RCBC
Partners Through Generations

November 11, 2022

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, 2022 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

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 A N D S U B S I D I A R I E S

(Company's Full Name)

Y U C H E N G C O T O W E R , R C B C P L A Z A ,

6 8 1 9 A Y A L A A V E N U E , M A K A T I C I T Y

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

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

Secondary License Type, If Applicable

S E C

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign
748		

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, 2022

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, 2022**
2. SEC Identification Number 17514 3. BIR Tax Identification No. 000-599-760-000
4. Exact name of registrant as specified in its charter:

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

   6. (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	2,037,478,896 (September 30, 2022)

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

    Yes (x) No ( )

12. Check whether the registrant:

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

    Yes (x) No ( )

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

    Yes (x) No ( )

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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	9/30/2022 (Unaudited)	12/31/2021 (Audited)
RESOURCES			
Cash and Other Cash Items		**P 12,679**	P 14,691
Due From Bangko Sentral ng Pilipinas		**108,093**	130,170
Due From Other Banks		**6,407**	12,162
Loans Under Reverse Repurchase Agreement		**26,143**	11,691
Trading and Investment Securities - Net	3	**324,783**	219,235
Loans and Receivables - Net	4	**565,963**	538,302
Investments in Associates - Net		**364**	344
Bank Premises, Furniture, Fixtures & Equipment- Net		**10,636**	12,660
Investment Properties - Net		**2,268**	3,572
Deferred Tax Assets		**3,049**	3,206
Other Resources - Net	5	**14,045**	13,100
TOTAL RESOURCES		**P 1,074,430**	P 959,133
LIABILITIES AND CAPITAL FUNDS			
Deposit Liabilities	6	**801,240**	P 672,459
Bills Payable	7	**27,532**	55,904
Bonds Payable	8	**84,050**	87,215
Accrued Taxes, Interest and Other Expenses		**7,344**	6,097
Other Liabilities	9	**38,595**	26,378
Total Liabilities		**958,761**	848,053
CAPITAL FUNDS			
Attributable to Parent Company Shareholders:			
Preferred Stock	10	**3**	3
Common Stock	10	**22,509**	22,509
Deposit for future stock subscription-common			
Hybrid Perpetual Securities	10	**14,463**	14,463
Capital Paid in Excess of Par	10	**42,500**	42,505
Treasury Shares	10	**(9,287)**	(9,287)
Other Comprehensive Income:			
Net Unrealized Gains/(Losses) on Financial Assets At Fair Value Through Other Comprehensive Income		**(3,101)**	390
Revaluation Increment In Property of an Associate			
Cumulative Translation Adjustment		**54**	54
Retirement plan		**(2,020)**	(2,367)
Reserve for Trust Business		**528**	508
Other Reserves		**(76)**	(97)
Share in Additional Paid-in Capital of an Associate			
Retained Earnings Appropriated for General Provision		**4,012**	3,617
Retained Earnings		**46,076**	38,764
		115,661	111,062
Non-controlling Interest		**8**	18
Total Capital Funds		**115,669**	111,080
TOTAL LIABILITIES AND CAPITAL FUNDS		**P 1,074,430**	P 959,133

See Notes to Interim Financial Statements.

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

	Note	1/1/2022 to 9/30/2022 (Unaudited)	1/1/2021 to 9/30/2021 (Unaudited)	7/01/2022 to 9/30/2022 (Unaudited)	7/01/2021 to 9/30/2021 (Unaudited)
INTEREST INCOME ON					
Loans and receivables		**P 25,161**	P 23,879	**P 8,903**	P 8,198
Investment securities		**6,721**	2,853	**2,501**	1,413
Others		**605**	647	**334**	107
		32,487	27,379	**11,738**	9,718
INTEREST EXPENSE ON					
Deposit liabilities		**5,220**	3,011	**2,708**	1,104
Bills payable and other borrowings		**3,312**	3,204	**1,061**	1,032
		8,532	6,215	**3,769**	2,136
NET INTEREST INCOME		**23,955**	21,164	**7,969**	7,582
IMPAIRMENT LOSSES - Net		**3,614**	3,930	**1,745**	1,598
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		**20,341**	17,234	**6,224**	5,984
OTHER OPERATING INCOME (CHARGES)					
Service fees and commissions		**4,032**	3,399	**1,329**	1,024
Foreign exchange gains - net		**322**	43	**227**	(31)
Trust fees		**303**	288	**98**	100
Trading and securities gain (loss) - net		**(92)**	668	**(83)**	540
Miscellaneous	11	**6,075**	1,157	**3,825**	389
		10,640	5,555	**5,396**	2,022
OTHER OPERATING EXPENSES					
Employee benefits		**4,949**	4,793	**1,710**	1,602
Occupancy and equipment-related		**3,496**	2,588	**1,403**	958
Taxes and licenses		**2,406**	2,128	**857**	705
Depreciation and amortization		**2,249**	2,262	**754**	730
Miscellaneous	11	**5,911**	5,066	**2,056**	1,677
		19,011	16,837	**6,780**	5,672
PROFIT BEFORE TAX		**11,970**	5,952	**4,840**	2,334
TAX EXPENSE		**1,912**	614	**917**	320
NET PROFIT		**10,058**	5,338	**3,923**	2,014
Net Profit Attributable to Non-Controlling Interest		**-**	1	**-**	1
Net Profit Attributable to Parent Company Shareholders		**10,058**	5,337	**3,923**	2,013
Earnings Per Share (Annualized)					
Basic		**5.36**	3.14		
Diluted		**5.36**	3.14		

