



29 October 2020

**PHILIPPINE STOCK EXCHANGE, INC.**

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**Attention: MS. JANET A. ENCARNACION**  
Head - Disclosure Department

**PHILIPPINE DEALING & EXCHANGE CORP.**

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**Attention: ATTY. MARIE ROSE M. MAGALLEN-LIRIO**  
Head- Issuer Compliance and Disclosure Department

Mesdames,

We are pleased to furnish your good office with a copy of China Bank's latest news release, "China Bank posts 23% higher net profits of P8.2 B in nine months; hits P1 trillion in assets".

For your information and guidance. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "A Escucha".

**ALEXANDER C. ESCUCHA**  
Senior Vice President & Head  
Investor & Corporate Relations Group

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## PRESS RELEASE

October 29, 2020

### **China Bank posts 23% higher net profits of P8.2 B in nine months; hits P1 trillion in assets**

China Banking Corporation (China Bank, stock symbol: CHIB) posted P8.2 billion in net income from January to September 2020, 23% higher compared to the same period last year. This translated to an improved return on equity of 11.15%.

For the third quarter 2020, net earnings hit P3.0 billion, 21% more versus third quarter 2019.

As the global pandemic continues, China Bank sustained the growth of its core businesses. Loans and deposits rose by 6% year-on-year to P595 billion and P827 billion, respectively, for a loans-to-deposit ratio of 72%. Total assets increased by P60 billion to reach P1 trillion, ahead of the Bank's year-end target. Return on assets improved to 1.11%.

"The year 2020 has been very challenging, but with the hard work and commitment of our employees, we are able to pull through and provide the needed banking services and support to our clients," said China Bank President William C. Whang. "We are still expecting continuing challenges from a difficult environment, and the results give us the buffer to absorb further stresses down the road."

Net interest income for the nine-month period jumped by 35% to P25 billion mainly from the 36% drop in interest expense. This led to a higher net interest margin of 3.89%. Fee-based income likewise increased by 35% to P7 billion as trading gains surged 3.6x and income from its trust business grew by 15%.

Operating income without trading gains reached P28 billion, up 24% year-on-year. Operating expenses grew by 6% to P16 billion, mainly from pandemic- and volume-related costs. The cost-to-income ratio improved to 51% from 65%.

The Bank continues to work with borrowers experiencing financial difficulty under the current circumstances. With the expected impact of the pandemic and lockdown measures on asset quality, the Bank hiked its provisions for probable credit losses to P6.3 billion, 12x bigger than last year. Non-performing performing loans (NPL) ratio settled at 2.5% in September 2020, while NPL cover for the period remains sufficient at 104%.



Total capital rose by 9% to P101 billion, with CET 1 ratio of 13.08% and total CAR of 13.99%, both well above regulatory requirements.

“Amid the pandemic, China Bank’s capital and liquidity position remains strong. We continue to productively deploy resources to drive strategic growth, finance our clients’ needs, and contribute to the country’s economic recovery,” said China Bank Chief Finance Officer Patrick D. Cheng.

China Bank recently raised P15 billion from its second offering of peso fixed-rate bonds, listed on the Philippine Dealing & Exchange Corp. on October 22. Due to overwhelming demand from investors, the target issue size was met in barely a week, prompting the Bank to cut short the offer period. The two-year bonds carried a fixed rate of 2.75% per annum and were issued out of the Bank’s P45-billion bond and commercial paper program.

To commemorate China Bank’s 100th anniversary this year, the Board approved a Centennial Stock Grant Plan for qualified employees of 100 China Bank shares per year of service. At the Special Stockholders’ Meeting held virtually on October 1, 2020, the Bank’s stockholders ratified the stock grant, which involves the issuance of up to 5.6 million shares worth P121.24 million based on the closing price as of that date. At the same meeting, Claire Ann T. Yap was elected as the Bank’s 4th independent director.

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*The year 2020 marks China Bank’s centennial anniversary. The Bank opened for business on August 16, 1920 in Binondo, Manila, and is now one of the largest private universal banks in the Philippines. It provides a full range of banking products and services to corporate, commercial, and retail customers through 631 branches and 1,019 ATMs to date (including the 158 branches and 164 ATMs of China Bank Savings). It also offers a wide range of allied financial services through its subsidiaries China Bank Capital Corp., China Bank Securities Corp., Chinabank Insurance Brokers Inc., and affiliate Manulife China Bank Life Assurance Corp. Visit [www.chinabank.ph](http://www.chinabank.ph) for more information.*

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