COVER SHEET

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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)

Contact Person	Company Telephone Number
CARMELA V. SILVERIO	8949000

Fiscal Year (Month / Day)	FORM TYPE	Annual Meeting (Month / Day)
03 / 31	17Q	

Secondary License Type, If Applicable

Dept. Requiring this Doc.	Amended Articles Number/Section
SEC	

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, 2019

(Fiscal Quarter Ending)

SEC FORM 17-Q

Form Type

Amendment Designation (if applicable)

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the fiscal year ended **March 31, 2019**

2. SEC Identification Number 17514

4. BIR Tax Identification No. 000-599-760-000

3. Exact name of registrant as specified in its charter: **RIZAL COMMERCIAL BANKING CORPORATION**

5. Philippines
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

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

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

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, P10 par value	1,935,628,775 (as of 31 March 2019)

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

Yes (x) No ( )

12. Check whether the registrant:

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

Yes (x) No ( )

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

Yes (x) No ( )

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Notes	3/31/2019 (Unaudited)	12/31/2018 (Audited)
RESOURCES			
CASH AND OTHER CASH ITEMS		**P 13,875**	P 17,392
DUE FROM BANGKO SENTRAL NG PILIPINAS		**56,917**	56,495
DUE FROM OTHER BANKS		**17,400**	20,342
LOANS UNDER REVERSE REPURCHASE AGREEMENT		**6,829**	10,032
TRADING AND INVESTMENT SECURITIES - Net	3	**140,181**	118,449
LOANS AND RECEIVABLES - Net	4	**404,013**	398,300
INVESTMENTS IN ASSOCIATES - Net		**424**	423
BANK PREMISES, FURNITURE, FIXTURES & EQUIPMENT- Net		**10,339**	8,415
INVESTMENT PROPERTIES - Net		**3,755**	3,631
DEFERRED TAX ASSETS		**2,106**	2,094
OTHER RESOURCES - Net	5	**8,888**	9,022
TOTAL RESOURCES		**P 664,727**	P 644,595
LIABILITIES AND CAPITAL FUNDS			
DEPOSIT LIABILITIES	6	**415,965**	P 423,399
BILLS PAYABLE	7	**64,210**	56,001
BONDS PAYABLE	8	**68,023**	53,090
ACCRUED TAXES, INTEREST AND OTHER EXPENSES		**5,650**	5,277
OTHER LIABILITIES	9	**17,628**	15,672
SUBORDINATED DEBT	10	**9,991**	9,986
Total Liabilities		**581,466**	563,425
CAPITAL FUNDS			
Attributable to Parent Company Shareholders:			
Preferred Stock		**3**	3
Common Stock		**19,356**	19,356
Capital Paid in Excess of Par		**32,061**	32,061
Other Comprehensive Income:			
Net Unrealized Gains on Financial Assets At Fair Value Through Other Comprehensive Income		**2,571**	1,556
Cumulative Translation Adjustment		**54**	54
Retirement plan		**(1,310)**	(1,344)
Reserve for Trust Business		**454**	454
Other Reserves		**(97)**	(97)
Retained Earnings Appropriated for General Provision		**2,609**	2,594
Retained Earnings		**27,532**	26,507
		83,234	81,144
Non-controlling Interest		**27**	26
Total Capital Funds		**83,261**	81,170
TOTAL LIABILITIES AND CAPITAL FUNDS		**P 664,727**	P 644,595

See Notes to Interim Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF INCOME

(Amounts in Millions of Philippine Pesos, Except Per Share Data)

	Note	1/1/2019 to 3/31/2019 (Unaudited)	1/1/2018 to 3/31/2018 (Unaudited)
INTEREST INCOME ON			
Loans and receivables		P 7,671	P 6,271
Investment securities		1,320	599
Others		93	36
		9,083	6,906
INTEREST EXPENSE ON			
Deposit liabilities		2,268	1,264
Bills payable and other borrowings		1,527	825
		3,796	2,089
NET INTEREST INCOME		5,288	4,816
IMPAIRMENT LOSSES - Net		1,134	457
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		4,154	4,360
OTHER OPERATING INCOME (CHARGES)			
Trading and securities gains (losses) - net		1,451	(10)
Service fees and commissions		977	739
Trust fees		79	68
Foreign exchange gains (losses) - net		(5)	344
Miscellaneous	12	357	528
		2,859	1,669
OTHER OPERATING EXPENSES			
Employee benefits		1,711	1,566
Occupancy and equipment-related		907	792
Taxes and licenses		697	558
Depreciation and amortization		405	454
Miscellaneous	12	1,512	1,264
		5,232	4,634
PROFIT BEFORE TAX		1,781	1,394
TAX EXPENSE		476	261
NET PROFIT		1,305	1,133
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTEREST		0	1
NET PROFIT ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		P 1,305	P 1,133
Earnings Per Share (Annualized)			
Basic		P 2.73	P 3.28
Diluted		P 2.73	P 3.28

See Notes to Interim Financial Statements

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

	1/1/2019 to 3/31/2019 (Unaudited)	1/1/2018 to 3/31/2018 (Unaudited)
NET PROFIT FOR THE PERIOD	**P 1,305**	P 1,133
OTHER COMPREHENSIVE INCOME (LOSSES) DURING THE PERIOD:		
Fair value gains (losses) on Financial assets at Other Comprehensive Income	**1,016**	(514)
Retirement plan	**34**	71
Translation adjustments on foreign operations	**(0)**	2
Other Comprehensive Income (Loss) for the period	**1,050**	(441)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**P 2,355**	P 692
COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	**0**	(0)
COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	**P 2,355**	P 692

See Notes to Interim Financial Statements.

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

	1/1/2019 to 3/31/2019 (Unaudited)	1/1/2018 to 3/31/2018 (Unaudited)
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		
PREFERRED STOCK		
Balance, beginning	3	3
Issuance (Conversion) of preferred stock	-	(0)
Balance,end	3	3
COMMON STOCK		
Balance, beginning	19,356	13,999
Conversion of preferred stock to common stock	-	0
Balance,end	19,356	13,999
CAPITAL PAID IN EXCESS OF PAR		
Balance, beginning	32,061	22,636
Conversion of preferred stock to common stock	-	0
Excess of consideration given over cost of common shares issued	(0)	-
Balance,end	32,061	22,636
NET UNREALIZED GAINS/(LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE TRHOUGH OTHER COMPREHENSIVE INCOME		
Balance, beginning as previously reported	1,555	1,968
Effect of Adoption of PFRS9	-	456
Balance, beginning as restated	1,555	2,424
Fair value gains (losses) during the period	1,016	(514)
Balance, end	2,571	1,910
CUMULATIVE TRANSLATION ADJUSTMENTS		
Balance, beginning	54	85
Translation adjustment during the period	(0)	2
Balance, end	54	86
OTHER COMPREHENSIVE INCOME - RETIREMENT PLAN		
Balance, beginning	(1,344)	(79)
Remeasurement of the defined benefits during the priod	34	71
Balance, end	(1,310)	(8)
RESERVE FOR TRUST BUSINESS		
Balance, beginning	454	431
Transfer from retained earnings - free	-	5
Balance, end	454	436
OTHER RESERVES	(97)	(97)
RETAINED EARNINGS APPROPRIATED FOR GENERAL PROVISION		
Beginning balance, as previously reported	2,594	-
Effect of Adoption of PFRS9	-	2,138
Beginning balance, as restated	2,594	2,138
Transfer from retained earnings - free	15	99
Balance, end	2,609	2,237
RETAINED EARNINGS		
Beginning balance, as previously reported	26,507	28,050
Effect of Adoption of PFRS16 in 2019 and PFRS 9 in 2018	(265)	(2,352)
Beginning balance, as restated	26,242	25,699
Net profit	1,305	1,133
Cash dividends	(0)	(0)
Transfer to retained earnings appropriated for general provision	(15)	(99)
Transfer to reserves for trust business	-	(5)
Balance, end	27,532	26,727
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	P 83,234	P 67,930
MINORITY INTEREST		
Balance, beginning	26	29
Effect of Adoption of PFRS9	-	(2)
Fair value gains (losses) on FVOCI	0	(0)
Net Profit (Loss) for the year	0	1
Balance, end	27	27
TOTAL CAPITAL FUNDS	P 83,261	P 67,957

