



November 14, 2024

Atty. Stefanie Ann B. Go
Officer-in-Charge, Disclosure Department
The Philippine Stock Exchange, Inc.
6/F PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Dear Sir/Ma'am,

We submit herewith the September 30, 2024 SEC 17-Q report of Rizal Commercial Banking Corporation.

Thank you.

Very truly yours,


Florentino M. Madonza
FSVP, Head-Controllership Group

cc: Philippine Dealing Exchange Corp.
29th Floor, BDO Equitable Tower
8751 Paseo De Roxas, 1226 Makati City

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

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September 30, 2024

For the Quarterly Period Ended

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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)

		<u>9/30/2024</u>	<u>12/31/2023</u>
	<u>Notes</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
<u>RESOURCES</u>			
Cash and Other Cash Items		P 14,560	P 19,875
Due from Bangko Sentral Ng Pilipinas		99,003	151,762
Due from Other Banks		8,501	14,892
Loans Under Reverse Repurchase Agreement		30,420	35,799
Trading and Investment Securities - Net	3	398,100	330,742
Loans and Receivables - Net	4	697,725	649,929
Investments in Associates	5	568	509
Bank Premises, Furniture, Fixtures & Equipment- Net		8,266	9,129
Investment Properties - Net		642	543
Deferred Tax Assets		6,086	5,775
Other Resources - Net	6	<u>21,101</u>	<u>19,377</u>
TOTAL RESOURCES		<u>P 1,284,972</u>	<u>P 1,238,332</u>
<u>LIABILITIES AND EQUITY</u>			
Deposit Liabilities	7	P 990,440	P 956,712
Bills Payable	8	59,153	50,858
Bonds Payable	9	26,578	34,939
Accrued Taxes, Interest And Other Expenses		10,249	12,082
Other Liabilities	10	<u>40,453</u>	<u>31,466</u>
Total Liabilities		<u>1,126,873</u>	<u>1,086,057</u>
EQUITY			
Attributable to Parent Company Shareholders:			
Preferred Stock	11	P 3	P 3
Common Stock	11	24,195	24,195
Hybrid Perpetual Securities	11	14,463	14,463
Capital Paid in Excess of Par		58,228	58,228
Other Comprehensive Income:			
Net Unrealized Losses on Financial Assets At Fair			
Through Other Comprehensive Income		(18)	(3,168)
Cumulative Translation Adjustment		60	54
Retirement plan		(2,925)	(2,930)
Reserve for Trust Business		-	551
Other Reserves		(86)	(86)
Retained Earnings Appropriated for General Provision		5,117	4,599
Retained Earnings		<u>59,056</u>	<u>56,360</u>
		<u>158,093</u>	<u>152,269</u>
Non-controlling Interest		<u>6</u>	<u>6</u>
Total Equity		<u>158,099</u>	<u>152,275</u>
TOTAL LIABILITIES AND CAPITAL FUNDS		<u>P 1,284,972</u>	<u>P 1,238,332</u>

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)

	1/1/2024 to 9/30/2024	1/1/2023 to 9/30/2023	7/1/2024 to 9/30/2024	7/1/2023 to 9/30/2023
Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
INTEREST INCOME ON				
Loans and receivables	P 44,804	P 35,674	P 15,944	P 12,914
Investment securities	12,093	9,710	4,005	3,358
Others	1,620	2,627	384	1,026
	<u>58,517</u>	<u>48,011</u>	<u>20,333</u>	<u>17,298</u>
INTEREST EXPENSE ON				
Deposit liabilities	23,443	20,242	7,509	7,174
Bills payable and other borrowings	4,142	3,523	1,641	1,229
	<u>27,585</u>	<u>23,765</u>	<u>9,150</u>	<u>8,403</u>
NET INTEREST INCOME	30,932	24,246	11,183	8,895
IMPAIRMENT LOSSES - Net	5,612	4,957	2,006	1,502
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	25,320	19,289	9,177	7,393
OTHER OPERATING INCOME				
Service fees and commissions	6,275	4,750	2,339	1,796
Gain on assets sold - net	920	3,861	188	333
Trading and securities gains (losses) - net	515	128	533	(4)
Trust fees	-	306	-	89
Foreign exchange gains (losses) - net	(2,063)	781	(1,844)	464
Miscellaneous	12 1,188	1,880	358	923
	<u>6,835</u>	<u>11,706</u>	<u>1,574</u>	<u>3,601</u>
OTHER OPERATING EXPENSES				
Employee benefits	6,036	5,355	2,107	1,890
Taxes and licenses	4,671	4,676	1,557	1,578
Occupancy and equipment-related	2,815	2,454	927	838
Depreciation and amortization	2,505	2,544	858	840
Miscellaneous	12 7,262	6,864	2,462	2,428
	<u>23,289</u>	<u>21,893</u>	<u>7,911</u>	<u>7,574</u>
PROFIT BEFORE TAX	8,866	9,102	2,840	3,420
TAX EXPENSE	2,651	71	1,075	609
NET PROFIT	6,215	9,031	1,765	2,811
NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST	-	(1)	-	-
NET PROFIT ATTRIBUTABLE TO PARENT				
COMPANY SHAREHOLDERS	P 6,215	P 9,032	P 1,765	P 2,811
Earnings Per Share (Annualized)				
Basic	P 2.97	P 5.24		
Diluted	P 2.97	P 5.24		

See Notes to Interim Condensed Financial Statements.

