



Investor Presentation

JUNE 2019

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1. Introducing RCBC

RCBC is a leading financial services provider in the Philippines



- RCBC is the **8th largest private domestic bank** in the Philippines by assets, with a market capitalization of Php54.39bn (USD1.06bn)¹, share price of Php28.10².
- Incorporated on 23 September 1960 as Rizal Development Bank and received approval to operate as a commercial bank in December 1962.

Strong balance sheet with healthy returns

Total assets	USD13.15bn
Net loans	USD7.95bn
Deposits	USD8.17bn
Total shareholder's equity	USD1.63bn
Net income	USD52mn
Tier 1 (Basel III)	13.29%
Total CAR (Basel III)	16.13%
ROE*	6.5%
NIM*	3.79%
NPL ratio	2.05%

*Annualized

¹Exchange Rate – US\$ 1 = PHP51.24 as of end-June 2019

²Market Capitalization and Share Price as of end-June 2019

Full range of products and services

Corporate Banking

Investment Banking

Retail Banking

Consumer Loans
(Auto, Housing, Salary)

SME Banking

Credit Cards

Leasing

Remittances

Foreign Exchange
& Investment

Bancassurance

Trust Services and
Wealth Management

Microfinance

Extensive Network in the Philippines

507 Branches

1,576 ATMs

6,781 Employees

Investment Information

Equity Profile

Particulars	1H 2019
Ticker	RCB
Issued shares	1,935.63mn
Stock Price	28.10
Market Cap	Php 54.391bn (USD1.06bn)
BV per share	Php 43.09
Price to Book	0.65
Earnings per share	2.77

Dividend History

Year	Dividends per share	Pay-out ratio
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%
2014	1.00	25.32%
2013	1.00	20.62%

Credit Rating

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

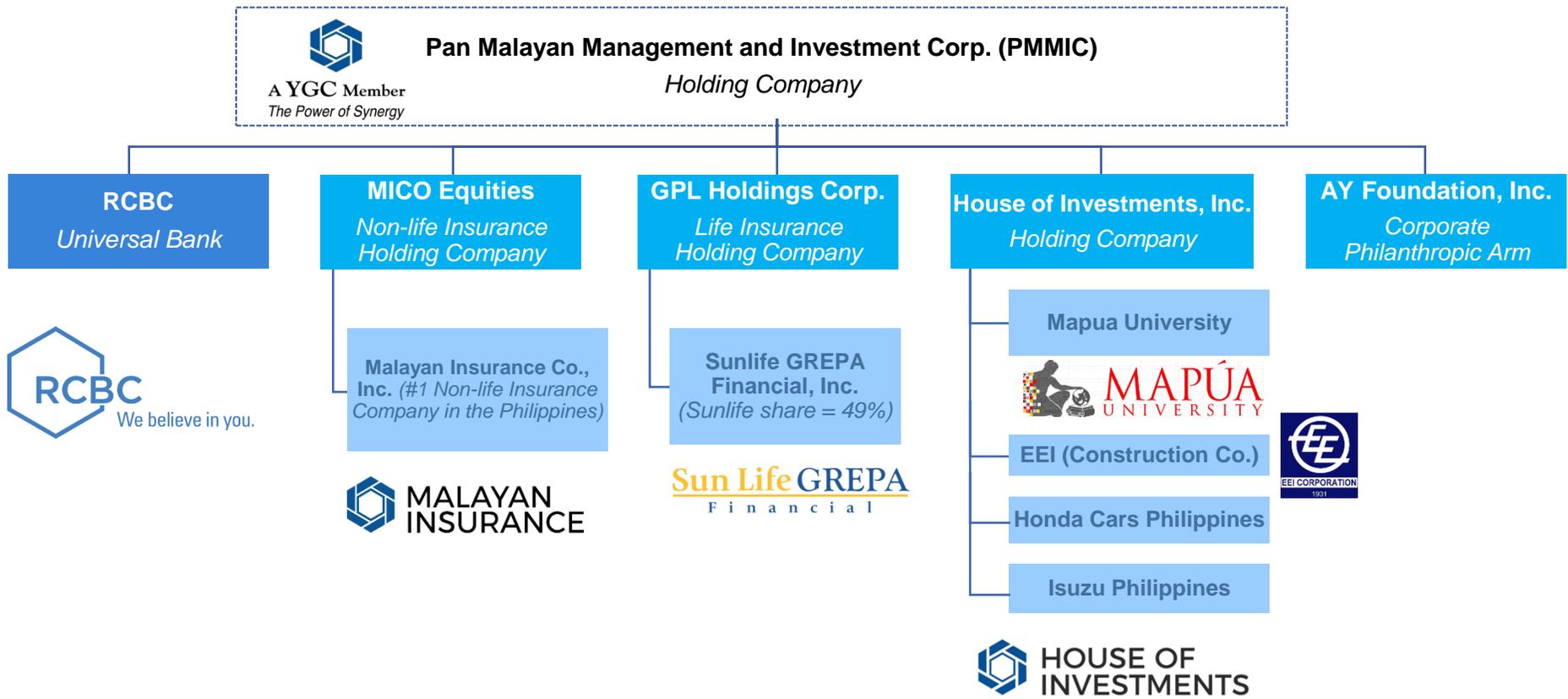
*Investment Grade rating by Moody's on July 6, 2018

Results of the Stock Rights Offering in July 2018:

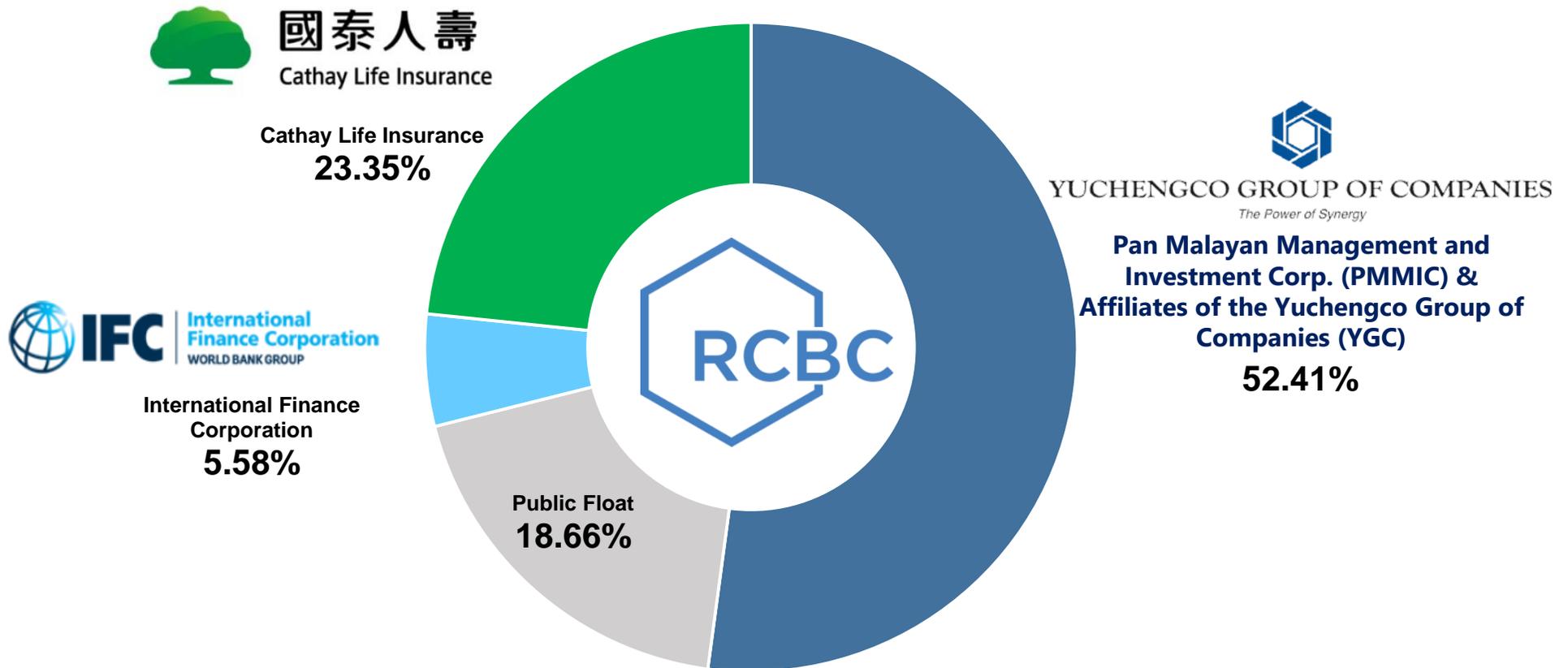
- RCBC's Stock Rights Offering (SRO) of 535,710,378 million shares were listed in the Philippine Stock Exchange (PSE) on July 16, 2018 and the gross proceeds amounting to PHP14,999,890,584 were booked on the same date.
 - The shares were offered at PHP28.00 with entitlement ratio of 1 Right Share for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

Yuchengco Group of Companies

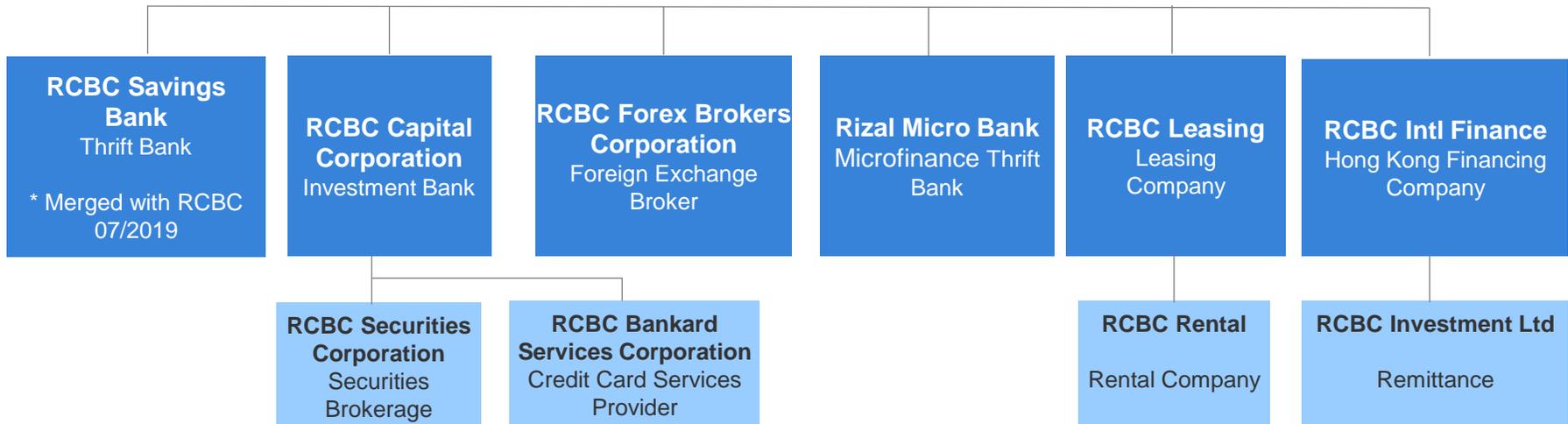
- **RCBC is a member of the Yuchengco Group of Companies (YGC)**, one of the premier business conglomerates in the Philippines.
- The group is engaged in a wide range of financial and non-financial services. The synergies among these companies allow customers to access a wide range of financial products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



