



Investor Presentation

September 2020

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1. Introducing RCBC

RCBC is a leading financial services provider in the Philippines



Incorporated in 1960, RCBC is the **7th largest private domestic bank** in the Philippines by assets, with a market capitalization of Php31.94bn (USD0.66bn)¹ and share price of Php16.50².

Member of the Yuchengco Group of Companies (YGC).

Main Business Lines

Corporate Banking

Retail Banking

Bancassurance

Trust and Investments

SME Banking

Consumer Loans
(Auto, Housing, Salary)

Credit Cards

Foreign Exchange

Microfinance

Investment Banking

Leasing

Securities Brokerage

Extensive Branch Network

474 Branches
1,470 ATMs
6,262 Employees

Key Financial Metrics (9M 2020)

Figures in PHP

731B
Assets

+9%

445B
Loans

+9%

497B
Deposits

+17%

29.4B
Revenues

+6%

4.0B
Net Income

-11%

[1] Exchange Rate – US\$ 1 = PHP48.495 as of end-Sep 2020

[2] Market Capitalization and Share Price as of end-Sep 2020

Investment Information

Equity Profile

Particulars	3Q 2020
Ticker	RCB
Issued shares	1,935.63mn
Stock Price	16.50
Market Cap	Php 31.94bn (USD0.66bn)
BV per share	Php 43.91
Price to Book	0.38

Dividend History

Year	Dividends per share	Pay-out ratio
2020	0.56	20.00%
2019	0.45	17.02%
2018	0.62	20.02%
2017	0.55	16.53%
2016	0.72	20.00%
2015	0.60	19.29%

Credit Rating

MOODY'S

Long Term Deposit	Baa2
Long Term IDR	-
Senior Unsecured	Baa2
Bank Financial Strength [2]	baa3
Outlook	Stable

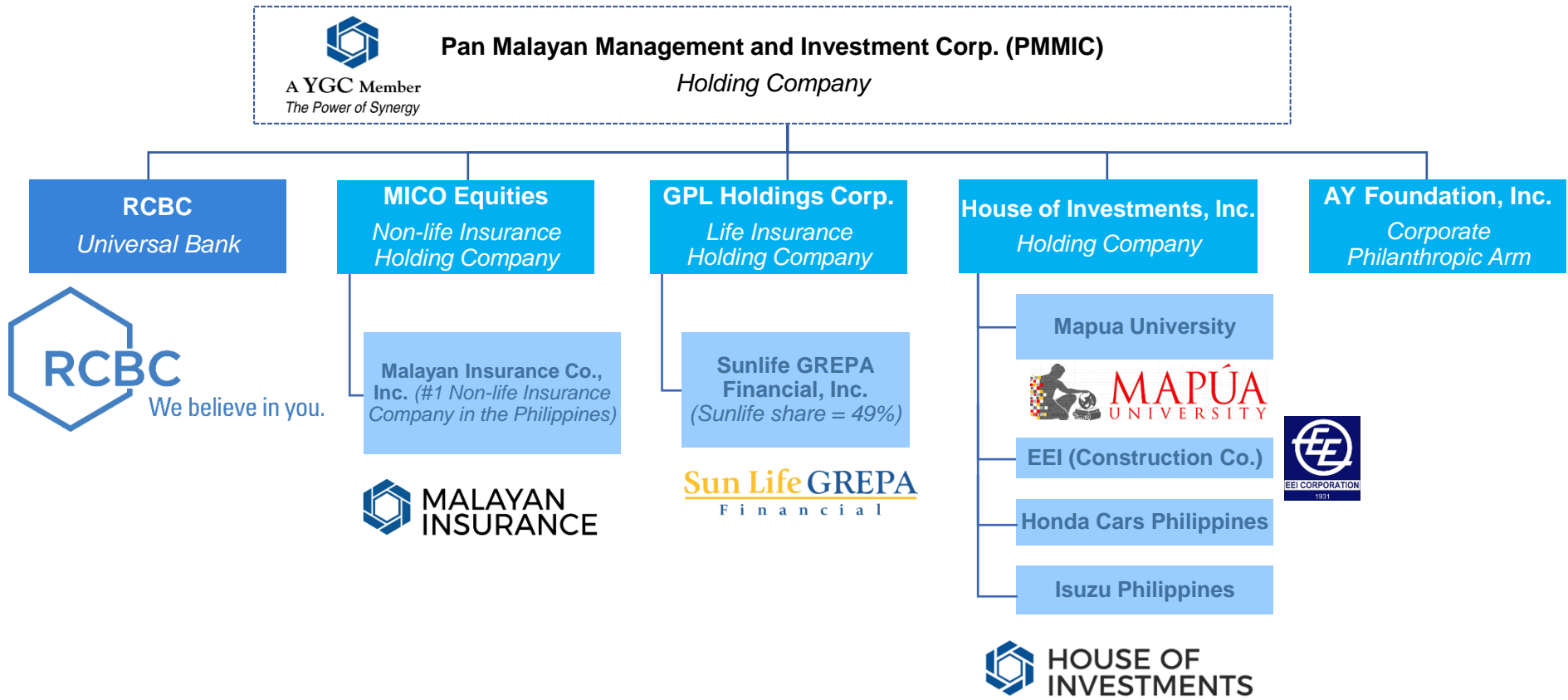
*Investment Grade rating by Moody's on December 2019

Results of the Stock Rights Offering in July 2018:

