



**Analysts' Briefing**

**1Q 2024 Results**

**May 7, 2024**







**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**





# **1Q 2024 Financial Performance**





**P5.9 Bn**  
1Q'2024 Net Income

**15.5%**  
Return on Equity

**15.3%**  
CET-1 Ratio

**P57.35**  
Book value per share

**Income Statement**

- ✓ 1Q2024 Net income grew 18% to P5.9 billion;
- ✓ Resilient NII despite pressure on funding cost; NIM improved by 22 bps YoY to 4.42% in 1Q'24;
- ✓ Provisions declined as asset quality improved

**Balance Sheet**

- ✓ Gross Loans (+11%) and Investment securities (+21%) 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 15.3%
  - ✓ Capital Adequacy Ratio (CAR) at 16.2%
- ✓ Declared P2.20/sh dividends, 16% higher vs. last year



# 1Q 2024 Financial Highlights

INCOME STATEMENTS In Php billions, except %	1Q 2023	1Q 2024	YoY change
Interest income	18.4	21.9	19%
Interest expense	(5.7)	(6.9)	21%
<b>Net interest income</b>	<b>12.7</b>	<b>15.0</b>	<b>18%</b>
Fee-based income	0.5	0.1	-70%
<b>Total revenue</b>	<b>13.2</b>	<b>15.1</b>	<b>15%</b>
Operating expenses	(6.8)	(7.2)	6%
<b>Income before provisions and taxes</b>	<b>6.4</b>	<b>7.9</b>	<b>25%</b>
Provision for impairment and credit losses	(0.4)	(0.3)	-31%
<b>Income before income tax</b>	<b>5.9</b>	<b>7.6</b>	<b>29%</b>
Provision for income tax	(0.9)	(1.7)	92%
<b>Net income</b>	<b>5.0</b>	<b>5.9</b>	<b>18%</b>
Return on Equity	14.7%	15.5%	
Return on Assets	1.5%	1.6%	
Net interest margin	4.2%	4.4%	
Cost-to-income ratio	52%	48%	



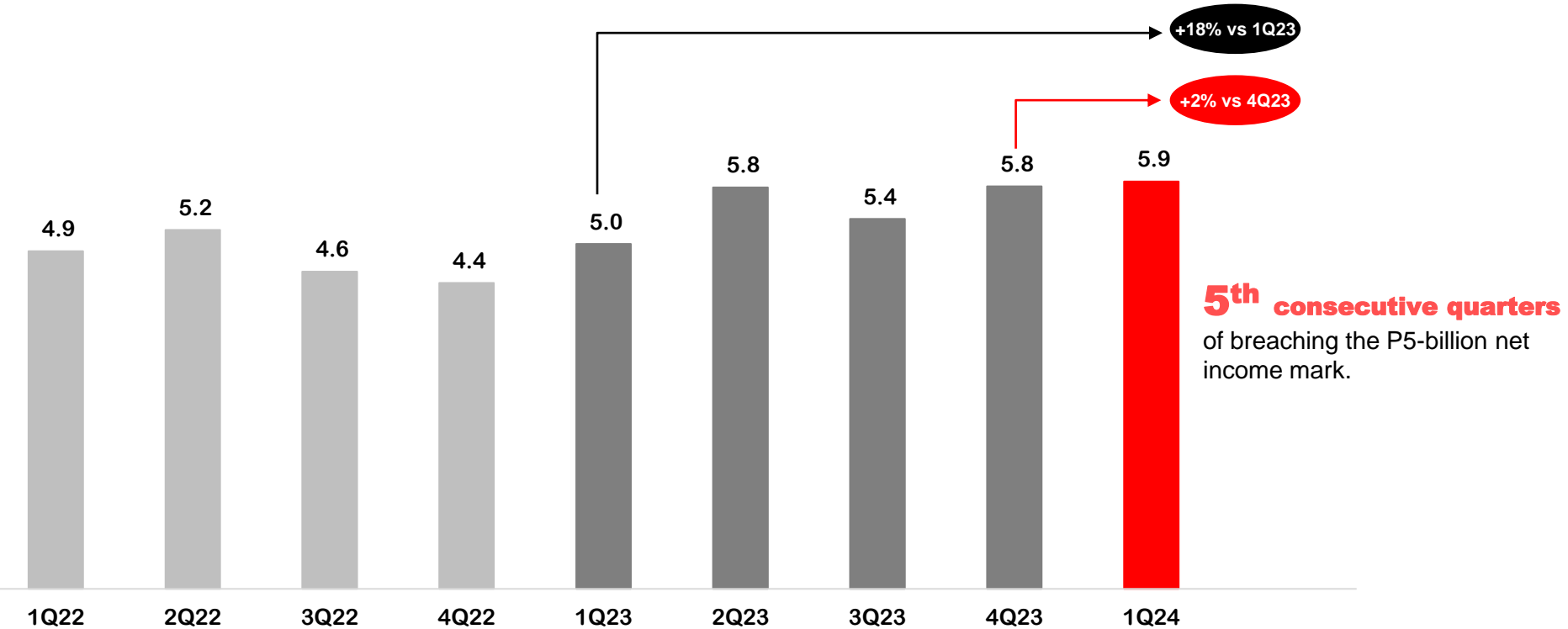
# 1Q 2024 Financial Highlights

BALANCE SHEETS in Php billions, except %	Mar 2023	Mar 2024	YoY change
Liquid Assets	146	120	-18%
Investment Securities	455	552	21%
Net Loans	709	786	11%
Other Assets	41	48	16%
TOTAL ASSETS	1,352	1,506	11%
Deposits	1,086	1,229	13%
<i>CASA</i>	<i>543</i>	<i>553</i>	<i>2%</i>
<i>Time Deposits</i>	<i>543</i>	<i>676</i>	<i>24%</i>
Bills and Bonds Payable	95	90	-5%
Other Liabilities	31	33	6%
TOTAL LIABILITIES	1,212	1,352	11%
TOTAL EQUITY	139	154	11%
TOTAL EQUITY AND LIABILITIES	1,352	1,506	11%
NPL Ratio	2.3%	1.8%	
NPL Cover	118%	143%	
Tier 1/CET 1 Ratio	15.4%	15.3%	
Capital Adequacy Ratio (CAR)	16.3%	16.2%	



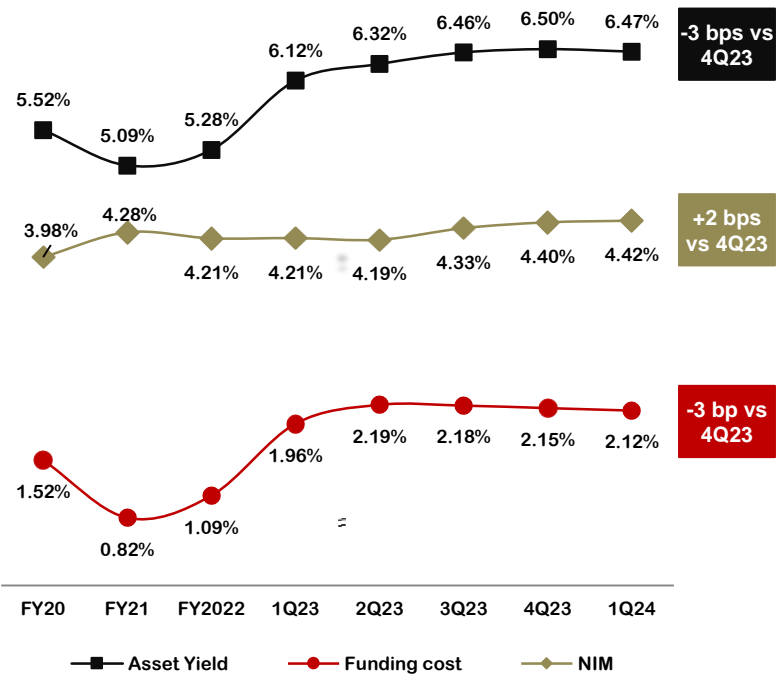
# Sustained profitability amidst a challenging environment

