ROBINSONSBANK

May 16, 2019

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong City, Metro Manila

Attention: **Director Vicente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Department

PHILIPPINE DEALING & EXCHANGE CORPORATION
Market Regulatory Services Group
37/F, Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas
Makati City

Attention: **Atty. Joseph B. Evangelista**
Head – Issuer Compliance and Disclosure Department (ICDD)

Gentlemen:

Attached is Robinsons Bank's SEC 17-Q Report filed in compliance with the Securities Regulation Code and its implementing rules and regulations and the Issuer Disclosure Operating Guidelines of the Philippine Dealing & Exchange Corporation.

Kindly acknowledge receipt hereof. Thank you.

Very truly yours,

ROBINSONS BANK CORPORATION
By:

RHORY F. GO
Vice-President
Corporate Information Officer

Encl: a/s

COVER SHEET

0 0 0 0 0 2 9 3 1 6

S.E.C. Registration Number

R O B I N S O N S   B A N K   C O R P O R A T I O N

(Company's Full Name)

1 7 T H F L R   G A L L E R I A   C O R P O R A T E

C E N T E R   E D S A   C O R   O R T I G A S   Q C

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

RHORY F. GO

Contact Person

702-9500

Company Telephone Number

0	3		3	1

Month Day
(Fiscal Year)

1	7	-	Q	

Form Type

0	6		Last Wednesday

Month Day
(Annual Meeting)

NONE

Secondary License Type, If Applicable

Corporate Finance Department

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

15

Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personal concerned

File Number LCU

Document I.D. Cashier

Stamp

Remarks: Please use **BLACK** ink for scanning purpose

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 quarterly period ended	:	**March 31, 2019**
2.	Commission identification number	:	**29316**
3.	BIR Tax Identification No.	:	**000-437-913-000**
4.	Exact name of issuer as specified in its charter	:	**ROBINSONS BANK CORPORATION**
5.	Province, country or other jurisdiction of incorporation or organization	:	**Metro Manila, Philippines**
6.	Industry Classification Code	:	(SEC Use Only)
7.	Address of issuer's principal office	:	**17th Floor, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City**
8.	Issuer's telephone number, including area code	:	**(02) 702-9500**

9. Former name, former address and former fiscal year, if changed since last report: **N/A**

10. Exempt Securities issued pursuant to Section 9 (e) of the RSA but listed for trading on an Exchange

Title of Each Class	Amount Outstanding
Long-Term Negotiable Certificates of Deposit	**₱5,964,070,000**[i]

11. Are any or all of the securities listed on a Stock Exchange?

Yes [ ] No [**x**]

12. Indicate by check mark whether the registrant:

(a) Has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [**x**] No [ ]

(b) Has been subject to such filing requirements for the past ninety (90) days.

Yes [**x**] No [ ]

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[i] Amount outstanding is net of discount amounting to ₱43,768,968 with a face value of ₱5,964,070,000.

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements

Attached are the following:

- Unaudited Interim Statements of Financial Position
- Unaudited Interim Statements of Income
- Unaudited Interim Statements of Comprehensive Income
- Unaudited Interim Statements of Changes in Equity
- Unaudited Interim Statements of Cash Flows
- Notes to Unaudited Interim Condensed Financial Statements
- Aging of Accounts Receivables
- Financial Soundness Indicators

The accompanying unaudited interim financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) adopted by the Philippine Securities and Exchange Commission (SEC).

The accompanying interim financial statements of the Group have accordingly been prepared consistent with the most recent annual financial statements as of December 31, 2018, except for the new, amended or improved PFRSs which became effective beginning on or after January 1, 2019 and were adopted by the Group.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

PART II--OTHER INFORMATION

There are no material disclosures that have not been reported under SEC Form 17-C during the period covered by this report.

SIGNATURES

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

ROBINSONS BANK CORPORATION
By:

IRMA D. VELASCO
First Vice President / Controller

May 15, 2019

Robinsons Bank Corporation and Subsidiary

Interim Condensed Consolidated Financial Statements

As of March 31, 2019 (Unaudited) and for the three months ended
March 2018 and December 2018 (Audited)

ROBINSONS BANK CORPORATION AND SUBSIDIARY

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2019

(With Comparative Audited Figures as of December 31, 2018)

	March 31, 2019	December 31, 2018
ASSETS		
Cash and Other Cash Items	**₱1,413,394,577**	₱2,370,171,189
Due from Bangko Sentral ng Pilipinas	**14,201,440,515**	16,108,207,737
Due from Other Banks	**2,952,152,240**	3,010,162,780
Interbank Loans Receivable/Securities Purchased Under Resale Agreements (Notes 5)	**3,858,648,342**	2,188,410,000
Financial Assets at Fair Value Through Profit or Loss (Notes 6)	**124,305,209**	71,144,403
Financial Assets at Fair Value Through Other Comprehensive Income (Notes 6)	**11,592,548,803**	13,116,787,076
Investment Securities at Amortized Cost (Notes 6)	**12,511,954,553**	12,597,089,717
Loans and Receivables (Notes 7)	**70,466,418,335**	68,411,062,216
Property and Equipment (Notes 8 and 12)	**1,333,013,380**	623,189,601
Investment Properties (Notes 9 and 12)	**331,875,015**	341,073,550
Branch Licenses (Notes 10 and 12)	**999,887,614**	999,881,780
Goodwill	**244,327,006**	244,327,006
Deferred Tax Asset - net	**255,453,248**	263,829,946
Other Assets (Notes 11 and 12)	**1,195,881,223**	1,005,300,908
	₱121,481,300,059	₱121,350,637,909
LIABILITIES AND EQUITY		
Liabilities		
Deposit Liabilities (Notes 4 and 13)		
Demand	**₱14,702,750,383**	₱16,050,910,830
Savings	**57,865,570,654**	59,709,184,942
Time	**14,628,613,732**	13,328,372,113
Long-term negotiable certificates of deposit	**5,920,301,032**	5,917,925,850
	93,117,235,801	95,006,393,735
Interbank Loans Payable (Note 4 and 14)	**7,762,840,462**	7,436,904,315
Manager's Checks	**1,135,135,468**	719,901,336
Accrued Expenses (Note 15)	**619,196,697**	654,816,395
Deposit for Stock Subscription	**-**	3,000,000,000
Other Liabilities (Note 15)	**2,753,180,403**	2,155,068,336
	105,387,588,831	108,973,084,117
Equity (Note 16)		
Common stock	**12,000,000,000**	12,000,000,000
Deposit for Stock Subscription	**3,000,000,000**	-
Surplus	**1,486,427,581**	1,427,893,601
Surplus reserves	**114,844,630**	105,326,644
Remeasurement losses on retirement plan	**357,997**	357,997
Net unrealized losses on available-for-sale investments (Note 2)	–	-
Net unrealized losses on financial assets at fair value through other comprehensive income (Note 2)	**(401,824,212)**	(1,036,006,819)
Cumulative translation adjustments	**(106,094,768)**	(120,017,631)
	16,093,711,228	12,377,553,792
	₱121,481,300,059	₱121,350,637,909

ROBINSONS BANK CORPORATION AND SUBSIDIARY

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Quarter Ended March 31	
	2019	2018
INTEREST INCOME ON		
Loans and receivables (Note 7)	**₱1,401,341,409**	₱997,649,523
Investment securities (Note 6)	**302,524,323**	247,466,436
Due from Bangko Sentral ng Pilipinas and other banks	**9,927,797**	12,833,150
Interbank loans receivable/Securities purchased under resale agreements (Note 5)	**14,521,483**	34,024,472
	1,728,315,012	1,291,973,581
INTEREST EXPENSE ON		
Deposit liabilities (Note 13)	**772,558,981**	451,587,160
Interbank Loans Payable (Note 14)	**52,562,614**	1,119,910
Lease Liability	**13,231,855**	
	838,353,450	452,707,070
NET INTEREST INCOME	**889,961,562**	839,266,511
Service fees and commission income (Note 18)	**115,651,454**	52,039,952
Service fees and commission expense (Note 18)	**22,897,009**	16,365,165
NET SERVICE FEE AND COMMISSION INCOME	**92,754,445**	35,674,787
Trading and securities gains – net (Note 6)	**49,191,019**	8,110,126
Foreign exchange gains - net	**14,844,126**	81,266,340
Miscellaneous (Note 18)	**208,796**	10,717,767
TOTAL OPERATING INCOME	**1,046,959,948**	975,035,531
OPERATING EXPENSES		
Compensation and fringe benefits	**299,256,492**	256,511,662
Occupancy and equipment-related costs (Note 17)	**122,694,351**	109,932,691
Taxes and licenses	**150,295,744**	113,462,127
Depreciation and amortization (Notes 8, 9 and 10)	**93,858,568**	85,987,345
Security, messengerial and janitorial	**68,409,739**	50,410,622
Insurance	**27,775,537**	56,930,102
Information technology	**32,597,607**	36,313,847
Provision for (Reversal of) credit and impairment losses (Note 12)	**-**	(17,402,617)
Communication	**27,955,701**	23,973,901
Entertainment, amusement, and recreation	**23,376,841**	22,670,854
Management and professional fees	**2,832,215**	6,720,957
Miscellaneous (Note 18)	**103,533,562**	49,627,911
TOTAL OPERATING EXPENSES	**952,586,357**	795,139,402
INCOME BEFORE SHARE IN NET INCOME (LOSS) OF A SUBSIDIARY	**94,373,591**	
INCOME BEFORE INCOME TAX	**94,373,591**	179,896,129
PROVISION FOR INCOME TAX	**54,306,933**	58,324,122
NET INCOME	**₱40,066,658**	₱121,572,007

