November 13, 2023

Director Vicente Graciano F. Felizmenio, Jr.
Head, Markets and Securities Regulation Department (MSRD)
G/F Secretariat Building
Securities and Exchange Commission
PICC Complex, Roxas Boulevard
Pasay City, 1307

Dear **Director Felizmenio**,

We submit herewith the September 30, 2023 SEC 17-Q report of Rizal Commercial Banking Corporation.

Thank you.

Very truly yours,

Florentino M. Madonza
FSVP, Head-Controllership Group

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

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

COVER SHEET

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S.E.C. Registration Number

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

(Company's Full Name)

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

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

Contact Person	Company Telephone Number
MARIETA O. MIRANDA	8 8 9 4 9 9 3 2

Fiscal Year	FORM TYPE	Annual Meeting
0 9 (*Month*) 3 0 (*Day*)	1 7 Q	(*Month*) (*Day*)

Secondary License Type, If Applicable:

Dept. Requiring this Doc.: S E C

Amended Articles Number/Section:

Total No. of Stockholders: 747

Total Amount of Borrowings — Domestic: — Foreign:

To be accomplished by SEC Personnel concerned

File Number ______ LCU ______

Document I.D. ______ Cashier ______

STAMPS

SEC Number 17514
PSE Code ________
File Number ________

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

(Company's Full Name)

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

(Company's Address)

8894-9000

(Telephone Number)

December 31

(Fiscal Year Ending)

SEC FORM 17-Q

Form Type

Amendment Designation (if applicable)

September 30, 2023

For the Quarterly Period Ended

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2023**
2. SEC Identification Number 17514 3. BIR Tax Identification No. 000-599-760-000
4. Exact name of registrant as specified in its charter:

   RIZAL COMMERCIAL BANKING CORPORATION
5. Philippines
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:
7. RCBC Plaza, Yuchengco Tower #6819 Ayala Ave. cor. Sen. Puyat Avenue, Makati City 1200
   Address of principal office Postal Code
8. (632) 8894-9000
   Registrant's telephone number, including area code
9. Not applicable
   Former name, former address & former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock, P10 par value	2,419,536,120 (September 30, 2023)

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

    Yes (x) No ( )

12. Check whether the registrant:

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

    Yes (x) No ( )

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

    Yes (x) No ( )

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Notes		9/30/2023 (Unaudited)		12/31/2022 (Audited)
RESOURCES					
Cash and Other Cash Items		**P**	**13,038**	P	18,078
Due from Bangko Sentral Ng Pilipinas			**151,650**		156,664
Due from Other Banks			**11,330**		5,836
Loans Under Reverse Repurchase Agreement			**20,721**		8,724
Trading and Investment Securities - Net	3		**346,500**		374,365
Loans and Receivables - Net	4		**621,249**		558,869
Investments in Associates - Net			**507**		379
Bank Premises, Furniture, Fixtures & Equipment- Net			**9,232**		11,264
Investment Properties - Net			**1,849**		2,616
Deferred Tax Assets			**5,943**		3,740
Other Resources - Net	5		**18,245**		13,573
TOTAL RESOURCES		**P**	**1,200,264**	P	1,154,108
LIABILITIES AND CAPITAL FUNDS					
Deposit Liabilities	6	**P**	**901,834**	P	857,244
Bills Payable	7		**64,382**		66,660
Bonds Payable	8		**49,032**		74,411
Accrued Taxes, Interest and Other Expenses			**10,563**		8,428
Other Liabilities	9		**27,788**		31,004
Total Liabilities			**1,053,599**		1,037,747
CAPITAL FUNDS					
Attributable to Parent Company Shareholders:					
Preferred Stock	10	**P**	**3**	P	3
Common Stock	10		**24,195**		22,509
Hybrid Perpetual Securities	10		**14,463**		14,463
Capital Paid in Excess of Par	10		**58,228**		42,493
Treasury Shares	10		**-**	(	9,287)
Other Comprehensive Income:					
Net Unrealized Gains Losses on Financial Assets At Fair Value Through Other Comprehensive Income		**(**	**5,721)**	(	4,865)
Cumulative Translation Adjustment			**54**		54
Retirement plan		**(**	**2,799)**	(	1,581)
Reserve for Trust Business			**548**		532
Other Reserves		**(**	**86)**	(	86)
Retained Earnings Appropriated for General Provision			**4,527**		3,824
Retained Earnings			**53,246**		48,294
			146,658		116,353
Non-controlling Interest			**7**		8
Total Capital Funds			**146,665**		116,361
TOTAL LIABILITIES AND CAPITAL FUNDS		**P**	**1,200,264**	P	1,154,108

See Notes to Interim Condensed Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF INCOME
(Amounts in Millions of Philippine Pesos, Except Per Share Data)

