



9M 2023

Analysts' Briefing

November 14, 2023

Agenda

- 01** Economic Outlook
Michael L. Ricafort, RCBC Chief Economist
- 02** RCBC 9M 2023 Performance
Chrissy P. Alvarez, RCBC Corporate Planning Head & CIO
- 03** Q&A



A few reminders...



If your connection gets cut, you may use the same link or meeting details to get back in.



Microphones will remain on mute during the briefing proper and will be unmuted during the question and answer portion.



If you have any concerns during the briefing, you may send us a message using the chatbox.

Meeting ID: 821 9843 7601
Passcode: RCBC3Q2023

A few reminders...



For easier identification, kindly set your meeting name to include your **company or organization** followed by your **registered name**.

e.g., RCBC – Juan dela Cruz



Queue your name using the chatbox for your questions.

Each participant may ask two questions at a time. If you have more questions, kindly queue your name again.



Economic Outlook

Mr. Michael L. Ricafort

Market forecasts and catalysts for 2023

Economic Indicators	2021 Actual	2022 Actual	2023 Forecast
GDP Growth	5.7%	7.6%	5.5%-6.0%
USD/PhP (Year-End)	50.999	55.755	55.00-56.00
USD/PhP (Average)	49.25	54.48	55.25-56.25
Inflation (Average)	3.9%	5.8%	6.0%-6.5%
BSP Policy Rate	2.00%	5.50%	6.25%-6.50%
Fed Funds Rate	0.00%-0.25%	4.50%	5.50%-5.75%
PSEi	7,122.63	6,566.39	6,600-7,100

Key Market Catalysts:

1

Possible Fed rates cuts to be matched locally

If US CPI lowers to Fed's target of 2%, this will justify and usher the start of Fed rate cuts especially into 2024.

2

Geopolitical risk in the Middle East

Local financial markets slightly corrected lower since the Israel-Hamas war started in October 7, 2023.

3

Local economy back to pre-pandemic levels

Slower inflation rate, stronger peso exchange rate vs. USD and faster/better GDP growth.

4

Better employment rate

As of September 2023, employment rate is at 95.5%; while underemployment rate at 10.7%.

Philippine GDP growth estimates (2023-2024)

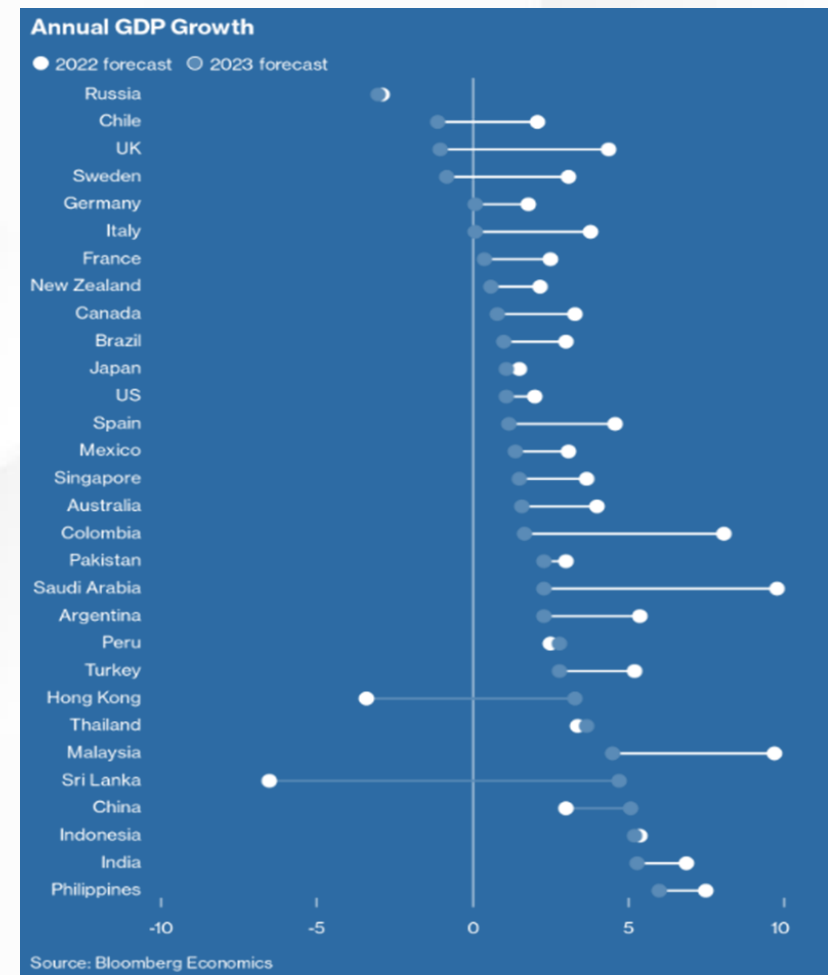
Philippine GDP Growth Estimates* (2023-2024)

Multilateral Institutions	2023 Forecast	2024 Forecast
IMF	5.3% (from 6.2%)	6.0% (from 5.5%)
ADB	5.7% (from 6.0%)	6.2%
World Bank	5.9% (from 6.0%)	5.8% (up to 2025)
AMRO	5.9% (from 6.2%)	6.5%
S&P Global Ratings	5.2% (from 5.9%)	5.9% (from 6.1%); 6.2% in 2026 (from 6.6%)
Moody's Analytics	6.1% (from 5.7%)	5.4% (from 6.0%); 6.4% in 2025
Fitch Ratings**	4.8% (from 6.0%)	6.2%; 6.3% in 2025
PH Government	6.0%-7.0%	6.5%-8.0%