ROBINSONS BANK CORPORATION AND SUBSIDIARY
UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	Quarter Ended March 31	
	2019	2018
NET INCOME	**₱40,066,658**	₱49,579,435
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX		
Item that may not be reclassified to profit or loss		
Change in remeasurement losses on retirement plan		2,571,381
Items that may be reclassified to profit or loss		
Change in net unrealized losses on AFS investments (Note 6)		124,220,699
Change in net unrealized losses on financial assets at FVOCI (Note 6)	**634,182,607**	-
Translation adjustments	**13,922,863**	(1,343,389)
	648,105,470	125,448,691
TOTAL COMPREHENSIVE INCOME	**₱688,172,128**	₱175,028,126

ROBINSONS BANK CORPORATION AND SUBSIDIARY

UNAUDITED INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED MARCH 31, 2019 AND 2018

	Common Stock	**Surplus**	**Surplus Reserves**	**Deposit for Future Stock Subscription**	**Remeasurement Losses on Retirement Plan**	**Net Unrealized Losses on Financial Assets At Fair Value Through Other Comprehensive Income**	**Cumulative Translation Adjustments**	**Total**
Balance at January 1, 2018, as previously reported	**₱12,000,000,000**	**₱1,427,893,601**	**₱105,326,644**		**357,997**	**(₱1,036,006,819)**	**(₱120,017,631)**	**₱12,377,553,792**
Effect of the adoption of PFRS 9 (Note 2)	**–**	**27,985,308**	**–**		**–**	**-**	**–**	**27,985,308**
Balance at January 1, 2018, as restated	**12,000,000,000**	**1,455,878,909**	**105,326,644**		**357,997**	**(1,036,006,819)**	**(120,017,631)**	**12,405,539,100**
Total comprehensive income (loss) for the period (Note 16)	**–**	**40,066,658**	**–**		**–**	**634,182,607**	**13,922,863**	**688,172,128**
Reclassification from liability to equity				**3,000,000,000**				**3,000,000,000**
Appropriation for trust reserves (Note 16)	**–**	**(9,517,986)**	**9,517,986**		**–**	**–**	**–**	**–**
Balance at September 30, 2018	**₱12,000,000,000**	**₱1,486,427,581**	**₱114,844,630**	**3,000,000,000**	**₱357,997**	**(₱401,824,212)**	**(₱106,094,768)**	**₱16,093,711,228**
Balance at January 1, 2018, as previously reported	₱12,000,000,000	₱1,230,065,242	₱5,988,712		(₱13,467,057)	₱–	(₱102,596,650)	₱12,093,333,380
Effect of the adoption of PFRS 9 (Note 2)	–	16,473,969	–		–	(86,567,943)	–	956,562,893
Balance at January 1, 2018, as restated	12,000,000,000	1,246,539,211	5,988,712		(13,467,057)	(86,567,943)	(102,596,650)	13,049,896,273
Total comprehensive income (loss) for the period (Note 16)	–	121,572,007	–		–	(400,671,377)	(3,628,625)	(282,727,995)
Appropriation for trust reserves (Note 16)	–	(616,894)	616,894		–	–	–	–
Balance at March 31, 2018	₱12,000,000,000	₱1,367,494,324	₱6,605,606		(₱13,467,057)	(₱487,239,320)	(₱106,225,275)	₱12,767,168,278

ROBINSONS BANK CORPORATION AND SUBSIDIARY

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱94,373,591**	₱179,896,129
Adjustments for:		
Depreciation and amortization (Notes 8, 9 and 11)	**161,763,493**	85,987,345
Depreciation on ROU of Assets	**78,410,731**	
Provision for credit and impairment losses (Note 12)		(17,402,617)
Gain on sale of financial assets at FVOCI (Note 6)	**(40,096,326)**	(5,550,023)
Gain on sale of AFS investments (Note 6)		-
Retirement expense	**8,276,840**	3,292,904
Gain on sale of property and equipment (Note 8)	**(2,550,472)**	-
Loss (gain) on initial recognition of investment properties and repossessed chattels (Notes 9 and 11)	**6,696,005**	3,916,186
Loss on sale of investment properties and repossessed chattels (Notes 9 and 11)	**8,116,298**	3,403,821
Gain on Sale of Investment Properties	**10,829,024**	
Unrealized (gain)/loss on fair value of financial assets at fair value through profit or loss and derivative assets and liability (Note 6)	**(76,490)**	(4,203,095)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets at fair value through profit or loss	**(53,084,316)**	(10,420,503)
Loans and receivables	**(2,165,002,572)**	788,894,451
Other assets	**(95,608,207**	(64,645,616)
Increase (decrease) in:		
Deposit liabilities	**(1,889,157,934)**	(1,570,201,660)
Manager's checks	**415,234,132**	(139,461,504)
Accrued expenses and other liabilities	**(250,640,386**	(228,361,185)
Net cash provided by (used in) operations	**(3,712,516,589)**	(974,855,364)
Income taxes paid	**(79,581,239)**	(85,730,785)
Contributions Paid on retirement plan	**13,893,209**	
Net provided cash provided by (used in) operating activities	**(3,778,204,619)**	(1,060,586,149)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial assets at FVOCI	**(3,242,030,895)**	(7,064,740,053)
Available-for-sale investments		-
Investment Securities at amortized cost	**(115,864,836)**	(1,277,854,250)
Held-to-maturity investments		-
Property and equipment (Note 8)	**(54,055,061)**	(49,583,405)
Branch License	**(5,834)**	(400,000)
Software costs (Note 11)	**(111,276,125)**	(52,228,032)
Proceeds from sale of:		
Financial assets at FVOCI	**5,440,548,101**	5,142,216,409
Available-for-sale investments		-
Held-to-maturity investments		-
Property and equipment (Note 8)	**6,354,136**	-
Investment properties and repossessed chattels (Note 9 and 11)	**62,360,091**	41,675,933
Proceeds from maturity of:		
Placements with BSP and other banks		-
Financial assets at FVOCI		22,755,248
Investment Securities at amortized cost	**201,000,000**	-
Held-to-maturity investments	**–**	-
Net cash used in investing activities	**2,187,029,577**	(3,238,158,150
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from interbank loans payable availment	**325,936,147**	1,162,178,398
Net cash provided by financing activities	**325,936,147**	1,162,178,398
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	**13,922,863**	(3,628,625)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(₱1,251,316,032)**	(₱3,140,194,526)
OPERATIONAL CASH FLOWS FROM INTEREST		
Interest received	**₱1,708,671,678**	₱1,018,929,186
Interest paid	**833,956,311**	472,923,844

ROBINSONS BANK CORPORATION AND SUBSIDIARY
UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31	
	2019	2018
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
Cash and other cash items	**₱2,370,171,189**	₱1,639,300,590
Due from Bangko Sentral ng Pilipinas	**16,108,207,737**	16,017,675,837
Due from other banks	**3,010,162,780**	3,820,050,486
Interbank loans receivable/Securities Purchased under Resale Agreements (Note 5)	**2,164,910,000**	3,303,644,739
	₱23,653,451,706	₱24,780,671,652
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash and other cash items	**₱1,413,394,577**	₱1,239,997,691
Due from Bangko Sentral ng Pilipinas	**14,201,440,515**	16,243,461,017
Due from other banks	**2,952,152,240**	4,084,134,505
Interbank loans receivable/Securities Purchased under Resale Agreements (Note 5)	**3,835,148,342**	72,883,913
	₱22,402,135,674	₱21,640,477,126

ROBINSONS BANK CORPORATION AND SUBSIDIARY
NOTES TO UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

1. Corporate Information

Robinsons Bank Corporation (the Parent Company or the Bank) was domiciled and incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on April 28, 1966 and acquired its license from Bangko Sentral ng Pilipinas (BSP) to operate as a commercial bank on March 1, 2002. On March 21, 2013, the SEC granted the license extending the Bank's corporate life for another fifty (50) years.

The registered address and principal place of business of the Parent Company is at 17th Floor, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City.

The Parent Company is 60.00% and 40.00% owned by JG Summit Capital Services Corp. (JGSCSC) and Robinsons Retail Holdings, Inc. (RRHI), respectively. The ultimate parent company of the Bank is JG Summit Holdings, Inc. On June 16, 2017, the Bank issued ₱4.18 billion long-term negotiable certificate of deposits (LTNCD) carried at a tenor of 5.5 years with a coupon of 4.125%. On July 6, 2018, the Parent Company issued additional LTNCD amounting to ₱1.78 billion with nominal interest rate of 4.875% and EIR of 5.15% payable every quarter which will mature on January 6, 2024. The issuance of LTNCDs diversified the funding sources and represents the Bank's initial entry into the debt capital market. The issuances were listed in the Philippine Dealing and Exchange Corporation (PDEx) (see Note 15).

In December 2012, the Parent Company acquired 100.00% controlling interest in Legazpi Savings Bank, Inc. (LSB) (see Note 9).

LSB was incorporated and registered with the SEC on May 8, 1976 and acquired license from the BSP to operate as a thrift bank. LSB's registered address and principal place of business is at Rizal Street, Barangay Sagpon, Albay, Legazpi City. LSB operates and provides its services through a network of fifteen (15) banking units including head office and a main branch in the area of Albay.

The Parent Company and its subsidiary (the Group) is engaged in commercial and thrift banking, respectively, whose principal activities include deposit-taking, lending, treasury, foreign exchange dealing and fund transfers or remittance servicing.

2. Summary of Significant Accounting Policies

Basis of Preparation

The interim condensed consolidated financial statements for the three months ended March 31, 2019 and 2018 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2018.

The accompanying financial statements of the Group has been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVPL), available-for-sale (AFS) investments and financial assets at fair value through other comprehensive income (FVOCI) which are measured at fair value.

The financial statements of the Group reflect the accounts of the Regular Banking Unit (RBU) and the Foreign Currency Deposit Unit (FCDU). The functional currency of RBU and FCDU is Philippine Peso (PHP) and United States dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in PHP. The financial statements individually prepared for these units are combined and inter-unit accounts and transactions are eliminated.

The financial statements are presented in PHP, and all amounts are rounded to the nearest peso (₱), except when otherwise indicated.

