



# **1H 2021 Net Income Results Media Briefing**

16 August 2021  
9:30 AM

# Agenda

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## 1H 2021 Net Income Results Presentation

**Ms. Christina P. Alvarez**

RCBC Corporate Information Officer and  
Head of Corporate Planning Group

**Mr. Bennett D. Santiago**

RCBC Chief Credit Officer and  
Head of Credit Management Group



## Economic Overview and Outlook

**Mr. Michael L. Ricafort**

RCBC Chief Economist



## Question and Answer





# 1H 2021 NET INCOME PRESENTATION

**Ms. Chrissy P. Alvarez**

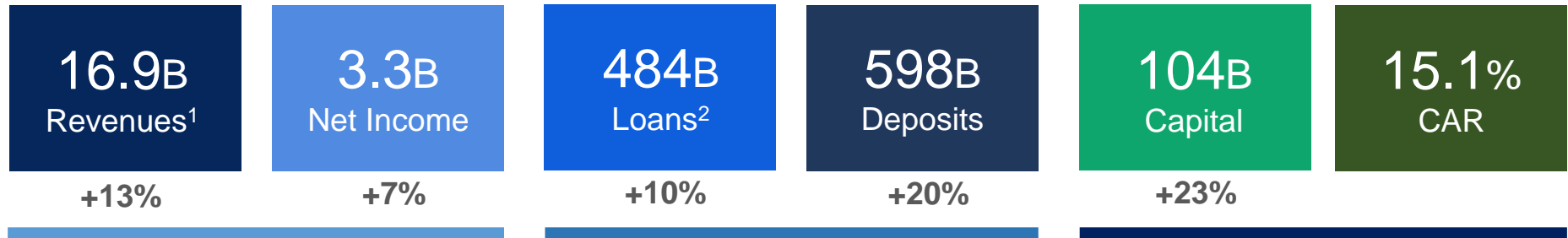
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# Sustained profit growth as loans and deposits build-up performed better than industry



## Profitability

Core income expanded driven by higher business volume and better funding costs

Net interest margin steadied at 4.1%, and ROE at 6.5%

Subdued increase in costs due to savings from digital efforts and channel rationalization

## Growth

6<sup>th</sup> largest private universal bank in terms of assets, loans, deposits and trust assets (from 7<sup>th</sup> in 2019)

3.4x increase in Investment Securities and 9% expansion in customer loans underpinned by the 28% jump in low-cost CASA deposits, accelerated faster than industry

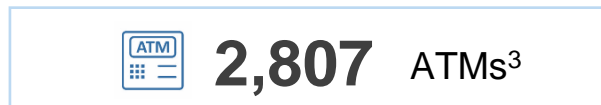
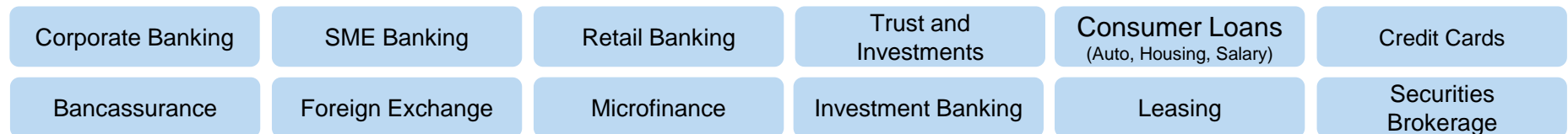
## Resilience

Capital ratios remain well above regulatory requirement

Raised PhP 4.5B from the strategic investment of Sumitomo Mitsui Banking Corporation

10% of the Bank's loan portfolio is eligible under Green and Sustainable financing

## Main Business Lines



[1] Excluding trading and FX gains

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

[3] Includes 1,272 ATMs and 1,535 ATM Go terminals--RCBC's handheld ATM facility that enables banking transactions outside branches and ATMs, and through partner merchants.

