



# RCBC 3Q 2023 Investor Presentation

November 14, 2023





# Investor Presentation

## 3Q 2023

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- 01** Economic Outlook
- 02** RCBC 3Q 2023 Performance
- 03** General Info
- 04** Appendix



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# Economic Outlook

Mr. Michael L. Ricafort  
RCBC Chief Economist

# Market forecasts and catalysts for 2023

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

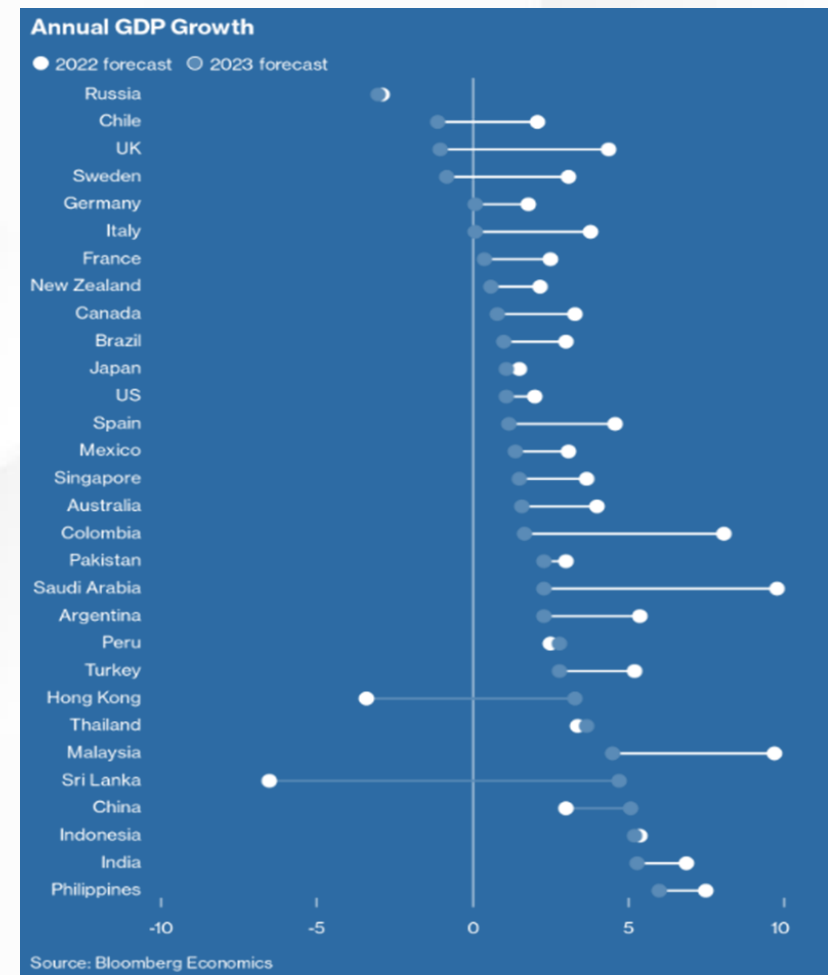
## Philippine GDP Growth Estimates\* (2023-2024)

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

\* As of October 10, 2023

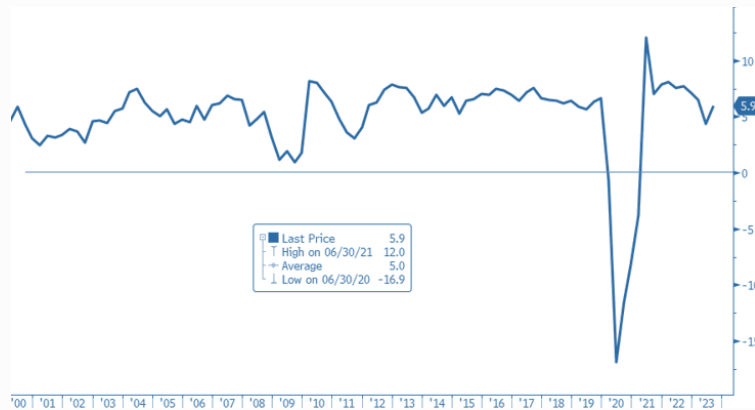
\*\* Latest forecast

## Philippine GDP Growth Expected to be Among the Fastest For 2023

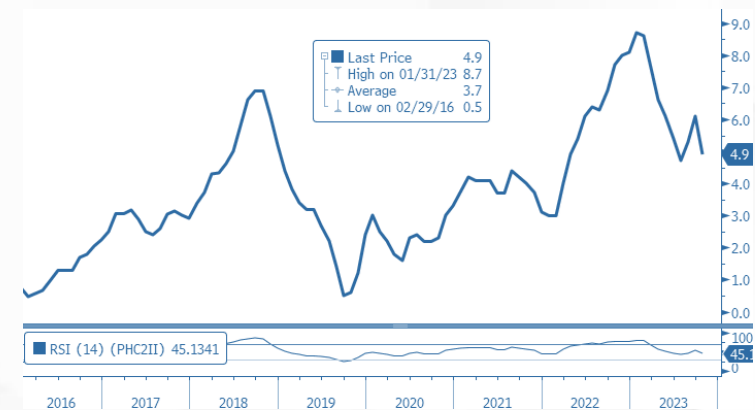


# Better-than-expected inflation rate; interest rates still rise until potential Fed rate cuts

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



Inflation/CPI for the month of October 2023 eased to 4.9% 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**.

