

ANALYSTS' BRIEFING

1H2023 Results

August 4, 2023



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Panelists



Patrick D. Cheng
Chief Finance Officer



Gerald O. Florentino
Investor Relations Head



Domini S. Velasquez
Chief Economist

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



Macroeconomic Outlook

Macroeconomic Outlook

Chinabank's view

INFLATION 5.6%

from 5.8% in FY 2022

- ✓ Inflation to ease further; **expected to fall to ≤4% by October**
- ✓ Key risks:
 - Domestic food shortages
 - El Niño and typhoons
 - Higher price of rice – domestic and international
 - Wage and transport fare hikes
 - Higher global oil prices

POLICY RATE & FX 6.25%

+425 bps since May 2022

- ✓ **BSP to hold rate at 6.25% until Q2 2024**
- ✓ At most one more rate hike is anticipated from the Fed this year
- ✓ Policy rate cut is highly unlikely before the end of 2023 but **BSP is open to an RRR cut**
- ✓ Peso appreciation for the rest of 2023 (between 52.00 and 56.00) and 2024
- ✓ Weaker USD and narrower current account deficit will support the peso

GDP 5.8%

from 7.6% in FY 2022

- ✓ **Moderate growth due to prolonged elevated interest rates**
- ✓ Resilient consumer spending and services activity will buoy the economy
- ✓ Weak global demand will continue to dampen growth
- ✓ Infrastructure will open growth opportunities with fiscal support

Macroeconomic Outlook

Chinabank's view

	FY 2022A	1H2023A	FY 2023F	FY 2024F
GDP growth (%)	7.6	6.2 F	5.8	5.5
Inflation (%)	5.8	7.2	5.6	2.8
Policy rate (end, %)	5.50	6.25	6.25	4.50
10-Year BVAL Rate (end, %)	6.986	6.304	5.9	5.1
USDPHP (end)	55.76	55.20	53.00	51.00

Key Takeaways

1. **Modest economic growth in 2023** due to heightened domestic and external risks
2. **Easing cost burden** as inflation moderates, but elevated interest rates will be held for longer
3. **Growth potential remains resilient**



1H2023 Financial Performance

1H 2023 Performance Highlights

We delivered **strong returns**

P10.8 B
1H2023 Net
Income

15.9%
Return on Equity

1.6%
Return on Assets

P7.38*
Earnings per share

We maintained a **quality balance sheet**
and **prudent risk management**

2.2%
NPL Ratio

122%
NPL Cover

We sustained a **solid capital position** and
we are **committed to distributing excess capital** to shareholders

15.2%
CET-1 Ratio

16.1%
Capital Adequacy
Ratio

P1.90
Total cash div per
share

P51.48
Book value per share

**trailing 12 months EPS*

1H 2023 Financial Highlights

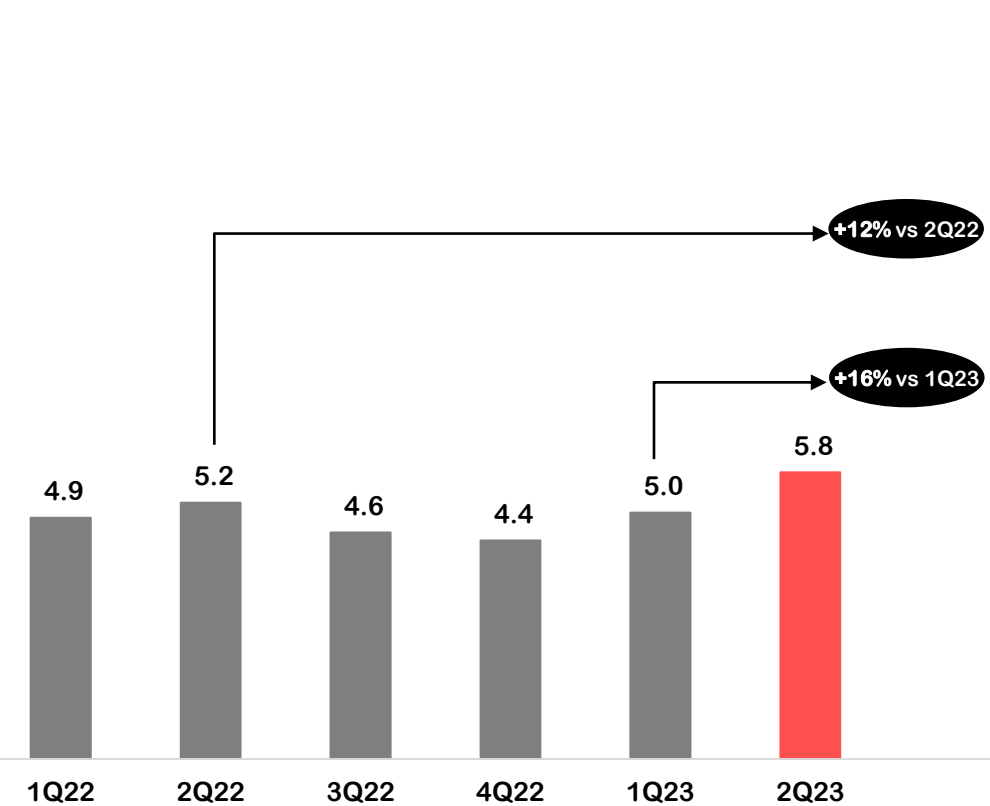
INCOME STATEMENTS In Php billions, except %	1H 2022	2H 2022	1H 2023	1H'23 vs 1H'22	1H'23 vs 2H'22
Interest income	25.9	31.3	37.9	46%	21%
Interest expense	(3.9)	(7.7)	(12.3)	218%	59%
Net interest income	22.0	23.6	25.5	16%	8%
Fee-based income	3.2	6.8	1.7	-48%	-76%
Total revenue	25.2	30.4	27.2	8%	-11%
Operating expenses	(11.1)	(13.2)	(13.6)	22%	2%
Income before provisions and taxes	14.1	17.2	13.7	-3%	-21%
Provision for impairment and credit losses	(1.7)	(7.4)	(0.9)	-47%	-88%
Income before income tax	12.4	9.8	12.8	3%	30%
Provision for income tax	(2.3)	(0.8)	(1.9)	-18%	142%
Net income	10.1	9.0	10.8	7%	20%
Return on Equity	16.4%		15.9%		
Return on Assets	1.7%		1.6%		
Net interest margin	4.3%		4.2%		
Cost-to-income ratio	44%		50%		

