

# SECURITY BANK

2004 ANNUAL REPORT



our  
**customer.**  
our **focus.**

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## Our Mission Statement

We will be a leading provider of financial services and solutions.

We will focus on customer and market, deliver innovative and responsive products of distinct quality and value, and nurture long-term customer relationships founded on mutual trust and confidence.

We will attract, develop, motivate, and reward employees who are committed to productivity, quality, and teamwork, as we encourage them to work with fellow employees across organizational boundaries to advance the interests of customers and shareholders.

We will conduct ourselves as good corporate citizens, and will be recognized as an economic and social asset by the communities in which we operate.

We will pursue consistent growth in earnings and fair returns for our shareholders, as we commit to building the value of the company for the long term.

## F.I.R.S.T. – A Review

Riding on the wave of success generated after the launch of our three-year strategic plan F.I.R.S.T. Priorities in the year 2003, Security Bank in 2004 shifted into higher gear, fueled by a renewed sense of purpose which all Security Bankers rallied around: FOCUS on our CUSTOMERS.

### OUR CUSTOMER. OUR FOCUS.

In keeping with its yearly task of chronicling our most noteworthy corporate milestones, the 2004 Annual Report places emphasis on our intensified efforts to place the customer first at all times, responding to their varied banking needs with innovative bank products of distinctive quality that provide uncomplicated but effective solutions. It is exactly what was articulated by the authors of our F.I.R.S.T. Priorities strategy: "products that matter, easily accessible to the market, and delivered fast."

The cover represents a broad spectrum of six customer profiles, from sophisticated corporate customers with complex banking requirements to budding, high-potential small businesses, to young and active individuals on the go. Each customer is as important to Security Bank as the next, and has unique needs that Security Bank strives to fulfill.

The five ideals of F.I.R.S.T. Priorities continue to guide us in our quest to become the leading provider of financial services and solutions in the Philippines.

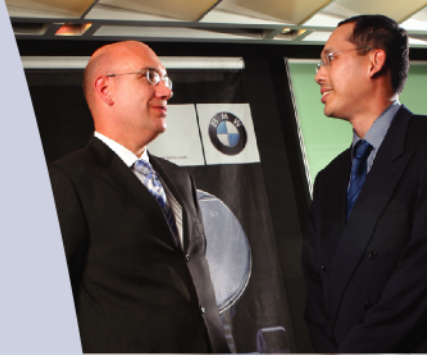
F – Focus on our Customers

I – Innovation and Speed to Market

R – Results-Oriented Quality and Productivity

S – Stakeholder Value Enhancement

T – Teamwork



## CHAIRMAN'S MESSAGE

### To our Stockholders and Friends:

In 2004, Security Bank continued building on the growth of the previous year amidst a markedly uncertain and more volatile market shaped by a confluence of domestic and global events. Under these circumstances, charting a steady course through the rough patches while keeping one's focus on the customer required agility and quick response. As the consolidation trend in the banking industry gave rise to integration issues, we decisively kept our focus on ensuring our customers remained top of mind while we pursued the strategic directions laid out in our three-year plan. Underpinning this was a purposeful commitment to the execution of the tactical milestones embodied in our strategic blueprint.

We are pleased to disclose that our successful efforts have resulted in creating greater value for our shareholders. With the renewed confidence in the Philippine Stock Market, our share price reflected a solid 68% increase from 17.25 pesos at the start of the year to 29.00 pesos at year-end, a fitting endorsement by the investing community of the concrete value we have created for our shareholders. Leveraging on the collective commitment of our people and adeptly balancing opportunities with risk, net income grew to 757 million pesos, a 50% growth over last year. The growth in earnings was achieved even as we further increased cover for our non-performing loans (NPL) and non-performing assets (NPA) covers to 65% and 48%, respectively. Accordingly, these accomplishments translated to a 50% increase in earnings per share from 1.54 pesos in 2003 to 2.30 pesos in 2004. Return on equity, meanwhile, improved from the prior year's 5.7% to 8.0%.

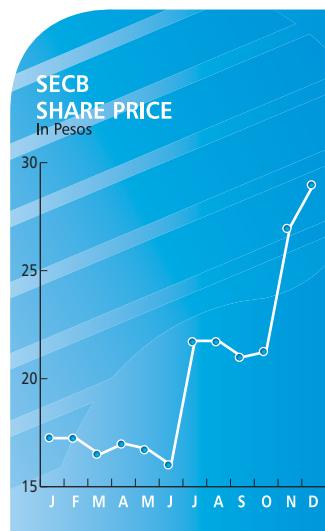
Our drive towards enhanced earnings was achieved through a 22% organic growth in resources from 72.6 billion pesos to 88.2 billion pesos without compromising our excellent asset quality as NPL and NPA ratios further declined to 6.7% and 13.7%, respectively.

Our efforts at creating a superior balance sheet backed by a strong free capital base were affirmed early in the year when we issued Peso Tier 2 subordinated debt. The notes rated BB- by Fitch Ratings, one notch below the sovereign rating, were two times oversubscribed. The warm investor reception enabled us to increase the issue size from 2.5 billion pesos to 3.0 billion pesos, further improving our capital adequacy ratio from 16.8% to 21%.


Having built greater intrinsic value for the Bank, we have addressed shareholder returns by increasing our dividend payouts to 0.50 pesos per share, 67% higher than the previous year and resulting in an improved dividend yield of 1.7%. We are equally pleased to disclose that as of the first quarter of 2005, we have declared a regular semi-annual cash dividend of 0.25 pesos per share and a special cash dividend of 0.25 pesos per share further improving dividend yield to 2.5%.