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



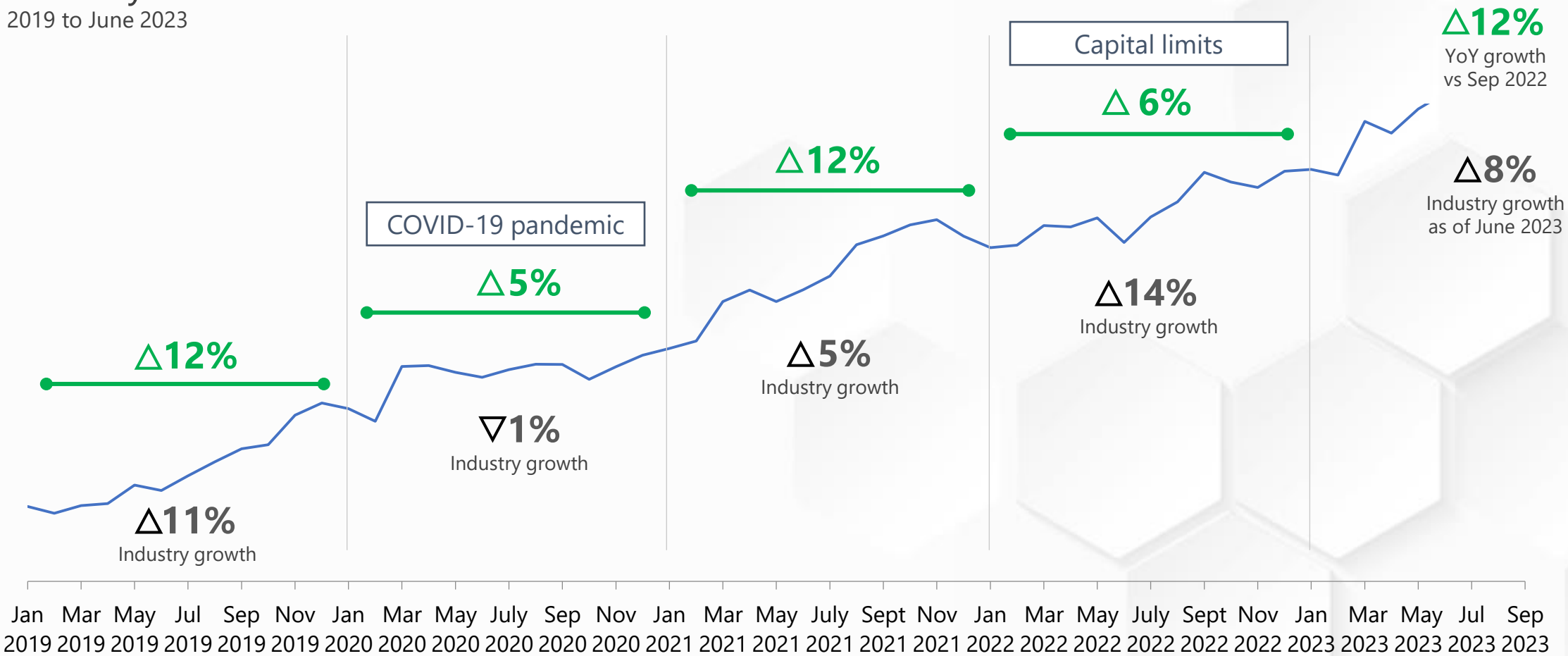
# Consolidated income items for the quarter

