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S.E.C. Registration Number

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(Company's Full Name)

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| TERESA JILL L. MUNIZ |
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Contact Person

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| 8 9 4 9 0 0 0 |
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Company Telephone Number

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FORM TYPE

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Secondary License Type, If Applicable

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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Cashier

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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)

894-9000

(Telephone Number)

June 30, 2015

(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 June 30, 2015
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

| <u>Title of Each Class</u> | <u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u> |
|-----------------------------|--|
| Common Stock, P10 par value | 1,399,908,636 (as of 30 June 2015) |

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 ^{1/}

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Millions)

| | (Unaudited) | (Audited) |
|--|----------------|----------------|
| | June 30, | December 31, |
| | 2015 | 2014 |
| ASSETS | | |
| Cash and Other Cash Items | 9,826 | 13,085 |
| Due From Bangko Sentral ng Pilipinas | 50,479 | 46,099 |
| Due From Other Banks | 14,980 | 16,600 |
| Investment Securities | | |
| Financial Assets at Fair Value Through Profit or Loss | 12,054 | 16,458 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 4,430 | 4,537 |
| Investment Securities At Amortized Cost | 79,542 | 79,795 |
| Loans and Receivables, net | 276,678 | 261,574 |
| Investments in Associates, net | 374 | 321 |
| Bank Premises, Furniture, Fixtures & Equipment, net | 7,399 | 7,031 |
| Investment Properties, net | 4,735 | 5,355 |
| Deferred Tax Assets, net | 67 | 86 |
| Other Resources, net | 8,153 | 6,964 |
| TOTAL RESOURCES | 468,717 | 457,905 |
| LIABILITIES AND CAPITAL FUNDS | | |
| Deposit Liabilities | | |
| Demand Deposits | 35,848 | 32,197 |
| Savings Deposits | 168,432 | 164,269 |
| Time Deposits | 117,639 | 119,295 |
| Total Deposit Liabilities | 321,918 | 315,761 |
| Bills Payable | 35,462 | 39,799 |
| Bonds Payable | 23,328 | 23,486 |
| Accrued Taxes, Interest and Other Expenses Payable | 4,473 | 4,671 |
| Other Liabilities | 11,194 | 11,136 |
| Subordinated Debt | 9,928 | 9,921 |
| TOTAL LIABILITIES | 406,303 | 404,774 |
| Capital Funds | | |
| Attributable to Parent Company Shareholders: | | |
| Preferred Stock | 3 | 3 |
| Common Stock | 13,999 | 12,757 |
| Hybrid Perpetual Securities | 4,883 | 4,883 |
| Capital Paid in Excess of Par | 22,644 | 16,148 |
| Net Unrealized Gains/(Losses) on Financial Assets At Fair Value Through Other Comprehensive Income | 956 | 835 |
| Remeasurement of Net Defined Benefits | (223) | (224) |
| Cumulative Translation Adjustment | 78 | 71 |
| Reserve for Trust Business | 369 | 366 |
| Other Reserves | (97) | (97) |
| Surplus | 19,779 | 18,367 |
| | 62,391 | 53,109 |
| Non-controlling Interest | 23 | 22 |
| TOTAL CAPITAL FUNDS | 62,414 | 53,131 |
| TOTAL LIABILITIES & CAPITAL | 468,717 | 457,905 |

^{1/} The consolidated financial statements have been prepared in conformity with the Philippine Financial Reporting Standards (PFRS) and reflect amounts that are based on the best estimates and informed judgment of management with appropriate consideration to materiality.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Millions except for earnings per share)

| | (Unaudited) Jan. 1 to Jun. 30 2015 | (Unaudited - Restated)* Jan. 1 to Jun. 30 2014 | (Unaudited) Apr. 1 to Jun. 30 2015 | (Unaudited - Restated)* Apr. 1 to Jun. 30 2014 |
|---|---|--|---|--|
| INTEREST INCOME ON | | | | |
| Loans and receivables | P 8,472 | P 7,875 | P 4,336 | P 3,905 |
| Investment securities | 1,683 | 2,110 | 842 | 1,045 |
| Others | 86 | 140 | 46 | 53 |
| | <u>10,241</u> | <u>10,125</u> | <u>5,224</u> | <u>5,002</u> |
| INTEREST EXPENSE ON | | | | |
| Deposit liabilities | 1,495 | 1,253 | 760 | 643 |
| Bills payable and other borrowings | 1,294 | 1,285 | 625 | 617 |
| | <u>2,789</u> | <u>2,537</u> | <u>1,385</u> | <u>1,259</u> |
| NET INTEREST INCOME | 7,452 | 7,588 | 3,839 | 3,743 |
| IMPAIRMENT LOSSES | 1,442 | 1,217 | 439 | 596 |
| NET INTEREST INCOME AFTER IMPAIRMENT LOSSES | <u>6,010</u> | <u>6,370</u> | <u>3,400</u> | <u>3,148</u> |
| OTHER OPERATING INCOME | | | | |
| Trading and securities gain-net | 1,718 | 1,217 | (5) | (416) |
| Service fees & commissions | 1,255 | 1,092 | 538 | 551 |
| Trust fees | 142 | 143 | 73 | 137 |
| Foreign exchange gains (losses)-net | 57 | 206 | 60 | 19 |
| Miscellaneous | 1,130 | 816 | 687 | 378 |
| | <u>4,302</u> | <u>3,473</u> | <u>1,353</u> | <u>669</u> |
| OTHER OPERATING EXPENSES | | | | |
| Employee benefits | 2,366 | 1,995 | 1,183 | 991 |
| Occupancy & equipment-related | 1,293 | 1,259 | 648 | 629 |
| Taxes & Licenses | 760 | 727 | 358 | 361 |
| Depreciation and amortization | 771 | 691 | 394 | 353 |
| Miscellaneous | 2,245 | 2,121 | 1,099 | 1,147 |
| | <u>7,435</u> | <u>6,793</u> | <u>3,681</u> | <u>3,481</u> |
| INCOME BEFORE TAX | 2,877 | 3,050 | 1,072 | 335 |
| TAX EXPENSE | 352 | 426 | 149 | 239 |
| NET INCOME | <u>2,525</u> | <u>2,625</u> | <u>923</u> | <u>96</u> |
| NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST | (1) | (1) | (1) | (0) |
| NET INCOME ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS | <u>P 2,526</u> | <u>P 2,625</u> | <u>924</u> | <u>97</u> |
| Earnings per Share (Annualized) | | | | |
| Basic | <u>P 3.75</u> | <u>P 3.80</u> | | |
| Diluted | <u>P 3.75</u> | <u>P 3.80</u> | | |