We acknowledge the leadership of our President and our highly competent and dedicated management team as we mark the first year of our three-year plan with a sterling performance. Through the years, our Board of Directors have continued to provide invaluable advice, in adherence with principles of good corporate governance, as we aspire to continually excel towards greater levels of achievement.

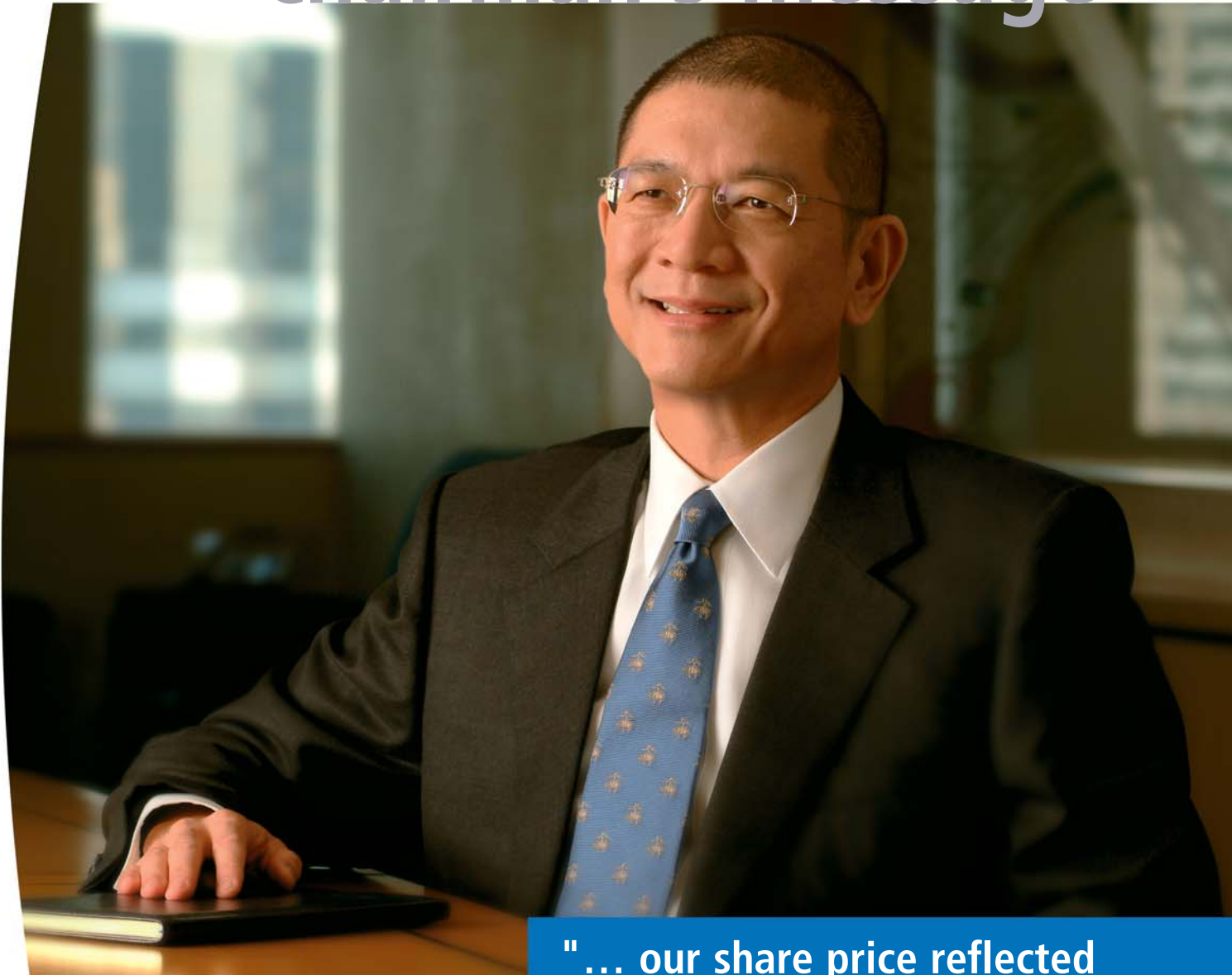
In closing, we are grateful for the enduring relationships we have established with our customers and the communities we serve. We are confident that the future holds even greater promise for Security Bank and its stakeholders.



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FREDERICK Y. DY  
Chairman

# chairman's message



**"... our share price reflected a solid 68% increase from 17.25 pesos at the start of the year to 29.00 pesos at year-end, a fitting endorsement by the investing community of the concrete value we have created for our shareholders."**

# president's report



"Pre-provision operating profits (PPOP) grew 18% to 2.08 billion pesos from 1.76 billion pesos in the previous year. This translates to a PPOP return on average equity of 20.8%, which places Security Bank squarely among the leaders in terms of operating profitability in the banking industry."

**K**eeping a steady course in rough seas is a daunting task. Negotiating a change in heading – and maintaining it – amidst turbulent waters present a far greater challenge.

The global and domestic events that shaped 2004 provided an arduous environment for the financial services industry as a whole. While the global economy exhibited real GDP growth over the previous year, the energy sector was a source of surprises and economic shocks. Fueled by increasing market demand and concerns over production capacity, the trends in world petroleum prices proved a recurring navigational challenge as the price of crude oil increased 22% from 32 US dollars to 39 US dollars a barrel. Moreover, apprehensions over an unsustainable trend in US external balances prompted a weakening US currency particularly versus the euro and the yen. Coupled with concerns over rising core inflation, the US Federal Reserve adopted a measured monetary tightening stance as it increased its overnight rate by 125 basis points over the previous year.

