

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	<u>6/30/2018</u> (Unaudited)	<u>12/31/2017</u> (Audited)
<b><u>RESOURCES</u></b>			
CASH AND OTHER CASH ITEMS		P 13,926	P 14,693
DUE FROM BANGKO SENTRAL NG PILIPINAS		57,754	58,801
DUE FROM OTHER BANKS		11,867	19,818
LOANS UNDER REVERSE REPURCHASE AGREEMENT		10,057	9,831
TRADING AND INVESTMENT SECURITIES - Net	3	95,040	72,932
LOANS AND RECEIVABLES - Net	4	372,053	354,243
INVESTMENTS IN ASSOCIATES - Net		409	417
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT- Net		8,532	8,946
INVESTMENT PROPERTIES - Net		3,594	3,399
DEFERRED TAX ASSETS		2,070	1,896
OTHER RESOURCES - Net	5	<u>8,580</u>	<u>9,012</u>
<b>TOTAL RESOURCES</b>		<b><u>P 583,882</u></b>	<b><u>P 553,988</u></b>
<b><u>LIABILITIES AND CAPITAL FUNDS</u></b>			
DEPOSIT LIABILITIES	6	396,437	388,412
BILLS PAYABLE	7	38,957	43,967
BONDS PAYABLE	8	53,831	28,060
ACCRUED TAXES, INTEREST AND OTHER EXPENSES		4,689	4,185
OTHER LIABILITIES	9	12,328	12,369
SUBORDINATED DEBT	10	<u>9,977</u>	<u>9,968</u>
<b>Total Liabilities</b>		<b><u>516,218</u></b>	<b><u>486,961</u></b>
<b>CAPITAL FUNDS</b>			
<b>Attributable to Parent Company Shareholders:</b>			
Preferred Stock	11	3	3
Common Stock	11	13,999	13,999
Capital Paid in Excess of Par		22,635	22,635
<b>Other Comprehensive Income:</b>			
Net Unrealized Gains on Financial Assets At Fair Value Through Other Comprehensive Income		1,490	1,968
Cumulative Translation Adjustment		53	85
Retirement plan		( 8 )	( 79 )
Reserve for Trust Business		440	436
Other Reserves		( 97 )	( 97 )
Retained Earnings Appropriated for General Provision		2,344	-
Retained Earnings		<u>26,783</u>	<u>28,049</u>
		67,643	66,999
<b>Non-controlling Interest</b>		<u>20</u>	<u>28</u>
<b>Total Capital Funds</b>		<b><u>67,664</u></b>	<b><u>67,027</u></b>
<b>TOTAL LIABILITIES AND CAPITAL FUNDS</b>		<b><u>P 583,882</u></b>	<b><u>P 553,988</u></b>

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)*

	1/1/2018 to 6/30/2018	1/1/2017 to 6/30/2017	4/1/2018 to 6/30/2018	4/1/2017 to 6/30/2017
Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>INTEREST INCOME ON</b>				
Loans and receivables	P 12,775	P 10,304	P 6,504	P 5,250
Trading and Investment securities	1,376	1,268	777	685
Others	131	334	95	190
	<u>14,282</u>	<u>11,907</u>	<u>7,376</u>	<u>6,126</u>
<b>INTEREST EXPENSE ON</b>				
Deposit liabilities	2,692	1,898	1,428	965
Bills payable and other borrowings	1,915	1,384	1,090	683
	<u>4,607</u>	<u>3,281</u>	<u>2,518</u>	<u>1,647</u>
<b>NET INTEREST INCOME</b>	<b>9,675</b>	<b>8,625</b>	<b>4,858</b>	<b>4,478</b>
<b>IMPAIRMENT LOSSES - Net</b>	<b>737</b>	<b>986</b>	<b>280</b>	<b>653</b>
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>	<b>8,938</b>	<b>7,639</b>	<b>4,578</b>	<b>3,825</b>
<b>OTHER OPERATING INCOME (CHARGES)</b>				
Service fees and commissions	1,686	1,550	892	680
Foreign exchange gains (losses) - net	522	323	178	176
Trust fees	138	141	70	72
Trading and securities gains (losses) - net	( 108 )	796	( 98 )	758
Miscellaneous	12 898	969	370	468
	<u>3,137</u>	<u>3,780</u>	<u>1,413</u>	<u>2,155</u>
<b>OTHER OPERATING EXPENSES</b>				
Employee benefits	3,252	2,950	1,677	1,480
Occupancy and equipment-related	1,628	1,514	837	758
Taxes and licenses	1,124	890	566	430
Depreciation and amortization	912	948	458	516
Miscellaneous	12 2,653	2,359	1,341	1,277
	<u>9,569</u>	<u>8,660</u>	<u>4,879</u>	<u>4,460</u>
<b>PROFIT BEFORE TAX</b>	<b>2,505</b>	<b>2,759</b>	<b>1,111</b>	<b>1,520</b>
<b>TAX EXPENSE</b>	<b>343</b>	<b>412</b>	<b>82</b>	<b>176</b>
<b>NET PROFIT</b>	<b>2,163</b>	<b>2,346</b>	<b>1,030</b>	<b>1,343</b>
<b>NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTEREST</b>	<b>1</b>	<b>1</b>	<b>( 0 )</b>	<b>( 0 )</b>
<b>NET PROFIT ATTRIBUTABLE TO PARENT</b>				
<b>COMPANY SHAREHOLDERS</b>	<b>P 2,162</b>	<b>P 2,345</b>	<b>P 1,030</b>	<b>P 1,343</b>
<b>Earnings Per Share (Annualized)</b>				
Basic	<b>P 3.11</b>	<b>P 3.38</b>		
Diluted	<b>P 3.11</b>	<b>P 3.38</b>		

