external auditor.</p>	<p>For 2024, the Bank's external auditor remains to be Punongbayan & Araullo.</p>
<p>Supplement to Recommendation 9.1</p>			
<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>COMPLIANT</p>	<p>Provide information on or Links: to a document containing the policy of rotating the lead audit partner every five years.</p>	<p>Part X.D.2.v of the Corporate Governance Manual states that: "The Bank's external auditor shall be rotated, or the signing part of the external auditor assigned to the Bank shall be changed, every five (5) years or earlier."</p> <p>Link: https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p>
<p>Recommendation 9.2</p>			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant 	<p>COMPLIANT</p>	<p>Provide Links: to the company's Audit Committee Charter</p>	<p>The duties and responsibilities of the Audit and Compliance Committee (ACC) are provided in the ACC Charter, which is posted in the RCBC website. The ACC's duties and responsibilities include among others, the following: (a) oversight over the internal and external audit functions, (b) ensuring the independence of the external auditors; (c) review the effectiveness of the internal audit function and assess compliance with sound internal auditing standards by commissioning an assessment team outside of the organization to conduct an assessment team outside of the organization to conduct an independent quality assurance review at least every five (5) years.</p> <p>Link: https://www.rcbc.com/uploads/media/A-1.pdf</p>

Philippine professional and regulatory requirements.			
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT	Provide Links: to the company's Audit Committee Charter	The Audit and Compliance Committee (ACC) Charter, which is posted in the RCBC website, provides that the ACC is responsible for the selection of the external auditor, considering professional qualification, independence and effectiveness. Link: https://www.rcbc.com/uploads/media/A-1.pdf
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	COMPLIANT	Provide Links: to the company's Audit Committee Charter	The Audit and Compliance Committee (ACC) Charter which is posted in the RCBC website, provides that the ACC's responsibility includes the selection and endorsement of the external auditor to the Board, based on professional qualifications, independence and effectiveness. Link: https://www.rcbc.com/uploads/media/A-1.pdf
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	Provide Links: to the company's Audit Committee Charter	The Audit and Compliance Committee (ACC) Charter which is posted in the RCBC website, provides that the ACC monitor and evaluate the adequacy and effectiveness of the internal audit functions. Further, the composition of the P&A team as presented to the Audit and Compliance Committee (ACCom) during the presentation of their audit plan on September 17, 2024 ACCom meeting. Link: https://www.rcbc.com/uploads/media/A-1.pdf
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	Disclose the nature of non-audit services performed by the external auditor, if any.	As disclosed in the Annual and Sustainability Report and in the 2024 Definitive Information Statement (under The External Auditor), the non-audit fees pertain only to the quarterly financial statements review. Link: https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services,	COMPLIANT	Provide link or reference to guidelines or policies on non-audit services	The policies on non-audit services are disclosed in the Audit and Compliance Charter, which is posted in the website. Link: https://www.rcbc.com/uploads/media/A-1.pdf

which could be viewed as impairing the external auditor's objectivity.			
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT	Provide information on audit and non-audit fees paid.	As disclosed in the 2024 SEC Form 17-A (under External Audit Fees and Services) which is posted in the RCBC website, for the audit of the Group's annual financial statements and services provided in connection with statutory and regulatory filings or engagements, the aggregate amount to be billed excluding out-of pocket expenses, by its independent accountant amounted to P13.8 million and P13.0 million for 2023 and 2022, respectively. Additionally, approximately P5.6 million was paid for other services rendered by the independent accountant in 2023. Link: https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	COMPLIANT	Provide information on company's external auditor, such as: 1. Name of the audit engagement partner; 2. Accreditation number; 3. Date Accredited; 4. Expiry date of accreditation; and 5. Name, address, contact number of the audit firm.	Name of the audit engagement partner - Maria Isabel (Mabel) E. Comedia Accreditation No: BOA accreditation number 0002/P-005 Date Accredited: September 12,2024 Expiry date of accreditation: August 12, 2027 Name, address, contact number of the auditing firm Name: Punongbayan and Araullo Address: 20th Floor Tower 1, The Enterprise Center, 6766 Ayala Avenue 1200 Makati City Contact Number: +63 2 89882288
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	COMPLIANT	Provide information on the following: 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC.	RCBC's external auditors, Punongbayan & Araullo (P&A Grant Thornton), is covered by the SEC Oversight Assurance Review (SOAR) Inspection Program, in compliance with SEC Memorandum Circular No. 9, Series of 2017 and as revised by SEC Memorandum Circular No. 12, Series of 2021. P&A Grant Thornton was subjected to SEC Assurance Review (SOAR) in September 2022.
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			

1.Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	COMPLIANT	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	The Bank's Sustainable Finance Framework and Sustainable Finance Framework Second Party Opinion are disclosed in the Bank's website. Links: https://www.rcbc.com/uploads/media/2024-RCBC-Sustainable-Finance-Framework-1.pdf https://www.rcbc.com/uploads/media/2024-RCBC-Sustainable-Finance-Framework-Second-Party-Opinion.pdf
2.Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	Provide link to Sustainability Report, if any. Disclose the standards used.	The 2024 Sustainability Report is disclosed on the Bank's website. Link: https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-for-FY2024.pdf
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	COMPLIANT	Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.	The media briefings, investor presentations, and financial information (quarterly reporting) are disclosed on the Bank's website. Links: https://www.rcbc.com/uploads/media/RCBC-Media-Briefing-4Q-2021.pdf https://www.rcbc.com/investor-presentations https://www.rcbc.com/financial-information
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:		Provide link to company website	
a. Financial statements/reports (latest quarterly)	COMPLIANT		2024 Audited Financial Statement: https://www.rcbc.com/uploads/media/2024-RCBC-Audited-Financial-Statements_SEC17-C-(1).pdf 2024 SEC Form 17-Q as of Sept. 30, 2024 https://www.rcbc.com/uploads/media/SEC-Form-17Q-3Q-2024.pdf

b. Materials provided in briefings to analysts and media	COMPLIANT		Media briefings: https://www.rcbc.com/uploads/media/RCBC-Media-Briefing-4Q-2021.pdf https://www.rcbc.com/uploads/media/RCBC-FY2024-Analyst-Briefing_VF.pdf
c. Downloadable annual report	COMPLIANT		2024 Annual Report https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf
d. Notice of ASM and/or SSM	COMPLIANT		Notice of 2024 ASM: https://www.rcbc.com/uploads/media/20240503-SEC-Form-17-C-Notice-of-2024-Annual-Stockholders'-Meeting.pdf
e. Minutes of ASM and/or SSM	COMPLIANT		Minutes of 2024 Annual Stockholders' Meeting: https://www.rcbc.com/uploads/media/Minutes-of-Annual-Stockholders'-Meeting-June-2024-v2.pdf
f. Company's Articles of Incorporation and By-Laws	COMPLIANT		Articles of Incorporation: https://www.rcbc.com/uploads/media/RCBC-Amended-Articles-of-Incorporation-with-SEC-Cert-of-Filing-dated-Sep-30,-2022.pdf By-Laws: https://www.rcbc.com/uploads/media/AMENDED-BY-LAWS-2018-(FDIST).pdf
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	COMPLIANT		The Bank's website is compliant with the prescribed template for publicly-listed companies' websites, as prescribed by the SEC in Memorandum Circular No. 11, Series of 2014.
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	List quality service programs for the internal audit functions. Indicate frequency of review of the internal control system	As stated in the Audit and Compliance Committee Charter which is posted in the RCBC website, the ACC shall provide oversight over the institution's financial reporting policies, practices and control and internal and external audit functions; shall monitor and evaluate the adequacy and effectiveness of the internal control system and risk management including financial reporting control and information technology security; and shall ensure that a review of the effectiveness of the institution's internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually. Through this comprehensive system of monitoring and review of risks, controls and compliance in the institution, the Board ensures that the Bank and all business units proactively manage the risk and compliance exposures impacting their respective businesses. Link: https://www.rcbc.com/uploads/media/A-1.pdf

<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>Identify international framework used for Enterprise Risk Management</p> <p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks <p>Indicate frequency of review of the enterprise risk management framework.</p>	<p>RCBC has an established Risk Governance Framework (RGF) which aims to:</p> <ol style="list-style-type: none"> a. Identify, measure, control, and monitor the risk inherent to the Group's business activities or embedded in its products and portfolios; b. Formulate, disseminate, and observe the corporate risk philosophy, policies, procedures and guidelines; c. Guide risk-taking units in understanding and measuring risk-return profiles in their business transactions; d. Continually develop an efficient and effective risk management infrastructure; and e. Comply with regulations on risk and capital management. <p>The Risk Appetite Framework which includes the Risk Appetite Statement (RAS) and Risk Limits is embedded in RGF. The Bank also has an Internal Capital Adequacy Assessment Process & Recovery Plan (ICAAP-RP) Framework, Operational Risk Framework, Environmental & Social Management System (ESMS), and various risk frameworks and policies owned by the different units.</p> <p>The Risk Governance Framework, which is reviewed annually by the Risk Oversight Committee, is based on the following:</p> <ol style="list-style-type: none"> a. The Risk Management Principles is based on ISO 31000 11 principles, b. The Three Categories of Risk are based from Harvard Business Review, 2012. Managing Risks: A New Framework; and c. The Risk Appetite Framework is based on 1) Deloitte, 2014. Risk Appetite Frameworks: How to Spot the Genuine Article, Senior Supervisors Group (SSG), 2009, 2) Risk Management Lessons from the Global Banking Crisis of 2008, and 3) As noted of some firms during the 2008 financial crisis, by the Senior Supervisors Group (SSG). <p>Reference: Schedule of Annexes (Annex 8) for the Risk Governance Framework</p>
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Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	COMPLIANT	Provide information on or link/ reference to a document containing the company's compliance program covering compliance with laws and relevant regulations. Indicate frequency of review.	The Bank has a comprehensive enterprise-wide program as reflected in the Compliance Manual covering compliance with relevant laws and regulations. The full copy of the manual will be available upon request. Refer to Annex 15 for the Compliance Program.
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	COMPLIANT	Provide information on IT governance process	As disclosed in the Annual and Sustainability Report and in the 2024 Definitive Information Statement (under The Technology Committee), one of the core oversight functions of the Technology Committee is to review, evaluate and resolve all cyber security issues and disruptions and to monitor disaster recovery activities. Links: https://www.rcbc.com/annual-reports https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.	The Bank has an in-house internal audit function.
Recommendation 12.3			

1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.	<p>The Bank's Chief Audit Executive (CAE) is Ms. Sheila Ricca Dioso³. Her profile is disclosed in Item 9 (Directors and Executive Officers of the Issuer) of the 2024 SEC Form 17-A. The duties and responsibilities of the CAE are provided in the Corporate Governance Manual and in the Internal Audit Charter.</p> <p>Links: https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p> <p>Link: https://www.rcbc.com/uploads/media/A-1.pdf</p>
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	COMPLIANT		<p>The Part X.C of the Corporate Governance Manual provides that the Chief Audit Executive shall be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p> <p>Link: https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p>
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	Identify qualified independent executive or senior management personnel, if applicable.	<p>The internal audit function is not outsourced, As stated in the reply in Recommendation 12.2(1), RCBC has an in-house internal audit function.</p>
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	Provide information on company's risk management function.	<p>The risk management functions are performed by the Risk Management Group (RMG) and the Credit Management Group (CMG)⁴. RCBC recognizes that the core banking activity of managing risks is not the sole province of RMG and CMG. It is rather a function that cuts across the entire organization. The Three Lines of Defense model was adopted by the Bank. Each line of defense plays a distinct role in managing risk. The responsibilities of the line management are provided in the Risk Governance Framework. RCBC has identified risk types that are inherent with its strategy and business model. The second line of defense (risk & control units) was also identified for each specific risk type. Risk control owners are responsible for developing and implementing a policy framework that reduces or eliminates preventable risks, and reduces the likelihood and impact of strategic and external risks. Risk control owners regularly assess each risk type.</p> <p>Link: https://www.rcbc.com/corporate-governance (Enterprise Risk Management)</p> <p>Reference: Schedule of Annexes (Annex 8) for the Risk Governance Framework.</p>

³ The Bank has appointed Ms. Kristine I. Aguirre as Chief Audit Executive/Group Head of the Internal Audit Group, effective May 2, 2025 (subject to BSP and other regulatory approvals as may be required)

⁴ The Bank's Risk Management Group (RMG) and the Credit Management Group (CMG) were merged effective on January 1, 2025.

Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	COMPLIANT	Identify source of external technical support, if any.	There is none as the competence in risk management is available internally.
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	COMPLIANT	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	The Bank's Chief Risk Officer (CRO) is Mr. Juan Gabriel R. Tomas IV. ⁵ His profile is disclosed in Item 9 (Directors and Executive Officers of the Issuer) of the 2024 SEC Form 17-A while the duties and responsibilities of the CRO are provided in Part X.E of the Corporate Governance Manual. Links: https://www.rcbc.com/uploads/media/RCBC-Annual-Report-(SEC-Form17-A)-2024.pdf https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT		As provided in the Sec. X.E of the Corporate Governance Manual, the Chief Risk Officer shall be the ultimate champion of Enterprise Risk Management and has adequate authority, stature, resources and support to fulfill his/her responsibilities, subject to a company's size, risk profile and complexity of operations. Link: https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	COMPLIANT	Provide link to CEO and CAE's attestation	Please refer to the schedule of Annexes (Annex 18) for the 2024 Attestation that a sound internal audit, control and compliance system is in place and working effectively.
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.	The shareholder rights are provided in Part XV of the Bank's Corporate Governance Manual, which is posted in the RCBC website. Link: https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf

⁵ Effective January 1, 2025, the Bank's Chief Risk Officer and Head of Risk Management Group is Mr. Bennett D. Santiago.

2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	Provide link to company's website	<p>The basic shareholder rights are disclosed in the Corporate Governance Manual, in the Annual and Sustainability Report and in the 2024 Definitive Information Statement which are posted in the RCBC website.</p> <p>Links: https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf https://www.rcbc.com/annual-reports https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p>
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	COMPLIANT		<p>Per 2024 Definitive Information Statement which is posted in the RCBC website, 2,419,536,322 Common shares and 266,382 Preferred shares are outstanding as of May 2, 2024 and are entitled to be represented and vote at the Annual Stockholders' Meeting. Each share is entitled to one vote.</p> <p>Link: https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p>
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	COMPLIANT	Provide information on all classes of shares, including their voting rights if any.	<p>Please refer to the following Links:</p> <p>https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p> <p>RCBC Articles and Incorporation and By-Laws</p> <p>https://www.rcbc.com/uploads/media/RCBC-Amended-Articles-of-Incorporation-with-SEC-Cert-of-Filing-dated-Sep-30,-2022.pdf</p> <p>https://www.rcbc.com/uploads/media/AMENDED-BY-LAWS-2018-(FDIST).pdf</p>

3. Board has an effective, secure, and efficient voting system.	COMPLIANT	Provide link to voting procedure. Indicate if voting is by poll or show of hands.	<p>The voting procedures are disclosed in the Bank's By-Laws, Minutes of the 2024 Annual Stockholders' Meeting and in the 2024 Definitive Information Statement which are posted in the RCBC website.</p> <p>Links:</p> <p>https://www.rcbc.com/uploads/media/AMENDED-BY-LAWS-2018-(FDIST).pdf</p> <p>https://www.rcbc.com/uploads/media/Minutes-of-Annual-Stockholders'-Meeting-June-2024-v2.pdf</p> <p>https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p>
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	COMPLIANT	Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.	<p>The shareholder voting procedures are disclosed in 2024 Definitive Information Statement. Each share is entitled to one vote, regardless of the proportion of a particular shareholder's holdings.</p> <p>Links:</p> <p>https://www.rcbc.com/uploads/media/AMENDED-BY-LAWS-2018-(FDIST).pdf</p> <p>https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p>
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	COMPLIANT	Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)	<p>While no Special Stockholders' Meeting was held in 2024. The Bank's By-Laws provides that Special Stockholders' Meeting may be called for any purposes at any time by the Chairman of the Board of Directors, or by the holders of not less than one-third of the subscribed capital stock of the Corporation.</p> <p>Link:</p> <p>https://www.rcbc.com/uploads/media/AMENDED-BY-LAWS-2018-(FDIST).pdf</p>
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	Provide information or Links: to the policies on treatment of minority shareholders	<p>The Stockholders' rights and protection of Minority Stockholders' interests is included in the Bank's Corporate Governance Manual</p> <p>Link:</p> <p>Part XVI. Stockholders' Rights and Protection of Minority Stockholders' Interests, page 54-57 of the Corporate Governance Manual</p> <p>https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p>

7. Company has a transparent and specific dividend policy.	COMPLIANT	<p>Provide information on or Links: to the company's dividend Policy.</p> <p>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration</p>	<p>Currently, the bank pays out annual dividends to common and preferred shareholders 10 trading days from record date. Record date, on the other hand, is set at 10 trading days after Board approval. See Section III.9 of the Dividend Policy</p> <p>Reference: Schedule of Annexes (Annex 16) for the Bank's Dividend Policy.</p>
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	COMPLIANT	Identify the independent party that counted/validated the votes at the ASM, if any.	<p>Based on the Minutes of the 2024 Annual Stockholders' Meeting, the Bank has engaged an independent party, Punongbayan & Araullo, to count and/or validate the votes of the meeting.</p> <p>Link: https://www.rcbc.com/uploads/media/Minutes-of-Annual-Stockholders'-Meeting-June-2024-v2.pdf</p>
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	COMPLIANT	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p>	<p>The Notice of the Annual Stockholders' Meeting and the 2024 Definitive Information Statement were sent out on April 30, 2024 and May 14, 2024, respectively. They were sent out 54 days and 40 days before the Annual Stockholders' Meeting which was held on June 24, 2024.</p> <p>PSE Links: https://edge.pse.com.ph/openDiscViewer.do?edge_no=8c3b129d13f93e88abca0fa0c5b4e4d0 https://edge.pse.com.ph/openDiscViewer.do?edge_no=53495d4344ad6971abca0fa0c5b4e4d0</p> <p>RCBC Website Links: https://www.rcbc.com/uploads/media/20240503-SEC-Form-17-C-Notice-of-2024-Annual-Stockholders'-Meeting.pdf https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p>
Supplemental to Recommendation 13.2			

1. Company's Notice of Annual Stockholders' Meeting contains the following information:	COMPLIANT	Provide link or reference to the company's notice of Annual Shareholders' Meeting	<p>The Bank's Notice of Annual Stockholders' Meeting is posted on the RCBC website.</p> <p>Link: https://www.rcbc.com/uploads/media/20240503-SEC-Form-17-C-Notice-of-2024-Annual-Stockholders'-Meeting.pdf</p> <p>PSE EDGE Links: https://edge.pse.com.ph/openDiscViewer.do?edge_no=8c3b129d13f93e88abca0fa0c5b4e4d0 https://edge.pse.com.ph/openDiscViewer.do?edge_no=17bcb2a805c7ec1fabca0fa0c5b4e4d0</p>
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	COMPLIANT		<p>Link: https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p>
b. Auditors seeking appointment/re-appointment	COMPLIANT		<p>Links: https://www.rcbc.com/uploads/media/20240503-SEC-Form-17-C-Notice-of-2024-Annual-Stockholders'-Meeting.pdf https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p>
c. Proxy documents	COMPLIANT		<p>Link: https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p>
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	Provide link or reference to the rationale for the agenda items	<p>The rationale for the agenda items for the Annual Stockholders' Meeting is disclosed in the Notice of 2024 Annual Stockholders Meeting and in the 2024 Definitive Information Statement.</p> <p>Links: https://www.rcbc.com/uploads/media/20240503-SEC-Form-17-C-Notice-of-2024-Annual-Stockholders'-Meeting.pdf https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p>
Recommendation 13.3			

<p>1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</p>	<p>The Annual Stockholders' Meeting (ASM) and the Organizational Board Meeting were held on June 24, 2024. The results were posted in the PSE Edge website and RCBC website on June 25, 2024, one day after the ASM.</p> <p>RCBC Website Links: https://www.rcbc.com/uploads/media/20240625-SEC-Form-17-C-PSE-Disclosure---Results-of-Annual-Stockholders-Meeting---June-24,-2024.pdf https://www.rcbc.com/uploads/media/20240625-SEC-Form-17-C-PSE-Disclosure---Results-of-Organizational-Meeting---June-24,-2024.pdf</p> <p>PSE Edge Links: https://edge.pse.com.ph/openDiscViewer.do?edge_no=03ffb2ce143cf43fabca0fa0c5b4e4d0 https://edge.pse.com.ph/openDiscViewer.do?edge_no=f489bc98055d20d1abca0fa0c5b4e4d0</p>
<p>2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.</p>	<p>COMPLIANT</p>	<p>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any</p>	<p>The Minutes of the Annual Stockholders' Meeting (ASM) was held on June 24, 2024. The relevant details of what transpired during the ASM were disclosed in the Minutes</p> <p>Link: https://www.rcbc.com/uploads/media/Minutes-of-Annual-Stockholders'-Meeting-June-2024-v2.pdf</p>
<p>Supplement to Recommendation 13.3</p>			
<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	<p>COMPLIANT</p>	<p>Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting</p>	<p>As disclosed in the Minutes of the Annual Stockholders' Meeting (ASM), all the members of the Board of Directors, other officers of the Bank and representatives of Punongbayan & Araullo were in attendance through the live webcast of the ASM.</p> <p>Link: https://www.rcbc.com/uploads/media/Minutes-of-Annual-Stockholders'-Meeting-June-2024-v2.pdf</p>

Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes	<p>The alternative dispute mechanism is provided in Part XV.7 of the Corporate Governance Manual on Grievance Procedures which states that: "The Bank hereby adopts an arbitration system to resolve any dispute, controversy, or claim arising out of, or relating to, the Bank's relations with its shareholders, and other intra-corporate matters under applicable law and regulations, in accordance with the Philippine Dispute Resolution Center, Inc. (PDRCI) Arbitration Rules, in accordance with The Arbitration Law and R.A. No. 9285, otherwise known as The Alternative Dispute Resolution Act of 2004."</p> <p>Link:</p> <p><u>Grievance Procedure Corporate Governance Manual, page 56 https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</u></p>
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	Provide Links: to where it is found in the Manual on Corporate Governance	<p>Part XV.7 of the Corporate Governance Manual on Grievance Procedures states that: "The Bank hereby adopts an arbitration system to resolve any dispute, controversy, or claim arising out of, or relating to, the Bank's relations with its shareholders, and other intra-corporate matters under applicable law and regulations, in accordance with the Philippine Dispute Resolution Center, Inc. (PDRCI) Arbitration Rules, in accordance with The Arbitration Law and R.A. No. 9285, otherwise known as The Alternative Dispute Resolution Act of 2004." The CG Manual is posted on the Bank's website.</p> <p>Link:</p> <p><u>https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</u></p>
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	<p>Disclose the contact details of the officer/office responsible for investor relations, such as:</p> <ol style="list-style-type: none"> 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address 	<p>The Bank's Head of Corporate Planning Group and Corporate Information Officer is Ms. Maria Christina P. Alvarez. She may be reached through the following:</p> <p><i>Telephone number - 8894 9000</i> <i>E-mail address - Investor_Relations@rcbc.com</i></p> <p>SHAREHOLDER ASSISTANCE AND SERVICES Investor Relations Yuchengco Tower, RCBC Plaza Tower 1 Ayala Avenue, Makati City 1226 Philippines</p> <p>Link:</p> <p><u>https://www.rcbc.com/investor-assistance</u></p>

IRO is present at every shareholder's meeting.	COMPLIANT	Indicate if the IRO was present during the ASM.	Yes, the IRO was present during the 2024 Annual Stockholders' Meeting.
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	COMPLIANT	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.	There are no anti-takeover measures or similar devices that may entrench ineffective management. The Bank respects the rights of its shareholders including the minority shareholders. Link: Stockholders' Rights and Protection of Minority Stockholders' Interests Corporate Governance Manual, pages 54-57 https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4.-2024.pdf
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	COMPLIANT	Indicate the company's public float.	The public float of RCBC as of Dec 31 2024 is at 18.85pct.
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	COMPLIANT	Disclose or provide Links: to policies and practices to encourage shareholders' participation beyond ASM	The Corporate Information Officer (CIO) is responsible for efficiently 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. Likewise, the Bank engages stockholders', investors and even media to participate in its Investor and/or Media/Analysts Briefings. The disclosure and/or announcement is published in the Company website and submitted to the PSE via PSE EDGE. Link: Investor Relations Program https://www.rcbc.com/investor-relations-program Investor & Media Briefings https://www.rcbc.com/briefings

2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	COMPLIANT	Disclose the process and procedure for secure electronic voting in absentia, if any.	<p>Section 1.e Article IV of the By-Laws states that any stockholder shall be allowed to vote either in person or by proxy duly executed in writing, signed by the person represented and presented to the Secretary before the meeting commences. The electronic voting in absentia (allowed via email) was allowed in 2020. As allowed by the Revised Corporation Code and the rules of the SEC, the Board approved voting in absentia for the 2023 ASM. The procedures for the ASM make reference to this. See 2024 Definitive Information Statement and the Amended Notice of Annual Stockholders' Meeting posted on the website.</p> <p>Links: https://www.rcbc.com/Content/Web/img/about/pdf/AMENDED_BYLAWS_2018.pdf https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf https://www.rcbc.com/uploads/media/Minutes-of-Annual-Stockholders'-Meeting-June-2024-v2.pdf</p>
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1.Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	<p>The Bank's stakeholders and the policies and programs for its stakeholders are disclosed in the 2024 Sustainability Report and in the Sustainable Finance Framework which is posted in the RCBC website.</p> <p>Links: https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-2024.pdf https://www.rcbc.com/uploads/media/2024-RCBC-Sustainable-Finance-Framework-1.pdf</p>
Recommendation 14.2			
1.Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	Identify policies and programs for the protection and fair treatment of company's stakeholders	<p>The Bank's By-Laws treat all shares equally. The stockholders' rights and protection of minority stockholders' interests are also provided in the Corporate Governance Manual.</p> <p>Links: https://www.rcbc.com/uploads/media/AMENDED-BY-LAWS-2018-(FDIST).pdf https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p> <p><u>Stockholders' rights and protection of minority stockholders' interests Corporate Governance Manual, pages, 54-57</u></p>
Recommendation 14.3			

<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>COMPLIANT</p>	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders</p>	<p>The Bank's whistleblowing policy is disclosed in the website:</p> <p>Link: https://www.rcbc.com/Content/Web/img/news-promos/pdf/aboutus/Whistleblowing%20Policy approved%20July%202017_updated%20July%202018.pdf</p> <p>To give everyone an additional channel to raise concerns accordingly, an anonymous reporting system ("Talk to Us") is available at the bottom portion of the company website, www.rcbc.com. This reporting tool aims to further mitigate risks and losses through the early discovery of irregular activities.</p> <p>Link: https://www.rcbc.com/talktous</p>
<p>Supplement to Recommendation 14.3</p>			
<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>COMPLIANT</p>	<p>Provide information on the alternative dispute resolution system established by the company.</p>	<p>The alternative dispute resolution system is provided in Part XV.7 of the Corporate Governance Manual on Grievance Procedure which states that: The Bank hereby adopts an arbitration system to resolve any dispute, controversy, or claim arising out of, or relating to, the Bank's relations with its shareholders, and other intra-corporate matters under applicable law and regulations, in accordance with the Philippine Dispute Resolution Center, Inc. (PDRCI) Arbitration Rules, in accordance with The Arbitration Law and R.A. No. 9285, otherwise known as The Alternative Dispute Resolution Act of 2004.</p> <p>Link: https://www.rcbc.com/uploads/media/PSE-Disclosure---Updated-Corporate-Governance-Manual---July-4,-2024.pdf</p>
<p>Additional Recommendations to Principle 14</p>			
<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	<p>COMPLIANT</p>	<p>Disclose any requests for exemption by the company and the reason for the request.</p>	<p>No exemption was sought.</p>
<p>2. Company respects intellectual property rights.</p>	<p>COMPLIANT</p>	<p>Provide specific instances, if any.</p>	<p>The Bank respects intellectual property rights in the conduct of its business. There are no cases filed against the Bank for violation of Intellectual Property rights.</p>
<p>Optional: Principle 14</p>			

1. Company discloses its policies and practices that address customers' welfare	COMPLIANT	Identify policies, programs and practices that address customers' welfare or provide Links: to a document containing the same.	<p>The Financial Consumer Protection Framework and complaints handling mechanisms are disclosed in the Annual and Sustainability Report under Risk and Capital Management section.</p> <p>Link : https://www.rcbc.com/annual-reports</p> <p>2024 Sustainability Report, pages 61-63 https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-2024.pdf</p>
2. Company discloses its policies and practices that address supplier/contractor selection procedures	COMPLIANT	Identify policies, programs and practices that address supplier/contractor selection procedures or provide Links: to a document containing the same.	<p>The supplier/contractor selection and criteria policy of the Bank is disclosed in the 2024 Definitive Information Statement which is posted in the RCBC website. Likewise, the Bank's Supplier accreditation policy is stated in its Supplier Chain Management discussed in the 2024 Sustainability Report.</p> <p>Link:</p> <p>Supplier/Contractor Selection and Criteria 2024 Definitive Information Statement, pages 78-80 https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p> <p>Supplier Chain Management 2024 Sustainability Report, pages 56-59 https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-2024.pdf</p>
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	Provide information on or Links: to company policies, programs and procedures that encourage employee participation.	<p>The Workplace Conditions, Labor Standards, and Human Rights policies of the Bank are discussed in the Social section of the 2024 Sustainability Report.</p> <p>Link: 2024 Sustainability Report, pages 54-55 https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-2024.pdf</p>
Supplement to Recommendation 15.1			

<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	<p>COMPLIANT</p>	<p>Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.</p>	<p>The Compensation and Rewards Program of the Bank is disclosed under the Employee Management portion of the Social section of the 2024 Sustainability Report. The Remuneration Policy is also disclosed in the Annual and Sustainability Report under Social Contributions section.</p> <p>Links: 2024 Sustainability Report, pages 41-43 https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-2024.pdf</p> <p>https://www.rcbc.com/sustainability</p>
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>COMPLIANT</p>	<p>Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.</p>	<p>The Substance Abuse and Health & Safety Policies of the Bank are disclosed under the Workplace Conditions, Labor Standards, and Human Rights portion of the Social section of 2023 Sustainability Report which is posted in the RCBC website. The employee welfare and well-being are also discussed in the Annual and Sustainability Report under Social Distributions section.</p> <p>Links: 2024 Sustainability Report, pages 53-54 https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-2024.pdf https://www.rcbc.com/sustainability</p>
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>COMPLIANT</p>	<p>Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.</p>	<p>The Bank's policies and practices on Employee Training and Development are discussed in the Social section of the 2024 Sustainability Report and in the 2023 Sustainability and Impact Report under Social Contributions.</p> <p>Links: 2024 Sustainability Report, pages 43-50 https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-2024.pdf</p> <p>Sustainability and Impact Report, page 58 https://www.rcbc.com/uploads/media/RCBC-Sustainability-and-Impact-Report-2023-24May2024-1.pdf</p>
<p>Recommendation 15.2</p>			
<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p>COMPLIANT</p>	<p>Identify or provide Links: to the company's policies, programs and practices on anti-corruption</p>	<p>The Bank's anti-corruption policies and procedures are discussed in the Business Ethics section of the 2024 Sustainability Report and in the Sustainability and Impact Report.</p> <p>Links: 2024 Sustainability Report, pages 23-25 https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-2024.pdf</p> <p>Sustainability and Impact Report, pages 34-35 https://www.rcbc.com/uploads/media/RCBC-Sustainability-and-Impact-Report-2023-24May2024-1.pdf</p> <p>https://www.rcbc.com/sustainability</p>

2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	Identify how the board disseminated the policy and program to employees across the organization	<p>The Bank's policies and programs are discussed to all new employees in the Employee Orientation Program/ Branch Induction Program. As part of the continuing education of the employees, the Bank has developed an e-learning program on the various company policies which include, among others, Anti-Money Laundering Act, Related Party Transactions Policy, Data Privacy, etc. The Company Policies are also disclosed in the Bank's website which can be accessed by everybody.</p> <p>Links: https://www.rcbc.com/uploads/media/Code-of-Conduct-(Rev).pdf https://www.rcbc.com/corporate-governance (under Company Policies)</p>
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	COMPLIANT	<p>Identify or provide Links: to the company policy and procedures on penalizing employees involved in corrupt practices.</p> <p>Include any finding of violations of the company policy.</p>	<p>The policy and procedures on penalizing employees involved in corrupt practices are discussed in the Code of Conduct, which is disclosed in the bank's website.</p> <p>Link: Code of Conduct, pages 23-29 https://www.rcbc.com/uploads/media/Code-of-Conduct-(Rev).pdf</p>
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	COMPLIANT	<p>Disclose or provide Links: to the company whistle-blowing policy and procedure for employees.</p> <p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Provide contact details to report any illegal or unethical behavior.</p>	<p>The Bank has its Whistleblowing Policy that ensures that its employees and stakeholders have the confidence to raise concerns about any behavior or practice and to mitigate risks and losses through early discovery of irregular activities. The said policy provides specific guidelines and procedures on whistleblowing and how to treat reports of such nature. It also intends to protect the rights of employees making the report under such policy.</p> <p>The Bank's Whistleblowing Policy is disclosed on the Company website.</p> <p>Links: https://www.rcbc.com/Content/Web/img/news-promos/pdf/aboutus/Whistleblowing%20Policy approved%20July%202017 updated%20July%202018.pdf</p> <p>Any person may report such concerns thru the "Talk to Us" portal/link found in the Bank's website:</p> <p>Link: https://www.rcbc.com/talktous</p>

2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT		<p>The Bank's Whistleblowing Policy is disclosed on RCBC's website:</p> <p>Link: https://www.rcbc.com/Content/Web/img/news-promos/pdf/aboutus/Whistleblowing%20Policy approved%20July%202017 updated%20July%202018.pdf</p>
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	<p>The policy provides that the Human Resources Group shall monitor all reported cases, and shall make a quarterly report to the Corporate Governance Committee on the number of reports received, actions taken and the latest status of each case.</p> <p>Link: https://www.rcbc.com/Content/Web/img/news-promos/pdf/aboutus/Whistleblowing%20Policy approved%20July%202017 updated%20July%202018.pdf</p>
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	COMPLIANT	Provide information or reference to a document containing information on the company's community involvement and environment-related programs.	<p>The Bank's Corporate Social Responsibility efforts are discussed in the RCBC website as well as in the 2024 Sustainability Report, under the Environment section, which is also posted in the RCBC website.</p> <p>Links:</p> <p>Sustainable Finance https://www.rcbc.com/sustainability</p> <p>Sustainable Finance Framework https://www.rcbc.com/uploads/media/2024-RCBC-Sustainable-Finance-Framework-1.pdf</p> <p>2024 Sustainability Report https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-for-FY2024.pdf</p> <p>Corporate Social Responsibility https://www.rcbc.com/corporate-governance</p>
Optional: Principle 16			

<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>COMPLIANT</p>	<p>Identify or provide Links: to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.</p>	<p>The Bank's efforts in ensuring an environmentally-friendly value chain are supported by its Environmental and Social Management System (ESMS) and Sustainable Finance Framework, which are disclosed in the RCBC website. The environment-friendly value chain is also discussed in the 2024 Annual and Sustainability Report and in the 2024 Definitive Information Statement which is also posted in the RCBC website.</p> <p>Links:</p> <p>Sustainable Finance https://www.rcbc.com/sustainability</p> <p>Sustainable Finance Framework https://www.rcbc.com/uploads/media/2024-RCBC-Sustainable-Finance-Framework-1.pdf</p> <p>2024 Sustainability Report https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-for-FY2024.pdf</p> <p>https://www.rcbc.com/annual-reports https://www.rcbc.com/uploads/media/20240513-SEC-Form-20-IS-2024-Definitive-Information-Statement.pdf</p>
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>COMPLIANT</p>	<p>Identify or provide Links: to policies, programs and practices to interact positively with the communities in which it operate.</p>	<p>The Bank's Corporate Social Responsibility efforts are discussed in the RCBC website as well as in the 2024 Sustainability Report, under the Environment section, which is also posted on RCBC's website.</p> <p>Links:</p> <p>RCBC's Corporate Social Responsibility https://www.rcbc.com/corporate-governance</p> <p>https://www.rcbc.com/uploads/media/PSE-Disclosure--Updated-Corporate-Governance-Manual--July-4,-2024.pdf</p> <p>https://www.rcbc.com/uploads/media/RCBC-Sustainability-Report-2024.pdf</p>

Pursuant to the requirements of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report (I-ACGR) is signed on behalf of the registrant by the undersigned.


