

Earnings Release

Period: Full Year 2014

Contact:

Roland Avante

Dave Sison

Avante_rr@pbb.com.ph

Sison_jdd@pbb.com.ph

+632-363-3333 local 5001 +632-363-3333 local 4017

Wednesday, April 15, 2015

PHILIPPINE BUSINESS BANK REPORTS CORE INCOME OF ₱933.7 MILLION, UP 90.9%

Shareholders equity grows by ₱995.9 million to ₱8.0 billion, up 14.2%

Core business continues record performance:

- Interest income of ₱2.835 billion for the year, up 27.1% year-over-year (YoY)
- Net interest income of ₱2.235 billion, up 29.0% YoY
- Full year net revenues up 35.9% YoY to ₱2.507 billion
- Full year core income¹ up 90.9% YoY to ₱933.7 million
- Pre-tax pre-provision profit² for 2014 down 25.8% YoY to ₱968.5 million
- Net income at ₱536.2 million, lower by 46.6% YoY

Robust growth in risk assets and deposit liabilities:

- Loans and receivables up 26.9% YoY at ₱41.0 billion
- Total loans of ₱39.5 billion, up 28.7% from ₱30.7 billion in end-2013
- Total deposits of ₱46.6 billion, up 23.1%
- Total resources at ₱57.8 billion, total equity at ₱8.0 billion, up 22.7% and 14.2%, respectively

Asset quality improves:

- Non-performing loans at ₱601.5 million, a decrease of 17.4% from end-2013
- NPL ratio improved from 2.4% in December 2013 to 1.5% as of December 31, 2014
- NPL cover at 150.7% from 98.4%

Caloocan City, Philippines – Philippine Business Bank (PSE:PBB) reported a growth of 90.9% in its core income for 2014. From ₱489.2 million in 2013, PBB's 2014 core income stood at ₱933.7 million, an increase of ₱444.5 million and a record for the bank. Net interest income grew by more than half a billion (₱503.1 million) or 29.0% from ₱1.7 billion to ₱2.2 billion.

“Our performance in 2014 was satisfactory given the intense competition and the uncertainty with regard to record-low borrowing costs,” said President and CEO Roland Avante. “The core income we delivered in

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

2014, at over ₱900 million, highlights the maturation of the bank from one that is reliant on its treasury trading business to one that is a more mature and more resilient financial services firm.”

Total loans and receivables, including unquoted debt securities, was at ₱41.0 billion, up ₱8.7 billion or 26.9%. The bank ended 2014 with ₱39.5 billion in loans, ₱8.8 billion higher than 2013’s ₱30.7 billion. Total deposits grew 23.1%, from ₱37.9 billion to ₱46.6 billion in 2014. Low cost funds expanded 30.4% to ₱17.9 billion in 2014. Time deposits also registered a healthy growth of 18.9% from ₱24.2 billion to ₱28.7 billion in 2014.

In 2014, the Bank opened 16 new branches and ended the year at 116, a 16% increase in the Bank’s branch network from 100 at the end of 2013. As of March 31, 2015, PBB had a total of 121 branches, opening five more during the first quarter of 2015.

“We understand the importance of establishing our presence in areas with a high concentration of SMEs and entrepreneurs. While short-term performance may lag due to a drag caused by the opening of branches, and the necessary expenses associated with additional personnel and other fixed costs, we at PBB are delighted to invest for the future,” said Mr. Avante.

PBB expects to open 20 to 25 more branches for the rest of the year. The growth in the bank’s branch network has been a key factor in the growth of PBB.

Added Mr. Avante, “To put that growth into perspective, I joined PBB in November 2011. We ended that year with over ₱13.0 billion in total loans. That means we grew the bank’s loan’s portfolio at 42.6% per annum to end 2014 at almost ₱39.5 billion. More importantly, our NPL ratio in 2011 was at 3.6%, while we are at 1.5% at the end of 2014. That means we are expanding our business while maintaining prudence in our loan origination and loan approval processes.”

Asset quality improved even as the loan portfolio has grown rapidly. NPL cover stood at 150.7%, while the NPL ratio improved from 2.37% in 2013 to 1.52% in 2014. On the other hand, pre-tax pre-provision profit was lower by 25.8% at ₱968.5 million. Consequently, net income was lower by 46.6% at ₱536.2 million.

PBB’s total resources expanded 22.7% to ₱57.9 billion. Shareholders’ equity grew 14.2%, from ₱7.0 billion in 2013 to ₱8.0 billion in 2014.

Added Mr. Avante, “The expansion of the bank’s net worth from ₱7.0 billion to ₱8.0 billion is a rough, but imperfect, indicator of the growth in PBB’s intrinsic value. We believe the work we put in over the last few years has significantly improved the bank’s value – expanding the branch network, growing our risk assets, and maintaining asset quality – all these investments over the past few years are finally beginning to bear

fruit. Overall, we are satisfied with the performance, but we continue to look for opportunities, both organic and inorganic, to enhance shareholder value.

Most importantly, our stated strategy of serving our partners – the small and medium entrepreneurs who are the backbone of the Philippine economy – has been our guiding light. While asset expansion is a key priority, we remain steadfast in our commitment to becoming a key pillar in the growth and maturation of the Philippines’ financial and business community.”