



January 17, 2015

THE PHILIPPINE STOCK EXCHANGE, INC.

Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention : Ms Janet A. Encarnacion
Head – Disclosure Department

Subject : Annual Progress Report on Application of
Proceeds from IPO with External Auditor
Certification

Gentlemen:

In line with the Initial Public Offering (IPO) of Philippine Business Bank (“PBB”) on February 19, 2013, we submit herewith our report on the application of the net proceeds coming from the primary offer of PBB shares, amounting to THREE BILLION EIGHT MILLION SIX HUNDRED TWENTY THOUSAND FOUR HUNDRED SEVENTY NINE PESOS & 80/100 PESOS (P3,008,620,479.80).

Proceeds from primary offer of PBB shares	Php 3,192,002,100.00
Less: IPO expenses	<u>183,381,620.20</u>
Net proceeds	Php <u>3,008,620,479.80</u>

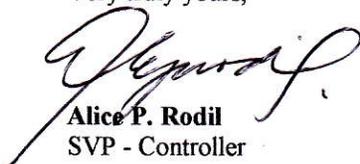
For the year ended December 31, 2014, the applications of the net proceeds are broken down as follows:

Use of Proceeds	Amount in Pesos
Financial assets at FVTPL and AFS Financial Assets	241,262,329.80
Branch Expansion	100,000,000.00
Information Technology Infrastructure	58,737,670.00
General Corporate Purpose	2,608,620,480.00
Total	3,008,620,479.80

Please note that General Corporate Purposes pertain to the funding of PBB’s Loans to Customers.

Thank you.

Very truly yours,


Alice P. Rodil
SVP - Controller



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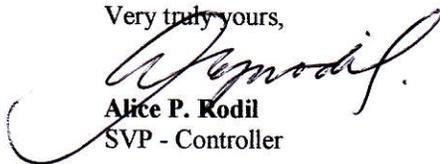
Gentlemen:

We are submitting the following attachments as compliance with the PSE requirement for newly listed companies to provide an annual progress report on the application of proceeds resulting from fund raising activities.

1. Progress report on the application of proceeds from IPO for the year ended December 31, 2014.
2. Certification of Punongbayan & Araullo on the accuracy of information provided by Philippines Business Bank in relation to the progress report.

We hope you find everything in order.

Very truly yours,


Alice P. Kodil
SVP - Controller