See Notes to Interim Financial Statements.

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

	1/1/2022 to 9/30/2022 (Unaudited)	1/1/2021 to 9/30/2021 (Unaudited)
NET PROFIT FOR THE PERIOD	**P 10,058**	P 5,338
OTHER COMPREHENSIVE INCOME (LOSSES) DURING THE PERIOD:		
Fair value gains (losses) on Financial assets at Other Comprehensive Income	**(3,492)**	354
Retirement plan	**347**	4
Translation adjustments on foreign operations	**-**	-
Other Comprehensive Income (Loss) for the period	**(3,145)**	358
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**6,913**	5,696
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTEREST	**(10)**	-
COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	**P 6,923**	P 5,696

See Notes to Interim Financial Statements.

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

	1/1/2022 to 9/30/2022 (Unaudited)	1/1/2021 to 9/30/2021 (Unaudited)
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		
PREFERRED STOCK		
Balance at beginning and end of period	3	3
COMMON STOCK		
Balance at beginning and end of period	22,509	22,509
HYBRID PERPETUAL SECURITIES		
Balance at beginning and end of period	14,463	14,463
CAPITAL PAID IN EXCESS OF PAR		
Balance, beginning	42,505	42,568
Conversion of preferred stock to common stock	(5)	(16)
Balance,end	42,500	42,552
TEASURY SHARES, At Cost		
Balance, beginning	(9,287)	(13,719)
Re-issuance during the period	-	4,432
Balance at end of period	(9,287)	(9,287)
NET UNREALIZED GAINS/(LOSSES) ON FINANCIAL ASSETS AT OTHER COMPREHENSIVE INCOME		
Beginning balance	391	664
Fair value gains (losses) during the period	(3,492)	354
Balance, end	(3,101)	1,018
CUMULATIVE TRANSLATION ADJUSTMENTS		
Balance at beginning and end of period	54	54
OTHER COMPREHENSIVE INCOME - RETIREMENT PLAN		
Balance, beginning	(2,367)	(2,788)
Remeasurement of the defined benefits during the priod	347	4
Balance, end	(2,020)	(2,784)
RESERVE FOR TRUST BUSINESS		
Balance, beginning	508	499
Transfer from retained earnings - free	20	9
Balance, end	528	508
OTHER RESERVES		
Balance, beginning	(97)	(97)
Transfer to retained earnings - free	21	-
Balance, end	(76)	(97)
RETAINED EARNINGS APPROPRIATED FOR GENERAL PROVISION		
Beginning balance	3,617	3,442
Transfer from retained earnings - free	395	129
Balance, end	4,012	3,571
RETAINED EARNINGS		
Beginning balance	38,764	33,763
Net profit	10,058	5,338
Cash dividends on common shares	(1,259)	(939)
Dividends on Hybrid Capital Securities	(1,037)	(964)
Transfer of fair value reserves on FVOCI	(14)	2
Transfer to retained earnings appropriated for general provision	(395)	(129)
Transfer to reserves for trust business	(20)	(9)
Transfer from other reserves	(21)	-
Balance, end	46,076	37,062
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	115,661	109,572
NON-CONTROLLING INTERESTS		
Balance, beginning	18	18
Fair value gains losses on FVOCI	(10)	-
Balance, end	8	18
TOTAL CAPITAL FUNDS	P 115,669	P 109,590

See Notes to Interim Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(Amounts in Millions of Philippine Pesos)