Quarterly Net Income (In PHP Bn)



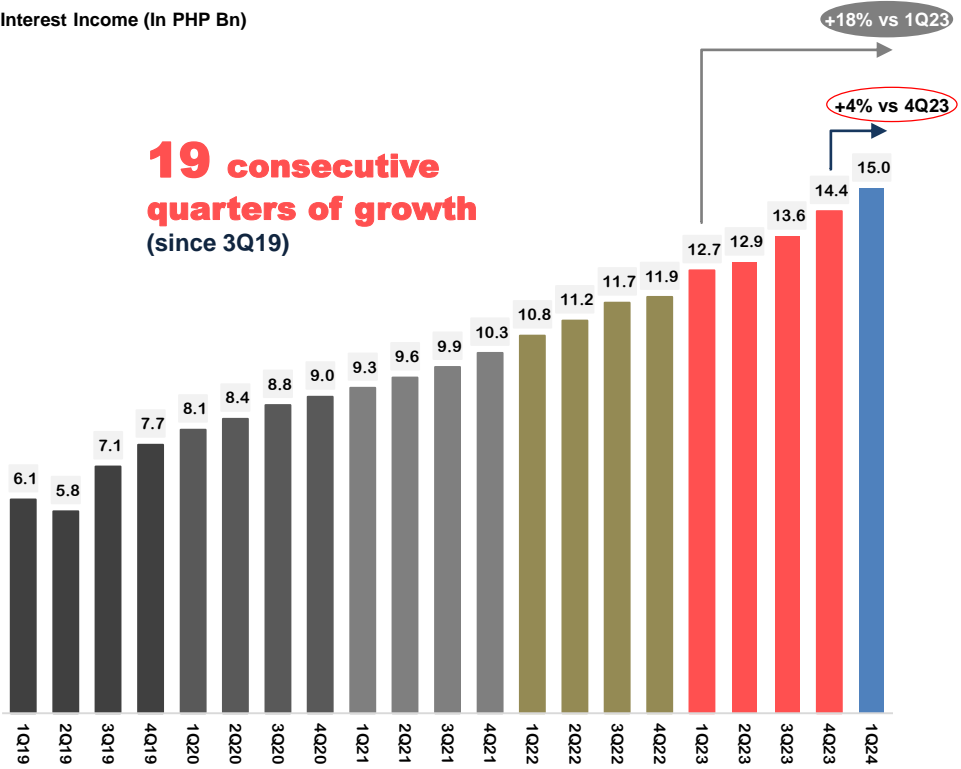


## NIM stabilizes above 4%



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

Net Interest Income (In PHP Bn)

