



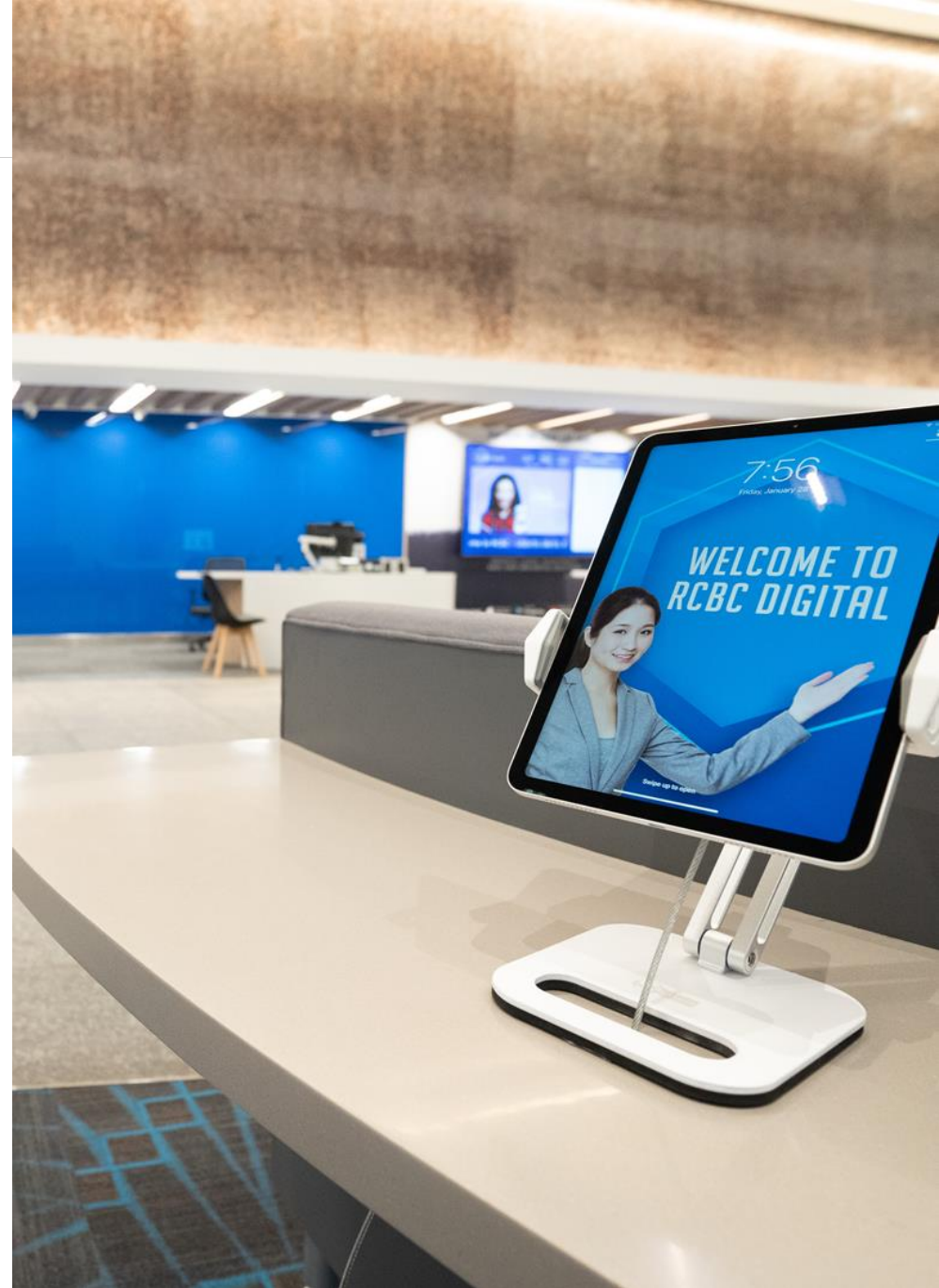
# **RCBC 1Q 2023 Investor Presentation**

May 2023

# Agenda

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



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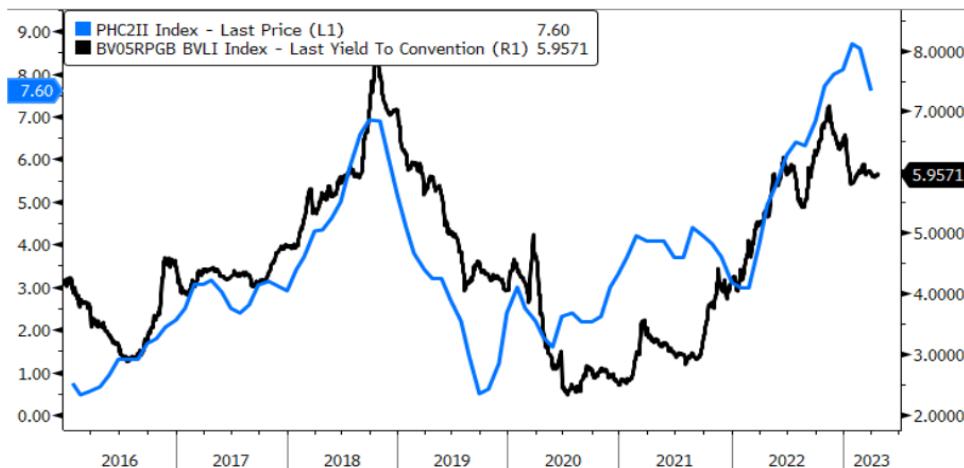
# Economic Outlook

