

Earnings Release

Period: 2Q 2015

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Thursday, August 13, 2015

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

Core income at ₱317.1 million increases 10.7%

Core business maturation process continues:

- Net interest income increased to ₱1.208 billion, a growth of 12.7% year-over-year (YoY)
- Core income 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 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 Bank to accelerate balance sheet expansion

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 of 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.

"PBB used to be reliant on its treasury business. As recently as 2012, core income was only at ₱71 million, which means about 91 pesos out of every 100 pesos in pre-tax pre-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," said Roland Avante, President and Chief Executive Officer of PBB.

Trading performance contributed ₱48.2 million in the first six months this year from a net loss of ₱10.2 million last year. With the expansion of both the traditional lending business and the positive contribution from trading activities, PTPP reached ₱477.4 million, a 26.4% growth over the same period last year.

During the first half of the year, PBB also 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 our shareholders. ISB’s full year run-rate will add roughly ₱50 to ₱60 million 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.

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 have 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.