

Earnings Release

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Philippine Business Bank net income grows 66.3% to ₱578.9 million

Loan growth and trading opportunities boosted the Bank's profitability:

- Interest income increased by 32.0% Year-over-Year (YoY) to ₱3.3 billion as of 2Q 2019
- Net interest income strengthened by 8.4% to ₱1.9 billion
- Pre-tax pre-provision profit (PTPP¹) grew by ₱282.6 million ending June 2019 at ₱895.8 million, up 46.1%
- Profit before tax ended at ₱745.8 million for the second quarter of 2019 from ₱503.1 million in 2018, a 48.2% increase YoY
- Net income rose to ₱578.9 million in the second quarter of 2019 from ₱348.2 million in 2018, up 66.3% or ₱230.8 million

Sustained balance sheet expansion:

- Total resources stood at ₱100.5 billion, up ₱7.5 billion versus 2Q 2018
- Loans and other receivables at ₱80.7 billion as of June 2019
- Total deposits increased by ₱5.2 billion to ₱84.3 billion
- Total equity grew by ₱1.6 billion to ₱12.1 billion, a 15.0% increase YoY

Caloocan City, Philippines – Philippine Business Bank (PSE: PBB) reported a net income of ₱578.9 million for the second quarter of 2019, up 66.3% versus ₱348.2 million in the same period last year. Interest income also increased by 32.0% from ₱2.5 billion as of June 2018 to ₱3.3 billion this year. The Bank's net interest income expanded by 8.4% to ₱1.9 billion versus the ₱1.8 million figure of the previous year. Pre-tax pre-provision profit reported a 46.1% growth from ₱613.1 million in the second quarter of 2018 to ₱895.8 million this year. Profit before tax reached ₱745.8 million, up 48.2% YoY.

"PBB continues to show promising growth this year as the Bank continued to improve its lending business while taking advantage of trading opportunities. The first half profit of ₱578.9 million was achieved on the back of the continued growth of our loans and deposit portfolio and exploiting opportunities in the fixed income market," said Roland Avante, President and CEO of Philippine Business Bank.

Total loans and receivables ended at ₱80.7 billion for the second quarter of 2019, ₱3.2 billion higher versus ₱77.5 billion in the same period last year. Total resources increased by ₱7.5 billion reaching

¹ Pre-tax pre-provision profit is net revenues less non-interest expenses

₱100.5 billion. On the funding side, the Bank's low-cost funds expanded by 17.2% ending the first six months of 2019 at ₱35.4 billion versus last year's ₱30.2 billion. Total deposits ended at ₱84.3 billion, up ₱5.2 billion YoY.

"Philippine Business Bank and Insular Savers Bank finally merged, with Philippine Business Bank as the surviving entity. This merger opens a plethora of opportunities for the Bank to further develop its brand in the consumer lending business. PBB's 158 branch network will now become the distribution channel for ISB's consumer products, which include second-hand car financing and salary loan products. Our consumer business will continue to form part of the Bank's continuing approach to position its balance sheet strategically towards underserved segments of the market," explained Avante.

Shareholder's equity was at ₱12.1 billion, equivalent to a book value per share of ₱17.76 net of preferred shares. PBB's net interest margin was at 4.11% in June 2019. Annualized ROAA and ROAE ended at 1.19% and 9.89% for the second quarter of 2019. The Bank recently issued three-year, ₱3.0 billion notes as part of its funding diversification program.