

China Banking Corporation

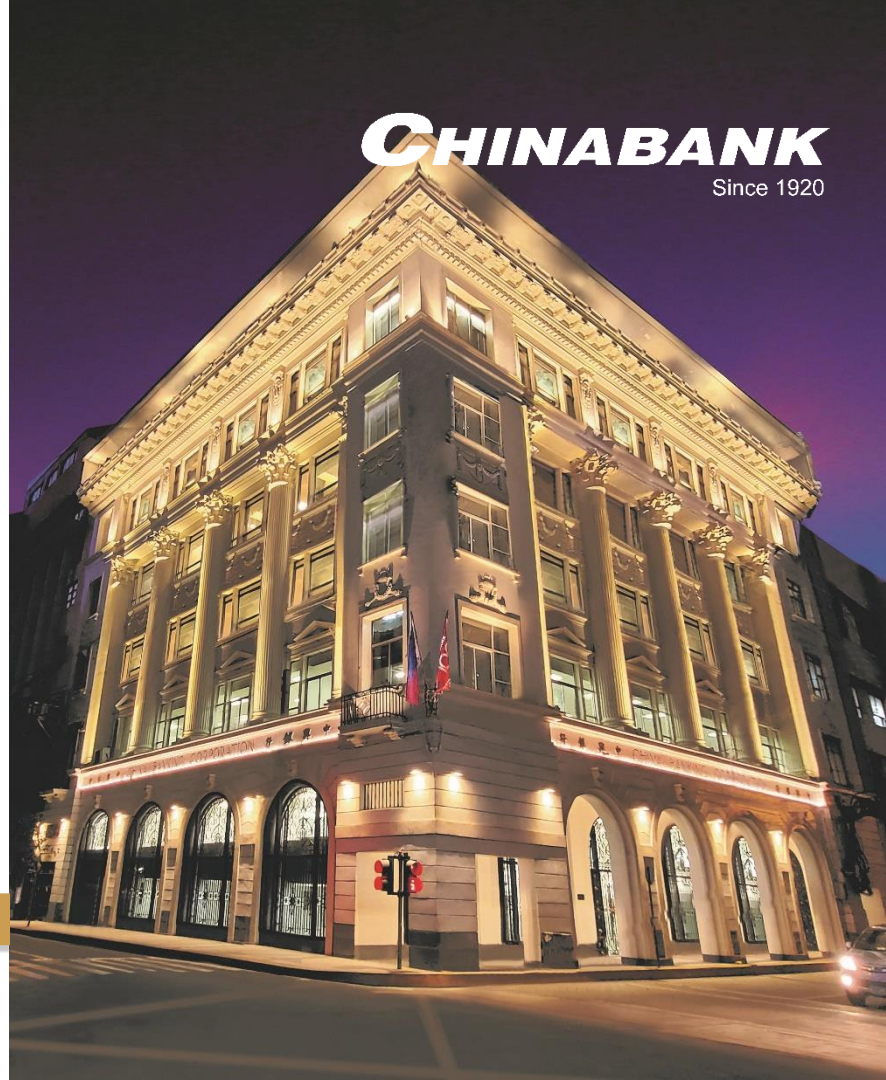
ANALYSTS' BRIEFING

Full Year 2021 Results

March 4, 2022

ASC Ref No. C010P013122CS

THE BEST BANK IN THE COUNTRY



ANY INVESTMENT DECISION TO PURCHASE SECURITIES IN THE CONTEXT OF A PROPOSED OFFERING, IF ANY, SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR PUBLISHED IN RELATION TO SUCH AN OFFERING AND NOT ON THE BASIS OF THIS DOCUMENT WHICH DOES NOT CONSTITUTE OR FORM PART OF AN OFFER OR SOLICITATION OF AN OFFER TO PURCHASE OR SUBSCRIBE FOR ANY SECURITIES.