Helen Y. Dee
Chairperson of the Board


Eugene S. Acevedo
President & CEO


Sheila Ricca G. Dioso
Chief Compliance Officer


George Gilbert G. Dela Cuesta
Corporate Secretary

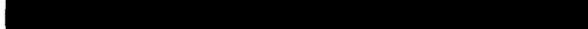
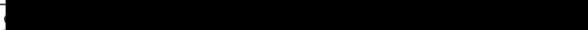
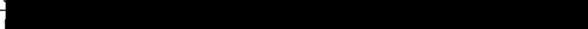
ACKNOWLEDGEMENT

Republic of the Philippines)

Makati City)S.S.

MAY 13 2025

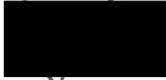
BEFORE ME, a duly authorized Notary Public for and in **MAKATI CITY** City on _____, 2025 personally appeared before me, the following, who are personally known to me and / or identified through competent evidence of identity and with community tax certificate/s, to wit:

Helen Y. Dee	
Eugene S. Acevedo	
George Gilbert G. dela Cuesta	
Sheila Ricca G. Dioso	

Doc. No. 402
Page No. 93
Book No. 200
Series of 2025

ATTY. CATALINO VICENTE L. ARABIT
Notary Public for Makati City
Appointments No. M-027 (2025-2026)
PTR No. 10465653; 01/02/25; Makati City
IBP No. 492612, 01/02/25; Makati City
ROLL NO. 40145
ICLE Compliance No. VIII-0007518-15 Mar. 2024
21st Floor Yuchengco Tower 2, RCBC Plaza
6819 Ayala Avenue, Makati City

Pursuant to the requirements of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report (I-ACGR) is signed on behalf of the registrant by the undersigned.



Juan B. Santos
Lead Independent Director

ACKNOWLEDGEMENT

Republic of the Philippines)

Makati City)S.S.

BEFORE ME, a duly authorized Notary Public for and in **MAKATI CITY** city on **MAY 27 2025**, 2025 personally appeared before me, the following, who are personally known to me and / or identified through competent evidence of identity and with community tax certificate/s, to wit:

Juan B. Santos	P. [REDACTED]
----------------	---------------

Doc. No. 42
Page No. 10
Book No. 252
Series of 2025

ATTY. CATALINO VICENTE L. ARABIT
Notary Public
Notary Public for Makati City
Appointment No. M-027 (2025-2026)
PTR No. 10465853; 01/02/25; Makati City
IBP No. 492612; 01/02/25; Makati City
ROLL NO. 40145
MCLE Compliance No. VIII-0007518-15 Mar. 2024
21st Floor Yuchengco Tower 2, RCBC Plaza
6819 Ayala Avenue, Makati City

Pursuant to the requirements of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report (I-ACGR) is signed on behalf of the registrant by the undersigned.


Gabriel S. Claudio
Independent Director

ACKNOWLEDGEMENT

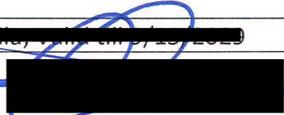
Republic of the Philippines)

Makati City)S.S.

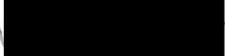
BEFORE ME, a duly authorized Notary Public for and in **MAKATI CITY** City on **MAY 27 2025**, 2025 personally appeared before me, the following, who are personally known to me and / or identified through competent evidence of identity and with community tax certificate/s, to wit:

Gabriel S. Claudio	
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Doc. No. 40
Page No. 9
Book No. 752
Series of 2025


ATTY. CATALINO VICENTE L. ARABIT
NOTARY PUBLIC
Notary Public for Makati City
Appointment No. M-027 (2025-2026)
PTR No. 10465653; 01/02/25; Makati City
IBP No. 492612, 01/02/25; Makati City
ROLL NO. 40145
MCLE Compliance No. VIII-0007518-15 Mar. 2024
21st Floor Yuchengco Tower 2, RCBC Plaza
6819 Ayala Avenue, Makati City

Pursuant to the requirements of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report (I-ACGR) is signed on behalf of the registrant by the undersigned.

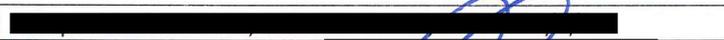

Vaughn F. Montes
Independent Director

ACKNOWLEDGEMENT

Republic of the Philippines)

Makati City)S.S.

BEFORE ME, a duly authorized Notary Public for and in **MAKATI CITY** City on **MAY 27 2025**, 2025 personally appeared before me, the following, who are personally known to me and / or identified through competent evidence of identity and with community tax certificate/s, to wit:

Vaughn F. Montes 

Doc. No. 41
Page No. 10
Book No. 702
Series of 2025

ATTY. CATALINO VICENTE L. ARABIT
NOTARY PUBLIC
Notary Public for Makati City
Appointment No. 14-027 (2025-2026)
PTR No. 10465653; 01/02/25; Makati City
IBP No. 492612; 01/02/25; Makati City
ROLL NO. 40145
MCLE Compliance No. VIII-0007518-15 Mar. 2024
21st Floor Yuchengco Tower 2, RCBC Plaza
6819 Ayala Avenue, Makati City

Pursuant to the requirements of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report (I-ACGR) is signed on behalf of the registrant by the undersigned.


Laurito E. Serrano
Independent Director

ACKNOWLEDGEMENT

Republic of the Philippines)

Makati City)S.S.

BEFORE ME, a duly authorized Notary Public for and in **MAKATI CITY** City on **MAY 27 2025**, 2025 personally appeared before me, the following, who are personally known to me and / or identified through competent evidence of identity and with community tax certificate/s, to wit:

Laurito E. Serrano	
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Doc. No. 43
Page No. 70
Book No. 702
Series of 2025

ATTY. CATALINO VICENTE L. ARABIT
NOTARY PUBLIC
Notary Public for Makati City
Appointment No. M-027 (2025-2026)
PTR No. 10465653; 01/02/25; Makati City
IBP No. 492612; 01/02/25; Makati City
ROLL NO. 40145
MCLE Compliance No. VIII-0007518-15 Mar. 2024
21st Floor Yuchengco Tower 2, RCBC Plaza
6819 Ayala Avenue, Makati City

Pursuant to the requirements of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report (I-ACGR) is signed on behalf of the registrant by the undersigned.


Erika Fille T. Legara Ph.D.
Independent Director

ACKNOWLEDGEMENT

Republic of the Philippines)

Makati City)S.S.

BEFORE ME, a duly authorized Notary Public for and in MAKATI CITY City on MAY 27 2025, 2025 personally appeared before me, the following, who are personally known to me and / or identified through competent evidence of identity and with community tax certificate/s, to wit:

Erika Fille T. Legara

Doc. No. 44

Page No. 10

Book No. 702

Series of 2025


ATTY. CATALINO VICENTE L. ARABIT
Notary Public for Makati City
NOTARY PUBLIC
Appointment No. M-027 (2025-2026)
PTR No. 10465653; 01/02/25; Makati City
IBP No. 492612; 03/02/25; Makati City
ROLL NO. 40145
MCLE Compliance No. VIII-0007518-15 Mar. 2024
21st Floor Yuchengco Tower 2, RCBC Plaza
6819 Ayala Avenue, Makati City



2024 YGC Annual Corporate Governance Seminar

“Transforming Boards to Succeed in a World of Disruption”

July 6, 2024 at 8:30AM – 12:30PM

Via Zoom Webinar

8:30am	START	
8:40am	Opening Remarks	Atty. Lilia B. de Lima Advisory Board Member RCBC
8:45am	“How Do We Enhance The Strategic Value Of Our Boards In A Rapidly Disrupting World?”	Mr. Graham Poston Regional Practice Leader, APAC CEO & Board Practice Korn Ferry Ms. Natalie Chan Senior Principal, CEO & Board Practice Korn Ferry
9:40am	“How do Transformative Boards drive business results through innovation?”	Mr. Bill Randal Senior Client Partner Korn Ferry
10:30am	BREAK	
10:35am	“Cyber Security Governance”	Mr. Robert Luu Regional Vice President, Customer Success Diligent Mr. Jonathan Burgos Strategic Account Diligent
11:35am	“Online Child Sexual Exploitation - Its Landscape and the Multisectoral Response to Fight It”	Atty. Jewel Dela Cruz Country Program Manager International Centre for Missing & Exploited Children
12:25pm	Closing Remarks	Mr. Henry D. Antonio Director / President & CEO EEI Corporation
12:30pm	END	



This
Certificate of Attendance
is presented to

Helen Y. Dee

Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA

Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation





This
Certificate of Attendance
is presented to

Cesar E.A. Virata

Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom


BRENT C. ESTRELLA

Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation





This
Certificate of Attendance
is presented to

Eugene S. Acevedo
Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom



BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation





This
Certificate of Attendance
is presented to

Gil A. Buenaventura

Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom



BRENT C. ESTRELLA

Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation





This
Certificate of Attendance
is presented to

Armando M. Medina

Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA

Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation





This
Certificate of Attendance
is presented to

John Law

Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom



BRENT C. ESTRELLA

Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation





This
Certificate of Attendance
is presented to

Gabriel S. Claudio

Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom



BRENT C. ESTRELLA

Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation





This
Certificate of Attendance
is presented to

Juan B. Santos

Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom



BRENT C. ESTRELLA

Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation





This
Certificate of Attendance
is presented to

Vaughn F. Montes

Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom



BRENT C. ESTRELLA

Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation





This
Certificate of Attendance
is presented to

Laurito E. Serrano

Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom



BRENT C. ESTRELLA

Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation





This
Certificate of Attendance
is presented to

Erika Fille T. Legara
Rizal Commercial Banking Corporation
for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom



BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation





This
Certificate of Attendance
is presented to

Katsufumi Uchida

Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA

Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation





This
Certificate of Attendance
is presented to

Hiroki Nakatsuka

Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA

Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation





This
Certificate of Attendance
is presented to

Shih Chiao Lin

Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom



BRENT C. ESTRELLA

Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation





This
Certificate of Attendance
is presented to

Gayatri P. Bery

Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA

Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation





This

Certificate of Attendance
is presented to

George G. dela Cuesta

Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA

Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation





This
Certificate of Attendance
is presented to

Brent C. Estrella

Rizal Commercial Banking Corporation

for attending and participating in the

2024 YGC Annual Corporate Governance Seminar
"Transforming Boards to Succeed in a World of Disruption"

6 July 2024, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA

Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation



Board Papers are generally released to the Board 5 business days (1 calendar week) before the meeting.

Screenshot of sample dates of sending out of materials.

me	Inbox [RESTRICTED] RCBC Board Meeting Material - June 24, 2024 - Part 1 of 1	4/18/24
me	Inbox [RESTRICTED] RCBC Board Meeting Material - May 27, 2024 - Part 1 of 1	5/20/24
me	Inbox [RESTRICTED] RCBC Board Meeting Material for Executive Session - April 29, 2024 - Part 1 of 1	4/22/24
me	Inbox [RESTRICTED] RCBC Board Meeting Material - April 25, 2024 - Part 1 of 1	4/22/24
me	Inbox [RESTRICTED] RCBC Board Meeting Material - March 25, 2024 - Part 1 of 1	3/18/24
me	Inbox [RESTRICTED] RCBC Board Meeting Material - February 26, 2024 - Part 1 of 1	2/19/24
me	Inbox [RESTRICTED] RCBC Board Meeting Material for Executive Session - January 29, 2024 - Part 1 of 1	1/22/24
me	Inbox [RESTRICTED] RCBC Board Meeting Material - January 29, 2024 - Part 1 of 1	1/22/24

Good day!

Attached is the **Material** for the **January Meeting of the Board** to be held at the **RCBC Boardroom (for the Directors and Advisory Board)** and via Zoom Conference (for **BMC** and the **presenters**) **on January 29, 2024**, for downloading to your iPad/device.

For those unable to attend face-to-face, Zoom details for the meeting (which will be recorded) are as follows:

Topic: **January 29, 2024 Board Meeting**

Time: **02:00 PM Asia/Manila**

Join Zoom Meeting

<https://us02web.zoom.us/j/89940176336?pwd=enM2VlF6MEtpT0JlZWm9Hem90c1J1UT09>

Meeting ID: **899 4017 6336**

Passcode: **BoDJan2024**

The attached files have the following items:

1. A. - January 29, 2024 **Board Agenda**
2. A.1. - November 29, 2023 **Board Minutes**
3. A.1. - December 11, 2023 **Board Minutes**
4. A.1. - **List of Annants Annual for the Franchise Committee**
5. A.2. - Executive Committee Minutes for November 15, 2023
6. A.2. - Executive Committee Minutes for November 22, 2023
7. A.2. - Executive Committee Minutes for November 29, 2023
8. A.2. - Executive Committee Minutes for December 6, 2023
9. A.2. - Executive Committee Minutes for December 13, 2023
10. A.2. - Executive Committee Minutes for January 3, 2024
11. A.2. - Executive Committee Minutes for January 10, 2024
12. A.3. - Trust Committee Highlights for November 28, 2023
13. A.3. - Trust Committee Minutes for November 28, 2023
14. A.4. - Risk Oversight Committee Highlights for December 1, 2023
15. A.4. - Risk Oversight Committee Minutes for December 1, 2023
16. A.4. - Risk Oversight Committee Executive Session Highlights for December 1, 2023
17. A.4. - Risk Oversight Committee Executive Session Minutes for December 1, 2023
18. B.1. - Dividends on Hybrid Perpetual Securities
19. B.2. - BSP Authorized Signatories
20. B.3. - Sale of HRIC Shares
21. B.4. - ROPA - Policies and Implementing Guidelines
22. B.5. - Grapa Realty Holdings Corporation Lease Renewal
23. E.1. - **RCBC International Finance Ltd.**
24. E.2. - National Reinsurance Corporation of the Philippines

1. Proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting –

Board Papers are generally released to the Board 5 business days (1 calendar week) before the meeting.

Screenshot of sample dates of sending out of materials.

me	Inbox	[RESTRICTED] RCBC Board Meeting Material - June 24, 2024 - Part 1 of 1	6/18/24
me	Inbox	[RESTRICTED] RCBC Board Meeting Material - May 27, 2024 - Part 1 of 1	5/20/24
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me	Inbox	[RESTRICTED] RCBC Board Meeting Material - March 25, 2024 - Part 1 of 1	3/18/24
me	Inbox	[RESTRICTED] RCBC Board Meeting Material - February 26, 2024 - Part 1 of 1	2/19/24
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Topic: January 29, 2024 Board Meeting

Time: 02:00 PM Asia/Manila

Join Zoom Meeting

<https://us02web.zoom.us/j/89940176336?pwd=enM2VlF6MEtpT0JBWm9Hem90c1J1UT09>

Meeting ID: 899 4017 6336

Passcode: BoDJan2024

The attached files have the following items:

1. A. - January 29, 2024 Board Agenda
2. A.1. - November 28, 2023 Board Minutes
3. A.1. - December 11, 2023 Board Minutes
4. A.2. - List of Accounts Approved by the Executive Committee
5. A.2. - Executive Committee Minutes for November 15, 2023
6. A.2. - Executive Committee Minutes for November 22, 2023
7. A.2. - Executive Committee Minutes for November 29, 2023
8. A.2. - Executive Committee Minutes for December 6, 2023
9. A.2. - Executive Committee Minutes for December 13, 2023
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15. A.4. - Risk Oversight Committee Minutes for December 1, 2023
16. A.4. - Risk Oversight Committee Executive Session Highlights for December 1, 2023
17. A.4. - Risk Oversight Committee Executive Session Minutes for December 1, 2023
18. B.1. - Dividends on Hybrid Perpetual Securities
19. B.2. - BSP Authorized Signatories
20. B.3. - Sale of HHIC Shares
21. B.4. - ROPA - Policies and Implementing Guidelines
22. B.5. - Grepa Realty Holdings Corporation Lease Renewal
23. E.1. - RCBC International Finance Ltd.
24. E.2. - National Reinsurance Corporation of the Philippines

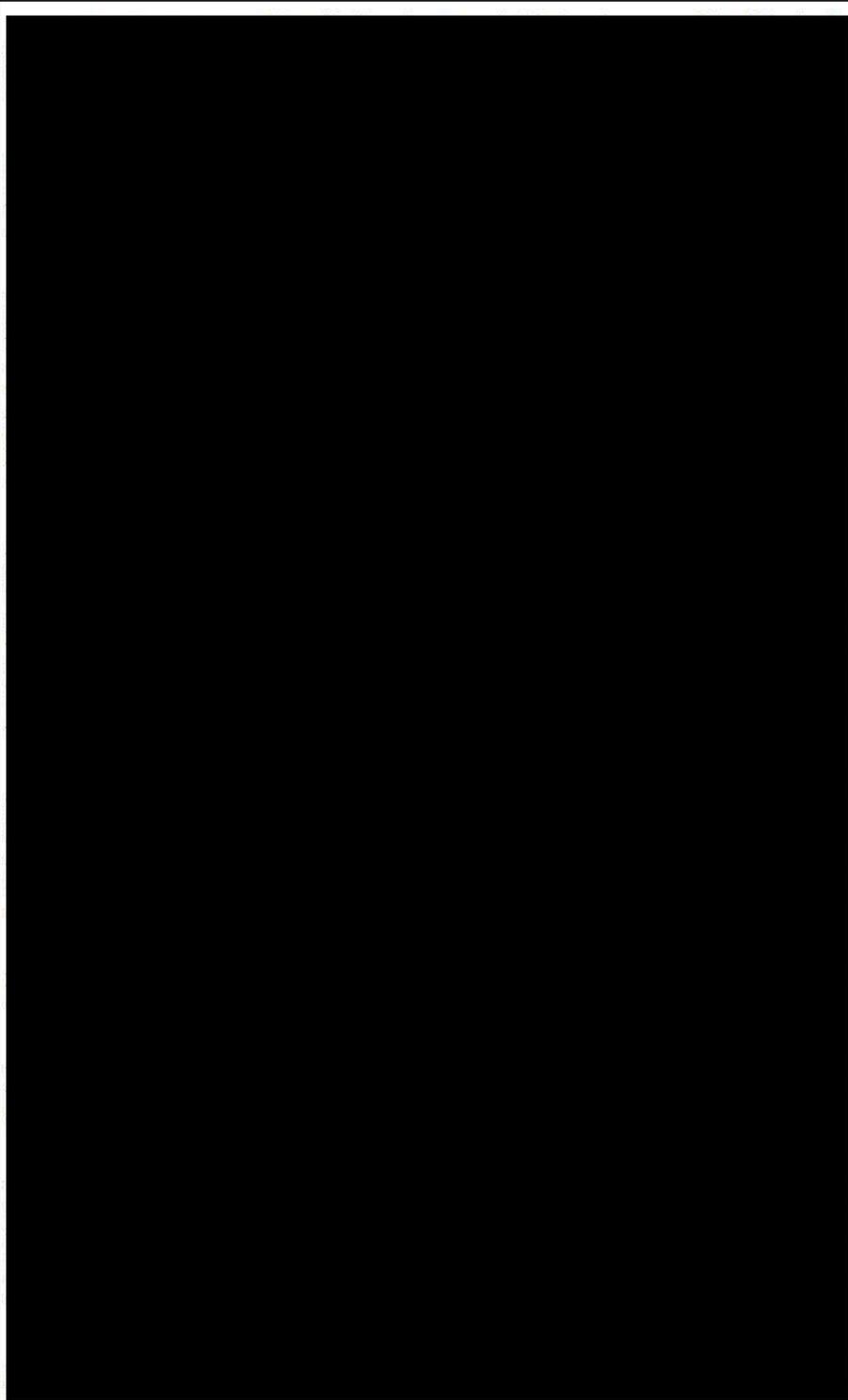
2. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company. Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting) –

Materials are sent ahead of time to the Board so that they are fully informed of the matters to be taken up during Board Meetings. The discussions during meetings show that the directors act in good faith, with due diligence and care, and in the best interest of the company.

Sample Minutes from Board meetings

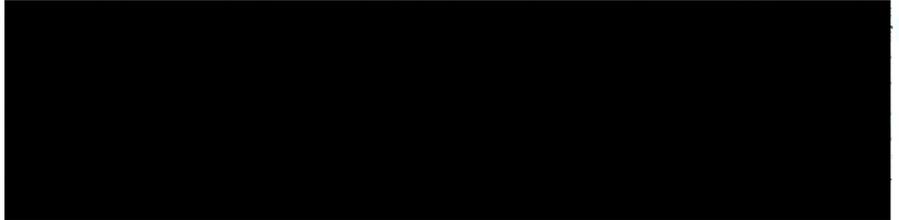
January 30, 2024





	
Rizal Commercial Banking Corporation Minutes of the January 29, 2024 Regular Meeting of the Board of Directors	33

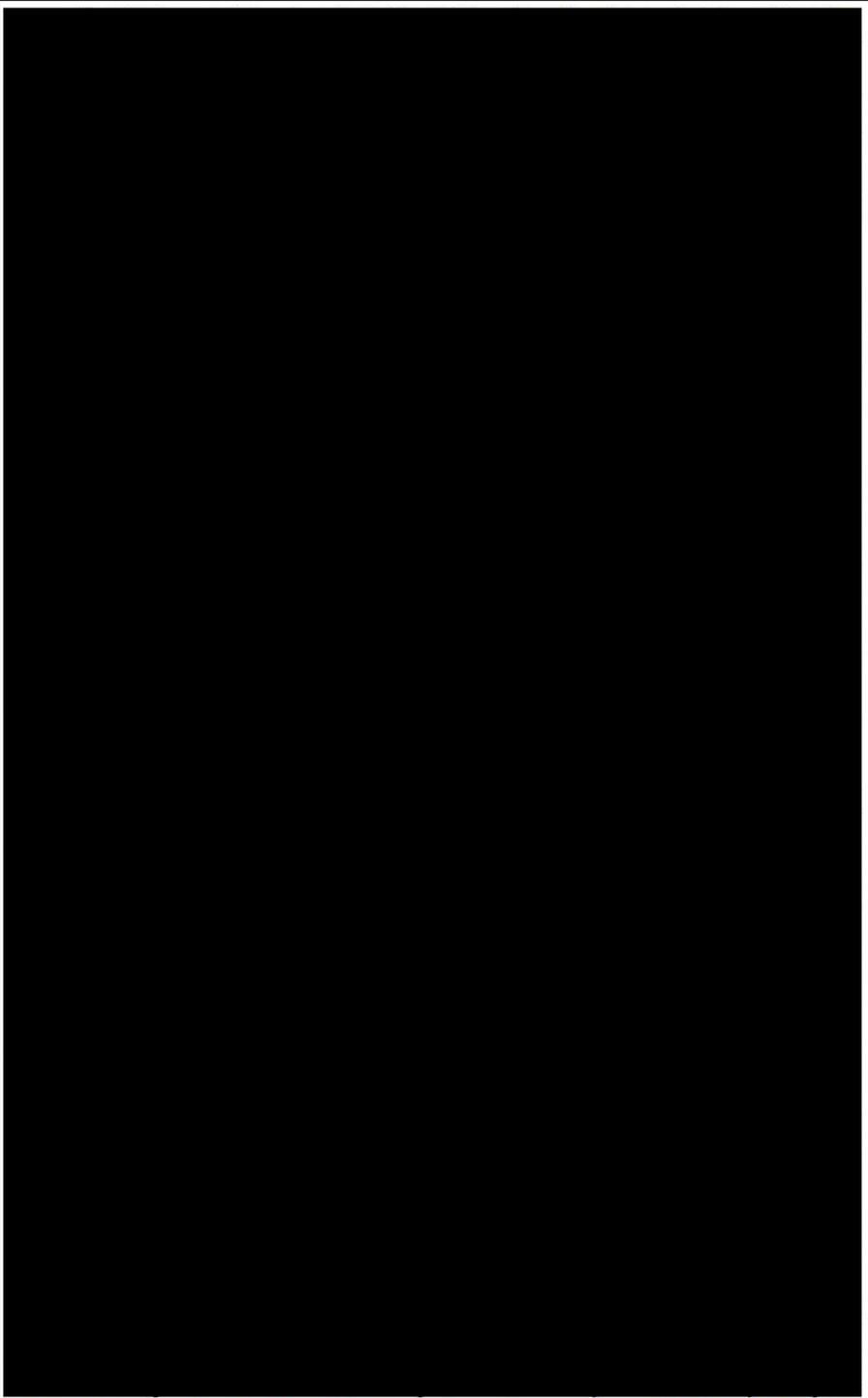
February 26, 2024

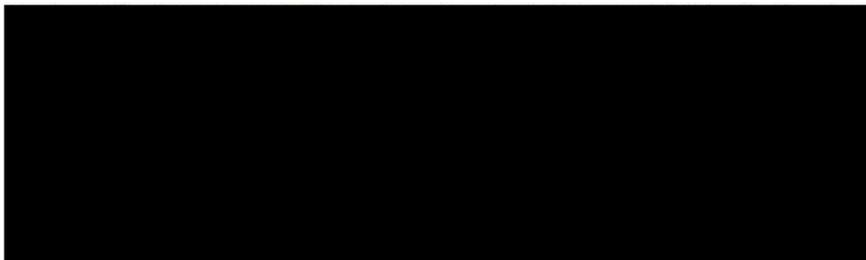
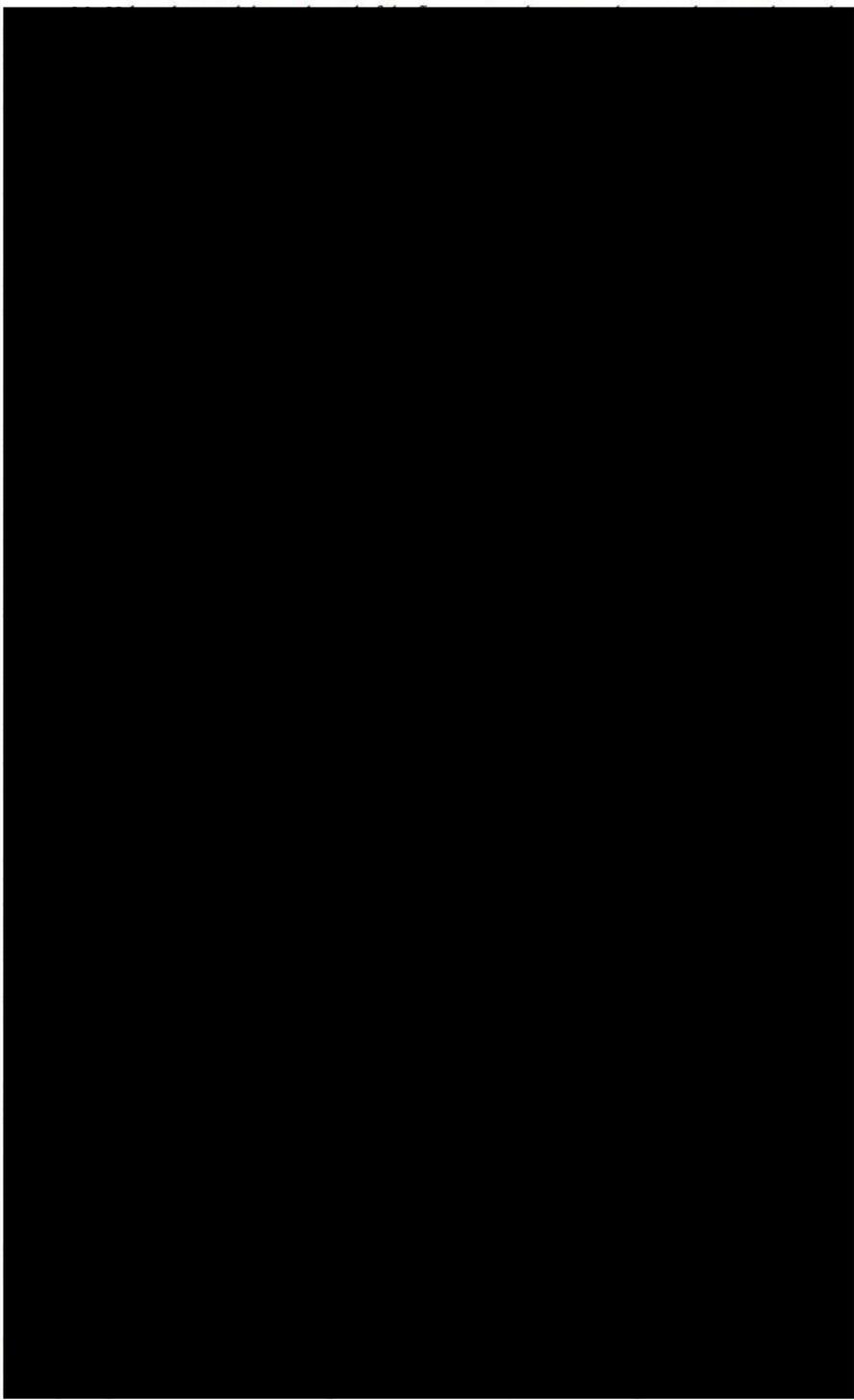
	
Rizal Commercial Banking Corporation Minutes of the February 26, 2024 Regular Meeting of the Board of Directors	23

	
Rizal Commercial Banking Corporation Minutes of the February 26, 2024 Regular Meeting of the Board of Directors	45

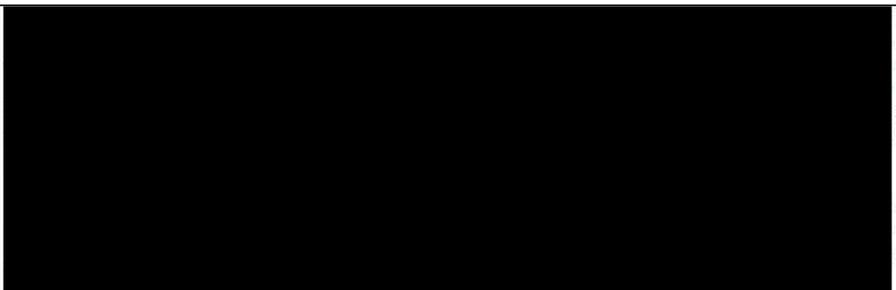
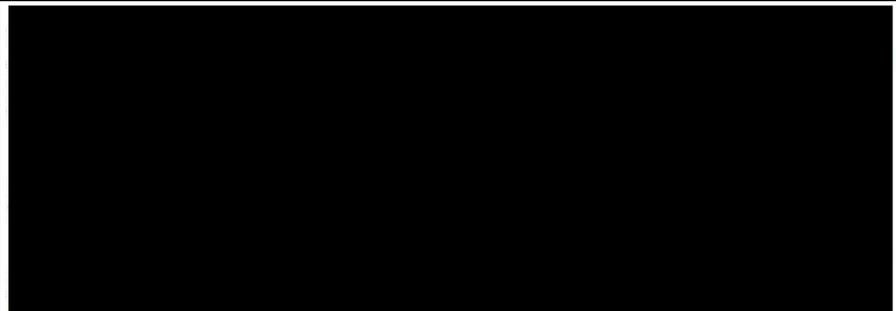
March 25, 2024

	
Rizal Commercial Banking Corporation Minutes of the March 25, 2024 Regular Meeting of the Board of Directors	16

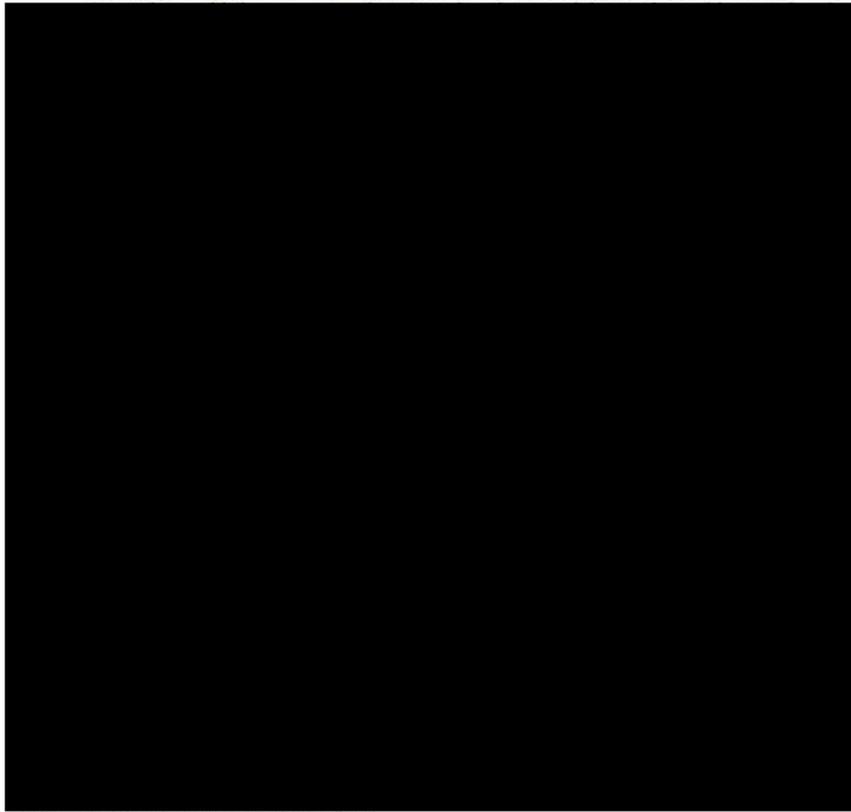




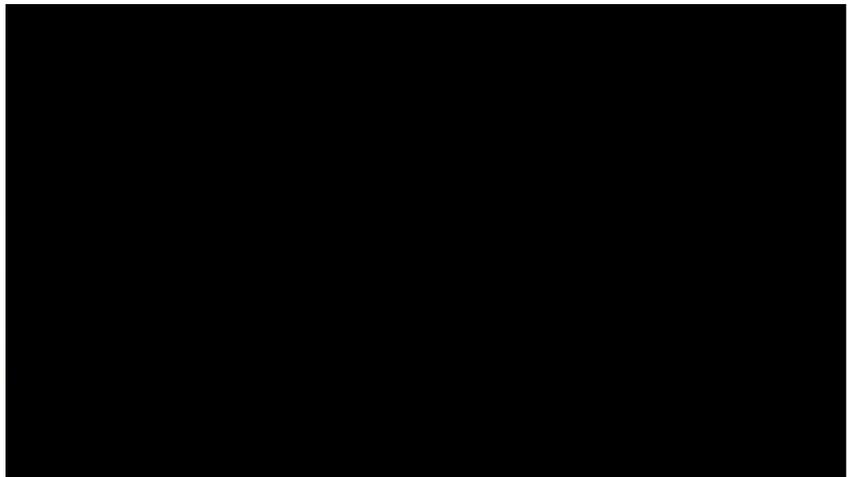
May 27, 2024



June 24, 2024

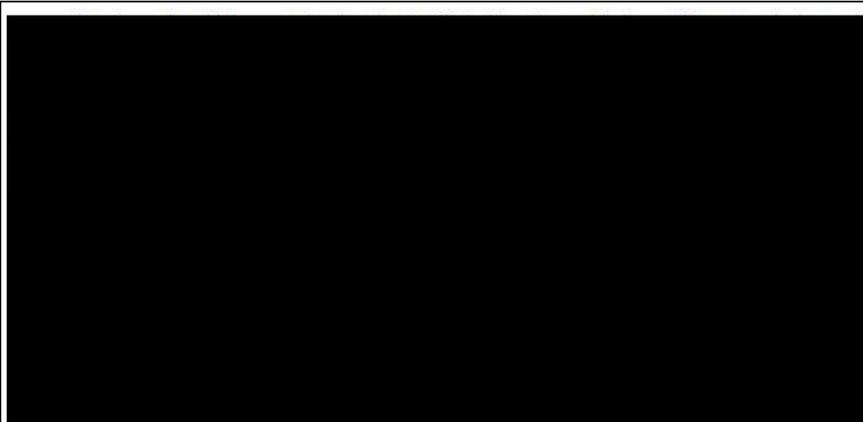


July 29, 2024





August 27, 2024



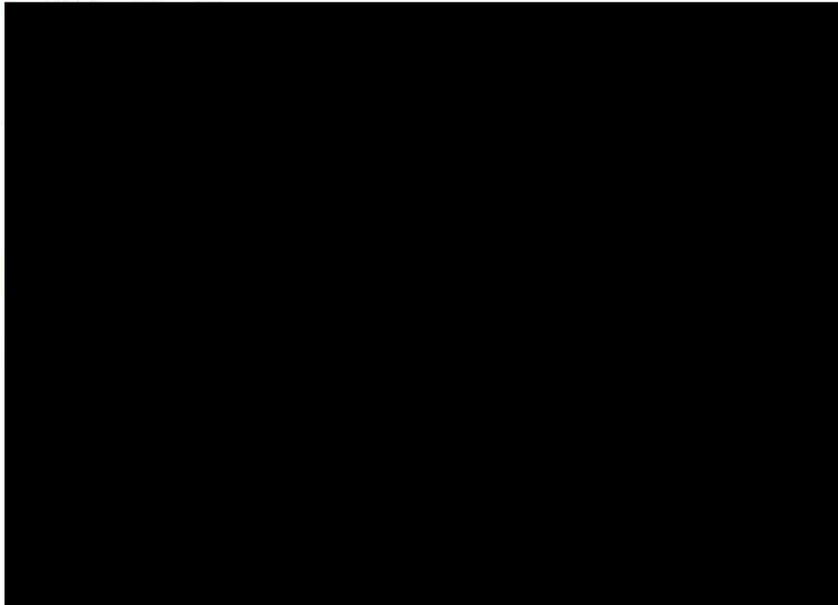


3. **Provide information or link/reference to a document containing information on how the directors performed the oversight on the development, review and approval of business objectives and strategies (can include board resolutions, minutes of meeting), Indicate frequency of review of business objectives and strategy –**

In November 2024, the Board approved the 2025 Annual Board Plan which contains the business strategies of the different business groups. It shows that, every month, one business group makes a strategy presentation to the Board for discussion. Also included in the Board Plan is an Offsite Board Strategy Planning Session. In addition, part of the budget matters tackled in the Special BOD Meeting in December 2024 is the discussion on the strategy undertaken for the previous fiscal year and the strategy moving forward.

