



1Q 2024 Analysts' Briefing

May 2024



Macroeconomic Outlook

Michael Ricafort
Chief Economist

Market forecasts and catalysts for 2024

Philippine GDP Growth Estimates (2024-2025)		
Multilateral Institutions	2024 Forecast	2025 Forecast
IMF*	6.2%	6.2%
ADB	6.0% (from 6.2%)	6.2%
World Bank	5.8%	5.9% (from 5.8%)
AMRO	6.3%	6.5% (from 6.3%)
S&P Global Ratings	5.9%	6.2%
Moody's	5.9%	6.0%
Fitch Ratings	6.4% (from 6.2%)	6.5% (from 6.3%)
PH Government	6.0%-7.0%	6.5%-7.5%; 6.5%-8.0% (2026-2028)

Key Market Catalysts:



Possible local rate cuts in late 2024

The BSP's policy rate will be dependent on inflation data.



Geopolitical risks in Middle east

Tensions appeared to have eased recently (since April 20, 2024) between Israel and Iran for more than a week already



PH BVAL yields in healthy upward correction

Next resistance levels at 7%, now at 7.01%, near 6 month highs, also among 5-year highs



New record high gold price

World gold price reached \$2,431 per ounce on April 12, 2024.

Market forecasts and catalysts for 2024

Philippine Economic Outlook

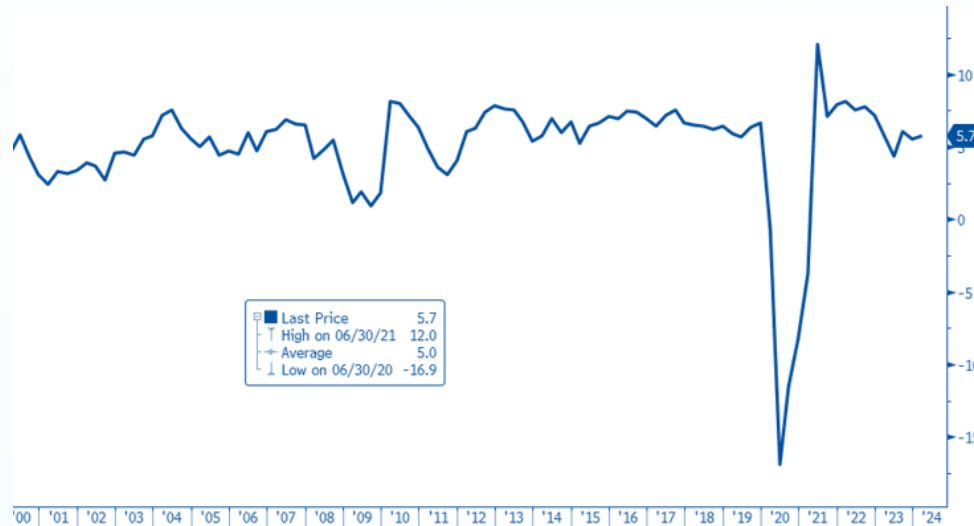
Economic Indicators	2022 Actual	2023 Actual	2024 Forecast
GDP Growth	7.6%	5.5%	6.0%-6.5%
USD/PhP (Year-End)	55.755	55.37	56.00-57.00
USD/PhP (Average)	54.48	55.63	55.75-56.75
Inflation (Average)	5.8%	6.0%	3.9%-4.4%
BSP Policy Rate	5.50%	6.50%	5.75%-6.25%
Fed Funds Rate	4.50%	5.50%	4.75%-5.25%
PSEi	6,566.39	6,450.04	7,000-7,500

US & Philippine Policy Rate Outlook

Economic Indicators	3-Month Forecast	6-Month Forecast	1-Year Forecast
BSP Policy Rate (now at 6.50%)	6.25%-6.50%	6.25%-6.50%	5.50%-5.75%
Fed Funds Rate (now at 5.50%)	5.25%-5.50%	5.25%-5.50%	4.50%-4.75%

Philippine GDP and inflation rates

Philippine GDP growth for 1Q 2024: +5.7% year-on-year



Inflation/CPI (April 2024): 3.8% year-on-year



- **PH GDP Growth** is faster vs. 5.5% in 4Q2023 but slower vs 6.4% a year ago (1Q2023).
- **Economic industry growth origin:** services +6.9%, industrial production +5.1% and agricultural production +0.4% year-on-year.
- Continued recovery for many businesses and industries as the economy further **reopened towards greater normalcy**, such as local and foreign tourism and MSME

- In April 2024, the **fastest in 4 months** or since December 2023 - still within the BSP's inflation target of 2%-4%
- **Average inflation/CPI** since 2016 or since the Interest Rate Corridor (IRC) started in 2016: 3.7%; vs. 3.8% for the latest month (April 2024).
- **Remaining risks on inflation:** Risk of escalation of tensions in the Middle East any severe form of El Niño drought and storm damage during La Niña expected later in 2024.