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

	1/1/2024 to 9/30/2024 (Unaudited)	1/1/2023 to 9/30/2023 (Unaudited)
NET PROFIT FOR THE PERIOD	<u>P 6,215</u>	<u>P 9,031</u>
OTHER COMPREHENSIVE INCOME (LOSSES) DURING THE PERIOD:		
Fair value gains (losses) on Financial assets at Other Comprehensive Income	3,150 (856)
Actuarial gains (losses) on defined benefit plan	5 (1,218)
Translation adjustments on foreign operations	<u>6</u>	<u>-</u>
Other Comprehensive Income (Loss) for the period	<u>3,161</u> (<u>2,074</u>)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>P 9,376</u>	<u>P 6,957</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING	<u>-</u>	<u>-</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	<u>P 9,376</u>	<u>P 6,957</u>

See Notes to Interim Condensed Financial Statements.

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

	1/1/2024 to 9/30/2024	1/1/2023 to 9/30/2023
	(Unaudited)	(Unaudited)
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		
PREFERRED STOCK		
Balance at beginning and end of period	P 3	P 3
COMMON STOCK		
Balance, beginning	24,195	22,509
Issuance of common stock	-	1,686
Balance, end	24,195	24,195
HYBRID PERPETUAL SECURITIES		
Balance at beginning and end of period	14,463	14,463
CAPITAL PAID IN EXCESS OF PAR		
Balance, beginning	58,228	42,493
Excess of consideration given over cost of common shares issued	-	15,735
Balance at beginning and end of period	58,228	58,228
TEASURY SHARES, At Cost		
Balance, beginning	-	(9,287)
Re-issuance during the period	-	9,287
Balance, end	-	-
NET UNREALIZED LOSSES ON FINANCIAL ASSETS AT OTHER COMPREHENSIVE INCOME		
Beginning balance	(3,168)	(4,865)
Fair value gains (losses) during the period	3,150	(856)
Balance, end	(18)	(5,721)
CUMULATIVE TRANSLATION ADJUSTMENTS		
Balance, beginning	54	54
Translation adjustment during the period	6	-
Balance, end	60	54
OTHER COMPREHENSIVE LOSS - RETIREMENT PLAN		
Balance, beginning	(2,930)	(1,581)
Remeasurement of the defined benefits during the period	5	(1,218)
Balance, end	(2,925)	(2,799)
RESERVE FOR TRUST BUSINESS		
Balance, beginning	551	532
Transfer from retained earnings - free	(551)	16
Balance, end	-	548
OTHER RESERVES		
Balance at beginning and end of period	(86)	(86)
RETAINED EARNINGS APPROPRIATED FOR GENERAL PROVISION		
Beginning balance	4,599	3,824
Transfer from retained earnings - free	518	703
Balance, end	5,117	4,527
RETAINED EARNINGS		
Beginning balance	56,360	48,294
Net profit	6,215	9,032
Cash dividends on common shares	(2,453)	(2,200)
Dividends on Hybrid Capital Securities	(1,122)	(1,068)
Transfer of fair value reserves on FVOCI	23	(27)
Disposal of/Net effect of change in percentage ownership over a subsidiary	-	(66)
Transfer to retained earnings appropriated for general provision	(518)	(703)
Transfer from (to) reserves for trust business	551	(16)
Balance, end	59,056	53,246
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		
	P 158,093	P 146,658
NON-CONTROLLING INTEREST		
Balance, beginning	6	8
Net Loss for the year	-	(1)
Balance, end	6	7
TOTAL EQUITY	P 158,099	P 146,665

See Notes to Interim Condensed Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(Amounts in Millions of Philippine Pesos)