* As of October 10, 2023

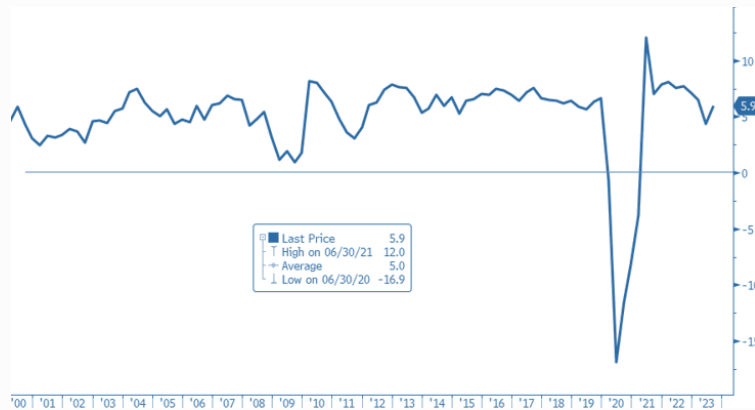
** Latest forecast

Philippine GDP Growth Expected to be Among the Fastest For 2023



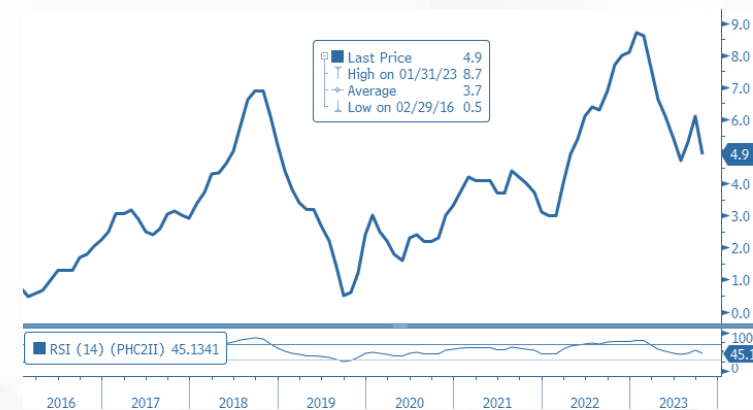
Better-than-expected inflation rate; interest rates still rise until potential Fed rate cuts

Philippine economic/GDP growth for 3Q 2023: +5.9% year-on-year



- **PH GDP Growth** (3Q 2023) is faster vs. 4.3% in 2Q 2023 but slower vs. 7.7% in 3Q 2022.
- **Economic industry growth origin:** services +6.8%, industrial production +5.5% and agricultural production +0.9% year-on-year.
- Continued recovery for many businesses and industries as the economy further **reopened towards greater normalcy**.

Inflation/CPI for the month of October 2023 eased to 4.9% year-on-year



- In October 2023, **inflation is slower vs. 6.1%** in a month ago. Largely due to better weather conditions that could have helped stabilize food prices.
- **Headline inflation** declined by -0.2% vs 1.1% in the previous 2 months. **Core inflation** slowed down at 5.3%, slowest in more than a year.
- Average inflation/CPI (January-October 2023): 6.4% year-on-year; **still above the inflation target range of 2%-4%**



9M 2023 Performance

Ms. Chrissy P. Alvarez



Steady recovery amid external headwinds

Asset growth

Total assets jumped on the back of 12% increase in customer loans
Credit cards surpassed 1 million milestone in cards-in-force
Deposit rally driven mostly by CASA

₱1.2T
in total assets; 12%
higher vs last year

₱609B
in loans; driven by
consumer

Solid returns

Modest improvement in core profitability on the back of lower but recovering NIM
Stable NPL ratio despite loan expansion across all segments
Return on equity closed at 9.8%; return on asset hit 1.1%

₱36B
all-time high
revenues


₱9.0B
in net income; core
profits up 7%

Capacity building

Growing digital footprint and presence in select ecosystems
CAR and CET1 ratio reached 17.1% and 14.4%
RCBC receives required approvals to establish SATC; operations as SATC start Jan 2024

22.1M
in gross transaction
volume; up 42%

3,426
ATM Go terminals as
of Sept 30, 2023



459 branches



4,874 ATMs*



6,347 employees

*includes ATM Go terminals--RCBC's handheld ATM facility that enables banking transactions outside branches and ATMs, and through partner merchants



Consolidated key financial items

	9M 2023	9M 2022	Change	% Change
INCOME STATEMENT				
Net Interest Income	24,246	23,955	291	1.2%
Fee Income	5,056	4,335	721	16.6%
Gross Income	35,952	34,595	1,357	3.9%
Operating Expenses	21,893	19,010	2,883	15.2%
Impairment Losses	4,957	3,614	1,343	37.1%
Net Income	9,032	10,059	(1,027)	(10.2%)
BALANCE SHEET				
Assets	1,200,264	1,074,430	125,834	11.7%
Loans¹	604,050	539,410	64,640	12.0%
Investment Securities	346,500	324,783	21,717	6.7%
Deposits	901,835	801,240	100,595	12.6%
Capital	146,664	115,668	30,995	26.8%

