COVER SHEET

1 7 5 1 4

S.E.C. Registration Number

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

(Company's Full Name)

YUCHENGCO TOWER, RCBC PLAZA, 6819 AYALA AVENUE, MAKATI CITY

MARIETA O. MIRANDA

Contact Person

8 8 9 4 9 9 3 2

Company Telephone Number

0 3 3 1

Month *Day*

Fiscal Year

1 7 Q

FORM TYPE

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

S E C

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SEC Number 17514
PSE Code ________
File Number ________

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES

(Company's Full Name)

Yuchengco Tower, RCBC Plaza
6819 Ayala Ave. corner Sen. Gil J. Puyat Ave., Makati City

(Company's Address)

8894-9000

(Telephone Number)

March 31, 2021

(Fiscal Quarter Ending)

SEC FORM 17-Q

Form Type

Amendment Designation (if applicable)

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the fiscal year ended **March 31, 2021**
2. SEC Identification Number 17514   3. BIR Tax Identification No. 000-599-760-000
4. Exact name of registrant as specified in its charter: **RIZAL COMMERCIAL BANKING CORPORATION**
5. Philippines
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. RCBC Plaza Yuchengco Tower 6819 Ayala Ave. cor. Sen. Puyat Avenue, Makati City 1200
   Address of principal office   Postal Code
8. (632) 8894-9000
   Registrant's telephone number, including area code
9. Not applicable
   Former name, former address & former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, P10 par value	1,935,628,896 (March 31, 2021)

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

    Yes (x)   No ( )

12. Check whether the registrant:

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

    Yes (x)   No ( )

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

    Yes (x)   No ( )

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Notes	3/31/2021 (Unaudited)	12/31/2020 (Audited)
RESOURCES			
Cash and Other Cash Items		P 13,333	P 16,520
Due From Bangko Sentral ng Pilipinas		123,650	115,467
Due From Other Banks		12,631	15,707
Loans Under Reverse Repurchase Agreement		15,142	13,356
Trading and Investment Securities - Net	3	116,399	88,064
Loans and Receivables - Net	4	487,459	491,284
Investments in Associates - Net		331	339
Bank Premises, Furniture, Fixtures & Equipment- Net		12,906	13,062
Investment Properties - Net		3,599	3,725
Deferred Tax Assets		3,081	3,044
Other Resources - Net	5	12,264	11,538
Total Resources		P 800,796	P 772,106
LIABILITIES AND CAPITAL FUNDS			
Deposit Liabilities	6	562,859	535,788
Bills Payable	7	9,865	13,167
Bonds Payable	8	93,336	90,439
Accrued Taxes, Interest and Other Expenses		5,355	5,900
Other Liabilities	9	26,905	25,434
Total Liabilities		698,322	670,728
CAPITAL FUNDS			
Attributable to Parent Company Shareholders:			
Preferred Stock	10	3	3
Common Stock	10	22,509	22,509
Hybrid Perpetual Securities		14,463	14,463
Capital Paid in Excess of Par	10	42,568	42,568
Treasury Shares		(13,719)	(13,719)
Other Comprehensive Income:			
Net Unrealized Gains on Financial Assets At Fair Value Through Other Comprehensive Income		648	664
Cumulative Translation Adjustment		54	54
Retirement plan		(2,781)	(2,788)
Reserve for Trust Business		499	499
Other Reserves		(97)	(97)
Retained Earnings Appropriated for General Provision		3,450	3,442
Retained Earnings		34,860	33,763
		102,457	101,361
Non-controlling Interest		17	17
Total Capital Funds		102,474	101,378
TOTAL LIABILITIES AND CAPITAL FUNDS		P 800,796	P 772,106

See Notes to Interim Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF INCOME
(Amounts in Millions of Philippine Pesos, Except Per Share Data)

	Note	1/1/2021 to 3/31/2021 (Unaudited)	1/1/2020 to 3/31/2020 (Unaudited)
INTEREST INCOME ON			
Loans and receivables		P 7,572	P 8,583
Investment securities		600	780
Others		260	168
		8,432	9,531
INTEREST EXPENSE ON			
Deposit liabilities		913	1,671
Bills payable and other borrowings		1,054	1,541
		1,967	3,212
NET INTEREST INCOME		6,465	6,319
IMPAIRMENT LOSSES - Net		936	1,601
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		5,530	4,718
OTHER OPERATING INCOME (CHARGES)			
Service fees and commissions		1,335	894
Trust fees		91	70
Foreign exchange gains - net		47	275
Trading and securities (losses) gain - net		(35)	2,157
Miscellaneous	11	411	279
		1,848	3,674
OTHER OPERATING EXPENSES			
Employee benefits		1,593	1,711
Depreciation and amortization		796	709
Taxes and licenses		787	801
Occupancy and equipment-related		723	702
Miscellaneous	11	1,793	1,633
		5,692	5,556
PROFIT BEFORE TAX		1,686	2,836
TAX EXPENSE		106	527
NET PROFIT		1,580	2,308
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTEREST		0	0
NET PROFIT ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		P 1,580	P 2,308
Earnings Per Share (Annualized)			
Basic		P 2.81	P 4.80
Diluted		P 2.81	P 4.80

See Notes to Interim Financial Statements.

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

	1/1/2021 to 3/31/2021 (Unaudited)	1/1/2020 to 3/31/2020 (Unaudited)
NET PROFIT FOR THE PERIOD	**1,580**	2,308
OTHER COMPREHENSIVE INCOME (LOSSES) DURING THE PERIOD:		
Fair value losses on Financial assets at Other Comprehensive Income	**(16)**	(474)
Retirement plan	**7**	24
Translation adjustments on foreign operations	**0**	1
Other Comprehensive Loss for the period	**(9)**	(449)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,571**	1,860
COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	**0**	(0)
COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	**1,571**	1,860

See Notes to Interim Financial Statements.

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

	1/1/2021 to 3/31/2021 (Unaudited)	1/1/2020 to 3/31/2020 (Unaudited)
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		
PREFERRED STOCK		
Balance at beginning and end of period	3	3
COMMON STOCK		
Balance at beginning and end of period	22,509	22,509
HYBRID PERPETUAL SECURITIES		
Balance at beginning and end of period	14,463	-
CAPITAL PAID IN EXCESS OF PAR		
Balance at beginning and end of period	42,568	42,568
TEASURY SHARES, At Cost		
Balance at beginning and end of period	(13,719)	(13,719)
NET UNREALIZED GAINS/(LOSSES) ON FINANCIAL ASSETS AT OTHER COMPREHENSIVE INCOME		
Beginning balance	664	894
Fair value losses during the period	(16)	(474)
Balance, end	648	420
CUMULATIVE TRANSLATION ADJUSTMENTS		
Balance, beginning	54	53
Translation adjustment during the period	0	1
Balance, end	54	54
OTHER COMPREHENSIVE INCOME - RETIREMENT PLAN		
Balance, beginning	(2,788)	(3,141)
Remeasurement of the defined benefits during the priod	7	24
Balance, end	(2,781)	(3,117)
RESERVE FOR TRUST BUSINESS		
Balance, beginning	499	485
Transfer from retained earnings - free	0	-
Balance, end	499	485
OTHER RESERVES	(97)	(97)
RETAINED EARNINGS APPROPRIATED FOR GENERAL PROVISION		
Beginning balance	3,442	3,132
Transfer from retained earnings - free	8	9
Balance, end	3,450	3,140
RETAINED EARNINGS		
Beginning balance	33,763	30,143
Net profit	1,580	2,308
Cash dividends on preferred shares	(0)	(0)
Dividends on Hybrid Capital Securities	(472)	-
Transfer of fair value reserves on FVOCI	(3)	-
Transfer to retained earnings appropriated for general provision	(8)	(9)
Transfer to reserves for trust business	(0)	-
Balance, end	34,860	32,442
ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	102,457	84,689
MINORITY INTEREST		
Balance, beginning	17	19
Fair value gains (losses) on FVOCI	0	(0)
Net Profit for the year	0	0
Balance, end	17	19
TOTAL CAPITAL FUNDS	102,474	84,709

See Notes to Interim Financial Statements.

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

	YTD Ended 3/31/2021 (Unaudited)	YTD Ended 3/31/2020 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profits before tax	1,686	2,836
Adjustments for:		
Interest income	(8,432)	(9,512)
Interest expense	1,967	3,212
Impairment losses	936	1,601
Depreciation and amortization	796	709
Dividend income	(30)	(18)
Share in net earnings of associates	5	(0)
Operating income before working capital changes	(3,073)	(1,173)
Increase in financial assets at fair value through profit and loss	(507)	(2,190)
Increase in loans and receivables	(31,318)	(20,018)
Decrease in investment property	126	41
Decrease in other resources	4,468	136
Increase in deposit liabilities	27,071	31,754
Increase (Decrease) in accrued taxes, interest and other expenses	(90)	35
Increase (Decrease) in other liabilities	1,717	(1,361)
Cash generated from (used in) operations	(1,606)	7,225
Interest received	8,190	9,933
Interest paid	(2,423)	(3,981)
Cash paid for taxes	(80)	(233)
Net Cash From Operating Activities	4,081	12,944
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in Financial Assets at FVOCI	16,452	(8,524)
Decrease (increase) in Investment securities at amortized cost	(44,292)	73,388
Acquisitions of bank premises, furniture, fixtures and equipment (net)	(803)	(753)
Cash dividends received	30	18
Acquisitions of intangibles	(172)	(46)
Net Cash From (Used in) Investing Activities	(28,785)	64,084
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of bills payable	(3,302)	(70,987)
Dividends paid	(472)	(0)
Net proceeds from (Redemption of) bonds payable	2,897	(12,242)
Net Cash Used in Financing Activities	(877)	(83,229)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(25,581)	(6,201)
CASH AND CASH EQUIVALENTS, BEGINNING		
Cash and other cash items	16,520	16,907
Due from Bangko Sentral ng Pilipinas	115,467	87,170
Due from other banks	15,707	18,783
Interbank Loans and Loans and Receivables under reverse repurchase agreement	56,037	24,571
	203,730	147,431
CASH AND CASH EQUIVALENTS, END		
Cash and other cash items	13,333	16,453
Due from Bangko Sentral ng Pilipinas	123,650	54,098
Due from other banks	12,631	18,239
Interbank Loans and Loans and Receivables under reverse repurchase agreement	28,535	52,440
	178,149	141,230

See Notes to Interim Financial Statements.