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

\*Amounts in PhP Millions, except % and ratios

# Loan growth amid the crisis & limited capital

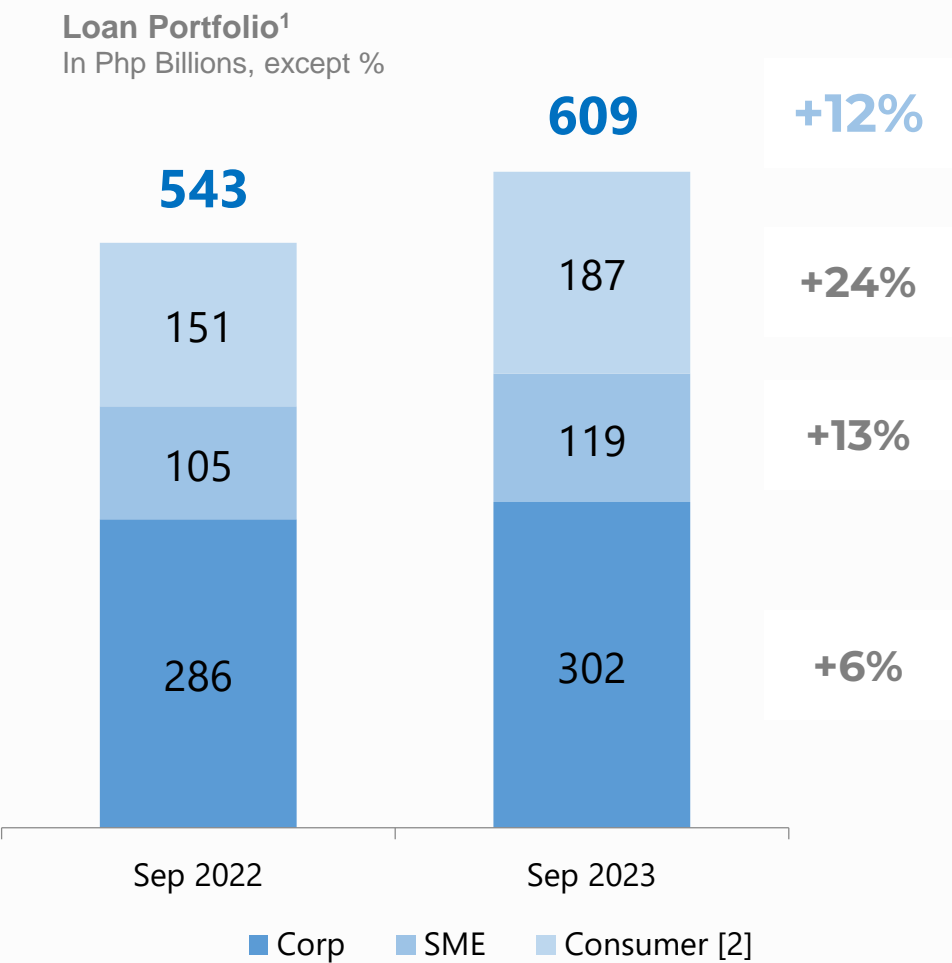
Monthly Trend – Loan Portfolio  
2019 to June 2023



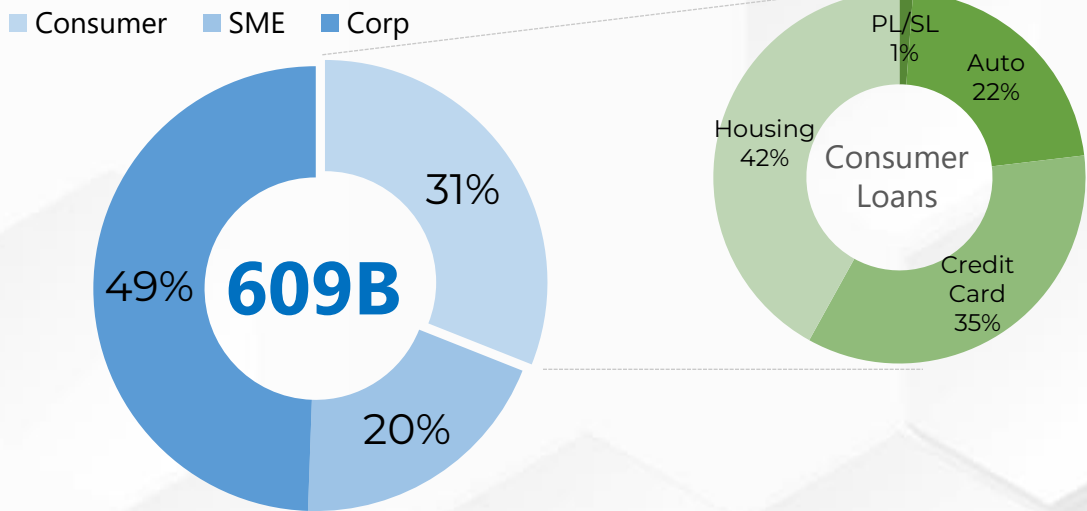
Source: Internal Loan Report, BSP Report



