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

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

CARMELA V. SILVERIO	8949000
Contact Person	Company Telephone Number

0 3	3 1	17Q		
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

SEC	
Dept. Requiring this Doc.	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)

894-9000

(Telephone Number)

March 31, 2017

(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 **March 31, 2017**
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	1,399,915,876 (as of 31 March 2017)

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)

	Note	3/31/2017 (Unaudited)	12/31/2016 (Audited)
RESOURCES			
CASH AND OTHER CASH ITEMS		**P 12,500**	P 15,176
DUE FROM BANGKO SENTRAL NG PILIPINAS		**66,476**	66,520
DUE FROM OTHER BANKS		**27,086**	25,293
LOANS UNDER REVERSE REPURCHASE AGREEMENT		**1,864**	7,889
TRADING AND INVESTMENT SECURITIES	3	**78,922**	75,622
LOANS AND RECEIVABLES - Net	4	**314,360**	306,167
INVESTMENTS IN ASSOCIATES - Net		**408**	383
BANK PREMISES, FURNITURE, FIXTURES & EQUIPMENT- Net		**9,121**	8,876
INVESTMENT PROPERTIES - Net		**3,019**	3,229
DEFERRED TAX ASSETS		**2,168**	2,177
OTHER RESOURCES - Net	5	**10,125**	9,862
TOTAL RESOURCES		**P 526,049**	P 521,194
LIABILITIES AND CAPITAL FUNDS			
DEPOSIT LIABILITIES	6	**P 364,385**	P 353,077
BILLS PAYABLE	7	**42,119**	37,643
BONDS PAYABLE	8	**28,174**	41,595
ACCRUED TAXES, INTEREST AND OTHER EXPENSES		**4,640**	4,823
OTHER LIABILITIES	9	**13,344**	11,970
SUBORDINATED DEBT	10	**9,956**	9,952
Total Liabilities		**462,617**	459,060
CAPITAL FUNDS			
Attributable to Parent Company Shareholders:			
Preferred Stock	11	**3**	3
Common Stock	11	**13,999**	13,999
Capital Paid in Excess of Par		**22,636**	22,636
Other Comprehensive Income:			
Net Unrealized Gains/(Losses) on Financial Assets At Fair Value Through Other Comprehensive Income		**2,087**	2,128
Cumulative Translation Adjustment		**87**	86
Retirement plan		**(1,262)**	(1,593)
Reserve for Trust Business		**415**	415
Other Reserves		**(97)**	(97)
Retained Earnings		**25,536**	24,531
		63,404	62,108
Non-controlling Interest		**27**	26
Total Capital Funds		**63,431**	62,134
TOTAL LIABILITIES AND CAPITAL FUNDS		**P 526,049**	P 521,194

See Notes to Interim Financial Information.

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

	Note	1/1/2017 to 3/31/2017 (Unaudited)	1/1/2016 to 3/31/2016 (Unaudited)
INTEREST INCOME ON			
Loans and receivables		**P 5,054**	P 4,808
Investment securities		**687**	1,047
Others		**144**	49
		5,885	5,904
INTEREST EXPENSE ON			
Deposit liabilities		**933**	721
Bills payable and other borrowings		**804**	972
		1,737	1,693
NET INTEREST INCOME		**4,148**	4,211
IMPAIRMENT LOSSES - Net		**333**	464
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		**3,815**	3,748
OTHER OPERATING INCOME (CHARGES)			
Service fees and commissions		**838**	762
Foreign exchange gains (losses) - net		**153**	235
Trust fees		**69**	70
Trading and securities gain - net		**32**	718
Miscellaneous	12	**533**	324
		1,625	2,109
OTHER OPERATING EXPENSES			
Employee benefits		**1,470**	1,333
Occupancy and equipment-related		**756**	714
Depreciation and amortization		**460**	411
Taxes and licenses		**432**	406
Miscellaneous	12	**1,083**	1,105
		4,201	3,969
PROFIT BEFORE TAX		**1,238**	1,888
TAX EXPENSE		**236**	86
NET PROFIT		**1,003**	1,802
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTEREST		**1**	0
NET PROFIT ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		**P 1,002**	P 1,801
Earnings Per Share (Annualized)			
Basic		**P 2.90**	P 5.16
Diluted		**P 2.90**	P 5.16

See Notes to Interim Financial Information

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(Amounts in Millions of Philippine Pesos)

	Note	YTD Ended 3/31/2017 (Unaudited)	YTD Ended 3/31/2016 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits before tax		P 1,238	P 1,888
Adjustments for:			
Interest income		(5,885)	(5,904)
Interest expense		1,737	1,693
Impairment losses		333	464
Depreciation and amortization		460	411
Dividend income		(154)	(9)
Share in net earnings of associates		(28)	(32)
Operating income before working capital changes		(2,299)	(1,490)
Decrease (Increase) in financial assets at fair value through profit and loss	3	12,419	(484)
Increase in loans and receivables	4	(8,580)	(3,304)
Decrease (Increase) in investment property		210	(15)
Increase in other resources	5	(259)	(90)
Increase (Decrease) in deposit liabilities	6	11,308	(25,146)
Increase (Decrease) in accrued taxes, interest and other expenses		(68)	23
Increase in other liabilities	9	1,706	98
Cash generated from (used in) operations		14,436	(30,407)
Interest received		5,938	6,113
Interest paid		(1,982)	(1,845)
Cash paid for taxes		(106)	26
Net Cash From (Used in) Operating Activities		18,286	(26,113)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in Financial Assets at FVOCI	3	18	(6)
Decrease (increase) in Investment securities at amortized cost	3	(15,785)	32,532
Acquisitions of bank premises, furniture, fixtures and equipment (net)		(633)	(1,379)
Cash dividends received		154	146
Increase in investments in subsidiaries and associates		-	(127)
Acquisitions of intangibles		(46)	(52)
Net Cash From (Used in) Investing Activities		(16,292)	31,114
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from (payments of) bills payable	7	4,476	(4,575)
Dividends paid		(0)	(0)
Net proceeds from (Redemption of) bonds payable		(13,421)	-
Net proceeds from issuance of common stock		(0)	0
Net Cash From (Used in) Financing Activities		(8,946)	(4,575)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(6,952)	426
CASH AND CASH EQUIVALENTS, BEGINNING			
Cash and other cash items		15,176	14,070
Due from Bangko Sentral ng Pilipinas		66,520	50,617
Due from other banks		25,293	19,685
Loans and Receivables under reverse repurchase agreement		7,889	-
		114,878	84,373
CASH AND CASH EQUIVALENTS, END			
Cash and other cash items		12,500	13,176
Due from Bangko Sentral ng Pilipinas		66,476	45,054
Due from other banks		27,086	26,568
Loans and Receivables under reverse repurchase agreement		1,864	-
		P 107,926	P 84,798

See Notes to Interim Financial Information.

