COVER SHEET

1	7	5	1	4

S.E.C. Registration Number

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

(Company's Full Name)

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

Contact Person	Company Telephone Number
CARMELA V. SILVERIO	8 8 9 4 9 0 0 0

Fiscal Year: Month 0 9 Day 3 0

FORM TYPE: 17Q

Annual Meeting: Month Day

Secondary License Type, If Applicable

Dept. Requiring this Doc.: SEC

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SEC Number 17514
PSE Code ________
File Number ________

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

(Company's Full Name)

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

(Company's Address)

8894-9000

(Telephone Number)

September 30, 2019

(Fiscal Quarter Ending)

SEC FORM 17-Q

Form Type

Amendment Designation (if applicable)

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the fiscal year ended **September 30, 2019**
2. SEC Identification Number 17514 4. BIR Tax Identification No. 000-599-760-000
3. Exact name of registrant as specified in its charter: **RIZAL COMMERCIAL BANKING CORPORATION**
5. Philippines
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. RCBC Plaza Yuchengco Tower 6819 Ayala Ave. cor. Sen. Puyat Avenue, Makati City 0727
   Address of principal office Postal Code

8. (632) 894-9000
   Registrant's telephone number, including area code

9. Not applicable
   Former name, former address & former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, P10 par value	1,935,628,896 (as of 30 September 2019)

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	9/30/2019 (Unaudited)	12/31/2018 (Audited)*
RESOURCES			
CASH AND OTHER CASH ITEMS		**P 13,049**	P 17,392
DUE FROM BANGKO SENTRAL NG PILIPINAS		**48,078**	56,495
DUE FROM OTHER BANKS		**19,356**	20,342
LOANS UNDER REVERSE REPURCHASE AGREEMENT		**20,166**	10,032
TRADING AND INVESTMENT SECURITIES - Net	3	**108,628**	118,450
LOANS AND RECEIVABLES - Net	4	**433,586**	398,300
INVESTMENTS IN ASSOCIATES - Net		**2,392**	423
BANK PREMISES, FURNITURE, FIXTURES & EQUIPMENT- Net		**10,608**	8,415
INVESTMENT PROPERTIES - Net		**3,799**	3,631
DEFERRED TAX ASSETS		**2,050**	2,094
OTHER RESOURCES - Net	5	**8,965**	9,021
TOTAL RESOURCES		**P 670,676**	P 644,595
LIABILITIES AND CAPITAL FUNDS			
DEPOSIT LIABILITIES	6	**424,179**	423,399
BILLS PAYABLE	7	**46,121**	56,001
BONDS PAYABLE	8	**90,867**	53,090
ACCRUED TAXES, INTEREST AND OTHER EXPENSES		**5,701**	5,277
OTHER LIABILITIES	9	**19,120**	15,672
SUBORDINATED DEBT	10	**-**	9,986
Total Liabilities		**585,988**	563,425
CAPITAL FUNDS			
Attributable to Parent Company Shareholders:			
Preferred Stock		**3**	3
Common Stock		**22,509**	22,509
Capital Paid in Excess of Par		**42,568**	42,627
Treasury Shares		**(13,719)**	(13,719)
Other Comprehensive Income:			
Net Unrealized Gains/(Losses) on Financial Assets At Fair Value		**2,111**	1,556
Cumulative Translation Adjustment		**54**	54
Retirement plan		**(1,441)**	(1,344)
Reserve for Trust Business		**461**	454
Other Reserves		**(97)**	(97)
Retained Earnings Appropriated for General Provision		**3,088**	2,594
Retained Earnings		**24,618**	22,186
Net Profit for the period		**4,512**	4,321
		84,668	81,144
Non-controlling Interest		**20**	26
Total Capital Funds		**84,687**	81,170
TOTAL LIABILITIES AND CAPITAL FUNDS		**P 670,676**	P 644,595

***As restated**

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	**1/1/2019 to 9/30/2019 (Unaudited)**	1/1/2018 to 9/30/2018 (Unaudited)	**7/1/2019 to 9/30/2019 (Unaudited)**	7/1/2018 to 9/30/2018 (Unaudited)
INTEREST INCOME ON					
Loans and receivables		**P 24,086**	P 19,522	**P 8,369**	P 6,747
Investment securities		**3,765**	2,282	**900**	906
Others		**219**	304	**64**	174
		28,069	22,108	**9,333**	7,826
INTEREST EXPENSE ON					
Deposit liabilities		**6,851**	4,252	**1,958**	1,559
Bills payable and other borrowings		**4,823**	3,011	**1,609**	1,096
		11,674	7,262	**3,567**	2,655
NET INTEREST INCOME		**16,395**	14,846	**5,766**	5,171
IMPAIRMENT LOSSES - Net		**5,212**	1,310	**2,529**	573
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		**11,183**	13,535	**3,238**	4,598
OTHER OPERATING INCOME (CHARGES)					
Trading and securities gain (losses) - net		**6,760**	(214)	**3,602**	(106)
Service fees and commissions		**2,881**	2,574	**930**	998
Trust fees		**231**	209	**78**	70
Foreign exchange gains - net		**309**	748	**198**	226
Miscellaneous	12	**1,153**	1,252	**403**	354
		11,335	4,569	**5,211**	1,542
OTHER OPERATING EXPENSES					
Employee benefits		**5,188**	4,885	**1,772**	1,652
Occupancy and equipment-related		**2,220**	2,492	**431**	859
Taxes and licenses		**2,424**	1,702	**947**	578
Depreciation and amortization		**1,786**	1,358	**961**	446
Miscellaneous	12	**4,663**	3,913	**1,663**	1,356
		16,280	14,350	**5,773**	4,891
PROFIT BEFORE TAX		**6,237**	3,755	**2,676**	1,249
TAX EXPENSE		**1,724**	545	**824**	202
NET PROFIT		**4,513**	3,210	**1,852**	1,047
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTEREST		**1**	1	**0**	0
NET PROFIT ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		**P 4,512**	P 3,209	**P 1,851**	P 1,047
Earnings Per Share (Annualized)					
Basic		**P 3.12**	P 2.84		
Diluted		**P 3.12**	P 2.84		

See Notes to Interim Financial Statements

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

	1/1/2019 to 9/30/2019 (Unaudited)	1/1/2018 to 9/30/2018 (Unaudited)
NET PROFIT FOR THE PERIOD	**P 4,513**	P 3,210
OTHER COMPREHENSIVE INCOME (LOSSES) DURING THE PERIOD:		
Fair value gains (losses) on Financial assets at Other Comprehensive Income	**557**	(788)
Retirement plan	(98)	76
Translation adjustments on foreign operations	**0**	1
Other Comprehensive Income (Loss) for the period	**459**	(712)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**P 4,972**	P 2,498
COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	**(7)**	(6)
COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	**P 4,980**	P 2,504

See Notes to Interim Financial Statements.

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

	Note	1/1/2019 to 9/30/2019 (Unaudited)	1/1/2018 to 9/30/2018 (Unaudited)*
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS			
PREFERRED STOCK	11		
Balance, beginning		**3**	3
Conversion of preferred stock		**(0)**	(0)
Balance,end		**3**	3
COMMON STOCK	11		
Balance, beginning		**22,509**	17,152
Issuance of common stock		**-**	5,357
Balance,end		**22,509**	22,509
CAPITAL PAID IN EXCESS OF PAR			
Balance, beginning		**42,627**	33,202
Excess of consideration given over cost of common shares issued		**(59)**	9,451
Balance,end		**42,568**	42,653
TEASURY SHARES, At Cost			
Balance, beginning		**(13,719)**	(13,719)
Re-issuance during the period		**-**	-
Balance, end		**(13,719)**	(13,719)
NET UNREALIZED GAINS/(LOSSES ON FINANCIAL ASSETS AT OTHER COMPREHENSIVE INCOME			
Balance, beginning as previously reported		**1,555**	1,968
Effect of Adoption of PFRS9		**-**	456
Balance, beginning as restated		**1,555**	2,424
Fair value gains (losses) during the period		**557**	(788)
Balance, end		**2,111**	1,636
CUMULATIVE TRANSLATION ADJUSTMENTS			
Balance, beginning		**54**	85
Impact of dissolution of a foreign subsidiary		-	(32)
Translation adjustment during the period		**0**	1
Balance, end		**54**	53
OTHER COMPREHENSIVE INCOME - RETIREMENT PLAN			
Balance, beginning		**(1,344)**	(79)
Remeasurement of the defined benefits during the priod		**(98)**	76
Balance, end		**(1,441)**	(3)
RESERVE FOR TRUST BUSINESS			
Balance, beginning		**454**	436
Transfer from retained earnings - free		**7**	7
Balance, end		**461**	444
OTHER RESERVES		**(97)**	(97)
RETAINED EARNINGS APPROPRIATED FOR GENERAL PROVISION			
Beginning balance, as previously reported		**2,594**	-
Effect of Adoption of PFRS9		**-**	2,139
Beginning balance, as restated		**2,594**	2,139
Transfer from retained earnings - free		**493**	379
Balance, end		**3,088**	2,518
RETAINED EARNINGS			
Beginning balance, as previously reported		**26,261**	###### #####
Prior period adjustment/Effect of Adoption of PFRS16 and PFRS 9		**(276)**	(2,391)
Beginning balance, as restated		**25,985**	25,659
Net profit		**4,512**	3,209
Cash dividends on common shares		**(863)**	(862)
Cash dividends on preferred shares		**(0)**	(0)
Transfer of fair value reserves on FVOCI		**(3)**	(6)
Transfer to retained earnings appropriated for general provision		**(493)**	(379)
Transfer to reserves for trust business		**(7)**	(7)
Balance, end		**29,130**	27,613
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		**P 84,668**	P 83,610
MINORITY INTEREST			
Balance, beginning		**26**	29
Effect of Adoption of PFRS9		**-**	(3)
Fair value losses on FVOCI		**(7)**	(6)
Net Profit for the year		**1**	1
Balance, end		**20**	21
TOTAL CAPITAL FUNDS		**P 84,688**	P 83,631

***As restated**

See Notes to Interim Financial Statements.