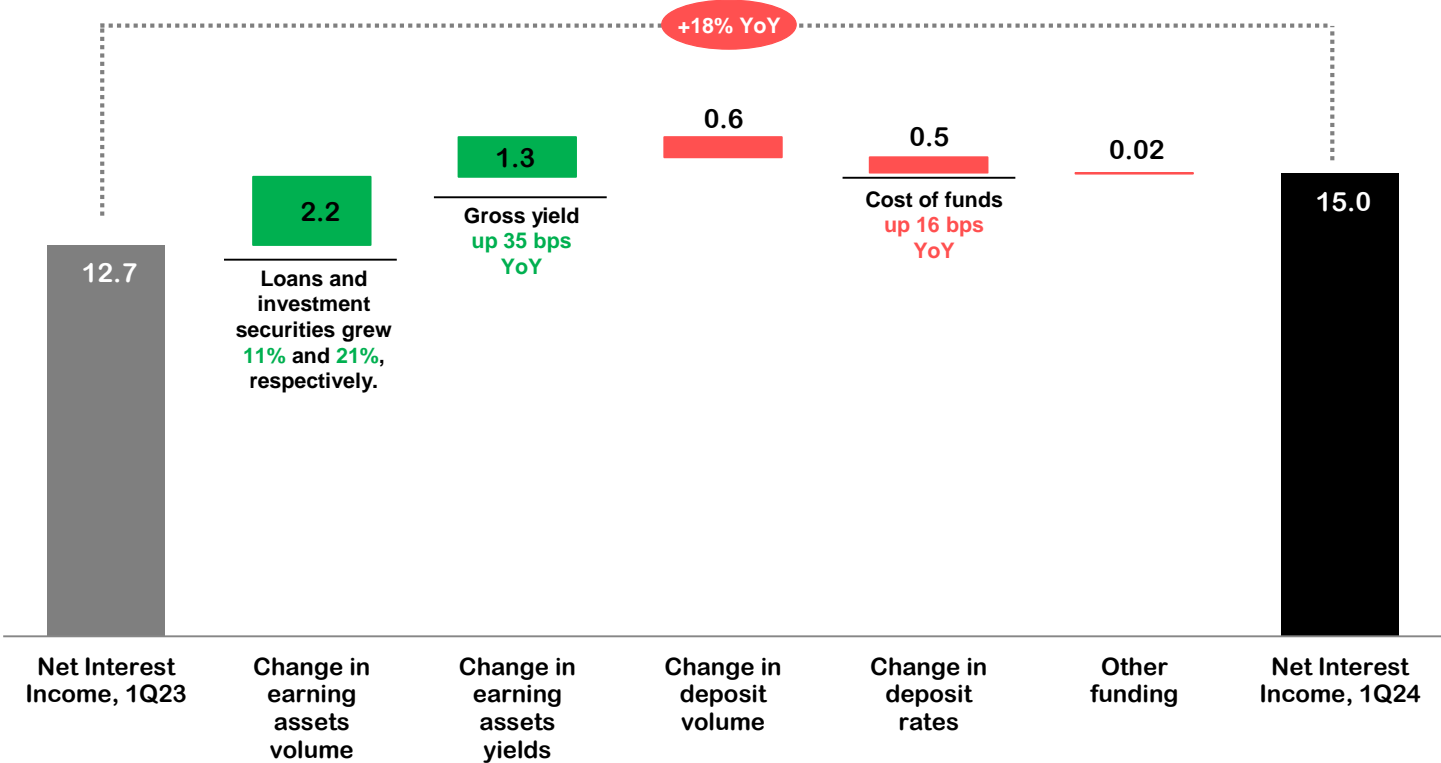




# Resilient NII despite pressure on funding costs

## Net interest income continues to grow

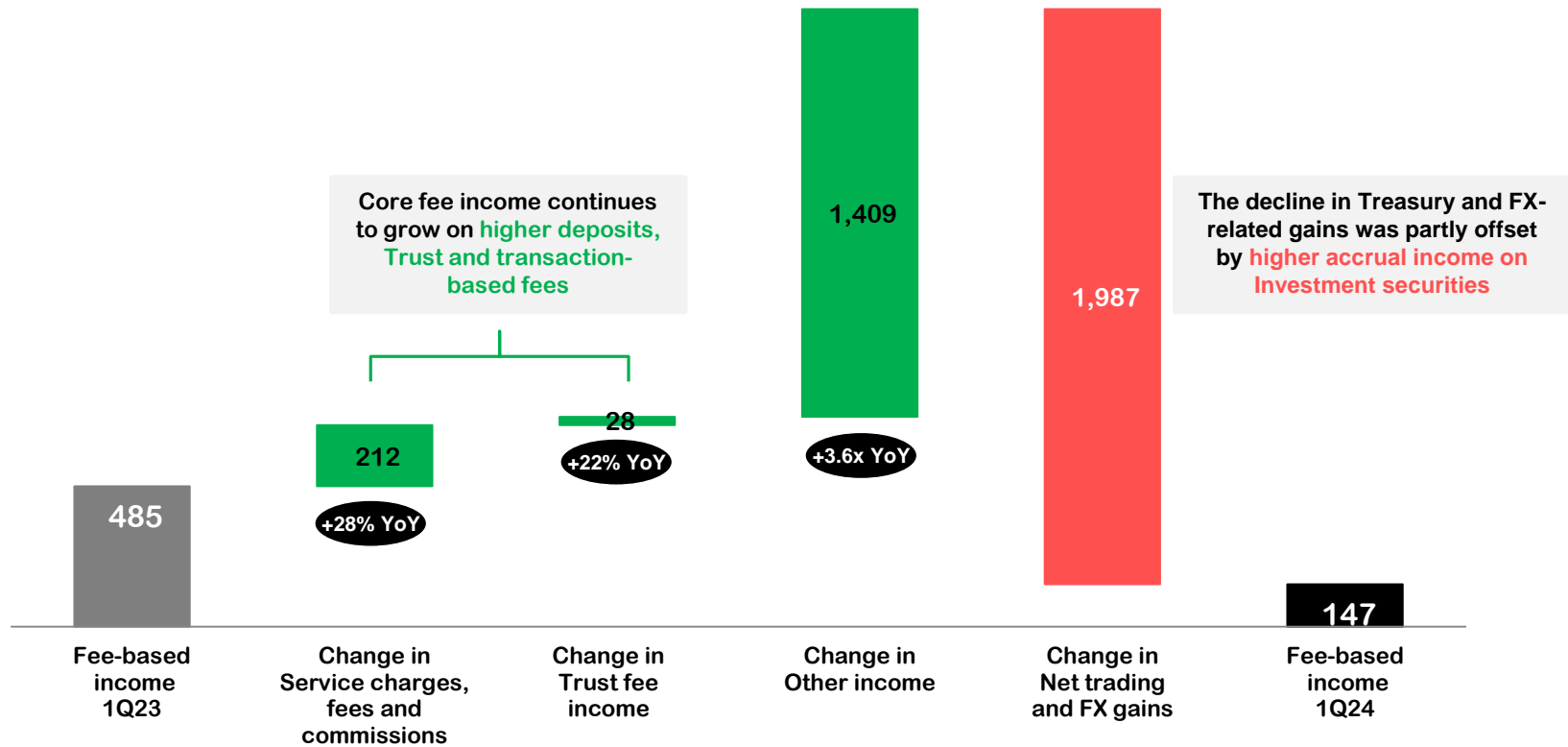
Net Interest Income (In PHP Bn)





# Core fee-based income remains strong

Fee-based Income (In PHP Mn)

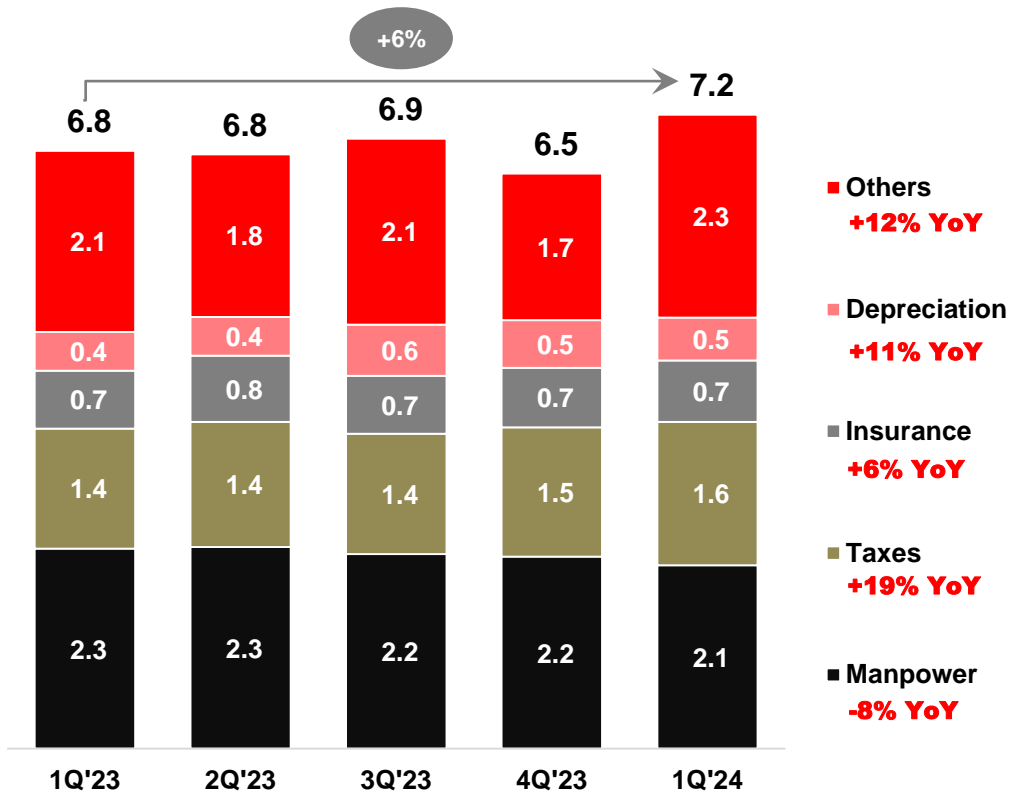




# Demonstrated operational resiliency amidst high inflation



Operating Expenses ex provisions (in PHP Bn)

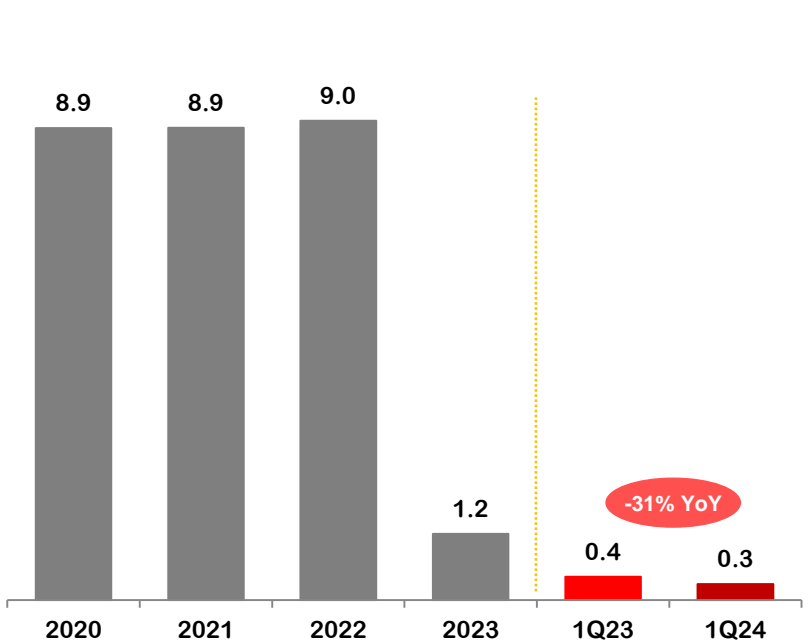


- ✓ Volume-related taxes higher due to bigger deposit balances
- ✓ Heavy investments on digital innovation
- ✓ Core Opex flat at ≈P5.0 Bn

