

COVER SHEET

P W - 1 2 1

S.E.C. Registration Number

BANK OF THE PHILIPPINE ISLANDS

(Company's Full Name)

AYALA NORTH EXCHANGE, TOWER 1

AYALA AVE. CORNER SALCEDO ST.

LEGASPI VILLAGUE, MAKATI CITY

Angela Pilar Maramag

Contact Person

(632) 8246-5902

Company Telephone Number

0 3 3 1

Month Day

Fiscal Year

1 7 - Q

FORM TYPE

0 4 2 2

Month Day

Annual Meeting

N/A

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

12,257

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

**STANDARD DOCUMENT COVER SHEET
FOR SEC FILINGS**

All documents should be submitted under a cover page which clearly identifies the company and the specific document form as follows:

SEC Number PW-121

File Number

**BANK OF THE PHILIPPINE ISLANDS
AYALA NORTH EXCHANGE TOWER 1, AYALA AVE. CORNER SALCEDO ST.,
LEGASPI VILLAGE, MAKATI CITY, METRO MANILA
(632) 8246-5902**

FISCAL YEAR ENDING DECEMBER 31

(indicate if anything above is new and the date it was changed)

**SEC FORM 17-Q QUARTERLY REPORT
AMENDMENT DESIGNATION (if applicable)**

PERIOD-ENDED MARCH 31, 2021

(if a report, financial statement, GIS, or related amendment or show-cause filing)

NONE

EACH ACTIVE SECONDARY LICENSE TYPE AND FILE NUMBER

(state "NONE" if that is the case)

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 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 last 90 days Yes No

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF CONDITION
MARCH 31, 2021 AND DECEMBER 31, 2020
(in Thousands of Pesos)

	UNAUDITED	AUDITED
	MARCH 31, 2021	DECEMBER 31, 2020
<u>RESOURCES</u>		
Cash and Other Cash Items	34,154,002	37,176,298
Due from Bangko Sentral ng Pilipinas	189,443,754	223,989,160
Due from Other Banks	30,153,391	40,156,438
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	34,183,877	30,250,580
Financial Assets at Fair Value through Profit or Loss	47,943,207	37,210,762
Financial Assets at Fair Value through OCI	147,155,396	130,185,500
Financial Assets at Amortized Cost	238,715,705	244,652,618
Loans and Advances, net	1,364,734,541	1,407,412,561
Assets Held for Sale, net	3,067,646	2,970,584
Bank Premises, Furniture, Fixtures and Equipment, net	18,194,160	18,831,970
Investments in Subsidiaries and Associates, net	6,273,958	7,510,333
Assets Attributable to Insurance Operations	18,541,863	18,725,656
Deferred Income Tax Assets, net	15,125,684	17,524,519
Other Resources, net	16,762,329	16,846,510
TOTAL RESOURCES	2,164,449,512	2,233,443,489
<u>LIABILITIES AND CAPITAL FUNDS</u>		
Deposit Liabilities		
Demand	324,102,188	314,852,798
Savings	1,056,263,734	1,051,068,661
Time	291,749,695	350,255,537
Sub-total	1,672,115,618	1,716,176,997
Derivative Financial Liabilities	4,027,227	5,656,516
Other Borrowed Funds	131,240,789	151,946,749
Due to Bangko Sentral ng Pilipinas and Other Banks	1,913,791	1,491,204
Manager's Checks and Demand Drafts Outstanding	6,085,146	7,107,705
Accrued Taxes, Interest and Other Expenses	8,690,663	8,902,289
Liabilities Attributable to Insurance Operations	13,878,404	14,346,640
Deferred Credits and Other Liabilities	43,625,566	45,858,849
TOTAL LIABILITIES	1,881,577,204	1,951,486,949
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI		
Share Capital	45,053,554	45,045,403
Share Premium	74,820,201	74,764,236
Reserves	511,588	415,532
Surplus	170,417,176	165,508,813
Accumulated Other Comprehensive Income/ (Loss)	(10,034,894)	(5,899,181)
	280,767,626	279,834,802
NON-CONTROLLING INTERESTS	2,104,682	2,121,738
TOTAL CAPITAL FUNDS	282,872,308	281,956,540
TOTAL LIABILITIES AND CAPITAL FUNDS	2,164,449,512	2,233,443,489

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Three Months Ended March 31, 2021 and 2020
(In Thousands of Pesos)