1H 2023 Financial Highlights

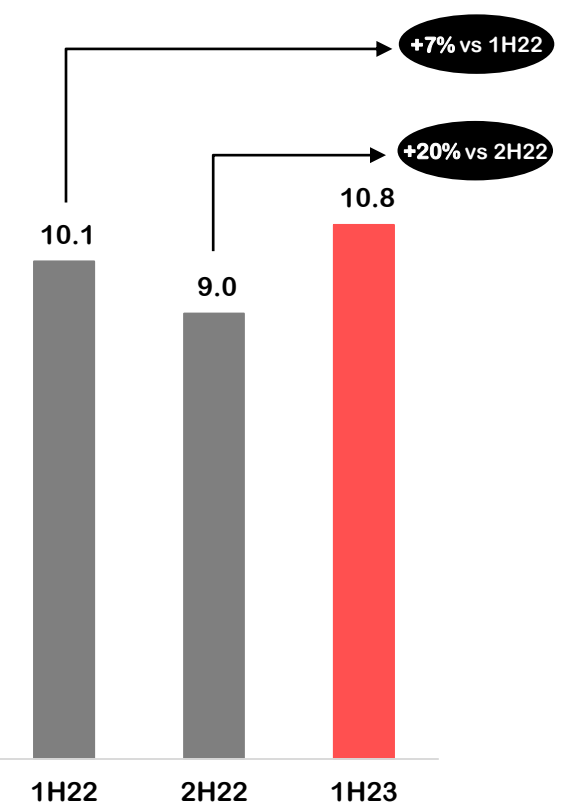
BALANCE SHEETS in Php billions, except %	June 30, 2022	Dec 31, 2022	June 30, 2023	Jun'23 vs Jun'22	Jun'23 vs Dec'22
Liquid Assets	169	178	141	-17%	-21%
Investment Securities	341	412	476	40%	16%
Net Loans	655	700	726	11%	4%
Other Assets	38	40	42	12%	5%
Total Assets	1,202	1,330	1,385	15%	4%
Deposits	945	1,066	1,121	19%	5%
Bills and Bonds Payable	101	99	95	-6%	-4%
Other Liabilities	29	31	30	4%	-3%
Total Liabilities	1,075	1,195	1,246	16%	4%
Total Equity	127	135	139	9%	3%
Total Liabilities and Equities	1,202	1,330	1,385	15%	4%
NPL Ratio	2.3%	2.3%	2.2%		
NPL Cover	128%	123%	122%		
Tier 1/CET 1 Ratio	14.8%	15.1%	15.2%		
Capital Adequacy Ratio (CAR)	15.7%	15.9%	16.1%		

Sustained profitability amidst a challenging environment

Quarterly Net Income (In PHP Bn)

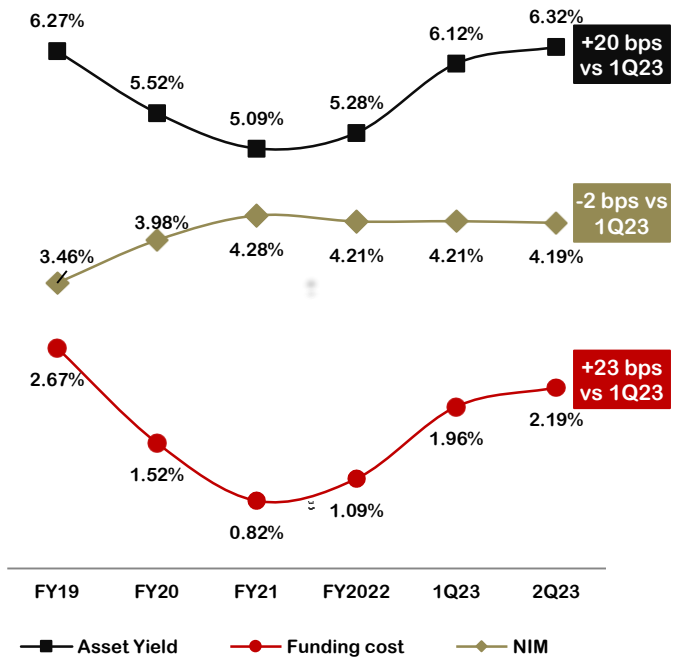


Semi-annual Net Income (In PHP Bn)



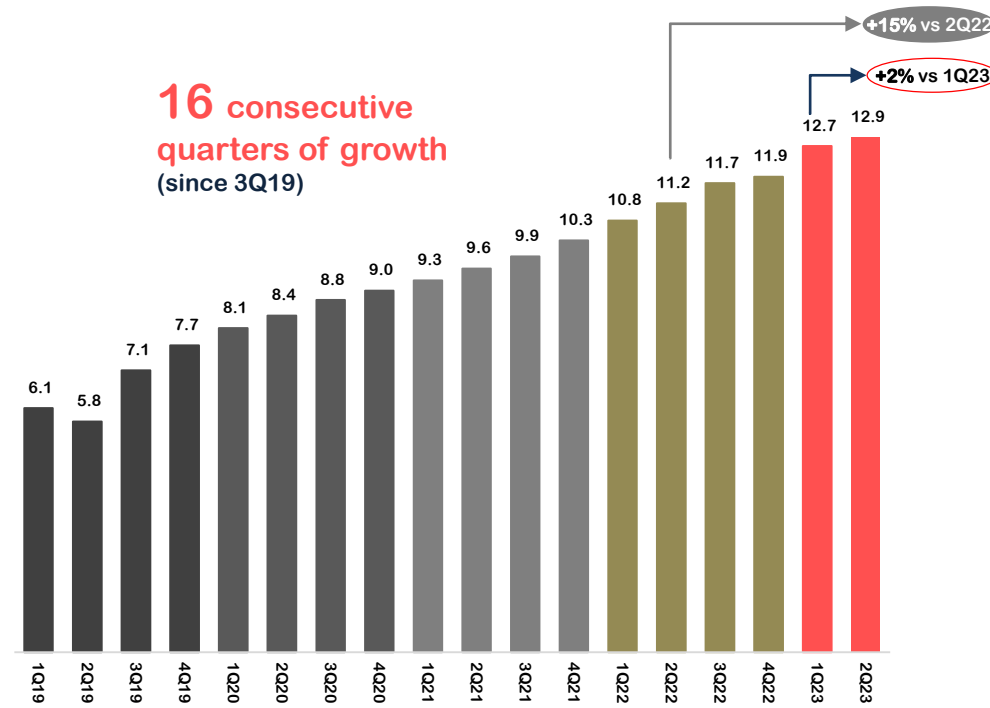
Resilient NII despite pressure on funding costs