Meanwhile, the Philippine economy was plagued by fiscal uncertainties and a looming credit ratings downgrade. And though the peso was one of the weakest performing currencies in the region, overseas remittances along with the weakening dollar helped to ease some depreciation pressures. Interestingly enough, higher than expected GDP growth of slightly above 6% and improving profitability of blue chip companies provided the price momentum needed to boost the Philippine stock market to become the 5<sup>th</sup> best performing in Asia with the Philippine Composite Index rising 26%. Nonetheless, credit demand remained lackluster while consumer pessimism slowed major purchases and instead increased a propensity to remain liquid.

These conditions demand flexibility and agility of industry players. An institution has to be responsive to the opportunistic shifts in markets while keeping its focus on the path it has charted for itself.

We are pleased to report that Security Bank managed all these and more, largely through the combined effort and focus of Security Bankers everywhere on our three-year strategic plan: F.I.R.S.T. Priorities. Launched in late 2003, F.I.R.S.T. Priorities was the result of drawing on management's years of collective experience to chart a course for Security Bank towards a position among the top performers in the Philippine banking industry. Leveraging on the groundwork laid the prior year, 2004 was a crucial beginning chapter of our three-year plan as Security Bank intensified further its focus on its CUSTOMERS. Customer focus figured significantly in our key decisions and our actions this year, entrenching itself as a way of work and life at Security Bank.

### Financial Overview

In line with our strategic focus and backed by a succession of notable accomplishments, there is indeed much to show by way of financial performance.

Efforts geared towards managing our funding mix and asset deployment strengthened the Bank's interest differential business in 2004, generating substantial growth in our net margins. This was further supplemented by fee-based income from service charges, fees and commissions, which combined with our interest differential income allowed Security Bank to register healthy revenues of 4.7 billion pesos, up 17% from last year's equivalent figure of 4 billion pesos. As we set about implementing investments in support of our tactical objectives, we diligently managed our overhead costs resulting in an improved cost to income ratio of 55% over the prior year's level of 56%.

All told, pre-provision operating profits (PPOP) grew 18% to 2.08 billion pesos from 1.76 billion pesos in the previous year. This translates to a PPOP return on average equity of 20.8%, which places Security Bank squarely among the leaders in terms of operating profitability in the banking industry.

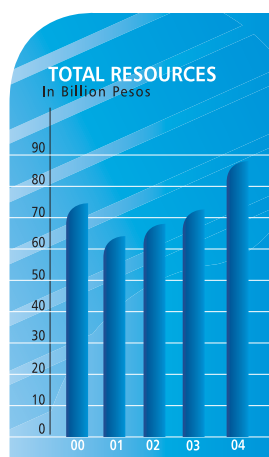
Net income after tax for 2004 of 757 million pesos grew 50% over the restated 2003 level, significantly ahead of our F.I.R.S.T. Priorities strategic commitments.

Growth in the balance sheet was pursued without compromising the bank's fundamental profitability and asset quality. At the end of 2004, Security Bank's resources totaled 88.2 billion pesos, an impressive 21% increase from the previous year's 72.6 billion pesos. A key driver of this growth was a continuing build-up of our deposit base, which reached close to 55 billion pesos. The success in expanding our lower cost funding

base remains a constant, year after year, allowing us to further reduce our funding costs. Deposits generated, including funds sourced from our Tier 2 notes issue, were deployed primarily towards a 73% growth in our portfolio of investment securities, which totaled 34.9 billion pesos from 20.2 billion at the end of 2003. In addition, our loan portfolio grew by 10% to 41.4 billion pesos from 37.6 billion pesos last year.

We continue to maintain superior risk asset quality with our non-performing loan (NPL) ratio at 6.7%, which is, as in years past, significantly below the banking industry average of 12.7%, even as the bank set aside 1.2 billion pesos in provisions for probable losses for the year. Our sustained level of provisioning brought the balance of allowance for probable losses for risk assets to 3.9 billion pesos at the end of the year. With the success of our efforts at cleaning up our balance sheet through aggressive provisioning and accelerated collection of non-performing loans, we now have a very comfortable NPL cover of 65% after full coverage of accounts classified as loss. Capital adequacy ratio is likewise at a very strong 21%, which far exceeds the regulatory requirement of 10%, and is largely the result of the infusion of 3 billion pesos in Tier 2 capital from our subordinated notes issue early in the year.

It is also worth noting that in 2004, Security Bank adopted International Accounting Standards 12 on Income Taxes, under which the deferred income tax asset account is allowable only to the extent



## PRESIDENT'S REPORT

of probable taxable income. This upgrade in our accounting standards resulted in a downward adjustment in our surplus accounts for the prior years, with a corresponding restatement in the net income thereon, specifically increasing tax provisions for the prior years and reducing our 2003 net income figure by 126.7 million pesos to 506 million pesos.

With our robust financial performance in 2004 translating to a bottom line totaling 757 million pesos, our growth in net income year-on-year registered a remarkable 50% improvement. This translated to a return on average equity of 8.0%, up from the 5.7% return registered in the previous year. It also further improved our earnings per share from 1.54 pesos per share in 2003 to 2.30 pesos per share in 2004.

### Winning Ways

Underpinning the excellent financial results were a series of programmed and well-executed activities. The year 2004 started off on an auspiciously high note as the investing public enthusiastically welcomed our Tier 2 capital offering. A vital component of the F.I.R.S.T. Priorities strategy, the five-year notes were rated BB- by Fitch Ratings and were more than 100% oversubscribed, prompting us to increase the total offering size from 2.5 billion to 3 billion pesos.