	1/1/2022 to 9/30/2022 (Unaudited)	1/1/2021 to 9/30/2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profits before tax	P 11,970	P 5,951
Adjustments for:		
Interest income	(32,487)	(27,379)
Interest expense	8,532	6,215
Impairment losses	3,614	3,930
Depreciation and amortization	2,249	2,262
Dividend income	(283)	(76)
Share in net earnings of associates	(17)	1
Operating income before working capital changes	(6,422)	(9,096)
Increase in financial assets at fair value through profit and loss	(4,430)	(1,079)
Increase in loans and receivables	(34,278)	(47,885)
Decrease in investment property	1,304	27
Increase in other resources	(1,605)	(10,205)
Increase in deposit liabilities	128,781	91,097
Increase in accrued taxes, interest and other expenses	860	570
Increase in other liabilities	12,602	3,359
Cash generated from operations	96,812	26,788
Interest received	31,874	26,331
Interest paid	(8,267)	(6,584)
Cash paid for taxes	(1,452)	(879)
Net Cash From Operating Activities	118,967	45,656
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in Financial Assets at FVOCI	(15,589)	(8,944)
Increase in Investment securities at amortized cost	(89,016)	(95,799)
Acquisitions of bank premises, furniture, fixtures and equipment (net)	54	(1,933)
Cash dividends received	283	76
Acquisitions of intangibles	(263)	(393)
Net Cash Used in Investing Activities	(104,531)	(106,993)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from (payments of) bills payable	(28,372)	1,910
Dividends paid	(2,296)	(1,902)
Net proceeds from (Redemption of) bonds payable	(3,165)	(3,233)
Net proceeds from issuance of common stock	(5)	(16)
Net Cash Used in Financing Activities	(33,838)	(3,241)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,402)	(64,578)
CASH AND CASH EQUIVALENTS, BEGINNING		
Cash and other cash items	14,691	16,520
Due from Bangko Sentral ng Pilipinas	130,170	115,467
Due from other banks	12,162	15,707
Interbank Loans and Loans and Receivables under reverse repurchase agreement	42,254	56,037
	199,277	203,731
CASH AND CASH EQUIVALENTS, END		
Cash and other cash items	12,679	13,163
Due from Bangko Sentral ng Pilipinas	108,093	82,895
Due from other banks	6,407	11,891
Interbank Loans and Loans and Receivables under reverse repurchase agreement	52,696	31,204
	179,875	139,153

See Notes to Interim Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND DECEMBER 31, 2021
(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).

The Parent Company is a 39.64% owned subsidiary of Pan Malayan Management and Investment Corporation (PMMIC), a company incorporated and domiciled in the Philippines. PMMIC is the holding company of the flagship institutions of the Yuchengco Group of Companies.

The registered address of the Parent Company is Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue cor. Sen. Gil Puyat Avenue, Makati City. PMMIC's registered business address is 48th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City.

The condensed consolidated interim financial statements of the Group as of and for the nine months ended September 30, 2022 (including the comparatives for the nine months ended September 30, 2021) and the year ended December 31, 2021 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 (i.e., the ECL methodology consistently used in the prior years) and post-model adjustments (or the "COVID-19 overlay"), as applicable.

Prior to 2022, the Bank's BAU ECL methodology have been constructed and calibrated using historical trends and correlations as well as forward-looking economic scenarios. The severity of the current macroeconomic projections and the added complexity caused by the various support schemes and regulatory guidance could not be reliably modelled for the time being. Therefore, the BAU ECL model may generate results that are either overly conservative or overly optimistic depending on the specific portfolio or segment. As a result, post-model adjustments were needed to reflect the considerable uncertainty in BAU ECL methodology given the unprecedented impacts of COVID-19.

In 2022, the 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) COVID-19 Overlay (applicable to 2021 only)

COVID-19 overlay represents adjustments in relation to data and model limitations as a result of the COVID-19 economic disruption. The adjustments are based on a combination of portfolio level credit risk analysis and an evaluation of ECL coverage at an exposure level. This also includes the effect of government and other support program. Considerations included the potential severity and duration of the economic disruption and the heightened credit risk of specific sectors and loan classes or segments.