	Note	1/1/2023 to 9/30/2023 (Unaudited)	1/1/2022 to 9/30/2022 (Unaudited)	7/1/2023 to 9/30/2023 (Unaudited)	7/1/2022 to 9/30/2022 (Unaudited)
INTEREST INCOME ON					
Loans and receivables		**P 35,674**	P 25,161	**P 12,914**	P 8,903
Investment securities		**9,710**	6,721	**3,358**	2,501
Others		**2,627**	605	**1,026**	334
		48,011	32,487	**17,298**	11,738
INTEREST EXPENSE ON					
Deposit liabilities		**20,242**	5,220	**7,174**	2,708
Bills payable and other borrowings		**3,523**	3,312	**1,229**	1,061
		23,765	8,532	**8,403**	3,769
NET INTEREST INCOME		**24,246**	23,955	**8,895**	7,969
IMPAIRMENT LOSSES - Net		**4,957**	3,614	**1,502**	1,745
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		**19,289**	20,341	**7,393**	6,224
OTHER OPERATING INCOME					
Service fees and commissions		**4,750**	4,032	**1,796**	1,329
Foreign exchange gains - net		**781**	322	**464**	227
Trust fees		**306**	303	**89**	98
Trading and securities gains (losses) - net		**128**	(92)	**(4)**	(83)
Miscellaneous	11	**5,741**	6,075	**1,256**	3,824
		11,706	10,640	**3,601**	5,395
OTHER OPERATING EXPENSES					
Employee benefits		**5,355**	4,949	**1,890**	1,710
Taxes and licenses		**4,676**	3,496	**1,578**	1,403
Depreciation and amortization		**2,544**	2,253	**840**	755
Occupancy and equipment-related		**2,454**	2,270	**838**	806
Miscellaneous	11	**6,864**	6,043	**2,428**	2,105
		21,893	19,011	**7,574**	6,779
PROFIT BEFORE TAX		**9,102**	11,970	**3,420**	4,840
TAX EXPENSE		**71**	1,912	**609**	917
NET PROFIT		**9,031**	10,058	**2,811**	3,923
Net Loss Attributable to Non-Controlling Interest		**(1)**	-	**-**	-
Net Profit Attributable to Parent Company Shareholders		**P 9,032**	10,058	**P 2,811**	P 3,923
Earnings Per Share (Annualized)					
Basic		**P 5.24**	5.36		
Diluted		**P 5.24**	5.36		

See Notes to Interim Condensed Financial Statements.

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

	1/1/2023 to 9/30/2023 (Unaudited)	1/1/2022 to 9/30/2022 (Unaudited)
NET PROFIT FOR THE PERIOD	**P 9,031**	P 10,058
OTHER COMPREHENSIVE INCOME (LOSSES) DURING THE PERIOD:		
Fair value losses on Financial assets at Other Comprehensive Income	**(856)**	(3,492)
Retirement plan	**(1,218)**	347
Other Comprehensive Loss for the period	**(2,074)**	(3,145)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**6,957**	6,913
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTEREST	**-**	(10)
COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	**P 6,957**	P 6,923

See Notes to Interim Condensed Financial Statements.

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

	1/1/2023 to 9/30/2023 (Unaudited)	1/1/2022 to 9/30/2022 (Unaudited)
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		
PREFERRED STOCK		
Balance at beginning and end of period	3	3
COMMON STOCK		
Balance, beginning	22,509	22,509
Issuance of common stock	1,686	-
Balance,end	24,195	22,509
HYBRID PERPETUAL SECURITIES		
Balance at beginning and end of period	14,463	14,463
CAPITAL PAID IN EXCESS OF PAR		
Balance, beginning	42,493	42,505
Issuance costs	-	(5)
Excess of consideration given over cost of common shares issued	15,735	-
Balance,end	58,228	42,500
TEASURY SHARES, At Cost		
Balance, beginning	(9,287)	(9,287)
Re-issuance during the period	9,287	-
Balance,end	-	(9,287)
NET UNREALIZED LOSSES ON FINANCIAL ASSETS OTHER COMPREHENSIVE INCOME		
Balance, beginning	(4,865)	391
Fair value losses during the period	(856)	(3,492)
Balance, end	(5,721)	(3,101)
CUMULATIVE TRANSLATION ADJUSTMENTS		
Balance at beginning and end of period	54	54
OTHER COMPREHENSIVE INCOME - RETIREMENT PLAN		
Balance, beginning	(1,581)	(2,367)
Remeasurement of the defined benefits during the period	(1,218)	347
Balance, end	(2,799)	(2,020)
RESERVE FOR TRUST BUSINESS		
Balance, beginning	532	508
Transfer from retained earnings - free	16	20
Balance, end	548	528
OTHER RESERVES		
Balance, beginning	(86)	(97)
Transfer to retained earnings - free	-	21
Balance, end	(86)	(76)
RETAINED EARNINGS APPROPRIATED FOR GENERAL PROVISION		
Balance, beginning	3,824	3,617
Transfer from retained earnings - free	703	395
Balance, end	4,527	4,012
RETAINED EARNINGS		
Balance, beginning	48,294	38,764
Net profit	9,032	10,058
Cash dividends on common shares	(2,200)	(1,259)
Dividends on Hybrid Capital Securities	(1,068)	(1,037)
Transfer of fair value reserves on FVOCI	(27)	(14)
Disposal of/Net effect of change in percentage ownership over a subsidiary	(66)	-
Transfer to retained earnings appropriated for general provision	(703)	(395)
Transfer from other reserves	-	(21)
Transfer to reserves for trust business	(16)	(20)
Balance, end	53,246	46,076
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	146,658	115,661
NON CONTROLLING INTEREST		
Balance, beginning	8	18
Fair value losses on FVOCI	-	(10)
Net Loss for the year	(1)	-
Balance, end	7	8
TOTAL CAPITAL FUNDS	146,665	P 115,669

See Notes to Interim Condensed Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(Amounts in Millions of Philippine Pesos)