The beginning of the year also saw the successful delivery of other undertakings to further strengthen our balance sheet, among which was the first public auction of our acquired real properties in February. Encouraged by the highly satisfactory results, subsequent and likewise successful auctions were held later in the year. We also established two Special Purpose Vehicles (SPVs) in September 2004, providing the Bank with the flexibility needed to address the swift disposal of its non-performing assets and to avail of incentives and possible business opportunities granted under the SPV Act of 2002.

Interestingly, the warm reception given these initiatives augured the acceptance that would later be received by a salvo of new products aimed at rounding out our value-added service offerings to our most important constituent: our customers.

In February 2004 we launched CheckRight, a checking account that allowed medium to large corporations to instantly automate the preparation, printing, and even reconciliation of their corporate checks with an easy-to-use software package and an Internet connection to our corporate cash management system, Security DigiBanker. The product gained a hefty following by year-end, exceeding its aggressive account balance targets by 40%.

This was soon followed by CheckPower, another current account enhancement that provided our customers with both a convenient means of payment and high interest rates for their operating funds. CheckPower was likewise very well received, generating more than a billion pesos in new deposits in just a few months time.

Our individual and institutional investor customers likewise

benefited from dollar-based investment products that allowed them to diversify their portfolios while maximizing yield and minimizing risk. Secure Dollar Optima, a fixed-term dollar investment account, was introduced to guarantee investors a higher yield than most other dollar time deposit products in the market. Our Trust Division also added to the investor product family's innovation momentum with the unveiling of the Security Bank Dollar Fund, a US dollar-denominated common trust fund (CTF) that allowed individuals and corporations with excess dollars to tap into our funds management expertise in order to reap the benefits of owning a diversified portfolio of US dollar-denominated securities.

### Sustaining Success

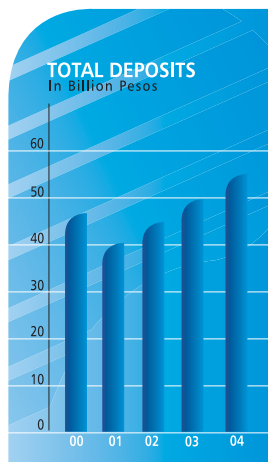
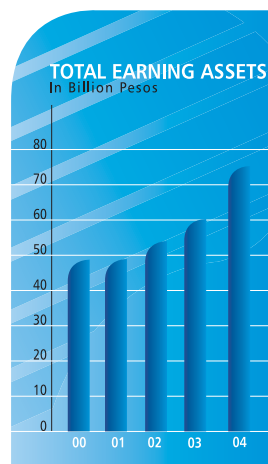
Given the constantly changing business and technology landscape, maintaining our capacity for steady innovation and a constant turnout of value-added products for our customers require that we routinely lay new groundwork for better and even more responsive services in the future. To this end, we took several steps to position both our electronic and traditional support infrastructure accordingly, practically all of which were undertaken and successfully concluded in 2004.

Early in the year, we started the implementation of the BPC SmartVista solution in order to integrate under a single and open platform both our ATM card and credit card transactions, paving the way for the delivery of seamless, integrated consumer card products in the near future. By the end of the year, the ATM side of the project was fully implemented, allowing development of related products under this platform to commence. The credit card side of the BPC SmartVista solution will be completed and launched in mid-2005.

We continued to build on our core competency in managing market risk, as our Treasury Group purposely redeployed funds generated by the intensified deposit buildup into an asset portfolio that greatly enhanced both the yields of our gapping business and capitalized on trading opportunities arising from the price shifts and resulting volatility in the market. To further bolster this capability, we likewise began migration to the Misys OPICS system in order to upgrade the systems backbone that supports our Treasury Group. This will allow us to centralize and fully automate the deal capture, confirmation, settlement, credit and risk

measurement, mark-to-market, and accounting aspects of treasury products, capital markets, and derivative instruments. Aside from improving our operating efficiency and controls, the new system also sets the stage for a broader range of foreign exchange and money market product offerings in the immediate future.

Towards the end of 2004, we forged a partnership with Asian FX Money Exchange and Travelex Money Transfer Ltd. (TMT) to expand the latter's money remittance operations in the Philippines. The partnership agreement effectively put Security Bank's 114 branches nationwide





within the reach of eight million overseas Filipinos through TMT's network of more than 59 countries worldwide that offer easy-to-use, secure, and convenient Internet-based remittance systems.

As for the equally important bricks-and-mortar aspect of our distribution channels, the strategic rationalization of our branch network to optimize its overall reach and accessibility to our customers continued in 2004. This included the relocation of three branches to areas with better business potential: Peñafrancia Avenue in Naga City, Doña Soledad Avenue in Parañaque City, and at the new Medical City Hospital along Ortigas Avenue in Pasig City.

Finally, in full acknowledgment of the invaluable role that our Human Resources play in sustaining our success thus far, we have undertaken a rigorous Bank Management Program geared towards supplementing the talent pool of our middle management. Consequently, in 2004, the participants completed an intensive 7-month bank-wide training program and have been deployed to several departments across the Bank. We have likewise taken several major steps in further enhancing the career development function to ensure that the individual and professional progress of performers with strong potential in the organization are managed carefully and deliberately. This not only ensures their retention, but their continuing growth, fulfillment, and preparedness to take on more significant responsibilities as the need arises.

### Reaping Rewards

We have no doubt that the well-calculated business initiatives, new products, and infrastructure improvements undertaken in the year 2004 will bear even more impressive results down the road. One clear signal that such anticipated success is well founded is the very positive response that some of these efforts received early on. Another such indication is the series of accolades and milestones we attained in 2004 for similar ventures undertaken in years past, but which continue to reap honors for Security Bank today.

