



Analysts' Briefing

1H 2024 Results

August 6, 2024



Domestic Retail Bank of the Year -
Philippines
China Banking Corporation





Patrick D. Cheng
Chief Finance Officer



Gerald O. Florentino
Investor Relations Head

REMINDERS:

- ✓ Microphones and cameras are disabled during the presentation.
- ✓ For the Q & A, attendees may:
 - ✓ Post a live question
click the “**Raise Hand**” button to be recognized
 - ✓ Send questions thru the **chat box**



1H 2024 Financial Performance



1H 2024 Financial Highlights

P11.4 Bn
1H 2024 Net Income

15.1%
Return on Equity

14.5%
CET-1 Ratio

P56.4
Book value per share

Income Statement

- ✓ 1H 2024 Net income grew 6% to P11.4 billion;
- ✓ Resilient NII despite pressure on funding cost; NIM improved by 25 bps YoY to 4.44% in 1H 2024;
- ✓ Provisions declined as asset quality improved

Balance Sheet

- ✓ Gross Loans (+10%) and Investment securities (+20%) registered double-digit YoY growth;
- ✓ NPL ratio has declined; NPL cover more than adequate

Capital Position

- ✓ Strong internal capital generation results to higher buffer
 - ✓ CET-1 ratio at 14.5%
 - ✓ Capital Adequacy Ratio (CAR) at 15.3%
- ✓ Declared P2.20/sh dividends, 16% higher vs. last year

1H 2024 Financial Highlights

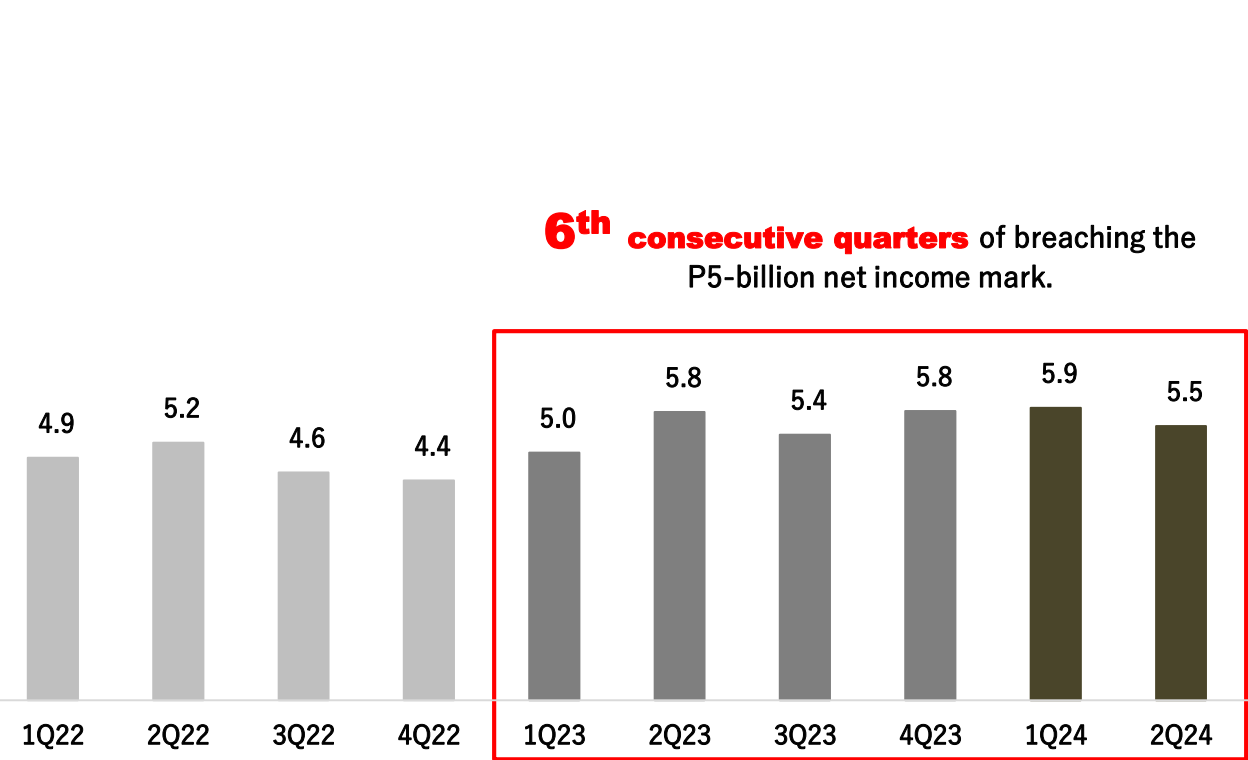
INCOME STATEMENTS In Php billions, except %	1H 2023	1H 2024	YoY change
Interest income	37.9	44.7	18%
Interest expense	(12.3)	(14.3)	16%
Net interest income	25.5	30.4	19%
Fee-based income	1.5	(1.4)	n.m.
Total revenue	27.0	29.0	7%
Operating expenses	(13.4)	(14.1)	5%
Income before provisions and taxes	13.7	15.0	10%
Provision for impairment and credit losses	(0.9)	(0.7)	(16%)
Income before income tax	12.8	14.2	11%
Provision for income tax	(1.9)	(2.8)	44%
Net income	10.8	11.4	6%
Return on Equity	15.9%	15.1%	
Return on Assets	1.6%	1.5%	
Net interest margin	4.2%	4.4%	
Cost-to-income ratio	50%	49%	

1H 2024 Financial Highlights

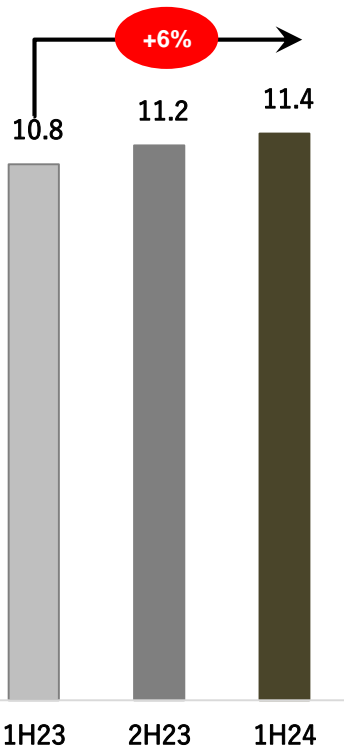
BALANCE SHEETS in Php billions, except %	Jun 2023	Jun 2024	YoY change
Liquid Assets	141	124	(12%)
Investment Securities	476	572	20%
Net Loans	726	797	10%
Other Assets	42	51	22%
TOTAL ASSETS	1,385	1,545	12%
Deposits	1,121	1,283	14%
<i>CASA</i>	<i>553</i>	<i>569</i>	<i>3%</i>
<i>Time Deposits</i>	<i>568</i>	<i>715</i>	<i>26%</i>
Bills and Bonds Payable	95	79	(17%)
Other Liabilities	30	31	4%
TOTAL LIABILITIES	1,246	1,393	12%
TOTAL EQUITY	139	152	10%
TOTAL EQUITY AND LIABILITIES	1,385	1,545	12%
NPL Ratio	2.2%	1.9%	
NPL Cover	122%	141%	
Tier 1/CET 1 Ratio	15.2%	14.5%	
Capital Adequacy Ratio (CAR)	16.1%	15.3%	