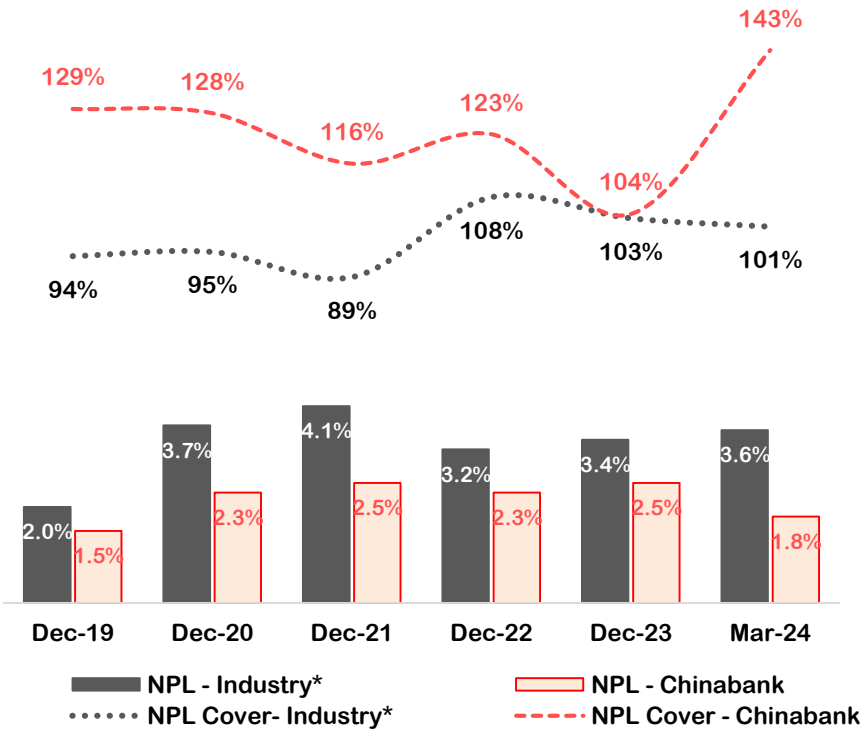


## Improved asset quality results to lower provisions

Provisions (In PHP Bn)



## NPL ratio has improved; NPL cover more than adequate



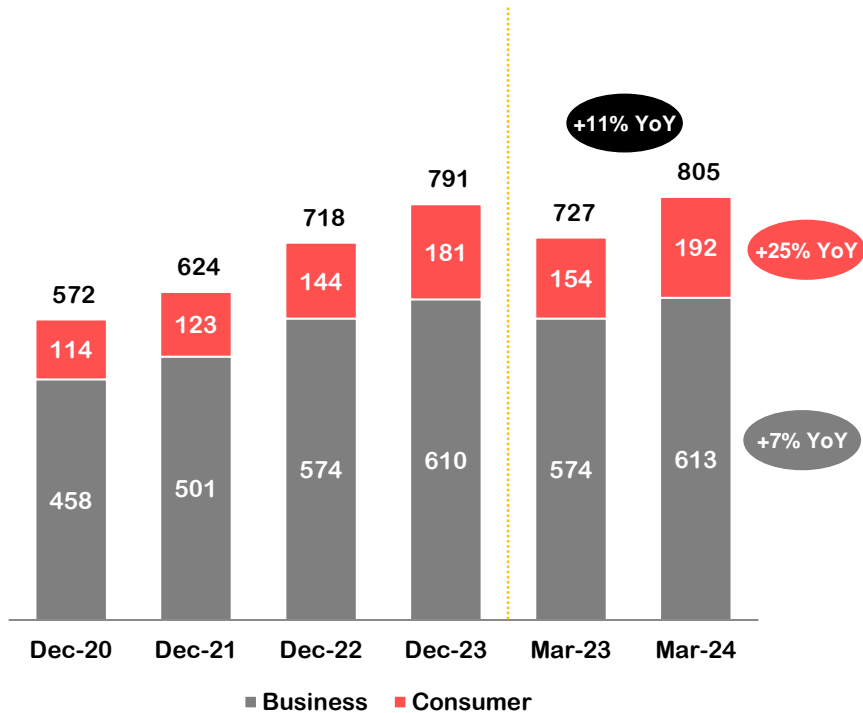
\*BSP data (UKB + TB), as of Feb 2024



# Sustained loan growth

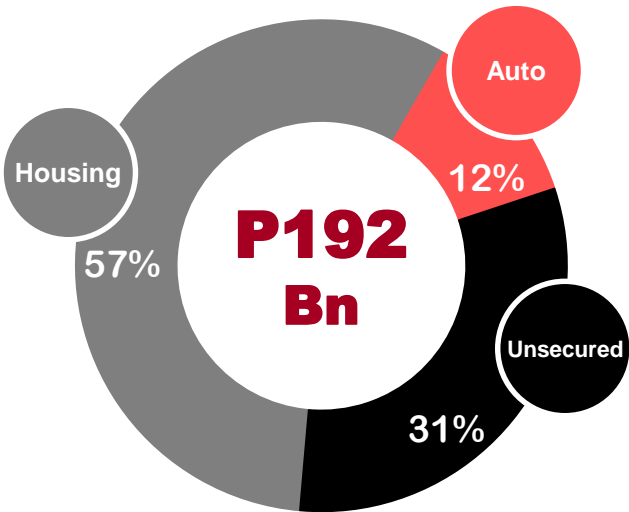
Continued expansion in both consumer and business segments

Gross Loans (In PHP Bn)