1Q 2024 Performance

Chrissy P. Alvarez
Corporate Planning Head

Our financial performance at a glance

Accelerating core business

- Total assets jumped on the back of 12% increase in customer loans
- Sustained recovery of NII amid loan growth
- Service fees and commissions up by 44% vs. year ago

₱2.2B
net income, 32%
increase in NII

₱631B
in loans; driven by
consumer

Building resilience

- Lower NPL ratio despite loan expansion across all segments
- CAR and CET1 ratio at 16.3% and 13.7%
- Total capital Php 34B or 29.6% higher vs. 1Q2023

3.51%
consolidated
gross NPL ratio

13.7%
CET1 ratio
As of March 2024

Enhancing CX via data & digital

- Four digital channels: Pulz App, Boz App, Diskartech and ATMGo
- 51 AI models deployed across the organisation
- 96% first contact resolution rate in 2023

₱8.8M
in gross transaction
volume; up 37% YoY

6,246
ATMGo terminals as of
March 2024



458 branches



7,711 ATMs*



6,427 employees

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



Summary of consolidated financial results

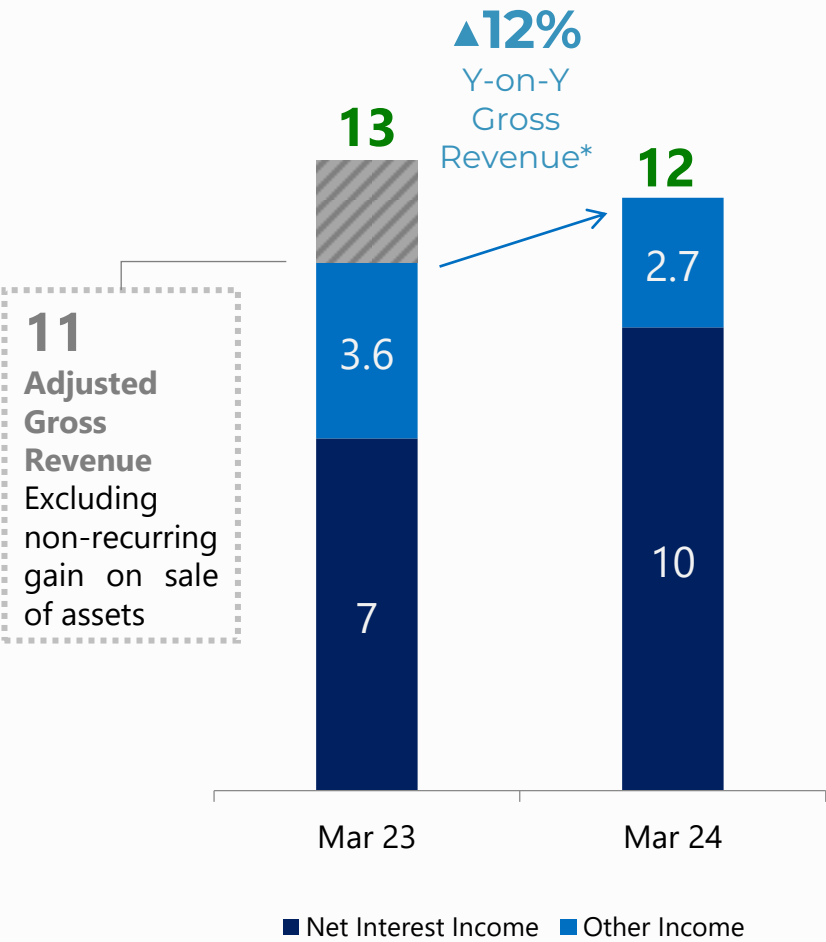
	1Q2024	1Q2023	Change	% Change
INCOME STATEMENT				
Gross Income	12,237	12,993	(757)	(5.8%)
Net Interest Income	9,560	7,267	2,293	31.6%
Fee Income	2,046	1,423	515	43.7%
Operating Expenses	7,765	7,195	571	7.9%
Impairment Losses	1,672	1,496	176	11.8%
Net Income	2,202	3,637	(1,435)	(39.5%)
BALANCE SHEET				
Assets	1,230,944	1,153,942	77,002	6.7%
Loans¹	630,578	563,431	67,148	11.9%
Investment Securities	398,821	351,259	47,562	13.5%
Deposits	959,360	859,396	99,964	11.6%
Capital	150,836	116,370	34,466	29.6%