	Unaudited 2021	Unaudited 2020
INTEREST INCOME		
On loans and advances	17,717,594	21,614,675
On FA at amortized cost	1,911,589	2,406,191
On FA at FV through OCI	651,264	616,227
On deposits with BSP and other banks	420,744	381,770
On FA at FV through profit or loss	57,070	120,506
	20,758,262	25,139,369
INTEREST EXPENSE		
On Deposits	2,568,024	5,890,056
On Bills Payable and other borrowings	1,332,848	1,215,616
	3,900,872	7,105,672
NET INTEREST INCOME	16,857,390	18,033,697
IMPAIRMENT LOSSES	3,600,026	4,122,674
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	13,257,364	13,911,023
OTHER INCOME		
Fees and commissions	3,039,843	2,287,016
Income from foreign exchange trading	316,161	542,840
Trading gain (loss) on securities	1,421,424	1,576,353
Income attributable to insurance operations	293,218	(67,417)
Other operating income	2,377,567	2,306,086
	7,448,212	6,644,878
OTHER EXPENSES		
Compensation and fringe benefits	4,403,080	4,537,982
Occupancy and equipment-related expenses	3,604,633	3,368,224
Other operating expenses	3,812,084	4,191,783
	11,819,797	12,097,989
INCOME BEFORE INCOME TAX	8,885,778	8,457,913
PROVISION FOR INCOME TAX		
Current	1,892,423	3,057,849
Deferred	1,970,374	(950,925)
	3,862,797	2,106,924
NET INCOME FOR THE PERIOD	5,022,981	6,350,989
Attributable to:		
Equity holders of BPI	5,000,954	6,385,036
Non-controlling interest	22,027	(34,047)
	5,022,981	6,350,989

Earnings per share:

Based on 4,513,103,261 shares as of March 31, 2021
and 4,513,100,378 shares in 2020

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BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2021 and 2020
(In Thousands of Pesos)

	<u>Unaudited 2021</u>	<u>Unaudited 2020</u>
NET INCOME BEFORE MINORITY INTEREST	5,022,981	6,350,989
Other Comprehensive Income		
Items that may be reclassified subsequently to profit or loss		
Net change in fair value reserve on FVOCI securities, net of tax effect	(3,080,431)	(2,144,103)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	(112,449)	(71,799)
Share in other comprehensive income of associates	(718,240)	(395,209)
Currency translation differences	229,274	(191,420)
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	(432,044)	(2,708)
Share in other comprehensive income gain (loss) of associates	(60,907)	(583,622)
Total Other Comprehensive Income (Loss), net of tax effect	(4,174,795)	(3,388,861)
Total Comprehensive Income for the Year	848,186	2,962,128
Attributable to:		
Equity holders of BPI	865,242	3,020,487
Non-Controlling Interest	(17,056)	(58,359)
	848,186	2,962,128

BANK OF THE PHILIPPINE ISLANDS
STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE PERIOD ENDED MARCH 31, 2021 & MARCH 31, 2020
(In Thousands of Pesos)

Consolidated								
Attributable to equity holders of BPI								
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Total	Non-controlling Interests	Total Equity
Balance, December 31, 2020	45,045,403	74,764,236	415,532	165,508,813	(5,899,181)	279,834,802	2,121,738	281,956,540
Comprehensive Income								
Net Income for the year				5,000,954		5,000,954	22,027	5,022,981
Other Comprehensive Income for the year					(4,135,712)	(4,135,712)	(39,083)	(4,174,795)
Total Comprehensive Income for the year	-	-	-	5,000,954	(4,135,712)	865,242	(17,056)	848,186
Transactions with owners								
Executive Stock Plan amortization	8,150	55,965	11,884	-	-	76,000	-	76,000
Cash Dividends	-	-	-	-	-	-	-	-
Total transactions with owners	8,150	55,965	11,884	-	-	76,000	-	76,000
Other movements								
Transfer from Reserve to Surplus	-	-	84,172	-	-	84,172	-	84,172
Transfer from Surplus to Reserves	-	-	-	(84,172)	-	(84,172)	-	(84,172)
Others	-	-	-	(8,418)	-	(8,418)	0	(8,418)
Total other movements	-	-	84,172	(92,591)	-	(8,418)	0	(8,418)
Balance, MARCH 31, 2021	45,053,554	74,820,201	511,588	170,417,176	(10,034,894)	280,767,626	2,104,682	282,872,308

