



RCBC 1H 2023 Investor Presentation

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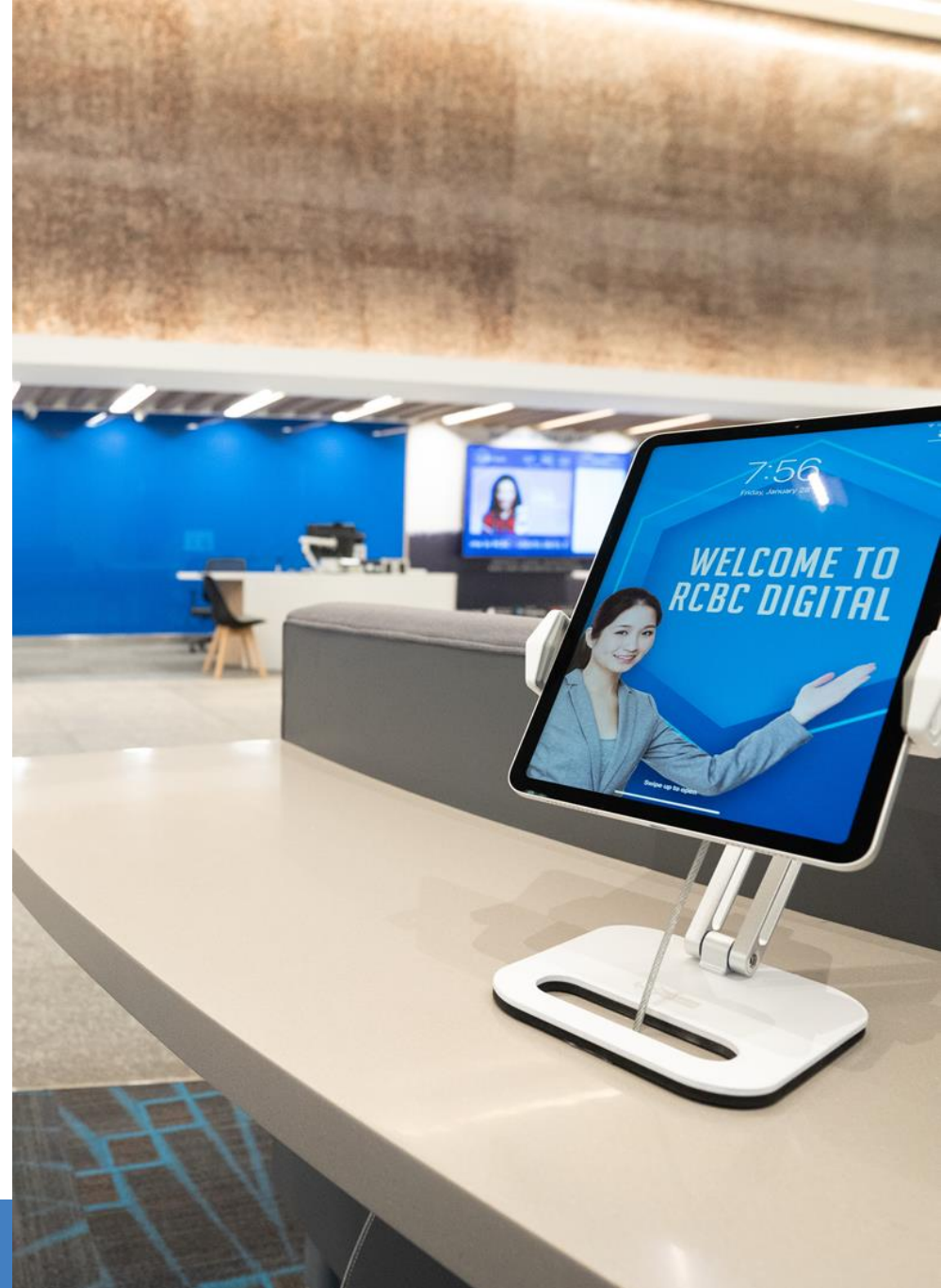
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Investor Presentation

1Q 2023

- 01** Economic Outlook
- 02** RCBC 1Q 2023 Performance
- 03** General Information
- 04** Appendix





Economic Outlook

Mr. Michael L. Ricafort
RCBC Chief Economist

Market forecasts and catalysts for 2023

| Economic Indicators | 2021 Actual | 2022 Actual | 2023 Forecast |
|----------------------------|-------------|-------------|---------------|
| GDP Growth | 5.7% | 7.6% | 5.5%-6.5% |
| 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% | 5.5%-5.8% |
| BSP Policy Rate | 2.00% | 5.50% | 6.25%-6.50% |
| Fed Funds Rate | 0.00%-0.25% | 4.50% | 5.25%-5.50% |
| PSEi | 7,122.63 | 6,566.39 | 7,100-7,600 |

Key Market Catalysts:



Possible Fed rates cuts to be matched by BSP in 2024.

By end of 2023, possible +0.25 hike or pause after mixed US economic data; after recent hikes by other developed countries.



Crude oil prices at new 3-months highs

After recent output cuts by Saudi Arabia, Russia; but still among 1.5 year lows.



Inflation higher than pre-pandemic levels

As of June 2023, inflation rate is at 5.4%. BSP estimates 2.9% inflation in 2024 and 3.2% in 2025.