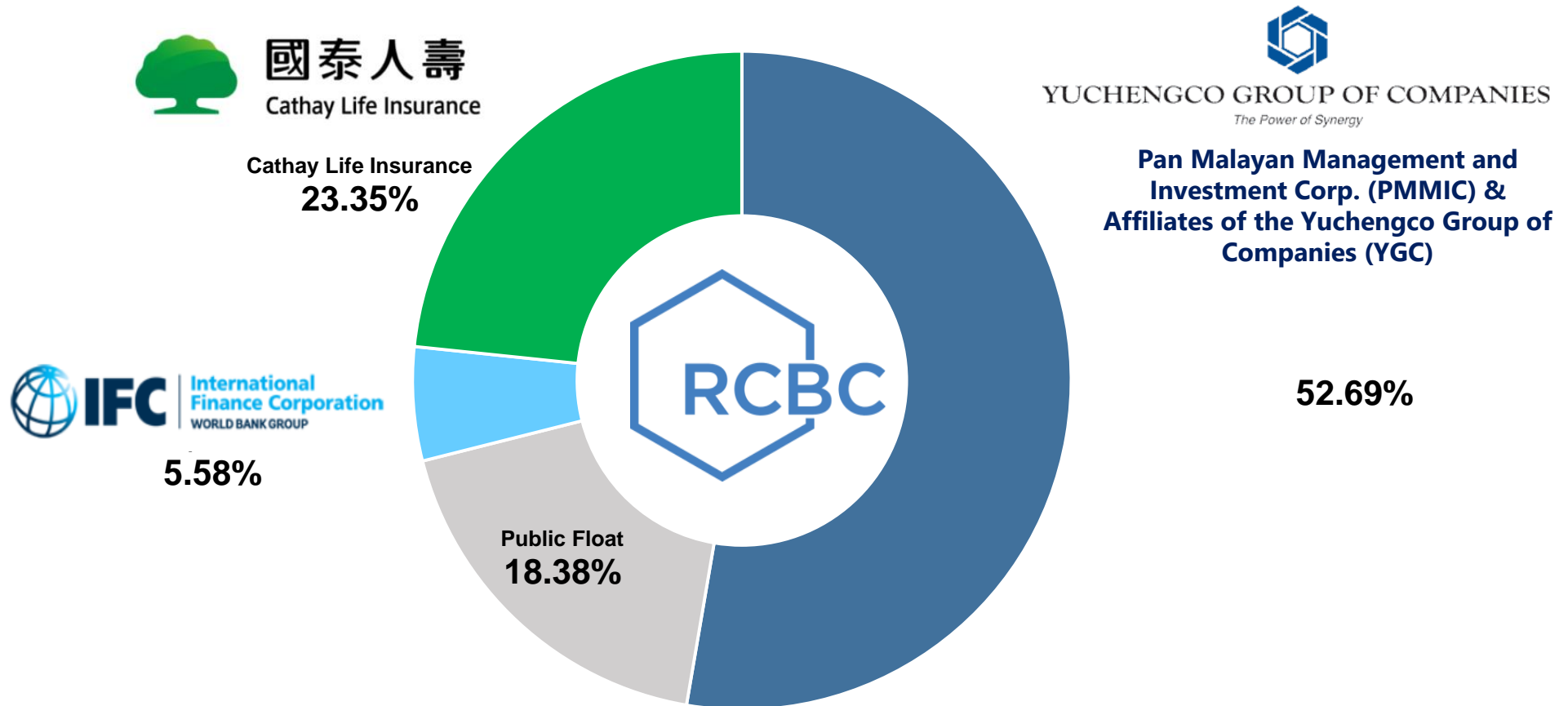
- RCBC's Stock Rights Offering (SRO) of 535,710,378 million shares were listed in the Philippine Stock Exchange (PSE) on July 16, 2018 and the gross proceeds amounting to PHP14,999,890,584 were booked on the same date.
 - The shares were offered at PHP28.00 with entitlement ratio of 1 Right Share for every 2.6132 RCBC common shares held.

Yuchengco Group of Companies

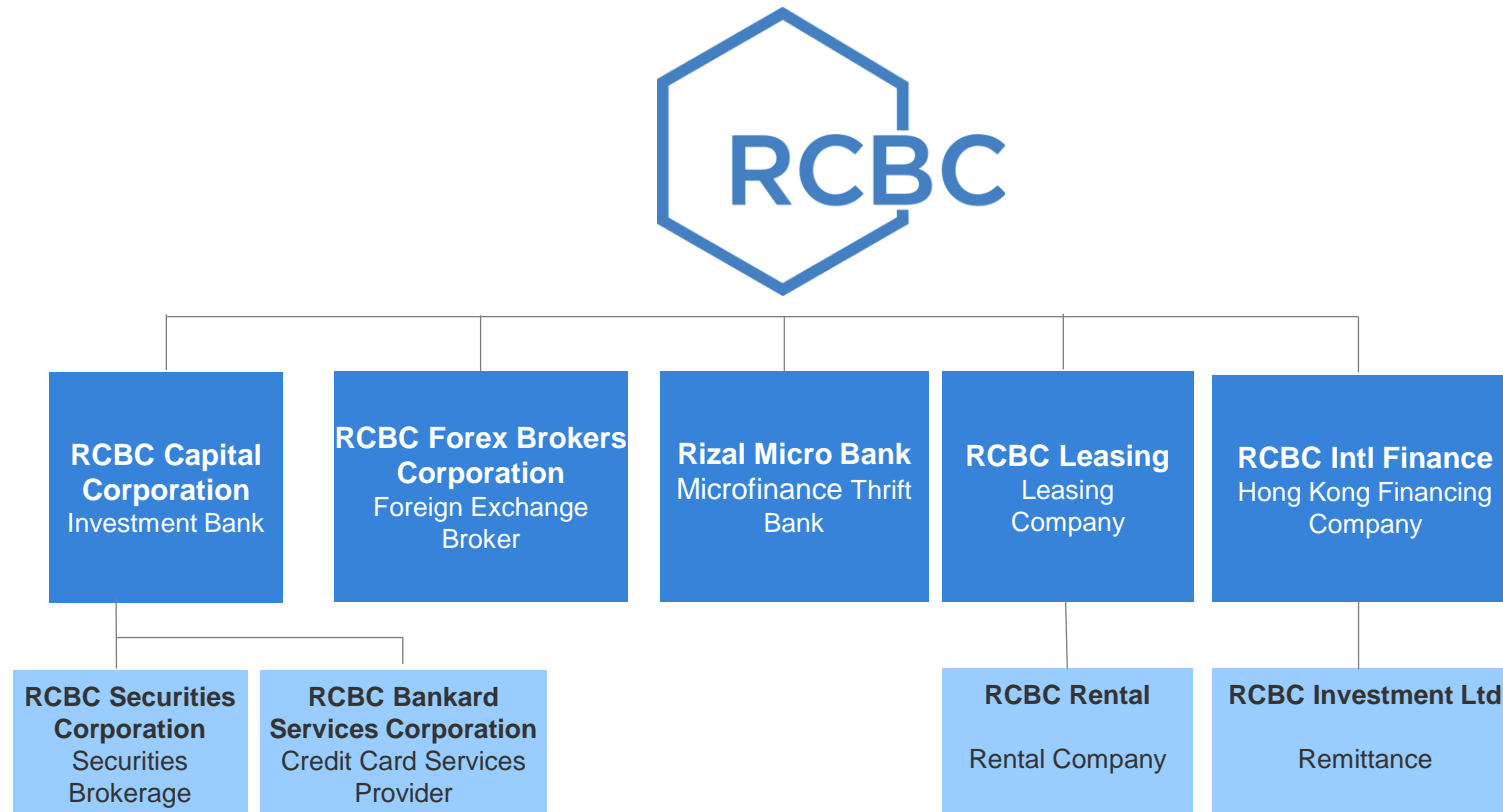
- **RCBC is a member of the Yuchengco Group of Companies (YGC)**, one of the premier business conglomerates in the Philippines.
- The group is engaged in a wide range of financial and non-financial services. The synergies among these companies allow customers to access a wide range of financial products and services.



