

SEC Number : PW 105
File Number

PHILTRUST BANK

(PHILIPPINE TRUST COMPANY)

(Company's Full Name)

UNITED NATIONS AVENUE COR. SAN MARCELINO ST. MANILA

(Company's Address)

524- 90 - 61

(Telephone Number)

(Fiscal Year Ending)
(month & day)

SEC 17- Q

(Form Type)

N / A

(Amendment Designation (If applicable))

QUARTER ENDED MARCH 31, 2019

(Period Encoded Date)

NONE

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2019
2. Commission Identification Number 105
3. BIR Tax Identification Number 000-541-102
4. Exact name of issuer as specified in its charter PHILIPPINE TRUST COMPANY-PHILTRUST BANK
5. Province, country or other jurisdiction of incorporation or organization MANILA
6. Industry Classification Code (SEC Use Only) _____
7. Address of issuer's principal office United Nations Avenue corner San Marcelino St. Manila
8. Issuer's telephone number, including area code 524-90-61 02
9. Former name, former address and former fiscal year, if changed since last report NA
10. Securities registered pursuant to Section 8 & 12 of the Code or Section 4 & 8 of the RSA.

Title of each class	Number of Shares of common stock outstanding and amount of debt outstanding
<u>COMMON</u>	<u>1,000,000,000</u>

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

Yes (/) No ()

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

PHILIPPINE STOCK EXCHANGE COMMON

12. Indicate by check mark whether the registrant

(a) has filed all reports required to be filed Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of 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 (/) No ()

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

Yes () No (/)

Part 1 - Financial Information

Item 1. Financial Statements

SCHEDULE 1

**PHILTRUST BANK
PHILIPPINE TRUST COMPANY
COMPARATIVE STATEMENT OF CONDITION**

	UNAUDITED	AUDITED
	MARCH 31, 2019	DECEMBER 31, 2018
<u>ASSETS</u>		
Cash and Other Cash Items	1,036,248,193.58	1,134,061,909.21
Due from Bangko Sentral ng Pilipinas	18,221,300,009.32	18,390,980,348.10
Due from Other Banks	2,796,904,166.69	3,491,324,646.08
Available-for-Sale Investments	52,375,865,582.41	33,929,701,807.45
Held-to-Maturity Investments	25,546,493,798.97	39,078,572,640.31
Loans and Receivables, net	50,639,991,365.81	51,563,908,545.64
Property and equipment	2,763,993,216.18	2,751,645,476.05
Investment properties	2,893,192,586.13	1,398,515,599.87
Deferred Tax Assets	1,011,204,304.43	1,064,438,303.23
Other Assets	370,732,802.42	207,395,810.00
TOTAL ASSETS	157,655,926,025.94	153,010,545,085.94
<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>		
Deposits - Demand	1,694,394,911.25	2,031,739,880.54
- Savings	87,098,133,706.73	87,138,319,833.42
- Time Certificate of Deposits	43,078,896,617.41	42,007,027,548.54
Total Deposits	131,871,425,235.39	131,177,087,262.50
Manager's Checks and Demand Drafts Outstanding	135,206,442.09	111,967,577.42
Accrued Taxes, Interest and Other Expenses	356,672,098.54	299,366,040.62
Retirement benefit obligation	7,228,203.00	6,874,820.00
Deferred Credits and Other Liabilities	342,063,286.15	264,672,857.06
TOTAL LIABILITIES	132,712,595,265.17	131,859,967,557.60
<u>EQUITY ACCOUNTS</u>		
Capital Stock	10,000,000,000.00	10,000,000,000.00
Reserves	72,320,381.78	72,320,381.78
Surplus	13,453,329,892.56	11,295,998,792.50
Undivided Profits	250,148,264.57	823,761,301.79
Net Unrealized Gains/(Losses)	904,964,080.60	(1,304,398,824.79)
Cummulative Translation Adjustments	254,900,216.66	254,900,216.66
Remeasurements of retirement benefit obligation	7,667,924.60	7,995,660.40
TOTAL EQUITY ACCOUNTS	24,943,330,760.77	21,150,577,528.34
TOTAL LIABILITIES & EQUITY ACCOUNTS	157,655,926,025.94	153,010,545,085.94
<u>CONTINGENT ACCOUNTS</u>		
Financial Standby Letters of Credit	0.00	0.00
Performance Standby Letters of Credit	29,602,500.00	41,909,750.00
Commercial Letters of Credit	367,057,111.17	321,180,907.48
Trade Related Guarantees	0.00	1,035,712.97
Trust Department Accounts	949,690,975.69	897,241,861.33
Others	71,823,524.56	22,223,591.67
TOTAL CONTINGENT ACCOUNTS	1,418,174,111.42	1,283,591,823.45

