

Earnings Release

Period: YE 2018

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Philippine Business Bank's Net Income up 34.0% YoY to ₱858.0 million

Sustained profitability as core income grows:

- Interest income increased by 41.9% Year-over-Year (YoY) to ₱5.5 billion as of year-end 2018
- Net interest income grew by 24.3% to ₱3.8 billion
- Core Income¹ reached ₱1.6 billion, a 51.4% increase YoY
- Pre-tax pre-provision profit (PTPP²) ended at ₱1.5 billion for the full year ending 2018 from ₱1.2 billion in 2017, up 30.9% YoY
- Profit before tax expanded to ₱1.2 billion, up 35.9% YoY
- Net income grew to ₱858.0 million, a 34.0% growth

Balance sheet expansion continues:

- Total resources stood at ₱94.7 billion, up 8.6% versus YE17
- Loans and other receivables at ₱75.5 billion as of December 2018 up 7.1% YoY
- Total deposits increased by 5.1% to ₱77.3 billion
- Total equity grew by ₱1.1 billion to ₱11.4 billion, a 11.1% increase YoY

Caloocan City, Philippines – Philippine Business Bank (PSE: PBB) reported a net income of ₱858.0 million for year-end 2018, up 34.0% versus ₱640.1 million in the same period last year. Interest income expanded to ₱5.5 billion from ₱3.9 billion in 2017, up 41.9%. Core income grew to ₱1.6 billion from ₱1.0 billion, a 51.4% increase YoY. Profit before tax also expanded by 35.9% to ₱1.2 billion versus ₱913.3 million in 2017.

“The Bank made solid progress throughout 2018, showing double digit growth rates in income Year-over-Year. PBB’s continued efforts to fortify its balance sheet, while managing its costs and expenses, were the key factors that allowed the Bank to generate profitability despite challenges brought about by inflation and rising funding costs. As a result, the Bank’s net income in 2018 reached ₱858.0 million. PBB continues to invest in its people and improve its infrastructure to further expand its capabilities in order to better serve its clients,” said Roland Avante, President and CEO of Philippine Business Bank.

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

Total loans and receivables ended at ₱75.5 billion as of December 2018. Total resources reached ₱94.7 billion in 2018. On the funding side, total deposits increased to ₱77.3 billion at the end of December 2018. Low-cost funds grew 10.3%, while time deposits reached ₱46.4 billion.

Shareholders' equity was at ₱11.4 billion, equivalent to a book value per share of ₱16.68 net of preferred shares. Earnings per share ended at ₱1.33 per share in December 2018, higher than the ₱0.99 per share in the same period last year.

“A good anticipation of the changing market developments and factors enabled PBB to adjust the Bank's balance sheet, and improve its process flow earning higher fee based income this year. Maintaining a good asset quality is always a focus and with the continued management of the Bank's loan portfolio, PBB's asset base grew to ₱94.7 billion,” explained Avante.

On December 2018, the Monetary Board in its Resolution No. 2141 approved the merger of Philippine Business Bank and Insular Savers Bank (“ISB”), with PBB as the surviving entity. This merger opens an opportunity for the Bank to further develop its brand in the consumer lending business. PBB will capitalize on ISB's proprietary consumer lending products such as second hand car financing, group salary loan products, and utilize and integrate its business processes, systems, human capital, and infrastructure.

“The Bank believes that ISB's second hand car loan and company group salary loan products are very promising. ISB has already established a foothold in these markets, especially in Metro Manila, which will help PBB expand its market base. These products will be distributed in select branches nationwide expanding the Bank's consumer loan portfolio by at least 20% in the next 5 years. ISB will boost the Bank's bottomline by 8% to 10%.” added Avante.