Statement of Compliance
The financial statements of the Group have been prepared in compliance with Philippine Accounting Standards 34, *Interim Financial Reporting*.

Presentation of Financial Statements
The Group present its interim statement of financial position broadly in the order of liquidity.

The Bank assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Bank and all of the counterparties. Income and expense are not offset in the interim condensed statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group. This is not generally the case with master-netting agreements, where the related assets and liabilities are presented gross in the interim condensed statement of financial position.

Basis of Consolidation
The interim condensed consolidated financial statements include the financial statements of the Parent Company and of its subsidiary and are prepared for the same reporting period as the subsidiary, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full in the consolidation.

A subsidiary is fully consolidated from the date on which control is transferred to the Parent Company. Control is achieved where the Parent Company is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary ceases when control is transferred out of the Parent Company. The results of a subsidiary acquired or disposed of during the year are included in the interim condensed consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

A change in the Parent Company's ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent Company.

When a change in ownership interest in a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company:

- derecognizes the related assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- derecognizes the related other comprehensive income (OCI) recorded in equity and recycles the same to interim condensed consolidated statement of income or surplus;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained; and
- recognizes any surplus or deficit in interim condensed consolidated statement of income.

Changes in Accounting Policies and Disclosures

Except for the following standards and amended PFRS which were adopted as of January 1, 2019, the accounting policies and methods of computation adopted in the preparation of the financial statements are consistent with those followed in the previous financial year. These new and revised accounting standards have no impact to the Group, except for PFRS 16.

New Standards and Interpretations

- PFRS 16, *Leases*

Amendments to Standards

- Amendments to PAS 19, *Plan Amendment, Curtailment or Settlement*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
  Annual Improvements 2015-2017 Cycle (issued in December 2017)
- Amendments to PFRS 3 and PFRS 11 - *Previously held interest in a joint operation*
- Amendments to PAS 12, *Income tax consequences of payments on financial instruments classified as equity*
- Amendments to PAS 23, *Borrowing costs eligible for capitalization*

PFRS 16 Adoption

PFRS 16 supersedes PAS 17 *Leases*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting under PFRS 16 is substantially unchanged from PAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in PAS 17. Therefore, PFRS 16 has no material impact for leases where the Group is the lessor.

The Group adopted PFRS 16 using the modified retrospective approach with the date of initial application at January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low-value assets’).

The effect of adopting PFRS 16 on the statement of financial position (increase/(decrease))as at January 1, 2019 follow:

	Amount
Right-of-use assets - net*	₱768,084,033
Lease liability****	751,015,222
Accrued expenses – rent***	(47,762,769)
Retained earnings	28,030,060
Prepaid expenses – rent**	(27,277,780)
Deferred tax asset	(9,523,740)

** Presented under Property and equipment*
*** Included in Prepaid expenses under other assets*
**** Included in Accrued expenses*
***** Presented under Accrued and other liabilities*

The new accounting policies of the Group upon adoption of PFRS 16 are set out below:

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognized lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱250,000).

Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Group has applied its existing governance framework to ensure that appropriate controls and validations are in place over key processes and judgments in implementing PFRS 16. The Group is continuously testing and refining the new accounting processes, internal controls and governance framework necessitated by the adoption of PFRS 16. Therefore, the estimation of impacts remain subject to change until finalization of the financial statements for the year ending December 31, 2019.

3. Financial Risk Management Objectives and Polices

The main risks arising from the Group's financial instruments are credit, market and liquidity risks. In general, the Group's risk management objective is to ensure that risks taken are within the Group's risk appetite, which is assessed based on the Group's capital adequacy framework. The risk management process involves risk identification, measurement, monitoring and control.

The Group recognizes that risk management is the responsibility of the entire organization. Accordingly, all employees are expected to manage risks relating to their own responsibilities. Still, there are specialized entities within the Group that perform certain risk management functions.

The Board of Directors (BOD) ultimately oversees and approves significant matters related to risk management throughout the Parent Company, upon the review and recommendation of various committees composed of members of the BOD and Senior Management. Among the Parent Company's committees are:

- the Corporate Governance Committee, which ensures the BOD's effectiveness and due observance of the corporate governance principles and guidelines;
- the Risk Management Committee (RMC), which is responsible for the development and oversight of the Parent Company's risk management program;
- the Audit Committee, which examines the Parent Company's framework of risk management, control and governance process to ensure that these are adequate and functional; and
- the Credit Committee, which recommends credit policies and evaluates credit applications.

The following units within the Parent Company jointly perform risk management functions on a daily basis:

- Compliance for regulatory risk;
- Treasury for funding and liquidity risk;
- Credit Cycle Operations for credit risk;
- Enterprise Risk Management Group (ERMG) for various risks, including market risk; credit and operational risks; and
- Internal Audit for the evaluation of the adequacy of internal control systems, covering operational risk.

These units submit various risk reports to the Management Committee, the RMC and the BOD, among others.

Further specific risk management disclosures, including mitigation, measurement and control, are in the succeeding sections.

Credit Risk

Credit risk may be defined as the possibility of loss due to the failure of a customer/borrower or counterparty to perform its obligation to the Group.

The Group has several credit risk mitigation practices:

- The Group offers a variety of loan products with substantial collateral values. The latter part of this credit risk section discusses collateral and other credit enhancements.
- Limits are set on the amount of credit risk that the Group is willing to take for customers and counterparties, and exposures are monitored against such credit limits.
- The Group also observes related regulatory limits such as the single borrower's limit (SBL) and directors, officers, stockholders and related interests (DOSRI) ceiling.
- To protect against settlement risk, the Group employs a delivery-versus-payment (DvP) settlement system, wherein payment is effected only when the corresponding asset has been delivered.
- There is an internal credit risk rating system (ICRRS) in place, providing a structured format for collating and analyzing borrower data to arrive at a summary indicator of credit risk.
- Past due and non-performing loan (NPL) ratios are also used to measure and monitor the quality of the loan portfolio.

Liquidity Risk

Liquidity risk may be defined as the possibility of loss due to the Group's inability to meet its financial obligations when they become due. Liquidity risk is considered in the Group's assets and liabilities management. The Group seeks to lengthen liability maturities, diversify existing fund sources, and continuously develop new instruments that cater to different segments of the market.

The Parent Company's Assets and Liabilities Committee (ALCO) is composed of some members of the Senior Management including the Lending Groups and Treasury Group Heads. ALCO conducts weekly meetings. The Parent Company also has specialized units that help monitor market and regulatory developments pertinent to interest rates and liquidity position, as well as prepare cash position reports as needed to measure the liquidity and reserves position of the Parent Company.

The Parent Company also keeps credit lines with financial institutions, as well as a pool of liquid or highly marketable securities. Reserves management is another specialized function within the Bank, complying with BSP reserve requirements, which may be a buffer against unforeseen liquidity drains.

The liquidity or maturity gap report is another tool for measuring liquidity risk. Although available contractual maturity dates are generally used for putting instruments into time bands, expected liquidation periods, often based on historical data, are used if contractual maturity dates are unavailable. The liquidity gap per time band is computed by getting the difference between the inflows and outflows within the time band. A positive liquidity gap is an estimate of the Group's net excess funds for the time band. A negative liquidity gap is an estimate of a future funding requirement of the Group. Although such gaps are a normal part of the business, a significant negative amount may bring significant liquidity risk.

To help control liquidity risk arising from negative liquidity gaps, maximum cumulative outflow (MCO) targets are set for time bands up to one (1) year.

Market Risk

Market risk may be defined as the possibility of loss due to adverse movements in market factors such as rates and prices. Market risk is present in both trading and non-trading activities. These are the risk to earnings or capital arising from changes in the value of traded portfolios of financial instruments. The risk arises from market-making, dealing and position-taking in quoted debt securities and foreign exchange.

The Parent Company observes market risk limits, which are approved by the BOD and reviewed at least annually. Limits are set in such a way as to ensure that risks taken are based on the Parent Company's existing capital adequacy framework, and corresponding monitoring reports are prepared regularly by an independent risk management unit.

When limits are breached, approval is sought from successive levels of authority depending on the amount of the excess. Limit breaches are periodically presented to the BOD.

Value-at-Risk (VaR) is computed to estimate potential losses arising from market movements. The Parent Company calculates and monitors VaR and profit or loss on a daily basis.

VaR objectives and methodology

VaR is used by the Parent Company to measure market risk exposure from its trading and investment activities. VaR is an estimate of the maximum decline in value on a given position over a specified holding period in a normal market environment, with a given probability of occurrence. The Parent Company uses the historical simulation method in estimating VaR. The historical simulation method is a non-parametric approach to VaR calculation, in which asset returns are not subject to any functional distribution assumption. VaR is estimated directly from historical data without deriving parameters or making assumptions about the entire data distribution.

In employing the historical simulation method, the Parent Company assumes a 500 historical data (approximately 2 years). The Parent Company updates its dataset on a daily basis. Per the Parent Company policy, VaR is based on a 1-day holding period and a confidence level of 99%.

VaR methodology limitations and assumptions

Discussed below are the limitations and assumptions applied by the Parent Company on its VaR methodology:

a. VaR is a statistical estimate; thus, it does not give the precise amount of loss the Parent Company may incur in the future;
b. VaR is not designed to give the probability of bank failure, but only attempts to quantify losses that may arise from a Parent Company's exposure to market risk;
c. Since VaR is computed from end-of-day positions and market factors, VaR does not capture intraday market risk.
d. VaR systems depend on historical data. It attempts to forecast likely future losses using past data. As such, this assumes that past relationships will continue to hold in the future. Therefore, market shifts (i.e., an unexpected collapse of the market) will not be captured and may inflict losses larger than VaR; and
e. The limitation relating to the pattern of historical returns being indicative of future returns is addressed by supplementing VaR with daily stress testing reported to the RMC, ALCO and the concerned risk-takers.