See Notes To Interim Financial Statements.

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

	Notes	YTD Ended 3/31/2019 (Unaudited)	YTD Ended 3/31/2018 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits before tax		P 1,781	P 1,394
Adjustments for:			
Interest income		(9,083)	(6,906)
Interest expense		3,796	2,089
Impairment losses		1,134	457
Depreciation and amortization		405	454
Dividend income		(0)	(180)
Share in net earnings of associates		5	(1)
Operating income before working capital changes		(1,964)	(2,693)
Decrease (Increase) in financial assets at fair value through profit and loss	3	(2,109)	1,161
Decrease (Increase) in loans and receivables	4	3,293	(15,683)
Increase in investment property		(124)	(186)
Increase in other resources	5	(798)	(2,000)
Increase (Decrease) in deposit liabilities	6	(7,434)	6,202
Increase in accrued taxes, interest and other expenses		115	94
Increase (Decrease) in other liabilities	9	(354)	950
Cash used in operations		(9,374)	(12,155)
Interest received		9,398	6,631
Interest paid		(3,792)	(1,866)
Cash paid for taxes		(249)	(244)
Net Used In Operating Activities		(4,017)	(7,634)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in Financial Assets at FVOCI		(7,797)	(3,441)
Increase in Investment securities at amortized cost		(10,809)	(13,526)
Acquisitions of bank premises, furniture, fixtures and equipment (net)		(272)	(109)
Cash dividends received		0	5
Acquisitions of intangibles		(47)	(51)
Net Cash Used in Investing Activities		(18,926)	(17,122)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from (payments of) bills payable		8,209	6,497
Dividends paid		(0)	(0)
Net proceeds from bonds payable		14,933	16,870
Net Cash From Financing Activities		23,142	23,367
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		199	(1,389)
CASH AND CASH EQUIVALENTS, BEGINNING			
Cash and other cash items		17,393	14,693
Due from Bangko Sentral ng Pilipinas		56,494	58,801
Due from other banks		20,344	19,818
Interbank Loans and Loans and Receivables under reverse repurchase agreement		19,554	9,869
		113,784	103,181
CASH AND CASH EQUIVALENTS, END			
Cash and other cash items		13,875	13,797
Due from Bangko Sentral ng Pilipinas		56,917	57,109
Due from other banks		17,400	22,159
Interbank Loans and Loans and Receivables under reverse repurchase agreement		25,790	8,727
		P 113,982	P 101,792

See Notes to Interim Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2019 AND DECEMBER 31, 2018
(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 Adoption of New and Amended PFRS

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

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

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

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

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

	As Previously Reported	Effect of Adoption of PFRS 16	As Restated
Changes in resources:			
Bank Premises, Furniture, Fixture and Equipment	P 8,415	P 2,269	P 10,684
Deferred Tax Assets	2,094	(38)	2,056
Net increase in resources		P 2,231	
Changes in liabilities:			
Other Liabilities	P 15,672	P 2,496	P 18,168
Changes in equity:			
Surplus	26,507	(265)	26,242
Net increase in liabilities and equity		P 2,231	

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

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

2.4 Financial Assets

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

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

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

(i) Financial Assets at Amortized Cost

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

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

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

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

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

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

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

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

Debt Instruments at FVOCI

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

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

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

Equity Instruments at FVOCI

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

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

(b) Impairment of Financial Assets

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

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

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

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

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

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

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

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

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

(c) Derecognition of Financial Assets

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

2.5 Financial Liabilities

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

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

2.6 Provisions and Contingencies

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

2.7 Revenue and Expense Recognition

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

2.8 Impairment of Non-financial Assets

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

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

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

2.9 Income Taxes

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

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

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

2.10 Related Party Relationships and Transactions

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

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

2.11 Events After the End of the Reporting Period

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

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Financial assets at FVPL	P 9,680	P 7,570
Financial assets at FVOCI	30,800	21,987
Investment securities at amortized cost - net	99,701	88,892
	P 140,181	P 118,449

3.1 Financial Assets at FVPL

This account is composed of the following:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Government securities	P 6,503	P 3,511
Corporate debt securities	1,796	1,660
Derivative financial assets	807	1,724
Equity securities	574	675
	P 9,680	P 7,570

3.2 Financial Assets at FVOCI

This account is composed of the following:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Quoted equity securities	P 2,164	P 2,472
Unquoted equity securities	4,346	3,989
Government bonds	23,616	15,138
Corporate debt securities	674	388
	P 30,800	P 21,987

3.3 Investments at Amortized Cost

This account is composed of the following:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Government securities	P 78,576	P 66,084
Corporate debt securities	21,260	22,943
	99,836	89,027
Allowance for impairment	(135)	(135)
	P 99,701	P 88,892

4. LOANS AND RECEIVABLES

This account consists of the following:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Receivable from customers:		
Loans and discounts	P 338,947	P 340,011
Credit card receivables	22,315	21,550
Customers' liabilities on acceptances, import bills and trust receipts	18,969	21,075
Bills purchased	3,139	3,112
Lease contract receivable	3,285	3,403
Receivables financed	539	587
	387,194	389,738
Unearned discount	(794)	(665)
	386,400	389,073
Other receivables:		
Interbank loans receivables	18,961	9,522
Accrued interest receivable	4,157	4,498
Accounts receivable	2,142	2,452
Unquoted debt securities classified as loans	1,974	1,963
Sales contract receivable	1,266	1,083
	28,499	19,518
	414,899	408,591
Allowance for impairment	(10,886)	(10,291)
	P 404,013	P 398,300