PHILTRUST BANK
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2019 & 2018

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Net Income	250,148,264.57	449,064,361.67
Other Comprehensive Income	<u>2,994,464,418.66</u>	<u>(2,655,840,424.99)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>3,244,612,683.23</u></u>	<u><u>(2,206,776,063.32)</u></u>

PHILTRUST BANK
STATEMENTS OF INCOME
FOR THE PERIOD ENDED MARCH 31, 2019 & 2018

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
INTEREST INCOME		
On Loans and Advances	787,514,814.35	335,592,957.20
On Investments & Trading Account Securities	302,124,250.84	36,612,219.76
On Available for Sale Securities	564,877,807.73	772,517,661.81
On Deposits with Banks	339,179,988.05	211,843,932.57
TOTAL INTEREST INCOME	<u>1,993,696,860.97</u>	<u>1,356,566,771.34</u>
INTEREST EXPENSE		
On Deposits	1,210,538,405.39	665,007,215.41
NET INTEREST INCOME	783,158,455.58	691,559,555.93
PROVISION FOR PROBABLE LOSSES	<u>36,620,937.31</u>	<u>35,434,044.11</u>
NET INTEREST INCOME AFTER PROVISION FOR PROBABLE LOSSES	746,537,518.27	656,125,511.82
OTHER INCOME		
Income from Foreign Exchange Profit	4,343,582.73	69,498,609.46
Service Charges and Commissions	14,381,281.29	11,602,897.00
Other Operating Income	145,762,600.68	306,904,237.44
TOTAL OTHER INCOME	<u>164,487,464.70</u>	<u>388,005,743.90</u>
OTHER EXPENSES		
Compensation and Fringe Benefits	187,022,270.63	203,864,432.44
Occupancy and Equipment-related Expenses-Rental	16,091,107.32	15,956,154.63
Depreciation/Amortization	20,467,656.41	17,892,803.41
Taxes and Licenses	87,213,131.26	53,073,673.69
Other Operating Expenses	196,927,030.41	189,984,063.20
TOTAL OTHER EXPENSES	<u>507,721,196.03</u>	<u>480,771,127.37</u>
INCOME BEFORE INCOME TAX	403,303,786.94	563,360,128.35
PROVISION FOR INCOME TAX	<u>153,155,522.37</u>	<u>114,295,766.68</u>
NET INCOME FOR THE QUARTER	<u>250,148,264.57</u>	<u>449,064,361.67</u>
EARNINGS PER SHARE	0.25	0.45

PHILTRUST BANK
 Computation of Earnings Per Share

No. of Shares - 1,000,000,000

	March 31, 2019	March 31, 2018
Net Income for the period	250,148,264.57	449,064,361.67
Net Income Divided by No. of Shares	250,148,264.57	449,064,361.67
	1,000,000,000	1,000,000,000
Earnings Per Share	0.25	0.45

PHILTRUST BANK
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
AS OF MARCH 31, 2019 & 2018