	1/1/2023 to 9/30/2023 (Unaudited)	1/1/2022 to 9/30/2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profits before tax	P 9,102	P 11,970
Adjustments for:		
Interest income	(48,011)	(32,487)
Interest expense	23,765	8,532
Impairment losses	4,957	3,614
Gain from assets sold	(3,861)	(3,802)
Depreciation and amortization	2,544	2,249
Dividend income	(285)	(283)
Gain on disposal of subsidiaries	(243)	-
Share in net earnings of associates	(91)	(17)
Operating income before working capital changes	(12,123)	(10,224)
Increase in financial assets at fair value through profit and loss	(2,286)	(4,430)
Increase in loans and receivables	(67,851)	(34,278)
Decrease in investment property	767	1,304
Decrease (Increase) in other resources	(1,969)	2,197
Increase in deposit liabilities	44,590	128,781
Increase in accrued taxes, interest and other expenses	1,145	860
Increase (Decrease) in other liabilities	(5,810)	12,602
Cash generated from (used in) operations	(43,537)	96,812
Interest received	47,407	31,874
Interest paid	(22,839)	(8,267)
Cash paid for taxes	(2,183)	(1,452)
Net Cash From (Used In) Operating Activities	(21,152)	118,967
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in Financial Assets at FVOCI	9,702	(15,589)
Decrease (increase) in Investment securities at amortized cost	19,620	(89,016)
Disposals of bank premises, furniture, fixtures and equipment -net	1,692	54
Cash dividends received	285	283
Acquisitions of intangibles	(315)	(263)
Net Cash From (Used in) Investing Activities	30,984	(104,531)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments of bills payable	(2,278)	(28,372)
Dividends paid	(3,268)	(2,296)
Redemption of bonds payable	(25,379)	(3,165)
Net proceeds (issuance costs) from issuance of common stock	26,708	(5)
Net Cash Used in Financing Activities	(4,217)	(33,838)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,615	(19,402)
CASH AND CASH EQUIVALENTS, BEGINNING		
Cash and other cash items	18,078	14,691
Due from Bangko Sentral ng Pilipinas	156,664	130,170
Due from other banks	5,836	12,162
Interbank Loans and Loans and Receivables under reverse repurchase agreement	27,745	42,254
	208,323	199,277
CASH AND CASH EQUIVALENTS, END		
Cash and other cash items	13,038	12,679
Due from Bangko Sentral ng Pilipinas	151,650	108,093
Due from other banks	11,330	6,407
Interbank Loans and Loans and Receivables under reverse repurchase agreement	37,920	52,696
	P 213,938	P 179,875

Supplemental Information on Non-cash Operating and Investing Activities

In March 2023, the Bank transferred and leased back certain real estate properties with total net book value of P1,796 to another entity in exchange for 100% ownership in the latter which were subsequently transferred to the retirement fund to fund its plan assets. The total value of shares received amounted to P6,268 resulting in a gain of P3,106, presented as part of Gain on Assets Sold under Miscellaneous Income.

See Notes to Interim Condensed Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND DECEMBER 31, 2022
(Amounts in Millions of Philippine Pesos, Except Otherwise Indicated)

1. CORPORATE MATTERS

1.1 Incorporation and Operations

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

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

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

RCBC is a 33.92%-owned subsidiary of Pan Malayan Management and Investment Corporation (PMMIC or Ultimate Parent), a company incorporated and domiciled in the Philippines. PMMIC is the holding company of the flagship institutions of the Yuchengco Group of Companies (YGC), with registered business address at 48th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue cor. Sen. Gil Puyat Avenue, Makati City. As of September 30, 2023, Cathay Life Insurance Corporation (Cathay) also owns 18.68% interest in RCBC.

The condensed consolidated interim financial statements of the Group as of and for the nine months ended September 30, 2023 (including the comparatives for the nine months ended September 30, 2022) and the year ended December 31, 2022 were presented to and reviewed by the Bank's Audit and Compliance Committee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

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

(c) Functional and Presentation Currency

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

2.2 Basis of Consolidation and Accounting for Investments in Subsidiaries and Associates in the Separate Financial Statements

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

2.3 Financial Assets

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

(a) Classification, Measurement and Reclassification of Financial Assets

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

(i) Financial Assets at Amortized Cost

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

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

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

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

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

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

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

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

Debt Instruments at FVOCI

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

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

FVOCI debt securities are initially measured at fair value plus transaction costs. They are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in Other Comprehensive Income (OCI). Interest Income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost.

On derecognition, cumulative gains or losses previously recognized in OCI are reclassified to profit or loss.

Equity Instruments at FVOCI

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

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

(b) *Impairment of Financial Assets*

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

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

The Group ECL model follows a three-stage impairment approach in determining the loss allowance to be recognized in the financial statements:

(i) Stage 1 – comprises of all credit exposures that are considered 'performing' and with no observed significant increase in credit risk (SICR) since initial recognition. These include those financial instruments with low credit risk. For these financial instruments, the loss allowance is determined based on a 12-month ECL.

(ii) Stage 2 – comprises of all financial instruments assessed to have SICR since initial recognition based on the Group's quantitative and qualitative criteria, though not yet deemed to be credit-impaired. Using the Group's ICRRS, Stage 2 includes credit exposures that are considered 'under-performing' in which risk ratings were downgraded by at least three notches and/or downgraded to CCC+ to Especially Mentioned. Stage 2 financial instruments may also include those facilities where the credit risk has improved and have been reclassified from Stage 3 subject to the Group's observation period on the creditworthiness of the counterparty. A lifetime ECL is recognized for these financial instruments.

(iii) Stage 3 – comprises credit exposures which are assessed as 'credit-impaired', thus considered by the Group as 'non-performing', which is assessed consistently with the Group's definition of default. Generally, this includes accounts classified as Substandard, Doubtful and Loss. The Group recognizes a lifetime ECL for all credit-impaired financial assets.

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

Probability of Default – is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

Loss Given Default – is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Bank would expect to receive, including the realization of any collateral.

Exposure At Default – represents the gross carrying amount of the financial instruments subject to the impairment calculation.

b.1 Impact of COVID-19 on Measurement of ECL

In response to the COVID-19 situation and the Group's expectations of economic impacts, the key conditions and assumptions utilized in the Group's calculation of ECL have been revisited and recalibrated. The Bank considers economic scenarios and forward-looking macroeconomic assumptions underpinning the ECL calculation. The expected impacts of COVID-19 have been reasonably captured using the Group's business-as-usual (BAU) ECL methodology.

