# Chinabank Analysts' Briefing

9M 2024 Results

November 7, 2024



# **Panelists**





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



# 9M 2024 Financial Performance



# **9M 2024 Financial Highlights**



**P18.4 Bn** 9M 2024 Net Income

**15.7%**Return on Equity

**14.8%**CET-1 Ratio

P60.43
Book value per share

Income Statement

- ✓ 9M 2024 Net income grew 13% to P18.4 billion;
- ✓ Resilient NII despite pressure on funding cost; NIM <u>improved by 18 bps YoY to 4.4% in 9M 2024;</u>

**Balance Sheet** 

- ✓ Gross Loans (+14%) and Investment securities (+16%) registered <u>double-digit</u> <u>YoY growth</u>;
- ✓ NPL ratio has <u>declined</u>; NPL cover <u>more than adequate</u>

**Capital Position** 

- ✓ <u>Strong internal capital generation</u> results to higher buffer
  - ✓ CET-1 ratio at 14.8%
  - ✓ Capital Adequacy Ratio (CAR) at 15.7%
- ✓ <u>Declared P2.20/sh dividends</u>, 16% higher vs. last year

# **9M 2024 Financial Highlights**



INCOME STATEMENTS In Php billions, except %	9M 2023	9M 2024	YoY change	
Interest income	58.2	68.7	18%	
Interest expense	(19.0)	(22.3)	17%	
Net interest income	39.2	46.5	19%	
Fee-based income	1.4	(0.1)	n.m.	
Total revenue	40.5	46.3	14%	
Operating expenses	(20.2)	(22.0)	9%	
Income before provisions and taxes	20.3	24.3	20%	
Provision for impairment and credit losses	(1.3)	(1.5)	15%	
Income before income tax	19.0	22.8	20%	
Provision for income tax	(2.8)	(4.4)	58%	
Net income	16.2	18.4	13%	
Return on Equity	15.6%	15.7%		
Return on Assets	1.6%	1.6%		
Net interest margin	4.2%	4.4%		
Cost-to-income ratio	50%	48%		

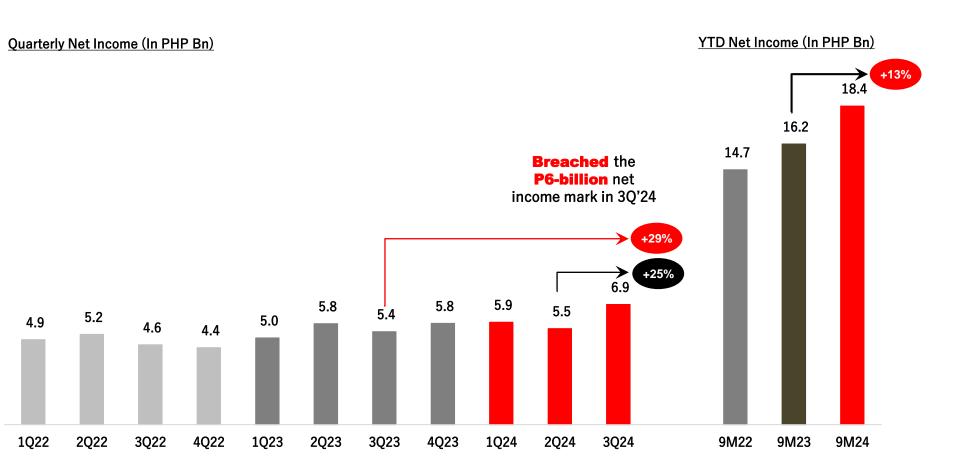
# **9M 2024 Financial Highlights**



BALANCE SHEETS in Php billions, except %	Sep 2023	Sep 2024	YoY change
Liquid Assets	136	129	(5%)
Investment Securities	485	562	16%
Net Loans	746	852	14%
Other Assets	43	52	20%
TOTAL ASSETS	1,411	1,595	13%
Deposits	1,145	1,298	13%
CASA	563	567	1%
Time Deposits	<i>582</i>	731	26%
Bills and Bonds Payable	94	91	(3%)
Other Liabilities	31	44	44%
TOTAL LIABILITIES	1,270	1,433	13%
TOTAL EQUITY	141	163	15%
TOTAL EQUITY AND LIABILITIES	1,411	1,595	13%
NPL Ratio	2.2%	1.8%	
NPL Cover	126%	141%	
Tier 1/CET 1 Ratio	14.9%	14.8%	
Capital Adequacy Ratio (CAR)	15.8%	15.7%	

