

PRESS RELEASE

RCBC POSTS P5.312 BILLION NET INCOME FOR FY 2013

Rizal Commercial Banking Corporation posted an unaudited consolidated net income of P5.312 billion for FY 2013, 14.60% lower than 2012 net income due to lower trading gains from securities. Gross revenues excluding the cyclical trading gains increased by 26.67% to P20.29 billion.

The Bank posted solid growth in its core businesses with Net Interest Income reaching P13.39 billion, ahead by 17.4% as compared to P11.40 billion last year. Despite pressures on margins due to intense pricing competition and low interest rate environment, NIM significantly improved to 4.25% as against 3.93% for the same period last year and remains one of the highest in the industry.

Total fee-based and miscellaneous income increased by 50.09% to P6.64 billion driven by growth in ATM business, trust, underwriting, retail banking, trade, and remittance transactions. Bancassurance, asset disposal, and credit card fees also contributed. The increased bancassurance activities from the Bank's strategic partnership with Sunlife-Grepa resulted in bancassurance fees of P189 million, growing year-on-year by 178%, from bancassurance sales of P10.03 billion which is 158% higher as compared to the previous year.

The Bank experienced a rapid expansion in its loan books by growing 25%, more than three times faster than its average growth of 8% in the last 10 years. Net loans reached P237.92 billion, with the sustained growth in all market segments: corporate +9%, consumer +22%, and SME +34%. Meanwhile, microfinance lending thru Rizal Microbank continued its uptrend with loan disbursements growing by 72% and outstanding loan portfolio increasing by 102%. Recently, it opened a Micro Banking Office (MBO) made out of metal container van in Lipa, Batangas, pioneering another first in the Philippine banking industry.

Amidst the robust loan growth, the Bank still managed to improve its asset quality with the reduction in its non-performing loans (NPL). This led to the decline in the NPL Ratio of the Parent bank to 0.51% as of end-2013 from 0.98% as of end-2012. Parent bank reserve cover also stood strong at 112.07%. Consolidated NPL Ratio likewise improved to 1.06% from 1.86% as of end-2012.

Low-cost CASA deposits increased by P43.7 billion or 31% to P184.54 billion. Overall funding mix improved as the CASA-to-Total Deposits ratio stood at 62% as of end-December 2013 versus 57% as of end-December 2012.

Meanwhile, total number of Wealth Management clients increased to 2,526 leading to the growth in total asset under management (AUM) by 10% to P66.3 billion. For 2014, Wealth Management is looking to grow its clients and AUM by 24% and 20%, respectively.

Increase in total operating expenses was modest at only 5.44% to P14.09 billion mainly in support of the on-going strategy to broaden customer reach and enhance banking convenience via electronic banking channels. The Bank pursued the expansion of its distribution network by selectively opening 15 new branches and installing 140 additional ATMs in 2013. This brought the consolidated network to 435 branches and 1,150 ATMs, resulting in a 2.64 branch-to-ATM ratio as of end-2013, one of the highest in the industry.

Total consolidated resources grew by 15.79% to P421.58 billion. Capital Funds reached P44.89 billion, up by 4.4% from P42.97 billion last year. Under Basel 2, the Bank's Capital Adequacy Ratio (CAR) of 16.52% and Tier 1 Ratio of 15.95% were both above the regulatory limit of 10% and 6%, respectively. Under Basel 3 which came into force beginning 2014, the Bank's CAR of 11.71% is over the BSP minimum requirement of 10% while Common Equity Tier 1 (CET1) Ratio of 11.14% also exceeded the minimum CET1 (with capital conservation buffer) of 8.5%. Return on Equity and Return on Assets stood at 12.2% and 1.4%, respectively.

To capture a bigger share of the retail market, the Bank continues to reach out to clients by developing and providing a wide range of financial products with features and functionalities that are most relevant to clients from every segment. As a result, the Bank's customer base expanded to 5.9 million as of December 2013 from 4.4 million as of December 2012.

"Last year proved challenging for the Bank with developments in the global markets holding back trading gains. The business model transformation of RCBC in anticipation of the changes in economic and regulatory landscape fuelled our growth momentum. Our operating expenses are well-controlled, asset quality is in check, and core businesses are growing robustly. All these are evident in our ratios. We look forward to 2014 as a better year in terms of reinforcing our business platforms as we intend to sustain our loan growth path, expand our client base, and enhance our electronic banking channels. RCBC is well-entrenched to provide value, convenience, and satisfaction to all our customers," said RCBC President & CEO Lorenzo V. Tan.

As affirmation of its pursuit of excellence, the Bank was recently awarded by World Finance as the Philippines' Best Banking Group. Corporate Governance Asia also cited RCBC for upholding sound business principles that comply with the regulations set by BSP and SEC. Asian Banking & Finance also recognized RCBC as the Philippines' Online Banking Initiative of the Year for its internet banking facility AccessOne, Core Banking Initiative of the Year, and SME Bank of the Year for the second straight year. The Bank was also awarded by Asiamoney as Best in Wealth Management and Overall Best Private Bank for 2 consecutive years, and Best Domestic Private Bank in the Philippines. In August 2013, Fitch Ratings upgraded RCBC's Long-term Issuer Default Ratings and Viability Rating by one notch from BB- to BB, reflecting the Bank's strong core capitalization, stability, and credit-worthiness.