NIM stabilizes above 4%



Net interest income continues to grow Q-on-Q

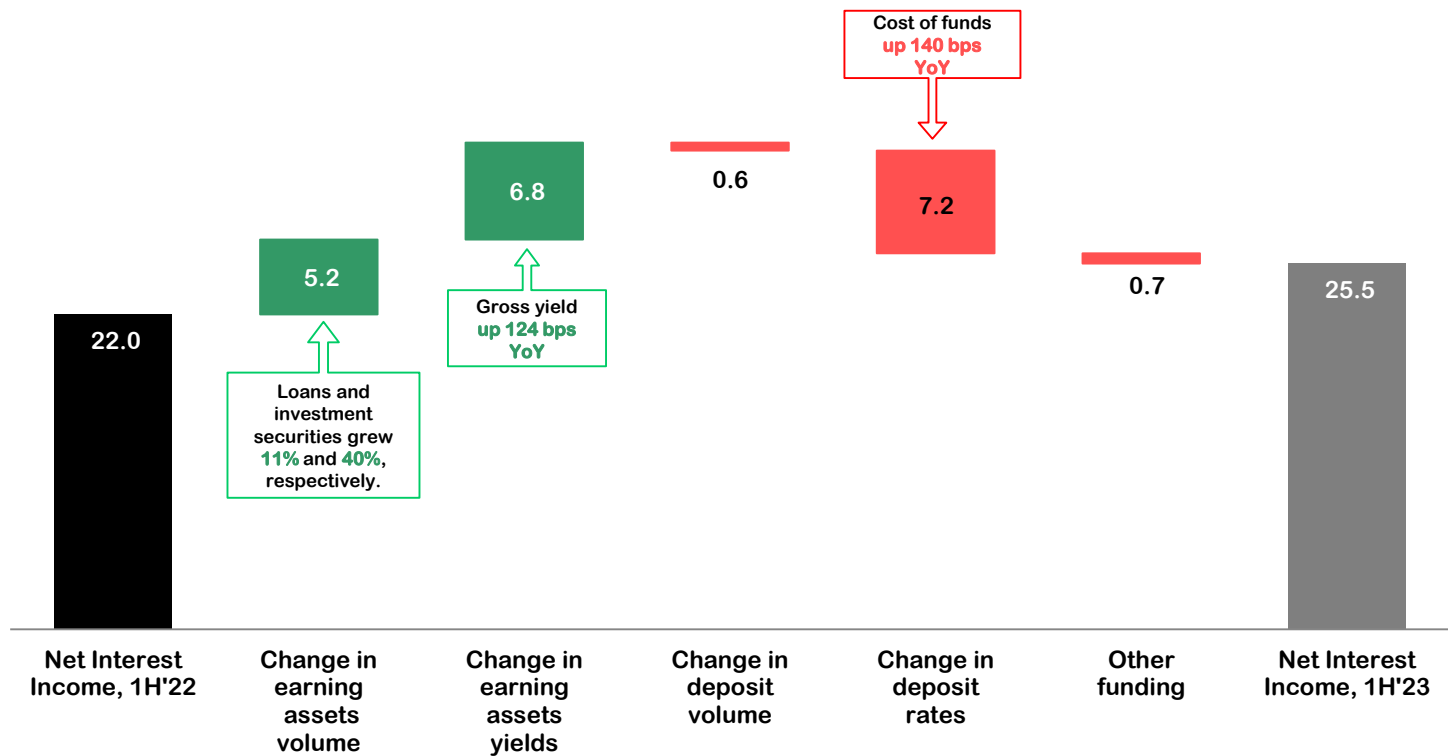
Net Interest Income (In PHP Bn)



Resilient NII despite pressure on funding costs

Net interest income continues to grow

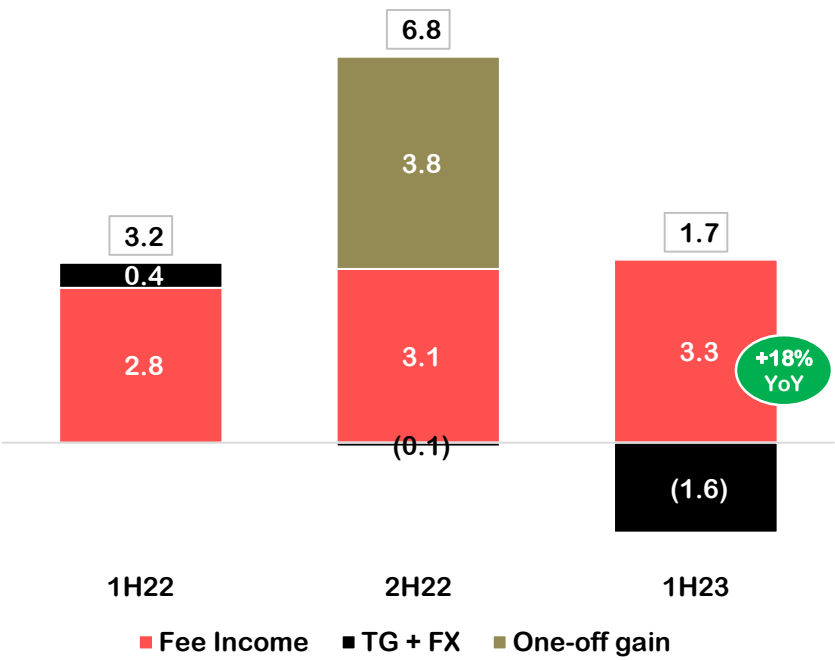
Net Interest Income (In PHP Bn)



Fee-based income remains strong

Core Fee income continues to grow

Fee-based Income (In PHP Bn)