Our Internet-based corporate cash management system, DigiBanker, garnered its 1,000th customer in early September 2004, exactly three and one-half years after it was launched. This translates to an acquisition rate of about twenty-four connections a month or one per business day since the product was released in March 2001. In addition, the business volume of one of DigiBanker's best-selling product modules, eFPS RealTime, grew 70% in 2004, and today already moves a fifth of all taxes paid in the Philippines electronically and securely to the Bureau of Internal Revenue.

We are extremely proud that SB Cards Corporation (SB Cards), the Bank's credit cards subsidiary, won the "Best Franchise Award" for Diners Card in the Asia-Pacific region. Diners Club International bestows this seal of approval on the franchise demonstrating the highest new card growth, excellent brand exposure, and a good balance in marketing activities between card issuance and merchant acquisition and support.

More significantly, in achieving this recognition, SB Cards bested its peer franchisees operating in the region, many of which are located in better-developed economies.

Not to be outdone, SB Equities, Inc., the Bank's stock brokerage house, continued the aggressive sales and marketing efforts that propelled its business rapidly upwards two years ago, retaining its place at the number one spot among bank-owned brokerage firms in terms of total value traded. In doing so, SB Equities, Inc. likewise maintained an enviable position among the top ten stock brokerage houses in the country. Later in the year, SB Equities, Inc. received three awards for its sterling sales performance from the Fund Managers' Association of the Philippines (FMAP): Best in Sales, Best in Sales Execution, and an individual award for Best Salesperson & Trader for one of its key officers.

Asiamoney in its 2004 Broker's Poll of more than 80 foreign fund managers cited SB Equities, Inc. as the 3<sup>rd</sup> Best Local Brokerage House in the Philippines, reaffirming its world-class level of management expertise.

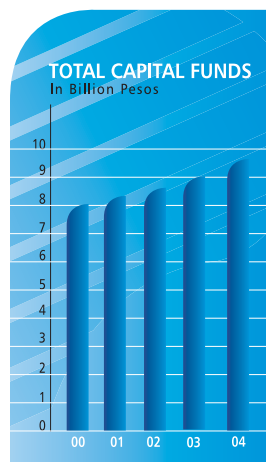
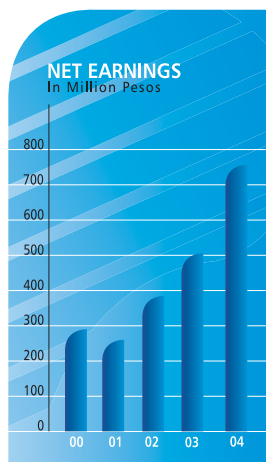
### Further Ahead with F.I.R.S.T.

Along with the major stakeholders and senior officers of the Bank, we have remained confident of consistently replicating, if not exceeding, our past successes, despite the numerous competitive and economic challenges facing us. Our performance over the past five years, and particularly in the year 2004, has proven that these convictions were not unfounded. However, our confidence in improving results steadily over time is not rooted in what we have accomplished in the past; rather, it rests firmly on the ability of each and every Security Banker to uphold the utmost principle of F.I.R.S.T. Priorities: putting the customer at the center of all our decisions and actions.


Before concluding, we wish to extend our heartfelt appreciation to Security Bankers everywhere, especially those who have fully embraced our F.I.R.S.T. Priorities strategy, and, more importantly, taken visible and tangible action to ensure its success. As always, we are likewise grateful for the leadership and guidance of our Board of Directors.

We have said it before - customer focus equals sustainable success. Going forward, Security Bank's 54<sup>th</sup> year will be, for many if not all of us, an indisputable reminder of that fact. Beyond that, we are confident that

F.I.R.S.T. Priorities, well after its third and final year comes to pass, will be a continuing journey for all Security Bankers.



ALBERTO S. VILLAROSA  
President and Chief Executive Officer

A man in a dark suit, white shirt, and blue patterned tie is smiling and leaning against a dark grey BMW car. He is wearing glasses and a watch. The car's front grille, headlights, and BMW logo are visible. The background shows a modern interior with glass walls and a ceiling with recessed lighting.

For Security Bank,  
keeping BMW's  
wheels spinning  
is literally a plan  
in motion.

# management in motion

*“BMW made its mark in automobile history over 75 years ago, and continues the tradition of excellence to this day. In the course of serving our customers, we work only with partners who understand the precise needs and preferences of our elite clientele.*

*In close cooperation with Security Bank, BMW is able to offer customized and innovative automotive ownership packages.”*

– Dr. Joerg Breuer  
President, BMW Philippines Corporation

Security Bank’s relationship with BMW Philippines Corporation underscores the personal rapport the Bank fosters with its corporate customers. It is a professional affiliation that is based on knowledge, understanding, common values, and a mutual philosophy of placing the customer first at all times.

The key to the success of our partnership with BMW is our dedication to understand their business and add real value to their customers. We believe that a crucial strategy in serving our business clients is to provide them with tailored, comprehensive banking solutions, developed in close consultation with each corporate client.



**Dr. Breuer discusses with Louie Elizaga, Makati Business Center Head, ways to make customer service efforts run like a new BMW vehicle – efficient, responsive, dynamic, and engineered for optimal performance.**

*With our minds centered on customers, we make sure that we listen to our business clients and corporate partners so that we can jointly develop solutions that meet their company’s unique financial needs.*

# getting the big picture



Marie Mesina, Relationship Manager, might not exchange ideas with Umeda-san in fluent Nippongo, but she understands and serves Panasonic Philippines' corporate banking requirements better than many other bankers.

