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Security Bank Net Income at Php 6.1 Billion in First Nine Months of 2015 for 16% ROE

27 October 2015, Makati, Philippines – Security Bank Corporation (PSE: SECB) earned Php 6.1 billion in net income in the first nine months of 2015, which translates to a 16% return on shareholders' equity (ROE).

Security Bank posted sustained growth in core business, with loan portfolio increasing by 20% year-on-year to Php 217 billion and deposits growing by 19% to Php 275 billion. The loan-to-deposit ratio was 79%. Corporate/commercial loans grew by 15% and consumer loans rose by 81%. The investment securities at amortized cost portfolio was at Php 176 billion as of September 30, 2015. Total assets increased by 32% year-on-year to Php 482 billion. The return on assets (ROA) was 1.9%.

Net interest income in the nine-month period increased by 7% year-on-year to Php 9 billion. Overall net interest margin was maintained at 3.2% during the period. Fee-based income increased by 48% year-on-year to Php 1.8 billion with contribution from bancassurance. Core revenues, which comprise net interest income, fee-based income, and trading gain attributable to customer flows, grew by 13% to Php 11.5 billion. Overall trading gain was Php 2.9 billion during the period.

Security Bank's total operating income increased by 6% year-on-year to Php 14.3 billion despite the higher level of trading gains posted in the same period of last year. Operating expense growth in the nine-month period (excluding provision for probable credit losses and impairments) was 22% year-on-year, decelerating from the 28% year-on-year growth in the first six months of 2015. Operating expense for the quarter ended September 30, 2015 decreased by 4% from previous quarter. The cost-to-income ratio for the nine-month period was 49%.

For the three-month period ended September 30, 2015, Security Bank earned Php 1.4 billion in net income, up 8% quarter-on-quarter, though down 50% year-on-year because of substantial trading gains in Q3-2014. Net interest income in Q3-2015 was Php 3.2 billion, up 11% quarter-on-quarter and 22% year-on-year. Non-interest income was Php 869 million. Core revenues during the quarter was Php 4.3 billion, up 20% quarter-on-quarter and 34% year-on-year.

Asset quality continued to be healthy, with the net NPL ratio at 0.31% as of September 30, 2015 compared to 0.21% a year ago. Provision for probable credit losses in the first nine months of 2015 was Php 599 million. The NPL reserve cover was at 179%.

On September 29, 2015, Security Bank declared the second semestral regular cash dividend of Php 0.50 per share and special cash dividend of Php 0.50 per share, subject to approval of the Bangko Sentral ng Pilipinas. The record date and payment date will be determined after receipt of regulatory approval. This will bring the total cash dividends for the year to Php 2.00 per share.

A handwritten signature in blue ink, appearing to read "R. Baello", located in the bottom right corner of the page.

Security Bank President and Chief Executive Officer Mr. Alfonso L. Salcedo, Jr. said, *"We are on track versus our profit target for the year. Our core revenues are growing at a healthy rate and are poised to make up for lower trading gains when interest rates rise. The net interest margin on our customer loans and deposits business has further improved, benefiting from the growth of our consumer and middle-market loans and low-cost deposits."*

Security Bank Chief Financial Officer Mr. Joselito E. Mape said, *"Shareholders' capital increased by 14% year-on-year to Php 52 billion due to retained earnings. We continue to efficiently use our capital. Our Basel III capital adequacy ratios are healthy, with Common Equity Tier 1 (CET 1) at 12.7% and Total CAR at 15.9%."*

Security Bank has 260 branches and 543 ATMs to-date.

About Security Bank

Security Bank is among the eight largest private domestic universal banks in the Philippines with total assets of Php 482 billion, loan portfolio of Php 217 billion, and total capital of Php 53 billion as of September 30, 2015.

Security Bank has been a recipient of various awards, among which, in 2015, the Bank was the **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*; recipient of **Best CEO (Investor Relations)** for Mr. Alberto S. Villarosa (former President & CEO and now Chairman of the Board), **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 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 64 years since it was established in 1951.

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