# RCBC is the BEST DIGITAL BANK

IN THE PH FOR TWO YEARS IN A ROW



2021 International Business Magazine



2021 Business Tabloid,  
A London-based publication



2021 Alpha Southeast Asia  
Best Financial Institution Awards



2020 Alpha Southeast Asia  
Best Financial Institution Awards



2020 Asiamoney  
Best Bank Awards

# ALSO RECOGNIZED FOR ITS STRONG FRANCHISE

in Retail Banking, Corporate Banking, SME Banking, and more



## BEST RETAIL BANK

Global Banking and Finance Review



## BEST CASH MANAGEMENT BANK

Global Banking and Finance Review



## BEST CORPORATE BANK

Global Banking and Finance Review



## DOMESTIC RETAIL BANK OF THE YEAR, PH (MID-SIZED)

Asian Banking and Finance



## BEST SME BANKING BRAND

Global Brand



## BEST PRIVATE DOMESTIC BANK BRAND

Global Brand



## BEST USER EXPERIENCE - MOBILE BANKING [RCBC BANKARD]

The Digital Banker



## RENEWABLE ENERGY DEAL OF THE YEAR - WIND UNDER VIETNAM, BEST DEALS ASEAN

The Asset Infrastructure Awards



# RCBC posted 7% profit hike in 1H 2021

	1H 2021	1H 2020	Change	% Change
<b>INCOME STATEMENT</b>				
<b>Gross Income<sup>1</sup></b>	16,915	14,972	1,943	13.0%
<b>Net Interest Income</b>	13,583	12,813	771	6.0%
<b>Non-Interest Income</b>	3,534	8,045	(4,511)	(56.1%)
<b>Operating Expenses</b>	11,165	11,011	154	1.4%
<b>Impairment Losses</b>	2,332	5,203	(2,872)	(55.2%)
<b>Net Income</b>	3,327	3,110	217	7.0%
<b>SELECT BALANCE SHEET DATA</b>				
<b>Assets</b>	845,818	718,752	127,066	17.7%
<b>Loans<sup>2</sup></b>	483,942	441,470	42,472	9.6%
<b>Deposits</b>	598,145	499,420	98,725	19.8%
<b>Capital</b>	104,067	84,442	19,625	23.2%



\*Amounts in PhP Millions, except % and ratios  
[1] Excluding trading and FX gains

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

# 2Q 2021 net income up 11% from previous quarter

	2Q 2021	1Q 2021	Change	% Change
<b>INCOME STATEMENT</b>				
<b>Gross Income<sup>1</sup></b>	8,613	8,302	311	3.7%
<b>Net Interest Income</b>	7,118	6,465	653	10.1%
<b>Non-Interest Income</b>	1,685	1,848	(163)	(8.8%)
<b>Operating Expenses</b>	5,473	5,692	(219)	(3.9%)
<b>Impairment Losses</b>	1,396	936	461	49.2%
<b>Net Income</b>	1,747	1,580	167	10.6%
<b>SELECT BALANCE SHEET DATA</b>				
<b>Assets</b>	845,818	800,796	45,022	5.6%
<b>Loans<sup>2</sup></b>	483,942	474,066	9,877	2.1%
<b>Deposits</b>	598,145	562,859	35,286	6.3%
<b>Capital</b>	104,067	102,474	1,593	1.6%



\*Amounts in PhP Millions, except % and ratios  
[1] Excluding trading and FX gains

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



# 2Q 2021 net income up 118% vs same quarter last year

	2Q 2021	2Q 2020	Change	% Change
<b>INCOME STATEMENT</b>				
<b>Gross Income<sup>1</sup></b>	8,613	7,411	1,202	16.2%
<b>Net Interest Income</b>	7,118	6,494	624	9.6%
<b>Non-Interest Income</b>	1,685	4,371	(2,685)	(61.4%)
<b>Operating Expenses</b>	5,473	5,454	18	0.3%
<b>Impairment Losses</b>	1,396	3,602	(2,206)	(61.2%)
<b>Net Income</b>	1,747	802	945	117.9%
<b>SELECT BALANCE SHEET DATA</b>				
<b>Assets</b>	845,818	718,752	127,066	17.7%
<b>Loans<sup>2</sup></b>	483,942	441,470	42,472	9.6%
<b>Deposits</b>	598,145	499,420	98,725	19.8%
<b>Capital</b>	104,067	84,442	19,625	23.2%

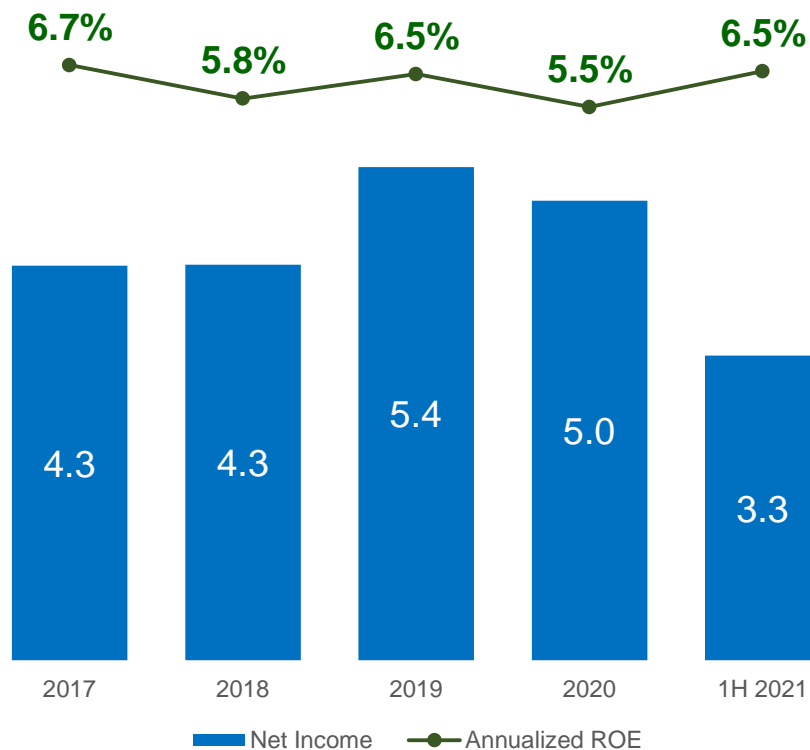


\*Amounts in PhP Millions, except % and ratios  
 [1] Excluding trading and FX gains