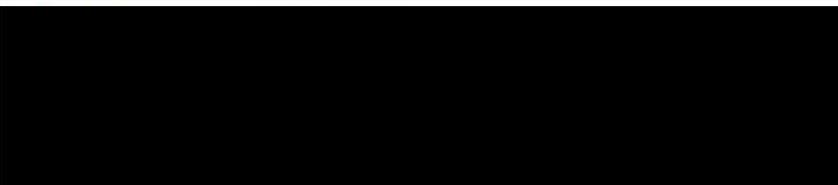
Excerpt of Minutes of the November 25, 2024 Board Meeting showing the approval of the Annual Board Plan

IV. MANAGEMENT MATTERS



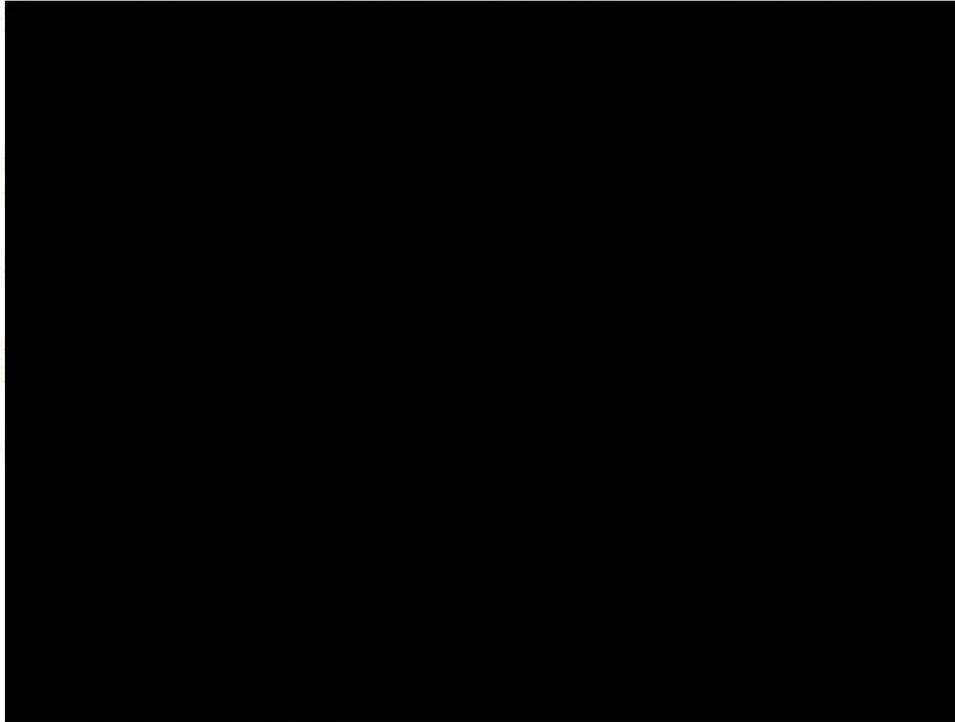
Excerpts of Minutes showing the monthly presentations on strategic initiatives.

January 29, 2024 – Updates on Strategic Initiatives



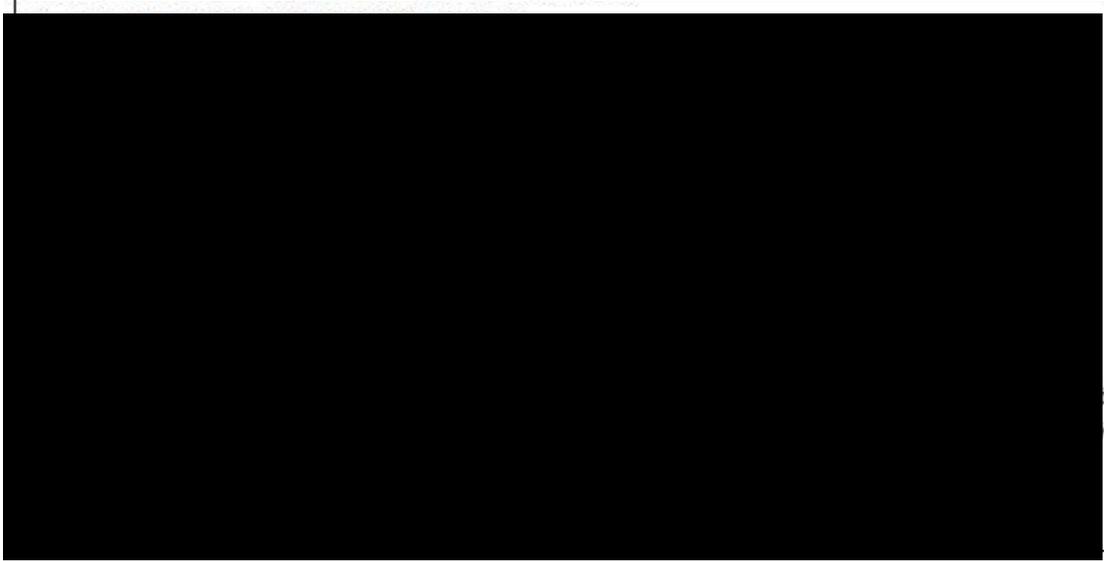
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Excerpt of Minutes of the November 25, 2024 Board Meeting showing the approval of the Annual Board Plan



Rizal Commercial Banking Corporation
Minutes of the November 25, 2024

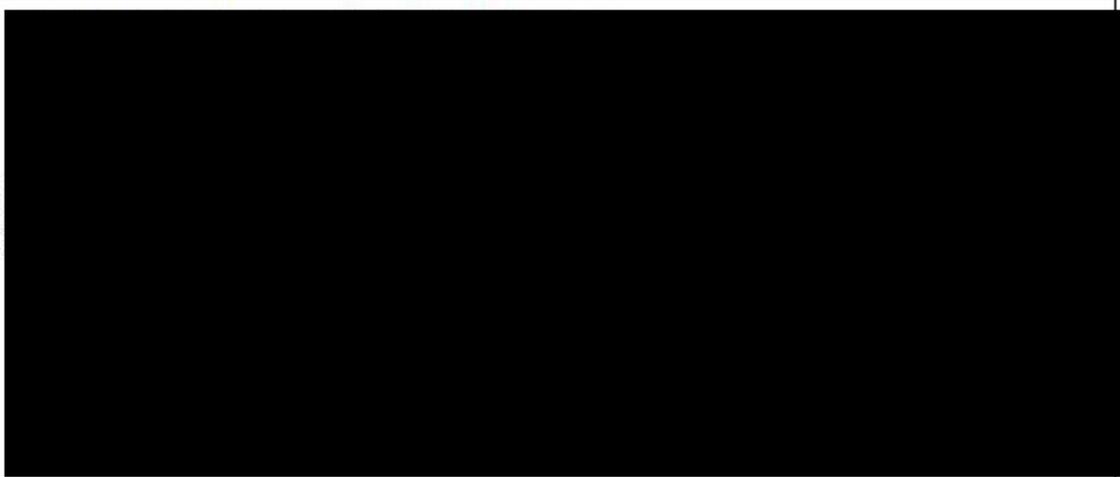
Excerpts of Minutes showing the monthly presentations on strategic initiatives.
January 29, 2024 – Updates on Strategic Initiatives



February 26, 2024 – Updates on Strategic Initiatives



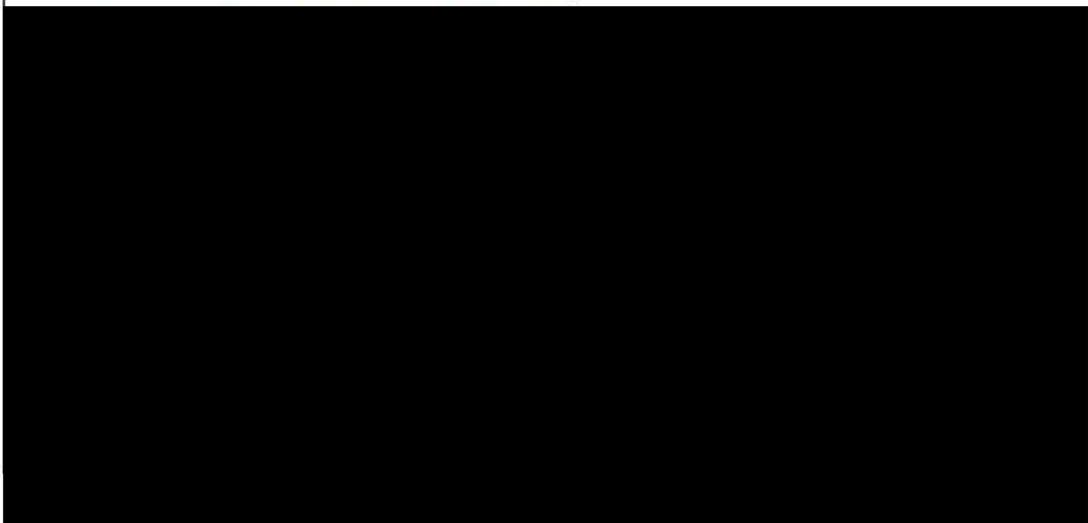
March 25, 2024 – Updates on Strategic Initiatives



April 29, 2024 – Updates on Strategic Initiatives

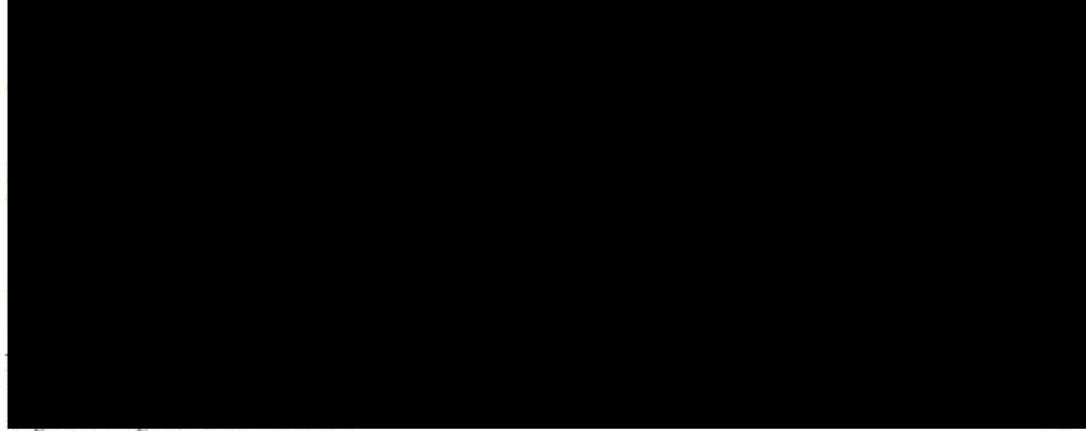


May 27, 2024 – Updates on Strategic Initiatives

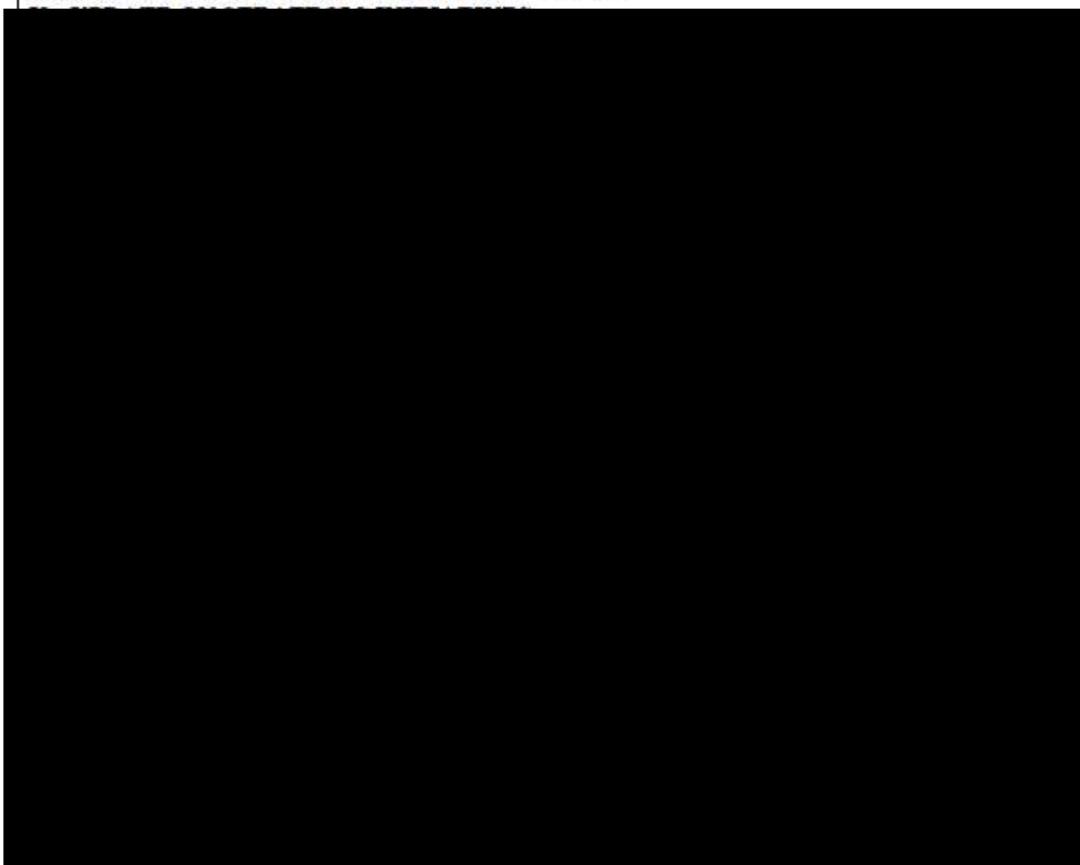


July 29, 2024 – Updates on Strategic Initiatives

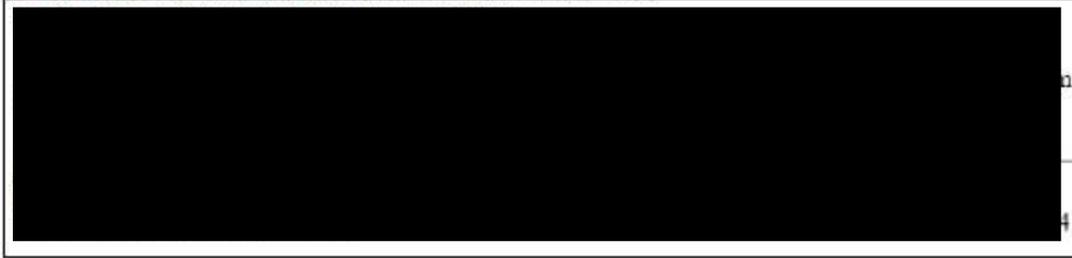
VI. UPDATE ON STRATEGIC INITIATIVES



August 27, 2024 – Updates on Strategic Initiatives



September 30, 2024 – Updates on Strategic Initiatives



October 28, 2024 – Updates on Strategic Initiatives

A large black rectangular redaction box covers the majority of the page content. On the right side of the box, the number '24' is visible, likely indicating the page number.

Rizal Commercial Banking Corporation
Minutes of the October 28, 2024
Regular Meeting of the Board of Directors

November 25, 2024 – Updates on Strategic Initiatives

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Rizal Commercial Banking Corporation
Minutes of the November 25, 2024
Regular Meeting of the Board of Directors



2025 ANNUAL BOARD PLAN

Annex 5

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1. Meeting Schedule*	* subject to change e.g. when the date falls on a holiday											
Regular Board 2:00 pm	Jan 27	Feb 24	Mar 31	Apr 28	May 26	Jun 30	Jul 28	Aug 26	Sep 29	Oct 27	Nov 24	Dec 9
Executive Committee 9:30 am	Jan 8 Jan 15 Jan 22	Feb 5 Feb 12 Feb 19 Feb 26	Mar 5 Mar 12 Mar 19 Mar 26	Apr 2 Apr 16 Apr 23 Apr 30	May 7 May 14 May 21 May 28	Jun 4 Jun 11 Jun 18 Jun 25	Jul 2 Jul 9 Jul 16 Jul 23 Jul 30	Aug 6 Aug 13 Aug 20 Aug 27	Sep 3 Sep 10 Sep 17 Sep 24	Oct 1 Oct 8 Oct 15 Oct 22 Oct 29	Nov 5 Nov 12 Nov 19 Nov 26	Dec 3 Dec 10
Corporate Governance Committee 9:00 am	Jan 13	Feb 10	Mar 17	Apr 14	May 12	Jun 16	Jul 14	Aug 11	Sep 15	Oct 13	Nov 10	
Risk Oversight Committee 9:00 am	Jan 17	Feb 14	Mar 21	Apr 16	May 16	Jun 20	Jul 18	Aug 15	Sep 19	Oct 17	Nov 14	Dec 5
Audit and Compliance Committee												
Internal Audit 1:30 pm	Jan 14	Feb 11	Mar 18	Apr 15	May 13	Jun 17	Jul 15	Aug 12	Sep 16	Oct 14	Nov 11	Dec 9
Compliance 9:30 am	Jan 14	Feb 11	Mar 18	Apr 15	May 13	Jun 17	Jul 15	Aug 12	Sep 16	Oct 14	Nov 11	
Special (Financial) 9:30 am		Feb 18			May 9			Aug 8			Nov 7	
Anti-Money Laundering Committee 1:00 pm	Jan 13	Feb 10	Mar 17	Apr 14	May 12	Jun 16	Jul 14	Aug 11	Sep 15	Oct 13	Nov 10	
Related Party Transactions Committee 10:30 am	Jan 13	Feb 10	Mar 17	Apr 14	May 12	Jun 16	Jul 14	Aug 11	Sep 15	Oct 13	Nov 10	
Technology Committee 3:00 pm	Jan 14	Feb 18	Mar 13	Apr 10	May 8	Jun 13	Jul 10	Aug 7	Sep 11	Oct 9	Nov 14	Dec 11
Annual Stockholders' Meeting 4:00 pm						Jun 30						
Organizational Meeting of the Board - Immediately after the Annual Stockholders' Meeting						Jun 30						
Separate Meeting of Non-Executive Directors with Heads of Control Units and External Auditor												Dec 9
Offsite Board Strategy Planning Session**												

** Date to be announced



2025 ANNUAL BOARD PLAN

4. Corporate Governance												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Board evaluation		Start		Report								
Self-Assessment of Board Members		Start		Report								
Third Party Board Evaluation*												
Evaluation of the Chairperson by the Independent Directors		Start		Report								
CEO Evaluation by the Non-Executive Directors		Start		Report								
Self-Assessment of the Board Committees		Start		Report								
Corporate Governance Seminar**												
AML Training**												
2026 Board/Committee Meetings Schedule											Nov 24	
Separate Meeting of Non-Executive Directors with Heads of Control Units and External Auditor												Dec 9

*The next engagement of a 3rd party board evaluation facilitator will be done for the 2026 evaluation, which will be included in the 2027 Annual Board Plan.

**Dates to be announced.

23 May 2024

Rizal Commercial Banking Corporation

Yuchengco Tower
RCBC Plaza 6819 Ayala Avenue
Makati City 0727
Philippines

Dear Sir/Madam,

Re: 2023 External Board Evaluation (“Board Progression Planning”) Exercise**Focus of the 2023 Board Review**

In 2024, the Korn Ferry CEO & Board Practice Team conducted a comprehensive independent Third-Party Board Evaluation Exercise for Rizal Commercial Banking Corporation (RCBC).

This year, the RCBC Board elected to adopt a *Board Progression Planning* rather than a traditional Board Review exercise. This meant taking a forward-looking view and not just looking at the Board’s core governance role in overseeing performance.

The focus was on helping the Board to enhance its value-add in 2 critical areas:

- 1. Enhancing alignment on Strategic Issues, Priorities and the Path Forward**
- 2. Enhancing how the Board adds value in partnership with the Management Team**

The impact of the Board in these two areas were reviewed via a focus on the following 5 dimensions:

- Purpose: Role of the Board & where we spend our time
- People: Current & Future Board Composition
- Partnership: Board Culture & Partnership with Management
- Processes: Board & Committee Processes & Structure
- Impact: Board ‘s Value-Add on key Strategic Issues

Through this Board Progression Exercise, the RCBC Board sought practical, actionable recommendations, which would enable the Board to progress and enhance their impact on key issues facing RCBC.

The Process

The key data points used during the Board Review Exercise were:

- One-on-One dialogues with members of the Board of Directors.
- One-on-One dialogues with selected members of the Executive Management Team.
- Quantitative Board Evaluation Questionnaire completed by the Board of Directors and members of the Executive Management Team.

The insights, together with key recommendations will be discussed with the full Board in June 2024.

Please note that our insights and recommendations are subject to reliance on information provided by the Board, Directors and Company Secretariat, which has been verified to the best of Korn Ferry's ability.

Consistent with the purpose of our Board Progression Planning Exercise, our report and this letter have been prepared for the Company's Board of Directors and does not purport to provide information for the purposes and reliance of other stakeholders.

Yours faithfully



Graham Poston
Regional Practice Leader
CEO & Board Progression
APAC



HR POLICIES & PROCESSES MANUAL

Policy Number:	PERFORMANCE MANAGEMENT	Effective Date: July 1, 2009										
IV - A	POLICY	Revised Date: April 1, 2025 Page 1 of 11										
POLICY												
<p>The Bank is committed to providing its employees with continuous opportunities for development, an appreciation of job scope and expectations, and meaningful contributions to the Bank’s vision, mission, and strategies in order to promote and foster a high-performance culture – one where organizational goals are consistently achieved or even exceeded.</p> <p>In line with this philosophy, the Bank implements this Performance Management Policy that purports to govern the bank-wide Performance Management System (PMS) and effectively communicate the Bank’s goals and strategies while aligning with each employee’s goals and target results. Specifically, this policy focuses on the following objectives:</p> <ol style="list-style-type: none">1. Define and agree on key result areas, performance indicators, and measures;2. Discuss feedback on employees’ output and accomplishments based on clearly defined goals and objectives, job description, and performance standards;3. Communicate information for career planning and individual development;4. Provide a structured basis for decisions on total rewards, employee movements, and discipline management; and5. Encourage open communication and supportive relationships between employees and their supervising officers and within work teams.												
GUIDELINES												
<p>This policy covers all regular employees, whether officer or rank-and-file staff. An employee must have occupied a position for at least six (6) months before he/she may be given a performance review in line with said position.</p> <p>This policy is divided into five (5) major sections, as follows:</p> <table><tr><td>Part I</td><td>Balanced Scorecard</td></tr><tr><td>Part II</td><td>Performance Management Cycle</td></tr><tr><td>Part III</td><td>Career Development Planning</td></tr><tr><td>Part IV</td><td>Managing Underperformance</td></tr><tr><td>Part V</td><td>Penalties for Non-Compliance</td></tr></table>			Part I	Balanced Scorecard	Part II	Performance Management Cycle	Part III	Career Development Planning	Part IV	Managing Underperformance	Part V	Penalties for Non-Compliance
Part I	Balanced Scorecard											
Part II	Performance Management Cycle											
Part III	Career Development Planning											
Part IV	Managing Underperformance											
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HR POLICIES & PROCESSES MANUAL

Policy Number:	PERFORMANCE MANAGEMENT	Effective Date: July 1, 2009
IV - A	POLICY	Revised Date: April 1, 2025
		Page 2 of 11

PART I: BALANCED SCORECARD

The Bank implements the Balanced Scorecard, a performance management tool that incorporates both the financial and non-financial measures. The Balanced Scorecard is a comprehensive framework that translates the Bank’s vision and strategy into a coherent set of performance measures. These objectives and measures are organized into five (5) different perspectives as discussed below.

1. **Financial Perspective** focuses on whether the Bank’s strategy, implementation, and execution are contributing to bottom-line improvement. Objectives in this area typically relate to profitability.
2. **Customer Perspective** looks into customer and market-based strategy that will deliver superior future financial returns. The core outcome measures include customer satisfaction, customer retention, new customer acquisition, customer profitability, and market and account share in targeted segments.
3. **Operating Efficiency** focuses on the internal processes that will have the greatest impact on customer satisfaction and achieving the organization’s financial objectives.
4. **People/Resource Alignment Perspective**, also referred to as the **Learning and Growth Perspective**, defines how the organization should support and develop human capital and infrastructure resources to achieve objectives, as well as create long-term growth and improvement.
5. **Risk / Controls Perspective** uses business drivers to define levels of risk appetite and monitors the alignment of risk-taking to company strategy. This enables us to answer the question: “Are we operating within our risk appetite?”

PART II: THE PERFORMANCE MANAGEMENT CYCLE

The Performance Management System shall be implemented following the cycle below:

Phase	Timeframe
Goal Setting	March to April
Performance Monitoring	April to December
Goal Review	November to December
Performance Appraisal	January – February (<i>following year</i>)



HR POLICIES & PROCESSES MANUAL

Policy Number:	PERFORMANCE MANAGEMENT	Effective Date: July 1, 2009
IV - A	POLICY	Revised Date: April 1, 2025 Page 3 of 11
A. GOAL SETTING		
<p>Each employee plays a vital part in the achievement of his/her business unit's objectives, targets, or Key Result Areas (KRAs). At the beginning of the performance management cycle, the employee and the supervising officer jointly determine KRAs and measures that will lead to the achievement of the overall goals of their business unit. The final determination of the KRAs as listed and agreed upon shall carry the business unit head's guarantee that the same are indeed linked to the Bank's overall business goals.</p>		
<p>1. <u>SETTING OF KRAs</u>. KRAs refer to specific contributions expected of the individual in the performance of his/her role or position. These are written statements of outputs and outcomes that form a "contract" between the employee and the organization with the employee being held accountable for specific results. These KRAs are in the form of (1) core values and other mandatory goals and (2) job-specific goals.</p>		
<p>The Bank's core values, also referred to as CLIENT, are explained below:</p>		
<ul style="list-style-type: none">a. CUSTOMER OBSESSION. Prioritizing customers, whether external or internal, in all decisions and actions, ensuring that the provided services meet their diverse needs.b. LOYALTY. Pursuing corporate interests as his or her own, speaking well of the company and taking pride in its achievements.c. INTEGRITY. Upholding the highest standards of discipline, accountability and ethical conduct in all interactions, building trust with customers and stakeholders.d. EXCELLENCE. Striving to be great, delivering quality results promptly, and improving results continuously.e. NURTURING. Being responsible stewards of the environment and communities, encouraging social development and sustainability.f. TEAMWORK. Collaborating towards shared goals and actively tapping areas of synergy to deliver the best possible outcomes for the customers and the communities.		
<p>Other mandatory goals include the following:</p>		
<ul style="list-style-type: none">a. AML/CTF COMPLIANCE. Adherence to the Bank's policies and procedures relating to controls for Anti-Money Laundering and Countering Terrorist and Proliferation Financing (AML/CTF) pursuant to the rules and regulations of regulatory agencies (i.e. AMLC, BSP, etc.), international governing standards (i.e. FATF, OFAC, etc.), and the laws of the Republic of the Philippines.b. AUDIT/COMPLIANCE REVIEW. Achievement of satisfactory Audit / Compliance Review results and/or ratings.		



HR POLICIES & PROCESSES MANUAL

Policy Number:	PERFORMANCE MANAGEMENT	Effective Date: July 1, 2009
IV - A	POLICY	Revised Date: April 1, 2025 Page 4 of 11
<p>For designated officers, below are additional mandatory KRAs:</p> <ul style="list-style-type: none">a. COMPLIANCE/REGULATORY MONITORING (as Deputy Compliance Officer). Effective performance of responsibilities as DCO to assist in the implementation and monitoring of compliance with applicable regulatory issuances/requirements, internal policies, and controls in one's area of responsibility.b. OPERATIONAL RISK REPORTING AND MONITORING (as Deputy Risk Reporting and Monitoring Officer). Facilitates the timely completion and implementation of ORM (Operational Risk Management) tools and methodologies and ensures accuracy and objectivity all throughout the process. Promotes risk awareness by effectively communicating to all staff their responsibilities in relation to Operational Risk Management. Keeps abreast of the latest trends in Operational Risk by attending various seminars. <p>The job-specific objectives or KRAs are management-approved written statements of performance standards that are aligned with the business unit's objectives. In defining these KRAs, the supervising officer and incumbent may refer to the SMART-S criteria in clearly setting job expectations and clarifying ways to achieve these expectations. The concept of a SMART-S objective is outlined below:</p> <ul style="list-style-type: none">a. SPECIFIC. KRAs are well-defined, clear, and unambiguous. It states what the job wants to achieve.b. MEASURABLE. Goals are assigned with specific performance indicators to keep track of the progress towards the accomplishment of the objectives.c. ACHIEVABLE. Objectives are aligned with the business unit objectives and are attainable.d. REALISTIC. Performance targets are within the job's scope and are relevant to its purpose in the organization.e. TIME-BOUND. KRAs have clearly defined timeline of completion, i.e. with specific start and end date.f. STRETCH. Goals should be challenging such that these inspire employees to enhance their performance, leading to professional growth. <p>With SMART-S KRAs, the supervising officer and incumbent share the responsibility of outlining the conditions of satisfactory performance measured and appraised using performance targets that are quantified and time-based, which means specific and measurable outputs, as well as the time within which they must be reached, are well-defined and agreed upon. These may be expressed in (1) financial terms, such as profits to be made, income to be generated, or costs to be reduced within a certain time; or (2) numerical terms, such as a specified number of transactions to be processed or clients to</p>		



HR POLICIES & PROCESSES MANUAL

Policy Number:	PERFORMANCE MANAGEMENT	Effective Date: July 1, 2009
IV - A	POLICY	Revised Date: April 1, 2025 Page 5 of 11
<p>be contacted or gained within a certain time. As a general rule, if it cannot be measured, it cannot be set as a target.</p> <p>2. <u>SETTING OF WEIGHTS</u>. After the goals are set, weights are then assigned to those goals based on priorities. The total of the weights for KRAs should not exceed 100.</p> <p>The goals and weights as set at the beginning of the performance cycle may be revised, modified, or altered from one review period to the next should there be changes in the business unit's and/or the Bank's overall direction. Regular discussions during the middle of the cycle will give both the supervising officer and the employee a chance to re-assess, modify, or amend their targets based on parameters that have not been anticipated at the beginning of the cycle and/or on changes in the overall direction of the Bank. Likewise, this activity will provide business unit heads with an opportunity to implement employee development measures and other tools needed to help the employee achieve his/her targets.</p> <p>The employee must always sign off or express his/her conformity to the KRAs and weights set.</p> <p>B. PERFORMANCE MONITORING, FEEDBACK, & COACHING</p> <p>1. <u>PERFORMANCE MONITORING</u>. Throughout the Performance Management Cycle, it is the responsibility of the supervising officer (rater) to gather information about the work activities of the employee (ratee) and to monitor his/her performance. Performance monitoring may be done through any of the following:</p> <ul style="list-style-type: none">a. Observing daily work performance;b. Preparing or reading written reports (performance summaries, progress reports, etc.);c. Reviewing and analyzing progress reports on assigned projects or activities;d. Conducting progress review meetings and/or one-on-one feedback;e. Inspecting quality of work;f. Surveying clients or customers to assess their satisfaction on rendered work or service; org. Holding critique or debriefing meetings after an activity or project to determine what went well and what needs to be improved. <p>The frequency with which a supervising officer monitors a subordinate's performance helps shape that subordinate's beliefs about the relative importance of his/her function. It also provides the supervising officer with the concrete data for evaluating the employee's performance and gives him/her confidence in the review process.</p>		



HR POLICIES & PROCESSES MANUAL

Policy Number:	PERFORMANCE MANAGEMENT	Effective Date: July 1, 2009
IV - A	POLICY	Revised Date: April 1, 2025 Page 6 of 11
<p>2. <u>FEEDBACK</u>. For performance monitoring to be impactful, timely and fact-based feedback should be given to the ratee. It is only through regular feedback that the ratee may know how well he/she has been doing and how effective his/her behavior has been. Feedback aims to promote corrective action should this reveal that the ratee has not been meeting the expected results. On the other hand, this can motivate performance should feedback reveal excellent work on the part of the ratee.</p> <p>3. <u>PERFORMANCE COACHING</u>. Performance coaching is “person-centered” management. It requires the rater to become involved with the ratee by establishing rapport and encouraging a series of one-on-one exchanges. The purpose of each exchange is to help the ratee solve problems, improve performance or achieve expected results.</p> <p>The performance coaching process involves the development of a positive and professional working relationship between the rater and the ratee. This also entails training, career coaching, communicating clear performance goals, providing accurate feedback, giving encouragement, creating a learning environment that is free of judgment and manipulation, asking questions, listening to suggestions and encouraging excellence.</p> <p>C. GOAL REVIEW</p> <p>This performance management activity shall allow changes or revisions in the previously approved goal setting. KRAs that have been previously set shall be reviewed only when there are modifications or changes that need to be documented, such as adding or deletion of KRAs, change in weights, updating of measures, etc. due to role changes, transfers, or goal adjustments and/or modifications during the review period. Goals may also be reviewed in light of significant changes in market conditions that may have an impact on the business and, consequently, on the overall objectives of the organization.</p> <p>The timeline allotted for the goal review shall also be the period to be given to new hires, who meet the tenure and regularization criteria set at the start of the performance management cycle, to accomplish the prescribed goal setting.</p> <p>D. PERFORMANCE REVIEW</p> <p>The primary purpose of the performance review is to track the progress of the employee’s accomplishments against the committed goals and performance targets. This phase involves three essential steps:</p> <p>1st Step: <u>Self-Assessment</u></p>		



HR POLICIES & PROCESSES MANUAL

Policy Number:	PERFORMANCE MANAGEMENT	Effective Date: July 1, 2009
IV - A	POLICY	Revised Date: April 1, 2025
		Page 7 of 11

Every employee is required to prepare and write a self-assessment by putting into writing what they have achieved against the performance (business & developmental) targets given to them during the *Goal Setting*. They are also tasked to provide a numerical performance appraisal rating for their business results, as well as their evaluation of how they live out the Bank’s core values and other mandatory KRAs.

2nd Step: Supervisor’s Assessment

This step involves documenting and measuring current performance against the targets or standards that have been agreed upon during the *Goal Setting*. The purpose is to determine whether there are gaps between actual and desired performance and to assess the employee’s accomplishments of the committed goals.

The rater uses the same **PMS Template** where the commitments are detailed during the goal setting. Ratings must be made objectively, supported by the observations documented or noted during *Performance Monitoring & Coaching*.

An objective and meaningful system of assessing employee performance focuses on what is achieved by the employee vis-a-vis his/her own business unit’s KRAs and the organization’s overall goals.

For both steps, the rater and the ratee shall follow the below rating scale in assigning numeric score for every performance result.