(c) Derecognition of Financial Assets

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

(d) 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, 2022 (Unaudited)	December 31, 2021 (Audited)
Financial assets at FVPL	P 10,293	P 5,863
Financial assets at FVOCI	61,863	49,761
Investment securities at amortized cost - net	252,627	163,611
	P 324,783	P 219,235

3.1 Financial Assets at FVPL

This account is composed of the following:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Derivative financial assets	P 5,286	P 1,266
Government securities	4,164	4,330
Equity securities	786	232
Corporate debt securities	57	35
	P 10,293	P 5,863

3.2 Financial Assets at FVOCI

This account is composed of the following:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Government bonds	P 47,063	P 28,682
Corporate debt securities	11,503	17,412
Unquoted equity securities	2,176	1,815
Quoted equity securities	1,121	1,852
	P 61,863	P 49,761

3.3 Investments at Amortized Cost

This account is composed of the following:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Government securities	P 226,158	P 132,969
Corporate debt securities	26,634	30,789
	252,792	163,758
Allowance for impairment	(165)	(147)
	P 252,627	P 163,611

4. LOANS AND RECEIVABLES

This account consists of the following:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Receivable from customers:		
Loans and discounts	**P 469,009**	P 452,495
Credit card receivables	**44,025**	35,563
Customers' liabilities on acceptances, import bills and trust receipts	**24,977**	20,662
Bills purchased	**3,085**	2,033
Lease contract receivable	**2,210**	2,296
Receivables financed	**-**	297
	543,306	513,346
Unearned discount	**(579)**	(615)
	542,727	512,731
Other receivables:		
Interbank loans receivables	**26,553**	30,563
Accrued interest receivable	**7,486**	7,372
Accounts receivable	**3,979**	4,114
Sales contract receivable	**700**	797
Unquoted debt securities classified as loans	**-**	989
	38,718	43,835
	581,445	556,566
Allowance for impairment	**(15,482)**	(18,264)
	P 565,963	P 538,302

5. OTHER RESOURCES

This account consists of the following:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets held-for-sale and disposal group	**P 3,441**	P 5,295
Creditable withholding taxes	**3,155**	2,412
Prepaid expenses	**1,921**	1,651
Software – net	**1,355**	1,338
Branch licenses	**1,000**	1,000
Margin deposits	**867**	203
Refundable and other deposits	**645**	528
Deferred charges	**540**	390
Goodwill	**426**	426
Unused stationery and supplies	**498**	419
Returned checks and other cash items	**331**	196
Miscellaneous	**735**	510
	14,914	14,368
Allowance for impairment	**(869)**	(1,268)
	P 14,045	P 13,100

6. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities:

		September 30, 2022 (Unaudited)		December 31, 2021 (Audited)
Demand	**P**	**156,580**	P	144,810
Savings		**245,064**		228,470
Time		**393,514**		293,097
Long-term Negotiable Certificate of Deposits (LTNCD)		**6,082**		6,082
	P	**801,240**	P	672,459

The details of the Parent Company's Long-term Negotiable Certificates of Deposits (LTNCDs) as of September 30, 2022 and December 31, 2021 are as follows:

Issuance Date	Maturity Date	Coupon Interest		Outstanding Balance
September 28, 2018	March 28, 2024	5.50%	**P**	**3,580**
August 11, 2017	February 11, 2023	3.75%		**2,502**
			P	**6,082**

The Parent Company's 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, 2022 (Unaudited)		December 31, 2021 (Audited)
Foreign banks	**P**	**13,042**	P	46,398
Local banks		**14,490**		9,505
Others		-		1
	P	**27,532**	P	55,904

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, 2022 (Unaudited)	December 31, 2021 (Audited)
February 21, 2022	May 21, 2024	3.00%	P	14,756	P 14,756	P -
March 31, 2021	September 30, 2023	3.20%	P	13,743	13,743	13,743
March 31, 2021	June 30, 2026	4.18%	P	4,130	4,130	4,130
July 27, 2020	July 27, 2022	3.25%	P	16,616	-	16,616
April 7, 2020	April 7, 2022	4.85%	P	7,054	-	7,054
November 13, 2019	November 13, 2022	4.43%	P	7,500	7,500	7,500
September 11, 2019	September 11, 2024	3.05%	$	300	17,569	15,264
March 15, 2018	March 16, 2023	4.13%	$	450	26,352	22,908
					P 84,050	P 87,215

9. OTHER LIABILITIES

Other liabilities consist of the following:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Accounts payable	P 13,434	P 7,963
Outstanding acceptances payable	6,497	4,634
Lease liabilities	4,046	4,050
Derivative financial liabilities	2,949	926
Post-employment defined benefit obligation	2,301	2,501
Bills purchased – contra	2,293	1,018
Manager's checks	1,609	1,150
Unclaimed balances	812	56
Deposits on lease contracts	768	799
Withholding taxes payable	627	449
Unearned income	618	585
Other credits	432	440
Guaranty deposits	432	363
Sundry credits	364	341
Payment orders payable	208	263
Expected credit loss provisions on loan commitments	207	145
Due to BSP	38	44
Miscellaneous	960	651
	P 38,595	P 26,378

10. EQUITY

The movements in the outstanding capital stock are as follows:

	Number of Shares*	
	September 30, 2022 (Unaudited)	December 31, 2021 (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**	1,935,628,896
Re-issuance of treasury shares	-	101,850,000
Balance at end of period	**2,037,478,896**	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.