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2021 AND DECEMBER 31, 2020
(Amounts in Millions of Philippine Pesos)

1. CORPORATE MATTERS

1.1 Incorporation and Operations

Rizal Commercial Banking Corporation (the Parent Company, the Bank or RCBC), a universal bank engaged in all aspects of banking, was originally incorporated on September 23, 1960. The Bank renewed its corporate existence on December 10, 2009. It provides products and services related to traditional loans and deposits, trade finance, domestic and foreign fund transfers or remittance, cash management, treasury, and trust and custodianship services. It also enters into forward currency contracts as an accommodation to its clients and as a means of managing its foreign exchange exposures. The Parent Company and its subsidiaries (together hereinafter referred to as the Group) are engaged in all aspects of traditional banking, investment banking, retail financing (credit cards, auto loans, mortgage/housing and microfinance loans), remittance, leasing and stock brokering.

As a banking institution, the Group's operations are regulated and supervised by the Bangko Sentral ng Pilipinas (BSP). As such, the Group is required to comply with banking rules and regulations such as those relating to maintenance of reserve requirements on deposit liabilities and deposit substitutes and those relating to the adoption and use of safe and sound banking practices, among others, as promulgated by the BSP. The Group's activities are subject to the provisions of Republic Act (RA) No. 8791, the *General Banking Law of 2000*, and other related banking laws.

The Parent Company's common shares are listed in the Philippine Stock Exchange (PSE).

The Parent Company is a 41.72% owned subsidiary of Pan Malayan Management and Investment Corporation (PMMIC), a company incorporated and domiciled in the Philippines. PMMIC is the holding company of the flagship institutions of the Yuchengco Group of Companies.

The registered address of the Parent Company is Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue cor. Sen. Gil Puyat Avenue, Makati City. PMMIC's registered business address is 48th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City.

The condensed consolidated interim financial statements of the Group as of and for the three months ended March 31, 2021 (including the comparatives for the three months ended March 31, 2020) and the year ended December 31, 2020 were approved and authorized for issue by the Bank's Audit Committee on May 11, 2021.

1.2 Merger with RCBC Savings Bank, Inc. (RSB)

The Bank, together with RSB, a wholly-owned subsidiary, executed a Plan of Merger on November 27, 2018, which was previously approved by all members of the Bank's Board of Directors (BOD) and by all the stockholders of the Bank on February 26, 2019. The same was filed with the SEC and was subsequently approved on July 22, 2019.

Upon issuance by the SEC of the Certificate of Filing of the Articles and Plan of Merger, RSB was merged into the Bank, which is the surviving corporation of the merger. As such, the financial information in the Parent Company's financial statements are restated for the periods prior to the combination of the Parent Company and RSB to reflect the combination as if it had occurred at the beginning of the earliest period presented in the financial statements, regardless of the actual date of the combination.

Upon the effective merger date, RCBC, as the surviving corporation, continues its existence as a corporation and conducts its business under its existing name. Issued and outstanding common shares of RSB was cancelled and exchanged with RCBC's shares. The Bank issued a total of 315,287,248 shares to the shareholders of RSB, in exchange for their respective shares, based on a share exchange ratio agreed by both parties. Correspondingly, effective July 22, 2019, the Bank holds certain real properties of former RSB which are classified under Bank Premises, Furniture and Equipment and Investment Properties in the Statements of Financial Position acquired through a tax-free exchange as a result of the merger.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The interim financial statements of the Bank have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

There were no changes in the accounting policies and methods of computation followed in the interim financial statements as compared with the most recent annual financial statements.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standards (PAS) 1, *Presentation of Financial Statements*. The Group presents its statement of financial position broadly in order of liquidity and presents all items of income and expenses in two statements: a "statement of profit or loss" and a "statement of comprehensive income."

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Group's functional and presentation currency. All amounts are in millions, except per share data or when otherwise indicated.

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

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

2.3 Financial Assets

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

(a) Classification, Measurement and Reclassification of Financial Assets

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

(i) Financial Assets at Amortized Cost

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

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

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

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

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

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

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

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

Debt Instruments at FVOCI

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

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

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

Equity Instruments at FVOCI

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

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

(b) Impairment of Financial Assets

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

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

Stage 1	:	When loans are first recognized, the Group recognizes an allowance based on the twelve-month ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
Stage 2	:	When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime ECLs. Stage 2 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 3.
Stage 3	:	When a loan is considered as credit impaired, the Group records an allowance for the lifetime ECL.

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

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

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

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

(c) *Derecognition of Financial Assets*

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

(i) *Modification of Loans*

When the Group derecognizes a financial asset through renegotiation or modification of the contractual payment terms of the loans due to significant credit distress of the borrower, the Group assesses whether or not the new terms are substantially different to the original terms of the instrument.

In making such assessment, the Group considers, among others:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced that will affect the risk profile of the loan;

- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; and/or,
- Insertion of collateral, other security or credit enhancements that will significantly affect the credit risk associated with the loan.

2.4 Financial Liabilities

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

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

2.5 Provisions and Contingencies

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

2.6 Revenue and Expense Recognition

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

2.7 Impairment of Non-financial Assets

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

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

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

2.8 Income Taxes

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

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

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

2.9 Related Party Relationships and Transactions

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

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

2.10 Events After the End of the Reporting Period

Any event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-reporting events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. TRADING AND INVESTMENT SECURITIES

This account is composed of the following:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Financial assets at FVPL	P 5,395	P 4,888
Financial assets at FVOCI	23,685	40,150
Investment securities at amortized cost - net	87,319	43,026
	P 116,399	P 88,064

3.1 Financial Assets at FVPL

This account is composed of the following:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Government securities	P 2,951	P 1,876
Equity securities	1,286	1,173
Derivative financial assets	1,106	1,129
Corporate debt securities	52	710
	P 5,395	P 4,888

3.2 Financial Assets at FVOCI

This account is composed of the following:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Government bonds	P 6,743	P 20,563
Corporate debt securities	13,559	16,157
Unquoted equity securities	1,860	1,570
Quoted equity securities	1,523	1,860
	P 23,685	P 40,150

3.3 Investments at Amortized Cost

This account is composed of the following:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Government securities	P 72,428	P 37,022
Corporate debt securities	15,033	6,146
	87,460	43,168
Allowance for impairment	(142)	(142)
	P 87,319	P 43,026

4. LOANS AND RECEIVABLES

This account consists of the following:

		March 31, 2021 (Unaudited)		December 31, 2020 (Audited)
Receivable from customers:				
Loans and discounts	P	426,110	P	400,846
Credit card receivables		31,535		31,973
Customers' liabilities on acceptances, import bills and trust receipts		18,933		18,868
Lease contract receivable		2,995		3,115
Bills purchased		2,565		2,109
Receivables financed		347		343
		482,445		457,254
Unearned discount		(645)		(689)
		481,800		456,565
Other receivables:				
Interbank loans receivables		13,393		42,681
Accrued interest receivable		5,806		5,677
Accounts receivable		2,883		3,661
Unquoted debt securities classified as loans		965		965
Sales contract receivable		888		928
		23,935		53,912
		505,735		510,477
Allowance for impairment		(18,276)		(19,193)
	P	487,459	P	491,284

5. OTHER RESOURCES

This account consists of the following:

		March 31, 2021 (Unaudited)		December 31, 2020 (Audited)
Assets held-for-sale and disposal group	P	4,326	P	4,182
Creditable withholding taxes		2,340		2,154
Prepaid expenses		1,272		1,003
Branch licenses		1,000		1,000
Software – net		1,275		1,184
Refundable and other deposits		737		720
Goodwill		426		426
Unused stationery and supplies		471		311
Deferred charges		195		176
Returned checks and other cash items		64		155
Margin deposits		77		17
Miscellaneous		896		1,012
		13,114		12,340
Allowance for impairment		(849)		(802)
	P	12,264	P	11,538

6. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities:

	March 31, 2021 (Unaudited)		December 31, 2020 (Audited)	
Demand	**P**	**110,471**	P	107,172
Savings		**207,781**		195,164
Time		**238,525**		227,370
Long-term Negotiable Certificate of Deposits (LTNCD)		**6,082**		6,082
	P	**562,859**	P	535,788

