



# **RCBC 1H 2022 ANALYSTS' BRIEFING**

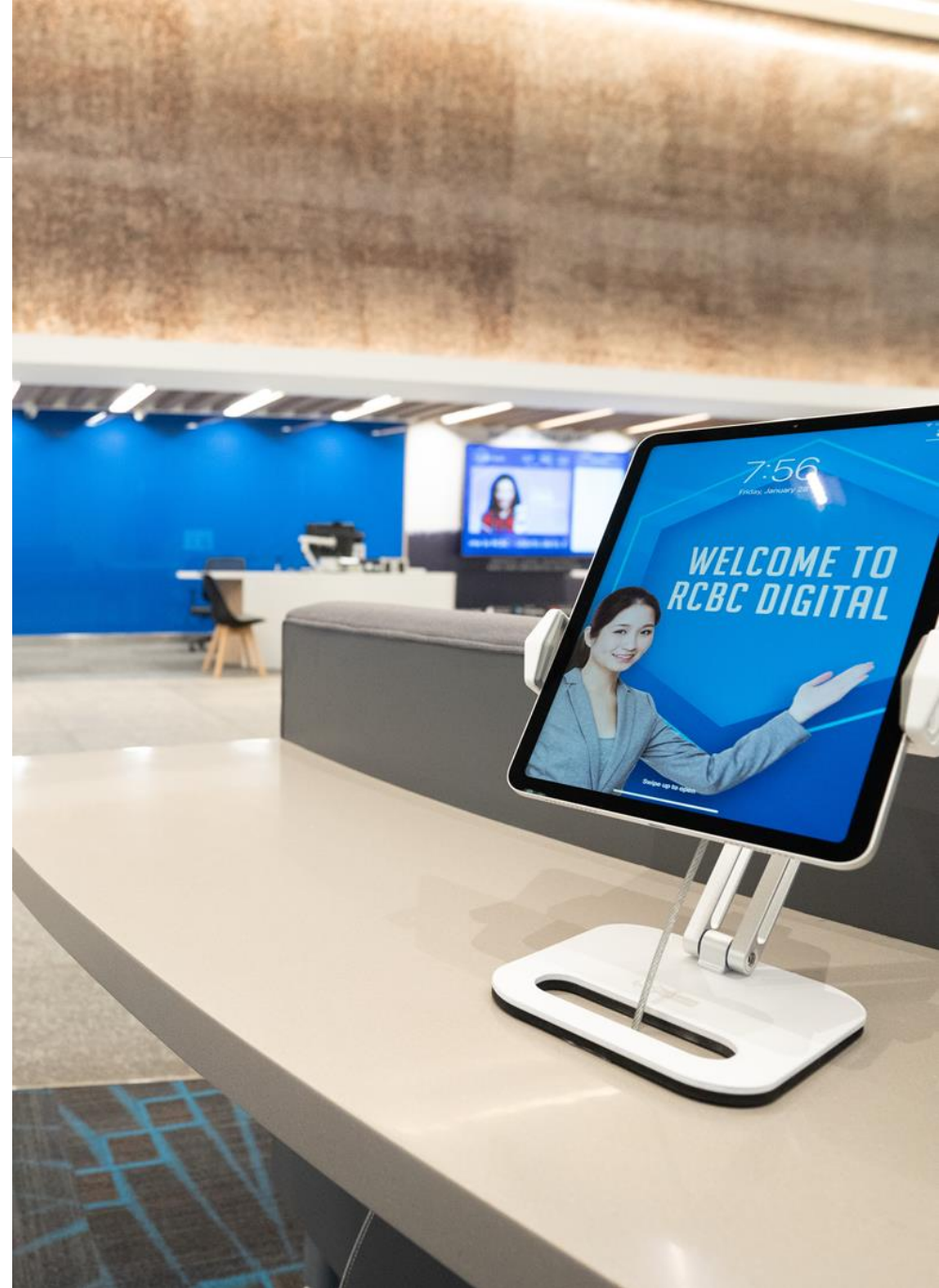
15 August 2022

4:00 PM

# Agenda

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- 01** Economic Outlook
- 02** RCBC 1H 2022 Performance
- 03** Q&A



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# Economic Outlook

Mr. Michael L. Ricafort  
RCBC Chief Economist

# A challenging macroeconomic outlook

Weaker peso, higher inflation characterized 2Q 2022. Looking forward, is the worst over for the economy?

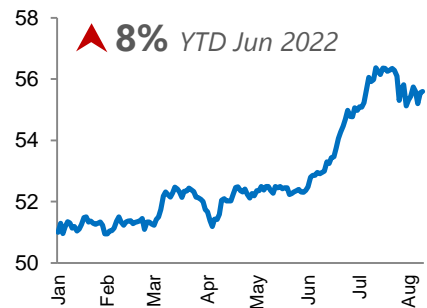


## NYMEX CRUDE OIL PRICE

**105.76** END OF 2Q 2022

**108.61** AVERAGE (2Q)

- Russia-Ukraine war
- But eased to new 6-month lows recently, erasing all its gains since the conflict started in February 2022