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

	Note	1/1/2017 to 3/31/2017 (Unaudited)	1/1/2016 to 3/31/2016 (Unaudited)
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS			
PREFERRED STOCK	11		
Balance, beginning		3	3
Conversion of preferred stock		(0)	-
Balance,end		3	3
COMMON STOCK	11		
Balance, beginning		13,999	13,999
Conversion of preferred stock to common stock		0	-
Balance,end		13,999	13,999
CAPITAL PAID IN EXCESS OF PAR			
Balance, beginning		22,636	22,635
Conversion of preferred stock to common stock		0	-
Balance,end		22,636	22,635
NET UNREALIZED GAINS/(LOSSES ON FINANCIAL ASSETS AT OTHER COMPREHENSIVE INCOME			
Balance, beginning		2,128	688
Fair value gains (losses) during the period		(41)	(26)
Balance, end		2,087	663
CUMULATIVE TRANSLATION ADJUSTMENTS			
Balance, beginning		86	62
Translation adjustment during the period		1	18
Balance, end		87	79
OTHER COMPREHENSIVE INCOME - RETIREMENT PLAN			
Balance, beginning		(1,593)	(1,268)
Remeasurement of the defined benefits during the priod		331	6
Balance, end		(1,262)	(1,262)
RESERVE FOR TRUST BUSINESS			
Balance, beginning		415	388
Transfer from retained earnings - free		-	-
Balance, end		415	388
OTHER RESERVES		(97)	(97)
RETAINED EARNINGS			
Beginning balance, as previously reported		24,531	21,694
Prior period adjustments		(4)	-
Beginning balance, as restated		24,527	21,694
Net profit		1,002	1,801
Cash dividends on preferred shares		(0)	(0)
Transfer of fair value reserves on FVOCI		7	-
Transfer to reserves for trust business		-	-
Balance, end		25,536	23,496
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		P 63,404	P 59,904
MINORITY INTEREST			
Balance, beginning		26	24
Fair value gains on available-for-sale securities		1	1
Net Profit for the year		1	0
Balance, end		27	25
TOTAL CAPITAL FUNDS		P 63,431	P 59,930

See Notes To Interim Financial Information.

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

	1/1/2017 to 3/31/2017 (Unaudited)	1/1/2016 to 3/31/2016 (Unaudited)
NET PROFIT FOR THE PERIOD	**P 1,003**	P 1,802
OTHER COMPREHENSIVE INCOME (LOSSES) DURING THE PERIOD:		
Fair value losses on Financial assets at Other Comprehensive Income	**(41)**	(26)
Remeasurement of defined benefits	**331**	6
Translation adjustments on foreign operations	**1**	18
Other Comprehensive Income (Loss) for the period	**291**	(2)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**P 1,293**	P 1,800
COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	**1**	1
COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	**P 1,293**	P 1,798

See Notes to Interim Financial Information.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM FINANCIAL INFORMATION
MARCH 31, 2017 AND DECEMBER 31, 2016
(Amounts in Millions of Philippine Pesos)

1. CORPORATE MATTERS

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).

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

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

2.3 Financial Assets

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

(a) Classification, Measurement and Reclassification of Financial Assets

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

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

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

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

(i) significant financial difficulty of the issuer or obligor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) the Group granting the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;

(iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganization;

(v) the disappearance of an active market for that financial asset because of financial difficulties; or,

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including: adverse changes in the payment status of borrowers in the group, or national or local economic conditions that correlate with defaults on the assets in the group.

(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.

2.4 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.

2.5 Provisions and Contingencies

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

2.6 Revenue and Expense Recognition

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

2.7 Impairment of Non-financial Assets

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

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

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

2.8 Income Taxes

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

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

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

2.9 Related Party Relationships and Transactions

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

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

2.10 Events After the End of the Reporting Period

Any event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post year-end 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:

		2017 (Unaudited)		2016 (Audited)
Financial assets at FVPL	**P**	**5,660**	P	18,079
Financial assets at FVOCI		**5,613**		5,679
Investment securities at amortized cost		**67,649**		51,864
	P	**78,922**	P	75,622

3.1 Financial Assets at FVPL

This account is composed of the following:

		2017 (Unaudited)		2016 (Audited)
Government securities	**P**	**2,482**	P	14,822
Corporate debt securities		**1,294**		514
Equity securities		**692**		1,565
Derivative financial assets		**1,192**		1,179
	P	**5,660**	P	18,079

3.2 Financial Assets at FVOCI

This account is composed of the following:

		2017 (Unaudited)		2016 (Audited)
Quoted equity securities	**P**	**2,251**	P	3,920
Unquoted equity securities		**3,362**		1,759
	P	**5,613**	P	5,679

3.3 Investments at Amortized Cost

This account is composed of the following:

	2017 (Unaudited)	2016 (Audited)
Government securities	P 40,061	P 25,990
Corporate debt securities	27,588	25,874
	P 67,649	P 51,864

As permitted by PFRS 9 and BSP Circular 708, the Group sold in 2016 certain loans and receivables, peso and dollar-denominated bonds classified as investment securities at amortized cost with an aggregate carrying amount of P 73.464 billion. The disposals resulted in a gain of P1.352 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.

4. LOANS AND RECEIVABLES

This account consists of the following:

	2017 (Unaudited)	2016 (Audited)
Receivable from customers:		
Loans and discounts	P 288,661	P 281,025
Credit card receivables	12,912	12,760
Customers' liabilities on acceptances, import bills and trust receipts	8,253	7,675
Bills purchased	2,246	2,128
Lease contract receivable	2,156	2,085
Receivables financed	229	229
	314,458	305,902
Unearned discount	(658)	(243)
	313,800	305,659
Other receivables:		
Accrued interest receivable	2,758	2,784
Sales contract receivable	1,910	1,770
Accounts receivable	1,571	1,594
Unquoted debt securities classified as loans	1,191	1,256
Interbank loans receivables	312	515
Dividends receivable	139	-
	7,881	7,919
	321,681	313,578
Allowance for impairment	(7,321)	(7,411)
	P 314,360	P 306,167

5. OTHER RESOURCES

This account consists of the following:

	2017 (Unaudited)	2016 (Audited)
Asset held-for-sale and disposal group	**P 3,793**	P 3,888
Creditable withholding taxes	**1,730**	1,569
Branch licenses	**1,004**	1,005
Software – net	**878**	960
Prepaid expenses	**746**	457
Goodwill	**426**	426
Refundable deposits	**307**	304
Unused stationery and supplies	**205**	202
Foreign currency notes	**64**	52
Returned checks and other cash items	**58**	220
Inter-office float items	**38**	112
Margin deposits	**13**	20
Sundry debits	**10**	6
Miscellaneous	**1,042**	929
	10,314	10,150
Allowance for impairment	**(189)**	(288)
	P 10,125	P 9,862

6. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities:

	2017 (Unaudited)	2016 (Audited)
Demand	**P 46,890**	P 42,053
Savings	**168,878**	162,926
Time	**148,616**	148,098
	P 364,385	P 353,077

Included in the time deposits are the Parent Company's Long-term Negotiable Certificate of Deposits (LTNCDs) as of March 31, 2017 and December 31, 2016 as follows:

Issuance Date	Maturity Date	Coupon Interest	Outstanding Balance 2017	Outstanding Balance 2016
December 19, 2014	June 19, 2020	4.13%	**P 2,100**	P 2,100
November 14, 2013	May 14, 2019	3.25%	**2,860**	2,860
November 14, 2013	May 14, 2019	0.00%	**1,987**	1,970
May 7, 2012	November 7, 2017	5.25%	**1,150**	1,150
December 29, 2011	June 29, 2017	5.25%	**2,033**	2,033
December 29, 2011	June 29, 2017	0.00%	**1,793**	1,768
			P 11,923	P 11,881

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:

		2017 (Unaudited)		2016 (Audited)
Foreign banks	**P**	**24,398**	P	26,985
Local banks		**17,718**		10,548
Others		**3**		110
	P	**42,119**	P	37,643

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 2017 (Unaudited)		2016 (Audited)
November 2, 2015	February 2, 2021	3.45%	**$**	**320**	**P**	**16,051**	P	15,869
January 21, 2015	January 22, 2020	4.25%		**243**		**12,123**		12,053
January 30, 2012	January 31, 2017	5.25%		**275**		**-**		13,673
			$	**838**	**P**	**28,174**	P	41,595

9. OTHER LIABILITIES

Other liabilities consist of the following:

		2017 (Unaudited)		2016 (Audited)
Accounts payable	**P**	**5,654**	P	5,210
Manager's checks		**2,529**		1,108
Post-employment defined benefit obligation		**1,358**		1,735
Bills purchased – contra		**865**		721
Deposits on lease contracts		**521**		167
Derivative financial liabilities		**354**		385
Other credits		**340**		342
Outstanding acceptances payable		**250**		822
Withholding taxes payable		**218**		205
Payment orders payable		**181**		167
Sundry credits		**77**		82
Due to BSP		**76**		33
Guaranty deposits		**58**		58
Miscellaneous		**863**		935
	P	**13,344**	P	11,970

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.

11. EQUITY

The movements in the outstanding capital stock are as follows:

	Number of Shares*	
	2017 (Unaudited)	2016 (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	**293,987**	310,145
Conversion of shares during the year	**(14,994)**	(16,158)
Balance at end of year	**278,993**	293,987
Common stock – P10 par value		
Authorized – 1,400,000,000 shares		
Balance at beginning of year	**1,399,912,464**	1,399,908,746
Conversion of shares during the year	**3,412**	3,718
Balance at end of year	**1,399,915,876**	1,399,912,464

**Amounts in absolute number of shares*

12. MISCELLANEOUS INCOME AND EXPENSES

These accounts consist of the following:

12.1 Miscellaneous Income

	2017 (Unaudited)	2016 (Unaudited)
Rentals	**P 170**	P 123
Dividend income	**154**	9
Recoveries from written-off assets	**48**	35
Gains on assets sold	**10**	8
Others	**151**	149
	P 533	P 324

12.2 Miscellaneous Expenses

		2017 (Unaudited)		2016 (Unaudited)
Credit card related expenses	**P**	**200**	P	151
Insurance		**180**		171
Communication and information		**101**		112
Management and other professional fees		**88**		130
Advertising and publicity		**75**		65
Employee activities		**66**		81
Insurance other than PDIC		**54**		43
Banking fees		**49**		49
Litigation/asset acquired expenses		**44**		56
Service processing fees		**41**		34
Transportation and travel		**34**		61
Stationery and office supplies		**34**		34
Others		**118**		117
	P	**1,083**	P	1,105

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 March 31, 2017 and December 31, 2016:

		2017 (Unaudited)		2016 (Audited)
Trust department accounts	**P**	**89,799**	P	84,804
Derivative liabilities		**40,461**		27,256
Derivative assets		**39,098**		32,172
Outstanding guarantees issued		**33,431**		31,828
Unused commercial letters of credit		**9,750**		10,783
Spot exchange sold		**5,191**		5,455
Spot exchange bought		**5,189**		5,452
Inward bills for collection		**2,777**		2,169
Late deposits/payments received		**549**		540
Outward bills for collection		**58**		84
Others		**17**		17

13.2 Sale of National Steel Corporation (NSC) Plant Asset

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 the 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, as and by way of lost opportunity to make profits and (b) P1,403, representing the value of the Lost Land Claim. A petition to set aside the Partial Award was filed with the Singapore High Court, which granted the same on July 31, 2014. The Singapore High Court likewise subsequently heard and granted on November 17, 1014 the secured creditors' application, among others, for the issuance of consequential orders relating to the discharge of the injunctions issued in 2008, such that applying the principle of legal set-off, the secured creditors 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. Moreover, the secured creditors may now compel GSPI and GIHI to comply with their obligations under the Omnibus Agreement (OMNA)/Asset Purchase Agreement (APA) and take legal action upon GSPI and GIHI's failure to do so.

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 and P1,403 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 October 15, 2012; and (c) the dispute relating to GSPI and GIHI's payment obligation is an obligation under the OMNA, 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.

On November 27, 2015, after further proceedings, the Singapore Court of Appeals held that, applying the provisions of the International Arbitration Act (IAA) of Singapore, which governed the proceedings between the parties, the issue of GSPI and GIHI's lost opportunity to make profit cannot be remanded to the Arbitral Tribunal, or to a new Arbitral Tribunal for that matter, to be litigated anew after the earlier award relating thereto has been set aside by the courts. The doctrines of res judicata and abuse of process also operate to preclude the reopening of this issue. However, as to the issue of the Lost Land Claims, the Singapore Court of Appeals opined that since this issue was not actually fully litigated before the Arbitral Tribunal, the award to GSPI and GIHI of the amount of P1,403 is premature. Thus, this issue, covering the Billet Shop Land of 3.4071 hectares (as set out in Schedule VI of the APA), may be the subject of a fresh arbitration proceedings before a new arbitral tribunal. The Singapore Court of Appeals likewise awarded litigation costs to the liquidator but none to the secured creditors.