The details of the Parent Company's Long-term Negotiable Certificate of Deposits (LTNCDs) as of March 31, 2021 and December 31, 2020 are as follows:

			Outstanding Balance			
Issuance Date	Maturity Date	Coupon Interest	March 31, 2021 (Unaudited)		December 31, 2020 (Audited)	
September 28, 2018	March 28, 2024	5.50%	**P**	**3,580**	P	3,580
August 11, 2017	February 11, 2023	3.75%		**2,502**		2,502
			P	**6,082**	P	6,082

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

7. BILLS PAYABLE

This account consists of borrowings from:

	March 31, 2021 (Unaudited)		December 31, 2020 (Audited)	
Local banks	**P**	**8,396**	P	8,983
Foreign banks		**1,457**		4,183
Others		**12**		1
	P	**9,865**	P	13,167

8. BONDS PAYABLE

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

Issuance Date	Maturity Date	Coupon Interest		Face Value	Outstanding Balance March 31, 2021 (Unaudited)		December 31, 2020 (Audited)	
March 31, 2021	September 30, 2023	3.20%	P	13,743	P	13,743	P	16,616
March 31, 2021	June 30, 2026	4.18%	P	4,130		4,130		7,054
July 27, 2020	July 27, 2022	3.25%	P	16,616	P	16,616	P	16,616
April 7, 2020	April 7, 2022	4.85%	P	7,054		7,054		7,054
November 13, 2019	November 13, 2022	4.43%	P	7,500		7,500		7,500
September 11, 2019	September 11, 2024	3.05%	$	300		14,533		14,362
June 4, 2019	June 4, 2021	6.15%	P	8,000		8,000		8,000
March 15, 2018	March 16, 2023	4.13%	$	450		21,760		21,540
November 2, 2015	February 2, 2021	3.45%	$	320		-		15,367
					P	93,336	P	90,439

9. OTHER LIABILITIES

Other liabilities consist of the following:

		March 31, 2021 (Unaudited)		December 31, 2020 (Audited)
Accounts payable	P	8,042	P	8,811
Outstanding acceptances payable		4,230		2,417
Lease liabilities		4,135		4,385
Post-employment defined benefit obligation		2,956		2,993
Manager's checks		1,544		1,150
Bills purchased – contra		1,274		915
Derivative financial liabilities		883		1,484
Deposits on lease contracts		709		621
Sundry credits		585		478
Other credits		454		446
Withholding taxes payable		262		220
Unearned income		260		152
Payment orders payable		252		194
Guaranty deposits		209		20
Expected credit loss provisions on loan commitments		142		139
Due to BSP		123		49
Miscellaneous		845		960
	P	26,905	P	25,434

10. EQUITY

The movements in the outstanding capital stock are as follows:

	Number of Shares*	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Preferred stock – voting, non-cumulative non-redeemable, participating convertible into common stock – P10 par value Authorized – 200,000,000 shares		
Balance at beginning and end of period	**267,410**	267,410
Common stock – P10 par value Authorized – 2,600,000,000 shares		
Balance at beginning and end of period	**1,935,628,896**	1,935,628,896

**Amounts in absolute number of shares*

10.1 Hybrid Perpetual Securities

On August 27, 2020, the Parent Company issued US$300 non-cumulative, unsecured, subordinated capital securities which qualify as AT1 capital under Basel III standards. As of March 31, 2021, the hybrid perpetual securities amounted to P14,463, net of issuance costs.

The capital securities are perpetual in respect of which there is no fixed redemption date. The Parent Company may redeem the capital securities only in certain circumstances as described in the conditions of the securities and with prior written consent of BSP. Distributions are non-cumulative and payable semi-annually in arrear at a rate of 6.5%. Certain conditions provide for circumstances under which the Parent Company will not be obliged to pay any distribution on the applicable payment date.

The proceeds of the hybrid perpetual securities are used to support and finance medium-term to long-term asset growth, loans to customers, other general corporate purposes and to maintain sufficient buffers above the minimum capital thresholds required by BSP.

11. MISCELLANEOUS INCOME AND EXPENSES

These accounts consist of the following:

11.1 Miscellaneous Income

	For the Three Months Ended	
	January 1 to March 31, 2021 (Unaudited)	January 1 to March 31, 2020 (Unaudited)
Rentals	**P 262**	P 214
Recoveries from written-off assets	**42**	36
Dividend income	**30**	18
Gains on assets sold	**28**	10
Others	**49**	1
	P 411	P 279

11.2 Miscellaneous Expenses

	For the Three Months Ended	
	January 1 to March 31, 2021 (Unaudited)	January 1 to March 31, 2020 (Unaudited)
Insurance	**P 314**	257
Credit card related expenses	**284**	P 297
Communication and information	**171**	150
Service processing fees	**162**	109
Litigation/asset acquired expenses	**139**	77
Management and other professional fees	**106**	99
Banking fees	**75**	66
Advertising and publicity	**71**	73
Other outside services	**41**	39
Transportation and travel	**40**	58
Stationery and office supplies	**33**	67
Donations and charitable contributions	**17**	53
Shipment and freight	**12**	2
Representation and entertainment	**9**	13
Others	**319**	273
	P 1,793	P 1,633

12. COMMITMENTS AND CONTINGENCIES

In the normal course of operations of the Group, there are various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, tax assessments, etc., with amounts not reflected in the financial statements. Management does not anticipate losses from these transactions that will adversely affect the Group's operations.

In the opinion of management, the suits and claims arising from the normal course of operations of the Group that remain unsettled, if decided adversely, will not involve sums that would have material effect on the Group's financial position or operating results.

12.1 Contingent Accounts, Guarantees and Other Commitments

The following is a summary of contingencies and commitments arising from off-statement of financial position items at their equivalent peso contractual amounts as of March 31, 2021 and December 31, 2020:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Trust department accounts	**P 127,309**	P 116,652
Outstanding guarantees issued	**69,108**	67,297
Derivative liabilities	**49,471**	28,135
Derivative assets	**46,940**	36,980
Unused commercial letters of credit	**11,369**	20,495
Spot exchange bought	**9,167**	8,681
Spot exchange sold	**9,161**	8,674
Inward bills for collection	**2,781**	1,694
Late deposits/payments received	**428**	644
Outward bills for collection	**118**	94
Others	**17**	17

12.2 Sale of National Steel Corporation (NSC) Plant Asset

In October 2008, Global Steel Philippines (SPV-AMC), Inc. and Global Ispat Holdings (SPVAMC), Inc. (collectively, "Global Steel"), which purchased the Iligan Plant assets ("NSC Plant Assets") of the National Steel Corporation ("NSC") from the Liquidator (as defined in the Asset Purchase Agreement ("APA") dated September 1, 2004), initiated arbitration proceedings with the Singapore International Arbitration Centre ("SIAC") seeking damages on account of the non-delivery of the NSC Plant Assets free and clear from liens and encumbrance, which purportedly deprived Global Steel of the opportunity to use the same to secure additional loans for the operations/upgrade of the NSC Steel Mill Plant.

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

The Bank's total exposure in connection with the obligation to transfer clean title to the NSC Plant Assets to Global Steel is approximately P217 in terms of estimated property taxes and transfer costs due on the NSC Plant Assets, as a result of the Philippine Supreme Court's affirmation of the ruling that all pre-closing taxes on the NSC Plant Assets are deemed paid. The Bank's exposure, however, may be varied depending on the validity of the Iligan City's post-closing tax assessment (including those imposed on non-operational machineries).

Notwithstanding the finality of the Supreme Court's ruling on the pre-closing taxes, the City of Iligan insisted on collecting the taxes covering the period 1999 to 2016, and foreclosed the NSC properties in October 2016. In an Order dated April 4, 2017, the Makati City Regional Trial Court ("Makati Trial Court") nullified the public auction, and enjoined any and all real property tax collection actions against the NSC pending the full execution of the decision on the pre-closing taxes/the correct computation of NSC's remaining tax liability. The City of Iligan filed a motion for reconsideration but this was denied.

Aggrieved, the City of Iligan filed a Petition for Certiorari with the Court of Appeals. Due to non-submission of the documents by the City of Iligan, the Court of Appeals dismissed the Petition for Certiorari. On appeal, the Supreme Court ordered the Court of Appeals to either determine the propriety of consolidating the same with CA-G.R. SP No. 1249852, or resolve the merits of the case.

To stop the take-over of the NSC Plant/other assets by the City of Iligan, the NSC Liquidator filed a Prohibition case against the City of Iligan, arguing that this is illegal given the nullification of the public auction, and citing the earlier Stay Orders of the Securities and Exchange Commission ("SEC") in SEC Case No. 12-99-6959 against the City Treasurer/her agents. The Court of Appeals, however, dismissed the same in its Decision dated July 24, 2019, citing NSC's alleged forum-shopping/failure to observe the hierarchy of the courts, and denied its Motion for Reconsideration on December 18, 2019.

The NSC elevated the case to the Supreme Court on February 20, 2020, assailing the Court of Appeal's ruling on the supposed commonality of interest between the NSC/Global Steel vis-à-vis the charge of forum-shopping. In a Resolution dated March 2, 2020, the Supreme Court directed the Iligan City LGU to file its Comment to the Petition for Review.