<i>Numerical Rating</i>	Descriptive Rating
4.76 – 5.00	Consistently Exceeds Expectations
4.00 – 4.75	Frequently Exceeds Expectations
3.00 – 3.99	Meets Expectations
2.00 – 2.99	Occasionally Meets Expectations
1.00 – 1.99	Rarely Meets Expectations

3rd Step: Performance Appraisal Discussion

The final step involves a formal meeting between rater and ratee for the opportunity to discuss over-all performance results. This is a vital part of the Performance Management process and is required to be conducted for all employees. The supervising officer shall set a schedule for the performance appraisal discussion with the employee to thoroughly



HR POLICIES & PROCESSES MANUAL

Policy Number:	PERFORMANCE MANAGEMENT	Effective Date: July 1, 2009
IV - A	POLICY	Revised Date: April 1, 2025 Page 8 of 11
<p>review the employees' performance and reconcile and agree on the appraisal ratings given to the ratee. The rater shall address the performance appraisal rating gaps, if any, and align understanding of expectations. This meeting aims to enlighten the ratee on the reason/s behind the rating and provide a venue for discussion on improvement areas, if any, or training and career development options.</p>		
<p>PART III: CAREER DEVELOPMENT PLANNING</p> <p>Consistent with the Bank's commitment to the personal and professional advancement of its employees, it is important to allot time to discuss and document the training and development needs of the ratee in relation to the requirements of his/her present position as well as preparations for possible career advancement.</p> <ol style="list-style-type: none"><p>1. <u>Talent Development.</u> It is through the mastery of one's present job that an employee can gain recognition, rewards, and future career advancement.</p><p>Thus, during the <i>Performance Appraisal</i> discussions, the rater and ratee jointly assess the latter's strengths and areas for improvement and identify programs or measures to further enhance the identified strengths and/or to narrow down any identified competency gaps.</p><p>In documenting this exercise, the <i>Career Development Plan</i> portion of the <i>Performance Appraisal Form</i> is used. In said form, both the rater and ratee craft specific action plans that will further reinforce the ratee's strengths, tap his/her potentials, and address his/her development needs in accordance with the demands of his/her present position.</p><p>2. <u>Career Advancement.</u> One of the measures of success for business unit heads is his/her ability to develop employees for career progression. Thus, after conducting Performance Appraisal discussions in relation to the ratee's present position, the supervising officer is reminded to, likewise, assess the ratee's performance for purposes of determining the ratee's readiness to assume higher positions and/or bigger responsibilities.</p><p>The employee's career track, as recommended by the supervising officer, may be the assumption of a higher position or bigger responsibilities within the same, or in a different, position, business unit, or group. The supervising officer is free to propose several options for the employee's career advancement. While provided with options, the employee is to take ownership of the decision to select the career path to pursue.</p>		



HR POLICIES & PROCESSES MANUAL

Policy Number:	PERFORMANCE MANAGEMENT	Effective Date: July 1, 2009
IV - A	POLICY	Revised Date: April 1, 2025 Page 9 of 11
<p>In identifying the employee's strengths and development needs in relation to his/her possible career advancement, the supervising officer is advised to use the <i>Career Advancement Plan</i> portion of the <i>Performance Appraisal Form</i>.</p>		
<p>PART IV: MANAGING UNDERPERFORMANCE</p> <p>The Bank promotes and tracks the consistent delivery of expected results from its employees. In the event that an employee fails to meet the minimum performance standards set at the start of the annual cycle, the Bank shall provide opportunities for development and corrective action through the Performance Improvement Plan (PIP) program. PIP is an outlined set of activities agreed mutually by the supervising officer and concerned incumbent designed to facilitate constructive discussion of the employee's work performance. It is a targeted and time-bound program that outlines the specific performance gaps or deficiencies, the corresponding recovery plan, and agreed monitoring and assessment timeline.</p> <p>This program shall comprise of four critical steps:</p> <p>1st Step: Initiation of the Performance Improvement Plan</p> <p>At the end of the appraisal period, the supervising officer and skip-level manager shall prepare a list of employees whose overall ratings fall below the minimum expectations set by the Bank, i.e. below 3.0 or Meets Expectations. All supporting documents pertinent to the appraisal, such as scorecards, filled out coaching forms, and other performance monitoring files, shall be compiled by the supervising officer. Then, the line managers shall accomplish the PIP Form based on the performance gaps and development needs of the employee.</p> <p>2nd Step: Discussion and Approval of the Performance Improvement Plan</p> <p>The supervising officer shall schedule a coaching session to initiate the discussion of the draft PIP with the employee. The supervising officer shall discuss the (1) rationale behind the initiation of the PIP, (2) the detailed list of activities that the employee will attend to or undergo, (3) the timeline or period of enrollment in the PIP, and (4) the subsequent actions or remedy based on the outcome of the PIP. The employee concerned shall review the PIP form and provide inputs or comments on its content. The final draft of the PIP form shall be signed off by the employee, the supervising officer, and skip-level manager or the designated business unit leader.</p> <p>3rd Step: Implementation of the Performance Improvement Plan</p>		



HR POLICIES & PROCESSES MANUAL

Policy Number:	PERFORMANCE MANAGEMENT	Effective Date: July 1, 2009
IV - A	POLICY	Revised Date: April 1, 2025 Page 10 of 11
<p>The employee enrolled under PIP is expected to strictly abide by the provisions of the plan, particularly the detailed activities that must be performed for the duration of the program. The supervising officer, in turn, shall ensure seamless implementation of the program and closely assess how the employee is keeping up with the agreed plan. Performance assessment and monitoring may be done through the following, but not limited to:</p> <ol style="list-style-type: none">a. Preparing of periodic performance report;b. Reviewing and analyzing progress reports on assigned activities;c. Conducting regular coaching, progress review meetings, and/or one-on-one feedback;d. Inspecting quality of work;e. Gathering performance inputs from clients or customers; andf. Holding critique or debriefing meetings after a PIP activity to determine what went well and what needs to be improved further. <p>4th Step: Performance Evaluation</p> <p>At the end of the program, the employee's progress shall be evaluated by the designated line managers. The PIP shall be deemed fulfilled if the employee demonstrates significant improvement in his/her performance against the set targets in the PIP. The employee is expected to consistently meet the performance standards within an agreed period for the employee to be removed from the PIP.</p> <p>If an employee fails to meet the targets at the end of the program, said employee shall be subjected to the appropriate disciplinary procedure defined and agreed upon in the PIP or as stipulated in the Bank's Code of Conduct.</p> <p>PART V: PENALTIES FOR NON-COMPLIANCE</p> <p>Appraising the performance of an employee is an essential and integral part of being a supervisor. A performance evaluation provides pertinent inputs on one's work, which eventually redounds to the benefit of the organization, as it is a tool for improving productivity and efficiency. Failure to document the performance of an employee using the performance management platform or system within the deadlines set by management is considered a minor offense, subject to penalties/sanctions as follows:</p>		



HR POLICIES & PROCESSES MANUAL

Policy Number:		PERFORMANCE MANAGEMENT		Effective Date: July 1, 2009	
IV - A		POLICY		Revised Date: April 1, 2025	
				Page 11 of 11	
SPECIFIC OFFENSE	PENALTIES				
	Reprimand	Written Warning	15-Day Suspension	Dismissal	
Non-submission of any of the required performance documents for the covered performance period	For non- or incomplete submission despite follow-up	For non- or incomplete submission despite receipt of HRG's issued reprimand	For non- or incomplete submission despite receipt of HRG's issued warning	For non- or incomplete submission despite imposition of 15-day suspension	



RIZAL COMMERCIAL BANKING CORPORATION

Risk Governance Framework

INTERNAL USE



RCBC Risk Governance Framework

Table of Contents

1	OVERVIEW	2
1.1	Purpose	2
1.2	Definitions	2
2	RISK MANAGEMENT PRINCIPLES	4
3	RCBC RISK UNIVERSE	6
3.1	Three Categories of Risk	6
3.2	Risk Types	6
4	RISK CULTURE.....	8
4.1	Tone from the Top	8
4.2	Accountability.....	9
4.3	Effective Communication and Challenge.....	9
4.4	Incentives	10
5	RISK APPETITE FRAMEWORK.....	11
5.1	Overview.....	11
5.2	Roles and Responsibilities	13
5.3	Risk Appetite Statement of RCBC.....	13
5.4	Risk Limits	18
6	RISK GOVERNANCE	20
6.1	Board of Directors	20
6.2	Board Committees	20
6.2	Role of Parent Bank, Subsidiaries and Affiliates	22
6.3	Three Lines of Defense Model	22
6.4	Risk Management Function	25
	ANNEXES.....	30
	WORKS CITED.....	40

1 OVERVIEW

1.1 Purpose

The RCBC Group (the Group) recognizes that risk is an inherent part of its activities, and that banking is essentially a business of managing risks. The Group views risk management as a value proposition imbued with the mission of achieving sustainable growth in profitability and shareholder value through an optimum balance of risk and return.

This corporate risk philosophy further translates to the following policy precepts:

- Prudential risk-taking and proactive exposure management as cornerstones for sustainable growth, capital adequacy, and profitability;
- Standards aligned with internationally accepted practices and regulations in day to day conduct of risk and performance management; and
- Commitment to developing risk awareness across the Group, promoting the highest standards of professional ethics and integrity, establishing a culture that emphasizes the importance of the risk process, sound internal control, and advocating the efficient use of capital.

The RCBC Group's Risk Governance Framework¹ aims to:

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

The Framework shall be reviewed at least annually to account for changes in related policies and regulations.

1.2 Definitions

Risk: The probability or threat of quantifiable damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through preemptive action.²

The International Organization for Standardization (ISO) defines risk as the effect of uncertainty on objectives.

¹ Applies to RCBC parent and BSP-regulated RCBC subsidiaries and RCBC affiliates.

² Oxford English Dictionary

Notes:

- An effect is a deviation from the expected — positive and/or negative.
- Objectives can have different aspects (such as financial, health and safety, and environmental goals) and can apply at different levels (such as strategic, organization-wide, project, product and process).
- Risk is often characterized by reference to potential events and consequences, or a combination of these.
- Risk is often expressed in terms of a combination of the consequences of an event (including changes in circumstances) and the associated likelihood of occurrence.
- Uncertainty is the state, even partial, of deficiency of information related to, understanding or knowledge of an event, its consequence, or likelihood.

Risk Profile: Point-in-time assessment of a bank's gross risk exposures (i.e., before the application of any mitigants) or, as appropriate, net risk exposures (i.e., after taking into account mitigants) aggregated within and across each relevant risk category based on current or forward-looking assumptions.

Risk Governance Framework: As part of the overall corporate governance framework, the framework through which the Board of Directors (Board) and management establish and make decisions about the bank's strategy and risk approach; articulate and monitor adherence to risk appetite and risk limits vis-à-vis the bank's strategy; and identify, measure, manage and control risks.

Risk Management: The processes established to ensure that all material risks and associated risk concentrations are identified, measured, limited, controlled, mitigated and reported on a timely and comprehensive basis.

Risk Culture: A bank's norms, attitudes and behaviors related to risk awareness, risk-taking and risk management, and controls that shape decisions on risks. Risk culture influences the decisions of management and employees during the day-to-day activities and has an impact on the risks they assume.

Risk Capacity: The maximum amount of risk a bank is able to assume given its capital base, risk management and control capabilities as well as its regulatory constraints.

Risk Appetite: The aggregate level and types of risk a bank is willing to assume, decided in advance and within its risk capacity, to achieve its strategic objectives and business plan.

Risk Tolerance: The acceptable level of variation relative to achievement of a specific objective, and often is best measured in the same units as those used to measure the related objective. In setting risk tolerance, management considers the relative importance of the related objective and aligns risk tolerances with risk appetite. Risk tolerance relates to risk appetite but differs in one fundamental way: risk tolerance represents the application of risk appetite to specific objectives.

Risk Limits: Specific quantitative measures or limits based on, for example, forward-looking assumptions that allocate the bank's aggregate risk to business lines, legal entities as relevant, specific risk categories, concentrations and, as appropriate, other measures.

Risk Appetite Framework (RAF): The overall approach, including policies, processes, controls and systems, through which risk appetite is established, communicated and monitored. It includes a risk appetite statement, risk limits and an outline of the roles and responsibilities of those overseeing the implementation and monitoring of the RAF. The RAF should consider material risks to the bank, as well as to its reputation vis-à-vis policyholders, depositors, investors and customers. The RAF aligns with the bank's strategy.

Risk Appetite Statement (RAS): The written articulation of the aggregate level and types of risk that a bank will accept, or avoid, in order to achieve its business objectives. It includes quantitative measures

expressed relative to earnings, capital, risk measures, liquidity and other relevant measures as appropriate. It should also include qualitative statements to address reputation and conduct risks as well as money laundering and unethical practices.

2 RISK MANAGEMENT PRINCIPLES³

Risk management is a dynamic activity. For risk management to be effective, it needs to be practiced within all layers of the organization. The Board of RCBC expects the management of risk to be guided by the following principles:

Principle 1: Risk management creates and protects value.

Risk management creates and protects value by increasing the likelihood of achieving the organization's objectives. It also creates and protects value as it results in improving governance and control process, compliance with regulations and effectiveness and efficiency in the allocation of scarce capital and resources.

Principle 2: Risk management is an integral part of all organizational processes.

Risk management is not a standalone activity that is separate from the main activities and processes of the organization. Aside from ensuring profitability and delivering shareholder value, risk management should form part of the responsibilities of management.

Principle 3: Risk management is part of decision making.

To be effective, risk management should be part of the decision-making process. Risk management should help decision makers make informed choices, prioritize actions and distinguish among alternative courses of action.

Principle 4: Risk management explicitly addresses uncertainty.

In risk management, risk should not be viewed in a deterministic manner. Rather, it should explicitly take into account uncertainty, the nature of the uncertainty, and how this uncertainty can be addressed.

Principle 5: Risk management is systematic, structured, and timely.

Risk management is a systematic, structured, and timely process that contributes to efficient, consistent, comparable, and reliable results. It is a rigorous process that encourages everyone in an organization to assess uncertainty in a structured and systematic manner, and design mitigation strategies methodically.

³ ISO 31000 enumerates 11 principles

Principle 6: Risk management is based on best available information.

While risk management aims to assess and manage risk in a forward-looking manner, it has to rely on the best available information as of a specified predetermined date. Examples of information sources that can be used as inputs to the risk management process are:

- Historical data
- Past experience
- Stakeholder feedback
- Observation
- Forecasts
- Expert judgment

Principle 7: Risk management is tailored.

Risk management is not a one size fits all exercise. Each banking organization has unique circumstances that must be considered in designing the organization's risk governance framework and process. Risk management should be aligned with the organization's external and internal context and risk profile.

Principle 8: Risk management takes human and cultural factors into account.

The effectiveness of risk management processes, no matter how sophisticated the designs are, still depends on the commitment and capabilities of everyone in the organization. Risk management considers the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder achievement of the organization's objectives.

Principle 9: Risk management is transparent and inclusive.

To be effective, risk management should not be an isolated activity. Everyone in an organization should be involved. Risk management is relevant and up-to-date if stakeholders and decision makers at all levels are involved in an appropriate and timely manner.

Principle 10: Risk management is dynamic, iterative and responsive to change.

Risk management should continually evolve and recognize the dynamic environment in which the banking organization operates in. As external and internal events occur, context and knowledge change, monitoring and review of risks take place. New risks emerge. Some risks evolve. Some risks change. Some disappear. Risk management should be able to capture and calibrate its responses to the changing nature of uncertainty.

Principle 11: Risk management facilitates continual improvement of the organization.

Risk management should develop and implement strategies to improve their risk management maturity alongside all aspects of the organization.

3 RCBC RISK UNIVERSE

3.1 Three Categories of Risk⁴

Risk events may be classified according to the following categories:

1. **Preventable Risks:** Risks arising from within the company that generate no strategic benefits
 - Objective: Avoid or eliminate occurrence
2. **Strategy Risks:** Risks taken for superior strategic returns
 - Objective: Reduce likelihood and impact
3. **External Risks:** External, uncontrollable risks
 - Objective: Reduce impact should risk event occur

Preventable risks, arising from within an organization, are monitored and controlled through rules, values, and standard compliance tools. In contrast, strategy risks and external risks require distinct processes that encourage managers to openly discuss risks and find cost-effective ways to reduce the likelihood of risk events or mitigate their consequences.

3.2 Risk Types

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

1. **Credit Risk:** Risk of loss arising from a counterparty's failure to meet the terms of any contract with the bank or otherwise perform as agreed. Credit risk is found in all activities where success depends on counterparty, issuer, or borrower performance. It arises anytime funds are extended, committed invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off the balance sheet. Credit risk is not limited to the loan portfolio.
2. **Credit Concentration Risk:** Risk of loss arising from excessive credit exposures to individual borrower, groups of connected counterparties and groups of counterparties with similar characteristics (e.g., counterparties in specific geographical locations, economic or industry sectors) or entities in foreign country or a group of countries with strong interrelated economies.
3. **Market Risk:** Risk to earnings or capital arising from adverse movements in factors that affect the market value of instruments, products, and transactions in the Bank's trading book portfolio, both on- and off-balance sheet.

⁴ Harvard Business Review, 2012. "Managing Risks: A New Framework"

4. **Interest Rate Risk in the Banking Book:** Current and prospective risk to earnings and capital arising from adverse movements in the interest rates that affect the Bank's banking book positions.
5. **Liquidity Risk:** Current and prospective risk to earnings or capital arising from a bank's inability to meet its obligations when they come due without incurring unacceptable losses or costs. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources.
6. **Operational Risk:** Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.
 - a. **Information Technology (IT) Risk:** Risk of loss resulting from adverse outcome, damage, loss, violation, failure or disruption associated with the use of or reliance on computer hardware, software, devices, systems, applications and networks.
 - b. **Information Security Risk:** Risk of loss resulting from information security/cyber security breaches.
 - c. **Business Continuity Risk:** Risk of loss resulting from a prolonged interruption in business operations.
 - d. **Regulatory Risk:** Risk of loss arising from probable mid-stream changes in the regulatory regime affecting current position and/or strategy.
 - e. **Compliance Risk:** Current and prospective risk to earnings or capital arising from violations of, or non-conformance with, laws, rules, regulations, prescribed practices, internal policies and procedures, or ethical standards.
 - f. **Money Laundering/Terrorist Financing (ML/TF) Risk:** Risk of loss arising from a covered person's⁵ failure to prevent itself from being used as a money laundering site and conduit for the proceeds of unlawful activities as well as financing the act of terrorism.
 - g. **Fraud Risk:** Risk of loss resulting from falling victim to activities involving internal and/or external fraud.
 - h. **Legal Risk:** Risk of loss resulting from uncertainty of legal proceedings that the Bank is currently or expected to be involved in.

⁵ Covered persons" shall refer to banks, non-banks, QBs, trust entities, NSSLAs, pawnshops, foreign exchange dealers, money changers, remittance and transfer companies, EMIs and other financial institutions which under special laws are subject to Bangko Sentral supervision and/or regulation, including their subsidiaries and affiliates, which are also covered persons, wherever they may be located.

- i. **Human Resource Risk:** Risk of loss arising from non-compliance with the Human Resources policies including Code of Conduct.
 - j. **Third Party Risk:** Any risk associated with engaging a third party in the context of providing a service or product to a client (the second party). It is an umbrella term covering several potential risk types depending on the product or service, the third party and the nature of the engagement / relationship
7. **Strategic Risk:** Current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes and other external developments.
 8. **Reputational Risk:** Risk to earnings, capital, and liquidity arising from negative perception on the Bank of its customers, shareholders, investors, and employees, market analysts, the media, and other stakeholders such as regulators and other government agencies, that can adversely affect the Bank’s ability to maintain existing business relationships, establish new businesses or partnerships, or continuously access varied sources of funding.
 9. **Environmental and Social (E&S) Risk:** Risk of potential financial, legal, and/or reputational negative effect of E&S issues on the Bank. E&S issues include environmental pollution, climate risk (both physical and transition risks), hazards to human health, safety and security, and threats to community, biodiversity and cultural heritage, among others.

4 RISK CULTURE

There are four elements of a sound risk culture – *tone from the top, accountability, effective communication and challenge, and incentives.*

4.1 Tone from the Top

The Board and senior management are expected to establish a risk culture that represents an expectation of values and conduct from all staff. This expectation outlines what is expected from each individual in terms of behavior and actions. The Board expects all staff to demonstrate exemplary conduct, act responsibly, fairly, and with integrity towards clients, staff, and in the communities in which we live and work.

The Board expects all staff to:

<p>Lead by Example</p>	<ul style="list-style-type: none"> • Establish, monitor, and adhere to an effective risk appetite statement • Have a clear view of the risk culture • Systematically monitor and assess the prevailing risk culture and proactively address any identified areas of weakness or concern • Promote through action and words, a risk culture that expects integrity and a sound approach to risk • Promote an open exchange of views, challenge, and debate • Have mechanisms in place which help lessen the influence of dominant personalities and behaviors
<p>Adopt Corporate Values</p>	<ul style="list-style-type: none"> • Systematically monitor and assess whether the espoused values are communicated and adhered to by management and staff at all levels • Ensure that the risk appetite statement, risk management strategy, and overall business strategy are clearly understood and embraced by management and staff at all levels and effectively embedded in the

	<p>decision-making and operations of the business</p> <ul style="list-style-type: none"> • Establish a compensation structure that supports the institution’s espoused values and promotes prudent risk-taking behavior
Develop Common Understanding and Awareness of Risk	<ul style="list-style-type: none"> • Demonstrate a clear understanding of the quality and consistency of decision-making throughout the business, including how decision-making is consistent with the Group’s risk appetite and risk strategy • Have a clear view on the business lines considered to pose the greatest challenges to risk management and these are subject to constructive and credible challenge about the risk-return balance • Systematically monitor how quickly issues raised by the Board, supervisors, internal audit, and other control functions are addressed by management
Learn from Risk Culture Failures/ Mistakes	<ul style="list-style-type: none"> • Establish processes to ensure that failures or near failures in risk culture are reviewed at all levels of the Group and are seen as opportunities to strengthen the Group’s risk culture and make it more robust

4.2 Accountability

The Board and senior management should ensure that employees are held accountable for their actions and are aware of the consequences of not adhering to the desired behavior toward risk. There should be a clear delineation of responsibilities with regard to monitoring, identification, management, and mitigation of risk. Employees at all levels should understand the core values of the Group’s risk culture and its approach to risk, be capable of performing their prescribed roles, and be aware that they are held accountable for their actions in relation to the Group’s risk-taking behavior.

Risk Ownership	<ul style="list-style-type: none"> • Clear expectations should be set with respect to monitoring, reporting, and responding to current and emerging risk information across the institution, including from the lines of business and risk management to the Board and senior management. Mechanisms should be in place for the lines of business to share information on emerging and unexpected risks. • Employees are held accountable for their actions and are aware of the consequences for not adhering to the desired risk management behavior.
Escalation Process	<ul style="list-style-type: none"> • Escalation processes should be established and used with clear consequence for non-compliance with risk policies and escalation procedures. • Employees should be aware of the process and believe that the environment is open to critical challenge and dissent. These mechanisms should be established for employees to raise concerns when they feel discomfort about products or practices. • Whistleblowing should be proactively encouraged and supported by the Board and senior management.
Enforcement	<ul style="list-style-type: none"> • Consequences should be clearly established, articulated, and applied for the business lines or individuals who engaged in excessive risk-taking relative to the risk appetite statement. Breaches in internal policies, procedures, and risk limits and non-adherence to internal codes of conduct should impact an individual’s compensation and responsibilities or affect career progression, including termination.

4.3 Effective Communication and Challenge

A sound risk culture promotes an environment of effective communication and challenge in which decision-making processes promote a range of views, allow for testing of current practices and stimulate a positive, critical attitude among employees and an environment of open and constructive engagement.

A sound risk culture must encourage transparency and open dialogue in order to promote the identification and escalation of risk issues.

<p>Open to Alternative View</p>	<ul style="list-style-type: none"> • Alternative views or questions from individuals and groups are encouraged, valued and respected, and occur in practice. Senior management should have mechanisms in place to ensure that alternate views can be expressed in practice, and should request regular assessments of the openness to dissent at all layers of management involved in the decision-making process.
<p>Stature of Risk Management</p>	<ul style="list-style-type: none"> • The Chief Risk Officer and risk management function (RMG) share the same stature as the lines of businesses, actively participating in the Senior Management Committee, and proactively involved in all the relevant risk decisions and activities. They should have appropriate access to the Board and senior management. • Compliance, legal, and other control functions should have sufficient stature, not only to act as advisors, but also to effectively exert control tasks with respect to the institution’s risk culture.

4.4 Incentives

Financial and non-financial incentives should support the core values and risk culture at all levels of the Group. Performance and talent management should encourage and reinforce maintenance of the institution’s desired risk management behavior. Remuneration systems should reward servicing the greater, long-term interest of the Group and its clients. Risk management and compliance considerations should have sufficient status in driving compensation, promotion, hiring, and performance evaluation.

<p>Remuneration and Performance</p>	<ul style="list-style-type: none"> • Remuneration and performance metrics should consistently support and drive the Group’s desired risk-taking behavior, risk appetite, and risk culture. Annual performance reviews and objective-setting processes include steps taken by the individual to promote the Group’s desired core values, compliance with policies and procedures, internal audit results, and supervisory findings. • Incentive compensation programs systematically include individual and group adherence to the Group’s core values and risk culture, including: <ul style="list-style-type: none"> ○ Treatment of clients; ○ Cooperation with internal control functions and regulators; ○ Respect for risk exposure limits; and ○ Alignment between performance and risk.
<p>Talent Development and Succession Planning</p>	<ul style="list-style-type: none"> • Understanding key risks and essential elements of risk management and the culture of the organization is a critical skill for senior employees. These should be reflected in the development plans for employees. Succession planning processes for key management positions include risk management experience and not only revenue-based accomplishments. Training programs are available for all staff to develop risk management competencies.

5 RISK APPETITE FRAMEWORK

5.1 Overview

The **Risk Appetite Framework (RAF)** is the overall approach, including policies, processes, controls and systems, through which risk appetite is established, communicated and monitored. It includes a risk appetite statement, risk limits and an outline of the roles and responsibilities of those overseeing the implementation and monitoring of the RAF.

RISK APPETITE FRAMEWORK⁶

At the highest level, Executive Management and the Board need to have a solid understanding of the risks the firm as a whole is taking. A key weakness that has disastrous effects, as evidenced by financial crises, is a disparity between the risks that a firm takes and those that its Board perceives the firm to be taking.⁷ Supervisors see insufficient evidence of active Board involvement in setting the risk appetite for firms in a way that recognizes the implications of that risk-taking.⁸ It is critical that the Chief Executive and Board members understand and consider the risk appetite and the risks being taken for the potential returns in evaluating major business decisions.

Management and the Board must know beforehand the firm's capacity for risk-taking, the previously specified amount of different risks they want the firm to take and the current and targeted risk profile relative to the desired level and capacity – to be able to evaluate and take action.

This is – in essence – what a risk appetite framework does for an organization. Information needs to flow up to the Board and be presented in a timely way that drives decision making.

A fully functioning risk appetite framework establishes a firm-specific quality and style of internal communication that enables risk messages to feed up the organization from the people who take or manage risk.

Conscious Risk-Taking

No business can thrive without taking on risks. A key benefit of deploying a risk appetite framework is that these risks are identified and quantified in a structured way that relates them to the firm's business objectives and strategy.

The trade-offs between risk and reward in a risk appetite framework are made upfront, in a conscious attempt to decide the right calibration, and at a firm-wide level.

⁶ Deloitte, 2014. "Risk Appetite Frameworks: How to Spot the Genuine Article"

⁷ Senior Supervisors Group (SSG), 2009. "Risk Management Lessons from the Global Banking Crisis of 2008"

⁸ As noted of some firms during the 2008 financial crisis, by the Senior Supervisors Group (SSG)

A risk appetite framework ensures that risk-taking is specific, measured, and consistent within established limits.

Joined-Up Risk Management

Beyond the benefits of breadth, a risk appetite framework also provides depth to risk management activities. It is the collective impact of risk-taking across a firm that needs to be managed. This will always require the coordination among various parts of a firm, alignment between broader objectives and the more specific objectives of business units or individuals, and a translation between technical language of the risk or product specialist and the more general firm-specific risk appetite language.

This is where risk appetite frameworks come to the fore. First, they facilitate top-down direction from the Board via the cascading of risk appetite statements and their ongoing monitoring and control – in a risk appetite language that is meaningful to everyone. Second, they rely on bottom-up information and insight from the businesses and control functions through the calibration of risk appetite limits and triggers, as well as the reporting of risks and the risk profile versus risk appetite.

Drivers of Quality Risk Management

To have an effective risk appetite framework, the following must be present:

- A **strong, independent risk function** that has the confidence of its convictions and the internal clout to design, build, launch and embed risk language and concepts across the firm; the risk personnel need to be good at reaching out to their colleagues in the business lines and advocating the risk appetite perspective;
- A **sponsor at the executive level** who has enough authority to make risk appetite the way the firm approaches risk. Without senior buy-in from a President/Chief Executive Officer (CEO) or Chief Risk Officer (CRO), risk appetite will wither on the vine;
- A **robust process to aggregate risk** – Risk definitions are uniformly understood across the firm. The people and processes that identify and aggregate risk need to be of high caliber to support completeness of coverage – this should cover financial and non-financial risks;
- A **well-established methodology to produce risk adjusted metrics** (with the active buy-in of both the finance and risk departments) so that the risk appetite perspective takes root outside of the risk department;
- A **good capacity for change management**, since embedding risk appetite requires some deep-seated changes to be made to the way a lot of people go about their jobs;
- A **culture within a firm that enables free flow of information** up and down the hierarchy. The bosses are not afraid to hear bad news, nor do the business units water down messages for fear of giving offense; and
- A **culture that weaves risk considerations into the rest of the firm** in such things as business strategy, capital planning, day-to-day risk-taking by the business, governance and the design of remuneration plans.

5.2 Roles and Responsibilities⁹

Roles and Responsibilities in Setting the Risk Appetite Framework	
Board of Directors	<ul style="list-style-type: none"> The Board is primarily responsible for approving the organization’s risk appetite framework. It is also responsible for holding Senior Management accountable for the integrity of the risk appetite framework. The Board should conduct periodic high-level review of actual versus approved limits. Any breaches should be dealt with accordingly.
President/Chief Executive Officer	<ul style="list-style-type: none"> The President/Chief Executive Officer (CEO) is responsible for establishing the risk appetite for the banking organization. He/She is also responsible for translating the risk appetite into risk limits for business lines, subsidiaries and affiliates¹⁰. The President/ CEO is accountable, together with the rest of the Senior Management team, for the integrity of the risk appetite framework and for ensuring that the risk appetite framework is implemented throughout the organization.
Chief Risk Officer	<ul style="list-style-type: none"> The Chief Risk Officer (CRO) provides relevant inputs to the President/CEO in developing the organization’s risk appetite. He/She is responsible for actively monitoring the organization’s risk profile relative to its risk appetite, strategy, business and capital plans, risk capacity, and compensating program. The CRO is responsible for independently monitoring the business line and subsidiaries and affiliates¹¹ risk limits against the Group’s aggregate risk profile to ensure that it is aligned with the Group’s risk appetite. He/She is also responsible for establishing a process for reporting on risk and on alignment of risk appetite and risk profile with the organization’s culture.
Business Line Leaders, Subsidiary and Affiliate Management	<ul style="list-style-type: none"> Business line leaders, subsidiary and affiliate management cascade the risk appetite statement and risk limits into their activities. They should establish and ensure adherence to approved risk limits. They are also responsible for implementing controls to effectively monitor and report risk limits adherence.
Internal Audit	<ul style="list-style-type: none"> Internal Audit is responsible for independently assessing the integrity, design, and effectiveness of the organization’s risk appetite framework.

5.3 Risk Appetite Statement of RCBC

⁹ Financial Stability Board (FSB), 2013. “Principles for an Effective Risk Appetite Framework”

¹⁰ Refers to BSP-regulated RCBC subsidiaries and RCBC affiliates.

¹¹ ibid



Risk appetite is the amount of risk the RCBC Group is willing to take in pursuit of its strategic objectives, reflecting the Group's capacity to sustain losses and continue to meet its obligations under normal as well as adverse circumstances.

The Group's risk appetite statement is approved by the Board and forms the basis for establishing the risk parameters within which the businesses must operate, including risk management policies, and limits.

The Group defines its risk appetite in terms of volatility of earnings, the maintenance of adequate capital buffers, and the assessment by the Regulator.

The Group recognizes that risk is an inherent part of its activities, and that banking is essentially a business of managing risks. The Group aims to achieve sustainable growth in profitability and shareholder value through an optimum balance of risk and return.

The Group shall take on risk prudently and manage exposures proactively for the purpose of sustainable growth, capital adequacy, and profitability. It shall be aligned with internationally accepted standards, practices, and regulations in the day to day conduct of risk and performance management.

The Board and Senior Management are committed to developing risk awareness across the Group, promoting the highest standards of professional ethics and integrity, establishing a culture that emphasizes the importance of the risk process, sound internal control, and advocating the efficient use of capital.

The Group sets risk limits to constrain risk-taking within its risk appetite, taking into account the interest of customers and shareholders as well as capital and other regulatory requirements.

The Group will not compromise adherence to its risk appetite in order to pursue revenue growth or higher returns.

The Risk Oversight Committee shall oversee compliance to the established risk appetite, risk management policies, and limits.

Furthermore, the Group articulates its appetite for specific risk types.

RISK APPETITE FOR SPECIFIC RISK TYPES

Risk Type	2 nd Line Owner	Definition	Risk Appetite
Credit Risk	RMG Head/ CRO	Risk of loss arising from a counterparty's failure to meet the terms of any contract with the bank or otherwise perform as agreed. Credit risk is found in all activities where success depends on counterparty, issuer, or borrower performance. It arises anytime funds are extended, committed invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off the balance sheet. Credit risk is not limited to the loan portfolio.	The RCBC Group shall only engage with counterparties that are foreseen to be able to meet the terms of the contract or perform as agreed. The Group shall manage credit risk in its portfolio and activities to ensure that credit risk losses do not cause material damage to the Group's liquidity and capital position.
Credit Concentration Risk	RMG Head/ CRO	Risk of loss arising from excessive credit exposures to individual borrower, groups of connected counterparties and groups of counterparties with similar characteristics (e.g., counterparties in specific geographical locations, economic or industry sectors) or entities in foreign country or a group of countries with strong interrelated economies.	The RCBC Group shall not be overexposed to specific industries, borrowers, counterparties, or groups, where the risk of loss has not been considered and/or mitigated. The Group shall manage credit concentration risk in its portfolio to ensure that credit risk losses do not cause material damage to the Group's liquidity and capital position.
Market Risk	RMG Head/ CRO	Risk to earnings or capital arising from adverse movements in factors that affect the market value of instruments, products, and transactions in the Bank's trading book portfolio, both on- and off-balance sheet.	The RCBC Group shall manage market risk in its trading portfolio and activities to ensure that losses arising from adverse movements in market prices do not cause material damage to the Group's net income and capital position.
Interest Rate Risk in the Banking Book	RMG Head/ CRO	Current and prospective risk to earnings and capital arising from adverse movements in the interest rates that affect the Bank's banking book positions.	The RCBC Group shall manage interest rate risk in its banking book portfolio and activities to ensure that losses arising from movements in interest rates do not cause material damage to the Group's net income and capital position.
Liquidity Risk	RMG Head/ CRO	Current and prospective risk to earnings or capital arising from a bank's inability to meet its obligations when they come due without incurring unacceptable losses or costs. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources.	The RCBC Group shall be able to meet its obligations when they come due, under normal as well as adverse circumstances, while ensuring compliance with regulatory requirements. The Group shall manage its liquidity position under extreme but plausible liquidity stress scenarios without recourse to extraordinary central bank support.
Operational Risk	RMG Head/ CRO	Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.	The RCBC Group shall control operational risks to promote sustainable safe and sound operations and ensure that operational losses are mitigated and do not cause material damage to the Group's liquidity, income, capital position and reputation. The Group has a Medium residual risk tolerance to losses arising from operational incidents or business as usual activities.
IT Risk	RMG Head/ CRO	Risk of loss resulting from adverse outcome, damage, loss, violation, failure or disruption associated with the use of or reliance on computer hardware, software, devices, systems, applications and networks.	The RCBC Group shall manage its computer hardware, software, devices, systems, applications, and networks to ensure that losses resulting from their failure do not cause material damage to the Group's liquidity and capital position, and reputation.
Information Security Risk	RMG Head/ CRO	Risk of loss resulting from information security/cyber security breaches.	The RCBC Group has zero tolerance for information security/cyber security breaches. The Group shall protect its information assets to ensure that breaches do not cause material damage to the Group's liquidity and capital position, and reputation.
Business Continuity Risk	RMG Head/ CRO	Risk of loss resulting from a prolonged interruption in business operations.	The RCBC Group shall be able to resume critical operations that are adversely affected by disruption due to internal and external threats, which may be natural, man-made or technical in origin in a timely manner.
Regulatory Risk	RAG Head/ Compliance Officer	Risk of loss arising from probable mid-stream changes in the regulatory regime affecting current position and/or strategy.	The RCBC Group shall be prepared for any changes in regulations affecting its current position and/or strategy.