Consolidated								
Attributable to equity holders of BPI								
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)	Total	Non-controlling Interests	Total Equity
Balance, December 31, 2019	44,999,079	74,449,140	5,107,288	147,460,021	(2,439,160)	269,576,368	3,457,171	273,033,538
Comprehensive Income								
Net Income for the year				6,385,036		6,385,036	(3,709)	6,381,327
Other Comprehensive Income for the year					(3,364,549)	(3,364,549)	(24,312)	(3,388,861)
Total Comprehensive Income for the year	-	-	-	6,385,036	(3,364,549)	3,020,487	(28,020)	2,992,466
Transactions with owners								
Proceeds from the stock rights offering	-	-	-	-	-	-	-	-
Executive Stock Plan amortization	11,847	81,652	11,071	-	-	104,570	-	104,570
Cash Dividends	-	-	-	-	-	-	-	-
Total Transactions with owners	11,847	81,652	11,071	-	-	104,570	-	104,570
Other movements								
Others	-	-	-	(3,172)	-	(3,172)	763	(2,408)
Total other movements	-	-	-	(3,172)	-	(3,172)	763	(2,408)
Balance, MARCH 31, 2020	45,010,926	74,530,792	5,118,359	153,841,885	(5,803,710)	272,698,253	3,429,914	276,128,167

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND MARCH 31, 2020
(In Thousands of Pesos)

	MARCH 2021	MARCH 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	8,885,778	8,457,913
Adjustments for:		
Impairment losses	3,600,026	4,225,658
Depreciation and amortization	1,538,965	1,456,526
Share in net income of associates	(120,331)	(167,307)
Dividend and other Income	(9,647)	(1,406)
Share based compensation	11,884	11,071
Interest income	(20,758,262)	(25,139,369)
Interest received	22,943,371	28,435,796
Interest expense	3,981,636	7,105,672
Interest paid	(4,492,038)	(8,044,736)
(Increase) decrease in:		
Interbank loans receivable and securities purchased under agreements to resell	1,022,355	716,573
Financial Assets at FVTPL	(10,642,810)	11,956,635
Loans and advances, net	38,067,843	22,504,545
Assets held for sale	(106,974)	(105,749)
Assets attributable to Insurance operations	449,993	31,181
Other assets	(482,711)	(7,880,932)
Increase (decrease) in:		
Deposit liabilities	(44,057,454)	(18,077,676)
Due to Bangko Sentral ng Pilipinas and other banks	(100,307)	(1,061,788)
Manager's checks demand drafts outstanding	(1,022,559)	(1,217,826)
Accrued taxes, interest and other expenses	1,576,380	(756,613)
Liabilities attributable to insurance operations	(468,236)	33,831
Derivative financial instruments	(1,629,289)	(29,683)
Deferred credits and other liabilities	(2,429,163)	7,623,620
Net cash from (used in) operations	(4,241,550)	30,075,936
Income taxes paid	(2,741,567)	(759,590)
Net cash from (used in) operating activities	(6,983,117)	29,316,346
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
Investment Securities, net	(14,909,533)	(3,578,165)
Bank, premises, furniture, fixtures and equipment	(815,355)	(203,114)
Investment properties, net	1,113	(864)
Investment in subsidiaries and associates, net	1,356,707	(82,165)
Assets attributable to insurance operations	87,831	331,442
Dividends received	9,647	1,406
Net cash used in investing activities	(14,269,590)	(3,531,460)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	-	-
Proceeds from issuance	64,115	93,499
(Decrease) Increase in bills payable and other borrowed funds	(20,705,961)	(6,295,568)
Payments for principal portion of lease liabilities	(460,141)	-
Net cash used in financing activities	(21,101,986)	(6,202,069)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	(42,354,692)	19,582,817
CASH AND CASH EQUIVALENTS		
January 1, 2020	330,587,568	299,068,070
March 31, 2021	288,232,876	318,650,887

BANK OF THE PHILIPPINE ISLANDS
Financial Indicators
As at March 31, 2021 and 2020

Ratio	Formula	Current Year	Prior Year
		in percentage	
Liquidity ratio	Total current assets divided by total current liabilities	53.8	52.5
Debt-to-equity ratio	Total liabilities (Bills payable and Bonds payable) divided by total equity	46.7	48.5
Asset-to-equity ratio	Total assets divided by total equity	770.9	797.6
Interest rate coverage ratio	Earning before interest expense, income taxes, depreciation, and amortization	367.2	239.5
Return on equity	Net income divided by average equity	7.2	9.4
Return on assets	Net income divided by average assets	0.9	1.2
Net interest margin (NIM)	Net interest income (return on investment less interest expense) divided by average net interest bearing assets	3.3	3.6
Average assets to average equity	Average assets divided by average equity	774.4	771.3
Net interest to average assets (NRFF)	Net interest income divided by average assets	3.1	3.4
Cost to income ratio	Total operating expense divided by total income (revenues)	48.6	49.0
Cost to asset ratio	Total operating expense divided by average asset	2.2	2.3
Capital to assets ratio	Total equity divided by total assets	13.0	12.5