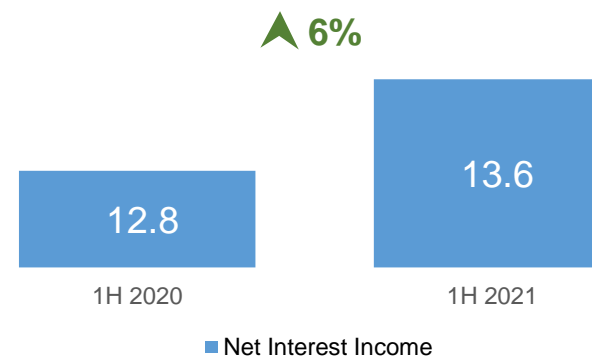
[2] Loans and Receivables net of Allowances and Interbank Loans

# Healthy core business growth drove profitability

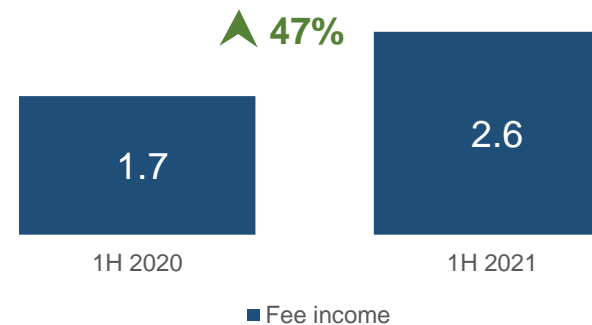
Return on equity remained stable as core income expanded, tempered by lower trading and FX gains



Continued asset build-up and lower funding costs led to higher NII



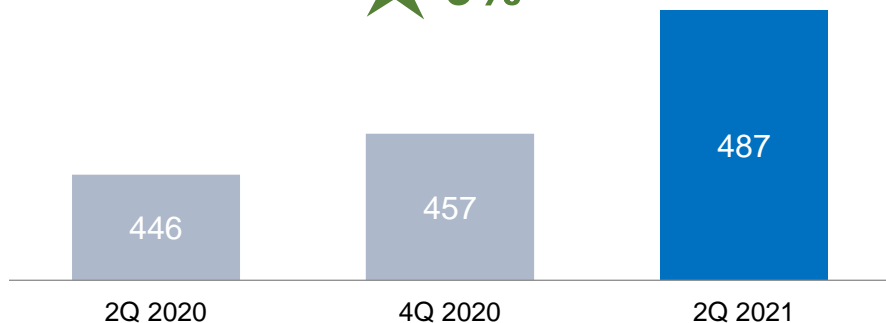
Fee income surged coming from higher fees from investments and retail transactions