# Sustained profitability amidst a challenging environment

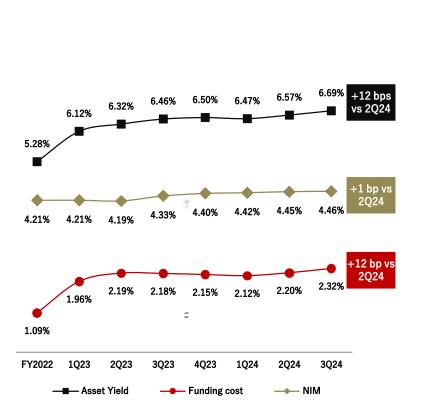




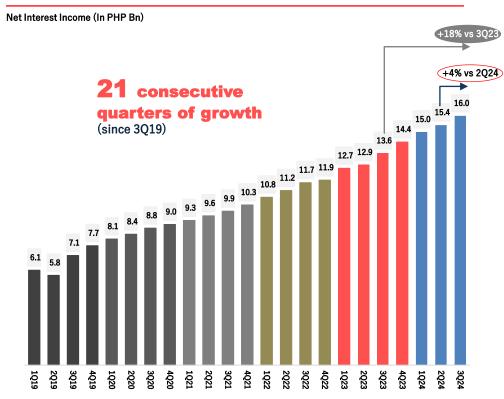
# **Resilient NII** despite pressure on funding costs



NIM stabilizes above 4%



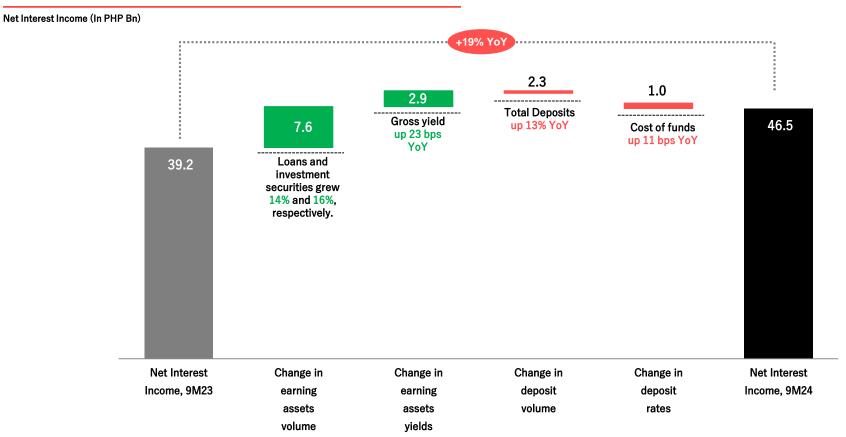
### Net interest income continues to grow Q-on-Q



# **Resilient NII** despite pressure on funding costs



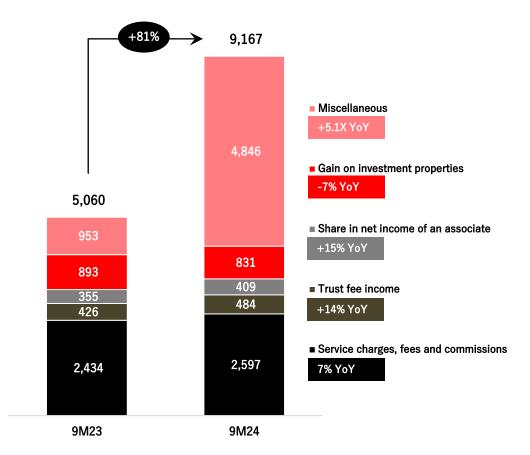
### Net interest income continues to grow