	1/1/2024 to 9/30/2024 <u>(Unaudited)</u>	1/1/2023 to 9/30/2023 <u>(Unaudited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profits before tax	P 8,866	P 9,102
Adjustments for:		
Interest income	(58,517)	(48,011)
Interest expense	27,585	23,765
Gain on assets sold	(920)	(3,861)
Impairment losses	5,612	4,957
Depreciation and amortization	2,505	2,544
Dividend income	(310)	(285)
Gain on disposal of subsidiaries	-	(243)
Share in net earnings of associates	(53)	(91)
Operating loss before working capital changes	(15,232)	(12,123)
Increase in financial assets at fair value through profit and loss	(2,106)	(2,286)
Increase in loans and receivables	(64,409)	(67,851)
Decrease (Increase) in investment property	(99)	767
Increase in other resources	(2,958)	(1,969)
Increase in deposit liabilities	33,728	44,590
Increase (Decrease) in accrued taxes, interest and other expenses	(821)	1,145
Increase (Decrease) in other liabilities	9,880	(5,810)
Cash used in operations	(42,017)	(43,537)
Interest received	58,758	47,407
Interest paid	(28,568)	(22,839)
Cash paid for taxes	(2,974)	(2,183)
Net Cash Used in Operating Activities	(14,801)	(21,152)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in Financial Assets at FVOCI	(41,397)	9,702
Decrease (increase) in Investment securities at amortized cost	(20,727)	19,620
Disposal (acquisitions) of bank premises, furniture, fixtures and equipment -net	(469)	1,692
Cash dividends received	310	285
Acquisitions of intangibles	(396)	(315)
Net Cash From (Used in) Investing Activities	(62,679)	30,984
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds (payments) of bills payable	8,295	(2,278)
Dividends paid	(3,575)	(3,268)
Redemption of bonds payable	(8,361)	(25,379)
Net proceeds from issuance of common stock	-	26,708
Net Cash Used in Financing Activities	(3,641)	(4,217)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(81,121)	5,615
CASH AND CASH EQUIVALENTS, BEGINNING		
Cash and other cash items	19,875	18,078
Due from Bangko Sentral ng Pilipinas	151,762	156,664
Due from other banks	14,892	5,836
Interbank Loans and Loans and Receivables under reverse repurchase agreement	63,579	27,745
	<u>250,108</u>	<u>208,323</u>
CASH AND CASH EQUIVALENTS, END		
Cash and other cash items	14,560	13,038
Due from Bangko Sentral ng Pilipinas	99,003	151,650
Due from other banks	8,501	11,330
Interbank Loans and Loans and Receivables under reverse repurchase agreement	46,923	37,920
	<u>168,987</u>	<u>213,938</u>
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 - Net.

See Notes to Interim Condensed Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND DECEMBER 31, 2023
(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 has been granted with perpetual existence by the Securities and Exchange Commission (SEC) on September 30, 2022. It provides products and services related to traditional loans and deposits, trade finance, domestic and foreign fund transfers or remittance, cash management and treasury. 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, 2024, Cathay Life Insurance Corporation (Cathay) and Sumitomo Mitsui Banking Corporation (SMBC) also own 18.68% and 20.00% interest in RCBC, respectively.

The condensed consolidated interim financial statements of the Group as of and for the nine months ended September 30, 2024 (including the comparatives for the nine months ended September 30, 2023) and the year ended December 31, 2023 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) Hedge Accounting

At the inception of the hedging relationships, the Group formally designates and documents the hedging relationship. This documentation includes the risk management objective and strategy for undertaking the hedge, the identification of the hedging instrument and the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements at inception and on an ongoing basis (including the analysis of sources of hedge ineffectiveness and how the hedge ratio for the hedging relationships is determined).

Under a fair value hedge, the subsequent change in the fair value of the hedging instrument is recognized in the statement of profit or loss. The change in the fair value of the hedged item, attributable to the risk being hedged, is recorded as part of the carrying value of the hedged item and is also recognized in the statement of profit or loss.

Under a cash flow hedge, changes in the fair value of the hedging instrument are initially recognized in other comprehensive income for the effective portion of the hedge while the ineffective portion is recognized in profit or loss. The amount recognized in other comprehensive shall be the lower of (a) cumulative gain or loss on the hedging instrument from inception of hedge, or (b) cumulative change in FV of the expected cash flows on the hedged item.

(c) Impairment of Financial Assets

The Group's ECL model follows a three-stage impairment approach, which guide in the determination of the loss allowance to be recognized in the financial statements.

- (i)* Stage 1 – comprises of all credit exposures that are considered 'performing' and with no observed SICR since initial recognition. These include those financial instruments with low credit risk. For these financial instruments, the loss allowance is determined based on a 12-month ECL. PFRS 9 provides a rebuttable presumption that credit risk is considered to have significantly increased since initial recognition if the contractual payment is more than 30 days past due. The rebuttal must be in consideration of a reasonable and supportable information that is available without undue cost or effort.

- (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.

ECL is a function of the probability of default (PD), loss-given default (LGD), and exposure-at-default (EAD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgement.

The Group calculates ECL either on an individual or a collective basis. For consumer loans which were carried out on a collective basis, the financial instruments are grouped on the basis of shared credit risk characteristics, such as but not limited to instrument type, credit risk rating, collateral type, product type, historical net charge-offs, industry type, and geographical locations of the borrowers or counterparties. The Group calculates ECL for corporate loans, finance lease receivables, and investment securities at amortized cost on an individual basis.

The Group applies a simplified ECL approach for its accounts receivables and other risk assets wherein the Group uses a provision matrix that considers historical changes in the behavior of the portfolio of credit exposures based on internally collected data to predict conditions over the span of a given observation period. These receivables include claims from various counterparties, which are not originated through the Group’s lending activities. For these instruments, the Group measures the loss allowance at an amount equal to lifetime ECL.