*Amounts in PhP Millions, except % and ratios

[1] Loans and Receivables net of Allowances and Interbank Loans

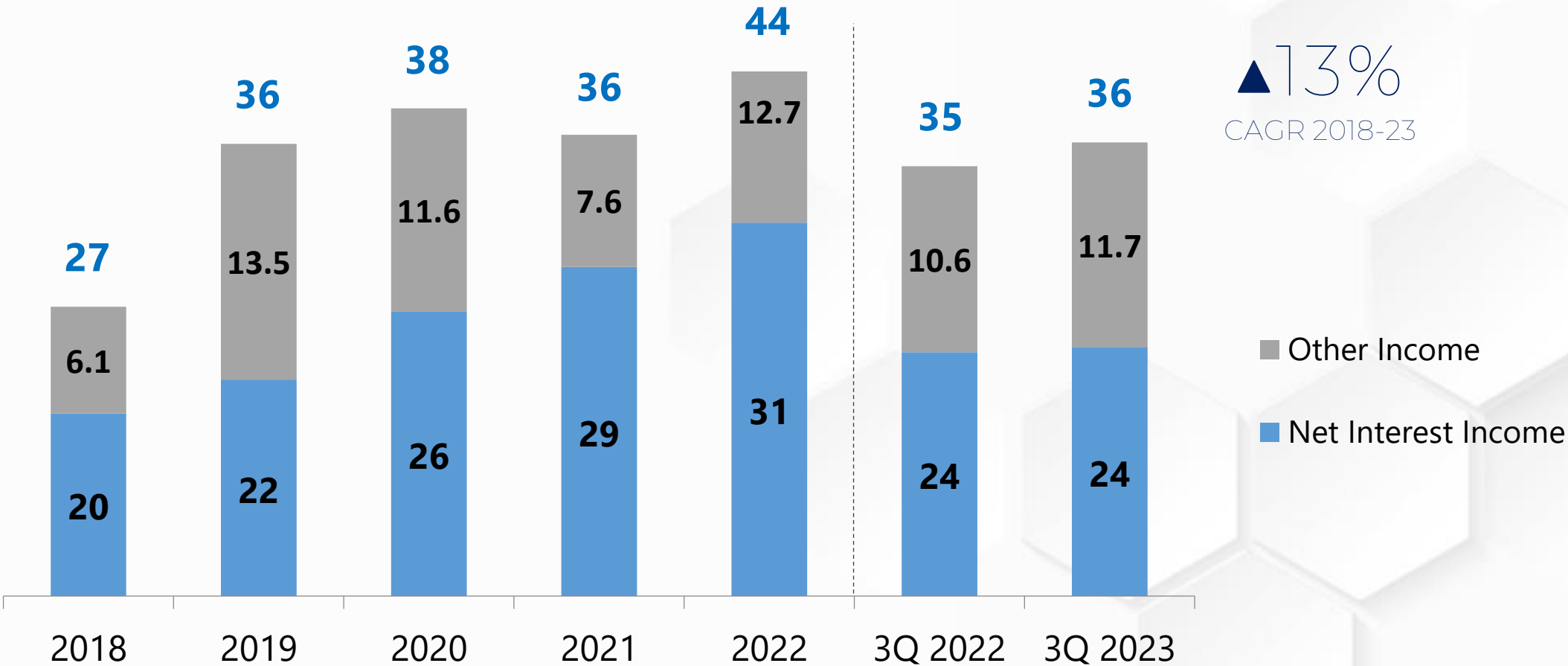
Consolidated income items for the quarter

	3Q 2023	3Q 2022	Change	% Change
INCOME STATEMENT				
Net Interest Income	8,895	7,969	927	11.6%
Fee Income	1,886	1,427	459	32.2%
Gross Income	12,498	13,364	(867)	(6.5%)
Operating Expenses	7,575	6,779	796	11.7%
Impairment Losses	1,502	1,745	(243)	(13.9%)
Net Income	2,811	3,924	(1,113)	(28.4%)

*Amounts in PhP Millions, except % and ratios

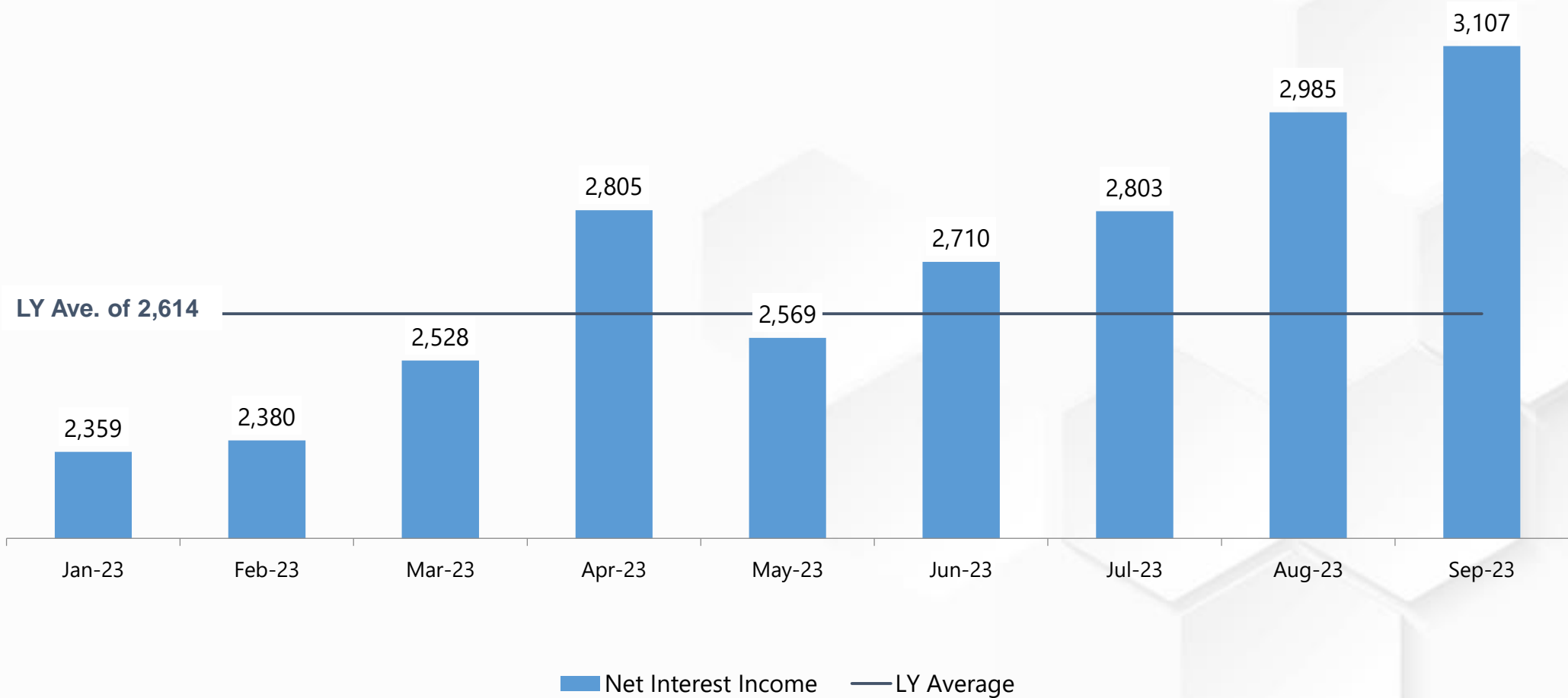
Record high revenues from NIM recovery and fees