5. OTHER RESOURCES

This account consists of the following:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Creditable withholding taxes	**P 2,477**	P 2,362
Prepaid expenses	**1,232**	717
Branch licenses	**1,000**	1,000
Asset held-for-sale and disposal group	**990**	931
Software – net	**924**	945
Refundable and other deposits	**579**	736
Goodwill	**426**	426
Unused stationery and supplies	**242**	298
Returned checks and other cash items	**74**	171
Sundry debits	**58**	20
Foreign currency notes	**42**	59
Margin deposits	**40**	19
Miscellaneous	**937**	1,566
	9,021	9,250
Allowance for impairment	**(133)**	(228)
	P 8,888	P 9,022

6. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Demand	**P 57,796**	P 56,413
Savings	**171,449**	174,107
Time	**173,547**	179,724
Long-term Negotiable Certificate of Deposits (LTNCD)	**13,173**	13,155
	P 415,965	P 423,399

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

Issuance Date	Maturity Date	Coupon Interest	Outstanding Balance Mar 31, 2019 (Unaudited)	Outstanding Balance Dec 31, 2018 (Audited)
September 28, 2018	March 28, 2024	5.50%	**P 3,580**	P 3,580
August 11, 2017	February 11, 2023	3.75%	**2,502**	2,502
December 19, 2014	June 19, 2020	4.13%	**2,100**	2,100
November 14, 2013	May 14, 2019	3.25%	**2,860**	2,860
November 14, 2013	May 14, 2019	0.00%	**2,131**	2,113
			P 13,173	P 13,155

The Parent Company's LTNCDs were used in the expansion of its term deposit base to support long-term asset growth and for other general funding purposes.

7. BILLS PAYABLE

This account consists of borrowings from:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Foreign banks	**P 38,250**	P 40,613
Local banks	**25,958**	15,386
Others	**2**	2
	P 64,210	P 56,001

8. BONDS PAYABLE

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

Issuance Date	Maturity Date	Coupon Interest	Face Value	Outstanding Balance Mar 31, 2019 (Unaudited)	Outstanding Balance Dec 31, 2018 (Audited)
February 1, 2019	August 1, 2020	6.73%	**P 15,000**	**P 15,000**	P -
March 15, 2018	March 16, 2023	4.13%	**$ 450**	**23,531**	23,560
November 2, 2015	February 2, 2021	3.45%	**320**	**16,800**	16,826
January 21, 2015	January 22, 2020	4.25%	**243**	**12,692**	12,704
				P 68,023	P 53,090

9. OTHER LIABILITIES

Other liabilities consist of the following:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Accounts payable	**P 5,647**	P 6,291
Lease liability	**2,349**	-
Manager's checks	**1,482**	1,545
Post-employment defined benefit obligation	**1,462**	1,481
Bills purchased – contra	**1,663**	1,847
Outstanding acceptances payable	**1,263**	880
Derivative financial liabilities	**618**	894
Deposits on lease contracts	**594**	471
Other credits	**426**	392
Withholding taxes payable	**424**	304
Unearned income	**413**	380
Payment orders payable	**203**	432
Sundry credits	**141**	125
ECL provisions on loan commitments	**83**	94
Due to BSP	**83**	29
Guaranty deposits	**54**	57
Miscellaneous	**722**	450
	P 17,628	P 15,672

10. SUBORDINATED DEBT

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

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

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

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

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

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

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

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

11. EQUITY

The movements in the outstanding capital stock are as follows:

	Number of Shares*	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Preferred stock – voting, non-cumulative non-redeemable, participating convertible into common stock – P10 par value		
Authorized – 200,000,000 shares		
Balance at beginning of year	**267,887**	276,845
Conversion of shares during the year	-	(8,958)
Balance at end of year	**267,887**	267,887
Common stock – P10 par value		
Authorized – 2,600,000,000 shares		
Balance at beginning of year	**1,935,628,775**	1,399,916,364
Issuance of shares during the year	-	535,710,378
Conversion of shares during the year	-	2,033
Balance at end of year	**1,935,628,775**	1,935,628,775

**Amounts in absolute number of shares*

12. MISCELLANEOUS INCOME AND EXPENSES

These accounts consist of the following:

12.1 Miscellaneous Income

	January 1 to March 31, 2019 (Unaudited)	January 1 to March 31, 2018 (Unaudited)
Rentals	**P 191**	P 192
Recoveries from written-off assets	**39**	41
Gains on assets sold	**22**	22
Dividend income	-	180
Others	**105**	93
	P 357	P 528

12.2 Miscellaneous Expenses

	January 1 to March 31, 2019 (Unaudited)	January 1 to March 31, 2018 (Unaudited)
Credit card related expenses	**P 259**	P 195
Insurance	**207**	198
Management and other professional fees	**141**	88
Communication and information	**140**	116
Service processing fees	**85**	85
Litigation/asset acquired expenses	**74**	59
Employee activities	**74**	71
Advertising and publicity	**68**	78
Banking fees	**62**	54
Transportation and travel	**62**	53
Stationery and office supplies	**47**	34
Others	**293**	233
	P 1,512	P 1,264

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, 2019 and December 31, 2018:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Trust department accounts	**P 89,785**	P 87,639
Derivative assets	**55,534**	57,253
Outstanding guarantees issued	**52,480**	49,553
Derivative liabilities	**44,354**	53,261
Unused commercial letters of credit	**21,110**	19,231
Spot exchange sold	**10,719**	6,436
Spot exchange bought	**10,574**	6,330
Inward bills for collection	**1,655**	1,009
Late deposits/payments received	**570**	607
Outward bills for collection	**38**	614
Others	**18**	17

13.2 Sale of National Steel Corporation (NSC) Plant Asset

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

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

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

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

The City of Iligan, represented by its purported Acting City Mayor Jemar L. Vera Cruz, filed with the Court of Appeals a Petition for Certiorari dated July 6, 2018, contumaciously alleging that the said LGU had the right to sell at public auction the NSC Plant and other assets due to non-payment both pre-closing and post-closing taxes. The Petition likewise alleged that (a) the writ of execution issued by the Makati City Regional Trial Court was null and void, and (b) the case before the Makati City Regional Trial Court was an action to assail the tax delinquency auction sale which should not have been given due course for non-payment of docket fees and non-deposit of the contested tax amount of P4,610.

13.3 Verotel Merchant Services B.V. Case

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

13.4 RCBC Securities Case

In December 2011, RCBC Securities ("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 violations of Batas Pambansa Blg. 22 ("BP 22"), against the aforesaid former agent. On November 17, 2016, the Metropolitan Trial Court of Makati City, Branch 66, convicted Valbuena of the crime of BP 22. Valbuena proposed to pay RSEC P30, payable in five years, in settlement of all the claims against her, which RSEC refused. Valbuena's appeal is now submitted for resolution, without prejudice to any settlement between the parties. On 27 November 2017, the Regional Trial Court of Makati, Branch 141, issued a Decision denying Valbuena's appeal. Thereafter, Valbuena filed a Motion for Reconsideration, which was likewise denied by the same court on 19 April 2018. Valbuena subsequently filed a Petition for Review with the Court of Appeals to question the said decision and order of the Regional Trial Court. RSEC has filed its Comment/Opposition to the said Petition for Review. The Office of the Solicitor General has likewise filed its Comment/Opposition. At present, we are awaiting the Court of Appeal's action on Valbuena's Petition for Review.
In May 2012, the Capital Markets Integrity Corporation ("CMIC") conducted an investigation on the complaint filed by Francisco Ken Cortes against RSEC. On July 3, 2015, the CMIC issued a Resolution of even date dismissing the complaint filed by Mr. Cortes. In October 2015, the CMIC affirmed the dismissal of Mr. Cortes' complaint with the denial of his Motion for Reconsideration dated 21 July 2015. Mr. Cortes did not file any appeal before the SEC en banc, so that the dismissal of his complaint is now final and executory.