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

SEC REQUIREMENT	DISCLOSURE
<ul style="list-style-type: none"> Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles 	<ul style="list-style-type: none"> The Bank's interim financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) which includes applicable PFRS, Philippine Accounting Standards (PAS), and interpretations approved by the Financial Reporting Standards Council (FRSC).
<ul style="list-style-type: none"> The following information, as a minimum, should be disclosed in the notes to financial statements, if material and if not disclosed elsewhere in the interim financial report: 	
<ul style="list-style-type: none"> A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change. 	<ul style="list-style-type: none"> The Bank's interim financial statements have been prepared consistent with its most recent annual financial statements as of December 31, 2020 which was in accordance with the PFRS adopted by the SEC.
<ul style="list-style-type: none"> Explanatory comments about the seasonality or cyclicity of interim operations 	<ul style="list-style-type: none"> Nothing to report
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Nothing to report
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Nothing to report

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

SEC REQUIREMENT	DISCLOSURE
<ul style="list-style-type: none"> • Issuances, repurchases, and repayments of debt and equity securities 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • Dividends paid (aggregate per share) separately for ordinary shares and other shares 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements). 	<ul style="list-style-type: none"> • Attached
<ul style="list-style-type: none"> • Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period 	<ul style="list-style-type: none"> • In the Annual Shareholders Meeting on April 22, 2021, shareholders representing at least two thirds of the total outstanding shares approved the merger of BPI and BPI Family Bank, with BPI as surviving entity, subject to regulatory approvals. The merger was approved by the Board on January 20, 2021.
<ul style="list-style-type: none"> • The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations. 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • Changes in contingent liabilities or contingent assets since the last annual balance sheet date 	<ul style="list-style-type: none"> • Changes in contingent liabilities and contingent assets are in the normal course of business and are not anticipated to cause any material losses from those commitments/contingent liabilities.
<ul style="list-style-type: none"> • Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period. 	<ul style="list-style-type: none"> • Nothing to report

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

SEC REQUIREMENT	DISCLOSURE
<ul style="list-style-type: none"> 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; 	<ul style="list-style-type: none"> The Bank manages risk exposures according to three major classifications: credit, market and liquidity, and operational and IT risks. The Bank is exposed to these financial risks primarily through lending activities, trading and investment in securities, currencies, financial derivatives and structured investment products, and engaging in operating activities, infrastructure and technology to support the Bank's day-to-day business. The risks associated with these activities are closely monitored through the various key risk indicators (KRIs) and metrics, risk appetite and limits, and management triggers defined and set by the Board through its Risk Management Committee (RMC). The Chief Risk Officer of the BPI Group leads the Bank's Risk Management Office to support the RMC in identifying, measuring, controlling, and reporting the Bank's financial and non-financial risks. The Bank has established risk management policies and standards ensuring that controls are generally in place and working effectively. These allow the Bank and its key subsidiaries to manage credit, market and liquidity, operational and IT risks within the RMC-approved risk appetite (BPI subsidiary Board-level RMCs in the case of key BPI subsidiaries). Dedicated and skilled risk managers, including business risk and subsidiary risk officers, fully support the Bank's three lines-of-defense (3LoD) risk organization. The persistent challenges observed in the global and local financial markets have resulted in more active risk management strategies in the Bank. Sensitivity analyses, forward-looking simulations and stress testing, regular risk monitoring and escalation procedures, risk MIS reporting and in-depth discussions involving business units, Senior

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

SEC REQUIREMENT	DISCLOSURE
	<p>Management, and the Board of Directors, are measures to strengthen the effectiveness of the Bank's enterprise risk management (ERM) framework. The Bank has also implemented a formal integrated risk and capital stress testing framework, with forward-looking assessment of risks to facilitate development of contingency plans and risk strategies, under given stressed scenarios crafted by the Bank's experts. Under the baseline projections, incorporating the impact of COVID-19, the Bank's capital position on both consolidated and solo bases will remain strong and well within the regulatory minimum CAR and CET1 ratios. The levels of risk limits and exposures are regularly reviewed to reflect the Board's overall risk appetite and strategy.</p> <ul style="list-style-type: none"> • The Bank is able to manage overall credit risk and maintain asset quality for the period, evidenced by generally acceptable NPL ratios relative to the Bank's total loan portfolio, diversified portfolio across key industries, adequate loan loss provisioning, and general compliance to BSP guidelines and regulatory ceilings on credit risk (including single borrower's limit and related party transactions). The Bank's NPL ratio was at 2.76% as of March 2021. Credit portfolio reviews, internal and regulatory credit stress tests, and regular risk reporting to Senior Management and the RMC were conducted to ensure that the Bank practices sound credit risk management. Furthermore, starting January 2018, the Bank adopted the accounting classification and measurement under PFRS 9 guidelines. The Bank began recognizing credit losses upon initial recognition of its assets through the Expected Credit Loss (ECL) models. The Bank also complies with BSP's requirement of maintaining 1% general loan loss provisions for Stage 1 loans as prescribed