Sustained profitability amidst a challenging environment

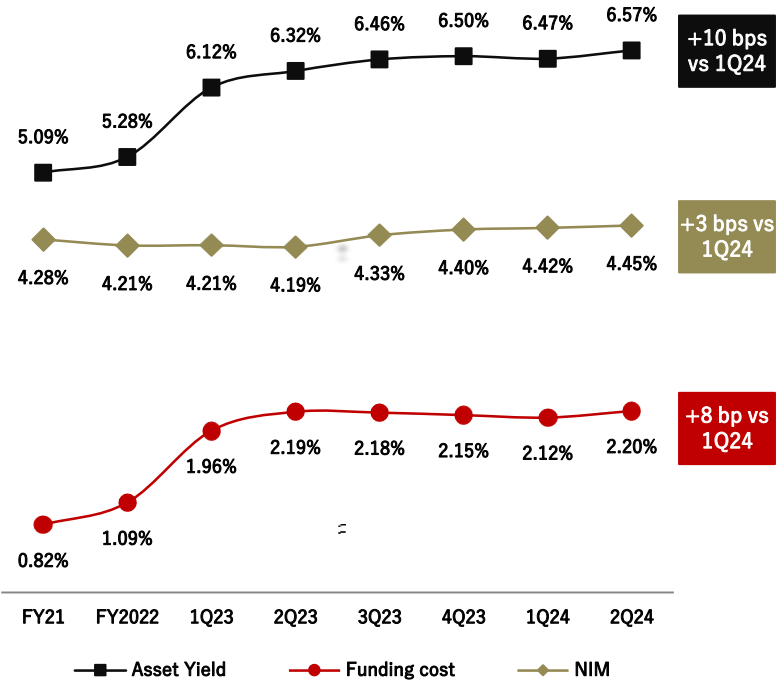
Quarterly Net Income (In PHP Bn)



Semi-annual Net Income (In PHP Bn)

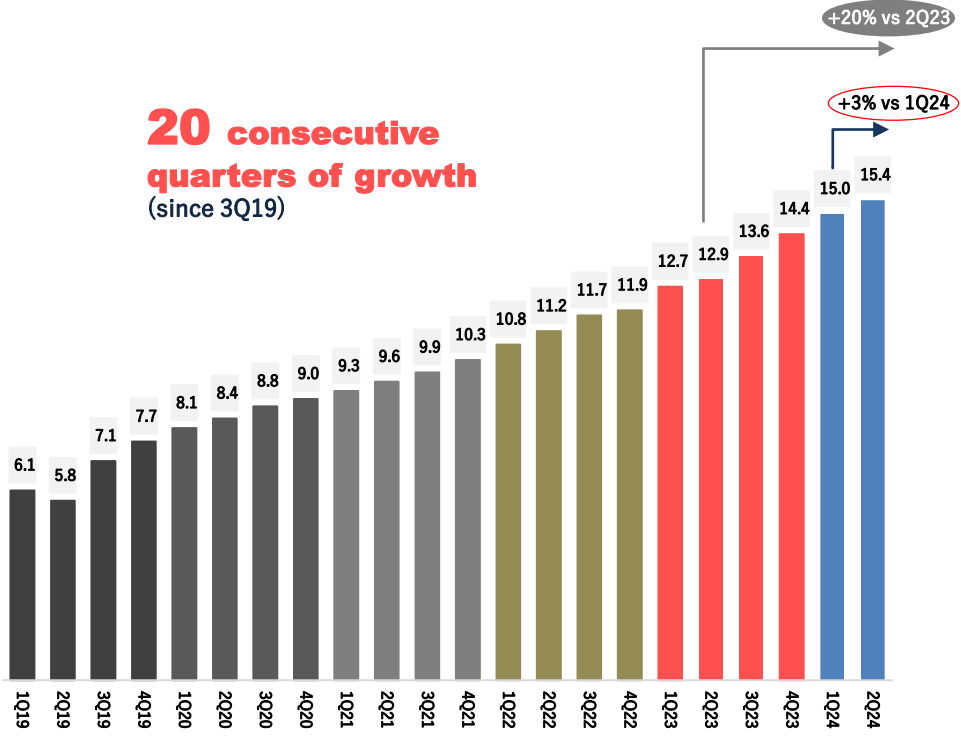


NIM stabilizes above 4%



Net interest income continues to grow Q-on-Q

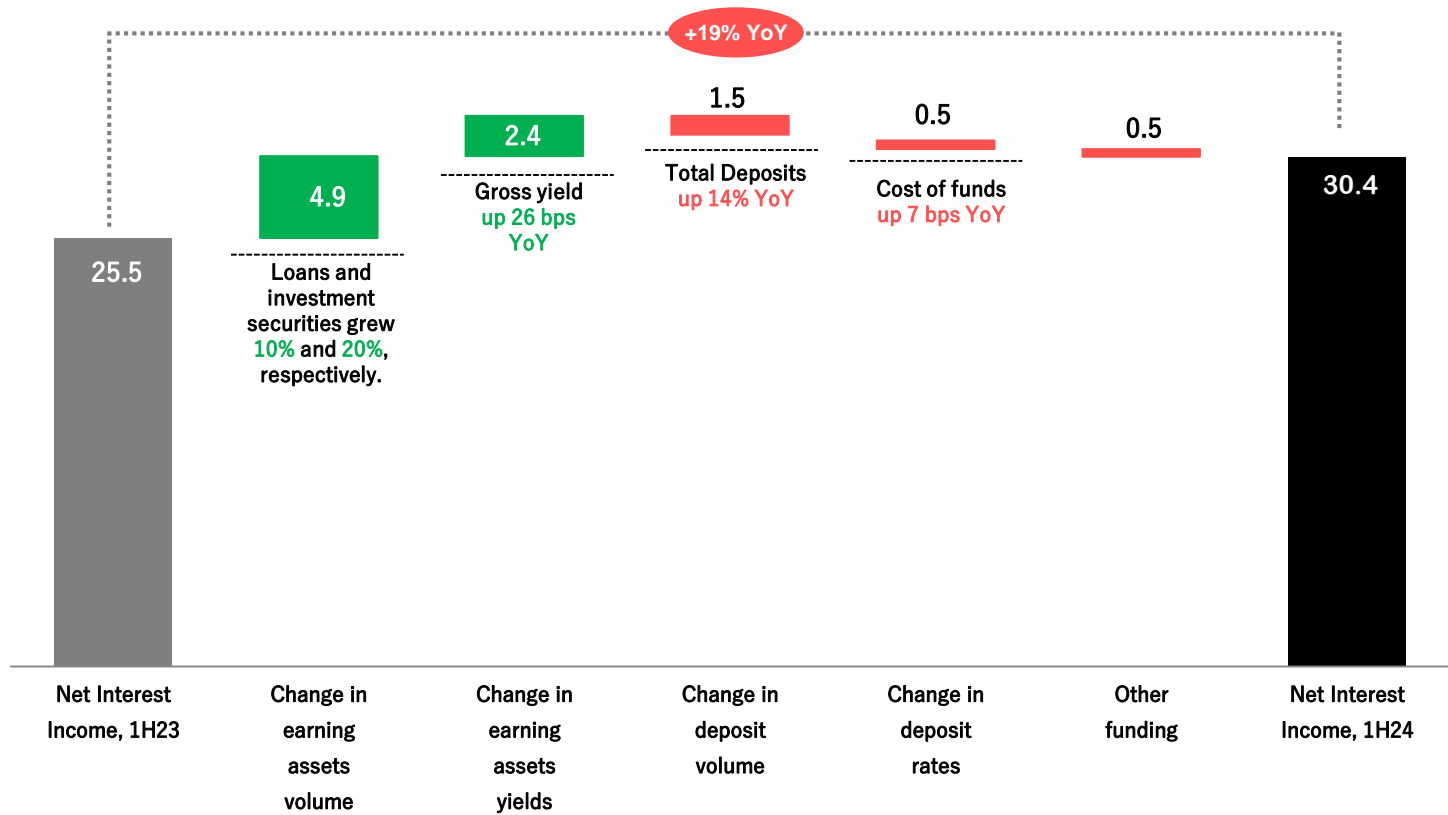
Net Interest Income (In PHP Bn)