* Restated to reflect the impact of PFRS 9 as required by PAS 34 Interim Financial Reporting

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Millions)

| | (Unaudited) Jan. 1 to Jun. 30 2015 (06.30.15 vs. 12.31.14) | (Unaudited - Restated) * Jan. 1 to Jun. 30 2014 (06.30.14 vs. 12.31.13) |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before tax | P 2,877 | P 3,050 |
| Adjustments for: | | |
| Interest income | (10,241) | (10,125) |
| Interest expense | 2,789 | 2,537 |
| Impairment losses | 1,442 | 1,217 |
| Depreciation and amortization | 899 | 821 |
| Dividend income | (99) | (12) |
| Equity in net earnings of associates | (26) | 6 |
| Operating income before working capital changes | (2,360) | (2,505) |
| Decrease (Increase) in financial assets at fair value through profit and loss | 4,404 | 3,532 |
| Decrease (Increase) in loans and receivables | (16,688) | 494 |
| Decrease (Increase) in investment property | 620 | (130) |
| Decrease (Increase) in other resources | (1,224) | 787 |
| Increase (Decrease) in deposit liabilities | 6,157 | 3,241 |
| Increase (Decrease) in accrued taxes, interest and other expenses | (119) | (330) |
| Increase (Decrease) in other liabilities | 59 | 18 |
| Cash generated from (used in) operations | (9,150) | 5,107 |
| Interest received | 10,383 | 10,501 |
| Interest paid | (2,791) | (2,639) |
| Cash paid for taxes | (430) | (385) |
| Net Cash From (Used in) Operating Activities | (1,988) | 12,584 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Decrease (increase) in Financial Assets at FVOCI | 229 | (939) |
| Decrease (increase) in investment securities at amortized cost | 253 | (6,353) |
| Acquisitions of bank premises, furniture, fixtures and equipment (net) | (1,139) | (646) |
| Cash dividends received | 99 | (1,143) |
| Decrease (increase) in investments in subsidiaries and associates | (19) | 1,189 |
| Acquisitions of software | (119) | (123) |
| Net Cash From (Used in) Investing Activities | (697) | (8,015) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from (payments of) bills payable | (4,337) | (4,286) |
| Dividends paid | (1,059) | (1,496) |
| Net proceeds from (Redemption of) bonds payable | (158) | - |
| Redemption of subordinated debt | - | 6,940 |
| Net proceeds from issuance of common shares | 7,739 | (0) |
| Net Cash From (Used in) Financing Activities | 2,184 | 1,156 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (500) | 5,725 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | |
| Cash and other cash items | 13,085 | 9,826 |
| Due from Bangko Sentral ng Pilipinas | 46,099 | 52,491 |
| Due from other banks | 16,600 | 7,537 |
| | 75,784 | 69,854 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | |
| Cash and other cash items | 9,826 | 9,593 |
| Due from Bangko Sentral ng Pilipinas | 50,479 | 54,412 |
| Due from other banks | 14,980 | 11,574 |
| | P 75,285 | P 75,579 |

* Restated to reflect the balances under PFRS 9 as required by PAS 34 Interim Financial Reporting.

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

| | (Unaudited) Jan. 1 to Jun. 30 2015 | (Unaudited - Restated)* Jan. 1 to Jun. 30 2014 |
|--|--|---|
| ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS | | |
| PREFERRED STOCK | | |
| Balance, beginning | 3 | 3 |
| Issuance (Conversion) of preferred stock | (0) | 0 |
| Balance, end | <u>3</u> | <u>3</u> |
| COMMON STOCK | | |
| Balance, beginning | 12,757 | 12,757 |
| Conversion of preferred stock to common stock | | |
| Issuance of common stock | 1,242 | - |
| Balance, end | <u>13,999</u> | <u>12,757</u> |
| HYBRID PERPETUAL SECURITIES | | |
| | <u>4,883</u> | <u>4,883</u> |
| CAPITAL PAID IN EXCESS OF PAR | | |
| Balance, beginning | 16,148 | 16,148 |
| Conversion of preferred stock to common stock | - | - |
| Excess of consideration given over cost of common shares issued | 6,496 | - |
| Balance, end | <u>22,644</u> | <u>16,148</u> |
| REVALUATION RESERVE ON FINANCIAL ASSETS AT FVOCI | | |
| Balance, beginning as previously reported | 835 | (5,005) |
| Effect of adoption of PFRS 9 | - | 5,694 |
| Balance, beginning as restated | <u>835</u> | <u>689</u> |
| Fair value gains (losses) during the period | 121 | 35 |
| Balance, end | <u>956</u> | <u>724</u> |
| ACCUMULATED TRANSLATION ADJUSTMENTS | | |
| Balance, beginning | 71 | 75 |
| Translation adjustment during the period | 7 | (1) |
| Balance, end | <u>78</u> | <u>74</u> |
| OTHER COMPREHENSIVE INCOME - RETIREMENT PLAN | | |
| Balance, beginning | (224) | (225) |
| Remeasurement of the defined benefits during the period | 1 | (34) |
| Balance, end | <u>(223)</u> | <u>(259)</u> |
| RESERVE FOR TRUST BUSINESS | | |
| Balance, beginning | 366 | 348 |
| Transfer from surplus free | 2 | 3 |
| Balance, end | <u>369</u> | <u>351</u> |
| OTHER RESERVES | | |
| | <u>(97)</u> | <u>(282)</u> |
| SURPLUS FREE | | |
| Beginning balance, as previously reported | 18,367 | 16,082 |
| Effect of adoption of PFRS 9 | - | (177) |
| Beginning balance, as restated | <u>18,367</u> | <u>15,904</u> |
| Net income | 2,526 | 2,625 |
| Cash dividends on common shares | (840) | (1,276) |
| Cash dividends on preferred shares | (0) | (0) |
| Dividends on Hybrid Capital Securities | (219) | (220) |
| Transfer of fair value reserves on FVOCI | (53) | - |
| Transfer to reserves for trust business | (2) | (3) |
| Balance, end | <u>19,779</u> | <u>17,030</u> |
| ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS | | |
| | <u>62,391</u> | <u>51,429</u> |
| NON-CONTROLLING INTEREST | | |
| Balance, beginning | 22 | 23 |
| Prior period adjustments | - | - |
| Fair value gains (losses) on available-for-sale securities, net of tax | 1 | 1 |
| Net Income (loss) for the year | (1) | (1) |
| Balance, end | <u>23</u> | <u>23</u> |
| TOTAL CAPITAL FUNDS | P <u>62,414</u> | <u>51,453</u> |

* Restated to reflect the balances under PFRS 9 as required by PAS 34 Interim Financial Reporting.