# Loans up across all customer segments



**Loan Mix**  
As of September 2023



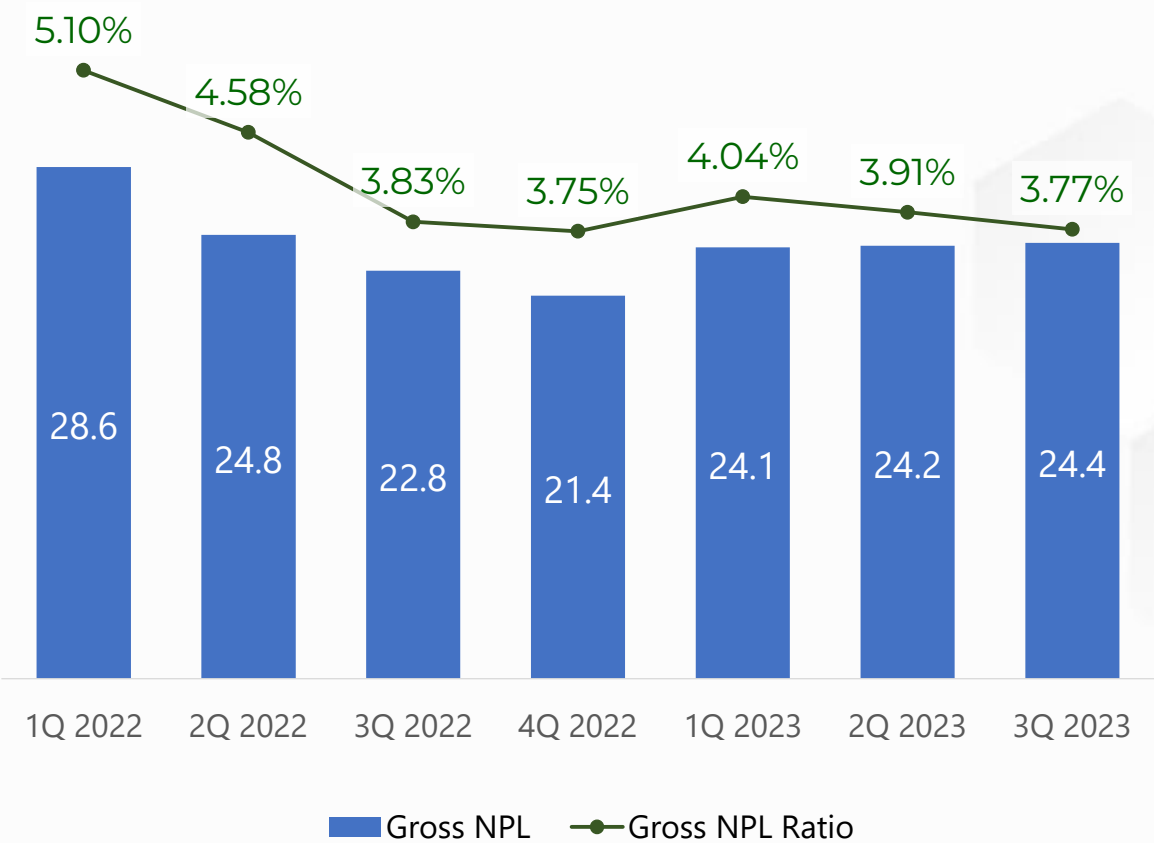
**Consumer segment posted a massive jump, accounting for 54% of the higher loan volumes year-on-year.**

