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## **Security Bank First Quarter Net Income At Php 3.36 Billion, Up 135%**

*07 May 2015, Makati, Philippines* – Security Bank Corporation (PSE: SECB) earned Php 3.36 billion in net income in the first quarter of 2015, representing 135% year-on-year growth resulting in a 28% return on shareholders' equity (ROE).

Security Bank posted healthy growth in core business, with loan growth of 20% year-on-year to Php 199 billion and deposit growth of 17% year-on-year to Php 247 billion. The loan-to-deposit ratio was 81%. Total assets were at Php 409 billion as of March 31, 2015, 8% increase from year-ago. The return on assets (ROA) was 3.3%.

Interest income increased by 15% year-on-year and 8% quarter-on-quarter. Interest expense increased by 47% year-on-year and 11% quarter-on-quarter, reflecting the expected effect of the Php 10 billion Basel III compliant Tier 2 capital issued in July 2014 and the USD 300 million senior unsecured notes issued in January 2015. As a result, net interest income grew by 4% year-on-year and 7% quarter-on-quarter to Php 2.9 billion. Net interest margin was 3.3% for the period, same level as in Q4-2014 and versus the 3.4% average in 2014.

Non-interest income increased more than three times year-on-year to Php 3.4 billion, which included extraordinary trading gain of Php 2.1 billion from sale of investment securities. Excluding extraordinary trading gain, non-interest income was Php 1.4 billion, 72% increase year-on-year. Fee-based income inclusive of asset management posted 20% growth year-on year to Php 482 million.

Core revenues – comprising of net interest income, fee-based income, and trading gain attributable to customer flows – grew by 9% year-on-year to Php 3.6 billion.

Security Bank's total operating income increased by 77% year-on-year and 96% quarter-on-quarter to Php 6.3 billion. Operating cost (excluding provisions for credit losses and impairments) grew by 46% year-on-year and 14% quarter-on-quarter due to taxes and licenses and intensified advertising and marketing expenses. The cost-to-income ratio was 40%. Pre-provision-and-pre-impairment income was at Php 3.8 billion, 107% increase from year-ago level. Provision for probable credit losses was Php 188 million in Q1-2015.

Asset quality remained healthy, with the net non-performing loan (NPL) ratio at 0.08% in Q1-2015, which is among the lowest in the banking industry. NPL reserve cover was at 198%, which is among the highest in the industry.

*"We thank our customers and partners for their trust and support. Our core businesses – Financial Markets, Wholesale and Retail Banking – continued to produce healthy results after a robust 2014 performance. As we focus to deliver the best value to our customers and grow the Retail Bank as a third pillar to our business, we are greatly pleased to have Mr. Alfonso 'Yogi' Salcedo, Jr. – with his depth and breadth of experience and vision in consumer banking – as our new President and CEO,"* Security Bank Chairman Mr. Alberto S. Villarosa said.

Security Bank has a total network of 257 branches and 516 ATMs as of March 31, 2015. The integration of the 39 branches of thrift bank subsidiary Security Bank Savings into the branch network of Security Bank was successfully completed in March 2015, after receipt of regulatory approval in January 2015; these branches now offer the full universal bank product range to wholesale and retail clients. Security Bank launched the bancassurance product in partnership with FWD Life in February 2015.

*"The Bank's balance sheet continues to be strong with sustained asset quality and capital strength. Our shareholders' capital increased by 19% year-on-year to Php 50 billion as of March 31, 2015 due to retained earnings. Our Basel III Common Equity Tier 1 (CET 1) was 13.8% and total Capital Adequacy Ratio (CAR) was 17.5%, well above the BSP's minimum requirements of 8.5% and 10%, respectively,"* Security Bank Chief Financial Officer Mr. Joselito E. Mape said.

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## About Security Bank

Security Bank is among the eight largest private domestic universal banks in the Philippines with total assets of Php 409 billion, loan portfolio of Php 199 billion, and total capital of Php 51 billion as of March 31, 2015.

Security Bank has been a recipient of various awards, among which, in 2015, the Bank was **Asia's Leader in Merchant Partnerships for Sweep Card** by *IDC Financial Insights*, and recipient of **Best CEO (Investor Relations)** for Mr. Alberto S. Villarosa, **Best Investor Relations Company**, and **Best Corporate Social Responsibility** awards by *Corporate Governance Asia* of Hong Kong. In 2014, the Bank was **Best Bank in the Philippines** by *Global Financial Market Review*; **Best Small Cap Equity Deal of the Year in Southeast Asia** for Xurpas' Php 1.36 billion (USD 30 million) IPO by *Alpha Southeast Asia Magazine*; **Best Overall Domestic Provider of FX Services in the Philippines** as voted by Corporates and Financial Institutions by *Asiamoney*; **Best Service Provider and e-Solutions Partner Bank in the Philippines** by *The Asset*; and **Best Investor Relations Companies-Philippines** by *FinanceAsia*. In 2013, the Bank was **Best Managed Bank in the Philippines** by *The Asian Banker* of Singapore. In 2012, Security Bank was **Bank of the Year in the Philippines** by *The Banker* of London, and the **Strongest Bank in the Philippines** by *The Asian Banker*. The Bank has been operating for 63 years since it was established in 1951.

More information is available on our website: [www.securitybank.com](http://www.securitybank.com).