VaR back testing is the process by which financial institutions periodically compare ex-post profit or loss with the ex-ante VaR figures to gauge the robustness of the VaR model. The Parent Company performs quarterly back testing.

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Parent Company's ALCO surveys the interest rate environment, adjusts the interest rates for the Parent Company's loans and deposits, assesses investment opportunities and reviews the structure of assets and liabilities. The Parent Company uses Earnings-at-Risk (EaR) as a tool for measuring and managing interest rate risk in the banking book.

Earnings-at-Risk objectives and methodology
EAR is a statistical measure of the likely impact of changes in interest rates to the Bank's net interest income (NII). To do this, repricing gaps (difference between interest rate-sensitive assets and liabilities) are classified according to time to repricing and multiplied with applicable historical interest rate volatility, although available contractual repricing dates are generally used for putting instruments into time bands, contractual maturity dates (e.g., for fixed rate instruments) or expected liquidation periods often based on historical data are used alternatively. The repricing gap per time band is computed by getting the difference between the inflows and outflows within the time band. A positive repricing gap implies that the Parent Company's NII could decline if interest rates decrease upon repricing. A negative repricing gap implies that the Parent Company's NII could decline if interest rates increase upon repricing. Although such gaps are a normal part of the business, a significant change may bring significant interest rate risk.

To help control interest rate risk arising from repricing gaps, maximum repricing gap and EaR/NII targets are set for time bands up to one year. EaR is prepared and reported to the RMC monthly.

Foreign currency risk
Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The BOD has set limits on positions by currency. In accordance with the Parent Company's policy, positions are monitored on a daily basis and are used to ensure positions are maintained within established limits.

4. Fair Value Measurement

The methods and assumptions used by the Group in estimating the Group's assets and liabilities are:

Cash and other cash items, due from BSP, due from other banks, interbank loans receivable/securities purchased under repurchase agreements, accounts receivable and accrued interest receivable
Carrying value approximates fair value given the short-term nature of these financial assets and insignificant risk of changes in value.

Trading and investment securities
Fair values of debt securities and equity investments are generally based on quoted market prices. If the fair value of financial assets cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models using inputs from observable markets subject to a degree of judgment.

For equity investments that are not quoted, the investments are carried at cost less allowance for impairment losses. Most recent information available is insufficient to determine fair value.

Derivative instruments
Fair values of quoted warrants are based on quoted market prices. Other derivative products are valued using valuation techniques using market observable inputs including foreign exchange rates and interest rate curves prevailing at the statements of financial position date. For interest rate swaps, cross-currency swaps and foreign exchange contracts, discounted cash flow model is applied. This valuation model discounts each cash flow of the derivatives at a rate that is dependent on the tenor of the cash flow.

Receivables from customers
Fair values are estimated using the discounted cash flow methodology, using the Group's current incremental lending rates for similar types of receivables at current market rates ranging from 9.60% to 30.00%. Where the instruments reprice on a short-term basis or have a relatively short maturity, the carrying amounts approximate fair values.

Other receivables - Accounts receivable and accrued interest receivable
Carrying amounts approximate fair values given their short-term nature.

Investment properties and repossessed chattels
Fair value of investment properties and repossessed chattels are based on market data (or direct sales comparison) approach. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property.

The fair values of the Group's investment properties and repossessed chattels have been determined by appraisers, including independent external appraisers, in the basis of the recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time of the valuations are made.

The Group has determined that the highest and best use of the property used for the land and building is its current use.

Refundable deposits
Fair values are estimated using the discounted cash flow methodology, using the average market price for similar types of receivables with maturities consistent to the receivable being valued. Where the instruments reprice on a short-term basis or have a relatively short maturity, the carrying amounts approximate fair values.

Time deposits
Fair values are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued.

Long-term negotiable certificates of deposit (LTNCD)
Fair values of LTNCD are estimated using quoted market rates for the instrument.

Other financial liabilities
Carrying amounts approximate fair values due to either the demand nature or the relatively short-term maturities of these liabilities.

The following tables show the Group's assets and liabilities carried at fair value and those whose fair value are required to be disclosed, analyzed among those whose fair value is based on:

- Quoted market prices in active markets for identical assets or liabilities (Level 1); and
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	March 31, 2019 (Unaudited)				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets Measured at Fair Value					
Financial Assets					
At FVPL	**₱124,305,209**	**₱–**	**₱124,305,209**	**₱–**	**₱124,305,209**
At FVOCI:					
Government securities	**5,755,069,910**	**–**	**5,755,069,910**	**–**	**5,755,069,910**
Private bonds	**5,621,968,129**	**–**	**5,621,968,129**	**–**	**5,621,968,129**
Quoted equity securities	**191,632,564**	**191,632,564**	**–**	**–**	**191,632,564**
Unquoted Equity Securities	**54,078,200**			**54,078,200**	**54,078,200**
	₱11,747,054,012	**₱191,632,564**	**₱11,501,343,248**	**₱54,078,200**	**₱11,747,054,012**
Assets for which Fair Values are Disclosed					
Financial Assets					
Interbank loans receivable and SPURA	**₱3,858,648,342**	**₱–**	**₱–**	**₱3,858,649,274**	**₱3,858,649,274**
Investment securities at amortized cost	**12,511,954,553**	**–**	**12,311,583,609**	**182,808,270**	**12,494,391,879**
Loans and receivables:					
Receivables from customers:					
Commercial	**44,932,638,945**	**–**	**–**	**48,457,442,291**	**48,457,442,291**
Real estate	**14,756,734,553**	**–**	**–**	**18,766,743,159**	**18,766,743,159**
Consumption	**8,821,150,139**	**–**	**–**	**10,634,444,777**	**10,634,444,777**
Domestic bills purchased	**686,717,745**	**–**	**–**	**686,717,745**	**686,717,745**
Other receivables:					
Accrued interest receivables	**828,344,534**	**–**	**–**	**828,344,534**	**828,344,534**
Accounts receivable	**660,720,304**	**–**	**–**	**660,722,304**	**660,722,304**
Sales contract receivable	**32,091,564**	**–**	**–**	**29,196,591**	**29,196,591**
Lease receivable	**8,633,584**	**–**	**–**	**3,020,091**	**3,020,091**
Refundable deposits	**65,666,860**	**–**	**–**	**65,741,288**	**65,741,288**
Non-Financial Assets					
Investment properties	**331,875,013**	**–**	**–**	**478,918,147**	**478,918,147**
Repossessed Chattels	**108,023,109**	**-**	**-**	**126,379,243**	**126,379,243**
	₱87,603,201,246	**₱–**	**₱12,311,583,609**	**₱84,779,127,714**	**₱97,090,711,323**
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Derivative liabilities	**₱-**	**₱–**	**₱-**	**₱–**	**₱-**
Deposit liabilities:					
Demand	**14,702,750,383**	**–**	**–**	**14,702,750,383**	**14,702,750,383**
Savings	**57,865,570,654**	**–**	**–**	**57,864,570,654**	**57,865,570,654**
Time	**14,628,613,732**	**–**	**–**	**14,639,758,929**	**14,639,758,929**
Long-term negotiable certificates	**5,920,301,032**	**–**	**5,920,301,032**	**–**	**5,920,301,032**
Interbank loans payable	**7,762,840,462**	**–**	**–**	**7,762,840,462**	**7,762,840,462**
	₱100,880,076,263	**₱–**	**₱5,920,301,032**	**₱94,970,920,428**	**₱100,891,221,460**

	December 31, 2018 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets					
Financial assets at FVPL	**₱71,144,403**	**₱–**	**₱71,144,403**	**₱–**	**₱71,144,403**
Financial assets at FVOCI					
Government securities	**7,268,522,839**	**2,867,172,896**	**4,401,349,943**	**–**	**7,268,522,839**
Private bonds	**5,651,128,473**	**–**	**5,651,128,473**	**–**	**5,651,128,473**
Quoted equity securities	**157,500,000**	**157,500,000**	**–**	**–**	**157,500,000**
Unquoted equity securities	**39,635,764**	**–**	**–**	**39,635,764**	**39,635,764**
	₱13,187,931,479	**₱3,024,672,896**	**₱10,123,622,819**	**₱39,635,764**	**₱13,187,931,479**

Assets for which Fair Values are Disclosed					
Financial Assets					
Interbank loans receivable and SPURA	**₱2,188,410,000**	**₱–**	**₱–**	**₱2,188,410,932**	**₱2,188,410,932**
Investment securities at amortized cost	**12,597,089,717**	**1,989,745,022**	**9,977,720,259**	**–**	**11,967,465,281**
Loans and receivables:					
Receivables from customers:					
Commercial	**44,053,793,453**	**–**	**–**	**47,136,797,181**	**47,136,797,181**
Real estate	**14,012,497,129**	**–**	**–**	**17,242,929,073**	**17,242,929,073**
Consumption	**8,033,865,678**	**–**	**–**	**8,562,533,172**	**8,562,533,172**
Domestic bills purchased	**834,447,716**	**–**	**–**	**834,447,716**	**834,447,716**
Other receivables:					
Accrued interest receivables	**719,091,672**	**–**	**–**	**719,091,672**	**719,091,672**
Accounts receivable	**729,515,033**	**–**	**–**	**729,515,033**	**729,515,033**
Sales contract receivable	**18,191,403**	**–**	**–**	**18,493,297**	**18,493,297**
Lease receivable	**9,660,132**	**–**	**–**	**1,017,802**	**1,017,802**
Refundable deposits	**60,666,118**	**–**	**–**	**64,786,802**	**64,786,802**
Non-Financial Assets					
Investment properties	**341,073,550**	**–**	**–**	**517,300,140**	**517,300,140**
	₱83,598,301,601	**₱1,989,745,022**	**₱9,977,720,259**	**₱78,015,322,821**	**₱89,982,788,102**
Financial Liabilities					
Derivative liabilities	**₱336,698**	**₱–**	**₱336,698**	**₱–**	**₱336,698**
Deposit liabilities:					
Demand	**16,050,910,830**	**–**	**–**	**16,050,910,830**	**16,050,910,830**
Savings	**59,709,184,942**	**–**	**–**	**59,685,940,558**	**59,685,940,558**
Time	**13,328,372,113**	**–**	**–**	**12,884,740,145**	**12,884,740,145**
Long-term negotiable certificates	**5,917,925,850**	**5,964,070,000**	**–**	**–**	**5,964,070,000**
Bills payable	**7,436,904,315**	**–**	**–**	**7,436,904,315**	**7,436,904,315**
	₱102,443,634,748	**5,964,070,000**	**₱336,698**	**₱96,058,495,848**	**₱102,022,902,546**

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole at the end of each statement of financial position).