Mr. Michael L. Ricafort  
RCBC Chief Economist

# Expected recovery; rates to ease alongside inflation

Economic Indicators	2021 Actual	2022 Forecast	2023 Forecast
GDP Growth	5.7%	7.6%	5.5%-6.5%
USD/Php (YE)	50.999	55.755	55.00-56.00
USD/Php (Ave)	49.25	54.48	55.25-56.25
Inflation (Ave)	3.9%	5.8%	5.8%-6.3%
BSP Policy Rate	2.00%	5.50%	5.25%-5.75%
Fed Funds Rate	0.00%-0.25%	4.50%	4.00%-4.50%
PSEi	7,122.63	6,566.39	7,100-7,600

Rates could be nearing the peak amid encouraging inflation data



	2023 Forecast	2024 Forecast
IMF*	6.0%	5.8%
ADB	6.0%	6.2%
World Bank	5.6%	5.9%
AMRO	6.2%	
S&P Global Ratings	5.8%	
Moody's	5.7%	6.0%
Fitch	5.5%	
PH Government	6.0% - 7.0%	6.5% - 8.0%

Based on OECD projections, the Philippines has the second-highest GDP forecast among ASEAN member-countries, behind only Vietnam's 6.4%




# **RCBC 1Q 2023 Performance**

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



# RCBC accelerates solid momentum



**+70%**  
in net income

Net income hit P3.6 billion in the first quarter of 2023 supported by steady build-up of earning assets. Return on equity jumped to 13.3% while annualized return on assets reached 1.3%.

**+20%**  
in total assets

Customer loans and investment securities drove asset growth versus previous quarter. Loans grew across all segments with solid expansion in SME and consumer.

**+27%**  
in total deposits

Total deposits sustained its growth momentum, funding 74% of total assets. CASA continued to climb, supported by “phygital” cash management solutions and corporate and SME relationships



**+26%**  
in gross transaction value

Defended our lead in digital, bagging repeat awards from AsiaMoney and The Asian Banker. Analytics continued to guide portfolio expansion and client acquisition



# Profits rose 70% in Q1 2023 to over P3.6B

	1Q2023	1Q2022	Change	% Change
<b>INCOME STATEMENT</b>				
<b>Gross Income</b>	12,993	9,902	3,091	31.2%
<b>Net Interest Income</b>	7,267	8,052	(785)	(9.8%)
<b>Fee Income</b>	1,530	1,226	305	24.8%
<b>Operating Expenses</b>	7,195	5,883	1,311	22.3%
<b>Impairment Losses</b>	1,496	1,552	(57)	(3.7%)
<b>Net Income</b>	3,637	2,141	1,496	69.8%
<b>BALANCE SHEET</b>				
<b>Assets</b>	1,153,942	961,712	192,230	20.0%
<b>Loans[1]</b>	563,431	512,798	50,633	9.9%
<b>Investment Securities</b>	351,259	275,622	75,638	27.4%
<b>Deposits</b>	859,396	675,268	184,128	27.3%
<b>Capital</b>	116,370	108,925	7,445	6.8%



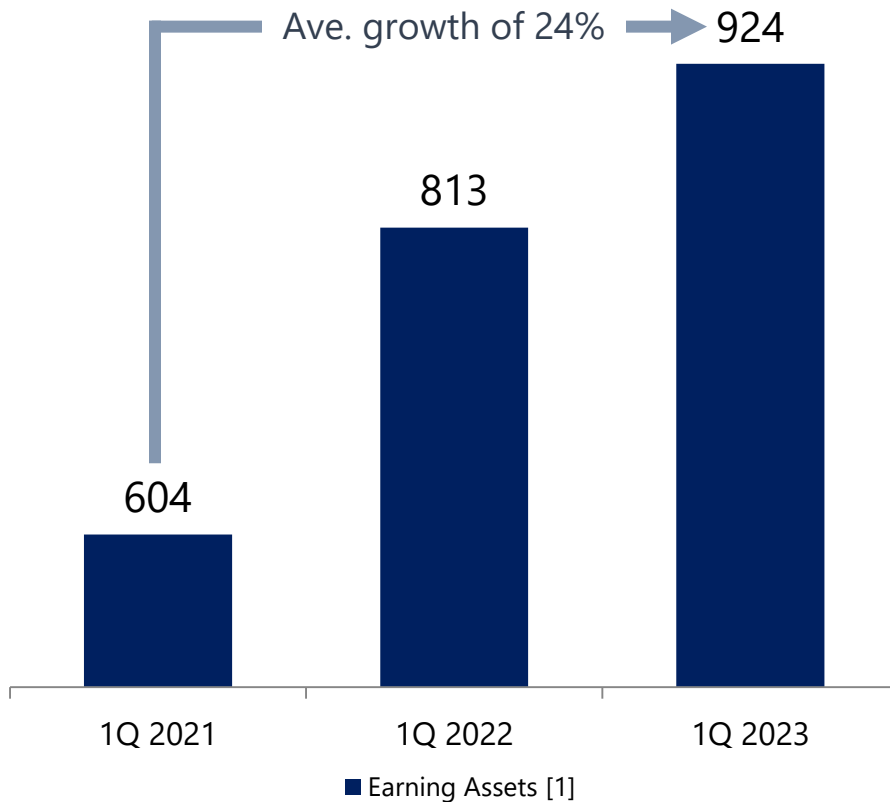
\*Amounts in PhP Millions, except % and ratios