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

SEC REQUIREMENT	DISCLOSURE
	<p>by BSP 1011. In view of the COVID-19 pandemic, the Bank regularly updates its macroeconomic forecasts and uses these forecasts to update the forward-looking, point-in-time probability of default and loss rate models used in ECL calculation.</p> <ul style="list-style-type: none"> • The Bank closely monitors the risk exposures of both trading and non-trading portfolios. Assets in both on- and off-balance sheet trading portfolios are marked-to-market and the resulting gains and losses are recognized through profit or loss. Market risk exposures are measured using the historical simulation Value-at-Risk (VaR) models complemented by several risk metrics such as Stop Loss and DV01. During the first quarter of 2021, the Philippine Government Securities (GS)/PHP BVAL yields have risen by an average of about 68 bps due to higher inflation risks, as well as higher yields particularly in US interest rates, which have affected the Bank's trading and securities/investment portfolios. Despite the higher interest rates, the Bank's relevant risk metrics (e.g., VaR and/or stop loss) are within the RMC-approved limits as of end of the first quarter of 2021. • The Bank conducts regular price stress tests that measure the potential impact of adverse movements in interest rates on the Bank's trading and banking book and the corresponding impact on the Bank's CAR and CET1 ratios. The results of the first quarter 2021 price stress test on both the trading and banking book, showed that the Bank's post-shock CAR and CET1 levels are expected to be well within the minimum regulatory requirement given adverse movements in risk factors.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

SEC REQUIREMENT	DISCLOSURE
	<ul style="list-style-type: none"> • Interest rate risk exposures arising from core banking activities are measured through (a) Earnings-at-Risk (EaR), or the potential deterioration in net interest income over the next 12 months due to adverse movements in interest rates, and (b) Balance Sheet Value-at-Risk (BSVaR), or the impact on the economic value of the future cash flows in the banking book due to changes in interest rates. As of the first quarter of 2021, BPI Group's BSVaR and EaR levels are well within the RMC-approved limits, despite of the increase in interest rates. • The Bank's liquidity profile is measured and monitored through its internal metric, the Minimum Cumulative Liquidity Gap (MCLG) supplemented by liquidity risk monitoring tools, as well as through regulatory metrics, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). MCLG measures the smallest net cumulative cash inflow (if positively gapped) or the largest net cumulative cash outflow (if negatively gapped) over the next three months. LCR promotes the short-term resilience of the Bank's liquidity risk profile and requires the Bank to hold adequate level of high-quality liquid assets (HQLA) to cover net cash outflows in the next 30 days. NSFR, on the other hand, requires the Bank to maintain a stable funding profile so as to cover its assets over a horizon of one year. Both LCR and NSFR are designed to strengthen the resilience of the Bank against liquidity shocks. As of the first quarter of 2021, BPI Group's MCLG is well within the RMC-approved minimum while actual LCR and NSFR figures exceed the prescribed minimum requirement set by the BSP.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

SEC REQUIREMENT	DISCLOSURE
	<ul style="list-style-type: none"> • The Bank continuously improves its risk models and model assumptions and regularly conducts independent back-testing to assess the accuracy and effectiveness of its models and metrics. Enterprise risk systems are continuously enhanced and/or upgraded in light of increasing regulatory expectations and the Bank's risk data aggregation initiatives towards the completeness, accuracy, timeliness and quality of risk data, dashboards and reporting. • On the Bank's management of operational and IT risks, for the first quarter of 2021, the Bank has maintained estimated operational and IT losses related to the Bank's operating activities to less than 1% of gross income. Such minimal losses are well within the Senior Management and Board/RMC's conservative and prudent risk appetite, and are generally attributed to inherent risks in executing the Bank's day-to-day business operations. The Bank is conscientiously aware of new and emerging industry-wide risks, and duly considers these in regular risk assessments and in updating the Bank's risk strategies. <p>COVID-19 continues to pose a challenge to the Bank, insofar as ensuring personnel health and safety, and in continuing operations with a significant portion of the workforce on work-from-home arrangements. Nevertheless, the Bank's strategic initiatives on digitalization, improvements on IT infrastructure and cybersecurity technology, and availability of business recovery sites enabled the continued delivery of the Bank's products and services to its customers. The Bank remains operational as it implemented split operations to ensure containment in the event of infection;</p>