In September 2014, Carlos S. Palanca IV ("Palanca") and Cognatio Holdings, Inc. ("Cognatio") likewise filed a complaint against RSEC with the CMIC, even as Cognatio's earlier complaint dated December 30, 2013 against RSEC, its former Vice President for Operations/Chief Finance Officer, its former Compliance Officer and Valbuena, is pending with the Enforcement and Investor Protection Department of the Securities and Exchange Commission ("EIPD-SEC") ("SEC Cognatio Case"). In its decision letter dated December 4, 2014, the CMIC dismissed the complaint on the ground of prescription and res judicata. Consequently, Palanca/Cognatio respectively appealed the case to the SEC en banc, which granted the appeals of Palanca/Cognatio and reversed the CMIC's decision. In turn, RSEC appealed the SEC en banc's reversal of the CMIC decision to the Court of Appeals. On October 27, 2017, the Court of Appeals granted RSEC's Petition for Review and reinstated the CMIC decision, ruling that Palanca/Cognatio committed willful and deliberate forum shopping. In a Motion for

Reconsideration dated November 21, 2017, Palanca/Cognatio sought the reversal of the decision of the Court of Appeals dated October 27, 2017, which RSEC opposed via its Comment/Opposition dated February 22, 2018. Palanca/Cognatio then filed a Reply thereto dated March 9, 2018. In a Resolution dated September 5, 2018, the Court of Appeals denied Palanca/Cognatio's Motion for Reconsideration. Palanca and Cognatio filed a Petition for Review dated 5 September 2018 with the Supreme Court, assailing the Decision dated October 27, 2017 and Resolution dated September 5, 2018 both issued by the Court of Appeals. RSEC filed its Comment/Opposition dated 11 February 2019 to the Petition for Review, to which Palanca and Cognatio filed their Reply dated March 25, 2019. The case remains pending with the Supreme Court. On the other hand, in the SEC Cognatio Case, RSEC and its former Chief Financial Officer filed a manifestation with motion to dismiss in light of the above-cited decision of the Court of Appeals finding Palanca/Cognatio guilty of willful and deliberate forum-shopping, which was followed by the filing of other pleadings, the last of which was Cognatio's Rejoinder. The SEC-EIPD issued its Order dated 3 April 2019, finding RSEC liable for violation of the Securities Regulations Code, imposing upon it a total monetary fine of P5, and directing it to submit amended internal control procedures strengthening its Chinese Wall Policy and adopting counter-measures to validate transactions executed by its salesmen. On April 25, 2019, RSEC filed a Manifestation stating that it does not agree with the factual findings of the SEC-EIPD in the order. Nonetheless, RSEC manifested that it is willing to comply with the Honorable Office's directive in the Order and respectfully proposes to pay immediately in full and complete settlement the monetary fine as reduced by fifty percent (50%), or in the total amount of P2.5.

On February 22, 2013, Stephen Y. Ku ("Ku") filed a complaint against RSEC with the Regional Trial Court of Makati, Branch 149 (the "Makati Trial Court"), praying, among others, for the return of his shares of stock and cash payments which he claims to have turned over to Valbuena in the approximate amount of at least P102.89). On May 20, 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 November 22, 2013, which was given due course. In the Decision dated October 9, 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 September 15, 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.

In a Decision dated October 17, 2018, the Supreme Court granted Ku's Petition holding that the Court of Appeals erred in dismissing the case given that (a) commercial courts retain its general jurisdiction to try ordinary civil cases such as the complaint initiated by Ku, and (b) Ku's immediate payment of the deficiency docket fees shows that he did not intentionally sought to evade the payment of the correct filing fees, so as to merit the dismissal of his complaint. On November 28, 2018, RSEC filed its Motion for Reconsideration of the same date. However, in a Resolution dated January 23, 2019, the Philippine Supreme Court denied RSEC's Motion for Reconsideration.

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 originally recognized as part of Accounts receivables under Loans and Receivables account in the statements of financial position until it was settled in 2017.

On January 13, 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 October 18, 2011. On March 16, 2015, the Bank and RCAP filed a Motion for Clarification and/or Partial Reconsideration, seeking clarification and/or the exclusion 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 Parent Company and RCAP also sought partial reconsideration of 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 October 5, 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 P4,966, which it withheld upon maturity of the PEACe Bonds, in violation of the order issued by the Supreme Court, the Bureau of Treasury is liable to pay legal interest of six percent (6%) per annum on the aforesaid amount of P4,966, counted from October 19, 2011 until fully paid.

On April 11, 2017, the Parent Company received a copy of the Entry of Judgment stating, among others, that the Decision dated January 13, 2015 and the Resolution dated August 16, 2016, which partially granted the Motion for Clarification and/or Partial Reconsideration filed by the Parent Company became final and executory on October 20, 2016. The Bureau of Treasury has so far settled P197 of the Parent Company's claim.

As approved by Philippine Deposit Insurance Corporation and Bureau of Treasury, the balance of P2, which is the subject of a deed of assignment in favor of the Parent Company (by a rural bank which has since been placed under liquidation) has been settled on October 18, 2018.

13.6 Applicability of RR 4-2011

On March 15, 2011, the BIR issued 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.

On April 6, 2015, the Parent Company and other member-banks of the Bankers Association of the Philippines ("BAP") (the "Petitioners"), filed the above-captioned case with Application for TRO and/or Writ of Preliminary Injunction with the Regional Trial Court of Makati, Branch 57 (the "Makati Trial Court"), wherein the Petitioners assailed the validity of RR 4-2011 on the ground, among others, that (a) RR 4-2011 violates the Petitioners' substantive due process rights; (b) it is not only illegal but also unfair; (c) it serves as a deterrent to banks to invest in capital market transactions to the prejudice of the economy; (d) it sets a dangerous precedent for the disallowance of full deductions due to the prescribed method of allocation; (e) it was promulgated without prior consultation, thus, violating the procedural due process rights of the petitioners; and (f) it violated the equal protection clause guaranteed in the Constitution for requiring Banks and other financial institutions to adopt a method of allocation when other institutions and taxpayers were not being required to do so by the Department of Finance ("DOF") and BIR.