The information contained in this document has not been independently verified and no representation or warranty, expressed or implied, is made as to, and no reliance should be placed on, the information or opinions contained herein. The information set out herein does not purport to be complete, may be subject to revision and may change materially. China Banking Corporation (CHIB) is under no obligation to keep current the information contained in this document and any opinions expressed in it are subject to change without notice. None of CHIB or any of its affiliates, advisers or representatives shall have any liability whatsoever for any loss whatsoever arising from any use of this document or its contents or otherwise arising in connection with this document (whether direct, indirect, consequential or other). The information in this document should not be considered as a recommendation or advice to holding or purchasing securities or any other financial product, and does not take into account your particular investment objectives, needs or financial situation.

This document contains “forward-looking statements”, which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may”, “will pursue” or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond CHIB’s control, that may change at any time, and could cause the actual results, performance or achievements of CHIB to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Recipients are cautioned not to place substantial or undue reliance on these forward-looking statements. All forward-looking statements included in this presentation are made only as of the date of this presentation and neither CHIB, the Dealers, nor any of their respective affiliates, agents, advisors or representatives (including directors, officers and employees) intend or has any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this document as a result of new information, future events or any other factors.

Recipients of this presentation are required to make their own independent investigation and appraisal of the business and financial condition of CHIB, and any tax, legal, accounting and economic considerations relevant to the situation. The Dealers may act as market makers or trade on a principal basis, or have undertaken or may undertake to trade for their own accounts, transactions in the Securities or related instruments of CHIB and may act as underwriter, placement agent, advisor or lender to CHIB. The Dealers and/or their respective employees may hold a position in any Securities mentioned herein. This document contains data sourced from and the views of independent third parties. In replicating such data in this document, neither CHIB nor the Dealers make any representation, whether express or implied, as to the accuracy of such data. The replication of any views in this document should not be treated as an indication that CHIB or the Dealers agree with or concurs with such views.