The Bank's exposure is approximately P263.2 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, taking into consideration the P49.3 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 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), now that all pre-closing taxes on the NSC assets sold to GSPI and GIHI, covering the period 1999 to 14 October 2004, are deemed paid, following the denial with finality of the City of Iligan's Petition for Review by the Supreme Court and the issuance of an Entry of Judgment on 16 March 2016.

In defiance, however, of the aforesaid final and executory ruling, the City of Iligan (a) issued a Notice of Delinquency against NSC, seeking to collect the tax arrears covering the period 1999 to 2016, (b) levied the NSC properties, and (c) set the same for public auction on 19 October 2016, which proceeded even as the LGU received the 18 October 2016 Writ of Execution issued by the Regional Trial Court of Makati City, Branch 57 ("Makati Trial Court"), directing it to (a) comply with the valid and binding Tax Amnesty Agreement dated 13 October 2004, and (b) afford NSC relief from the payment of interests and penalties. On 3 November 2016, the Iligan City police took possession of the NSC Plant compound. On 4 November 2016, the NSC, through the Liquidator, filed an Omnibus Motion praying that (a) the City of Iligan, the Sangguniang Panlunsod and City Treasurer be directed to show cause why they should not be held in contempt, and (b) the Auction Sale of the NSC properties held on 19 October 2016 be nullified. Even as the Makati Trial Court is still hearing the aforementioned Omnibus Motion filed by the Liquidator, the City of Iligan posted a notice at the gate of the NSC Plant falsely stating that it now owns the same, and has demanded that the security guards engaged by the Liquidator and Global Steel vacate the NSC Plant.

13.3 Verotel Merchant Services B.V. Case

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, Inc. ("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, 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.

On December 4, 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 case was subsequently 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. Due to the reassignment of Judge Beckloff to another court county effective September 14, 2015, the case was heard in January 2016 by a new judge, Judge Michael J. Raphael.

Trial before Judge Raphael transpired from January 13 to 26, 2016, where the issues on prescription, VII's lack of capacity to sue and VMS's lack of standing to sue were reserved for Judge Raphael's disposition. On January 27, 2016, the jury rendered a verdict solely in favor of VMS. However, recognizing that his disposition of the Bank/Bankard's pending motion for nonsuit (which cited, among others, the ruling of the California Supreme Court in the case of Greb v. Diamond International Corp. (56 Cal. 4th 243 [2013]), will impact the jury verdict, Judge Raphael, on his own, deferred the entry of such jury verdict until after the March 10, 2016 hearing on the Bank/Bankard's motion for nonsuit.

On 10 March 2016, the Bank/Bankard informed Judge Raphael that they will, instead, be filing a motion for judgment notwithstanding verdict (JNOV) and motion for new trial, as these are more appropriate to address the fact that, not only was the litigated claim time-barred, and VII/VMS do not have the capacity and standing to sue, respectively, the very evidence presented by VII/VMS showed that (a) the monetary claim arose from transactions involving websites not owned by VII/VMS, (b) these have been registered under another merchant, and (c) therefore, the website are not covered by VII's Tripartite Merchant Agreement with Bankard. On 11 April 2016, the Bank/Bankard timely filed their motions for JNOV and new trial where they likewise assailed the many misleading statements made by the counsel for VII/VMS in his closing argument, which incited the passion and prejudice of the jurors. On April 27, 2016, the Bank/Bankard likewise timely filed their Reply to the Oppositions filed by VII/VMS.

On May 12, 2016, Judge Raphael heard, and partially granted, the Bank/Bankard's Motion for JNOV by deleting the US$7.5 punitive damages awarded to VMS in the absence of proof that (a) a corporate officer of the Bank/Bankard knew of, authorized, or ratified Janet Conway's fraudulent acts, and (b) Conway was a managing agent of the Bank/Bankard within the meaning of the California Civil Code Section 3294(b). However, Judge Raphael ruled that Conway was an agent of the Bank/Bankard for some purposes. Thus, he deemed the statute of limitation equitably tolled during that time Conway represented that she was negotiating to recover the funds from the defendants, as an alternative to filing a lawsuit, and sustained the award of US$1.5. Judge Raphael likewise deemed the issue of VII's lack of capacity to sue mooted as the jury did not award any damages thereto, and held that VMS has standing to bring its tort claims as it was allegedly established that VMS had a business relationship with the Bank/Bankard. As for the Motion for New Trial, Judge Raphael ruled that (a) he cannot conclude that the conduct of plaintiffs and their counsel during the trial resulted in a miscarriage of justice, and (b) at any rate, the deletion of the punitive damages mooted the issue. Judge Raphael has likewise heard, and partially granted, plaintiffs' motion for interest and awarded VMS prejudgment interest in the amount of US$0.49.

On 11 July 2016, the Bank/Bankard (a) timely filed their Notice of Appeal on the partial denial of their Motion for JNOV with the California Court of Appeals, and (b) received a copy of the Notice of Appeal solely filed by VMS on 8 July 2016. On 21 July 2016, the Bank/Bankard timely posted the amount of US$3.14, as and by way of security to stay the enforcement of the Amended Judgment rendered by Judge Rafael. On 29 July 2016, VMS filed an Application to File Certificate of Interested Parties Under Seal, which the Bank/Bankard opposed, pointing out that the identities subject of the disclosure were publicly disclosed in the trial proceedings and was, in fact, a central issue in this case and appeal as it relates to whether VMS has standing in this case and is entitled to any damages. In an Order dated 30 August 2016, the California Court of Appeals sustained the Bank/Bankard and directed VMS to file its Certificate of Interested Persons, not under seal; which VMS complied with on 8 September 2016. In an Order dated 16 November 2016 and filed on the same date, the Court of Appeals adopted the briefing sequence proposed by the Bank/Bankard, thus, allowing the full ventilation of the case on appeal. In a notice dated January 25, 2017, the Court of Appeals informed the parties of the filing of the reporter's transcripts.