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

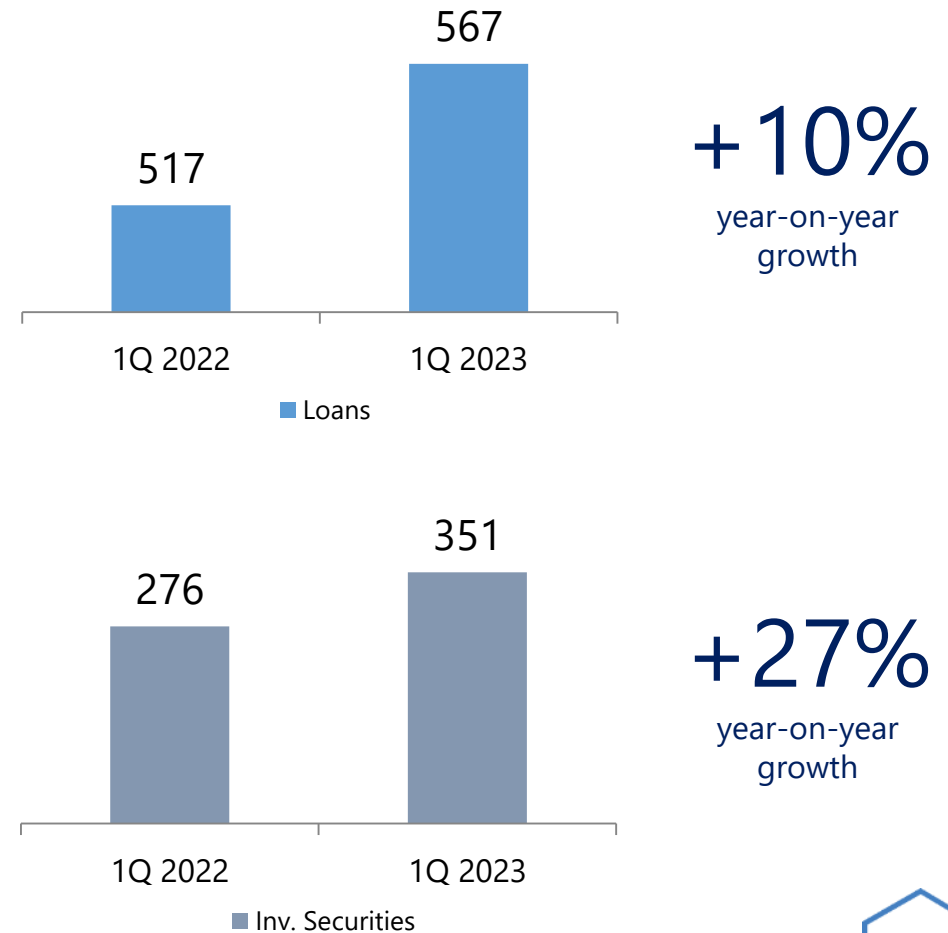


# Total assets reached P1.2 trillion, up 20% year-on-year

Continued build-up of earning assets which grew 14% versus year-ago level



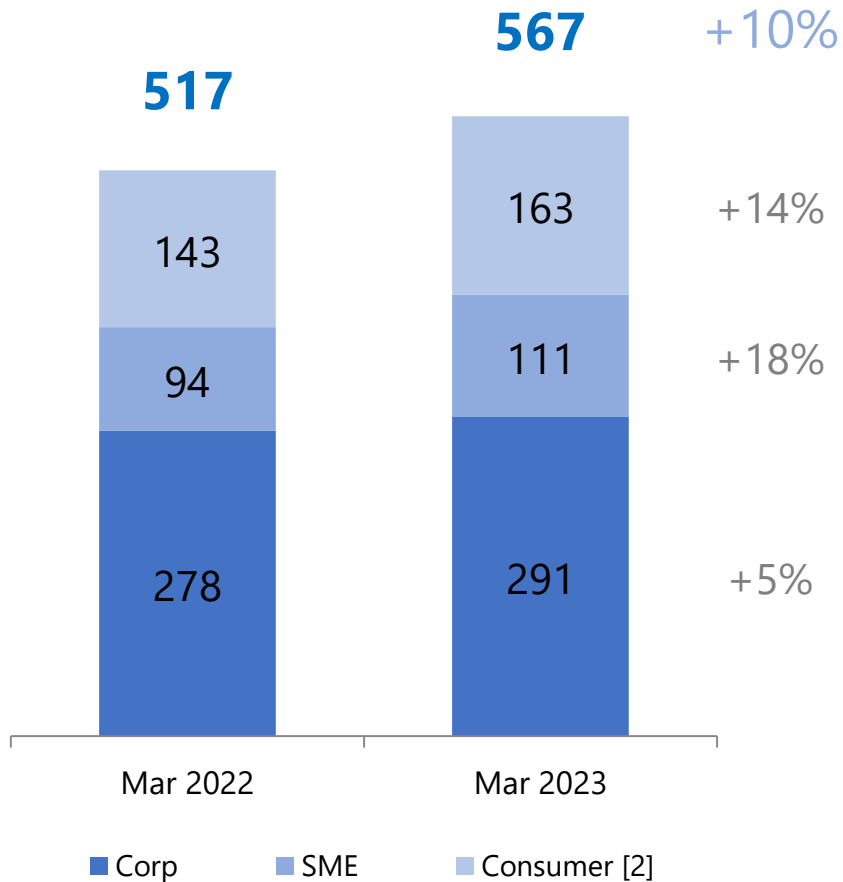
This was on the back of double-digit increase in customer loans and investment securities