AS OF MARCH 31, 2019	COMMON	SURPLUS	RESERVE	UNDIVIDED PROFIT	NET UNREALIZED GAINS/(LOSSES)	CUMMULATIVE TRANS. ADJUSTMENTS	RETIREMENT BENEFIT
Balance, Dec. 31, 2018	10,000,000,000.00	11,743,847,342.50	72,320,381.78	1,709,482,550.06			
Transfer of Undivided Profit to Surplus		1,709,482,550.06		(1,709,482,550.06)			
Adjustment on Undivided Profit		0.00		0.00			
Net Income for the period March 31, 2019				250,148,264.57			
Net Unrealized Gains/(Losses)					904,964,080.60		
Cummulative Translation Adjustments						254,900,216.66	
Retirement Benefit							7,667,924.60
Balance, March 31, 2019	10,000,000,000.00	13,453,329,892.56	72,320,381.78	250,148,264.57	904,964,080.60	254,900,216.66	7,667,924.60

AS OF MARCH 31, 2018	COMMON	SURPLUS	RESERVE	UNDIVIDED PROFIT	NET UNREALIZED GAINS/(LOSSES)	CUMMULATIVE TRANS. ADJUSTMENTS	RETIREMENT BENEFIT
Balance, Dec. 31, 2017	10,000,000,000.00	10,427,616,953.77	72,320,381.78	1,738,344,838.95			
Transfer of Undivided Profit to Surplus		1,738,344,838.95		(1,738,344,838.95)			
Adjustment on Undivided Profit		0.00		0.00			
Net Income for the period March 31, 2018				449,064,361.67			
Net Unrealized Gains/(Losses)					(921,636,833.66)		
Cummulative Translation Adjustments							
Retirement Benefit							6,569,343.20
Balance, March 31, 2018	10,000,000,000.00	12,165,961,792.72	72,320,381.78	449,064,361.67	(921,636,833.66)	0.00	6,569,343.20

PHILTRUST BANK
STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2019 & 2018

	<u>MARCH 31, 2019</u>	<u>MARCH 31, 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	403,303,786.94	563,360,128.35
Adjustments for:		
Allowance for Losses	36,620,937.31	35,434,044.11
Depreciation/Amortization	20,467,656.41	17,892,803.41
Auditor's adjustments	692,956,946.39	(292,604,043.67)
Operating Income before working capital changes	<u>1,153,349,327.05</u>	<u>324,082,932.20</u>
Decrease(Increase) in:		
Loans & Receivables	923,917,179.83	(3,745,286,564.00)
Investment Properties	(1,094,676,986.26)	(2,000,338.64)
Other Resources	(110,102,993.62)	(91,391,456.53)
Increase (Decrease) in:		
Deposit Liabilities	694,337,972.89	2,209,026,376.37
Manager's Checks	23,238,864.67	69,073,496.99
Accrued Taxes	57,307,057.92	46,538,147.97
Deferred Credits & Other Liabilities	77,743,812.09	(213,869,092.47)
Cash Generated from Operations	<u>1,725,114,234.57</u>	<u>(1,403,826,498.11)</u>
Income Taxes Paid	<u>(153,155,522.27)</u>	<u>(167,369,443.37)</u>
Net Cash Provided by Operating Activities	<u>1,571,958,712.30</u>	<u>(1,571,195,941.48)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property & Equipment	32,815,396.54	36,110,762.71
Decrease(Increase) in:		
Investment Securities	<u>(2,566,688,642.64)</u>	<u>(1,891,463,800.45)</u>
Cash used in Investing Activities	<u>(2,533,873,246.10)</u>	<u>(1,855,353,037.74)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(961,914,533.80)</u>	<u>(3,426,548,979.22)</u>
Cash & Cash Equivalents, Beginning		
Cash & Other Cash Items	1,134,061,909.21	828,234,087.10
Due from Bangko Sentral ng Pilipinas	18,390,980,348.10	25,587,474,905.28
Due from Other Banks	3,491,324,646.08	4,127,094,608.97
	<u>23,016,366,903.39</u>	<u>30,542,803,601.35</u>
Cash & Cash Equivalents, End		
Cash & Other Cash Items	1,036,248,193.58	786,879,699.73
Due from Bangko Sentral ng Pilipinas	18,221,300,009.32	23,177,580,886.08
Due from Other Banks	2,796,904,166.69	3,151,794,036.32
	<u>22,054,452,369.59</u>	<u>27,116,254,622.13</u>

