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Security Bank Posts All-Time High Net Income of Php 7.7 Billion in 2015 For 15.2% ROE

10 February 2016, Makati, Philippines - Security Bank Corporation (PSE: SECB) posted a record-high net income of Php 7.7 billion in 2015, which is 7% higher than previous year and translates to a 15.2% return on shareholders' equity (ROE).

Loans increased 24% year-on-year to Php 240 billion while deposits grew 17% to Php 290 billion. Corporate/commercial loans increased 21%. Key consumer loan portfolios composed of home and auto loans and credit card receivables rose 67%. Total assets jumped 34% year-on-year to Php 532 billion.

Asset quality remained healthy, with net non-performing loan (NPL) ratio at 0.14%, lower than the 0.28% in 2014. Net NPL ratio of 0.14% continues to be among the lowest in the Philippine banking industry. NPL reserve cover stood at 205%, among the highest in the industry.

Net interest income increased by 11% to Php 12.4 billion. Net interest margin (NIM) was 3.3%. Total non-interest income was Php 6.5 billion, 16% higher than previous year. This growth was driven by a 38% increase in fee-based income with solid contribution from retail banking services such as bancassurance, credit cards and deposit transactions, as well as from asset management. The Bank earned Php 2 billion in gain on sale of securities, which is lower than the Php 3.1 billion posted in 2014. Core revenues -- which comprise net interest income, fee-based income and trading gains attributable to customer flows -- grew 15% to Php 15.6 billion.

The cost-to-income ratio was 50%. Operating expense growth (excluding provisions for probable credit losses and impairments) was 20% due to continuing investments in building the retail banking business and delivering Security Bank's **BetterBanking** promise to customers. Two new innovative products were launched in line with the Bank's **BetterBanking** promise -- the **Security Bank Mastercard Complete Cashback** credit card and the **All-Access Account**.

*"2015 results exceeded our expectations. Customer loans grew at rates significantly above industry with no deterioration in the net NPL ratio. Likewise, deposits outpaced industry growth. Core revenues are growing robustly, with the increase progressively making up for lower trading gains. Our three core businesses -- Wholesale Banking, Retail Banking, and Financial Markets/Treasury -- all contributed to produce record net profits this year. We are also delighted to have been named **Bank of the Year - Philippines** by **The Banker** which is considered the Oscars of the global banking industry. This award, along with the strong results, gives kudos to the dedication and hard work of the entire Security Bank team. Most important, we thank our customers for their continuing trust and support,"* said Security Bank President and Chief Executive Officer Mr. Alfonso L. Salcedo, Jr.

"Shareholders' capital increased 14% to Php 53.2 billion from retained earnings. Our Basel III capital adequacy ratios are healthy, with Common Equity Tier 1 (CET 1) at 12.2% and Total CAR at 15.2%, which are well above the regulator's required minimum of 8.5% and 10%, respectively," said Security Bank Chief Financial Officer Mr. Joselito E. Mape.

Security Bank has 262 branches and 555 ATMs as of year-end 2015.

About Security Bank

Security Bank is among the six largest private domestic universal banks in the Philippines by total assets (at Php 532 billion) as of December 31, 2015.

Security Bank has been a recipient of various awards, among which, in 2015, the Bank was **Bank of the Year – Philippines** by *The Banker* of London; **Overall Best Managed Company in the Philippines – Medium Cap** by *Asiamoney*; one of the **Best Mid-Cap Companies in the Philippines** by *FinanceAsia*; **Best Branch Innovation in the Philippines** by *The Asian Banker*; **Best Investor Relations Company** and **Best Corporate Social Responsibility** awards by *Corporate Governance Asia* of Hong Kong; **Bank of the Year, Philippines** by *M&A Today* of London; and **Best Foreign Exchange Bank, Philippines** by *Global Banking & Finance Review*. 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*. 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 – Philippines** by *The Banker* of London, and the **Strongest Bank in the Philippines** by *The Asian Banker*. The Bank has been operating for 64 years since it was established in 1951.

More information is available on our website: www.securitybank.com.