Ownership Structure

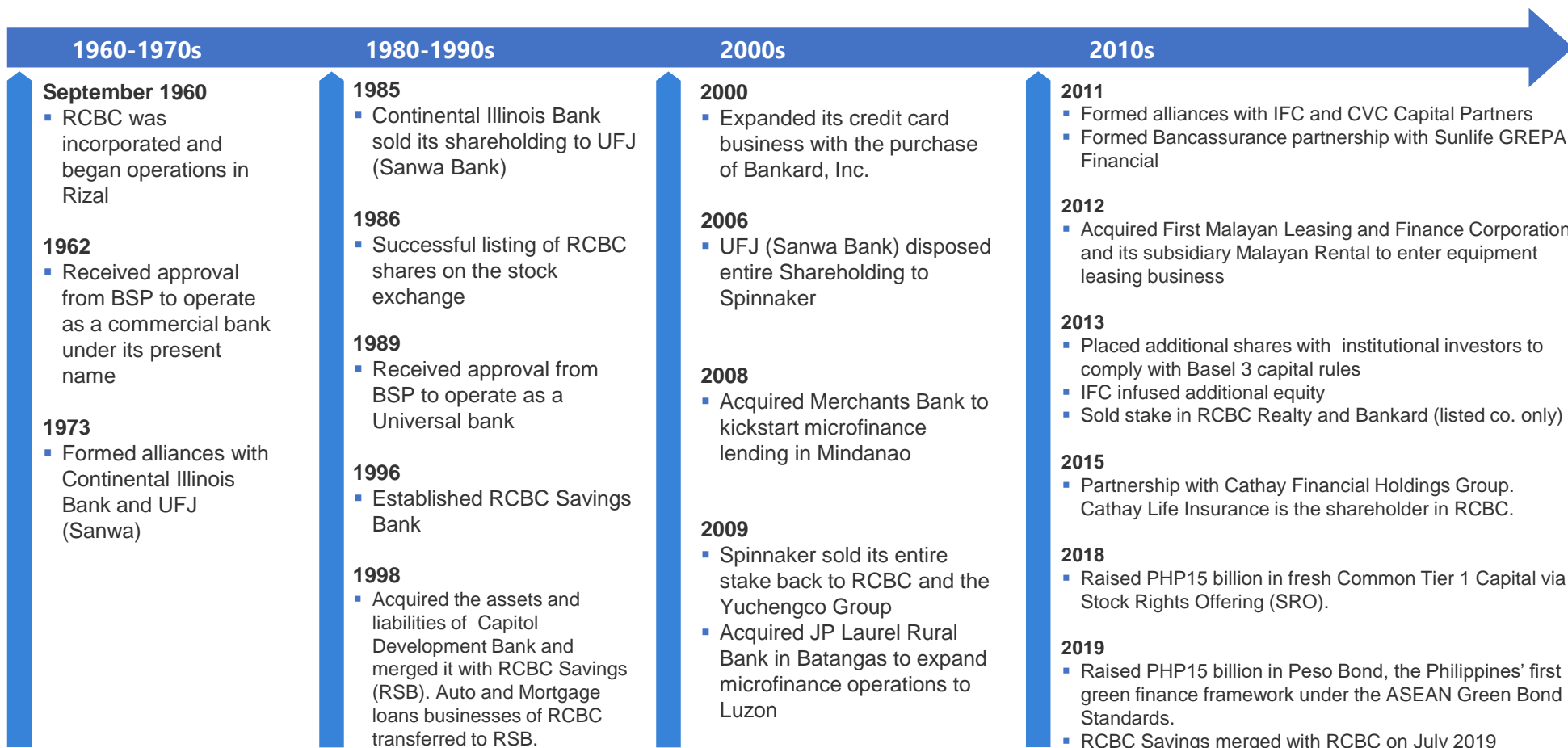


Comprehensive and Diversified Business Platform



Note: *RCBC Savings Bank - Thrift Bank* was merged with RCBC Parent on July 2019.

Key Milestones



RCBC is the 7th largest private domestic commercial bank in the Philippines by assets as of September 2020