12.3 Verotel Merchant Services B.V. Case

In 2011, Verotel Merchant Services B.V. ("VMS"), a Dutch corporation, and Verotel International Industries, Inc. ("VII"), a Philippine corporation, civilly sued the Bank, Bankard, Inc. ("Bankard"), Grupo Mercarse Corp., CNP. Worldwide, Inc. and several individuals before the Los Angeles Superior Court for various causes of action including fraud, breach of contract and accounting, claiming that VII and its alleged parent company, VMS, failed to receive the total amount of US$2, which the defendants allegedly misappropriated. VMS is an internet merchant providing online adult entertainment and online gambling, in addition to the sale of pharmaceuticals over the internet.

Following the initial jury verdict in favor of VMS, and the subsequent reduction of the monetary damages awarded to VMS, the Bank/Bankard filed their Notice of Appeal with the California Court of Appeals on July 11, 2016. VMS followed suit to overturn the deletion of the punitive damages award in its favor. The parties filed their required Briefs between October 2, 2017 and October 31, 2018, and oral arguments were heard on November 12, 2020. In a Decision dated January 13, 2021, the Court of Appeals affirmed the modified ruling of the Los Angeles Superior Court on the monetary award in favor of VMS, and the deletion of the US$8 punitive damages award. On February 16, 2021, the Bank/Bankard remitted and fully settled the monetary award in favor of VMS, inclusive of interest and other charges.

12.4 RCBC Securities Case

In December 2011, RCBC Securities ("RSEC") initiated criminal proceedings against its former agent, Mary Grace V. Valbuena ("Valbuena"), due to questionable transactions with her personal clients, followed by additional criminal/civil cases. In November 2016, the Metropolitan Trial Court of Makati City convicted Valbuena of the crime of violation of BP 22. Valbuena's conviction has since been sustained further by the Court of Appeals, which directed her to pay RSEC the amount of P7.2 Million, and interest at the rate of 12% per annum from January 18, 2012 to June 30, 2013, and six percent 6% per annum from July 1, 2013 until full satisfaction. On September 21, 2020, Valbuena filed a Petition for Review with the Supreme Court, seeking the reversal of the Decision of the Court of Appeals.

In May 2012, the Capital Markets Integrity Corporation ("CMIC") investigated the complaint filed by Francisco Ken Cortes against RSEC. After due proceedings, the CMIC dismissed the complaint filed by Mr. Cortes and denied his Motion for Reconsideration. The aforesaid Resolutions have since become final and executory.

In December 2013, Cognatio Holdings, Inc. ("Cognatio") filed a complaint against Valbuena, RSEC, and its former Operations/Chief Finance Officer, and Compliance Officer with the Enforcement and Investor Protection Department of the SEC ("EIPD-SEC"). In April 2019, the EIPD-SEC found RSEC liable for violating the Securities Regulations Code. RSEC was fined and was directed to amend its internal control procedures. In an Order dated July 16, 2019, the EIPD-SEC accepted RSEC's negotiated settlement offer of P2.5 Million, *sans* any finding of fault. RSEC likewise submitted its Board-approved Amended Internal Protocols on August 5, 2019.

During the pendency of foregoing EIPD-SEC proceedings, Carlos S. Palanca IV ("Palanca") and Cognatio complained against RSEC before the CMIC, which dismissed the same in its Decision dated December 4, 2014, holding that Palanca/Cognatio's complaint has prescribed, if not barred by prior judgment. The matter eventually reached the Supreme Court, which reinstated the ruling of the SEC en banc, directing the CMIC to grant the request for assistance sought by Palanca/ Cognatio, in its Decision dated 11 March 2020.

On February 22, 2013, Stephen Y. Ku ("Ku") filed a complaint against RSEC with the Regional Trial Court of Makati, Branch 149 (the "Makati Trial Court"), essentially praying for the return of his shares of stock/cash payments approximately valued at P103 Million, which he claims to have been turned over to Valbuena. On May 20, 2013, RSEC sought the dismissal of the complaint citing, among others, Ku's non-payment of the correct filing fees. This particular issue was eventually elevated to the Supreme Court which held, in its Decision dated October 17, 2018, that Ku's remediation of the deficient docket fees proves he did not intentionally attempt to evade paying the correct filing fees, and directed the Makati Trial Court to proceed with the trial of the case.

The Makati Trial Court terminated the pre-trial conference of the case on February 27, 2020, and set the presentation of Ku's evidence in March 2020. However, due to the COVID-19 pandemic, Ku's presentation of evidence only commenced on July 14, 2020. His cross-examination, which began on January 25, 2021 and February 24, 2021, has since been reset to April 23, 2021, due to the resurgence of COVID-19 incidents.

12.5 HHIC-Philippines, Inc. Rehabilitation Proceedings

On January 9, 2019, HHIC-Phil, Inc. ("HHIC-Phil") filed a petition for corporate rehabilitation (the "Petition") under Republic Act No. 10142, the Financial Rehabilitation and Insolvency Act of 2010 ("FRIA"), with the Regional Trial Court, Branch 72, Olongapo City (the "Rehabilitation Court"). On January 14, 2019, the Rehabilitation Court gave due course to the Petition, and eventually appointed the current Rehabilitation Receiver.

The Bank, together with the four (4) other creditor banks ("co-creditor banks"), negotiated with HHIC-Phil and HHIC-Korea for a modified rehabilitation plan, which was further revised in time for the sending of the Notice of Conference to HHIC-Phil's creditors and stakeholders. During the May 9, 2019 conference, more than fifty percent (50%) of the secured/unsecured creditors and stakeholders approved the Modified Rehabilitation Plan with Clarifications ("MRP with Clarifications").

A number of creditors (principally ship-owners with warranty claims/manufacturers of ship parts/engines) sought the revision of the Final Registry of Claims/recall of the Order confirming the MRP with Clarifications. The Korean Development Bank ("KDB") also sought to enforce its lien on the HHIC-Phil account in its possession.

While the Rehabilitation Court approved KDB's Motion in its Order dated February 7, 2020, the Rehabilitation Court sustained the Bank/co-creditor banks' opposition and ruled against the ship owners/ship engine supplier in its Orders dated February 10, 2020 and February 11, 2020, respectively.

Several ship owners affected by the February 10, 2020 Order, and a ship engine supplier affected by the Order dated February 11, 2020, filed separate petitions for Certiorari with the Court of Appeals. These Petitions have since been withdrawn after the petitioners' claims were settled by HHIC-Phil/HHIC-Korea. On December 14, 2020, the Court of Appeals deemed all the certiorari cases closed and terminated.

As of March 31, 2021, the outstanding loan obligation of HHIC-Phil to the Bank remains at USD149, inclusive of accrued and compounded interest, as well as penalty on interest and principal.

12.6 Applicability of RR 4-2011

In March 2011, the BIR issued RR 4-2011, prescribing a new way of reporting income solely for banks/other financial institutions, and issued assessment notices to banks/other financial institutions for deficiency income tax for alleged non-intra-unit allocation of costs and expenses to exempt income and income subjected to final tax within the RBU.

On April 6, 2015, the Bank/other Bankers Association of the Philippines member banks ("BAP-member banks") filed a Petition for Declaratory Relief with application for provisional remedies with the Makati Trial Court, which issued a Temporary Restraining Order prohibiting the enforcement of RR 4-2011, including the issuance of any Preliminary/Final Assessment Notice pendente lite, unless sooner dissolved; and a Confirmatory Order also prohibiting the BIR from ruling/deciding any RR 4-2011 administrative matter pending before it. The Makati Trial Court subsequently declared RR 4-2011 null and void in its Order dated May 25, 2018, and made permanent the Writ of Preliminary Injunction it issued earlier.

The Department of Finance ("DOF")/BIR elevated the matter to the Supreme Court via a Petition for Review. The Bank/other BAP-member banks countered among others that RR 4-2011 was issued by the BIR in the exercise of its quasi-legislative power, hence, original jurisdiction over the Declaratory Relief case lies with the Makati Trial Court; and RR 4-2011 was correctly invalidated for mandating banks/other financial institutions to adopt a different method of accounting from the other classes of taxpayers; unlawfully amending the NIRC or Tax Code; and depriving the Bank/other BAP-member banks of their substantive rights to fully deduct legitimate business expenses. In a Resolution dated September 30, 2020, the Supreme Court directed the DOF/BIR to file their reply to the separate Comments filed by the Bank/other BAP-member banks.

12.7 Alleged Unauthorized Transfer of Funds – Bank of Bangladesh

In February 2016, four allegedly unauthorized fund transfers were wired to four accounts with the Bank from Bangladesh Bank's account with the Federal Reserve Bank of New York ("FRBNY"), before being further dispersed to other accounts with other banks and casinos. In August 2016, the Monetary Board approved the imposition of a P1,000 fine upon the Bank which it paid in full. Such fine was fully recognized as part of miscellaneous expenses in the Bank's 2016 AFS. The Bank's payment of the penalty did not affect its ability to perform its existing obligations or unduly hamper its operations.

U.S. Litigation relating to the Bangladesh Bank Incident

On January 31, 2019, Bangladesh Bank filed a complaint with the U.S. District Court Southern District of New York ("SDNY") against the Bank, some of its current/former officers who were involved in the incident, a money service business/its principals, junket operators, and the casinos where the questioned funds passed through, alleging they conspired with North Korean hackers to steal funds from its FRBNY bank account. The complaint cited nine (9) causes of action and sought the return of the full amount allegedly stolen, plus interest, attorney's fees, and other damages, including treble damages under the Federal Racketeer Influence and Corrupt Organizations ("RICO") Act.