# Focused expansion in high-yielding segments

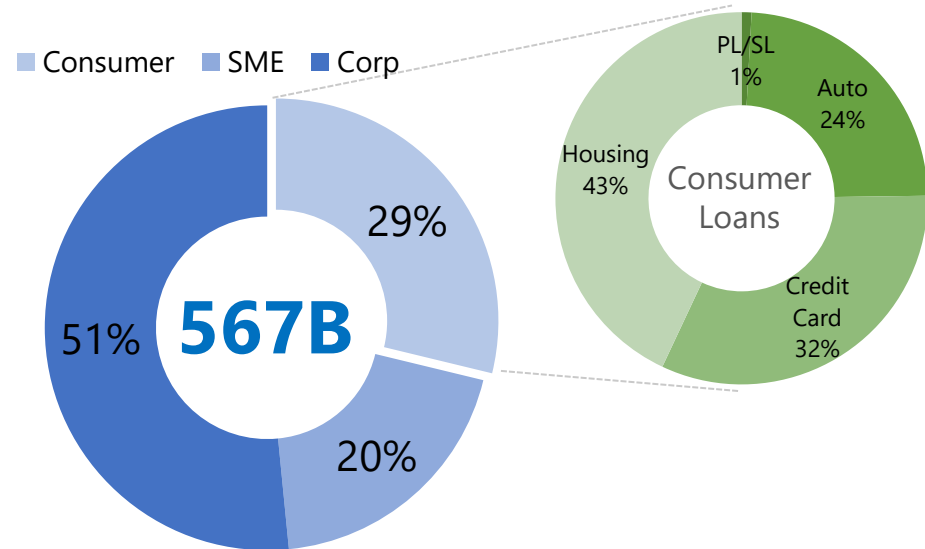
## Loan Portfolio<sup>1</sup>

In Php Billions, except %



## Loan Mix

As of March 2023



SME along with consumer led the charge with 18% and 14% growth versus previous year, accounting for over 73% of the jump in the loan portfolio.

For consumer loans, credit card in particular showed massive improvement, up 34% from year-ago level.



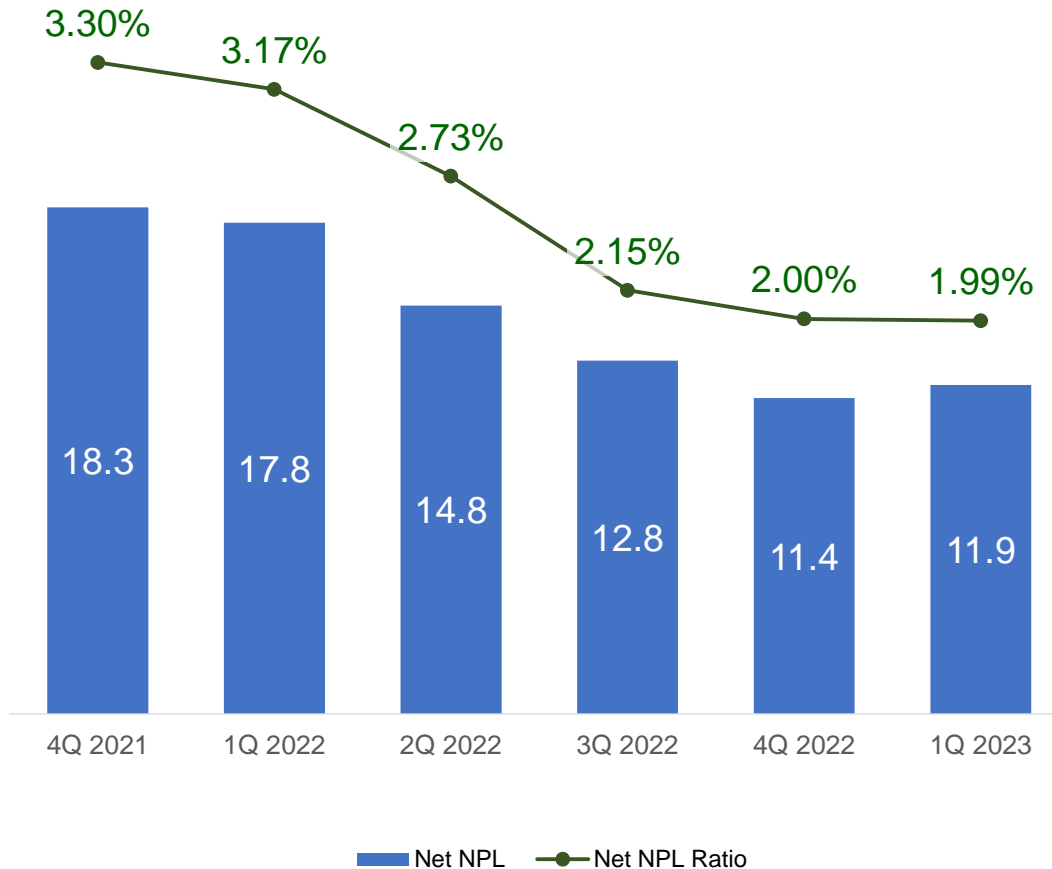
[1] Total loan portfolio includes microfinance loans amounting to PhP 1.4B as of March 2022, and PhP 1.7B as of March 2023.