Branch and ATM Network

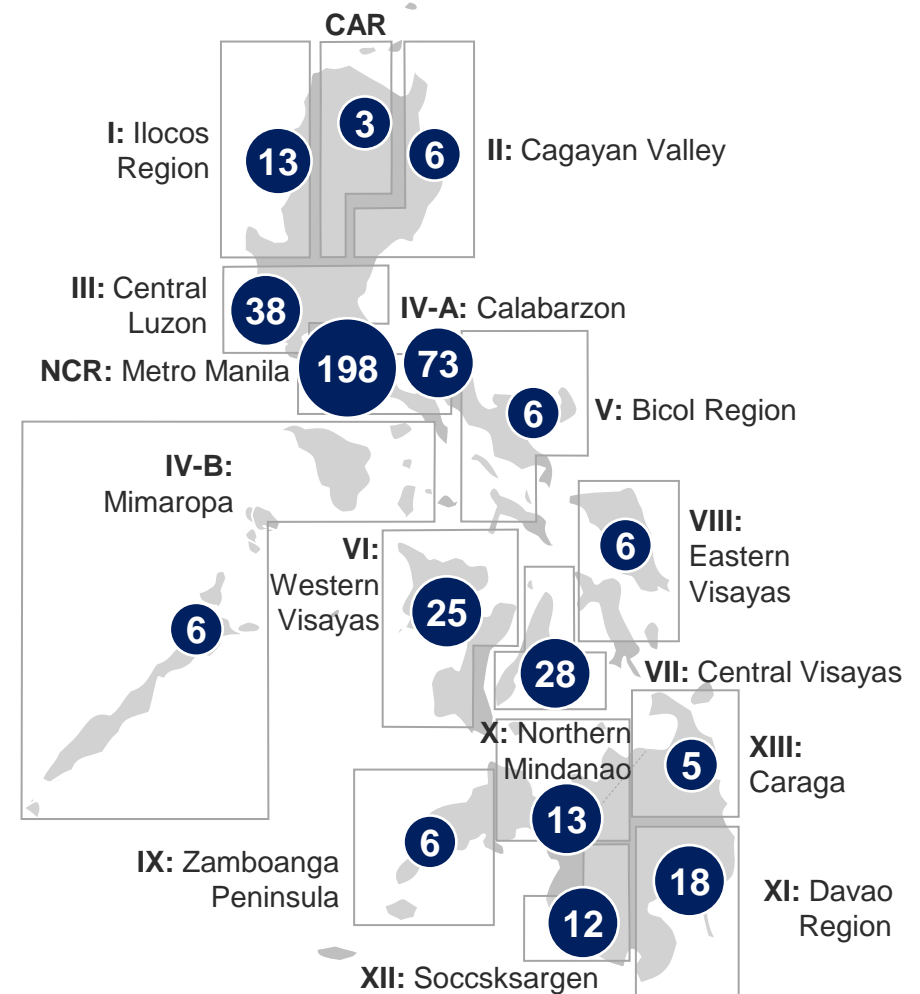


Branches and Extension Offices	474
ATMs	1,470
ATM to Branch Ratio	3.1

Note: Branch total includes the 16 branches and 2 extension offices of Rizal Microbank, RCBC's Microfinance Thrift Bank subsidiary

RCBC's Branch distribution by Region

September 2020





2. Economic Overview

The Philippines remains to be in a recession

3Q 2020 GDP contracted by -11.5%, better than the record contraction of -16.5% in 2Q 2020

FORECAST

Philippine GDP growth rate

-9.0% to -10%

From usual +6 to +7%

- GDP data still improved from the worst levels at the height of the COVID-19 lockdowns (mostly at ECQ/MECQ) in 2Q 2020 as the economy further re-opens, with Metro Manila and nearby areas already at GCQ mostly in 3Q 2020.
- Philippine Economic Team (Development Budget Coordinating Committee or DBCC): GDP for 2020 estimated to contract by -7% to -9% and 6.5%-7.5% for 2021.

Slow but steady economic recovery after the COVID-19 lockdowns

September Data

-16.5%	Imports
2.2%	Exports
-US\$494mn	Net Foreign Portfolio Investments
-PHP138.5bn	Budget Surplus (Deficit)
+9.3% to US\$2.601bn	OFW remittances
10%¹	Unemployment Rate
+35.2% to US\$797mn¹	Net Foreign Direct Investments

Peso exchange rate appreciated versus the US dollar by 1.335 pesos or 2.68% to close at **48.495** in 3Q 2020; also appreciated year-on-year by 3.335 pesos or 6.4%.

10-year BVAL yield corrected higher in 3Q 2020, by +0.18 to **2.978%** (after sharply declining by -2.07 percentage points in 2Q 2020); but still eased year-on-year by -1.82 percentage points.

PSEi declined by -343.49 points or -5.5% to close at **5,864.23** in 3Q 2020; also declined year-on-year by -1,914.84 points or -24.6%.

Slow but steady economic recovery after the COVID-19 lockdowns

Other Relevant Economic Data
(September 2020)



-8.4%

Manufacturing Volume
of Production Index)



-6.1%

Manufacturing Volume of
Net Sales Index



67.6%

Manufacturing
Capacity Utilization



**-22.9% to
24,523 units**

Vehicle Sales
(CAMPI, TMA)



**-72% to
1.3mn¹**

Foreign Tourist
Arrivals



**-72% to
PHP81bn¹**

Foreign Tourism
Revenues

Peso exchange rate appreciated versus the US dollar by 1.335 pesos or 2.68% to close at **48.495** in 3Q 2020; also appreciated year-on-year by 3.335 pesos or 6.4%.

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[1] Latest available data: Jan-July 2020



