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Security Bank Net Income Up 12% to Php 7.4 Billion in First Nine Months of 2017

06 November 2017, Makati, Philippines – Security Bank Corporation (PSE: SECB) posted Php 7.4 billion in net income in the first nine months of 2017, up 12% from year-ago level. This result was driven by a 24% or Php 2.8 billion increase in net interest income to Php 14.3 billion. Non-interest income including trading gains was Php 3.5 billion, a 15% or Php 0.6 billion decrease.

For the third quarter alone from July 1 to September 30, 2017, net income increased 21% from year-ago level to Php 2.14 billion, driven by a 22% growth in net interest income to Php 5 billion.

The growth in net interest income was on the back of a 38% year-on-year increase in loans to Php 370 billion and a 44% increase in deposits to Php 431 billion. Low-cost deposits grew 22%. Wholesale loans grew 36%, of which corporate loan growth was 39% and middle market loan growth was 32%. Consumer loans increased 67%. Consumer loans accounted for 14% of total loans. Net interest margin was 3.2% in the third quarter of 2017, same as in previous quarter and higher than the 3.1% at year-end 2016. Service charges, fees and commissions were up 2% to Php 1.6 billion.

Operating expenses, excluding provisions for credit and impairment losses, were up 17%. This was driven by a 22% increase in manpower cost with the staffing of new branches, retail lending and e-commerce platforms. 19 new branches were opened in the last 12 months from October 2016 to September 2017, inclusive of the 8 new branches opened in the first nine months of this year. Depreciation and amortization and software costs increased 40% due to the major information technology upgrade and branch network expansion. The cost-to-income ratio was 50.6%.

It has been a quality growth for Security Bank. Asset quality remained firm with net non-performing loan ratio (NPL) of 0.11%. NPL reserve cover was 220%. Total assets increased 17% to Php 796 billion. Shareholders' capital was Php 103 billion, up 8%. Return on average shareholders' equity (ROE) was 9.8%. Return on average assets was 1.5%. Common Equity Tier 1 ratio was 16.2% and total Capital Adequacy Ratio was 18%. The book value per share was Php 136.81 as of September 30, 2017, up 8% from year-ago level.

On October 27, 2017, Security Bank's Board of Directors approved cash dividends of Php 1.50 per share representing regular semestral cash dividend of Php 1.00 per share and a special cash dividend of Php 0.50 per share, with record date on November 17 and payment date on November 24 this year. This will

bring the total cash dividends for the year to Php 3.00 per share. The Bank had earlier paid cash dividends for the first semester of Php 1.50 per share on May 25 this year.

Security Bank has 298 branches and 694 ATMs to-date.

Summary

About Security Bank

Security Bank is among the five largest private domestic universal banks in the Philippines by total assets (at Php 775 billion) as of June 30, 2017.

Security Bank has been a recipient of various awards in 2017, among which are: **Alpha Southeast Asia's Best Bank in the Philippines**; **Asiamoney's Best Bank for SMEs – Philippines**; **The Asian Banker's Deposit Product of the Year**; **Asiamoney's Best Managed Company in the Philippines (Mid-Cap)**, **Best Executive in the Philippines (Mr. Alberto S. Villarosa, Chairman)**, and **Best for Investor Relations in the Philippines**; **The Asset's Best e-Bank Philippines**; from **KAPATID 2017 Awards** of the **Employers Confederation of the Philippines** -- **Special Citation Award on Industrial Peace and Harmony**; from **Corporate Governance Asia** -- **Asia's Best CEO (Investor Relations) for Mr. Alfonso L. Salcedo, Jr.**, **Asia's Best CFO (Investor Relations) for Mr. Joselito E. Mape**, and **Best Investor Relations Company Philippines**; from **15th Philippine Quill Awards** – three **Merit Awards** for Security Bank's **Economic Forum**, **The Bankers' Bond** (corporate magazine), and **Security Bank Foundation, Inc.**; from **Asian Banking and Finance** -- **Advertising Campaign of the Year-Philippines**, **Credit Card Initiative of the Year-Philippines**, and **Mortgage and Home Loan Product of the Year-Philippines**.

In 2016, the Bank was named **Bank of the Year – Philippines** by **The Banker** of London, and **Philippines' Best Bank** by **Euromoney**. The Bank was also recipient of the following awards in 2016: **Best Improved Retail Bank in Asia Pacific, Central Asia, Africa and the Gulf Region** by **The Asian Banker**; **Highly Commended as Best Bancassurance** by **Retail Banker International**; **Award for Excellence for the Better Banking Campaign** from the **Philippine Quill Awards**; **Best Electronic Bank for the Philippines** by **The Asset**; and **Best Cash Management and Treasury and Working Capital Bank** by **The Asset**. In 2015, Security Bank was **Bank of the Year – Philippines** by **The Banker** of London; **Overall Best Managed Company in the Philippines – Medium Cap** by **Asiamoney**; **Best Branch Innovation in the Philippines** by **The Asian Banker**; and **Best Overall for Corporate Governance in the Philippines**, **Best for Responsibilities of Management and the Board of Directors**, and **Best for Investor Relations** by **Asiamoney**. The Bank has been operating for 66 years since it was established in 1951.

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