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

Financial Condition

The Bank ended the first quarter of 2019 with P157.655 Billion in Total Resources compared from last year's level of P153.010 Billion, a P4.645 Billion increase. The 19.89% decrease in Due from Other Banks was due to lower level of deposits and working balances with correspondent banks. With the audited balances of Available for Sale Investments and Held to Maturity Investments for the year 2018, Available for Sale Investments increased by 54.37% while Held to Maturity Investments decreased by 34.63% compared to unaudited figures for the first quarter of 2019. Investment properties increased by 106.88% or by P1.495 Billion, the effect of adoption of PFRS 9 for the year. Other Assets increased by 78.76% or by P163.336 Million as movements in these accounts can be accounted for by transactions in the ordinary course of business.

Deposit liabilities at the end of the first quarter closed at P131.871 Billion compared from last year's level of P131.177 Billion. The 20.75% increase in Managers' Checks represents various payables which have not yet been collected from the Bank. Accrued taxes increased by 19.14% due to some accruals for the quarter. Deferred credits and other liabilities increased by 29.24% due to higher level of trade transactions. All payables were paid by the Bank within the stated terms.

Capital Funds for the first quarter closed at P24.943 Billion, a P3.792 Billion increased compared from last year's level of P21.150 Billion. This is the impact of the P250.148 Million earnings for the first quarter and the increase in Net Unrealized Gain/Loss on account of the upward mark to market valuation of investments.

The Bank has outstanding commitments, contingent liabilities and bank guarantees that arise from the normal course of operations. Changes in nature and amounts in the financial statements were due more to market related factors inherent in nature of the issuer's business operations and were not considered unusual.

Results of Operations

The Bank's gross earnings amounted to P2.158 Billion compared to P1.745 Billion from previous year, a P413.612 Million increase. Interest on Loans and Advances increased by P451.922 Million due to collection of interest and accrual of some outstanding loans. Interest on Held to Maturity Investment increased by P265.512 Million compared from last year's level due to large volume of maturing securities. Interest on Available for Sale securities decreased by 26.88% due to low market driven interest rate. Interest on deposit with Banks increased by P127.336 Million due to higher placements and interest with the Bangko Sentral ng Pilipinas. Income from foreign exchange profit decreased by 93.75% due to lower exchange rate compared from last year's level. Service charges and commissions increased by

23.95% due to higher transactions for the period. Other operating income decreased by 52.51% due to lower profits recognized on Sale or Redemption of Investments.

Interest expense increased by 82.03% because of higher interest rate for the quarter. Depreciation/amortization increased by 14.39% as more office furniture and IT equipments were purchased by the Bank. Taxes and licenses increased by 64.32% because of higher business permit paid and higher gross receipts tax. Net income closed lower compared from last year's level, now at P250.148 Million.

For the past 102 years, the Bank continued to be conservative in the development and management of depositor and stockholder funds. The Bank will continue to focus on its core business and to deepen its banking relationship with more prospective clients and to offer more excellent services. Furthermore, more branches will be opened including ATM offsite and onsite in strategic location to provide access to new clients.