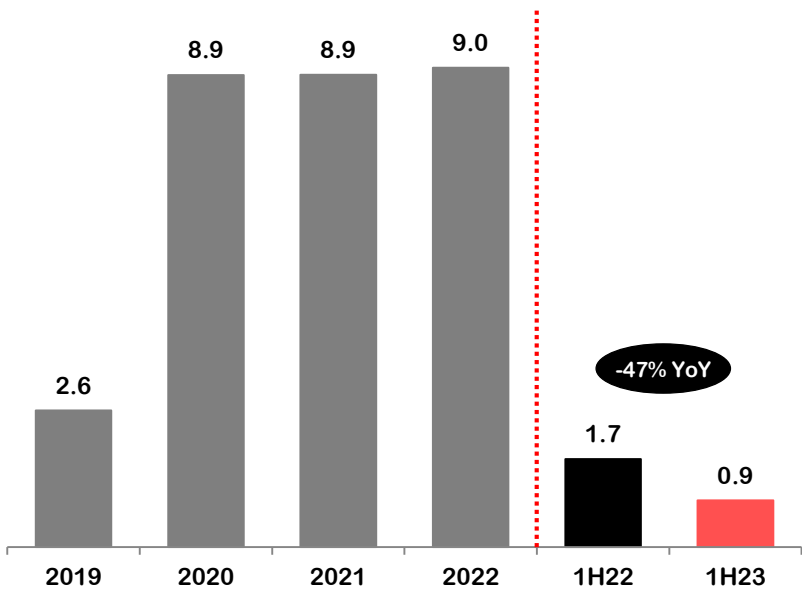


- ✓ Core fee income grew **18% YoY to P3.3 billion**.
- ✓ Service charges, fees, and commissions were up **20% to P1.8 billion** due to higher deposits and transactions-based fees.
- ✓ The decline in Treasury and FX-related gains was offset by **higher accrual income on Investment securities**.

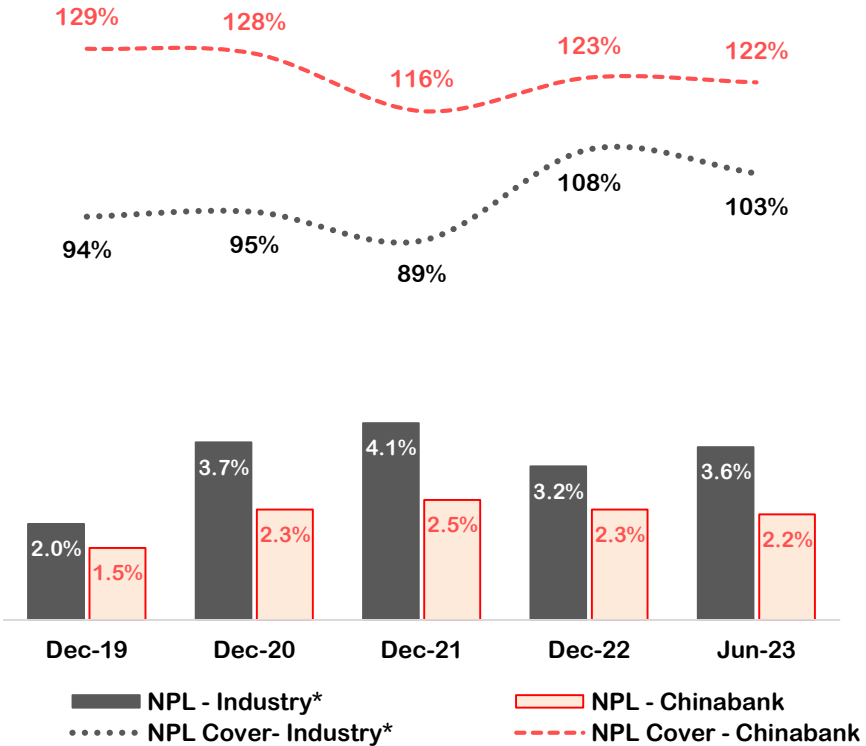
Stable asset quality and sufficient NPL cover

Stable asset quality results to lower provisions

Provisions (In PHP Bn)



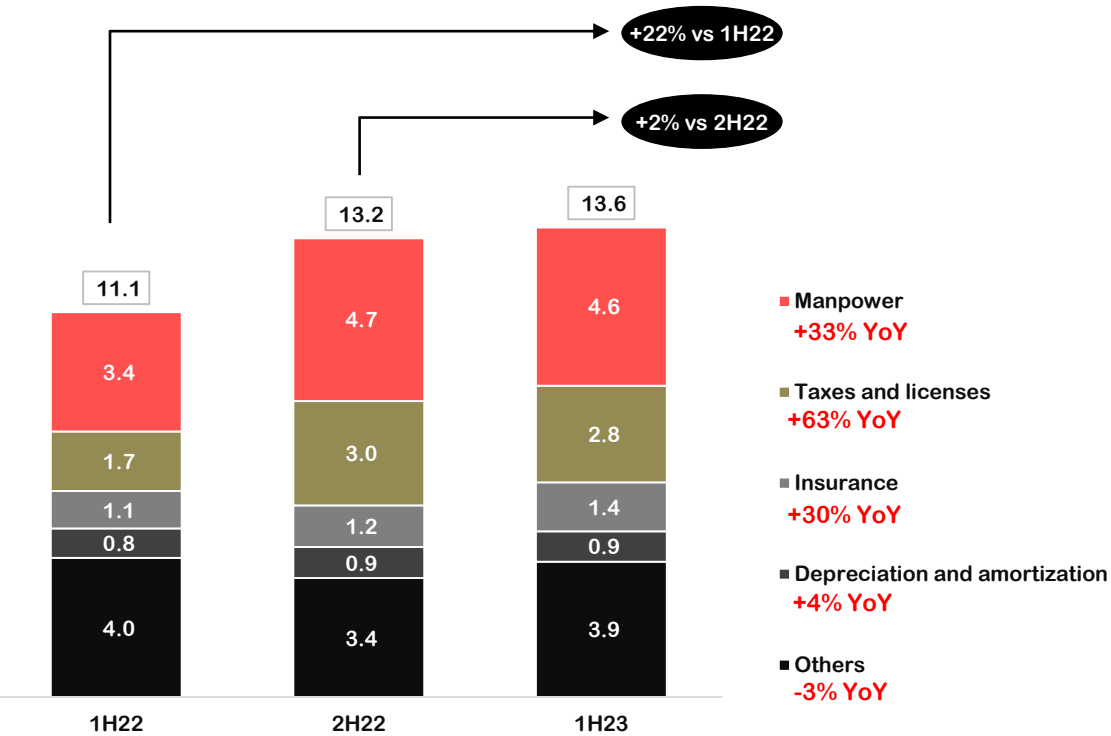
NPL ratio has stabilized; NPL cover remains adequate