*Amounts in PhP Millions, except % and ratios

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

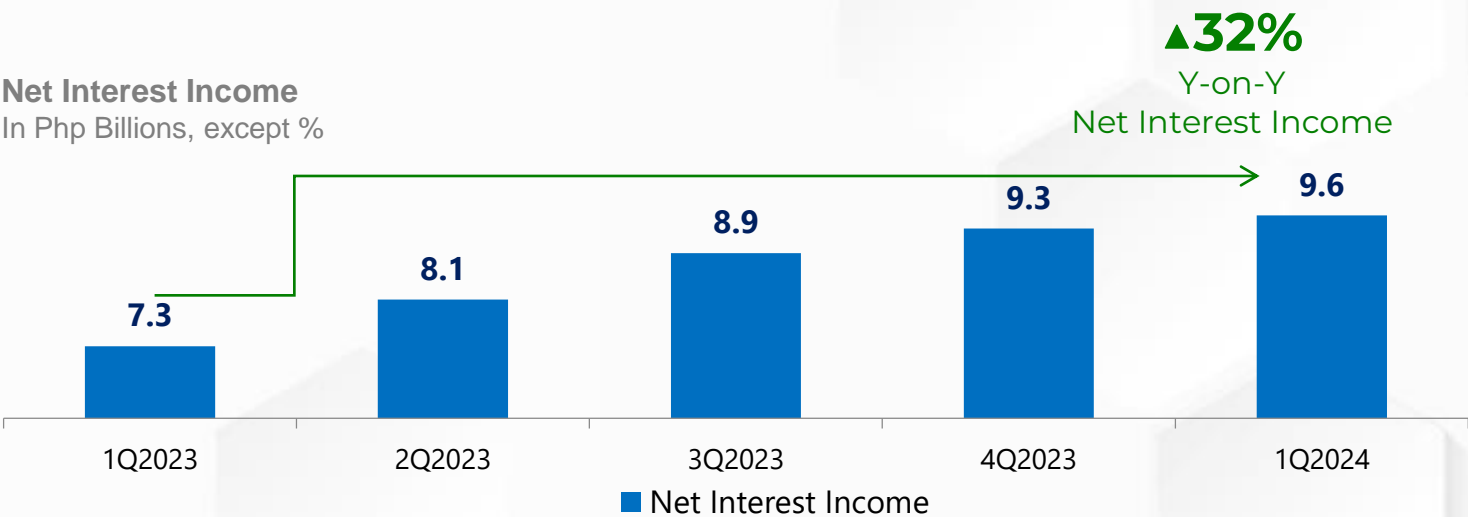
Solid core income in the first quarter

Gross Revenue
In Php Billions, except %

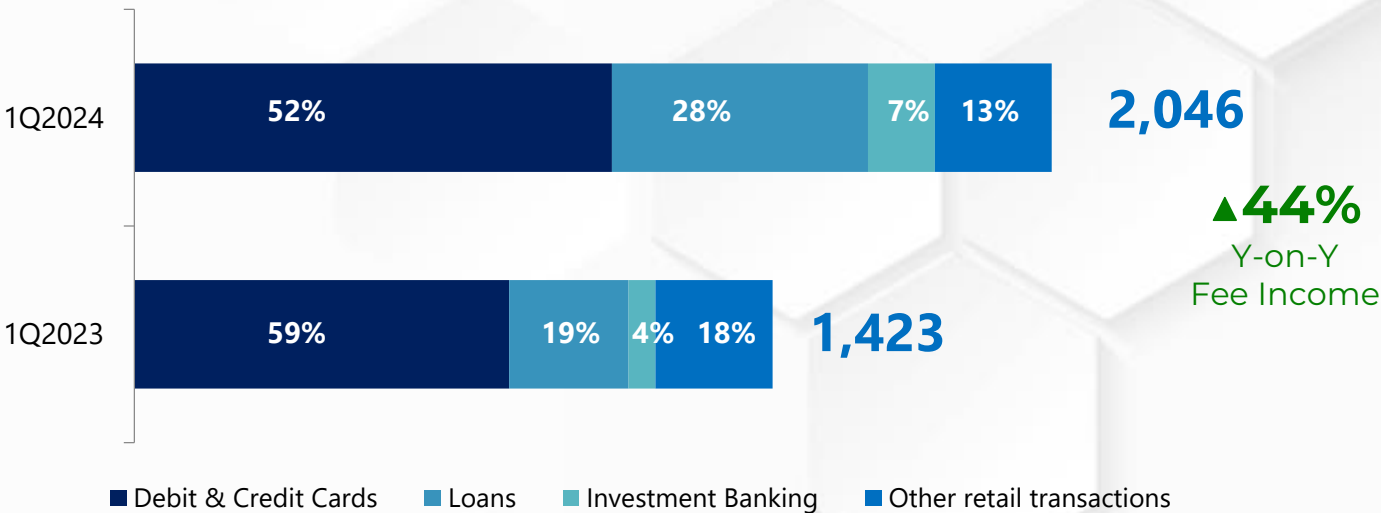


*Excluding non-recurring transactions

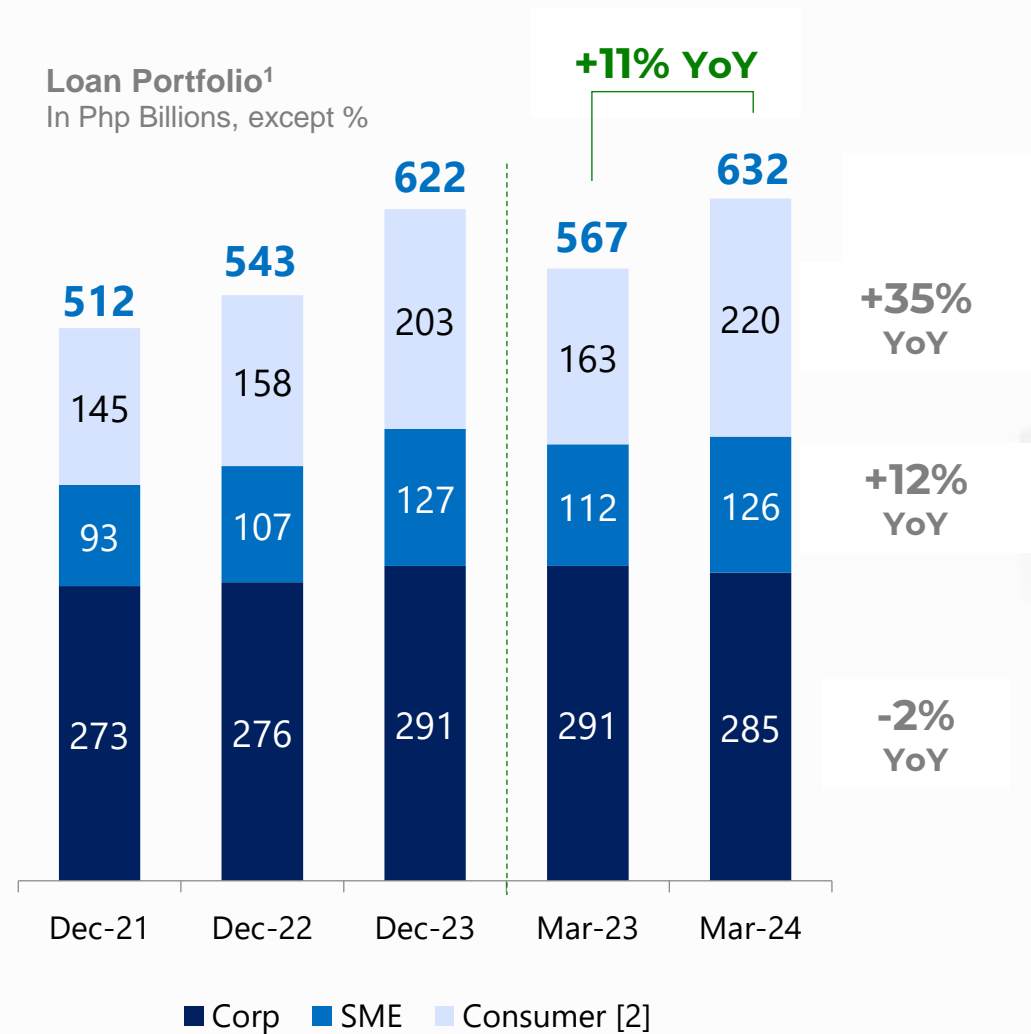
Net Interest Income
In Php Billions, except %



