

PRESS RELEASE

RCBC POSTS P1.329 BILLION NET INCOME FOR Q1 2014

Lending Up By +24%, Deposits By +30%

Rizal Commercial Banking Corporation posted an unaudited consolidated net income of P1.33 billion for the first quarter of 2014, 25% lower than the P1.77 billion earned during the same period last year wherein the Bank posted strong trading gains of P2.136 billion. Consistent with the strategy of focusing on sustainable and less cyclical sources of income, the Bank's gross revenues excluding trading gains increased by 11.4% to P5.00 billion. Return on Equity and Return on Assets stood at 12.2% and 1.3%, respectively.

The Bank sustained the momentum in growing its core businesses with Net Interest Income reaching P3.84 billion, remarkably up by 26.3% as against P3.04 billion last year. On a quarter-to-quarter basis, the Bank's Net Interest Income has been steadily growing by an average of 6% over the last 4 quarters without compromising margins. NIM improved to 4.23% as against 4.11% for the same period last year.

The Bank's lending business continued its upsurge with loan book expanding by 24% to P245.4 billion. All market segments sustained their growth with loan levels of corporate, SME, and consumer increasing by 16%, 38%, and 23%, respectively. Meanwhile, microfinance lending thru Rizal Microbank continued its uptrend with loan disbursements growing by 28% and outstanding loan portfolio increasing by 93%.

Despite the steady loan growth, the Bank's asset quality remained well-managed with NPL Ratio of the Parent Bank at 0.54% and consolidated NPL Ratio at 1.08%. Parent bank reserve cover also stood strong at 113.84%.

Total fee-based and miscellaneous income reached P1.03 billion, accounting for 19% of the Bank's gross income.

Total deposits grew by 30% to P300.2 billion. Low-cost CASA deposits increased by P40.1 billion or 27% to P186.33 billion, leading to a CASA-to-Total Deposits ratio of 62%.

Total consolidated resources grew by 13.54% to P417.08 billion while Capital Funds reached P46.09 billion. The Bank's CAR of 11.31% is over the BSP minimum requirement of 10% while Common Equity Tier 1 (CET1) Ratio of 10.72% also exceeded the minimum CET1 (with capital conservation buffer) of 8.50%.

"During the first quarter last year, we took advantage of the favorable trading opportunities which led to hefty trading gains for the Bank. This year, financial market conditions have reversed, a stricter capital adequacy regulation under Basel 3 is in place, and competition continues to be at a heightened pace. We anticipated all these early on which made us focus on our key strengths: lending and deposit-taking. We enhanced our operational capabilities thru a new Core Banking platform, reinforced our risk management and credit origination systems, and reconfigured the organization to keep up with the dynamics in the Philippine banking industry. Now we are benefitting from this momentum. We will continue to focus on execution of our strategies in order to strengthen our banking fundamentals," said RCBC President & CEO Lorenzo V. Tan.

The bank's distribution network grew to 439 branches in Q1 2014 from 424 in Q1 2013 while ATMs increased to 1,163 in Q1 2014 compared to 1,055 in Q1 2013. This resulted in a 2.65 branch-to-ATM ratio, one of the highest in the industry. The Bank's customer base expanded to 6.1 million as of Q1 2014 from 4.6 million as of Q1 2013.

As affirmation of its pursuit of excellence, the Bank was recently awarded the Product Excellence in Credit Cards by Retail Banker International and as the Philippines' Best Banking Group by World Finance. 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. Reflecting the Bank's strong core capitalization, stability, and credit-worthiness, Fitch Ratings upgraded in 2013 RCBC's Long-term Issuer Default Ratings and Viability Rating by one notch from BB- to BB. Similarly, Capital Intelligence upgraded the Bank's Foreign Currency Long-term and Financial Strength from BB to BB+.