



February 27, 2019

PHILIPPINE STOCK EXCHANGE, INC.

Disclosure Department
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28th Street corner 5th Avenue Bonifacio Global City
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Attention: MS. JANET A. ENCARNACION
Head - Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.

37/F Tower 1, The Enterprise Center
6766 Ayala Avenue cor Paseo de Roxas
Makati City

Attention: ATTY. JOSEPH B. EVANGELISTA
Head- Issuer Compliance and Disclosure Department

Gentlemen,

We are pleased to furnish your good office with a copy of China Bank's latest news release, "China Bank posts record P8.1 billion profit in 2018".

For your information and guidance.

Thank you.

Very truly yours,

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

CHINA BANKING CORPORATION

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NEWS RELEASE
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China Bank posts record P8.1 billion profit in 2018

China Banking Corporation (PSE: CHIB) posted a consolidated net income of P8.1 billion for full-year 2018, 7% higher than in 2017, driven by the sustained strong growth of its core businesses. This translated to a return on equity of 9.5% and a return on assets of 1.0%.

Total operating income reached P28.6 billion, up 11% as net interest income grew 17% to P22.9 billion on the back of a 13% increase in gross loans.

Fee-based revenues excluding trading gains and one-off gains grew 16%. The growth in revenues from service fees, charges, commissions, and the sale of acquired assets was tempered by the expected decline in trading and forex gains.

William C. Whang, who steered China Bank in his first full year as president, said “We are gratified that we were able to sustain improvements in our profitability even as our expansion and strategic initiatives remain on track.”

Total assets expanded 15% to P866.1 billion, supported by double-digit growth in loans and investment securities.

The hefty increase in gross loans to P513 billion was led by the consumer and corporate segments which grew 20% and 18%, respectively. The growth in corporate loans was boosted by the robust investment banking activities of China Bank Capital which maintained its leadership in retail bond issues.

Asset quality remained healthy as non-performing loans (NPL) declined by P240 million or 4%, which further improved NPL ratio to 1.2%—better than industry at both the parent bank and subsidiary levels. NPL reserve cover increased to 155%, with the ratio at the parent bank level even stronger at 306% from 175% in 2017.

On the funding side, total deposits climbed 14% to P722.1 billion, buoyed by the 17% increase in CASA deposits to P400.8 billion.

Continued expansion and investments was reflected in operating expenses of P18 billion, which grew 13% excluding provision for impairment and credit losses.

Total capital stood at P87.8 billion, up 5%. Capital adequacy ratios remained healthy with common equity tier (CET) 1 ratio at 12.2% and total capital adequacy ratio (CAR) at 13.1%.

In 2018, Moody's affirmed China Bank's investment grade credit rating of Baa2, while Fitch similarly affirmed its credit rating of BB+. The Bank was cited at the ASEAN Governance Awards as the only bank among the top three listed Philippine companies and among the 50 best publicly-listed companies in ASEAN. China Bank Capital was named Best Retail Bond House in the Philippines by The Asset for the third year in a row, and as Best Bond Adviser in the Philippines.

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. The Bank and its savings bank arm, China Bank Savings, have a total of 621 branches and 968 ATMs to date. 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.

Contact:

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