*BSP data (UKB + TB), as of May 2023

Operating expenses impacted by **persistently high inflation** during the period

Operating Expenses ex provisions (In PHP Bn)

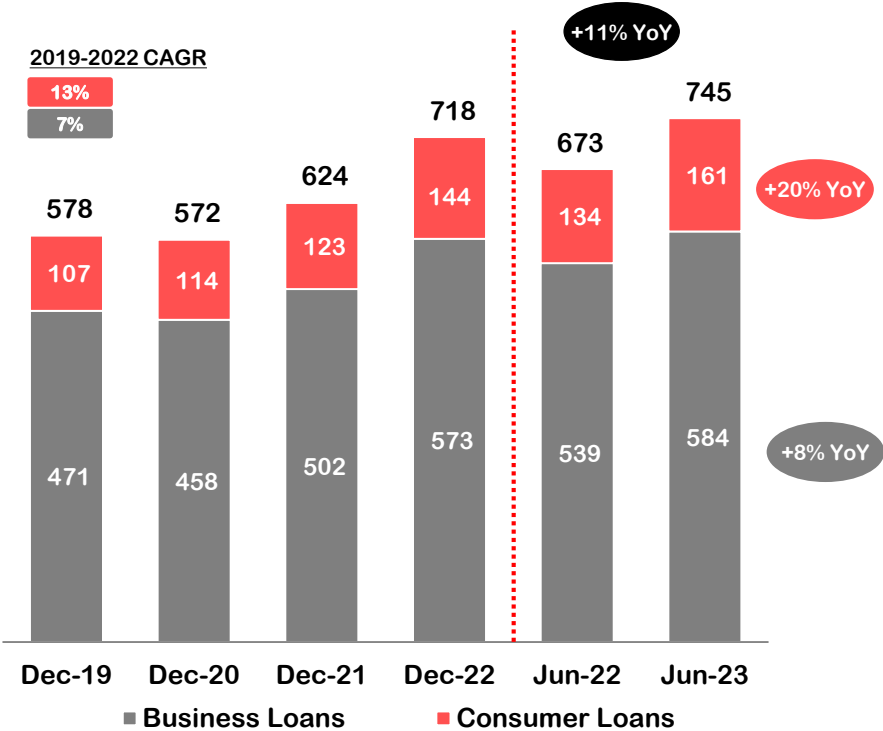


- ✓ **Volume-related taxes** higher due to higher operating income and bigger deposit balances.
- ✓ **Core opex up 14%** to P9.7 Bn on continued investments on digital transformation and human resource development.

Sustained loan growth

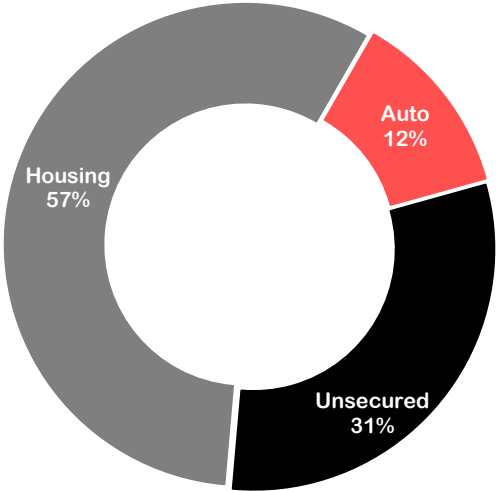
Continued expansion in both consumer and business segments

Gross Loans (In PHP Bn)