**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%

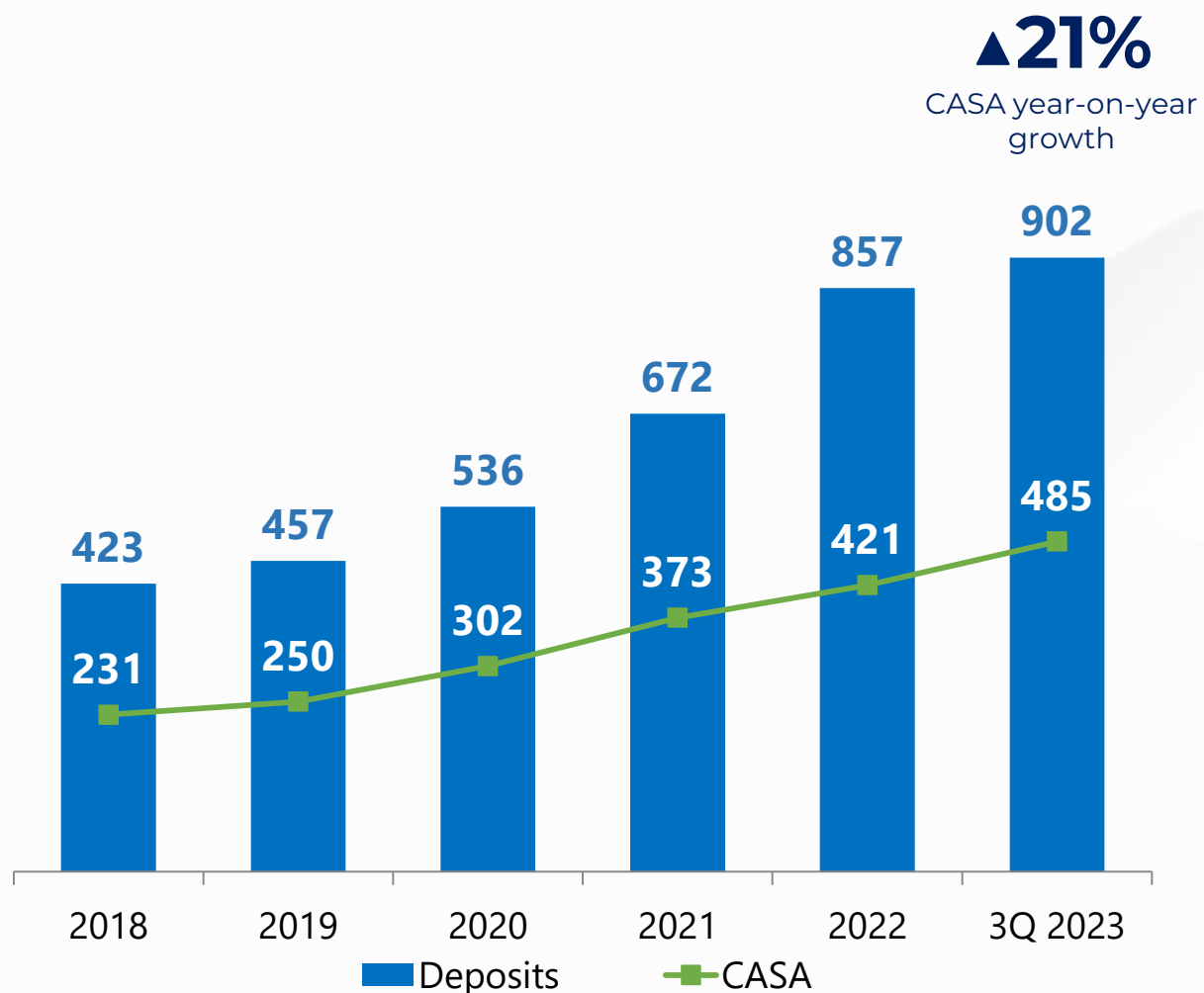
The Bank’s data and digital strategies, tightened credit and proactive remedial management paid off, with marked improvement in NPLs across most loan segments.



# Deposits jumped 13%, driven mostly by CASA

## Historical Deposits & CASA

In Php Billions,



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 1<sup>st</sup> 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.