In 2022, the Bank revised its BAU ECL methodology to incorporate impacts of COVID-19 under its new normal assessments eliminating the need for separate post model adjustments. Notwithstanding that the measurement inputs and assumptions, including forward-looking macroeconomic assumptions were recalibrated in response to the COVID-19 situation, the fundamental ECL mechanics and methodology underpinning the Group's measurement of ECL have remained consistent with the prior periods.

In identifying the impact of COVID-19 pandemic to the Group's customers, the Group re-segmented its loan portfolio based on the perceived and expected COVID-19 impact to the customers' businesses and industries which also considers additional qualitative characteristics that would elevate COVID-19 changes to SICR such as differentiation of temporary liquidity need from permanently impacted or SICR.

Supporting the re-segmentation is the COVID-19 Assistance and Recovery Enhancement (CARE) Program, primarily designed to: (1) extend financial assistance to customers by way of extended repayment plans given cash flow tightness and (2) immediately get the customer back into the habit of paying based on amounts they can afford. In accordance with regulatory guidance, the Group also implemented mandatory payment holidays to all eligible loans.

The following are the considerations in measuring ECL under the COVID-19 situation:

(a) SICR

The offer or uptake of COVID-19 related repayment deferrals, whether coming from government reliefs or from the Group's CARE Program, does not itself constitute an SICR event unless the exposure is considered to have experienced an SICR based on other available information. SICR has been reassessed with reference to the Group's CARE Program credit risk rating which considers industry or segment assessment under the COVID-19 situation, financial performance indicators, historical credit information of the borrower and other modifiers. The Group's reassessment is to determine if changes in the customers' circumstances were sufficient to constitute SICR.

(b) Derecognition of Financial Assets

A financial asset (or where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(c) Modification of Loans

When the Group derecognizes a financial asset through renegotiation or modification of the contractual payment terms of the loans due to significant credit distress of the borrower, the Group assesses whether or not the new terms are substantially different to the original terms of the instrument.

In making such assessment, the Group considers, among others:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced that will affect the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; and/or,
- Insertion of collateral, other security or credit enhancements that will significantly affect the credit risk associated with the loan.

2.4 Financial Liabilities

Financial liabilities which include deposit liabilities, bills payable, bonds payable, accrued interest and other expenses, and other liabilities (except tax-related payables, post-employment defined benefit obligation and deferred income) are recognized when the Group becomes a party to the contractual terms of the instrument.

Financial liabilities are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, for those with maturities beyond one year, less settlement payments. All interest-related charges incurred on financial liabilities are recognized as an expense in the statement of profit or loss under the caption Interest Expense.

2.5 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events (e.g., legal dispute or onerous contracts).

2.6 Revenue and Expense Recognition

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Group; and the costs incurred or to be incurred can be measured reliably.

2.7 Impairment of Non-financial Assets

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows [cash-generating units (CGU)]. As a result, some assets are tested for impairment either individually or at the CGU level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each CGU and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each CGU and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets, except for intangible assets with indefinite useful life and goodwill, are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or CGU's recoverable amount exceeds its carrying amount.

2.8 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, tax authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the statement of profit or loss.

Deferred tax is provided using the liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be utilized. Deferred tax assets are reassessed at the end of each reporting period. Previously unrecognized deferred tax assets are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

2.9 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the funded retirement plan of each of the entities under the Group.

2.10 Events After the End of the Reporting Period

Any event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-reporting events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. TRADING AND INVESTMENT SECURITIES

This account is composed of the following:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Financial assets at FVPL	P 9,323	P 7,037
Financial assets at FVOCI	104,415	114,946
Investment securities at amortized cost - net	232,762	252,382
	P 346,500	P 374,365

3.1 Financial Assets at FVPL

This account is composed of the following:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Government securities	P 7,140	P 3,883
Derivative financial assets	1,375	2,267
Equity securities	779	849
Corporate debt securities	29	38
	P 9,323	P 7,037

3.2 Financial Assets at FVOCI

This account is composed of the following:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Government bonds	P 69,607	P 53,492
Corporate debt securities	31,206	57,822
Unquoted equity securities	2,515	2,112
Quoted equity securities	1,087	1,520
	P 104,415	P 114,946

3.3 Investments at Amortized Cost

This account is composed of the following:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Government securities	P 207,318	P 218,163
Corporate debt securities	25,607	34,382
	232,925	252,545
Allowance for impairment	(163)	(163)
	P 232,762	P 252,382

4. LOANS AND RECEIVABLES

This account consists of the following:

		September 30, 2023 (Unaudited)		December 31, 2022 (Audited)
Receivable from customers:				
Loans and discounts	**P**	**522,709**	P	465,160
Credit card receivables		**65,317**		50,380
Customers' liabilities on acceptances, import bills and trust receipts		**15,776**		22,587
Bills purchased		**2,610**		2,888
Lease contract receivable		**2,960**		3,084
Receivables financed		**95**		149
		609,467		544,248
Unearned discount		**(921)**		(902)
		608,546		543,346
Other receivables:				
Interbank loans receivables		**17,199**		19,021
Accrued interest receivable		**8,432**		7,828
Accounts receivable		**4,374**		4,015
Sales contract receivable		**566**		689
		30,571		31,553
		639,117		574,899
Allowance for impairment		**(17,868)**		(16,030)
	P	**621,249**	P	558,869

5. OTHER RESOURCES

This account consists of the following:

		September 30, 2023 (Unaudited)		December 31, 2022 (Audited)
Assets held-for-sale and disposal group	**P**	**3,682**	P	3,440
Creditable withholding taxes		**4,086**		3,257
Net defined benefit asset		**2,716**		-
Prepaid expenses		**1,712**		1,795
Software – net		**1,335**		1,362
Branch licenses		**1,000**		1,000
Refundable and other deposits		**807**		803
Other assets held in trust		**731**		-
Unused stationery and supplies		**664**		559
Deferred charges		**634**		547
Goodwill		**426**		426
Margin deposits		**256**		240
Returned checks and other cash items		**176**		80
Miscellaneous		**1,048**		1,287
		19,273		14,796
Allowance for impairment		**(1,028)**		(1,223)
	P	**18,245**	P	13,573

6. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Demand	**P 203,201**	P 174,563
Savings	**282,213**	246,242
Time	**412,840**	430,357
Long-term Negotiable Certificate of Deposits (LTNCD)	**3,580**	6,082
	P 901,834	P 857,244

The details of the Parent Company's Long-term Negotiable Certificates of Deposits (LTNCDs) as of September 30, 2023 and December 31, 2022 are as follows:

Issuance Date	Maturity Date	Coupon Interest	Outstanding Balance September 30, 2023 (Unaudited)	Outstanding Balance December 31, 2022 (Audited)
September 28, 2018	March 28, 2024	5.50%	**P 3,580**	P 3,580
August 11, 2017	February 11, 2023	3.75%	**-**	2,502
			P 3,580	P 6,082

The Parent Company's LTNCDs were used in the expansion of its term deposit base to support long-term asset growth and for other general funding purposes.

7. BILLS PAYABLE

This account consists of borrowings from:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Foreign banks	**P 49,031**	P 40,482
Local banks	**15,351**	26,178
	P 64,382	P 66,660

8. BONDS PAYABLE

The composition of this account for the Group and the Parent Company follows:

Issuance Date	Maturity Date	Coupon Interest	Face Value		Outstanding Balance September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
February 21, 2022	May 21, 2024	3.00%	**P**	**14,756**	**P**	**14,756**	P	14,756
March 31, 2021	September 30, 2023	3.20%	**P**	**13,743**		**13,743**		13,743
March 31, 2021	June 30, 2026	4.18%	**P**	**4,130**		**4,130**		4,130
September 11, 2019	September 11, 2024	3.05%	**$**	**293**		**16,403**		16,727
March 15, 2018	March 16, 2023	4.13%	**$**	**450**		**-**		25,055
					P	**49,032**	P	74,411

9. OTHER LIABILITIES

Other liabilities consist of the following:

	September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
Accounts payable	**P**	**8,373**	P	7,756
Lease liabilities		**6,829**		5,500
Derivative financial liabilities		**2,971**		2,116
Manager's checks		**1,765**		1,680
Outstanding acceptances payable		**1,614**		4,587
Bills purchased – contra		**1,485**		2,113
Withholding taxes payable		**908**		714
Deposits on lease contracts		**793**		776
Unearned income		**789**		602
Unclaimed balances		**626**		1,128
Other credits		**378**		432
Sundry credits		**342**		355
Payment orders payable		**162**		241
Expected credit loss provisions on loan commitments		**109**		214
Due to BSP		**65**		66
Guaranty deposits		**6**		66
Post-employment defined benefit obligation		-		1,986
Miscellaneous		**573**		672
	P	**27,788**	P	31,004

10. EQUITY

The movements in the outstanding capital stock are as follows:

	Number of Shares*	
	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Preferred stock – voting, non-cumulative non-redeemable, participating convertible into common stock – P10 par value Authorized – 200,000,000 shares		
Balance at beginning and end of period	**267,410**	267,410
Common stock – P10 par value Authorized – 2,600,000,000 shares		
Balance at beginning of period	**2,037,478,896**	2,037,478,896
Reissuance of treasury shares	**213,437,248**	-
Issuance of new shares	**168,619,976**	-
Balance at the end of the period	**2,419,536,120**	2,037,478,896

**Amounts in absolute number of shares*

10.1 Treasury Shares

In 2019, subsequent to the effective date of the merger, the Parent Company acquired the 315,287,248 common shares issued in exchange of the net assets of RSB equal to the Parent Company's investment in RSB as at December 31, 2018.

On July 23, 2021, the Parent Company sold 101,850,000 shares to Sumitomo Mitsui Banking Corporation (SMBC) at P44.00 per share. This came from the treasury shares resulting from the merger of Parent Company and RSB. The sale of shares held by the Parent Company in treasury is equivalent to 4.999% of the total outstanding Common Stock. The issuance resulted in a recognition of additional Capital Paid in Excess of Par amounting to P50. The Parent Company incurred expenses related to the issuance amounting to P113 which was charged to equity resulting in a P63 net decrease in the Capital Paid in Excess of Par.

On November 2, 2022, the Bank's BOD approved the increase in shareholding of SMBC, an existing shareholder of 4.99% of the total outstanding common stock of the Bank, to 20% through the combined sale of subscription of an aggregate of 382 common stock to SMBC, partly coming from the reissuance of treasury shares and issuance of new common stock, at the price of P71 per share. The additional capital infusion was made on July 31, 2023.

10.2 Hybrid Perpetual Securities

On August 27, 2020, the Parent Company issued US$300 non-cumulative, unsecured, subordinated capital securities which qualify as AT1 capital under Basel III standards. As of September 30, 2023, the hybrid perpetual securities amounted to P14,463, net of issuance costs.

The capital securities are perpetual in respect of which there is no fixed redemption date. The Parent Company may redeem the capital securities only in certain circumstances as described in the conditions of the securities and with prior written consent of BSP. Distributions are non-cumulative and payable semi-annually in arrear at a rate of 6.5%. Certain conditions provide for circumstances under which the Parent Company will not be obliged to pay any distribution on the applicable payment date.

The proceeds of the hybrid perpetual securities are used to support and finance medium-term to long-term asset growth, loans to customers, other general corporate purposes and to maintain sufficient buffers above the minimum capital thresholds required by BSP.