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

| | Six Months Ended June 30 | | Quarter Ended June 30 | |
|---|---------------------------------|-------------------------|------------------------------|-------------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (Unaudited) | (Unaudited - Restated)* | (Unaudited) | (Unaudited - Restated)* |
| NET PROFIT FOR THE YEAR | P 2,525 | P 2,625 | P 923 | P 97 |
| OTHER COMPREHENSIVE INCOME (LOSSES) | | | | |
| Fair value gains (losses) on Financial assets at FVOCI | 121 | 35 | (159) | (943) |
| Retirement plan | 1 | (34) | (2) | (34) |
| Translation adjustment during the year | 7 | (1) | 1 | (2) |
| Other Comprehensive Income (Loss) for the period, net of tax | 129 | (0) | (155) | (979) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 2,654 | 2,625 | 769 | (882) |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST | 1 | 1 | (0) | (1) |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS | P 2,653 | P 2,625 | P 769 | (P 881) |

* Restated to reflect the impact of PFRS 9 as required by PAS 34 Interim Financial Reporting

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 Financial Reporting Standards in the Philippines for Banks (FRSPB).

Early Adoption of PFRS 9. On July 28, 2014, RCBC's Board of Directors (BOD) approved the early adoption of PFRS 9 *Financial Instruments* (2009, 2010 and 2013 versions) subject to favorable outcome of an in-depth analysis. After completion of such analysis, the BOD, in its meeting held last October 27, 2014, gave its approval to finally proceed with the early adoption of PFRS 9. The BOD also approved the Business Models developed by the Bank to document the strategies in managing its portfolio of financial instruments.

The Bank's subsidiaries aligned their policies with the Parent Bank and also early adopted PFRS 9. The Bank and its subsidiaries (the Group) chose January 1, 2014 as the date of initial application.

The actual entries on PFRS 9 adoption were reflected in December 2014 as required by BSP Circular No. 708 and amended by BSP Circular Nos. 733 and 761. As required by PAS 34 *Interim Financial Reporting*, the comparative 2014 financial statements have been restated to reflect the balances under PFRS 9.

In February 2015, the Bank sold certain dollar-denominated bonds classified as investment securities at amortized cost with an aggregate carrying amount of Php 35.04 billion. The sale was made in order to fund capital expenditures related to the Bank's purchase of branch licenses this year and to immediately replenish regulatory capital as the purchase will result to a reduction in the Bank's capital position. The disposal resulted in a gain of Php1.48 billion, which is included under Trading and securities gains-net in the statement of profit or loss.

The Bank also sold certain dollar-denominated bonds classified as investment securities at amortized cost with an aggregate carrying amount of Php 485.61 million due to credit deterioration. This disposal resulted in a loss of Php 66.39 million, which is included under Trading and securities gains-net in the statement of profit or loss.

In both instances, the Bank concluded that the sale is permitted by PFRS 9 and BSP Circular 708 and that there are no changes in its business models for managing financial assets to collect contractual cash flows.

Accounting Policies and Methods of Computation. 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.

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

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

Issuances, Repurchases and Repayments of Debt and Equity Securities. Rizal Commercial Banking Corporation and Cathay Life Insurance Corp, a wholly owned subsidiary of Cathay Financial Holding Co., Ltd. closed the equity investment deal for a 20% stake in RCBC last April 20, 2015.

The key terms of the transaction involves the subscription of primary shares (124,242,272) and the purchase of shares from CVC (119,033,590 shares) and IFC (36,724,138 shares) all at Php 64.00 per share.

The strategic investment by Cathay Life, raises Php 7.95 billion of new Core Equity Tier 1 ("CET 1") capital for the Bank, is part of RCBC's current capital raising strategy in order to comply with the more stringent capital adequacy rules under the new Basel III framework and is expected to enable RCBC to be comfortably above the minimum CET1 requirements of the BSP. In addition, the proceeds from the

investment will continue to support the continued growth of RCBC's loan book and increased expansion into the SME and Consumer segments to improve margins and risk diversification/actuarialization. The transaction is also in-line with Cathay's strategy to expand its business in ASEAN.

On January 21, 2015, the Bank successfully raised \$200 million worth of 5-year senior unsecured fixed-rate notes off its \$1.0 billion EMTN Programme. The notes carried a coupon and yield of 4.25% and maturity of January 22, 2020. On February 10, 2015, the Bank issued another \$43 million with a coupon and yield of 4.25% under the same EMTN Programme.

Dividends Paid for Ordinary or Other Shares. In its meeting held on July 27, 2015, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.05830 per share, or a total of approximately P18 thousand payable to holders of Preferred Class shares, subject to the approval by the Bangko Sentral ng Pilipinas.

In its meeting held on April 27, 2015, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.05667 per share, or a total of approximately P19 thousand payable to holders of Preferred Class shares, subject to the approval by the Bangko Sentral ng Pilipinas.

In its meeting held on March 30, 2015, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.60 per share, or a total of approximately P839.945 million payable to holders of Common Class shares, and a total of approximately P186 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral on May 13, 2015 and paid on June 8, 2015.

In its meeting held on January 26, 2015, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.05630 per share, or a total of approximately P19 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral on March 20, 2015 and paid on March 27, 2015.

In its meeting held on October 27, 2014, the Board of Directors approved the declaration and payment of cash dividends, which was approved by Bangko Sentral on March 20, 2014, amounting to P218.608 million to holders of Hybrid Tier 1 securities and paid on April 27, 2015. The Board also approved the declaration and payment of cash dividends to holders of Preferred Class shares amounting to P0.05496 per share or P19 thousand which was approved by the Bangko Sentral on December 19, 2014 and paid on January 28, 2015.