# Stronger balance sheet with growth in risk assets and diversified funding portfolio

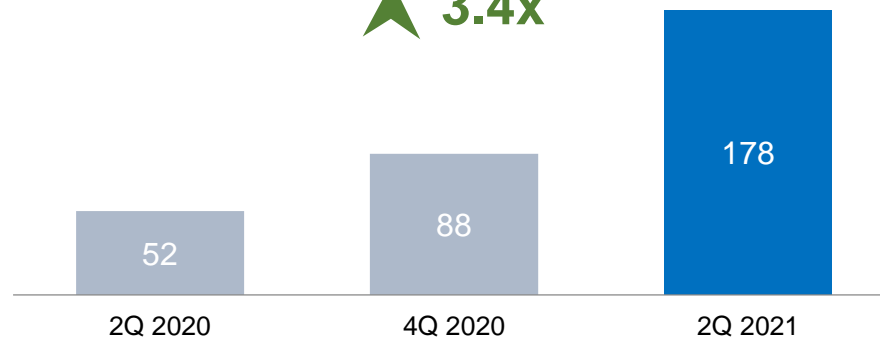
## Gross Loans

▲ 9%



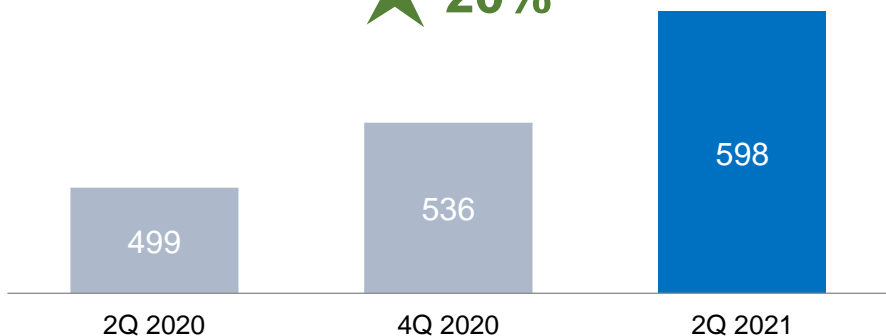
## Investment Securities

▲ 3.4x



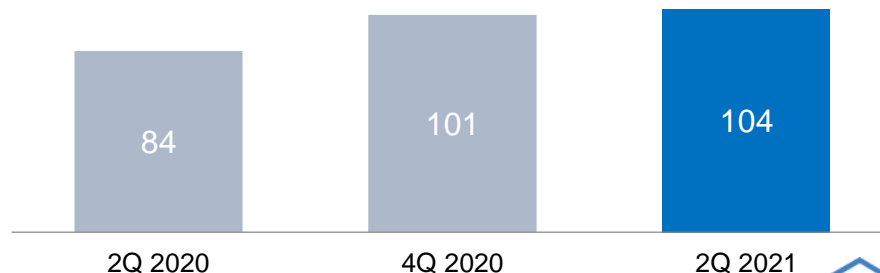
## Deposits

▲ 20%



## Capital

▲ 23%

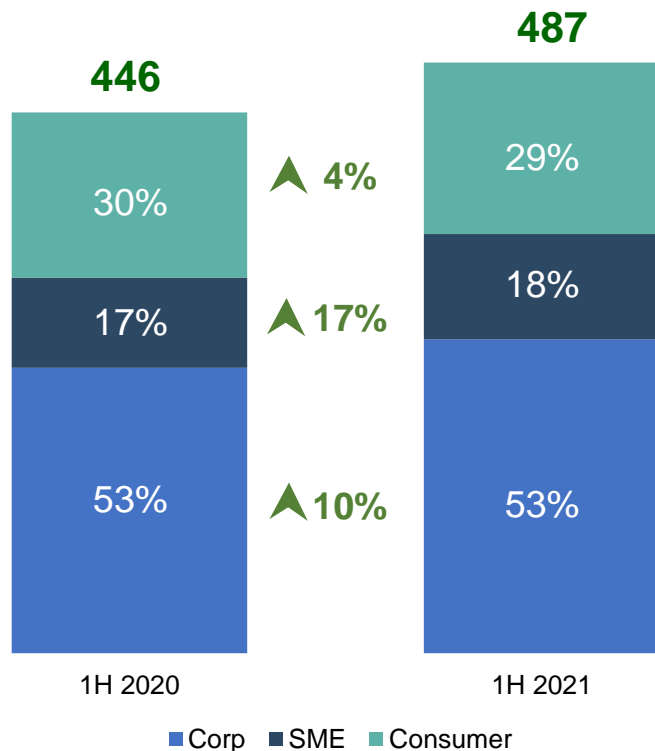


\*Amounts in PhP Billions

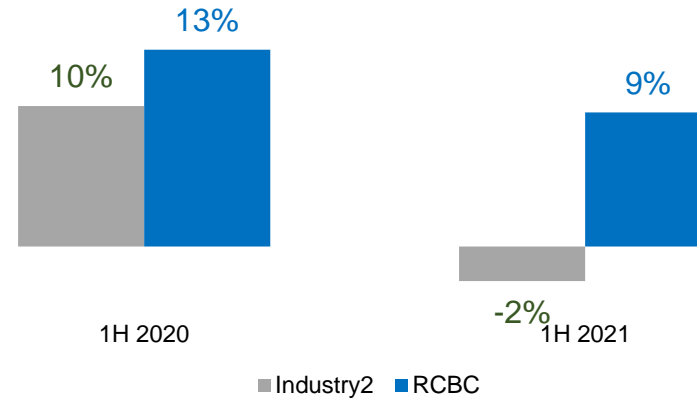
\*\*Growth versus same period last year

# 9% customer loan expansion despite industry decline

Sustained customer loan portfolio increase driven by proactive client engagement and streamlined processes



Loan growth continued to outperform industry and peers



SME segment saw an increase in new loan approvals from both existing and new clients

