



10 November 2020

**MS. JANET A. ENCARNACION**

Head, Disclosure Department

**THE PHILIPPINE STOCK EXCHANGE, INC.**

PSE Tower, 5<sup>th</sup> Avenue cor. 28<sup>th</sup> Street

Bonifacio Global City

Taguig City

Dear Ms. Encarnacion,

This is to advise the Exchange that the following information will be made available to the major newspapers.

Thank you.

Very truly yours,

**MA. CHRISTINA P. ALVAREZ**

First Senior Vice President and Corporate Information Officer

Rizal Commercial Banking Corporation

cc: Atty. Marie Rose M. Magallen-Lirio, Philippine Dealing Exchange Corporation

## **RCBC Sustains Core Income Growth, Hikes Provisions**

Rizal Commercial Banking Corporation posted an unaudited consolidated net income of P4.0 billion for the first nine months of 2020, with P7.2 billion of provisions for loan losses as a conservative stance to proactively manage the higher risks brought about by the pandemic.

RCBC has sustained its momentum on core income with a year-to-date Gross Income reaching P29.4 billion, higher by 6% compared to the same period last year. Net interest income for the nine-month period rose by 20% year on year to P19.7 billion, given lower funding costs and better margins. Its diversified customer loan portfolio continued to expand by 10% to P452.2 billion, led by the small and medium enterprises (SME) and consumer loan segments which registered year-on-year growth of 16% and 8%, respectively. The credit card business also grew, with credit card receivables accelerating by 21%, and card base of over 900,000 reflecting an 8% year-on-year growth. Annualized Return on Equity (ROE) stood at 6.2% and annualized Return on Assets (ROA) at 0.7%.

The Bank remains focused on the changing needs of its customers. RCBC's digital transformation is centered on achieving a high level of customer experience, process efficiency and productivity. These efforts have seen results as operating efficiency as of September 2020 improved with a cost-to-income ratio of 55.8% versus 58.7% last year. Operating expenses of P16.4 billion as of September 30, 2020 was only slightly higher year on year by 0.6% despite additional COVID-related expenses. Productivity also increased as a result of several business process reengineering and rationalization efforts, with loans and deposits per branch ratio improving by 25%.

The Bank also continues to reach out to clients to work out options to help them get through this challenging time. To further manage credit risk, RCBC shifts its focus on businesses with strong fundamentals prior to entering the pandemic, which have a strong probability of getting back to positive operations once mobility restrictions are lifted. Its Net NPL Ratio as of September was at 3.8%, higher than the 2.0% recorded in the same period last year.

*"While the bank remains at a relatively healthy position, we have yet to see the full impact of this pandemic. We continue to strengthen our balance sheet in order to soften further impact in the*



## PRESS RELEASE

*coming months. Our digital capabilities have gained traction and we will focus on onboarding more clients with our digital platforms,” RCBC President and CEO Eugene S. Acevedo said.*

RCBC maintains a P731.0 billion balance sheet with 69% in Loans and Receivables and 9% in Investment Securities. This was supported by a P99.5 billion capital base as of September 2020, with solid capital ratios—CAR of 15.8% and CET1 ratio of 12.4%. Its capital base was further strengthened by the issuance of USD300 million in Additional Tier 1 (AT1) Capital Notes last August 2020, boosting the Bank’s Tier 1 ratio to 14.9%. The Bank also raised a total of P23.6 billion in long term debt from the domestic market to support future growth and maintain a strong liquidity position. Total deposits also rose by 17% to P496.8 billion, as CASA continued to grow as a result of the strategic initiatives that have been planned and executed even prior to the pandemic.

### **Revolutionizing Banking Experience**

RCBC has recently gained international recognition since it embarked on a massive digital transformation in 2019. The bank was named the Best Digital Bank and Most Innovative Internet Banking Services provider by three international award-giving bodies, for introducing and rolling out digital solutions that have been proven essential especially during the lockdown. Its aggressive digitalization efforts bring to the fold safe and secure banking and financial inclusion.

While the lockdown helped accelerate the use of electronic channels, the bank’s foresight and robust online platform have proven to be more convenient and efficient for corporate clients which enabled businesses to continue their operations amid quarantine restrictions. Their corporate clients’ use of online payments and clearing, including PESONet and InstaPay, grew by 268% from last year.

RCBC has a total consolidated network of 474 branches and 1,470 automated teller machines strategically located nationwide, resulting in a 3.1 branch-to-ATM ratio.

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#### About RCBC

RCBC is a leading financial services provider in the Philippines offering a wide range of banking and financial products and services. RCBC is engaged in all aspects of traditional banking, investment banking, microfinance, retail financing (auto, mortgage and housing loans, and credit cards), remittance, leasing, foreign exchange, and stock brokering. RCBC is a member of the Yuchengco Group of Companies (YGC), one of the oldest and largest conglomerates in South East Asia. For more information, please visit <https://www.rcbc.com>