# **Core fee-based income remains strong**



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

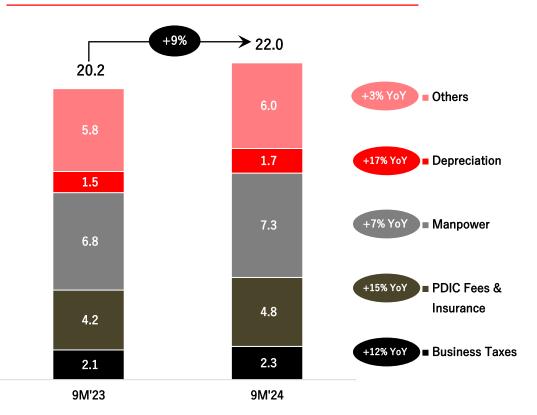


- ✓ Core fee income continues to grow on higher deposits, Trust and transaction-based income
- ✓ Share in net income of bancassurance JV grew 15% YoY due to higher management fees

# **Demonstrated prudent cost management**



Operating Expenses ex provisions (in PHP Bn)



- √ Volume-related taxes higher due to bigger deposit balances and higher gross revenues
- ✓ Core Opex (excluding Business Taxes and PDIC fees) up 6% to ≈P15.5 Bn

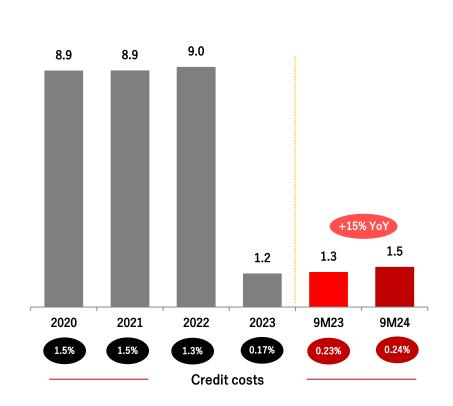
# Improving asset quality and sufficient NPL cover

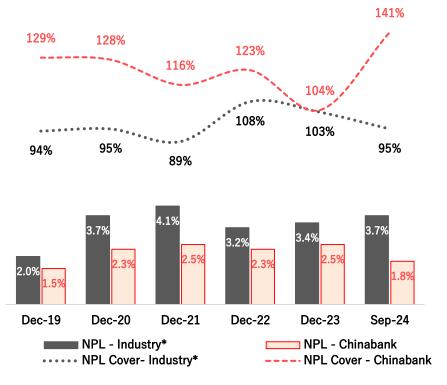


Improved asset quality results to conservative provisions

Provisions (In PHP Bn)

NPL ratio has improved; NPL cover more than adequate



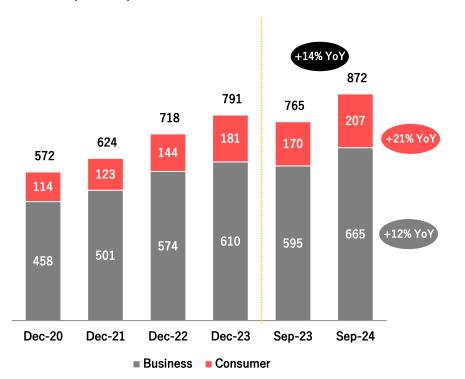


## **Sustained** loan growth



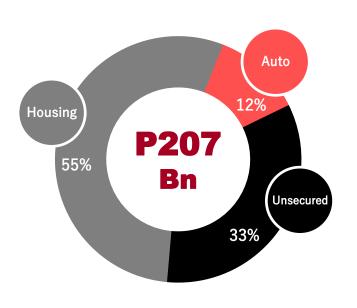
### Continued expansion in both consumer and business segments

Gross Loans (In PHP Bn)