Historical Revenues
In Php Billions, except %



NII on an upward trajectory; surpassing LY's highs

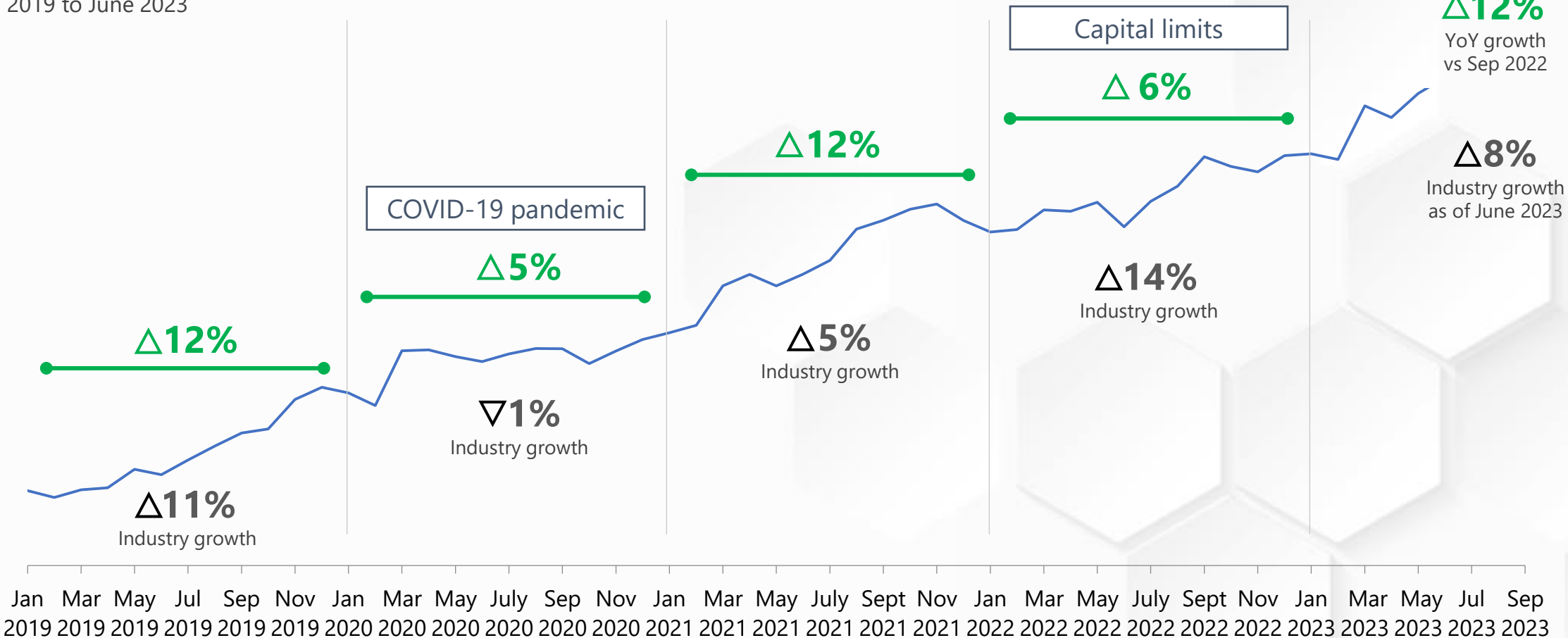
Historical Monthly NII
In Php Millions, except %



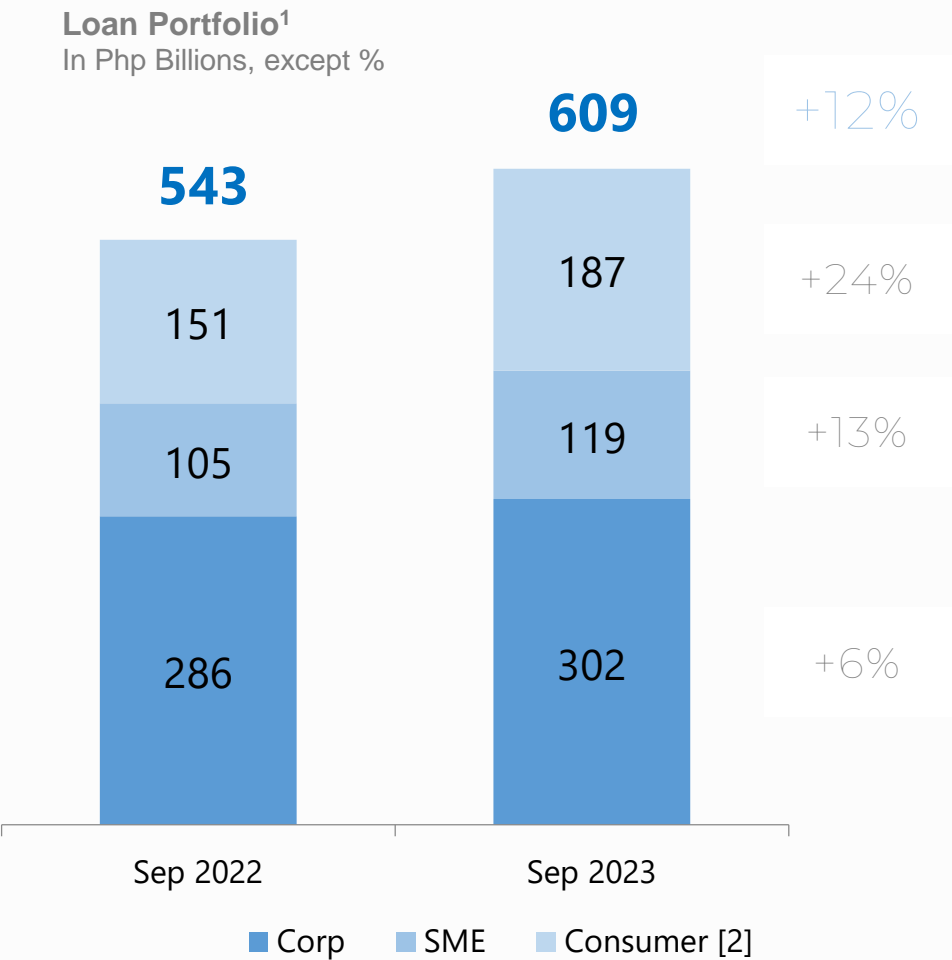
Loan growth amid the crisis & limited capital