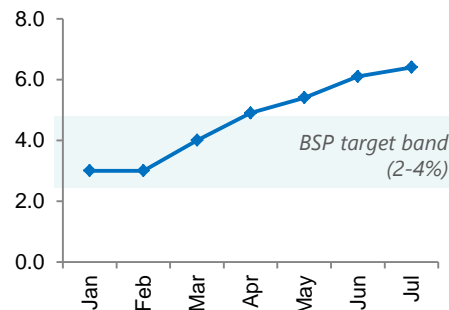


## USD/PHP

**54.975** END OF 2Q 2022

**52.719** AVERAGE (2Q)

- Weaker peso due to stronger US dollar after Fed rate hikes, rising US inflation
- But now among 1-month lows after a record low of 56.45 in July
- Peso weakness year-to-date already overdone recently



## INFLATION

**6.1** END OF 2Q 2022

**5.5** AVERAGE (2Q)

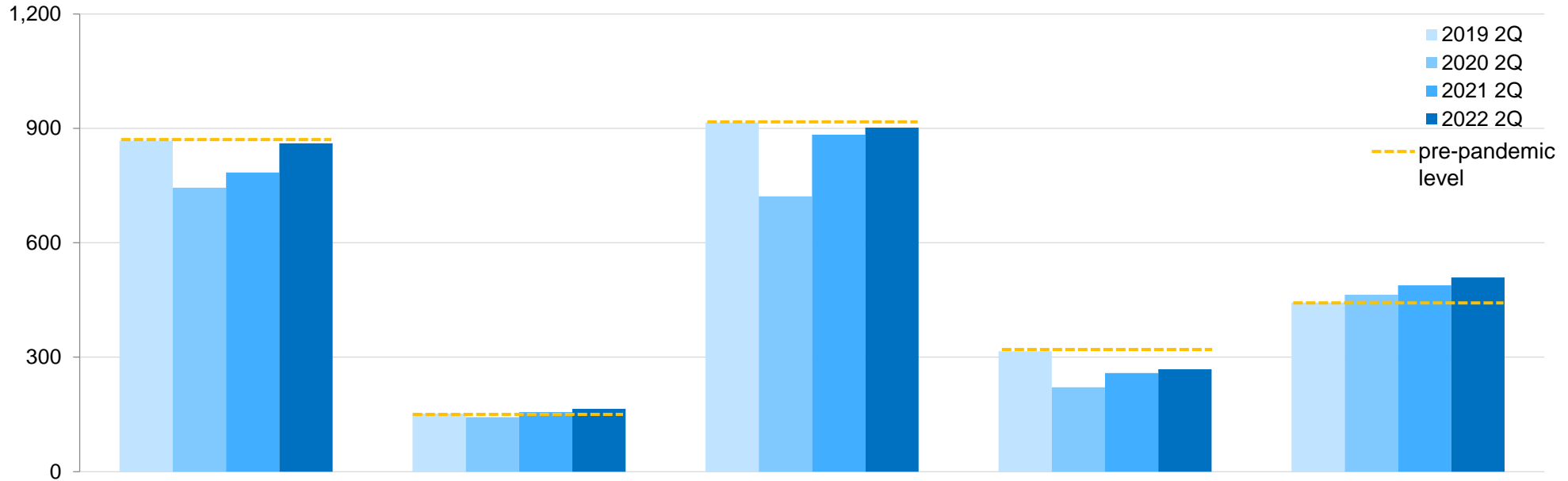
- Higher input prices, supply chain disruptions due to Russia-Ukraine war; higher minimum wages
- Above local policy rate of 3.25%; bigger negative net interest rates
- Mitigated by excess liquidity in the financial system

# Industries continue to recover

Real GDP grew 7.4% in 2Q 2022. Easing COVID restrictions strongly support industry recovery, but still weighed by higher input prices, supply chain disruptions

## Gross Value Added of Major Borrowing Industries (vs. pre-pandemic)

in PHP bn; 2018=100; National Accounts



2Q 2022 vs.  
2Q 2019  
(pre-pandemic)

▼ 0.8%

▲ 8%

▼ 2%

▼ 15%

▲ 15%



Wholesale &  
Retail Trade



Electricity, Gas  
& Water



Manufacturing



Real Estate



Financial &  
Insurance



# The Bank expects recovery in 2022 and beyond

Economic Indicators*	2023 Forecast	2022 Forecast	2021 Actual
<b>GDP Growth</b>	6.0%-6.5%	6.0%-7.0%	5.7%
<b>USD/PhP (Year-End)</b>	55.50-56.50	54.00-56.00	50.999
<b>USD/PhP (Average)</b>	55.75-56.75	53.50-54.50	49.25
<b>Inflation (Average)</b>	3.5%-4.0%	5.0%-5.5%	3.9%
<b>BSP Policy Rate</b>	4.25%-5.25%	4.00%-5.00%	2.00%
<b>PSEi</b>	7,600-8,100	7,000-7,500	7,122.63