Panelists



Patrick D. Cheng
Chief Finance Officer



**Christopher Ma. Carmelo
Y. Salazar**
Treasurer



Gerald O. Florentino
IR Head



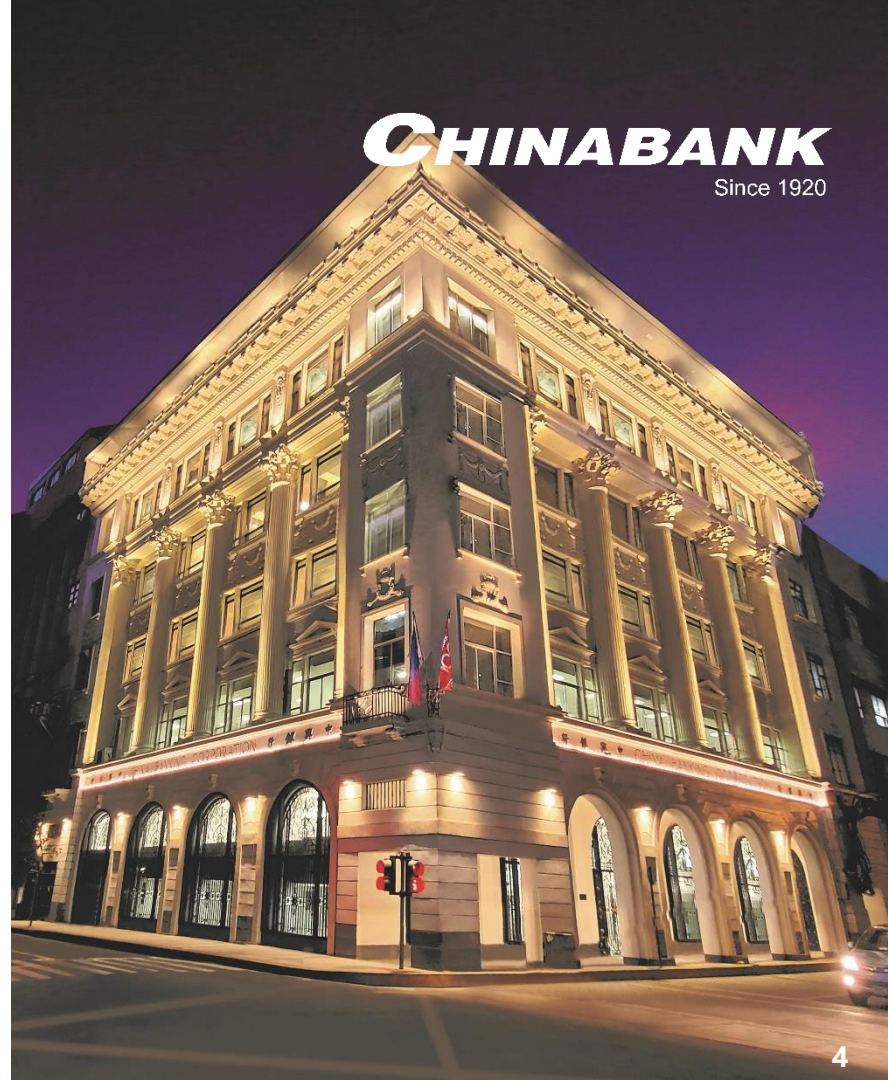
Domini S. Velasquez
Chief Economist



THE BEST BANK IN THE COUNTRY

Reminders

- The briefing will be recorded.
- Microphones and cameras are disabled during the presentation.
- For the Q & A, attendees may:
 - ✓ Post a **live question**
click the “Raise Hand” button to be recognized
 - ✓ Send questions thru the **chat box**