Better employment rate

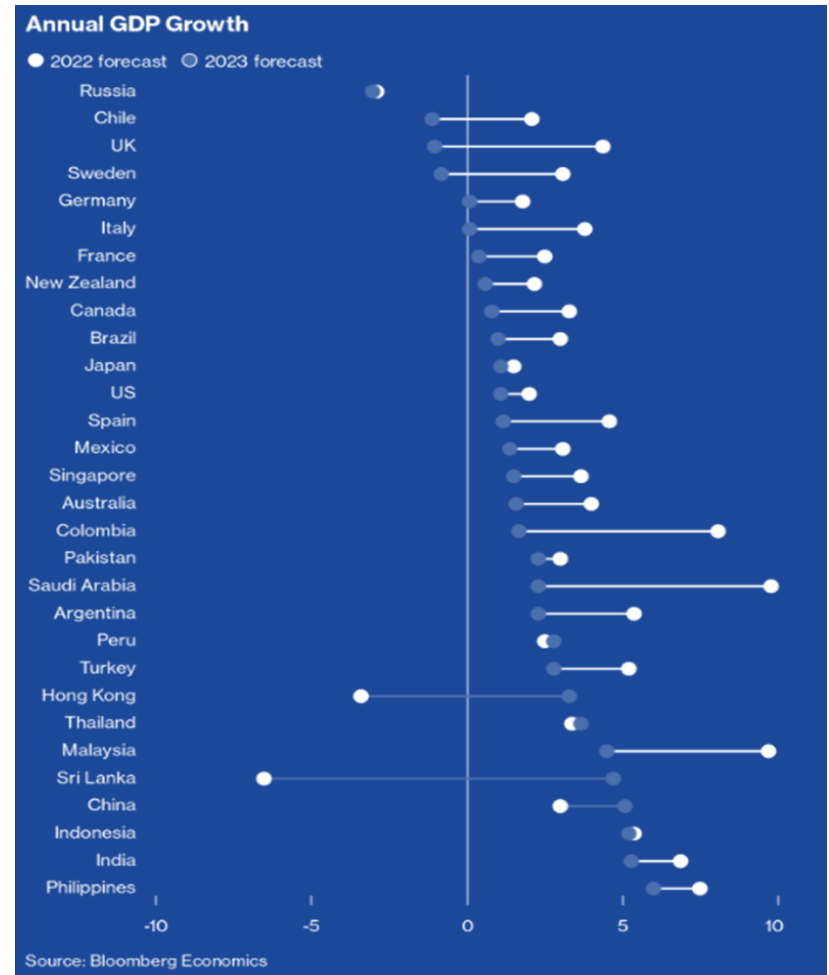
As of May 2023, employment rate is at 95.7%, the highest/best since December 2022.

Philippine GDP growth estimates (2023-2024)

Philippine GDP Growth Estimates* (2023-2024)

| Multilateral Institutions | 2023 Forecast | 2024 Forecast |
|-------------------------------|-------------------------|-----------------------------------|
| IMF** | 6.2% (from 6.0%) | 5.5% (from 5.8%) |
| ADB | 6.0% | 6.2% |
| World Bank | 6.0% (from 5.6%) | 5.9% (up to 2025) |
| AMRO | 6.2% | 6.5% |
| S&P Global Ratings | 5.8% | |
| Moody's Analytics | 6.1% (from 5.7%) | 5.4% (from 6.0%); 6.4% in 2025 |
| Fitch Ratings | 5.5% | |
| PH Government | 6.0%-7.0% | 6.5%-8.0% |

Philippine GDP Growth Expected to be Among the Fastest For 2023

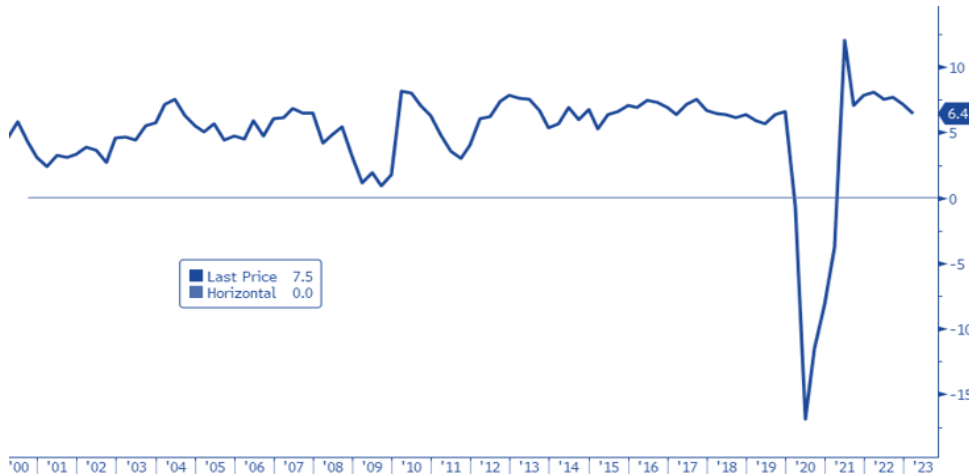


*As of July 25, 2023

**Latest forecast

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

Philippine economic/GDP growth for 1Q 2023: 6.4% year-on-year



- In July 2023, **inflation slowed to 4.7%**. Meanwhile **core inflation slowed to 6.7% YoY** from 7.4% in June.
- **Spread of the Key BSP Overnight Rate** vis-à-vis the Comparable Fed Funds Rate (Upper Range): Currently at +75 Basis Points

US CPI/inflation for the month of June 2023 eased further to 3%, after 4% in May 2023.



- **US GDP Growth** (2Q 2023) improved by +2.4% annually, faster than market estimates
- US Govt. additional purchases of **6mn barrels of oil** for the US Strategic Petroleum Reserves (for Oct.-Nov. 2023) to a total of 12mn barrels for 2023 and after output cuts.
- **USD/PhP** currently at **56.02*** remains one of the best performers in ASEAN.



RCBC 1H 2023 Performance

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

Performance Highlights and Business Updates

P6.2B

in net income

1H profits reached an all-time high of P6.2B for the first 6 months of 2023 on the back of a solid 14% growth in total loans. Return on equity hit 11%, a massive improvement from previous years.



+17%

in total assets

Loans rose double-digit across all segments. Corporates posted massive improvement year-on-year while SME and consumer sustained strong momentum in high-teens.

+22%

in total deposits

Deposits reported 22% increase from previous year, supported by strong CASA growth. “Phygital” cash management solutions, data and extensive lending relationships drove CASA balances.