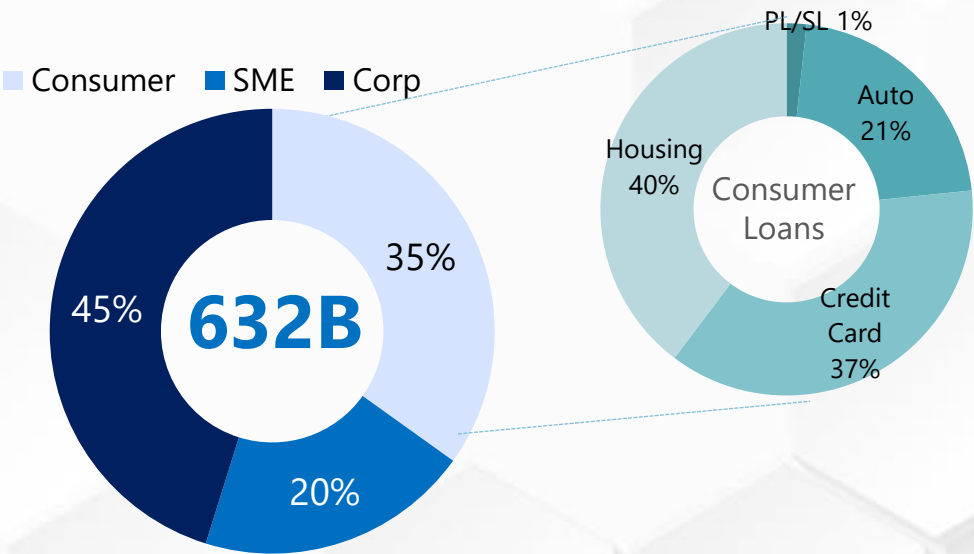
Fee Income Breakdown
In Php Millions, except %



Consumer segment leading portfolio growth



Loan Mix
As of March 2024



SME and Consumer segment grew by 12% and 35%, respectively.

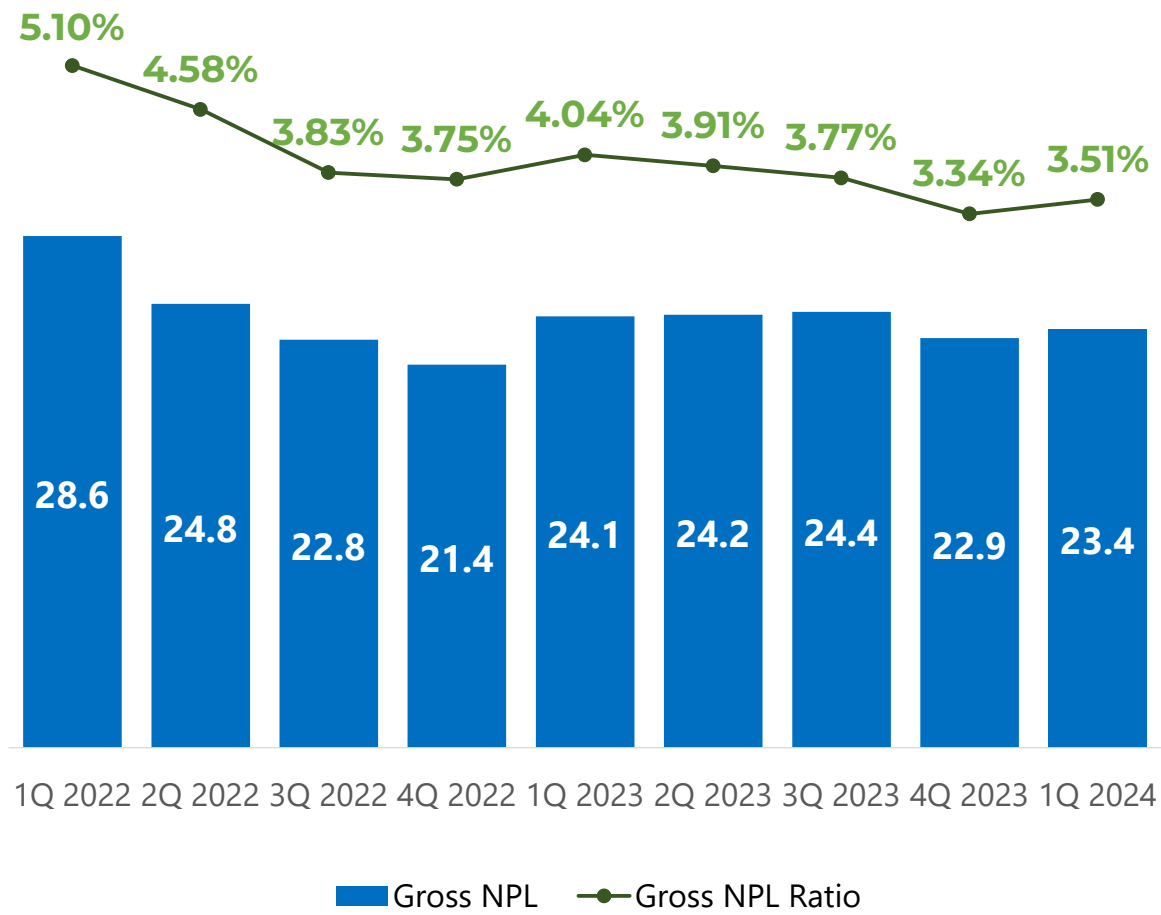
In particular, credit cards drove consumer loan growth by 55% followed with auto and housing loans growing 23% and 25%.