11. MISCELLANEOUS INCOME AND EXPENSES

These accounts consist of the following:

11.1 Miscellaneous Income

	For the Nine months Ended	
	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Gains on assets sold	**P 4,104**	P 3,802
Recoveries from written off assets	**458**	294
Gain on extinguishment of loans	**390**	890
Rentals	**346**	696
Dividend income	**285**	283
Others	**158**	110
	P 5,741	P 6,075

11.2 Miscellaneous Expenses

	For the Nine months Ended	
	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Insurance	**P 1,460**	P 1,205
Credit card related expenses	**1,301**	956
Service processing fees	**755**	538
Litigation/asset acquired expenses	**585**	513
Communication and information	**511**	478
Management and other professional fees	**395**	402
Banking fees	**308**	276
Advertising and publicity	**284**	261
Transportation and travel	**162**	169
Stationery and office supplies	**159**	90
Donations and charitable contributions	**139**	122
Other outside services	**97**	103
Shipment and freight	**37**	26
Representation and entertainment	**35**	41
Others	**636**	863
	P 6,864	P 6,043

12. COMMITMENTS AND CONTINGENCIES

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

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

12.1 Contingent Accounts, Guarantees and Other Commitments

The following is a summary of contingencies and commitments arising from off-statement of financial position items at their equivalent peso contractual amounts as of September 30, 2023 and December 31, 2022:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trust department accounts	**P 153,817**	P 142,479
Outstanding guarantees issued	**188,705**	127,837
Derivative assets	**148,253**	111,212
Derivative liabilities	**92,188**	69,485
Unused commercial letters of credit	**16,087**	17,242
Inward bills for collection	**13,372**	18,451
Spot exchange sold	**11,382**	6,493
Spot exchange bought	**11,361**	6,497
Outward bills for collection	**841**	27
Late deposits/payments received	**793**	642
Others	**64**	64

13. OTHER MATTERS

13.1 Continuing Impact of COVID-19

In December 2019, COVID-19 was reported to have surfaced in China. The World Health Organization has declared the outbreak as a public health emergency of international concern. COVID-19 started to become widespread in the Philippines in early March 2020 causing the government to declare the country in a state of public health emergency followed by implementation of ECQ and social distancing measures and restrictions within the Luzon area with other cities and provinces in the country enacting similar measures thereafter. This resulted in a wide-ranging business suspension – disrupting the supply chains, affecting production and sales across a range of industries, and weakening the stock market.

Since 2021, an increase in volume of transactions is evident to the Group which was mainly due to customer acquisition driven by data science and digital marketing. While economic recovery is expected, the Group will stay focused on keeping efficient operations as it embarks on transformation projects such as: (i) fully automated KYC process and (ii) enhanced credit and control systems. These activities include various business process reengineering exercises such as process reviews and digital enhancements that support efficiency, lower cost of transaction and reduced costs in product delivery.

The Group expects continued improvements in the general business environment and the economy to sustain its upward trend as all health restrictions have been fully lifted in the middle part of 2023.

13.2 Impact of Russia – Ukraine Conflict

The ongoing Russia-Ukraine war since February 24, 2022 led to higher global crude oil and other commodity prices in 2022 which partly bloated the Philippines' imports and trade deficit to record levels. This resulted in elevated inflation worldwide which triggered aggressive Federal rate hikes that supported a strong U.S. dollar earlier in 2022.

This event prompted BSP to implement local policy rate hikes totaling 350 basis points in 2022, 50 bps in February 2023 and another 25 bps this March 2023 to temper the high domestic inflation and be in sync with US Federal hikes to help manage the peso exchange rate.

The increase in BSP policy rates resulted in higher cost of deposits. It has also led to unrealized mark-to-market losses in FVOCI portfolio which fluctuates according to market condition; unless sold, these losses are recorded as part of the other comprehensive income or loss under Statement of comprehensive income.

The Group has implemented strategies to mitigate the increase in cost by issuances of loans with higher rates and growing low-cost deposits.

13. 3 Sale of Niyog Property Holdings, Inc. (NPHI) and Cajel Realty Corporation (CRC) shares to Filinvest Land, Inc. (FLI)

On March 27, 2023, the Bank's Board of Directors approved the proposed sale and transfer to FLI of its shares in NPHI and CRC, wholly-owned subsidiaries of the Bank, subject to completion of FLI's due diligence and compliance with conditions to be agreed by the parties. NPHI and CRC, as owners of certain parcels of land located in Bacoor, Cavite have joint development agreements with FLI, wherein FLI undertook to develop the land properties into an exclusive residential subdivision, now known as Princeton Heights.

On July 14, 2023, the Bank and FLI executed a Deed of Absolute Sale for the sale and transfer of the Bank's 100% ownership in NPHI and CRC to FLI. Total consideration for the shares amounted to P544.4 million for NPHI and P88.8 million for CRC.

ADDITIONAL DISCLOSURES TO ITEM I – FINANCIAL STATEMENTS

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

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

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

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

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

Issuances, Repurchases and Repayments of Debt and Equity Securities. On July 31, 2023, the Bank announced the financial completion of the sale of additional 15.0% stake to Sumitomo Mitsui Banking Corporation (SMBC), with a capital infusion of Php27.0 billion.

On March 16, 2023, the Bank redeemed the USD450.0 million or Php24.7 billion Senior Notes with coupon rate of 4.125%.

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

Dividends Paid for Ordinary or Other Shares. In its meeting held on August 29, 2023, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1920 per share or a total of P51.4 thousand payable to holders of Preferred Class shares and paid on September 21, 2023.

In its meeting held on July 31, 2023, the Board of Directors approved the declaration and payment of cash dividends on the Bank's USD300 million Non-cumulative Hybrid Perpetual Securities at a dividend rate of 6.50% per annum or a total of USD9.8 million or P535.1 million payable to holders of said Securities, which was paid on August 27, 2023.