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, 2022, 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, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Gains on assets sold	**P 3,802**	P 163
Gain on extinguishment of loans	**890**	-
Rentals	**696**	693
Recoveries	**294**	156
Dividend income	**283**	76
Others	**110**	69
	P 6,075	P 1,157

11.2 Miscellaneous Expenses

	For the Nine months Ended	
	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Insurance	**P 1,205**	P 1,010
Credit card related expenses	**956**	789
Litigation/asset acquired expenses	**513**	451
Service processing fees	**512**	409
Communication and information	**478**	487
Management and other professional fees	**402**	355
Banking fees	**276**	239
Advertising and publicity	**261**	223
Transportation and travel	**169**	135
Donations and charitable contributions	**122**	59
Other outside services	**103**	110
Stationery and office supplies	**90**	93
Representation and entertainment	**41**	29
Shipment and freight	**26**	40
Others	**757**	637
	P 5,911	P 5,066

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, 2022 and December 31, 2021:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Trust department accounts	**P 142,975**	P 146,769
Outstanding guarantees issued	**121,061**	79,927
Derivative assets	**101,572**	71,092
Derivative liabilities	**77,560**	50,251
Spot exchange sold	**27,440**	6,165
Spot exchange bought	**27,422**	6,170
Unused commercial letters of credit	**16,918**	12,412
Inward bills for collection	**5,836**	4,003
Late deposits/payments received	**742**	377
Outward bills for collection	**35**	78
Others	**18**	58

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.

On March 23, 2020, BAHO Act was signed into law declaring a national health emergency throughout the Philippines as a result of the COVID-19 crisis. The implementation of Section 4(aa) of said law has directed banks and other private and government financial institutions to implement a minimum thirty (30)-day grace period on all loans with principal and interests falling due within the period of the Enhanced Community Quarantine (ECQ), which started on March 17, 2020 up to April 30, 2020, which was extended until May 31, 2020, without incurring interest, penalties, fees or other charges. On September 11, 2020, BARO Act was signed into law which directed banks and other private and government financial institutions particularly under Section 4 (uu) the grant of one-time sixty (60)-day grace period for payments and/or maturity periods of all existing, current and outstanding loans as of September 15, 2020, falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees or other charges, thereby extending the maturity of the said loans, subject to compliance with regulatory requirements.

The Group has been able to keep approximately 50-60% of its branches open during the early part of the community quarantine in mid-March 2020, and around 40-50% in April and May, with a skeletal workforce and corresponding adjustments in banking hours and cut-off times similar to adjustments instituted by the BSP and Bankers Association of the Philippines. By end-September 2020, the Group has kept about 98% of its branches open. Among the steps taken to address its customers' needs during the COVID-19 outbreak, the Group has (i) ensured cash availability at its ATMs and branches and (ii) extended loan payments for corporate and consumer loans for 60 days and waived fees on electronic and similar forms of payments for its clients. The Group has also encouraged its customers to use its online and mobile banking services to pay bills, send money, as well as use ATMs and cash acceptance machines as an alternative to branch banking. The Group also did not experience massive withdrawals from its depositors as the deposit liabilities still increased during the ECQ period.

Further, the Group focused on supporting customers who are experiencing and about to experience financial difficulties as a result of the COVID-19 global pandemic and has offered a range of financial assistance measures including temporary loan repayment deferrals (principal and/or interest) through its COVID-19 Assistance and Recovery Enhancement (CARE) Program. The Group's CARE Program is primarily designed to provide financial assistance to customers by way of extended repayment plans. The assistance would help get the customer back into the habit of paying based on amounts they can afford. Albeit using tighter credit underwriting parameters, the Group continued its lending activities including on-boarding of new customer for both wholesale and consumer lending. Despite these challenges, cash flow remained stable given the growth in deposits and with some clients still opting to continue their amortization payments despite the loan payment moratorium provided for under the BAHO Act and BARO Act.