Well-secured consumer lending portfolio

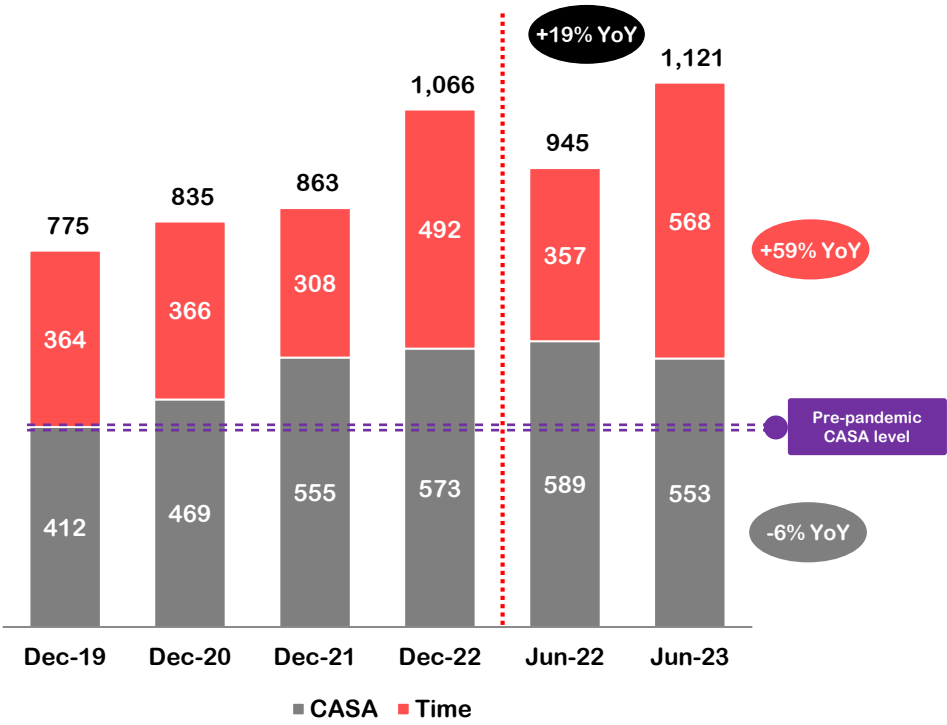
Consumer Loans Breakdown, June 2023



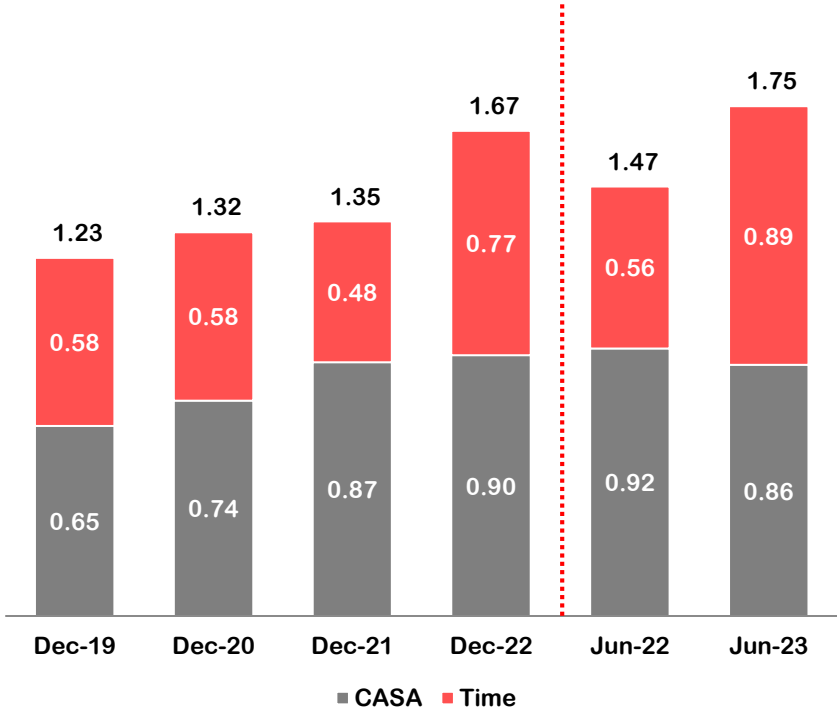
Strong Deposit growth

CASA declined but still above pre-pandemic level

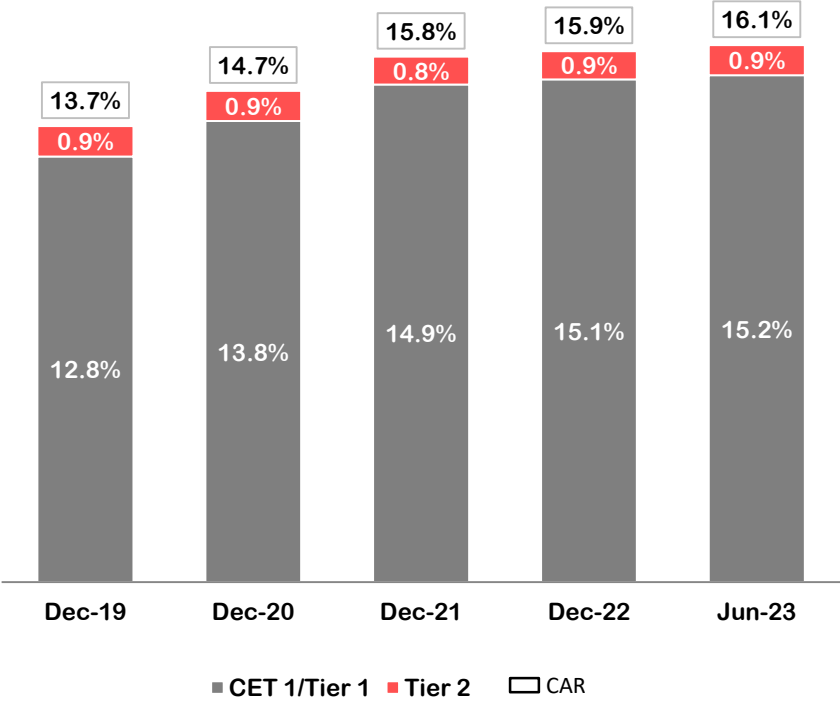
Deposits (In PHP Bn)



Deposits per branch (In PHP Bn)

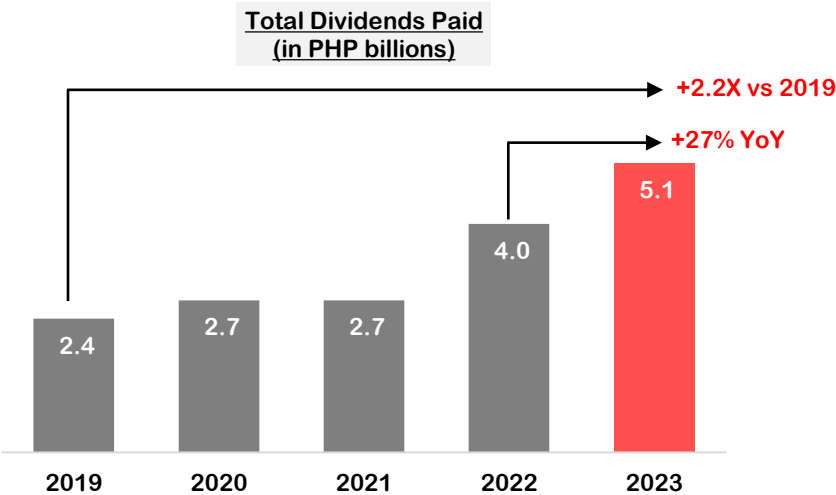


Strong internal capital generation results to higher buffer



Enough capital buffer:

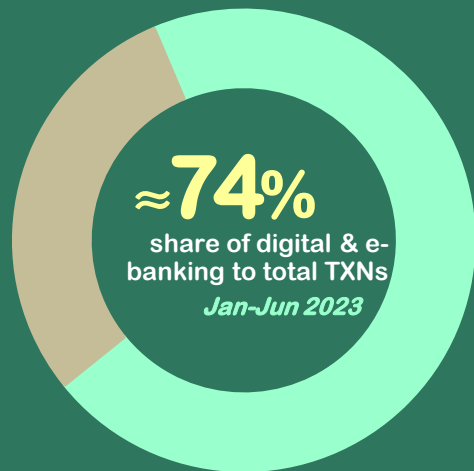
- ✓ to absorb credit shock;
- ✓ to support Asset growth; and
- ✓ to sustain dividend payment to shareholders



Digital Banking

Retail, 1H'23 vs 1H'22

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



+51%
Digital TXNs
year-on-year



+30%
O/S Active Users
year-on-year



+31%
O/S Enrollments
year-on-year



+37%
Gross TXN Value
year-on-year



Awards & Distinctions



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**



Chinabank also received the **Five-Golden Arrow Recognition**, the *highest corporate governance award* given by the Institute of Corporate Directors