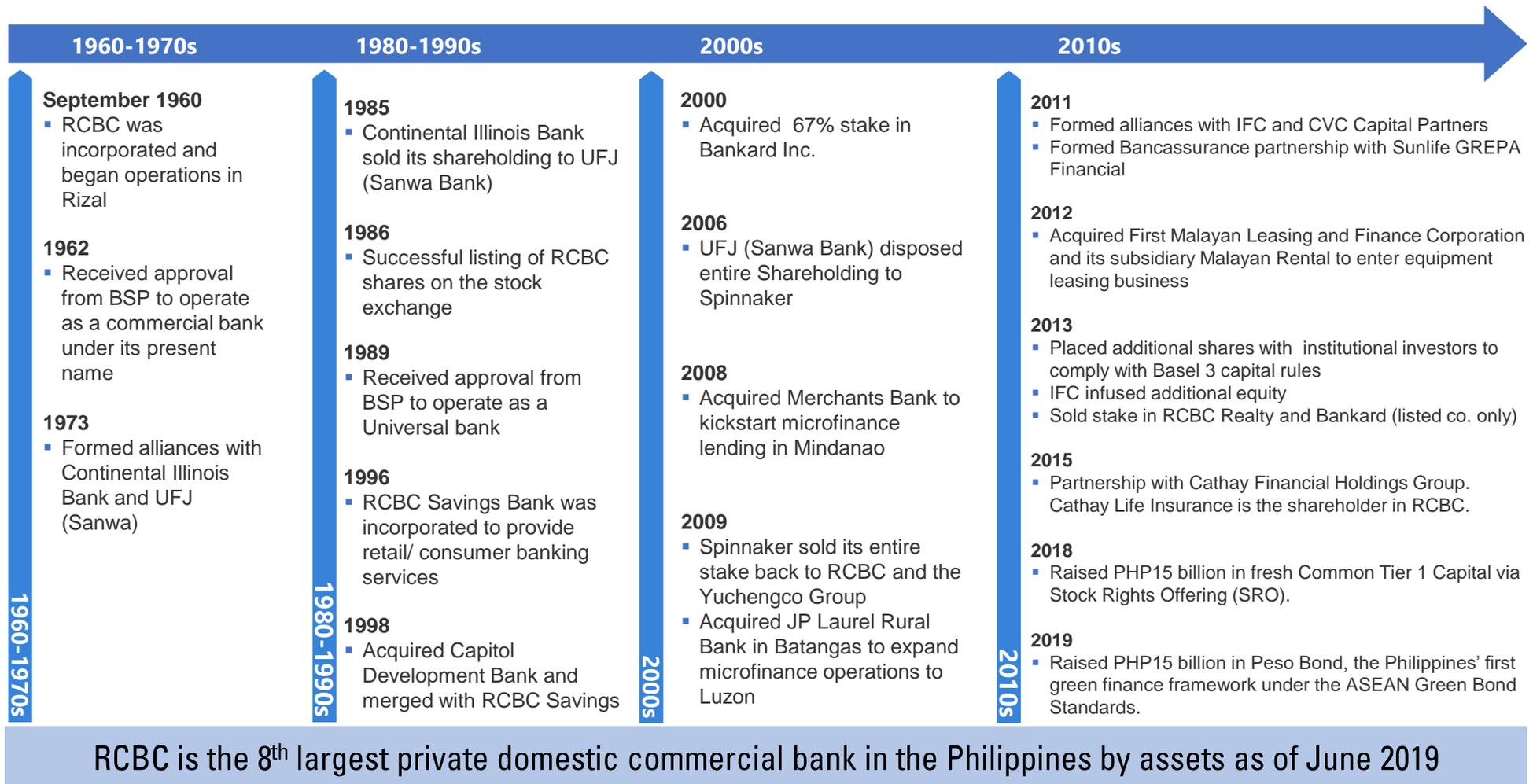
Ownership Structure



Comprehensive and Diversified Business Platform



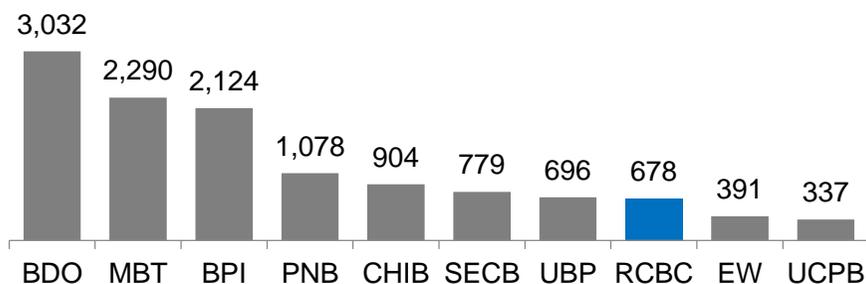
Key Milestones



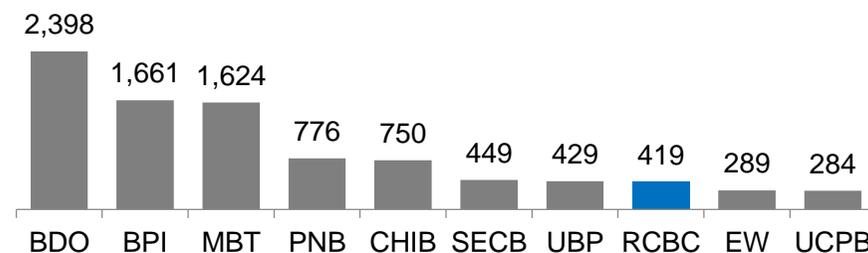
Industry Ranking

RCBC has about 4% market share in Total Assets, Loans and Deposits among Universal / Commercial banks in the Philippines as of June 30, 2019.