In 2018 and 2017, there were no transfers between Level 1 and Level 2 fair value measurements and there were no transfers into and out of the Level 3 category.

Description of significant unobservable inputs to valuation:

Accounts	**Valuation Technique**	**Significant Unobservable Inputs**
Loans and receivables	Discounted cash flow method	4.00% - 19.67% risk premium rate
Investment properties		
Land	Market data approach	Price per square meter, size, shape, location, time element and discount
Building	Cost approach	Cost per square meter, size, shape, location, condition and time element
Refundable deposits	Discounted cash flow method	0.25% - 11.00% risk premium rate
Time deposits	Discounted cash flow method	0.25% - 3.90% risk premium rate

Significant increases (decreases) in price per square meter and size of investment properties would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in discount would result in a significantly lower (higher) fair value of the properties.

Significant Unobservable Inputs

Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.
Time element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time. In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

5. Interbank Loans Receivable and Securities Purchased Under Resale Agreements

This account consists of:

	March 31, 2019 (Unaudited)	December 31,2018 (Audited)
SPURA	**₱1,073,500,000**	₱2,100,400,000
Interbank loans receivable	**2,785,148,342**	88,000,000
	₱3,858,648,342	₱2,188,410,000

As of March 31, 2019 and December 31, 2018, the interbank loans receivable of the Group from a local bank has a remaining maturity five (5) years and ten (10) months.

For the three months ended March 31, 2019 and 2018, the interest income from interbank loan receivable amounted to ₱9.00 million and ₱44.67 million, respectively while interest income from SPURA amounted to ₱3.97 million and ₱37.88 million, respectively.

6. Investment Securities

Financial Assets at FVPL

The Group's financial assets at fair value through other profit or loss consist of the following as of:

	March 31, 2019 (Unaudited)	December 31,2018 (Audited)
Derivative assets	**₱62,989,447**	₱62,938,260
Government securities	**61,411,522**	8,206,143
	₱124,400,969	₱71,144,403

Derivative instruments is composed of foreign currency swaps. Foreign currency swaps represent commitments to purchase/sell foreign currency on a future date at an agreed exchange rate.

Financial Assets at Fair Value through Other Comprehensive Income

The Group's financial assets at fair value through other comprehensive income consist of the following as of:

	March 31,2019 (Unaudited)
Government securities	**₱5,755,069,910**
Private bonds	**5,621,960,898**
Quoted equity securities	**191,632,564**
Unquoted equity securities	**23,878,200**
	11,592,541,572
Less allowance for impairment losses (Note 12)	**(7,231)**
	₱11,592,548,803

The government securities and private bonds of the Group earn annual interest ranging from 2.60% to 8.50% and have maturities from 2018 to 2045 as of March 31, 2019.

The quoted equity securities of the Group consist of shares of stocks in a private corporation as of March 31, 2019.

Investment Securities at Amortized Cost

The Group's investment securities at amortized cost consist of the following as of:

	March 31, 2019 (Unaudited)
Government securities	**₱10,661,479,844**
Private bonds	**1,850,474,709**
	₱12,511,954,553

7. Loans and Receivables

This account consists of:

	March 31, 2019 (Unaudited)	December 31,2018 (Audited)
Receivables from customers:		
Commercial	**₱45,167,150,504**	₱44,523,131,006
Real estate	**15,137,691,130**	14,376,289,959
Consumption	**9,426,593,104**	8,545,058,560
Domestic bills purchased (Note 15)	**686,717,745**	834,447,716
	70,418,152,483	68,278,927,241
Less: unearned interest and discount	**396,457,724**	416,063,873
	70,021,694,759	67,862,863,368
Other receivables:		
Accrued interest receivable	**842,395,683**	822,752,349
Accounts receivable	**667,360,477**	777,941,081
Sales contract receivable	**32,861,058**	28,501,001
Lease receivables	**-**	9,660,132
	71,564,311,976	69,501,717,931
Less allowance for credit losses (Note 12)	**1,097,893,641**	1,090,655,715
	₱70,466,418,335	₱68,411,062,216

Receivables from customers earns annual effective interest ranging from 3.25% to 54.08% and from 2.00% to 54.06% in March 31, 2019 and December 31, 2018, respectively. Interest income on loans and receivables amounted to ₱1.40 billion and ₱4.57 billion in March 31, 2019 and December 31, 2018, respectively

8. Property and Equipment

Property and equipment consists of land, building and improvements, furniture, fixtures and equipment, transportation equipment, and leasehold rights and improvements.

Right-of-use of asset consists of leasehold rights and improvements and ATM space.

	March 31, 2019 (Unaudited)			December 31, 2018 (Audited)
	Property and Equipment	Right-of -Use of Asset	Total	Property and Equipment
Cost	**₱2,117,309,065**	**₱858,907,631**	**₱2,976,216,696**	₱2,075,641,849
Less: Accumulated depreciation and amortization	**1,482,511,810**	**78,410,731**	**1,560,922,541**	1,439,737,121
Allowance for impairment losses	**12,650,542**	–	**12,650,542**	12,715,127
	₱622,146,713	**₱780,496,900**	**₱1,402,643,613**	₱623,189,601

The details of depreciation and amortization recognized in the statements of income follow:

	For the period ended March 31	
	2019	2018
Property and equipment	**₱52,807,526**	₱50,527,057
Software costs	**23,260,715**	21,559,542
Repossessed chattels	**11,570,148**	9,689,353
Investment properties	**6,220,179**	4,211,393
	₱298,612	₱ 85,987,345

For the three months ended March 31, 2018, the Group recognized depreciation expense on ROU of asset amounting to ₱78.41 million included under 'Occupancy cost' in the statement of income.

9. Investment Properties

The movement of this account is as follows:

	March 31, 2019 (Unaudited)		
	Land	**Building**	**Total**
Cost			
Balances at beginning of year	**₱192,258,950**	**₱249,313,337**	**₱441,572,287**
Additions	**1,020,319**	**3,426,737**	**4,447,056**
Disposals	**(4,141,489)**	**(7,036,081)**	**(11,177,570)**
Balances at end of the period	**189,137,780**	**245,703,993**	**434,841,773**
Accumulated depreciation			
Balances at beginning of year	–	**65,839,241**	**65,839,241**
Depreciation	–	**6,220,179**	**6,220,179**
Reclassification	-	**(3,834,757)**	**(3,834,757)**
Disposals	–	-	-
Balances at end of the period	–	**68,224,664**	**68,224,664**
Allowance for impairment losses (Note 12)			
Balances at beginning of the period	**29,086,118**	**5,573,378**	**34,659,496**
Disposals	**667,087**	**(558,028)**	**109,059**
Reclassifications	**(26,460)**	-	**(26,460)**
Balances at end of year	**29,726,745**	**5,015,350**	**34,742,095**
Net Book Value at End of the Period	**₱159,411,035**	**₱172,463,980**	**₱331,875,015**

	Consolidated		
	December 2018 (audited)		
	Land	**Building**	**Total**
Cost			
Balances at beginning of year	**₱191,277,293**	**₱186,551,932**	**₱377,829,225**
Additions (Note 29)	**17,862,416**	**98,984,584**	**115,977,809**
Disposals	**(16,880,759)**	**(36,223,179)**	**(53,103,938)**
Reclassifications (Note 10)	–	–	–
Balances at end of year	**192,258,950**	**249,313,337**	**441,572,287**
Accumulated depreciation			
Balances at beginning of year	**₱–**	**₱48,289,885**	**₱48,289,885**
Depreciation (Note 10)	–	**21,686,401**	**21,686,401**
Disposals	–	**(4,137,045)**	**(4,137,045)**
Reclassifications (Note 10)	–	–	–
Balances at end of year	–	**65,839,241**	**65,839,241**
Allowance for impairment losses (Note 14)			
Balances at beginning of year	**33,581,998**	**11,444,696**	**45,026,694**
Provisions	**(3,690,741)**	**(6,079,473)**	**(9,770,214)**
Disposals	**(155,967)**	**(349,873)**	**(505,840)**
Reclassifications (Note 10)	**(649,172)**	**558,028**	**(91,144)**
Balances at end of year	**29,086,118**	**5,573,378**	**34,659,496**
Net Book Value at End of the Year	**₱163,172,832**	**₱177,900,718**	**₱341,073,550**

10. **Branch Licenses**

The movements in this account follow:

	March 31, 2019 (Unaudited)	December 31,2018 (Audited)
Cost		
Balance at beginning of the period	**₱1,232,408,709**	₱1,231,591,268
Additions	**5,834**	617,441
Reclassifications	**–**	200,000
Balance at end of the period	**1,232,414,543**	1,232,408,709
Allowance for impairment losses (Note 12)		
Balance at beginning and end of the period	**232,526,929**	232,526,929
	₱999,887,614	₱999,881,780

The allowance for impairment losses amounting to ₱232.53 million pertain to branches that the Parent Company ceased to operate in 2010.