### Well-secured consumer lending portfolio

Consumer Loans Breakdown, September 2024



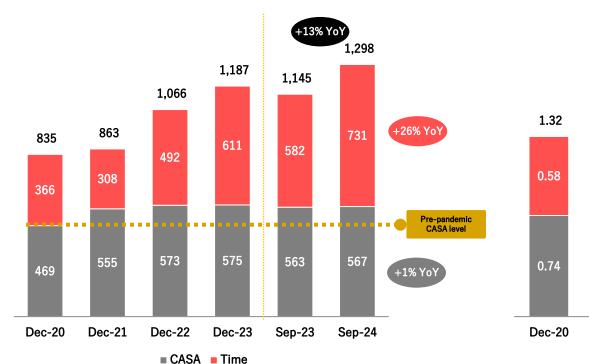
# **Managed Deposit growth**

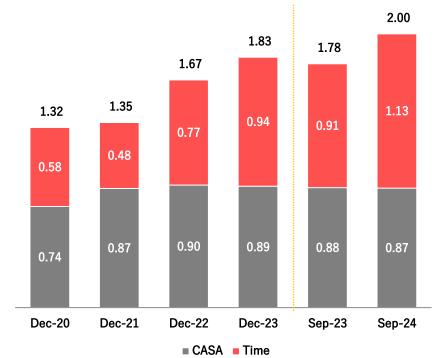


CASA inched up and still above pre-pandemic level

Deposits per branch (In PHP Bn)

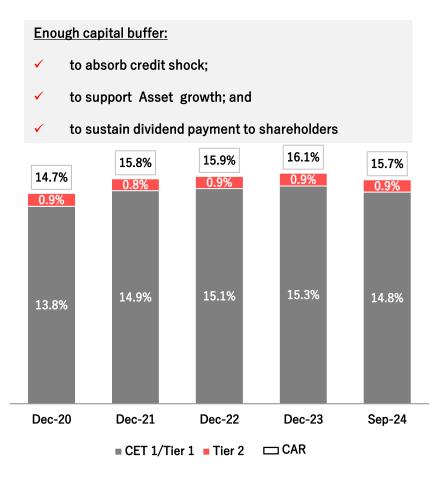
Deposits (In PHP Bn)

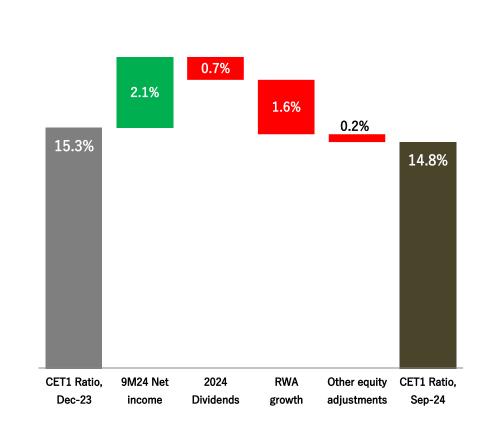




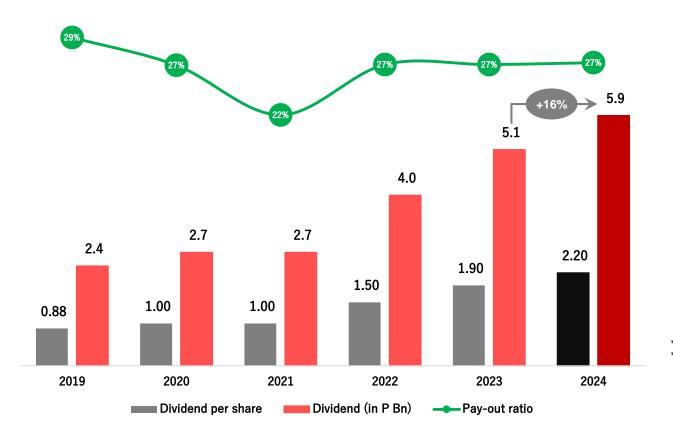
# Strong internal capital generation results to higher buffer







# **Increasing dividend payments to Shareholders**





\*Based on April 17, 2024 closing price (declaration date)
\*\*Based on Nov 5, 2024 closing price