+P27B

in CET 1 post SMBC
capital infusion

RCBC completed the sale of an additional 15% stake to SMBC, boosting the Bank’s capital ratios by over 300 bps and earning us a positive outlook from Moody’s.



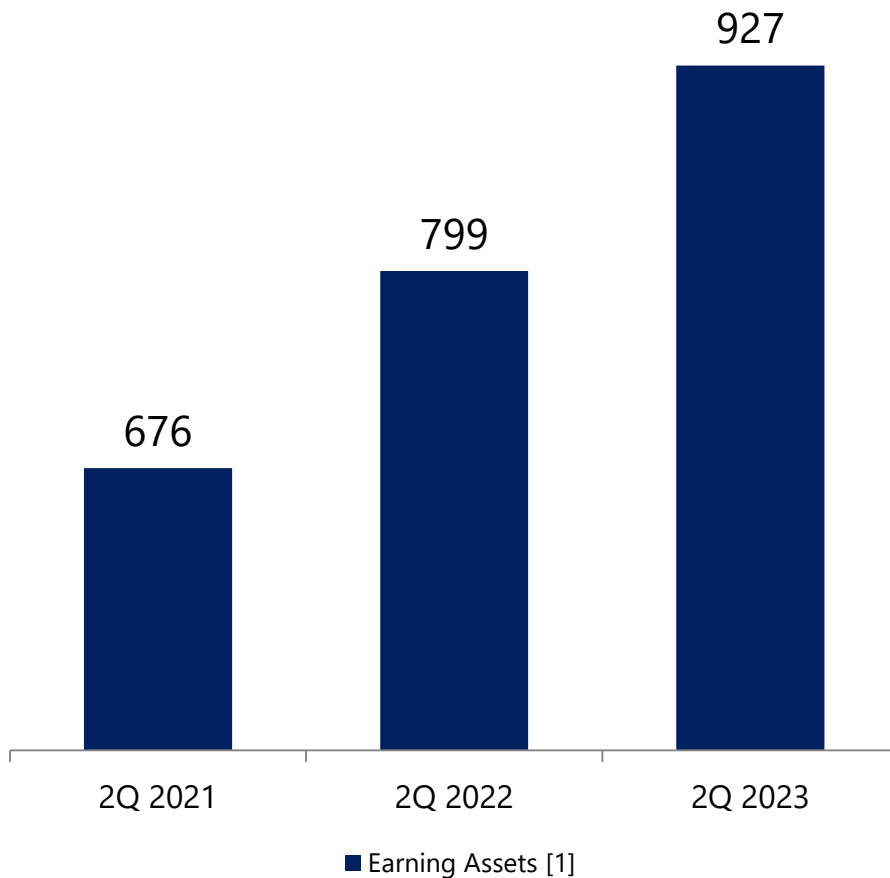
1H profits reached all-time high of P6.2B

| | 1H2023 | 1H2022 | Change | % Change |
|------------------------------|-----------|-----------|---------|----------|
| INCOME STATEMENT | | | | |
| Gross Income [1] | 23,455 | 21,231 | 2,224 | 10.5% |
| Net Interest Income | 15,351 | 15,986 | (635) | (4.0%) |
| Fee Income | 3,170 | 2,908 | 262 | 9.0% |
| Operating Expenses | 14,318 | 12,231 | 2,087 | 17.1% |
| Net Income | 6,220 | 6,135 | 85 | 1.4% |
| BALANCE SHEET | | | | |
| Assets | 1,174,267 | 1,003,305 | 170,962 | 17.0% |
| Loans [2] | 576,772 | 506,589 | 70,184 | 13.9% |
| Investment Securities | 339,318 | 283,354 | 55,964 | 19.8% |
| Deposits | 899,741 | 739,511 | 160,230 | 21.7% |
| Capital | 118,393 | 112,048 | 6,345 | 5.7% |



Assets up 17% on the back of 14% increase in loans

Earning assets rose 16% year on year

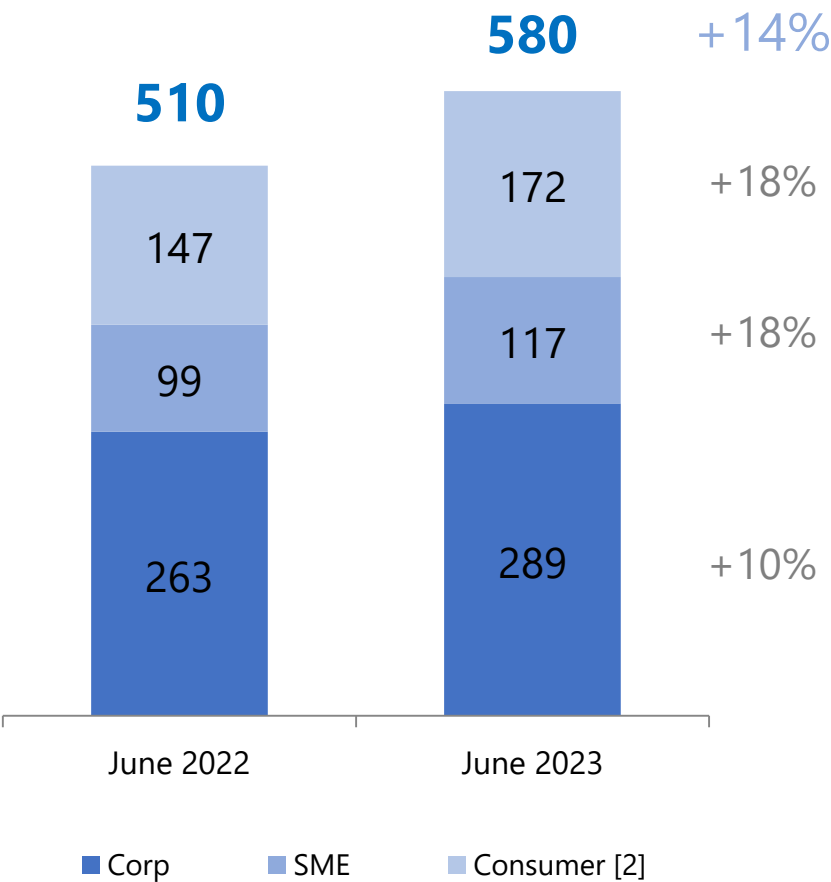


This was on the back of double-digit increase in customer loans and investment securities