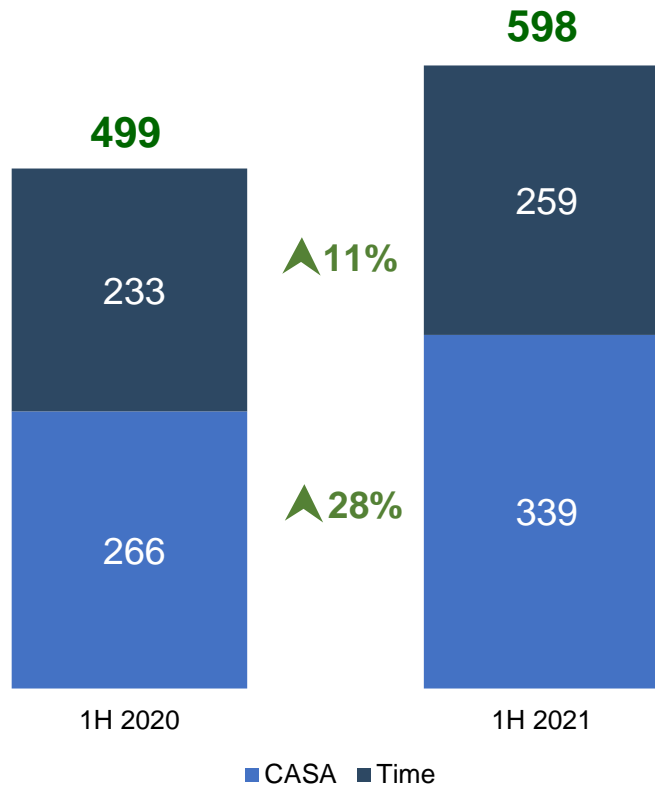


\*Amounts in PHP Billions, except %, ratios, and cards-in-force  
 [1] Consumer refers to Auto, Mortgage, Credit Card and Personal/Salary Loans

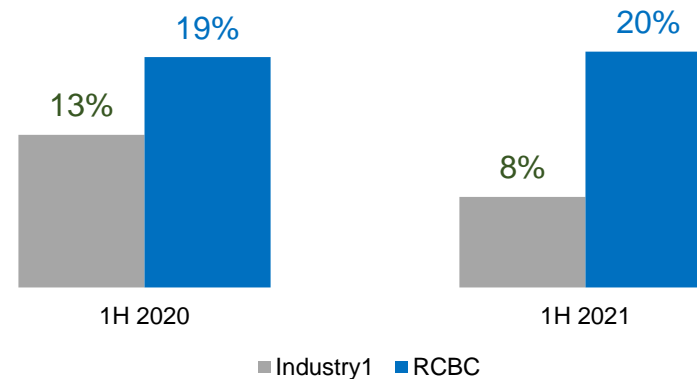
[2] Industry average for loan growth refers to UKBs

# 20% deposit jump outpaced industry average

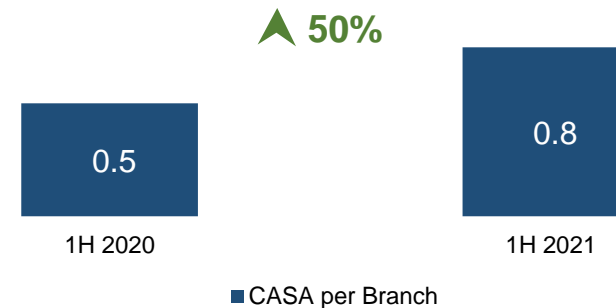
Higher CASA and Time deposits fuelled RCBC's asset build-up strategy



Solid double-digit growth in deposits better than industry and peers



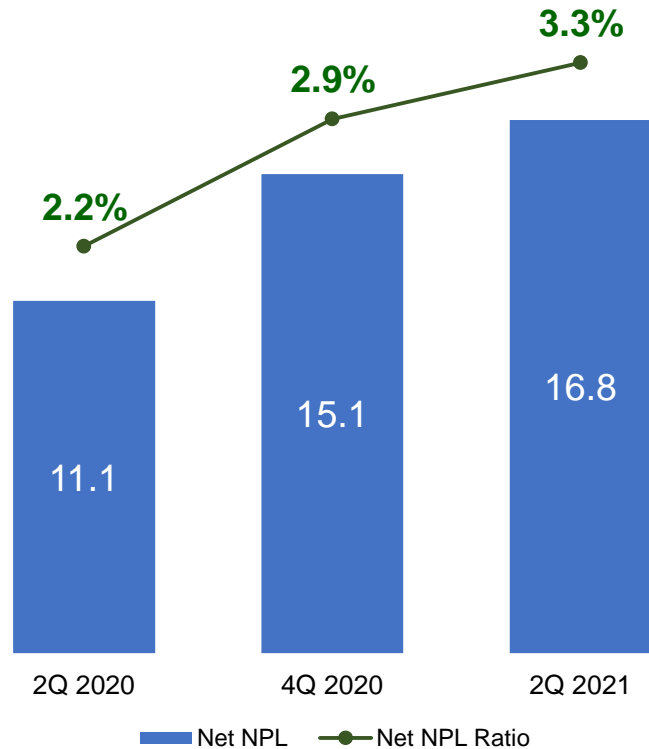
CASA deposits sustained growth momentum as the Bank enhanced digital delivery channels while rationalizing branch network



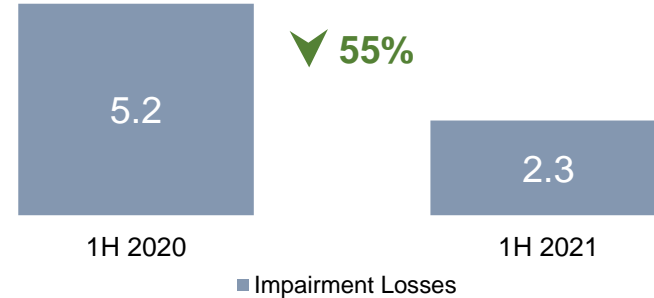
\*Amounts in PhP Billions, except %, and ratios  
[1] Industry average for deposit growth refers to UKBs.