3. Financial Overview

RCBC Sustains Core Income Growth, Hikes Provisions

Amounts in PHP Millions

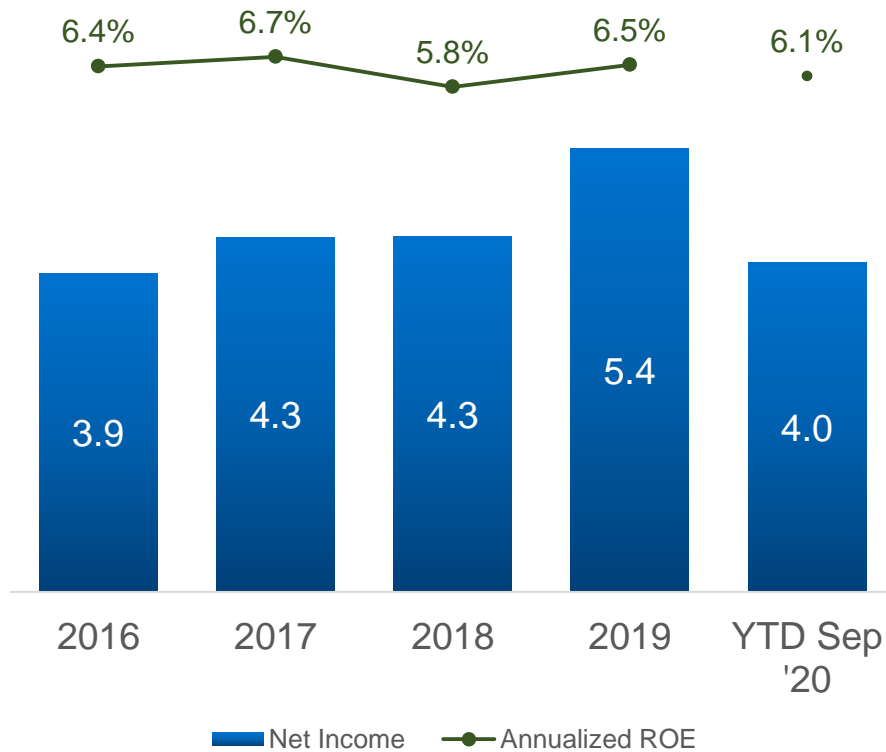
	YTD Sep '20	YTD Sep '19	Change	% Change
SELECT INCOME STATEMENT DATA				
Net Interest Income	19,659	16,383	3,276	20.0%
Non-Interest Income	9,695	11,347	(1,652)	-14.6%
Operating Expenses	16,371	16,280	91	0.6%
Provision for Probable Losses	7,222	5,212	2,010	38.6%
Net Income	4,002	4,512	(510)	-11.3%
SELECT BALANCE SHEET DATA				
Assets	731,003	670,676	60,327	9.0%
Loans¹	445,226	410,006	35,220	8.6%
Deposits	496,831	424,179	72,652	17.1%
Capital	99,493	84,687	14,806	17.5%