[1] Total loans include Other Loans of P0.4B as of Mar 2024, and P0.4B as of Mar 2023

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

Maintained healthy asset quality in all segments

Gross NPL amount and ratio
In Php Billions, except %

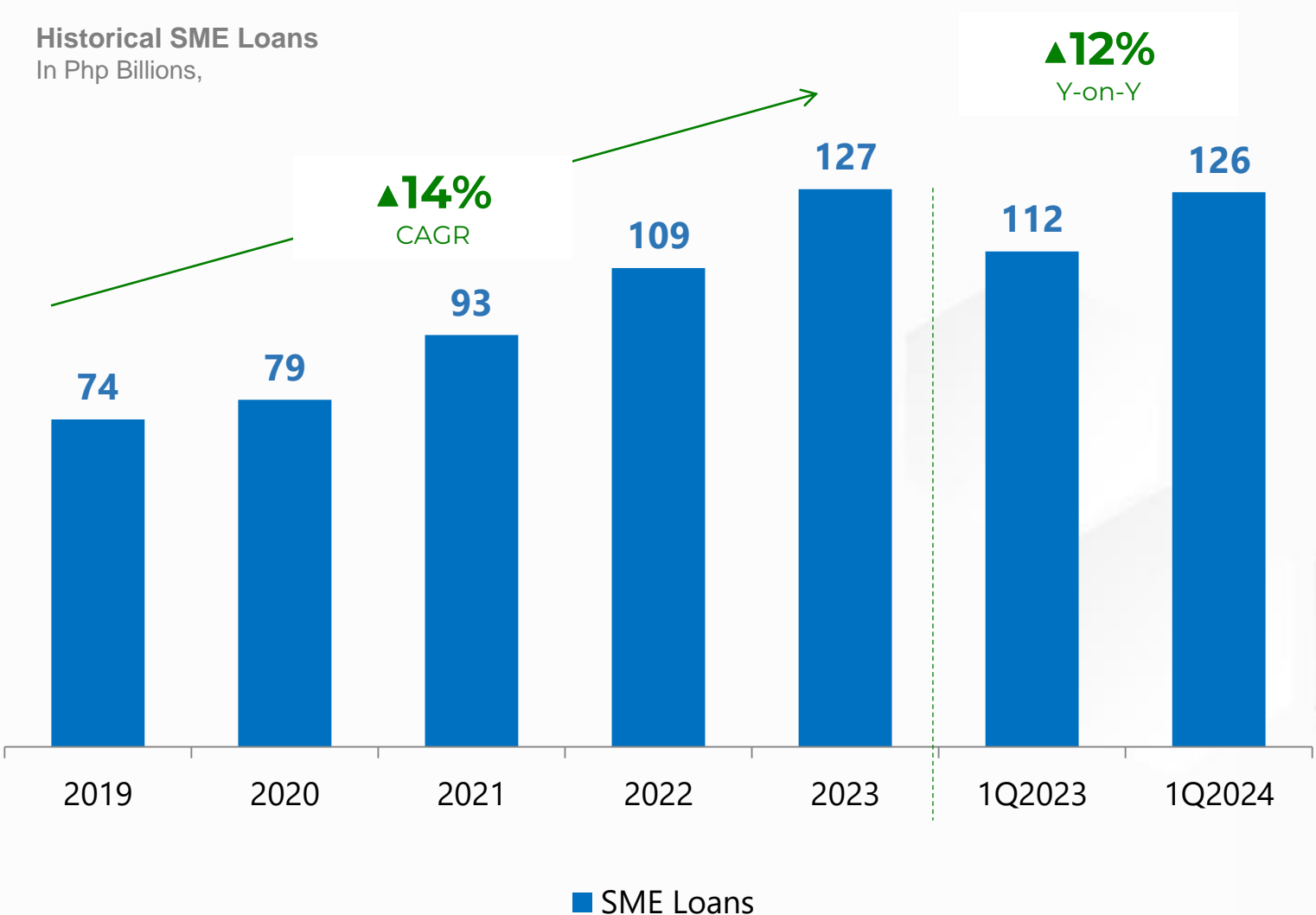



Gross NPL ratio per segment
As of March 2024

Corporate	1.6%
SME	3.8%
Consumer	4.9%
Credit Card	3.7%


The Bank’s data and digital strategies, tightened credit and proactive remedial management paid off, controlled NPLs across loan segments.