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

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 27, 2022, the Bank redeemed the Php16.6 billion Fixed Rate Series B Bonds with a coupon rate of 3.25% per annum.

On June 27, 2022, the Board of Directors approved the increase in the aggregate amount of the Bank's Peso Bond and Commercial Paper Programme from P100.0 billion to P200.0 billion.

On February 21, 2022, the Bank successfully listed its Php14.8 billion Series E ASEAN Sustainability Bonds (the "Bonds") due 2024 with the Philippine Dealing and Exchange Corporation. The Bonds carry a coupon of 3.0% per annum with a tenor of two years and three months (2.25 years).

On January 31, 2022, the Board of Directors approved the issuance of US Dollar Senior Notes out of the balance of the Bank's USD3.0 billion Medium Term Note Programme.

Dividends Paid for Ordinary or Other Shares. 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 Common 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.

In its meeting held on November 29, 2021, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0537 per share or a total of P14.6 thousand payable to holders of Preferred Class shares and paid on December 24, 2021.

In its meeting held on August 31, 2021, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0546 per share or a total of P14.6 thousand payable to holders of Preferred Class shares and paid on September 24, 2021.

In its meeting held on July 26, 2021, 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 P491.1 million payable to holders of said Securities, which was paid on August 26, 2021.

In its meeting held on May 31, 2021, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0559 per share or a total of P14.9 thousand payable to holders of Preferred Class shares and paid on June 25, 2021.

In its meeting held on April 26, 2021, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.4850 per share or a total of P938.8 million and P129.7 thousand payable to holders of Common Class and Preferred Class shares, respectively, both paid on May 25, 2021.

In its meeting held on February 22, 2021 the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0560 per share or a total of P15.0 thousand payable to holders of Preferred Class shares and paid on March 31, 2021.

In its meeting held on February 22, 2021 the Board of Directors approved the declaration and payment of the first semi-annual cash dividends/distributions 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 P472.4 million payable to holders of said Securities, which was paid on February 26, 2021.

The details of the cash dividend approvals and distributions from 2021 up to September 30, 2022 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)			
22-Feb-21		-	P	472,397.3	26-Feb-21	Hybrid Perpetual Securities
22-Feb-21	P	0.0560	P	15.0	31-Mar-21	Convertible Preferred
26-Apr-21	P	0.4850	P	938,780.0	25-May-21	Common
26-Apr-21	P	0.4850	P	129.7	25-May-21	Convertible Preferred
31-May-21	P	0.0559	P	14.9	25-Jun-21	Convertible Preferred
26-Jul-21		-	P	491,107.5	26-Aug -21	Hybrid Perpetual Securities
31-Aug-21	P	0.0546	P	14.6	24-Sep-21	Convertible Preferred
29-Nov-21	P	0.0537	P	14.4	24-Dec-21	Convertible Preferred
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-July-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

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.

Material Events Subsequent to the End of the Interim Period Not Reflected in the Financial Statements. In its meeting held on November 2, 2022, the Board of Directors approved the sale of 213,437,248 common stock held as treasury shares and issuance of 168,619,976 authorized and unissued common stock of the Bank to Sumitomo Mitsui Banking Corporation (SMBC), subject to the terms and conditions of the Share Sale and Purchase Agreement. After the purchase of the Treasury Shares and the issuance of the Subscription Shares from the Bank, SMBC will own, in aggregate, twenty percent (20.0%) of the total outstanding common stock of the Bank.

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-22	31-Dec-21	30-Sep-22	31-Dec-21
Return on Average Assets (ROA)* 1/	1.2%	0.8%	1.2%	0.9%
Return on Average Equity (ROE) *2/	11.2%	6.7%	11.2%	6.7%
Risk-based Capital Adequacy Ratio (CAR)	15.3%	15.2%	15.0%	14.9%
Common Equity Tier 1 Ratio	12.3%	12.2%	11.9%	11.8%
Non-Performing Loans (NPL) Ratio 3/	2.1%	3.3%	2.0%	3.2%
Non-Performing Assets (NPA) Ratio 4/	1.7%	2.7%	1.6%	2.6%
Net Interest Margin (NIM)*	3.9%	4.1%	3.9%	4.1%
Cost-to-Income Ratio	55.0%	61.9%	54.1%	61.4%
Loans-to-Deposit Ratio 5/	67.7%	76.3%	66.8%	74.9%
Current Ratio	0.5	0.6	0.5	0.6
Liquid Assets-to-Total Assets Ratio	0.2	0.2	0.2	0.2
Debt-to-Equity Ratio	8.3	7.6	8.2	7.6
Asset-to-Equity Ratio	9.3	8.6	9.2	8.6
Asset-to-Liability Ratio	1.1	1.1	1.1	1.1
Interest Rate Coverage Ratio	2.4	1.9	2.4	2.0
Earnings per share (EPS) 6/				
Quarter-to-date Basic and Diluted	PHP 1.79	PHP 0.74	PHP 1.79	PHP 0.74
Year-to-date Basic and Diluted	PHP 4.56	PHP 3.09	PHP 4.56	PHP 3.09
Basic and Diluted*	PHP 5.36	PHP 3.09	PHP 5.36	PHP 3.09