The details of the 2015 cash dividend approvals and distributions for the first semester of 2015 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 | | | |
| 27-Oct-14 | P 0.05496 | P 19 | 19-Dec-14 | 28-Jan-15 | Convertible Preferred Stock |
| 27-Oct-14 | * | P 218,608 | 20-Mar-15 | 27-Apr-15 | Hybrid Tier 1 |
| 26-Jan-15 | P 0.05630 | P 19 | 20-Mar-15 | 27-Mar-15 | Convertible Preferred Stock |
| 30-Mar-15 | P 0.60000 | P 839,945 | 13-May-15 | 8-Jun-15 | Common Stock |
| 30-Mar-15 | P 0.60000 | P 186 | 13-May-15 | 8-Jun-15 | Preferred stock |
| 27-Apr-15 | P 0.50667 | P 19 | Pending | Pending | Convertible Preferred Stock |
| 27-Jul-15 | P 0.05830 | P 18 | Pending | Pending | 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 June 30, 2015 (in millions).

| RESULTS OF OPERATIONS | | | | | |
|---------------------------------|----------------------|-------------------------|------------------|---------|-------|
| | Retail Banking Group | Corporate Banking Group | Treasury / Trust | Others | Total |
| Net interest income | 2,473 | 3,160 | (152) | (662) | 4,820 |
| Non-interest income | 1,339 | 756 | 1,713 | 2 | 3,810 |
| Total revenue | 3,812 | 3,917 | 1,561 | (660) | 8,630 |
| Non-interest expense | 3,020 | 1,092 | 297 | 1,467 | 5,878 |
| Income (loss) before Income tax | 792 | 2,824 | 1,264 | (2,127) | 2,752 |
| Income tax provision | - | - | - | 226 | 226 |
| Net income (loss) | 792 | 2,824 | 1,264 | (2,354) | 2,526 |

Material Events Subsequent to the End of the Interim Period Not Reflected in the Financial Statements.

On July 24, 2015 the bank redeemed its USD 100 Million 9.875% Non-Cumulative Step-up Perpetual Securities (“the Hybrid Tier 1 Notes”) as approved by the Board of Directors and by the Bangko Sentral ng Pilipinas last March 30, 2015 and May 27, 2015, respectively. The Hybrid Tier 1 Notes were redeemed for a total price of USD 113.93 million.

Changes in Composition of the Issuer During the Interim Period. During the interim period, there were no changes in the composition of the issuer including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations.

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.

Material Contingencies and Any Other Events or Transactions. During the interim period, there were no changes in material contingencies and any other events or transactions.

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-Jun-15 | | 31-Dec-14 | | 30-Jun-15 | | 31-Dec-14 | | |
| Return on Average Assets (ROA)* ^{1/} | 1.13% | | 1.04% | | 1.07% | | 1.27% | | |
| Return on Average Equity (ROE) * ^{2/} | 9.28% | | 9.23% | | 8.19% | | 10.80% | | |
| BIS Capital Adequacy Ratio | 16.88% | | 15.37% | | 16.68% | | 14.93% | | |
| Non-Performing Loans (NPL) Ratio ^{3/} | 0.89% | | 0.90% | | 0.24% | | 0.24% | | |
| Non-Performing Assets (NPA) Ratio ^{4/} | 1.63% | | 1.72% | | 0.38% | | 0.47% | | |
| Net Interest Margin (NIM)* | 4.19% | | 4.30% | | 3.63% | | 3.71% | | |
| Cost-to-Income Ratio | 63.26% | | 64.51% | | 62.59% | | 59.70% | | |
| Loans-to-Deposit Ratio | 85.63% | | 82.29% | | 85.21% | | 82.09% | | |
| Current Ratio | 0.41 | | 0.49 | | 0.43 | | 0.48 | | |
| Liquid Assets -to-Total Assets Ratio | 0.20 | | 0.21 | | 0.20 | | 0.21 | | |
| Debt-to-Equity Ratio | 6.51 | | 7.62 | | 5.93 | | 7.07 | | |
| Asset-to- Equity Ratio | 7.51 | | 8.62 | | 6.93 | | 8.07 | | |
| Asset -to- Liability Ratio | 1.15 | | 1.13 | | 1.17 | | 1.14 | | |
| Interest Rate Coverage Ratio | 2.03 | | 2.02 | | 1.97 | | 2.16 | | |
| Earnings per share (EPS)* ^{5/} | | | | | | | | | |
| Basic and Diluted | PHP | 3.75 | PHP | 3.11 | PHP | 2.89 | PHP | 3.17 | |

* Annualized

^{1/} Average assets for the consolidated and parent ratios were computed based on the 7-month average of end of month balances of total assets. Unaudited net income for the 6-month period ended June 30, 2015 in the amount of P2.526 billion and P1.970 billion represented the consolidated and parent, respectively.

^{2/} Average equity for the consolidated and parent ratios were, likewise, computed based on the 7-month average of end of month balances. Unaudited net income for the 6-month period ended June 30, 2015 in the amount of P2.526 billion and P1.970 billion represented the consolidated and parent, respectively.

^{3/} Non-performing loans (NPLs) were net of total specific allowance for probable losses per BSP Circular No. 772 of 2012.

^{4/} NPAs were net of total specific allowance for probable losses.

^{5/} Total weighted average number of issued and outstanding common shares (diluted) as of June 30, 2015 – 1,399,983,118 shares; as of December 31, 2014 – 1,275,740,796 shares.