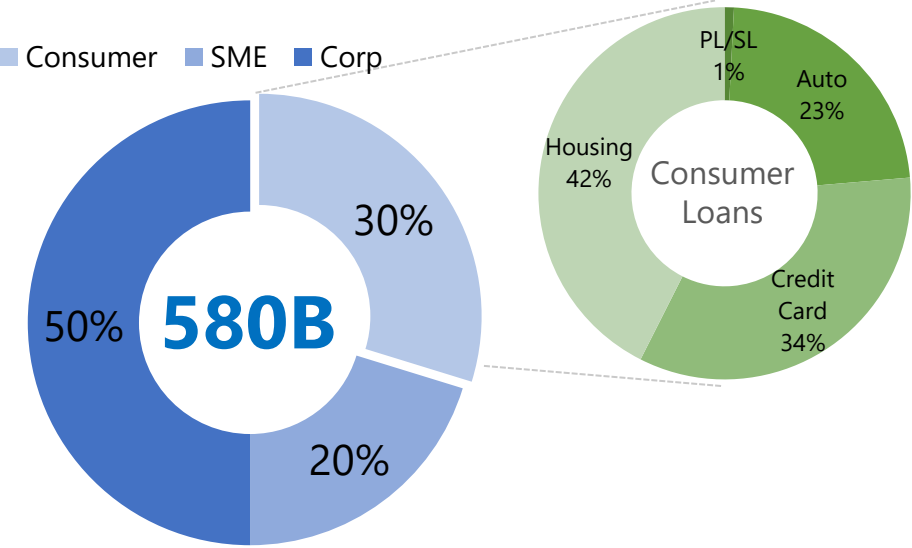


Double-digit growth across all segments

Loan Portfolio¹
In Php Billions, except %



Loan Mix
As of June 2023



Corporate improved significantly in 2Q 2023, accounting for 37% of loan growth, while SME and consumer sustained their solid momentum

Meanwhile, credit card continued to lead the rally in the retail segment with 49% jump and now making up over a third of the consumer portfolio.



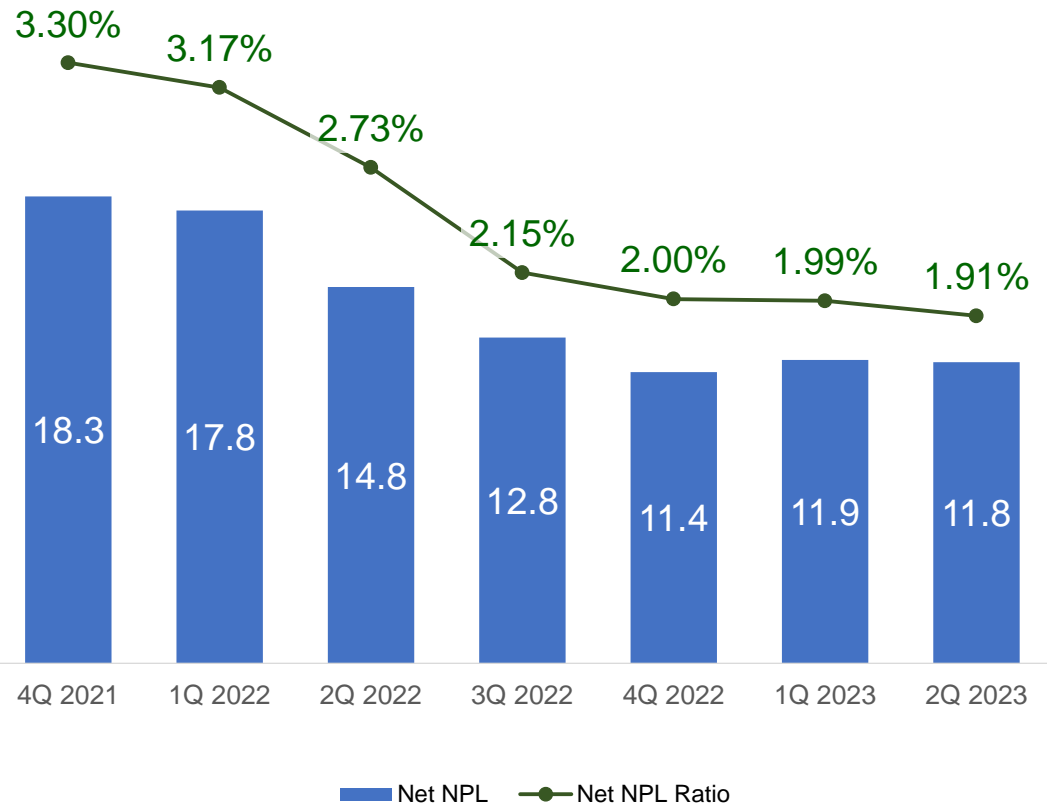
[1] Total loan portfolio includes microfinance loans