On April 8, 2015, the Makati Trial Court issued a TRO enjoining the BIR from enforcing RR 4-2011. Also, on April 27, 2015, the 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 Parent Company and other BAP member banks, including the issuance of Preliminary Assessment Notice or Final Assessment Notice against them during the pendency of the litigation, unless sooner dissolved.

On June 10, 2015, the 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 Parent Company and other BAP member banks are concerned. The Pre-trial Conference of the case began on August 2, 2016 and continued to August 3, 2017. During the August 3, 2017 hearing, in lieu of trial for the resolution of the case, the Makati Trial Court directed the parties to file their respective Memorandum on September 15, 2017, which the parties complied with. In an Order dated May 25, 2018, the Makati Trial Court granted the Petition for Declaratory Relief and declared RR 4-2011 null and void for being issued beyond the authority of the Secretary of Finance and Commissioner of Internal Revenue. The Makati Trial Court likewise made permanent the Writ of Preliminary Injunction it issued earlier.

The Department of Finance ("DOF") and the BIR elevated the matter to the Supreme Court via its Petition for Review on Certiorari dated August 1, 2018, alleging that (a) the petitions assailing the validity of RR 4-2011 should have been brought before the Court of Tax Appeal and not the Makati Trial Court, (b) upon the issuance of RR 4-2011, the banks should have already adjusted their accounting and book keeping methods, (c) the declaratory relief action was no longer proper in view of the issuance of Preliminary Assessment Notices, and (d) RR 4-2011 is a valid regulatory issuance of the DOR and BIR.

13.7 Alleged Unauthorized Transfer of Funds – Bank of Bangladesh

In February 2016, four allegedly unauthorized transfers of funds from the Bank of Bangladesh's Federal Reserve Bank of New York ("FRBNY") to four accounts in the Bank occurred, which were eventually transferred to various accounts outside of the Bank and into casinos. In August 2016, the Monetary Board approved the imposition of supervisory action on the Bank to pay the amount of P1,000 in relation to the completed special examination. The Bank has fully recognized the BSP's P1,000 fine as part of miscellaneous expenses in its 2016 Consolidated Statements of Profit or Loss, and it has paid this penalty in full ahead of the August 2017 deadline set by the BSP. The Bank's payment of the penalty did not affect its ability to perform its existing obligations or unduly hamper its operations. Nonetheless, there may still be other regulatory cases arising from these events.

U.S. Litigation relating to the BOB Incident

On January 31, 2019, the Bank of Bangladesh filed a complaint with the United States District Court Southern District of New York principally against the Bank, its current and former officers who had significant involvement in the BOB Incident, a money service business and its principals, junket operators and the casinos where the funds were eventually remitted, claiming that they allegedly conspired with North Korean hackers to steal funds from its FRBNY bank account and launder the same. In particular, the Bank of Bangladesh asserted nine (9) causes of action, including conversion, fraud and conspiracy, and is seeking the full amount of the allegedly stolen funds, plus interest, attorney's fees, and other damages, including treble damages under the Federal Racketeer Influence and Corrupt Organizations ("RICO") Act.

The Bank has not been properly served with summons in connection with the lawsuit brought by the Bank of Bangladesh, and will seek the dismissal of the case on both procedural and substantive grounds, including but not limited to (a) the ineffectual service of summons upon it, (b) the Bank's contact with New York are not sufficient to confer personal jurisdiction over the Bank in New York; and (c) failure of the Complaint to plead a legitimate basis for federal court jurisdiction, as its Federal RICO claim fails as a matter of law. An initial conference has been scheduled by the U.S. District Court on April 23, 2019.

Philippine Litigation relating to the BOB Incident

On March 6, 2019, the Bank and Ismael R. Reyes filed a complaint for Injunction and Damages against the Bank of Bangladesh with the Makati City Regional Trial Court ("Makati Trial Court") for (a) the latter's repeated acts of defaming, harassing and threatening the Bank and Mr. Reyes, which is geared to damage their good name, reputation and image, and (b) making it appear that the Bank and Mr. Reyes were involved in the theft of the US$81 from its FRBNY bank account, and thus, had the legal obligation to pay/return the same. The main thrust of the Complaint is that (a) the Bank of Bangladesh lost the US$81 the minute the said funds were transferred out of its FRBNY's bank account, and the Bank and Mr. Reyes had no participation therein; and (b) despite this fact, the Bank of Bangladesh has been making very public and outrageous claim that the Bank (and its officers, including Mr. Reyes) alleged conspired with North Korean hackers to steal the said funds and launder the same, which repeated negative publicity is apparently intended to pressure the Bank into paying a settlement amount thereto.

In his Officer's Return dated March 14, 2019, the Court Sheriff of the Makati Trial Court reported that, on March 12, 2019, he personally served the Summons and a copy of the Complaint upon Mr. Abu Hena Mohammad Razeen Hasan, Deputy Governor of the Bangladesh Bank and Head of its Financial Intelligence Unit, who refused the same. As such, he was constrained to tender the Summons and Complaint, by leaving the same on top of the table and in Mr. Hasan's presence. The Bangladesh Bank filed a Return of Summons and Manifestation by Special Appearance assailing the propriety of the service of Summons, among others. The case has been tentatively set for mediation on April 26, 2019, at 10:00 am, and Judicial Dispute Resolution conference on May 30, 2019, at 8:30 am.

Specific Litigation involving the Bank's Officers

On November 18, 2016, the AMLC filed a criminal complaint against current and former employees of the Bank in relation to the BOB Incident with the Department of Justice (DOJ).

The AMLC alleged that respondents Raul Victor B. Tan, Ismael S. Reyes, Brigitte R. Capiña, Nestor O. Pineda, Romualdo S. Agarrado and Angela Ruth S. Torres violated Section 4(f) of R.A. No. 9160, as amended ("AMLA"), in connection with the BOB Incident. The AMLC alleged that each of the named persons performed or failed to perform an act, which facilitated the crime of money laundering, particularly the remittance and eventual withdrawal of US$81from certain accounts maintained at the Bank.

On March 27, 2017, respondents Tan, Reyes, Capiña and Agarrado, as well as respondent Pineda filed their affidavits contesting, among other things, their culpability and the existence of several required elements to the charges alleged by the AMLC. Between May and July 2017, the AMLC and the aforementioned individuals filed various affidavits and manifestations in connection with the charges. In a Resolution dated February 5, 2018, the newly assigned DOJ investigating prosecutor found probable cause against respondents Tan, et al., and recommended the filing of the corresponding Information against them. On March 22, 2018, respondents Tan, Reyes, Capiña, and Agarrado timely filed their Motion for Reconsideration on the aforementioned Resolution.