# Uptick in NPLs within expectations

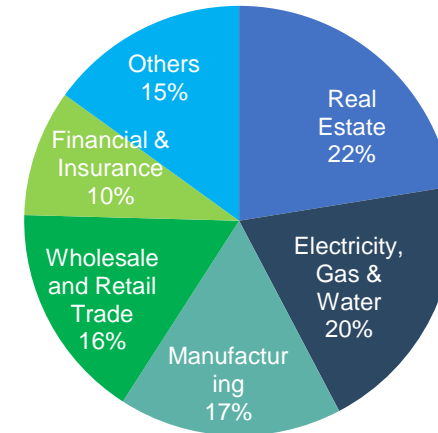
NPL ratio remained elevated driven by the increase in consumer NPLs



Recognized additional provision for impairment losses in 1H 2021 even with the significant build-up of reserves in 2020



Corporate and SME loan exposure by industry



# Championed Sustainable Finance

RCBC is the first Philippine universal bank to issue green and sustainable financing instruments under global standards.

## USD 1.1B

Raised under the Bank's Sustainable Finance Framework from 2019 to 2021

**RCBC Green Bond<sup>1</sup>**  
PhP15B (USD 290M)

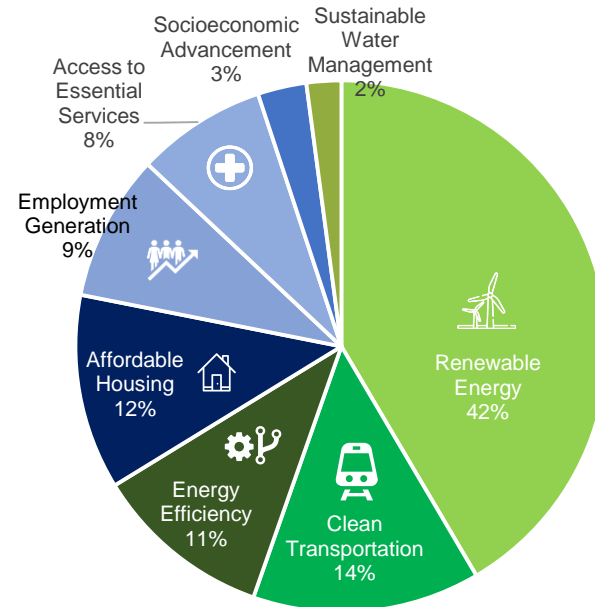
**RCBC Sustainability Bond**  
USD 300M

**RCBC Sustainability Bond<sup>1</sup>**  
PhP 8B (USD 160M)

**RCBC Sustainability Bond<sup>2</sup>**  
PhP 18B (USD 368M)

About **10% (PhP 55B)** of the Bank's loan portfolio is eligible under **Sustainable financing**

### RCBC Sustainable Loan Portfolio June 2021



**PhP 38B**  
Green

**PhP 17B**  
Social

**MSCI** 

 **SUSTAINALYTICS**

**ESG**  
rating

**AA**



[1] The PhP 15B RCBC Green Bond and PhP 8B Sustainability Bond matured on Aug 1, 2020 and Jun 4, 2021, respectively.

[2] On Mar 31, 2021, the Bank listed its 2.5-year and 5.25-year Fixed-Rate ASEAN Sustainability Peso Bond amounting to PhP 13.7B and PhP 4.1B, respectively.

# RCBC Mobile App made even more powerful



## 123%

Increase in digital banking transaction volume



## 167%

Growth in InstaPay transaction volume



## 576%

Growth in PESONet transaction volume

RCBC continued to introduce industry-leading digital solutions with the addition of features such as online UITF portfolio management.



## RCBC Online Banking



QR Payments



Wide selection of Billers



Check deposit



Remittances



Forex trading



Cardless withdrawal



UITF Investments



Credit card installment



Time Deposit



Request Payment





# Promoted inclusive digital finance



## 16.1B

Total peso amount disbursed via ATM Go during the pandemic



## 90%

Provinces covered (73/81) by ATM Go



## 4.2M

Diskartech downloads

Through Diskartech and ATM Go, the Bank offers vital financial and banking services needed by unbanked and underserved communities.