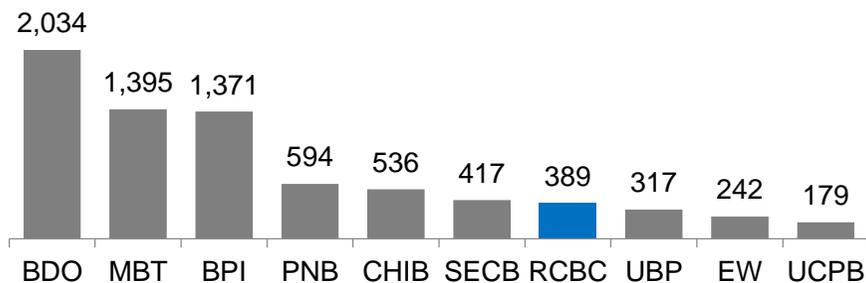
Assets
in PHP Billion



Deposits
in PHP Billion

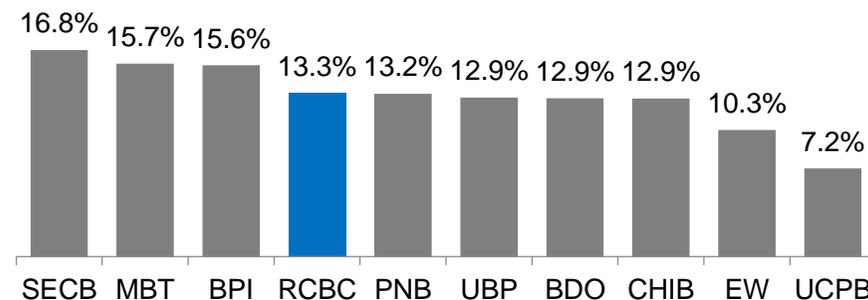


Loans and Receivables
in PHP Billion



*excluding interbank loans (IBLs)

CET1 Ratio



RCBC has a broad, nationwide distribution network

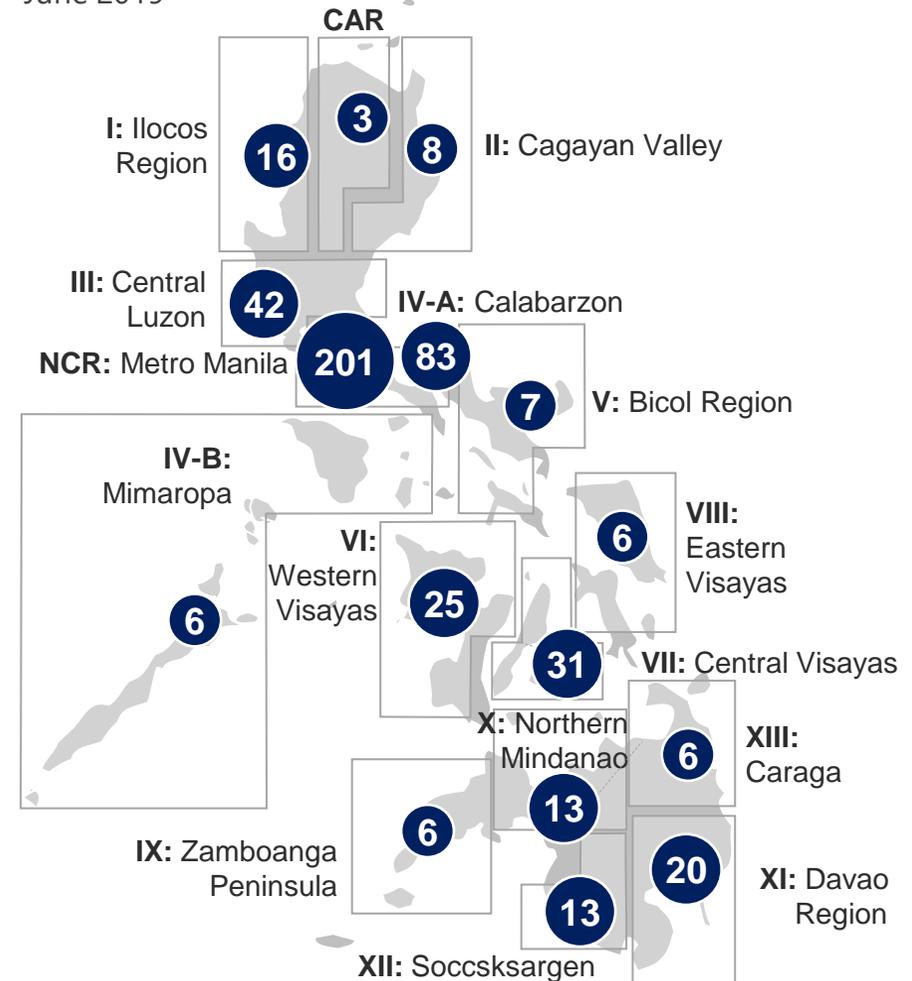


RCBC branches

Regular branches	486
Extension offices	21
Total	507

Branch distribution by Region

June 2019





2. Financial Overview

Income Statement

RCBC (Consolidated)