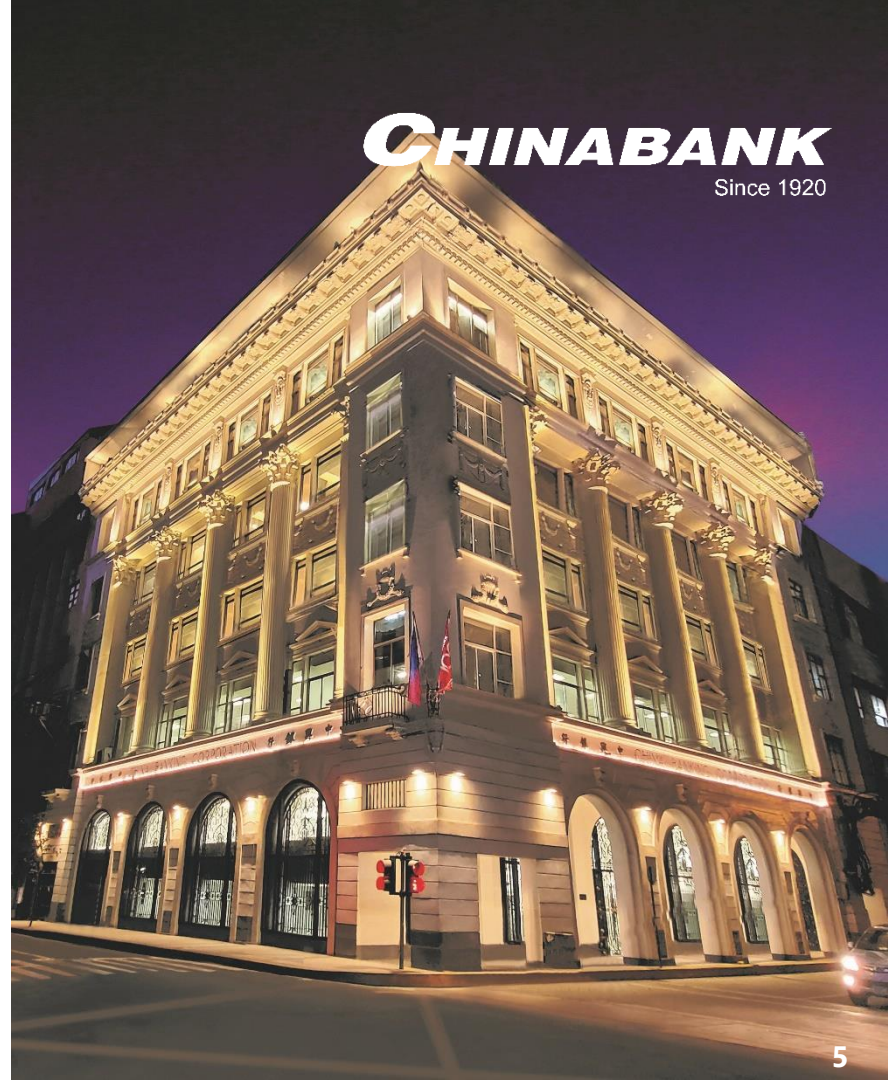
CHINABANK
Since 1920



THE BEST BANK IN THE COUNTRY

Macroeconomic Outlook

CHINABANK
Since 1920



THE BEST BANK IN THE COUNTRY

	FY 2020A	FY 2021A	FY 2022F
GDP growth (%)	-9.6	5.6	7.1
Inflation (%)	2.4	3.9	3.5
Policy rate (end, %)	2.0	2.0	2.5
10-Year BVAL Rate (end, %)	3.00	4.82	5.91
USDPHP (end)	48.0	51.0	52.6
USDPHP (ave)	49.6	49.3	52.0