# Summary

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## INVESTMENT

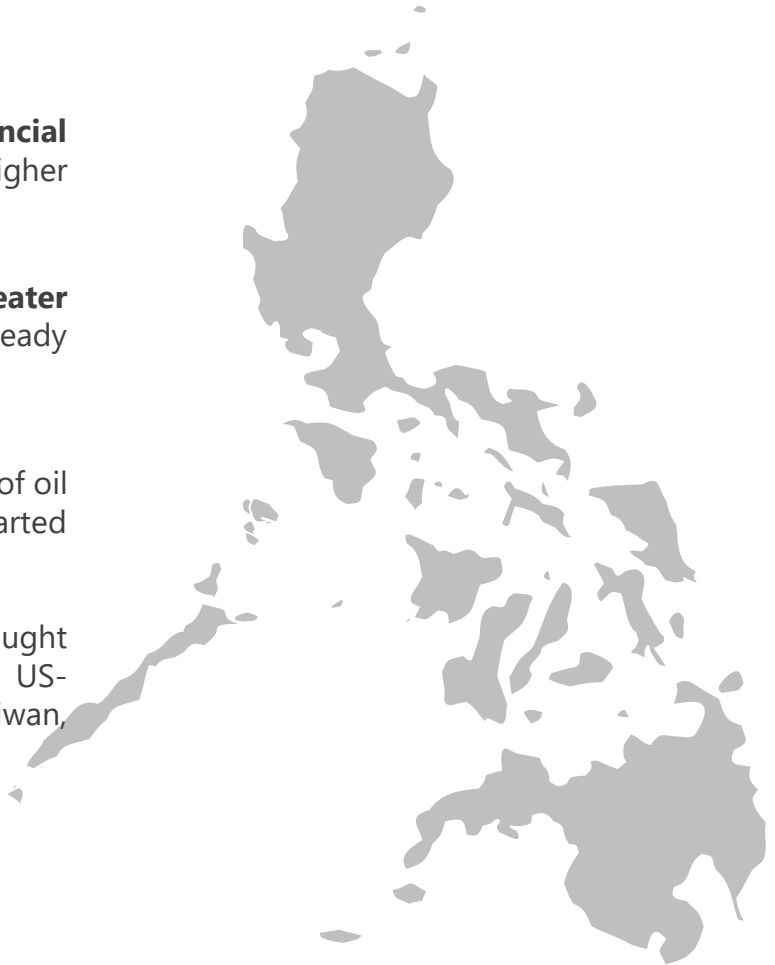


## CREDIT



## OUTLOOK

- **Challenging 2Q 2022 for the financial markets** due to weaker peso, higher inflation and interest rates
- **We are headed towards greater normalcy;** some industries are already back to pre-pandemic levels
- **We have seen the worst** as prices of oil and other global commodities started to ease
- **However, we are still at risk** brought by lingering Russia-Ukraine war, US-China tensions related to Taiwan, aggressive Fed rate hikes remain.





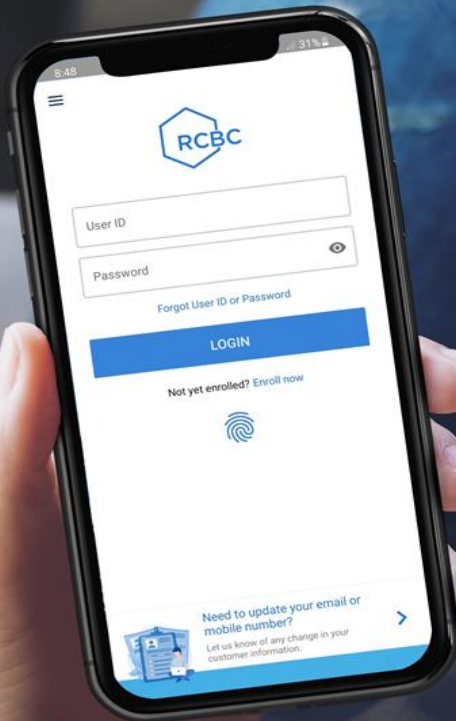


# **RCBC 1H 2022 Performance**

Ms. Chrissy P. Alvarez  
RCBC Corporate Planning Head  
and Chief Information Officer



# 1H 2022 Highlights



**6.1B**

Net income  
up 84%

**59%**

Investment  
securities growth

**1.0T**

Total assets  
up 19%

**400B**

Low-cost  
CASA up 18%

**34**

Awards  
won as of YTD

**15.5%**

Capital adequacy  
ratio

# RCBC is a leading financial services provider in the PH

Incorporated in 1960, RCBC is the **6<sup>th</sup> largest private universal bank** in the Philippines by assets, with a market capitalization of Php 39.49B (USD 0.7B) as of end-June 2022. It was also recognized as the **Best Digital Bank, Best Retail Bank and Best Corporate Bank** in the Philippines by various award-giving bodies in 2022.

**21.2B**

Revenues<sup>1</sup>

+24%

**6.1B**

Net Income

+84%

**507B**

Loans<sup>2</sup>

+5%

**740B**

Deposits

+24%

**112B**

Capital

+8%

**15.5%**

CAR

## Main Business Lines

Corporate Banking

SME Banking

Retail Banking

Trust and  
Investments

Consumer Loans  
(Auto, Housing, Salary)

Credit Cards

Bancassurance

Foreign Exchange

Microfinance

Investment Banking

Leasing

Securities Brokerage



**446** Branches

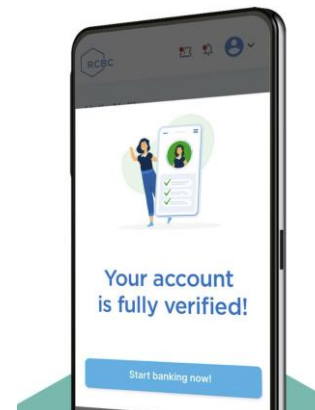


**2,625** ATMs<sup>3</sup>



**5,865** Employees

Open an account  
all online in minutes

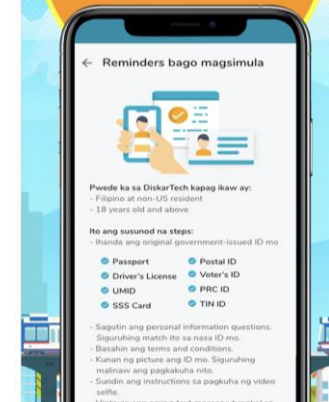


### RCBC Digital

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

We accept 18 IDs.  
May account ka na  
in 5 minutes!