 Diskartech

Financial Inclusion Super App

First finance app in Taglish and other local languages



 ATM Go

First “kapitbahay” (neighborhood) mobile ATM

Used extensively for gov’t aid distribution



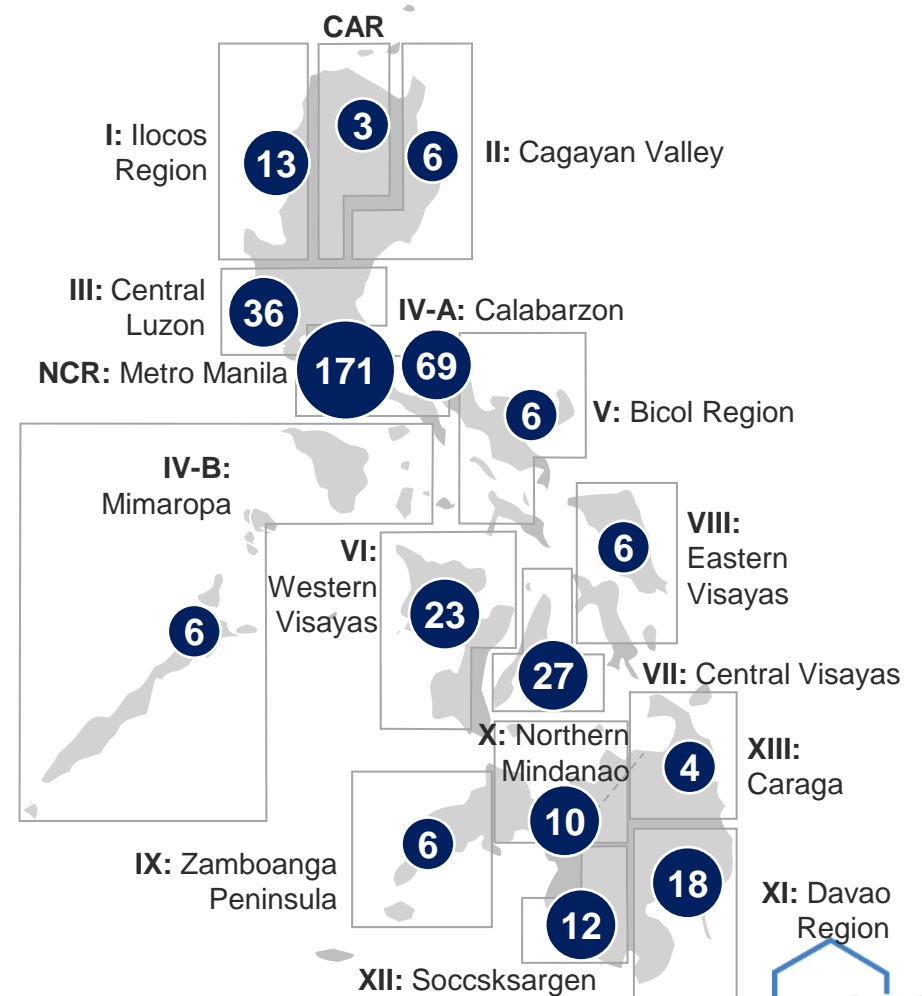
# Wide distribution network across the Philippines



<b>Branches and Extension Offices<sup>1</sup></b>	<b>434</b>
<b>ATM<sup>2</sup></b>	<b>2,807</b>
<b>ATM-to-Branch Ratio</b>	<b>6.5</b>

## RCBC's Branch Distribution by Region

June 2021



[1] Includes the 16 branches and 2 extension offices of Rizal Microbank, RCBC's Microfinance Thrift Bank subsidiary

[2] Includes 1,272 ATMs and 1,535 ATM Go terminals--RCBC's handheld ATM facility that enables banking transactions outside branches and ATMs, and through partner merchants.



# ECONOMIC OVERVIEW AND OUTLOOK

**Mr. Michael L. Ricafort**  
RCBC Chief Economist



# Philippines seen to recover in 2021-22

2Q 2021 GDP resulted to +11.8% growth largely due to low base effects

**Philippine economy to go back to pre-COVID levels by 2022 (presidential election year);** however, further lockdowns could delay this to 2023

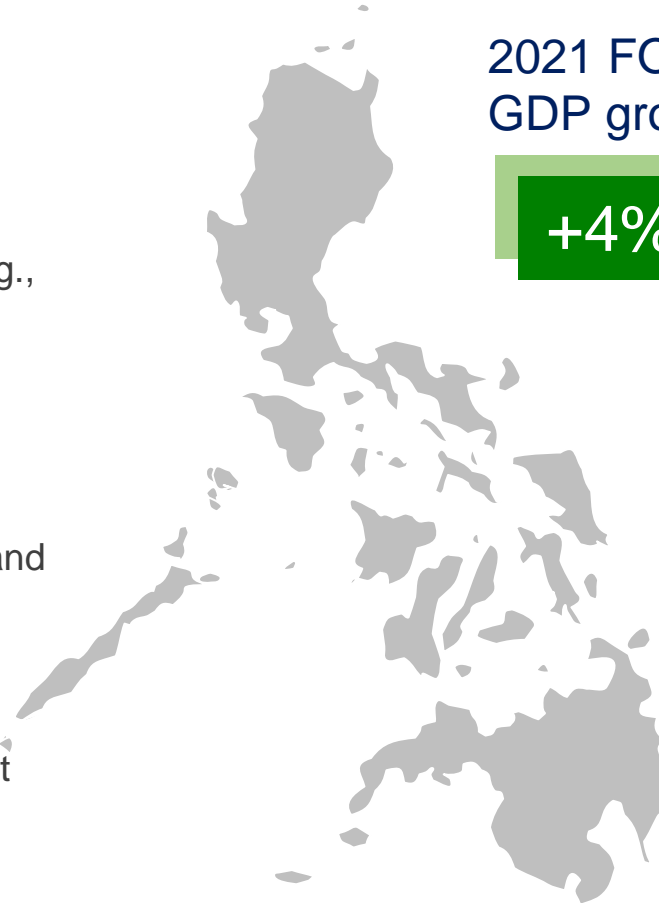
**But other industries may take more time to recover** (e.g., tourism, property, and vehicle production)

