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PHILIPPINE STOCK EXCHANGE, INC.

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

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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 net income jumps 24% to P10.1B in 2019".

For your information and guidance.

Thank you.

Very truly yours,



ALEXANDER C. ESCUCHA
Senior Vice President & Head
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China Bank net income jumps 24% to P10.1B in 2019

China Banking Corporation (China Bank, PSE stock symbol CHIB) achieved new record highs in 2019 as net earnings rose 24% year-on-year to P10.1 billion, driven by the sustained robust growth of its core businesses. This translated to an improved return on equity of 11.04% and a return on assets of 1.10%.

“2019 was an outstanding year for China Bank. Our financial performance exceeded our projections and puts China Bank, 100 years-strong this year, in a better position to meet the opportunities and challenges ahead,” said China Bank President William C. Whang.

Net interest income rose 14% to P26.1 billion, while fee-based income jumped 49% to P8.4 billion driven mainly by service charges, fees and commissions, as well as trading and securities gains.

The ongoing upgrading of systems, processes, infrastructure, and manpower resulted to a higher total operating cost of P20.3 billion, up 13%. With the significant increase in operating income, cost-to-income ratio improved to 59% from 63%, even as the Bank continued to invest heavily in the needed improvements to provide the best service to customers.

Total resources grew 11% to P962 billion, pushing the Bank closer than ever to its P1-trillion asset goal by 2020.

Gross loans expanded 13% to P578 billion, driven by higher demand across all segments. Consumer loans, which accounted for almost a fifth of the Bank’s total loan portfolio, grew 23% to P107 billion. Asset quality remained healthy amid the loans growth, with a gross non-performing loan (NPL) ratio of 1.5% and NPL cover at 129%.

Total deposits jumped 7% to P775 billion, supported by the P11 billion growth in checking and savings account (CASA) deposits. The Bank’s successful fund raising via the issuance of P30 billion retail bonds and US\$150 million IFC green bonds also helped improve the Bank’s funding flexibility in 2019.

Total capital stood at P96 billion, up 9%. Capital adequacy ratios remained healthy with common equity tier (CET) 1 ratio at 12.8% and total capital adequacy ratio (CAR) at 13.7%.

China Bank recently received approval from the Bangko Sentral ng Pilipinas to raise up to P15 billion via peso-denominated tier 2 capital notes, to be issued in one or more tranches, to fund

its expansion program and strategic initiatives. This follows the Bank's successful fund raising last year which attracted the largest number of investors. Six times oversubscribed, the Bank's P30-billion maiden peso fixed rate bond offer was one of the biggest corporate bond issuances of 2019.

Also in 2019, China Bank's investment house arm China Bank Capital ranked number one in corporate retail bond issues for the third year in a row, with a 24% market share. China Bank Capital participated in almost 50 deals, with an aggregate amount of P553 billion and US\$1.3 billion.

The Bank also continued to build its digital capabilities. Last year, it engaged Microsoft for digital advisory service which entails developing China Bank's digital transformation strategy and roadmap for delivering enhanced customer experience and for future-proofing its operations. In the next two years, it is targeting to roll-out key digital and automation projects to support its goals of business growth, customer centricity, operational excellence, and employee engagement.

"Leveraging technology and ensuring that all enhancements increasingly translate into seamless and innovative banking services will shape the next 100 years of our progress," said Mr. Whang.

China Bank is celebrating its 100th anniversary in August this year with the theme, "Celebrating the Past. Embracing the Future." The Bank kicked off the festivities during the Chinese New Year with the lighting of the 100th anniversary LED logo mounted on the upper floor façade of its Head Office in Makati City, and the launching of its "Get the Miles, Enjoy the SM-iles" deposit promo and centennial ad on social media and cable TV that underscores the Bank's commitment to helping its customers achieve their dreams—from the early Binondo merchants to individuals and entrepreneurs today.

The centerpiece of the Bank's centennial celebration is the restoration of its original head office in Binondo to restore the historic building, built in 1924, to its original architecture and make it more resilient for future generations. Upon its completion in August, it will be marked as a heritage site. The restored building will also house the China Bank museum. The China Bank Museum Mobile App is also being developed to make learning about China Bank's history more convenient and interactive.

China Bank, founded in 1920, is 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 631 branches and 1,002 ATMs to date (including the 159 branches and 163 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 Manulife China Bank Life Assurance Corp. Visit www.chinabank.ph for more information.

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