

February 27, 2017

MR. JOSE VALERIANO B. ZUÑO III

OIC - Disclosure Department
Philippine Stock Exchange, Inc.
3/F Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Dear Mr Zuño:

We are pleased to furnish your good office with a copy of China Bank's latest press release, "China Bank income up 15% to P6.4B".

Thank you.

Very truly yours,



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

NEWS RELEASE

February 24, 2017

China Bank income up 15% to P6.4B

China Banking Corporation (stock symbol CHIB) posted a 15% growth in net income to P6.45 billion in 2016, reflecting sustained growth in core businesses across all market segments. This translates to a return on equity of 10.4% and return on assets of 1.16%.

Net interest income grew 11% to P16.69 billion, driven by the 12.5% rise in interest revenue from loans to P17.89 billion. Fee-based revenues improved 14% to P5.09 billion, bolstered by trading gains of P918.09 million, and robust growth in revenues from service charges and fees, trust fees and gains on sale of acquired assets. Operating expense growth was limited to 7.9% even with the continued expansion in its branch and distribution network and continued investments in people and technology to support the growth of new businesses.

Total assets grew 20% to P633.2 billion, as loans and deposits grew faster than industry. Gross loans rose 24% to P393.74 billion, led by the 27% growth in consumer loans. Total deposits rose 23% to P541.6 billion, with the 21% growth in low-cost CASA deposits to P276.4 billion reflecting the strength of the China Bank franchise boosted by deposit growth from new branches. CASA ratio stood at 51.0%, while loans-to-deposit ratio stood at 71.4%.

China Bank President and CEO Ricardo R. Chua said, "Our 2016 results reflect the teamwork and dedication of everyone in the China Bank group to achieve significant growth in the major market segments – corporate, middle market and entrepreneurs – where we are traditionally strong and establishing a stronger presence in the consumer segment, and more recently in the capital markets."

"China Bank Savings (CBS) achieved full year profitability in 2016, following the successful integration in 2015 of Plantersbank (acquired in 2014) into CBS. China Bank Savings ended the year as the fourth largest thrift bank with P83 billion in assets and P58 billion in loans. Its network of 150 branches as of Dec 2016 is bigger than the China Bank branch network of 148 branches 10 years ago," added Chua. "In addition, China Bank Capital Corp (CBCC) marked its first full year by capturing the largest market share as lead arranger and underwriter in domestic retail bond issues," Chua added.

Total capital funds reached P63.37 billion, resulting in healthy capital ratios with Common Equity Tier 1 (CET 1) at 11.30% and Total CAR 12.21%. China Bank is set to raise P15 billion in additional capital from a stock rights issue to support its growth strategy.

China Bank infused an additional P2.5 billion in 2016 to China Bank Savings. It also approved the increase in the authorized capital of China Bank Capital from P500 million to P2 billion, with a P500 million infusion increasing its paid up capital to P1.0 billion.

“We look forward to 2017 with our usual cautious optimism, actively pursuing opportunities while mindful of the challenges from a volatile global environment. We mark the 10th anniversary of our network expansion triggered by the acquisition of Manila Bank (renamed China Bank Savings), which saw our network more than triple from 148 branches to 541.”

“We also mark the 10th anniversary of our Manulife bancassurance partnership through the Manulife China Bank Life Assurance MCBL, now a major contributor in fee-based revenues.”

China Bank won an unprecedented fifth PSE Bell Award for consistently being among the top 5 out of 268 listed companies for exemplary corporate governance practices. China Bank was similarly recognized for Best Bank Governance by London-based *Global Banking and Finance Review*, and *Capital Finance International Awards*, and cited by journal *Corporate Governance Asia* as *Outstanding in Corporate Governance*. It was also recognized as Banking and Finance Firm of the Year 2016 Philippines by UK-based *Finance Monthly Global Awards*.

Fitch Ratings affirmed in February 2017 the Bank's Long-Term Issuer Default Rating at 'BB+' and its Viability Rating at 'bb+' with Stable outlook, following an upgrade in July 2016.

About China Bank

Founded in 1920, China Bank is the country's first privately owned local commercial bank and is now the sixth largest private universal bank in terms of assets. As of year-end 2016, it has a network of 391 branches, and a combined total of 541 with thrift arm China Bank Savings.

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