- DigiBanker garnered its 1,000th customer in early September 2004, exactly three and one-half years after it was launched. That is about twenty-four new connections a month, or one per business day since the product was released in March 2001.
- eFPS RealTime, one of DigiBanker's best selling modules, courses a fifth of all taxes paid electronically in the Philippines to the Bureau of Internal Revenue.
- A good number of corporate finance managers already access DigiBanker information and execute banking transactions wirelessly and securely on PDAs and cellphones.

*“In this day and age, inexpensive substitutes are everywhere but, as one of the industry leaders in electric and electronic appliances, we uphold our product excellence under the Panasonic brand and our worldwide reputation of providing the most innovative technologies in the market.*

*But where consumers are faced with such choices, so are we – and Security Bank's DigiBanker meets our discerning standards. Its fully Internet-enabled suite of corporate banking services keeps our key managers connected to Security Bank and allows them to coordinate our corporate cash management activities from practically anywhere in the world to almost any point in the Philippines. In a technology-driven industry such as ours, it helps to know that the information we need to make decisions and the power to enact them in real time across the globe and in different time zones are literally in our hands.*

*Security DigiBanker has enhanced our fund management efficiency with easy, convenient, safe and practical features that allows us, in turn to better serve our dealers, suppliers and employees, faster and more efficiently as well.*

*With the many advantages and benefits of using DigiBanker, we consider it an essential tool in improving the efficiency and financial management aspect of our business in the Philippines.”*

– Mr. Hirokazu Umeda  
Finance Director and Treasurer  
Panasonic Manufacturing Philippines Corporation

DigiBanker is Security Bank's Internet-based corporate cash management system that offers a complete suite of operating funds management services. Large corporations, multinationals and conglomerates find real value in its sophisticated features, and most finance managers consider it superior to other similar systems in the market.

Its easy-to-use interface enhances operating efficiency and reduces costs, while its sophisticated workflow management system ensures that the highest degree of control is retained over the execution of even the most sensitive corporate cash management transactions.

DigiBanker is an ideal way to manage payroll, disbursements, collections, utilities payments, and the like. These features are designed not just for the sake of making technology available, but to make innovation work truly for our customers' benefit.

# VIERA



Panasonic is secure in its vision of the big picture, with the innovative Large and Flat screens that give better ideas for life.



**One woman  
gets her  
feet wet in  
swimwear  
sales.**

# stylish.strokes for SWIMMING folks

*“I had a passion for swimwear and tested the waters before trying my luck in the business. Now that I’ve set up shop, Security Bank helps me manage my finances and provides me very practical and valuable services to help me succeed. I’m glad to have gotten their help overcoming the initial jitters and financial hurdles, because for a small business like mine, if you’re not careful, you may find yourself in deep water.”*

– Ms. Carmela Cruz  
Proprietress  
SPF Swimwear Shop / Robinson’s Galleria

For many small business owners, managing finances and cash flows is a real challenge. That is why we offer products that simplify a growing company’s cash management needs.

Carmela chose Security Bank when she discovered CheckRight, an interest-bearing current account that comes bundled with free, easy-to-use, and advanced check-writing software. Simple but effective, CheckRight gives her all the time she needs to concentrate on building her business. CheckRight provides her with total cash management convenience by automating check and voucher preparation and account reconciliation, while paying interest on her operating funds.

And after a hard day’s work, Carmela finds the time to enjoy the fruits of her labor by shopping with her Diners Club Card and Security Bank MasterCard. After all, making her business work affords her lifestyle choices.

Our focus on our customers drives us to provide no-nonsense products that break through the common hassles that distract entrepreneurs from what really matters – building their business.



Jen Conde, Service Quality Officer, goes the extra mile to make sure that Carmela not only gets her CheckRight™ automated current account checkpad safely, but that she is delighted to use it each time, every time, all the time.

- CheckRight gained a huge following when it was introduced in 2003. In just a year’s time, it exceeded its Average Daily Balance targets by 40%. The growth trend continues on the upsurge from business owners in the manufacturing, real estate and construction segments.
- CheckPower is popular among high net worth individuals. First introduced in July 2004, the product accounted for 20% of the deposit growth in 2004. In the first three months of 2005, ADB increased to double the year-end levels of 2004.
- Secure Dollar Optima captured the interest of high net worth customers, growing in leaps and bounds since it was introduced in October 2004, consistently doubling previous volumes month to month. Its deposit volume as of March 2005 now stands at 136% of year end 2004 levels.
- Diners Club Philippines, reaped honors for Security Bank for winning the **Best Franchise Award in the Asia Pacific Region** for 2004, besting peer franchises in 11 other countries.

# glam gal goes gizmo



**Brad Yaomuntek**, Sales Officer of Ortigas Branch, keeps up with Nikki's hectic schedule, using a Bank-issued 'Blackberry' mobile phone that keeps him, and other key officers of Security Bank, in touch with customers and each other 24/7 via e-mail.

- Launched in 2001, **Security TeleBanker** has quadrupled its number of users for bills payments and fund transfers, growing its volume at a fast clip. This trend indicates that more and more customers are choosing the convenience of non-traditional channels over the more traditional face to face, over-the-counter banking.
- As of first quarter of 2005, e-Banking continues to grow with a 77% increase in the volume of financial transactions.
- **Security MobileBanker** is available nationwide to all subscribers of Globe Telecoms and Smart Communication, making Security Bank always just a text away.

*“Doing commercials may be a glam job but mixing it with college is tough on my sched. It’s great to know that I can access my bank account anywhere, anytime, all the time, with just a click of a button or a mere text or phone call. e-Banking is like having a friend who is there for you at all times, most especially when you’re in need.”*

– Ms. Nikki Gil  
Commercial Model and  
College Freshman, Ateneo de Manila University

Nikki finds herself at the threshold of an active young life full of excitement but she does not have to miss out on the fun. She stays connected with her friends because she has found the convenience of electronic banking. In school or on location, she can access her bank from her mobile phone, a landline or via the internet.