The Bank sought the dismissal of the case on both procedural and substantive grounds, including (a) forum non conveniens; (b) the failure of the Complaint to plead a legitimate basis for Federal court jurisdiction; and (c) lack of subject matter jurisdiction. On March 20, 2020 (NY Time), the U.S. District Court SDNY dismissed the complaint filed by Bangladesh Bank, ruling that the Complaint failed to plead all the elements of a claim under the RICO Act. The U.S. District Court SDNY then declined to retain any supplemental jurisdiction over the related state-law claims.

After initially appealing to the United States Court of Appeals and requesting that it be allowed to submit its opening brief, Bangladesh Bank withdrew its appeal.

On May 27, 2020 (NY Time), Bangladesh Bank initiated another Complaint against the Bank/the same other defendants before the New York State Court and the Bangladesh Bank was given until April 7, 2021 to serve summons and the new Complaint in accordance with the Hague Convention. On January 11, 2021, the Bank received a Notice from the Regional Trial Court of Makati City, together with the attached copies of the Summons and Complaint filed by Bangladesh Bank before the New York State Court. On February 8, 2021, counsel of the Bank filed a motion to dismiss the complaint based on lack of personal jurisdiction, that the case should be dismissed on forum non conveniens grounds, and for failure to state a claim.

On January 11, 2021, the Bank received a Notice from the Regional Trial Court of Makati City, together with the attached copies of the Summons and the Complaint filed by Bangladesh Bank before the New York State Court. On February 8, 2021, the Bank timely filed its Memorandum of Law in Support of its Motion to Dismiss, principally citing (a) New York's lack of personal jurisdiction over the Bank; (b) the impropriety of New York as a forum, given the ongoing Philippine proceedings relating to the case and the location of material witnesses/evidence; and (c) the untenable nature of the fraud charge against the Bank due to the lack of any fiduciary duty to disclose information on the RCBC accounts. Bangladesh Bank filed its Opposition to the Bank's Motion to Dismiss on March 5, 2021 (NY Time), and the Bank has since filed its Reply on March 29, 2021 (NY Time).

Philippine Litigation relating to the Bangladesh Bank Incident

On March 6, 2019, the Bank/the former National Sales Director ("NSD") filed a complaint for Injunction and Damages against Bangladesh Bank with the Makati Trial Court.

Bangladesh Bank disputed the propriety of the service of summons and refused to formally submit to the jurisdiction of the Makati Trial Court and to participate in any of the mediation conferences held.

The Makati Trial Court has since ruled that Bangladesh Bank's claim of immunity from suit cannot be sustained in view of the power to sue/be sued in its own Charter document, and the valid service of summons to Bangladesh Bank. The Makati Trial Court likewise struck down Bangladesh Bank's claim of forum-shopping.

The Makati Trial Court has since reset the hearing several times, principally due to the continuing absence of the counsel for Bangladesh Bank. After being required to give a short briefing on their respective positions during the November 24, 2020 status hearing, the counsel for Bangladesh Bank filed a Manifestation (re: Authority of Counsel) dated December 11, 2020, alleging that (a) his client is supposedly different from the named defendant in the case, and (b) he has no authority to act any further therein. The Bank has since filed a Motion to Declare Defendant in Default dated December 22, 2020.

In an abrupt turn-around, the counsel for Bangladesh Bank belatedly filed a Motion to Dismiss dated January 27, 2021, but cited the same stale grounds struck-down by the Makati Trial Court. In its Consolidated Comment/Opposition, the Bank pointed this out and emphasized, among others, that (a) the civil (not criminal) nature of the case negates any territorial consideration; (b) defamatory utterances do not fall automatically within the ambit of protected speech; and (c) the U.S case cited relative to the forum-shopping charge has been dismissed. Both Motions to declare Bangladesh Bank in default, and dismiss the case, remain pending.

Specific Litigation involving the Bank's Officers

The Anti-Money Laundering Council of the Philippines ("AMLC") initiated a second criminal complaint against five (5) current/former officers of the Bank for alleged violation of Section 4(f) of R.A. No. 9160, as amended, premised on their alleged failure to perform an act, which purportedly facilitated the money-laundering of US$81. Acting on the complaint, the Department of Justice found probable cause and filed the corresponding Information with the Regional Trial Court of Makati City ("Makati Trial Court").

On December 26, 2019, the Makati Trial Court granted the Demurrer to Evidence of three (3) of the current/former bank officers, and dismissed the case against them, principally citing their non-participation in the opening of the beneficiary accounts/validation of the remittances and Philippine jurisprudence prohibiting banks from unilaterally freezing accounts *after* the credit of the funds. The Makati Trial Court, however, held for further trial the former Senior Customer Relationship Office ("SCRO") and the former Customer Relationship Head ("CSH") of the Makati Jupiter Business Center ("Makati Jupiter BC") directing them to present their evidence.

The Prosecution and the former SCRO filed their respective Motion for Reconsideration. The Prosecution principally argued that the failure of the three (3) current/former bank officers to conduct EDD facilitated the alleged money-laundering. The former SCRO, on the other hand, argued that the evidence against her is hearsay, and that the rationale for the dismissal of the charge against the three (3) other current/former officers is applicable to her.

On March 11, 2020, the Makati Trial Court denied the Prosecution's Motion for Reconsideration on the acquittal of the three (3) current/former bank officers. The Prosecution appealed the Order of Denial of its Motion for Reconsideration with the Court of Appeals.

On July 2, 2020, the Prosecution sought the inhibition of the Acting Presiding Judge. This, however, became moot upon the latter's transfer to another Branch. The Petition for Review on the Judge's assailed Order, however, remains pending in the Court of Appeals.

On March 8, 2021, the Makati Trial Court promulgated the Judgment (a) acquitting the former CSH of the Makati Jupiter BC, for failure of the Prosecution to prove his guilt beyond reasonable doubt; and (b) finding the former SCRO guilty beyond reasonable doubt of the offense charged, and sentencing her to suffer imprisonment of four (4) to five (5) years, and directing her to pay a fine of P1.5 Million. The former SCRO was granted provisional liberty pending appeal.

Acting on the criminal complaints filed by the Bank and the Centurytex Trading account owner in connection with the unauthorized acts/transactions relating to the money-laundering of US$81 Million, the Office of the City Prosecutor of Makati City found probable cause to charge former Branch Manager Maia Deguito ("BM Deguito") and the former SCRO with several counts of falsification of commercial document and perjury, respectively, before the Metropolitan Trial Court of Makati City ("Makati MTC").

On account of the death of the Centurytex Trading account owner, the Prosecution in the falsification of commercial document cases sought to present the bank teller who processed the questioned transactions in 2016, which former BM Deguito opposed. In a Resolution dated February 28, 2020, the Makati MTC denied the Prosecution's motion to present the testimony of the bank teller; and directed the Heirs of the Centurytex Trading account owner to present their evidence. The Prosecution filed its Motion for Reconsideration, arguing that it should be allowed to present additional witnesses in the interest of greater Justice. To date, the incident remains unresolved, and the hearing in this case has been further reset to May 4, 2021.

The trial before the Makati MTC hearing the perjury case against the former SCRO, which grounded to a halt due to the COVID-19 pandemic, resumed on February 18, 2021 with the presentation of the Internal Auditor who conducted the investigation/audit of the Makati Jupiter Business Center. The Prosecution then rested its case and filed its Formal Offer of Evidence on March 5, 2021. The presentation of evidence for the former SCRO is tentatively set on June 17, 2021, and August 12 and 26, 2021, all at 9:00 a.m., and all via videoconferencing.

The Bank has several petitions for review currently pending in relation to actions that it has initiated against former Bank employees in relation to the Bangladesh Bank incident. There are no known trends, demands, and commitments, events, or uncertainties that will have a material impact on the Bank's operational performance and ability to service obligations.

Except for the above-mentioned proceedings, the Bank is not aware of any suits and claims by or against it or its subsidiaries, which if decided adversely, would have a material effect on its financial position or operating results.

13. OTHER MATTERS

13.1 Continuing Impact of COVID-19

In December 2019, COVID-19 was reported to have surfaced in China. The World Health Organization has declared the outbreak as a 'public health emergency of international concern'. COVID-19 started to become widespread in the Philippines in early March 2020 causing the government to declare the country in a state of public health emergency followed by implementation of ECQ and social distancing measures and restrictions within the Luzon area with other cities and provinces in the country enacting similar measures thereafter. This resulted in a wide-ranging business suspension – disrupting the supply chains, affecting production and sales across a range of industries, and weakening the stock market. While the disruption is currently expected to be temporary, management expects the suspension of businesses to negatively impact the Group's financial condition and results of operations.