Risk Type	2 nd Line Owner	Definition	Risk Appetite
Compliance Risk	RAG Head/ Compliance Officer	Current and prospective risk to earnings or capital arising from violations of, or non-conformance with, laws, rules, regulations, prescribed practices, internal policies and procedures, or ethical standards.	The RCBC Group shall comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its banking activities. The Group has no appetite for deliberately or knowingly incurring a breach of the letter or spirit of regulatory requirements.
Money Laundering/ Terrorist Financing (ML/TF) Risk	RAG Head/ Compliance Officer	Risk of loss arising from a covered person's failure to prevent itself from being used as a money laundering site and conduit for the proceeds of unlawful activities as well as financing the act of terrorism.	The RCBC Group has zero tolerance for any involvement in money laundering and terrorist financing activities. The Group shall manage ML/TF risk to avoid any involvement in money laundering and terrorist financing activities.
Fraud Risk (Internal & External)	RMG Head/ CRO	Risk of loss resulting from falling victim to activities involving internal and/or external fraud.	The RCBC Group shall manage fraud risk to ensure that losses resulting from activities involving internal and/or external fraud do not cause material damage to the Group's liquidity and capital position, and reputation. The Group has zero tolerance for any incident involving internal fraud, or any inappropriate conduct by a member of staff or by any Group business.
Legal Risk	Legal Affairs Group Head	Risk of loss resulting from uncertainty of legal proceedings that the Bank is currently or expected to be involved in.	The RCBC Group shall manage legal risk to ensure that losses arising from legal proceedings do not cause material damage to the Group's liquidity and capital position, and reputation.
Human Resource Risk	HR Group Head	Risk of loss arising from non-compliance with the Human Resources policies including Code of Conduct.	The RCBC Group has adequately disseminated its Human Resources policies and Code of Conduct to all its employees. As such, the Group has very low tolerance for non-compliance to ensure that ensuing losses do not cause material damage to the Group's operations, business, strategy and reputation.
Third Party Risk	RMG Head/ CRO	Any risk associated with engaging a third party in the context of providing a service or product to a client (the second party). It is an umbrella term covering several potential risk types depending on the product or service, the third party and the nature of the engagement / relationship	The RCBC Group will manage third party risk within the respective appetite of the ensuing risk/s brought about by engaging a third party and by regular evaluation and monitoring of the risk profiles of third parties.
Strategic Risk	Corporate Planning Group Head	Current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes and other external developments.	The RCBC Group shall only pursue strategies whose foreseeable risks have been considered and/or mitigated. The Group shall manage strategic risk to ensure that there is no material damage to the Group's liquidity and capital position, and reputation.



Risk Type	2 nd Line Owner	Definition	Risk Appetite
Reputational Risk	RMG Head/ CRO	Risk to earnings, capital, and liquidity arising from negative perception on the Bank of its customers, shareholders, investors, and employees, market analysts, the media, and other stakeholders such as regulators and other government agencies, that can adversely affect the bank's ability to maintain existing business relationships, establish new businesses or partnerships, or continuously access varied sources of funding.	The RCBC Group shall only pursue engagement in any business activity whose foreseeable reputational risk or damage have been considered and/or mitigated. The Group shall protect its reputation to ensure that there is no material damage to the Group.
Environmental and Social (E&S) Risk	RMG Head/ CRO	Risk of potential financial, legal, and/or reputational negative effect of E&S issues on the bank	The RCBC Group shall promote sustainable practices that will minimize negative environmental, social and reputation impact of the Bank's financing and investing ¹² activities as well as its clients' operations. The Group shall mitigate negative impact on the environment and affected communities, and enhance positive sustainable development impact.

¹² BSP Circular 1149

5.4 Risk Limits¹³

Risk Limits are quantitative measures based on forward-looking assumptions that allocate the Group's aggregate risk appetite statement to business lines, subsidiaries as relevant, specific risk categories, concentrations, and other levels as deemed appropriate. Some of the Risk Oversight Committee's expectations when Management sets risk limits are as follows:

- Risk limits should be set at a level to constrain risk-taking within the approved risk appetite, taking into account the interest of customers and shareholders as well as capital and other regulatory requirements, in the event that a risk limit is breached and the likelihood that each material risk is realized.
- Risk limits should be established for business lines and subsidiaries, and generally expressed relative to:
 - Earnings
 - Capital
 - Liquidity
 - Other relevant measures, e.g. growth and liquidity
- Risk limits should include material concentrations at the group-wide, business line, subsidiaries and affiliates¹⁴ levels.
- Risk limits should not be strictly based on comparison to peers or default to regulatory limits.
- Risk limits should not be overly complicated, ambiguous, or subjective.
- Risk limits should be monitored regularly.

¹³ Financial Stability Board (FSB), 2013. "Principles for an Effective Risk Appetite Framework"

¹⁴ Applies to BSP-regulated RCBC subsidiaries and RCBC affiliates

RCBC RISK DASHBOARD: DECEMBER 2024

Key Messages

- Capital Adequacy: CET1 Ratio at 13.28% (Solo) and 13.53% (Conso); Total CAR at 15.86% (Solo) and 16.08% (Conso) as of December 2024.
- The FVOCI YTD MTM is a Gain of Php 75Mn as of yearend with a YTD Realized Gain of Php 1,318Bn. The NII-At-Risk was lower to 1.81% in December. The December EVE is 3.03%.
- Credit Risk: High Residual Risk still persist given legacy accounts of the bank (e.g. accounts approved prior to March 2020) continue to be affected by the high inflation and high interest rate environment which was preceded by the global pandemic against the backdrop of political and supply chain risks brought about by the wars.

RISK APPETITE

Earnings Volatility	Capital Adequacy	SAF Rating
Credit Risk	Strategic Risk	Regulatory Risk
Credit Com. Risk	Reputational Risk	Compliance Risk
Market Risk	ES&S Risk	MLTTF Risk
IR/BBB	IT Risk	Fraud Risk
Liquidity Risk	Info. Sec. Risk	Legal Risk
Operational Risk	Bus. Con. Risk	HR Risk

MARKET & LIQUIDITY RISK

LIQUIDITY COVERAGE RATIO

NET STABLE FUNDING RATIO

LIQUIDITY STRESS

Scenario	Stress	Ratio
Stress	100%	100%
Stress	150%	100%
Stress	200%	100%
Stress	250%	100%
Stress	300%	100%
Stress	350%	100%
Stress	400%	100%
Stress	450%	100%
Stress	500%	100%
Stress	550%	100%
Stress	600%	100%
Stress	650%	100%
Stress	700%	100%
Stress	750%	100%
Stress	800%	100%
Stress	850%	100%
Stress	900%	100%
Stress	950%	100%
Stress	1000%	100%

PESO MCO

OPERATIONAL RISK

Internal Fraud	Low
External Fraud	Medium
Damage to Physical Assets	Low
Business Disruption and System Failure	Low
Execution Delivery and Process Management	Medium
Client Product and Business Practices	Low
Employment Practices and Workplace	Low

CAPITAL ADEQUACY

FCY RBU MCO

FCDU MCO

NII-AT-RISK

CAPITAL-AT-RISK

REGULATORY REQUIREMENTS

MSME (As of 4Q 2024)

Medium Enterprises	2%
Micro & Small Enterprises	0.57%

AFRD (As of 4Q 2024)

Amount in Php Billion	77.20
Required	18.61
Exposure	77.20

ECONOMIC VALUE OF EQUITY

FIXED INCOME TRADING VAR

FOREIGN EXCHANGE TRADING VAR

MODIFIED LARGE FUND

REPUTATIONAL RISK

Top Complaints	Online - Instapay Transaction (704)	ATM - Undispensed Cash (906)
----------------	-------------------------------------	------------------------------

REPORTED CRIMES & LOSSES (PHP M)

Fraud Related RCLs	Count / Loss Incurred
Unauthorized Withdrawals	60 / PHP 0.77M
Total	73 / PHP 0.77M

CET1 Ratio after REST

CAR after REST

SUSTAINABLE FUNDING - Php27B

EUGIBLE SUSTAINABLE PORTFOLIO - Php126B

Renewable Energy	36%
Energy Efficiency	9%
Clean Transportation	9%
Other Eligible Green	9%
Affordable Housing	9%
Socioeconomic Advancement and Employment	9%
Other Eligible Social	9%

ILLUSTRATIVE EXAMPLE

6 RISK GOVERNANCE

The Risk Governance Framework of the Group follows a top-down approach, whereby the Board takes ultimate accountability for: the risks taken, setting the tolerance level for these risks, business strategies, operating budget, policies, and overall risk philosophy.

In the interest of promoting efficient corporate governance, the Board constitutes committees to perform oversight responsibilities. These committees perform oversight functions in the area of risk policy formulation, decision-making, and risk portfolio management.



6.1 Board of Directors

The Board ensures that the Group’s corporate objectives are supported by a sound risk strategy and an effective risk governance framework that is appropriate to the nature, scale, and complexity of its activities. The Board provides effective oversight of senior management’s actions to ensure consistency with the risk strategy and policies, including the risk appetite framework.

The Board:

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

6.2 Board Committees

Overall responsibility for risk management is with the Board of Directors. More specific responsibilities of the board-level and management committees involved, and assisting the Board, in the risk process are provided below.

THE EXECUTIVE COMMITTEE

The Executive Committee has the authority to act on matters as the Board may entrust to it for action in between meetings of the Board. More specifically, it reviews and approves loans and other credit-related matters, investments, purchase of stocks, bonds, securities and other commercial papers for the bank.

THE RISK OVERSIGHT COMMITTEE (ROC)

The ROC supports the Board with respect to oversight and management of risk exposures of the RCBC parent bank and subsidiaries (the Group)¹⁵. In this regard, the ROC exercises authority over all other risk committees of the Group, with the principal purpose of assisting the Board in fulfilling its risk oversight responsibilities. The ROC shall:

- **Oversee the risk governance framework.** The ROC ensures that an appropriate risk governance framework is in place, and adopted (as appropriate) across all entities of the RCBC Group.
- **Oversee adherence to risk appetite.** The ROC shall oversee compliance to established risk management policies and limits. The ROC shall ensure that the current and emerging risk exposures are consistent with the Group's strategic and overall risk appetite. It shall assess the overall status of adherence to the risk appetite based on the quality of compliance with the limit structure, policies, and procedures relating to risk management and control, and performance of management, among others;
- **Oversee the risk management function.** The ROC shall be responsible for the appointment/selection, remuneration, and dismissal of the Chief Risk Officer (CRO). It shall also ensure that the risk management function (RMG) has adequate resources including personnel, systems, and other risk management capabilities necessary for the conduct of sound risk management, and effectively oversees the risk taking activities of the Group.
- **Oversee capital planning and management.** The ROC shall review, evaluate, periodically assess for, and report to the Board, the Group's Internal Capital Adequacy Assessment Process (ICAAP), especially relating to:
 - Current and projected capital and risk-weighted asset levels and requirements;
 - Capital allocation among risk-taking units of the Group; and
 - Perceived threats to capital adequacy arising from both identified and unexpected risk factors
- **Oversee recovery plans.** The ROC shall ensure that there is periodic review of the effectiveness of the risk management systems and recovery plans. It shall ensure that implementation is carried out on an enterprise-wide basis, and that corrective actions are promptly implemented to address risk management concerns.

THE ANTI-MONEY LAUNDERING BOARD COMMITTEE

The Anti-Money Laundering Committee is constituted by the Board for the purpose of carrying out its mandate to fully comply with the Anti-Money Laundering Act, as amended, its Revised Implementing Rules and Regulations and the Anti-Money Laundering Regulations under the MORB; and to ensure that Money Laundering/Terrorist Financing risks are effectively managed. The AML Board Committee has

¹⁵ Applies to BSP-regulated RCBC subsidiaries and RCBC affiliates.

oversight on all AML-related matters such as the implementation of the Bank’s Anti Money Laundering and Terrorist Financing Prevention Program (MTPP), AML findings, alerts management, and CTRs & STRs. This Committee also ensures that infractions are immediately corrected, issues are addressed and AML training of directors, officers, and staff are regularly conducted.

THE AUDIT AND COMPLIANCE COMMITTEE

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

- Oversight of the Bank’s financial reporting and control, and of internal and external audit functions. This includes responsibility for the setting up of internal audit and for the appointment of the internal auditor as well as the independent external auditor who shall both report directly to the Audit and Compliance Committee.
- Investigation of any matter within its terms of reference, with full access to and cooperation by management and full discretion to invite any director or executive officer to attend its meetings and adequate resources to enable it to effectively discharge its functions.
- The review of the effectiveness of the institution’s internal controls, including financial, operational and compliance controls, and risk management, to be conducted at least annually.
- Oversight of regulatory/compliance aspects.

6.2 Role of Parent Bank, Subsidiaries and Affiliates¹⁶

The Board and senior management of subsidiaries shall be held responsible for effective risk management processes at the subsidiary and affiliate¹⁷ level and must have appropriate influence in the design and implementation of risk management in the subsidiary and affiliate¹⁸. Conversely, the Board and management of the parent bank is responsible for the risk management of the Group and must exercise oversight over its subsidiaries and affiliates¹⁹ with appropriate processes established to monitor the subsidiaries’ and affiliates’²⁰ compliance to the Group’s risk management practices.

6.3 Three Lines of Defense Model

Notwithstanding its defined specific risk management functions, the Group recognizes that the core banking activity of managing risks is not the sole province of RMG. It is rather a function that cuts across the entire organization.

¹⁶ Applies to BSP-regulated RCBC subsidiaries and RCBC affiliates

¹⁷ *ibid*

¹⁸ *ibid*

¹⁹ *ibid*

²⁰ *ibid*

In the Three Lines of Defense model, management control is the first line of defense in risk management, the various risk control and compliance oversight functions established by management are the second line of defense, and independent assurance [or audit] is the third. Each of these three lines plays a distinct role within the organization’s wider governance framework.²¹

Responsibilities	
1st Line: Business Lines & Support Units	<ul style="list-style-type: none"> • Every employee is a risk officer; the day to day management of all material risks is the responsibility of all bank personnel • Business lines and support units: <ul style="list-style-type: none"> ○ Know our customers well and are best placed to act in both customers’ and RCBC’s best interests; ○ Own the risks and are responsible for identifying, monitoring, and controlling them to stay within appetite; and ○ Are responsible for promoting a culture of compliance and control.
2nd Line: Risk & Control Units	<ul style="list-style-type: none"> • Risk control owners for their respective specialized risk types: <ul style="list-style-type: none"> ○ Monitor and facilitate the implementation of effective risk management practices by the 1st line; ○ Set standards by which the 1st line is expected to manage risk, including compliance with applicable laws, regulatory requirements, policies, and other relevant standards; ○ Develop and maintain policies, standards and guidelines, set risk appetite and limits; ○ Challenge the 1st line on effective risk management, their inputs to, and outputs from, the bank’s risk management tools; and ○ Oversee the optimization of risk-reward trade-off. • Scope of responsibilities is defined by risk type, and not constrained by functional/business/organizational boundaries
3rd Line: Audit	<ul style="list-style-type: none"> • Auditors: <ul style="list-style-type: none"> ○ Evaluate the effectiveness of the risk governance framework (design and implementation); and ○ Provide an independent, objective assessment to improve the effectiveness of the first two lines of defense.

1ST LINE OF DEFENSE: BUSINESS LINES & SUPPORT UNITS

The first line of defense is the risk-originating units of the bank, which are the business lines and support units. They originate products and activities which are the sources of risks. They are, therefore, in the best position to address risk issues at the onset. Business lines are expected to embed the risk governance framework and sound risk management practices into their respective standard operating procedures. It is the responsibility of every level of management, in every business or functional unit, under the oversight of the Board, to ensure that the risk management process is performed. The establishment of a bank-wide “independent risk management function” to assist the Board does not take away the responsibility for risk management from the line business/functional units. They must, therefore,

²¹ Institute of Internal Auditors, 2013. “The Three Lines of Defense in Effective Risk Management and Control”, with updates in July 2020

adhere to all applicable policies, procedures, and processes established by the risk management function.

The management of credit risk for instance encompasses the Group’s various units involved in the credit or lending cycle spanning origination, evaluation, approval, implementation/account management, and collection/remedial management. Each stage of the cycle is governed by a specific set of policies and procedures.

The same is true with the management of market, interest rate, and liquidity risks. As a general principle, risk-taking units (e.g., Trading, Investment, and Liquidity desks) are themselves risk managers, and are therefore expected to recognize and identify the risks attributed to various traded instruments, investment outlets, and counterparties. Moreover, they are expected to exercise risk control via observance of trading and/or investment rules, and compliance to risk limits set by regulation and those internally approved and set by the Board. Risk control units (e.g. Treasury back office, Settlements) on the other hand are reposed with the responsibility of being the second line of defense.

The management of operational risk too is the responsibility of all Group personnel, with all units of the Group effectively becoming stakeholders in the ORM Framework. In addition to the ORM tools employed by the Group, operating manuals and policies relating to people, process, and systems management are in place and are supplemented by the Group’s risk-based internal audit process.

2ND LINE OF DEFENSE: RISK & CONTROL UNITS

The second line of defense are the control functions; independent of the first line. The second line is responsible for developing and implementing a policy framework that reduces or eliminates preventable risks, and reduces the likelihood and impact of strategic and external risks. The second line of defense must:

- Identify, monitor, and escalate risk issues to the Chief Risk Officer;
- Oversee and challenge first line risk-taking activities and review first line risk proposals; and
- Set risk data aggregation, risk reporting, and data quality requirements.

Risk Types

Risk types are risks that are inherent in our strategy and business model. These risks are managed by distinct risk type frameworks.

Risk Type	2nd Line Ownership
1. Credit Risk	Risk Management Group
2. Credit Concentration Risk	Risk Management Group
3. Market Risk	Risk Management Group
4. Interest Rate Risk in the Banking Book	Risk Management Group
5. Liquidity Risk	Risk Management Group
6. Operational Risk	Risk Management Group
7. Strategic Risk	Corporate Planning Group
8. Reputational Risk	Risk Management Group
9. Environmental and Social (E&S) Risk	Risk Management Group

Operational Risk Subtypes

At the enterprise level, the Operational Risk Management function under RMG has overall responsibility for operational risk as Risk Control Owner in the 2nd line of defense. However, the broad scope of operational risk requires subject matter expertise and specialization in areas such as: IT, compliance,

ML/TF, fraud, legal, among others. These specialized areas are categorized as operational risk subtypes. The Risk Control Owners responsible for these subtypes have the same level of authority and responsibility for setting risk management standards as all other Risk Control Owners. They are not subordinated to the Operational Risk Management function. The Operational Risk Management function collaborates with all Risk Control Owners to ensure risk management standards are applied consistently.

Operational Risk Subtype	2nd Line Ownership
1. IT Risk	Risk Management Group
2. Information Security Risk	Risk Management Group
3. Business Continuity Risk	Risk Management Group
4. Regulatory Risk	Regulatory Affairs Group
5. Compliance Risk	Regulatory Affairs Group
6. ML/TF Risk	Regulatory Affairs Group
7. Fraud Risk	Risk Management Group
8. Legal Risk	Legal Affairs Group
9. Human Resource Risk	Human Resources Group
10. Third Party Risk	Risk Management Group

3RD LINE OF DEFENSE: AUDIT

The third line of defense is internal audit. Internal audit reviews the effectiveness of risk management practices. It confirms the level of compliance, recommends improvements, and enforces corrective actions when necessary.

6.4 Risk Management Function

The following functions support the above-mentioned committees and are an integral part of the risk organization of the Bank:

RCBC’s RISK MANAGEMENT GROUP

RCBC’s Risk Management Group (RMG) supports the ROC in carrying its mandate.

Administratively and functionally, risk management follows the “centralized risk monitoring – decentralized risk management” approach. The risk units in the subsidiaries and affiliates implement the risk management process individually, and report to their respective risk committees.

The Parent Bank’s RMG implements the risk management process in the parent and consolidates the risk MIS from the various subsidiary and affiliate²² risk units for a unified risk profile that is presented to the ROC.

²² Applies to BSP-regulated RCBC subsidiaries and RCBC affiliates.



The Parent Bank’s RMG is responsible for overseeing the risk-taking activities across the Group, as well as in evaluating whether these remain consistent with the Bank’s risk appetite and strategic direction. It shall ensure that the Risk Governance Framework remains appropriate relative to the complexity of the Bank’s risk taking activities. The Parent Bank’s RMG shall be responsible for identifying, measuring, monitoring, and reporting risk on an enterprise-wide basis. It shall directly report to the ROC. Personnel in the Parent Bank’s RMG should collectively have knowledge and technical skills commensurate with the Bank’s business activities and risk exposures.

Effective January 1, 2025, the policy-making and control functions of the Parent Bank’s former Credit Management Group were merged into RMG, with RMG as the surviving Group. The structure and discussions below reflect this merger.

The Risk Management Group (RMG)

CHIEF RISK OFFICER				
Risk Management			Credit Management	
Sustainable Finance	Market and Liquidity Risk Management		Analytics	Institutional Banking
Operational Risk Management	Enterprise Fraud Risk	Information Security Governance	Consumer Lending	RCBC Cards

Chief Risk Officer

The Chief Risk Officer (CRO) shall have sufficient stature, authority, and seniority within the Bank. He shall be independent from executive functions and business line responsibilities, operations and revenue-generating functions, and shall have access to such information as he deems necessary to form his judgment. The CRO shall have direct access to the Board and the ROC without any impediment. He shall serve on a full-time basis and shall functionally report to the ROC.

Responsibilities of the CRO: The CRO has the broad and exclusive responsibility for all risk issues. The CRO performs the critical executive function relating to risk management. The CRO should be able to adequately communicate the risk assessment to the Board and facilitate sound board-level risk decisions. The CRO shall be responsible for overseeing the risk management function and shall supports the Board in the development of the risk appetite and risk appetite statement of the Bank and for translating the risk appetite into a risk limits structure. The CRO shall likewise propose enhancements to risk management policies, processes, and systems to ensure that the Bank’s risk management capabilities are sufficiently robust and effective to fully support strategic objectives and risk-taking activities.

The following are the major risk management divisions and departments under RMG.

CHIEF SUSTAINABILITY OFFICER AND SUSTAINABLE FINANCE DIVISION HEAD		
Portfolio Analytics	Sustainable Asset Management	Sustainable Lending

Sustainable Finance Division: The Chief Sustainability Officer (CSO) is tasked to lead and oversee the Bank’s sustainability efforts and harmonize such with different groups and subsidiaries of the Bank. The CSO also serves as the Head of Sustainable Finance Division (SFD) which primarily handles credit risk mitigation, capital adequacy measurement, regulatory compliance, and E&S risk mitigation functions. Credit risk mitigation falls under Independent Credit Review which was created in line with the requirements of BSP Circular 855 on credit review process. This is complemented by activities involving measurement and monitoring of BSP requirements on lending, capital adequacy, back testing, model performance review, and stress testing, all of which are handled by the Portfolio Analytics Department.

E&S risk mitigation is handled by the Sustainable Asset Management and Sustainable Lending Departments which are tasked to implement RCBC’s Sustainable Finance Framework and Environmental and Social Management System (ESMS) Policy, respectively. This is in support of MORB Section 153²³ and of the Bank’s commitment to uphold E&S responsibility in all its business activities. Regular SFD updates are submitted to the ROC. SFD contributes to risk portfolio management and attainment of financial sustainability through the assessment of the Bank’s overall portfolio quality in terms of credit risk, capital adequacy, regulatory compliance, and E&S impact.

MARKET AND LIQUIDITY RISK MANAGEMENT DIVISION HEAD

Market Risk	Liquidity Risk
--------------------	-----------------------

Market and Liquidity Risk Management Division: The Market and Liquidity Risk Management Division (MLRMD) is primarily tasked with the development and implementation of market risk, liquidity risk, and IRRBB policies and measurement methodologies, recommending and monitoring compliance to risk limits, and reporting the same to the appropriate bodies. It regularly reports to the ROC and the Asset & Liability Committee (ALCO) activities relevant to market risk, liquidity risk, and IRRBB management of the Group.

OPERATIONAL RISK MANAGEMENT DIVISION HEAD

Business Operational Risk	Reputational Risk	Business Resiliency	Trust & Insurance Risk
----------------------------------	--------------------------	----------------------------	-----------------------------------

Operational Risk Management Division: The Operational Risk Management Division (ORMD) was created to ensure that operational risks are managed at an enterprise level, the systems and processes used to manage these risks are effectively implemented, and that management of these risks is embedded in the Group’s processes.

ORMD is tasked to ensure implementation of the Operational Risk Management Framework (ORMF) across the Group; and to develop an appropriate operational risk management environment where operational risks are identified, assessed, reported, monitored, and controlled/mitigated. It is also expected to identify and recommend mitigants for emerging risk types, and to promote and maintain quality operational risk programs and infrastructure. ORMD also ensures the timely and quality renewal of institutional-wide insurance policies to protect the Bank against unexpected and substantial unforeseeable losses.

ORMD, through the Business Resiliency Department (BRD) is responsible for ensuring the Bank’s capability to plan and respond to incidents and business disruptions and enable the continuity of key business operations at predefined acceptable levels.

ORMD, through the Reputational Risk Department (RRD), provides the processes and methodologies designed to protect the clients tvia the Bank’s Financial Consumer Protection Assistance Mechanism (FCPAM), Consumer Protection Framework and Reputational Risk Framework.

²³ MORB Section153 (as introduced by BSP Circular 1085, April 2020) has the following amendments: BSP Circular 1128, Environmental and Social Risk Management Framework, Oct 2021; BSP Circular 1149, Guidelines on the Integration of Sustainability Principles in Investment Activities of Banks, August 2022

To facilitate implementation of ORM tools in the various business lines of both the parent bank and its subsidiaries, various officers are deputized and serve as embedded Deputy Operational Risk Officers (DORO), Consumer Assistance Officers (CAO) and Business Continuity Planning (BCP) Leaders. A DORO, CAO or BCP Leader functions as ORMD’s liaison to and implementation arm in the various business units for Operational Risk, Reputational Risk and Business Resiliency, respectively.



Enterprise Fraud Risk Division: The Enterprise Fraud Risk Division (EFRD) is tasked to ensure proper observance of the fraud management program (i.e., prevention, detection, investigation and escalation, containment and recovery, analysis and recommendation), and provide a high-level Enterprise-wide Fraud Risk Management Framework and its corresponding policies and standards. This serves as the basis upon which the Business, Operations and Support units will develop their own specific procedures and guidelines that will operationalize the controls to mitigate fraud risks that are inherent in their day-to-day activities.

EFRD also conducts periodic analysis of all fraud incidents and losses, creates rules/parameters for monitoring, investigates fraud cases, and determines current and emerging fraud risk trends which are reported to the Board, through the ROC, and to the Management, thereby assisting them to make well-informed fraud risk management decisions.



Information Security Governance Division: The Information Security Governance Division (ISGD) deals with all aspects of information whether spoken, written, printed, electronic, or relegated to any other medium regardless of whether it is being created, viewed, transported, stored, or destroyed. This covers all business units, branches/offices, and subsidiaries, both domestic and overseas, third party institutions, and individuals. ISGD also performs oversight on data governance.

The ISGD is tasked to ensure compliance with regulatory requirements set forth by the regulating bodies and laws in the areas of information security and electronic banking services. The department monitors and ensures that policies, procedures, and standards in managing information security, technology risk, and data governance are observed across the Group. It also oversees and is part of the process for detecting, analyzing, and responding to any information security incident. ISGD also keeps the Board and senior management apprised on information security risks.

ISGD executes an Information Security Strategic Plan (ISSP) and Information Security Program (ISPr) aligned with the business objectives of the Group. The department also establishes governance-specific policies, standards, and procedures for information security risk management, conducts trainings and issues advisories to increase information security awareness, and performs the Information Security Risk Assessment (ISRA) and Information Security Annual Certification (ISAC) for the whole RCBC Group to manage, identify, and address information security risks.

ISGD is responsible for setting and enforcing policies, procedures, and standards for data management, ensuring its integrity, security, and compliance with policies and regulations. ISGD works closely with other business units to define data ownership, access controls, and usage guidelines, ultimately safeguarding the organization's data assets and maintaining trust with stakeholders. By fostering a culture

of accountability and transparency, the data governance department empowers organizations to utilize data as a strategic asset, enhancing decision-making and generating business value.



Credit management within RMG focuses on the following aspects of the credit cycle:

1. Setting up of credit policies and guidelines that standardize lending principles across units (consumer, cards, and business lending)
2. Credit analysis embedded in the respective lending units while maintaining matrix reporting with RMG, e.g.



Credit analysts, while embedded in the lending group, shall:

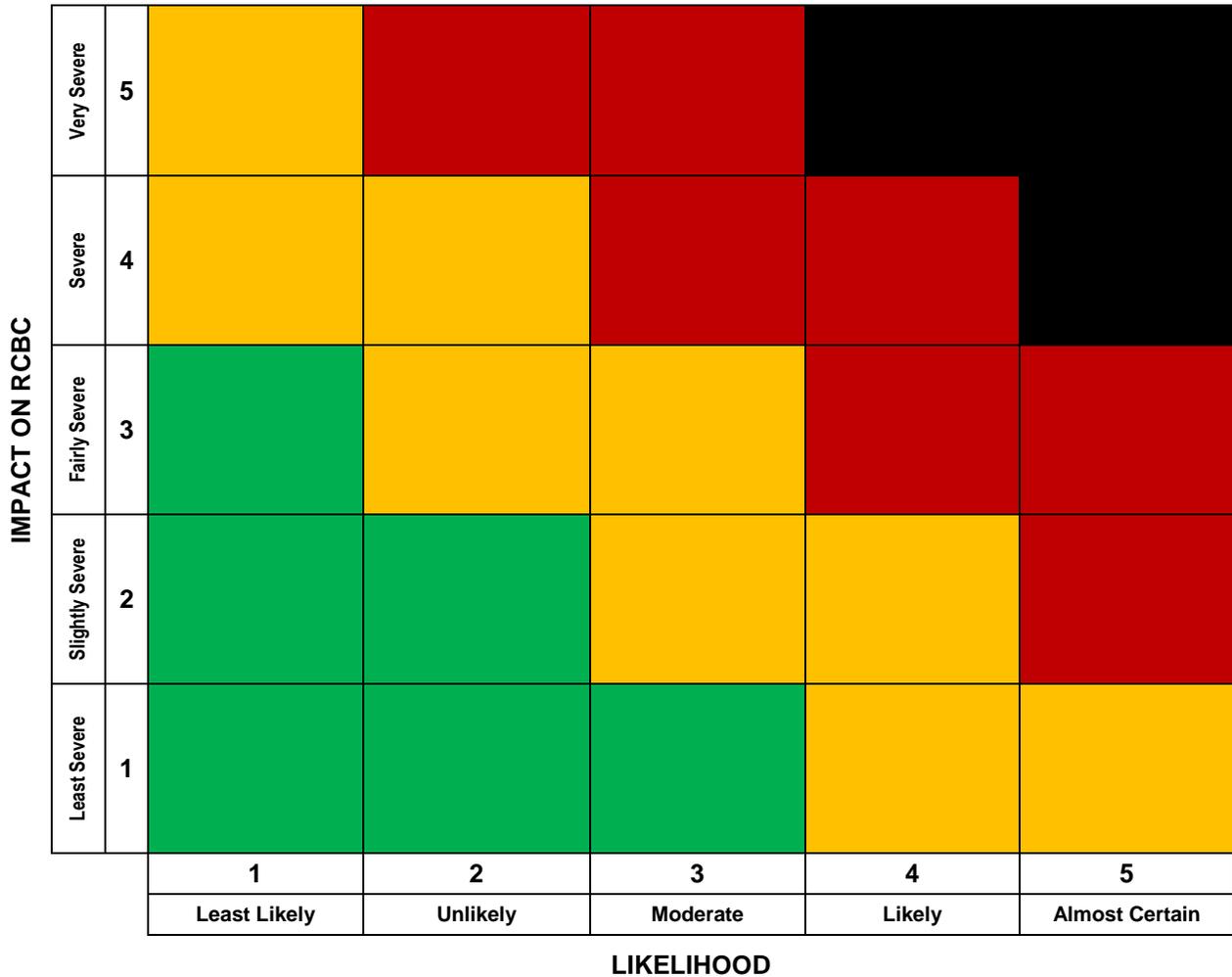
- a. Report directly to the Group Head of the Lending Unit
 - b. Be responsible for the independent credit evaluation of accounts processed, where applicable,
 - c. Independently run scorecards, risk ratings on recommended credit exposures.
3. Providing reasonable assurance to stakeholders on the quality of the Bank’s loan books through:
 - a. Monitoring and reporting of the Bank’s asset quality with adoption of an early warning framework
 - b. Calibration of existing policies, guidelines and procedures as necessary
 - c. Escalation and/or recommendation for line suspensions if warranted by customer profile deterioration as determined by Early Warning Indicators, or rating based on latest financial performance
 4. Ensuring that the Bank is adequately provisioned across its lending portfolio.



ANNEXES

Annex A: Heat Map.....	29
Annex B: Risk Assessment Measures.....	30
Annex C: Risk Types: Definition and Ownership.....	31
Annex D: Operational Risk (1/2).....	32
Annex E: Operational Risk (2/2).....	33
Annex F: Strategic Risk.....	34

Annex A: Heat Map



EXPLANATION OF HEAT MAP

The heat map is a visual representation of risk appetite in the form of a matrix.

A risk type rated 1 for likelihood and 3 for impact would fall on the green area of the map, and belong to the LOW RISK category. A risk type rated (3,2) would fall on the amber area, and belong to the MEDIUM RISK category. A risk type falling on the red area would belong to the HIGH RISK category, while a risk type rated (5,5) would fall on the black area and belong to the VERY HIGH RISK category.

A risk's location on the map represents whether that risk is within RCBC's risk appetite at a point in time. If a risk type falls on a green quadrant, in the low risk category, then it is in effect, within the bank's appetite. Risks in higher categories are beyond RCBC's risk appetite and warrant immediate attention and senior management oversight.

Impact	5	A	R	R	B	B
	4	A	A	R	R	B
	3	G	A	A	R	R
	2	G	G	A	A	R
	1	G	G	G	A	A
		1	2	3	4	5
		Likelihood				

Color	Risk Category
Black	Very High
Red	High
Amber	Medium
Green	Low

Annex B: Risk Assessment Measures

In order to assess risks more precisely, measures for the assessment of a risk’s probability of occurrence (likelihood), and severity or amount of loss/damage (impact) shall be patterned after the sample scales below:

LIKELIHOOD		FINANCIAL IMPACT	STRATEGIC IMPACT	COMPLIANCE IMPACT	REPUTATION IMPACT	MARKET IMPACT
1 – Least likely	No known history for past year	1 – Least severe (low) Loss ≤ Php50M	N/A	N/A	N/A	N/A
2 – Unlikely	Previous history for the past 6 months	2 – Slightly severe Php50M < Loss ≤ Php100M	Impact both minor & short term	Written notice from Regulators	Negative verbal feedback from stakeholders	Reduced confidence in the products offered
3 – Moderate	Previous history for the past 3 months	3 – Fairly severe (moderate) Php100M < Loss ≤ Php150M	Noticeable impact but bus. still on course	Regulatory actions taken by authorities	Negative written feedback from stakeholders	Diminished perception of the bank
4 – Likely	Risk event occurs monthly	4 – Severe Php150M < Loss ≤ Php200M	Major impact on important business objective	Significant regulatory actions taken by authorities	Stakeholder complaints that are publicized in PH media	Critical impairment to perception of the bank
5 – Almost certain	Risk event occurs weekly	5 – Very severe (high) Loss > Php200M	Major impact on direction of business	‘Blacklisting’ by regulatory authorities	Negative media coverage over extended period	Clients do not wish to be associated with the bank

For financial impact assessment, loss amount includes actual and (percentage of) potential. Historical flow of potential to actual and/or expected recoverable amount may be considered in determining the percentage of potential losses to be included in the assessment.

Annex C: Risk Types: Definition and Ownership

RISK TYPE		DEFINITION	2 ND LINE OWNERSHIP ²⁴	RESPONSIBLE GROUP HEAD
1.	Credit Risk	Risk of loss arising from a counterparty's failure to meet the terms of any contract with the bank or otherwise perform as agreed. Credit risk is found in all activities where success depends on counterparty, issuer, or borrower performance. It arises anytime funds are extended, committed invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off the balance sheet. Credit risk is not limited to the loan portfolio.	Risk Management Group	Bennett Clarence Santiago
2.	Credit Concentration Risk	Risk of loss arising from excessive credit exposures to individual borrower, groups of connected counterparties and groups of counterparties with similar characteristics (e.g., counterparties in specific geographical locations, economic or industry sectors) or entities in foreign country or a group of countries with strong interrelated economies.	Risk Management Group	Bennett Clarence Santiago
3.	Market Risk	Risk to earnings or capital arising from adverse movements in factors that affect the market value of instruments, products, and transactions in the Bank's trading book portfolio, both on- and off-balance sheet.	Risk Management Group	Bennett Clarence Santiago
4.	Interest Rate Risk in the Banking Book	Current and prospective risk to earnings and capital arising from adverse movements in the interest rates that affect the Bank's banking book positions.	Risk Management Group	Bennett Clarence Santiago
5.	Liquidity Risk	Current and prospective risk to earnings or capital arising from a Bank's inability to meet its obligations when they come due without incurring unacceptable losses or costs. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources.	Risk Management Group	Bennett Clarence Santiago
6.	Operational Risk	Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.	Risk Management Group	Bennett Clarence Santiago
7.	Strategic Risk	Current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes and other external developments.	Corporate Planning Group	Ma. Christina Alvarez

²⁴ See additional 2nd line owners for Operational Risk on page 32 and for Strategic Risk on page 34.