Security Bank recognizes how technology can be used to bring us closer to our customers with the ease and convenience of electronic banking where a complete range of bank products and services are right at your fingertips.

Security Bank has expanded its Service Delivery Channels through electronic banking for people who value their time and convenience. No more standing in line or looking for online ATMs or even rushing to meet banking hours for simple transactions.



A photograph of two young women sitting at a wooden table in a cafe. They are both smiling and looking at a laptop. The woman on the left is wearing a pink top, and the woman on the right is wearing a dark green top. In the background, another woman is seated at a table, and there are wooden chairs and tables. The scene is brightly lit, suggesting a sunny day.

**e-Banking  
keeps you  
linked to your  
finances without  
missing out  
on connecting  
with your friends.**

Playing the market can make your head spin with unpredictable highs and lows, but with SB Equities' expert advice, you get a smooth ride through the bumps, booms, and busts.



# smooth & savvy at the stocks

*“I rely on SB Equities for sound financial advice for my personal investments. I can sleep soundly knowing that a leading brokerage with the savviest salespeople in the equities market is managing my finances.*

*I am inundated with choices and options, and with very limited time on my hands, my trader has made it easier for me to select the right investment to suit my financial goals.”*

– Ms. Cristina F. Gotuaco  
Atlas Auto Supply

Security Bank maintains mutually beneficial partnerships with investing customers by providing proven investment management expertise, value-laden research, and efficient transaction execution through its equities brokerage subsidiary, SB Equities, Inc.

SB Equities has proven itself a reliable brokerage house that provides advisory services for both the private wealth management needs of individual retail clients and investment requirements of its institutional clients. It is widely trusted among the Filipino-Chinese community, who are known to have a keen and inherent aptitude for astute investments. Local and foreign institutional accounts alike depend on them to identify sound investment opportunities and ensure deal completion.

Asiamoney in its 2004 Broker’s Poll of more than 80 foreign fund managers cited SB Equities, Inc. as the Philippines’ 3rd Best Local Brokerage House.



Warren Sy, SB Equities, Inc. President provides Cristina and her family a trusted voice and the sound wisdom that makes her feel confident that her investments are safe, secure, and working optimally to her advantage.

- SB Equities, Inc. ranked 8<sup>th</sup> among 134 active brokerage houses in the country and 1<sup>st</sup> among bank-owned units in the industry in 2004.
- The Fund Managers Association of the Philippines (FMAP) recognized the excellent sales and execution capabilities of both SB Equities, Inc. and its sales force with multiple awards for 2004. SB Equities, Inc. placed 2<sup>nd</sup> in the Best in Sales Execution and Best in Sales categories. Trader, Ma. Lourdes Sison, garnered 1<sup>st</sup> place for Best Sales Trader in the Institutional Sales category. She likewise received 3<sup>rd</sup> Place as overall Best Salesperson.

# curing common cares



**Manny Narciso**, Corporate Transaction Banking Head, knows that spending more time out of his office to be with key decision-makers like Edith leads to a deeper understanding of needs, more responsive products, and ultimately, happier and better-served customers

*Security Bank has strategically located key branches near or within the city's major medical institutions to make the bank easily accessible to this select niche of customers that serves both the medical industry and its community of dedicated health professionals.*

**UST Hospital  
Medical City  
Chinese General Hospital  
St Luke's Medical Center**

***“Our relationship with Security Bank is based on trust, care and a true commitment to excellence in our respective fields. Through the years, Security Bank has partnered with us on our path to becoming the most progressive, most advanced hospital in the country today — providing Filipinos as well as our Asia-Pacific neighbors world-class healthcare. Security Bank is one with us in sustaining our leadership in the industry, and will remain our partner as we fulfill our vision of becoming one of the top five medical institutions in Asia by the year 2010.”***