THE BEST BANK IN THE COUNTRY

Macroeconomic Outlook

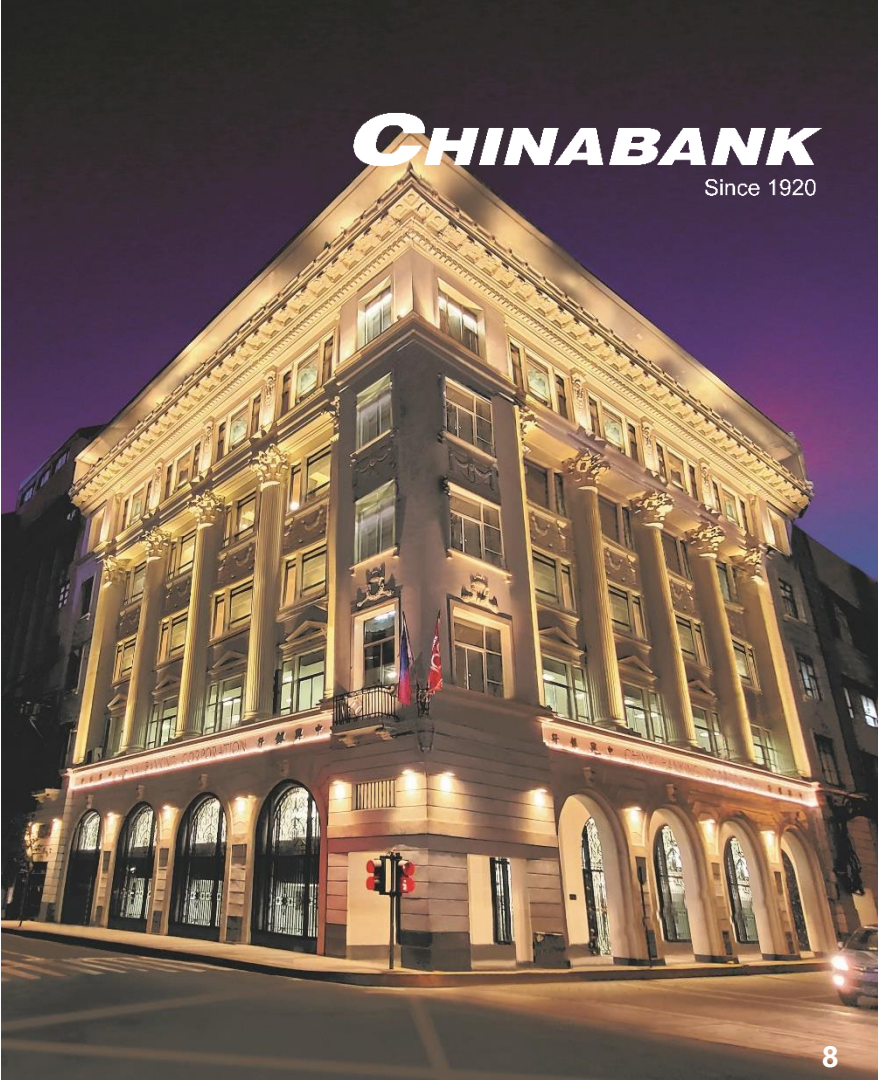


- ✓ Pick up in consumption despite Omicron surge;
 - ✓ Better employment outlook;
 - ✓ Election-related spending; and
 - ✓ Broad-based recovery, especially in service activities.
- Public spending will normalize;
 - Inflationary pressures such as high commodity prices (oil, fertilizers, corn);
 - Geopolitical tensions over Ukraine;
 - Asynchronous pace of monetary policies
 - Political uncertainty



FY2021 Financial Performance

CHINABANK
Since 1920



THE BEST BANK IN THE COUNTRY

2021 Performance Highlights

Sustained profitability

P15.1 Bn net income (+25% YoY)

10 consecutive quarters of NII growth

Robust capital position

Strong internal capital generation

14.9% CET1 ratio

15.7% Total CAR

Stable dividend payments (P1.00/share)

Continued growth

Strong CASA growth (+18% YoY)

Disciplined Loan growth (+9% YoY)

Better than industry asset quality ratios

Improved NPL ratio at **2.5%**

Sufficient NPL Cover at **116%**

Elevated provisioning to protect balance sheet

2021 Financial Highlights

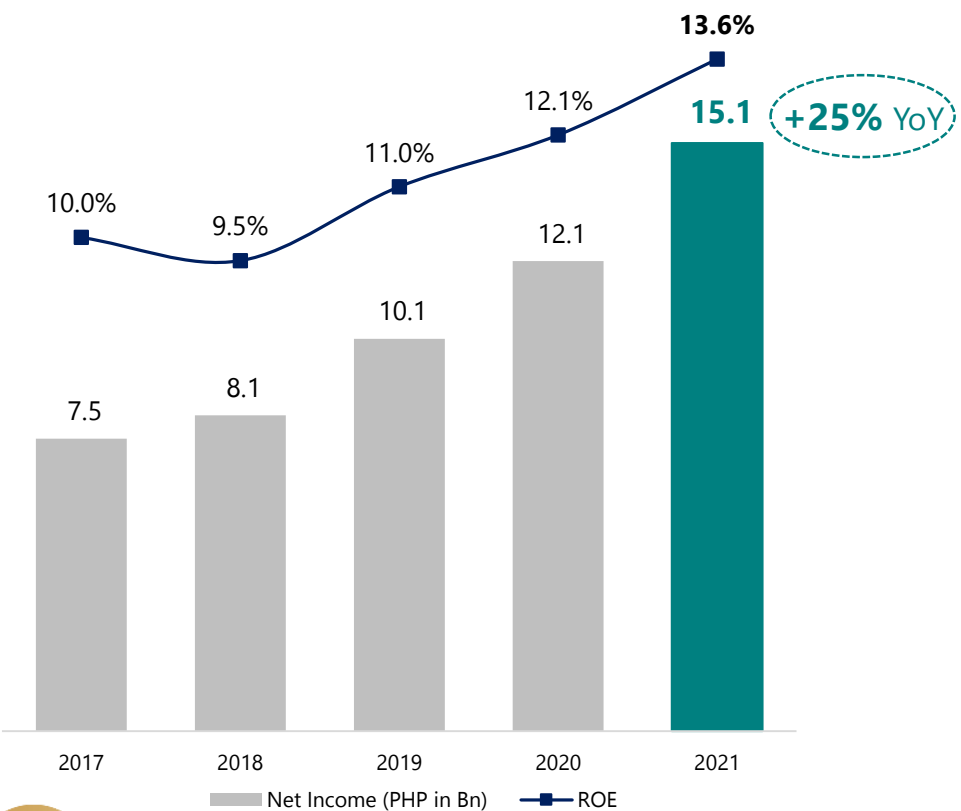
INCOME STATEMENTS	Jan-Dec 2021	Jan-Dec 2020	YoY Growth
In Php billion , except %			
Net interest income	38.3	33.8	13%
Fee-based income	10.4	10.0	3%
Total revenue	48.7	43.9	11%
Operating expenses	(22.3)	(21.5)	4%
Income before provisions and taxes	26.3	22.3	18%
Provision for impairment and credit losses	(8.9)	(8.9)	0%
Income before income tax	17.5	13.5	30%
Provision for income tax	(2.4)	(1.4)	69%
Net income	15.1	12.1	25%