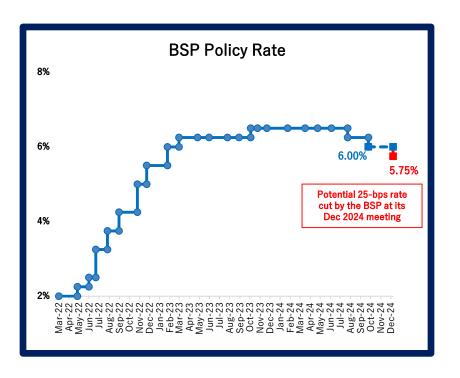
# We are executing our strategies



- **✓ 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

# Policy Rate and RRR cuts will improve NIM

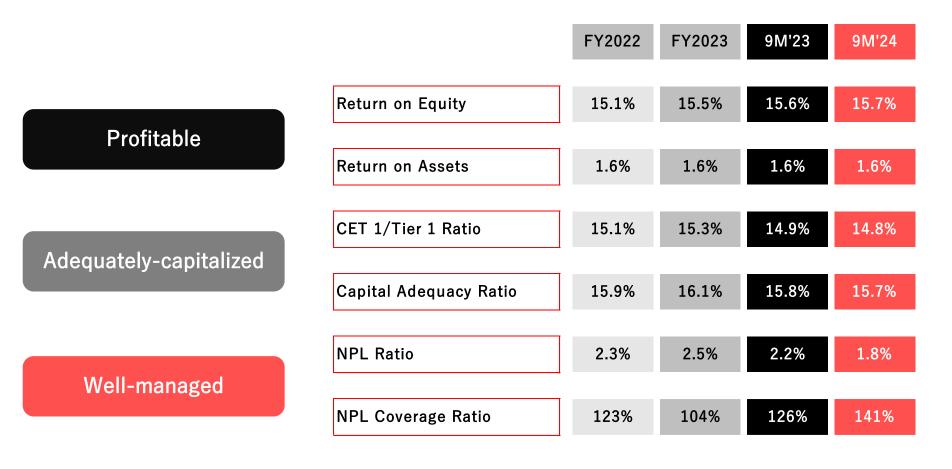






# In summary, Chinabank continues to be...





# **Q & A**

- Please click the "Raise Hand" button to be recognized.
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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 fixedrate retail bonds; Celebrated 100 years and restored Binondo Business Center

2021. Raised P20 Bn via fixedrate retail bonds

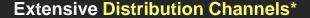
2022. Became the 4th largest privately-owned universal bank in the country in terms of assets and breached the trillion-mark in deposits

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



# **Company Profile**











648
Branches

**1,082** 

**11,140** Employees

**Investment Grade Credit Rating** 



### **Subsidiaries & Affiliates**











### **Best in Corporate Governance**



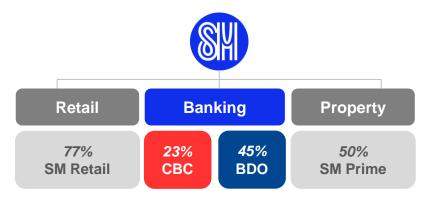
Five Golden-Arrow
Recognition, the highest
corporate governance
award given by the Institute
of Corporate Directors
(ICD).

# **SM Group: Strong Support & Synergies**

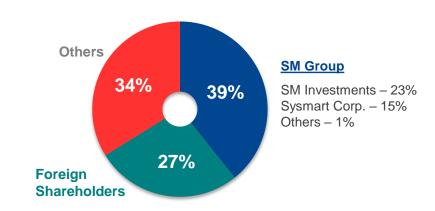


Chinabank benefits from being part of one of the largest and most diversified conglomerates in the Philippines