On March 23, 2020, BAHO Act was signed into law declaring a national health emergency throughout the Philippines as a result of the COVID-19 crisis. The implementation of Section 4(aa) of said law has directed banks and other private and government financial institutions to implement a minimum thirty (30)-day grace period on all loans with principal and interests falling due within the period of the Enhanced Community Quarantine (ECQ), which started on March 17, 2020 up to April 30, 2020, which was extended until May 31, 2020, without incurring interest, penalties, fees or other charges. On September 11, 2020, BARO Act was signed into law which directed banks and other private and government financial institutions particularly under Section 4 (uu) the grant of one-time sixty (60)-day grace period for payments and/or maturity periods of all existing, current and outstanding loans as of September 15, 2020, falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees or other charges, thereby extending the maturity of the said loans, subject to compliance with regulatory requirements.

The Group has continued to operate and provide banking services to its customers since the imposition of ECQ in the Philippines commencing in mid-March 2020. To safeguard employee health and well-being, the Group activated its business continuity plan (BCP) and implemented precautionary workplace measures such as work from home arrangements and skeletal work force. The Group's BCP has back-up sites for critical functions such as client servicing, trading and treasury operations and information technology. Key personnel have also been identified to facilitate both critical and non-critical units and senior management have been spread across different sites to ensure banking operations continue even in the event of a severe business interruption such as when one site becomes contaminated. Meanwhile, information campaigns on health preparedness and preventive measures are being applied by the Group to fight the spread of the virus.

These measures include travel restrictions, controlled entry designated points equipped with thermal scanners and personal disinfectants and protocols on visitors, meetings and events. Management believes that these measures can mitigate the further negative impact of the outbreak to the Group's business and to its financial condition and performance.

The Group has been able to keep approximately 50-60% of its branches open during the early part of the community quarantine in mid-March 2020, and around 40-50% in April and May, with a skeletal workforce and corresponding adjustments in banking hours and cut-off times similar to adjustments instituted by the BSP and Bankers Association of the Philippines. By end-September 2020, the Group has kept about 98% of its branches open. Among the steps taken to address its customers' needs during the COVID-19 outbreak, the Group has (i) ensured cash availability at its ATMs and branches and (ii) extended loan payments for corporate and consumer loans for 60 days and waived fees on electronic and similar forms of payments for its clients. The Group has also encouraged its customers to use its online and mobile banking services to pay bills, send money, as well as use ATMs and cash acceptance machines as an alternative to branch banking. The Group also did not experience massive withdrawals from its depositors as the deposit liabilities still increased during the ECQ period.

Further, the Group focused on supporting customers who are experiencing and about to experience financial difficulties as a result of the COVID-19 global pandemic and has offered a range of financial assistance measures including temporary loan repayment deferrals (principal and/or interest) through its COVID-19 Assistance and Recovery Enhancement (CARE) Program. In accordance with regulatory guidance, the Group also implemented mandatory payment holidays to all eligible loans. The Group's CARE Program is primarily designed to provide financial assistance to customers by way of extended repayment plans. The assistance would help get the customer back into the habit of paying based on amounts they can afford. Albeit using tighter credit underwriting parameters, the Group continued its lending activities including on-boarding of new customer for both wholesale and consumer lending. Despite these challenges, cash flow remained stable given the growth in deposits and with some clients still opting to continue their amortization payments despite the loan payment moratorium provided for under the BAHO Act and BARO Act.

In 2021, the Group expects the general business environment to improve as quarantine restrictions ease and vaccination programs develop. Further, volume of transactions is expected to increase through customer acquisition to be driven by Data Science and Digital Marketing. While economic recovery is expected, the Group will stay focused on keeping efficient operations as it embarks on transformation projects such as: (1) fully automated KYC process and (2) enhanced credit and control systems. These activities include various business process re-engineering exercises such as process reviews and digital enhancements that support efficiency, lower cost of transaction and reduced costs in product delivery. The Group expects these exercises to be completed during the year.

The Group set aside provisions amounting to P936 during the first quarter of 2021, which considers the continuing disruptive economic impact of the COVID-19 pandemic and the re-imposition of ECQ that may lead to increased delinquencies due to the disruption in business activities, tightness in corporate liquidity, lower consumption levels, and expected contraction in gross GDP in the early part of the year.. The Group's total CAR and CET1 ratio as of end March 31, 2021 were 15.31% and 11.99%, respectively, and above the required minimum ratio of 10%.

13.2 Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Law)

On March 26, 2021, R.A. No. 11534, CREATE Law, amending certain provisions of the National Internal Revenue Code of 1997, as amended, was signed into law and took effect on April 11, 2021. The following are the major changes brought about by the CREATE Law that are relevant to the Bank:

a. regular corporate income tax rate is decreased from 30% to 25% starting July 1, 2020;
b. minimum corporate income tax rate is decreased from 2% to 1% starting July 1, 2020 until June 30, 2023;
c. the imposition of 10% tax on improperly accumulated retained earnings is repealed; and, the allowable deduction for interest expense is reduced by 20% (from 33%) of the interest income subjected to final tax.

ADDITIONAL DISCLOSURES TO ITEM I – FINANCIAL STATEMENTS

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

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

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

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

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

Issuances, Repurchases and Repayments of Debt and Equity Securities. On March 31, 2021, the Bank raised Php17.873 billion through the issuance of the 2.5-year and 5.25-year fixed rate ASEAN Sustainability Peso Bond Offering. The bonds carry a fixed coupon rate of 3.2% and 4.18% per annum for the 2.5-year and 5.25-year tenor, respectively.

On February 2, 2021, the Bank redeemed the USD320.0 million or Php15.367 billion Senior Notes with coupon rate of 3.45%.

Dividends Paid for Ordinary or Other Shares. In its meeting held on February 22, 2021 the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0560 per share or a total of approximately P15.0 thousand payable to holders of Preferred Class shares and paid on March 31, 2021.

In its meeting held on February 22, 2021 the Board of Directors approved the declaration and payment of the first semi-annual cash dividends on the Bank's USD300 million Non-cumulative Hybrid Perpetual Securities at a dividend rate of 6.50% per annum or a total of USD9.75 million or approximately P472,397 thousand payable to holders of said Securities, which was paid on February 26, 2021.

In its meeting held on December 1, 2020, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0563 per share or a total of approximately P15.0 thousand payable to holders of Preferred Class shares and paid on January 7, 2021.

In its meeting held on September 1, 2020, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0589 per share or a total of approximately P16.0 thousand payable to holders of Preferred Class shares and paid on September 24, 2020.

In its meeting held on May 26, 2020, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.556 per share or a total of approximately P1.076 billion payable to holders of Common Class shares and a total of approximately P149.0 thousand payable to holders of Preferred Class shares, both were paid on June 24, 2020.

In its meeting held on May 26, 2020, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0808 per share or a total of approximately P22.0 thousand payable to holders of Preferred Class shares and paid on June 24, 2020.

In its meeting held on February 24, 2020, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.0993 per share or a total of approximately P27.0 thousand payable to holders of Preferred Class shares and paid on April 1, 2020.

The details of the cash dividend approvals and distributions from 2020 up to March 31, 2021 are as follows (amounts in Thousand Php except per share figures):

Date Declared	Dividend				Date Paid / Payable	Nature of Securities
	Per Share		Total Amount (in Thousand)			
24-Feb-20	P	0.0993	P	27	1-Apr-20	Convertible Preferred Stock
26-May-20	P	0.0808	P	22	24-Jun-20	Convertible Preferred Stock
26-May-20	P	0.5560	P	1,076,210	24-Jun-20	Common Stock
26-May-20	P	0.5560	P	149	24-Jun-20	Convertible Preferred Stock
1-Sep-20	P	0.0589	P	16	24-Sep-20	Convertible Preferred Stock
1-Dec-20	P	0.0563	P	15	7-Jan-21	Convertible Preferred Stock
22-Feb-21	Not Applicable		P	472,397	26-Feb-21	Hybrid Perpetual Securities
22-Feb-21	P	0.0560	P	15	31-Mar-21	Convertible Preferred Stock

Note: In 2015, the BSP, through the monetary board, approved the liberalized rules for banks and quasi-banks on dividend declaration. The policy requires that dividend declaration be immediately recognized as a liability upon the approval of the BOD and that it be disclosed in the statement of changes in equity. Further, prior BSP approval is no longer required except for certain cases.

Segment Information. The following table presents revenues and expenses of the Group that are directly attributable to primary business segments and secondary information (by geographical locations) for the period ended March 31, 2021 (in millions).

RESULTS OF OPERATIONS						
Primary	**Retail Banking**	**Corporate Banking**	**SME Banking**	**Treasury /Trust**	**Others**	**Total**
Net Interest Income	3,536	2,353	1,036	541	(1,001)	6,465
Non-Interest Income	1,654	605	39	189	(639)	1,848
Total Income	5,190	2,959	1,076	730	(1,641)	8,313
Non-Interest Expense	4,422	861	(167)	142	1,369	6,627
Income (Loss) before Tax	768	2,098	1,243	588	(3,010)	1,686
Income Tax Expense	508	20	-	73	(495)	106
Net Income (Loss)	260	2,078	1,243	515	(2,515)	1,580
Total Assets	12,976	249,435	69,571	212,122	256,692	800,796
Total Liabilities	373,882	213,409	78,364	18,260	14,407	698,322
Depreciation and Amortization	228	165	6	13	384	796

Secondary	Philippines	Asia and Europe	Total
Total Income	10,277	4	10,281
Total Expense	8,696	5	8,701
Net Income (Loss)	1,581	(1)	1,580
Total Assets	800,687	109	800,796
Total Liabilities	698,319	3	698,322
Depreciation and Amortization	796	-	796

Material Events Subsequent to the End of the Interim Period Not Reflected in the Financial Statements. In its meeting held on April 26, 2021, the Board of Directors approved the declaration and payment of cash dividends amounting to P0.485 per share or a total of approximately P938,780 thousand and P130.0 thousand payable to holders of Common Class and Preferred Class shares, respectively, both payable within (10) trading days from record date.

