

Earnings Release

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PHILIPPINE BUSINESS BANK RECURRING NET INCOME UP 14.1%

Pre-tax pre-provision profit up 16.1%

Profitability improves amidst strong industry competition:

- Pro-forma recurring net income up 14.1% to ₱513.4 million
- Pro-forma recurring pre-tax pre-provision profit (PTPP¹) up 16.1% Year-over-Year (YoY) to ₱765.8 million from ₱659.4 million last year
- Pro-forma recurring core income² flat at ₱691.6 million through September 30, 2015

Sustained balance sheet strength:

- 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

Caloocan City, Philippines – Philippine Business Bank (PSE: PBB) reported an increase of 14.1% to its pro-forma recurring net income of ₱513.4 million through September 30, 2015 from ₱449.7 million in the same period last year. The Bank's pro-forma recurring core income reached ₱691.5 million this year, essentially flat against last year's ₱690.1 million. The Bank's recurring net profit includes the earnings of Insular Savers Bank (ISB), a rural bank acquired by PBB earlier this year while the comparative figure of ₱449.7 million for 2014 excludes a one-time gain of ₱72.5 million recognized in the third quarter of the previous year.

"The Bank's performance in light of the stiff competition in the industry is indicative of PBB's maturation as a financial institution. Maintaining our recurring core income and increasing our PTPP and net income against the backdrop of sustained low financing costs is a testament to PBB's resiliency and discipline, especially as we kept our NPLs within reasonable bounds and still deliver an attractive NIM at 4.15%," said Roland Avante, President and CEO of Philippine Business Bank.

Following its acquisition of Insular Savers Bank, PBB appointed Rodel Geneblazo, a seasoned banker with over 20 years' experience in banking and finance, as President of ISB. ISB has eight branches and has a portfolio of consumer loans and bus and auto financing.

¹ Pre-tax pre-provision profit is net revenues less non-interest expenses

² Core income is total revenues ex-trading gains/(losses) less non-interest expenses

Geneblazo said, “PBB’s strong balance sheet enables ISB to harness synergistic opportunities, and this has helped ISB to immediately contribute to the overall profitability of PBB. We expect ISB to perform even better in 2016 as we are using 2015 to lay the groundwork that will allow us to capitalize on the strong Philippine consumer confidence and the country’s robust secular expansion.”

“The acquisition of Insular Savers Bank comes at an auspicious time for PBB. The Bank supports the BSP’s mandate to fast-track the consolidation in the industry, and the acquisition of ISB and Bataan Savers during the first nine months of 2015 establishes the foundation towards more opportunistic M&A activities for PBB,” added Avante.

On a stand-alone basis, interest income from loans and other receivables grew 11.1% to ₱1.916 billion. PBB’s net interest income increased to ₱1.795 billion, a YoY growth of 8.7%. Non-interest income from service charges, fees and commissions expanded 14.5%, while miscellaneous income dropped 53.5% from ₱146.8 million. Through nine months, the Bank’s core income decreased by 10.3% from ₱704.9 million to ₱632.4 million this year.

The Bank’s trading activities contributed ₱74.3 million, a strong turn-around from last year’s net loss of ₱30.7 million during the same period. This brings the Bank’s PTPP to ₱706.7 million, a 4.8% increase over last year’s ₱674.2 million while net income stood at ₱471.8 million, 2.0% lower than last year’s 481.2 million, which included an extraordinary gain of ₱72.5 million resulting from a revaluation of an acquired asset.

“The Bank’s continuing profitability as evidenced by our strong recurring core income and PTPP growth underscores my commitment to our shareholders. Since I joined PBB late in 2011, my to-do list of first, listing the Bank, and second, expanding our nationwide presence has been completed or is in the process of completion. The next step will be to upgrade our capabilities to a unibanking license,” adds Avante.

PBB has a total of 127 branches as of today. Including its acquisitions, PBB has a total of 140 branches, of which eight (8) are from Insular Savers Bank, three (3) from Bataan Savers Bank, and two (2) from Rural Bank of Kawit.

PBB finished the quarter with ₱62.6 billion in total resources. Loans and receivables grew to ₱39.9 billion from ₱35.6 billion in end-September 2014, a 12.1% increase 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 4.15%. Total capital grew to ₱8.4 billion as of September 30, 2015, a growth of 4.9% from end-2014.