RISK TYPE		DEFINITION	2 ND LINE OWNERSHIP ²⁴	RESPONSIBLE GROUP HEAD
8.	Reputational Risk	Risk to earnings, capital, and liquidity arising from negative perception on the Bank of its customers, shareholders, investors, and employees, market analysts, the media, and other stakeholders such as regulators and other government agencies, that can adversely affect the bank's ability to maintain existing business relationships, establish new businesses or partnerships, or continuously access varied sources of funding.	Risk Management Group	Bennett Clarence Santiago
9.	Environmental and Social (E&S) Risk	Risk of potential financial, legal, and/or reputational negative effect of E&S issues on the Bank.	Risk Management Group	Bennett Clarence Santiago

Annex D: Operational Risk (1/2)

Definition²⁵: Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events

At the enterprise level, Operational Risk Management has overall responsibility for Operational Risk as a Risk Control Owner in the 2nd line of Defense. The broad scope of Operational Risk requires subject matter expertise and specialization in areas such as: ML/TF, Information Technology, Legal etc. These specialized areas are categorized as Operational Risk subtypes. The Risk Control Owners responsible for Operational Risk subtypes have the same level of authority and responsibility for setting risk management standards as all other Risk Control Owners. They are not subordinated to the Operational Risk Management Function. The Operational Risk Management function collaborates with all Risk Control Owners to ensure Risk Management standards are applied consistently.

OPERATIONAL RISK SUBTYPE		DEFINITION	2 ND LINE OWNERSHIP	RESPONSIBLE GROUP HEAD
1.	IT Risk	Risk of loss resulting from adverse outcome, damage, loss, violation, failure or disruption associated with the use of or reliance on computer hardware, software, devices, systems, applications and networks.	Risk Management Group	Bennett Clarence Santiago
2.	Information Security Risk	Risk of loss resulting from information security/cyber security breaches.	Risk Management Group	Bennett Clarence Santiago
3.	Business Continuity Risk	Risk of loss resulting from a prolonged interruption in business operations.	Risk Management Group	Bennett Clarence Santiago
4.	Regulatory Risk	Risk of loss arising from probable mid-stream changes in the regulatory regime affecting current position and/or strategy.	Regulatory Affairs Group	Sheila Ricca Dioso
5.	Compliance Risk	Current and prospective risk to earnings or capital arising from violations of, or non-conformance with, laws, rules, regulations, prescribed practices, internal policies and procedures, or ethical standards.	Regulatory Affairs Group	Sheila Ricca Dioso
6.	ML/TF Risk	Risk of loss arising from a covered person's failure to prevent itself from being used as a money laundering site and conduit for the proceeds of unlawful activities as well as financing the act of terrorism.	Regulatory Affairs Group	Sheila Ricca Dioso
7.	Fraud Risk	Risk of loss resulting from falling victim to activities involving internal and/or external fraud.	Risk Management Group	Bennett Clarence Santiago
8.	Legal Risk	Risk of loss resulting from uncertainty of legal proceedings that the Bank is currently or expected to be involved in.	Legal Affairs Group	George Gilbert dela Cuesta

²⁵ Basel / BSP Circular 538

OPERATIONAL RISK SUBTYPE		DEFINITION	2 ND LINE OWNERSHIP	RESPONSIBLE GROUP HEAD
9.	Human Resource Risk	Risk of loss arising from non-compliance with the Human Resources policies including Code of Conduct.	Human Resources Group	Rowena Subido
10.	Third Party Risk	Any risk associated with engaging a third party in the context of providing a service or product to a client (the second party). It is an umbrella term covering several potential risk types depending on the product or service, the third party and the nature of the engagement / relationship.	Risk Management Group	Bennett Clarence Santiago

Annex E: Operational Risk (2/2)

OPERATIONAL RISK EVENT TYPES IDENTIFIED BY THE BASEL COMMITTEE

EVENT TYPES		EXAMPLES
1.	Internal Fraud	Misappropriation of assets, tax evasion, intentional mismarking of positions, bribery
2.	External Fraud	Theft of information, hacking damage, third-party theft and forgery
3.	Business Disruption and Systems Failures	Utility disruptions, software failures, hardware failures
4.	Execution, Delivery, and Process Management	Data entry errors, accounting errors, failed mandatory reporting, negligent loss of client assets
5.	Employment Practices and Workplace Safety	Discrimination, workers compensation, customer and employee health and safety, threats to community, biodiversity and cultural heritage.
6.	Clients, Products, and Business Practice	Market manipulation, antitrust, improper trade, product defects, fiduciary breaches, account churning
7.	Damage to Physical Assets	Natural disasters, climate change (both physical and transition), water crises, environmental pollution, waste management, terrorism, vandalism

Annex F: Strategic Risk

Certain risks or events could affect the RCBC Group’s strategies and business direction. Improper formulation or implementation of decisions in response to these risks, or lack of responsiveness to changes in industry and other external developments may have an adverse impact to the Group’s financial position, reputation, competitiveness or business prospects. The list of risk events is compiled for reference only and should not be regarded as a complete list of the possible risk events that may affect the implementation of strategy. The events are not mutually exclusive and may occur in combination with one or two other risk events.

RISK/ EVENT		DEFINITION	HOW IS IT MANAGED?
1.	Real Estate Bubble	Risk of loss resulting from a real estate bubble (prices fueled by demand & speculation, then demand decreases as supply increases, resulting in a sharp price drop) ²⁶	The Bank’s real estate exposure is monitored by different groups at different levels. Regulatory ratios (i.e., real estate loan limit, capital requirement after real estate stress test (REST)) and internal limits on real estate exposures are monitored and reported. Both industry and account specific risk ratings help track the risks within the portfolio.
2.	Macroeconomic/ Contagion Risk	Risk of loss arising from a shock in a particular economy or region spreading out and affecting others ²⁷	The process of monitoring and reporting under the strategic management process includes the tracking of macro-economic conditions affecting the Bank and is embedded in the management process through daily reports and weekly ALCO Eco updates from the Chief Economist. Limits and triggers (i.e., management action triggers) allow early management attention and response. Contingency plans (i.e., Liquidity Funding Plan, Recovery Plans) are in place of severe scenarios.
3.	Systemic Banking Crisis	The risk of financial difficulties at one or more banks spilling over to a large number of other banks or the financial system as a whole ²⁸	The Bank has an Enterprise Risk Management System, the ICAAP and the Recovery Plan in place to manage this risk.
4.	Digital Risk	Refers to all unexpected consequences that result from digital transformation and disrupt the achievement of business objectives ²⁹	The Bank manages this risk through an updated and robust cybersecurity program and policy. The IT and Fraud risk management system also helps to manage this risk. Strict implementation of the Know Your Customer (KYC) process is imbedded in the control processes.

²⁶ Bankrate. Real Estate Bubble. 2021, <https://www.bankrate.com/glossary/r/real-estate-bubble/>

²⁷ The Economic Times. Contagion.2021, <https://economictimes.indiatimes.com/definition/contagion>

²⁸ Schoenmaker, D. Contagion Risk in Banking. Web Actuaries, 2021, https://web.actuaries.ie/sites/default/files/erm-resources/345_contagion_risk_in_banking.pdf

²⁹ Kost, E. *What is Digital Risk? Definition and Protection Tactics for 2021.*2021, <https://www.upguard.com/blog/digital-risk>

RISK/ EVENT		DEFINITION	HOW IS IT MANAGED?
5.	Infectious Diseases	Massive and rapid spread of viruses, parasites, fungi or bacteria that cause an uncontrolled contagion of infectious diseases, resulting in an epidemic or pandemic with loss of life and economic disruption ³⁰	The Bank has a robust business continuity plan and infectious disease plan in place to manage this risk.

Aside from the strategies listed above, strategic risk is primarily managed by maintaining competitive prices, developing relevant products, and through superior customer service. This is in line with the Group’s objective of managing strategic risk which is to retain customers, maintain competitive advantage, and become an employer of choice.

³⁰ World Economic Forum’s The Global Risks Report 2021 <https://www.weforum.org/reports/the-global-risks-report-2021>



WORKS CITED

1. Deloitte, 2014. "Risk Appetite Frameworks: How to Spot the Genuine Article"
2. Financial Stability Board (FSB), 2013. "Principles for an Effective Risk Appetite Framework"
3. Harvard Business Review, 2012. "Managing Risks: A New Framework"
4. Institute of Internal Auditors, 2013. "The Three Lines of Defense in Effective Risk Management and Control", with updates in July 2020
5. Senior Supervisors Group (SSG), 2009. "Risk Management Lessons from the Global Banking Crisis of 2008"



Re: RCBC MTN Programme and Bond Issuance - ACCom Notification of fees to perform AUP for the issuance of a comfort letters (Project Rapid 3)

*****This message (and any attachment transmitted herewith) contains information which is confidential, privileged and meant for the exclusive use of the addressee.

Unless you are the addressee (or a person authorized to receive for the addressee), you may not use, copy, or disseminate or disclose to anyone the message or any information contained in the message. If you have received the message in error, please immediately notify us by return e-mail and delete the message. Thank you. *****

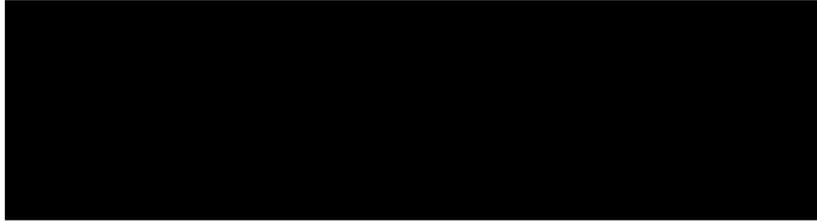
Dear *Directors*.

Good afternoon. The Treasury Group has already provided the updated memo and annexes in relation to the P&A engagement and fees to perform AUP for the updating of the Bank's EMTN Programme. Attached are the following:

- AuditCom Memo
- Annex A - Board Approval
- Annex B - Revised Proposal P&A

For your notification and confirmation, please.

Thank you and best regards,



Address: 8F Y Tower II [111 LP Leviste St](#), Salcedo Village, Makati City
Phone Number: 8894-9000 loc. 1853



On Wed, Nov 6, 2024 at 11:53 AM Randy Regencia <rdregencia@rcbc.com> wrote:

Dear **Directors**.

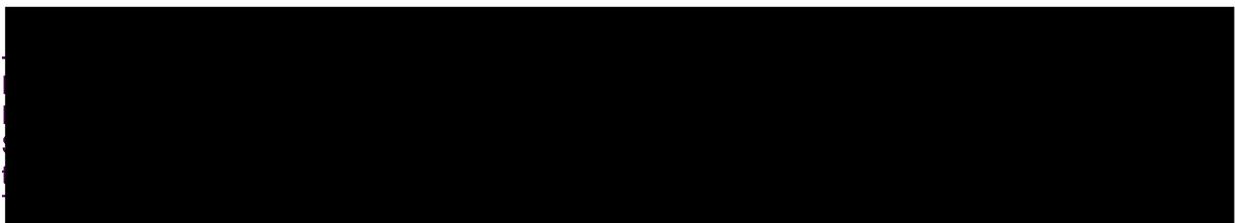
Good morning. Our partners from the Treasury Group would like to seek the ACCom's notification and confirmation in relation to the P&A engagement and fees to perform AUP for the updating of the Bank's EMTN Programme. Attached are the following:

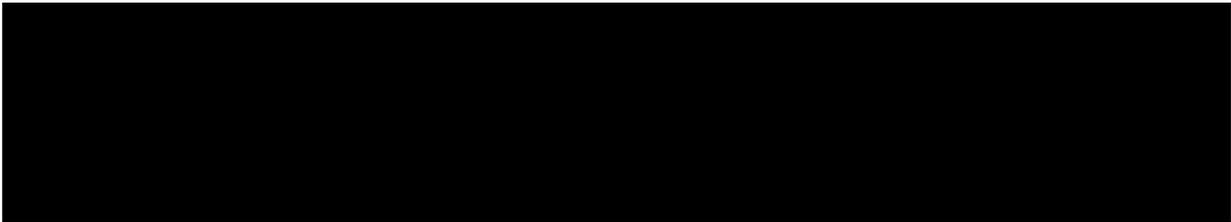
- AuditCom Memo
- Annex A - Board Approval
- Annex B - P&A Proposal

Thank you and best regards,



Address: 8F Y Tower II [111 LP Leviste St](#), Salcedo Village, Makati City
Phone Number: 8894-9000 loc. 1853





Dear Red & Lan,

The Board approved last Oct 28 the updating of the Bank's EMTN Programme and a possible bond issuance thereafter. As such, we would like to provide the memo notifying the ACCom the fees related to P&A to perform AUP for the issuance of a comfort letters.

As instructed in previous approvals, these engagements with P&A are just subject to notification/ confirmation by the ACCom.

We would like to ask if this can be routed to the ACCom Members for their notification/ confirmation.

Thank you.



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<Audit Com Memo for Rapid 3 102924 - signed.pdf>
<Annex A - Board Approval.pdf>

4/10/25, 2:27 PM

Rizal Commercial Banking Corporation Mail - Re: RCBC MTN Programme and Bond Issuance - ACCom Notification of fees to perf...

<Annex B - Revised Proposal P&A - RCBC EMTN Update and issuance.pdf>

Receipt of a board meeting showing the attendance and participation of its Board members



RIZAL COMMERCIAL BANKING CORPORATION
 6819 Ayala Avenue corner Sen. Gil J. Puyat Avenue, Makati City
Minutes of the Regular Meeting of the
Board of Directors
 August 27, 2024, 2:00 p.m.
 RCBC Boardroom, 47th Floor, Yuchengco Tower, RCBC Plaza
 and Via Remote Communication
 (Zoom Meeting ID: 824 0478 8512; Passcode: BoDAug2024)

Members Present:

1. Ms. Helen Y. Dee, Chairperson
2. Mr. Cesar E.A. Virata, Corporate Vice Chairperson
3. Mr. Eugene S. Acevedo, President and CEO
4. Mr. Gil A. Buenaventura
5. Mr. Armando M. Medina
6. Mr. John Law
7. Mr. Shih-Chiao (Joe) Lin
8. Mr. Hiroki Nakatsuka
9. Mr. Katsufumi Uchida
10. Mr. Juan B. Santos, Lead Independent Director
11. Mr. Gabriel S. Claudio, Independent Director
12. Mr. Vaughn F. Montes, Ph.D., Independent Director
13. Mr. Laurito E. Serrano, Independent Director
14. Ms. Erika Fille T. Legara, Ph.D., Independent Director

Absent:

15. Ms. Gayatri P. Bery

I. QUORUM

With 11 directors participating face-to-face, and 3 by remote communication, Atty. dela Cuesta confirmed the presence of a quorum. The location of each director participating by remote communication and the gadget used are listed in the Table annexed to this Minutes.

Rizal Commercial Banking Corporation
 Minutes of the August 27, 2024
 Regular Meeting of the Board of Directors

ANNEX			
LOCATION AND DEVICE OF EACH DIRECTOR WHO ATTENDED THE MEETING			
	Director	Location	Device
1.	Mr. John Law	France	iPad
2.	Mr. Shih-Chiao (Joe) Lin	Taiwan	Laptop
3.	Mr. Laurito E. Serrano	Italy	iPad

Rizal Commercial Banking Corporation



RIZAL COMMERCIAL BANKING CORPORATION
6819 Ayala Avenue corner Sen. Gil J. Puyat Avenue, Makati City
Minutes of the Regular Meeting of the
Board of Directors
September 30, 2024, 2:00 p.m.
RCBC Boardroom, 47th Floor, Yuchengco Tower, RCBC Plaza
and Via Remote Communication
(Zoom Meeting ID: 816 0797 0485; Passcode: BoDSep2024)

Members Present:

1. Ms. Helen Y. Dee, Chairperson
2. Mr. Cesar E.A. Virata, Corporate Vice Chairperson
3. Mr. Eugene S. Acevedo, President and CEO
4. Mr. Gil A. Buenaventura
5. Mr. Armando M. Medina
6. Mr. John Law
7. Mr. Shih-Chiao (Joe) Lin
8. Ms. Gayatri P. Bery
9. Mr. Hiroki Nakatsuka
10. Mr. Katsufumi Uchida
11. Mr. Juan B. Santos, Lead Independent Director
12. Mr. Gabriel S. Claudio, Independent Director
13. Mr. Vaughn F. Montes, Ph.D., Independent Director
14. Mr. Laurito E. Serrano, Independent Director
15. Ms. Erika Fille T. Legara, Ph.D., Independent Director

I. QUORUM

With 12 directors participating face-to-face, and 3 by remote communication, Atty. dela Cuesta confirmed the presence of a quorum. The location of each director participating by remote communication and the gadget used are listed in the Table annexed to this Minutes.

Rizal Commercial Banking Corporation
Minutes of the September 30, 2024
Regular Meeting of the Board of Directors

2

ANNEX			
LOCATION AND DEVICE OF EACH DIRECTOR WHO ATTENDED THE MEETING			
	Director	Location	Device
1.	Mr. Shih-Chiao (Joe) Lin	Taiwan	Laptop
2.	Ms. Gayatri P. Bery	Japan	Smartphone
3.	Mr. Katsufumi Uchida	Japan	iPad

Rizal Commercial Banking Corporation
Minutes of the September 30, 2024
Regular Meeting of the Board of Directors

58



RIZAL COMMERCIAL BANKING CORPORATION
6819 Ayala Avenue corner Sen. Gil J. Puyat Avenue, Makati City
Minutes of the Special Meeting of the
Board of Directors
December 9, 2024, 2:00 p.m.
RCBC Boardroom, 47th Floor, Yuchengco Tower, RCBC Plaza
Via Remote Communication
(Zoom Meeting ID: 864 5105 4863; Passcode: BoDDec2024)

Members Present:

1. Ms. Helen Y. Dee, Chairperson
2. Mr. Cesar E.A. Virata, Corporate Vice Chairperson
3. Mr. Eugene S. Acevedo, President and CEO
4. Mr. Gil A. Buenaventura
5. Mr. Armando M. Medina
6. Mr. John Law
7. Mr. Shih-Chiao (Joe) Lin
8. Ms. Gayatri P. Bery
9. Mr. Hiroki Nakatsuka
10. Mr. Katsufumi Uchida
11. Mr. Juan B. Santos, Lead Independent Director
12. Mr. Gabriel S. Claudio, Independent Director
13. Mr. Vaughn F. Montes, Ph.D., Independent Director
14. Mr. Laurito E. Serrano, Independent Director
15. Ms. Erika Fille T. Legara, Ph.D., Independent Director

I. QUORUM

With 15 directors participating by remote communication,¹ Atty. dela Cuesta confirmed the presence of a quorum. The locations and gadgets used are listed in the Table annexed to this Minutes.

¹ The meeting had to be done by remote communication in view of unforeseen issues with the Building's ACU.

ANNEX LOCATION AND DEVICE OF EACH DIRECTOR WHO ATTENDED THE MEETING			
	Director	Location	Device
1.	Ms. Helen Y. Dee	RCBC Plaza	iPad
2.	Mr. Cesar E.A. Virata	RCBC Plaza	iPad
3.	Mr. Eugene S. Acevedo	RCBC Plaza	Laptop
4.	Mr. Gil A. Buenaventura	Alabang, Muntinlupa City	iPad
5.	Mr. John Law	Makati City	iPad
6.	Mr. Shih-Chiao (Joe) Lin	Makati City	Laptop
7.	Ms. Gayatri P. Bery	Hong Kong	Tablet
8.	Mr. Armando M. Medina	Silang, Cavite	iPad
9.	Mr. Hiroki Nakatsuka	RCBC Plaza	iPad
10.	Mr. Katsufumi Uchida	SMBC Singapore Office	Laptop
11.	Mr. Juan B. Santos	Makati City	Desktop
12.	Mr. Gabriel S. Claudio	Quezon City	iPad
13.	Mr. Vaughn F. Montes	Cupang, Muntinlupa City	Laptop
14.	Mr. Laurito E. Serrano	Makati City	iPad
15.	Ms. Erika Fille T. Legara	Makati City	Laptop

1. Proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting –

Board Papers are generally released to the Board 5 business days (1 calendar week) before the meeting.

Screenshot of sample dates of sending out of materials.

Good day!

Attached is the Material for the **January Meeting of the Board to be held at the RCBC Boardroom (for the Directors and Advisory Board)** and via Zoom Conference (for SMC and the presenters) on **January 29, 2024**, for downloading to your iPad/device.

For those unable to attend face-to-face, Zoom details for the meeting (which will be recorded) are as follows:
 Topic: January 29, 2024 Board Meeting
 Time: 02:00 PM Asia/Manila

Join Zoom Meeting
<https://us02web.zoom.us/j/89940176336?pwd=enM2VlF6MEtpT0JBWm9Hem90c1J1UT09>

Meeting ID: 899 4017 6336
Passcode: BoDJan2024

The attached files have the following items:

1. A. - January 29, 2024 Board Agenda
2. A.1. - November 28, 2023 Board Minutes
3. A.1. - December 11, 2023 Board Minutes
4. A.2. - List of Accounts Approved by the Executive Committee
5. A.2. - Executive Committee Minutes for November 15, 2023
6. A.2. - Executive Committee Minutes for November 22, 2023
7. A.2. - Executive Committee Minutes for November 29, 2023
8. A.2. - Executive Committee Minutes for December 6, 2023
9. A.2. - Executive Committee Minutes for December 13, 2023
10. A.2. - Executive Committee Minutes for January 3, 2024
11. A.2. - Executive Committee Minutes for January 10, 2024
12. A.3. - Trust Committee Highlights for November 28, 2023
13. A.3. - Trust Committee Minutes for November 28, 2023
14. A.4. - Risk Oversight Committee Highlights for December 1, 2023
15. A.4. - Risk Oversight Committee Minutes for December 1, 2023
16. A.4. - Risk Oversight Committee Executive Session Highlights for December 1, 2023
17. A.4. - Risk Oversight Committee Executive Session Minutes for December 1, 2023
18. B.1. - Dividends on Hybrid Perpetual Securities
19. B.2. - BSP Authorized Signatories
20. B.3. - Sale of HHIC Shares
21. B.4. - ROPA - Policies and Implementing Guidelines
22. B.5. - Grepa Realty Holdings Corporation Lease Renewal
23. E.1. - RCBC International Finance Ltd.
24. E.2. - National Reinsurance Corporation of the Philippines

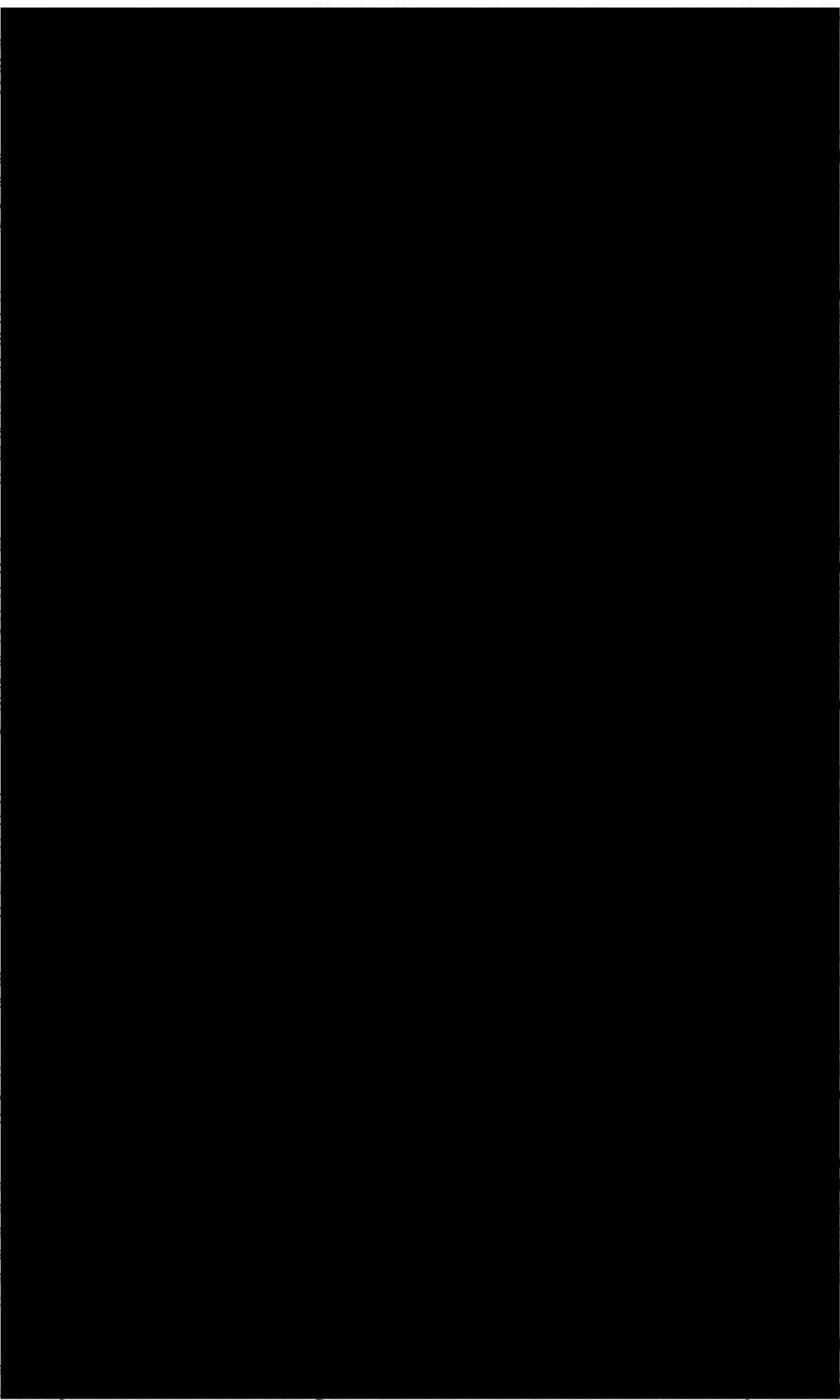
2. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company. Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting) –

Materials are sent ahead of time to the Board so that they are fully informed of the matters to be taken up during Board Meetings. The discussions during meetings show that the directors act in good faith, with due diligence and care, and in the best interest of the company.

Sample Minutes from Board meetings

January 30, 2024





	
Rizal Commercial Banking Corporation Minutes of the January 29, 2024 Regular Meeting of the Board of Directors	33

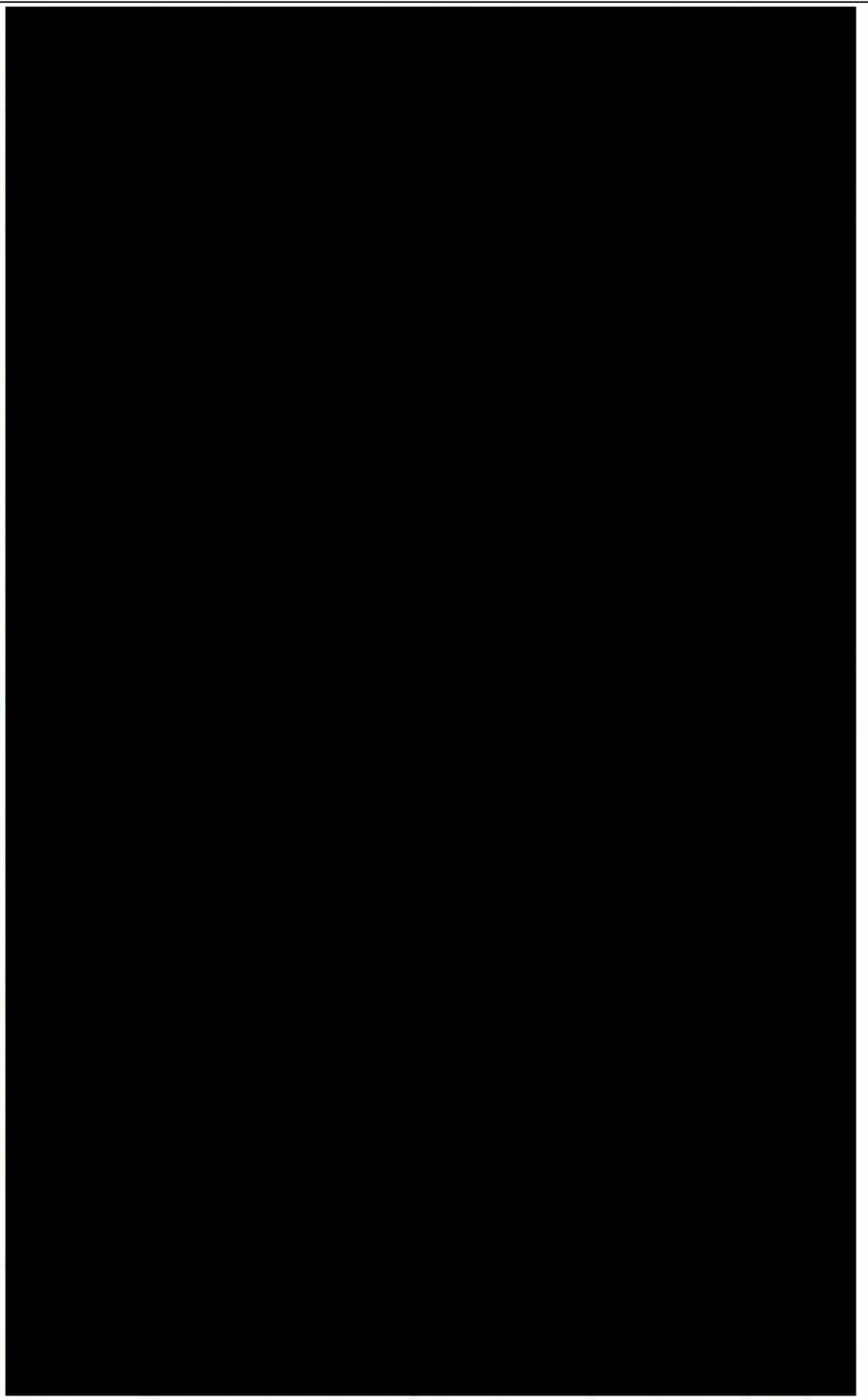
February 26, 2024

	
Rizal Commercial Banking Corporation Minutes of the February 26, 2024 Regular Meeting of the Board of Directors	23

	
Rizal Commercial Banking Corporation Minutes of the February 26, 2024 Regular Meeting of the Board of Directors	45

March 25, 2024

 happening to the sovereign, i.e. the country/government.	
Rizal Commercial Banking Corporation Minutes of the March 25, 2024 Regular Meeting of the Board of Directors	16





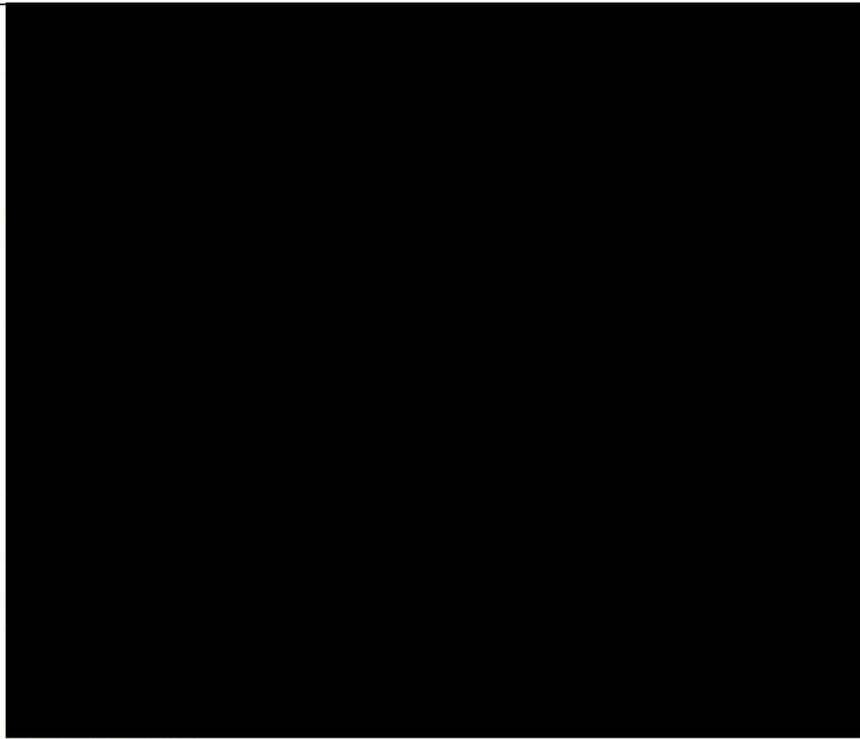


June 24, 2024

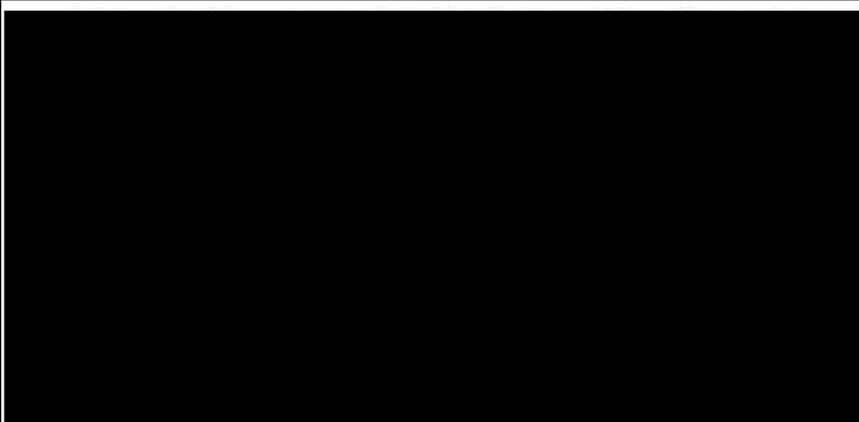


July 29, 2024





August 27, 2024



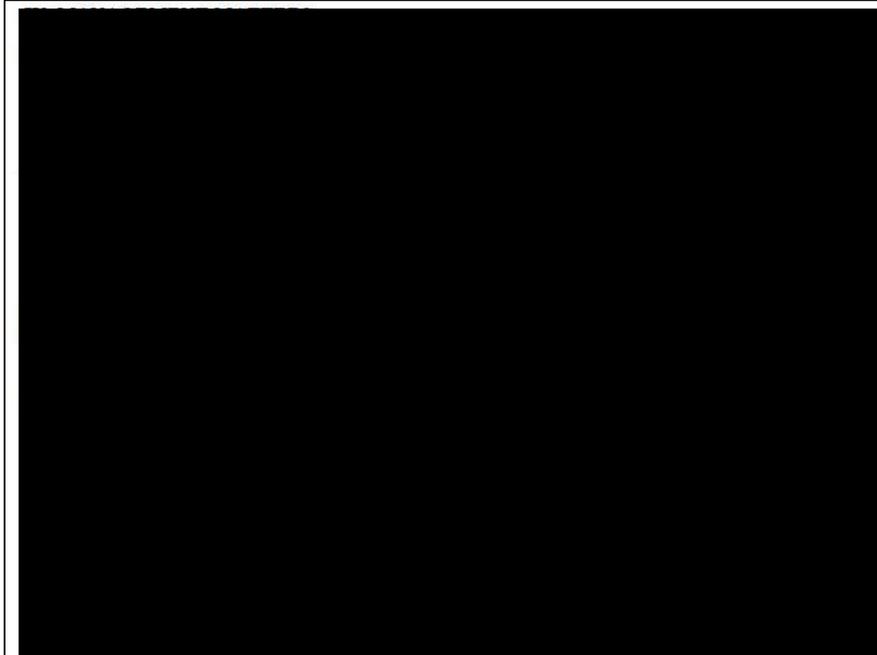
September 30, 2024



3. **Provide information or link/reference to a document containing information on how the directors performed the oversight on the development, review and approval of business objectives and strategies (can include board resolutions, minutes of meeting), Indicate frequency of review of business objectives and strategy –**

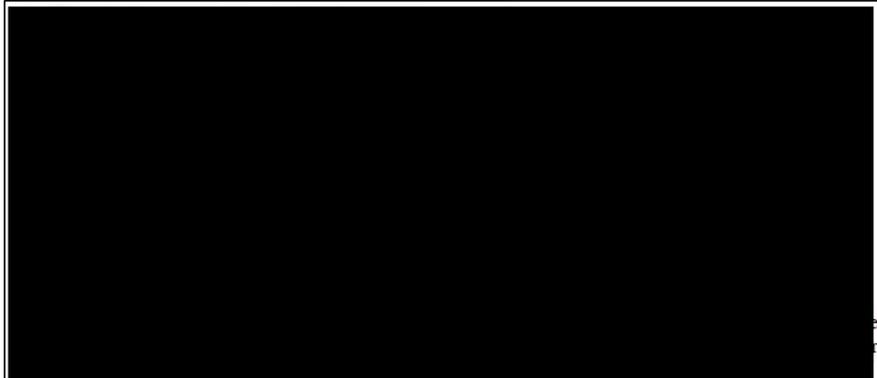
In November 2024, the Board approved the 2025 Annual Board Plan which contains the business strategies of the different business groups. It shows that, every month, one business group makes a strategy presentation to the Board for discussion. Also included in the Board Plan is an Offsite Board Strategy Planning Session. In addition, part of the budget matters tackled in the Special BOD Meeting in December 2024 is the discussion on the strategy undertaken for the previous fiscal year and the strategy moving forward.