\*PhilSys/National ID coming soon



### DiskarTech

RCBC's financial inclusion super app, the country's first finance app in Taglish and other local languages

[1] Including trading and FX gains

[2] Loans and receivables net of allowances and interbank loans

[3] Includes 1,280ATMs and 1,345 ATM Go terminals--RCBC's handheld ATM facility that enables banking transactions outside branches and ATMs, and through partner merchants.

# RCBC's profit climbed 84% in 1H 2022

	1H 2022	1H 2021	Change	% Change
<b>INCOME STATEMENT</b>				
<b>Gross Income<sup>1</sup></b>	21,231	17,117	4,114	24.0%
<b>Net Interest Income</b>	15,986	13,583	2,403	17.7%
<b>Fee Income</b>	2,908	2,563	345	13.4%
<b>Operating Expenses</b>	12,231	11,165	1,067	9.6%
<b>Impairment Losses</b>	1,869	2,332	(462)	(19.8%)
<b>Net Income</b>	6,135	3,327	2,808	84.4%
<b>BALANCE SHEET</b>				
<b>Assets</b>	1,003,305	845,818	157,487	18.6%
<b>Loans<sup>2</sup></b>	506,589	483,942	22,646	4.7%
<b>Investment Securities</b>	283,354	177,821	105,533	59.3%
<b>Deposits</b>	739,511	598,145	141,366	23.6%
<b>Capital</b>	112,048	104,067	7,981	7.7%



\*Amounts in PhP Millions, except % and ratios

[1] Including trading and FX gains

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

# 2Q 2022 net income jumped 129% vs 2Q 2021

	2Q 2022	2Q 2021	Change	% Change
<b>INCOME STATEMENT</b>				
<b>Gross Income<sup>1</sup></b>	11,329	8,613	2,716	31.5%
<b>Net Interest Income</b>	7,934	7,118	816	11.5%
<b>Fee Income</b>	1,682	1,685	(3)	(0.2%)
<b>Operating Expenses</b>	6,348	5,473	875	16.0%
<b>Impairment Losses</b>	317	1,396	(1,079)	(77.3%)
<b>Net Income</b>	3,994	1,747	2,247	128.6%
<b>BALANCE SHEET</b>				
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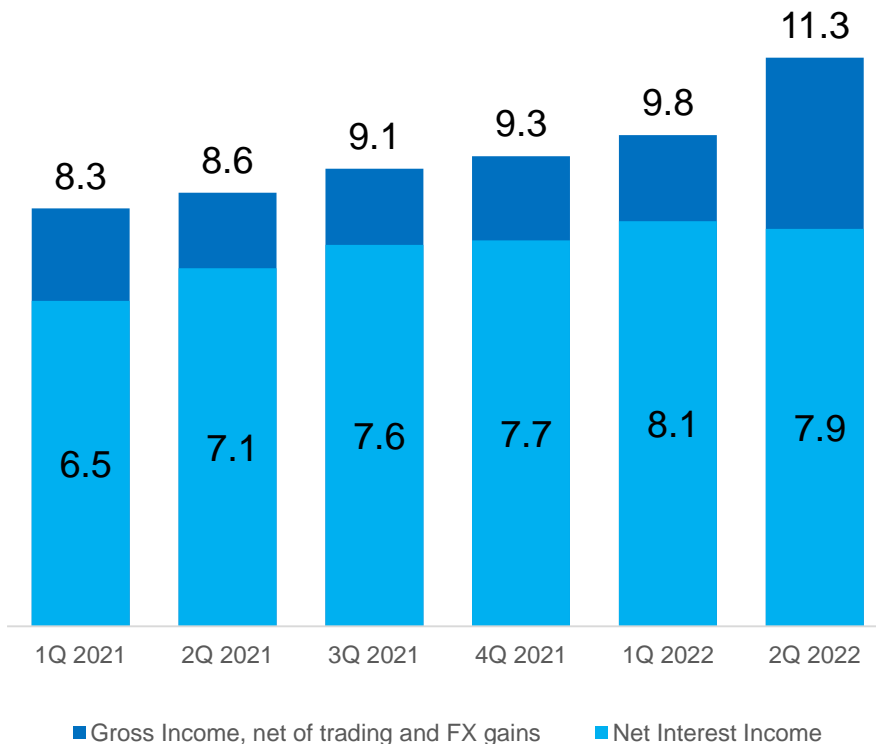
\*Amounts in PhP Millions, except % and ratios

[1] Including trading and FX gains

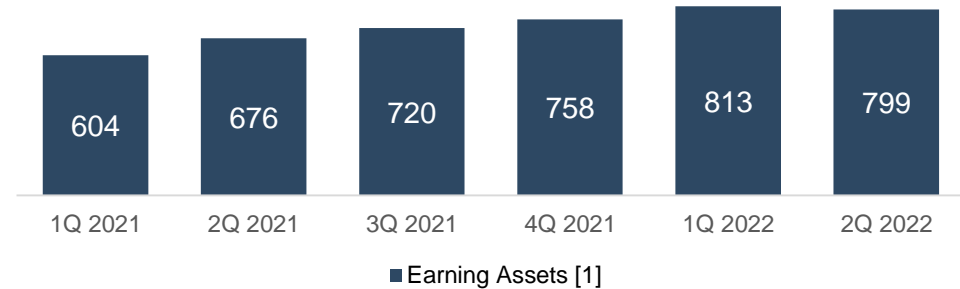
[2] Loans and Receivables net of Allowances and Interbank Loans