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

	Notes	YTD Ended 9/30/2019 (Unaudited)	YTD Ended 9/30/2018 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits before tax		P 6,237	P 3,755
Adjustments for:			
Interest income		(28,069)	(21,950)
Interest expense		11,674	7,262
Impairment losses		5,212	1,310
Depreciation and amortization		1,786	1,358
Dividend income		(274)	(189)
Share in net earnings of associates		2	1
Operating income before working capital changes		(3,432)	(8,453)
Decrease in financial assets at fair value through profit and loss	3	2,723	329
Increase in loans and receivables	4	(24,552)	(23,366)
Increase in investment property		(168)	(183)
Increase in other resources	5	(3,593)	(2,165)
Increase in deposit liabilities	6	780	21,723
Increase in accrued taxes, interest and other expenses		26	244
Increase in other liabilities	9	660	401
Cash used in operations		(27,554)	(11,471)
Interest received		27,674	21,238
Interest paid		(11,556)	(6,849)
Cash paid for taxes		(1,429)	(900)
Net Cash (Used In) From Operating Activities		(12,866)	2,018
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in Financial Assets at FVOCI	3	(44,127)	(2,795)
Decrease (increase) in Investment securities at amortized cost	3	51,778	(22,603)
Acquisitions of bank premises, furniture, fixtures and equipment (net)		(1,484)	(694)
Cash dividends received		274	189
Acquisitions of intangibles		(107)	(164)
Net Cash From (Used in) Investing Activities		6,333	(26,066)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of bills payable	7	(9,880)	(5,225)
Dividends paid		(864)	(863)
Net proceeds from bonds payable		37,777	26,472
Redemption of subordinated debt		(9,998)	-
Net proceeds from issuance of common stock		(59)	14,808
Net Cash From Financing Activities		16,976	35,192
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		10,444	11,144
CASH AND CASH EQUIVALENTS, BEGINNING			
Cash and other cash items		17,393	14,693
Due from Bangko Sentral ng Pilipinas		56,494	58,801
Due from other banks		20,344	19,818
Interbank Loans and Loans and Receivables under reverse repurchase agreement		19,554	9,869
		113,784	103,181
CASH AND CASH EQUIVALENTS, END			
Cash and other cash items		13,049	14,389
Due from Bangko Sentral ng Pilipinas		48,078	62,296
Due from other banks		19,356	17,111
Interbank Loans and Loans and Receivables under reverse repurchase agreement		43,745	20,528
		P 124,228	P 114,325

See Notes to Interim Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND DECEMBER 31, 2018
(Amounts in Millions of Philippine Pesos)

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).

1.2 Merger with RCBC Savings Bank, Inc. (RSB)

RCBC and RSB, a wholly owned subsidiary of RCBC, were merged on July 22, 2019 as approved by the RCBC Board on November 26, 2018, by the RSB Board on November 27, 2018, by the stockholders on February 26, 2019, by the BSP on June 17, 2019 and the SEC on July 22, 2019 with the former as the surviving entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

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

(c) Functional and Presentation Currency

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

2.2 Adoption of New and Amended PFRS

The Group adopted PFRS 16, *Leases* effective January 1, 2019. This new standard replaced PAS 17, *Leases*. For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right of use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain.

In subsequent periods, the "right-of-use" asset is accounted for similarly to a purchased asset subject to depreciation or amortization. The lease liability is accounted for similarly to a financial liability using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17, where lease payments are recognized as expense on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same with those applied in PAS 17. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, treatment of initial direct costs and lessor disclosures.

The adoption of PFRS 16 from January 1, 2019 resulted in changes in accounting policies and adjustments to the amounts previously reported in the Group's financial statements. As allowed and in accordance with the transitional provisions of this new standard, comparative figures have not been restated.

The following table shows the effects of the adoption of PFRS 16 on the carrying amounts and presentation of certain affected consolidated statement of financial position accounts as of January 1, 2019:

	As Previously Reported	Effect of Adoption of PFRS 16	As Restated
Changes in resources:			
Bank Premises, Furniture, Fixture and Equipment	P 8,415	P 2,475	P 10,890
Deferred Tax Assets	2,094	(38)	2,056
Other resources	9,022	(37)	8,985
Net increase in resources		P 2,400	
Changes in liabilities:			
Accrued Taxes, Interest and Other Expenses	P 5,277	(P 77)	P 5,200
Other Liabilities	15,672	2,753	18,425
Net increase in liabilities		P 2,676	
Changes in equity:			
Surplus	26,507	(276)	26,231
Net increase in liabilities and equity		P 2,400	

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

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

2.4 Financial Assets

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

(a) *Classification, Measurement and Reclassification of Financial Assets*

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

(i) Financial Assets at Amortized Cost

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

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

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

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

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

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

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

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

Debt Instruments at FVOCI

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

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

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

Equity Instruments at FVOCI

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

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

(b) Impairment of Financial Assets

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

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

Stage 1 : When loans are first recognized, the Group recognizes an allowance based on the twelve-month ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2 : When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime ECLs. Stage 2 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3 : When a loan is considered as credit impaired, the Group records an allowance for the lifetime ECL.

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

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

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

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

(c) *Derecognition of Financial Assets*

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

2.5 Financial Liabilities

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

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

2.6 Provisions and Contingencies

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

2.7 Revenue and Expense Recognition

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

2.8 Impairment of Non-financial Assets

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

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

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

2.9 Income Taxes

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

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

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

2.10 Related Party Relationships and Transactions

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

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

2.11 Events After the End of the Reporting Period

Any event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-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, 2019 (Unaudited)	December 31, 2018 (Audited)
Financial assets at FVPL	P 4,848	P 7,570
Financial assets at FVOCI	66,666	21,987
Investment securities at amortized cost - net	37,114	88,893
	P 108,628	P 118,450

3.1 Financial Assets at FVPL

This account is composed of the following:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Government securities	P 2,557	P 3,511
Corporate debt securities	961	1,660
Derivative financial assets	736	1,724
Equity securities	594	675
	P 4,848	P 7,570

3.2 Financial Assets at FVOCI

This account is composed of the following:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Government bonds	P 60,176	P 15,138
Unquoted equity securities	3,781	3,989
Quoted equity securities	1,788	2,472
Corporate debt securities	921	388
	P 66,666	P 21,987

3.3 Investments at Amortized Cost

This account is composed of the following:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Government securities	P 34,208	P 66,084
Corporate debt securities	3,047	22,944
	37,255	89,028
Allowance for impairment	(141)	(135)
	P 37,114	P 88,893

4. LOANS AND RECEIVABLES

This account consists of the following:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Receivable from customers:		
Loans and discounts	P 363,090	P 340,011
Credit card receivables	27,945	21,550
Customers' liabilities on acceptances, import bills and trust receipts	16,232	21,075
Bills purchased	2,603	3,112
Lease contract receivable	3,331	3,403
Receivables financed	366	587
	413,568	389,738
Unearned discount	(830)	(665)
	412,738	389,073
Other receivables:		
Interbank loans receivables	23,580	9,522
Accrued interest receivable	3,961	4,498
Accounts receivable	2,984	2,452
Unquoted debt securities classified as loans	2,142	1,963
Sales contract receivable	1,040	1,083
	33,706	19,518
	446,444	408,591
Allowance for impairment	(12,858)	(10,291)
	P 433,586	P 398,300

5. OTHER RESOURCES

This account consists of the following:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Creditable withholding taxes	P 2,199	P 2,362
Assets held-for-sale and disposal group	1,222	931
Prepaid expenses	1,135	717
Branch licenses	1,000	1,000
Software – net	890	945
Goodwill	426	426
Refundable and other deposits	323	736
Unused stationery and supplies	307	298
Returned checks and other cash items	252	171
Foreign currency notes	44	59
Margin deposits	42	19
Sundry debits	33	20
Miscellaneous	1,231	1,565
	9,105	9,249
Allowance for impairment	(140)	(228)
	P 8,965	P 9,021

6. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities:

	September 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
Demand	**P**	**64,600**	P	56,413
Savings		**176,322**		174,107
Time		**175,075**		179,724
Long-term Negotiable Certificate of Deposits (LTNCD)		**8,182**		13,155
	P	**424,179**	P	423,399

The details of the Parent Company's Long-term Negotiable Certificate of Deposits (LTNCDs) as of September 30, 2019 and December 31, 2018 are as follows:

			Outstanding Balance			
Issuance Date	Maturity Date	Coupon Interest	Sept 30, 2019 (Unaudited)		Dec 31, 2018 (Audited)	
September 28, 2018	March 28, 2024	5.50%	**P**	**3,580**	P	3,580
August 11, 2017	February 11, 2023	3.75%		**2,502**		2,502
December 19, 2014	June 19, 2020	4.13%		**2,100**		2,100
November 14, 2013	May 14, 2019	3.25%		**-**		2,860
November 14, 2013	May 14, 2019	0.00%		-		2,113
			P	**8,182**	P	13,155

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, 2019 (Unaudited)		December 31, 2018 (Audited)	
Foreign banks	**P**	**29,460**	P	40,613
Local banks		**16,659**		15,386
Others		**2**		2
	P	**46,121**	P	56,001

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 Sep 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)
September 11, 2019	September 11, 2024	3.05%	$	**300**	**P 15,511**	P -
June 4, 2019	June 4, 2021	6.15%	**P**	**8,000**	**8,000**	-
February 1, 2019	August 1, 2020	6.73%		**15,000**	**15,000**	-
March 15, 2018	March 16, 2023	4.13%	$	**450**	**23,241**	23,560
November 2, 2015	February 2, 2021	3.45%		**320**	**16,586**	16,826
January 21, 2015	January 22, 2020	4.25%		**243**	**12,529**	12,704
					P 90,867	P 53,090

9. OTHER LIABILITIES

Other liabilities consist of the following:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Accounts payable	**P 7,413**	P 6,291
Lease liability	**2,703**	-
Post-employment defined benefit obligation	**1,573**	1,481
Bills purchased – contra	**1,434**	1,847
Manager's checks	**1,241**	1,545
Derivative financial liabilities	**796**	894
Outstanding acceptances payable	**646**	880
Deposits on lease contracts	**540**	471
Payment orders payable	**489**	432
Other credits	**377**	392
Withholding taxes payable	**298**	304
Unearned income	**272**	380
Guaranty deposits	**180**	57
Sundry credits	**134**	125
ECL provisions on loan commitments	**97**	94
Due to BSP	**18**	29
Miscellaneous	**909**	450
	P 19,120	P 15,672

10. SUBORDINATED DEBT

On June 27, 2014, the Parent Company issued P7 billion Basel III-compliant Tier 2 Capital Notes (the "Tier 2 Notes") which shall be part of the Group's regulatory capital compliance in accordance with Basel III capital guidelines of the BSP. The Parent Company re-opened the Tier 2 Notes and issued an additional P3 billion of the Notes on September 5, 2014, which constituted a further issuance of, and formed a single series with the existing P7 billion Tier 2 Notes.

The significant terms and conditions of the Tier 2 Notes with an aggregate issue amount of P10,000 are as follows:

(a) The Tier 2 Notes shall mature on September 27, 2024, provided that they are not redeemed at an earlier date.

(b) Subject to satisfaction of certain regulatory approval requirements, the Parent Company may, on September 26, 2019, and on any Interest Payment Date thereafter, redeem all of the outstanding Tier 2 Notes at redemption price equal to 100% of its face value together with accrued and unpaid interest thereon. The terms and conditions of the Tier 2 Notes also allow for early redemption upon the occurrence of a Tax Redemption Event or a Regulatory Redemption Event.

(c) The Tier 2 Notes shall initially bear interest at the rate of 5.375% per annum from and including June 27, 2014 to but excluding September 27, 2019 and shall be payable quarterly in arrears at the end of each interest period on March 27, June 27, September 27 and December 27 of each year.

(d) Unless the Tier 2 Notes are previously redeemed, the initial interest rate will be reset on September 26, 2019 at the equivalent of the five-year PDST-R2 or the relevant five-year benchmark plus the initial spread of 1.93% per annum. Such reset interest shall be payable quarterly in arrears commencing on September 27, 2019 up to and including September 27, 2024, if not otherwise redeemed earlier.

(e) The Tier 2 Notes have a loss absorption feature which means the notes are subject to a Non-Viability Write-Down in case of the occurrence of a Non-Viability Event, subject to certain conditions as set out in the terms and conditions of the notes, when the Issuer is considered non-viable as determined by the BSP. Non-Viability is defined as a deviation from a certain level of CET1 ratio or the inability of the Issuer to continue business (closure) or any other event as determined by the BSP, whichever comes earlier. Upon the occurrence of a Non-Viability Event, the Issuer shall write-down the principal amount of the notes to the extent required by the BSP, which could go as low as zero. A Non-Viability Write-Down shall have the following effects:

(i) it shall reduce the claim on the notes in liquidation;
(ii) reduce the amount re-paid when a call or redemption is properly exercised; and,
(iii) partially or fully reduce the interest payments on the notes.

On May 27, 2019, the RCBC Board approved the Bank's request to exercise its call option and redeem its P10,000 5.375% Tier 2 Notes. The request was subsequently approved by the Monetary Board on July 25, 2019, subject to compliance with BSP conditions. On September 26, 2019, the Bank exercised the call option and fully redeemed the notes.

11. EQUITY

The movements in the outstanding capital stock are as follows:

	Number of Shares*	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Preferred stock – voting, non-cumulative non-redeemable, participating convertible into common stock – P10 par value		
Authorized – 200,000,000 shares		
Balance at beginning of year	**267,887**	276,845
Conversion of shares during the year	**(477)**	(8,958)
Balance at end of year	**267,410**	267,887

	Number of Shares*	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Common stock – P10 par value		
Authorized – 2,600,000,000 shares		
Balance at beginning of year	**2,250,916,023**	1,399,916,364
Issuance of shares during the year	**-**	850,997,626
Conversion of shares during the year	**121**	2,033
Balance at end of year	**2,250,916,144**	2,250,916,023

**Amounts in absolute number of shares*

12. MISCELLANEOUS INCOME AND EXPENSES

These accounts consist of the following:

12.1 Miscellaneous Income

	January 1 to September 30, 2019 (Unaudited)	January 1 to September 30, 2018 (Unaudited)
Rentals	**P 599**	P 570
Dividend income	**274**	314
Recoveries from written-off assets	**140**	165
Gains on assets sold	**43**	60
Others	**97**	143
	P 1,153	P 1,252

12.2 Miscellaneous Expenses

	January 1 to September 30, 2019 (Unaudited)	January 1 to September 30, 2018 (Unaudited)
Insurance	**P 852**	P 780
Credit card related expenses	**842**	638
Communication and information	**445**	366
Management and other professional fees	**370**	305
Employee activities	**226**	226
Litigation/asset acquired expenses	**202**	245
Advertising and publicity	**201**	208
Banking fees	**188**	168
Transportation and travel	**183**	149
Stationery and office supplies	**144**	126
Other outside services	**118**	107
Shipment and freight	**91**	61
Donations and charitable contributions	**61**	38
Representation and entertainment	**41**	29
Others	**604**	464
	P 4,663	P 3,913

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, 2019 and December 31, 2018:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Trust department accounts	**P 93,299**	P 87,639
Derivative assets	**66,910**	57,253
Outstanding guarantees issued	**64,382**	49,553
Derivative liabilities	**52,753**	53,261
Unused commercial letters of credit	**22,330**	19,231
Spot exchange sold	**5,407**	6,436
Spot exchange bought	**5,405**	6,330
Inward bills for collection	**2,888**	1,009
Late deposits/payments received	**729**	607
Outward bills for collection	**46**	614
Others	**17**	17

13.2 Sale of National Steel Corporation (NSC) Plant Asset

In October 2008, Global Steel Philippines (SPV-AMC), Inc. and Global Ispat Holdings (SPVAMC), Inc. (collectively, "Global Steel"), which purchased the Iligan Plant assets of the National Steel Corporation ("NSC Plant Assets") from the Liquidator (as defined in the Asset Purchase Agreement ("APA") dated September 1, 2004) in 2004, initiated arbitration proceedings with the Singapore International Arbitration Center ("SIAC") seeking damages on account of the failure of the Liquidator and the Secured Creditors (as also defined in the APA), including the Bank and RCBC Capital, to deliver the NSC Plant Assets free and clear from liens and encumbrance, purportedly depriving Global Steel of the opportunity to use the NSC Plant Assets to secure additional loans to fund the operations of the NSC Steel Mill Plant and upgrade the same.

On May 9, 2012, the SIAC Arbitral Tribunal rendered a partial award in favor of Global Steel in the amounts of (a) US$80, as and by way of lost opportunity to make profits and (b) P1,403, representing the value of the undelivered billet shop land measuring 3.41 hectares (the "Lost Land Claim"). On appeal, and on July 31, 2014, the Singapore High Court set aside the partial award. On March 31, 2015, the Singapore Court of Appeals rendered a decision which affirmed the earlier decision of the Singapore High Court but held that the Liquidator and Secured Creditors are still required to deliver to Global Steel clean title to the NSC Plant Assets.

The Bank's total exposure in connection with the obligation to transfer clean title to the NSC Plant Assets to Global Steel is approximately P217 in terms of estimated property taxes and transfer costs due on the NSC Plant Assets, as a result of the Philippine Supreme Court's affirmation of the ruling that all pre-closing taxes on the NSC Plant Assets are deemed paid. On the other hand, the Bank has a receivable from Global Steel in the amount of P485.5. The Bank has fully provisioned the receivable, which is classified in the books of the Bank as Unquoted Debt Securities Classified as Loans ("UDSCL") with zero net book value. The Bank's exposure, however, may be varied depending on whether the Iligan City's assessment of the post-closing taxes will be sustained as valid (including those imposed on non-operational machineries).