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

Improved NPLs despite growth in assets

Net NPL Amount and Ratio

In Php Billions, except %



Net NPL ratio per Segment

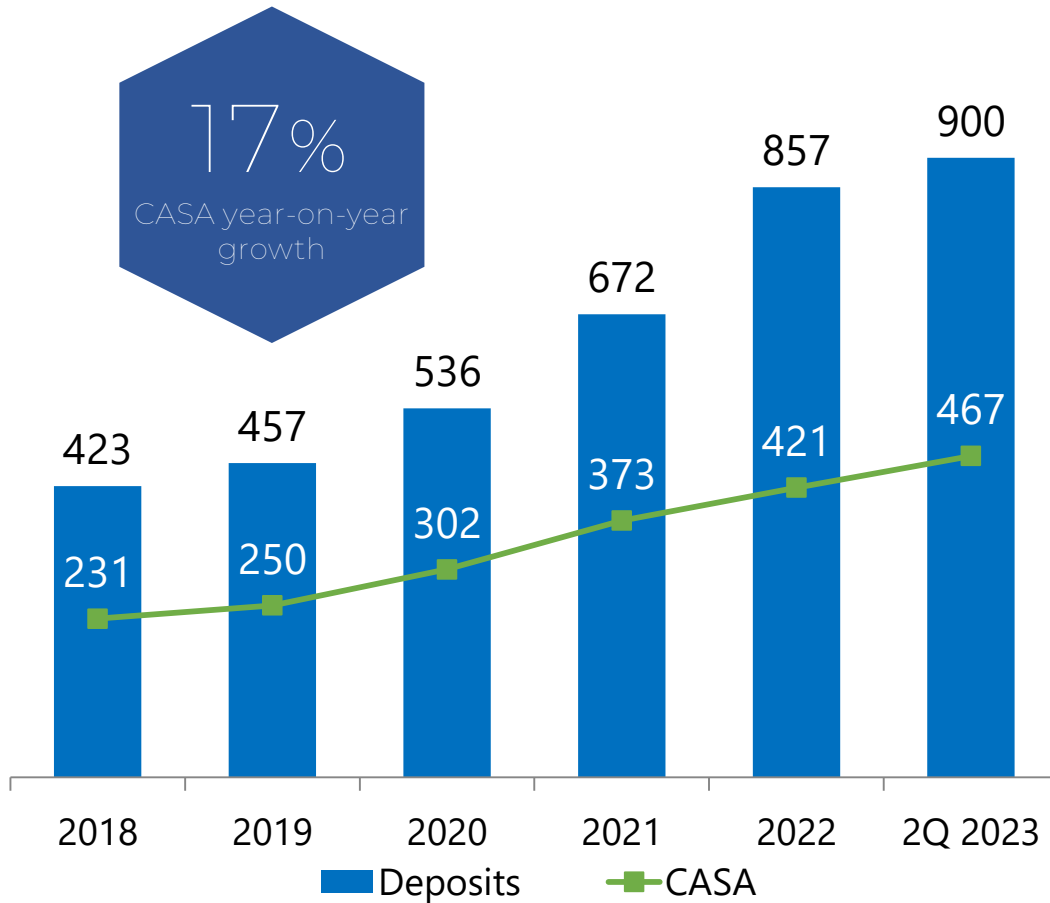
As of June 2023

| | |
|-------------|------|
| Corporate | 0.8% |
| SME | 1.7% |
| Consumer | 5.1% |
| Credit Card | 0.7% |

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

Solid momentum in deposits, CASA up by 17%

Historical Deposits and CASA
In Php Billions



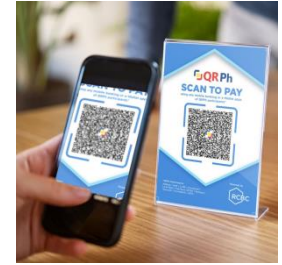
Cash management solutions continued to provide uplift for deposits...



Cash Cube



CheckScan



QR Pay

on top of stronger corporate and SME banking relationships

62%

High CASA-to-loan ratio from corporates

72%

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



Building the favored digital banking brand



47.3B
gross transaction
value; up 31% from LY

87.5M
in total revenues; up
25% from LY

RCBC developed RCBC Pulz, its enhanced and most advanced banking app to date.



2023 will see DiskarTech pivot into a **more capable** and **loans-focused app** with a refreshed user interface (UX) and faster onboarding

5.4M
total app
downloads

65%
increase in total
revenues to 7M

1.4M
total basic
deposit accounts

7B
in total gross
transaction value



2881
ATM Go terminals

1386
partner merchants

5.98B
gross transaction
value; up 29% YoY

73M
in total revenues; up
82% versus LY

Frontrunner in sustainable financing in the Philippines



Institutionalizing ESG principles



Supporting clean energy

- Solid pipeline of renewable energy projects
- Ceased funding of coal; remaining exposure of P39B to zero out by 2031

RCBC EXPOSURE TO COAL



A pioneer in SFIs in the PH

- First ASEAN sustainability bond issuance out of the country
- Introduced PH's first Peso green TD to enable clients to participate in our sustainability journey



Effective employee management

- Better-than-industry retention
- PMAP award for "Regional Exemplar for Strategic HR" and "People Program of the Year" for the Bank's Workforce Readiness Program



