

Earnings Release

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PHILIPPINE BUSINESS BANK NET INCOME UP BY 13.2% YOY TO ₱340.0 MILLION

Net income growth on the back of good trading results:

- Net interest income increased to ₱1.219 billion, a growth of 0.9% year-over-year (YoY)
- Trading gains up 92.6% to ₱92.9 million
- Profit before tax grew by 9.3% to ₱427.9 million
- Net income for the quarter was at ₱340.0, up 13.2% YoY

Sustained balance sheet expansion:

- Total resources at ₱63.9 billion, up 2.6% versus end-2015
- Total equity grew by ₱553.9 million to ₱9.0 billion from December 30, 2015
- Loans and receivables expanded by 1.8% to ₱42.5 billion

Caloocan City, Philippines – Philippine Business Bank (PSE:PBB) reported a 13.2% growth in its net income for the first six months of 2016 to ₱340.0 million from ₱300.2 million over the same period last year. Interest income grew to ₱1.584 billion resulting in an increase in PBB's net interest income to ₱1.219 billion. The continued stability of the Bank's core lending business has been a key focus of the Bank's continuing maturation process.

Non-interest income from service charges, fees and commissions and miscellaneous income also increased, bringing non-interest income to ₱87.4 million, up 22.2% over the same period last year.

"PBB completed a successful re-engineering of its credit marketing and credit management processes. We strengthened our credit management team in anticipation of larger business volumes moving forward. We also streamlined our lending units such that our marketing efforts are now more customer-centric than ever. We are expecting considerable growth starting in the second half of 2016 and beyond. Our revamped marketing units should be able to generate better volumes moving forward," said Roland Avante, President and Chief Executive Officer of PBB.

Due to the contributions from both the traditional lending business and trading activities, earnings before taxes expanded by 9.3% while net income reached ₱ 340.0 million, a 13.2% growth over the same time frame last year.

Core income for the second quarter is up 24.1%, versus the last linked quarter, from ₱158.9 million in the first quarter to ₱196.6 million. Net interest income was up 6.7%, as interest income from loans

and receivables grew from ₱635.4 million in the first quarter to ₱664.4 million, or 4.6% higher. Pre-tax pre-provision profit also improved, ending at ₱238.8 million for the quarter, 14.2% higher than the ₱209.2 million in the first quarter of the year.

PBB ended the first half with ₱63.9 billion in total resources. Loans and receivables expanded to ₱42.5 billion from ₱38.5 billion in end-June 2015, or 10.4% YoY and expanded by 1.8% from its end-2015 level of ₱41.7 billion. PBB's net interest margins remained very attractive at 4.2%. Total capital grew to ₱9.0 billion from ₱8.5 billion a 6.5% growth YoY.

"We are confident that the changes we have implemented to improve our account management processes and to strengthen our credit management team will redound to a more robust balance sheet leading to sustained profitability for PBB. While there was some slowdown in the expansion of our risk assets, the near term sacrifices will pay off in the long run. The rest of 2016 will likely show better earnings for PBB compared to 2015. The revitalized credit teams underscore PBB's evolution into a mature financial services firm," said Avante.

PBB has a total of 139 branches and an additional 11 branches from acquisitions, resulting in a consolidated branch network of 150 branches nationwide.