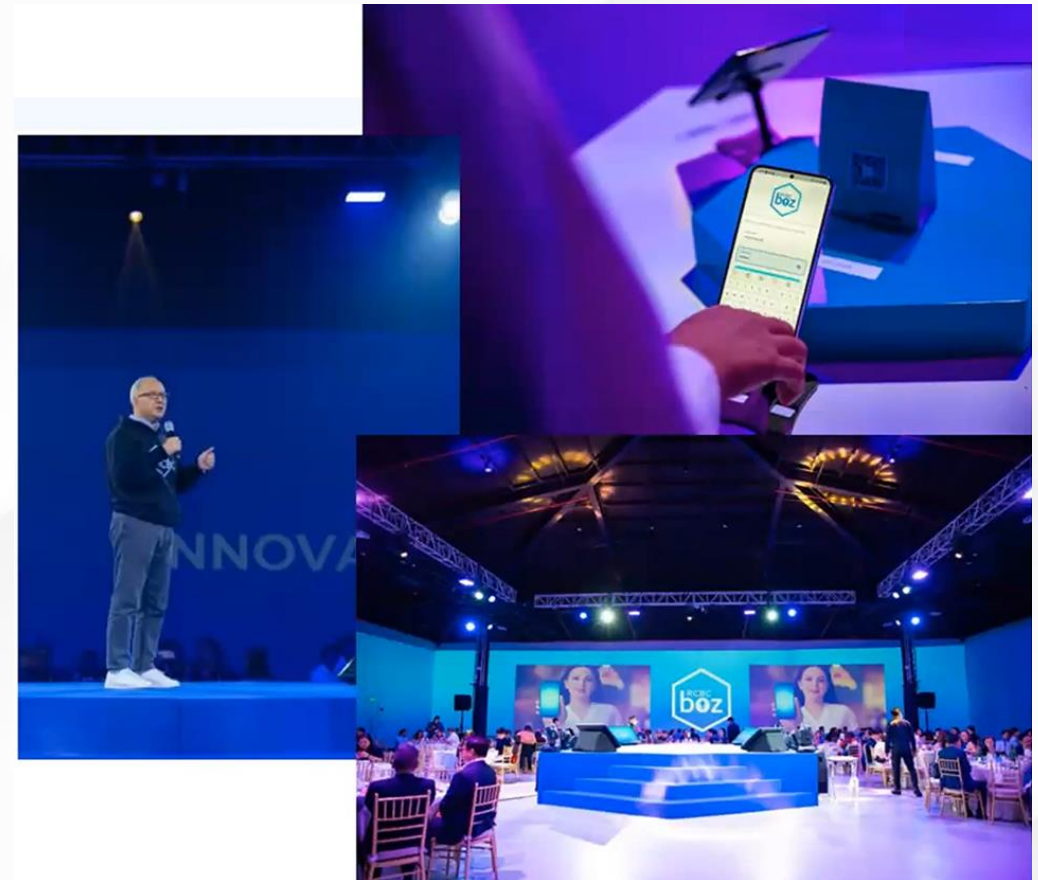
## Loan Offering

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.



# SATC receives stage 3 approval from BSP

In November 2022, RCBC's Board approved the spin-off of its Trust business into a SATC. The spin-off is subject to regulatory approval and licenses.

On October 10, 2023, **RCBC Trust Corporation received its Certificate of Authority to Operate** from BSP and is now authorized to perform trust and fiduciary services.

RCBC Trust Corporation will start operations on January 01, 2024.



Stronger controls & safeguards vs. COI



Better access to 3<sup>rd</sup> party agents



Further expansion of digital strategies



# Consolidated key financial indicators

	9M 2023	9M 2022	Change
<b>PROFITABILITY</b>			
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%
<b>COST EFFICIENCY</b>			
Cost-to-Income Ratio	60.9%	54.9%	5.9%
<b>ASSET QUALITY</b>			
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%
<b>CAPITAL</b>			
Capital Adequacy Ratio	17.1%	15.3%	1.8%
CET1	14.4%	12.3%	2.1%