Notwithstanding the finality of the Philippine Supreme Court's ruling on the pre-closing taxes, on October 19, 2016, the City of Iligan foreclosed on National Steel Corporation properties after issuing a Notice of Delinquency against National Steel Corporation, seeking to collect the taxes covering the period 1999 to 2016. In an Order dated April 4, 2017, the Makati City Regional Trial Court (a) nullified the public auction of the NSC Plant Assets, among others, (b) enjoined any and all real property tax collection actions against the National Steel Corporation until the decision dated October 7, 2011, which held that the National Steel Corporation pre-closing taxes have been paid, is fully executed and National Steel Corporation's remaining tax liabilities are correctly computed. Likewise, in an Omnibus Order dated May 21, 2018, the Makati City Regional Trial Court denied the Motion for Reconsideration and the Urgent Motion to recall the Orders dated October 18, 2016 and April 4, 2017 filed by the Iligan City LGU and Iligan City Treasurer, among others.

The City of Iligan, represented by its purported Acting City Mayor Jemar L. Vera Cruz, filed with the Court of Appeals a Petition for Certiorari dated July 6, 2018, essentially (a) asserting the said LGU's right to sell at public auction the NSC Plant and other assets due to non-payment both pre-closing and post-closing taxes; and (b) praying that the writ of execution issued by the Makati City Regional Trial Court be declared null and void, especially due to the non-payment of docket fees and non-deposit of the contested tax amount of P4,610. In a Resolution dated December 18, 2018, the Court of Appeals dismissed the Petition filed by the City of Iligan on account of the LGU's failure to submit the documents/pleadings identified in an earlier Resolution dated July 31, 2018. The Court of Appeals likewise denied the City of Iligan's Motion for Reconsideration in its Resolution dated June 20, 2019, prompting the LGU to file a Petition for Review with the Supreme Court on September 6, 2019.

13.3 Verotel Merchant Services B.V. Case

In 2011, Verotel Merchant Services B.V. ("VMS"), a Dutch corporation, and Verotel International Industries, Inc. ("VII"), a Philippine corporation, civilly sued the Bank, Bankard, Inc. ("Bankard") Grupo Mercarse Corp., CNP. Worldwide, Inc. and several individuals before the Los Angeles Superior Court for various causes of action including fraud, breach of contract and accounting, claiming that VII and its alleged parent company, VMS, failed to receive the total amount of US$1.5, which the defendants allegedly misappropriated. VMS is an internet merchant providing online adult entertainment and online gambling, in addition to the sale of pharmaceuticals over the internet. Following an initial jury verdict in favor of VMS, and a series of subsequent motions and a reduction of monetary damages awarded to VMS, the Bank/Bankard filed their Notice of Appeal with the California Court of Appeals on July 11, 2016. On October 2, 2017, the Bank/Bankard filed their Revised Opening Brief on their appeal of the verdict with the California Court of Appeals. On March 28, 2018, the Bank/Bankard was advised of the filing of VMS's Combined Respondents' Brief and Cross-Appellants' Opening Brief. On August 14, 2018, the Bank/Bankard filed their combined Reply and Cross-Respondent's Brief. In accordance with prior stipulations, VMS timely filed its Final Reply Brief dated October 31, 2018.

In a letter dated May 30, 2019, VMS requested the California Court of Appeals to take cognizance of the ruling in Mazik vs. Geico General Insurance Company, claiming that it is relevant in resolving its punitive damages appeal. In a letter dated June 3, 2019, the Bank/ Bankard objected to the letter filed by VMS as it violates Rule 8.254 of the California Rules of Court, which prohibits the inclusion of "argument or other discussion of authority" and description of issued raised by a party in its brief. The parties are still awaiting the advice of the California Court of Appeals on the schedule date of the oral arguments.

13.4 RCBC Securities Case

In December 2011, RCBC Securities ("RSEC") initiated a criminal case for falsification against its former agent, Mary Grace V. Valbuena ("Valbuena"), arising from questionable transactions with her own personal clients. Since then, RSEC has filed additional criminal and civil cases, including charges of violation of Batas Pambansa Blg. 22 ("BP 22"), against Valbuena. On November 17, 2016, the Metropolitan Trial Court of Makati City, Branch 66, convicted Valbuena of the crime of violation of BP 22. Valbuena's conviction has since then been sustained by the Regional Trial Court of Makati, Branch 141, and the Court of Appeals in its Decision dated September 6, 2019, which (a) denied Valbuena's Petition for Review for lack of merit, and (b) directed Valbuena to pay RSEC the amount of P7.2, except that interest on the said amount shall be at the rate of (i) 12% per annum from January 18, 2012 to June 30, 2013, and (ii) 6% per annum from July 1, 2013 until full satisfaction of the amount due.

In May 2012, the Capital Markets Integrity Corporation ("CMIC") conducted an investigation on the complaint filed by Francisco Ken Cortes against RSEC. After due proceedings, the CMIC issued Resolutions dated July 3, 2015 and July 21, 2015, dismissing the complaint filed by Mr. Cortes and denying his Motion for Reconsideration, respectively. The aforesaid Resolutions have since become final and executory.

In a Complaint dated December 30, 2013, Cognatio Holdings, Inc. ("Cognatio") complained against RSEC, its former Vice President for Operations/Chief Finance Officer, its former Compliance Officer and Valbuena with the Enforcement and Investor Protection Department of the Securities and Exchange Commission ("EIPD-SEC"). In an Order dated April 3, 2019, the SEC-EIPD (a) ruled that RSEC violated the Securities Regulations Code, imposing thereon a monetary fine of P5, and (b) directed its submission of amended internal control procedures to (i) strengthen its Chinese Wall Policy, and (ii) validate transactions executed by its salesmen. On April 25, 2019, RSEC manifested that notwithstanding its disagreement with such factual findings, it will comply with the latter's directives. RSEC likewise proposed to immediately pay a reduced amount in full and complete settlement of the monetary fine. In an Order dated July 16, 2019, the SEC-EIPD accepted RSEC's settlement offer of P3, *sans* any finding of fault or guilt on the latter's part. Further, on August 5, 2019, RSEC submitted its Board-approved Amended Internal Protocols to the Markets and Securities and Regulation Department, in compliance with the directive of the SEC-EIPD.

In September 2014, Carlos S. Palanca IV ("Palanca") and Cognatio filed a complaint against RSEC with the CMIC, even as Cognatio's foregoing complaint was still pending with the EIPD-SEC. In its decision letter dated December 4, 2014, the CMIC dismissed Palanca/Cognatio's complaint on the ground of prescription and res judicata. However, this was reversed by the SEC en banc on appeal. Aggrieved, RSEC elevated the matter to the Court of Appeals, which held that Palanca/Cognatio committed willful and deliberate forum shopping. In a Resolution dated September 5, 2018, the Court of Appeals denied Palanca/Cognatio's Motion for Reconsideration, which prompted their filing of a Petition for Review dated October 8, 2018 with the Supreme Court. The case remains pending to date.

On February 22, 2013, Stephen Y. Ku ("Ku") filed a complaint against RSEC with the Regional Trial Court of Makati, Branch 149 (the "Makati Trial Court"), essentially praying for the return of his shares of stock and cash payments approximately valued at P103, which he claims to have turned over to Valbuena. On May 20, 2013, RSEC sought the dismissal of the complaint citing non-payment of the correct filing fees and failure to state a case of action. After the Makati Trial

Court denied the same, RSEC elevated the matter to the Court of Appeals, which sustained RSEC's position and ordered the dismissal of the complaint in its Decision dated October 9, 2014. However, acting of Ku's Petition for Review, the Supreme Court – in its Decision dated October 17, 2018 - reversed the Court of Appeals and held that Ku's immediate payment of the deficiency docket fees shows that he did not intentionally sought to evade the payment of the correct filing fees, so as to merit the dismissal of his complaint. In a Resolution dated January 23, 2019, the Philippine Supreme Court denied RSEC's Motion for Reconsideration, and ordered the Makati Trial Court to proceed with the hearing of the case until its termination. The trial of the case was suspended to give way to the scheduled the mediation on July 16, 2019 and the Judicial Dispute Resolution on September 4, 2019.

13.5 Poverty Eradication and Alleviation Certificates Bonds

In October 2011, the Bank filed a case before the Court of Tax Appeals ("CTA") to question the imposition of a 20% final withholding tax on the PEACe Bonds. The Bank later withdrew its case before the CTA and joined the legal action initiated by the other banks. Notwithstanding the Temporary Restraining Order ("TRO") issued by the Supreme Court, the Bureau of Treasury ("BTR") withheld P199 in October 2011 from the interest earned on the Bank's PEACe bonds holdings. The amount was originally recognized as part of Accounts Receivables under Loans and Receivables account in the statements of financial position until it was settled in 2018.