The Group recognizes an impairment loss in profit or loss for all financial instruments subjected to ECL impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account. With respect to investments in debt securities that are measured at FVOCI, the related loss allowance account is recognized in other comprehensive income and accumulated in the Revaluation Reserves account, and does not reduce the carrying amount of the financial asset in the statement of financial position.

For loan commitments, the loss allowance is recognized as provisions (presented and included as part of Other Liabilities account in the statement of financial position). Where a financial instrument includes a drawn and undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn commitment; the Group presents a combined allowance for ECL for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as provisions.

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.1 Impact of COVID-19 on Measurement of ECL

In response to the post-pandemic landscape and the economic effects on the Group, there has been a reassessment and adjustment of the key conditions and assumptions used in calculating ECL. The Group has reviewed economic scenarios and forward-looking macroeconomic assumptions that underpin the ECL calculation. Given the economic recovery in the Philippines post-pandemic, the impact of COVID-19 on the historical data of the Bank has been excluded, as default rates during the pandemic were unusually high.

In 2023, with the expected full recovery of the Philippines from the impact of COVID-19 and the improving portfolio performance, the Group tailored its newly validated ECL model to exclude abnormally high default rates recorded during the pandemic period from their historical data set of 3 to 5 years used for ECL computation.

To identify the exclusion periods related to COVID-19, the Group employed a 12-month performance window in which any accounts that defaulted anytime in the subsequent 12 months were considered for the computation of historical default rates. Months with significantly high default rates were excluded from the dataset. This ensures that the average default rate computed by the Bank reflects the changes in the country's macroeconomic variables and their impact on customer payment behavior.

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, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Audited)</u>
Financial assets at FVPL	P 13,883	P 11,778
Financial assets at FVOCI	126,963	82,437
Investment securities at amortized cost - net	<u>257,254</u>	<u>236,527</u>
	<u>P 398,100</u>	<u>P 330,742</u>

3.1 Financial Assets at FVPL

This account is composed of the following:

	September 30, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Audited)</u>
Government securities	P 10,428	P 9,647
Derivative financial assets	2,562	1,320
Equity securities	874	783
Corporate debt securities	<u>19</u>	<u>28</u>
	<u>P 13,883</u>	<u>P 11,778</u>

3.2 Financial Assets at FVOCI

This account is composed of the following:

	September 30, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Audited)</u>
Government bonds	P 108,761	P 65,962
Corporate debt securities	14,191	12,571
Unquoted equity securities	2,494	2,421
Quoted equity securities	<u>1,517</u>	<u>1,483</u>
	<u>P 126,963</u>	<u>P 82,437</u>

3.3 Investments at Amortized Cost

This account is composed of the following:

	September 30, 2024 <u>(Unaudited)</u>		December 31, 2023 <u>(Audited)</u>
Government securities	P 226,444	P	211,451
Corporate debt securities	<u>30,941</u>		<u>25,237</u>
	257,385		236,688
Allowance for impairment	(<u>131</u>)	(<u>161</u>)
	<u>P 257,254</u>	P	<u>236,527</u>

4. LOANS AND RECEIVABLES

This account consists of the following:

	September 30, 2024 <u>(Unaudited)</u>		December 31, 2023 <u>(Audited)</u>
Receivable from customers:			
Loans and discounts	P 555,604	P	525,041
Credit card receivables	98,401		74,667
Customers' liabilities on acceptances, import bills and trust receipts	18,274		16,345
Bills purchased	3,178		3,894
Lease contract receivable	2,892		2,710
Receivables financed	<u>91</u>		<u>91</u>
	678,440		622,748
Unearned discount	(<u>661</u>)	(<u>826</u>)
	<u>677,779</u>		<u>621,922</u>
Other receivables:			
Interbank loans receivables	16,503		27,780
Accounts receivable	10,446		5,425
Accrued interest receivable	9,277		9,519
Sales contract receivable	<u>2,565</u>		<u>2,678</u>
	38,791		45,402
	716,570		667,324
Allowance for impairment	(<u>18,845</u>)	(<u>17,395</u>)
	<u>P 697,725</u>	P	<u>649,929</u>

5. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

5.1 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 for NPHI and P89 for CRC.

5.2 Spin-off of the RCBC Trust Operations to a Stand-Alone Trust Corporation

With the endorsement of the Bank's Trust Committee, on November 28, 2022, the Bank's Board of Directors (BOD) approved the spin-off of the trust operations from RCBC into a separate corporate entity by establishing a Stand-Alone Trust Corporation in accordance with the Manual of Regulations for Non-Bank Financing Institutions. The Bank's BOD approved its capital infusion equivalent to 40% of the required capital under the capital build-up plan.

On March 27, 2023, the Bank's BOD approved the incorporation of the RCBC Trust Corporation (RCBC Trust). RCBC Trust was officially incorporated on June 29, 2023, while its application of Trust License from BSP – Stage 3 was approved on October 10, 2023.