# Robust core business performance drive profitability

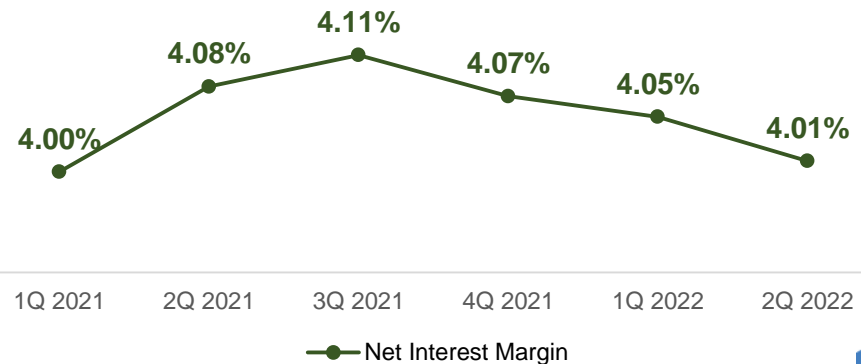
Gross income increased by 24% year-on-year driven by the 18% rise in net interest income



Net interest income increased on the back of higher earning assets by 18%



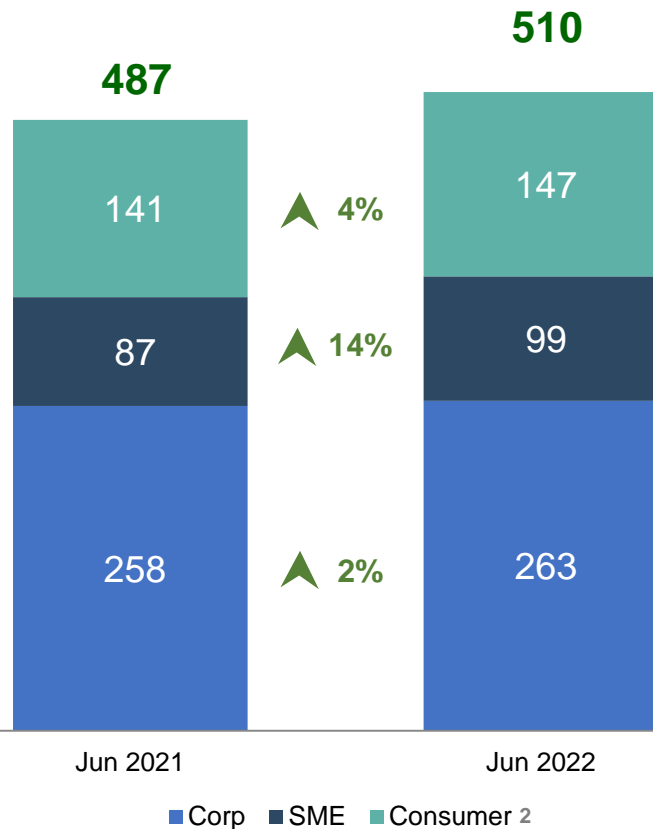
NIMs remains above industry average despite interest rate pressures



# Loan expansion guided by data science and analytics

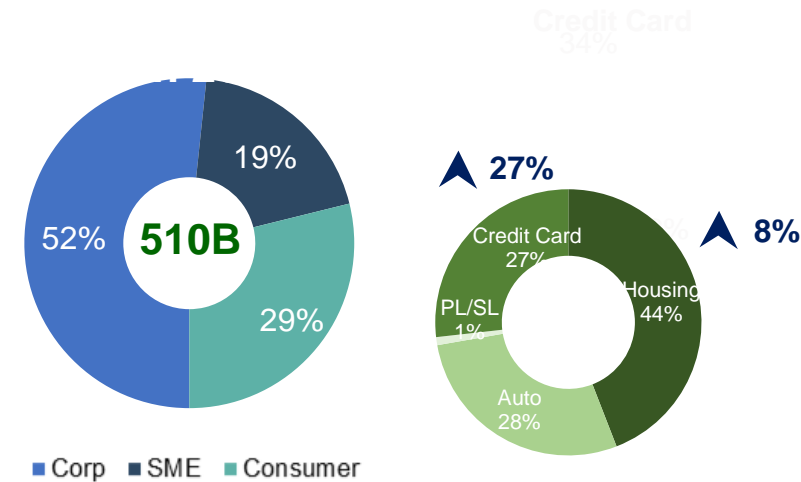
## Loan Portfolio<sup>1</sup>

In Php Billions, except %



## Loan Mix

As of June 2022



## Return on Risk Assets<sup>3</sup>

As of June 2022

Corporate	4.0%
SME	4.4%
Consumer	6.9%



[1] Total loan portfolio includes microfinance loans amounting to PhP 1.08B as of June 2021, and PhP 1.10B as of June 2022.