Resilient NII despite pressure on funding costs

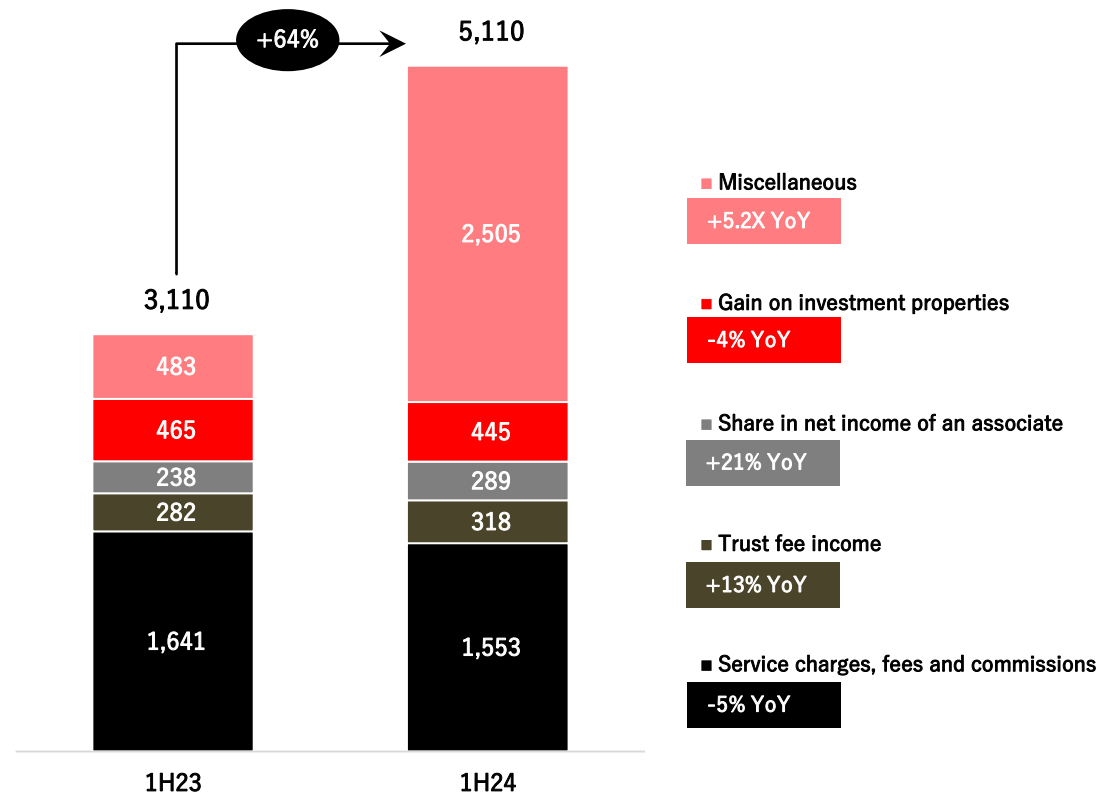
Net interest income continues to grow

Net Interest Income (In PHP Bn)



Core fee-based income remains strong

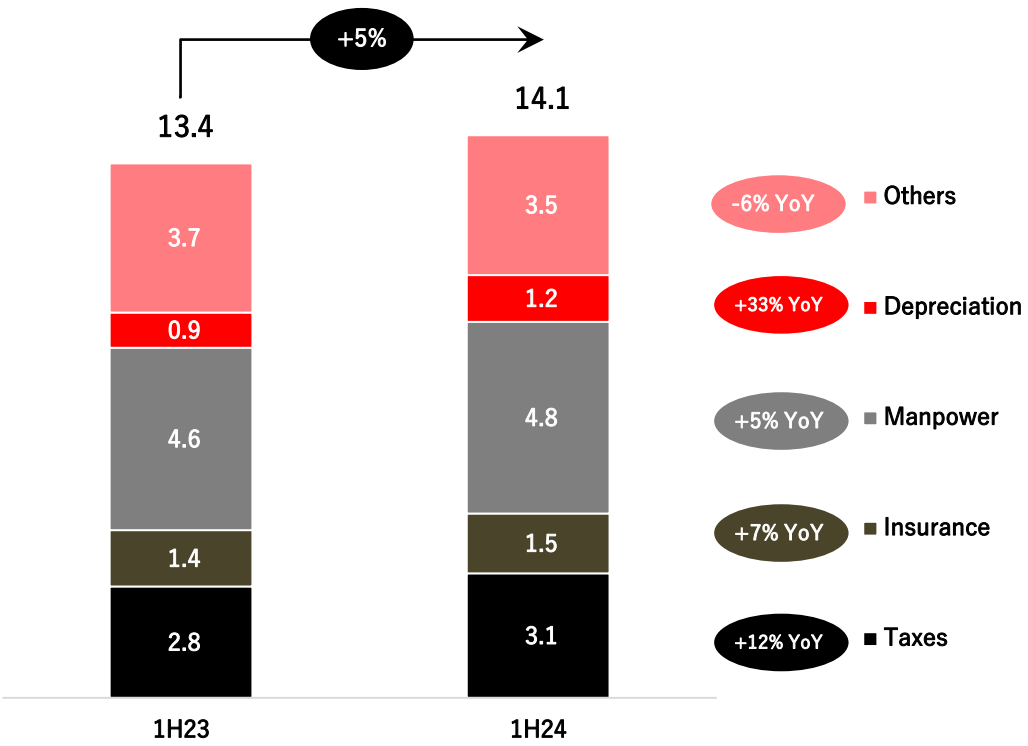
Fee-based Income, ex trading and FX losses (In PHP Mn)



- ✓ Higher deposits, Trust and transaction-based fees offset lower investment banking fees.
- ✓ Share in net income of associates grew 21% on higher contribution from bancassurance joint venture.

Demonstrated operational resiliency amidst high inflation

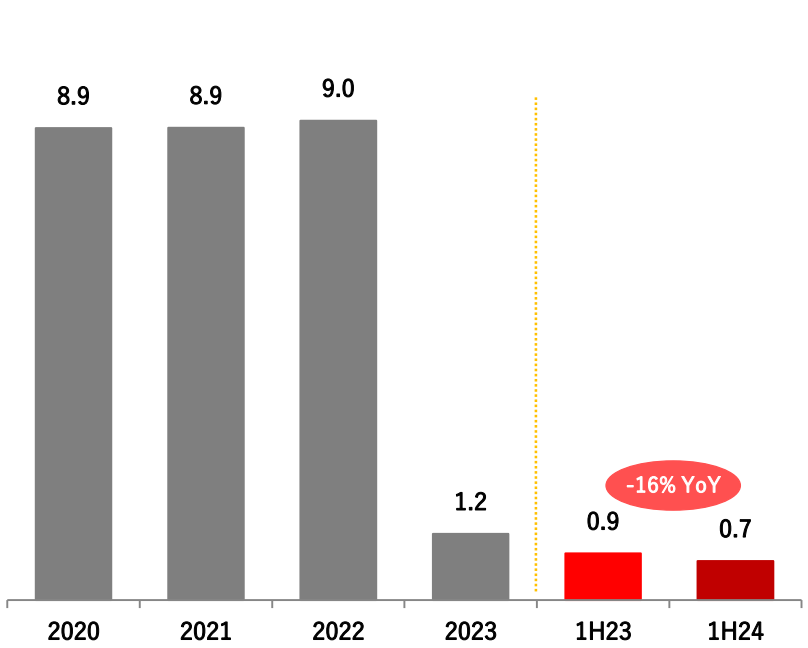
Operating Expenses ex provisions (in PHP Bn)