RCBC Leadership Academy

RCBC Digital Academy

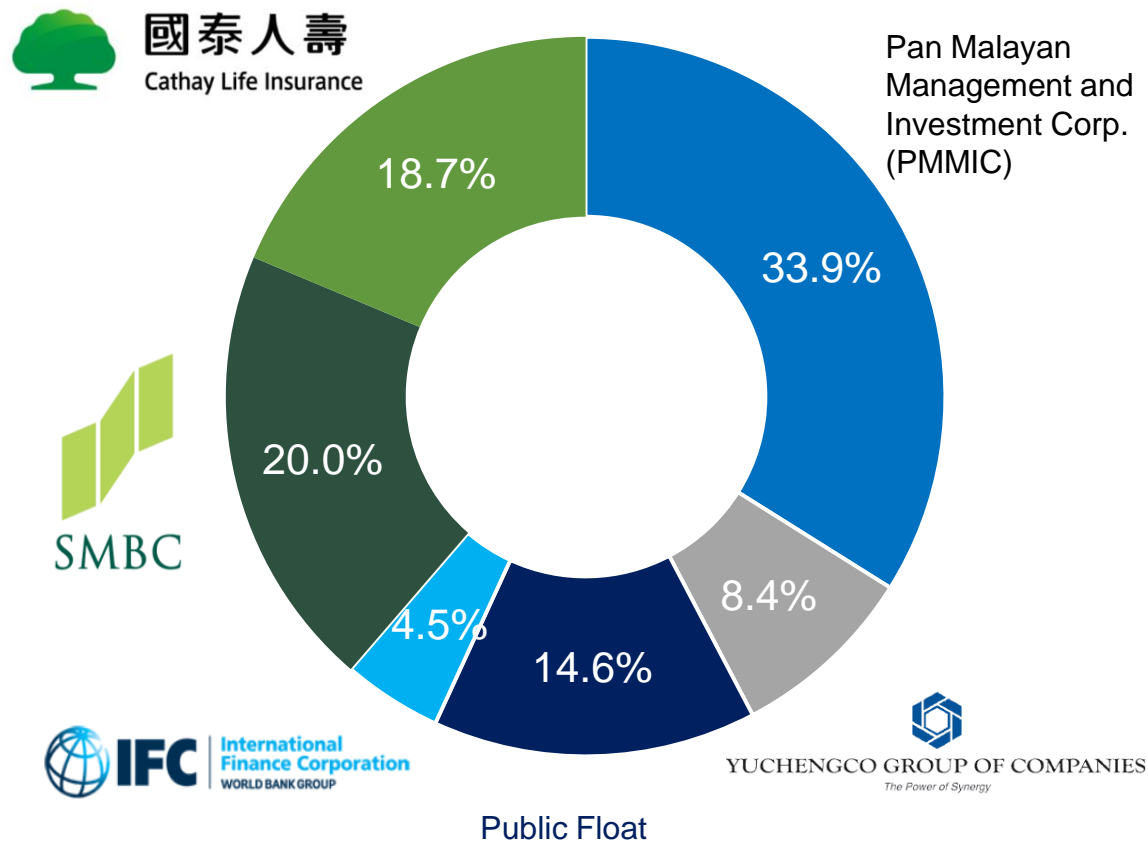
RCBC CX Excellence Academy

Redesigning customer journeys to provide best CX

- Branch of Today and product refresh for digital platforms
- No data breaches, including leaks, thefts and losses of data in FY2022

Start of an enduring partnership

RCBC completed the sale of an additional 15% stake to SMBC through a P27B capital infusion.



Confidence to build our loan book and capture bigger share

↑ 300 bps
uplift in the Bank's CET1 ratio

Nomination of two (2) board directors and one (1) advisory board member from SMBC

