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Gentlemen,

We are pleased to furnish your good office with a copy of China Bank's latest news release, "China Bank posts first quarter income of P1.47B, up 6%".

Thank you.

Very truly yours,



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CHINA BANKING CORPORATION

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NEWS RELEASE
May 2017**China Bank posts first quarter income of P1.47B, up 6%**

China Banking Corporation (China Bank, stock symbol CHIB) posted a 6% growth in net income to P1.47 billion in the first three months of 2017 on the back of strong growth in lending and core fee-based income.

Operating income reached P5.66 billion, up 7% compared to same period last year. Net interest income rose 14% to P4.47 billion, driven by the 16% growth in gross loan portfolio. Non-interest income (excluding trading gains) grew by 22% to P1.08 billion from the gain in service charges, fees from bancassurance, investment banking and trust, as well as income from asset sales. Core recurring income (operating income excluding trading gains) was up 15% to P5.55 billion from P4.80 billion in the first quarter of 2016.

Operating expenses growth was limited to 8% to P3.88 billion even with the continued expansion in its branch and distribution network and investments in people and technology to support the growth of new businesses.

Cost to income ratio was at 66.37% versus 66.15% recorded in the first quarter of 2016. ROE and ROA were at 9.15% and 0.93%, respectively.

Total assets stood at P620.40 billion, up 14% or P77.33 billion above Q1 2016 levels. The growth was driven mainly by the 16% growth in Gross loan portfolio to P378.41 billion. Robust growth was registered across all market segments: consumer, commercial and corporate.

Total securities grew by 42% to P101.08 billion, with Held-to-maturity securities, which increased by 176% to P63.01 billion, accounted for the significant increase in the Bank's investment portfolio.

Total deposits grew 17% to P530.52 billion, supported by 21% growth in low-cost CASA deposits to P272.58 billion, reflecting the strength of the China Bank franchise boosted by deposit growth from new branches. CASA ratio improved to 51.4%, while loans-to-deposit ratio stood at 70%.

Total capital funds reached P64.91 billion up 5% from the same period last year.

"Our strategic focus to strengthen our core businesses and diversifying our fee-based revenues in the midst of our network expansion are starting to produce encouraging results," said China Bank President and CEO Ricardo R. Chua. "We marked significant milestones in 2016: our investment banking arm China Bank Capital Corporation completing its maiden year of operations as market leader in retail bond issues, our thrift bank China Bank Savings turning around to full profitability, and significant growth achieved in all other major market segments."

China Bank raised P15 billion via a stock rights offering priced at P31/share to beef up its resources. The proceeds will be used to grow its loan portfolio, expand its branch network, and support its other strategic business initiatives.

China Bank Capital Corporation, the investment arm of China Bank, acquired ATC Securities as its securities broker-dealer subsidiary company. As a wholly-owned subsidiary of China Bank Capital and a part of the China Bank group, ATC Securities will be renamed China Bank Securities Corporation. China Bank Capital was also awarded by the Philippine Dealing System Group as Top 5 Corporate Issue Manager/ Arranger on the heels of its solid performance in the past year in the debt capital markets.

China Bank Savings continued to perform well in the first quarter, propelled by its strong performance from the previous year where it saw a turnaround in its income and had a 7% contribution to the consolidated bottomline.

On the organizational front, China Bank recently announced the appointment of EVP and Lending Business Segment Head William C. Whang as Chief Operating Officer of China Bank effective February 1. Mr. Whang joined the Bank in 2011 as Head of the Institutional Banking Group, bringing with him more than 30 years of banking experience. His mandate is to oversee the Bank's confirmed growth and expanded business strategies.

About China Bank

Founded in 1920, China Bank is the country's first privately owned local commercial bank and currently the sixth largest privately owned universal bank in terms of assets. It serves the banking needs of the corporate, commercial, and retail markets. The China Bank Group now has 556 branches to date (399 China Bank, 157 CBS branches). This wide branch network is complemented by electronic banking channels—ATM, online, mobile, and phone banking—that provide secure and reliable 24/7 banking service.

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