See accompanying Notes to Interim Financial Statements for the detailed discussion on the material events subsequent to the end of the interim period not reflected in the financial statements (Note 13).

Changes in Composition of the Issuer During the Interim Period and Material Contingencies and Any Other Events or Transactions. There were no material changes in composition of the issuer during the interim period and material contingencies and any other events or transactions.

Changes in Contingent Liabilities or Contingent Assets. There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Performance

RIZAL COMMERCIAL BANKING CORPORATION AND SUBSIDIARIES								
	Consolidated				Parent			
	Unaudited		Audited		Unaudited		Audited	
	31-Mar-21		31-Dec-20		31-Mar-21		31-Dec-20	
Return on Average Assets (ROA)* 1/		0.82%		0.68%		0.83%		0.69%
Return on Average Equity (ROE)* 2/		6.23%		5.54%		6.24%		5.55%
Risk-based Capital Adequacy Ratio (CAR)		15.31%		16.14%		15.00%		15.86%
Common Equity Tier 1 Ratio		11.99%		12.64%		11.60%		12.28%
Non-Performing Loans (NPL) Ratio 3/		3.15%		2.94%		3.06%		2.83%
Non-Performing Assets (NPA) Ratio 4/		2.82%		2.78%		2.75%		2.70%
Net Interest Margin (NIM)*		4.00%		4.31%		4.00%		4.30%
Cost-to-Income Ratio		68.47%		58.15%		68.18%		57.80%
Loans-to-Deposit Ratio 5/		85.60%		85.21%		84.10%		83.59%
Current Ratio		0.70		0.78		0.70		0.78
Liquid Assets-to-Total Assets Ratio		0.23		0.27		0.23		0.27
Debt-to-Equity Ratio		6.81		6.62		6.73		6.53
Asset-to-Equity Ratio		7.81		7.62		7.73		7.53
Asset-to-Liability Ratio		1.15		1.15		1.15		1.15
Interest Rate Coverage Ratio		1.86		1.61		1.87		1.64
Earnings per share (EPS)* 6/								
Basic	PHP	2.81	PHP	2.43	PHP	2.81	PHP	2.43
Diluted	PHP	2.81	PHP	2.43	PHP	2.81	PHP	2.43

** March 31, 2021 ratios/amounts were annualized*

1/ - Average assets for the consolidated and parent ratios were computed based on the 3-month average of end of month balances of total assets. Unaudited net income for the 3-month period ended March 31, 2021 in the amount of P1.580 billion represented the consolidated and parent.

2/ - Average equity for the consolidated and parent ratios were, likewise, computed based on the 3-month average of end of month balances. Unaudited net income for the 3-month period ended March 31, 2021 in the amount of P1.343 billion represented the consolidated and parent, net of dividends on Hybrid Perpetual Securities.

3/ - NPL ratio is determined by using the following formula: *(Total NPLs net of total specific provision for losses of NPLs) / (Total gross loan portfolio).*

4/ - NPA ratio is determined by using the following formula*: (Net NPLs + Gross ROPA + Non-performing SCR) / Gross Total Assets.*

5/- Excluding Interbank Loans

6/ - Total weighted average number of issued and outstanding common shares (diluted) were 1,935,686,881 shares as of March 31, 2021 and 1,935,686,818 shares as of December 31, 2020. The determined net income was net of dividends on Hybrid Capital Securities.

Performance Indicators for Wholly-Owned/Majority Owned Subsidiaries

RIZAL MICROBANK	Unaudited		Audited	
In Php 000s	31-Mar-21		31-Dec-20	
Net Income (Loss)	Php	4,573	Php	(88,981)
Return on Average Assets (ROA)*		1.18%		-4.85%
Return on Average Equity (ROE)*		3.75%		-15.73%
Risk-based Capital Adequacy Ratio (CAR)		29.66%		30.67%
Non-Performing Loans (NPL) Ratio		3.26%		1.89%
Non-Performing Assets (NPA) Ratio		3.62%		2.86%
Earnings (Loss) per Share (EPS)	Php	1.65	Php	(7.90)

RCBC CAPITAL CORPORATION and Subsidiaries	Unaudited		Audited	
In Php 000s	31-Mar-21		31-Dec-20	
Net Income	Php	65,750	Php	160,673
Return on Average Assets (ROA)*		6.09%		3.50%
Return on Average Equity (ROE)*		8.23%		4.61%
Risk-based Capital Adequacy Ratio (CAR)		42.15%		39.91%
Non-Performing Loans (NPL) Ratio		0.00%		-
Non-Performing Assets (NPA) Ratio		0.04%		0.03%
Earnings per Share (EPS)	Php	2.26	Php	1.36

RCBC FOREX BROKERS CORPORATION	Unaudited		Audited	
In Php 000s	31-Mar-21		31-Dec-20	
Net Income	Php	516	Php	5,503
Return on Average Assets (ROA)*		1.23%		3.15%
Return on Average Equity (ROE)*		1.30%		3.30%
Capital to Total Assets		94.80%		92.09%
Non-Performing Loans (NPL) Ratio		0.00%		0.00%
Non-Performing Assets (NPA) Ratio		0.00%		0.00%
Loss per Share (EPS)**	Php	(43.82)	Php	(37.12)

*** Net of 12% dividend on preferred shares of P12.00 per share*

RCBC INTERNATIONAL FINANCE, LTD. and Subsidiary	Unaudited		Audited	
In Php 000s	31-Mar-21		31-Dec-20	
Net Loss	Php	(1,558)	Php	(9,101)
Return on Average Assets (ROA)*		-5.72%		-7.85%
Return on Average Equity (ROE)*		-5.93%		-7.83%
Capital to Total Assets		97.14%		103.20%
Non-Performing Loans (NPL) Ratio		0.00%		0.00%
Non-Performing Assets (NPA) Ratio		0.00%		0.00%
Loss per Share (EPS)	Php	(2.53)	Php	(3.64)

** March 31, 2021 ratios/amounts were annualized*

RCBC TELEMONEY EUROPE S.P.A	Unaudited		Audited	
In Php 000s	31-Mar-21		31-Dec-20	
Net Income	Php	0.00	Php	0.00
Return on Average Assets (ROA)*		0.00%		0.00%
Return on Average Equity (ROE)*		0.00%		0.00%
Capital to Total Assets		-158.46%		-158.46%
Non-Performing Loans (NPL) Ratio		0.00%		0.00%
Non-Performing Assets (NPA) Ratio		0.00%		0.00%
Earnings per Share (EPS)	Php	0.00	Php	0.00

**In the process of liquidation*

RCBC-JPL HOLDING COMPANY, INC. (Formerly JP Laurel Bank, Inc.)	Unaudited		Audited	
In Php 000s	31-Mar-21		31-Dec-20	
Net Income (Loss)	Php	(1,222)	Php	2,276
Return on Average Assets (ROA)*		-3.17%		1.40%
Return on Average Equity (ROE)*		4.42%		-2.01%
Capital to Total Assets		-71.58%		-72.57%
Non-Performing Loans (NPL) Ratio		0.00%		0.00%
Non-Performing Assets (NPA) Ratio		0.00%		0.00%
Earnings (Loss) per Share (EPS)	Php	(0.03)	Php	0.01

NIYOG PROPERTY HOLDINGS, INC.	Unaudited		Audited	
In Php 000s	31-Mar-21		31-Dec-20	
Net Income	Php	2,696	Php	13,695
Return on Average Assets (ROA)*		1.95%		2.30%
Return on Average Equity (ROE)*		2.05%		2.42%
Capital to Total Assets		94.89%		93.07%
Non-Performing Loans (NPL) Ratio		0.00%		0.00%
Non-Performing Assets (NPA) Ratio		0.00%		0.00%
Earnings per Share (EPS)	Php	7.86	Php	9.85

RCBC LEASING AND FINANCE CORP. and Subsidiary	Unaudited		Audited	
In Php 000s	31-Mar-21		31-Dec-20	
Net Income (Loss)	Php	46,628	Php	(61,919)
Return on Average Assets (ROA)*		1.58%		-0.51%
Return on Average Equity (ROE)*		8.72%		-2.85%
Capital to Total Assets		18.38%		17.87%
Non-Performing Loans (NPL) Ratio		9.93%		11.20%
Non-Performing Assets (NPA) Ratio		6.77%		7.17%
Earnings (Loss) per Share (EPS)	Php	0.13	Php	(0.04)

** March 31, 2021 ratios/amounts were annualized*

CAJEL REALTY CORPORATION	**Unaudited**		**Audited**	
In Php 000s	**31-Mar-21**		**31-Dec-20**	
Net Loss	Php	(83)	Php	(119)
Return on Average Assets (ROA)*		-0.60%		-0.21%
Return on Average Equity (ROE)*		-0.60%		-0.21%
Capital to Total Assets		99.98%		100.00%
Non-Performing Loans (NPL) Ratio		0.00%		0.00%
Non-Performing Assets (NPA) Ratio		0.00%		0.00%
Loss per Share (EPS)	Php	(0.01)	Php	(0.20)

** March 31, 2021 ratios/amounts were annualized*

STATEMENT OF CONDITION: 31 March 2021 vs. 31 December 2020

RCBC's Total Assets stood at P800.796 billion.