In its meeting held on May 29, 2023, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1789 per share or a total of P47.8 thousand payable to holders of Preferred Class shares and paid on June 26, 2023.

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

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

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

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

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

In its meeting held on July 25, 2022, the Board of Directors approved the declaration and payment of cash dividends on the Bank's USD300 million Non-cumulative Hybrid Perpetual Securities at a dividend rate of 6.50% per annum or a total of USD9.8 million or P539.7 million payable to holders of said Securities, which was paid on August 26, 2022.

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

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

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

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

The details of the cash dividend approvals and distributions from 2022 up to September 30, 2023 are as follows (amounts in Thousand Php except per share figures):

Date Declared	Dividend				Date Paid / Payable	Nature of Securities
	Per Share		Total Amount (in Thousand)			
31-Jan-22		-	P	497,445.0	28-Feb-22	Hybrid Perpetual Securities
28-Feb-22	P	0.0553	P	14.8	23-Mar-22	Convertible Preferred
28-Mar-22	P	0.6180	P	1,259,162.0	27-Apr-22	Common Stock
28-Mar-22	P	0.6180	P	165.3	27-Apr-22	Convertible Preferred
30-May-22	P	0.0748	P	20.0	23-Jun-22	Convertible Preferred
25-Jul-22		-	P	539,662.5	26-Aug-22	Hybrid Perpetual Securities
30-Aug-22	P	0.1047	P	28.0	22-Sep-22	Convertible Preferred
28-Nov-22	P	0.1407	P	37.6	27-Dec-22	Convertible Preferred
30-Jan-23		-	P	532,740.0	27-Feb-23	Hybrid Perpetual Securities
27-Feb-23	P	0.1685	P	45.0	23-Mar-23	Convertible Preferred
27-Mar-23	P	1.0800	P	2,200,477.2	27-Apr-23	Common Stock
27-Mar-23	P	1.0800	P	288.8	27-Apr-23	Convertible Preferred
29-May-23	P	0.1789	P	47.8	26-Jun-23	Convertible Preferred
31-Jul-23		-	P	535,080.0	27-Aug-23	Hybrid Perpetual Securities
29-Aug-23	P	0.1920	P	51.4	21-Sep-23	Convertible Preferred

Note: In 2015, the BSP, through the monetary board, approved the liberalized rules for banks and quasi-banks on dividend declaration. The policy requires that dividend declaration be immediately recognized as a liability upon the approval of the BOD and that it be disclosed in the statement of changes in equity. Further, prior BSP approval is no longer required except for certain cases.

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

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

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Performance

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES				
	Consolidated		Parent	
	Unaudited	Audited	Unaudited	Audited
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
Return on Average Assets (ROA)* 1/	1.1%	1.2%	1.1%	1.2%
Return on Average Equity (ROE) *2/	9.8%	11.2%	9.8%	11.2%
Risk-based Capital Adequacy Ratio (CAR)	17.1%	15.3%	16.8%	15.0%
Common Equity Tier 1 Ratio	14.4%	12.3%	14.1%	12.0%
Non-Performing Loans (NPL) Ratio 3/	1.8%	2.0%	1.6%	1.9%
Non-Performing Assets (NPA) Ratio 4/	1.4%	1.5%	1.3%	1.4%
Net Interest Margin (NIM)*	3.4%	3.7%	3.3%	3.7%
Cost-to-Income Ratio	60.9%	56.5%	61.0%	55.8%
Loans-to-Deposit Ratio 5/	67.5%	63.4%	66.6%	62.4%
Current Ratio	1.8	1.0	1.8	1.0
Liquid Assets-to-Total Assets Ratio	0.7	0.7	0.7	0.7
Debt-to-Equity Ratio	7.2	8.9	7.1	8.8
Asset-to-Equity Ratio	8.2	9.9	8.1	9.8
Asset-to-Liability Ratio	1.1	1.1	1.1	1.1
Interest Rate Coverage Ratio	1.4	1.9	1.4	2.0
Earnings per share (EPS) 6/				
Basic and Diluted*	PHP 5.24	PHP 5.42	PHP 5.24	PHP 5.42
Year-to-date Basic and Diluted	PHP 3.92	PHP 5.42	PHP 3.92	PHP 5.42
	Unaudited			
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
Quarter-to-date Basic and Diluted	PHP 1.13	PHP 1.79	PHP 1.13	PHP 1.79

** September 30, 2023 and 2022 ratios/amounts were annualized*

1/ Average assets for the consolidated and parent ratios were computed based on the 9-month average of end of month balances of total assets. Unaudited net income for the 9-month period ended September 30, 2023 in the amount of P9.0 billion represented the consolidated and parent.

2/ Average equity for the consolidated and parent ratios were, likewise, computed based on the 9-month average of end of month balances. Unaudited net income for the 9-month period ended September 30, 2023 in the amount of P8.2 billion represented the consolidated and parent, net of dividends on Hybrid Perpetual Securities of P800.3 million.

3/ NPL ratio is determined by using the following formula: *(Total NPLs net of total specific provision for losses of NPLs) / (Total gross loan portfolio).*

4/ NPA ratio is determined by using the following formula*: [Net NPLs + Gross Real and Other Properties Acquired (ROPA) + Non-performing Sales Contract Receivable (SCR) + Non-Current Assets Held for Sale (NCAHS) / Gross Total Assets.*

5/ Excluding Interbank Loans

6/ Total weighted average number of issued and outstanding common shares (diluted) were 2,101,389,990 shares as of September 30, 2023 and 2,037,538,705 as of December 31, 2022. Net income was net of dividends on Hybrid Capital Securities

STATEMENT OF CONDITION: 30 September 2023 vs. 31 December 2022

RCBC's **Total Assets** recorded at P1.2 trillion as of September 30, 2023.