Excerpt of Minutes of the November 25, 2024 Board Meeting showing the approval of the Annual Board Plan



Excerpts of Minutes showing the monthly presentations on strategic initiatives.

January 29, 2024 – Updates on Strategic Initiatives



TO: CORPORATE GOVERNANCE COMMITTEE
 DATE: January 5, 2024
 SUBJECT: Evaluation of the Additional Interlocking Position of Mr. Eugene S. Acevedo (University of San Carlos)

In accordance with BSP Memorandum Circular No. 1129 and the Bank's policy on interlocking positions, please find attached the information on the new interlocking position of President and CEO/Director Eugene S. Acevedo, for the evaluation and assessment of the Committee and for endorsement to the Board of Directors for approval/confirmation.

The request covers President Acevedo's interlocking position as Trustee of the University of San Carlos.

Attached are the Information Sheets on the foregoing Interlocking Position covering both the requirements stemming from Mr. Acevedo's position as President and CEO, as well as from his being a Director of the Bank. Likewise attached is the Certification confirming that Mr. Acevedo has obtained the consent of all entities with which he has interlocking positions.

TO: CORPORATE GOVERNANCE COMMITTEE
 DATE: April 5, 2024
 SUBJECT: Evaluation of the Changes in Interlocking Positions of Mr. Katsufumi Uchida

In accordance with BSP Memorandum Circular No. 1129 and the Bank's policy on interlocking positions, please find attached the information on the changes in interlocking positions of Director Katsufumi Uchida for the evaluation and assessment of the Committee and for endorsement to the Board of Directors for approval. The changes are as follows:

Registered Name	Position
Sumitomo Mitsui Banking Corporation	Managing Executive Officer
	Head of Asia Business Development Division
	Deputy Co-Head of APAC Division
Sumitomo Mitsui Financial Group	Managing Executive Officer

Attached are the Information Sheet on the interlocking positions of Director Uchida and his notarized Certification confirming that he has obtained the prior consent of all entities with which he has interlocking positions.

TO: CORPORATE GOVERNANCE COMMITTEE
 DATE: May 16, 2024
 SUBJECT: Evaluation on the Additional Interlocking Position of Independent Director Serrano

In accordance with the BSP Memorandum Circular No. 1129 and the Bank's policy on interlocking positions, please find attached the information on the new interlocking position of Independent Director Laurito E. Serrano (highlighted in yellow) for the evaluation and assessment of the Committee and for endorsement to the Board of Directors for approval/confirmation.

In particular, Independent Director Serrano has been nominated as an independent director of Belle Corporation. He received confirmation of the nomination only on May 15, 2025 and was informed that the election will take place on May 31, 2024, during the said company's Annual Stockholders' Meeting.

Attached are Independent Director Serrano's Information Sheet and Certification confirming, among others, that he obtained the consent of all entities with which he has interlocking positions.

TO: CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE
 DATE: July 15, 2024
 SUBJECT: Evaluation on the Additional Interlocking Position of Lead Independent Director Santos

In accordance with BSP Memorandum Circular No. 1129 and the Bank's policy on interlocking positions, please find attached the information on the new interlocking positions of Lead Independent Director Juan B. Santos (highlighted in yellow) for the evaluation and assessment of the Committee and for endorsement to the Board of Directors for approval/confirmation.

In particular, Lead Independent Director Santos has been nominated as a director of Marsman Drysdale Agribusiness Holdings, Inc. (MDAHI) and Marsman Drysdale Foundation, Inc. He received confirmation of the nominations recently. He agreed to the appointments subject to the notice and clearance from all his directorships in publicly listed companies, including the Bank. Mr. Santos has already relinquished his post in Sun Life Grepa Financial, Inc. as of end of June 2024.

TO: CORPORATE GOVERNANCE COMMITTEE
 DATE: November 25, 2024
 SUBJECT: Evaluation on the Additional Interlocking Position of Independent Director Serrano

In accordance with the BSP Memorandum Circular No. 1129 and the Bank's policy on interlocking positions, please find attached the information on the new interlocking position of Independent Director Laurito E. Serrano (highlighted in yellow) for the evaluation and assessment of the Committee and for endorsement to the Board of Directors for approval/confirmation.

In particular, Independent Director Serrano has been nominated as an independent director of Century Peak Holdings Corporation. The Bank received confirmation of the nomination late in the evening of November 24, 2024 and was informed that the election will take place during the said company's Annual Stockholders' Meeting in December 2024.

As November 25, 2024 is the last regular meeting of the Board, urgent approval and endorsement is requested.

Attached are Independent Director Serrano's Information Sheet and Certification confirming, among others, that he obtained the consent of all entities with which he has interlocking positions.

January 29, 2024 Board Approval as Endorsed by the CG Com

- Additional Interlocking Position of Mr. Eugene S. Acevedo – as Trustee of the University of San Carlos. Finding no conflict and no impediment to Mr. Acevedo's performance as director/officer of the Bank, the CG Com endorsed his additional interlocking position as Trustee of the University of San Carlos.

Rizal Commercial Banking Corporation
 Minutes of the January 29, 2024
 Regular Meeting of the Board of Directors

10

Resolution No. BR-24-007

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that on the endorsement of the Corporate Governance Committee and in accordance with the principles set forth in BSP Memorandum Circular No. 1129 and the Bank's internal policy, and finding the same to be fully compliant therewith, the Board of Directors approves, confirms, and ratifies the interlocking position of Mr. Eugene S. Acevedo, President and Chief Executive Officer, as Trustee of the University of San Carlos, subject to BSP and/or other regulatory approvals as may be required

Rizal Commercial Banking Corporation
 Minutes of the January 29, 2024
 Regular Meeting of the Board of Directors

13

April 29, 2024 Board Approval as Endorsed by the CG Com

- Changes in the interlocking positions of Director Katsufumi Uchida – The changes in the designations of Director Uchida pertain to his positions in Sumitomo Mitsui Banking Corporation (SMBC). The first change is the deletion of his position as Head of Asia Business Development Division. The second is the change in his designation from Deputy Head to Co-Head of APAC Division. The latter will not in any way hinder Mr. Uchida's performance as Director of the Bank as any increase in responsibility is, at the very least, counterbalanced by the deletion of his position as Head of SMBC's Asia Business Development Division.

Rizal Commercial Banking Corporation
 Minutes of the April 29, 2024
 Regular Meeting of the Board of Directors

6

Resolution No. BR-24-073

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that on the endorsement of the Corporate Governance Committee and in accordance with the principles set forth in BSP Memorandum Circular No. 1129 and the Bank's internal policy, and finding the same to be fully compliant therewith, the Board of Directors confirms and approves the changes in the interlocking positions of Director Katsufumi Uchida in Sumitomo Mitsui Banking Corporation as follows:

From	To
Manager Executive Director	Manager Executive Director
Head of Asia Business Development Department	
Deputy Head of APAC Division	Co-Head of APAC Division

Rizal Commercial Banking Corporation
 Minutes of the April 29, 2024
 Regular Meeting of the Board of Directors

7

May 27, 2024 Board Approval as Endorsed by the CG Com

- Interlocking position of Independent Director Laurito Serrano in Belle Corporation – After assessing the absence of any conflict of interest and determining that he would still be able to perform his duties and responsibilities in the Bank, the CG Com endorsed for Board approval the interlocking position of Independent Director Serrano as Independent Director of Belle Corporation.

Resolution No. BR-24-093

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that on the endorsement of the Corporate Governance Committee and in accordance with the principles set forth in BSP Memorandum Circular No. 1129 and the Bank's internal policy, and finding the same to be fully compliant therewith, the Board of Directors confirms and approves the additional interlocking directorship of Independent Director Laurito E. Serrano as Independent Director of Belle Corporation:

Rizal Commercial Banking Corporation
Minutes of the May 27, 2024
Regular Meeting of the Board of Directors

9

July 29, 2024 Board Approval as Endorsed by the CG Com

- Interlocking positions of Lead Independent Director Juan B. Santos – Mr. G.S. Claudio reported on this matter. After assessing the absence of any conflict of interest and determining that he would still be able to perform his duties and responsibilities in the Bank, the CGN Com endorsed for Board approval the additional interlocking positions of Lead Independent Director Santos as Trustee in Marsman Drysdale Foundation, Inc. and as Director of Marsman Drysdale Agribusiness Holdings, Inc. Effective June 5, 2024, Mr. Santos ceased to be an Independent Director of Sun Life Grepa Financial, Inc.

Resolution No. BR-24-133

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that on the endorsement of the Corporate Governance and Nominations Committee and in accordance with the principles set forth in BSP Memorandum Circular No. 1129 and the Bank's internal policy, and finding the same to be fully compliant therewith, the Board of Directors confirms and approves the additional interlocking directorships of Lead Independent Director Santos as Trustee in Marsman Drysdale Foundation, Inc. and as Director of Marsman Drysdale Agribusiness Holdings, Inc.

Rizal Commercial Banking Corporation
Minutes of the July 29, 2024
Regular Meeting of the Board of Directors

6

January 27, 2025 Board Approval as Endorsed by the CG Com

1. Interlocking Position of Director Ted Serrano in Century Peak Holdings Inc.
(Routed by email on November 25, 2024)

The matter was endorsed by the Corporate Governance Committee and the required approval votes were received by November 26, 2024.

On motion duly made and seconded, with Mr. Serrano inhibiting, the Board issued the following resolution:

Resolution No. BR-25-016

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that, on the endorsement of the Corporate Governance and Nominations Committee and in accordance with the principles set forth in BSP Memorandum Circular No. 1129 and the Bank's internal policy, and finding the same to be fully compliant therewith, the Board of Directors approves, confirms, and ratifies its November 26, 2024 approval by referendum of the additional interlocking directorship of Director Laurito E. Serrano as Independent Director of the Century Peak Holdings Corporation.

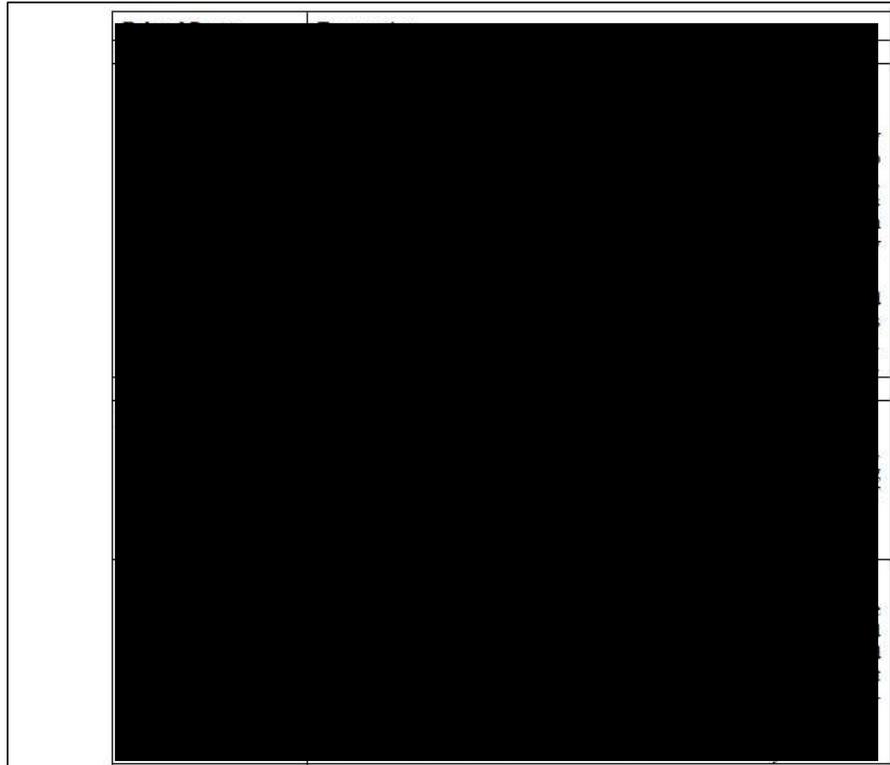
Rizal Commercial Banking Corporation
Minutes of the January 27, 2025
Regular Meeting of the Board of Directors

42

6. **Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.**

Directors who have a material interest in matters raised before the Board abstain from deliberations and voting thereon. The inhibitions/abstentions are duly recorded in the Minutes of the Meetings.

Please see samples taken from various Minutes of Board meetings.



BE IT RESOLVED FURTHER, AS IT IS HEREBY RESOLVED, that the Board



to implement the foregoing resolution.

Pursuant to the pertinent provisions of the Manual of Regulations for Banks, the following Directors, although present at the said meeting, did not participate in the discussion and approval of the foregoing resolution:

- H.Y. Dee - Chairperson of Grepa Realty Holdings Corporation and Chairperson of Sun Life Grepa Financial, Inc. (SLGFI) which owns 51% of Grepa Realty Corporation
- J.B. Santos - Independent Director of SLGFI
- Ms. Dee abstained as required by the Bank's RPT Policy.

February 26, 2024

On motion duly made and seconded, with the directors inhibiting as indicated below, the Board approved the following resolution

Resolution No. BR-24-034

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the Board of Directors



Pursuant to the pertinent provisions of the Manual of Regulations for Banks, the following Directors, although present at the said meeting, did not participate in the discussion and approval of the foregoing resolution:

- H.Y. Dee - Chairperson of Malayan Insurance Corporation
- C.E.A. Virata - Director of Malayan Insurance Corporation
- G.A. Buenaventura - Director of Malayan Insurance Corporation
- H.Y. Dee abstained as required by the Bank's RPT Policy

March 25, 2024

Rizal Commercial Banking Corporation
Minutes of the March 25, 2024
Regular Meeting of the Board of Directors

38

Pursuant to the pertinent provisions of the Manual of Regulations for Banks, the following Directors, although present at the said meeting, did not participate in the discussion and approval of the foregoing resolution:

- | | |
|--------------------|---|
| H. Y. Dee | - Chairperson of House of Investments, Inc. (HOI), which owns 40% of RCBC Trust Corporation |
| C.E.A. Virata | - Director of RCBC Trust Corporation |
| E.S. Acevedo | - Director of RCBC Trust Corporation |
| G. A. Buenaventura | - Director of HOI |
| J.B. Santos | - Chairman of RCBC Trust Corporation and Independent Director of HOI |
| V.F. Montes | - Director of RCBC Trust Corporation |
| L.E. Serrano | - Director of RCBC Trust Corporation |

Ms. Dee also abstained as required by the Bank's RPT Policy.

Rizal Commercial Banking Corporation
Minutes of the March 25, 2024
Regular Meeting of the Board of Directors

39

Pursuant to the pertinent provisions of the Manual of Regulations for Banks, the following Directors, although present at the said meeting, did not participate in the discussion and approval of the foregoing resolution:

- | | |
|--------------|---|
| H. Nakatsuka | - Managing Director of Asia Growing Markets Department of Sumitomo Mitsui Banking Corporation (SMBC) which majority owns PT Bank BTPN Tbk |
| K. Uchida | - Managing Executive Officer and Head of Asia Business Development Division of SMBC |

Rizal Commercial Banking Corporation
Minutes of the March 25, 2024
Regular Meeting of the Board of Directors

40

April 29, 2024

Pursuant to the pertinent provisions of the Manual of Regulations for Banks, the following Directors, although present at the said meeting, did not participate in the discussion and approval of the foregoing resolution:

- | | |
|--------------------|---|
| H.Y. Dee | - Chairperson of PetroEnergy Resources Corporation (PERC) and Chairperson of House of Investments, Inc. (HOI), which owns more than 25% of PERC |
| G. A. Buenaventura | - Director of HOI |
| J.B. Santos | - Independent Director of HOI |

Ms. Dee also abstained as required by the Bank's RPT Policy.

Rizal Commercial Banking Corporation
Minutes of the April 29, 2024
Regular Meeting of the Board of Directors

30

May 27, 2024

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Rizal Commercial Banking Corporation
Minutes of the May 27, 2024
Regular Meeting of the Board of Directors

23

June 24, 2024

Rizal Commercial Banking Corporation
Minutes of the June 24, 2024
Regular Meeting of the Board of Directors

25

On motion duly made and seconded, with Ms. Dee, Mr. Virata, and Mr. Buenaventura inhibiting, the Board approved the following resolution.

Resolution No. BR-24-119



Pursuant to the pertinent provisions of the Manual of Regulations for Banks, the following Directors, although present at the said meeting, did not participate in the discussion and approval of the foregoing resolution:

- H.Y. Dee - Chairperson of Malayan Insurance Co., Inc.
- C.E.A. Virata - Director of Malayan Insurance Co., Inc.
- G.A. Buenaventura - Director of Malayan Insurance Co., Inc.

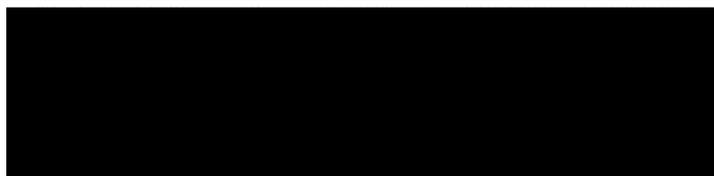
Ms. Dee also abstained as required by the Bank's RPT Policy.



Pursuant to the pertinent provisions of the Manual of Regulations for Banks, the following Directors, although present at the said meeting, did not participate in the discussion and approval of the foregoing resolution:

- H.Y. Dee - Chairperson and President of Mijo Holdings, Inc. which owns 54.92% of Hydee Management & Resource Corporation.
- First-degree relative (parent) of the beneficial owners of Hydee Management & Resource Corporation

Ms. Dee also abstained as required by the Bank's RPT Policy.

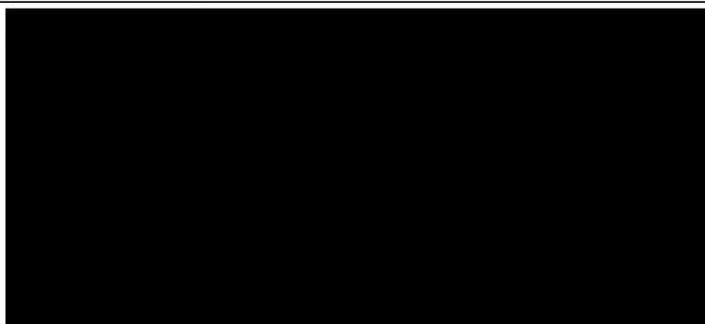


Pursuant to the pertinent provisions of the Manual of Regulations for Banks, the following Directors, although present at the said meeting, did not participate in the discussion and approval of the foregoing resolution:

- H.Y. Dee - Chairperson of House of Investments, Inc. (HOI), which owns 48% of iPeople, Inc. and the latter wholly owns Malayan Education System, Inc. (MAPUA University). The rest of the borrowers are wholly owned by Malayan Education System, Inc. (MAPUA University).
- C.E.A. Virata - Trustee of Malayan Education System, Inc. (MAPUA University)
- G.A. Buenaventura - Director of HOI
- J.B. Santos - Independent Director of HOI

Ms. Dee also abstained as required by the Bank's RPT Policy.

July 29, 2024





7. Excerpt of a board meeting showing the attendance and participation of the Board via videoconferencing.



RIZAL COMMERCIAL BANKING CORPORATION
 6819 Ayala Avenue corner Sen. Gil J. Puyat Avenue, Makati City
 Minutes of the Regular Meeting of the
Board of Directors
 August 27, 2024, 2:00 p.m.
 RCBC Boardroom, 47th Floor, Yuchengco Tower, RCBC Plaza
 and Via Remote Communication
 (Zoom Meeting ID: 824 0478 8512; Passcode: BoDAug2024)

Members Present:

1. Ms. Helen Y. Dee, Chairperson
2. Mr. Cesar E.A. Virata, Corporate Vice Chairperson
3. Mr. Eugene S. Acevedo, President and CEO
4. Mr. Gil A. Buenaventura
5. Mr. Armando M. Medina
6. Mr. John Law
7. Mr. Shih-Chiao (Joe) Lin
8. Mr. Hiroki Nakatsuka
9. Mr. Katsufumi Uchida
10. Mr. Juan B. Santos, Lead Independent Director
11. Mr. Gabriel S. Claudio, Independent Director
12. Mr. Vaughn F. Montes, Ph.D., Independent Director
13. Mr. Laurito E. Serrano, Independent Director
14. Ms. Erika Fille T. Legara, Ph.D., Independent Director

Absent:

15. Ms. Gayatri P. Bery

I. QUORUM

With 11 directors participating face-to-face, and 3 by remote communication, Atty. dela Cuesta confirmed the presence of a quorum. The location of each director participating by remote communication and the gadget used are listed in the Table annexed to this Minutes.

Rizal Commercial Banking Corporation
 Minutes of the August 27, 2024
 Regular Meeting of the Board of Directors

2

ANNEX			
LOCATION AND DEVICE OF EACH DIRECTOR WHO ATTENDED THE MEETING			
	Director	Location	Device
1.	Mr. John Law	France	iPad
2.	Mr. Shih-Chiao (Joe) Lin	Taiwan	Laptop
3.	Mr. Laurito E. Serrano	Italy	iPad

Rizal Commercial Banking Corporation
 Minutes of the August 27, 2024
 Regular Meeting of the Board of Directors

46

RESTRICTED



RIZAL COMMERCIAL BANKING CORPORATION

A G E N D A

**SEPARATE MEETING OF
NON-EXECUTIVE DIRECTORS**
(To be chaired by the Lead Independent Director)

D A T E : December 9, 2024

T I M E : Immediately after the Special Board Meeting

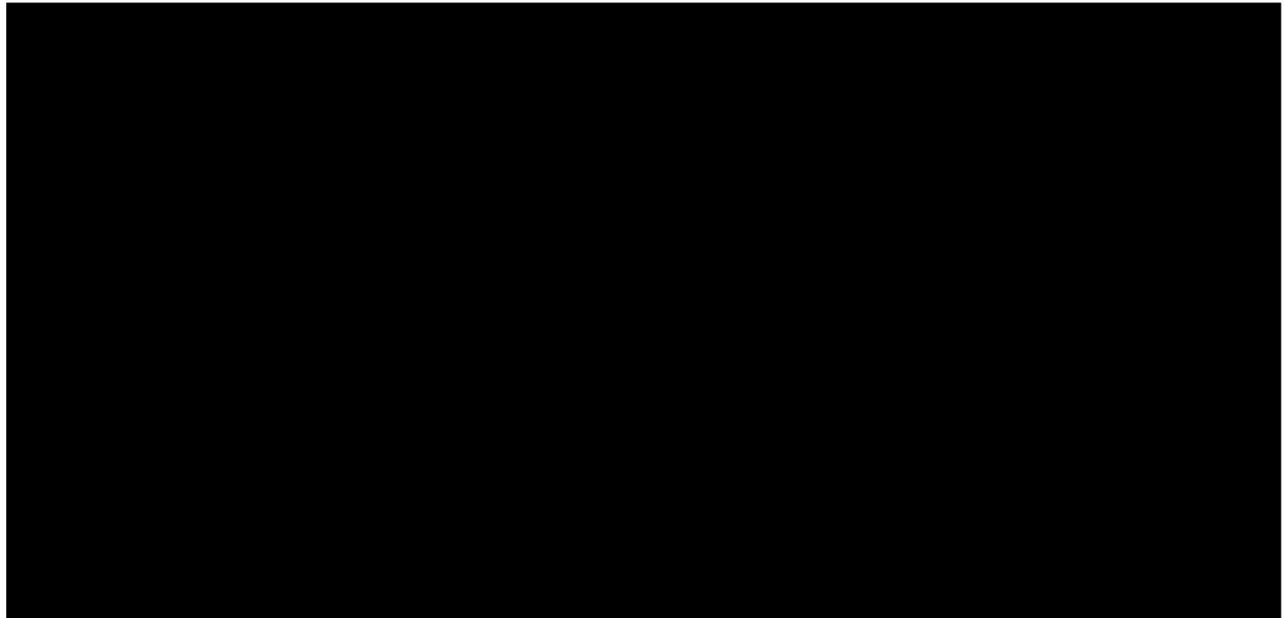
V E N U E : Hybrid Meeting
Boardroom
47th Floor, Yuchengco Tower, RCBC Plaza
6819 Ayala Avenue cor. Gil J. Puyat Ave.
Makati City
Via Zoom

A. PRESENTATIONS OF THE HEADS OF CONTROL UNITS

1. Risk
2. Compliance
3. Audit

B. PRESENTATION OF THE EXTERNAL AUDITOR

Punongbayan and Araullo



VI. COMPLIANCE PROGRAM

The Compliance Program sets out the planned activities of the compliance function consisting of the following components:

A. Policies and Procedures

All applicable regulations and reportorial requirements shall be mapped to the lines of business and the Risk Stewards shall be responsible for embedding the obligations arising from new regulations across various lines of business by plotting these to the Bank's policies and procedures; consequently, Risk Stewards shall review the changes on the existing policies and procedures to ensure alignment and sufficiency and accordingly provide endorsement for the Board and Management's approval. Owners for each business unit shall be assigned to monitor and track any updates. A repository of all laws, regulations and controls shall be housed with the RAG.

B. Compliance Assurance Framework

The Compliance Assurance Framework aligns itself with the Bank's Operational Risk Management Framework and best practices in embedding the Three Lines of Defense model. As Second Line of Defense, the Regulatory Affairs Group (RAG) will focus its Compliance Assurance Officers in providing an independent quality assurance of key controls by building on the assurance activities within the First Line of Defense, Risk Management Group and Internal Audit Group.

The framework comprises two types of reviews - Continuous Monitoring Plan ("control-driven") and the Specialized Assurance Review ("risk prioritization-driven")



Continuous Monitoring Plan (CMP)

The Continuous Monitoring Plan (CMP) is a set of quality assurance reviews on key control areas and will focus on giving risk and control owners the assurance that controls are operating effectively on an on-going basis.

CMP further assess the adequacy of and compliance with internal control system and the specific controls embedded in the processes, such as but not limited to the following: product / services (e.g. deposit/fund transfer), transaction processing, account maintenance, regulatory requirements and other banking services contained in operating policies and procedures of the Bank.

RAG will also assess the results of the quality assurance reviews conducted by the First Level of Defense on the effective implementation of the Money Laundering and Terrorist Financing Prevention Program (MTPP) particularly in the areas of Customer Identification System, including dealings with Politically Exposed Persons (PEPs). Likewise, independent assurance will be done on other processes such as but not limited to On-going Monitoring of customers and their transactions, Covered Transactions (CT) Report Filing and Suspicious Transactions (ST) Report Case Investigation, Handling of Freeze Orders, Material Related Party Transactions and Directors, Officers, Stockholders and Related Interest (DOSRI) accounts.

Specialized Assurance Review (SAR)

Specialized Assurance Review (SAR) is a thematic review and is driven by risk prioritization based on senior management discretion, current and emerging risks, and other regulatory focus. This also addresses specific lines of products / services and businesses that are offered by more complex business units, thus, present elevated challenges (i.e., Treasury, Trust & Investment, Wealth Management, etc.).

Below are the underlying factors for the review under SAR:

1. Results of Bank's Risk & Control Self-Assessment or RCSA (including the new products and services) that are assessed with residual risk of High and Very High
2. New bank initiatives which materially impact the risk profile of the Bank
3. Areas of regulatory focus by the BSP communicated during bilateral discussions

For the Specialized Assurance Reviews (SAR), RAG has identified regulatory compliance risk taxonomies that require to be mitigated in accordance with BSP regulations.

C. Compliance Monitoring

Compliance Certification from Deputized Compliance Officers (DCO)

This is a quarterly Certification signed by the designated DCOs indicating a unit's compliance (or non-compliance) to regulations. As part of RAG's annual work plan, these DCO quarterly certifications are subjected to periodic review and validation during compliance monitoring and assurance activities.

Though the primary responsibility of the designated DCO remains with the business units, and only has reporting lines to the Regulatory Affairs Group, the effective performance of



the DCO function forms part of the Key Result Areas (KRAs), and carries a five percent (5%) weight in the annual performance evaluation of the officer designated as DCO. A separate percentage weight for AML compliance is imposed on the Bank's officers for non-compliance with the Anti-Money Laundering laws and the Money Laundering and Terrorist Financing Prevention Program (MTPP) of the Bank.

Compliance-Related Issues Management

The RAG has existing procedures on reporting, monitoring and closure of compliance related issues in order to minimize regulatory penalties and sanction against the Bank. This is managed through the Risk Stewardship Division.

Report of Examination Commitments

Compliance risk is also monitored via the progress of corrective actions relating to Report of Examination (ROE) findings. Quarterly status updates of corrective actions and/or actions taken/to be taken on BSP findings are reported to the Audit & Compliance Committee (ACC) and submitted to the Bangko Sentral's Financial Supervision Sector as required .

Monitoring and Reporting of BSP conditions

Upon the receipt of BSP conditions on new applications, RAG ensures the proper assurance, embedding, monitoring, and reporting of the Bank's action plans to satisfy such conditions through its partnership with various business units. The RAG may perform a specialized assurance review if assessed as emerging risks or upon the recommendation of senior management.

D. Reporting and Communication

The Regulatory Affairs Group shall advise the Board of Directors and Senior Management on relevant laws, rules and standards, including keeping them informed on the developments in the area.⁶

The Regulatory Affairs Group shall also periodically report to the Audit and Compliance Committee and to the AML Committee on compliance matters. The reports to the said committees should (1) refer to the risk assessment that has taken place during the reporting period, including any changes in the risk profile based on relevant measurements such as performance indicators, (2) summarize any identified breaches and/or deficiencies and the corrective measures recommended to address them, and (3) report corrective measures already taken.⁷

E. Compliance Training

RAG shall assist Senior Management in educating officers and staff on compliance issues, and acting as a contact point within the institution for compliance queries from staff members. Guidance and education shall be implemented through the drafting of Compliance Bulletins on appropriate implementation of laws, rules and other standards, and other documents such the Compliance Manual and MTPP, among others.



RAG shall work closely with the Human Resources Group in developing training plans, both at the enterprise and line of business/shared services levels and in updating and maintaining training content which is anchored in regulatory requirement and guidance. Ongoing training for other employees shall also be conducted to reinforce the staff members / officers knowledge of banking laws and regulations and make them aware of changes in the regulatory environment.

F. Regulatory Interaction and Coordination

The Bank shall maintain a constructive working relationship with the Bangko Sentral and other regulators.⁸ The Bank, through the CCO, as the primary liaison officer between the Bank and the regulatory agencies, and/or other authorized compliance officers, may consult with BSP and other regulators for clarifications on specific provisions of related laws and regulations. Similarly, BSP and other regulators may initiate dialogue with the institution to discuss the compliance program and implementation.⁹

H. Compliance Oversight on Subsidiaries

One of the responsibilities of RCBC's Board of Directors is defining an appropriate corporate governance framework for group structures which shall facilitate effective oversight over entities in the group.¹⁰ In line with this function; the Board is required to adopt a policy that defines the compliance framework that shall apply to all entities across the RCBC Group. The policy shall provide the structure that should be adopted by the group either to establish the compliance function centrally at the parent bank or in each of the identified subsidiary. Such policy shall also include overall responsibility of the parent bank's compliance function with respect to the management of compliance risk exposures of subsidiaries/affiliates.¹¹

Regulations provide that the Chief Compliance Officer of the parent bank shall define the compliance activities for the entire group: Provided, that this shall be done in consultation and coordination with the respective board of directors and CCO of the subsidiary or affiliate BSFI: Provided, further, that the board of directors of the subsidiary or affiliate BSFI, shall remain ultimately responsible for the performance of compliance activities.¹²

The Manual of Regulations for Banks ("MORB") and the Manual of Regulations for Non-Bank Financial Institutions ("MORNBFI") require the compliance program to set out the planned activities of the compliance function, such as: the review and implementation of specific policies and procedures; compliance risk assessment; compliance testing, educating staff on compliance matters; monitoring compliance risk exposures; and reporting to the board of directors or board-level committee.¹³

RCBC and its subsidiaries have adopted the Hub and Spoke Model of Compliance. Under the Hub and Spoke Model, certain compliance activities will be centralized at the hub (RCBC) while residual functions not performed at the hub shall be discharged by the spokes (Subsidiaries).

The Spokes shall continue to be the owners of their respective compliance risks notwithstanding the performance of the compliance activities by the Hub. The respective board of directors of the Spokes shall remain ultimately responsible for the performance of the compliance risk management activities.

⁸Section 161 of the MORB.

⁷Section 161 of the MORB and BSP Memorandum No. M-2013-023 dated 28 May 2013.



DIVIDEND POLICY

Accounting Circular
Ref. No. CG-AC-003

June 28, 2021

Document version 5.0

Prepared by:

Policy Development and Cost Standards Department

For questions/clarifications, please contact:

Jennifer Anne A. Nuñez, 8894-9000 loc.1395
Email address: janunez@rcbc.com

Christine G. Paglinawan, 8894-9000 loc. 1396
Email address: cgpaglinawan@rcbc.com

Helen T. Rivero, 8894-9000 loc. 9883
Email address: htrivero@rcbc.com

TABLE OF CONTENTS

I.	OBJECTIVE.....	3
II.	GENERAL POLICY STATEMENT.....	3
III.	IMPLEMENTING GUIDELINES	
	1. Definition of Terms.....	3
	2. Prerequisites on the Declaration of Dividends.....	5
	3. Documentary Requirements.....	6
	4. Net Amount Available for Dividends.....	8
	5. Declaration of Dividends.....	9
	6. Reporting and Verification.....	9
	7. Recording of Dividends.....	11
	8. Issuance of Fractional Shares.....	11
	9. Payment.....	11
	10. Accounting Entries.....	13
	11. Dividend Policy for Subsidiaries.....	14
IV.	SANCTIONS	
	1. External Sanctions.....	15
	2. Internal Sanctions	16

ANNEXES:

- ANNEX A - *Philippine Stock Exchange (PSE) Disclosure Rules (Article VII of the PSE Consolidated Listing and Disclosure Rules)*
- ANNEX B - Part III (*Capital Conservation Buffer*) and Part IV (*Countercyclical Capital Buffer*) of Appendix 59 of the MORB
- ANNEX C - BSP Circular No. 1051 entitled *Amendments to the* Framework for Dealing with Domestic Systemically Important Banks (*D-SIBs*)
- ANNEX D - BSP Circular No. 888 *entitled Amendments to Regulations on Dividend Declaration and Interest Payments on Tier 1 Capital Instruments*
- ANNEX E - Alphalist of Final Withholding Taxes on Dividends Payment
- ANNEX F - Penalties Provided under Sections 35 and 37 of R.A. No. 7653 - The New Central Bank Act

EXHIBITS:

- EXHIBIT I - Certification on Compliance with Requirements on Dividend Declaration
- EXHIBIT II - Report on Dividends Declared
- EXHIBIT III - Copy of BIR Form 2306
- EXHIBIT IV - Schedule of Final Withholding Taxes (FWT) with their corresponding rates and Alphanumeric Tax Codes (ATC)

I. OBJECTIVE

This policy is being issued to provide the guidelines to be observed by the Bank in the declaration, reporting, verification and recording of dividends in accordance with the Bangko Sentral ng Pilipinas (BSP) Manual of Regulations for Banks (MORB) **and the pertinent sections under Article VII (Disclosure Rules) of the Philippine Stock Exchange (PSE) Consolidated Listing and Disclosure Rules (please see Annex A)**. This policy is also intended to provide the documentary requirements set by the BSP and to specify the business units responsible in ensuring compliance of the Bank with the said documentary requirements prior to dividend declaration.