In the meantime, in an Order filed with the Los Angeles Superior Court on 7 March 2017, Judge Raphael granted VMS's motion for cost of proof sanction and directed the Bank and Bankard, Inc. to pay VMS the additional amount of US$0.08, to cover the cost of (a) the services of expert witnesses and (b) their presentation during the trial, given his ruling that the Bank and Bankard unjustifiably denied VMS's request for admission that they failed to comply with MasterCard and VISA association rules. The Bank and Bankard timely filed their Notice of Appeal on the aforementioned Order of Judge Raphael, and was not required to post any additional filing fees on account of the prior agreement between the Bank/ Bankard and VMS that the latter will not seek to enforce the ruling on cost of proof sanctions during the pendency of the appeal. The

Bank/Bankard's Opening Brief on their Appeal is set to be filed with the California Court of Appeals on 6 May 2017.

13.4 RCBC Securities Case

In December 2011, RCBC Securities, Inc. ("RSEC") initiated the filing of a criminal case for falsification against its former agent, Mary Grace V. Valbuena ("Valbuena"), who carried out certain questionable transactions with her own personal clients. Since then, RSEC has filed additional criminal and civil cases, including charges of BP 22, against the aforesaid former agent. On 17 November 2016, the Metropolitan Trial Court of Makati City, Branch 66, convicted Valbuena of the crime of BP 22 and directed her to (a) pay a fine of Php0.20, with subsidiary imprisonment in case of insolvency, (b) pay RSEC the amount of Php7.2, with interest at the rate of six percent (6%) per annum, counted from the filing of the complaint on 9 February 2012, until the said amount is fully paid, and (c) pay the costs of suit. Valbuena filed her Notice of Appeal before the Regional Trial Court of Makati City where the same is still pending.

In May 2012, the Capital Markets Integrity Corporation ("CMIC") of the Philippine Stock Exchange conducted an investigation on the complaint filed by Francisco Ken Cortes against RSEC. In September 2014, Carlos S. Palanca IV ("Palanca") and Cognation Holdings, Inc. ("Cognatio") likewise filed a complaint against RSEC with the CMIC, even as Cognatio's earlier complaint dated 20 December 2013 against RSEC, its former Vice President for Operations/Chief Finance Officer, its former Compliance Officer and Valbuena, remains pending with the Enforcement and Investor Protection Department of the Securities and Exchange Commission ("EIPD-SEC"). In its letter dated 4 December 2014, the CMIC dismissed the complaint on the ground of prescription and res judicata. The complainants' motion for reconsideration of the CMIC decision, as with Palanca/Cognatio's complaint with the EIPD-SEC, remains pending to date.

On 22 February 2013, Stephen Y. Ku ("Ku") filed a complaint against RSEC with the Regional Trial Court of Makati, Branch 149 (the "Makati Trial Court"), praying, among others, for the return of his shares of stock and cash payments which he claims to have turned over to Valbuena. On 20 May 2013, RSEC sought the dismissal of the complaint on the ground of non-payment of the correct filing fees and failure to state a case of action, which was, however, denied by the Makati Trial Court. Aggrieved, RSEC filed a Petition for Certiorari with the Court of Appeals on 22 November 2013, which was given due course. In the Decision dated 9 October 2014, the Court of Appeals sustained RSEC's position and ordered the dismissal of the complaint pending before the Makati Trial Court on the ground of lack of jurisdiction. In a Petition for Review dated 15 September 2015, Ku sought the reversal of the ruling of the Court of Appeals, and as an alternative, prayed to be allowed to re-file his Complaint sans docket fees. The case remains pending with the Supreme Court.

13.5 Poverty Eradication and Alleviation Certificates Bonds

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 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, the Bank and RCBC Capital Corporation ("RCAP") 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. The Bank and RCAP 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 RCAP/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. The Bank and 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 Bureau of Treasury when it issued the PEACe Bonds. The Office of the Solicitor General ("OSG"), as counsel for the Republic and other public respondents, 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.

In a Resolution dated 5 October 2016, the Supreme Court partially granted the Bank and RCAP's Motion for Clarification and/or Partial Reconsideration, stating that (a) to determine whether the securities newly issued and sold by the Bureau of Treasury should be treated as "deposit substitutes", the phrase "at any one time" in relation to "20 or more lenders" should be reckoned at the time of their original issuance, (b) this interpretation, at any rate, cannot be applied retroactively since this would prejudice the Bank and 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, and (c) such being the case, the PEACe Bonds cannot be treated as deposit substitutes. On the other hand, the Supreme Court denied the Motion for Reconsideration and Clarification filed by the OSG. The Supreme Court likewise held that due to the continued refusal of the Bureau of Treasury to release the amount of Php4,966 which it withheld upon maturity of the PEACe Bonds, even as it could have deposited the said amount in escrow as early as 19 October 2011, in compliance with the orders issued by the High Tribunal, the Bureau of Treasury is liable to pay legal interest of six percent (6%) per annum on the aforesaid amount of Php4,966 , counted from the aforesaid date of 19 October 2011, until full paid.

On 24 October 2016, the Bank received copies of (a) the Motion for Leave to File Motion for Partial Reconsideration and to Admit Motion for Partial Reconsideration, and (b) the Motion for Partial Reconsideration, both dated 19 October 2016, filed by the OSG. In the Notice of Resolution dated 22 November 2016, the Supreme Court denied for lack of merit the Motion for Leave to File Motion for Partial Reconsideration and to Admit Motion for Partial Reconsideration filed by the OSG on the ground that a second motion for reconsideration is a prohibited pleading. The Notice of Resolution further stated that no further pleadings or motions will be entertained. On 11 April 2017, the Bank received a copy of the Entry of Judgment stating, among others, that the Decision date 13 January 2015 and the Resolution dated 16 August 2016, which partially granted the Motion for Clarification and/or Partial Reconsideration filed by the Bank and RCAP, became final and executory on 20 October 2016.

13.6 Applicability of RR 4-2011

On March 15, 2011, the Bureau of Internal Revenue ("BIR") issued Revenue Regulations No. 4-2011 (RR 4-2011) which prescribed that for income tax reporting purposes, banks and other financial institutions must (a) report costs and expenses either under RBU or FCDU/EFCDU or OBU if specifically identified as such; or (b) allocate such cost and expenses, which cannot be specifically identified, based on percentage share of gross income earnings of a unit. The BIR, however, 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 and within FCDU.

On April 6, 2015, the Bank and other member-banks of the Bankers Association of the Philippines ("BAP"), filed a Petition for Declaratory Relief with Application for Temporary Restraining Order ("TRO") and/or Writ of Preliminary Injunction with the Regional Trial Court of Makati ("Makati Trial Court"). Further, in Civil Case No. 15-287, the Bank and other BAP member banks assailed the validity of RR 4-2011 on the ground, among others, that (a) the RR violates the petitioner-banks' substantive due process rights; (b) it is not only illegal but also unfair; (c) that it serves as a deterrent to banks to invest in capital market transactions to the prejudice of the economy; and (d) it sets a dangerous precedent for the disallowance of full deductions due to the prescribed method of allocation.