Cash and Other Cash Items decreased by 27.9% or P5.0 billion as a result of leveling off of cash in vaults from the usually higher cash requirements at year-end.

Due from Other Banks increased by 94.1% or P5.5 billion as a result of net movements maintained with local and foreign banks.

Loans under Reverse Repurchase Agreement increased by 137.5% or P12.0 billion as temporary placement of funds with the BSP.

Total **Investment Securities**, representing 28.9% of Total Resources, decreased by 7.4% or P27.9 billion attributable to the net maturities on Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) and Investment Securities at Amortized Cost.

Loans and Receivables – net, increased by 11.2% or P62.4 billion as a result of the sustained growth on corporate and consumer loans. It represented 51.8% of Total Resources.

Investment in Associates – net, increased by 33.8% or P128.0 million on account of higher income from investments in associates.

Bank Premises, Furniture, Fixtures & Equipment – net, decreased by 18.0% or P2.0 billion due to the sale of various real estate properties.

Investment Properties – net, decreased by 29.3% or P767.0 million due to reclassification of properties to non-current assets held for sale.

Deferred Tax Assets increased by 58.9% or P2.2 billion mainly due to the recognition of deferred tax asset on retirement plan and impairment provision.

Other Resources – net, increased by 34.4% or P4.7 billion largely due to recognition of net defined benefit asset, higher creditable withholding tax and reclassification of accounts from investment properties.

Deposit Liabilities were recorded at P901.8 billion and represented 75.1% of Total Resources. Current and Savings Account (CASA) deposits grew by P64.6 billion or 15.4% and accounted 40.4% of Total Resources. Time deposits reached P416.4 billion and accounted for 34.7% of Total Resources.

Bonds Payable decreased by 34.1% or P25.4 billion primarily due to maturities of the USD450.0 million Senior Notes in March.

Accrued Taxes, Interest and Other Expenses increased by 25.3% or P2.1 billion due to the increases in accruals of other Bank expenses and interest on time deposits.

Other Liabilities decreased by 10.4% or P3.2 billion largely due to decrease in outstanding acceptances and net defined benefits.

Total **Liabilities** recorded at P1.1 trillion and represented 87.8% of Total Resources.

Total **Capital Funds** were recorded at P146.7 billion, higher by 26.0% or P30.3 billion on account of the P26.7 billion capital infusion and the P9.0 billion net income for the period, offset by the P3.3 billion cash dividends paid by the Bank and lower retirement plan benefit.

INCOME STATEMENT: 30 September 2023 vs. 30 September 2022

The Bank recorded a **net income** of P9.0 billion for the nine-month ended September 30, 2023 driven by the following:

Total **interest income** increased by 47.8% or P15.5 billion driven by the growth in volume and better yields. Interest income on loans and receivables was higher by 41.8% or P10.5 billion; interest income on trading and investment securities increased by 44.5% or P3.0 billion and other interest income higher by 334.2% or P2.0 billion.

Total **interest expense** increased by 178.5% or P15.2 billion due to higher interest expense on deposit liabilities by 287.8% or P15.0 billion as a result of successive rate hikes and growth in average volume. Meanwhile, interest expense on bills payable and other borrowings increased by 6.4% or P211.0 million.

As a result, **net interest income** settled at P24.2 billion from P24.0 billion and represented 67.4% of total operating income.

The Group booked a total **Impairment Losses** of P5.0 billion, higher by 37.2% or P1.3 billion due to last year's recognition of impairment recovery.

Other operating income of P11.7 billion grew by 10.0% or P1.1 billion and this accounted for 32.6% of total operating income on account of the following:

- **Trading and securities gains** up by 239.1% or P220.0 million on account of better marked to market valuation largely from Financial Assets at Fair Value Through Profit or Loss (FVTPL) securities, net of lower realized trading gains;
- **Service fees and commissions** higher by 17.8% or P718.0 million largely from the increase in fee-based income;
- **Foreign exchange gains – net**, higher by 142.5% or P459.0 million on account of higher foreign exchange income from commercial transactions;
- **Miscellaneous income** lower by 5.5% or P334.0 million due to lower gain on settlement of loan and foregone rental income of a real property sold in 2022.

Operating expenses were recorded at P21.9 billion and higher by 15.2% or P2.9 billion. This accounted for 60.9**%** of total operating income on account of the following:

- **Employee benefits** higher by 8.2% or P406.0 million due to increase in headcount;
- **Occupancy and equipment-related costs** higher by 8.1% or P184.0 million largely due to higher information technology costs;
- **Taxes and licenses** expanded by 33.8% or P1.2 billion due to higher revenue-related gross receipts taxes and volume-driven documentary stamp taxes;
- **Depreciation and amortization** higher by 12.9% or P291.0 million;
- **Miscellaneous expenses** higher by 13.6% or P821.0 million largely due to higher credit card-related expenses and increase in regulatory fees.

Provision for Income Tax was lower by 96.3% or P1.8 billion mainly due to the recognition of deferred income tax on retirement and impairment losses.

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

Commitments and Contingent Liabilities

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

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

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

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

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer **RIZAL COMMERCIAL BANKING CORPORATION**

Date **November 13, 2023**

EUGENE S. ACEVEDO
President & CEO

FLORENTINO M. MADONZA
FSVP, Head-Controllership Group

Ma. Christina P. Alvarez

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

RIZAL COMMERCIAL BANKING CORPORATION
Aging of Other Receivables
As of September 30, 2023
(Amounts in Millions of Philippine Pesos)

	1 - 90 days	91 - 180 days	181 -1 year	Over 1 year	Total	Allowance	Net
Accounts Receivable	2,991.9	183.0	284.5	913.9	4,373.3	1,314.9	3,058.4