



PHILIPPINE
BUSINESSBANK
a savings bank

August 08, 2013

Philippine Stock Exchange, Inc.
Ayala Triangle, Ayala Avenue,
Makati City

Attention : **Ms. Janet Encarnacion**
Head – Disclosure Department

RE : **Report on the First Half Results of Operations of
Philippine Business Bank, Inc.**

Dear Ms. Encarnacion:

Attached herewith is a copy of the Report on the First Half Results of Operations
of Philippine Business Bank, Inc.

Thank you.

Very truly yours,

ALICE P. RODIL
OIC-Investor Relations Officer



**PHILIPPINE
BUSINESSBANK**
a savings bank

PBB 1st Half Income Up 60%, P794 Million

Philippine Business Bank registered a net income of P794 Million up by 60% from P497 Million same period last year. The strong performance is attributed to favourable Treasury market and the growth of the loan portfolio.

President and CEO Rolando R. Avante stated, *"We are pleased with our second quarter results. The increase in earnings was driven by broad-based improvement in almost all areas of the company. We are very happy with the progress we made in growing the loan portfolio. We believe our recent strategies of entering nearby, higher-growth markets, like the SMEs, and building quality local teams - through our branches, in those markets, along with continued improvement in our legacy markets, has begun to make an impact on our ability to grow loans on a more sustainable basis."*

Lending business volume grew by 24% for the first 6 months, from P20.869 Billion December 2012 to P25.892 Billion, an increase of P5.0 Billion. The strong performance of the economy translated to loan demand from the SME market. Net interest margins improved as the SDA rate reduction augmented profitability.

The branch expansion program contributed as well as total deposits increased to P33 Billion from P26.45 Billion (Dec. 2012). Ratio of low-cost to high cost funds improved as well. The bank will open 9 branches, in key cities on the 3rd quarter and another 6 to close the year at 100. The strategy is to use the branches to distribute bank products and services.

Total Capital Adequacy Ratio (CAR) remained well above the regulatory limit at 25.43% and Tier 1 CAR at 24.88%

As of June 30, 2013, the loan loss reserves totalled to P609.67 Million that can cover 90.4% of the total bad loans. The bank accelerated its provisioning for loan losses simultaneously with income growth in the first semester as well as the increase in the loan portfolio of PBB.

The IPO last February, fuelled the bank's growth as total resources reached P42.5 Billion compared to P33.1 Billion end 2012. The bank at this point has already surpassed its 2012 income.