Monthly Trend – Loan Portfolio

2019 to June 2023

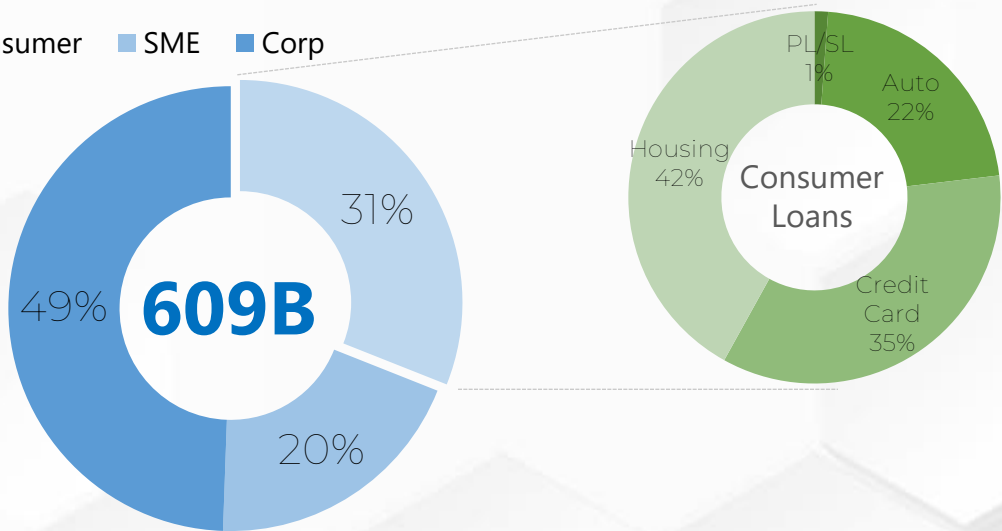


Loans up across all customer segments



Loan Mix
As of September 2023

■ Consumer ■ SME ■ Corp



Consumer segment posted a massive jump, accounting for 54% of the higher loan volumes year-on-year.

In particular, credit cards drove consumer loan growth and closed 49% higher along with accelerated bookings in housing and auto.

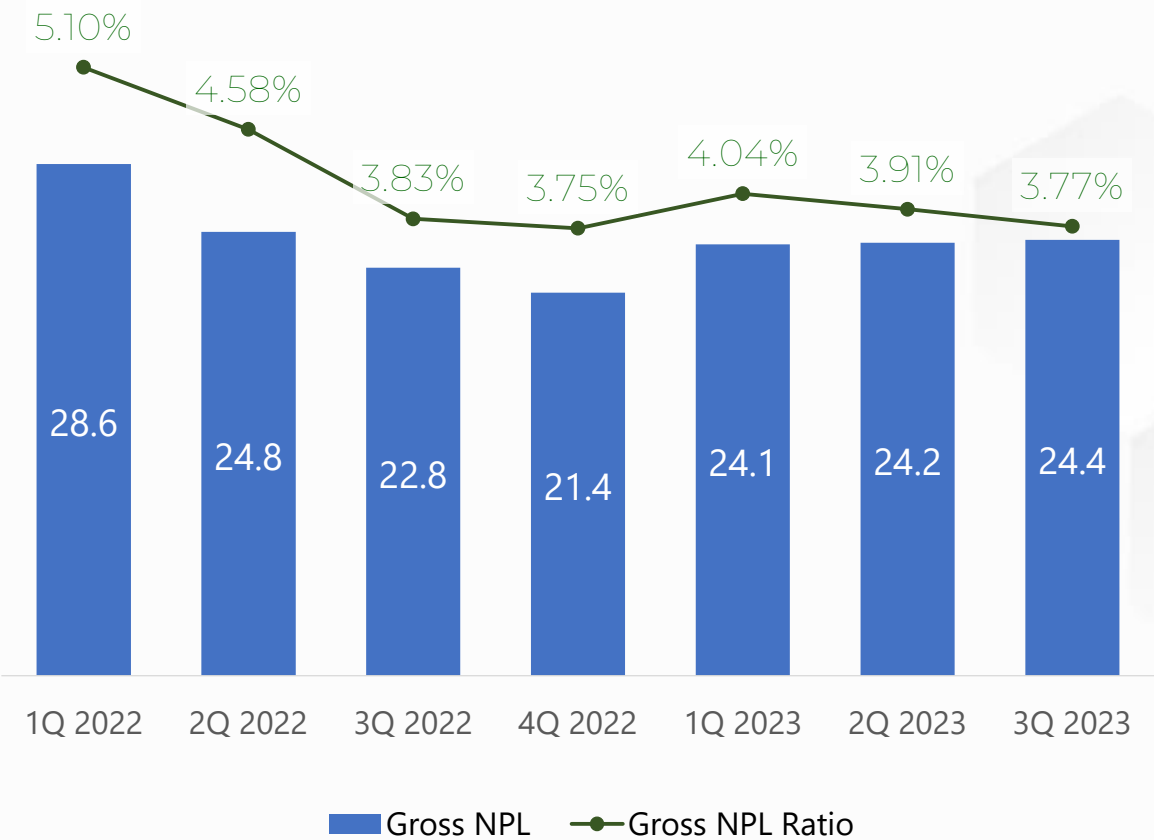
[1] Total loans include microfinance loans of P1.2B as of Sep 2022, and P1.8B as of Sep 2023