2Q 2019 (Unaudited) vs. 2Q 2018

Amount in millions Php

Income Statement - Year to Date	2Q 2019 (Unaudited)	2Q 2018 (Audited)	Peso Change	% Change
Interest Income	18,736	14,282	4,454	31.2%
Interest Expense	8,107	4,607	3,500	76.0%
Net Interest Income	10,629	9,675	954	9.9%
Other Income	6,124	3,027	3,097	102.3%
Trading Gains and Foreign Exchange	3,269	414	2,855	689.2%
Trust Fees	154	138	15	11.1%
Service Fees & Commissions	1,952	1,576	376	23.8%
Other Income	749	898	(149)	-16.6%
Provision for Probable Losses	2,684	737	1,947	264.1%
Operating Expenses	10,507	9,459	1,048	11.1%
Provision for Income Tax	900	343	558	162.7%
Net Income	2,661	2,163	499	23.1%

Balance Sheet

RCBC (Consolidated)

2Q 2019 (Unaudited) vs. 2Q 2018

Amount in millions Php

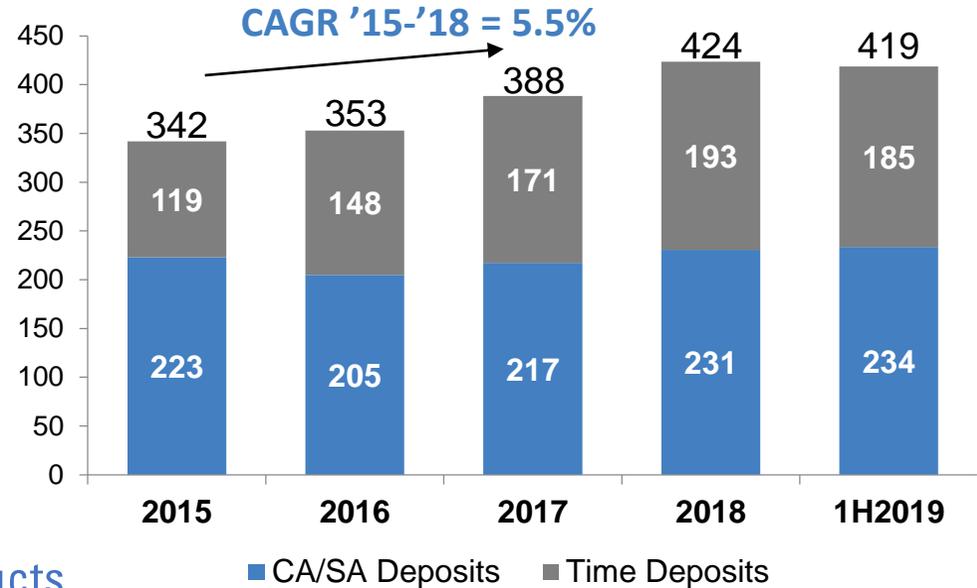
Balance Sheet	As of Jun. 30, 2019	As of Jun. 30, 2018	Peso Change	% Change
Cash/Due from BSP & Other Banks	13,705	13,926	(221)	-1.6%
Investment Securities	144,105	95,040	49,065	51.6%
Loans- net (including interbank)	407,532	372,096	35,436	9.5%
Other assets	108,494	102,821	5,674	5.5%
Total Resources	673,836	583,882	89,954	15.4%
Deposit Liabilities	418,637	396,437	22,201	5.6%
Demand	60,761	54,242	6,518	12.0%
Savings	172,853	177,337	(4,484)	-2.5%
Time	185,024	164,857	20,166	12.2%
Other Liabilities	87,008	55,973	31,035	55.4%
Senior Debt	74,762	53,831	20,931	38.9%
Subordinated Debt	9,995	9,977	18	0.2%
Total Liabilities	590,402	516,218	74,185	14.4%
Capital Funds	83,433	67,664	15,769	23.3%
Total Liabilities & Capital	673,836	583,882	89,954	15.4%



3. Strategic Initiatives

Higher proportion of low-cost deposits, to be boosted by cash management initiatives

- The Bank has a diversified depositor base, from both retail and corporate segments.
- Moving forward, the bank will continue to focus on building its customer base by improving our sales productivity through technology, and offering a wide range of products



RCBC has a large suite of Cash Management products



Collections

- PDC Warehousing
- Auto-debit arrangement
- Bills Collection
- Deposit Pick-up
- Checkstream
- Cash Cube
- EIPP
- Check Rider
- RCBC QR Pay



Online Banking

- RCBC Online Corporate (ROC)
- Online Government Payments



Cash Disbursements

- Payroll Crediting
- Payroll Systems
- Corporate/Manager's Checkwriter
- Insta-Core
- Bills Payment



