

Earnings Release

Period: 2Q 2015

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

Thursday, August 13, 2015

PHILIPPINE BUSINESS BANK NET INCOME EXPANDS 16.2% YOY TO ₱300.2 MILLION

Core income at ₱317.1 million, increases by 10.7% YoY

Core business maturation process continues:

- Net interest income increased to ₱1.208 billion, a growth of 12.7% year-over-year (YoY)
- Core income¹ up 10.7% YoY to ₱429.2 million, equivalent to roughly 10 and a half months of core income just two years ago in 2013
- Pre-tax pre-provision profit ("PTPP")² grew 26.4% to ₱477.4 million
- Net income of ₱222.8 million for the quarter, up 7.1% YoY

Balance sheet growth resilient:

- Total resources at ₱59.2 billion, up 2.3% versus end-2014
- Total deposits increased 2.2% to ₱47.6 billion
- Total equity grew by ₱369.6 million to ₱8.4 billion from December 30, 2014
- Acquired Insular Savers Bank and Bataan Savings and Loan Bank to accelerate balance sheet expansion and branch network development

Caloocan City, Philippines – Philippine Business Bank (PSE:PBB) reported a 16.2% growth in its net income for the first six months of 2015 to ₱300.2 million from ₱258.3 million over the same period last year.

Interest income from loans and other receivables expanded 15.8% to ₱1.563 billion resulting in an increase in PBB's net interest income to ₱1.208 billion, a YoY growth of 12.7%. The maturation of the net interest differential business has been a key cornerstone of the Bank's strategy.

Non-interest income from service charges, fees and commissions and miscellaneous income also increased by 12.2% and 15.0%, respectively, bringing non-interest income to ₱71.5 million, up 13.3% over the same period last year.

"Historically, the treasury business is a key contributor to PBB's income performance. In 2012, core income was only at ₱71 million, which means about 90 pesos out of every 100 pesos in pre-tax pre-

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

provision profits (“PTPP”) came from treasury. Today, the Bank’s maturation is evident – we now make 90 pesos out of every 100 pesos in PTPP from our core deposit-and-lending business.

The treasury business, while no longer the centerpiece of PBB’s profitability, will always play a pivotal role in the Bank’s business operations. We will be opportunistic in our trading activities,” said Roland Avante, President and Chief Executive Officer of PBB.

The Bank’s branch expansion program has delivered significant business to PBB since it was implemented starting in 2011. From approximately ₱2.0 billion in branch-originated loans in 2011, PBB’s branch lending today handles loans in excess of ₱15.0 billion, roughly two-fifths of the Bank’s loan portfolio.

“The branch expansion program plays a central role in the growth of PBB as it allows us to reach our customers and establish business in new frontiers. The numbers speak for themselves: our loan books have grown around 26% over the years, while the branch lending business has increased by more than 60%. The branch expansion clearly demonstrates its value,” said Mr. Avante.

During the first half of the year, PBB added 10 more branches, while also completing the purchase of Insular Savers Bank (“ISB”) last June 30, 2015. ISB has eight branches, all of them in the Luzon region. ISB has assets in excess of ₱2.0 billion, ₱1.5 billion of which are in loans and receivables. This acquisition brings the total branch network of PBB to 134 branches as of the end of the first half.

Added Mr. Avante, “We expect the acquisition of ISB to be value-accretive to PBB and its shareholders. ISB’s full year run-rate will add roughly 10% to the Bank’s bottom line. This transaction gives PBB an opportunity to establish a foothold in the consumer lending business, which is a key attraction in our acquisition of ISB. Bataan Savings and Loan, on the other hand, rapidly expands our presence in a fast-growing province from a lone branch in Balanga to four branches today.

PBB continues to search for attractive locations in leading cities in key provincial cities with excellent economic fundamentals. We expect to add more branches in the second half to further expand our reach and strengthen PBB’s leading position in the small-to-medium enterprises (“SME”) segment. Our two-pronged strategy of organic growth via the branch expansion and acquisitions has helped catapult the Bank’s business expansion to where it is today. We expect to continue to be the Bank of choice of our SME partners.”

PBB ended the first half with ₱59.2 billion in total resources. Loans and receivables expanded to ₱38.5 billion from ₱34.8 billion in end-June 2014, or 10.4% YoY. However, loans and receivables contracted from its end-2014 level of ₱40.1 billion, but PBB’s net interest margins remained very attractive at 4.3%.

Total capital grew ₱725.5 million from June 2014 to ₱8.4 billion as of June 30, 2015, a growth of 9.5% YoY.