*See Notes to Interim Financial Statements*

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

	<u>1/1/2018 to</u> <u>6/30/2018</u> <u>(Unaudited)</u>	<u>1/1/2017 to</u> <u>6/30/2017</u> <u>(Unaudited)</u>
<b>NET PROFIT FOR THE PERIOD</b>	<b><u>P 2,163</u></b>	<b><u>P 2,346</u></b>
<b>OTHER COMPREHENSIVE INCOME (LOSSES) DURING THE PERIOD:</b>		
Fair value losses on Financial assets at Fair Value through Other Comprehensive (	934 )	( 73 )
Retirement plan	71	364
Translation adjustments on foreign operations	<u>1</u>	<u>1</u>
<b>Other Comprehensive (Loss) Income for the period</b>	<b>( <u>862</u> )</b>	<b><u>292</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>P 1,301</u></b>	<b><u>P 2,638</u></b>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST</b>	<b>( <u>6</u> )</b>	<b><u>1</u></b>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS</b>	<b><u><u>P 1,307</u></u></b>	<b><u><u>P 2,637</u></u></b>

*See Notes to Interim Financial Statements.*

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

	1/1/2018 to 6/30/2018 (Unaudited)	1/1/2017 to 6/30/2017 (Unaudited)
	<b>Note</b>	
<b>ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>		
<b>PREFERRED STOCK</b>		
	11	
Balance, beginning	3	3
Conversion of preferred stock to common stock	( 0 )	( 0 )
Balance, end	<u>3</u>	<u>3</u>
<b>COMMON STOCK</b>		
	11	
Balance, beginning	13,999	13,999
Conversion of preferred stock to common stock	0	0
Balance, end	<u>13,999</u>	<u>13,999</u>
<b>CAPITAL PAID IN EXCESS OF PAR</b>		
Balance, beginning	22,635	22,635
Conversion of preferred stock to common stock	0	0
Balance, end	<u>22,635</u>	<u>22,635</u>
<b>NET UNREALIZED GAINS/(LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME</b>		
Balance, beginning as previously reported	1,968	2,128
Effect of Adoption of PFRS9	456	-
Balance, beginning as restated	2,424	2,128
Fair value gains (losses) during the period	( 934 )	( 73 )
Balance, end	<u>1,490</u>	<u>2,055</u>
<b>CUMULATIVE TRANSLATION ADJUSTMENTS</b>		
Balance, beginning	85	86
Impact of dissolution of a foreign subsidiary	( 32 )	
Translation adjustment during the period	1	1
Balance, end	<u>53</u>	<u>87</u>
<b>OTHER COMPREHENSIVE INCOME - RETIREMENT PLAN</b>		
Balance, beginning	( 79 )	( 1,593 )
Remeasurement of the defined benefits during the period	71	364
Balance, end	<u>( 8 )</u>	<u>( 1,229 )</u>
<b>RESERVE FOR TRUST BUSINESS</b>		
Balance, beginning	436	415
Transfer from retained earnings - free	4	2
Balance, end	<u>440</u>	<u>417</u>
<b>OTHER RESERVES</b>		
	<u>( 97 )</u>	<u>( 97 )</u>
<b>RETAINED EARNINGS APPROPRIATED FOR GENERAL PROVISION</b>		
Beginning balance, as previously reported	-	-
Effect of Adoption of PFRS9	2,138	-
Beginning balance, as restated	2,138	-
Transfer from retained earnings - free	206	-
Balance, end	<u>2,344</u>	<u>-</u>
<b>RETAINED EARNINGS</b>		
Beginning balance, as previously reported	28,050	24,531
Effect of Adoption of PFRS9	( 2,352 )	-
Beginning balance, as restated	25,698	24,531
Net profit	2,162	2,345
Cash dividends on common shares	( 862 )	( 773 )
Cash dividends on preferred shares	( 0 )	( 0 )
Transfer of fair value reserves on FVOCI	( 6 )	3
Transfer to retained earnings appropriated for general provision	( 206 )	-
Transfer to reserves for trust business	( 4 )	( 2 )
Balance, end	<u>26,783</u>	<u>26,105</u>
<b>ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>		
	<u>67,643</u>	<u>63,976</u>
<b>NON-CONTROLLING INTEREST</b>		
Balance, beginning as previously reported	29	26
Effect of Adoption of PFRS9	( 2 )	-
Balance, beginning as restated	26	26
Fair value gains (losses) on FVOCI	( 6 )	1
Net Profit (Loss) for the year	1	1
Balance, end	<u>20</u>	<u>28</u>
<b>TOTAL CAPITAL FUNDS</b>	<u><u>67,663</u></u>	<u><u>64,003</u></u>