Performance Indicators for Wholly-Owned/Majority Owned Subsidiaries

| RCBC SAVINGS BANK In Php 000s | Unaudited | | Audited |
|-----------------------------------|-----------|---------------|-------------------|
| | | June 30, 2015 | December 31, 2014 |
| Net Income (Loss) | PHP | 373,007 | Php 1,040,096 |
| Return on Average Assets (ROA)* | | 0.93% | 1.42% |
| Return on Average Equity (ROE)* | | 8.62% | 13.80% |
| BIS Capital Adequacy Ratio (CAR) | | 14.35% | 14.73% |
| Non-Performing Loans (NPL) Ratio | | 2.51% | 2.57% |
| Non-Performing Assets (NPA) Ratio | | 6.38% | 6.35% |
| Earnings per Share (EPS)* | PHP | 24.36 | Php 33.69 |

| RIZAL MICROBANK In Php 000s | Unaudited | | Audited |
|-----------------------------------|-----------|---------------|-------------------|
| | | June 30, 2015 | December 31, 2014 |
| Net Income (Loss) | PHP | (37,207) | Php (74,772) |
| Return on Average Assets (ROA)* | | -8.93% | -9.12% |
| Return on Average Equity (ROE)* | | -18.22% | -16.47% |
| BIS Capital Adequacy Ratio (CAR) | | 64.13% | 56.99% |
| Non-Performing Loans (NPL) Ratio | | 3.95% | -0.61% |
| Non-Performing Assets (NPA) Ratio | | 2.72% | 1.19% |
| Loss per Share (EPS)* | PHP | (8.56) | Php (8.53) |

| RCBC CAPITAL CORPORATION and Subsidiaries In Php 000s | Unaudited | | Audited |
|--|-----------|---------------|-------------------|
| | | June 30, 2015 | December 31, 2014 |
| Net Income (Loss) | PHP | 158,213 | Php 464,604 |
| Return on Average Assets (ROA)* | | 7.06% | 9.78% |
| Return on Average Equity (ROE)* | | 8.05% | 11.79% |
| BIS Capital Adequacy Ratio (CAR) | | 30.31% | 41.41% |
| Non-Performing Loans (NPL) Ratio | | - | - |
| Non-Performing Assets (NPA) Ratio | | 0.02% | 0.05% |
| Earnings per Share (EPS)* | PHP | 2.70 | Php 3.93 |

| RCBC FOREX BROKERS CORPORATION In Php 000s | Unaudited | | Audited |
|---|-----------|---------------|-------------------|
| | | June 30, 2015 | December 31, 2014 |
| Net Income (Loss) | PHP | 44,188 | Php 76,149 |
| Return on Average Assets (ROA)* | | 18.77% | 16.15% |
| Return on Average Equity (ROE)* | | 39.64% | 33.94% |
| Capital to Total Assets Ratio | | 41.42% | 62.32% |
| Non-Performing Loans (NPL) Ratio | | - | - |
| Non-Performing Assets (NPA) Ratio | | - | - |
| Earnings per Share (EPS)* | PHP | 178.22 | Php 152.30 |

*Annualized

| RCBC INTERNATIONAL FINANCE, LTD. and Subsidiary In Php 000s | Unaudited | | Audited |
|--|---------------|---------|-------------------|
| | June 30, 2015 | | December 31, 2014 |
| Net Income (Loss) | PHP | (1,483) | Php (4,367) |
| Return on Average Assets (ROA)* | | -2.33% | -3.25% |
| Return on Average Equity (ROE)* | | -2.41% | -3.35% |
| Capital to Total Assets Ratio | | 96.74% | 97.24% |
| Non-Performing Loans (NPL) Ratio | | - | - |
| Non-Performing Assets (NPA) Ratio | | - | - |
| Loss per Share (EPS)* | PHP | (1.20) | Php (1.75) |

| RCBC NORTH AMERICA, INC. In Php 000s | Unaudited | | Audited |
|---|---------------|----------|-------------------|
| | June 30, 2015 | | December 31, 2014 |
| Net Income (Loss) | PHP | (2,248) | Php (13,697) |
| Return on Average Assets (ROA)* | | -74.52% | -29.56% |
| Return on Average Equity (ROE)* | | -706.02% | -133.52% |
| Capital to Total Assets Ratio | | 85.98% | -0.75% |
| Non-Performing Loans (NPL) Ratio | | - | - |
| Non-Performing Assets (NPA) Ratio | | - | - |
| Loss per Share (EPS)* | PHP | (103.69) | Php (313.24) |

| RCBC TELEMONEY EUROPE S.P.A In Php 000s | Unaudited | | Audited |
|--|---------------|---------|-------------------|
| | June 30, 2015 | | December 31, 2014 |
| Net Income (Loss) | PHP | (4,738) | Php 15,513 |
| Return on Average Assets (ROA)* | | -3.74% | 4.84% |
| Return on Average Equity (ROE)* | | 131.24% | 500.92% |
| Capital to Total Assets Ratio | | -6.38% | -1.09% |
| Non-Performing Loans (NPL) Ratio | | - | - |
| Non-Performing Assets (NPA) Ratio | | - | - |
| Loss per Share (EPS)* | PHP | (95.55) | Php 155.13 |

| RCBC-JPL HOLDING COMPANY, INC. (Formerly JP Laurel Bank, Inc.) In Php 000s | Unaudited | | Audited |
|---|---------------|---------|-------------------|
| | June 30, 2015 | | December 31, 2014 |
| Net Income (Loss) | PHP | 1,382 | Php 1,332 |
| Return on Average Assets (ROA)* | | 1.21% | 0.54% |
| Return on Average Equity (ROE)* | | -2.50% | -1.19% |
| Capital to Total Assets Ratio | | -48.09% | -45.73% |
| Non-Performing Loans (NPL) Ratio | | 34.35% | 42.56% |
| Non-Performing Assets (NPA) Ratio | | 63.03% | 58.02% |
| Earnings per Share (EPS)* | PHP | 0.01 | Php 0.01 |

**Annualized*

| NIYOG PROPERTY HOLDINGS, INC. In Php 000s | Unaudited | | Audited |
|--|-----------|---------------|-------------------|
| | | June 30, 2015 | December 31, 2014 |
| Net Income (Loss) | PHP | 17,277 | Php 27,309 |
| Return on Average Assets (ROA)* | | 4.28% | 3.36% |
| Return on Average Equity (ROE)* | | 4.54% | 3.45% |
| Capital to Total Assets Ratio | | 95.47% | 94.63% |
| Non-Performing Loans (NPL) Ratio | | - | - |
| Non-Performing Assets (NPA) Ratio | | - | - |
| Earnings per Share (EPS)* | PHP | 25.05 | Php 19.63 |

| RCBC LEASING AND FINANCE CORP. and Subsidiary In Php 000s | Unaudited | | Audited |
|--|-----------|---------------|-------------------|
| | | June 30, 2015 | December 31, 2014 |
| Net Income (Loss) | PHP | 8,185 | Php 24,456 |
| Return on Average Assets (ROA)* | | 0.42% | 0.63% |
| Return on Average Equity (ROE)* | | 3.09% | 4.65% |
| Capital to Total Assets Ratio | | 13.02% | 14.05% |
| Non-Performing Loans (NPL) Ratio | | 16.71% | 19.70% |
| Non-Performing Assets (NPA) Ratio | | 15.15% | 16.77% |
| Earnings per Share (EPS)* | PHP | 0.04 | Php 0.05 |

**Annualized*

30 June 2015 vs 31 December 2014

Consolidated Total Resources of the Bank for the period ended June 30, 2015 was recorded at ₱468.717 billion, 2.36% up or ₱10.812 billion higher than ₱457.905 billion as of end-December 31, 2014.