Chinabank is the **only Bank** to receive this coveted award, together with two other PLCs, at this year's awarding

Other Citations

 <p>Chinabank Easy Tax</p> <p>Best Digital Business Banking Initiative</p> <p>2022</p>	 <p>2nd Strongest Bank in the Philippines</p> <p>2021</p>	 <p>Cesar E.A. Virata Award (Bank Category)</p> <p>2021</p>	 <p>Mobile Banking & Payment Initiative of the Year Philippines</p> <p>2020</p>	 <p>Top Corporate Securities Market Makers and Top Fixed-income Brokering participants</p> <p>2019</p>	 <p>Apo Agua Infrastructure Php9 Billion financing</p> <p>Utility Deal of the Year Philippines</p> <p>2019</p>
 <p>Atlantic Gulf and Pacific Company Php6 Billion term loan</p> <p>Oil and Gas Deal of the Year Philippines</p> <p>2019</p>	 <p>Best Bond Adviser</p> <p>Domestic Bond Category</p> <p>2019, 2018, 2017</p>	 <p>Chinabank Corporation P30 Billion Fixed Rate Retail Bond</p> <p>Best Retail Bond Philippines</p> <p>2019</p>	 <p>Autotax Payment Facility</p> <p>Most Innovative Public Sector System Philippines</p> <p>2019</p>	 <p>Best Corporate Governance Disclosure and Transparency Award</p> <p>2019</p>	 <p>Pagtugon Award for Universal and Commercial Banks</p> <p>2018, 2019</p>
 <p>Best Managed Fund for Bond Long-Term Dollar Category</p> <p>2019, 2018, 2017</p>	 <p>Best Managed Fund for Balanced Peso Category</p> <p>2018</p>	 <p>Best Fixed Income Deal - PHP181 Billion ROP Bureau of the Treasury's Retail Treasury Bond</p> <p>2018</p>	 <p>Best Fixed Income Deal - Ayala Corporation US\$400 Million Fixed-For-life Bonds (Ayala USD Fixed For Life)</p> <p>2018</p>	 <p>Best Investor Relations Bank Philippines</p> <p>2019, 2018, 2016</p>	 <p>Top Corporate Issue Manager / Arranger Investment House Category</p> <p>2018, 2017</p>

In summary, Chinabank continues to be..

Profitable

Adequately-capitalized

Well-managed

	1H'22	FY2022	1H'23
Return on Equity	16.4%	15.1%	15.9%
Return on Assets	1.7%	1.6%	1.6%
CET 1/Tier 1 Ratio	14.8%	15.1%	15.2%
Capital Adequacy Ratio	15.7%	15.9%	16.1%
NPL Ratio	2.3%	2.3%	2.2%
NPL Coverage Ratio	128%	123%	122%

Q & A

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Additional Information

Chinabank Profile

Who we are

- ✓ One of the oldest privately owned banks, established in 1920
- ✓ Publicly-listed since 1927 on the Manila Stock Exchange
- ✓ Strong presence in the entrepreneur, middle market and business segments
- ✓ Longest relationship with Chinese-Filipinos, serving up to the 4th generation
- ✓ Best practice in Corporate Governance



642 branches*



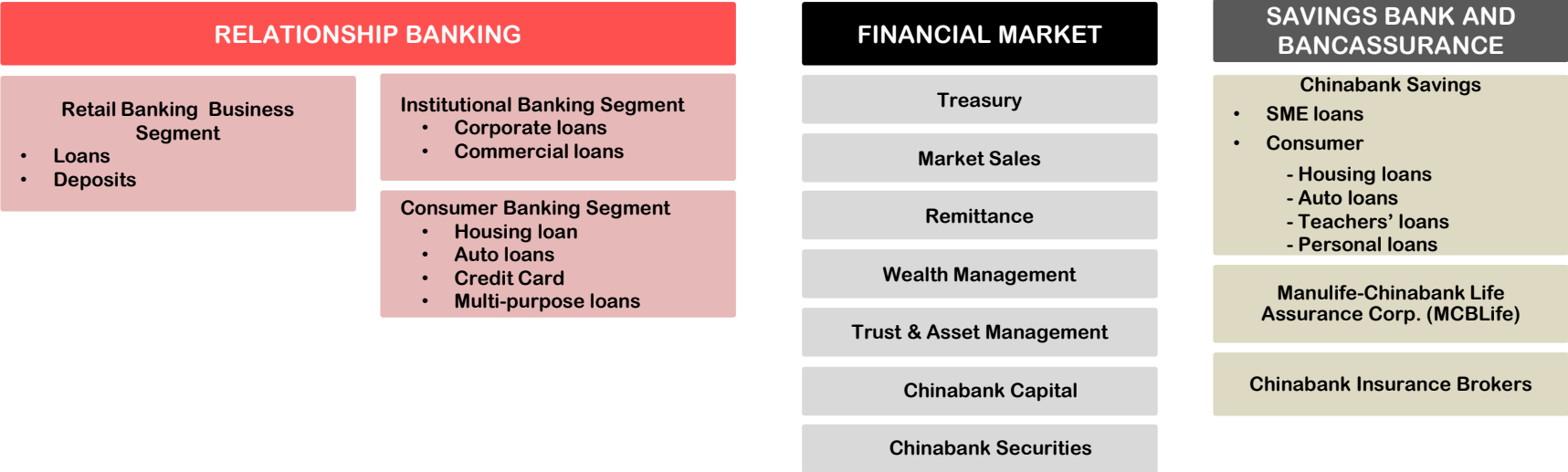
1,062 ATMs*



10,383 Employees*

**As of June 30, 2023*

Full Service Platform



Chinabank Profile

EQUITY PROFILE

Particulars	August 3, 2023
Ticker	CHIB
Stock Price	Php31.00
Market Cap (in PHP Mn)	83,430
Market Cap (in USD Mn)	1,517*
Book Value per Share	Php51.5
Earnings per Share	Php7.4
Price to Book	0.6
Price to Earnings	4.2