High growth and yield on SME Loans



 **7.75%**
Solid average yield;
better than budget

 **1.4%**
net NPL ratio for the
segment; better than LY

 **128%**
total deposit to loan ratio
for SME

Better-than-industry growth in credit cards



receivables per card, better than industry and higher than year ago

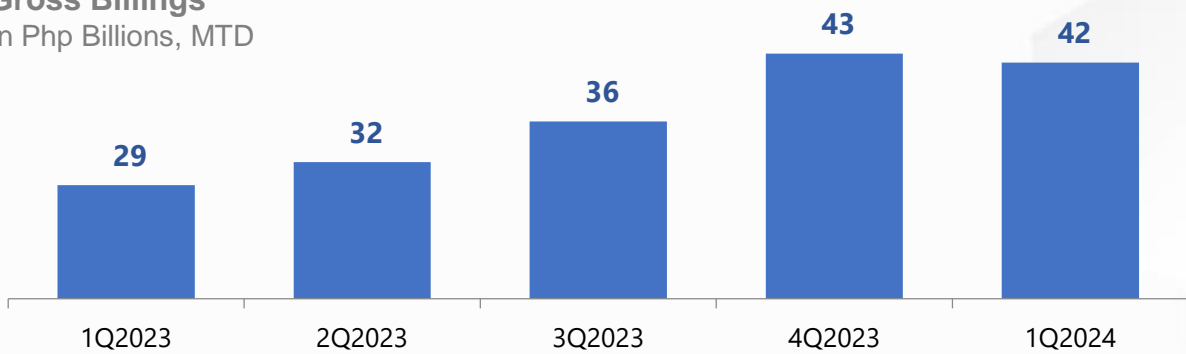


in issuing billings; 42% higher compared to year ago levels



in balances; 52% improvement from last year's level

Gross Billings
In Php Billions, MTD



Get a **FREE Marshall True Wireless Earbuds or Bluetooth Speaker** with your new **RCBC Mastercard® Credit Card!**

Marshall
LIVE LIFE UNLIMITED

POWER MAC CENTRE

iPhone 15 MIDNIGHT LAUNCH

Up to **P15,000 OFF + 0% Installment** for 24 months exclusively with **RCBC Credit Cards**

October 20, 2023, 12:00 MN – 2:00 AM
Power Mac Center, Greenbelt 3

RCBC
LIVE LIFE UNLIMITED

50% OFF on Lunch & Dinner Buffet at Seven Corners with premium **RCBC Credit Cards**

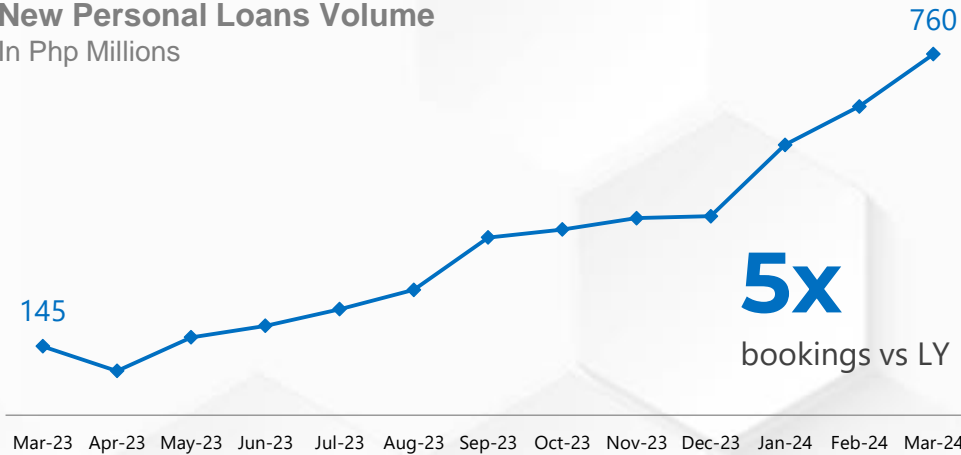
RCBC
LIVE LIFE UNLIMITED

Make your Japan trip extra rewarding with up to **P8,000 REBATE** with **RCBC Credit Cards!**