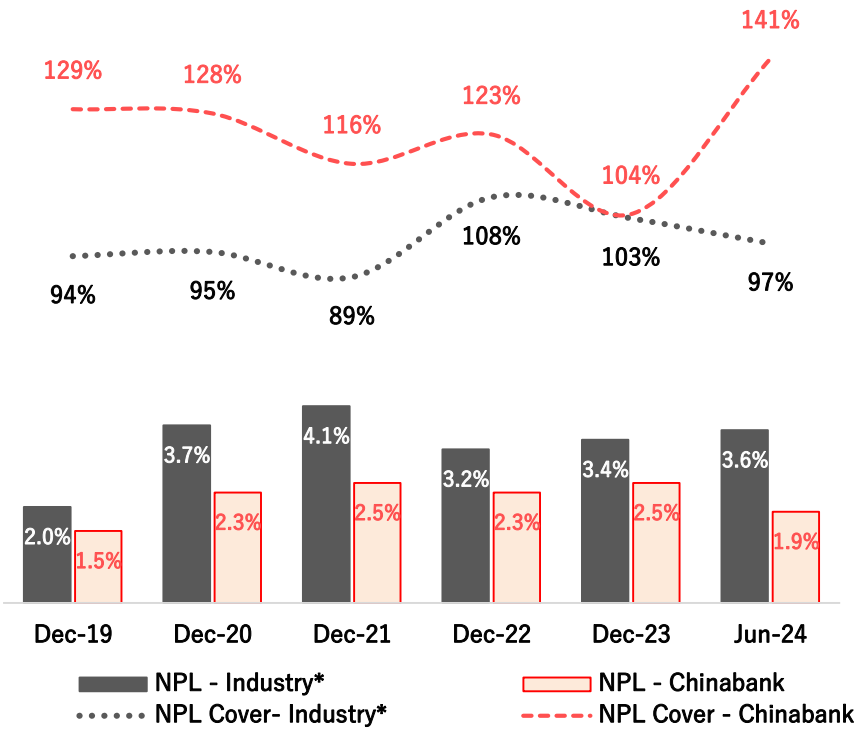
- ✓ Volume-related taxes higher due to bigger deposit balances and higher gross revenues.
- ✓ Heavy investments on digital innovation (up 80% YoY)
- ✓ Core Opex up 3% to ≈P9.9 Bn

Improved asset quality results to lower provisions

Provisions (In PHP Bn)



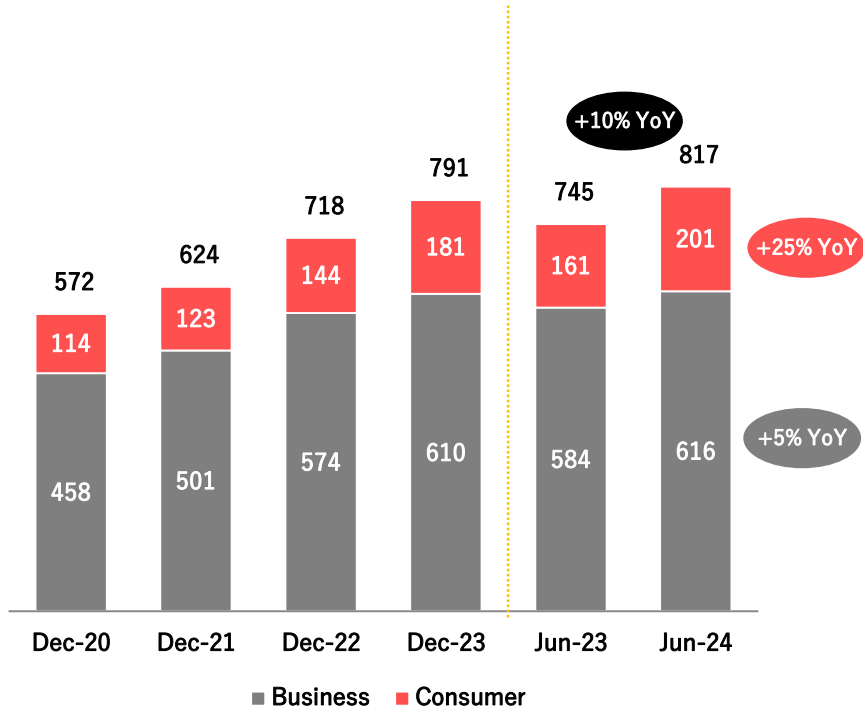
NPL ratio has improved; NPL cover more than adequate



*BSP data (UKB + TB), as of May 2024

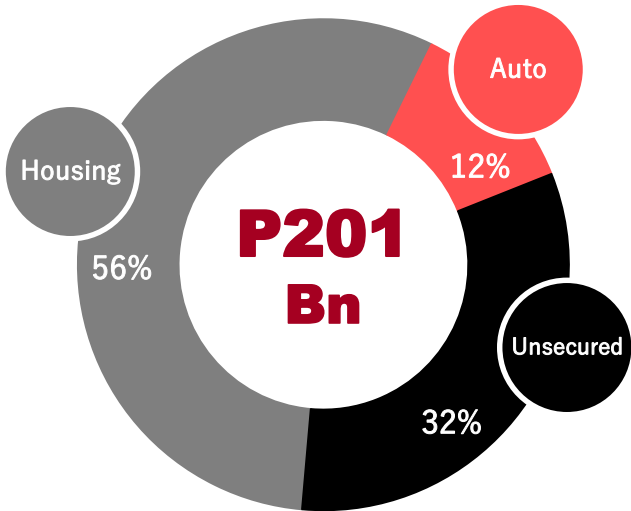
Continued expansion in both consumer and business segments

Gross Loans (In PHP Bn)