On January 13, 2015, the Supreme Court nullified the 2011 BIR Rulings classifying all bonds as deposit substitutes and ordered the return of the 20% final withholding tax withheld in October 2011. On March 16, 2015, the Bank/RCAP filed a Motion for Clarification and/or Partial Reconsideration on (a) the definition "deposit substitutes" vis-à-vis the PEACe Bonds, (i) there being only one lender at the primary market, and (ii) the non-taxability of subsequent sales in the secondary market, being in the nature of a sale/assignment of credit; and (b) the ruling that, assuming the PEACe Bonds can be considered as deposit substitutes, the BIR should collect the unpaid final withholding tax directly from RCAP/Code NGO, or any lender or investor, as withholding agents. The Bank/RCAP also reiterated its arguments that the tax constitutes double taxation, violates the non-impairment clause of the Constitution, and is a breach of the obligations by the BTR as issuer of the PEACe Bonds. The Office of the Solicitor General ("OSG"), as counsel for the Republic/other public respondents, filed its own Motion for Reconsideration and Clarification.

In a Resolution dated October 5, 2016, the Supreme Court partially ruled in favor of the Bank/ RCAP holding that (a) the securities newly issued and sold by the BTR should be treated as "deposit substitutes" only when there are "20 or more lenders" at the time of their original issuance; and (b) nevertheless, this ruling cannot be applied to the Bank/RCAP which relied in good faith on the rulings/opinions of the BIR that the transaction in issue is exempted from any final withholding tax. The Supreme Court also held that due to the continued refusal of the BTR to release the amount of P4,966, notwithstanding the TRO, the BTR is liable to pay legal interest of six percent (6%) per annum on the aforesaid amount of P4,966, counted from October 19, 2011 until fully paid.

On April 11, 2017, the Bank received a copy of the Entry of Judgment stating, among others, that the Decision dated January 13, 2015 and the Resolution dated August 16, 2016, became final and executory on October 20, 2016. The Bureau of Treasury settled P197 of the Bank's claim in 2017. The balance of P2, which was the subject of a deed of assigned in the Bank's favor, was settled on October 18, 2018, as approved by the Philippine Deposit Insurance Corporation and the BTR.

13.6 Applicability of RR 4-2011

In March 2011, the Bureau of Internal Revenue ("BIR") (a) issued RR 4-2011, prescribing a new way of reporting income solely for banks and other financial institutions, and (b) issued assessment notices to banks and other financial institutions for deficiency income tax for alleged non-intra-unit allocation of costs and expenses to exempt income and income subjected to final tax within RBU.

On April 6, 2015, the Bank and other Bankers Association of the Philippines member banks ("BAP-member banks") filed a Petition for Declaratory Relief with application for provisional remedies with the Regional Trial Court of Makati ("Makati Trial Court"), assailing the validity of RR 4-2011 for (a) being violative of their substantive due process rights and the equal protection clause of the Constitution; (b) being a deterrent to banks to invest in capital market transactions to the prejudice of the economy; and (c) setting a dangerous precedent for the disallowance of full deductions, due to its prescribed method of allocation.

Acting on the Petition, the Makati Trial Court issued a Temporary Restraining Order on April 8, 2015 and a Writ of Preliminary Injunction on April 17, 2015, enjoining the enforcement, in any manner, of RR 4-2011 against the Bank and other BAP-member banks, including issuing any Preliminary Assessment Notice ("PAN") or Final Assessment Notice ("FAN") against them during the pendency of the litigation, unless sooner dissolved. On June 10, 2015, Makati Trial Court issued a Confirmatory Order stating that the BIR is also prohibited from ruling or deciding on any administrative matter pending before it in relation to RR 4-2011 and insofar as the Bank and other BAP-member banks are concerned.

After the pre-trial conference terminated on August 3, 2017, the Makati Trial Court directed the parties to file their respective Memorandum on September 15, 2017, in lieu of holding trials. In an Order dated May 25, 2018, the Makati Trial Court granted the Petition for Declaratory Relief and declared RR 4-2011 null and void for being issued beyond the authority of the Secretary of Finance and Commissioner of Internal Revenue. The Makati Trial Court likewise made permanent the Writ of Preliminary Injunction it issued earlier.

Aggrieved, the Department of Finance ("DOF") and the BIR elevated the matter to the Supreme Court via a Petition for Review on Certiorari dated August 1, 2018, essentially alleging that (a) the validity of RR 4-2011 should have been brought instead before the Court of Tax Appeal; (b) upon the issuance of RR 4-2011, the Bank and BAP-member banks should have already adjusted their accounting and book keeping methods; and (c) the declaratory relief action was no longer proper in view of the issuance of PANs.

In response/compliance with the Resolution dated March 27, 2019, the Bank and BAP member banks pointed out that (a) the Makati Trial Court case was proper since the issue relates to the exercise of quasi-legislative power; (b) Regional Trial Courts have original jurisdiction over Declaratory Relief actions arising from the issuance of invalid Revenue Regulations; (c) the Bank and BAP-member banks have not breached RR 4-2011; and (d) the Makati Trial Court correctly held that RR 4-2011 is invalid (i) for mandating banks and other financial institutions to adopt a different method of accounting from the other classes of taxpayers, in denigration of the equal protection clause of the 1987 Philippine Constitution, and (ii) unlawfully amending the NIRC or Tax Code, and depriving the Bank and BAP-member banks their substantive rights to fully deduct legitimate business expenses from their gross income. The case remains pending before the Supreme Court.

13.7 Alleged Unauthorized Transfer of Funds – Bank of Bangladesh

In February 2016, four allegedly unauthorized fund transfers were wired to four accounts with the Bank from the Bangladesh Bank's account with the Federal Reserve Bank of New York ("FRBNY"), before being further dispersed to other accounts with other banks and casinos. In

August 2016, the Monetary Board approved the imposition of a P1,000 fine upon the Bank which it paid in full ahead of the August 2017 deadline. Such fine was fully recognized as part of miscellaneous expenses in the Bank's 2016 AFS. While the Bank's payment of the penalty did not affect its ability to perform its existing obligations or unduly hamper its operations, there may still be other regulatory cases arising from these events.

U.S. Litigation relating to the Bangladesh Bank Incident

On January 31, 2019, Bangladesh Bank filed a complaint with the U.S. District Court Southern District of New York ("SDNY") against the Bank, some of its current/former officers who were involved in the incident, a money service business and its principals, junket operators, and the casinos where the questioned funds passed through, claiming the existence of a conspiracy with North Korean hackers to steal funds from its FRBNY bank account and launder the same. The complaint cited nine (9) causes of action, including conversion, fraud and conspiracy, and sought the return of the full amount allegedly stolen, plus interest, attorney's fees, and other damages, including treble damages under the Federal Racketeer Influence and Corrupt Organizations ("RICO") Act.

The Bank sought the dismissal of the case on both procedural and substantive grounds, including (a) forum non conveniens; (b) the ineffectual service of summons upon it; (c) the lack of nexus with New York in view of Bank's minimal contact therewith; and (d) failure of the Complaint to plead a legitimate basis for federal court jurisdiction. Thus, the Bank filed a pre-motion to dismiss letter on April 8, 2019, and the joint motion to dismiss letter on April 30, 2019, to which the Bangladesh Bank filed its response. An initial pre-trial conference was held by the U.S. District Court on May 21, 2019 where the judge decided to stay discovery pending the resolution of the motions to dismiss.

On June 14, 2019 (U.S. Time), the Bank, with other co-defendants, filed (a) a joint motion to dismiss based on lack of subject matter jurisdiction, and (b) another joint motion to dismiss based on forum non conveniens. In response, Bangladesh Bank filed its Memoranda of Law essentially claiming that (a) the February 2016 cyber-heist targeted Bangladesh Bank, the US and the FRBNY as part of an overreaching cyber-conspiracy that began in 2014 with the Sony Pictures hacking and continued until 2018; (b) the two-year continuity close-ended requirement does not exist, and it clearly pled the existence of conspiracy between the defendants; (c) proof that Philippine courts can handle complex cases/international discovery requests is lacking, and litigating in the Philippines is costly; and (d) the availability of key witnesses/evidence are contingent on New York as venue of the litigation.

On August 1, 2019 (U.S. Time), the Bank and its co-defendants filed their Reply Memoranda, asserting that Bangladesh Bank's RICO conspiracy claim is fatally deficient given its failure to (a) plead the time-bound existence of a pattern in defendants' racketeering activities, not to mention the lack of any ongoing criminal activity; and (b) prove that the defendants took part in the criminal enterprise's affairs beyond their respective businesses (i.e., the casinos). Likewise, money outflowed from New York to the Philippines, so that the more relevant witnesses/evidence are in the country, and Bangladesh Bank's US$30,000 reserves is more than sufficient for any litigation in the Philippines were the legal fees are less. Moreover, Bangladesh Bank's earlier recovery of the amount of US$15 proves the adequacy of Philippine courts, and the Philippine Blocking Statute/ non-ratification to the Hague Convention will make it burdensome/impossible for relevant documents/witnesses to be produced or appear in New York.

On August 21, 2019 (U.S. Time), Bangladesh Bank requested for leave to file a Sur-Reply dated August 19, 2019, to address certain new issues allegedly raised by the defendants in their last pleadings, which the Presiding Judge granted with a note that Bangladesh Bank's Sur-Reply may or may not be considered in the resolution of the two (2) joint motions to dismiss.