In a belatedly filed Consolidated Opposition dated June 21, 2018, the AMLC insisted that the Philippine courts have adopted the US "Willful Blindness" doctrine, and that the contents of the MT103 message should have made respondents Tan, Reyes and Capiña suspicious of the remittances in issue. In their Reply dated August 7, 2018, respondents Tan, Reyes, and Capiña pointed out, among others, that (a) the AMLC's position is a departure from its earlier claim that respondents Tan, Reyes and Capiña ought to be charged for failing to read the same MT103 message, and (b) only final decisions of the Supreme Court become judicial precedents, and that the cited tax evasion decision of the Court of Tax Appeals cannot be accorded the same status. Respondent Agarrado, for his part, reiterated that it was respondent Torres and Deguito who approved the large transaction withdrawals on February 9, 2016, and not him. On 12 December 2018, respondents Tan, Reyes, Capiña and Agarrado filed an Urgent Motion for Inhibition, praying that the Philippine DOJ officials who issued the Resolution finding probable cause against them inhibit themselves from the proceedings. Both Motions for reconsideration and inhibition remain pending for resolution.

On March 8, 2016, William S. Go, an existing client of the Bank in another Business Center, and the Bank, filed criminal charges against (a) Maia Santos-Deguito, the former Branch Manager of the Makati Jupiter Business Center ("Makati Jupiter BC"), and (b) Angela Ruth S. Torres, the former Senior Customer Service Officer of the Makati Jupiter BC, with the Office of the City Prosecutor of the Makati City ("OCP-Makati"). The criminal complaints alleged that the two former employees: (a) falsified bank documents in order to open fictitious U.S. Dollar and Peso denominated accounts in the name of William S. Go DBA Centurytex Trading, which were used in the transfer/conversion of US$81 subject of the BOB Incident, and (b) Angela Ruth S. Torres committed perjury when she executed the affidavit identifying William S. Go as the person who allegedly received the P20 withdrawn from his fictitious Peso account on February 5, 2016.

The OCP-Makati found probable cause to charge Maia Santos-Deguito with several counts of falsification, now docketed as Criminal Case Nos. 16-5175 CR to 16-5177 CR, "People of the Philippines vs. Maia Santos Deguito", which are currently being heard by the Metropolitan Trial Court of Makati City, Branch 63. In view of the untimely death of Mr. William Go, the Prosecution and external counsel for the Bank will instead subpoena another witness and the Head of the Legislative Records and Archives Section, Philippine Senate, for the production of the video recordings and the Transcript of Stenographic Notes of Mr. William Go's testimony before the Senate Blue Ribbon Committee, where Mr. Go denied any participation in relating to the Bangladesh incident. The Prosecution is set to continue its presentation of evidence in June 2019.

On the other hand, while the OCP-Makati dismissed the charges of falsification against Angela Ruth S. Torres, it found probable cause to charge her for perjury. The aforementioned case, Criminal Case No. M-MKT-16-06765-CR, "People of the Philippines v. Angela Ruth Torres", is also being heard by the Metropolitan Trial Court of Makati City, Branch 63. The Prosecution is currently presenting its evidence against Ms. Torres The Bank has several petitions for review currently pending in relation to actions that it has initiated against former Bank employees in relation to the Bangladesh incident.

There are no known trends, demands, and commitments, events, or uncertainties that will have a material impact on the Bank's operational performance and ability to service obligations.
Except for the above-mentioned proceedings, the Bank is not aware of any suits and claims by or against it or its subsidiaries, which if decided adversely would have a material effect on its financial position or operating results.

Additional Disclosures to Item I – Financial Statements

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

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

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

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

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

Issuances, Repurchases and Repayments of Debt and Equity Securities. On January 18, 2019, the bank successfully issued a P15.0 billion ASEAN Green Bond with a coupon rate of 6.7315% due in 2020.

As permitted by PFRS 9 and BSP Circular 708, the Group sold certain dollar-denominated bonds classified as investment securities at amortized cost with an aggregate carrying amount of P15.196 billion. The disposals resulted in a gain of P0.515 billion, which is included under Trading and securities gains-net in the statement of profit or loss. In addition, the Group concluded that the sales did not result to changes in its business models for managing financial assets to collect contractual cash flows.

Dividends Paid for Ordinary or Other Shares. In its meeting held on February 26, 2019, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1205 per share or a total of approximately P30 thousand payable to holders of Preferred Class shares and paid on March 25, 2019.

In its meeting held on November 26, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1105 per share or a total of approximately P27 thousand payable to holders of Preferred Class shares and paid on December 28, 2018.

In its meeting held on July 30, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1108 per share or a total of approximately P27 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on September 4, 2018 and paid on September 24, 2018.

In its meeting held on April 30, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.1080 per share or a total of approximately P27 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on June 14, 2018 and paid on June 25, 2018.

In its meeting held on March 26, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.6160 per share or a total of approximately P862 million payable to holders of Common Class and a total of approximately P17 thousand payable to holders of Preferred Class shares, both were approved by the Bangko Sentral ng Pilipinas on April 5, 2018 and paid on May 7, 2018.

In its meeting held on January 30, 2018, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0919 per share, or a total of approximately P23 thousand payable to holders of Preferred Class shares, which was approved by the Bangko Sentral ng Pilipinas on March 1, 2018 and paid on March 28, 2018.

The details of the cash dividend approvals and distributions from 2018 up to March 31, 2019 are as follows (amounts in Thousand Php except per share figures):

Date Declared	Dividend				Date Approved by the BSP	Date Paid / Payable	Nature of Securities
	Per Share		Total Amount (in Thousand)				
29-Jan-18	P	0.0919	P	23	1-Mar-18	23-Mar-18	Convertible Preferred Stock
26-Mar-18	P	0.6160	P	862,348	5-Apr-18	7-May-18	Common Stock
26-Mar-18	P	0.6160	P	172	5-Apr-18	7-May-18	Convertible Preferred Stock
30-Apr-18	P	0.1080	P	27	14-Jun-18	25-Jun-18	Convertible Preferred Stock
30-Jul-18	P	0.1108	P	27	4-Sep-18	24-Sep-18	Convertible Preferred Stock
26-Nov-18	P	0.1105	P	27	not required	28-Dec-18	Convertible Preferred Stock
26-Feb-19	P	0.1205	P	30	not required	25-Mar-19	Convertible Preferred Stock

Segment Information. The following table presents revenues and expenses of the Parent Company that are directly attributable to primary business segments for the period ended March 31, 2019 (in millions).

RESULTS OF OPERATIONS*	Retail Banking Group	Corporate Banking Group	Treasury / Trust	Others	Total
Net interest income	4,679	2,692	308	(2,391)	5,288
Non-interest income	1,285	672	1,421	(520)	2,859
Total revenue	5,964	3,364	1,729	(2,911)	8,147
Non-interest expense	3,803	1,583	214	765	6,366
Income (loss) before Income tax	2,161	1,781	1,515	(3,676)	1,781
Income tax expense	129	13	124	209	476
Net income (loss)	2,031	1,768	1,391	(3,885)	1,305

Amounts may not add up due to rounding off.

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

Changes in Composition of the Issuer During the Interim Period. 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. Subject to Regulatory approval, RCBC and RCBC Savings, a wholly owned subsidiary of RCBC, is targeting to merge by July 1, 2019 as approved by the RCBC Board on November 26, 2018, by the RSB Board on November 27, 2018 and by the Stockholders in February 26, 2019.