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

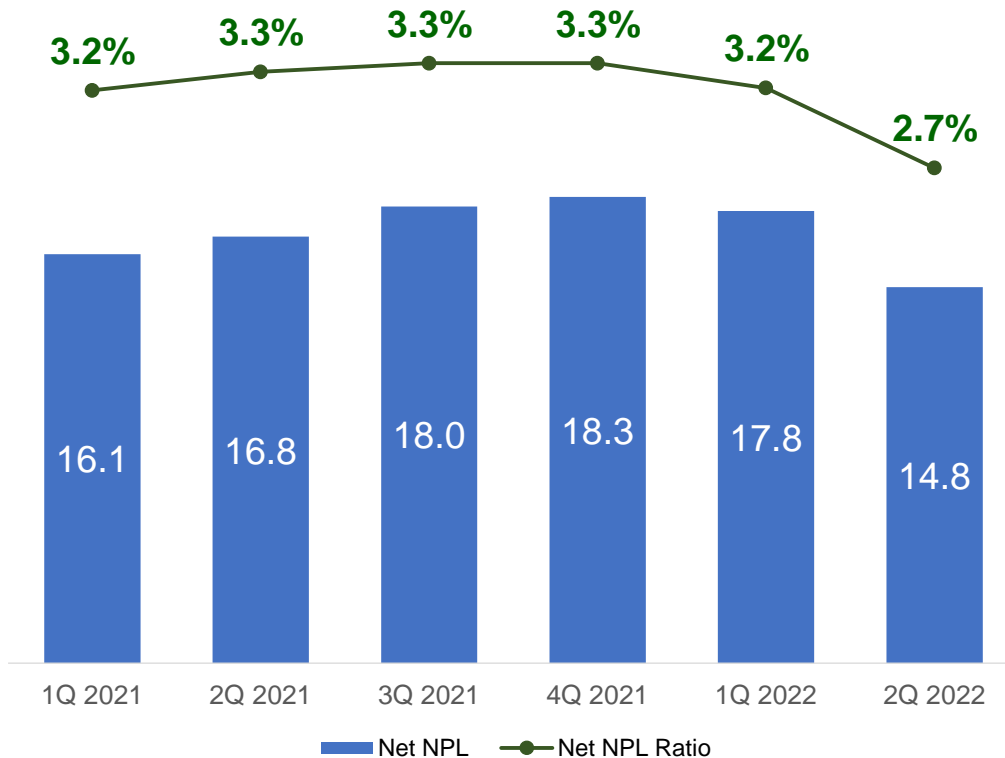
[3] RORA is after provisions but gross of OPEX



# NPL continued to ease due to tightened credit and proactive remedial management

## Net NPL Amount and Ratio

In Php Billions, except %



## Net NPL per Segment

As of June 2022

Corporate	0.5%
SME	2.4%
Consumer	9.1%
Credit Card	1.1%

We launched the COVID Assistance and Recovery (CARE) Program to provide pre-emptive refinancing support to customers severely affected by the pandemic and may take time to recover. Those qualified under CARE were customers in good standing as of March 2020 when the Enhanced Community Quarantine was first enforced.





# RCBC at the forefront of sustainable financing

We are the first Philippine universal bank to issue sustainable financing instruments under ASEAN bond standards