On August 1, 2019 (U.S. Time), and in connection with the Injunction and Damages filed in the Philippines, the Bank's former National Sales Director ("NSD") sought, and was allowed by another U.S. District Court SDNY Branch in the Order dated August 9, 2019, to compel the Bank of New York Mellon ("BNYM") to produce non-privileged communication documents/ testimonial evidence relating to the payment order of US$30 on February 4, 2016, and which the BNYM received from SWIFT, Bangladesh Bank, FRBNY and from the Federal Bureau of Investigation, after the former NSD complied with the directive to serve copies of his application to all counsels of record in the Injunction and Damages case.

On August 23, 2019 (U.S. Time), but without prior leave, Bangladesh Bank sought to intervene in the proceedings/vacate the aforesaid Order, claiming that (a) the target documents/testimonial evidence contain potentially confidential and personal information; (b) these relate to the Federal RICO Act case, where discovery has been stayed; (c) notwithstanding its non-procedural intervention, it has standing to challenge the discovery orders in view of BNYM's failure to quash the subpoena; (d) the target evidence are beyond the scope of the Philippine Injunction and Damages case; (e) the former NSD's petition is violative of the Local Rules obligating him to notify the Branch where the Federal RICO Act case is pending, and his subpoena application should be transferred thereto. On the same date, and to cure its procedural misstep, the counsel for Bangladesh Bank formally sought the stay of the enforcement of the subpoena on BNYM, claiming that it is the ultimate target of the discovery sought by the former NSD.

In response, the counsel for the former NSD underscored (a) BNYM's lack of objection to the discovery process; (b) Bangladesh Bank's violation of the U.S. District Court SDNY's Individual Rules and Local Rules requiring prior leave before filing any motion; (c) Bangladesh Bank's lack of standing to assail the former NSD's application; (d) the former NSD's compliance with the directive to provide notice to Bangladesh Bank's local counsel in the Philippines; and (e) the independent nature of the former NSD's Petition vis-à-vis the Federal RICO Act case. On August 30, 2019, the former NSD formally filed his Memorandum of Law in Opposition to Bangladesh Bank's Motion to Vacate Order and Take Discovery Under 28 U.S.C. § 1782 and To Quash Subpoena Under FRCP 45, reiterating his previous arguments on the propriety of the subpoena upon BNYM, and his compliance with the requirements of 28 U.S.C. § 1782.

Philippine Litigation relating to the Bangladesh Bank Incident

On March 6, 2019, the Bank and the former NSD filed a complaint for Injunction and Damages against the Bangladesh Bank with the Regional Trial Court of Makati City ("Makati Trial Court") to put a stop to Bangladesh Bank's repeated acts of (a) defaming, harassing and threatening the Bank and the former NSD, and (b) making it appear that they were involved in the theft of the US$81 from its FRBNY bank account, and thus, had the legal obligation to pay/return the same. The main thrust of the Complaint is that (a) Bangladesh Bank lost the US$81 the minute the said funds were transferred from its FRBNY's bank account, and the Bank and the former NSD had no participation therein; and (b) Bangladesh Bank has been making very public and outrageous claims that the Bank (and its officers, including the former NSD) allegedly conspired with North Korean hackers to steal the said funds and launder the same, which repeated negative publicity is apparently intended to pressure the Bank into paying a settlement amount thereto.

In his Officer's Return dated March 14, 2019, the Sheriff of the Makati Trial Court reported that, on March 12, 2019, he tendered the Summons and a copy of the Complaint upon the Deputy Governor of Bangladesh Bank and Head of its Financial Intelligence Unit ("Deputy Governor"). On the other hand, Bangladesh Bank, via its Return of Summons and Manifestation by Special Appearance, disputed the propriety of the service of summons in the case and did not send any representative during the mediation conferences held on April 26, 2019 and May 15, 2019. Bangladesh Bank likewise refused to file any Answer and refused to formally submit to the jurisdiction of the Makati Trial Court.

At the July 19, 2019 hearing, the Makati Trial Court issued an Order holding that (a) Bangladesh Bank's claim of immunity from suit is belied by its own Charter, Bangladesh Bank Order, 1972, which expressly states that it has the power to sue and be sued; (b) Bangladesh Bank was properly and validly served with summons through the Deputy Governor and the Head of its Bangladesh Bank's Manila delegation; and (c) the filing of the complaint for Injunction and Damages, in relation to the case initiated by Bangladesh Bank in the U.S. District Court Southern District of New York, cannot be considered forum shopping as none of the requirements for litis pendentia, save for identity of parties, are present. The Makati Trial Court then directed the Bangladesh Bank to file its Answer to the Complaint within fifteen (15) days from notice, and set a status hearing set on September 26, 2019, which was cancelled and reset to November 14, 2019. Bangladesh Bank sought the reconsideration of the July 19, 2019 Order, principally premised on the claim that it is still a State Agency which has not waived its sovereign immunity. Bangladesh Bank likewise claimed that the statements made by Bangladeshi officials, on the purported involvement of the Bank in money laundering, are allegedly not defamatory.

Specific Litigation involving the Bank's Officers

Anent the criminal complaint for money laundering filed against former Business Manager Maia S. Deguito ("BM Deguito), the Anti-Money Laundering Council of the Philippines ("AMLC") filed with the Department of Justice ("DOJ") a second criminal complaint against six (6) current/ former employees of the Bank for alleged violation of Section 4(f) of R.A. No. 9160, as amended, arising from their alleged performance or failure to perform an act, which purportedly facilitated the crime of money laundering of US$81. Acting on the complaint, the DOJ found probable cause against five (5) of such current/former employees and filed the corresponding Information with the Regional Trial Court of Makati City ("Makati Trial Court"), which it subsequently amended. After arraignment, Pre-Trial and Trial ensued. The Prosecution which has since presented eight (8) witnesses and has been directed to terminate its presentation of evidence by October 11, 2019.

Acting on the criminal complaints filed by the Bank and a client in connection with a series of unauthorized acts/transactions relating to the money laundering of US$81, the Office of the City Prosecutor of Makati City found probable cause to charge former BM Deguito and a cohort with several counts of falsification of commercial document and perjury, respectively, which are currently undergoing trial before the Metropolitan Trial Court of Makati City.

The Bank has several petitions for review currently pending in relation to actions that it has initiated against former Bank employees in relation to the Bangladesh Bank incident. There are no known trends, demands, and commitments, events, or uncertainties that will have a material impact on the Bank's operational performance and ability to service obligations.

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

Additional Disclosures to Item I – Financial Statements

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

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

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

Seasonality or 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 May 27, 2019, the Board of Directors approved the early redemption of the Bank's P10.0 Billion, 5.375% Unsecured Subordinated Debt or Tier 2 Notes with an original maturity date of September 26, 2024, callable on September 15, 2019 and was redeemed on September 26, 2019. The early redemption of the Tier 2 Notes was approved by the Bangko Sentral ng Pilipinas (BSP) on July 30, 2019. The redemption of the P10 billion Tier 2 notes caused a drop in CAR by almost 200 basis points to 14.07% as of September 2019.

On September 4, 2019, the Bank has announced the terms for a US$ Unsecured Reg S Sustainability Notes due 2024. Notes will be issued via a drawdown under the US$2,000,000,000 Medium Term Note Program. The Notes will be listed on the Singapore Exchange Securities Trading Limited. It was issued on September 11, 2019. The proceeds will be applied by the Bank to support and finance and/or refinance the Bank's loans to customers or its own operating activities in eligible green and social categories as defined by RCBC's Sustainable Finance Framework.

On January 18, 2019, the bank successfully issued a P15.0 billion ASEAN Green Bond with a coupon rate of 6.7315% due in 2020. On June 4, 2019, the Bank completed the issuance of its P8.0 billion 6.15% ASEAN Sustainability Bond due 2021. This is the first ASEAN Sustainability Bond offering in the Philippines and, following RCBC's landmark issuance of the first ASEAN Green Bond from the country earlier this year.

As permitted by PFRS 9 and BSP Circular 708, the Group sold certain dollar-denominated bonds classified as investment securities at amortized cost with an aggregate carrying amount of P101.208 billion. The disposals resulted in a gain of P3.685 billion, which is included under Trading and securities gains-net in the statement of profit or loss. In addition, the Group concluded that the sales did not result to changes in its business models for managing financial assets to collect contractual cash flows.

Dividends Paid for Ordinary or Other Shares. In its meeting held on August 27, 2019, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1121 per share or a total of approximately P30 thousand payable to holders of Preferred Class shares and paid on September 24, 2019.

In its meeting held on May 27, 2019, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1166 per share or a total of approximately P31 thousand payable to holders of Preferred Class shares and paid on June 26, 2019.

In its meeting held on April 29, 2019, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.4460 per share or a total of approximately P863 million payable to holders of

Common Class and a total of approximately P119 thousand payable to holders of Preferred Class shares, both were paid on May 29, 2019.

In its meeting held on February 26, 2019, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1205 per share or a total of approximately P32 thousand payable to holders of Preferred Class shares and paid on March 25, 2019.

In its meeting held on November 26, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1105 per share or a total of approximately P30 thousand payable to holders of Preferred Class shares and paid on December 28, 2018.

In its meeting held on July 30, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1108 per share or a total of approximately P30 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on September 4, 2018 and paid on September 24, 2018.