[1] Net of interbank loans

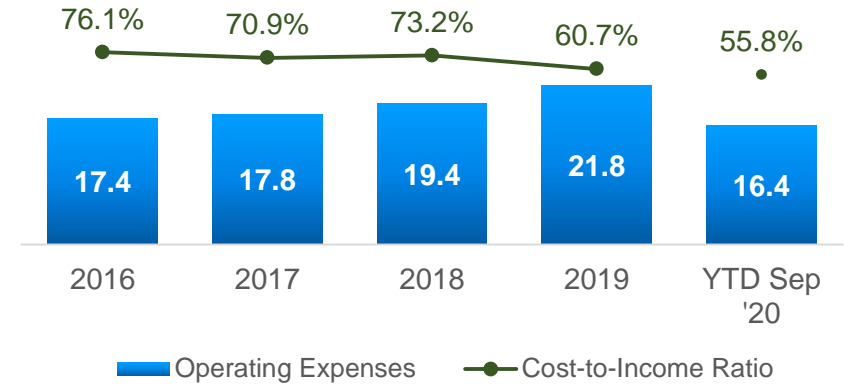
Historical Financial Performance

Amounts in PHP Billions

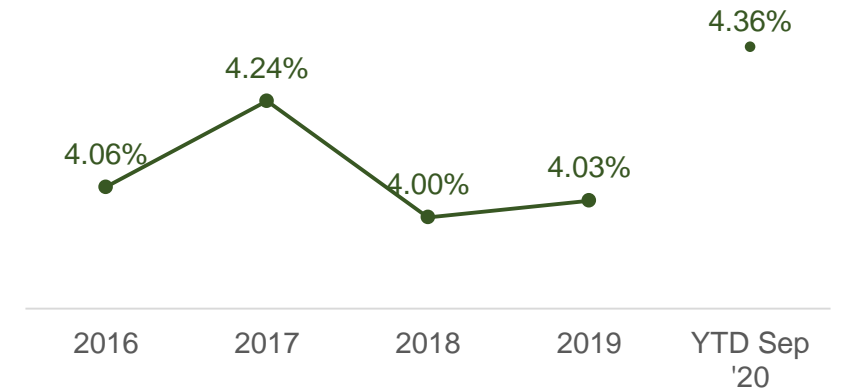
PROFITABILITY



OPERATING EFFICIENCY



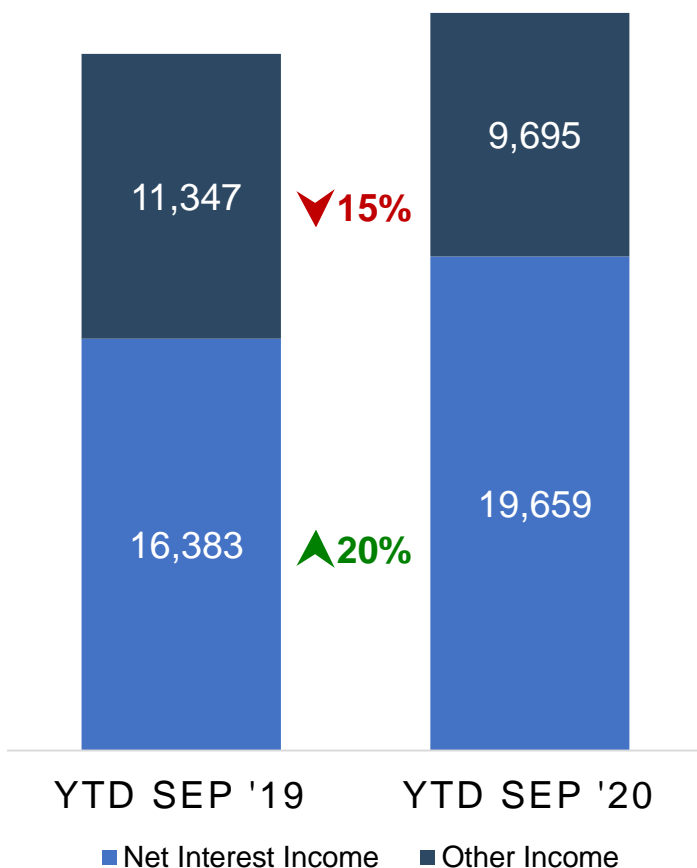
NET INTEREST MARGIN



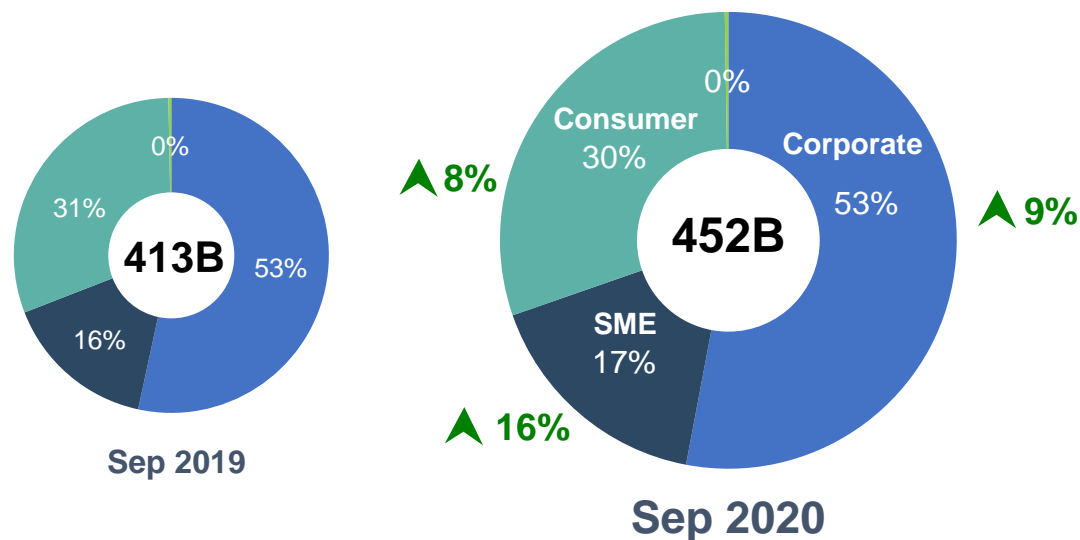
Interest Income growth driven by loan expansion & higher margins

Amounts in PHP Millions

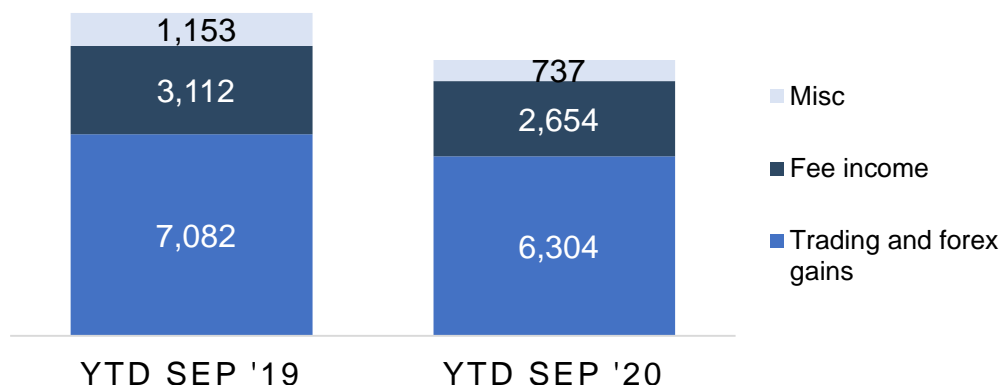
GROSS INCOME



Diversified and high quality customer loan portfolio



Other Income



Consolidated Income Statement

Amounts in PHP Millions

	YTD Sep '20	YTD Sep '19	Change	% Change
Interest Income	28,261	28,057	204	0.7%
Interest Expense	8,602	11,674	(3,072)	-26.3%
Net Interest Income	19,659	16,383	3,276	20.0%
Other Income	9,695	11,347	(1,652)	-14.6%
Trading Gains and Forex	6,304	7,082	(778)	-11.0%
Trust Fees	234	231	3	1.3%
Service Fees & Commissions	2,420	2,881	(461)	-16.0%
Miscellaneous	737	1,153	(416)	-36.1%
Operating Expenses	16,371	16,280	91	0.6%
Provision for Probable Losses	7,222	5,212	2,010	38.6%
Provision for Income Tax	1,759	1,724	35	2.0%
Net Income	4,002	4,512	(510)	-11.3%

Consolidated Balance Sheet

Amounts in PHP Millions

	Sep 2020	Sep 2019	Change	% Change
Cash/Due from BSP & Other Banks	118,150	80,482	37,667	46.8%
Investment Securities	66,132	108,628	(42,496)	-39.1%
Loans (net of Interbank)	445,226	410,006	35,220	8.6%
Other Assets	101,495	71,559	29,935	41.8%
TOTAL ASSETS	731,003	670,676	60,327	9.0%
 Deposit Liabilities	 496,831	 424,179	 72,652	 17.1%
Demand	80,700	64,600	16,099	24.9%
Savings	192,726	176,322	16,404	9.3%
Time	223,406	183,257	40,149	21.9%
Other Liabilities	43,747	70,942	(27,195)	-38.3%
Senior Debt	90,932	90,867	64	0.1%
Subordinated Debt	-	-		
Total Liabilities	631,510	585,988	45,521	7.8%
Capital Funds	99,493	84,687	14,806	17.5%
TOTAL LIABILITIES & CAPITAL	731,003	670,676	60,327	9.0%

Consolidated Key Financial Indicators

Amounts in PHP Millions

	Sep 2020	Sep 2019	Change
PROFITABILITY			
Annualized ROE	6.2%	7.3%	-1.1%
Annualized ROA	0.7%	0.9%	-0.2%
Net Interest Margin	4.4%	3.9%	0.5%
COST EFFICIENCY			
Cost-to-Income Ratio	55.8%	58.7%	-2.9%
ASSET QUALITY			
Net NPL Ratio	3.8%	2.0%	1.8%
NPL Coverage Ratio	65.8%	78.7%	-13.0%
CAPITAL			
Capital Adequacy Ratio	15.8%	14.1%	1.7%
CET1	12.4%	13.2%	-0.8%

[1] Average equity for the consolidated and parent ratios were computed based on the 10-month average of end of month balances.

[2] Average assets for the consolidated and parent ratios were likewise computed based on the 10-month average of end of month balances of total assets.