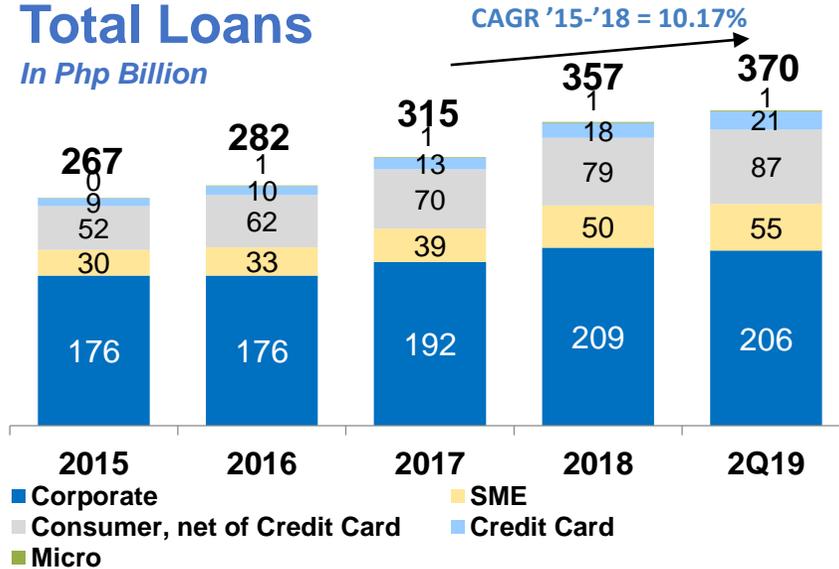
Liquidity Management

- Account/Reverse Account Sweeping
- Multi-Bank Cash Viewing

Well-diversified loan portfolio, focused on consumer and SME loans

Total Loans

In Php Billion



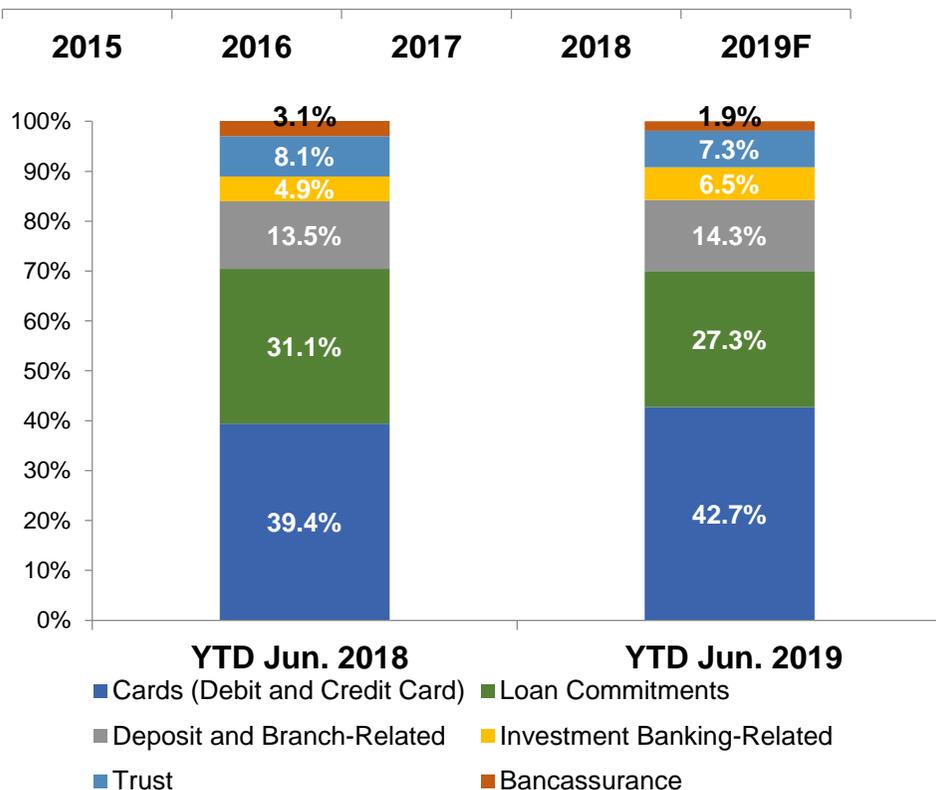
- The Bank will continue to forge strategic partnerships with major car dealerships and developers to support its loan growth initiative
- RCBC will leverage on its wide branch network to generate increased SME, auto and mortgage loan referrals
- The Bank will launch targeted sales campaigns, driven by data analytics, to increase cross selling and credit card usage
- RCBC Bankard has one of the fastest growing credit card portfolios in the Philippines

	2Q19 Mix	2Q18 Mix	Change
Corporate	56%	59%	-4%
SME	15%	14%	1%
Consumer, net of Credit Card	24%	22%	2%
Credit Card	6%	5%	1%
Total	100%	100%	0%



Diverse and Stable fee-based revenue

Fee Income Trend



STRATEGY TO BUILD FEE-BASED INCOME

Retail Banking: Build a large mass affluent client base, including prepaid (MyWallet) and payroll customers, and increase no. of transactions such as payment (i.e. bills) and purchases.