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

# Massive improvement in asset quality from last year

## Net NPL Amount and Ratio

In Php Billions, except %



## Net NPL ratio per Segment

As of March 2023

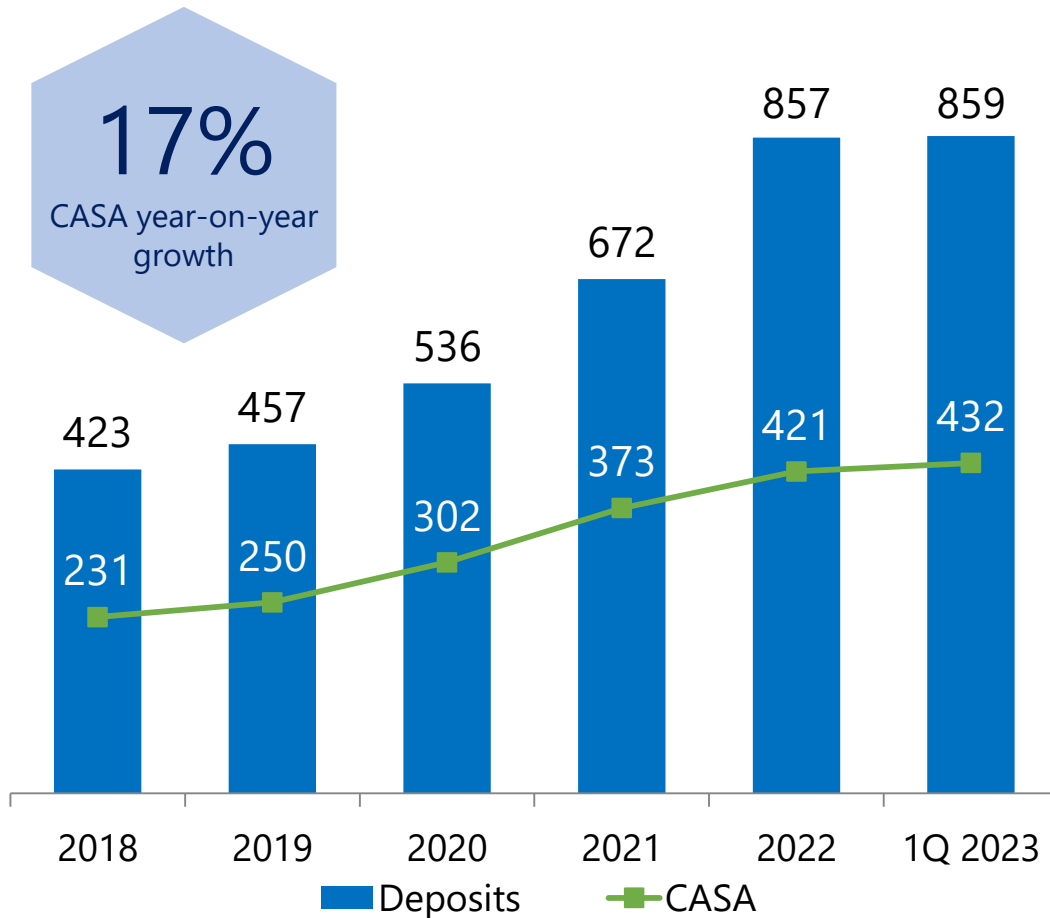
Corporate	0.9%
SME	1.8%
Consumer	5.6%
Credit Card	0.7%

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



# Deposit uplift from sustained momentum from CASA

## Historical Deposits and CASA In Php Billions



On the back of RCBC's comprehensive suite of cash management solutions...



Cash Cube  
(+103% volume)



CheckScan  
(+551% volume)



QR Pay  
(+800x volume)

and extensive corporate and SME banking relationships...

# 61%

Record high CASA-to-loan ratio from corporates

# 74%

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



# Building the favored digital banking brand



36.3B

gross transaction value; up 31% from LY

59.3M

in total revenues; up 22% from LY

RCBC's industry-leading all-in-one mobile banking app with the most comprehensive list of features

- UITF Investments
- Borrow Cash
- UnliPay
- Mobile Check Deposit
- Time Deposit
- Foreign Exchange
- Cardless Withdrawal
- Buy Load
- Bills Payment
- Digital Concierge
- Fund Transfer
- QRPH Payments