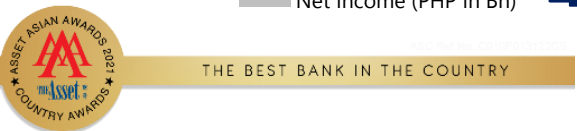
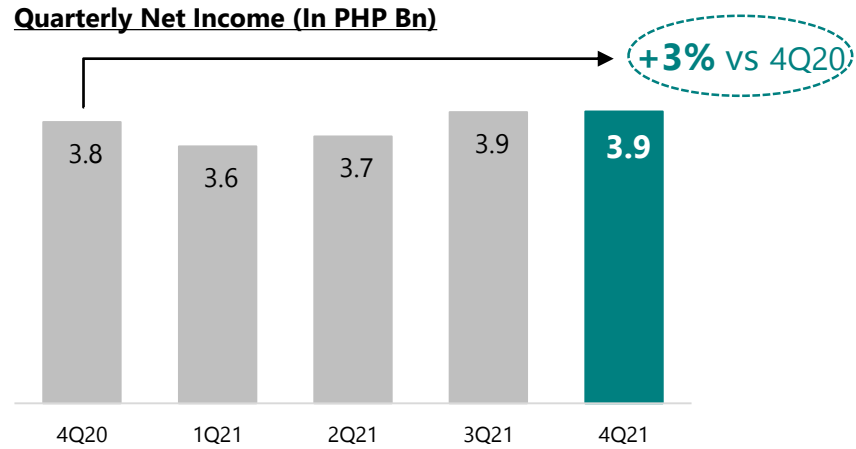
BALANCE SHEETS	Dec-2021	Dec-2020	YoY Growth
In Php billion, except %			
Total Assets	1,112	1,036	7%
Investment Securities	279	236	18%
Net Loans	609	557	9%
Deposits	863	835	3%
<i>CASA</i>	<i>555</i>	<i>469</i>	<i>18%</i>
<i>Time Deposits</i>	<i>308</i>	<i>366</i>	<i>-16%</i>
Total Equity	119	105	13%