On April 8, 2015, the Makati Trial Court issued a TRO enjoining the BIR from enforcing RR 4-2011. Also, on April 27, 2015, Makati Trial Court issued a Writ of Preliminary Injunction enjoining the BIR from enforcing, carrying out, or implementing in any way or manner RR 04-2011 against the Bank and other BAP member banks, including the issuing Preliminary Assessment Notice or Final Assessment Notice against them during the pendency of the litigation, unless sooner dissolved.

On 10 June 2015, Makati Trial Court issued a Confirmatory Order stating that the TRO and Writ of Preliminary Injunction also prohibits the BIR from ruling or deciding on any administrative matter pending before it in relation to the subject revenue regulations and insofar as the Bank and other BAP member banks are concerned. The Pre-trial Conference of the case began on 2 August 2016 and was further continued to 16 May 2017, due to the unavailability of the presiding judge during the last two (2) hearings on 7 February 2017 and 7 March 2017.

13.7 Alleged Unauthorized Transfer of Funds – Bank of Bangladesh

In February 2016, there was an alleged unauthorized transfer of funds from the Bank of Bangladesh to four (4) accounts in RCBC, which were eventually transferred to various accounts outside of RCBC. In August 2016, the Monetary Board approved the imposition of supervisory action on RCBC to pay the amount of P1,000 in relation to the completed special examination. There may be other cases arising from these events. The Bank has fully recognized in the Consolidated Statement of Income the P1,000 supervisory action as part of Miscellaneous Expenses in 2016. On 12 August 2016, the Bank already paid with the BSP P500 of the penalty, in accordance with the terms set by the BSP. On 25 April 2017, the Bank notified the BSP of its voluntary intent to prepay the remaining balance of P500 which was eventually settled on 4 May 2017. The Bank does not expect these penalties to affect its ability to perform its existing obligations or unduly hamper its operations.

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 FS for the detailed discussion of Compliance with Generally Accepted Accounting Principles.

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 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 January 31, 2017, senior unsecured fixed-rate notes amounting to $275 million with coupon and yield rate of 5.25% already matured.

Dividends Paid for Ordinary or Other Shares. In its meeting held on April 24, 2017, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0807 per share or a total of approximately P23 thousand payable to holders of Preferred Class shares which was approved by the Bangko Sentral on April 26, 2017 and will be paid on June 21, 2017. The Board of Directors also approved the declaration and payment of cash dividends amounting to P0.5520 per share or a total of approximately P772 million payable to holders of Common Class and a total of approximately P154 thousand payable to holders of Preferred Class shares, both were approved by the Bangko Sentral ng Pilipinas on April 26, 2017 and will be paid on May 26, 2017.

In its meeting held on January 30, 2017, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.07491 per share, or a total of approximately P21 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on March 22, 2017 and paid on March 24, 2017.

In its meeting held on November 2, 2016, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.07244 per share, or a total of approximately P21 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on January 13, 2017 and paid on January 17, 2017.

In its meeting held on July 25, 2016, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0676 per share, or a total of approximately P19 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on September 16, 2016 and paid on October 11, 2016.

In its meeting held on April 25, 2016, the Board of Directors also approved the declaration and payment of cash dividends amounting to P0.7200 per share or a total of approximately P212 thousand payable to holders of Preferred Class shares which was approved by the Bangko Sentral on June 16, 2016 and paid on July 18, 2016.

In its meeting held on April 25, 2016, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.066 per share or a total of approximately P19 thousand payable to holders of

Preferred Class shares which was approved by the Bangko Sentral on June 16, 2016 and paid on June 21, 2016. The Board of Directors also approved the declaration and payment of cash dividends amounting to P0.72 per share or a total of approximately P1.007 billion payable to holders of Common Class and a total of approximately P212 thousand payable to holders of Preferred Class shares, both were approved by the Bangko Sentral ng Pilipinas on June 16, 2016 and paid on July 18, 2016.

In its meeting held on January 25, 2016, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.06495 per share, or a total of approximately P20 thousand. The dividends were paid to shareholders of Preferred Class shares on March 23, 2016.

The details of the 2017 cash dividend approvals and distributions from first quarter of 2016 up to March 31, 2017 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			
25-Jan-16	P 0.6495	P 20	N/A	23-Mar-16	Convertible Preferred Stock
25-Apr-16	P 0.0660	P 19	16-Jun-16	21-Jun-16	Convertible Preferred Stock
25-Apr-16	P 0.7200	P 1,007,937	16-Jun-16	18-Jul-16	Common Stock
25-Apr-16	P 0.7200	P 212	16-Jun-16	18-Jul-16	Convertible Preferred stock
25-Jul-16	P 0.0676	P 19	16-Sep-16	11-Oct-16	Convertible Preferred stock
2-Nov-16	P 0.0724	P 21	13-Jan-17	17-Jan-17	Convertible Preferred stock
30-Jan-17	P 0.0749	P 21	22-Mar-17	24-Mar-17	Convertible Preferred stock
24-Apr-17	P 0.0807	P 23	26-Apr-17	21-Jun-17	Convertible Preferred stock*
24-Apr-17	P 0.5520	P 772,754	26-Apr-17	26-May-17	Common Stock*
24-Apr-17	P 0.5520	P 154	26-Apr-17	26-May-17	Preferred Stock*

**Total amount subject to change on their record dates*

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 March 31, 2017 (in millions).

RESULTS OF OPERATIONS					
	Retail Banking Group	Corporate Banking Group	Treasury / Trust	Others	Total
Net interest income	2,447	2,014	382	(2,047)	2,796
Non-interest income	664	438	208	214	1,525
Total revenue	3,111	2,453	591	(1,833)	4,321
Non-interest expense	1,759	489	138	727	3,113
Income (loss) before Income tax	1,352	1,964	452	(2,560)	1,208
Income tax expense	-	-	-	206	206
Net income (loss)	1,352	1,964	452	(2,766)	1,002

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. There were no material changes in Composition of the Issuer During the Interim Period.