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

1.4M

total basic deposit accounts

80%

increase in total revenues to 3.6M

3.6B

in total gross transaction value



1784

ATM Go terminals

1200

partner merchants

2.74B

gross transaction value; up 23% YoY

36.3M

in total revenues; up 87% versus LY

# Consolidated key financial indicators

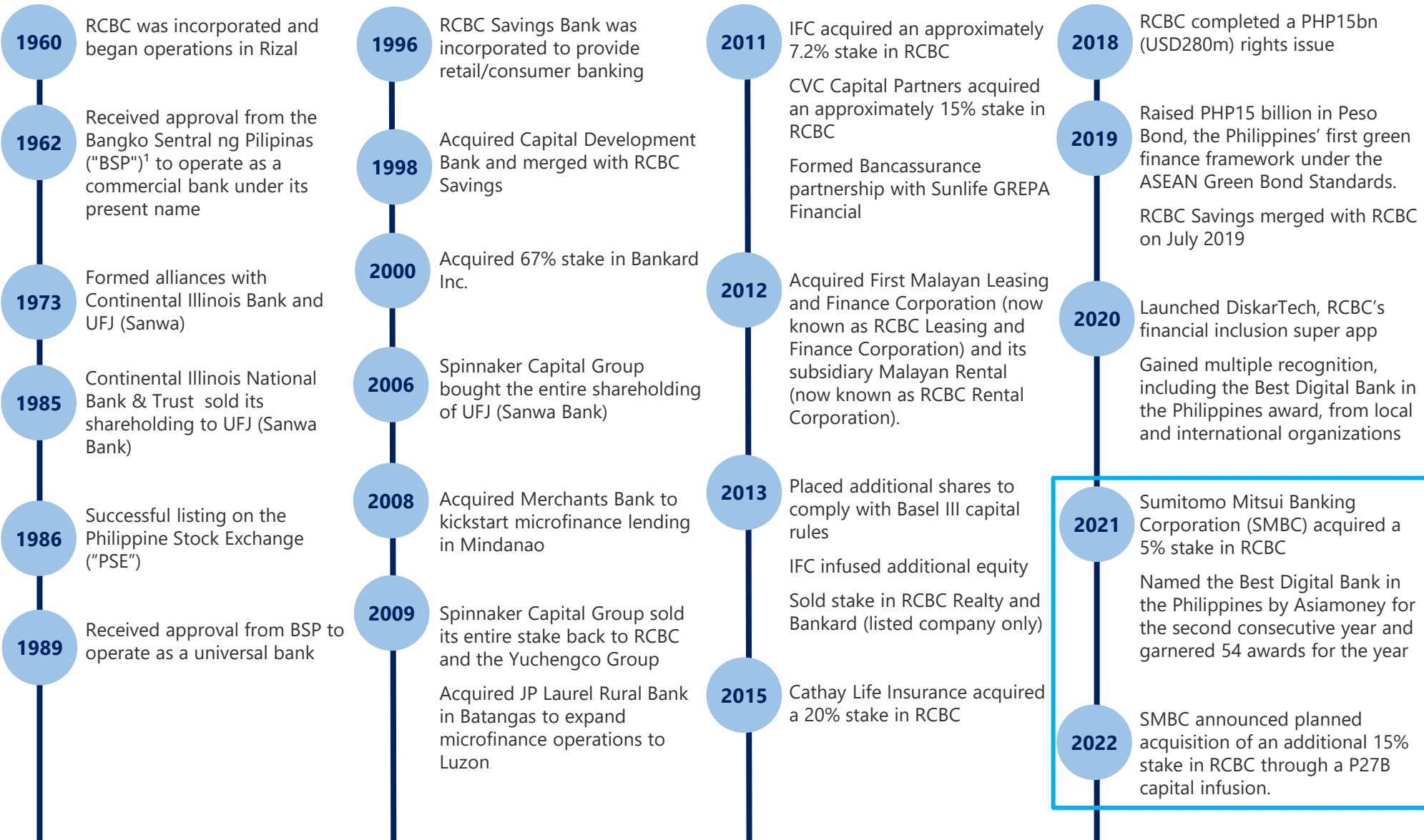
	Mar-23	Mar-22	Change
<b>PROFITABILITY</b>			
Return on Equity	13.3%	8.0%	5.3%
Return on Assets	1.3%	0.9%	0.4%
Net Interest Margin	3.1%	4.0%	-0.9%
<b>COST EFFICIENCY</b>			
Cost-to-Income Ratio	55.4%	59.4%	-4.0%
<b>ASSET QUALITY</b>			
Net NPL Ratio	1.9%	3.1%	-1.2%
NPL Coverage Ratio	80.2%	63.8%	16.4%
Credit Cost	0.1%	0.3%	-0.2%
<b>CAPITAL</b>			
Capital Adequacy Ratio	14.1%	14.8%	-0.7%
CET1	11.3%	11.7%	-0.4%





# General Information

# Key milestones in the RCBC story



# Investment Information

## Equity Profile

Particulars	YE 2022
Ticker	<b>RCB</b>
Outstanding shares	<b>2,037.48M</b>
Stock Price	<b>PhP 24.50</b>
Market Cap	<b>PhP 49.91B (USD 0.92B)</b>
BV per share	<b>PhP 50.49</b>
Price-to-Book Value Ratio	<b>0.49x</b>