In its meeting held on April 30, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1080 per share or a total of approximately P29 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on June 14, 2018 and paid on June 25, 2018.

In its meeting held on March 26, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.6160 per share or a total of approximately P862 million payable to holders of Common Class and a total of approximately P165 thousand payable to holders of Preferred Class shares, both were approved by the Bangko Sentral ng Pilipinas on April 5, 2018 and paid on May 7, 2018.

In its meeting held on January 30, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0919 per share, or a total of approximately P23 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on March 1, 2018 and paid on March 23, 2018.

The details of the cash dividend approvals and distributions from 2018 up to September 30, 2019 are as follows (amounts in Thousand Php except per share figures):

Date Declared	Dividend				Date Approved by the BSP	Date Paid / Payable	Nature of Securities
	Per Share		Total Amount (in Thousand)				
29-Jan-18	P	0.0919	P	23	1-Mar-18	23-Mar-18	Convertible Preferred Stock
26-Mar-18	P	0.6160	P	862,350	5-Apr-18	7-May-18	Common Stock
26-Mar-18	P	0.6160	P	165	5-Apr-18	7-May-18	Preferred Stock
30-Apr-18	P	0.1080	P	29	14-Jun-18	25-Jun-18	Convertible Preferred Stock
30-Jul-18	P	0.1108	P	30	4-Sep-18	24-Sep-18	Convertible Preferred Stock
26-Nov-18	P	0.1105	P	30	not required	28-Dec-18	Convertible Preferred Stock
26-Feb-19	P	0.1205	P	32	not required	25-Mar-19	Convertible Preferred Stock
29-Apr-19	P	0.4460	P	863,290	not required	29-May-19	Common Stock
29-Apr-19	P	0.4460	P	119	not required	29-May-19	Preferred Stock
27-May-19	P	0.1166	P	31	not required	26-Jun-19	Convertible Preferred Stock
27-Aug-19	P	0.1121	P	30	not required	24-Sep-19	Convertible Preferred Stock

Segment Information. The following table presents revenues and expenses of the Parent Company that are directly attributable to primary business segments for the period ended September 30, 2019 (in millions).

RESULTS OF OPERATIONS*					
	Retail Banking Group	Corporate Banking Group	Treasury / Trust	Others	Total
Net interest income	14,226	9,521	762	(8,113)	16,395
Non-interest income	3,406	2,423	7,298	(1,792)	11,335
Total revenue	17,632	11,943	8,060	(9,905)	27,730
Non-interest expense	11,121	5,586	896	3,890	21,493
Income (loss) before Income tax	6,511	6,358	7,164	(13,795)	6,237
Income tax expense	358	39	327	1,000	1,724
Net income (loss)	6,153	6,319	6,837	(14,796)	4,513

Amounts may not add up due to rounding off.

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

Changes in Composition of the Issuer During the Interim Period and Material Contingencies and Any Other Events or Transactions. RCBC and RCBC Savings (RSB), a wholly owned subsidiary of RCBC, were merged on July 22, 2019. RSB transferred its net assets to RCBC in exchange for 315,287,248 common shares of RCBC. The RCBC common shares were issued in exchange for RCBC's investment in RSB and recorded as treasury shares by RCBC.

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-19	31-Dec-18	30-Sep-19	31-Dec-18
Return on Average Assets (ROA)* [1/]	0.92%	0.73%	0.93%	0.90%
Return on Average Equity (ROE) *[2/]	7.26%	5.78%	7.27%	5.79%
BIS Capital Adequacy Ratio	14.07%	16.13%	13.75%	16.50%
CET 1 Ratio	13.20%	13.38%	12.87%	13.24%
Non-Performing Loans (NPL) Ratio [3/]	2.03%	1.31%	1.89%	0.57%
Non-Performing Assets (NPA) Ratio [4/]	1.90%	1.15%	1.78%	0.43%
Net Interest Margin (NIM)*	3.86%	4.00%	3.87%	3.80%
Cost-to-Income Ratio	58.71%	73.23%	58.11%	68.88%
Loans-to-Deposit Ratio [5/]	107.62%	96.51%	105.59%	100.35%
Current Ratio	0.50	0.50	0.47	0.54
Liquid Assets -to-Total Assets Ratio	0.19	0.21	0.19	0.19
Debt-to-Equity Ratio	6.92	6.94	6.82	5.30
Asset-to- Equity Ratio	7.92	7.94	7.82	6.30
Asset -to- Liability Ratio	1.14	1.14	1.15	1.19
Interest Rate Coverage Ratio	1.53	1.50	1.54	1.68
Earnings per share (EPS)* [6/]				
Basic and Diluted	PHP 3.12	PHP 2.62	PHP 3.12	PHP 2.62

**September 30, 2019 ratios/amounts were annualized*

[1/] Average assets for the consolidated and parent ratios were computed based on the 10-month average of end of month balances of total assets. Unaudited net income for the 9-month period ended September 30, 2019 in the amount of P4.512 billion represented the consolidated and parent.

[2/] Average equity for the consolidated and parent ratios were, likewise, computed based on the 10-month average of end of month balances. Unaudited net income for the 9-month period ended September 30, 2019 in the amount of P4.512 billion represented the consolidated and parent.

[3/] Non-performing loans (NPLs) were net of total specific allowance for expected credit losses per BSP Circular No. 941 of 2017.

[4/] NPAs were net of total specific allowance for expected losses.

[5/] Including Interbank Loans

[6/] Total weighted average number of issued and outstanding common shares (diluted) as of September 30, 2019 – 1,935,696,863 shares; as of December 31, 2018 – 1,935,628,775 shares.

Performance Indicators for Wholly-Owned/Majority Owned Subsidiaries[1]

RCBC SAVINGS BANK[1] In Php 000s	Unaudited September 30, 2019	Audited December 31, 2018
Net Income	N.a.	Php 1,041,275
Return on Average Assets (ROA)*	N.a.	0.85%
Return on Average Equity (ROE)*	N.a.	7.99%
BIS Capital Adequacy Ratio (CAR)	N.a.	12.81%
Non-Performing Loans (NPL) Ratio	N.a.	3.26%
Non-Performing Assets (NPA) Ratio	N.a.	3.36%
Earnings per Share (EPS)*	N.a.	Php 33.73

RIZAL MICROBANK In Php 000s	Unaudited September 30, 2019	Audited December 31, 2018
Net Income	PHP 14,928	Php 24,181
Return on Average Assets (ROA)*	1.21%	1.68%
Return on Average Equity (ROE)*	3.36%	4.13%
BIS Capital Adequacy Ratio (CAR)	31.42%	35.40%
Non-Performing Loans (NPL) Ratio	3.48%	0.07%
Non-Performing Assets (NPA) Ratio	3.25%	0.72%
Earnings per Share (EPS)*	PHP 1.77	Php 2.15

RCBC CAPITAL CORPORATION and Subsidiaries In Php 000s	Unaudited September 30, 2019	Audited December 31, 2018
Net Income	PHP 258,118	Php 109,679
Return on Average Assets (ROA)*	6.70%	2.54%
Return on Average Equity (ROE)*	8.79%	2.89%
BIS Capital Adequacy Ratio (CAR)	28.52%	20.43%
Non-Performing Loans (NPL) Ratio	0.00%	0.00%
Non-Performing Assets (NPA) Ratio	0.03%	0.03%
Earnings per Share (EPS)*	PHP 2.92	Php 0.93

RCBC FOREX BROKERS CORPORATION In Php 000s	Unaudited September 30, 2019	Audited December 31, 2018
Net Income	PHP 12,079	Php 14,096
Return on Average Assets (ROA)*	8.14%	7.76%
Return on Average Equity (ROE)*	8.57%	8.19%
Capital to Total Assets Ratio	95.63%	95.18%
Non-Performing Loans (NPL) Ratio	0.00%	0.00%
Non-Performing Assets (NPA) Ratio	0.00%	0.00%
Earnings per Share (EPS)*	PHP 32.30	Php 28.19

**September 30, 2019 ratios/amounts were annualized*

[1]RCBC Parent and RSB were merged on July 22, 2019.