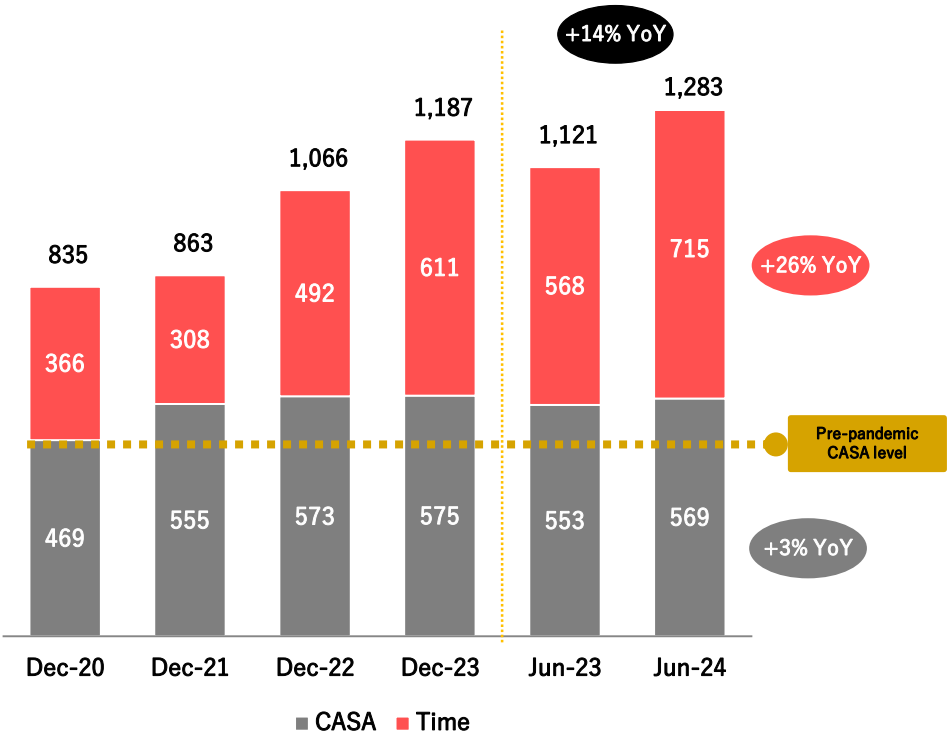
Well-secured consumer lending portfolio

Consumer Loans Breakdown, June 2024

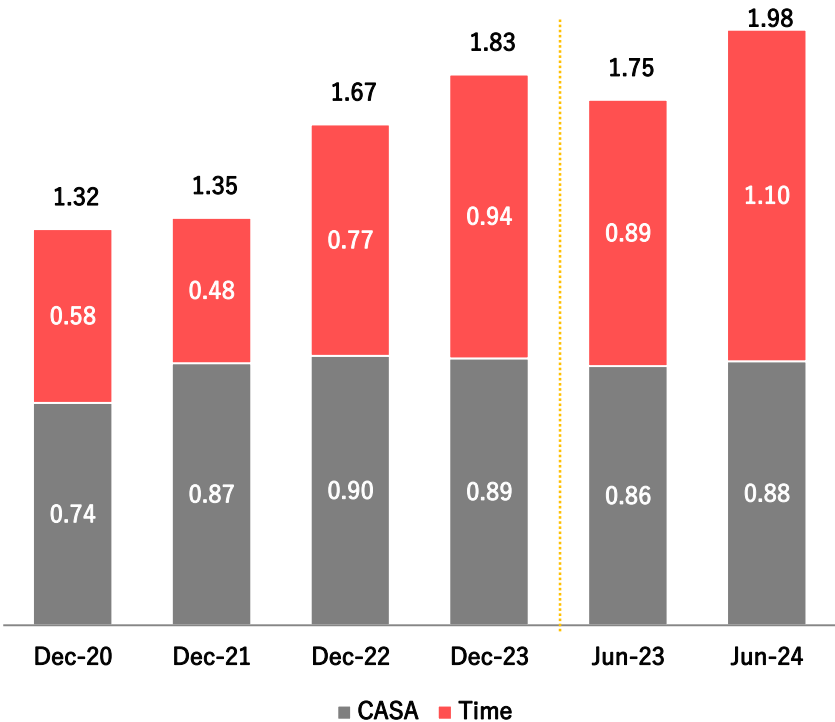


CASA inched up and still above pre-pandemic level

Deposits (In PHP Bn)

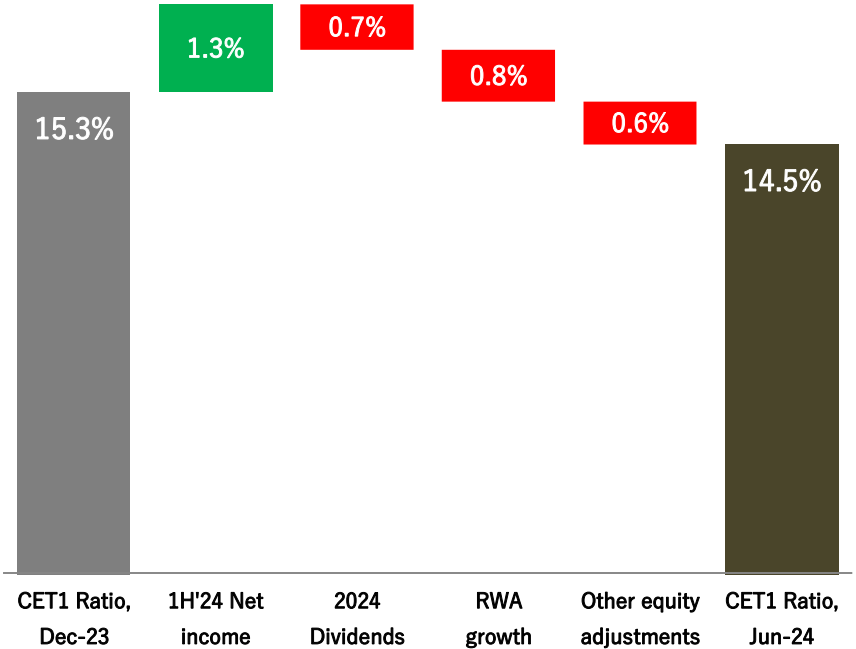
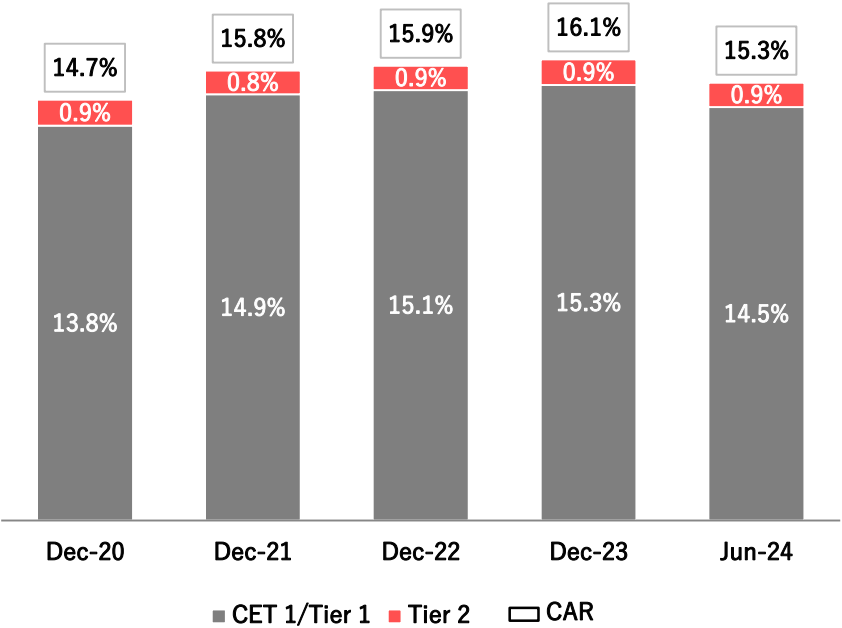


Deposits per branch (In PHP Bn)