## PhP 68B

Loans under our Sustainable Portfolio

## 58%

Related to renewable energy and energy efficiency in our Sustainable Portfolio

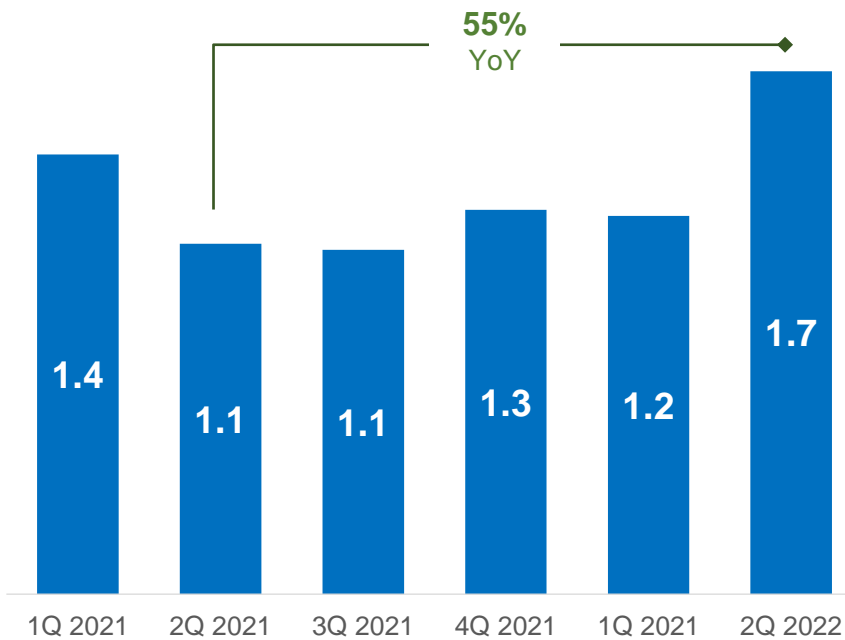
## PhP 14.8B

Raised from the issuance of ASEAN sustainability bond in February 2022

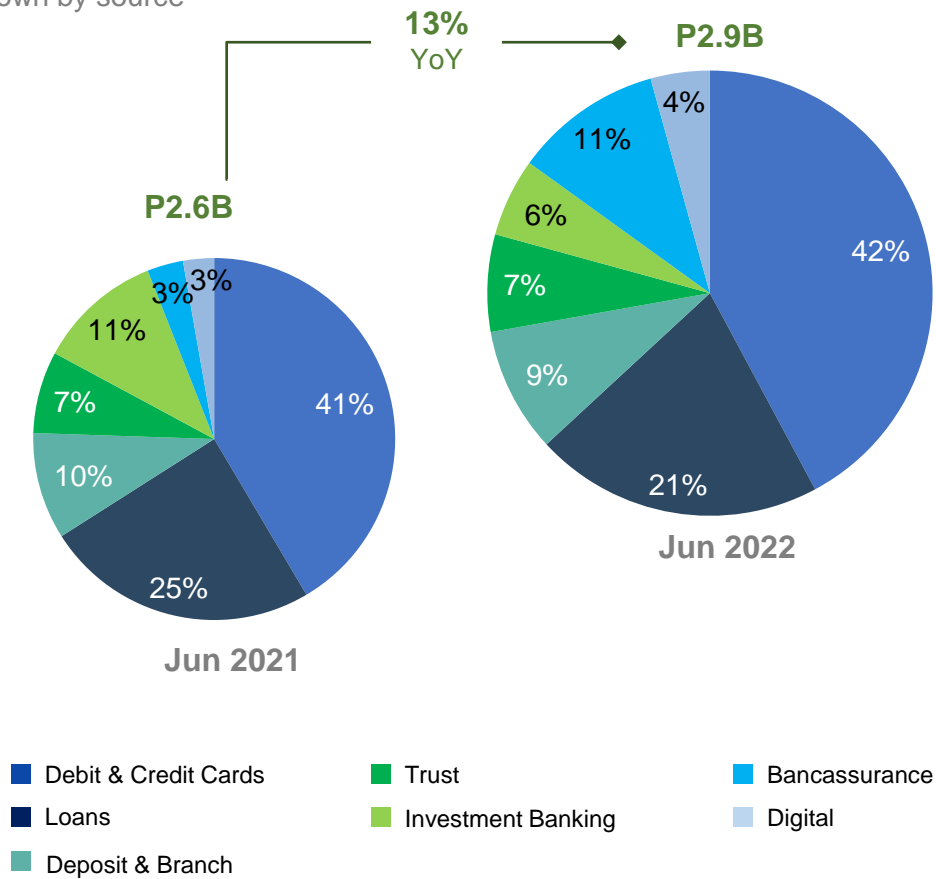


# Retail and digital transactions augment fee revenues

Fee Income  
In Php Billions

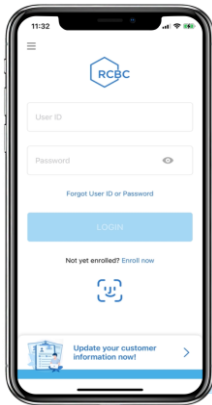


Fee Income  
Breakdown by source



# RCBC continues to ramp up its digital platforms

Sustained digital adoption as RCBC continues digital transformation by rolling out new initiatives and system enhancements



## RCBC Digital

**Transaction Value**

▲ 53%  
growth year-on-year

**Transaction Volume**

▲ 38%  
growth year-on-year



## DiskarTech

**Transaction Value**

▲ 199%  
growth year-on-year

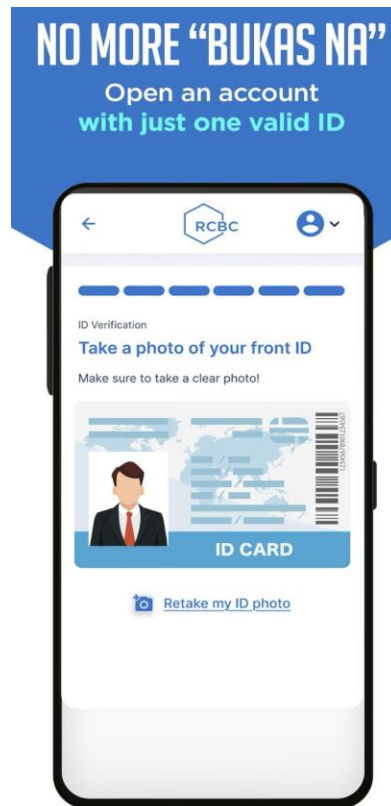
**Transaction Volume**

▲ 66%  
growth year-on-year



# RCBC Digital app made even more powerful

RCBC continued to introduce industry-leading digital solutions with the addition of features such as payroll loan and UnliPay.



QR Payments



Check deposit



Forex trading



UITF Investments



Time Deposit



Wide selection of Billers



Cardless withdrawal

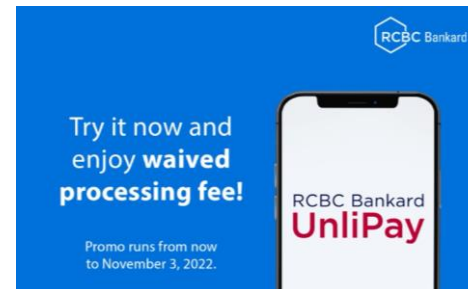


Credit card installment



Request Payment

Eligible RCBC Payroll account holders can now easily avail of short term loans all online