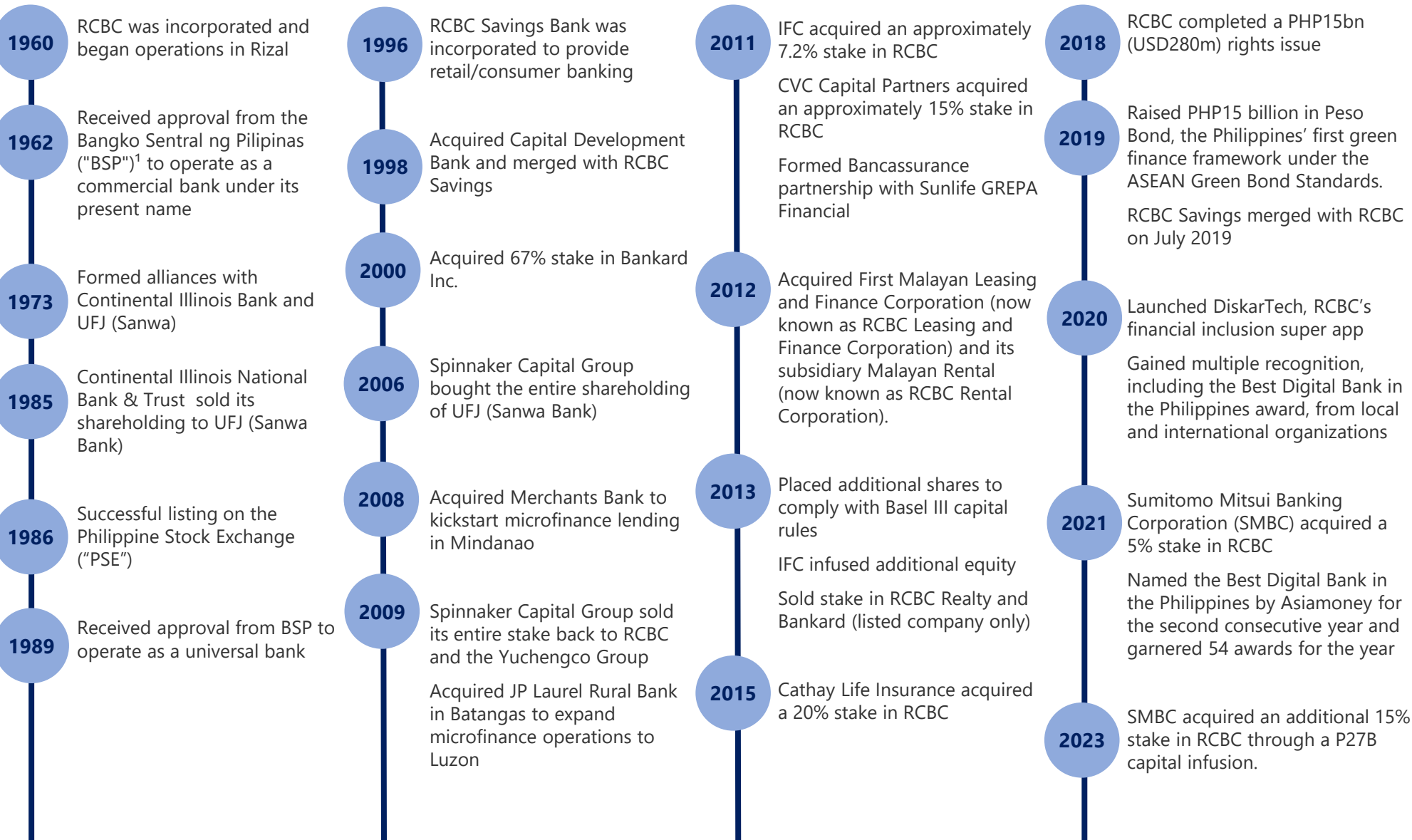


# General Information





# Key milestones in the RCBC story





# Investment Information

## Equity Profile

Particulars	3Q 2023
Ticker	<b>RCB</b>
Outstanding shares	<b>2,419.54M</b>
Stock Price	<b>23.4500</b>
Market Cap	<b>PhP 56.74B (USD 1.00B)</b>
BV per share	<b>PhP 51.00</b>
Price-to-Book Value Ratio	<b>0.46x</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>Positive</b>

# Ownership structure



國泰人壽

Cathay Life Insurance

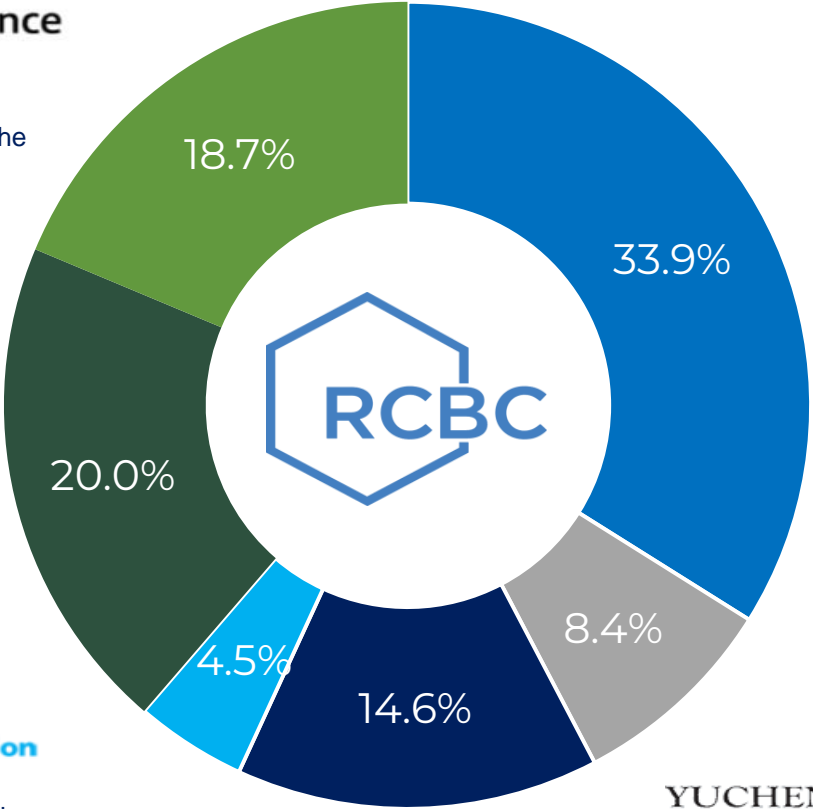
Cathay Life Insurance, founded in 1962, is Taiwan's largest insurance company. It is owned by Cathay Financial Holding, one of the largest financial holding companies in Taiwan.



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)



YUCHENGCO GROUP OF COMPANIES  
*The Power of Synergy*

Public Float





# Appendix





# Consolidated income statement

	9M 2023	9M 2022	Change	% Change
<b>Interest Income</b>	48,011	32,486	15,525	47.8%
<b>Interest Expense</b>	23,765	8,532	15,234	178.5%
<b>Net Interest Income</b>	24,246	23,955	291	1.2%
<b>Other Income</b>	11,706	10,641	1,066	10.0%
Trading Gains and Forex	909	230	678	294.7%
Trust Fees	306	303	3	1.0%
Service Fees & Commissions	4,750	4,032	718	17.8%
Miscellaneous	5,742	6,075	(333)	-5.5%
<b>Operating Expenses</b>	21,893	19,010	2,883	15.2%
<b>Impairment Losses</b>	4,957	3,614	1,343	37.1%
<b>Provision for Income Tax</b>	71	1,912	(1,841)	-96.3%
<b>Net Income</b>	9,032	10,059	(1,027)	-10.2%