SME and Corporate Banking: Develop relationships with Corporate and SME clients (usually family-owned) to increase cross selling / collateral business (i.e. cash management, consumer loans, insurance, etc.), and earn loan fees

Asset Management/Investment: Grow the Trust and Wealth Management businesses, leveraging on the bank's good relationship with the Chinese-Filipino clientele

Investment Banking Fees: Build steady steam of deals in pipeline for Debt & Equity Underwriting and Financial Advisory, using RCBC Capital, an RCBC Subsidiary

RCBC is commencing its Digital Transformation

Transformation centered on creating **delightful customer experiences**

Ongoing Initiatives



Robotic Process Automation: Branch of Today

Paperless, fully-digital branches



Financial Inclusion: Basic Deposit Accounts

Diskartech app to offer Basic Deposit Accounts, in partnership with government and NGO partners



Data Science

Dedicated and world-class Data Science team, enabling RCBC to leverage on customer data for cross-selling



RCBC Cash Cube



Instacore

Digital Transaction Banking

Industry-leading products for Corporate customers

Digital Banking channels

Enhancement and relaunch of the Bank's digital channels (mobile and online banking, website)

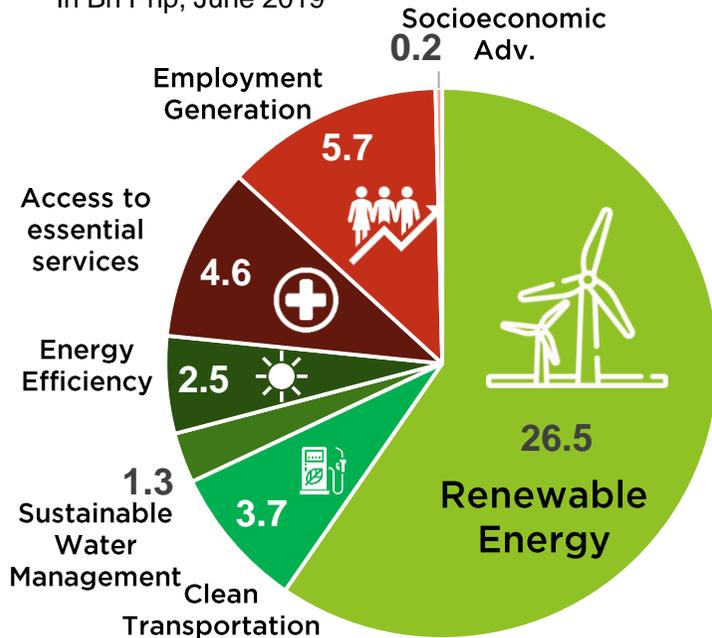


The Bank is a leader in Green and Sustainable finance

- RCBC is the first Philippine universal bank to issue peso-denominated sustainable and green financing under global standards
- About 10% (44.1Bn) of the Bank's loan portfolio are for Green and Sustainable financing

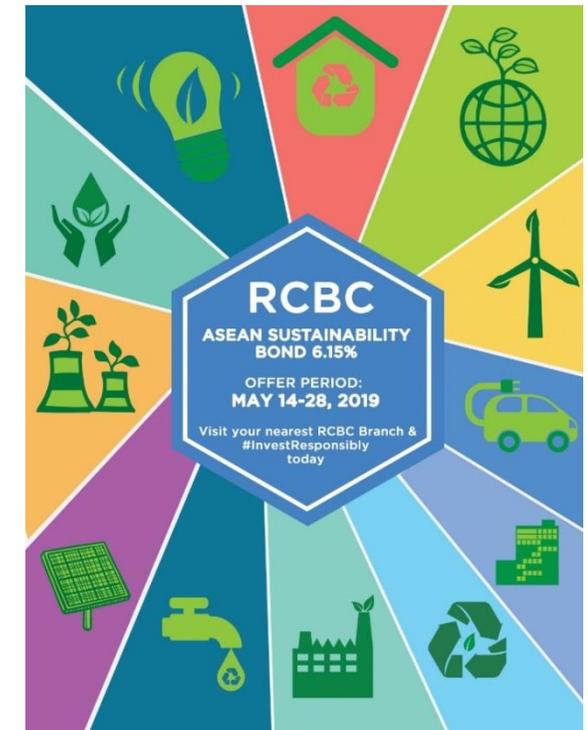
Green and Sustainable Loan Portfolio

In Bn Php, June 2019



RCBC Green Bond
Php15B (\$285M)

First peso-denominated Green Bond issuance by a universal bank in the Philippines and the first bond issuance under the ASEAN Green Bond Standards



RCBC Sustainability Bond
Php8B (\$160M)

First peso-denominated Sustainable Bond issuance under the ASEAN Sustainable Bond Standards



4. Recognition

Awards

WORLD FINANCE

World Finance

- Best Banking Group in the Philippines –2013, 2014, 2017
- Best Commercial Bank in the Philippines –2017

ASIAMONEY

AsiaMoney

- Best Bank for SMEs in the Philippines - 2018
- Best Domestic Private Bank in the Philippines - 2013, 2014
- Best for Credit Derivatives - 2016
- Best Market Coverage –2016
- Best for Credit Sales - 2016
- Best Domestic Provider for Interest Rates – Philippines -2016
- Best Domestic Provider for Credit – Philippines – 2016
- Best Interest Rates Research and Market Coverage – 2016
- Best Sales Service in Interest Rates Derivatives –2016
- Best Domestic Provider of FX Services in the Philippines (as voted by corporates) – 2015, 2016
- Best Domestic Provider for FX Options in the Philippines (as voted by corporates) – 2015, 2016

Asia Banking & Finance

- Philippine SME Bank of the Year – 2014
- Online Banking Initiative of the Year – Philippines – 2013
- Core Banking Initiative of the Year - 2013
- Philippine Best Retail Bank of the Year –2014