Cash and other cash items decreased by 24.90% or ₱3.259 billion from ₱13.085 billion to ₱9.826 billion. Due from Bangko Sentral recorded at ₱50.479 billion, 9.50% higher from ₱46.099 billion and accounted for 10.77% of the Total Resources. Due from other Banks decreased by 9.76% or ₱1.620 billion, from ₱16.600 billion to ₱14.980 billion.

Loans and receivables, net grew by 5.77% or ₱15.104 billion from ₱261.574 billion to ₱276.678 billion and accounted 59.03% of the Banks's Total Resources.

Financial Assets at Fair Value through Profit or Loss declined by 26.76% or by ₱4.404 billion from ₱16.458 billion to ₱12.054 billion. Total Investment Securities accounted for 20.49% of Total Resources and Totaled ₱96.027 billion.

Investment Properties, Net decreased by 11.57% or ₱620 million from ₱5.355 billion to ₱4.735 billion mainly due to reclass of certain investment properties to assets held for sale classified under other resources. Investment in Associates grew by 16.55% or up by ₱53 million from ₱321 million to ₱374 million due to the recognition of the share in equity income of associates.

Bank Premises, Furniture, Fixtures and Equipment, net grew by 5.24% or ₱368 million from ₱7.031 billion to ₱7.399 billion.

Deferred Tax assets (DTA), net, decreased by 22.48% or ₱19 million from ₱86 million to ₱67 million mainly due to the utilization of the DTA by subsidiaries. Other resources, increased by 17.07% or ₱1.189 billion from ₱6.964 billion to ₱8.153 billion mainly due to the acquisition of branch licenses and increases in assets held-for-sale which are offset by the decline in inter-office float items.

Total deposit liabilities, which accounted for 68.68% of total resources, reached ₱321.918 billion. Savings deposits stood at ₱168.432 billion and accounted for 35.93% of total resources. Demand deposits accounted for 7.65% of total resources and stood at ₱35.848 billion while higher-costing time deposits reached ₱117.639 billion and accounted for 25.10% of total resources. CASA-to-deposit ratio stood at 63.46% as of end-June 2015 compared to 62.22% as of end-December 2015.

Bills payable declined by 10.90% or ₱4.337 billion from ₱39.799 billion to ₱35.462 billion due to lower foreign currency dominated borrowings for this period.

Total Liabilities increased by ₱1.529 billion from ₱404.774 billion to ₱406.303 billion and accounted for 86.68% of Total Resources.

Common stock increased by 9.74% or ₱1.242 billion from ₱12.757 billion to ₱13.999 billion arising from the strategic investment of Cathay Life Insurance Corp. on April 20, 2015 totaling 280 million common shares at ₱64 per share, of which 124.24 million shares were new issuance. This resulted in fresh capital amounting to ₱7.957 billion. Consequently, Capital paid in excess of Par also increased by 40.23% or ₱6.496 billion from ₱16.148 billion to ₱22.644 billion. Net realized gains on financial assets at fair value through other comprehensive income increased by 14.45% or ₱121 million from ₱835 million to ₱956 million due to price appreciation.

Retained Earnings of ₱19.779 billion represented 31.70% of Total Capital Funds. The Bank's Capital, excluding non-controlling interest grew to ₱62.391 billion and accounted for 13.31% of Total Resources.

Finally, there are no known trends, demands, and commitments, events, or uncertainties that will have a material impact on the Bank's liquidity.

30 June 2015 vs. 30 June 2014

RCBC posted a Net Income of ₱2.526 billion for the first half of 2015, ₱100 million or 3.79% lower than the ₱2.625 billion restated income for the same period last year. As required by PAS 34 Interim Financial Reporting, the comparative 2014 financial statements have been restated to reflect the balances under PFRS 9. Without such restatement, net income for the period would have registered an increase of 25.31%.

Net Interest income, representing 63.40% of total operating income, declined by 1.79% or ₱136 million from ₱7.588 billion to ₱7.452 billion. Interest Income from loans and receivables grew by 7.58% or ₱597 million from ₱7.875 billion to ₱8.472 billion and accounted for 72.08% of the total operating income. Income from investment securities which accounted for 14.32% of total operating income, declined by 20.26% or ₱428 million driven by the disposal of ₱35 billion HTC securities last February 2015.

Total interest expense, accounted for 23.73% of total operating income, was made up of interest on deposit liabilities and interest on bills payable and other borrowings which are 12.72% and 11.01% of the total operating income, respectively. Total interest expense increased by 9.92% or ₱252 million from ₱2.537 billion to ₱2.789 billion mainly due to increase in expense from deposit liabilities by 19.35% or ₱242 million from ₱1.253 billion to ₱1.495 billion.

Provisioning for impairment losses this period, which accounted for 12.26% of the total operating income, went up by 18.43% or ₱224 million from ₱1.217 billion to ₱1.442 billion as the bank boosted its reserve cover.

Other income grew by 23.84% or ₱828 million from ₱3.473 billion to ₱4.302 billion and accounted for 36.60% of total operating income. Higher other income was due to the following:

- Trading and securities gain-net up by ₱501 million or 41.17% from ₱1.217 billion to ₱1.718 billion driven by the gains from the sale of ₱35 billion HTC securities in February 2015.
- Service fees and commissions grew by ₱163 million or 14.94% from ₱1.092 billion to ₱1.255 billion.
- Miscellaneous Income went up by 38.54% or ₱314 million from ₱816 million to ₱1.130 billion.
- Foreign exchange gains-net amounted to ₱57 million.
- Trust fees settled at ₱142 million.