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-19	31-Dec-18	31-Mar-19	31-Dec-18
Return on Average Assets (ROA)* [1/]	0.82%	0.73%	1.03%	0.90%
Return on Average Equity (ROE) *[2/]	6.43%	5.78%	6.44%	5.79%
BIS Capital Adequacy Ratio	16.17%	16.13%	16.30%	16.50%
CET 1 Ratio	13.36%	13.38%	12.95%	13.24%
Non-Performing Loans (NPL) Ratio [3/]	2.63%	1.31%	2.39%	0.57%
Non-Performing Assets (NPA) Ratio [4/]	2.12%	1.15%	1.47%	0.43%
Net Interest Margin (NIM)*	3.84%	4.00%	3.94%	3.80%
Cost-to-Income Ratio	64.23%	73.23%	58.17%	68.88%
Loans-to-Deposit Ratio [5/]	99.09%	96.51%	101.99%	100.35%
Current Ratio	0.48	0.50	0.54	0.54
Liquid Assets -to-Total Assets Ratio	0.19	0.21	0.19	0.19
Debt-to-Equity Ratio	6.98	6.94	5.42	5.30
Asset-to- Equity Ratio	7.98	7.94	6.42	6.30
Asset -to- Liability Ratio	1.14	1.14	1.18	1.19
Interest Rate Coverage Ratio	1.47	1.50	1.64	1.68
Earnings per share (EPS)* [6/]				
Basic and Diluted	PHP 2.73	PHP 2.62	PHP 2.73	PHP 2.62

**March 31, 2019 ratios/amounts were annualized*

[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, 2019 in the amount of P1.305 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, 2019 in the amount of P1.305 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/] Including Interbank Loans

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

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

RCBC SAVINGS BANK In Php 000s	Unaudited March 31, 2019		Audited December 31, 2018	
Net Income	PHP	158,720	Php	1,041,275
Return on Average Assets (ROA)*		0.47%		0.85%
Return on Average Equity (ROE)*		4.71%		7.99%
BIS Capital Adequacy Ratio (CAR)		13.09%		12.81%
Non-Performing Loans (NPL) Ratio		3.17%		3.26%
Non-Performing Assets (NPA) Ratio		4.21%		3.36%
Earnings per Share (EPS)*	PHP	20.85		Php 33.73

RIZAL MICROBANK In Php 000s	Unaudited March 31, 2019		Audited December 31, 2018
Net Income	PHP	5,131	Php 24,181
Return on Average Assets (ROA)*		1.30%	1.68%
Return on Average Equity (ROE)*		3.48%	4.13%
BIS Capital Adequacy Ratio (CAR)		32.74%	35.40%
Non-Performing Loans (NPL) Ratio		0.90%	0.07%
Non-Performing Assets (NPA) Ratio		1.34%	0.72%
Earnings per Share (EPS)*	PHP	1.85	Php 2.15

RCBC CAPITAL CORPORATION and Subsidiaries In Php 000s	Unaudited March 31, 2019		Audited December 31, 2018
Net Income	PHP	147,309	Php 109,679
Return on Average Assets (ROA)*		11.18%	2.54%
Return on Average Equity (ROE)*		15.44%	2.89%
BIS Capital Adequacy Ratio (CAR)		27.83%	20.43%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.03%	0.03%
Earnings per Share (EPS)*	PHP	5.06	Php 0.93

RCBC FOREX BROKERS CORPORATION In Php 000s	Unaudited March 31, 2019		Audited December 31, 2018
Net Income	PHP	5,749	Php 14,096
Return on Average Assets (ROA)*		11.83%	7.76%
Return on Average Equity (ROE)*		12.54%	8.19%
Capital to Total Assets Ratio		93.45%	95.18%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Earnings per Share (EPS)*	PHP	46.63	Php 28.19

**March 31, 2019 ratios/amounts were annualized*

[1]RCBC North America, Inc. ceased its operations in March 2014. Final dissolution date was on May 8, 2018.

RCBC INTERNATIONAL FINANCE, LTD. and Subsidiary	Unaudited		Audited
In Php 000s	March 31, 2019		December 31, 2018
Net (Loss) Income	PHP	42	Php (13,402)
Return on Average Assets (ROA)*		0.14%	-9.99%
Return on Average Equity (ROE)*		0.14%	-10.28%
Capital to Total Assets Ratio		95.97%	96.65%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Earnings (Loss) per Share (EPS)*	PHP	0.07	Php (5.36)

RCBC TELEMONEY EUROPE S.P.A [2]	Unaudited		Audited
In Php 000s	March 31, 2019		December 31, 2018
Net Loss	PHP	(3,792)	Php (16,222)
Return on Average Assets (ROA)*		-57.22%	-111.16%
Return on Average Equity (ROE)*		39.51%	34.62%
Capital to Total Assets Ratio		-124.13%	-310.72%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Loss per Share (EPS)*	PHP	(153.79)	Php (162.22)

RCBC-JPL HOLDING COMPANY, INC. (Formerly JP Laurel Bank, Inc.)	Unaudited		Audited
In Php 000s	March 31, 2019		December 31, 2018
Net Income (Loss)	PHP	(1,192)	Php 1,203
Return on Average Assets (ROA)*		-2.63%	0.62%
Return on Average Equity (ROE)*		4.19%	-1.04%
Capital to Total Assets Ratio		-62.64%	-62.20%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Earnings (Loss) per Share (EPS)*	PHP	(0.03)	Php 1.02

NIYOG PROPERTY HOLDINGS, INC.	Unaudited		Audited
In Php 000s	March 31, 2019		December 31, 2018
Net Income	PHP	24,275	Php 33,920
Return on Average Assets (ROA)*		15.45%	5.00%
Return on Average Equity (ROE)*		16.40%	5.26%
Capital to Total Assets Ratio		93.26%	94.96%
Non-Performing Loans (NPL) Ratio		0.00%	0.00%
Non-Performing Assets (NPA) Ratio		0.00%	0.00%
Earnings per Share (EPS)*	PHP	70.78	Php 24.39

**March 31, 2019 ratios/amounts were annualized*

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

RCBC LEASING AND FINANCE CORP. and Subsidiary	Unaudited		Audited
In Php 000s	March 31, 2019		December 31, 2018
Net Income	PHP	41,901	Php 120,513
Return on Average Assets (ROA)*		1.73%	1.29%
Return on Average Equity (ROE)*		11.57%	11.71%
Capital to Total Assets Ratio		21.13%	12.65%
Non-Performing Loans (NPL) Ratio		5.16%	6.41%
Non-Performing Assets (NPA) Ratio		4.59%	5.20%
Earnings per Share (EPS)*	PHP	0.12	Php 0.08

**March 31, 2019 ratios/amounts were annualized*

31 March 2019 vs 31 December 2018

RCBC's Total Assets was recorded at P664.727 billion.

Cash and other Cash Items decreased by 20.22% or P3.517 billion from P17.392 to P13.875 billion.
Due from Other Banks declined by 14.46% or P2.942 billion from P20.342 to P17.400 billion mainly due to decrease in foreign bank placements. Loans under reverse repurchase agreement decreased by 31.93% or P3.203 billion from P10.032 billion to P6.829 billion mainly due to lower placements with the BSP.