[2] Consumer refers to Auto, Mortgage, Credit Card and Personal/Salary Loans

Improving NPL despite loan growth

Gross NPL amount and ratio

In Php Billions, except %



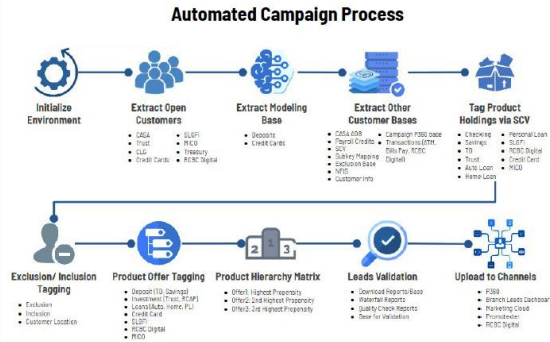
Gross NPL ratio per segment

As of September 2023

Corporate	2.24%
SME	4.35%
Consumer	6.23%
Credit Card	3.99%

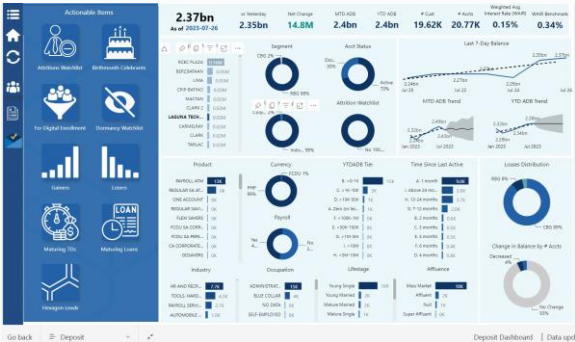
The Bank’s data and digital strategies, tightened credit and proactive remedial management paid off, with marked improvement in NPLs across most loan segments.

Deployed data science in various areas of the business



Because you are a VIP
Catch our best Auto Loan bundles and enjoy zero DP, fee waivers, and special low rates!

SILVER	GOLD	PLATINUM
✓ at 0% down payment	✓ at minimum 20% up to 40% down payment	✓ at minimum 40% down payment
✓ Special add-on rates as low as 16.45% per month	✓ Special add-on rates as low as 16.45% per month	✓ Special add-on rates as low as 16.35% per month
✓ Waiver of Handling Fees	✓ Waiver of Handling Fees	✓ Waiver of Handling Fees
✓ FREE 1-year worth of insurance	✓ 50% Waiver on Chattel Mortgage Fees*	✓ FREE Chattel Mortgage Fees*
	✓ FREE 1-year worth of insurance	✓ FREE 1-year worth of insurance



Scientific leads qualification using AI machine learning models, robotic process automation & credit rules for cross-selling



Credit scoring models to acquire good quality consumer loans customers



Dynamic personalized campaigns based on segmented profiles and automated end-to-end campaign process to drive higher engagement

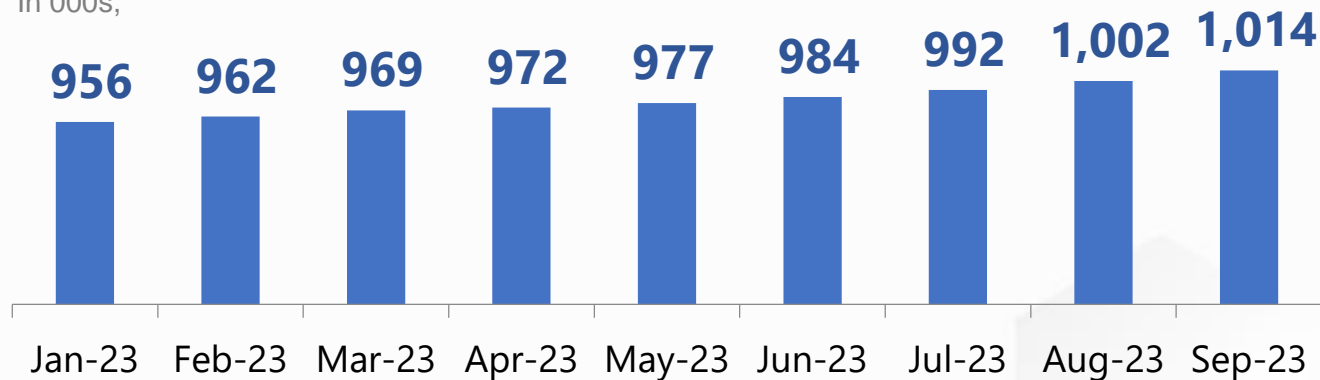


Business intelligence Actionable insights through daily business updates, and comprehensive deposit dashboards allowing users to drill down

Credit cards breached 1M milestone in cards-in-force

Cards-in-Force

In 000s,



PayDay NOW was on full blast in Q3 2023

Qualified payroll customers can advance up to 40% of their monthly salaries in just a few taps and receive the funds real time.

Payment is automatically deducted from employee's next monthly salary



EASY

Hassle-free via RCBC app and payment made easy by auto salary deduction



FAST

Receive the funds / proceeds in just a few seconds



AFFORDABLE

As low as P125 or 3% of the loan amount, whichever is higher

Oops..Petsa de Peligro na naman?

Sagot ka namin with **RCBC Payday NOW!**
Get extra budget in an instant at easy payment terms.