RCBC Trust started operations on January 2, 2024. On the same day, RCBC Trust received net assets from the Bank amounting to P128 and assumed assets under management valued at P155,703 from the Bank. These trust department accounts are maintained in separate books and records in accordance with the Financial Reporting Package for Trust Institutions (FRPTI) prescribed by the BSP.

5.3 Donation of RCBC shares in JPL

On April 8, 2024, the Parent Bank's Retirement Plan executed a Deed of Donation and Acceptance where the Bank donated and transferred ownership of 36,612,373 Preferred C shares representing 19.41% of the outstanding capital of RCBC-JPL Holding Corporation (JPL). Subsequent to the donation, RCBC's ownership over JPL is now at 80%.

5.4 Liquidation of RCBC Telemoney Europe

On April 29, 2024, RCBC Telemoney Europe received the final regulatory approval for its liquidation. Following such approval, RCBC Telemoney's balances were deconsolidated from the Group.

6. OTHER RESOURCES

This account consists of the following:

	September 30, 2024		December 31, 2023
	<u>(Unaudited)</u>		<u>(Audited)</u>
Assets held-for-sale and disposal group	P 4,920	P	4,503
Creditable withholding taxes	4,433		4,280
Net defined benefit asset	2,443		2,665
Prepaid expenses	2,181		1,645
Software – net	1,254		1,237
Branch licenses	1,000		1,000
Other assets held in trust	846		-
Deferred charges	840		660
Refundable and other deposits	806		955
Unused stationery and supplies	643		618
Goodwill	426		426
Returned checks and other cash items	375		221
Margin deposits	236		243
Miscellaneous	<u>1,741</u>		<u>1,992</u>
	22,144		20,445
Allowance for impairment	<u>(1,043)</u>		<u>(1,068)</u>
	<u>P 21,101</u>		<u>P 19,377</u>

7. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities:

	September 30, 2024		December 31, 2023
	<u>(Unaudited)</u>		<u>(Audited)</u>
Demand	P 215,490	P	214,395
Savings	286,253		287,738
Time	488,697		450,999
Long-term Negotiable Certificate of Deposits (LTNCD)	<u>-</u>		<u>3,580</u>
	<u>P 990,440</u>		<u>P 956,712</u>

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

<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Coupon Interest</u>	<u>Outstanding Balance</u>
September 28, 2018	March 28, 2024	5.50%	P 3,580

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.

8. BILLS PAYABLE

This account consists of borrowings from:

	<u>September 30, 2024</u> <u>(Unaudited)</u>		<u>December 31, 2023</u> <u>(Audited)</u>
Foreign banks	P 51,775	P	36,653
Local banks	7,348		14,165
Others	30		40
	<u>P 59,153</u>	P	<u>50,858</u>

9. BONDS PAYABLE

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

<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Coupon Interest</u>	<u>Face Value</u>	<u>Outstanding Balance</u>	
				<u>September 30, 2024</u> <u>(Unaudited)</u>	<u>December 31, 2023</u> <u>(Audited)</u>
January 7, 2024	January 18, 2029	5.50%	\$ 400	P 22,448	P -
February 21, 2022	May 21, 2024	3.00%	P 14,756	-	14,756
March 31, 2021	June 30, 2026	4.18%	P 4,130	4,130	4,130
September 11, 2019	September 11, 2024	3.05%	\$ 293	-	16,053
				<u>P 26,578</u>	<u>P 34,939</u>

Out of the US\$400 senior notes issued in January 7, 2024, US\$200 are designated as liability under fair value hedge accounting following the provisions of PFRS9. As of September 30, 2024, the Group has four (4) outstanding interest rate swaps designated as fair value hedges of the interest rate risk arising from 50% of the Group's US\$400 fixed rate bonds payable.

10. OTHER LIABILITIES

Other liabilities consist of the following:

	<u>September 30, 2024</u> <u>(Unaudited)</u>		<u>December 31, 2023</u> <u>(Audited)</u>
Accounts payable	P 15,708	P	10,197
Derivative financial liabilities	6,218		1,690
Lease liabilities	5,709		6,687
Manager's checks	2,701		1,878
Outstanding acceptances payable	2,341		1,467
Bills purchased – contra	2,082		2,673
Withholding taxes payable	1,177		1,108
Unearned income	1,055		824
Unclaimed balances	810		1,398
Deposits on lease contracts	604		796
Other credits	423		381
Sundry credits	401		269
Expected credit loss provisions			
on loan commitments	369		304
Payment orders payable	253		147
Due to BSP	6		108
Miscellaneous	596		1,539
	<u>P 40,453</u>	P	<u>31,466</u>

11. EQUITY

The movements in the outstanding capital stock are as follows:

	<u>Number of Shares*</u>	
	<u>September 30, 2024</u> <u>(Unaudited)</u>	<u>December 31, 2023</u> <u>(Audited)</u>
Preferred stock – voting, non-cumulative non-redeemable, participating convertible into common stock – P10 par value Authorized – 200,000,000 shares		
Balance at beginning of period	267,410	267,410
Conversion of shares	(1,216)	-
Balance at the end of the period	<u>266,194</u>	<u>267,410</u>
Common stock – P10 par value Authorized – 2,600,000,000 shares		
Balance at beginning of period	2,419,536,120	2,037,478,896
Conversion of shares	239	-
Reissuance of treasury shares	-	213,437,248
Issuance of new shares	-	168,619,976
Balance at the end of the period	<u>2,419,536,359</u>	<u>2,419,536,120</u>

*Amounts in absolute number of shares

11.1 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.