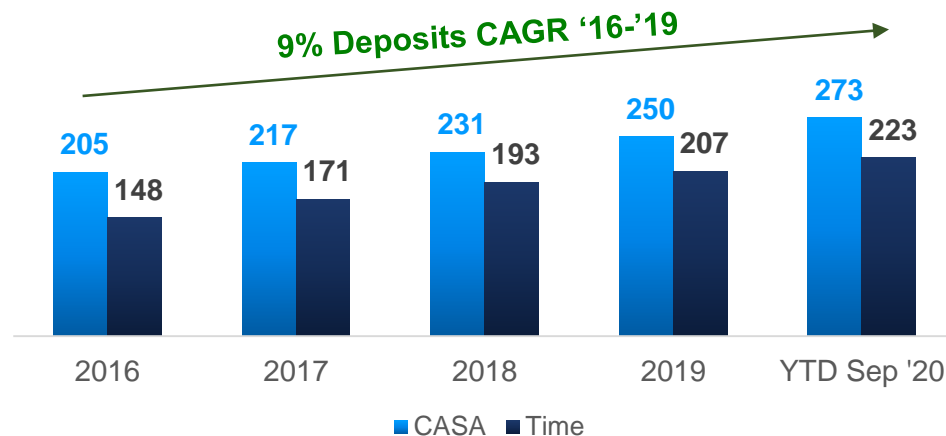
[3] Non-performing loans (NPLs) were net of total specific allowance for expected credit losses per BSP Circular 941 of 2017.



4. Strategic Initiatives

Strong deposit base with a 55% CASA Mix, boosted by cash management initiatives

- The Bank has a diversified depositor base, from both the retail and corporate segments.
- The bank continues to focus on building its customer base 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



RCBC has a large suite of Cash Management products

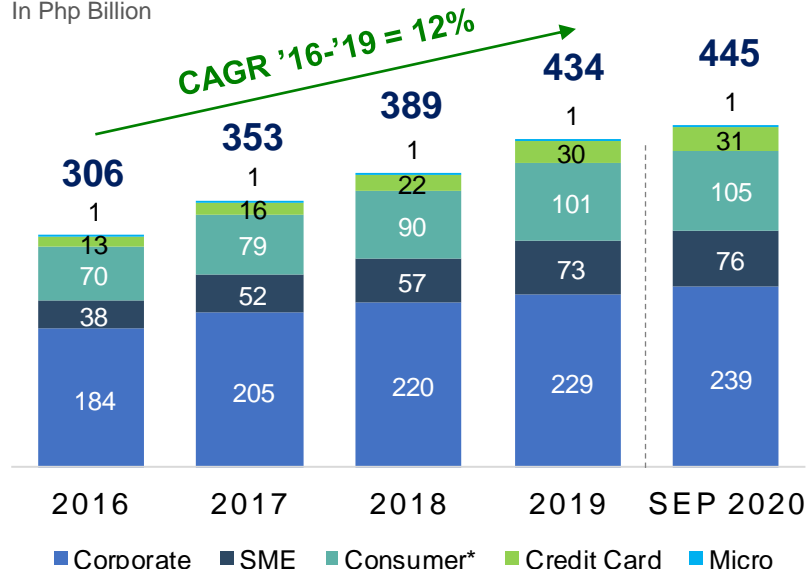
	Collections <ul style="list-style-type: none"> • PDC Warehousing • Auto-debit arrangement • Bills Collection • Deposit Pick-up • Checkstream • Cash Cube • EIPP • Check Rider • RCBC QR Pay
	Online Banking <ul style="list-style-type: none"> • RCBC Online Corporate (ROC) • Online Government Payments

	Cash Disbursements <ul style="list-style-type: none"> • Payroll Crediting • Payroll Systems • Corporate/Manager's Checkwriter • Insta-Core • Bills Payment
	Liquidity Management <ul style="list-style-type: none"> • Account/Reverse Account Sweeping • Multi-Bank Cash Viewing

Well-diversified loan portfolio, driven by the consumer segment

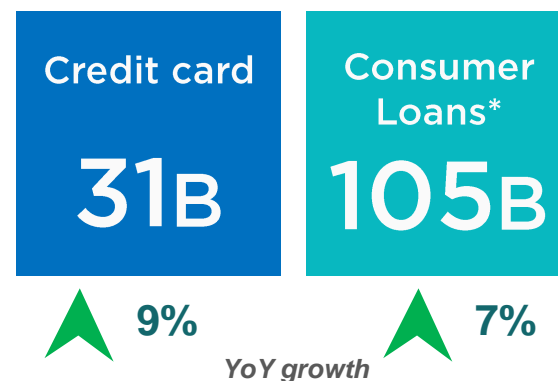
Total Customer Loans

In Php Billion



- The Bank will continue to forge strategic partnerships with major car dealerships and real estate developers to support consumer loan growth
- RCBC leverages on its wide branch network to generate increased SME and consumer loan referrals
- The Bank also uses targeted sales campaigns, driven by data science, to increase cross selling and credit card usage
- RCBC Bankard has one of the fastest growing credit card portfolios in the Philippines

LOAN MIX	1H20	1H19	CHANGE
Corporate	53.4%	53.0%	-0.4%
SME	15.7%	16.7%	1.0%
Consumer*	23.8%	23.3%	-0.5%
Credit Card	6.8%	6.8%	0.0%
Total	100%	100%	



*Auto, Mortgage, and Personal/Salary Loans

Digital initiatives yield positive results

RCBC undergoing Digital Transformation

MILESTONES



+196%

Digital Banking enrollment



+494%

Growth in Instapay transfers



P4.1Bn

ATM Go transaction value



3.0 M

Diskartech app downloads in 3 months



56

Branches rationalized



P1.2 Bn

Net cost savings of branch rationalization



69%

SME loan processes automated

DIGITAL TRANSFORMATION



Mobile Banking



Purely digital
Account Opening



RCBC Cash Cube



Digital Transaction
Banking



Financial Inclusion



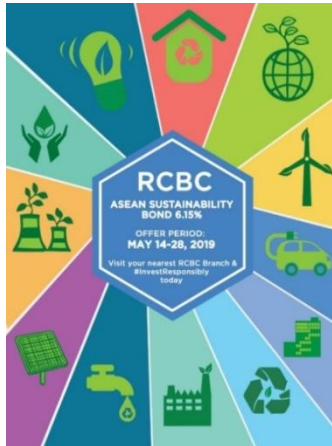
Best-in-class
Data Science



Branch of Today

The Bank is a leader in Green and Sustainable Finance

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



RCBC Sustainability Bond
Php8B (\$160M)