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

SEC REQUIREMENT	DISCLOSURE
	<p>identification of skeletal workforce, activation of alternate work sites and/or mobility areas to improve accessibility of the Bank's employees to office premises, adjustment of working hours and work-from-home arrangements. The Bank had also launched the mobility program for certain employees equipped with adequate tools to allow work outside of Bank premises. These allowed the Bank to lessen the density in the corporate offices and fully comply with the employee/social distancing rules.</p> <p>For personnel safety and welfare, the Bank fully complied with health and medical guidelines from the DOH and DOLE. Additional precautionary measures are being implemented that include providing transportation for employees, enforcing virtual meetings and limiting movements of personnel within and across its business offices. COVID-19 antigen testing for employees and maintenance personnel who comes to the office are likewise being carried out.</p> <p>While additional expenses are expected due to the COVID-19 situation, the Bank is sufficiently capitalized and has more than adequate reserves for operational risk events.</p>
<ul style="list-style-type: none"> The significant judgments made in classifying a particular financial instrument in the fair value hierarchy. 	<ul style="list-style-type: none"> The assumptions/judgments made in the Bank's interim financial statements are consistent with the most recent annual financial statements as of December 31, 2020.
<ul style="list-style-type: none"> A comparison of the fair values as of date of the recent interim financial report and as of date of the preceding interim period, and the amount of 	<ul style="list-style-type: none"> In accordance with PFRS 9, Financial Assets at Fair Value through Profit and Loss (FVPL) are marked to market as profit and loss. As such, these are reflected in Other Income – Trading

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

SEC REQUIREMENT	DISCLOSURE									
<p>gain/loss recognized for each of the said periods</p>	<p>gain (loss) on securities including realized gains (losses) from opportunistic sell down of inventory.</p> <ul style="list-style-type: none"> • Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) are marked to market against capital funds and reflected as Accumulated Other Comprehensive Income (Loss). The movements of these accounts are recognized as Other Comprehensive Income – Net Change in Fair Value Reserve for the banking books and Fair Value Reserve on investments of insurance subsidiaries. • The table below summarizes the carrying amount and fair value of Financial Assets at Amortized Cost, net: <table border="1" data-bbox="821 1058 1490 1224"> <thead> <tr> <th></th> <th>Carrying Amount</th> <th>Fair Value</th> </tr> </thead> <tbody> <tr> <td>March 31, 2021 (unaudited)</td> <td>238,716</td> <td>240,575</td> </tr> <tr> <td>Dec 31, 2020 (audited)</td> <td>244,653</td> <td>253,097</td> </tr> </tbody> </table>		Carrying Amount	Fair Value	March 31, 2021 (unaudited)	238,716	240,575	Dec 31, 2020 (audited)	244,653	253,097
	Carrying Amount	Fair Value								
March 31, 2021 (unaudited)	238,716	240,575								
Dec 31, 2020 (audited)	244,653	253,097								

BANK OF THE PHILIPPINE ISLANDS
SEGMENT REPORT
For the Three Months Ended March 31, 2021

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	9,356	6,917	1,395	(811)	16,857
Impairment charge	73	3,574	(47)	0	3,600
Net interest income after impairment charge	9,283	3,343	1,443	(812)	13,257
Fees and commission	2,581	423	345	(71)	3,279
Other income	1,589	324	2,506	196	4,615
GRT	(273)	(48)	(80)	(45)	(446)
Other Income, net	3,897	699	2,771	80	7,448
Compensation and fringe benefits	3,295	550	248	310	4,403
Occupancy and equipment-related expenses	1,944	99	48	1,513	3,605
Other operating expenses	4,674	827	380	(2,069)	3,812
Total operating expenses	9,913	1,477	676	(245)	11,820
Operating Profit	3,268	2,566	3,538	(486)	8,886
Provision for Income Tax					3,863
Share in net income of associates					120
Total Assets	466,902	1,096,565	557,674	43,307	2,164,450
Total Liabilities	1,221,437	496,412	137,739	25,989	1,881,577

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

Financial Condition as of March 31, 2021 versus as of December 31, 2020

Total resources at P2.16 trillion, decreased P68.99 billion, or 3.1%, as Loans and Advances, net declined P42.68 billion, or 3.0%. Major account movements for the period were as follows:

- **Due from Bangko Sentral ng Pilipinas** at P189.44 billion, down P34.55 billion, or 15.4%, due to lower volume of placement in BSP deposits;
- **Due from Other Banks** at P30.15 billion, down P10.00 billion, or 24.9%, due to the net decrease in account balances with various banks;
- **Cash and other cash items** at P34.15 billion, decreased P3.02 billion, or 8.1%, on account of lower cash placements as compared to year end 2020;
- **Deferred Income Tax Assets, net** at P15.13 billion, down by P2.40 billion, or 13.7%, due to the tax adjustment arising from the impact of CREATE law;
- **Investments in subsidiaries and associates, net** at P6.27 billion, declined P1.24 billion, or 16.5%, as a result of lower equity income from insurance affiliate;
- **Financial assets at fair value through OCI** at P147.16 billion, increased P16.97 billion, or 13.0%, due to the net effect of the increase in the Bank's various holdings in hold to collect and sell debt securities;
- **Financial assets at fair value through profit or loss** at P47.94 billion, increased P10.73 billion, or 28.8%, due to increase in holdings of securities intended for trading;
- **Interbank loans receivable and securities purchased under agreements to resell** at P34.18 billion, up P3.93 billion, or 13.0%, due to higher volume of placement in interbank term loans.