### **Snapshot of SM Group Business Lines**



### **Chinabank's Current Shareholdings**



### **Distinct benefits for Chinabank**



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



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

# Digital Banking

9M 2024 vs 9M 2023

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

share of digital & e-banking to total TXNs 9M 2024



# **Awards & Distinctions**

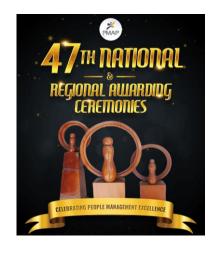




Domestic Retail Bank of the Year-Philippines

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**



### THE ASIAN BANKER

Best Credit Card for Travelers in the Philippines,

> Chinabank Destinations Mastercard

> > 2024

### THE ASIAN BANKER

Best Home Loan Financing in the Philippines

Chinabank HomePlus

2024



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

# 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 CBC since 2014
- Over 30 years of banking experience



Patrick D. Cheng
EVP and Chief Finance Officer

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



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

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



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

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



Magnolia Luisa N. Palanca EVP, Head - Financial Markets

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



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

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



Lilian Yu EVP, Head – Institutional Banking

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



Ananias S. Cornelio III SVP and Chief Risk Officer

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



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

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



**Christopher Ma. Carmelo Y. Salazar** SVP and Treasurer

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



Jeruel N. Lobien
SVP and Chief Audit Executive

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



Atty. Aileen Paulette De Jesus FVP and Chief Compliance Officer

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





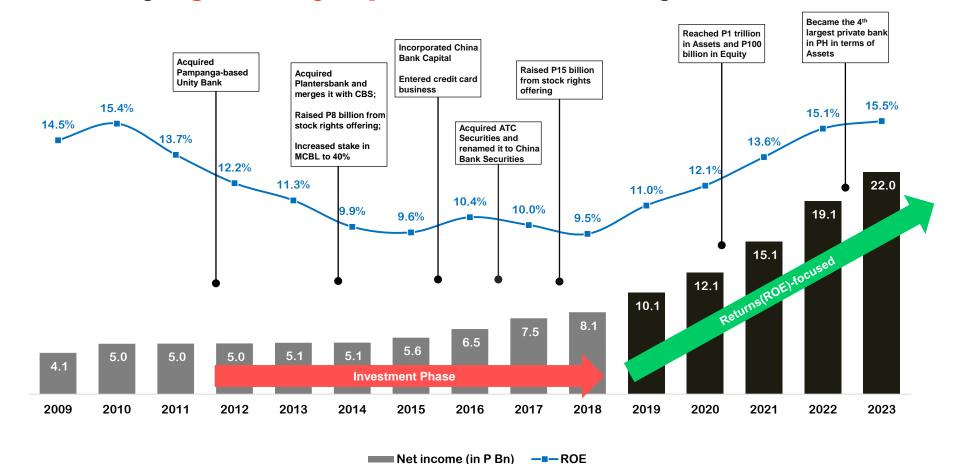
TRADING INFORMATION						
Ticker (Bloomberg   Reuters)	CBC PM I CBC.PS					
Par value (PHP)	10.00					
Outstanding shares	2,691,340,312					
Stock price as of November 5, 2024	57.00					
52-week range (Low I High)	29.70   61.45					
Market Cap in PHP Mn	153,406					
Market Cap in USD Mn	2,630					
Public float as of Sep 30, 2024	56.80%					
Foreign ownership as of Sep 30, 2024	26.89%					

MARKET VALUATION						
	<u>Dec-22</u>	<u>Dec-23</u>	<u>Sep-24</u>			
Book value per share	50.0	55.8	60.4			
Earnings per share	7.1	8.2	9.0			
Price to book (x)*	0.5	0.6	0.9			
Price to earnings (x)*	3.9	4.2	6.3			
Dividend per share	1.50	1.90	2.20			
Dividend yield*	5.6%	6.2%	3.9%			

<sup>\*</sup> based on November 5, 2024 stock price

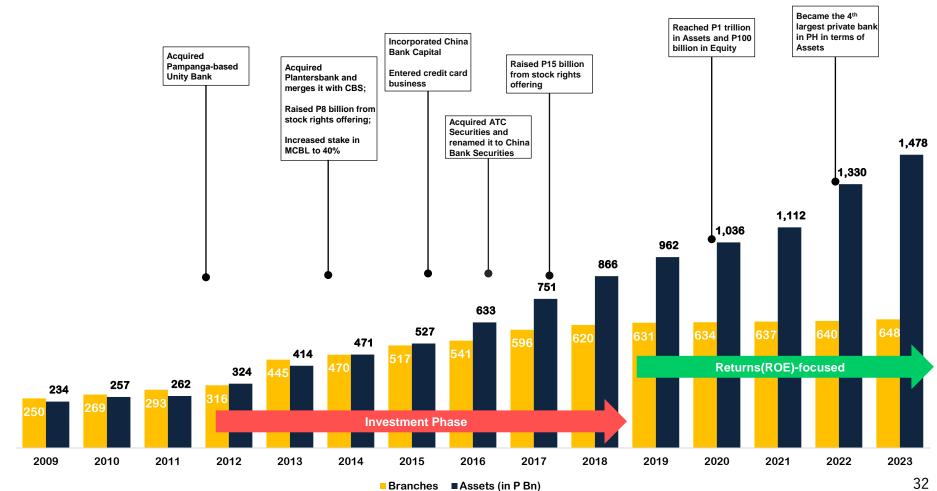
# Profitability significantly improved over the last 5 years