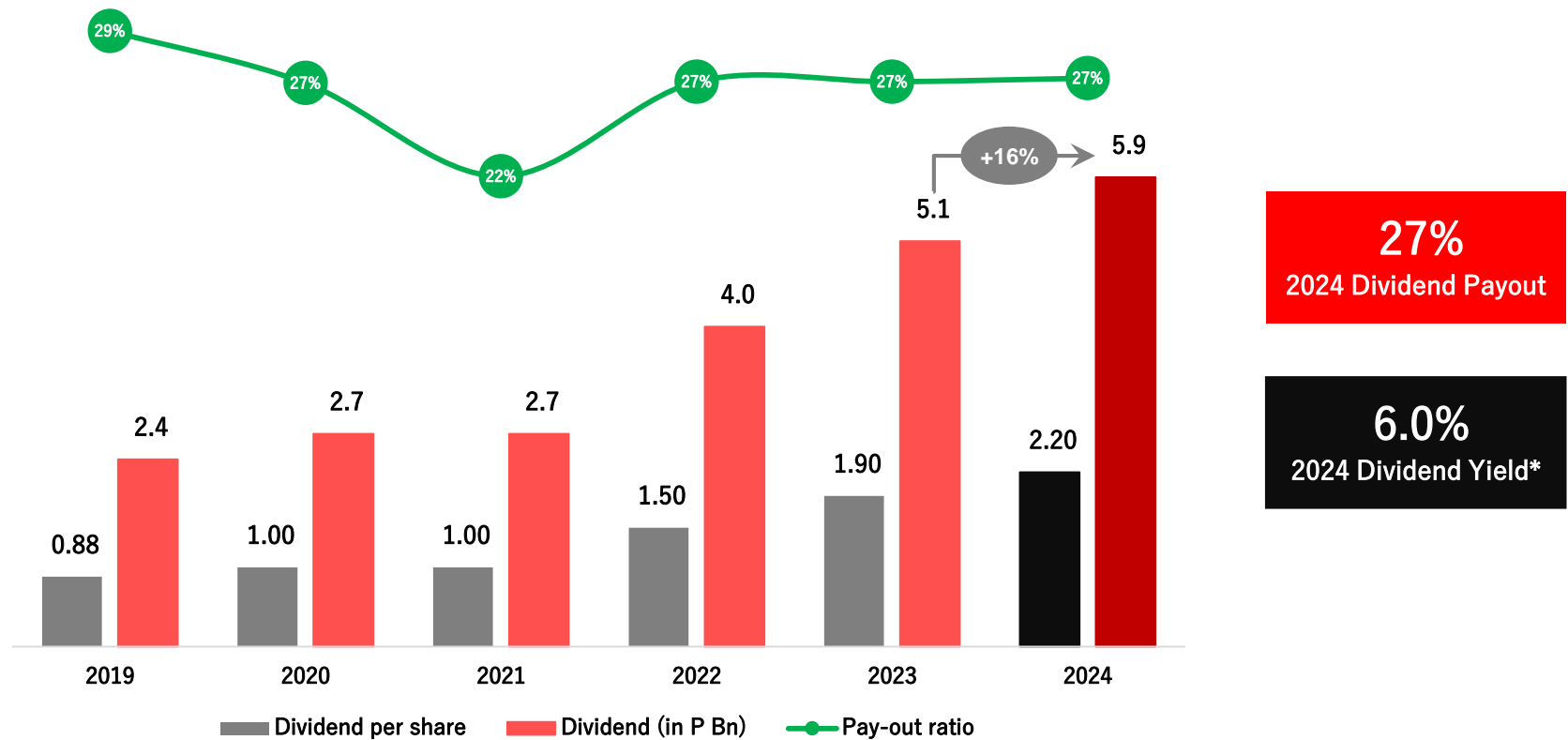


Enough capital buffer:

- ✓ to absorb credit shock;
- ✓ to support Asset growth; and
- ✓ to sustain dividend payment to shareholders



Increasing dividend payments to Shareholders



**Based on April 17, 2024 closing price of P36.75/share*

- ✓ **Expanded business relationships** (*clients to access both sides of the balance sheets*)
- ✓ **Increased contributions** from auxiliary businesses (*FX, Trust and Capital markets*)
- ✓ **Increased digital investments** (around 7% of OPEX)
- ✓ **Strengthened Management Team** with internal and external hires

In summary, Chinabank continues to be..



		FY2022	FY2023	1H'23	1H'24
Profitable	Return on Equity	15.1%	15.5%	15.9%	15.1%
	Return on Assets	1.6%	1.6%	1.6%	1.5%
Adequately-capitalized	CET 1/Tier 1 Ratio	15.1%	15.3%	15.2%	14.5%
	Capital Adequacy Ratio	15.9%	16.1%	16.1%	15.3%
Well-managed	NPL Ratio	2.3%	2.5%	2.2%	1.9%
	NPL Coverage Ratio	123%	104%	122%	141%

Q & A

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Additional Information



History of Chinabank

Pre-2000s



1920. Chinabank opened for business on August 16, 1920

1927. Became one of the first companies to be listed on the Manila Stock Exchange

2007 - 2015

2007. Acquired Manila Bank and operated it as China Bank Savings;

Entered into a bancassurance JV with Manulife to form:



2012-2014. Acquired Unity Bank and Plantersbank; Raised P8 Bn from stock rights offering;

Increased MCBL stake to 40%

2015. Incorporated Chinabank Capital, a full-fledged investment house subsidiary

2016 - 2019



2016. Acquired ATC Securities and renamed it to Chinabank Securities

2017. Raised P15 Bn from stock rights offering

2018. Infused P500 Mn to China Bank Savings; Signed US\$150 Mn green bond agreement with IFC

2019. Raised P30 Bn via maiden issue of fixed-rate retail bonds

2020 - 2024

2020. Raised P15 Bn via fixed-rate retail bonds; Celebrated 100 years and restored Binondo Business Center

2021. Raised P20 Bn via fixed-rate retail bonds

2022. Became the 4th largest privately-owned universal bank in the country in terms of assets and breached the trillion-mark in deposits

2024. Launched a brand refresh program. Changed ticker symbol to **“CBC”**.



Extensive Distribution Channels*



648
Branches



1,078
ATMs



10,914
Employees

Subsidiaries & Affiliates



Investment Grade Credit Rating



Best in Corporate Governance



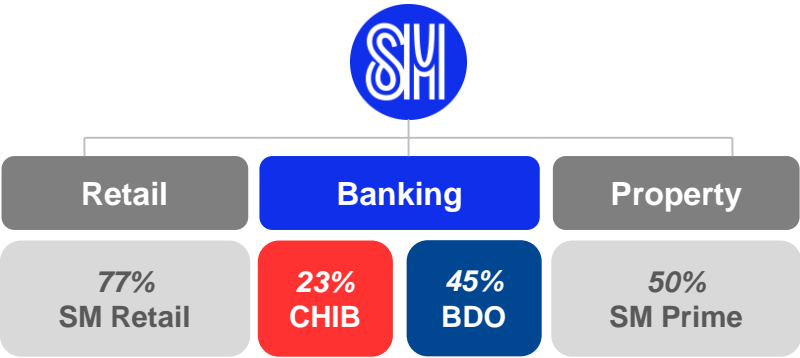
Five Golden-Arrow Recognition, the highest corporate governance award given by the **Institute of Corporate Directors (ICD)**.

*As of June 30, 2024

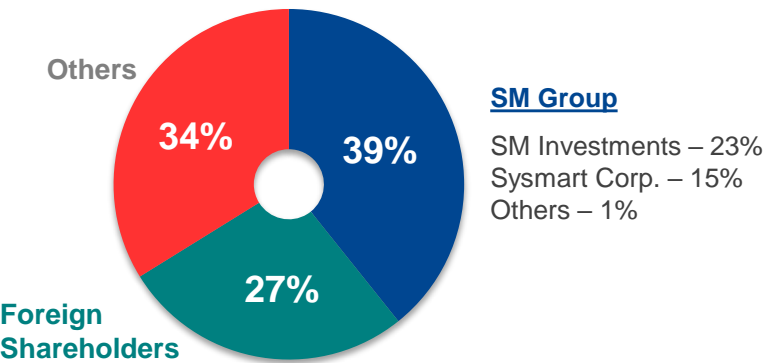
SM Group: Strong Support & Synergies

Chinabank benefits from being part of one of the **largest and most diversified conglomerates** in the Philippines

Snapshot of SM Group Business Lines



Chinabank's Current Shareholdings



Distinct benefits for Chinabank

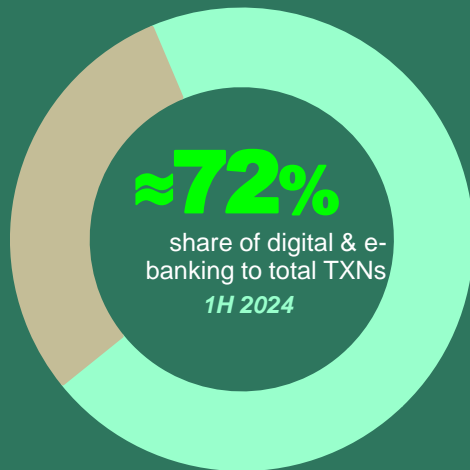
1 Access to the SM Group's ecosystem of merchants, suppliers and contractors to promote the Bank's products

2 **55 branches** and **148 ATMs** in SM Group's shopping malls, SaveMore, CityMall and Alfamart locations

Digital Banking

1H 2024 vs 1H 2023

Bringing our signature touch in relationship banking to our customers anytime, anywhere.