RCBC Sustainability Bond
\$300M



RCBC Green Bond¹
Php15B (\$285M)



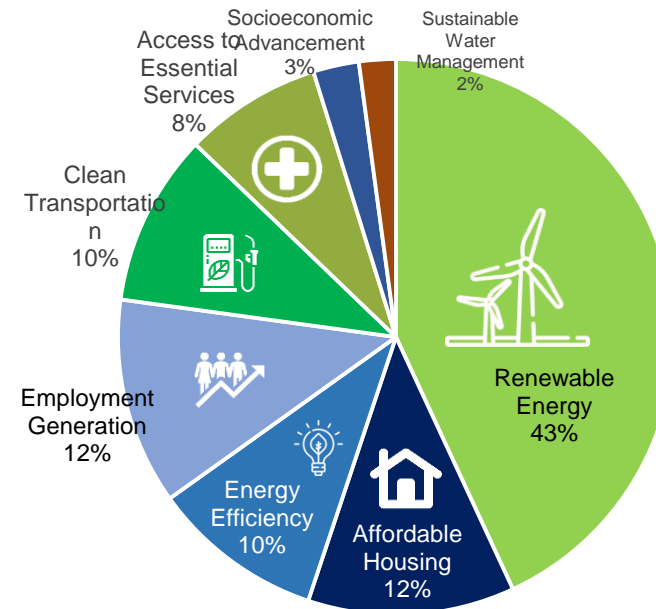
ESG rating

A



RCBC Sustainable Loan Portfolio

30 September 2020



37B
Green

19B
Social

About 13% (56Bn) of the Bank's loan portfolio are eligible under Green and Sustainable financing

[1] The PHP15bn RCBC Green Bond already matured on Aug. 1, 2020



5. Recognition

RCBC named Best Digital Bank in the Philippines



Recognized by multiple award-giving bodies

WORLD FINANCE

Best Commercial Bank in the Philippines - 2017
Best Banking Group in the Philippines - 2017

ASIAMONEY

Best SME Bank - 2018
Best for Credit Derivatives - 2016
Best Market Coverage - 2016
Best for Credit Sales - 2016
Best Domestic Provider for Credit - Philippines - 2016

INTERNATIONAL FINANCE

Best Card Offering-Philippines - 2018

ASIAN BANKING & FINANCE

Syndicated Loan of the Year - RCBC Capital



Best Practices award-2020



Best Issuer for Sustainable Finance - 2020
Best Sustainability Bond Philippines - 2020
Transport Deal of the Year - 2019, 2020



Award for Communication Management - Marketing, Advertising and Brand Communication - 2018
Special awards for five (5) advertising campaigns - 2018



Asia-Pacific Renewables Deal of the Year - 2017
Infra deal of the Year - 2016



Best SME Bank - 2016

6. Appendix



Consolidated Income Statement

Amounts in PHP Billions

	2016	2017	2018	2019	YTD Sep '20
Net Interest Income	15.71	18.02	20.49	22.37	19.66
Total Non Interest Income	7.11	7.10	6.01	13.49	9.69
Gross Income	22.82	25.12	26.50	35.86	29.35
Provision for Loan Losses	1.77	2.16	1.90	7.40	7.22
Income before Operating Expenses	21.05	22.97	24.60	28.46	22.13
Total Operating Expenses	17.36	17.82	19.40	21.80	16.37
Income before Tax	3.70	5.15	5.19	6.66	5.76
Provision for Income Tax	(0.17)	0.84	0.87	1.28	1.76
Net Income	3.87	4.31	4.32	5.39	4.00
Net Income / (Loss) attributable to Minority Interest	0.00	0.00	0.00	0.00	(0.00)
Net Income attributable Parent Company Shareholders	3.87	4.31	4.32	5.39	4.00

Consolidated Balance Sheet

Amounts in PHP Billions

	2016	2017	2018	2019	Sep 2020
Cash/Due from BSP/Due from Other Banks	107	93	94	123	118
Loans Arising From REPO	8	10	10	6	14
FVPL/FVTCI	24	13	30	60	45
Held to Maturity Investments	52	60	89	101	21
Interbank Loans and Receivables	1	0	10	19	60
Loans (net of Interbank Loans)	306	354	389	430	445
Bank Premises, Property & Eqpt. - net	9	9	8	11	11
Equity Investments - net	0	0	0	0	0
Investment Properties - net	3	3	4	4	4
Other Assets	12	11	11	13	13
Total Assets	521	554	645	767	731
Demand	42	52	56	71	81
Savings	163	165	174	179	193
Time	148	171	193	207	223
Deposit Liabilities	353	388	423	457	497
Other Liabilities	54	61	77	131	44
Senior Debt	42	28	53	97	91
Subordinated Debt	10	10	10	-	-
Total Liabilities	459	487	563	684	632
Minority Interest in Subsidiary/Allied Undertakings	0	0	0	0	0
Capital Funds	62	67	81	83	99
Total Liabilities & Capital	521	554	645	767	731

Key Financial Ratios

	2016	2017	2018	2019	Sep 2020
Return on Average Capital Funds	6.4%	6.7%	5.8%	6.5%	6.2%
Return on Average Assets	0.8%	0.8%	0.7%	0.8%	0.7%
Net Interest Margin	4.1%	4.3%	4.0%	4.0%	4.4%
Cost-to-Income Ratio	76.1%	70.9%	73.2%	60.7%	55.8%
CASA to Total Deposits	58.1%	55.9%	54.4%	54.7%	55.0%
NPL Ratio*	1.0%	1.3%	1.3%	2.2%	3.8%
CAR**	16.2%	15.5%	16.1%	13.8%	15.8%

*Non-performing loans (NPLs) were net of total specific allowance for expected credit losses per BSP Circular No. 941 of 2017.

** Basel 3 as of 2014



Thank you.