# 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	Sep 2023	Sep 2024	Sep 24 vs Sep 23	Sep 24 vs Dec 23
Liquid Assets	144	205	188	178	155	136	129	(5%)	(17%)
Investment Securities	213	236	279	412	505	485	562	16%	11%
Net Loans	569	557	609	700	772	746	852	14%	10%
Other Assets	37	38	36	40	46	43	52	20%	12%
TOTAL ASSETS	962	1,036	1,112	1,330	1,478	1,411	1,595	13%	8%
Deposits	775	835	863	1,066	1,187	1,145	1,298	13%	9%
CASA	412	469	555	573	575	563	567	1%	(2%)
Time Deposits	364	366	308	492	611	582	731	26%	20%
Bills and Bonds Payable	71	76	108	99	105	94	91	(3%)	(13%)
Other Liabilities	20	20	22	31	36	31	44	44%	22%
TOTAL LIABILITIES	866	931	993	1,195	1,328	1,270	1,433	13%	8%
TOTAL EQUITY	96	105	119	135	150	141	163	15%	8%
TOTAL EQUITY AND LIABILITIES	962	1,036	1,112	1,330	1,478	1,411	1,595	13%	8%
NPL Ratio	1.5%	2.3%	2.5%	2.3%	2.5%	2.2%	1.8%		
NPL Cover	129%	128%	116%	123%	104%	126%	141%		
Tier 1/CET 1 Ratio	12.8%	13.8%	14.9%	15.1%	15.3%	14.9%	14.8%		
Capital Adequacy Ratio (CAR)	13.7%	14.7%	15.8%	15.9%	16.1%	15.8%	15.7%		

# **Historical Financial Highlights**



INCOME STATEMENTS In Php billions, except %	FY2019	FY2020	FY2021	FY2022	FY2023	9M2023	9M2024	9M24 vs 9M23
Interest income	47.7	47.7	46.5	57.2	79.4	58.2	68.7	18%
Interest expense	(21.6)	(13.3)	(7.4)	(11.6)	(25.8)	(19.0)	(22.3)	17%
Net interest income	26.1	34.4	39.1	45.6	53.5	39.2	46.5	19%
Fee-based income	8.4	9.5	9.6	10.1	0.6	1.4	(0.1)	n.m.
Total revenue	34.5	43.9	48.7	55.7	54.1	40.5	46.3	14%
Operating expenses	(20.3)	(21.5)	(22.3)	(24.4)	(27.0)	(20.2)	(22.0)	9%
Income before provisions and taxes	14.2	22.3	26.3	31.3	27.1	20.3	24.3	20%
Provision for impairment and credit losses	(2.6)	(8.9)	(8.9)	(9.0)	(1.2)	(1.3)	(1.5)	15%
Income before income tax	11.6	13.5	17.5	22.3	25.8	19.0	22.8	20%
Provision for income tax	(1.5)	(1.4)	(2.4)	(3.1)	(3.8)	(2.8)	(4.4)	58%
Net income	10.1	12.1	15.1	19.1	22.0	16.2	18.4	13%
Return on Equity	11.0%	12.1%	13.6%	15.1%	15.5%	15.6%	15.7%	
Return on Assets	1.1%	1.2%	1.5%	1.6%	1.6%	1.6%	1.6%	
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%	48%	

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# **Thank You!**



Focused on You