+32%
Digital TXNs
year-on-year



+23%
O/S Active Users
year-on-year



+25%
O/S Enrollments
year-on-year



+30%
Digital Gross
TXN Value
year-on-year



Awards & Distinctions



Domestic Retail Bank of the Year -
Philippines
China Banking Corporation



People Management Association
of the Philippines

**2023
EMPLOYER OF
THE YEAR**



Chinabank was recognized by the ASEAN Capital Markets Forum as
among the **ASEAN Asset Class, ASEAN Top 20, and Top 3
Philippine Publicly Listed Companies**

Other Citations



Suntrust P25 Bn Project Finance Facility

Debt Deal of the Year - Philippines

2024



Repower Energy Development Corporation IPO

IPO Deal of the Year - Philippines

2024



Best Managed Fund for Bond Long-Term Dollar Category

2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017



Cesar E.A. Virata Award (Bank Category)

2024



Top Brokering Participant for Retail Transactions

2024, 2023



Top Fixed-Income Dealing Participant

2024



Top Corporate Issue Manager/Arranger (Investment House Category)

2024



Best Bond Adviser (Domestic)

2024



Best IPO - Repower Energy Development Corporation

2024



Best Equity Deal - ACEN Corp.'s P25 Bn Preferred Shares Offering

2024



Best Corporate Bond - SM Prime Holdings, Inc.'s P33.3 Bn Fixed Rate Bonds

2024



Best Acquisition Financing - Aboitiz Equity Ventures' P17.54 Bn Fixed Rate Bonds

2024

Highly capable management team



Hans T. Sy
Chairman of the Board

- Chairman since 2011
- Member of the Board since 1986



Gilbert U. Dee
Vice Chairman of the Board

- Vice Chairman since 2011
- Member of the Board since 1969



Romeo D. Uyan, Jr.
President and Chief Executive Officer

- With CHIB since 2014
- Over 30 years of banking experience



Patrick D. Cheng
EVP and Chief Finance Officer

- With CHIB since 2015
- Over 30 years of banking experience



Aloysius C. Alday, Jr.
EVP, Head – Consumer Banking

- With CHIB since 2021
- Over 25 years of banking experience



Jose L. Osmeña, Jr.
EVP, Co-Head – Retail Banking

- With CHIB since 1992
- Over 30 years of banking experience



Magnolia Luisa N. Palanca
EVP, Head - Financial Markets

- With CHIB since 2019
- Over 30 years of banking experience



Clara C. Sy
EVP and Co-Head – Retail Banking

- With CHIB since 1982
- Over 35 years of banking experience



Lilian Yu
EVP, Head – Institutional Banking

- With CHIB since 2017
- Over 30 years of banking experience



Ananias S. Cornelio III
SVP and Chief Risk Officer

- With CHIB since 2012
- Over 25 years of banking experience



Delfin Jay M. Sabido IX
SVP, Chief Innovation & Transformation Officer

- With CHIB since 2022
- Over 25 years of IT experience



Christopher Ma. Carmelo Y. Salazar
SVP and Treasurer

- With CHIB since 2019
- Over 25 years of banking experience



Jeruel N. Lobien
SVP and Chief Audit Executive

- With CHIB since 2023
- Over 15 years of banking experience



Atty. Aileen Paulette De Jesus
FVP and Chief Compliance Officer

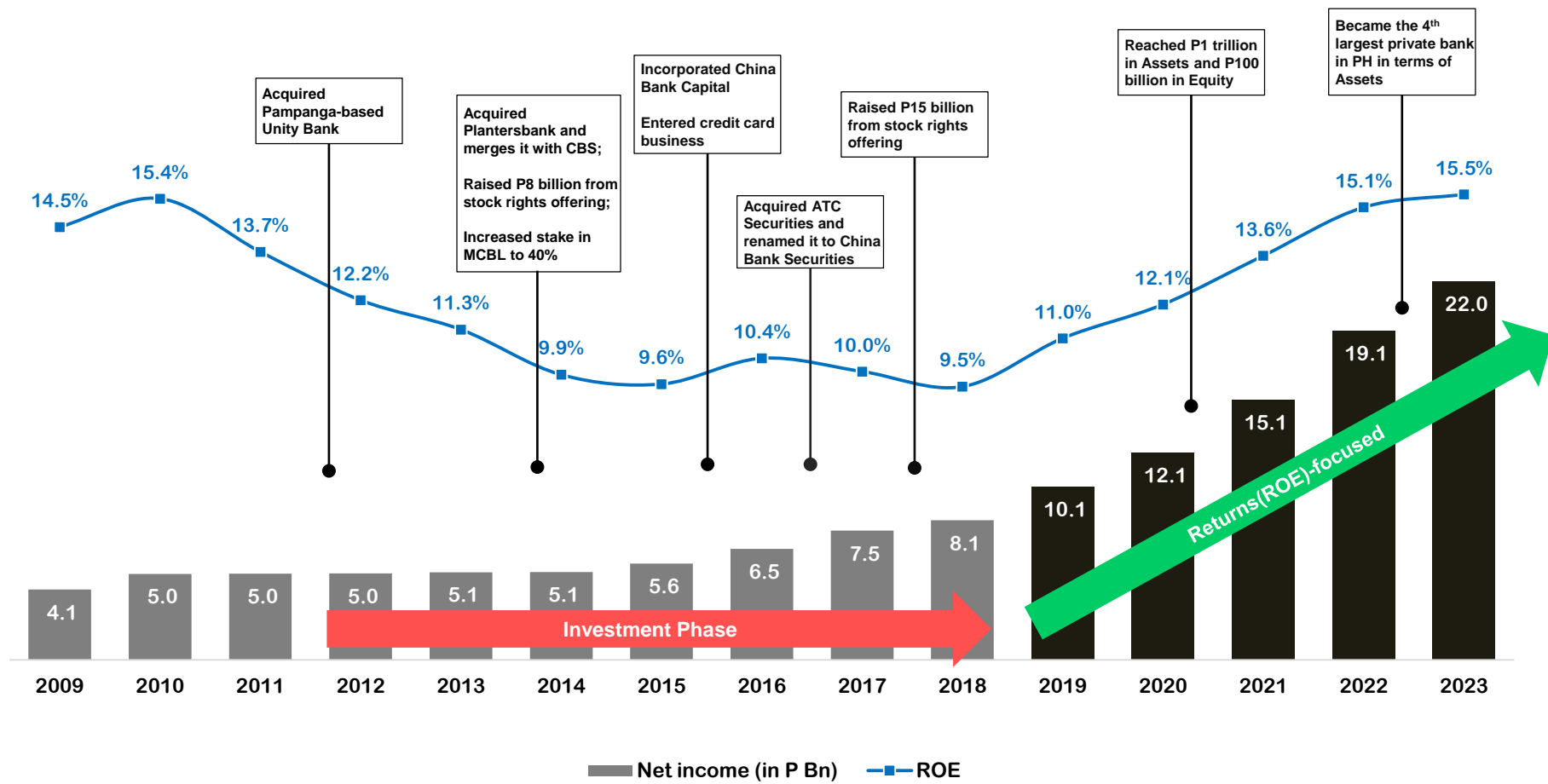
- With CHIB since 2018
- Over 30 years of legal experience

TRADING INFORMATION	
Ticker (Bloomberg Reuters)	CBC PM CBC.PS
Par value (PHP)	10.00
Outstanding shares	2,691,340,312
Stock price as of July 31, 2024	40.00
52-week range (Low High)	29.70 41.30
Market Cap in PHP Mn	107,654
Market Cap in USD Mn	1,836
Public float as of June 30, 2024	56.83%
Foreign ownership as of June 30, 2024	26.85%