11.2 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, 2024, 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.

12. MISCELLANEOUS INCOME AND EXPENSES

These accounts consist of the following:

12.1 Miscellaneous Income

	<u>For the Nine months Ended</u>	
	<u>September 30, 2024</u> <u>(Unaudited)</u>	<u>September 30, 2023</u> <u>(Unaudited)</u>
Recoveries from written off assets	P 498	P 458
Dividend income	310	285
Rentals	212	346
Others	168	791
	<u>P 1,188</u>	<u>P 1,880</u>

12.2 Miscellaneous Expenses

	<u>For the Nine months Ended</u>	
	<u>September 30, 2024</u> <u>(Unaudited)</u>	<u>September 30, 2023</u> <u>(Unaudited)</u>
Credit card related expenses	P 1,772	P 1,301
Insurance	1,556	1,460
Service processing fees	890	755
Litigation/asset acquired expenses	566	585
Communication and information	485	511
Advertising and publicity	474	284
Management and other professional fees	395	395
Stationery and office supplies	136	159
Banking fees	120	308
Other outside services	117	97
Transportation and travel	99	162
Donations and charitable contributions	88	139
Shipment and freight	49	37
Others	515	671
	<u>P 7,262</u>	<u>P 6,864</u>

13. COMMITMENTS AND CONTINGENCIES

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

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

13.1 Contingent Accounts, Guarantees and Other Commitments

The following is a summary of contingencies and commitments arising from off-statement of financial position items at their equivalent peso contractual amounts as of September 30, 2024 and December 31, 2023:

	September 30, 2024		December 31, 2023
	<u>(Unaudited)</u>		<u>(Audited)</u>
Derivative assets	P 281,819	P	142,921
Outstanding guarantees issued	253,451		205,268
Derivative liabilities	121,200		84,461
Unused commercial letters of credit	29,336		25,079
Spot exchange sold	28,226		16,985
Spot exchange bought	28,218		16,980
Inward bills for collection	8,647		8,061
Late deposits/payments received	784		872
Outward bills for collection	36		1
Trust department accounts	-		155,705
Others	64		64

ADDITIONAL DISCLOSURES TO ITEM I – FINANCIAL STATEMENTS

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

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

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

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

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

Issuances, Repurchases and Repayments of Debt and Equity Securities. On September 11, 2024, the Bank redeemed the USD300.0 million Senior Notes with coupon rate of 3.05%.

On May 21, 2024, the Bank redeemed the P14.8 billion RCBC Series E Bonds with a coupon rate of 3.00%.

In January 2024, the Bank raised USD400 million from its five-year Senior Unsecured Fixed Rate Sustainability Bonds (the Notes) issuance via a drawdown from its USD3.0 billion Medium Term Note Programme. The Notes carry a coupon rate of 5.50% per annum.

Dividends Paid for Ordinary or Other Shares. In its meeting held on August 27, 2024, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1857 per share or a total of P49.5 thousand payable to holders of Preferred Class shares and paid on September 26, 2024.

In its meeting held on July 29, 2024, 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 P572.2 million payable to holders of said Securities, which was paid on August 27, 2024.

In its meeting held on May 27, 2024, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1854 per share or a total of P49.4 thousand payable to holders of Preferred Class shares and paid on June 25, 2024.

In its meeting held on March 25, 2024, the Board of Directors approved the declaration and payment of cash dividends amounting to P1.0140 per share or a total of P2.5 billion and P270.1 thousand payable to holders of Common Class and Preferred Class shares, respectively, both paid on April 26, 2024.

In its meeting held on February 26, 2024, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1864 per share or a total of P49.8 thousand payable to holders of Preferred Class shares and paid on March 21, 2024.

In its meeting held on January 29, 2024, 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 P549.4 million payable to holders of said Securities, which was paid on February 27, 2024.

In its meeting held on November 29, 2023, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1870 per share or a total of P50.0 thousand payable to holders of Preferred Class shares and paid on December 29, 2023.

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 25, 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.