## Well-secured consumer lending portfolio

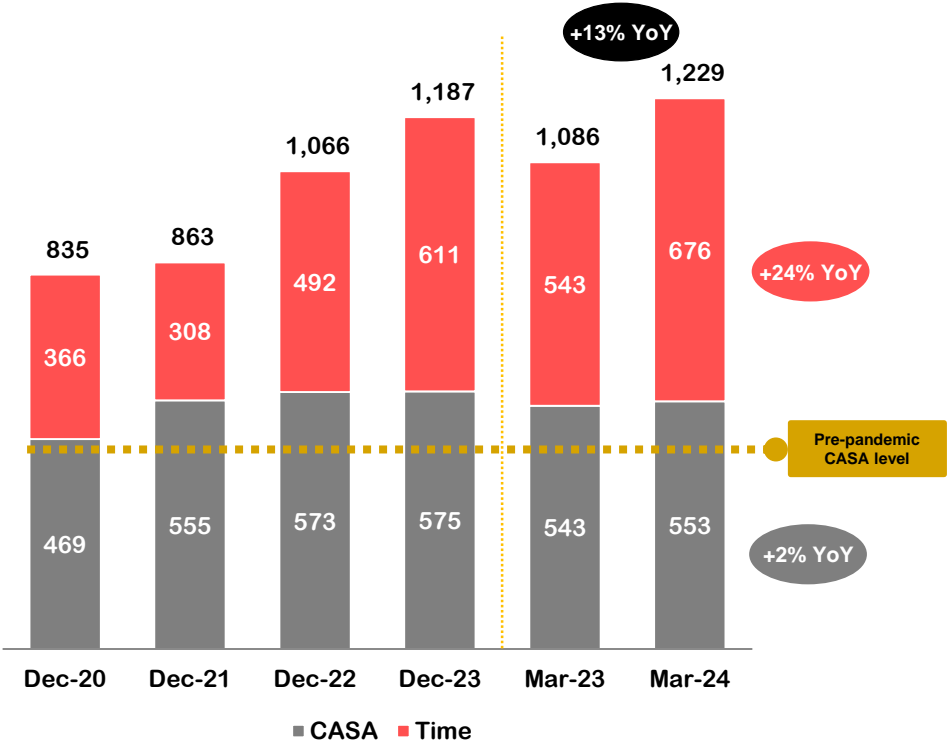
Consumer Loans Breakdown, March 2024



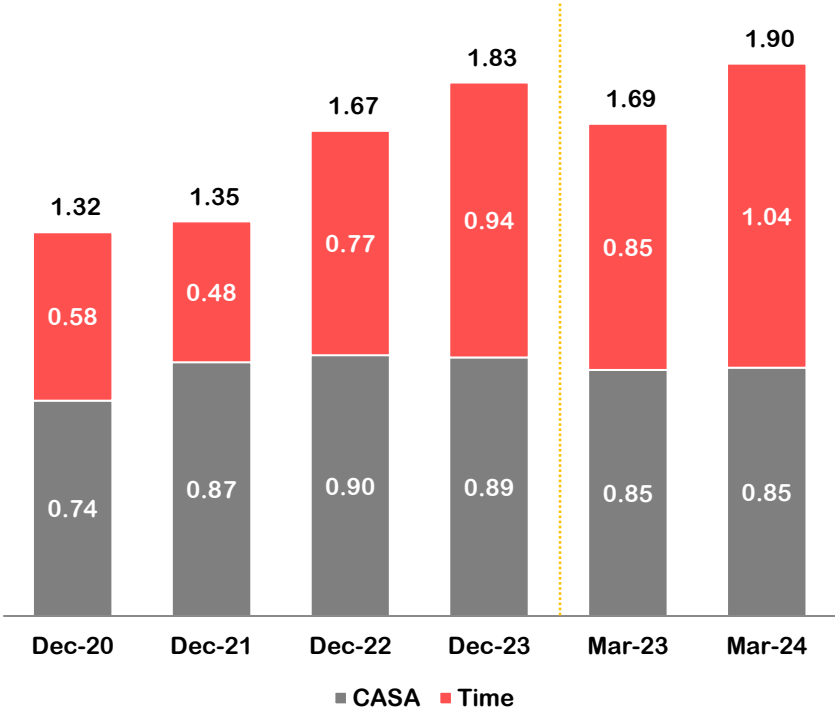


## CASA inched up but still above pre-pandemic level

Deposits (In PHP Bn)



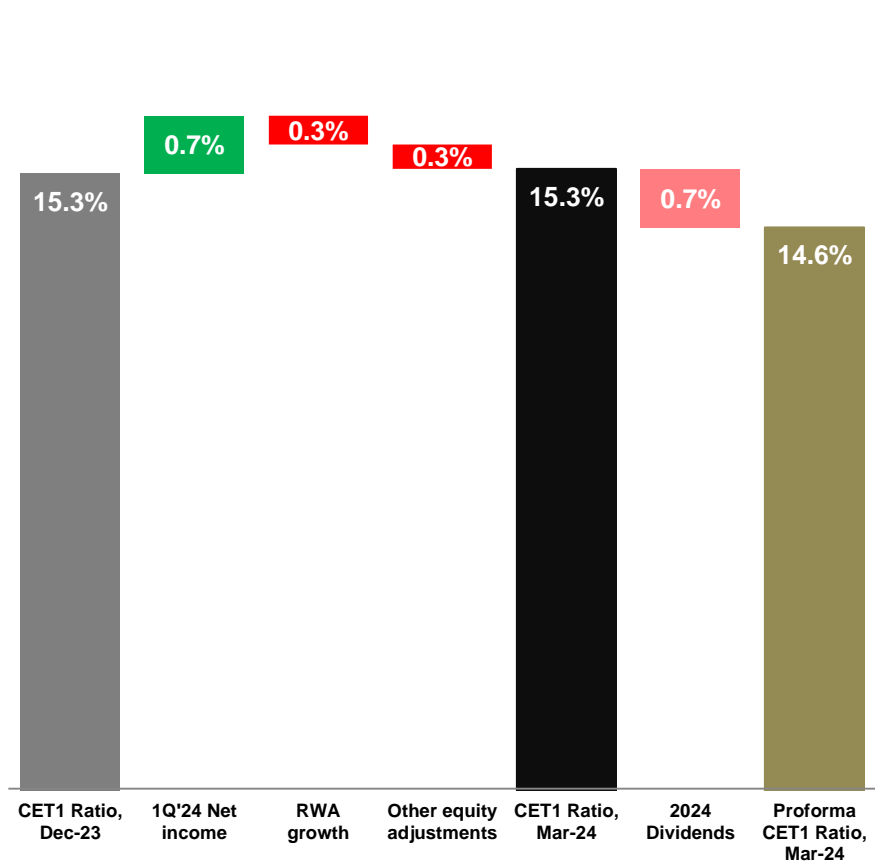
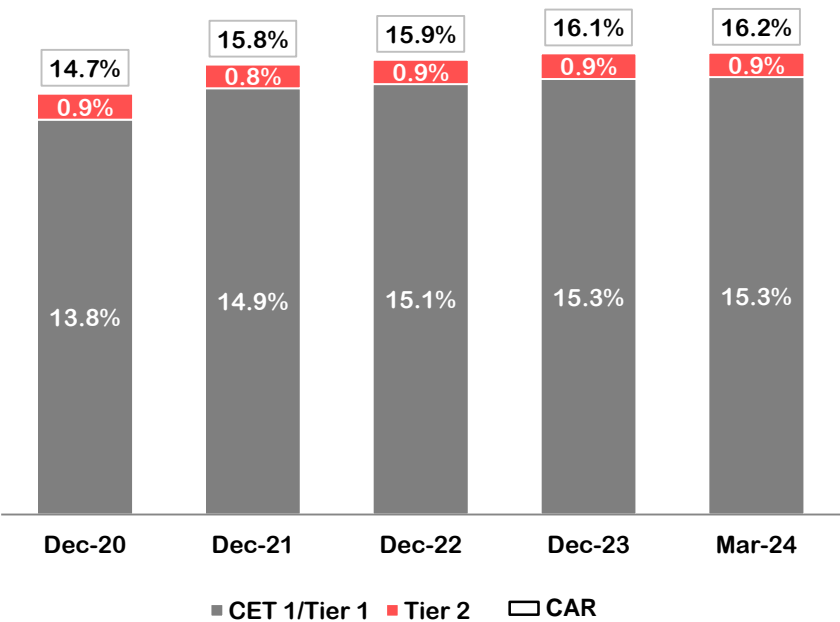
## Deposits per branch (In PHP Bn)