11. **Other Assets**

This account consists of:

	March 31, 2019 (Unaudited)	December 31,2018 (Audited)
Software costs - net	**₱332,789,496**	₱347,713,754
Creditable withholding tax	**377,702,208**	342,880,003
Prepaid expenses	**193,759,089**	86,803,471
Repossessed chattels - net	**111,802,670**	100,996,525
Refundable deposits	**65,666,860**	64,481,147
Advance payment to suppliers	**25,414,989**	25,675,033
Sundry Debits	**10,899,228**	10,039,066
Bills payment - contra	**2,036,018**	5,622,641
Documentary stamp tax on hand	**5,072,308**	8,546,975
Others	**42,138,888**	26,559,316
	1,167,281,754	1,019,317,931
Allowance for impairment losses (Note 12)	**(2,523,834)**	(14,017,023)
	₱1,164,757,920	₱1,005,300,908

The composition of and the movements in 'Repossessed chattels - net' of the Group follows:

	March 31, 2019 (Unaudited)		
	Cars	**Others**	**Total**
Cost			
Balances at beginning of year	**₱20,880,000**	**₱120,179,531**	**₱141,059,531**
Additions	**12,990,000**	**80,848,700**	**93,838,700**
Disposals	**(3,240,000)**	**(77,672,128)**	**(80,912,128)**
Reclassifications	**(1,575,000)**	**-**	**(1,575,000)**
Balances at end of the period	**29,055,000**	**123,356,103**	**152,411,103**
Accumulated depreciation			
Balances at beginning of year	**₱3,207,854**	**₱35,519,554**	**₱38,727,408**
Depreciation	**2,309,494**	**9,364,874**	**11,674,368**
Disposals	**(515,688)**	**(10,083,844)**	**(10,599,533)**
Reclassifications	**(213,357)**	**-**	**(213,357)**
Balances at end of the period	**4,788,302**	**34,800,584**	**39,588,886**
Allowance for impairment losses (Note 12)			
Balances at beginning of year	**173,364**	**1,220,414**	**1,393,778**
Disposals	**-**	**(374,231)**	**(374,231)**
Reclassifications	**-**	**-**	**-**
Balances at end of the period	**173,364**	**846,182**	**1,019,547**
Net Book Value at End of the Period	**₱24,093,333**	**₱87,709,337**	**₱111,802,671**

	Consolidated		
	December 2018		
	Cars	**Others**	**Total**
Cost			
Balances at beginning of year	**₱14,950,947**	**₱117,093,000**	**₱132,043,947**
Additions (Note 29)	**34,415,000**	**219,722,176**	**254,137,176**
Disposals	**(22,870,947)**	**(215,706,742)**	**(238,577,689)**
Reclassifications (Note 10)	**(5,615,000)**	**(669,305)**	**(6,284,305)**
Balances at end of year	**20,880,000**	**120,439,129**	**141,319,129**
Accumulated depreciation			
Balances at beginning of year	**514,323**	**29,147,183**	**29,661,506**
Depreciation (Note 10)	**5,472,418**	**31,272,502**	**36,744,920**
	(2,016,497)	**(24,506,871)**	**(26,523,368)**
Reclassifications (Note 10)	**(762,389)**	**(200,497)**	**(962,886)**
Balances at end of year	**3,207,855**	**35,712,317**	**38,920,172**
Allowance for impairment losses (Note 14)			
Balances at beginning of year	**649,317**	**11,751,543**	**12,400,860**
Provisions	**170,169**	**(6,562,534)**	**(6,392,365)**
Disposals	**(494,318)**	**(3,848,727)**	**(4,343,045)**
Reclassifications (Note 10)	**(288,580)**	**25,562**	**(263,018)**
Balances at end of year	**36,588**	**1,365,844**	**1,402,432**
Net Book Value at End of the Year	**₱17,635,557**	**₱83,360,968**	**₱100,996,525**

Movements in 'Software costs - net' follow:

	March 31, 2019 (Unaudited)	December 31,2018 (Audited)
Cost		
Balance at beginning of year	**₱764,937,508**	₱653,896,383
Additions	**109,430,162**	111,293,626
Reclassifications	**-**	(235,000)
	874,367,670	764,955,009
Accumulated amortization		
Balance at beginning of year	**₱417,223,754**	₱326,075,614
Amortization	**124,336,920**	91,165,641
Reclassifications	**17,500**	(17,500)
Balance at end of year	**541,578,174**	417,241,255
Net Book Value at the End of the Year	**₱332,789,496**	₱347,713,754

12. **Allowance for Credit and Impairment Losses**

Movements in the allowance for credit and impairment losses follow:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Balance at beginning of period, as previously reported:		
Loans and receivables	**₱1,103,022,464**	₱1,103,022,464
Property and equipment	**12,596,266**	12,596,266
Investment properties	**45,026,694**	45,026,694
Branch licenses	**232,526,929**	232,526,929
Repossessed chattels	**12,400,860**	12,400,860
Other assets	**10,201,994**	10,201,994
	1,415,775,207	1,415,775,207
PFRS 9 transition adjustments	**7,379,918**	21,163,184
Provision for the year		100,133,645
Disposals	**(31,539,164)**	(150,478,595)
Reversal/Others	**(325,553)**	(615,128)
	(24,484,799)	(29,797,690)
Balance at end of period:		
FA at FVOCI	**(7,231)**	75
Loans and receivables	**1,097,893,641**	1,090,655,715
Property and equipment	**12,715,127**	12,715,127
Investment properties	**44,609,202**	34,659,496
Branch licenses	**232,526,929**	232,526,929
Repossessed chattels	**1,028,906**	1,402,432
Other assets	**2,523,834**	14,017,023
	₱1,391,290,408	₱1,385,977,517

13. **Deposit Liabilities**

The breakdown of deposit liabilities account as to currency follows:

	March 31, 2019 (Unaudited)	December 31,2018 (Audited)
Philippine pesos	**₱80,501,956,056**	₱83,404,406,241
Foreign currencies	**12,615,279,745**	11,601,987,494
	₱93,117,235,801	₱95,006,393,735

Outstanding deposit liabilities of the Group bear annual fixed interest rates ranging from nil to 6.00% on March 31, 2019 and from nil to 4.50% on December 31, 2018. The Group recognized interest expense on deposit liabilities amounting to ₱772.56 million and ₱2.071 billion as of March 31, 2019 and December 31, 2018, respectively.

Long-Term Negotiable Certificates of Deposit (LTNCD)
On May 4, 2017, the BSP approved the Parent Company's issuance of the ₱3.00 billion LTNCD, with a right to increase the aggregate issue up to ₱5.0 billion in the event of over subscription.

On June 16, 2017, the Parent Company listed its LTNCD issuance amounting to ₱4.18 billion through the PDEx. The minimum investment was ₱50,000 with increments of ₱10,000 thereafter. The peso-denominated issue will mature on December 16, 2022 with nominal interest rate of 4.125% and EIR of 4.287%, payable every quarter. The proceeds was used to diversify the Parent Company's maturity profile and funding sources and general corporate purposes.

14. Interbank Loans Payable

The interbank loans payable of the Group pertains to short-term peso denominated borrowings with DBP wholesale lending facility with an interest rate of 5.00%.

15. Accrued Expenses and Other Liabilities

Accrued expenses account consist of:

	March 31, 2019 (Unaudited)	December 31,2018 (Audited)
Accrued expenses	**₱ 427,237,903**	₱449,314,871
Accrued interest payable	**209,898,663**	205,501,524
	₱682,136,566	₱654,816,395

Accrued expenses consist of accruals and provisions for general expenses, bonuses and insurance on deposits, fees and advertisements.

Other liabilities include:

	March 31, 2019 (Unaudited)	December 31,2018 (Audited)
Accounts payable	**₱828,758,867**	₱854,798,024
Lease liability	**780,749,543**	**-**
Bills purchased-contra	**686,717,745**	834,447,716
Retirement liability	**104,275,153**	94,623,826
Withholding taxes and other taxes payable	**103,912,597**	117,779,729
Acceptances payable	**115,937,534**	116,846,747
Dormant manager's checks	**49,291,141**	49,884,459
Income tax payable	**12,242,379**	2,321,967
Derivative liabilities	**-**	336,698
Bills payment	**806,406**	
Redeemable preferred shares	**500,000**	500,000
Others	**69,989,039**	83,529,170
	₱2,753,180,404	₱2,155,068,336

16. **Equity**

This account consists of:

	Shares		Amount	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)	**March 31, 2019 (Unaudited)**	December 31, 2018 (Audited)
Common shares - ₱10 par value				
Authorized	**1,500,000,000**	1,500,000,000	**₱15,000,000,000**	₱15,000,000,000
Issued and outstanding				
Balances at beginning and end of year	**1,500,000,000**	1,500,000,000	**₱15,000,000,000**	₱15,000,000,000

Surplus Reserves
In compliance with existing BSP regulations, 10.00% of the net profits realized by the Parent Company from its trust business is appropriated to surplus reserve. The yearly appropriation is required until the surplus reserve for trust business equals 20.00% of the Parent Company's regulatory capital.

In 2018 and 2017, the Parent Company's BOD approved to appropriate reserves for trust reserves amounting to ₱0.62 million and ₱0.64 million, respectively. In 2017, the Parent Company's BOD approved to reverse appropriation of reserves for self-insurance amounting to ₱106.95 million.

17. **Leases**

Operating Lease - Group as Lessee
The Group leases its head office and branch premises for periods ranging from one (1) to fifteen (15) years, renewable upon mutual agreement of both parties. Various lease contracts of the Group include escalation clauses, most of which bear annual rent increase ranging from 5.00% to 10.00%.

As of March 31, 2019 and 2018, the lease rentals of the Group charged to operations amounted to ₱319.83 million, and ₱340.06 million, respectively, are included under 'Occupancy and equipment-related expenses' in the interim consolidated statements of income.