The details of the cash dividend approvals and distributions from 2023 up to September 30, 2024 are as follows (amounts in Thousand Php except per share figures):

Date Declared	Dividend		Date Paid / Payable	Nature of Securities
	Per Share	Total Amount		
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	25-Sep-23	Convertible Preferred
29-Nov-23	P 0.1870	P 50.0	29-Dec-23	Convertible Preferred
29-Jan-24	-	P 549,412.5	27-Feb-24	Hybrid Perpetual Securities
26-Feb-24	P 0.1864	P 49.8	21-Mar-24	Convertible Preferred
25-Mar-24	P 1.0140	P 2,453,409.8	26-Apr-24	Common Stock
25-Mar-24	P 1.0140	P 270.1	26-Apr-24	Convertible Preferred
27-May-24	P 0.1854	P 49.4	25-Jun-24	Convertible Preferred
29-July-24	-	P 572,227.5	27-Aug-24	Hybrid Perpetual Securities
27-Aug-24	P 0.1857	P 49.5	26-Sep-24	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. On April 8, 2024, the Bank and its Retirement Fund executed a Deed of Donation and Acceptance where the Bank donated and transferred ownership of 36,612,373 Preferred C shares representing 19.41% of the outstanding capital of RCBC-JPL Holding Corporation (JPL). Subsequent to the donation, RCBC's ownership over JPL is now at 80%.

On April 29, 2024, RCBC Telemoney Europe received the final regulatory approval for its liquidation. Following such approval, RCBC Telemoney's balances were deconsolidated from the Group.

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-24	31-Dec-23	30-Sep-24	31-Dec-23
Return on Average Assets (ROA)* ^{1/}	0.7%	1.1%	0.7%	1.1%
Return on Average Equity (ROE) * ^{2/}	5.2%	9.5%	5.2%	9.5%
Risk-based Capital Adequacy Ratio (CAR)	16.3%	17.4%	16.1%	17.2%
Common Equity Tier 1 Ratio	13.8%	14.7%	13.5%	14.5%
Non-Performing Loans (NPL) Ratio ^{3/}	2.0%	1.6%	1.9%	1.5%
Non-Performing Assets (NPA) Ratio ^{4/}	1.4%	1.3%	1.3%	1.2%
Net Interest Margin (NIM)*	3.8%	3.4%	3.8%	3.4%
Cost-to-Income Ratio	61.7%	59.2%	61.3%	59.5%
Loans-to-Deposit Ratio ^{5/}	68.4%	65.1%	67.8%	64.3%
Current Ratio	0.9	0.9	0.9	0.9
Acid Test Ratio	0.5	0.9	0.5	0.9
Debt-to-Equity Ratio	7.1	7.1	7.1	7.1
Asset-to-Equity Ratio	8.1	8.1	8.1	8.1
Asset-to-Liability Ratio	1.1	1.1	1.1	1.1
Interest Rate Coverage Ratio	1.3	1.4	1.3	1.4
Earnings per share (EPS) ^{6/}				
Basic and Diluted*	PHP 2.97	PHP 5.07	PHP 2.97	PHP 5.07
Year-to-date Basic and Diluted	PHP 2.22	PHP 5.07	PHP 2.22	PHP 5.07
	Unaudited			
	30-Sep-24	30-Sep-23	30-Sep-24	30-Sep-23
Quarter-to-date Basic and Diluted	PHP 0.59	PHP 1.13	PHP 0.59	PHP 1.13

* September 30, 2024 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, 2024 in the amount of P6.2 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, 2024 in the amount of P5.4 billion represented the consolidated and parent, net of dividends on Hybrid Perpetual Securities of P835.5 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 2,419,536,359 shares as of September 30, 2024 and 2,197,681,607 as of December 31, 2023. Net income was net of dividends on Hybrid Capital Securities.

STATEMENT OF CONDITION: 30 September 2024 vs. 31 December 2023

RCBC's **Total Assets** stood at P1.3 trillion as of September 30, 2024. The significant movements are discussed below:

Cash and Other Cash Items declined by 26.7% or P5.3 billion due to lower cash requirements compared to year-end.

Due from Bangko Sentral ng Pilipinas decreased by 34.8% or P52.8 billion due to lower BSP Term Deposits as short term investment.

Due from Other Banks dropped by 42.9% or P6.4 billion due to lower funding requirements and decrease in foreign bank placements as a result of redeployment of funds.

Loans Arising from Reverse Repurchase Agreement decreased by 15.0% or P5.4 billion due to lower placements with the BSP.

Total Investment Securities, representing 31.0% of Total Resources, increased by 20.4% or P67.4 billion attributable to the 54.0% or P44.6 billion growth in Financial Assets at Fair Value Other Comprehensive Income (FVOCI); 8.8% or P20.8 billion increase in Investment Securities at Amortized Cost; and the 17.9% or P2.1 billion increase in Financial Assets at Fair Value Through Profit or Loss (FVTPL).

Loans and Receivables – net, representing 54.3% of Total Resources, increased by P47.8 billion or 7.4% to P697.7 billion mainly due to the 28.6% growth in consumer loans.

Investment in Associates – net increased by 11.7% or P59.5 million on account of higher income from Associates.

Bank Premises, Furniture, Fixtures & Equipment – net declined by 9.5% or P863.1 million mainly due to the amortization of right-of use assets.

Investment Properties – net increased by 18.2% or P99.0 million mainly attributable to foreclosures for the period.