Total liabilities at P1.88 trillion, decreased P69.91 billion, or 3.6%, primarily from the P44.06 billion, or 2.6%, decrease in **total deposits**, ending at P1.67 trillion. The decline in the Bank's time deposits of P58.51 billion, or 16.7%, contributed to the decline of total liabilities. Other major decreases were noted in the following:

- **Other borrowed funds** at P131.24 billion, decreased P20.71 billion, or 13.6%, on account of lower bills payables from foreign banks;
- **Derivative financial liabilities** at P4.03 billion, declined P1.63 billion, or 28.8%, owing to decreases in certain derivative positions;
- **Manager's checks and demand drafts outstanding** at P6.09 billion, declined P1.02 billion, or 14.4%, on account of lower volume of manager's checks issued.

These decreases were partially tempered by **due to Bangko Sentral ng Pilipinas (BSP) and other banks** at P1.91 billion, increasing P422.59 million, or 28.3%, on account of higher taxes collected for the Bureau of Internal Revenues (BIR).

Total capital at P280.77 billion, increased P932.82 million, or 0.3%, due to the P4.91 billion increase in **surplus**, to end at P170.42 billion. **Reserves** also increased by P96.06 million, or 23.1%. Notably, **accumulated other comprehensive loss** at (P10.03) billion, increased P4.14 billion, or 70.1%, as a

result of higher cumulative unrealized losses on certain financial assets at fair value through other comprehensive income.

RESULTS OF OPERATIONS

For the Three Months ended March 31, 2021

Net income at P5.00 billion, decreased 21.7%, from the same period last year, due to the one-time tax adjustment in connection with previously booked loan provisions because of CREATE law implementation. Pre-provision operating profit at P12.49 billion also declined, due to lower **total revenues** at P24.31 billion, down P372.97 million, or 1.5%, despite the lower **operating expenses** at P11.82 billion, down P278.19 million, or 2.3%, from the same period last year.

Net interest income at P16.86 billion, decreased 1.18 billion, or 6.5%, on account of the 31-basis point contraction in yields.

Interest income, net of GRT stood at P20.76 billion, down P4.38 billion, or 17.4%, on the back of the increases and decreases in interest income of the following:

- **Loans and advances** at P17.72 billion, down P3.90 billion, or 18.0%, due to decline in both average asset volume and yields;
- **FA at amortized cost** at P1.91 billion, down P494.60 million, or 20.6%, due to decline in both average asset volume and yields;
- **FA at FV through profit or loss** at P57.07 million, down P63.44 million, or 52.6%, due to lower yields despite higher average asset volume;
- **Deposits with BSP and other banks** at P420.74 million, up P38.98 million, or 10.2%, due to increases in both average asset volume and yields;
- **FA at FV through OCI** at P651.26 million, up P35.04 million, or 5.7%, due to higher average asset volume despite lower yields;

Interest expense at P3.90 billion, decreased P3.20 billion, or 45.1%, driven by the decrease in interest expense **on deposits** at P2.57 billion, down P3.32 billion, or 56.4%, despite the increase **on bills payable and other borrowings** at P1.33 billion, up P117.23 million, or 9.6%, both due to lower interest cost despite higher average volume.

Other income, net of GRT at P7.45 billion, increased P803.33 million, or 12.1%, higher than the P6.64 billion earned in the same period last year, mainly from **fees and commissions** at P3.04 billion, which increased P752.83 million, or 32.9%, primarily from higher service charges. Other notable movements are:

- **Income attributable to insurance operations** at P293.22 million, up P360.63 million, or 534.9%, due to the higher income contribution of the bancassurance affiliates;
- **Income from foreign exchange trading** at P316.16 million, decreased P226.68 million, or 41.8%;
- **Trading gain on securities** at P1.42 billion, declined P154.93 million, or 9.8%.

Other expenses at P11.82 billion, down P278.19 million, or 2.3%, driven by **other operating expenses** at P3.81 billion, down P379.70 million, or 9.1%, on the back of lower operational costs such as outsourced services and card acquiring/issuing costs. However, **occupancy and equipment-related expenses** at P3.60 billion, increased P236.41 million, or 7.0%, on account of higher rent and depreciation costs.