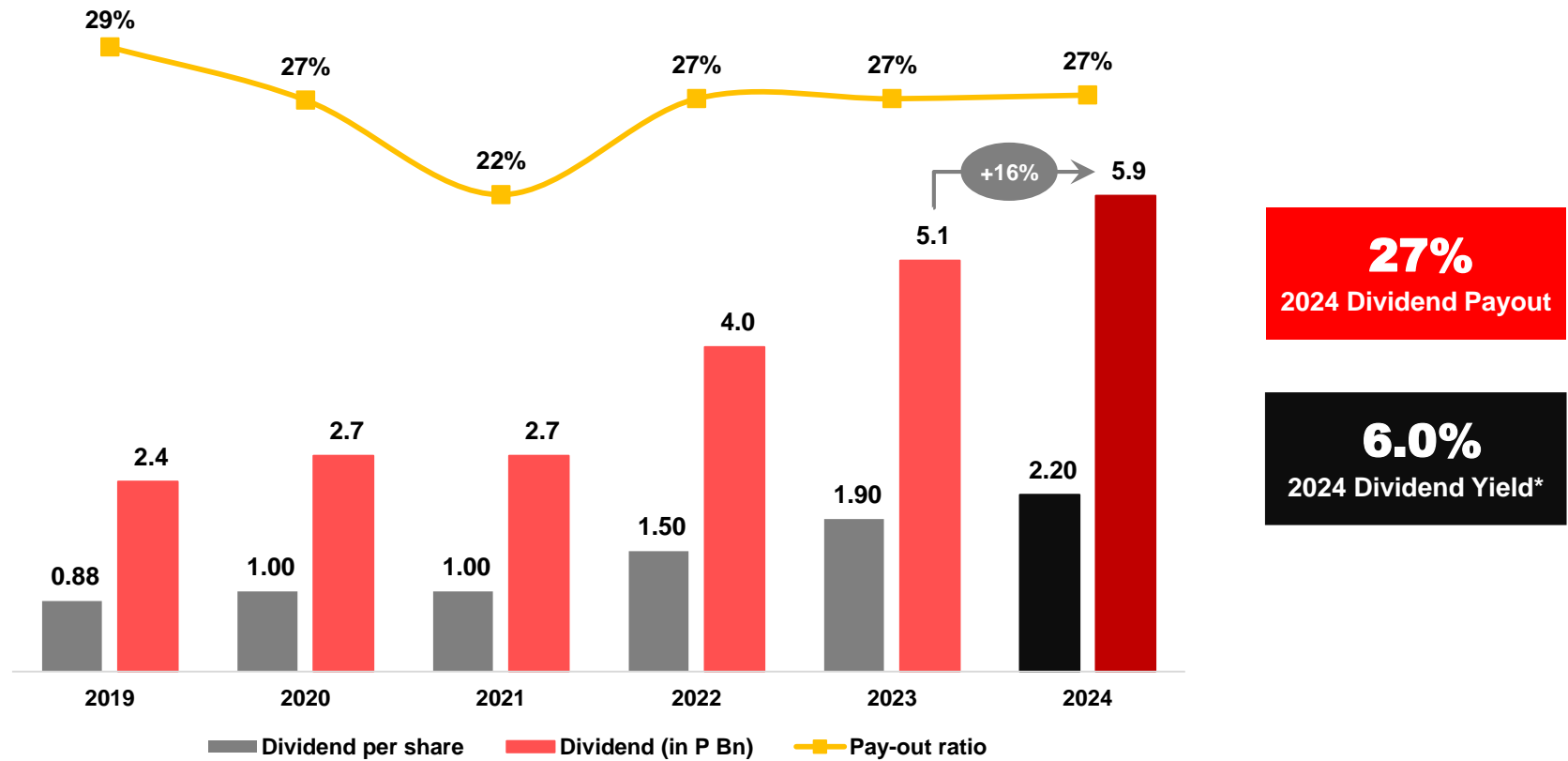
Enough capital buffer:

- ✓ 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



- **Enhanced loan pricing model** (*clients to access both sides of the balance sheets*)
- **Increased contributions from auxiliary businesses** (*FX, Trust and Capital markets*)
- **Strengthened Management Team** with internal and external hires
- **Increased digital investments**



# In summary, Chinabank continues to be..



		FY2022	FY2023	1Q'23	1Q'24
Profitable	Return on Equity	15.1%	15.5%	14.7%	15.5%
	Return on Assets	1.6%	1.6%	1.5%	1.6%
Adequately-capitalized	CET 1/Tier 1 Ratio	15.1%	15.3%	15.4%	15.3%
	Capital Adequacy Ratio	15.9%	16.1%	16.3%	16.2%
Well-managed	NPL Ratio	2.3%	2.5%	2.3%	1.8%
	NPL Coverage Ratio	123%	104%	118%	143%



## 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 - 2022

**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





## Extensive Distribution Channels\*



**648**  
Branches



**1,071**  
ATMs



**10,704**  
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)**.

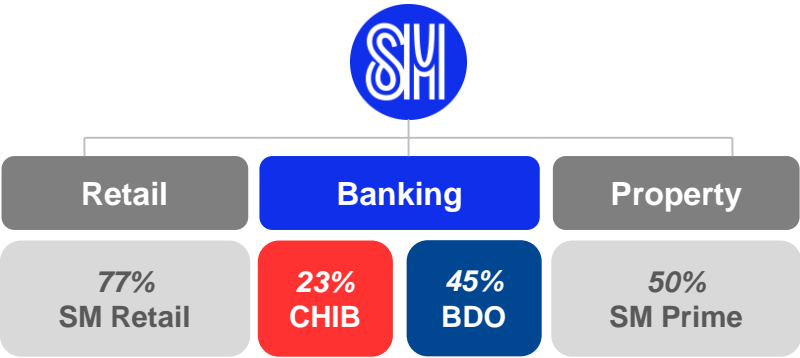
\*As of March 31, 2024



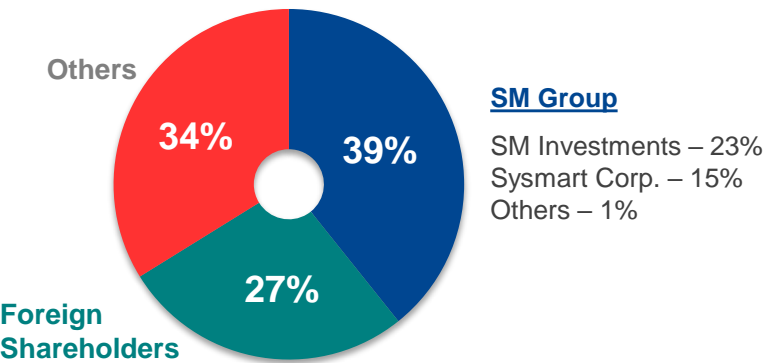
# SM Group: Strong Support & Synergies

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

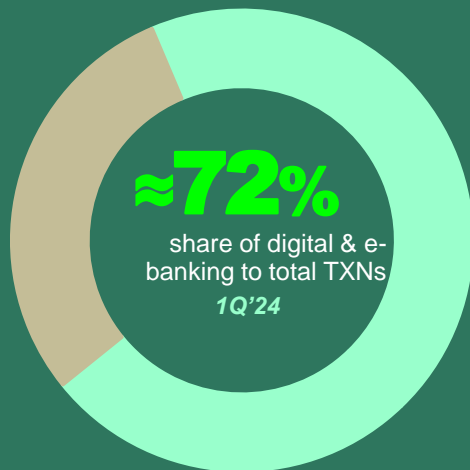
**2** **55 branches** and **148 ATMs** in SM Group's shopping malls, SaveMore, CityMall and Alfamart locations



