

PSE SPOTLIGHT

FEATURING:



Philippine Business Bank

PBB empowers the SME business sector by being an accessible, affordable and reliable financial partner. By MAKING THINGS HAPPEN TODAY for our clients, we help build strong business communities where dreams are more achievable.

Stock Code	PBB
Listing Board	Main Board
Sector – Subsector	Financials – Banks
Listing Date	February 19, 2013
Outstanding Shares	818,750,094
Free Float Level	30.43%
Market Capitalization	P7,368,750,846
P/E Ratio	3.99x
Dividend Yield	8.89%

As of 19 July 2024
Source: PSE Data

[Company Profile](#)

1. What makes PBB an attractive investment for potential investors?

PBB is the largest stand-alone savings bank and is uniquely positioned with an emphasis towards the SME business sector. This under-served sector, which accounts for 99.5% of all registered enterprises in the country by count, is an attractive segment to be in given the generally lower risk profile compared to consumer loans and higher yields vis à vis corporate loans. This is seen through PBB's net interest margin outperforming the industry average for both universal and commercial banks.

The prudence and capability of PBB's leadership is reflected by the Bank's consistent profitability and growth. At the end of 2023, the Bank has grown its branch network by 50% and its core income by 6.3x compared to where it was in 2013.

Today, PBB is at the cusp of upgrading to a universal bank in 2025, by passing commercial bank status. This upgrade will expand the Bank's products, services, income streams and investment outlets, paving the way for further and more rapid growth for the Bank.

2. What challenges has PBB encountered, and what strategies were employed to overcome them effectively?

Like most other companies, especially in the banking industry, the pandemic was the greatest challenge encountered in recent memory.

When the pandemic started, PBB implemented its business continuity plan (BCP). The Bank's BCP ensured that PBB will be able to deliver its products and services in the event of extreme duress including medical issues and/or government control measures. In line with the implementation of the BCP, the Bank adopted precautionary measures that allowed for continued conduct of business operations and delivery of services to clients while ensuring the safety of its employees, clients, and agency personnel. This prudent and conservative course of action allowed the Bank to sustain its profits, and even revert close to 2019 income levels as early as 2021. Moreover, PBB contributed to the stability of the banking system during the crisis by ensuring our clients' access to cash, and uninterrupted processing of payments and settlements.

3. What sustainability initiatives does PBB have in place? How do they align with your long-term goals?

PBB's approach to sustainability is guided by a sense of purpose: to create value for the long term, by managing our business and ESG risk in a balanced and responsible way.

Sound governance ensures that we maintain our focus and measure the risks and opportunities appropriately as we strive towards sustainability. We believe in doing the right thing by our people and embedding environmental and societal factors in our business operations.

Key to this is this notion of creating trust. We believe that for a society to flourish, corporates and communities must build strong ties based on a foundation of trust, and this can only be done on principles of transparency and fairness.

It is with great pride that PBB received its first Golden Arrow Award on September 28, 2023. This award recognizes the Top Performing Publicly Listed Companies (PLCs) in the Philippines under the 2022 ASEAN Corporate Governance Standards (ACGS).

This prestigious award is a testament to PBB's commitment to deliver banking excellence to our clients and communities. Our clients can count on us to never rest upon our laurels, and instead to work tirelessly to improve the quality of our service and customer experience.

To ensure our business continues to run safely and with integrity, we hold our clients' trust as a privilege and work to uphold these fundamentals. PBB believes in providing relevant information, quality advice and appropriate recommendations to help clients with their financial planning.

The Bank's Board is committed to guiding the Bank to drive the sustainability agenda.

PBB will work in alignment with the communities where we operate to support their aspirations. We will also remain steadfast in our diversity commitments.

Building PBB into a leading financial services partner for a sustainable future requires investments in our people and technology. While we watch our expenses closely, we will not shy away from making strategic investments. We will build up our talent pool of bankers and relationship managers throughout the regions, and help employees progress in their careers and make them more resilient.

In 2022, we announced that we had completed phase one of our core banking roadmap. That included an investment to accelerate digital transformation. Phase two is well under way.

4. **What are your company's strategic priorities for the next two to three years?**

PBB's sustained and accelerated growth in size and profitability will be driven by major strategic initiatives focused on:

1. Upgrade to universal bank;
2. Strategic partnership and acquisitions; and
3. Further strengthening of the core banking business.

Upgrade to universal bank

The upgrade will expand the Bank's range of products, services and investment outlets. This will open the door to new and complementary income streams, and allow for participation in higher-yielding investments, all of which will contribute to boosting the Bank's growth and income.

Strategic partnership and acquisitions

To further accelerate growth, the Bank is looking to forge partnerships and undertake acquisitions that will both bolster financial position and provide strategic value.

Further strengthening of the core banking business

The Bank is implementing strategies that are geared towards growing the low-deployment and higher-yielding loan portfolio while increasing deposit-base with concentration on lower-cost funds.

PSE Spotlight is a short feature about listed companies that are part of PSE STAR Investor Day. The report, which offers a quick overview of a company, includes a description of its business, stock information, as well as answers to five interview questions provided by the company's management team. The interview questions typically revolve around the company's value proposition, business operations and landscape, challenges and opportunities, and strategic initiatives.

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