*See Notes To Interim Financial Statements.*

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

		1/1/2018 to 6/30/2018	1/1/2017 to 6/30/2017
	Notes	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profits before tax		2,505	2,759
Adjustments for:			
Interest income	(	14,282	( 12,120)
Interest expense		4,607	3,495
Impairment losses		737	986
Depreciation and amortization		912	948
Dividend income	(	180	( 216)
Share in net earnings of associates		8	( 46)
Operating income before working capital changes	(	5,692	( 4,194)
Decrease in financial assets at fair value through profit and loss	3	2,400	11,920
Increase in loans and receivables	4	( 4,612)	( 21,081)
Increase in investment property		( 195)	321
Decrease (Increase) in other resources	5	( 2,226)	814
Increase in deposit liabilities	6	8,025	29,311
Increase (Decrease) in accrued taxes, interest and other expenses		256	( 388)
Increase in other liabilities	9	39	2,246
Cash generated from (used in) operations	(	2,006	18,307
Interest received		13,669	11,936
Interest paid	(	4,185	( 3,731)
Cash paid for taxes	(	622	( 343)
Net Cash From Operating Activities		<u>6,856</u>	<u>26,169</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease (increase) in Financial Assets at FVOCI	3	( 3,342)	39
Increase in Investment securities at amortized cost	3	( 21,645)	( 8,497)
Acquisitions of bank premises, furniture, fixtures and equipment (net)		( 364)	778
Cash dividends received		152	216
Acquisitions of intangibles		( 120)	( 154)
Net Cash Used in Investing Activities		( <u>25,319</u> )	( <u>9,174</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net payments of bills payable	7	( 5,010)	( 3,362)
Dividends paid		( 863)	773
Net proceeds from (Redemption of) bonds payable		<u>25,771</u>	<u>13,242</u>
Net Cash From (Used in) Financing Activities		<u>19,898</u>	( <u>17,378</u> )
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<u>1,435</u>	( <u>383</u> )
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>			
Cash and other cash items		14,693	15,176
Due from Bangko Sentral ng Pilipinas		58,801	66,520
Due from other banks		19,818	25,293
Interbank Loans and Loans and Receivables under reverse repurchase agreement		<u>9,869</u>	<u>7,889</u>
		<u>103,181</u>	<u>114,878</u>
<b>CASH AND CASH EQUIVALENTS, END</b>			
Cash and other cash items		13,926	12,437
Due from Bangko Sentral ng Pilipinas		57,754	65,028
Due from other banks		11,867	32,536
Interbank Loans and Loans and Receivables under reverse repurchase agreement		<u>21,072</u>	<u>4,494</u>
		<u>104,619</u>	<u>114,494</u>

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