# Digital Banking

1Q'24 vs 1Q'23

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



**+32%**  
Digital TXNs  
year-on-year



**+27%**  
O/S Active Users  
year-on-year



**+26%**  
O/S Enrollments  
year-on-year



**+30%**  
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**



People Management Association of  
the Philippines

**2023  
EMPLOYER OF  
THE YEAR**



Chinabank is the **best governed bank for 2 years in a row** and still **the only bank awarded with the Five Golden-Arrow Recognition**, the highest corporate governance award given by the **Institute of Corporate Directors (ICD)**.



# Other Citations





Chinabank Easy Tax

Best Digital Business Banking Initiative

2022



2<sup>nd</sup> Strongest Bank in the Philippines

2021



Cesar E.A. Virata Award (Bank Category)

2021



Mobile Banking & Payment Initiative of the Year Philippines

2020



Top Corporate Securities Market Makers and Top Fixed-income Brokering participants

2019



Apo Agua Infrastructure Php9 Billion financing

Utility Deal of the Year Philippines

2019



Atlantic Gulf and Pacific Company Php6 Billion term loan

Oil and Gas Deal of the Year Philippines

2019



Best Bond Adviser

Domestic Bond Category

2019, 2018, 2017



Chinabank Corporation P30 Billion Fixed Rate Retail Bond

Best Retail Bond Philippines

2019



Autotax Payment Facility

Most Innovative Public Sector System Philippines

2019



Best Corporate Governance Disclosure and Transparency Award

2019



Pagtugon Award for Universal and Commercial Banks

2018, 2019



Best Managed Fund for Bond Long-Term Dollar Category

2019, 2018, 2017



Best Managed Fund for Balanced Peso Category

2018



Best Fixed Income Deal - PHP181 Billion ROP Bureau of the Treasury's Retail Treasury Bond

2018



Best Fixed Income Deal - Ayala Corporation US\$400 Million Fixed-For-life Bonds (Ayala USD Fixed For Life)

2018



Best Investor Relations Bank Philippines

2019, 2018, 2016



Top Corporate Issue Manager / Arranger Investment House Category

2018, 2017



# 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)	CHIB PM   CHIB.PS
Par value (PHP)	10.00
Outstanding shares	2,691,340,312
Stock price as of April 30, 2024	39.10
52-week range (Low   High)	29.00   39.30
Market Cap in PHP Mn	105,231
Market Cap in USD Mn	1,846
Public float as of Mar 31, 2024	56.83%
Foreign ownership as of Mar 31, 2024	26.88%

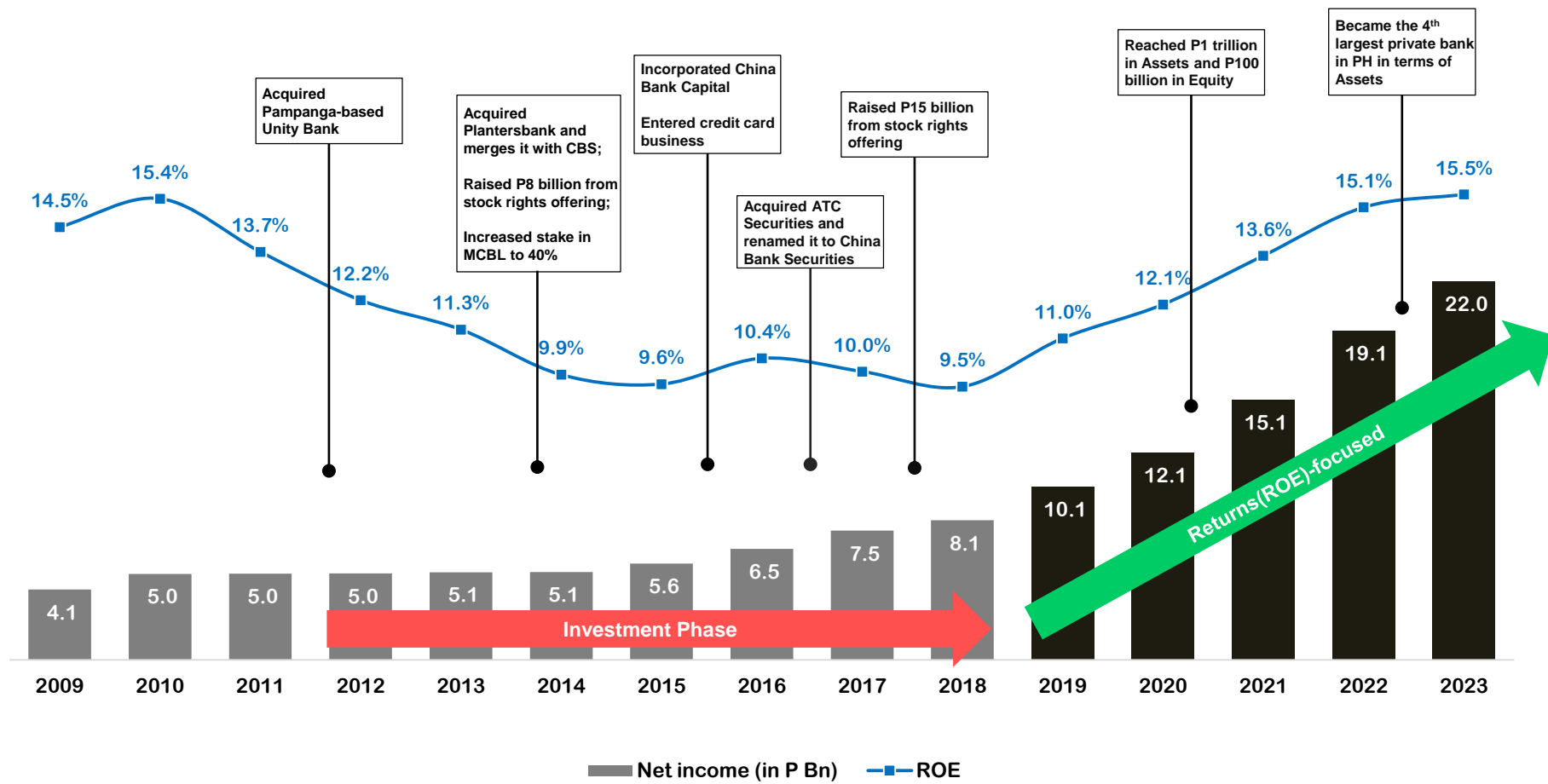
## MARKET VALUATION

	<u>2022</u>	<u>2023</u>	<u>1Q24</u>
Book value per share	50.0	55.8	57.4
Earnings per share	7.1	8.2	8.5
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%	6.0%

