

08 February 2018

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Gentlemen,

We are pleased to furnish your good office with a copy of China Bank's latest press release, "China Bank income up 15% to P7.4B".

Thank you.

Very truly yours,



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NEWS RELEASE

February 8, 2018

China Bank income up 15% to P7.4B

China Banking Corporation (PSE stock symbol CHIB) posted a consolidated net income of P7.4 billion for full-year 2017, 15% higher year-on-year, on the back of sustained growth in core and fee-based businesses. This translates to a return on equity (ROE) of 9.90% and return on assets (ROA) of 1.11%.

Net interest income rose 17% year-on-year to P20 billion, driven by the 17% growth in loan portfolio and stable net interest margin of 3.09%.

Gross loans grew by P65 billion to P454 billion due to strong demand across all segments, particularly consumer loans, which jumped 25%, and corporate loans, which rose 19%.

Despite the loan expansion, the Bank maintained its asset quality with tighter loan monitoring and remedial efforts. Non-performing loans (NPL) dropped P900 million or 12%. This led to an improved NPL ratio of 1.4%, lower than the industry average. The NPL coverage ratio likewise improved from 91% to 97% at the consolidated level, while at the parent bank level, it is even stronger at 169% from 153%.

Total deposits rose 17% to P635 billion, boosted by the efforts of new branches. Low-cost funds increased 24% to P343 billion and raised CASA (checking & savings accounts) ratio to a healthy 54%, while the loans-to-deposit ratio was steady at 71%.

Non-interest income improved 20% to P6 billion due to higher service fees & commissions, trust revenues, forex gain, and income from acquired assets.

Core operating income, excluding trading gains & non-recurring income, grew by 18%, reflective of the strength of the Bank's core business drivers and the substantial improvement in the contribution of subsidiaries.

The Bank's thrift banking arm China Bank Savings tripled its net income, sustaining the momentum of its turnaround to full profitability in 2016. Meanwhile, its investment house subsidiary China Bank Capital recorded a 25% earnings growth from increased participation in capital market deals.

"2017 was a pivotal year in the transformation and development of the China Bank Group," said China Bank President William C. Whang. "We grew as projected and I am pleased that our strong fundamentals and solid organic growth gave us the platform to meet the opportunities and challenges in 2018."

Total assets expanded 19% to P752 billion alongside the growth of core businesses.

Total capital funds grew 32% to P84 billion with the P15-billion stock rights offer completed last May 2017. The Bank's common equity tier 1 (CET 1) and total capital adequacy ratios stood at 13.47% and 14.23%, respectively, well above the minimum regulatory requirement.

China Bank, founded in 1920, is the country's first privately owned local commercial bank. It is now one of the largest private universal banks in the Philippines providing a full range of banking products and services to corporate, commercial, and retail customers through 596 branches to date, including the 160 branches of its retail bank arm China Bank Savings (CBS). It also offers a wide range of allied financial services through its subsidiaries China Bank Capital Corp., China Bank Securities Corp., China Bank Insurance Brokers Inc., and Manulife China Bank Life Assurance Corp.

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