Furthermore, this policy shall also include the general guidelines for the declaration and payment of dividends by the Bank's subsidiaries.

This effectively supersedes Accounting Circular No. CG-AC-003 dated March 1, 2018 entitled Dividend Policy (Version 4.0).

II. GENERAL POLICY STATEMENT

On an annual basis, 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 had stipulated dividend payment obligations, the Bank shall declare dividends in accordance with its commitment. For the preferred shares issued by the Bank, the dividend declaration shall be made on a quarterly basis subject to availability of unrestricted retained earnings. The Bank shall ensure compliance with the requirements on the declaration of dividends. The Bank shall declare dividends only up to the extent of available "Retained Earnings" in accordance with the BSP Regulations. In no case shall the Bank declare dividends if, at the time of declaration, it has not complied with all the requirements.

In addition, the Board and Senior Management of each subsidiary of the Bank shall consider payment of dividends depending on its performance or result of operations. Each subsidiary must ensure that all capital and compliance requirements are met and proper approvals are sought prior to declaration and payment of dividends.

The provisions herein shall govern the declaration of dividends on shares of stocks, regardless of feature, as well as interest payments on unsecured subordinated debt which meet the qualification requirements of Additional Tier 1 or Hybrid Tier 1 capital as defined under existing risk-based capital adequacy framework.

III. IMPLEMENTING GUIDELINES

1. Definition of Terms

For purposes of this policy, the following definitions shall apply:

- 1.1 Dividend - is a payment made to stockholders from the Bank's earnings, whether those earnings were generated in the current period or in previous periods. It also refers to corporate profits allocated, lawfully declared and ordered by the directors to be paid to the stockholders on demand or at a fixed time.



- 1.2 Bad debts - shall include any debt on which interest is past due for a period of six (6) months, unless it is well secured and in process of collection.

A loan payable in installments with an automatic acceleration clause shall be considered a bad debt within the contemplation of this **policy** where installments or amortizations have become past due for a period of six (6) months, unless the loan is well secured and in process of collection.

For a loan payable in installment without an acceleration clause, only the installments or amortizations that have become past due for a period of six (6) months and which are not well secured and in the process of collection shall be considered bad debts within the contemplation of this **policy**.

- 1.3 Well secured - a debt shall be considered well secured or fully secured, if it is covered by collateral in the form of a duly constituted mortgage, pledge or lien on real or personal properties, including securities, having a loan value sufficient to discharge the debt in full, including accrued interest and other pertinent fees and expenses.

- 1.4 In process of collection – A debt due to a bank shall be considered in process of collection when it is the subject of continuing extrajudicial or judicial proceedings aimed towards its full settlement or liquidation or otherwise to place it in current status. The extrajudicial proceedings, such as the writing of collection or demand letters, must have been initiated by the bank and/or its lawyers before the interest or installments or amortizations on the debt have become past due and unpaid for a period of six (6) months.

The debt shall continue to be considered in process of collection for a period of six (6) months counted from date of the first collection or demand letter and if, within this period, the debtor fails to make a payment of at least twenty percent (20%) of the outstanding balance of the principal on his account, plus all interest which may have accrued thereon, the same shall automatically be classified as bad debts unless judicial proceedings are instituted.

The debt shall continue to be considered in process of collection during the pendency of the judicial proceedings. When judgment against the debtor has been obtained, the bank must be active in enforcing the judgment for the debt to continue to be considered in process of collection.

- 1.5 Retained earnings – the accumulated profits realized out of normal and continuous operations of the business after deducting therefrom distributions to stockholders and transfers to capital stock or other accounts. The retained earnings shall be the amount as shown in the financial statements audited by the Bank's independent auditor. If applicable, such amount shall refer to the retained earnings of the parent company but not the consolidated financial statements.

- 1.6 Unrestricted retained earnings – the amount of accumulated profits and gains realized out of the normal and continuous operations of the Bank after deducting therefrom distributions to stockholders and transfers to capital stock or other accounts, and which is:

- 1.6.1 Not appropriated by the Board of Directors for the Bank's expansion projects or programs;



- 1.6.2 Not covered by a restriction for dividend declaration under a loan agreement; and
- 1.6.3 Not required to be retained under special circumstances obtaining in the Bank such as when there is a need for a special reserve for probable contingencies.
- 1.7 Outstanding capital stock – means the total shares of stock issued to subscribers or stockholders, whether or not fully or partially paid (as long as there is a binding subscription agreement) except treasury shares.
- 1.8 Delinquent subscription – refers to a subscription that has been declared by the Board as such after the subscriber failed to settle the same after a period of thirty (30) days from the date the subscription became due as specified in the contract of subscription or in the call made by the Board of Directors.
- 1.9 Paid-in capital – the amount of outstanding capital stock and additional paid-in capital or premium paid over the par value of shares.

2. Prerequisites on the Declaration of Dividends

- 2.1 Per BSP MORB, the Bank shall ensure its compliance with the requirements on the declaration of dividends **and shall not declare dividends greater than its accumulated net profits then on hand, deducting therefrom its losses and bad debts, and the corresponding responsible unit.** It shall be the responsibility of the concerned offices to ensure compliance **with** the following requirements at the time of declaration of dividends.

BSP Requirements	Responsible Unit
2.1.1 Clearing account with the BSP is not overdrawn	Treasury Group – Liquidity Management Division
2.1.2 Minimum capitalization requirement and risk-based capital ratios as provided under applicable and existing capital adequacy framework.	Financial Accounting and Management Division (FAMD) - Regulatory Reports Department (RRD)
2.1.3 The combined requirement for Capital conservation buffer and the countercyclical capital buffer as defined in Appendix 59 , Parts III and IV of the MORB, for universal and commercial banks and their subsidiary banks and quasi-banks (Annex B)	FAMD-RRD
2.1.4 Higher loss absorbency requirement, phased-in on January 1, 2017 with full implementation on January 1, 2019, in accordance with Domestic Systemically Important Banks (DSIBs) Framework based on the existing DSIB Framework of the BSP (Annex C) for universal/commercial banks and their subsidiary banks and quasi-banks that are identified as DSIBs.	FAMD-RRD

<p>2.1.5 Has not committed any unsafe or unsound banking practice as defined under existing regulations and/or major acts or omissions* as may be determined by the BSP to be ground for suspension of dividend distribution, unless this has been addressed by the Bank as confirmed by the Monetary Board or the Deputy Governor of the appropriate sector, as may be applicable, upon recommendation of the appropriate supervising department of the BSP.</p> <p>* Major acts or omissions – defined as the Bank’s individual failure to comply with the requirements of banking laws, rules and regulations as well as Monetary Board directives having material impact on the Bank’s capital, solvency, liquidity or profitability, and/or those violations classified as major offenses under the Report of Examination, except those classified under unsafe or unsound banking practice.</p>	<p>Compliance Office</p>
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Note: Per BSP Circular No. 996 entitled Amendments to Liquidity Floor and Foreign Currency Deposit Unit (FCDU) Regulations, liquidity floor reserve requirement for universal and commercial banks is at 0% on government deposits and government deposit substitutes. This shall continue to be subject to the reserve requirements provided under Section 251 of the MORB.

2.2 **FAMD-RRD** shall ensure compliance with the minimum capital requirements and risk-based capital ratios even after the dividend distribution.

3. Documentary Requirements

3.1 For Cash Dividend Declaration

The following are the documents required by the BSP in the declaration of cash dividends [per BSP Circular Letter No. CL-2009-042 and BSP Circular No. 888 (Annex **D**)]:

BSP Documentary Requirements	Responsible Unit
3.1.1 Duly notarized Report on Dividends Declared certified by the Chief Compliance Officer, Controllership Group Head and the President or a Senior Executive/Executive Vice President.	FAMD
3.1.2 Schedule of Bad Debts* as of date of dividend declaration	Enterprise Risk Division of Risk Management Group (RMG)

<p><i>*List of accounts that are past due for more than 180 days with no specific reserves.</i></p>	
<p>3.1.3 Financial Reporting Package (FRP) Balance Sheet/Consolidated Statement of Condition and FRP Income Statement/Statement of Income and Expense (Month-end immediately preceding the date of declaration)</p>	<p>FAMD</p>
<p>3.1.4 Duly notarized Corporate Secretary's Certificate showing the board resolution approving the cash dividend declaration and indicating the cut-off date or record date the stockholders are entitled to dividends or a copy of the memorandum on the declaration of dividends duly stamped as approved and initialed by the Corporate Secretary.</p>	<p>Corporate Secretariat Division upon proper request made by General Accounting Division (GAD) (or the proper unit who requested the item to be included in the agenda)</p>

3.2 For Stock Dividend Declaration

The following are the documents required by the BSP in the declaration of stock dividends [per BSP Circular Letter No. CL-2009-042 and BSP Circular No. 888 (Annex **D**)]:

<p>BSP Documentary Requirements</p>	<p>Responsible Unit</p>
<p>3.2.1 Duly notarized Report on Dividends Declared certified by the Chief Compliance Officer, Controllership Group Head and the President or a Senior Executive/Executive Vice President.</p>	<p>FAMD</p>
<p>3.2.2 Schedule of Bad Debts as of date of declaration</p>	<p>Enterprise Risk Division of RMG</p>
<p>3.2.3 FRP Balance Sheet / Consolidated Statement of Condition and FRP Income Statement / Statement of Income and Expense (Month-end immediately preceding the date the date of declaration)</p>	<p>FAMD</p>
<p>3.2.4 Duly notarized Corporate Secretary's Certificate showing the board resolution approving the stock dividend declaration and indicating the cut-off date or record date the stockholders are entitled to dividends or a copy of the memorandum on the declaration of dividends duly stamped as approved and initialed by the Corporate Secretary.</p>	<p>Corporate Secretariat Division upon proper request made by GAD (or the proper unit who requested the item to be included in the agenda)</p>

BSP Documentary Requirements	Responsible Unit
<p>3.2.5 Duly notarized Corporate Secretary's Certificate or excerpt of the minutes of meeting of the Bank's stockholders, showing the following:</p> <ul style="list-style-type: none"> a. Stockholders' Resolution ratifying or confirming the board resolution approving the stock dividend declaration; b. Total percentage of stockholdings approving the stock dividend declaration; and c. Place where the stockholders' meeting was held. 	<p>Corporate Secretariat Division upon proper request made by GAD (or the proper unit who requested the item to be included in the agenda)</p>
<p>3.2.6 Duly notarized Certification of the Corporate Secretary on the following:</p> <ul style="list-style-type: none"> a. Profile of the authorized capital stock of the Bank, with breakdown as to class and number of shares; b. Profile of the total subscribed capital stock, with breakdown as to class and number of shares; and c. Profile of the total paid-in capital stock, with breakdown as to class and number of shares. 	<p>Corporate Secretariat Division upon proper request made by GAD (or the proper unit who requested the item to be included in the agenda). The Corporate Secretariat Division and the Board should be provided with the information enumerated under item no. 3.2.6. It shall be the duty and responsibility of GAD to ensure that the required information is provided at the time approval for the declaration of dividends is first made.</p>

3.3 The documents mentioned above should be properly acknowledged by the personnel authorized by **BSP-Central Point of Contact Department IV (BSP-CPCD IV)** to receive the documents.

4. Net Amount Available for Dividends

4.1 The net amount available for dividends shall be the amount of unrestricted or free retained earnings and undivided profits reported in the Financial Reporting Package (FRP) as of the calendar/fiscal year-end immediately preceding the date of dividend declaration.

4.2 The derivation of the dividend amount from the unrestricted/free retained earnings shall be based on sound accounting system and loss provisioning processes under existing regulations which takes into account relevant capital adjustments including losses, bad debts and unearned profits or income.

Note: Unearned profits or income refers to unrealized items which are considered not available for dividend declaration such as accumulated share/equity in net income of its subsidiaries, associates or joint venture accounted for under the equity method, recognized deferred tax asset, foreign exchange profit arising from revaluation of foreign exchange denominated accounts and others.

5. Declaration of Dividends

- 5.1 The management shall determine the amount of dividends to be declared subject to certain factors to be considered. In case of stock dividend declaration, no dividend shall be issued without the approval of the stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular or special meeting duly called for the purpose.
- 5.2 If the Bank has stipulated dividend payment obligations, it shall declare dividends in accordance with its commitment. For the preferred shares **and hybrid perpetual securities** issued by the Bank, the dividend declaration shall be made **based on their respective terms and conditions such as on the timing (e.g., quarterly, semi-annually, etc.)**, subject to availability of unrestricted retained earnings.
- 5.3 Preparation of the request for dividend declaration for the Board of Directors' approval shall be made by GAD of the Controllership Group **based on the recommendation of Management through the Controllership Group Head.**
- 5.4 ***Corporate Secretariat Division shall disclose to the PSE the dividend declaration within ten (10) minutes from the happening or occurrence of said event. Disclosure of the dividend declaration must be made to PSE prior to its release to the news media. The original copy of the disclosure must be delivered to PSE within twenty four (24) hours from the time of initial disclosure.***
- 5.4.1 ***The Corporate Secretariat Division shall clear its disclosures with the Corporate Secretary and the Corporate Information Officer prior to submitting the same to the PSE. The Corporate Secretariat Division shall be in charge only of the disclosures pertaining to the approval of the dividend declaration by the Board. All other disclosures shall pertain to the Corporate Planning Group.***
- 5.4.2 ***Declaration of dividend/distribution on Hybrid Perpetual Securities is not included in the PSE disclosure requirement.¹***
- 5.4.3 ***The Bank should observe events mandating prompt disclosure to the PSE. The PSE will decide to halt trading upon receipt of disclosure. The Issuer may request for "voluntary halt" should there be an upcoming disclosure or event that will affect the market/shareholders.***
- 5.5 ***Record date of the disclosure of dividend declaration shall be set in accordance with the Rules of the Securities and Exchange Commission (SEC) and when appropriate, the Rules of BSP. The disclosure of the record date must not be less than ten (10) trading days from the said date.***

6. Reporting and Verification

Banks and quasi-banks that meet the prequalification criteria including capital adequacy requirements shall be qualified to declare and pay dividends without prior BSP verification. It will be the Bank's responsibility to determine and certify its compliance with BSP requirements.

¹ ***The required PSE disclosure pertains to the dividends described in the [PSE Consolidated Listing and Disclosure Rules](#) as "the payment in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them out of the unrestricted retained earnings as declared by the board of directors of a stock corporation".***

- 6.1 Upon approval of the dividend declaration by the Board of Directors, the AMSS shall be responsible for:
- 6.1.1 **requesting a** copy of the duly notarized Secretary's Certificate **from the Corporate Secretary and providing the copy to FAMD within five (5) banking** days after Board approval; and
 - 6.1.2 notifying Treasury Group and Trust and Stock Transfer Operations Department (TSTOD) about the same.
- 6.2 **FAMD** shall be responsible for reporting the declaration of dividends to the appropriate supervising and examining department of the BSP on or before the tenth (10th) banking day after date of dividend declaration in the following manner:
- 6.2.1 Submission of a duly notarized certification (Exhibit I) signed by the President and the Chief Compliance Officer stating that the Bank has complied with the requirements on the declaration of dividends provided under **Section III.2** above.
 - 6.2.2 Submission of the duly notarized Report on Dividends Declared (Exhibit II), which shall be considered a Category A-1 report.
- 6.3 Nevertheless, if the Bank is cited with major supervisory concerns such as those initiated under Prompt Corrective Action (PCA) or is issued with specific Monetary Board directive to suspend/ refrain/ restrict dividend declaration, the Bank shall be subject to prior BSP verification by the appropriate **supervising** department of the **BSP**.
- Notes:**
- a. A letter of request for approval, signed by the Bank President shall be submitted to the BSP. The letter should contain reasonable explanation to allow the declaration of dividend.
 - b. Any disclosure shall be made only after receipt of the BSP's approval, which notice of approval shall be promptly provided to the Office of the Corporate Secretary by the Compliance Office.
- 6.3.1 **Furthermore, the following procedures must also be administered:**
- a. The Head of Asset Management and Sundry Section (AMSS) under GAD-Asset Management, Disbursement and Sundry Department (AMDSD) shall be responsible for the preparation of the application letter, obtaining all the documents required, and submission of the same to the BSP-CPCD IV. Upon submission to BSP-CPCD IV, the AMSS shall also forward to the Compliance Office a copy (either hard or soft copy) of the documents submitted to BSP-CPCD IV **and the preparation of the Notice of Dividend Declaration.**
 - b. AMSS must ensure that the documents are complete before submitting the same to BSP-CPCD IV as applications/requests with incomplete documents will be returned within five (5) banking days from receipt thereof. However, BSP-CPCD IV may require submission of additional documents/information which it may later on consider relevant to complete its evaluation of the application/request.

Note: The documents mentioned above should be properly acknowledged by the personnel authorized by BSP-CPCD IV to receive the documents.

7. Recording of Dividends

- 7.1 If the Bank meets the prequalification criteria, the liability for dividends declared shall be taken up by AMSS in the Bank's books upon approval by the Board of Directors. However, for dividend declarations that are subject to prior BSP verification, the liability for dividends declared shall be taken up by AMSS in the Bank's books upon receipt of BSP advice thereof. A memorandum entry may be made to record the dividend declaration on the date of approval by the Board of Directors.
- 7.2 For dividends declared that are still subject to prior BSP verification, disclosure by means of a footnote should include a statement to the effect that the dividend declaration is subject to review by the BSP. **Controllership shall state the need for BSP review in their Memo to the Board seeking approval for the declaration of dividends.**

8. Issuance of Fractional Shares

Whenever the declaration of stock dividend results in the issuance of fractional shares, the following guidelines shall be observed:

- 8.1 The amount corresponding to the fraction should be given in the form of cash dividend; and
- 8.2 The certificate of stock issued should be in whole numbers, and the fractional shares shall be issued in the form of scrip certificates. In no case shall the certificate of stock be issued including such fractional share. The scrip certificate is temporary in nature and should be redeemed in cash or stockholders holding such scrip certificates may negotiate with other stockholders for the purchase or sale of such shares to convert them into full shares, subject to the limitations on stockholdings as provided by law.

9. Payment

9.1 ***The Payment Date must be in accordance with the Rules of the SEC and when appropriate, the Rules of BSP. Moreover, the payment date shall not be more than eighteen (18) trading days from the record date.***

9.2 If the Bank meets the prequalification criteria, upon approval of the dividend declaration by the Board of Directors, the AMSS shall send **an e-mail advice** to TSTOD, **FAMD**, Treasury Group and Compliance Office informing the same of the Board approval, including the record date and payment of the dividend. Payment is counted from record date, which is based on BOD approval date.

On the other hand, upon receipt of the BSP approval for dividend declarations that are subject to prior BSP verification, the Compliance Office shall forward the same to AMDSD, Corporate Secretariat **Division**, Trust and Investment Group, and Treasury Group.

9.3 TSTOD shall send an electronic advice thru the **Philippine Depository and Trust Corp. (PDTCC) Notes Q** to all brokers and custodian banks with shareholdings held under



Philippine Central Depository (PCD) Nominee Corporation account requesting for the certification of withholding tax to be applied on the dividend.

- 9.4** Immediately after record date of dividend but prior to payment date of dividend, TSTOD shall send a memo to AMSS, requesting to fund the Trust account for the payment of dividends and the amount of tax to be withheld and remitted to the Bureau of Internal Revenue (BIR) based on existing revenue regulations on dividend payment.

Note: TSTOD shall inform Treasury - Liquidity Management *Division* of the total cash dividend to be funded as well as the date of check payments.

- 9.5** Upon receipt of the memo to fund the dividend payment, AMSS shall pass the entries stated in item no.10.2.1. **At least two (2) banking days before booking**, AMSS shall also notify, through e-mail, the Liquidity Management *Division* under Treasury Group and **FAMD** (for preferred shares amount) for earmarking and reporting of the dividend payment, respectively.

Note: AMSS shall notify **FAMD** regarding all cases of dividend payment whether in common and preferred shares, etc.

- 9.6** For funding of dividend payment, AMSS shall send a trade ticket, together with a credit advice, to Makati Support Center Department 1. AMSS shall also send a trade ticket to TSTOD for the booking of withholding tax on dividend payment.

- 9.7** Upon receipt of the trade ticket and credit advice from AMSS, the Makati Support Center Department 1 shall credit the RCBC Trust Account in accordance with the details/instructions stated in the trade ticket and credit advice. In crediting the RCBC Cash Dividend Account, the Makati Support Center Department 1 shall also observe the Bank's existing policies and procedures in handling Current Account/Savings Account (CASA) posting transactions.

- 9.8** After verifying that the funding has been made, TSTOD shall prepare the dividend checks and facilitate the issuance of demand draft (DD) in coordination with RCBC Main Business Center or other acceptable settlement instructions for peso and US dollar dividend payment, respectively. TSTOD shall be responsible for the issuance of the Certificate of Final Tax Withheld at Source (please see Exhibit III for the BIR Form 2306) on dividend payments upon request of the stockholder.

Note: The BIR Form 2306 should be furnished to the stockholders not later than January 31 of the succeeding year. Hence, even if there is no request, TSTOD should ensure that stockholders should have received their BIR Form 2306 not later than January 31 of the following year.

Cost of issuance of DD **in USD currency for RCBC Preferred Series and customized dividend check in PHP currency for RCBC common and preferred shares**, as identified by RCBC Main Business Center, is minimal. Therefore, it is chargeable to Corporate Overhead based on Finacle system-generated rate multiplied by the number of issued DD **in USD currency and customized dividend check in PHP currency.**"

- 9.9** On the 5th calendar day after the reference month (if the 5th calendar day falls on a holiday, transaction shall be done **on** the next banking day), TSTOD shall send a trade ticket, together with the summary/alphabetical list of final withholding taxes on dividend payment



(please see Annex **E**), to Taxes and Remittances Section (TRS) of Tax Planning and Compliance Department (TPCD) for the transfer of booking of final withholding tax on dividend payment. The alphalist must contain complete and accurate information which include the name of the dividend recipient, taxpayer identification number (TIN), amount of dividend payment, final withholding tax rate and final taxes withheld, among others. The hardcopy, duly signed by the preparer and reviewer, and the softcopy shall both be forwarded to TRS.

Note: For reference purposes, please see Exhibit IV for the Schedule of Final Withholding Taxes (FWT) with their corresponding rates and alphanumeric tax code (ATC).

9.10 On the 15th calendar day after the reference month (if the 15th calendar day falls on a holiday, transaction shall be done **on** the next banking day), the TRS shall remit the final tax withheld on dividend payments to the BIR via Philippine Payments and Settlements System (PhilPaSS) of the BSP.

10. Accounting Entries

10.1 To record the declaration and payment of dividends:

10.1.1 Upon BOD approval or upon receipt of BSP approval, if the Bank does not meet the pre-qualification criteria, AMSS shall pass the following entries:

Dr.	310000001	Retained Earnings Free (RC 096)
Cr.	262200001	Dividends Payable (RC 096)

10.1.2 For funding of the dividend payment, the following entries shall be passed by:

a. AMSS

Dr.	262200001	Dividends Payable (RC 096)
Cr.	181200002	Inter-System – Makati Support Center Dept. 1 (RC 093)*
Cr.	181200002	Inter-system - TSTOD (RC 072)**

*Net of final withholding tax

**For the final withholding tax

b. Makati Support Center Department 1

Dr.	181200002	Inter-System – AMSS (RC 093)
Cr.		RCBC Cash Dividend Account

Note: USD currency for RCBC Preferred Series and customized dividend check in PHP currency for RCBC common and preferred shares.

10.1.3 To record cost of demand draft issued by RCBC Main BC as forwarded to AMSS:

Dr.	540500015	Miscellaneous Expense (Corp. Overhead – RC 096)
Cr.	181200002	Inter-system – MBC/AMSS (RC 411)

10.2 To record the declaration and payment of dividends on Hybrid Perpetual Securities:

10.2.1 Upon BOD approval, AMSS shall pass the following entries:

Dr.	310000001	Retained Earnings Free (RC 096)
Cr.	262200001	Dividends Payable (RC 096)

10.2.2 Upon payment, responding to the Inter-system of Treasury Operations

Dr.	262200001	Dividends Payable (RC 096)
Cr.	181200002	Inter-system - Treasury Operations (RC 073)

10.2.3 Payment remittance

Dr.	181200002	Inter-system - Treasury Operations (RC 073)
Cr.	110100025	Nostro (009)

10.3 To record booking and remittance of the final withholding tax on dividend payments:

10.3.1 Upon receipt of the trade ticket from AMSS per item 10.1.2 (a) above, TSTOD shall pass the following entries to book final withholding tax on dividend payment:

Dr.	181200002	Inter-system – AMSS (RC 072)
Cr.	261500012	Withholding Tax Payable - Income Payment (RC 072)

10.3.2 Upon sending of the trade ticket to TRS, TSTOD shall *initiate the inter-system to TRS*:

Dr.	261500012	Withholding Tax Payable - Income Payment (RC 072)
Cr.	190000003	Inter-Department – TRS (RC 072)

10.3.3 Upon receipt of the trade ticket from *TSTOD*, TRS shall pass the following entries:

Dr.	190000003	Inter-Department – TSTOD (RC 072)
Cr.	261500012	Withholding Tax Payable - Income Payment (RC 072)

10.3.4 Upon remittance of final withholding tax to the BIR, TRS shall pass the following entries:

Dr.	261500012	Withholding Tax Payable - Income Payment (RC 727)
Cr.	100200001	Due from BSP - Clearing (via BSP PhilPaSS) (RC 727)

11. Dividend Policy for Subsidiaries

11.1 Depending on the performance of each subsidiary, its Board and Senior Management shall consider payment of dividends. The subsidiaries may pay dividends from the balance of cash flows taking into account the following:

- 11.1.1 the capital expenditure requirements of the subsidiary company; and
- 11.1.2 compliance with requirements on dividend declaration.
- 11.2 All subsidiaries must comply with applicable regulations and requirements as set by the BSP and/or SEC. Subsidiaries must consider its respective level of capital, risk exposure, growth rates, and earnings retention in determining dividend payments to the Parent Bank.
- 11.3 Dividend declaration should not preclude a subsidiary from making dividend payment thru installments if cash balance does not permit one-time payment at declaration date.
- 11.4 Financial subsidiaries, under permissible circumstance, shall consider payment of dividends to the Parent Bank annually, in order to support the Bank's capital base and liquidity position.
- 11.5 Declaration of dividends is subject to the approval of the Board of Directors and Senior Management of each subsidiary company and paid out of its unrestricted retained earnings.

IV. SANCTIONS

1. External Sanctions

- 1.1 In accordance with the existing Supervisory Enforcement Policy of the BSP, it may deploy enforcement actions to promote adherence to the provisions governing dividend declaration and implement timely corrective actions. The BSP may issue directives to suspend/refrain/restrict from performing a particular activity, or impose sanctions to regulate the level of or suspend any business activity that has adverse effect on the Bank's safety and soundness, among others. Sanctions may likewise be imposed on the Bank and/or its Directors, Officers and/or employees.
- 1.2 The imposition of sanctions shall be without prejudice to the imposition of administrative sanctions under Section 37 of the New Central Bank Act (Republic Act No. 7653), hereto attached as Annex F, including declaring as unsafe or unsound the inappropriate dividend declarations and/or to the filing of appropriate criminal charges against the responsible persons as provided under Section 35 of the said RA for the willful making of a false or misleading statement.
- 1.3 Furthermore, if the Bank is subsequently found to have violated the provisions on dividend declaration or has falsely certified or submitted misleading statements, the Bank shall be reverted to the prior BSP verification wherein the Bank can only make an announcement or communication on the declaration or payment of dividends upon receipt of BSP advice thereof.
- 1.4 ***The BSP shall impose a penalty of ₱3,000.00 for each occurrence (in case of erroneous report) or for each day (in case of delayed or unsubmitted report) which will accumulate until such time the report has been determined compliant with the prescribed reporting standards.***

2. Internal Sanctions

2.1 Each instance of non-compliance with this circular shall be considered as a minor offense. As defined in Policy No. VIII of the Human Resources (HR) Policies and Processes Manual entitled Employee’s Code of Conduct; a minor offense is a policy violation that does not manifest insubordination, dishonesty, ill motives or loss of integrity. Note, however, that a minor offense may become serious or grave if committed habitually or if actual monetary loss eventually results therefrom.

2.2 If the failure to comply with this circular resulted in monetary losses for the Bank, the erring employee shall be asked to restitute the amount lost. Furthermore, in accordance with Policy No. VIII of the HR Policies and Processes Manual, the failure to properly and reasonably secure bank funds and property through the non-observance or non-implementation of bank policies and procedures, shall be considered a minor offense if due to negligence and the act results in an actual or potential loss of below P50,000.00; a serious offense if the negligence results in an actual or potential loss of P50,000.00 to below P100,000.00; and a grave offense if due to willful disobedience, gross and/or habitual negligence.

2.2.1 Negligence is gross if the oversight/mistake results in an actual or potential loss of at least P100,000.00.

2.2.2 Negligence is habitual if the oversight/mistake occurs repeatedly, regardless of whether or not the acts result in actual losses, and the neglect already exposed the Bank to reputational/operational risks and/or risk of monetary loss.

2.3 For everyone’s guidance, below is the gradation of penalties for each type of offenses as stated under Policy No. VIII of the HR Policies and Processes Manual:

TYPE OF OFFENSES	1st CITATION	2nd CITATION	3rd CITATION	4th CITATION
Minor Offense	Reprimand	Warning	Suspension	Termination
Serious Offense	Suspension	Termination		
Grave Offense	Termination			

2.4 Violation of any internal Bank policy which results in an actual or potential loss to the Bank of at least One Million Pesos (P1,000,000.00) shall be subject to the administrative cases procedure under the powers and authorities of the Personnel Evaluation Review Committee (PERC).

FSVP FLORENTINO M. MADONZA

RIZAL COMMERCIAL BANKING CORPORATION
CORPORATE GOVERNANCE & NOMINATIONS COMMITTEE (Committee)
MINUTES OF THE MEETING
14 May 2025, 9:00AM
RCBC Plaza, 6819 Ayala Avenue, Makati City

Members:¹

Dir. Juan B. Santos (JBS)	Chairman
Dir. Gabriel S. Claudio (GSC)	Member
Dir. Erika Fille T. Legara (ETL)	Member
Dir. Masayuki Kawakami (MK)	Advisor

Apologies:

Dir. Shih Chiao (Joe) Lin (JL)	Advisor
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Others Present:

Ms. Sheila Ricca G. Dioso (SGD)	Chief Compliance Officer/Head, Compliance Group
Atty. Joyce Corine O. Lacson (JOL)	Assistant Corporate Secretary / Head, Corporate Secretariat Office
Atty. Harold S. Talledo (HST)	Head, Compliance Operations Division, Compliance Group
Mr. Geril Mark V. Gabriel (GVG)	Head, Wholesale Banking Compliance, Compliance Group
Atty. Mikhail G. Romulo (MGR)	Head, Compliance Oversight Division, Compliance Group
Ms. Catherine C. Bruce (CCB)	Compliance Oversight Officer, Compliance Group
Ms. Hannah Abigail R. De Guzman (HRD)	Compliance Oversight Officer, Compliance Group

I. CALL TO ORDER

Dir. Juan B. Santos (JBS) presided over the meeting, called the meeting to order, and declared the agenda open for deliberation at 9:02A.M.

II. CERTIFICATION OF QUORUM

Atty. Mikhail G. Romulo (MGR) acted as secretary of the meeting and certified the existence of a quorum to transact business. He also certified that the notice and agenda of the meeting were furnished to the members of the Committee including relevant supporting papers.

III. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING OF THE COMMITTEE

JBS presented the minutes of the meeting of the Committee on 14 April 2025 for approval. Upon motion duly made and seconded, the Committee approved the said minutes.

¹ Meeting conducted via Zoom video conference in compliance with the Memo dated 13 March 2020 issued by the Office of the Chairperson regarding the holding of Board and Committee meetings during the Community Quarantine.

IV. MATTERS ARISING FROM PREVIOUS MEETING

V. MATTERS FOR REVIEW AND ENDORSEMENT TO THE BOARD

1. -

2. Results of the 2024 Board Performance Evaluation

MGR presented the results of the 2024 Board Performance Evaluation. He explained that the Bank engages an external third-party facilitator to conduct the Board self assessment every three (3) years with last year’s evaluation conducted by Korn Ferry. For 2024, the assessment was facilitated internally by the Compliance Group. He then shared that the Compliance Group circulated the structured questionnaire based on the questionnaire created by Korn Ferry with minor adjustments reinstating some sections from ICD’s questionnaire, the Bank’s external facilitator for 2020’s assessment. MGR then proceeded to present the rating scale used and the results of the Board performance evaluation for the year 2023 and 2024, as shown below:

RATING SCALE		
Rating	Percentage	Description
4.5 – 5.0	90% - 100%	Exemplary
4.0 - 4.4	80% - 89%	Exceeds Expectation
3.5 - 3.9	70% - 79%	Meets Expectation
3.0 - 3.4	60% - 69%	Partially Meets Expectation
1.0 - 2.9	20% - 59%	Needs Improvement

MGR shared to the Committee that the Director’s self-assessment was not part of the Korn Ferry questionnaire but was included since it is one of the requests made by the BSP in the previous examination. He also added that the assessment on RCBC’s key officers was also not part of the assessment made by Korn Ferry but for 2024 it was included with the majority of the officers having received an “Exceeds Expectation” rating.

JBS asked the covering period for the key officers’ assessment. MGR replied that the assessment is for the year 2024.

Aside from the summary rating, MGR presented the areas for improvement and the areas needing greater focus.

Dir. Erika Fille T. Legara (ETL) commented that a distinction between “Exemplary” and “Exceeds Expectation” might provide useful context on the meaning of each rating.

Dir. Masayuki Kawakami (MK) inquired about the decline in rating for 2024 against the rating in 2023 from “Exemplary” to “Exceeds Expectation” and what were the deviations.

SGD replied that one of the notable reasons was that in 2023, all 15 directors were able to perform the self-assessment as compared to only 14 out of 15 directors in 2024 which would affect the general average. The change in numerical value of the rating is also minimal but crossed categories.

After further discussion, the Committee suggested that the matter be presented to the next Committee meeting in June once the results of the Board performance evaluation has been discussed with the Management.

VI. MATTERS FOR DISCUSSION

There was none.

VII. OTHER MATTERS

There was none.

VIII. ADJOURNMENT

There being no other matters to be taken up, JBS declared the meeting adjourned at 10:00A.M.

Minutes Taken By:

HANNAH ABIGAIL R. DE GUZMAN
Compliance Oversight Officer

Reviewed by:

SHEILA G. DIOSO
Chief Compliance Officer

ATTY. MIKHAIL G. ROMULO
Head, Compliance Oversight Division

Minutes read and approved:
CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE
14 May 2025

JUAN B. SANTOS
Chairman

GABRIEL S. CLAUDIO
Member

ERIKA FILLE T. LEGARA
Member



CERTIFICATION

We, Eugene S. Acevedo, Kristine I. Aguirre and Shiela Ricca G. Dioso, the incumbent President and Chief Executive Officer (CEO), the Chief Audit Executive (CAE) and the Chief Compliance Officer (CCO), respectively, of Rizal Commercial Banking Corporation, do hereby certify that for the year ended 2024, the internal audit, internal control and compliance systems of the Bank generally conform with the standards, rules and policies, and are continuously being improved pursuant to noted Bangko Sentral ng Pilipinas observations in order for the aforesaid systems to work more effectively.

Issued this May 14, 2025, at Makati City, Philippines.

RIZAL COMMERCIAL BANKING CORPORATION

By:

[Redacted signature]
Eugene S. Acevedo
President & CEO

[Redacted signature]
Kristine I. Aguirre
Chief Audit Executive
Group Head, Internal Audit Group

[Redacted signature]
Sheila Ricca G. Dioso
Chief Compliance Officer
Group Head, Regulatory Affairs Group

SUBSCRIBED AND SWORN TO BEFORE ME, a duly authorized notary public for and in the above-named jurisdiction, on this 14 day of May, 2025, affiants exhibiting to me the following competent evidence of identity.

Table with 3 columns: Name, Competent Evidence of Identity, Valid Until. Rows for Eugene S. Acevedo, Sheila Ricca G. Dioso, and Kristine I. Aguirre.

Doc No. 510
Page No. 184
Book No. 310
Series of 2025

ATTY. CATALINO VICENTE L. ARABIT
Notary Public for Makati City
Appointment No. 127 (2025-2026)
PTR No. 10485653; 01/02/25; Makati City
IBP No. 492612; 01/02/25; Makati City
ROLL NO. 40145
MCLE Compliance No. VIII-0007518-15 Mar. 2024
21st Floor Yuchangco Tower 2, RCBC Plaza
6819 Ayala Avenue, Makati City