** September 30, 2022 and 2021 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, 2022 in the amount of P10.1 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, 2022 in the amount of P9.3 billion represented the consolidated and parent, net of dividends on Hybrid Perpetual Securities of P767.3 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 2,037,537,205 shares as of September 30, 2022 and 1,979,217,811 shares as of December 31, 2021. The determined net income was net of dividends on Hybrid Capital Securities.

STATEMENT OF CONDITION: 30 September 2022 vs. 31 December 2021

RCBC's Total Assets reached a record high of P1.1 trillion as of September 30, 2022.

Cash and Other Cash Items decreased by 13.7% or P2.0 billion from P14.7 billion to P12.7 billion due to usually higher level of cash requirements during long holiday at year-end.

Due from BSP significantly decreased by 17.0% or P22.1 billion from P130.2 billion to P108.1 billon largely due to lower term deposit with the BSP.

Due from Other Banks decreased by 47.3% or P5.8 billion from P12.2 billion to P6.4 billion, mainly due to decrease in foreign bank placements as a result of redeployment of funds.

Loans under Reverse Repurchase Agreement increased by 123.6% or P14.5 billion from P11.7 billion to P26.1 billion due to higher placements with the BSP.

Total Investment Securities, representing 30.2% of Total Resources, increased by 48.1% or P105.5 billion from P219.2 billion to P324.8 billion attributable to the 54.4% or P89.0 billion increase in Investment Securities at Amortized Cost from P163.6 billion to P252.6 billion; 24.3% or P12.1 billion increase in Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) from P49.8 billion to P61.9 billion; and the 75.6% or P4.4 billion increase in Financial Assets at Fair Value Through Profit or Loss (FVTPL) from P5.9 billion to P10.3 billion.

Loans and Receivables – net, increased by 5.1% or P27.7 billion from P538.3 billion to P566.0 billion due to the increase in customer portfolio both for corporate and consumer loans. It represented 52.7% of Total Resources.

Investment in Associates – net, increased by 5.8% or P20.0 million from P344.0 million to P364.0 million on account of higher income from associates.

Bank Premises, Furniture, Fixtures & Equipment – net, decreased by 16.0% or P2.0 billion from P12.7 billion to P10.6 billion mainly due to the sale of a major property located in Bonifacio Global City (BGC).

Investment Properties – net, decreased by 36.5% or P1.3 billion from P3.6 billion to P2.3 billion representing the investment property portion of the sold BGC property.

Other Resources – net, increased by 7.2% or P945.0 million from P13.1 billion to P14.0 billion mainly due to higher creditable withholding tax and margin deposits.

Deposit Liabilities were recorded at P801.2 billion and represented 74.6% of Total Resources. Demand deposits grew by 8.1% or P11.8 billion from P144.8 billion to P156.6 billion and accounted for 14.6% of Total Resources. Savings deposits grew by 7.3% or P16.6 billion from P228.5 billion to P245.1 billion and accounted for 22.8% of Total Resources. Time deposits reached P399.6 billion, which grew by 33.6% or P100.4 billion from P299.2 billion and accounted for 37.2% of Total Resources.

Bills Payable decreased by 50.8% or P28.4 billion from P55.9 billion to P27.5 billion primarily due to maturities of foreign borrowings during the period.

Bonds Payable likewise decreased by 3.6% or P3.2 billion from P87.2 billion to P84.0 billion. It represented 7.8% of Total Resources.

Accrued Taxes, Interest and Other Expenses increased by 20.5% or P1.2 billion from P6.1 billion to P7.3 billion mainly due to the increase in accruals of interest on deposits, taxes and various expenses.

Other Liabilities increased by 46.3% or P12.2 billion from P26.4 billion to P38.6 billion largely due to increase in trade payables, unclaimed deposits, derivative financial liabilities and outstanding acceptances.