## Major pillars of economic recovery:

- Measures to further re-open the economy
- Increased arrivals and rollouts of COVID-19 vaccines and reduction in new cases
- Increased infrastructure and government spending in preparation for the 2022 elections
- Accommodative monetary policy stance to help support economic recovery prospects amid limited government funds for additional stimulus measures.

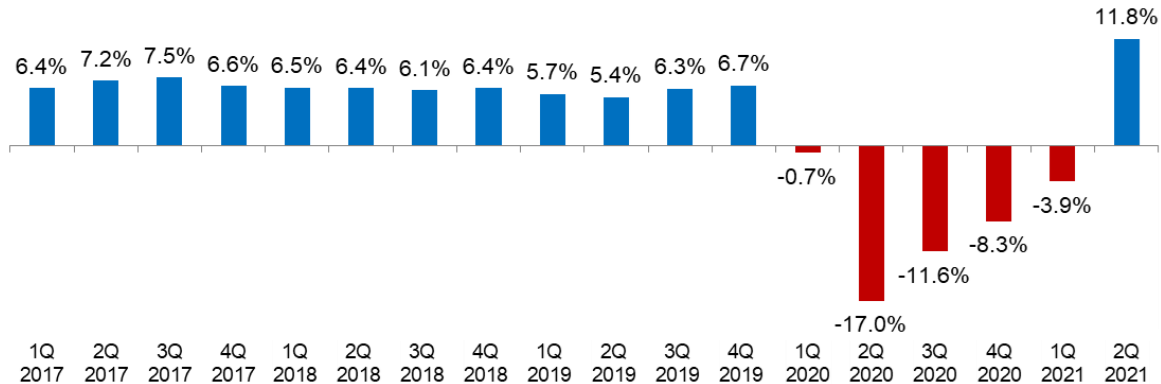
2021 FORECAST  
GDP growth rate

+4% to +5%



# Data shows recovery from severe GDP numbers in 2020

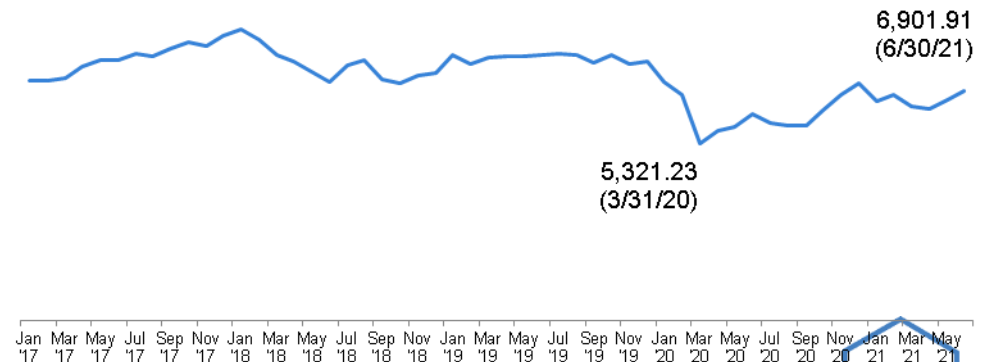
## Philippine GDP growth continue to improve from worst levels



## USD/PhP exchange rate remained to be strong in 1H21



## PSEi still relatively better compared to the lows recorded in March 2020



# The Bank expects recovery in 2021

<b>Economic Indicators</b>	<b>2022 Forecast</b>	<b>2021 Forecast</b>	<b>2020 Actual</b>
<b>GDP Growth</b>	6.5%-7.0%	4.0%-5.0%	(9.5%)
<b>USD/PhP (Year-End)</b>	50.00-51.00	49.50-50.50	48.02
<b>USD/PhP (Average)</b>	50.25-51.25	49.00-50.00	49.62
<b>Inflation (Average)</b>	2.8%-3.3%	4.0%-4.3%	2.6%
<b>BSP Policy Rate</b>	2.25%-2.50%	2.00%-2.25%	2.00%
<b>PSEi</b>	7,600-8,100	7,000-7,500	7,139.71



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





**Thank you.**