Representing 63.26% of total income, other operating expenses increased by 9.44% or ₱641 million from ₱6.793 billion to ₱7.435 billion due to the following:

- Manpower costs up by 18.62% or ₱371 million from ₱1.995 billion to ₱2.366 billion mainly due to the additional headcount as a result of branch expansion, annual increase in employee salaries, and an enhanced compensation and rewards system in order to provide competitive pay
- Occupancy & equipment related expenses increased by 2.65% or ₱33 million from ₱1.259 billion to ₱1.293 billion.
- Taxes and licenses increased by 4.47% or ₱32 million from ₱727 million to ₱760 million.
- Depreciation and amortization increased by 11.66% or ₱80 million from ₱691 million to ₱771 million as a result of the Bank's investments in technology and software and setting up of additional banking channels and renovation of existing branches
- Miscellaneous expenses increased by 5.83% or ₱124 million from ₱2.121 billion to ₱2.245 billion mainly due to expenses related to credit card operations, advertising and litigation expenses on acquired assets.

Tax expense was lower by 17.30% or ₱74 million from ₱426 million to ₱352 million as a result of lower income of subsidiaries.

Non-controlling interest realized loss of ₱0.695 million, 27.28% higher or ₱0.149 million from ₱0.546 million.

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

Commitments and Contingent Liabilities

For the year, the Bank has budgeted P1.333 billion for capital expenditures.

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

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

In October 2008, Global Steel Philippines (SPV-AMC), Inc. (GSPI) and Global Ispat Holdings (SPV-AMC), Inc. (GIHI), which purchased the Iligan Plant assets of the NSC from the Liquidator in 2004, filed a Notice of Arbitration with the Singapore International Arbitration Centre (SIAC) seeking damages arising from the failure of Liquidator and the secured creditors, including the Bank and RCBC Capital, to deliver the Plant assets free and clear from liens and encumbrance; purportedly depriving them of the opportunity to use the assets in securing additional loans to fund the operations of the Plant and upgrade the same. On May 9, 2012, the SIAC Arbitral Tribunal rendered a Partial Award in favor of GSPI and GIHI in the total amount of (a) US\$80,000,000.00, as and by way of lost opportunity to make profits and (b) P1,403,000,000.00, representing the value of the Lost Land Claim. A petition to set aside the Partial Award was filed with the Singapore High Court, and said petition was granted. GSPI and GIHI filed an appeal on 1 September 2014. In the meantime, the secured creditors' application for the issuance of consequential orders relating to the discharge of the injunction, costs and other matters, the purpose of which is to allow the secured creditors to obtain complete relief from the SIAC Partial Award, was heard and granted by the Singapore High Court on 17 November 2014. In particular, the Singapore High Court confirmed that the injunctions issued in 2008 and that embodied in the Partial Award have been discharged, so that the secured creditors may now compel GSPI and GIHI to comply with their obligations under the Omnibus Agreement/Asset Purchase Agreement and take legal action upon GSPI's and GIHI's failure to do so. The Singapore High Court likewise granted the secured creditors' claim for the payment of legal costs, the amount of which shall be subject to further submissions. As a result of the ruling of the Singapore High Court that the injunctions previously issued have been discharged, the secured creditors, applying the principle of legal set-off, directed the release of GSPI and GIHI's installment payment by the Facility Agent. Accordingly, the Bank and RCBC Capital received their respective share in the funds previously held in escrow.

The Singapore Court of Appeals heard GSPI and GIHI's appeal on January 26, 2015. On March 31, 2015, the Singapore Court of Appeals rendered a decision which affirmed the earlier decision of the Singapore High Court insofar as it set aside (a) the monetary award of US\$80 million and P1,403 million representing lost opportunity to make profit and the value of the Lost Land Claim in favor of GSPI and GIHI, and (b) the deferment of GSPI and GIHI's obligation to pay the purchase price of the Plant Assets. The Singapore Court of Appeals ruled that (a) the issue of lost opportunity to make profit was not properly brought before the SIAC Arbitral Tribunal, and the award in issue is unsupported by evidence; (b) the SIAC Arbitral Tribunal erred in putting a value on the Lost Land, since the secured creditors did not, at any point, concede that they will be unable to deliver the same to GSPI and GIHI by 15 October 2012; and (c) the dispute relating to GSPI and GIHI's payment obligation is an obligation under the Omnibus Agreement, which is beyond the ambit of arbitration, so that the SIAC Arbitral Tribunal could not properly order the Bank, RCBC Capital and the other secured creditors to defer holding GSPI and GIHI in default. However, the Singapore Court of Appeals held that the NSC Liquidator and Secured Creditors are still required to deliver to GSPI and GIHI clean title to the NSC Plant Assets. At present, the Singapore Court of Appeals has yet to resolve the issues of (a) the remand of the case back to the Arbitral Tribunal, as prayed for by GSPI and GIHI, so it can present evidence on their lost opportunity to make profit, and (b) the costs to be awarded to the NSC Liquidator and the Secured Creditors, which have been the subject of the submissions of the parties. The Singapore

Court of Appeals is set to hear the oral arguments of the parties on the aforementioned issues on 12 August 2015.

The Bank's exposure is approximately P245.8 million in terms of estimated property taxes and transfer costs due on the Iligan Plant assets, while it has a receivable from Global Steel of P485.5 million, taking into consideration the P49.3 million installment payment it had received from the funds previously in escrow. The Bank has fully provisioned the receivable, which is classified in the books of the Bank as UDSCS with zero net book value. The Bank's exposure, however, may be varied depending on should Iligan City agree to enter into another tax agreement with NSC on its outstanding tax obligation.

In 2011, Verotel Merchant Services B.V. ("VMS"), a Netherlands corporation, and Verotel International Industries, Inc. ("VII"), a Philippine corporation civilly sued the Bank, Bankard, Grupo Mercarse Corp., CNP Worldwide, Inc. ("CNP") 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 million, which the defendants allegedly misappropriated. VMS is an Internet merchant providing on-line adult entertainment and on-line gambling, in addition to the sale of pharmaceuticals over the Internet.