Collaboration areas



Corporate Banking



Leasing Business



Consumer Lending



Branch Banking



Trust & Wealth Management



Digital Banking

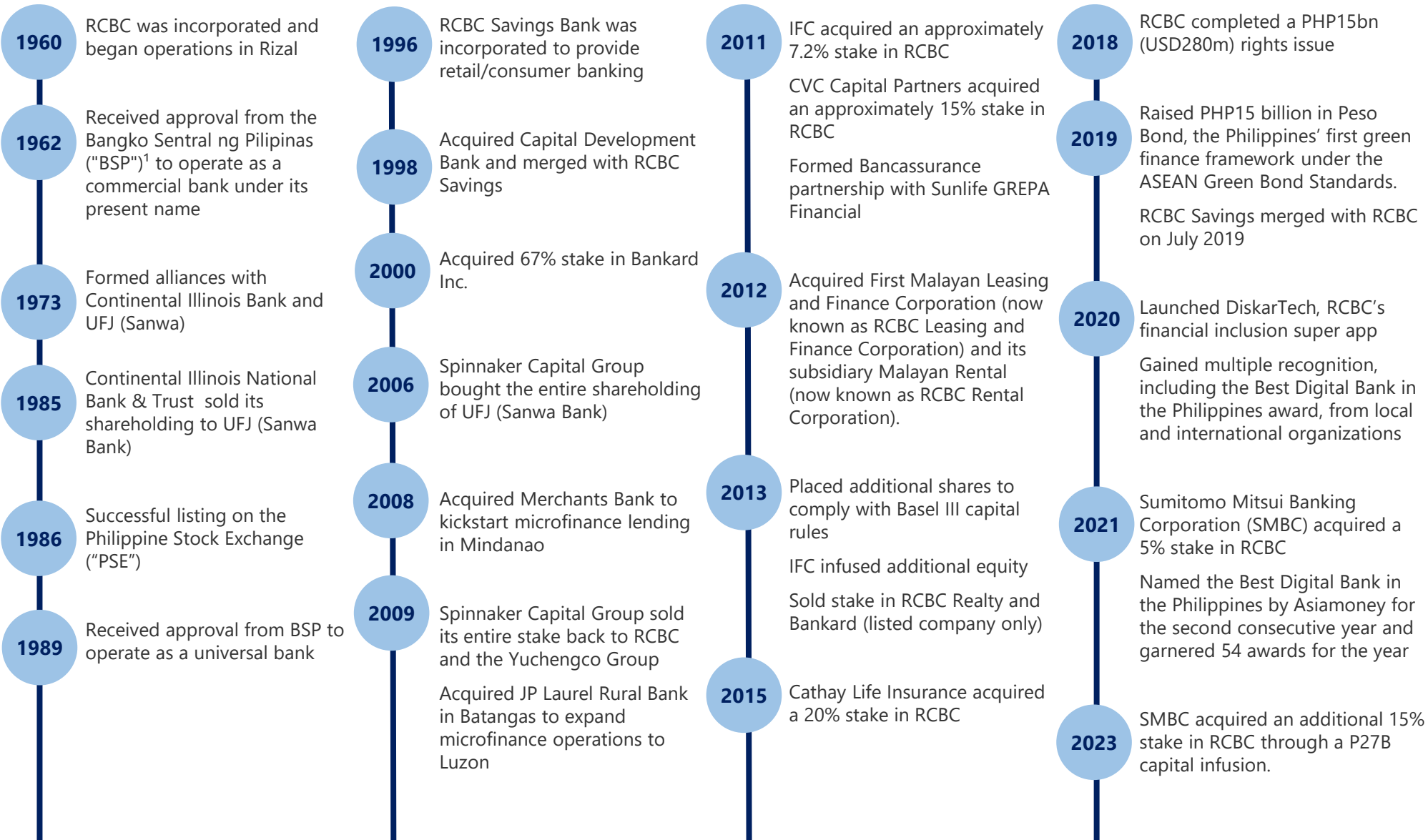
Consolidated key financial indicators

| | Jun-23 | Jun-22 | Change |
|------------------------|--------|--------|--------|
| PROFITABILITY | | | |
| Return on Equity | 11.1% | 9.5% | 1.6% |
| Return on Assets | 1.1% | 1.1% | 0.0% |
| Net Interest Margin | 3.3% | 4.0% | -0.7% |
| COST EFFICIENCY | | | |
| Cost-to-Income Ratio | 61.1% | 57.6% | 3.5% |
| ASSET QUALITY | | | |
| Net NPL Ratio | 1.9% | 2.7% | -0.8% |
| NPL Coverage Ratio | 84.3% | 69.2% | 15.1% |
| Credit Cost | 1.2% | 0.8% | 0.4% |
| CAPITAL | | | |
| Capital Adequacy Ratio | 14.2% | 15.5% | -1.3% |
| CET1 | 11.3% | 12.4% | -1.1% |



General Information

Key milestones in the RCBC story



Investment Information

Equity Profile

| Particulars | 2Q 2023 |
|---------------------------|-----------------------------------|
| Ticker | RCB |
| Outstanding shares | 2,037.48M |
| Stock Price | 23.5000 |
| Market Cap | PhP 47.88B (USD 0.87B) |
| BV per share | PhP 51.00 |
| Price-to-Book Value Ratio | 0.47x |

Dividend History¹

| Year | Dividends per share | Pay-out ratio |
|------|---------------------|---------------|
| 2023 | 1.08 | 19.93% |
| 2022 | 0.62 | 20.00% |
| 2021 | 0.49 | 19.96% |
| 2020 | 0.56 | 20.00% |
| 2019 | 0.45 | 17.02% |
| 2018 | 0.62 | 20.02% |

Credit Rating

MOODY'S

| | |
|----------------------------|-----------------|
| Long Term Deposit | Baa3 |
| Senior Unsecured | Baa3 |
| Baseline Credit Assessment | ba1 |
| Outlook | Positive |



[1] The details of the cash dividend approvals and distributions are disclosed in the "Additional Disclosures to Item I – Financial Statements" section of RCBC's SEC 17-Q Report.

Ownership Structure



國泰人壽

Cathay Life Insurance

Cathay Life Insurance, founded in 1962, is Taiwan's largest insurance company. It is owned by Cathay Financial Holding, one of the largest financial holding companies in Taiwan.



SMBC

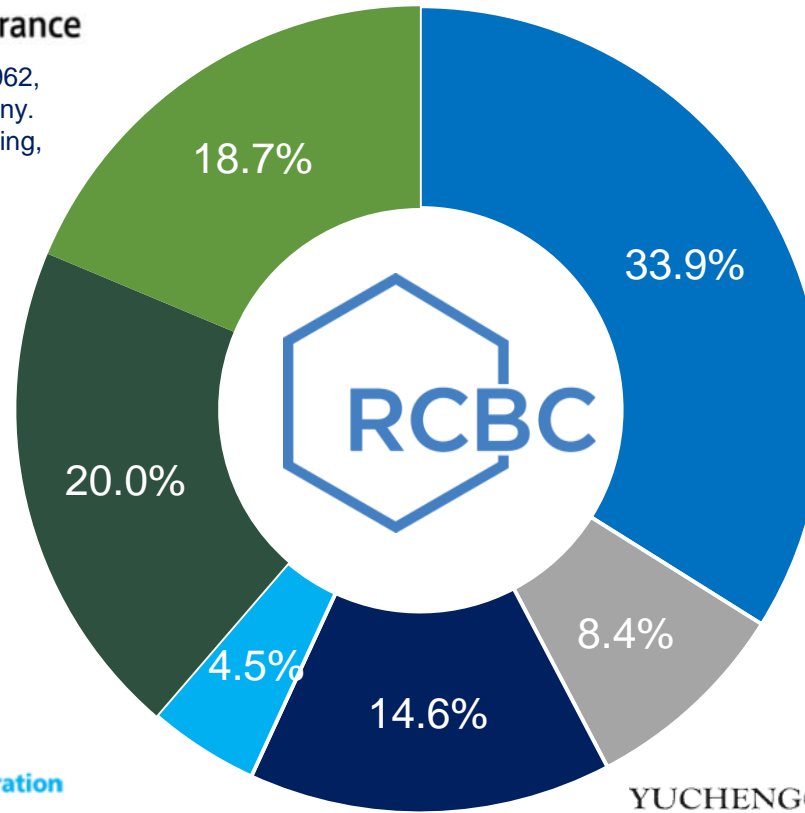
Sumitomo Mitsui Banking Corporation is a leading financial institution in Japan and a globally-renowned provider of financial services, with presence in more than 40 countries.



IFC

International
Finance Corporation
WORLD BANK GROUP

IFC is the largest global development institution focused on the private sector in developing countries.