\* based on April 30, 2024 stock price

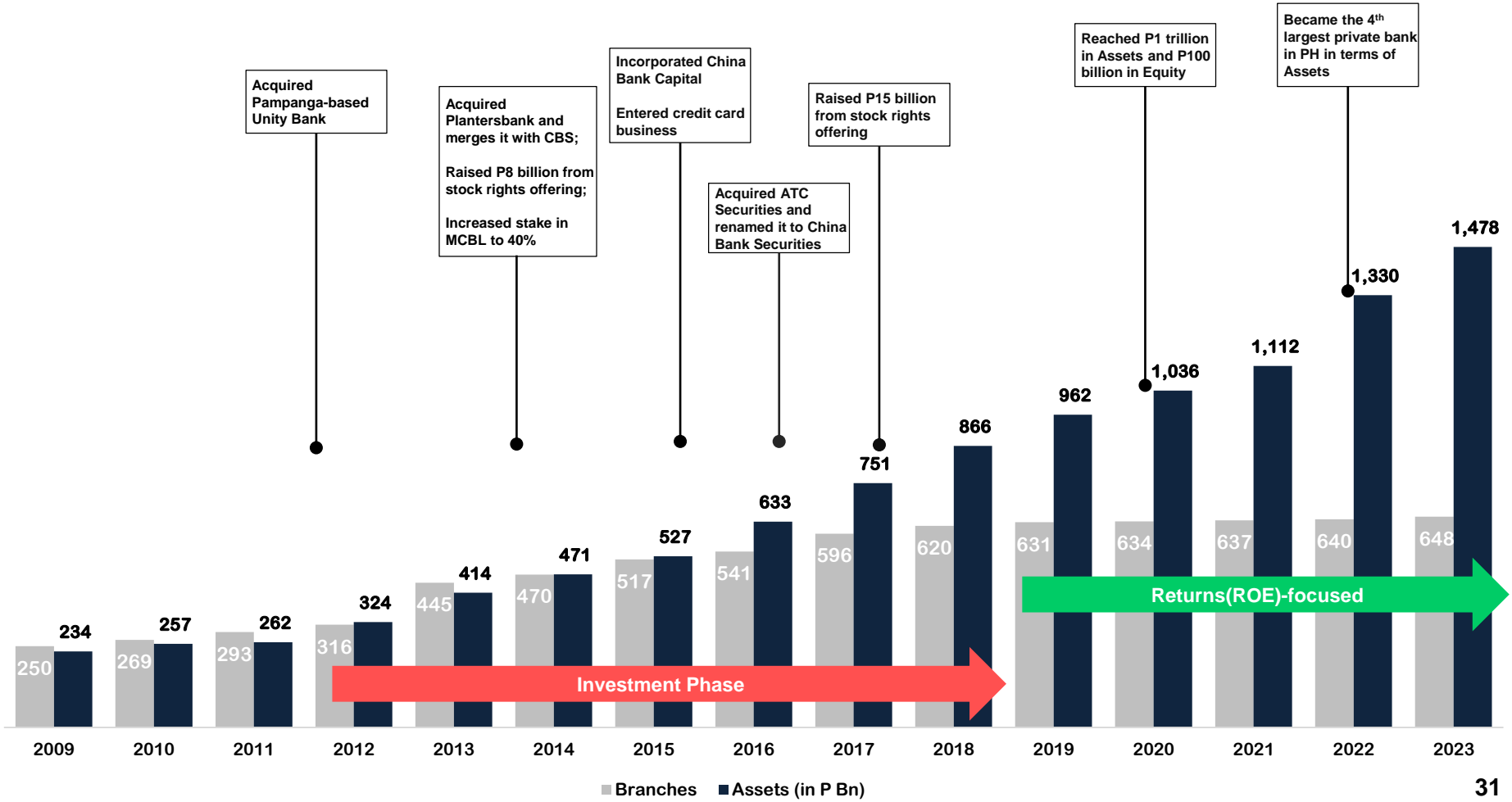


# Profitability significantly improved over the last 5 years





# 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	Mar 2023	Mar 2024	Mar 24 vs Mar 23	Mar 24 vs Dec 23
Liquid Assets	144	205	188	178	155	146	120	-18%	-22%
Investment Securities	213	236	279	412	505	455	552	21%	9%
Net Loans	569	557	609	700	772	709	786	11%	2%
Other Assets	37	38	36	40	46	41	48	16%	4%
TOTAL ASSETS	962	1,036	1,112	1,330	1,478	1,352	1,506	11%	2%
Deposits	775	835	863	1,066	1,187	1,086	1,229	13%	4%
CASA	412	469	555	573	575	543	553	2%	-4%
Time Deposits	364	366	308	492	611	543	676	24%	11%
Bills and Bonds Payable	71	76	108	99	105	95	90	-5%	-15%
Other Liabilities	20	20	22	31	36	31	33	6%	-8%
TOTAL LIABILITIES	866	931	993	1,195	1,328	1,212	1,352	11%	2%
TOTAL EQUITY	96	105	119	135	150	139	154	11%	3%
TOTAL EQUITY AND LIABILITIES	962	1,036	1,112	1,330	1,478	1,352	1,506	11%	2%
NPL Ratio	1.5%	2.3%	2.5%	2.3%	2.5%	2.3%	1.8%		
NPL Cover	129%	128%	116%	123%	104%	118%	143%		
Tier 1/CET 1 Ratio	12.8%	13.8%	14.9%	15.1%	15.3%	15.4%	15.3%		
Capital Adequacy Ratio (CAR)	13.7%	14.7%	15.8%	15.9%	16.1%	16.3%	16.2%		



# Historical Financial Highlights

INCOME STATEMENTS In Php billions, except %	FY2019	FY2020	FY2021	FY2022	FY2023	1Q2023	1Q2024	1Q'24 vs 1Q'23
Interest income	47.7	47.7	46.5	57.2	79.4	18.4	21.9	19%
Interest expense	(21.6)	(13.3)	(7.4)	(11.6)	(25.8)	(5.7)	(6.9)	21%
Net interest income	26.1	34.4	39.1	45.6	53.5	12.7	15.0	18%
Fee-based income	8.4	9.5	9.6	10.1	0.6	0.5	0.1	-70%
Total revenue	34.5	43.9	48.7	55.7	54.1	13.2	15.1	15%
Operating expenses	(20.3)	(21.5)	(22.3)	(24.4)	(27.0)	(6.8)	(7.2)	6%
Income before provisions and taxes	14.2	22.3	26.3	31.3	27.1	6.4	7.9	25%
Provision for impairment and credit losses	(2.6)	(8.9)	(8.9)	(9.0)	(1.2)	(0.4)	(0.3)	-31%
Income before income tax	11.6	13.5	17.5	22.3	25.8	5.9	7.6	29%
Provision for income tax	(1.5)	(1.4)	(2.4)	(3.1)	(3.8)	(0.9)	(1.7)	92%
Net income	10.1	12.1	15.1	19.1	22.0	5.0	5.9	18%
Return on Equity	11.0%	12.1%	13.6%	15.1%	15.5%	14.7%	15.5%	
Return on Assets	1.1%	1.2%	1.5%	1.6%	1.6%	1.5%	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%	52%	48%	



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**Thank You!**