Cash and other Cash Items decreased by 19.29% or P3.187 billion from P16.520 billion to P13.333 billion due to the decline in cash on hand and cash in ATMs as of period-end due to high level in December to service the expected high volume of withdrawals during the holidays.

Due from BSP increased by 7.09% or P8.183 billion from P115.467 billion to P123.650 billion attributable to the P35.0 billion increases in level of Term deposits with BSP, net of the P28.3 billion decrease in Overnight deposits.

Due from Other Banks decreased by 19.59% or P3.076 billion from P15.707 billion to P12.631 billion, mainly due to decrease in foreign bank placements as a net result of servicing the matured obligations of the Bank.

Loans under Reverse Repurchase Agreement increased by 13.37% or P1.786 billion from P13.356 billion to P15.142 billion due to higher placements with the BSP.

Total Investment Securities, representing 14.54% of Total Resources, increased by 32.18% or P28.335 billion from P88.064 billion to P116.399 billion on account of the increase in Investment Securities at Amortized Cost by 102.94% or P44.292 billion from P43.026 billion to P87.318 billion; Financial Assets at FVOCI decreased by 41.01% or P16.465 billion from P40.150 billion to P23.685 billion. Financial Assets at Fair Value Through Profit or Loss increased by 10.38% or P507.437 million from P4.888 billion to P5.395 billion.

Loans and Receivables – net, were slightly lower by 0.78% or P3.825 billion from P491.284 billion to P487.459 billion. It represented 60.87% of Total Resources.

Investment in Associates – net, decreased by 2.43% or P8.225 million from P339.0 million to P330.775 million.

Bank Premises, Furniture, Fixtures & Equipment – net, slightly decreased by 1.19% or P155.947 million from P13.062 billion to P12.906 billion.

Investment Properties – net, declined by 3.37% or P125.716 million from P3.725 billion to P3.599 billion.

Deferred Tax Assets slightly increased by 1.22% or P37.183 million from P3.044 billion to P3.081 billion.

Other Resources – net, increased by 6.30% or P726.388 million from P11.538 billion to P12.264 billion mainly attributable to the increase in non-current assets held for sale, computer software and prepaid expenses.

Deposit Liabilities were recorded at P562.859 billion and represented 70.29% of Total Resources. Demand deposits grew by 3.08% or P3.299 billion from P107.172 billion to P110.471 billion and accounted for 13.80% of Total Resources. Savings deposits grew by 6.46% or P12.617 billion from P195.164 billion to P207.781 billion and accounted for 25.95% of Total Resources. Time deposits reached P244.607 billion, which grew by 4.78% or P11.155 billion from P233.452 billion and accounted for 30.55% of Total Resources.

Bills Payable decreased by 25.07% or P3.302 billion from P13.167 billion to P9.865 billion primarily due to maturities of foreign and local borrowings.

Bonds Payable increased by 3.20% or P2.897 billion from P90.439 billion to P93.336 billion.

Accrued Taxes, Interest and Other Expenses decreased by 9.23% or P544.502 million from P5.900 billion to P5.355 billion. The decrease was primarily due to payment of interest due on Bonds Payable, Time deposits and payment of Philippine Deposit Insurance Corporation assessment.

Other Liabilities increased by 5.78% or P1.471 billion from P25.434 billion to P26.905 billion due to increase in outstanding acceptances by P1.813 billion, net of decrease in accounts payable.

Total Liabilities stood at P698.322 billion and represented 87.20% of Total Resources.

Other Comprehensive Income slightly decreased by 0.44% or P9.033 million from P2.070 billion to P2.079 billion.

Retained Earnings increased by 2.97% or P1.105 billion from P37.205 billion to P38.310 billion.

Total Capital Funds were recorded at P102.474 billion and accounted for 12.80% of Total Resources.

INCOME STATEMENT: 31 March 2021 vs. 31 March 2020

Total interest income decreased by 11.53% or P1.098 billion from P9.531 billion to P8.432 billion and accounted for 101.43% of total operating income. Interest income on loans and receivables went down by 11.77% or P1.010 billion from P8.583 billion to P7.572 billion and accounted for 91.09% of total operating income. The decrease was mainly due to the lower average yield on loans and receivables net of the growth in average volume. Interest income on investment securities decreased by 23.0% or P179.363 million from P779.677 million to P600.314 million as a result of decline in average volume; it accounted 7.22% of total operating income. Other interest income, on the other hand, increased by 54.24% or P91.349 million from P168.424 million to P259.722 million due to the increase in volume of Overnight and Term deposits with the BSP.

Total interest expense went down by 38.75% or P1.245 billion from P3.212 billion to P1.967 billion and accounted for 23.67% of total operating income. Interest expense on deposit liabilities decreased by 45.33% or P757.492 million from P1.671 billion to P913.427 million primarily due to lower average costs, net of the increase in average volume of deposits; it represented 10.99% of total operating income. Interest expense on bills payable and other borrowings decreased by 31.61% or P487.099 million from P1.541 billion to P1.054 billion due to decline in average volume year-on-year.

As a result, net interest income increased by 2.31% or P146.113 million from P6.319 billion to P6.465 billion.

The Bank booked total impairment losses of P935.501 million, down by 41.57% or P665.587 million from P1.601 billion in the same period last year due to lower provisioning on loans and credit card receivables. It represented 11.25% of total operating income.

Other operating income decreased by 49.69% or P1.826 billion from last year's P3.674 billion now at P1.848 billion. This accounted for 22.23% of total operating income, and is broken down as follows:

- Trading and securities gains and losses – net, decreased by 101.63% or P2.193 billion from P2.157 billion gain to P35.267 million loss, largely attributable to lower realized trading gains from sale of investment securities in 2021. It accounted for 0.42% of total operating income;
- Service fees and commissions increased by 49.36% or P441.231 million from P893.964 million to P1.335 billion mainly due higher credit card fees and securities and brokering fees. It represented 16.06% of total operating income;
- Trust fees increased by 30.07% or P20.930 million from P69.594 million to P90.524 million due to higher fees as a result of higher volume on unit investment trust funds and investment management account products;
- Foreign exchange gains – net, decreased by 83.08% or P228.436 million from P274.970 million to P46.534 million. This was primarily due to lower foreign exchange gains during the period;
- Miscellaneous income increased by 47.69% or P132.853 million from P278.579 million to P411.432 million largely due to higher gain on sale of acquired assets and higher rental income from the Bank's leasing and finance subsidiary.

Operating expenses, which accounted for 68.47% of total operating income, slightly increased by 2.44% or P135.668 million from P5.556 billion to P5.692 billion due to the following:

- Total Manpower costs decreased by 6.88% or P117.666 million from P1.711 billion to P1.593 billion as a result of the headcount and branch rationalization programs following the merger with a subsidiary in the middle of 2019. It represented 19.16% of total operating income;
- Occupancy and equipment-related expenses increased by 2.86% or P20.092 million from P702.452 million to P722.545 million. It represented 8.69% of total operating income;

- Taxes and licenses, which accounted for 9.47% of total operating income, slightly decreased by 1.74% or P13.902 million from P801.123 million to P787.221 million.
- Depreciation and amortization was recorded at P796.289 million, up by 12.37% or P87.661 million from P708.628 million largely due to higher depreciation of office equipment and ROPAs. It represented 9.58% of total operating income;
- Miscellaneous expenses went up by 9.76% or P159.484 million to settle at P1.793 billion from P1.633 billion mainly due to the increase in deposit insurance fees as a result of the growth in deposit liabilities, higher service fees and higher litigation expenses on consumer loans. It accounted for 21.56% of total operating income.

Tax expense decreased by 79.95% or P421.711 million from P527.466 million to P105.754 million due to the combined effects of lower taxable income year-on-year and the implementation of Corporate Recovery and Tax Incentives for Enterprises Act Law reducing the corporate income tax rate by 5% effective July 1, 2020.

Net profit attributable to non-controlling interest settled at P260.3 thousand.

Overall, net income decreased by 31.55% or P728.288 million from P2.308 billion to P1.580 billion.

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

Commitments and Contingent Liabilities

See accompanying Notes to FS for the detailed discussion of Commitments and Contingent Liabilities and the summary of contingencies and commitments arising from off-balance sheet items and their equivalent peso contractual amounts (Note 12).

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

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

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

SIGNATURES

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

Issuer **RIZAL COMMERCIAL BANKING CORPORATION**

Date **May 11, 2021**

EUGENE S. ACEVEDO
President & CEO

FLORENTINO M. MADONZA
FSVP, Head-Controllership Group

MA. CHRISTINA P. ALVAREZ
FSVP, Head-Corporate Planning Group

RIZAL COMMERCIAL BANKING CORPORATION
Aging of Other Receivables
As of March 31, 2021
(Amounts in Millions of Philippine Pesos)

	1 - 90 days	91 - 180 days	181 - 1 year	Over 1 year	Total	Allowance	Net
Accounts Receivable	1,595	214	138	936	2,883	1,172	1,711