

## Earnings Release

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### PHILIPPINE BUSINESS BANK Expands Loan Portfolio by 35.8% to ₱55.4 billion Pre-Tax Pre-Provision Reaches ₱234.6 million, up 12.2% YoY

Stable profitability as loan growth continues:

- Interest income on loans and other receivables increased by 23.1% to ₱781.9 million in the first quarter of 2017
- Net interest income grew by 15.8% to ₱682.7 million.
- Pre-tax pre-provision profit (PTPP<sup>1</sup>) ended at ₱234.6 million for the first quarter of 2017 from ₱209.2 million in 2016, a 12.2% increase Year-over-Year (YoY)

Sustained balance sheet growth:

- Total resources stood at ₱73.2 billion, up 18.4% versus 1Q 2016
- Loans and other receivables at ₱55.4 billion as of March-2017, up 35.8%
- Total deposits increased by 16.2% to ₱59.5 billion
- Total shareholder's equity grew by ₱1.0 billion to ₱9.9 billion, an 11.7% increase YoY

Caloocan City, Philippines – Philippine Business Bank (PSE: PBB) reported a net interest income of ₱682.7 million for the first quarter of 2017, up 15.8% versus ₱589.4 million in the same period last year. The Bank's pre-tax pre-provision profit expanded by 12.2% to ₱234.6 million versus the ₱209.2 million of the previous year. Interest income from loans and other receivables sustained a 23.1% growth ending the first three months of 2017 at ₱781.9 million from ₱635.3 million in 2016 as loan volume continued to increase.

PBB ended March 2017 with ₱55.4 billion in total loans and receivables from ₱40.8 billion in March 2016, a 35.8% growth. In effect, total resources increased by 18.4% reaching ₱73.2 billion during the first quarter of 2017.

"The strategically re-engineered lending groups allowed the Bank to focus on account management initiatives. We will continue to focus on the traditional lending and deposit-taking business as we

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<sup>1</sup> Pre-tax pre-provision profit is net revenues less non-interest expenses

reestablish our position as the Bank of Choice of the SME market,” said Roland Avante, President and CEO of Philippine Business Bank.

The Bank intentionally pared down its investment portfolio from around ₱10.0 billion last year to roughly ₱6.0 billion this year. This is a strategic response due to the volatility in global interest rates and foreign currencies. While PBB is in a defensive stance, the Bank remains opportunistic with regard to trading opportunities and will be ready to exploit market mispricings when they arise.

The Bank’s low cost funds expanded by 28.5% ending the first three months of 2017 at ₱25.0 billion versus last year’s ₱19.4 billion. Time deposits grew by 8.7% from ₱31.8 billion to ₱34.5 billion in 2017. As a result, total deposits ended at ₱59.5 billion, up 16.2% YoY. The Bank ended the quarter with a loans-to-deposits ratio of 93.1%.

“2017 marked the 20<sup>th</sup> anniversary of the Bank, and in that time span, Philippine Business Bank (PBB) has transformed itself into the bank we know and love today. From a single branch in Caloocan City serving a small clientele to a branch network of more than 150 branches, the Bank continues to cater to the small and medium-sized enterprises (SMEs),” added Avante.

The Bank’s book value per share increased by 12.6% from ₱15.3 to ₱17.2. This was a direct result of the 11.7% growth of PBB’s total equity ending the first quarter of 2017 at ₱9.9 billion against the ₱8.8 billion in the same period 2016.

PBB’s net interest margin grew by 16 basis points from 3.8% as of year-end 2016 to 4.0% in March 2017. NPL ratio also improved to 2.4% this quarter versus the last linked quarter’s 2.5%. The Bank’s leverage ratio stabilized ending the first quarter of 2017 at 7.4% against December 2016’s 7.2%.

“PBB will continue to serve its SME clients by expanding our presence nationwide. In 2017, we expect to put up 15 to 20 branches in select cities with rapidly expanding businesses and SME communities. With the continued support of our shareholders and the commitment of our employees, PBB remains steadfast in its goal of serving the needs of the small and medium enterprises. The first 20 years of the Bank has been full of joys, successes, and its share of lessons. We will rely on the lessons we have learned from our rich history as we continue to grow the Bank into a leading financial services provider in the Philippines,” added Avante.