Awards

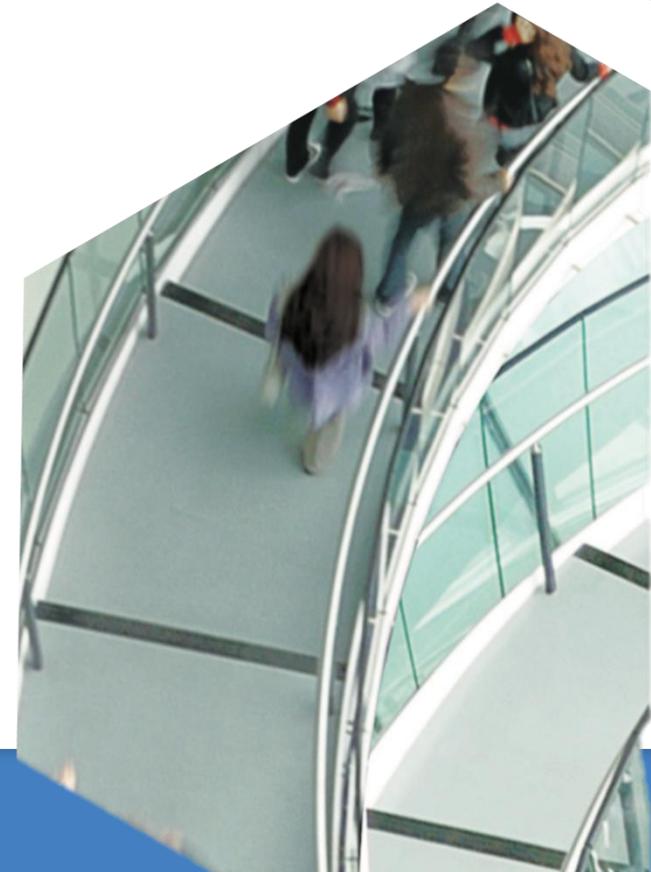


- RCBC received several awards, among them six Quill Awards from the International Association of Business Communicators – 2018
 - The Gold Anvil for the brand refresh campaign – 2018
 - Recognition as part of the top 10 brand with the Most Improved Brands Health by YouGov.com. - 2018
-



- Best Card Offering-Philippines recognition during the 5th International Finance Magazine (IFM) Awards. - 2018
-

5. Appendix



Consolidated Income Statement

(PhP bn)

	2013	2014	2015	2016	2017	2018	1H 2019
Net Interest Income	13.31	14.97	15.58	15.71	18.02	20.49	10.63
Total Non Interest Income	9.81	7.10	6.66	7.11	7.10	6.01	6.12
Gross Income	23.12	22.07	22.23	22.82	25.12	26.50	16.75
Provision for Loan Losses	2.05	2.51	2.35	1.77	2.16	1.90	2.68
Income before Operating Expenses	21.07	19.56	19.88	21.05	22.97	24.60	14.07
Total Operating Expenses	14.47	14.24	15.06	17.36	17.82	19.40	10.51
Income before Tax	6.59	5.33	4.82	3.70	5.15	5.19	3.56
Provision for Income Tax	1.26	0.91	(0.31)	(0.17)	0.84	0.87	0.90
Net Income	5.33	4.41	5.13	3.87	4.31	4.32	2.66
Net Income attributable Parent Company Shareholders	5.32	4.41	5.13	3.87	4.31	4.32	2.66

Consolidated Balance Sheet

(PhP bn)

	2013	2014	2015	2016	2017	2018	1H 2019
Cash/Due from BSP/Due from Other Banks	70	76	84	107	93	94	90
Loans Arising From REPO	0	0	0	8	10	10	4
FVPL/FVTCI	3	21	9	24	13	30	72
Held to Maturity Investments	89	80	102	52	60	89	73
Interbank Loans Receivables	21	0.3	0.0	0.5	0.0	9.5	15.1
Loans-net	217	261	299	306	354	389	392
Bank Premises, Property & Eqpt. - net	9	7	8	9	9	8	11
Equity Investments - net	0	0	0	0	0	0	3
Investment Properties - net	5	5	3	3	3	4	4
Other Assets	8	7	10	12	11	11	11
Total Assets	422	458	516	521	554	645	674
Demand	28	32	44	42	52	56	61
Savings	157	164	178	163	165	174	173
Time	112	119	120	148	171	193	185
Deposit Liabilities	298	316	342	353	388	423	419
Other Liabilities	56	56	66	54	61	77	87
Senior Debt	23	23	39	42	28	53	75
Subordinated Debt	-	10	10	10	10	10	10
Total Liabilities	377	405	458	459	487	563	590
Minority Interest in Subsidiary/Allied Undertakings	0	0	0	0	0	0	0
Capital Funds	45	53	58	62	67	81	83
Total Liabilities & Capital	422	458	516	521	554	645	674

Consolidated Key Ratios

	2013	2014	2015	2016	2017	2018	1H 2019
Return on Average Capital Funds	12.2%	9.2%	9.3%	6.4%	6.7%	5.8%	6.5%
Return on Average Assets	1.4%	1.0%	1.1%	0.8%	0.8%	0.7%	0.8%
Net Interest Margin	4.2%	4.3%	4.2%	4.1%	4.3%	4.0%	3.8%
Cost-to-Income Ratio	61.2%	64.5%	67.7%	76.1%	70.9%	73.2%	62.7%
CASA to Total Deposits	62.3%	62.2%	65.0%	58.1%	55.9%	54.4%	55.8%
NPL Ratio*	1.1%	0.9%	0.8%	1.0%	1.3%	1.3%	2.0%
CAR**	16.5%	15.4%	15.7%	16.2%	15.5%	16.1%	16.1%

**As per BSP Circular 772, computation was revised from deducting 100% Fully provided NPLs to deducting Total specific provisions.*

*** Basel 3 as of 2014*



Thank you.