Faster than industry card spend & balance



P97B

in issuing billings; 48% higher compared to year ago levels



P65B

in total balances; 48% improvement from last year's level

01 Strong cross-sell initiatives

02 Relevant campaigns & use cases

03 Faster turnaround time

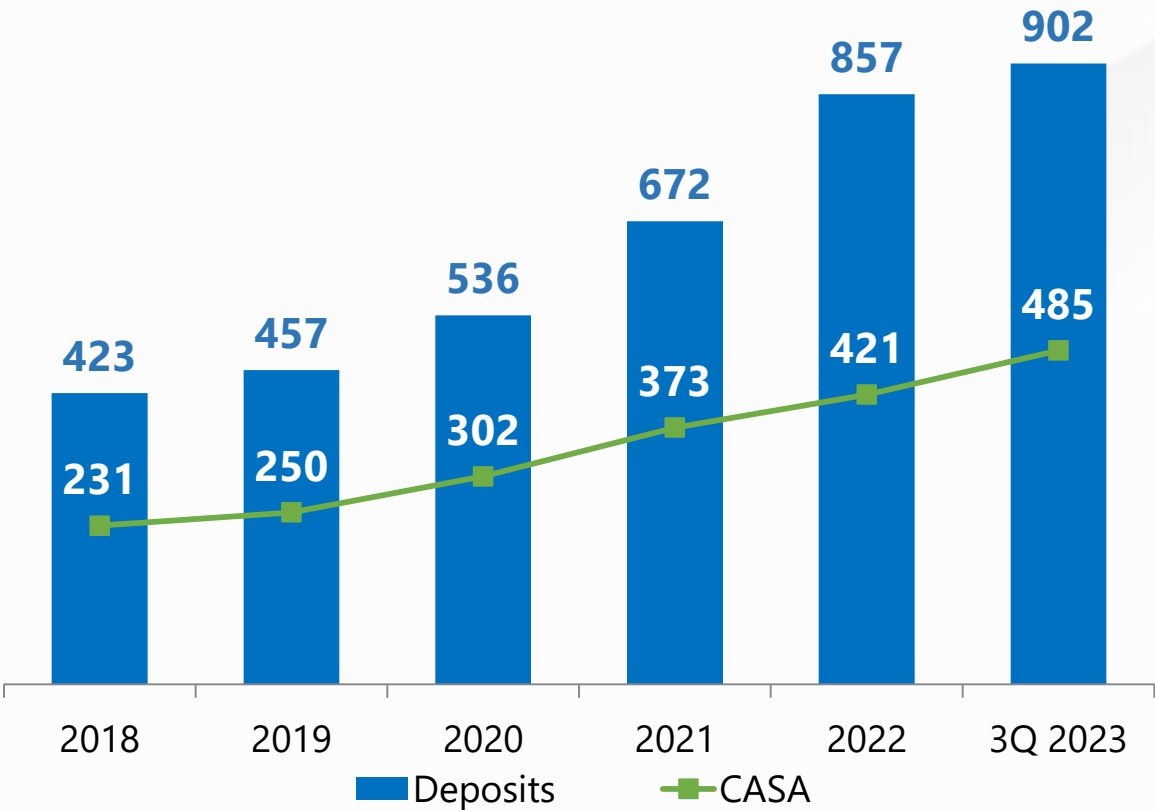
04 Consistent review of eligible base

Deposits jumped 13%, driven mostly by CASA

Historical Deposits & CASA

In Php Billions,

▲21%
CASA year-on-year growth



Cash management solutions continued to provide uplift for deposits...



Cash Cube



CheckScan

Bills, cash and checks and DPU remain to be the main drivers of collections

on top of stronger corporate and SME banking relationships

66%

High CASA-to-loan ratio from corporates

73%

Better-than-expected CASA-to-loan ratio from SMEs

Maintained dominance in digital space



+100 global awards in the last 3 years

Multiple digital platforms for different segments



All-in-one hub
RCBC's industry-leading mobile banking app with the most comprehensive features and recently launched Payday Now

1.1M
enrolled users

+25%
transaction volume



RCBC's financial inclusion super app
DiskarTech will pivot into a **more loans-focused app** with a refreshed user interface & faster onboarding

5.4M
total app downloads

+145%
transaction volume



PH's 1st neighborhood & last mile ATM network bringing formal banking to rural community establishments

4794
ATM Go terminals*

+52%
transaction volume

*As of Nov. 6, 2023

Launched RCBC Boz app last November 7



Designed for micro entrepreneurs, the RCBC Boz app allows business owners to manage their budgets, send invoices, pay employees and access reports – all in one app



Unique Features

The app offers business owners expense tracking, invoicing, payroll and reports that will help them in growing their business.



Goal Setting

With goal setting, business owners can plan ahead and save up for the future expansions.