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
	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
Return on Average Assets (ROA)* [1/]	0.79%	0.77%	0.98%	0.93%
Return on Average Equity (ROE) * [2/]	6.47%	6.42%	6.49%	6.43%
BIS Capital Adequacy Ratio	15.62%	16.16%	15.59%	16.23%
Non-Performing Loans (NPL) Ratio [3/]	1.38%	0.98%	0.46%	0.17%
Non-Performing Assets (NPA) Ratio [4/]	1.84%	1.63%[A]	0.50%	0.33%
Net Interest Margin (NIM)*	4.21%	4.06%	3.70%	3.47%
Cost-to-Income Ratio	72.78%	76.05%	70.62%	74.30%
Loans-to-Deposit Ratio	86.12%	89.07%	85.21%	89.71%
Current Ratio	0.46	0.56	0.48	0.52
Liquid Assets -to-Total Assets Ratio	0.22	0.26	0.22	0.26
Debt-to-Equity Ratio	7.29	7.39	5.71	5.73
Asset-to- Equity Ratio	8.29	8.39	6.71	6.73
Asset -to- Liability Ratio	1.14	1.14	1.18	1.17
Interest Rate Coverage Ratio	1.71	1.50	1.94	1.6
Earnings per share (EPS)* [5/]				
Basic and Diluted	PHP 2.90	PHP 2.76	PHP 2.90	PHP 2.76

**March 31,2017 ratios/amounts were annualized* *A - Restated from 1.52% to 1.63%*

[1/] Average assets for the consolidated and parent ratios were computed based on the 4-month average of end of month balances of total assets. Unaudited net income for the 3-month period ended March 31, 2017 in the amount of P1.002 billion represented the consolidated and parent.

[2/] Average equity for the consolidated and parent ratios were, likewise, computed based on the 4-month average of end of month balances. Unaudited net income for the 3-month period ended March 31, 2017 in the amount of P1.002 billion represented the consolidated and parent.

[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 March 31, 2017 – 1,399,979,293 shares; as of December 31, 2016 – 1,399,979,278 shares.

Performance Indicators for Wholly-Owned/Majority Owned Subsidiaries

RCBC SAVINGS BANK In Php 000s	Unaudited March 31, 2017		Audited December 31, 2016
Net Income	PHP	311,207	Php 1,005,140
Return on Average Assets (ROA)*		1.17%	1.05%
Return on Average Equity (ROE)*		11.57%	9.89%
BIS Capital Adequacy Ratio (CAR)		13.25%	13.44%
Non-Performing Loans (NPL) Ratio		3.70%	2.88%
Non-Performing Assets (NPA) Ratio		6.59%	5.95%
Earnings per Share (EPS)*	PHP	40.88	Php 32.56

RIZAL MICROBANK In Php 000s	Unaudited March 31, 2017		Audited December 31, 2016
Net Income (Loss)	PHP	1,929	Php (3,384)
Return on Average Assets (ROA)*		0.62%	-0.33%
Return on Average Equity (ROE)*		1.26%	-0.55%
BIS Capital Adequacy Ratio (CAR)		54.81%	65.28%
Non-Performing Loans (NPL) Ratio		-0.03%	0.09%
Non-Performing Assets (NPA) Ratio		0.86%	1.24%
Earnings (Loss) per Share (EPS)*	PHP	0.89	Php (0.30)

RCBC CAPITAL CORPORATION and Subsidiaries In Php 000s	Unaudited March 31, 2017		Audited December 31, 2016
Net Income	PHP	207,142	Php 294,079
Return on Average Assets (ROA)*		18.54%	7.13%
Return on Average Equity (ROE)*		22.53%	8.14%
BIS Capital Adequacy Ratio (CAR)		41.21%	27.99%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.04%	0.05%
Earnings per Share (EPS)*	PHP	7.11	Php 2.49

RCBC FOREX BROKERS CORPORATION In Php 000s	Unaudited March 31, 2017		Audited December 31, 2016
Net Income	PHP	959	Php 39,917
Return on Average Assets (ROA)*		1.94%	16.60%
Return on Average Equity (ROE)*		2.02%	20.14%
Capital to Total Assets Ratio		95.38%	77.08%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Earnings per Share (EPS)*	PHP	7.78	Php 79.83

**March 31, 2017 ratios/amounts were annualized*

RCBC INTERNATIONAL FINANCE, LTD. and Subsidiary	Unaudited	Audited
In Php 000s	March 31, 2017	December 31, 2016
Net Income	PHP (1,635)	Php (1,931)
Return on Average Assets (ROA)*	-4.61%	-1.38%
Return on Average Equity (ROE)*	-4.72%	-1.40%
Capital to Total Assets Ratio	96.81%	100.05%
Non-Performing Loans (NPL) Ratio	0.00%	0.00%
Non-Performing Assets (NPA) Ratio	0.00%	0.00%
Loss per Share (EPS)*	PHP (2.65)	Php (0.77)

RCBC NORTH AMERICA, INC.	Unaudited	Audited
In Php 000s	March 31, 2017	December 31, 2016
Net Loss	PHP -	Php (1,555)
Return on Average Assets (ROA)*	0.00%	-91.01%
Return on Average Equity (ROE)*	0.00%	-90.98%
Capital to Total Assets Ratio	58.70%	217.45%
Non-Performing Loans (NPL) Ratio	0.00%	0.00%
Non-Performing Assets (NPA) Ratio	0.00%	0.00%
Loss per Share (EPS)*	PHP -	Php (35.56)

RCBC TELEMONEY EUROPE S.P.A	Unaudited	Audited
In Php 000s	March 31, 2017	December 31, 2016
Net Loss	PHP (2,379)	Php (45,056)
Return on Average Assets (ROA)*	-34.46%	-52.36%
Return on Average Equity (ROE)*	14.66%	-110.16%
Capital to Total Assets Ratio	-502.27%	-47.43%
Non-Performing Loans (NPL) Ratio	0.00%	0.00%
Non-Performing Assets (NPA) Ratio	0.00%	0.00%
Loss per Share (EPS)*	PHP (96.47)	Php (450.56)

RCBC-JPL HOLDING COMPANY, INC. (Formerly JP Laurel Bank, Inc.)	Unaudited	Audited
In Php 000s	March 31, 2017	December 31, 2016
Net Income (Loss)	PHP (2,907)	Php 2,259
Return on Average Assets (ROA)*	-6.17%	1.05%
Return on Average Equity (ROE)*	9.75%	-1.88%
Capital to Total Assets Ratio	-63.71%	-62.35%
Non-Performing Loans (NPL) Ratio	0.00%	0.00%
Non-Performing Assets (NPA) Ratio	0.00%	0.00%
Earnings (Loss) per Share (EPS)*	PHP (0.06)	Php 0.01