## Dividend History<sup>1</sup>

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

## Credit Rating

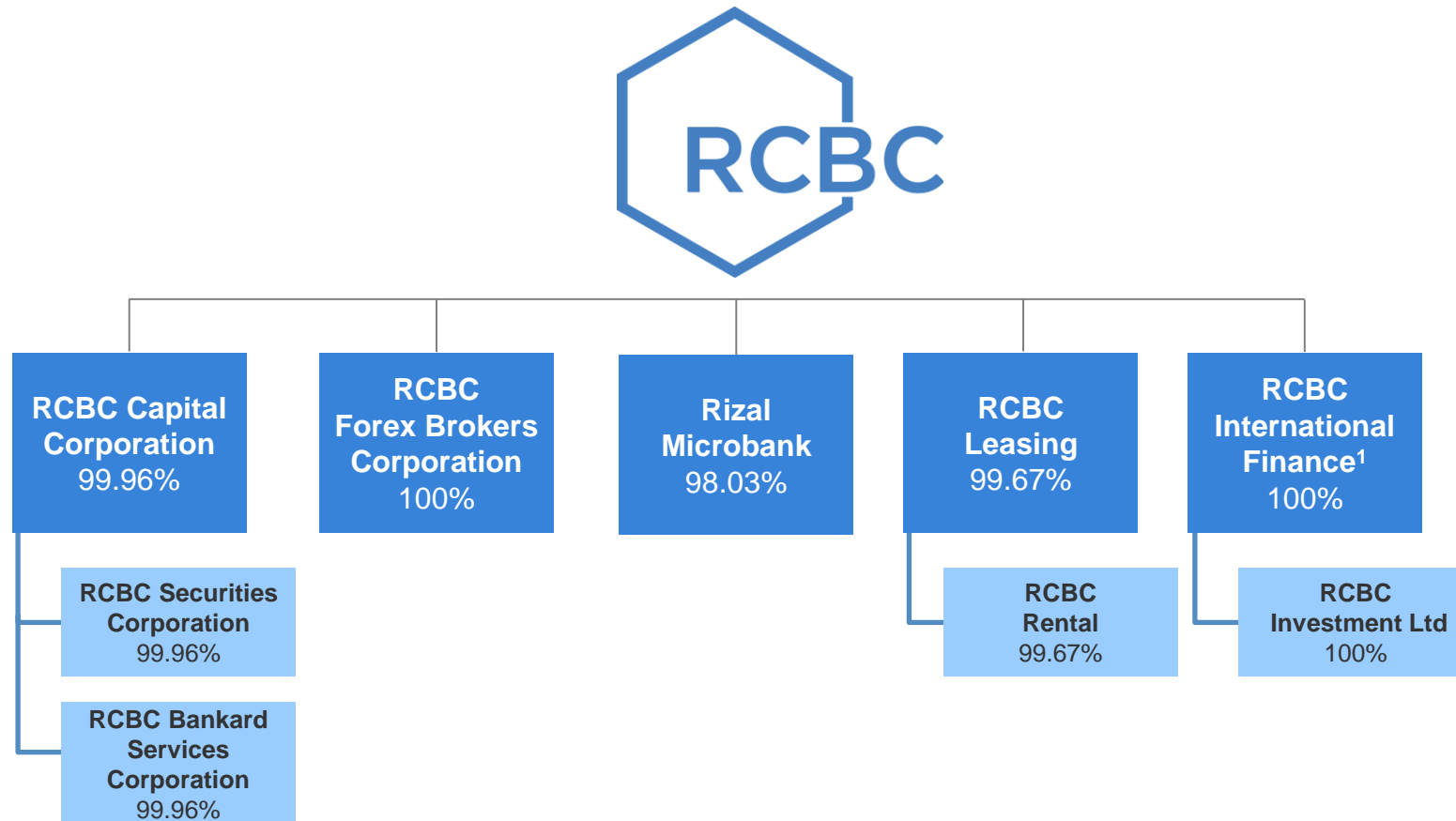
MOODY'S

Long Term Deposit	<b>Baa3</b>
Senior Unsecured	<b>Baa3</b>
Baseline Credit Assessment	<b>ba1</b>
Outlook	<b>Stable</b>



[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.

# Comprehensive and Diversified Business Platform



# Ownership Structure



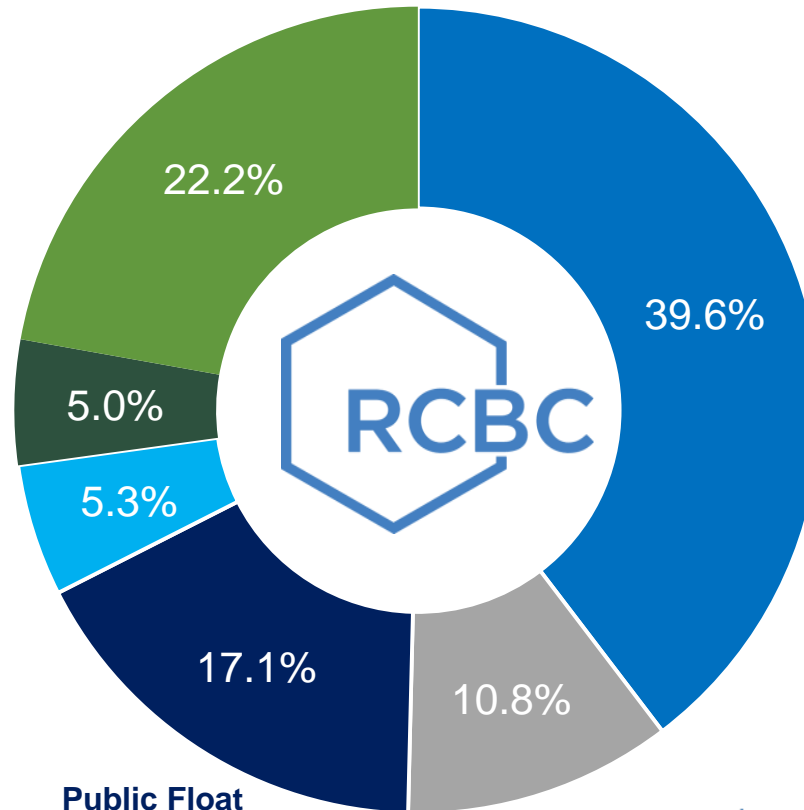
Cathay Life Insurance, founded in 1962, is Taiwan's largest insurance company. It is owned by Cathay Financial Holding, one of the largest financial holding companies in Taiwan.