*Based of August 3, 2023 USDPHP exchange rate of PHP 54.987

CREDIT RATINGS

MOODY'S

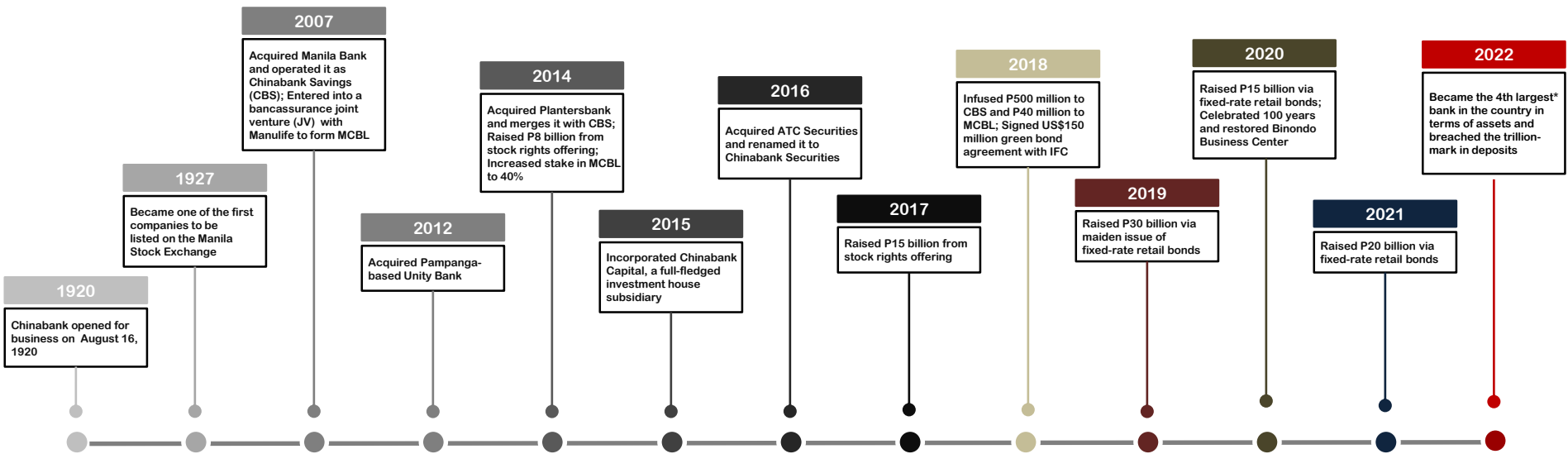
- Investment grade credit rating of [Baa2](#) with [stable outlook](#) from May 2017
- Same level as the Philippine sovereign rating and at par with the country's three biggest banks
- Affirmed in July 2023

PhilRatings
PHILIPPINE RATING SERVICES CORPORATION

- Investment grade issuer rating of [PR3](#) [Aaa \(corp.\)](#) with [stable outlook](#) in February 2019
- Affirmed in October 2021

Chinabank Profile

Corporate Milestones

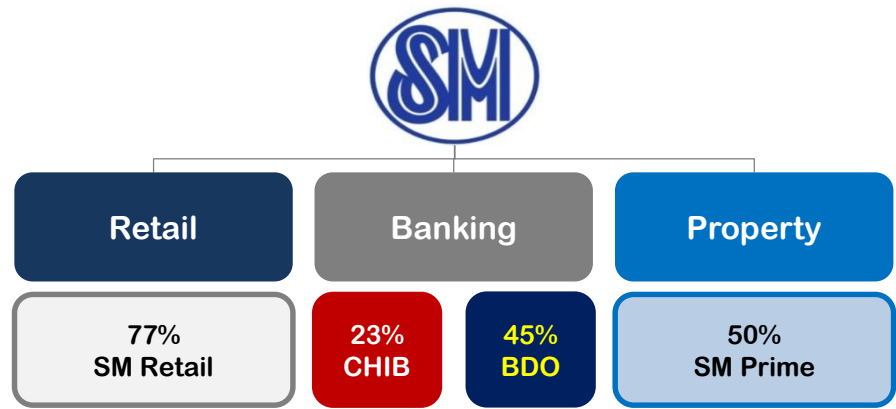


*Among private universal banks

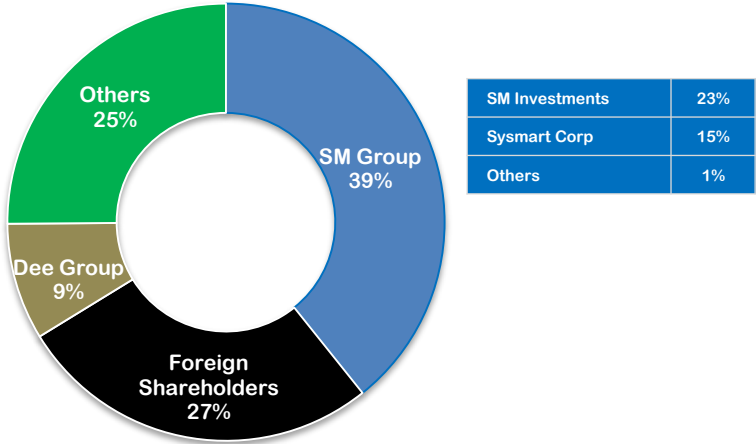
Strong Support and Synergies with the SM Group

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

Snapshot of SM Group Business Lines



Current Shareholdings



Distinct Benefits for Chinabank



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



51 branches and 141 ATMs in SM Group's shopping malls, SaveMore, CityMall and Alfamart locations

Highly capable management team



Hans T. Sy
Chairman of the Board



Gilbert U. Dee
Vice Chairman of the Board



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



Patrick D. Cheng
Executive Vice President and Chief Finance Officer



Aloysius C. Alday, Jr.
Executive Vice President and Head of Consumer Banking Segment and Customer Contact Center Group



Jose L. Osmeña, Jr.
Executive Vice President and Head of Retail Banking Business Segment



Magnolia Luisa N. Palanca
Executive Vice President and Head of Financial Markets Segment



Lilian Yu
Executive Vice President and Head of Institutional Banking Segment



Ananias S. Cornelio III
Senior Vice President and Chief Risk Officer



Delfin Jay M. Sabido IX
Senior Vice President, Chief Innovation & Transformation Officer and Head of Innovation and Transformation Segment



Christopher Ma. Carmelo Y. Salazar
Senior Vice President, Treasurer and Head of Treasury Group



Manuel C. Tagaza
Senior Vice President and Chief Digital Officer



Atty. Aileen Paulette De Jesus
Vice President II and Chief Compliance Officer



THANK YOU