Sustained profitability amidst a challenging environment

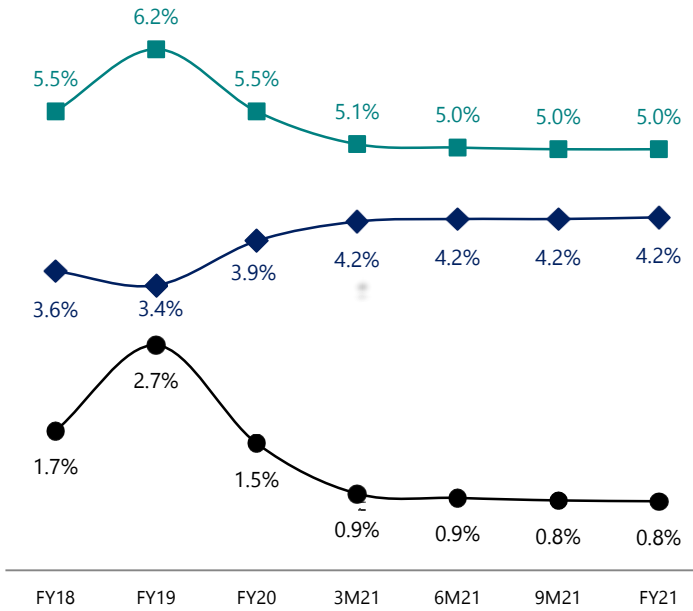


CHIB is the only major bank with a **consistently higher profitability** over the last 5 years



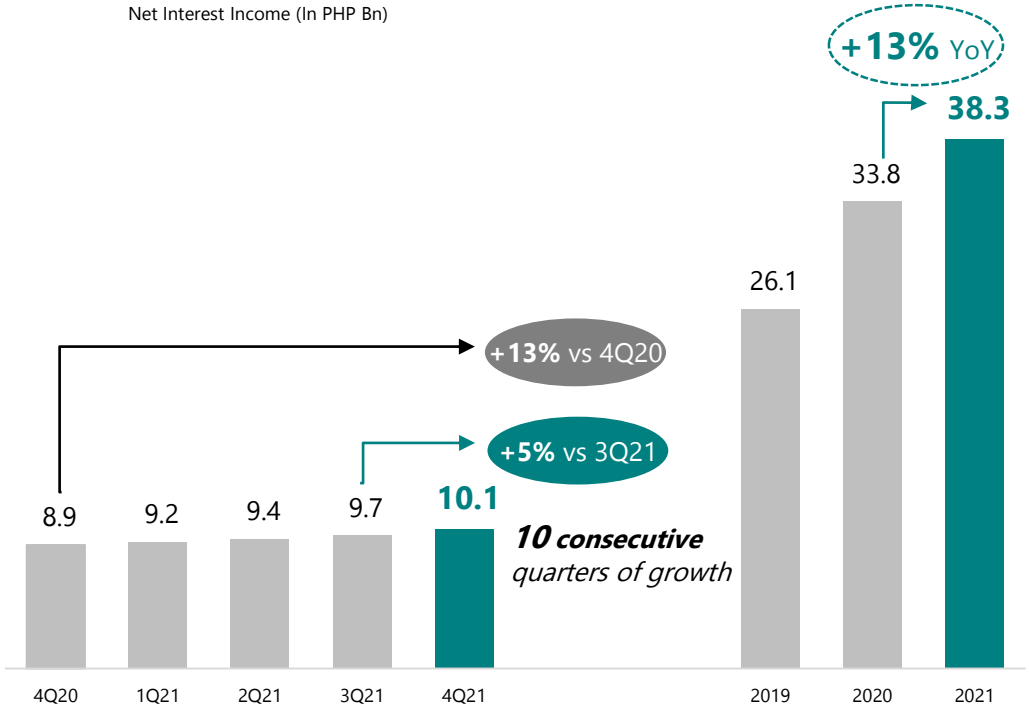
Resilient NII despite pressure on yields

