

PRESS RELEASE

RCBC POSTS P4.41 BILLION NET INCOME FOR FY 2014

Core Lending Up By 21%, Core Income Up By 29%

Rizal Commercial Banking Corporation posted an unaudited consolidated net income of P4.41 billion for FY 2014. Core income excluding trading gains and extraordinary income increased by 29%.

Reflective of the Bank's strengthening core businesses, Net Interest Income reached P14.98 billion, ahead by 13% versus P13.31 billion last year. Even with the intense pricing competition and low interest rate environment, Net Interest Margin (NIM) still improved by 8bps to 4.30% as against 4.22% in 2013 and remains one of the highest in the industry.

The Bank sustained the momentum in its core lending as loans excluding interbank loans expanded by 21% to P259.3 billion, with all market segments showing robust growth. Average loan volume of the corporate segment grew by 22%, consumer by 21%, and SME by 35%. Microfinance lending thru Rizal Microbank also advanced with loan disbursements growing by 18% and outstanding loan portfolio increasing by 45%.

Amidst the steady growth in loans, the Bank even managed to improve its asset quality with NPL ratio at its record lowest. Parent bank's NPL Ratio declined to 0.30% as of end-2014 from 0.51% as of end-2013 while Consolidated NPL Ratio likewise improved to 0.97% from 1.06% as of end-2013. Parent bank reserve cover also stood strong at 150.28%.

Total fee-based and miscellaneous income reached P4.3 billion, accounting for 20% of gross income, with remittance fees increasing by 35%, retail banking commissions growing by 23%, and ATM income growing by 11%.

Total operating expenses were well-controlled at P14.1 billion, lower by 2%.

Average volume of CASA deposits for FY2014 increased by 19% to P192.7Bn. As of end-2014, Total deposits reached P315.6 billion while low-cost CASA deposit level reached P196.36 billion leading to CASA-to-Total Deposits ratio of 62.2%.

Meanwhile, total number of Wealth Management clients increased by 11% to 2,798 leading to the growth in total asset under management (AUM) by 13% to P75.1 billion. For 2015, Wealth Management is looking to grow its clients and AUM by 18% and 20%, respectively.

Total consolidated resources grew by 9% to P457.74 billion while Capital Funds reached P52.56 billion. The Bank's CAR of 15.37% is well above the BSP minimum requirement of 10% while Common Equity Tier 1 (CET1) Ratio of 11.83% also exceeded the minimum CET1 Ratio (with capital conservation buffer) of 8.50%. Return on Equity and Return on Assets stood at 9.4% and 1.03%, respectively.

"2014 was a challenging year for the Philippine banking industry especially with the onset of Basel 3 implementation accompanied by the low interest rate environment. Still, RCBC demonstrated consolidation in its core banking operations with the consistent uptrend in loans and deposits. The Bank's balance sheet position is now stronger than ever with Deferred Charges already written-off, sale of big-ticket Non-Performing Assets, and more than adequate capital despite a more stringent regulation. The expected entry of Cathay Life Insurance into the Bank is an affirmation of RCBC's viability and long-term growth prospects. We are ready for YR2015 with a revitalized confidence knowing that RCBC has the formidable business fundamentals to face all the challenges ahead," said RCBC President & CEO Lorenzo V. Tan.

The Bank's distribution network grew to 449 branches as of end-2014 from 435 as of end-2013 while ATMs increased to 1,202 from 1,150 as of end-2013. This resulted in a 2.68 ATM-to-branch ratio, one of the highest in the industry. The Bank's total number of accounts expanded to 6.7 million as of end-2014 compared to 5.9 million as of end-2013.

As testimony to RCBC's pursuit of excellence, the Bank received 77 awards since 2010 including 17 in 2014 among which are One of Asia's Most Promising Companies in Corporate Governance by Corporate Governance Asia, Overall Best Private Bank and Best Domestic Private Bank in the Philippines for 3 consecutive years from Asiamoney, Best Banking Group and Best Commercial Bank in the Philippines from World Finance, and Outstanding Commercial Bank Respondent on Overseas Filipino Remittances Award from the BSP. In November 2014, Moody's upgraded RCBC's Outlook from Stable to Positive, reflecting the Bank's strong capitalization, improving asset quality, and stable domestically-focused franchise.

RCBC is a member of the Yuchengco Group of Companies (YGC), one of the oldest and largest conglomerates in the Philippines and South East Asia covering 60 businesses.