Pan Malayan Management and Investment Corp. (PMMIC)



YUCHENGCO GROUP OF COMPANIES

The Power of Synergy

Public Float





Appendix

Consolidated Income Statement

| | 1H 2023 | 1H 2022 | Change | % Change |
|---------------------------------|---------|---------|---------|----------|
| Interest Income | 30,712 | 20,749 | 9,963 | 48.0% |
| Interest Expense | 15,362 | 4,763 | 10,598 | 222.5% |
| Net Interest Income | 15,351 | 15,986 | (635) | -4.0% |
| Other Income | 8,104 | 5,245 | 2,859 | 54.5% |
| Trading Gains and Forex | 449 | 86 | 363 | 421.5% |
| Trust Fees | 217 | 205 | 11 | 5.5% |
| Service Fees & Commissions | 2,954 | 2,703 | 251 | 9.3% |
| Miscellaneous | 4,485 | 2,251 | 2,234 | 99.2% |
| Operating Expenses | 14,318 | 12,231 | 2,087 | 17.1% |
| Impairment Losses | 3,455 | 1,869 | 1,585 | 84.8% |
| Provision for Income Tax | (539) | 995 | (1,534) | -154.1% |
| Net Income | 6,220 | 6,135 | 85 | 1.4% |



Consolidated Balance Sheet

| | 1H 2023 | 1H 2022 | Change | % Change |
|--|------------------|------------------|----------------|---------------|
| Cash/Due from BSP & Other Banks | 181,811 | 148,316 | 33,495 | 22.58% |
| Investment Securities | 339,318 | 283,354 | 55,964 | 19.75% |
| Loans (net of Interbank) | 576,772 | 506,589 | 70,184 | 13.85% |
| Other Assets | 76,367 | 65,047 | 11,320 | 17.40% |
| TOTAL ASSETS | 1,174,267 | 1,003,305 | 170,962 | 17.04% |
| Deposit Liabilities | 899,741 | 739,511 | 160,230 | 21.67% |
| Demand | 194,384 | 157,764 | 36,620 | 23.21% |
| Savings | 272,434 | 242,101 | 30,332 | 12.53% |
| Time | 432,923 | 339,646 | 93,277 | 27.46% |
| Other Liabilities | 107,349 | 53,828 | 53,520 | 99.43% |
| Senior Debt | 48,785 | 97,918 | -49,133 | -50.18% |
| Total Liabilities | 1,055,875 | 891,257 | 164,617 | 18.47% |
| Capital Funds | 118,393 | 112,048 | 6,345 | 5.66% |
| TOTAL LIABILITIES & CAPITAL | 1,174,267 | 1,003,305 | 170,962 | 17.04% |



*Amounts in Php Millions, except % and ratios

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

Historical Consolidated Income Statement

| | 2019 | 2020 | 2021 | 2022 | 1H 2023 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Net Interest Income | 22.4 | 26.3 | 28.8 | 31.2 | 15.4 |
| Other Income | 13.5 | 11.6 | 7.6 | 13.2 | 8.1 |
| Gross Income | 35.9 | 37.9 | 36.4 | 44.5 | 23.5 |
| Impairment Losses | 7.4 | 9.4 | 6.0 | 5.7 | 3.5 |
| Income before Operating Expenses | 28.5 | 28.5 | 30.3 | 38.7 | 20.0 |
| Operating Expenses | 21.8 | 22.0 | 22.5 | 25.1 | 14.3 |



Historical Consolidated Balance Sheet

| | 2019 | 2020 | 2021 | 2022 | 1H 2023 |
|---|------------|------------|------------|-------------|-------------|
| Cash/Due from BSP/Due from Other Banks | 123 | 148 | 157 | 181 | 182 |
| Loans Arising From REPO | 6 | 13 | 12 | 9 | 29 |
| FVPL/FVTCI | 60 | 45 | 56 | 122 | 111 |
| Held to Maturity Investments | 101 | 43 | 164 | 252 | 229 |
| Interbank Loans and Receivables | 19 | 43 | 31 | 28 | 11 |
| Loans (net) | 430 | 449 | 508 | 531 | 577 |
| Bank Premises, Property & Eqpt. - net | 11 | 13 | 13 | 11 | 9 |
| Equity Investments - net | 0 | 0 | 0 | 0 | 0 |
| Investment Properties - net | 4 | 4 | 4 | 3 | 3 |
| Other Assets | 13 | 15 | 16 | 17 | 24 |
| Total Assets | 767 | 772 | 959 | 1154 | 1174 |
| Demand | 71 | 107 | 145 | 175 | 194 |
| Savings | 179 | 195 | 228 | 246 | 272 |
| Time | 207 | 233 | 299 | 436 | 433 |
| Deposit Liabilities | 457 | 536 | 672 | 857 | 900 |
| Other Liabilities | 131 | 45 | 88 | 106 | 107 |
| Senior Debt | 97 | 90 | 87 | 74 | 49 |
| Subordinated Debt | - | - | - | - | - |
| Total Liabilities | 684 | 671 | 848 | 1038 | 1056 |
| Minority Interest in Subsidiary/Allied Undertakings | 0 | 0 | 18 | 0 | 0 |
| Capital Funds | 83 | 101 | 111 | 116 | 118 |
| Total Liabilities & Capital | 767 | 772 | 959 | 1154 | 1174 |



*Amounts in Php Billions, except % and ratios

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

Historical Key Financial Indicators

| | 2019 | 2020 | 2021 | 2022 | 1H 2023 |
|---------------------------------|--------|--------|--------|--------|---------|
| Return on Average Capital Funds | 6.50% | 5.50% | 6.70% | 11.24% | 11.11% |
| Return on Average Assets | 0.80% | 0.70% | 0.80% | 1.17% | 1.11% |
| Net Interest Margin | 4.00% | 4.30% | 4.10% | 3.70% | 3.28% |
| Cost-to-Income Ratio | 60.80% | 58.20% | 61.90% | 56.46% | 61.05% |
| CASA to Total Deposits | 54.70% | 56.40% | 55.50% | 49.09% | 51.88% |
| Net NPL Ratio | 2.20% | 2.90% | 3.30% | 2.00% | 1.91% |
| Credit Cost | 1.70% | 2.20% | 1.20% | 1.07% | 1.20% |
| CAR | 13.80% | 16.10% | 15.20% | 15.29% | 14.16% |

RCBC is recognized for its strong franchise across business lines





For more information about RCBC,
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Investor_Relations@rcbc.com