While the court ruled that jurisdiction was obtained over the Bank and Bankard despite the fact that none of the Bank, Bankard or any of the plaintiffs do business in California, the Bank and Bankard believe that the case is without merit and will be ruled in their favor since:

1. Plaintiffs have no legal standing to sue. VII ended its corporate existence in 2008 and had no capacity to sue in 2011 when the case was filed. There is also no evidence that VMS is the parent company of VII, neither does VMS have any contract with Bankard.
2. All the monies due to VII have been remitted by Bankard to Mercarse PA, the agent designated by VII to receive its monies. VII never gave notice to Bankard that it was not receiving payments from their agent.
3. There is no accounting of the claim of US\$1.5 million, and no basis for the same. Based on Bankard's records of this claim (which was remitted to Mercarse), only US\$ 500 thousand belonged to VII and US \$1 million belonged to another merchant.
4. Even under the worst possible scenario, the Bank/Bankard's US counsel opined that the ruling against the Bank/Bankard would not be material since there is no basis to find the Bank/Bankard liable for fraud.

On 4 December 2014, Judge Bruguera of the Los Angeles Superior Court declared a mistrial and recused herself from hearing the case after one of the plaintiffs' counsel unilaterally set a mandatory settlement conference with another judge of the Los Angeles Superior Court without any directive/clearance from her court. The aforementioned plaintiffs' counsel likewise did not confer with the Bank's US counsel for the said setting. Consequently, the court issued an Order to Show Cause upon the plaintiffs' counsel as to why the matter should not be referred to the California State Bar for misconduct, especially after the counsel issued a declaration casting aspersions on the court and her staff and the veracity of the Minute Order denying that the court ordered the parties to proceed to mandatory settlement conference. The matter was heard on March 30, 2015, at which occasion Judge Bruguera immediately discharged the Order to Show Cause after the plaintiff's counsel admitted to using inappropriate language in his explanation.

The case was eventually raffled to Judge Mitchell Beckloff, who heard and denied the Bank and Bankard's Motion to Vacate the orders of Judge Bruguera, who had earlier denied the Bank and Bankard's motions for summary judgment. Judge Beckloff ruled that there are material facts in dispute which will require a full-blown trial. As such, trial previously scheduled for January 2016 will push through.

In December 2011, RCBC Securities initiated the filing of a criminal case for falsification against a former agent who carried out certain questionable transactions with her own personal clients. Since then, RCBC Securities has filed additional criminal and civil cases, including charges of BP 22, against the aforesaid former agent. These cases are now pending with the Regional Trial Court and Metropolitan Trial Court of Makati City. There is also an investigation before the Capital Markets Integrity Corporation (“CMIC”) of the Philippine Stock Exchange initiated in May 2012 requesting for an investigation on the operations of RSEC in relation to the accounts handled by the former agent and requesting the CMIC to take appropriate action. The CMIC, in its letter dated 4 December 2014, dismissed the complaint on the ground of prescription and res judicata. The complainants’ motion for reconsideration of the CMIC decision remains pending to date. There is also a complaint filed in December 2013 before the Securities and Exchange Commission (“SEC”) for alleged violations by RSEC of the Securities Regulation Code for improperly accounting for shares handled by the former agent. The complaints sought for penalties against RSEC, including the suspension or revocation of RSEC's license. The complaint is still pending before the SEC.

In October 2011, the Bank filed a case before the Court of Tax Appeals questioning the 20% final withholding tax on PEACe Bonds by the BIR. The Bank subsequently withdrew its petition and joined various banks in their petition before the Supreme Court on the same matter. Notwithstanding the pendency of the case and the issuance of a Temporary Restraining Order by the Supreme Court, the Bureau of Treasury withheld P199 million in October 2011 from the Bank on the interest on its PEACe bonds holdings. The amount was recognized as part of Loans and Receivables account in the statements of financial position.

On 13 January 2015, the Supreme Court nullified the 2011 BIR Rulings classifying all bonds as deposit substitutes and ordered the Bureau of Treasury to return the 20% final withholding tax it withheld on the PEACe Bonds on 18 October 2011. On 16 March 2015, RCBC filed a Motion for Clarification and/or Partial Reconsideration, seeking clarification to exclude from the definition “deposit substitutes” the PEACe Bonds since there was only one lender at the primary market, and subsequent sales in the secondary market pertain to a sale or assignment of credit, which is not subject to withholding tax. RCBC also sought partial reconsideration to the ruling that should the PEACe Bonds be considered as deposit substitutes, the BIR should collect the unpaid final withholding tax directly from RCBC Capital / Code NGO, or any lender or investor, as withholding agents, since there was no interest earned and collection of the withholding tax, if at all, has already prescribed. RCBC 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 Bureau of Treasury when it issued the PEACe Bonds. The Office of the Solicitor General also filed a Motion for Reconsideration and Clarification, reiterating the BIR’s right to withhold 20% as Final Withholding Tax and asking for clarification on the effect of the ruling on other government securities.

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.

The following is a summary of contingencies and commitments arising from off-balance sheet items at their equivalent peso contractual amounts as of June 30, 2015 and December 31, 2014:

| In Million Php | Consolidated | | Parent | |
|-------------------------------------|---------------|-------------------|---------------|-------------------|
| | Unaudited | Audited | Unaudited | Audited |
| | June 30, 2015 | December 31, 2014 | June 30, 2015 | December 31, 2014 |
| Derivative liabilities | 25,229 | 22,154 | 25,229 | 22,154 |
| Derivative assets | 25,720 | 23,432 | 25,720 | 23,432 |
| Trust department accounts | 83,328 | 82,552 | 66,193 | 66,156 |
| Outstanding guarantees issued | 26,110 | 25,328 | 26,110 | 25,328 |
| Spot foreign exchange bought | 13,350 | 6,055 | 13,350 | 6,055 |
| Spot foreign exchange sold | 13,561 | 6,514 | 13,335 | 6,062 |
| Unused commercial letters of credit | 10,695 | 12,095 | 10,628 | 12,038 |
| Inward bills for collection | 1,371 | 724 | 1,371 | 724 |
| Late deposits/payments received | 881 | 630 | 805 | 581 |
| Outward bills for collection | 116 | 147 | 112 | 146 |

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 **August 14, 2015**



LORENZO V. TAN
President & CEO



FLORENTINO M. MADONZA
SVP, Head - Contollership Group



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

