

## Earnings Release

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### Philippine Business Bank's First Half 2018 Core Income Surges 58.5% to ₱669.9 million Loan Portfolio Expands to ₱77.5 billion, up 31.9% YoY

Expansion of loan portfolio boosts profitability:

- Interest income increased by 40.2% Year-over-Year (YoY) to ₱2.5 billion in the first half of 2018
- Net interest income grew by 27.9% to ₱1.8 billion
- Core Income<sup>1</sup> reached ₱669.9 million as of June 2018, a 58.5% increase YoY
- Pre-tax pre-provision profit (PTPP<sup>2</sup>) ended at ₱613.1 million for the first half of 2018 from ₱520.4 million in 2017, up 17.8% YoY

Healthy balance sheet:

- Total resources stood at ₱92.9 billion, up 26.1% versus 1H17
- Loans and other receivables at ₱77.5 billion as of June 2018, up 31.9% YoY
- Total deposits increased by 29.0% to ₱79.1 billion
- Total equity grew by ₱488.7 million to ₱10.5 billion, a 4.9% increase YoY

Caloocan City, Philippines – Philippine Business Bank (PSE: PBB) reported a core income of ₱669.9 million for the first half of 2018, up 58.5% versus ₱422.7 million in the same period last year. Interest income expanded to ₱2.5 billion from ₱1.8 billion in 2017, up 40.2%. Pre-tax pre-provision profit grew to ₱613.1 million from ₱520.4 million, a 17.8% increase YoY. Net profit also expanded by 16.1% to ₱348.2 million versus ₱299.8 million in the second half of 2017.

“Following the streamlining of our core lending and account management processes in 2016, the business momentum that we built in 2017 continues to this day. We are seeing sustained strong demand for financing, even as competition for funding has stiffened. The Bank’s non-interest income rose to ₱158.8 million, a 54.0% increase against 2017’s second half figure of ₱103.1 million. Our core income of ₱669.9 million highlights the robust business model we have developed. In 2017, we needed nine months to raise ₱670 million in core income; in 2016, it took the whole year. Loans and receivables expanded by ₱18.7 billion or 31.9% versus last year. PBB has come a long way from its days as a trading-oriented bank. We see good opportunities for PBB in the next six months that should allow

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<sup>1</sup> Core income is total revenues ex-trading gains/(losses) less non-interest expenses

<sup>2</sup> Pre-tax pre-provision profit is net revenues less non-interest expenses

us to be selective in funding various projects and businesses,” said Roland Avante, President and CEO of Philippine Business Bank.

Total loans and receivables ended at ₱77.5 billion for the first six months of 2018, 31.9% higher versus last year. As a result, total resources strengthened by 26.1% reaching ₱92.9 billion. On the funding side, total deposits increased to ₱79.1 billion at the end of the first half of 2018. Low-cost funds grew 19.0% reaching ₱30.2 billion as of June 2018 while time deposits rose 36.1% ending the first six months 2018 at ₱48.9 billion.

“We have put up 87 additional branches since 2011 through the end of the first half of 2018. We will continue to tactically expand our footprint throughout the Philippines to reach all corners of the country. We are confident that we will continue to drive long-term value for our clients while helping build the SME community in the Philippines,” explained Avante.

Shareholders’ equity was at ₱10.5 billion, equivalent to a book value per share of ₱15.3 net of preferred shares. The Bank’s net interest margin improved, ending the first half of 2018 at 4.12% against the same period of last year’s 4.06%. NPL ratio remained lower than industry at 2.43%.

“In times of accelerating inflation and continuing demand for financing, we at PBB continue to exercise prudence even as industry competition remains challenging. We will continue to focus on our clients as we fine-tune our relationship management processes to ensure that we are responsive to the needs of the SME market. We believe that the Bank is well positioned to capitalize on the strong economic position of the country,” added Avante.