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LIVE LIFE UNLIMITED

Strong momentum in personal and salary loans

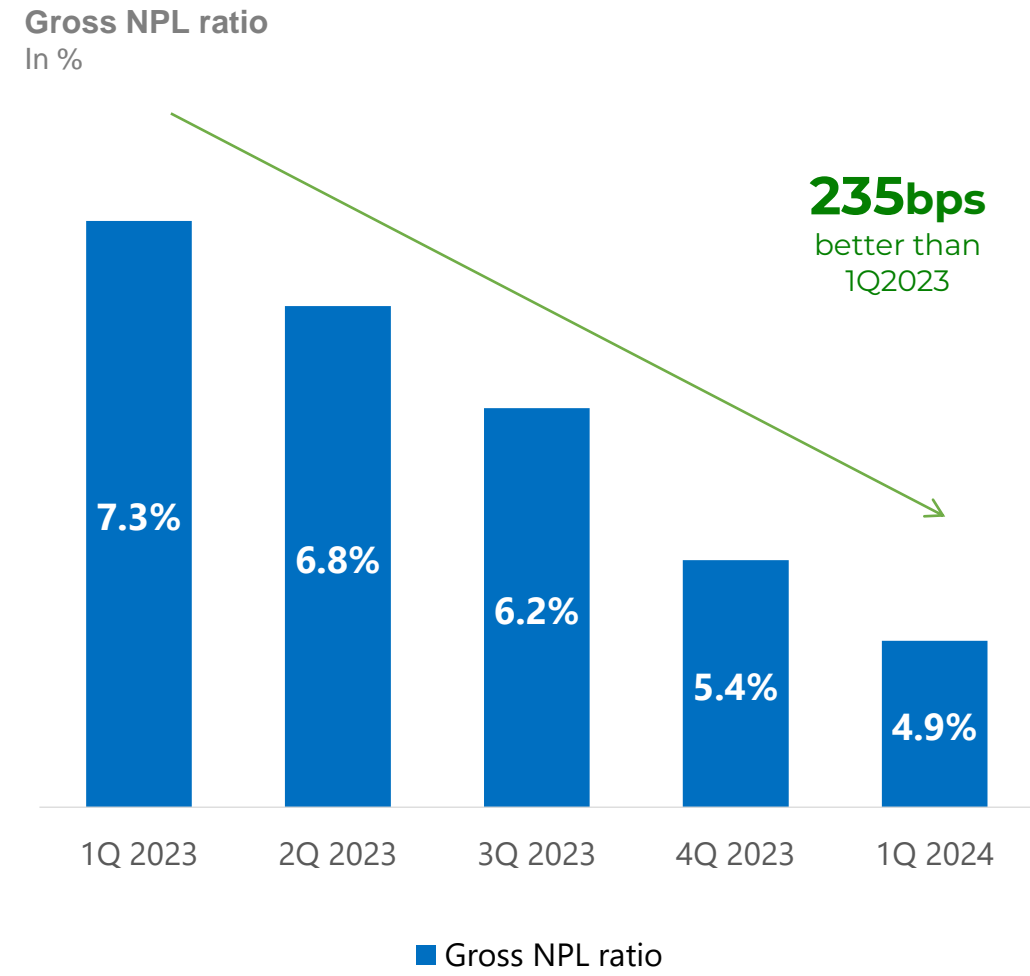
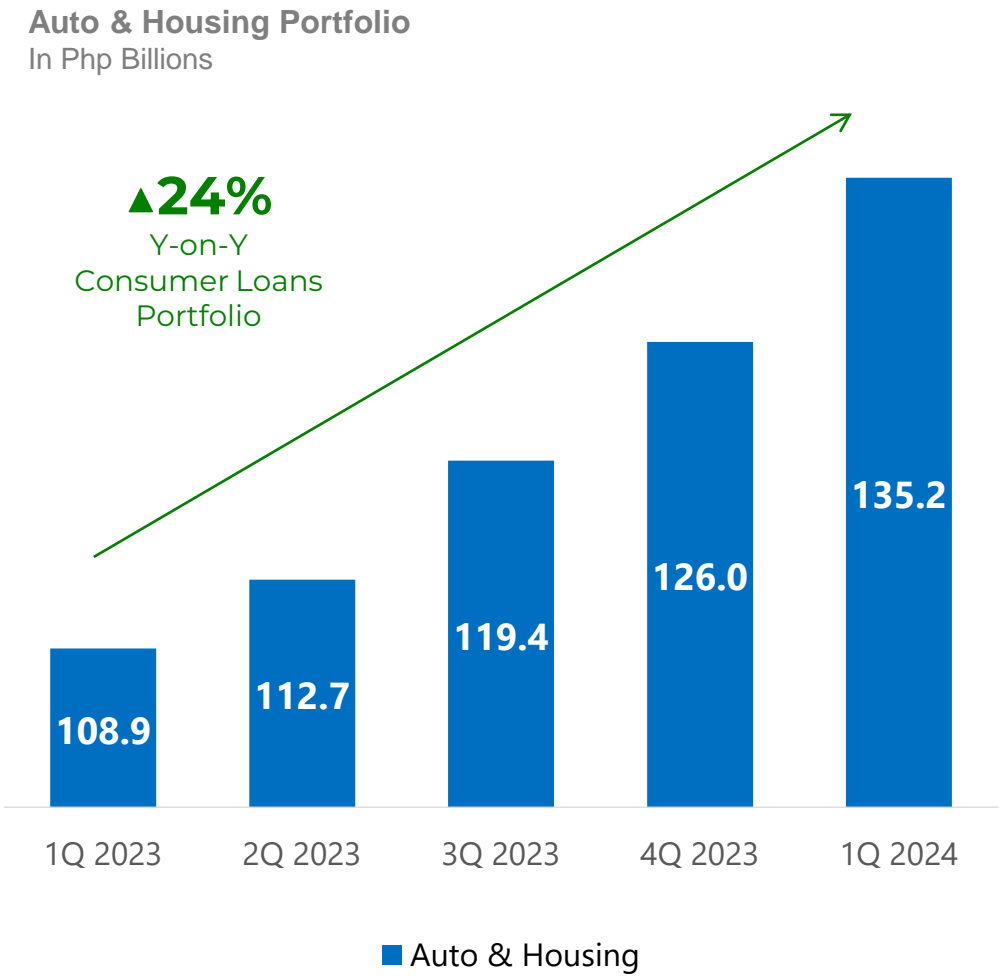
New Personal Loans Volume
In Php Millions



