

Earnings Release

Period: 1Q 2018

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**Philippine Business Bank net income reached ₱181.3 million, up 13.5% Year-over-Year
Core income at ₱329.8 million**

Profitability continues to improve:

- Interest income increased by 38.4% Year-over-Year (YoY) to ₱1.2 billion as of 1Q 2018
- Net interest income strengthened by 28.8% to ₱879.1 million.
- Core income¹ grew by ₱174.1 million ending March 2018 at ₱329.8 million, up 2.1 times
- Profit before tax ended at ₱264.7 million for the first quarter of 2018 from ₱184.6 million in 2017, a 43.4% increase YoY
- Net income rose to ₱181.3 million in the first quarter of 2018 from ₱159.7 million in 2017, up 13.5% or ₱21.6 million

Risk assets expansion picks-up:

- Total resources stood at ₱88.4 billion, up 20.6% versus 1Q 2017
- Loans and other receivables at ₱73.9 billion as of March-2018, up 33.4%
- Total deposits increased by 24.4% to ₱74.0 billion

Caloocan City, Philippines – Philippine Business Bank (PSE: PBB) reported an interest income of ₱1.2 billion for the first quarter of 2018, up 38.4% versus ₱858.4 million in the same period last year. Consequently, net interest income also increased by 28.8% from ₱682.7 million as of March 2017 to ₱879.1 million this year. The Bank's core income expanded by 2.1 times to ₱329.8 million versus the ₱155.7 million of the previous year. Net income reported a 13.5% growth from ₱159.7 million in the first quarter of 2017 to ₱181.3 million this year.

"Following the streamlining of our account management teams in 2016, the Bank has seen a sustained growth in risk assets. The Bank's balance sheet has been shifted to respond to strong loan demand underscoring the continued economic expansion all over the country," said Roland Avante, President and CEO of Philippine Business Bank.

Total loans and receivables ended at ₱73.9 billion for the first quarter of 2018, 33.4% higher versus ₱55.4 billion last year. Total resources increased by 20.6% reaching ₱88.4 billion. The Bank's NPL ratio also improved to 2.28% this quarter versus the last year's 2.47%. On the funding side, the Bank's low-

¹ Core income is total revenues ex-trading gains/(losses) less non-interest expenses



cost funds expanded by 17.6% ending the first three months of 2018 at ₱29.4 billion versus last year's ₱25.0 billion. Time deposits grew by 29.3% from ₱34.5 billion to ₱44.6 billion in 2018. As a result, total deposits ended at ₱74.0 billion, up 24.4% YoY.

"The challenge for the Bank this year is to sustain the momentum we have following the strong core income growth in 2017. The Bank continues to expand its capabilities and reach as we put up more branches. PBB remains steadfast in its commitment to become the banking partner of choice of small and medium entrepreneurs throughout the country," explained Avante.

Shareholder's equity was at ₱10.3 billion, equivalent to a book value per share of ₱15.10 net of preferred shares. PBB's net interest margin was at 4.13% in March 2018. PBB has a total of 152 branches in key cities all over the Philippines.

PBB is the financial services arm of the Yao Group.