Total trading investment securities, representing 21.09% of Total Resources, increased by 18.35% or P21.731 billion from P118.450 billion to P140.181 billion attributable to: 27.85% or P2.109 billion increase in Financial Assets at Fair Value Through Profit of Loss; 40.08% or P8.813 billion increase in Financial Assets at Fair Value through other Comprehensive Income (FVOCI) from P21.987 billion to P30.800 billion; and 12.16% or P10.809 billion increase in Investment at Amortized Cost from P88.892 billion to P99.701 billion, which represents 15% of total resources.

Loans and Receivables-net was recorded at P404.013 billion and represented 60.78% of Total Resources.

Bank Premises, Furniture, Fixtures & Equipment, net increased by 22.87% or P1.924 billion from P8.415 billion to P10.339 billion attributable to the recognition of right of use of asset in accordance with the Bank's adoption of PFRS 16, "Leases".

Deposit liabilities were recorded at P415.965 billion and represented 62.58% of Total Resources. Demand deposits stood at P57.796 billion at accounted for 8.69% of Total Resources; Savings Deposits were recorded at P171.449 billion and accounted for 25.79% of Total Resources. Time deposits reached P186.719 billion and accounted for 28.09% of total resources.

Bills payable increased by 14.66% or P8.209 billion from P56.001 billion to P64.210 billion primarily due to the borrowing through the BSP Overnight Borrowing facility; it represented 9.66% of total resources. Bonds payable increased by 28.13% or P14.933 billion from P53.090 billion to P68.023 billion attributable to the P15 billion green bonds issuance. Accrued taxes, interest and other expenses payable increased by 7.07% or P373 million from P5.277 billion to P5.650 billion mainly due to increase in accruals for other expenses.

Bonds payable, was recorded at Php68.023 billion, an increase of 51.40% or P23.093 billion and accounted for 10.23% of total resources. The increase was due to the USD150 million or P8.0 billion 5-year Senior Notes paying a coupon rate of 4.125% and the P15 billion green bonds paying an interest rate of 6.73%.

Other Liabilities increased by 12.48% or P1.956 billion from P15.672 billion to P17.628 billion primarily due to the recognition of lease liability in accordance with the Bank's adoption of PFRS 16.

Total liabilities stood at P581.466 billion and represented 87.47% of Total Resources

Net Unrealized Gains/(Losses) on Financial Assets At Fair Value Through Other Comprehensive Income increased by 65.23% or P1.015 billion from P1.556 billion to P2.571 billion.

Total Capital Funds was recorded at P83.261 billion and accounted for 12.53% of Total Resources.

31 March 2019 vs. 31 March 2018

Total interest income increased by 31.53% or P2.177 billion from P6.906 billion to P9.083 billion and accounted for 111.50% of total operating income. Interest income on loans and receivables went up by 22.32% or P1.400 billion from P6.271 billion to P7.671 billion and accounted for 94.16% of total operating income. The increase is mainly due to increase in average yield and volume of Loans and Receivables. Interest income on investment securities increased by 120.40% or P721 million from P599 million to P1.320 billion mainly due to increase in volume and yield of investment securities, it accounted for 16.20% of total operating income. Other interest income increased by 157.69% or P57 million from P36 million to P93 million primarily as a result of increase in USD interest rate.

Total interest expense increased by 81.68% or P1.706 billion from P2.089 billion to P3.796 billion and accounted 46.59% of total operating income. Interest expense on deposit liabilities grew by 79.43% from P1.264 billion to P2.268 billion primarily as a result of increase in time deposit level in terms of ADB coupled by increase in average cost; it represented 27.84% of total operating income. Interest expense on bills payable and other borrowings increased by 85.12% or P702 million from P825 million to P1.527 billion mainly due to increase in volume and yield of Bills Payable and Bonds Payable.

As a result, net interest income increased by 9.78% or P471 million from P4.816 billion to P5.288 billion

The Group booked higher impairment losses at P1.134 billion, up by 148.28% or P677 million from P457 million and represented 13.92% of total operating income. Increase in impairment losses net was mainly due to additional provisions following the bank’s ECL methodology.

The Other operating income increased by 71.29% or P1.190 billion from last year’s P1.669 billion now at P2.859 billion, this accounted for 35.09% of total operating income, and is broken down as follows:

- Trading and securities gain-net increased by P1.461 billion from a loss of P10 million to a gain of P1.451, attributable realized trading gain from investment securities
- Service fees and commissions went up by 32.26% or P238 million from P739 million to P977 million largely due to higher credit card fees, and brokering and securities fees.
- Trust fees went up by 16.54% or P11 million from P68 million to P79 million attributable to increase in Mortgage Trust Indenture
- Foreign exchange losses was recorded at P5 million down by P349 million from last year’s foreign exchange gain of P344 million.
- Miscellaneous income decreased by 32.36% or P171 million from P528 billion to P357 billion, attributable to lower dividend income.

Operating expenses, accounted for 64.23% of Total Operating Income, increased by 12.90% or P598 million from P4.634 billion to P5.232 billion due to the following:

- Manpower costs increased by 9.21% or P144 million from P1.566 billion to P1.711 billion, as a result of increase in manpower benefits and salary adjustment. It consumed 21.00% of the total operating income;
- Occupancy and equipment-related increased by 14.41% or P114 million from P792 million to P907 million attributable to escalation of rental rates and equipment maintenance. It consumed 11.13% or Total operating income;
- Taxes and licenses grew by 24.97% or P139 million from P558 million to P697 million attributable to higher gross receipt tax as a result of higher gross income
- Depreciation and amortization was recorded at P405 million, down by 10.71% or P49 million from P454 million;
- Miscellaneous expenses went up by 19.66% or P248 million to settle at P1.512 billion from P1.264 billion primarily due to volume related transactions as gross revenues jumped 26% year on year.

Tax expense increased by 82.23% or P215 million from P261 million to P476 million mainly due to higher final tax on investment securities and higher taxable income for the period.

Net profit attributable to non-controlling interest settled at P436 thousand.

Overall, net income increased by 15.17% or P172 million from P1.133 billion to P1.305 billion.

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

Commitments and Contingent Liabilities

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

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

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

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

SIGNATURES

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

Issuer **RIZAL COMMERCIAL BANKING CORPORATION**

Date **May 15, 2019**

GIL A. BUENAVENTURA
President & CEO

FLORENTINO M. MADONZA
FSVP, Head - Controllership Group

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

RIZAL COMMERCIAL BANKING CORPORATION
Aging of Other Receivables
31-Mar-19
(Amounts in PHP)

		1-90 days	91-180 days	181-1 year	Over one year	Total	Allow	Net
	Accounts Receivable	1,063,364,385.83	261,400,308.92	189,235,513.33	627,743,264.19	2,141,743,472.28	832,771,369.45	1,308,972,102.83