P370M

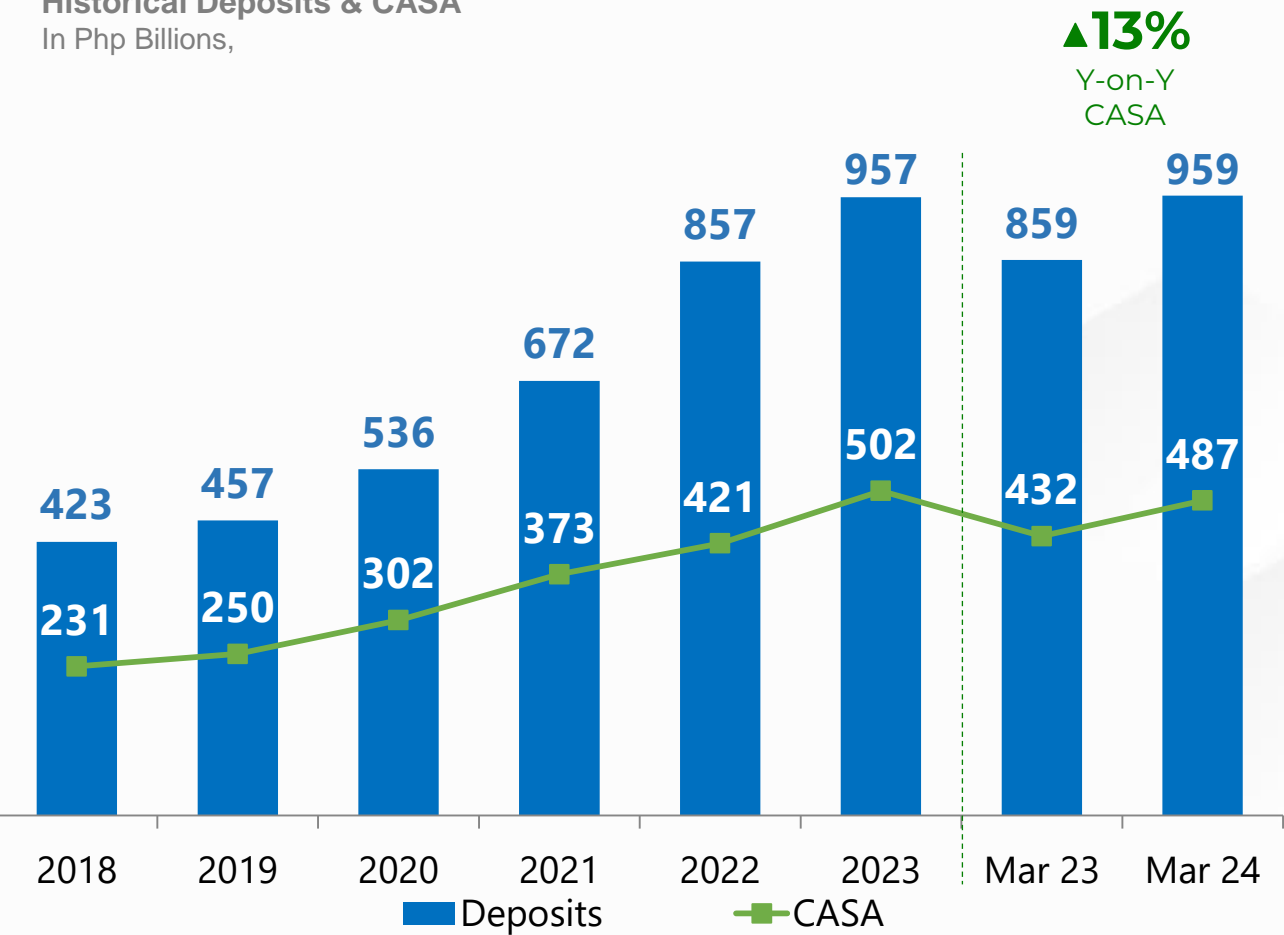
in new salary loans volume, 200% increase vs last year

NPLs improved amid expansion in consumer loans



Steady growth in deposits boosted by CASA

Historical Deposits & CASA
In Php Billions,



Cash management solutions to support CASA growth...



Cash Cube



CheckScan



Fund Transfers & Checks

on top of stronger corporate and SME banking relationships

120%
Deposit-to-loan ratio from corporates

128%
Deposit-to-loan ratio from SMEs

Multiple digital platforms for different segments



All-in-one hub

RCBC's industry-leading mobile banking app with the most comprehensive features

P112M

direct revenue, up by 112% vs. YAGO

+44%

transaction volume



RCBC's financial inclusion super app

DiskarTech will pivot into a **more loans-focused app** with a refreshed user interface & faster onboarding

P369M

deposits, 48% higher vs. YAGO

+31%

transaction volume



ATM Go

PH's 1st neighborhood & last mile ATM network

Bringing formal banking to rural community establishments

6,246

ATM Go terminals*

+16%

transaction volume

*As of March 30, 2024

Leader in digital, AI and customer service



- Relaunched **RCBC Pulz** & crossed 1M enrolled users
- Launched **RCBC Boz**, an all-in-one SME app
- Sustained growth in digital transaction volume of **33%**



- **51 AI models** developed internally
- **43 dashboards** used by 2,200 RCBC Bankers
- **164 senior officers** taking the AI certification



- Hailed as **Best in Customer Service** by Inquirer
- **Trained all RCBC Bankers** in CX fundamentals
- **96%** first contact resolution rate, up from 78% in 2022

23 recognitions across various fields



- Best SME Bank – Philippines
- Best Bank for Sustainable Development – Philippines
- Best Retail Bank – Philippines
- Best Cash Management Bank – Philippines
- Best Corporate Bank - Philippines



- Digital Bank of the Year
- Best ATM Project – ATMGo



- Best SME Financial Inclusion Initiative - ATM Go
- Best SME Mobile Banking Service Initiative - RCBC Diskartech (Negosyantech)
- Best Retail Bank for Digital CX in the Philippines - ATM QR Withdrawal



- Best CSR Initiative – Financial inclusion
- Best Debit Card Initiative
- Best Remittances Service
- Best Savings Plan Offering

+170
awards
2021-2023

Consolidated key financial indicators



	1Q 2024	1Q 2023	Change
PROFITABILITY			
Return on Equity	5.6%	13.3%	-7.7%
Return on Assets	0.7%	1.3%	-0.6%
Net Interest Margin	3.6%	3.1%	0.5%
COST EFFICIENCY			
Cost-to-Income Ratio	63.5%	55.4%	8.1%
ASSET QUALITY			
Net NPL Ratio	1.7%	2.0%	-0.3%
NPL Coverage Ratio	89.0%	80.2%	8.8%
Credit Cost	1.1%	1.1%	0.0%
CAPITAL			
Capital Adequacy Ratio	16.3%	14.1%	2.1%
CET1	13.7%	11.3%	2.4%





Question & Answer



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



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