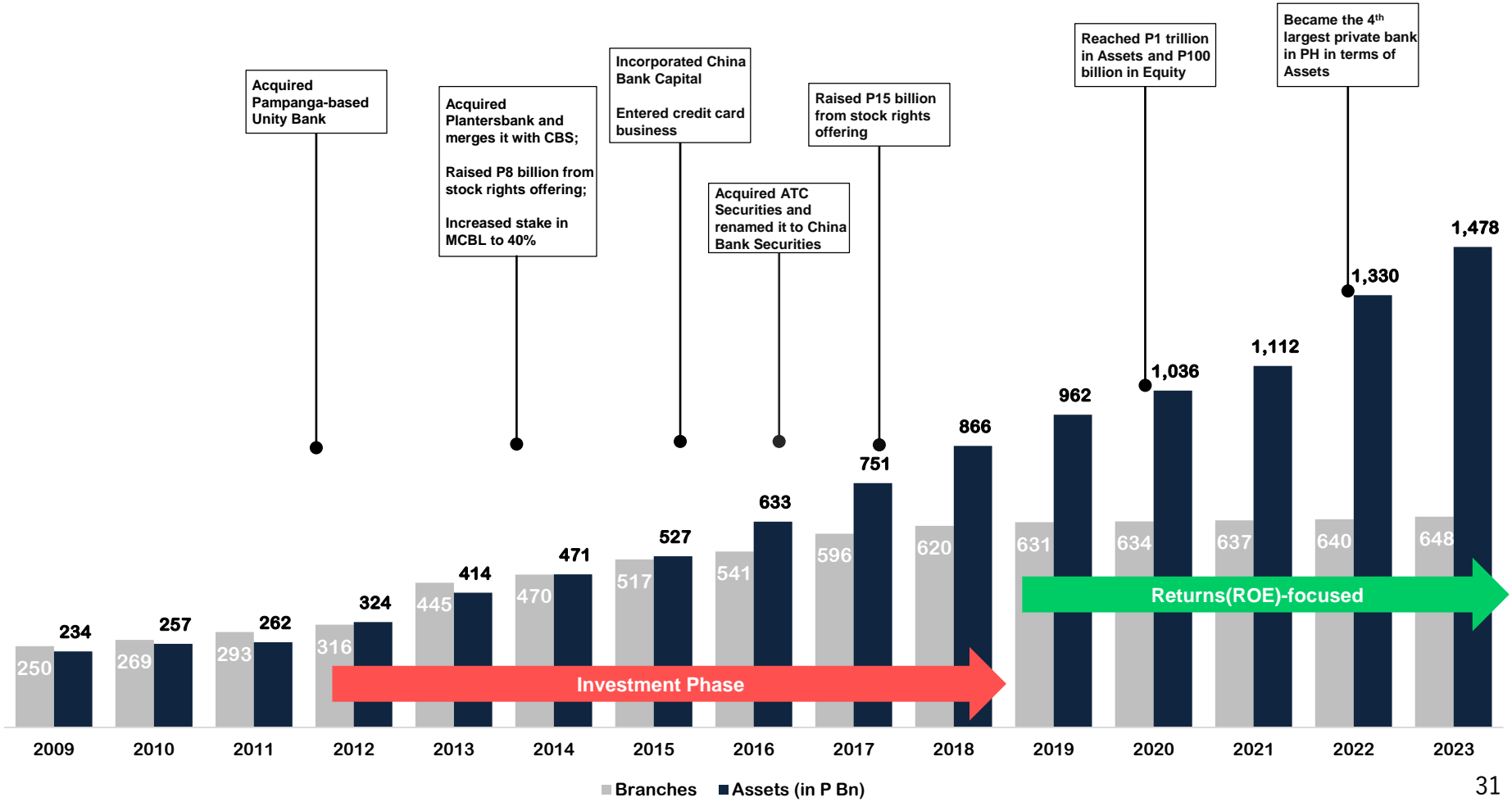
MARKET VALUATION			
	<u>2022</u>	<u>2023</u>	<u>1H24</u>
Book value per share	50.0	55.8	56.4
Earnings per share	7.1	8.2	8.4
Price to book (x)*	0.5	0.6	0.7
Price to earnings (x)*	3.9	4.2	4.6
Dividend per share	1.50	1.90	2.20
Dividend yield*	5.6%	6.2%	5.5%

** based on July 31, 2024 stock price*

Profitability significantly improved over the last 5 years



Focus on optimizing branches in the last 5 years



Historical Financial Highlights

BALANCE SHEETS in Php billions, except %	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Jun 2023	Jun 2024	Jun 24 vs Jun 23	Jun 24 vs Dec 23
Liquid Assets	144	205	188	178	155	141	124	(12%)	(20%)
Investment Securities	213	236	279	412	505	476	572	20%	13%
Net Loans	569	557	609	700	772	726	797	10%	3%
Other Assets	37	38	36	40	46	42	51	22%	11%
TOTAL ASSETS	962	1,036	1,112	1,330	1,478	1,385	1,545	12%	5%
Deposits	775	835	863	1,066	1,187	1,121	1,283	14%	8%
CASA	412	469	555	573	575	553	569	3%	(1%)
Time Deposits	364	366	308	492	611	568	715	26%	17%
Bills and Bonds Payable	71	76	108	99	105	95	79	(17%)	(25%)
Other Liabilities	20	20	22	31	36	30	31	4%	(15%)
TOTAL LIABILITIES	866	931	993	1,195	1,328	1,246	1,393	12%	5%
TOTAL EQUITY	96	105	119	135	150	139	152	10%	1%
TOTAL EQUITY AND LIABILITIES	962	1,036	1,112	1,330	1,478	1,385	1,545	12%	5%
NPL Ratio	1.5%	2.3%	2.5%	2.3%	2.5%	2.2%	1.9%		
NPL Cover	129%	128%	116%	123%	104%	122%	141%		
Tier 1/CET 1 Ratio	12.8%	13.8%	14.9%	15.1%	15.3%	15.2%	14.5%		
Capital Adequacy Ratio (CAR)	13.7%	14.7%	15.8%	15.9%	16.1%	16.1%	15.3%		

Historical Financial Highlights

INCOME STATEMENTS In Php billions, except %	FY2019	FY2020	FY2021	FY2022	FY2023	1H2023	1H2024	1H24 vs 1H23
Interest income	47.7	47.7	46.5	57.2	79.4	37.9	44.7	18%
Interest expense	(21.6)	(13.3)	(7.4)	(11.6)	(25.8)	(12.3)	(14.3)	16%
Net interest income	26.1	34.4	39.1	45.6	53.5	25.5	30.4	19%
Fee-based income	8.4	9.5	9.6	10.1	0.6	1.5	(1.4)	(192%)
Total revenue	34.5	43.9	48.7	55.7	54.1	27.0	29.0	7%
Operating expenses	(20.3)	(21.5)	(22.3)	(24.4)	(27.0)	(13.4)	(14.1)	5%
Income before provisions and taxes	14.2	22.3	26.3	31.3	27.1	13.7	15.0	10%
Provision for impairment and credit losses	(2.6)	(8.9)	(8.9)	(9.0)	(1.2)	(0.9)	(0.7)	(16%)
Income before income tax	11.6	13.5	17.5	22.3	25.8	12.8	14.2	11%
Provision for income tax	(1.5)	(1.4)	(2.4)	(3.1)	(3.8)	(1.9)	(2.8)	44%
Net income	10.1	12.1	15.1	19.1	22.0	10.8	11.4	6%
Return on Equity	11.0%	12.1%	13.6%	15.1%	15.5%	15.9%	15.1%	
Return on Assets	1.1%	1.2%	1.5%	1.6%	1.6%	1.6%	1.5%	
Net interest margin	3.4%	4.0%	4.3%	4.2%	4.2%	4.2%	4.4%	
Cost-to-income ratio	59%	49%	46%	44%	50%	50%	49%	

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Thank You!