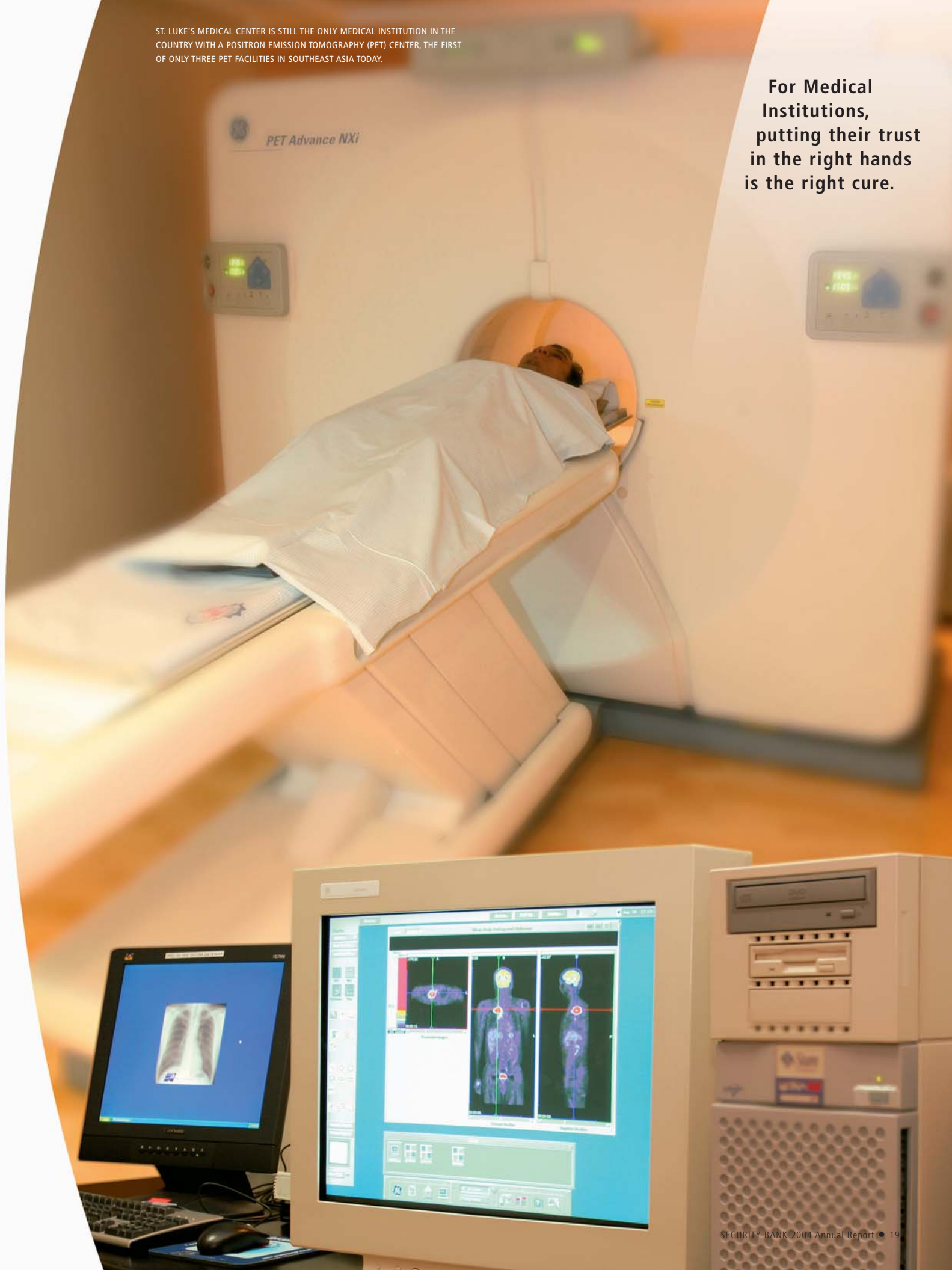
— Ms. Edith Simeon  
Senior Vice President-Finance  
St. Luke's Medical Center

Security Bank supports medical institutions by responding to their business and financial needs to ease the challenge of fulfilling their noble mission of providing healthcare.

We value health and well-being and recognize the vital role that hospitals play in building a fit and healthy population. Our Relationship Managers and finance specialists provide the necessary expertise to assist the medical industry realize their goals to upgrade their equipment, facilities, services so that they can continue to promote well-being and make high quality medical and health care accessible to more people.

ST. LUKE'S MEDICAL CENTER IS STILL THE ONLY MEDICAL INSTITUTION IN THE COUNTRY WITH A POSITRON EMISSION TOMOGRAPHY (PET) CENTER, THE FIRST OF ONLY THREE PET FACILITIES IN SOUTHEAST ASIA TODAY.

**For Medical Institutions,  
putting their trust  
in the right hands  
is the right cure.**



# board of directors



Frederick Y. Dy  
Chairman



Paul Y. Ung  
Vice Chairman



Philip T. Ang  
Director



Efren P. Aranzamendez  
Director



James J.K. Hung  
Director



Alberto S. Villarosa  
President and Chief Executive Officer

Jose R. Facundo  
Director

Anastasia Y. Dy  
Director



Jose Perpetuo M. Lotilla  
Director

Eduardo I. Plana  
Director

Rafael F. Simpao, Jr.  
Director

# executive committee



Rafael F. Simpao, Jr.  
CHAIRMAN, EXECUTIVE COMMITTEE



Frederick Y. Dy



Paul Y. Ung



Alberto S. Villarosa



Philip T. Ang



# management directory

Frederick Y. Dy  
*Chairman*

Paul Y. Ung  
*Vice Chairman*

Alberto S. Villarosa  
*President and Chief Executive Officer*

Anastasia Y. Dy  
*Executive Director*

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Belen C. Lim  
Jesus Roberto S. Reyes  
Patricia May T. Siy  
Benjamin Y. Young

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Gina S. Go  
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Emmanuel T. Narciso  
Juanito D. Pineda

Gregorio V. Rubio  
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Evyline C. Sison  
Wilfredo S. Talastas  
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Ma. Dulce Y. Edillor  
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Celso Bernard D. Lopez  
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Susan K. Capalaran  
Ferlou I. Evangelista

Evelyn P. Garcia  
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Cristina V. Henson  
Maria Fe Liza S. Jayme  
Leila E. Jorge  
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Herminio J. Matute  
Marie-Rorecejac R. Mesina  
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Lucy E. Tiu  
Arlene S. Viernes  
Joanna P. Villarosa  
Imelda P. Vinluan  
Daphnie C. Yu Kim Teng

Joel Raymond R. Ayson  
*Corporate Secretary*

## Subsidiaries and Affiliates

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SB CAPITAL INVESTMENT CORPORATION  
Remy T. Tigulo, *President*

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Warren T. Sy, *President*

SECURITY LAND CORPORATION  
Richard T. Yu, *General Manager*

SB FOREX, INC.  
Oscar B. Cajjipe, *President*

SECURITY FINANCE, INC.  
Jovencio B. Hernandez, *President*

SECURITY-PHILAM FINANCIAL SOLUTIONS  
AND INSURANCE AGENCY, INC.  
Melinda G. Valencia, *General Manager*