Future minimum rentals payable on non-cancellable leases follow:

	March 31, 2019 (Unaudited)	December 31,2018 (Audited)
Within one year	**₱264,987,929**	₱264,987,929
Beyond one year but not more than five years	**493,544,529**	493,544,529
More than five years	**40,538,482**	40,538,482
	₱799,070,941	₱799,070,940

Finance Lease - LSB as Lessor
LSB has entered to a lease on its investment property portfolio. The lease contract provides an option to purchase the properties the end of the lease term. The lease has a lease term of ten (10) years, from April 30, 2009 to March 31, 2019. The building being leased out has an estimated useful life of ten (10) years.

As of March 31, 2019 and 2018, the future minimum lease receivables under the finance lease are as follows:

	March 31, 2019 (Unaudited)			December 31, 2018 (Audited)		
	Minimum Lease Receivable	**Interest**	**Principal**	Minimum Lease Receivable	Interest	Principal
Within one year	**₱10,562,500**	**₱1,328,916**	**₱9,233,584**	₱10,562,500	₱1,328,916	₱9,233,584
Beyond one year but not more than five years	–	–	–	-	-	-
	₱10,562,500	**₱1,328,916**	**₱9,233,584**	₱10,562,500	₱1,328,916	₱9,233,584

18. **Income and Expenses**

Net service fees and commission income consists of:

	March 31, 2019 (Unaudited)	March 31,2018 (Unaudited)
Service fees and commission income:		
Deposit-related	**₱13,612,040**	₱16,792,638
Credit-related	**34,175,392**	18,319,663
Commissions	**13,573,143**	8,418,982
Utility and store payment charges	**50,358,010**	4,862,662
Trust and other fiduciary	**3,932,869**	3,646,007
	115,651,454	52,039,952
Service charges and commission expense:		
Banking fees	**18,680,547**	11,832,294
Brokerage and commissions	**4,204,811**	4,532,871
	22,885,358	16,365,165
	₱92,766,096	₱35,674,787

Miscellaneous income consists of:

	March 31, 2019 (Unaudited)	March 31,2018 (Unaudited)
Penalties	**₱7,779,007**	₱7,226,067
Gain on sale of property and equipment	**2,605,562**	300,679
Loss on sale of repossessed chattels	**(8,116,298)**	
Recovery on charged-off assets	**1,053,290**	159,272
Loss on sale of investment properties	**(989,590)**	(3,403,821)
Loss on initial recognition of investment properties and repossessed chattels (Note 9)	**(13,688,930)**	(3,916,189)
Others	**11,629,350**	10,351,759
	₱272,391	₱10,717,767

Other income includes share on notarial and insurance fees, rental income from safety deposit box, night depository and dividend income.

Miscellaneous expenses consist of:

	March 31,2019 (Unaudited)	March 31,2018 (Unaudited)
Advertising	**₱11,840,737**	₱11,569,068
Transportation and travel	**15,656,552**	11,067,227
Stationery and supplies	**12,526,068**	10,482,210
Fines, penalties and other charges	**5,215,896**	5,182,971
Litigation expense on assets acquired	**2,460,930**	3,615,941
Membership dues	**1,860,351**	2,434,898
Appraisal fees	**3,914,195**	322,567
Others	**49,352,840**	4,953,029
	₱102,827,569	₱49,627,911

19. Income and Other Taxes

Provision for income tax of the Group consists of:

	March 31, 2019 (Unaudited)	March 31,2018 (Unaudited)
Current:		
Final	**₱44,278,807**	₱46,821,867
MCIT	**-**	–
RCIT	**10,887,892**	12,917,484
	55,166,699	59,739,351
Deferred	**(823,226)**	(1,415,229)
	₱54,343,473	₱58,324,122

A reconciliation of the statutory income tax rate to the effective income tax rate of the Group follows:

	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Statutory income tax rate	**30.00%**	30.00%
Tax effect of:		
Tax paid and tax-exempt income	**(4.24%)**	(11.16%)
Non-deductible expenses	**45.15%**	13.01%
Unrecognized deferred tax assets	**(4.15%)**	3.31%
FCDU income	**(1.37%)**	(11.35%)
Others - net	**0.55%**	8.61%
Effective income tax rate	**57.54%**	32.42%

20. **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subjected to common control of common significant influence such as subsidiaries and associates of subsidiaries or other related parties. Related parties may be individuals or corporate entities.

The Parent Company has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time of comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectability or present other unfavorable conditions.

In the ordinary course of business, the Parent Company has loan transactions with affiliates and with certain DOSRI. Existing banking regulations limit the amount of individual loans to DOSRI, 70.00% of which must be secured, to the total of their respective deposits and book value of their respective investments in the Parent Company. In the aggregate, loans to DOSRI generally should not exceed the Bank's total regulatory capital or 15.00% of total loan portfolio, whichever is lower.

On January 31, 2007, BSP Circular No. 560 was issued providing the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks. Under the said circular, the total outstanding exposures to each of the bank's subsidiaries and affiliates shall not exceed 10.00% of bank's net worth, the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank. BSP Circular No. 560 is effective on February 15, 2007.

The fair value of plan assets of the Parent Company's employees amounted to ₱77.81 million as of December 31, 2017. The fund is being managed by JG Summit Multi-Employer Retirement Plan (MERP), a corporation created for the purpose of managing the funds of the Group, with Robinsons Bank Corporation (RBC)-Trust and Investment Group as the trustee.

The retirement plan under the MERP has an Executive Retirement Committee, which is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the plan. Certain members of the BOD of the Parent Company are represented in the Executive Retirement Committee. RBC manages the plan based on the mandate as defined in the trust agreement.

21. Commitments and Contingencies

a. The Group is also involved in a number of legal proceedings. The estimate of the probable costs for the resolutions of these claims has been developed in consultation with outside counsel handling the Group's defense and is based on an analysis of potential results. The Group does not believe that these proceedings will have a material adverse effect on the financial statements.

b. In the normal course of the Group's operations, there are various outstanding commitments, contingent liabilities and bank guarantees which are not reflected in the accompanying financial statements. The Group does not anticipate material unreserved losses as a result of these transactions.

   Following is a summary of the Group's commitments and contingent liabilities at their equivalent peso contractual amounts:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Trust and investment group accounts	**₱17,634,670,962**	₱17,500,291,971
Spot exchange - foreign currency	**5,818,778,785**	4,857,697,000
Committed credit lines	**5,981,973,116**	
Contingent - foreign currency swap	**105,652,930**	290,189,057
Outward bills for collection	**507,883,405**	529,964,368
Letters of credit	**246,797,163**	382,180,629
Inward bills for collection	**505,354,459**	1,144,692,773
Guarantees issued	**1,958,119,793**	1,957,917,773
Late deposit/payment received	**115,688,151**	77,016,740
Items held for safekeeping	**55,414**	54,874
Other contingent account	**183,429**	181,357

22. Segment Information

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served with segment representing a strategic business unit. The Group's business segments follow:

- Consumer Banking - principally providing consumer type loans and support for effective sourcing and generation of consumer business;
- Corporate Banking - principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- Treasury - principally providing money market, trading and treasury services, as well as the management of the Group's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and corporate banking;
- Branch Banking - principally handling branch deposits and providing loans and other loan related businesses for domestic middle market clients; and

- Others - principally handling other services including but not limited to trust operations, remittances, leasing, account financing, and other support services. Other operations of the Group comprise the operations and financial control groups.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income after taxes, which is measured in a manner consistent with PFRS as shown in the statements of income. This is regularly reported to the Group's Chief Operating Decision Maker. The Group's Chief Operating Decision Maker is the Parent Company's President and Chief Executive Officer.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Interest income is reported net, as management primarily relies on the net interest income as performance measure, not the gross income and expense.

The Group's revenue-producing assets are located in the Philippines (i.e., one geographical location), therefore, geographical segment information is no longer presented.

The Group has no significant customers which contributes 10.00% or more of the consolidated revenue net of interest expense. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to business segments based on a pool rate which approximates the cost of funds.

The following table presents revenue and income information of operating segments presented in accordance with PFRS and segment assets and liabilities (amounts in millions):

	March 31, 2019 (Unaudited)					
	Consumer Banking	**Corporate Banking**	**Treasury**	**Branch Banking**	**Others**	**Total**
Statement of Income						
Net interest income:						
Third party	**₱673**	**₱636**	**(₱320)**	**(₱158)**	**₱73**	**₱904**
	673	**636**	**(320)**	**(158)**	**73**	**904**
Noninterest income	**42**	**4**	**72**	**33**	**29**	**180**
Revenue - net of interest expense	**715**	**640**	**(248)**	**(125)**	**102**	**1,084**
Noninterest expense	**199**	**48**	**86**	**290**	**351**	**974**
Income before income tax	**₱516**	**₱592**	**(₱334)**	**(₱415)**	**(₱249)**	**₱110**
Provision for income tax						**54**
Net income						**₱56**
Statement of Financial Position						
Total assets	**₱35,088**	**₱33,140**	**₱44,717**	**₱2,084**	**₱5,711**	**₱120,740**
Total liabilities	**₱1,565**	**₱1,879**	**₱48,941**	**₱49,987**	**₱2,297**	**₱104,669**
Other Segment Information						
Capital expenditures	**₱45**	**₱17**	**₱8**	**₱319**	**₱223**	**₱612**
Depreciation and amortization	**₱10**	**₱8**	**₱1**	**₱12**	**₱59**	**₱90**
Provision for credit and impairment losses	-	-	–	–	-	-

	March 31, 2018 (Unaudited)					
	Consumer Banking	Corporate Banking	Treasury	Branch Banking	Others	Total
Statement of Income						
Net interest income:						
Third party	₱488	₱462	(₱47)	(₱113)	₱49	839
	488	462	(47)	(113)	49	839
Noninterest income	21	4	92	26	9	152
Revenue - net of interest expense	509	466	45	(87)	58	991
Noninterest expense	125	42	76	249	320	812
Income before income tax	₱384	₱424	(₱31)	(336)	(₱262)	₱179
Provision for income tax						58
Net income						₱121
Statement of Financial Position						
Total assets	₱28,187	₱27,202	₱42,342	₱2,102	₱4,977	₱104,810
Total liabilities	₱437	₱626	₱45,511	₱43,284	₱2,185	₱92,043
Other Segment Information						
Capital expenditures	₱48	₱26	₱3	₱290	₱217	₱584
Depreciation and amortization	₱8	₱7	₱–	₱11	₱60	₱86
Provision for credit and impairment losses	₱–	(₱19)	₱–	₱–	₱2	(₱17)

Non-interest income consists of service charges, fees and commissions, profit from assets sold, trading and securities gain - net, foreign exchange gain - net, income from trust operations, leasing, dividends and miscellaneous income. Non-interest expense consists of compensation and fringe benefits, taxes and licenses, provision for credit and impairment losses, depreciation and amortization, occupancy and equipment-related cost, amortization of software costs, income (loss) attributable to non-equity non-controlling interest and miscellaneous expense.