Key Performance Indicators

The performance of the bank is reflected in the following financial ratios:

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Return on Average Equity	1.05%	2.03%
Return on Average Assets	0.16%	0.29%
Net Interest Margin	0.53%	0.47%
Capital to Risk Assets	41.29%	35.29%
Cost to Income Ratio	57.44%	47.82%

The manner by which the Bank calculates the above indicators are as follows:

<u>Key Performance Indicator</u>	<u>Formula</u>
1. Return on Average Equity (%)	$\frac{\text{Net Income After Income Tax}}{\text{Average Total Capital Accounts}}$
2. Return on Average Assets (%)	$\frac{\text{Net Income After Income Tax}}{\text{Average Total Assets}}$
3. Net Interest Margin (%)	$\frac{\text{Net Interest Income}}{\text{Average Interest Earning Assets}}$
4. Capital to Risk Assets (%)	$\frac{\text{Total Qualifying Capital}}{\text{Total Risk-Weighted Assets}}$
5. Cost to Income Ratio (%)	$\frac{\text{Total Operating Expenses}}{\text{Net Interest Income} + \text{Other Income}}$

Part II - Other Information

Our financial report for the first quarter of 2019 was prepared in compliance with Generally Accepted Accounting Principles as set forth in Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, PAS and SIC/IFRIC interpretations which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC pronouncements. The same accounting policies and methods of computation were consistently followed in our financial statements as compared with the annual audited financial statements. There were no cash dividends paid during the year of 2019. There were no material contingencies or any other unusual events or transactions affecting our financial condition since December 31, 2018. There are no known trends, demands, commitments, events or uncertainties that would have had a material conflict on our financial condition or results of operations or unfavorable impact on net revenues from continuing operations. There is no material commitment for capital expenditures. We don't anticipate any events that may cause any default or acceleration of an obligation. There are no material off-balance sheet transactions, arrangements, obligations, including contingent obligations with unconsolidated entities.

PFRS 9, Financial Instruments: Classification and Measurement

Transition. As allowed under transitory provisions of PFRS 9, the Bank applied the requirements of PFRS 9 retrospectively but opted not to restate the comparative information. Differences in the carrying amounts of financial assets resulting from the adoption of PFRS 9 were recognized in the unrealized gains and losses and beginning balance of cumulative unrealized gains on investment securities and other upon reclassification of the financial assets. The beginning balances of allowance for credit and impairment losses on loans and receivables and surplus were adjusted as a result of the adoption of PFRS 9.

Classification and Measurement. Based on the Bank's analysis of its business model and the contractual cash flow characteristics of its financial assets and liabilities as at January 1, 2018, the Bank has concluded that all of its financial assets and liabilities shall continue to be measured on the same basis as under PAS 39, except for some of its government securities

Impairment. The Bank has determined that the application for the new requirement for impairment under PFRS 9 resulted in an additional allowance for credit and impairment losses on loans and receivables and investment securities.

For the first quarter of 2019, the Bank had no transactions that would require the following information or disclosures:

- a. Explanatory comments about the seasonality or cyclicity of interim operations.
- b. The nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidents.
- c. The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of

amounts reported in prior financial years, if those changes have a material effect in the current interim period.

- d. Issuances, repurchases and repayments of debt and equity securities.
- e. Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting.
- f. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
- g. The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discounting operations.
- h. Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.
- i. Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- j. Any seasonal aspects that had a material effect on the financial condition or results of operations.