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



**Pan Malayan Management and Investment Corp. (PMMIC) & Affiliates of the Yuchengco Group of Companies (YGC)**



**YUCHENGCO GROUP OF COMPANIES**  
*The Power of Synergy*



# RCBC is recognized for its strong franchise across business lines







# Appendix

# Consolidated Income Statement

	1Q 2023	1Q 2022	Change	% Change
<b>Interest Income</b>	14,668	10,274	4,394	42.8%
<b>Interest Expense</b>	7,401	2,222	5,179	233.1%
<b>Net Interest Income</b>	7,267	8,052	(785)	-9.8%
<b>Other Income</b>	5,726	1,850	3,877	209.6%
Trading Gains and Forex	463	144	318	220.4%
Trust Fees	107	102	6	5.4%
Service Fees & Commissions	1,423	1,124	299	26.6%
Miscellaneous	3,733	480	3,254	678.5%
<b>Operating Expenses</b>	7,195	5,883	1,311	22.3%
<b>Impairment Losses</b>	1,496	1,552	(57)	-3.7%
<b>Provision for Income Tax</b>	666	325	341	104.8%
<b>Net Income</b>	3,637	2,141	1,496	69.8%



\*Amounts in PhP Millions, except % and ratios

# Consolidated Balance Sheet

	1Q 2023	1Q 2022	Change	% Change
<b>Cash/Due from BSP &amp; Other Banks</b>	174,579	96,024	78,555	81.81%
<b>Investment Securities</b>	351,259	275,622	75,638	27.44%
<b>Loans (net of Interbank)</b>	563,431	512,798	50,633	9.87%
<b>Other Assets</b>	64,674	77,269	-12,595	-16.30%
<b>TOTAL ASSETS</b>	<b>1,153,942</b>	<b>961,712</b>	<b>192,230</b>	<b>19.99%</b>
<b>Deposit Liabilities</b>	859,396	675,268	184,128	27.27%
Demand	175,477	142,478	32,999	23.16%
Savings	256,478	227,224	29,254	12.87%
Time	427,441	305,567	121,874	39.88%
<b>Other Liabilities</b>	129,341	74,979	54,362	72.50%
<b>Senior Debt</b>	48,835	102,539	-53,704	-52.37%
<b>Total Liabilities</b>	<b>1,037,572</b>	<b>852,787</b>	<b>184,785</b>	<b>21.67%</b>
<b>Capital Funds</b>	<b>116,370</b>	<b>108,925</b>	<b>7,445</b>	<b>6.84%</b>
<b>TOTAL LIABILITIES &amp; CAPITAL</b>	<b>1,153,942</b>	<b>961,712</b>	<b>192,230</b>	<b>19.99%</b>



\*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	1Q2023
Net Interest Income	22.4	26.3	28.8	31.2	7.3
Other Income	13.5	11.6	7.6	13.2	5.7
<b>Gross Income</b>	<b>35.9</b>	<b>37.9</b>	<b>36.4</b>	<b>44.5</b>	<b>13.0</b>
Impairment Losses	7.4	9.4	6.0	5.7	1.5
Income before Operating Expenses	28.5	28.5	30.3	38.7	11.5
Operating Expenses	21.8	22.0	22.5	25.1	7.2
Income before Tax	6.7	6.5	7.8	13.6	4.3



# Historical Consolidated Balance Sheet

	2019	2020	2021	2022	1Q2023
Cash/Due from BSP/Due from Other Banks	123	148	157	181	175
Loans Arising From REPO	6	13	12	9	21
FVPL/FVTCI	60	45	56	122	117
Held to Maturity Investments	101	43	164	252	234
Interbank Loans and Receivables	19	43	31	28	10
Loans (net)	430	449	508	531	563
Bank Premises, Property & Eqpt. - net	11	13	13	11	10
Equity Investments - net	0	0	0	0	0
Investment Properties - net	4	4	4	3	3
Other Assets	13	15	16	17	21
<b>Total Assets</b>	<b>767</b>	<b>772</b>	<b>959</b>	<b>1154</b>	<b>1154</b>
Demand	71	107	145	175	175
Savings	179	195	228	246	256
Time	207	233	299	436	427
<b>Deposit Liabilities</b>	<b>457</b>	<b>536</b>	<b>672</b>	<b>857</b>	<b>859</b>
Other Liabilities	131	45	88	106	129
Senior Debt	97	90	87	74	49
Subordinated Debt	-	-	-	-	-
<b>Total Liabilities</b>	<b>684</b>	<b>671</b>	<b>848</b>	<b>1038</b>	<b>1038</b>
Minority Interest in Subsidiary/Allied Undertakings	0	0	18	0	0
<b>Capital Funds</b>	<b>83</b>	<b>101</b>	<b>111</b>	<b>116</b>	<b>116</b>
<b>Total Liabilities &amp; Capital</b>	<b>767</b>	<b>772</b>	<b>959</b>	<b>1154</b>	<b>1154</b>



\*Amounts in Php Billions, except % and ratios

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

# Historical Key Financial Indicators

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	2019	2020	2021	2022	1Q2023
Return on Average Capital Funds	6.50%	5.50%	6.70%	11.24%	13.30%
Return on Average Assets	0.80%	0.70%	0.80%	1.17%	1.32%
Net Interest Margin	4.00%	4.30%	4.10%	3.70%	3.15%
Cost-to-Income Ratio	60.80%	58.20%	61.90%	56.46%	55.37%
CASA to Total Deposits	54.70%	56.40%	55.50%	49.09%	50.26%
Net NPL Ratio	2.20%	2.90%	3.30%	2.00%	1.87%
Credit Cost	1.70%	2.20%	1.20%	1.07%	0.07%
CAR	13.80%	16.10%	15.20%	15.29%	14.13%





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