Total Liabilities stood at P958.8 billion and represented 89.2% of Total Resources.

Other Comprehensive Loss – net was higher by 163.5% or P3.1 billion from P1.9 billion to P5.1 billion due to the Net Unrealized Market Losses on Financial Assets at FVOCI securities brought about by rising interest rates both global and domestic.

Total Capital Funds were recorded at P115.7 billion and accounted for 10.8% of Total Resources.

INCOME STATEMENT: 30 September 2022 vs. 30 September 2021

The Bank recorded a net income of P10.1 billion for the first three quarters of the year – higher by P4.7 billion or 88.5% from the P5.3 billion it generated in the same period last year. The significant improvement was driven by the following:

Total interest income increased by 18.7% or P5.1 billion from P27.4 billion to P32.5 billion and accounted for 93.9% of total operating income. Interest income on loans and receivables increased by 5.4% or P1.3 billion from P23.9 billion to P25.2 billion due to growth in average volume of loans and receivables year-on-year. It accounted for 72.7**%** of total operating income. Interest income on investment securities increased by 135.6% or P3.9 billion from P2.9 billion to P6.7 billion as a result of the growth in volume and better yields; it accounted 19.4**%** of total operating income. Other interest income, on the other hand, decreased by 6.5% or P42.0 million from P647.0 million to P605.0 million due to the lower placements with the BSP.

Total interest expense increased by 37.3% or P2.3 billion from P6.2 billion to P8.5 billion and accounted for 24.7**%** of total operating income. Interest expense on deposit liabilities increased by 73.4% or P2.2 billion from P3.0 billion to P5.2 billion due to the combined effects of the increase in volume and rising interest rates; it represented 15.1**%** of total operating income. Interest expense on bills payable and other borrowings settled at P3.3 billion, which accounted for 9.6% of total operating income.

As a result, net interest income increased by 13.2% or P2.8 billion from P21.2 billion to P24.0 billion.

The Group booked total Impairment Losses, net of recoveries, of P3.6 billion, lower by 8.0% or P316.0 million from P3.9 billion. It represented 10.4% of total operating income.

Other operating income amounted to P10.6 billion which grew by 91.5% or P5.1 billion. This accounted for 30.8% of total operating income and is broken down as follows:

- Trading and securities gains and losses – net, were lower by 113.8% or P760.0 million mainly attributable to unfavorable trading environment brought about by the rising interest rates;.
- Service fees and commissions increased by 18.6% or P633.0 million from P3.4 billion to P4.0 billion on account of higher fee-based income led by credit card, loans and deposits and digital fees . It represented 11.7% of total operating income;
- Trust fees increased by 5.2% or P15.0 million from P288.0 million to P303.0 million due to significant increase in volume of managed funds;
- Foreign exchange gains – net, were higher by 648.8% or P279.0 million from P43.0 million to P322.0 million mainly due to higher foreign exchange position profits;
- Miscellaneous income increased by 425.1% or P4.9 billion from P1.2 billion to P6.1 billion largely on account of gain on assets sold and gain on settlement of loan.

Operating expenses were recorded at P19.0 billion which inched up by 12.9% or P2.2 billion. This accounted for 55.0**%** of total operating income, and broken down as follows:

- Occupancy and equipment-related expenses increased by 13.1% or P278.0 million from P2.1 billion to P2.4 billion largely due to increase in information technology-related expenses and rental expenses. It represented 7.0% of total operating income;
- Taxes and licenses, which accounted for 10.1% of total operating income, increased by 35.1% or P908.0 million from P2.6 billion to P3.5 billion mainly due to higher gross receipt tax attributed to increase in gross revenues year-on-year and higher documentary stamp tax;.
- Miscellaneous expenses increased by 16.7% or P845.0 million from P5.1 billion to P5.9 billion largely due to increase in regulatory fees and other volume-related expenses. It accounted for 17.1% of total operating income.

The higher income year-on-year resulted to an increase in Tax expense by 211.4% or P1.3 billion from P614.0 million to P1.9 billion.

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

Commitments and Contingent Liabilities

See accompanying Notes to FS for the detailed discussion of Commitments and Contingent Liabilities and the summary of contingencies and commitments arising from off-balance sheet items 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 11, 2022**

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, 2022
(Amounts in Millions of Philippine Pesos)

	1 - 90 days	91 - 180 days	181 -1 year	Over 1 year	Total	Allowance	Net
Accounts Receivable	3,007.4	117.4	155.6	698.1	3,978.5	1,133.0	2,845.5