

Earnings Release

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PHILIPPINE BUSINESS BANK RECURRING NET INCOME UP 6.1%

Landmark year for PBB highlighted by key acquisitions and branch network expansion

Profitability improves amidst strong industry competition:

- Pro-forma recurring net income up 6.1% to ₱537.1 million
- Pro-forma recurring pre-tax pre-provision profit (PTPP¹) up 0.51% Year-over-Year (YoY) at ₱953.4 million from ₱948.6 million last year
- Pro-forma recurring core income² at ₱883.9 million for 2015

Sustained balance sheet strength:

- Total resources at ₱65.6 billion, up 13.2% versus end-2014
- Loans and receivables at ₱41.7 billion at end-2015, up 4.1%
- Total deposits increased 18.0% to ₱55.0 billion
- Total equity grew by ₱447.2 million to ₱8.5 billion from end-2014

Caloocan City, Philippines – Philippine Business Bank (PSE: PBB) reported an increase of 6.1% to its pro-forma recurring net income of ₱537.1 million through the end of 2015 from ₱506.1 million in the same period last year. The Bank's recurring net profit includes the earnings of Insular Savers Bank (ISB), a rural bank acquired by PBB mid-2015, while the comparative figure of ₱506.1 million for 2014 excludes one-time gains recognized during that year. The Bank's pro-forma recurring core income reached ₱883.9 million this year. Pro-forma recurring pre-tax pre-provision profit (PTPP) grew 0.51% Year-over-Year (YoY) to ₱953.4 million from ₱948.6 million in 2014.

"2015 was a landmark year for PBB. We completed the acquisition of Insular Savers Bank and Bataan Savings and Loan, and early in 2016 we received final regulatory approval for the consolidation of the assets of Rural Bank of Kawit which we acquired in 2014," said Roland Avante, President and CEO of Philippine Business Bank.

ISB has eight branches and has a portfolio of consumer loans and bus and auto financing. The acquisition of Bataan Savings and Loan accelerates the Bank's expansion of its network in the SME-rich area In the Subic-Bataan business corridor.

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

² Core income is total revenues ex-trading gains/(losses) less non-interest expenses

“Insular Savers’ strength lies in the consumer finance business. This serves as one of the major catalysts for the expansion of our risk assets in 2016. The leadership of Row Geneblazo and his team coupled with the stringent risk oversight and robust balance sheet of PBB allow ISB to service the needs of its clientele in its niche markets. Row will be expanding the ISB consumer finance business in the highly-populous areas of Southern Luzon and the rapidly-growing economy in the Visayas region,” added Avante.

Geneblazo commented, “We have centralized approval centers in Manila, while our distribution network is expanding in the country-side. This allows our customers easy access to financing without having to spend their hard-earned cash for travelling and commuting expenses while protecting the bank from a risk-mitigation standpoint.”

On a stand-alone basis, interest income from loans and other receivables grew 10.7% to ₱3.141 billion. PBB’s net interest income increased to ₱2.382 billion, a YoY growth of 6.6%. Non-interest income from service charges, fees and commissions expanded 3.9%, while miscellaneous income dropped 49.1% to ₱73.4 million. However, on a recurring basis, miscellaneous income expanded 2.5% from ₱71.7 million last year. The Bank’s trading activities contributed ₱69.5 million, higher than last year’s net gain of ₱34.8 million during the same period. This brings the Bank’s PTPP to ₱877.5 million while net income reached ₱502.1 million.

“For 2016, our focus remains the same. We will continue to lay the groundwork in expanding our presence all over the Philippines. The Bank’s major pillar of success is its strong service culture and this is anchored on our ability to reach our SME clients, wherever they might be located in the country. We are steadfast in our desire to be the backbone of the Philippine countryside development by being the bank of choice of SMEs,” said Avante.

PBB has a total of 138 branches today. Including its acquisitions, PBB has a total of 149 branches, of which eight (8) are from Insular Savers Bank and three (3) are from Bataan Savings and Loan.

PBB finished the year with ₱65.6 billion in total resources. Loans and receivables grew to ₱41.4 billion from ₱40.1 billion in 2014, a 4.1% increase YoY. Total capital grew from 8.0 billion to 8.5 billion as of end-2015.