

For immediate release

Earnings Release

Period: 2Q 2014

Philippine Business Bank core income up 34%, branch network expansion continues

August 14, 2014, Caloocan City, Philippines – Philippine Business Bank released its earnings today for the first half of 2014. Core income, composed of net interest income and fee-based income, increased 34% to Php1,134 mn from Php847 mn in the same period last year. The bank's loan portfolio continued to expand as demand from its key segment, the Small-and-Medium Enterprises (SME), remained strong in the first half of 2014.

As a result of the growth in the loan portfolio, 2014 first half net interest income rose 42% to Php1,072 mn from Php754 mn for the same period last year. Net interest income also increased quarter-on-quarter by 6% to Php551 mn from Php520 mn as of the end of first quarter of this year.

As anticipated, the volatility in the capital markets coupled with expectations of a rate hike has dampened PBB's treasury earnings in 2014. A key income driver for the past five years, trading gains were tempered in the first half as the bank took a neutral position in its trading portfolio.

The bank's network expansion progressed as expected, with the bank now having 108 branches nationwide, almost double from 2010's yearend total of 55 branches. In part due to this aggressive expansion program, first half net earnings are down 68% to Php258 mn. Quarter-on-quarter, net earnings are up 29% to Php145 mn in the second quarter from Php113 mn in the first quarter.

While costs and expenses associated with the branch network expansion program have impacted earnings, the bank remains steadfast in its plan to continue building its distribution platform by adding another 18 branches for the rest of the year.

"The bank's network expansion program will continue until such time that the presence of Philippine Business Bank is felt throughout the key cities, municipalities, and business centers throughout the country. We remain committed to our goal of strengthening our reputation as the bank of choice for the SME market.

Our branch network will serve as the backbone of the sustained growth in our deposit-taking and lending business, and will continue to be a key driver of our profitability in the coming years," said Rolando R. Avante, President and Chief Executive Officer of the bank.