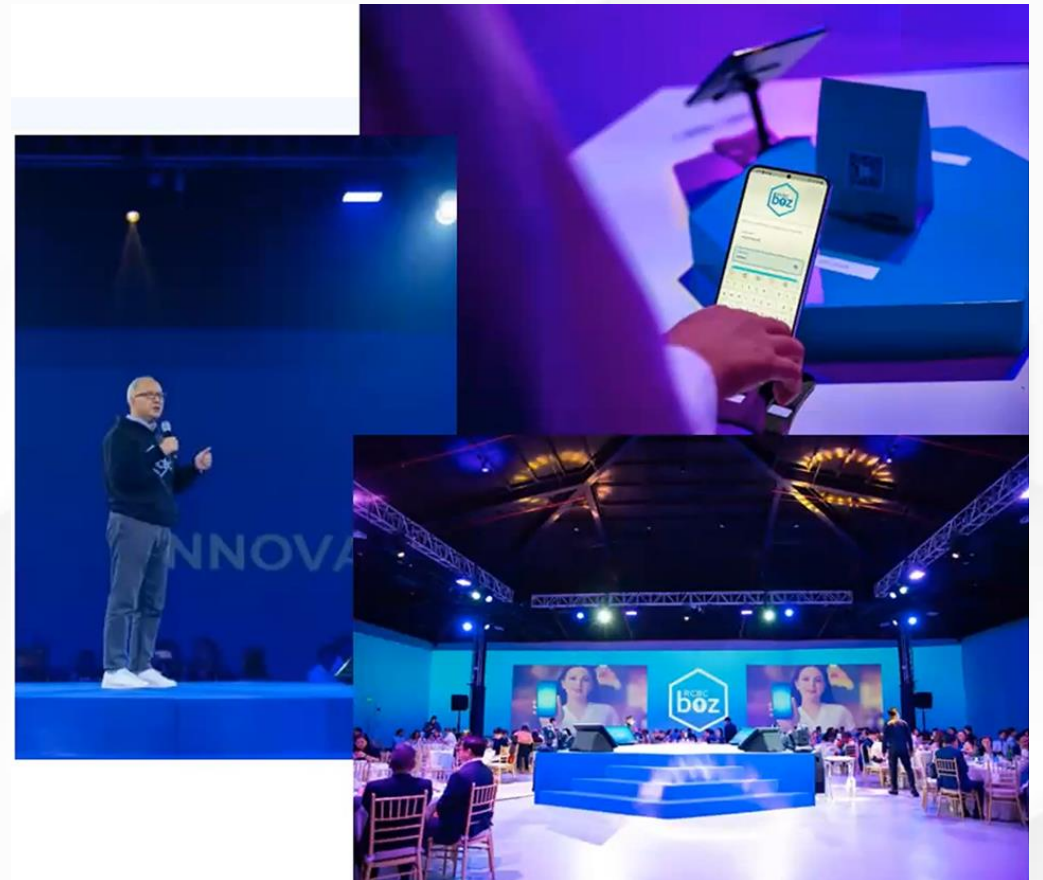
Loan Offering

Using the platform can help us analyze their transactions and provide facilities that will help their businesses.



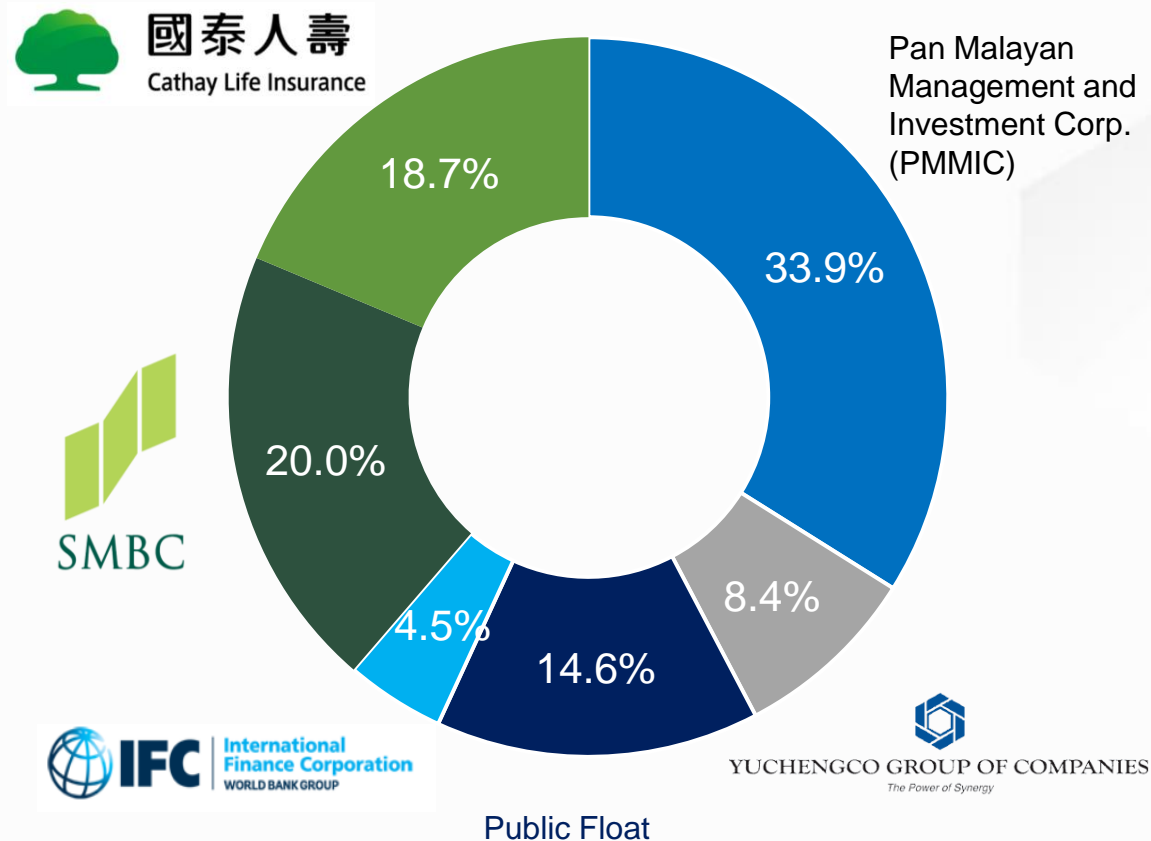
Educate entrepreneurs

E-Learnings, Webinars, Notifications on how to improve their business through machine learning are some of the future enhancements that our users can look forward to.



Capital to reinforce RCBC's asset trajectory

Capital to complement business dev't efforts



Confidence to build the Bank's loan portfolio and capture bigger share

▲18%
y-o-y growth
in customer loans

Additional capital to build resilience against external shocks

14%
in ave CET1 ratio at
least in the near term

Collaboration areas



Corporate Banking



Leasing Business



Consumer Lending



Branch Banking



Trust & Wealth



Digital Banking

Consolidated key financial indicators

	9M 2023	9M 2022	Change
PROFITABILITY			
Return on Equity	9.8%	11.2%	-1.4%
Return on Assets	1.1%	1.2%	-0.2%
Net Interest Margin	3.4%	3.9%	-0.5%
COST EFFICIENCY			
Cost-to-Income Ratio	60.9%	54.9%	5.9%
ASSET QUALITY			
Net NPL Ratio	1.8%	2.1%	-0.4%
NPL Coverage Ratio	85.2%	79.4%	5.8%
Credit Cost	1.1%	0.9%	0.2%
CAPITAL			
Capital Adequacy Ratio	17.1%	15.3%	1.8%
CET1	14.4%	12.3%	2.1%



Question & Answer



For more information about RCBC,
please contact
Investor_Relations@rcbc.com



Thank you



9M 2023

Analysts' Briefing

November 14, 2023

