

Earnings Release

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PBB REPORTS FIRST QUARTER 2015 NET INCOME OF ₱140.9 MILLION, UP 24.9%

Core Income up 8.0% to ₱220.4 million

Sustained financial growth:

- Interest income of ₱776.8 million for the year, up 18.5% year-over-year (YoY)
- Net interest income of ₱602.2 million, up 15.7% YoY
- 1Q core income¹ up 8.0% YoY to ₱220.4 million
- Pre-tax pre-provision profit² up 54.8% YoY to ₱250.5 million
- Net Income at ₱140.9 million, up 24.9% YoY

Prudent balance sheet management:

- Loans and receivables at ₱39.2 billion
- 1Q Total loans of ₱39.7 billion
- Total deposits of ₱47.1 billion, up 1.1% quarter-over-quarter (QoQ)
- Total resources at ₱58.3 billion, up 0.73%
- Total equity at ₱8.3 billion, up 3.8% QoQ

Caloocan City, Philippines – Philippine Business Bank (PSE:PBB) announced financial results for the quarter ended March 31, 2015. PBB reported a growth of 8.0% in its core income for the first quarter. From ₱204.2 million in the same period the year prior, PBB's 1Q core income stood at ₱220.4 million, an increase of ₱16.3 million or 8.0%. Net interest income grew by ₱81.8 million or 15.7% from ₱520.4 million to ₱602.2 million.

Pre-tax pre-provision profit expanded 54.8% to ₱250.5 million from ₱161.2 million in the same period last year. Net income increased 24.9% to ₱140.9 million from ₱112.9 million a year ago.

“While the first quarter has traditionally been a slow period as our clients recalibrate their financial targets for the year, PBB's double digit growth in net income underscores the resilience of our business. Even as balance sheet growth has been muted, our net interest income expanded 15.7%, while core income grew ₱16.3 million,” said President and CEO Roland Avante.

¹ Core income is net revenues ex-trading gains/(losses) less non-interest expenses

² Pre-tax pre-provision profit is net revenues less non-interest expenses including trading gains/(losses)

Net loans and receivables was at ₱39.2 billion. The bank ended the quarter with ₱39.7 billion in loans including unquoted debt securities. Total deposits grew by 1.1% QoQ from ₱46.6 billion to ₱47.1 billion in 1Q 2015. Time deposits increased 4.5% QoQ from ₱28.7 billion to ₱30.0 billion in the first quarter of 2015.

The Bank ended the period with 121 branches, opening five more during the first three months of 2015. PBB expects to open 20 to 25 more branches for the rest of the year. The growth in the bank's branch network has been a key factor in PBB's strategic vision of being the bank of choice of SMEs nationwide. The branch network has expanded from 65 in 2011 to 121 at the end of March 2015.

"PBB's branch expansion continues to progress as we originally envisioned. For the remainder of 2015, we expect newly-established branches to begin contributing sizeable growth to our loan portfolio, especially those branches that were opened from the second quarter of last year onwards. We ended the first quarter of 2015 with roughly ₱15.0 billion in loans from branch lending. When I joined PBB in late-2011, the branches did ₱2.5 billion in loans. This phenomenal growth of 7.5x from 2011 to end-March 2015 proves the value-add generated by PBB's presence in key developing cities and business centers, not just in Metro Manila but all over the Philippines," Mr. Avante added.

NPL ratio for this quarter stood at 2.4% while NPL cover was at 97.0%. PBB's total assets increased by 0.7% to ₱58.3 billion. Shareholders' equity grew by 3.8%, from ₱8.0 billion in 2014 to ₱8.3 billion as of March 2015.

Mr. Avante said, "We continue to look for growth opportunities. We want to sustain the growth of our balance sheet, and we will do so in a prudent manner. We are exploring options in support of the regulatory initiatives to consolidate the industry and are looking at potential rural bank acquisitions so that PBB can enjoy benefits available as part of the Strengthening Program for Rural Banks ("SPRB") regime. We see increasing competition from the rest of the industry but we remain optimistic about our full year performance. The Philippine economy is doing well, and PBB is strategically positioned to capitalize on growth opportunities via its strong nationwide presence and a long history of relationships with the business community."