Deferred Tax Assets was up by 5.4% or P310.8 million mainly due to the additional recognition of deferred tax asset during the period.

Other Resources – net grew by 8.9% or P1.7 billion largely due to higher other assets held in trust, prepaid expenses and assets held-for-sale and disposal group.

Total Liabilities settled at P1.1 trillion with an increase of P40.8 billion. The significant movements are discussed below:

Deposit Liabilities stood at P990.4 billion and grew by P33.7 billion or 3.5% and accounted 77.1% of Total Resources.

Bills Payable increased by 16.3% or P8.3 billion due to increase in foreign borrowings during the period.

Bonds Payable decreased by 23.9% or P8.4 billion primarily due to maturities of the USD300.0 million Senior Notes in September 2024 and the P14.8 billion Green Bonds in May 2024, net of the issuance of the USD400 million Senior Notes Sustainability Bonds in January 2024.

Accrued Taxes, Interest and Other Expenses were down by 15.2% or P1.8 billion mainly due to the decreases in accrued interest and accrued other expenses.

Other Liabilities increased by 28.6% or P9.0 billion largely due to increase in trade payables and outstanding acceptances.

Total Capital Funds stood at P158.1 billion, which is higher by P5.8 billion or 3.8% on account of the P6.2 billion net income for the period and significant improvement in valuation of FVOCI investments, offset by the P3.6 billion cash dividends paid by the Bank.

INCOME STATEMENT: 30 September 2024 vs. 30 September 2023

The Bank recorded a **Net Income** of P6.2 billion for the nine-month ended September 30, 2024 driven by the following:

Total **Interest Income** jumped by 21.9% or P10.5 billion driven by the growth in volume and better average yields. Interest income on loans and receivables was higher by 25.6% or P9.1 billion; interest income on investment securities increased by 24.5% or P2.4 billion and other interest income lower by 38.4% or P1.0 billion.

Total **Interest Expense** increased by 16.1% or P3.8 billion due to higher interest expense on deposit liabilities by 15.8% or P3.2 billion due to growth in volume and the impact of higher average costs. Meanwhile, interest expense on bills payable and other borrowings increased by 17.6% or P618.9 million.

As a result, **Net Interest Income** amounted to P30.9 billion from P24.2 billion, higher by 27.6% or P6.7 billion. It represented 81.9% of total operating income.

The Group booked **Impairment Losses** of P5.6 billion, higher by 13.2% or P655.0 million. It represented 14.9% of total operating income.

Other Operating Income of P6.8 billion declined by 41.6% or P4.9 billion. This represented 18.1% of total operating income on account of the following:

- **Trading and securities gains – net**, up by 303.3% or P387.0 million driven by better marked to market valuation and higher realized trading gains;
- **Service fees and commissions** higher by 32.1% or P1.5 billion largely from the increase in fee-based income;
- **Trust fees** – the 100% reduction was due to the spin-off of the Bank's Trust Operations to a Stand-Alone Trust Corporation effective January 2, 2024;
- **Foreign exchange gains (losses) – net**, lower by 364.1% or P2.8 billion largely on account of lower foreign exchange position profits and lower gains from commercial transactions;
- **Gain on assets sold – net**, decreased by 76.2% or P2.9 billion due to the higher gain on sale of various real estate properties sold last year;
- **Miscellaneous income** lower by 36.8% or P693.1 million on account of lower recoveries and rental income.

Other Operating Expenses amounted to P23.3 billion, higher by 6.4% or P1.4 billion. This represented 61.7% of total operating income on account of the following:

- **Employee benefits** up by 12.7% or P680.6 million due to increase in headcount;
- **Occupancy and equipment-related costs** higher by 14.7% or P360.8 million largely due to higher information technology costs and increase in rental expenses;
- **Taxes and licenses** declined by 0.1% or P5.0 million;
- **Depreciation and amortization** down by 1.5% or P39.4 million;
- **Miscellaneous expenses** jumped by 5.8% or P398.7 million largely due to higher credit card-related expenses and other volume-driven expenses.

Tax Expense was higher by P2.6 billion mainly due to lower deferred income tax benefit recognized during the year and higher final tax on investment securities.

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 13).

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

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

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

SIGNATURES

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

Issuer **RIZAL COMMERCIAL BANKING CORPORATION**

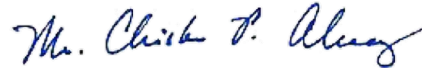
Date **November 14, 2024**



EUGENE S. ACEVEDO
President & CEO



FLORENTINO M. MADONZA
FSVP, Head-Controllershship Group



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

RIZAL COMMERCIAL BANKING CORPORATION
Aging of Accounts Receivable
As of September 30, 2024
(Amounts in Millions of Philippine Pesos)

	1 - 90 days	91 - 180 days	181 -1 year	Over 1 year	Total	Allowance	Net
Accounts Receivable	8,783.5	223.4	247.8	1,191.1	10,445.8	1,479.0	8,966.8