RCBC INTERNATIONAL FINANCE, LTD. and Subsidiary	Unaudited		Audited
In Php 000s	September 30, 2019		December 31, 2018
Net Loss	PHP	(3,779)	Php (13,402)
Return on Average Assets (ROA)*		-4.04%	-9.99%
Return on Average Equity (ROE)*		-4.20%	-10.28%
Capital to Total Assets Ratio		96.55%	96.65%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Loss per Share (EPS)*	PHP	(2.02)	Php (5.36)

RCBC TELEMONEY EUROPE S.P.A [2]	Unaudited		Audited
In Php 000s	September 30, 2019		December 31, 2018
Net Loss	PHP	(11,179)	Php (16,222)
Return on Average Assets (ROA)*		-54.10%	-111.16%
Return on Average Equity (ROE)*		38.00%	34.62%
Capital to Total Assets Ratio		-152.23%	-310.72%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Loss per Share (EPS)*	PHP	(149.46)	Php (162.22)

RCBC-JPL HOLDING COMPANY, INC. (Formerly JP Laurel Bank, Inc.)	Unaudited		Audited
In Php 000s	September 30, 2019		December 31, 2018
Net Income	PHP	2,009	Php 1,203
Return on Average Assets (ROA)*		1.46%	0.62%
Return on Average Equity (ROE)*		-2.34%	-1.04%
Capital to Total Assets Ratio		-61.39%	-62.20%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Earnings per Share (EPS)*	PHP	0.01	Php 1.02

NIYOG PROPERTY HOLDINGS, INC.	Unaudited		Audited
In Php 000s	September 30, 2019		December 31, 2018
Net Income	PHP	42,680	Php 33,920
Return on Average Assets (ROA)*		9.28%	5.00%
Return on Average Equity (ROE)*		9.84%	5.26%
Capital to Total Assets Ratio		94.62%	94.96%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Earnings per Share (EPS)*	PHP	41.02	Php 24.39

**September 30, 2019 ratios/amounts were annualized*

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

RCBC LEASING AND FINANCE CORP. and Subsidiary In Php 000s	Unaudited September 30, 2019		Audited December 31, 2018
Net Income	PHP	133,292	Php 120,513
Return on Average Assets (ROA)*		1.76%	1.29%
Return on Average Equity (ROE)*		9.56%	11.71%
Capital to Total Assets Ratio		20.97%	12.65%
Non-Performing Loans (NPL) Ratio		11.39%	6.41%
Non-Performing Assets (NPA) Ratio		8.57%	5.20%
Earnings per Share (EPS)*	PHP	0.12	Php 0.08

**September 30, 2019 ratios/amounts were annualized*

30 September 2019 vs 31 December 2018

RCBC's Total Assets was recorded at P670.676 billion.

Cash and other Cash Items decreased by 24.97% or P4.343 billion from P17.392 to P13.049 billion. Due from Bangko Sentral ng Pilipinas also decreased by 14.90% or P8.417 billion from P56.495 billion to P48.078 billion.

Loans under reverse repurchase agreement increased by 101.01% or P10.134 billion from P10.032 billion to P20.166 billion mainly due to higher placements with the BSP.

Total trading investment securities, representing 16.20% of Total Resources, decreased by 8.29% or P9.822 billion from P118.450 billion to P108.628 billion mainly due to sale of Investment Securities at Amortized Cost. Investment Securities at Amortized Cost decreased by 58.25% or P51.778 billion from P88.892 billion to P37.114 billion; Financial Assets at Fair Value Through Profit or Loss also declined by 35.97% or P2.723 billion from P7.571 billion to P4.848 billion; on the other hand, Financial Assets at Fair Value Through Comprehensive Income increased by 203.21% or P44.679 billion from P21.987 billion to P66.666 billion.

Loans and Receivables-net grew by 8.86% or P35.286 billion from P398.300 billion to P433.586 billion primarily due to increase in SME and Consumer loan portfolio. It represented 64.65% of Total Resources.

Investment in Associates, net, increased by 465.58% or P1.969 billion from P423 million to P2.392 billion mainly due to recognition of equity investment in HHIC Korea.

Bank Premises, Furniture, Fixtures & Equipment, net increased by 26.06% or P2.193 billion from P8.415 billion to P10.608 billion attributable to the recognition of right of use of asset in accordance with the Bank's adoption of PFRS 16 Leases.

Deposit liabilities were recorded at P424.179 billion and represented 63.25% of Total Resources. Demand deposits grew by 14.51% or P8.187 billion from P56.413 to P64.600 billion and accounted for 9.63% of Total Resources; Savings Deposits were recorded at P176.322 billion and accounted for 26.29% of Total Resources. Time deposits reached P183.257 billion and accounted for 27.32% of total resources.

Bills payable decreased by 17.64% or P9.880 billion from P56.001 billion to P46.121 billion primarily due to the payment of foreign and local borrowings; it represented 6.88% of total resources. Bonds payable increased by 71.16% or P37.777 billion from P53.090 billion to P90.867 billion attributable to the P15 billion ASEAN green bonds issuance, P8 billion ASEAN Sustainability Bond, and P15.5 billion senior notes.

Other Liabilities increased by 22% or P3.448 billion from P15.672 billion to P19.120 billion primarily due to the recognition of lease liability in accordance with the Bank's adoption of PFRS 16.

Total liabilities stood at P585.988 billion and represented 87.37% of Total Resources

Net Unrealized Gains/ (Losses) on Financial Assets At Fair Value Through Other Comprehensive Income increased by 35.69% or P555 million from P1.556 billion to P2.111 billion.

Retained Earnings increased by 10.71% or P3.117 billion from P29.101 billion to P32.218 billion as a result of increase in net profit for the period, net of cash dividends paid.

Total Capital Funds was recorded at P84.687 billion and accounted for 12.63% of Total Resources.

30 September 2019 vs. 30 September 2018

Total interest income increased by 27.88% or P6.119 billion from P21.950 billion to P28.069 billion and accounted for 101.22% of total operating income. Interest income on loans and receivables went up by 24.38% or P4.722 billion from P19.364 billion to P24.086 billion and accounted for 86.86% of total operating income. The increase is mainly due to increase in average yield and average daily volume balance of Loans and Receivables. Interest income on investment securities increased by 65% or P1.483 billion from P2.282 billion to P3.765 billion mainly due to increase in average volume and yield of investment securities, it accounted for 13.58% of total operating income. Other interest income, on the other hand, decreased by 28.14% or P86 million from P304 million to P219 million primarily as a result of lower BSP placements.

Total interest expense increased by 60.75% or P4.412 billion from P7.262 billion to P11.674 billion and accounted 42.10% of total operating income. Interest expense on deposit liabilities grew by 61.14% or P2.599 billion from P4.252 billion to P6.851 billion primarily as a result of increase in time deposit level in terms of ADB coupled by increase in average cost; it represented 24.71% of total operating income. Interest expense on bills payable and other borrowings increased by 60.19% or P1.812 billion from P3.011 billion to P4.823 billion mainly due to increase in volume and yield of Bonds Payable.

As a result, net interest income increased by 11.63% or P1.708 billion from P14.688 billion to P16.395 billion.

The Group booked higher impairment losses at P5.212 billion, up by 297.77% or P3.902 billion from P1.310 billion and represented 18.80% of total operating income. Increase in impairment losses net was mainly due to higher specific provisioning and additional provisions following the Bank's ECL methodology.

Other operating income increased by 139.78% or P6.607 billion from last year's P4.727 billion now at P11.335 billion, this accounted for 40.87% of total operating income, and is broken down as follows:

- Trading and securities gain-net increased by P6.974 billion from a loss of P214 million to a gain of P6.760 billion, attributable realized trading gain from investment securities, it accounted 24.38% of total operating income;
- Service fees and commissions went up by 5.45% or P149 million from P2.732 billion to P2.881 billion largely due to increase in deposit and branch related fees, and ATM fees.
- Trust fees went up by 10.88% or P23 million from P209 million to P231 million attributable to increase in Mortgage Trust Indenture
- Foreign exchange gains was recorded at P309 million down by 58.68% or P439 million from last year's P748 million primarily due to lower FX position gains.
- Miscellaneous income decreased by 7.95% or P100 million from P1.252 billion to P1.153 billion, attributable to lower dividend income and lower other miscellaneous income.

Operating expenses, accounted for 58.71% of Total Operating Income, increased by 13.45% or P1.931 billion from P14.350 billion to P16.280 billion due to the following:

- Manpower costs increased by 6.21% or P303 million from P4.885 billion to P5.188 billion, as a result of regular merit and salary adjustment. It consumed 18.71% of the total operating income;
- Occupancy and equipment-related increased by 12.50% or P312 million from P2.492 billion to P2.804 billion attributable to annual escalation of rental rates and equipment maintenance, it consumed 10.11% or Total operating income;
- Taxes and licenses grew by 42.41% or P722 million from P1.702 billion to P2.424 billion attributable to gross receipt tax impact of higher gross revenues as it grew 42.82% year on year;
- Depreciation and amortization was recorded at P1.202 billion, down by 11.49% or P156 million from P1.358 billion attributable to lower depreciation on Computer Equipment and ROPAs;

- Miscellaneous expenses went up by 19.17% or P750 million to settle at P4.663 billion from P3.913 billion primarily as a result of higher volume related fees such as credit card related expenses, etc.

Tax expense increased by 216.35% or P1.179 billion from P545 million to P1.724 billion mainly due to higher taxable income for the period and lower set-up of Deferred Tax expense.

Net profit attributable to non-controlling interest settled at P838 thousand, 9.62% or P90 thousand lower than last year's P928 thousand.

Overall, net income increased by 40.63% or P1.304 billion from P3.209 billion to P4.512 billion.

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

Commitments and Contingent Liabilities

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

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

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

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

SIGNATURES

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

Issuer **RIZAL COMMERCIAL BANKING CORPORATION**

Date **November 14, 2019**

EUGENE S. ACEVEDO
President & CEO

11/12/19
FLORENTINO M. MADONZA
FSVP, Head - Controllership Group

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

RIZAL COMMERCIAL BANKING CORPORATION
Aging of Other Receivables
30-Sep-19
(Amounts in Mn PHP)

	1-90 days	91-180 days	181-1 year	Over one year	Total	Allow	Net
Accounts Receivable	2,248.53	163.26	447.82	124.52	2,984.14	1,885.64	1,098.50