Provision for income tax at P3.86 billion, increased P1.76 billion, or 83.3%, mainly due to higher **deferred income tax** at P1.97 billion, up P2.92 billion from last year's negative P950.92 million, due to the implementation of CREATE law resulting to a one-time booking adjustment. **Current income tax** at P1.89 billion, lower by P1.17 billion, or 38.1%, due to lower income subject to regular corporate income tax.

Income attributable to non-controlling interest at P22.03 million, increased P56.07 million, largely attributable to higher income contribution from the Bank's bancassurance affiliate.

Total comprehensive income at P865.24 million, decreased P2.16 billion, or 71.4%, due to the decrease in **net income before minority interest** of P1.33 billion, or 20.9%, and increase in **total other comprehensive loss, net of tax effect** of P785.94 million, or 23.2%.

For Items that may be reclassified subsequently to profit and loss:

- **Net change in fair value reserve on FVOCI securities, net of tax effect** at P3.08 billion loss, increased P936.33 million, or 43.7%, on account of lower market valuation of the Bank's investment securities;
- **Share in other comprehensive income of associates** at P718.24 million loss, increased P323.03 million, or 81.7%, on lower valuation of the bancassurance affiliate's investments relative to last year;
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P112.45 million loss, increased P40.65 million, or 56.6%, as a result of lower market valuation of the insurance subsidiaries' investment funds;
- **Currency translation differences** at P229.27 million, up P420.69 million, on account of the net effect from cash flow hedging.

For Items that will not be reclassified to profit and loss:

- **Actuarial losses on defined benefit plan, net of tax effect** at P432.04 million, increased P429.34 million, due to the change in valuation of the Bank's consolidated subsidiaries' contribution to the retirement fund;
- **Share in other comprehensive loss of associates** at P60.91 million, decreased P522.72 million, on account of the lower valuation loss of the life insurance affiliate's investment securities.

Income attributable to non-controlling interest at P17.06 million loss, decreased P41.30 million, or 70.8%, on account of higher income contribution from the bancassurance business.

Key Performance Indicators

The following ratios, applied on a consolidated basis, are used to assess the performance of the Bank and its majority owned subsidiaries:

	March 31, 2020	March 31, 2021
Return on Equity (%)	9.4	7.2
Return on Assets (%)	1.2	0.9
Net Interest Margin (%)	3.6	3.3
Operating Efficiency Ratio (%)	49.0	48.6
Capital Adequacy Ratio (%) - Basel III	16.2	17.6

Return on equity (ROE), the ratio of net income to average equity, and **Return on assets (ROA)**, the ratio of net income to average assets, were lower at 7.2% and 0.9%, respectively, as a result of the decline in net income of 21.7%.

Net interest margin (NIM), net interest income divided by average interest bearing assets, at 3.3% was lower by 31 basis points than the 3.6% in 2020 on lower cost of funds.

Operating efficiency (cost to income) ratio, the ratio of operating expenses to income, flat at 48.6% from 49.0% in the same period last year.

Capital adequacy ratio (CAR), the ratio of total qualifying capital to total risk-weighted assets, was at 17.6%, higher versus the prior year's 16.2%, as the growth in qualifying capital outpaced the growth in risk-weighted assets. The CET 1 ratio at 16.7%, was also higher than the 15.3% from the same period last year. Both of the Bank's capital ratios are above the BSP's minimum requirement.

Material Events and Uncertainties

Other than the disclosures enumerated above, the Bank has nothing to report on the following:

1. Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.
2. Any events that will trigger direct or contingent financial obligation that is material to the Bank, including any default or acceleration of an obligation.
3. Other material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Bank with unconsolidated entities or other persons created during the reporting period.
4. Any material commitments for capital expenditures.
5. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
6. Any significant elements of income or loss that did not arise from the Bank's continuing operations.
7. Any seasonal aspects that had a material effect on the financial condition or results of operations.

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 hereunto duly authorized.

BANK OF THE PHILIPPINE ISLANDS

Issuer

Jose Teodoro K. Limcaoco

JOSE TEODORO K. LIMCAOCO

President &

Chief Executive Officer

Date: May 14, 2021

Maria Theresa Marcial Javier

MARIA THERESA MARCIAL JAVIER

Executive Vice President &

Chief Finance Officer

Date: May 14, 2021

BPI UNIBANK
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE
March 31, 2021

No. of Days Outstanding	Amount (In Thousands)
0-90	P 1,670,538
91-180	324,216
181-360	180,160
Over 360	531,286
Total	2,706,200
Less : Allow. For Probable Losses	834,291
Net of Allowance	P 1,871,909