# Consolidated balance sheet

	9M 2023	9M 2022	Change	% Change
<b>Cash/Due from BSP &amp; Other Banks</b>	176,018	127,179	48,839	38.40%
<b>Investment Securities</b>	346,500	324,783	21,717	6.69%
<b>Loans (net of Interbank)</b>	604,050	539,410	64,640	11.98%
<b>Other Assets</b>	73,697	83,058	-9,362	-11.27%
<b>TOTAL ASSETS</b>	<b>1,200,264</b>	<b>1,074,430</b>	<b>125,834</b>	<b>11.71%</b>
<b>Deposit Liabilities</b>	901,835	801,240	100,595	12.55%
Demand	203,201	156,580	46,622	29.77%
Savings	282,213	245,064	37,149	15.16%
Time	416,420	399,596	16,824	4.21%
<b>Other Liabilities</b>	102,734	73,472	29,261	39.83%
<b>Senior Debt</b>	49,032	84,050	-35,017	-41.66%
<b>Total Liabilities</b>	<b>1,053,601</b>	<b>958,762</b>	<b>94,839</b>	<b>9.89%</b>
<b>Capital Funds</b>	<b>146,664</b>	<b>115,668</b>	<b>30,995</b>	<b>26.80%</b>
<b>TOTAL LIABILITIES &amp; CAPITAL</b>	<b>1,200,264</b>	<b>1,074,430</b>	<b>125,834</b>	<b>11.71%</b>

# Historical consolidated income statement

	2019	2020	2021	2022	9M 2023
Net Interest Income	22.4	26.3	28.8	31.2	24.2
Other Income	13.5	11.6	7.6	13.2	11.7
<b>Gross Income</b>	<b>35.9</b>	<b>37.9</b>	<b>36.4</b>	<b>44.5</b>	<b>36.0</b>
Impairment Losses	7.4	9.4	6.0	5.7	5.0
Income before Operating Expenses	28.5	28.5	30.3	38.7	31.0
Operating Expenses	21.8	22.0	22.5	25.1	21.9
Income before Tax	6.7	6.5	7.8	13.6	9.1
Provision for Income Tax	1.3	1.5	0.7	1.6	0.1
<b>Net Income</b>	<b>5.4</b>	<b>5.0</b>	<b>7.1</b>	<b>12.1</b>	<b>9.0</b>



# Historical consolidated balance sheet

	2019	2020	2021	2022	9M 2023
Cash/Due from BSP/Due from Other Banks	123	148	157	181	176
Loans Arising From REPO	6	13	12	9	21
FVPL/FVTCI	60	45	56	122	114
Held to Maturity Investments	101	43	164	252	233
Interbank Loans and Receivables	19	43	31	28	17
Loans (net)	430	449	508	531	604
Bank Premises, Property & Eqpt. - net	11	13	13	11	9
Equity Investments - net	0	0	0	0	1
Investment Properties - net	4	4	4	3	2
Other Assets	13	15	16	17	24
<b>Total Assets</b>	<b>767</b>	<b>772</b>	<b>959</b>	<b>1154</b>	<b>1200</b>
Cash/Due from BSP/Due from Other Banks	123	148	157	181	176
Loans Arising From REPO	6	13	12	9	21
FVPL/FVTCI	60	45	56	122	114
Held to Maturity Investments	101	43	164	252	233
Interbank Loans and Receivables	19	43	31	28	17
Loans (net)	430	449	508	531	604
Bank Premises, Property & Eqpt. - net	11	13	13	11	9
Equity Investments - net	0	0	0	0	1
Investment Properties - net	4	4	4	3	2
Other Assets	13	15	16	17	24
<b>Total Assets</b>	<b>767</b>	<b>772</b>	<b>959</b>	<b>1154</b>	<b>1200</b>

# Historical key financial indicators

	2019	2020	2021	2022	9M 2023
Return on Average Capital Funds	6.50%	5.50%	6.70%	11.24%	9.85%
Return on Average Assets	0.80%	0.70%	0.80%	1.17%	1.06%
Net Interest Margin	4.00%	4.30%	4.10%	3.70%	3.38%
Cost-to-Income Ratio	60.80%	58.20%	61.90%	56.46%	60.89%
CASA to Total Deposits	54.70%	56.40%	55.50%	49.09%	53.83%
Net NPL Ratio	2.20%	2.90%	3.30%	2.00%	1.78%
Credit Cost	1.70%	2.20%	1.20%	1.07%	1.09%
CAR	13.80%	16.10%	15.20%	15.29%	17.10%



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