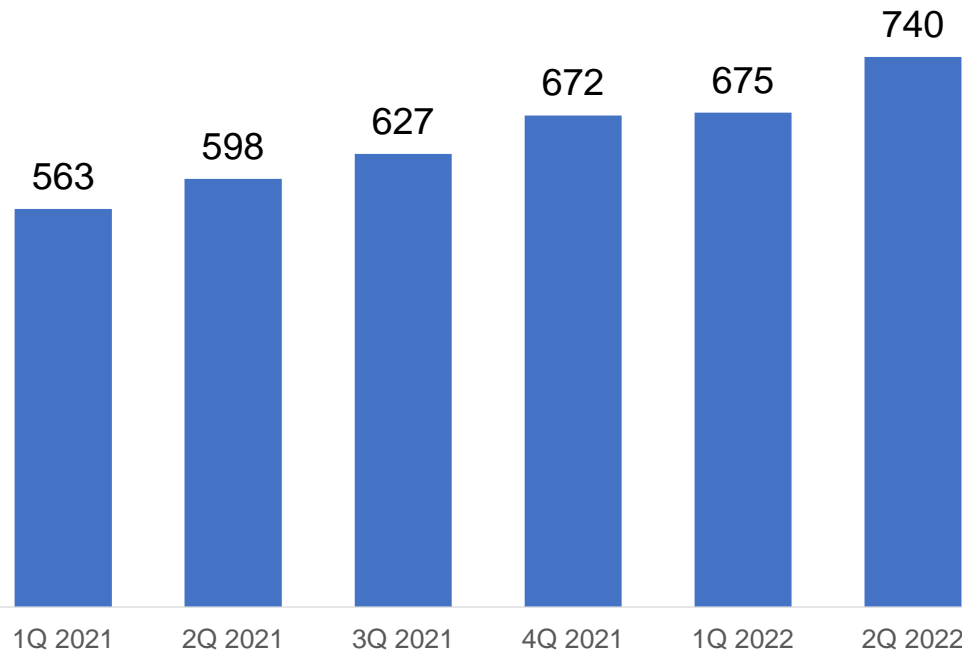
RCBC Bankard principal cardholders can now use their credit card to send money to individuals, billers, merchants and more via UnliPay



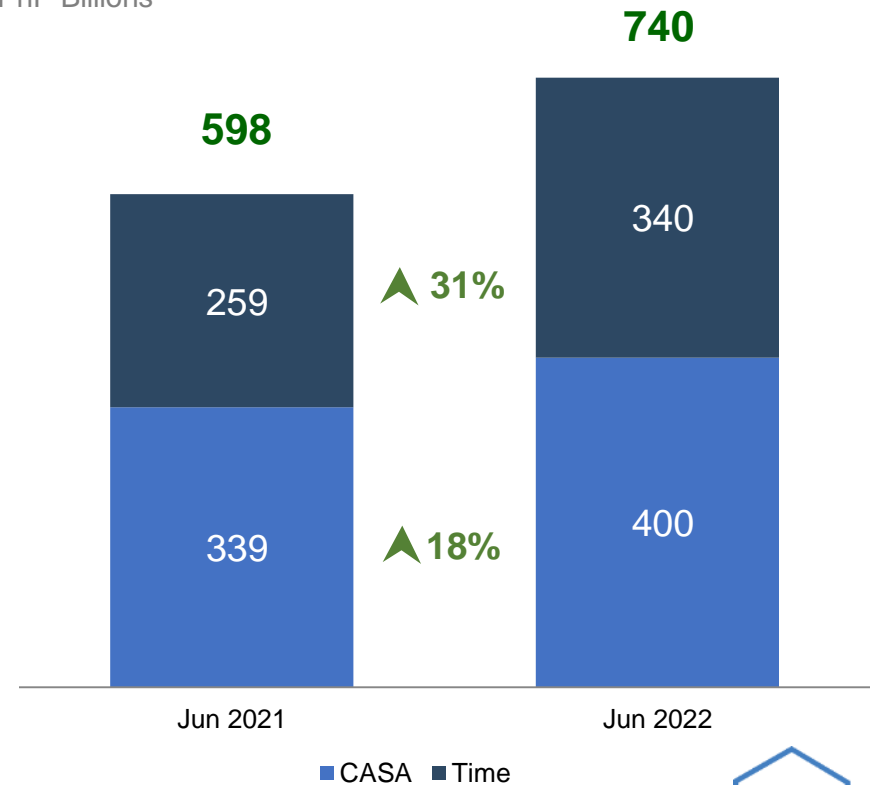
# Record high deposits up by 24% year-on-year

Robust deposit build-up will continue by improving our sales productivity through technology, tapping the growing middle class with products for the mass affluent, and offering a wide range of cash management products for Corporate and SME clients

**Deposits**  
In PhP Billions



**Deposit breakdown**  
In PhP Billions



# Consolidated key financial indicators

	Jun 2022	Jun 2021	Change
<b>PROFITABILITY</b>			
Return on Equity	9.5%	6.6%	2.9%
Return on Assets	1.1%	0.8%	0.2%
Net Interest Margin	4.0%	4.1%	(0.1%)
<b>COST EFFICIENCY</b>			
Cost-to-Income Ratio	57.6%	65.2%	(7.6%)
<b>ASSET QUALITY</b>			
Net NPL Ratio	2.7%	3.3%	(0.5%)
NPL Coverage Ratio	69.2%	66.8%	2.4%
Credit Cost	0.8%	1.0%	(0.2%)
<b>CAPITAL</b>			
Capital Adequacy Ratio	15.5%	15.1%	0.4%
CET1	12.4%	11.8%	0.5%

# RCBC is recognized for its strong franchise across business lines







# Question & Answer





For more information about RCBC,  
please contact  
**[Investor\\_Relations@rcbc.com](mailto:Investor_Relations@rcbc.com)**





# **RCBC 1H 2022 ANALYSTS' BRIEFING**