

Earnings Release

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Philippine Business Bank net income reaches ₱1,024.6 million
Core income up 24.1% year-over-year to ₱1,334.9 million

Profitability continues to strengthen on the back of core income and pre-tax pre-provision profit growth:

- Interest income increased by 33.7% or ₱1,308.4 million Year-over-Year (YoY) to ₱5,190.0 million as of September 2019
- Net interest income strengthened by 18.0% to ₱3,217.3 million
- Core income¹ reached ₱1,334.9 million in 3Q 2019, up 24.1% vs 2018's ₱1,075.7 million
- Pre-tax pre-provision profit (PTPP)² grew by ₱545.2 million ending the nine months of 2019 at ₱1,576.5 million, up 52.9%
- Trading income ended at ₱241.6 million for the first nine-months 2019
- Profit before tax ended at ₱1,301.5 million as of 3Q 2019 from ₱855.9 million in 2018, a 52.1% increase YoY
- Net income rose to ₱1,024.6 million in September 2019 from ₱610.2 million in 2018, up 67.9% or ₱414.3 million

Sustained balance sheet growth amidst challenging industry conditions:

- Total resources stood at ₱108.6 billion, up ₱12.3 billion versus 3Q 2018
- Loans and other receivables at ₱84.3 billion as of September 2019
- Total deposits increased by ₱8.8 billion to ₱88.5 billion
- Total equity grew by ₱1.6 billion to ₱12.7 billion, a 14.4% increase YoY

Caloocan City, Philippines – Philippine Business Bank (PSE: PBB) reported a net income of ₱1,024.6 million for the first nine months of 2019, up 67.9% versus ₱610.2 million in the same period last year. Interest income also increased by 33.7% from ₱3,881.6 million as of September 2018 to ₱5,190.0 million this year. The Bank's net interest income expanded by 18.0% to ₱3,217.3 million versus the ₱2,726.4 million figure of the previous year. Core income increased to ₱1,334.9 million a 24.1% growth from 2018's ₱1,075.7 million. Pre-tax pre-provision profit reported a 52.9% growth from ₱1,031.2 million in the first nine months of 2018 to ₱1,576.5 million this year. Profit before tax reached ₱1,301.5 million, up 52.1% YoY. Stripping out non-recurring income and expenses, core income for the first nine-months of 2019 would have been ₱1,278.3 million, or 18.8% higher YoY.

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

² Pre-tax pre-provision profit is net revenues less non-interest expenses

"The Bank's ₱1,024.6 million net income was achieved with the continued expansion of the Bank's core business. The Bank's interest differential business showed robust profitability as interest rates continued to stabilize. PBB was also able to capitalize on a favorable treasury trading environment. The Bank expects to see sustained earnings growth as 2019 comes to a close," said Roland Avante, President and CEO of Philippine Business Bank.

Total loans and receivables ended at ₱84.3 billion as of September 2019, ₱4.0 billion higher versus ₱80.3 billion in the same period last year. Total resources increased by ₱12.3 billion reaching ₱108.6 billion. On the funding side, the Bank's low-cost funds expanded by 27.0% ending the first nine months of 2019 at ₱37.8 billion versus last year's ₱29.8 billion. Total deposits ended at ₱88.5 billion, up ₱8.8 billion YoY.

"While our profits in the last nine months are supplemented by a one-time gain on the consolidation of ISB, the strong interest differential business the Bank has been developing continues to drive our profit numbers. Over the last five years, we have grown our assets by 15.3% and our net book value per share by 10.6%. The Bank's branch expansion will continue as we enlarge our nationwide distribution footprint. The branches will continue to serve as the Bank's main touchpoint to deliver our products and services. The Bank's continuing upskilling of its account management culture should assist in increasing our fee-based income. We also remain opportunistic with regard to the Bank's inorganic growth initiatives," explained Avante.

Shareholder's equity was at ₱12.7 billion, equivalent to a book value per share of ₱18.74 net of preferred shares. PBB's net interest margin was at 4.33% in September 2019. Annualized ROAA and ROAE ended at 1.34% and 11.36% for the first nine months ended 2019. The Bank recently issued a three-year, ₱3.0 billion note as part of its ₱10.0 billion debt capital program.