**March 31, 2017 ratios/amounts were annualized*

NIYOG PROPERTY HOLDINGS, INC. In Php 000s	Unaudited March 31, 2017		Audited December 31, 2016
Net Income	PHP	3,632	Php 10,414
Return on Average Assets (ROA)*		2.05%	1.40%
Return on Average Equity (ROE)*		2.14%	1.46%
Capital to Total Assets Ratio		95.66%	94.43%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Earnings per Share (EPS)*	PHP	10.59	Php 7.49

RCBC LEASING AND FINANCE CORP. and Subsidiary In Php 000s	Unaudited March 31, 2017		Audited December 31, 2016
Net Income	PHP	20,658	Php 70,218
Return on Average Assets (ROA)*		1.08%	1.04%
Return on Average Equity (ROE)*		13.30%	11.23%
Capital to Total Assets Ratio		8.14%	13.95%
Non-Performing Loans (NPL) Ratio		11.74%	12.51%
Non-Performing Assets (NPA) Ratio		8.03%	8.41%
Earnings per Share (EPS)*	PHP	0.18	Php 0.15

**March 31, 2017 ratios/amounts were annualized*

31 March 2017 vs 31 December 2016

Consolidated Total Resources of the Bank for the period ended March 31, 2017 was recorded at P526.049 billion.

Cash and other Cash Items decreased by 17.63% or P2.676 billion from P15.176 billion to P12.500 billion. Due from Bangko Sentral recorded at P66.476 billion, and accounted for 12.64% of the Total Resources. Due from other Banks increased by 7.09% or P1.793 billion, from P25.293 billion to P27.086 billion.

Loans under repurchase agreement decreased by 76.37% or P6.025 billion, from P7.889 billion to P1.864 billion. Loans and Receivables, Net was recorded at P314.360 billion and accounted for 59.76% of the Banks's Total Resources.

Investment Securities at Amortized Cost increased by 30.44% or P15.785 billion from P51.864 billion to P67.649 billion. It accounted for 12.86% of the Total Resources. Total Investment Securities stood at P78.922 billion and accounted for 15.00% of Total Resources.

Investments in Associates, net grew by 6.60% or P25 million from P383 million to P408 million.

Total Deposit Liabilities, which accounted for 69.27% of Total Resources, settled at P364.385 billion. Savings Deposits stood at P168.878 billion and accounted for 32.10% of total resources. Demand Deposits accounted for 8.91% of total resources increased by 11.50% or P4.837 billion from P42.053 billion to P46.890 billion while higher-costing time deposits reached P148.616 billion and accounted for 28.25% of total resources. CASA-to-deposit ratio improved to 59.21% as of end-March 2017 from 58.06% as of end-December 2016.

Bills Payable increased by 11.89% or P4.476 billion from P37.643 billion to P42.119 billion due to higher foreign currency dominated borrowings for this period. Bonds Payable, on the other hand, decreased by 32.27% or P13.421 billion from P41.595 billion to P28.174 billion mainly due to maturity of $275 million Senior Notes in January 2017.

Total Liabilities stood at P462.617 billion and accounted for 87.94% of Total Resources.

Total Capital Funds reached P63.431 billion and accounted for 12.06% 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 operational performance and ability to service obligations.

31 March 2017 vs. 31 March 2016

RCBC posted a Net Income of P1.002 billion for the first quarter of 2017, P799 million or 44.38% lower than the P1.801 billion income for the same period last year.

Net Interest Income, representing 71.86% of Total Operating Income, stood at P4.148 billion. Interest Income from Loans and Receivables grew by 5.11% or P245 million from P4.808 billion to P5.054 billion and accounted for 87.54% of the Total Operating Income. Interest Income from Investment Securities which accounted for 11.90% of Total Operating Income decreased by 34.37% or P360 million from P1.047 billion to P687 million. On the other hand, interest income from other investments increased by 191.64% or P95 million from P49 million to P144 million.

Total Interest Expense, accounted for 30.09% of Total Operating Income, was made up of Interest on Deposit Liabilities and Interest on Bills Payable and Other Borrowings which are 16.16% and 13.93% of the Total Operating Income, respectively. Total Interest Expense stood at P1.737 billion; interest expense in deposit liabilities grew by 29.33% from P721 million to P933 million mainly due to higher average volume of time deposits; interest expense in bills payable and other borrowings, on the other hand, decreased by 17.24% or P168 million from P972 million to P804 million due to the maturity of certain Senior Notes.

Provisioning for Impairment Losses this period, which accounted for 5.77% of the Total Operating Income was at P333 million, 28.12% or P130 million lower from P464 billion that was set for the same period last year.

Other Income settled at P1.625 billion, 22.95% or P484 million lower than same period last year, and accounted for 28.14% of Total Operating Income. Items under Operating Income posted the following results:

- Trading and securities gain-net recorded at P32 million.
- Service fees and commissions increased by 10.01% or P76 million and represented 14.52% of Total Operating Income.
- Trust fees stood at P69 million.
- Foreign exchange gains went down by P82 million from P235 million last year, now at P153 million.
- Miscellaneous income was higher by 64.39% or P209 million from the same period last year at P324 million now at P533 million mainly due to higher dividend and rental income.

Representing 72.78% of Total Income, Other Operating Expenses increased by 5.86% or P233 million from P3.969 billion to P4.201 billion due to the following:

- Employee benefits went up by 10.31% or P137 million from P1.333 billion to P1.470 billion mainly due to the additional headcount as a result of branch expansion.
- Occupancy & equipment related expenses stood at P756 million and consumed 13.09% of total operating income.
- Taxes and licenses settled at P432 million.
- Depreciation and amortization increased by 11.95% or P49 million from P411 million to P460 million as a result of setting up of additional banking channels, renovation of existing branches, and acquisition of equipment for lease.
- Miscellaneous expenses settled at P1.083 billion and used up 18.76% of total operating income.

Tax expense reached P236 million and increased by 174.38% or P150 million as a result of lower origination of deferred tax assets on MCIT and allowance for impairment.

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 **May 12, 2017**

GIL A. BUENAVENTURA
President & CEO

FLORENTINO M. MADONZA
SVP, Head - Controllership Group

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

RIZAL COMMERCIAL BANKING CORPORATION
Aging of Other Receivables
31-Mar-17
(Amounts in PHP)

	1-90 days	91-180 days	181-1 year	Over one year	Total	Allow	Net
Accounts Receivable	544,020,880.13	222,533,242.83	139,093,172.19	1,075,514,115.05	1,981,161,410.20	236,937,309.77	1,744,224,100.43