1. Proposed Format for Aging of Accounts Receivable

Name of Company: PHILTRUST BANK									
Aging of Accounts Receivable									
As of March 31, 2019									
Type of Accounts Receivable	TOTAL	1 Month	2 - 3 Mos.	4 - 6 Mos.	7Mons. To 1 Year	1 - 2 Yrs.	3 - 5 Yrs.	5 Yrs - above	Past due & Items in Lit.
a. Trade Receivables									
1. L & D	564,571.97	8,000.00	252,293.90	270,747.27	33,530.80	0.00	0.00	0.00	
2. Trust	0.00	0.00							
3. Collection	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4. BIR	0.00		0.00		0.00	0.00	0.00	0.00	
5. Various	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Net Trade Rec'ble	564,571.97	8,000.00	252,293.90	270,747.27	33,530.80	0.00	0.00	0.00	0.00
b. Non-Trade Receivables									
1. Officer	166,493.20	140,264.70	23,168.50	2,000.00	0.00	0.00	1,060.00	0.00	
2. ATM	0.00	0.00							
3. Various	22,733,230.71	19,696,641.28	309,100.40	9,257.40	3,071.80	2,715,159.83	0.00	0.00	0.00
Subtotal	22,899,723.91	19,836,905.98	332,268.90	11,257.40	3,071.80	2,715,159.83	1,060.00	0.00	0.00
Less: Allow for Doubt- ful Account	1,547,416.63								
Net Non-Trade Rec'ble	21,352,307.28								
Net Receivables (a+b)	21,916,879.25								
Notes: If the Company's collection period does not match the above schedule and revision is necessary to make the schedule not misleading the proposed collection period in this schedule may be changed to appropriately reflect the Company's actual collection period.									

2. Accounts Receivable Description

Type of Receivable	Nature/Description	Collection Period
1. Trade	L & D, Collection - insurance/realty tax	monthly
2. Non-Trade	Officer/Employees - shortage	monthly
3. Non-Trade	Various	monthly
Notes: Indicate a brief description of the nature and collection period of each receivable accounts with major balances or separate receivables captions, both for trade and non-trade accounts.		

3. Normal Operating Cycle.

PHILTRUST BANK
SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS
FOR THE PERIOD ENDED MARCH 31, 2019 & 2018

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Current Ratio	113.49%	111.46%
Debt to Equity Ratio	532.06%	608.48%
Asset to Equity Ratio	632.06%	708.48%
Net Interest Margin Ratio	0.53%	0.47%
PROFITABILITY RATIO:		
Profit Margin Ratio	267.06%	206.75%
Return to Assets	0.16%	0.29%
Return on Equity	2.10%	4.06%

**New and Amended Philippine Financial Reporting Standards (PFRS)
effective starting January 1, 2013**

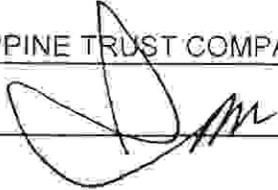
Title	Subject	Remarks
PAS 27 (Amended)	Separate Financial Statements	Adopted
PAS 28 (Amended)	Investments in Associates and Joint Ventures	Not Applicable
PAS 29	Financial Reporting in Hyperinflationary Economics	Not Applicable
PAS 32	Financial Instruments: Disclosure and Presentation	Adopted
PAS 33	Earnings per Share	Adopted
PAS 34	Interim Financial Reporting	Not Applicable
PAS 36	Impairment of Assets	Adopted
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	Adopted
PAS 38	Intangible Assets	Adopted
PAS 40	Investment Property	Adopted
PAS 41	Agriculture	Not Applicable
PFRS 1 (Revised)	Amendments to PFRS 1: Government Loans	Not Applicable
PFRS 3 (Revised)	Business Combinations	Adopted
PFRS 7	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	Adopted
PFRS 8	Operating Segments	Not Applicable
PFRS 9	Financial Instruments	Adopted
PFRS 10	Consolidated Financial Statements	Not Applicable
PFRS 11	Joint Arrangements	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	Not Applicable
PFRS 13	Fair Value Measurement	Adopted
PFRS 14	Regulatory Deferral Accounts	Not Applicable
PFRS 15	Revenue from Contracts with Customers	Adopted
PFRS 15	Amendments PFRS 15: Clarification to PFRS 15	Adopted