23. Financial Performance

The following basic ratios measure the financial performance of the Group:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Return on average equity	**2.68%**	2.59%
Return on average assets	**0.36%**	0.28%
Net interest margin on average earnings assets	**3.14%**	3.33%

Notes to Statements of Cash Flows

The Group has the following non - cash transactions:

1. Interbank loans receivables of the Group from local bank amounting to ₱2,832.86 million and ₱ 96.00 million as of September 30, 2018 and 2017, respectively, which has an original maturity of more than three (3) months are not considered cash and cash equivalents.

2. On January 1, 2018, the Group reclassified investment securities from financial assets at FVPL to amortized cost amounting to ₱48.10 billion, from AFS investments to financial assets at FVOCI amounting to ₱8.24 billion and from AFS investments to investment securities at amortized cost amounting to ₱10.95 billion are considered as non-cash transfers (see Note 2).

ROBINSONS BANK CORPORATION AND SUBSIDIARY
AGING OF ACCOUNTS RECEIVABLES
AS OF MARCH 31, 2019

NO. OF DAYS OUTSTANDING	AMOUNT (In thousands)
1 - 90	₱69,490
91 - 180	1,856
181 - 360	135
OVER 360	39,822
GRAND TOTAL	₱111,304

ROBINSONS BANK CORPORATION AND SUBSIDIARY
FINANCIAL SOUNDNESS INDICATORS
AS OF AND FOR THE PERIOD ENDED MARCH 31, 2019 AND DECEMBER 31, 2018

	March 2019	2018
Ratio of liquid assets to total assets	**38.64%**	41.98%
Ratio of debt to equity	**651.46%**	767.53%
Return on average equity	**2.68%**	2.56%
Return on average assets	**0.36%**	0.34%
Net interest margin on average earning assets	**3.14%**	3.50%
Capital Adequacy Ratio (CAR)	**19.09%**	19.62%

Robinsons Bank Corporation
and Subsidiary

Management's Discussion
and Detailed Analysis of Financial Condition and Results of Operations

ROBINSONS BANK CORPORATION AND SUBSIDIARY
KEY PERFORMANCE INDICATORS

The Group monitors its financial performance based on the following indicators:

	March 31, 2019	December 31, 2018
Capital Adequacy Ratio (CAR)	**19.09%**	19.62%
Non-Performing Loans (NPL) Ratio	**1.10%**	0.91%
Non-Performing Loans (NPL) Cover	**32.54%**	40.90%

	YTD March 31, 2018	YTD December 31, 2018
Return on Equity (RoE)	**2.68%**	2.59%
Return on Assets (RoA)	**0.36%**	0.34%
Net Interest Margin (NIM)	**3.14%**	3.34%

Capital Adequacy Ratio (CAR)

CAR, also known as Capital to Risk Weighted Assets Ratio, is the ratio of a bank's capital to its risk. Qualifying capital and risk-weighted assets are computed based on BSP regulations.

As of March 31, 2019 and December 31, 2018, the Group was in compliance with the required CAR.

Non-Performing Loans (NPL) Ratio

NPL Ratio is computed based on total NPL (net of specific allowance for probable losses) over gross loans.

Non-Performing Loans (NPL) Cover

NPL Cover is computed based on total allowance for probable losses on loans over total NPL (gross of specific allowance for probable losses).

Return on Equity (RoE)

RoE or the ratio of annualized net income to average capital funds, measures the return on capital provided by the stockholders.

Return on Assets (RoA)

RoA or the ratio of annualized net income to average total assets, measures the return on money provided by both stockholders and creditors, as well as how efficiently all assets are managed.

ROBINSONS BANK CORPORATION AND SUBSIDIARY

ANALYSIS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF MARCH 31, 2019 (UNAUDITED) AND DECEMBER 31, 2018 (AUDITED)

Assets

The Group's total assets as of March 31, 2019 does have any significant movements from the balances as of December 31, 2018. Thus, movements within assets of the Group were only due to reclassification made for the transition from PAS 39 to PFRS 9.

Liabilities

The Group's total liabilities as of March 31, 2019 does have any significant movements from the balances as of December 31, 2018 except for the Bank's Loans and Receivable amounting to ₱1.8 billion.

The composition of the balance slightly shifted in favor of the time deposit. This is consistent with the expectation since the Bank established additional branches in various geographical areas and a large portion of the new clients are individual depositors. The increase is also supported by the Bank's competitive peso savings deposit interest rate at 0.25% per annum - the average interest rate offered by commercial banks in the country. With Vision 2020, the Bank targets to raise the number of its branches to 200. As of March 31, 2019, the Parent Bank has already established 144 branches while LSB, its subsidiary, has 15 branches spread throughout the country as well as a number of MBOs and OBOs.

Equity

Retained earnings of the Bank increased by 30% amounting to ₱3.7 billion from December 31, 2018 to March 31, 2019 due to additional capital amounting ₱3.0 billion and the net income recognized by the Group.

ROBINSONS BANK CORPORATION AND SUBSIDIARY

ANALYSIS OF CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED) FOR THE PERIODS ENDED MARCH 31, 2019 AND 2018

Net Income

Net income amounted to ₱53.2 million in the first quarter of 2019, showing a decline of 56.2% from March 2018's ₱121.6 million. The decrease is brought about by higher Operating Expenses by ₱158.3 million reaching ₱953.5 million this year or 19.9% growth from ₱795.1 million in the first quarter of 2018. This was partly offset by the increase in Total Operating Income by 8.8% or ₱86.0 million higher than the same period last year.

Interest Income

Interest Income was higher than prior year by 33.85% or by ₱437.3 million on account of significant improvement in loan-related activities and financial investments during the period. Interest on Loans and Receivables rose by 40.5% or ₱403.7 million given that there is a significantly bigger loan portfolio compared with the same period last year. Likewise, the Interest on Financial Investments grew by 22.2% or ₱55.1 million due to a higher level of financial investments this year. Meanwhile, Interest on Deposits with BSP and Other Banks dropped by 15.4% or ₱2.0 million as well as Interest on Interbank Loans Receivables and Securities Purchased under Resale Agreement dropped by 57.3% or ₱19.5 million.

Interest Expense

Interest Expense rose by 82.3% to ₱825.3 million due to significant increase in deposits and bills payable, particularly from the ₱321.0 million increase in related interest expenses on bank deposit products.

Other Income

Other Income increased by 15.7% to ₱157.1 million for the period ended March 2019 due to increases in Net Service Fees and Commission Income and Trading and Securities Gains. The increase in these line items however, was partly offset by the decrease in Foreign Exchange Gains.

Net Service Fees and Commission Income rose by 160.0% or ₱57.1 million from March 2018 on account of higher revenues earned on fee-based activities. Trading and Securities Gains likewise improved from ₱8.11 million in the first quarter of 2018 to ₱49.2 million in the same period this year.

Operating Expenses

Operating expenses were up by 19.9% or ₱158.3 million at ₱953.5 million in the first quarter of 2019. The significant increases in Compensation and Fringe Benefits; Taxes and Licenses Expense; and Occupancy and Equipment-related Costs by ₱42.7 million (16.7%), ₱36.1 million (31.8%), and ₱15.5 million (14.1%), respectively, are mainly attributable to business expansion activities.

ROBINSONS BANK CORPORATION AND SUBSIDIARY
OTHER MATTERS

Liquidity

The Bank's liquidity position is sufficient with liquid assets to total assets ratio of 38.64% as of March 31, 2019. The Bank does not foresee any cash flow problems within the next 12 months and is not in default or breach of any form of indebtedness. Payables have been paid by the Bank within the stated terms. Lastly, there are no known trends, events or uncertainties that will likely affect the Bank's liquidity position in any material way.

Events That Will Trigger Material Direct or Contingent Financial Obligation

These events are discussed under Note 21 - Commitments and Contingencies of the Notes to Unaudited Interim Consolidated Condensed Financial Statements.

Material Off-Balance Sheet Transactions, Arrangements or Obligations

The summary of contingencies and commitments at their peso-equivalent contractual amounts arising from off-balance sheet items are discussed under Note 21 - Commitments and Contingencies of the Notes to Unaudited Interim Condensed Financial Statements. Likewise, the summary of obligations are discussed in Note 5 - Equity.

Material Commitments for Capital Expenditures

For the year 2019, the Bank estimates to incur capital expenditures of about ₱649.5 million, mainly for branch expansion and implementation of IT-related projects. These will be funded out of cash flows from operations.

Material Impact on Income from Continuing Operations

In the normal course of operations, the Group's activities are affected by changes in interest rates, foreign currency exchange rates and other market changes. The Group follows a prudent policy on managing its assets and liabilities to ensure that exposure to fluctuations in interest rates and foreign currency exchange rates are kept within acceptable limits and within regulatory guidelines.

Significant Elements of Income or Loss that did not arise from Continuing Operations

There are no significant elements of income or loss that did not arise from continuing operations of the Group.

Seasonal aspects that have a material effect on the financial condition or results of operations.

The Group's financial position or results of operations are not affected by seasonal aspects.