FINANCIAL RISK DISCLOSURE	REMARKS
<p>a. Assess the financial risk exposures of the company and its subsidiaries particularly on currency, interest, credit, market and liquidity risks. If any change thereof would materially affect the financial condition and results of operation of the company, provide a discussion in the report on the qualitative and quantitative impact of such risks and include a description of any enhancement in the company's risk management policies to address the same;</p>	<p>A. Assessment of Financial Risk Exposure of the Bank as of March 31, 2019.</p> <p>I. Market Risk: Foreign Exchange and Interest Rates.</p> <p>1.1 Foreign Exchange Position The net overbought open FX position of the bank, the bulk of which is in USD as of March 31, 2019 is in USD27.517 Million, the peso equivalent of Php1.445 Billion or 7.01% of the bank's unimpaired capital which is well within the 20 percent limit prescribed by BSP regulation. The overbought (long) USD position is exposed to foreign exchange risk as well as interest rate risk. But the probability of risks is moderate because of normal volatility of exchange rates and owing to effective monetary policy of BSP and strong economic fundamentals of the country. In our specific case, the bank consistently made foreign exchange gain for the first quarter of 2019.</p> <p>It is our view that foreign exchange and interest rates volatility will remain stable because of BSP proactive stance and any variance would be within our level of significance for the following reasons:</p> <p>1.1.1 BSP's effective management of foreign exchange reserves vis-à-vis the major global currencies, to wit: USD, EURO, SGD, GBP, JPY, HKD and AUD.</p> <p>1.1.2 The interest rate curve outlook on the USD will be flat to decreasing because of recessionary conditions in the US in the</p>

	<p>medium term and longer term and in which case the bank will necessarily align its position.</p> <p>1.1.3 Net open position of our bank is not speculative and manageable.</p> <p>II. Liquidity Risk</p> <p>The risk profile of the bank's balance sheet remains low with more concentration in liquid assets and investments in government securities other than lending. Liquid assets and investment securities accounted for Php124.579 Billion while loans amounted to Php24.803 Billion. Marginal returns have been low by the distribution in our assets portfolio but the bank has always been strategically conservative in business policy.</p> <p>III. Credit Risk</p> <p>The bulk of bank loans are fully secured by real estate. Some major loan accounts are backed by guarantees, and a small percentage of the loans are clean, without collateral or guarantee but extended to clients who are known to the bank for their good credit reputation. The lending process begins with credit selection and continues to administration and review of loan accounts on a regular basis. Reporting to and review by the credit committee are parts of the whole credit process and done on a regular basis.</p>
<p>b. Evaluate whether the company could provide clearer and more transparent disclosure regarding its financial instruments including but not limited to the following information:</p>	
<p>1. A description of the financial</p>	<p>1. The bank has none of hedging or</p>

<p>instruments of the company and the classification and measurements applied for each. If material in amount, provide detailed explanation on complex securities particularly on derivatives and their impact on the financial condition of the company;</p>	<p>derivatives financial contracts. The bank main financial contracts are: Available for Sale Securities and Held to Maturity Securities. The bulk of these securities are securitized government obligations.</p>
<p>2. The amount and description of the company's investment in foreign securities;</p>	<p>2. The bank has no investment in foreign securities or equities.</p>
<p>4. An explanation of how risk is incorporated and considered in the valuation of assets or liabilities;</p>	<p>4. Asset and liability management involved in matching the economic characteristics of the bank cash flows. Our bank strives to match inflows and outflows despite the natural structural difference of the terms of assets and liabilities by averaging and scheduling terms and maturities of assets vs. liabilities. We look at duration, the fixed/floating nature of our commitments, the repricing period and over liquidity position and stress testing. Strategic decisions are made regarding interest rate exposure. Impairments are recognized via valuation reserves as in loan valuation.</p>
<p>6. The criteria used to determine whether the market for a financial instrument is active or inactive, as defined under PAS 39- Financial instruments.</p>	<p>6. Before our bank makes any investment decision, it is a precondition that the secondary market must have liquidity, breadth and depth to transact all tenors of financial instruments.</p>

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.

Registrant PHILIPPINE TRUST COMPANY - JAIME C. LAYA
Signature and Title  President
Date May 17, 2019
Principal Financial/Accounting Officer/Controller LUISA A. LUCIN
Signature and Title  Senior Vice President
Date May 17, 2019