NIM stabilizes above 4%



Net interest income continues to grow Q-on-Q

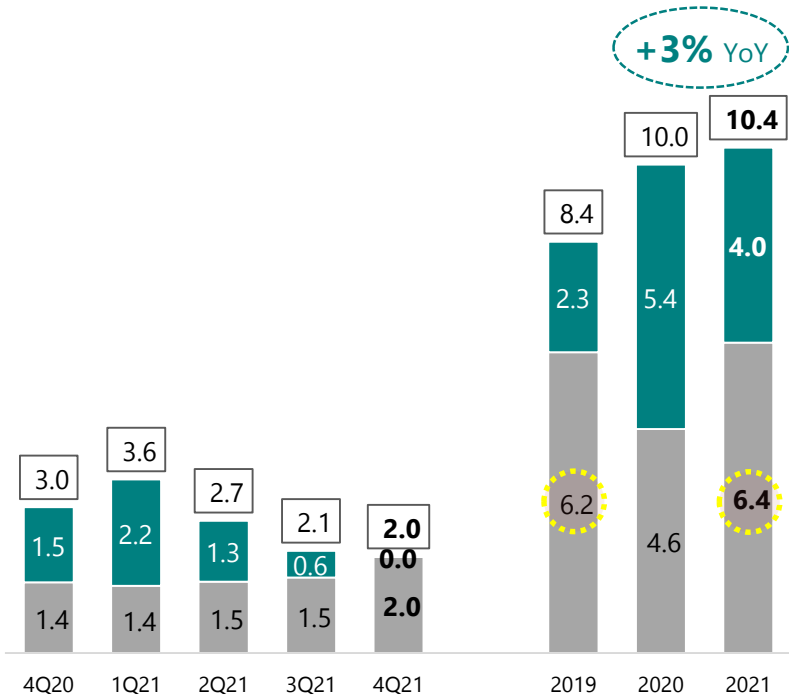
Net Interest Income (In PHP Bn)



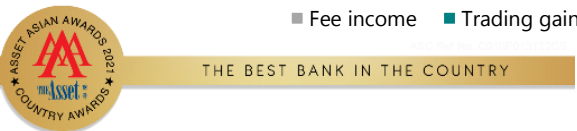
Fee-based income driving revenue growth

Fee income recovers to pre-pandemic level

Fee-based Income (In PHP Bn)



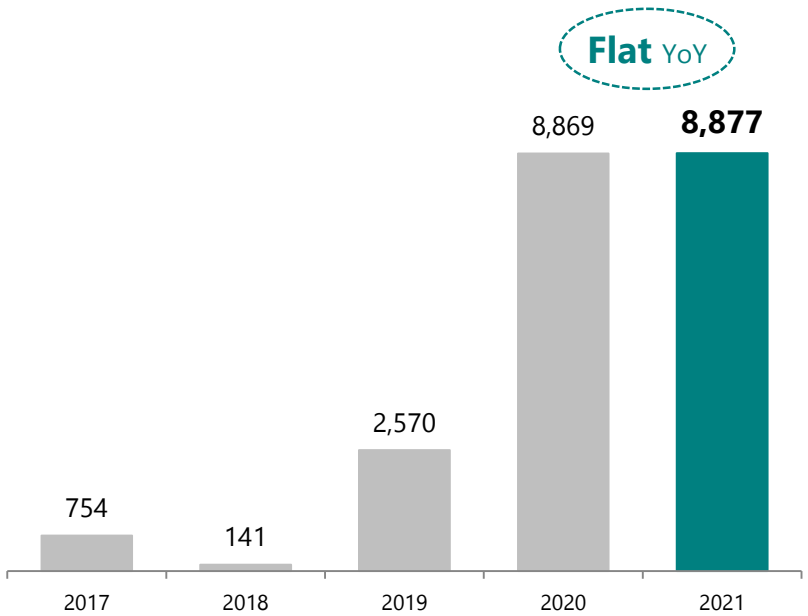
- ✓ Core fee income grew **39%** YoY to **P6.4 billion**. This was **3%** better than the pre-pandemic fee income of **P6.2 billion** (FY2019).
- ✓ Service charges, fees, and commissions were up **29%** to **P3.5 billion** due to higher investment banking and loans and deposits-related fees.
- ✓ Foreign exchange gains significantly increased to **P687 million** from **P212 million** primarily due to favorable FX trading activities.



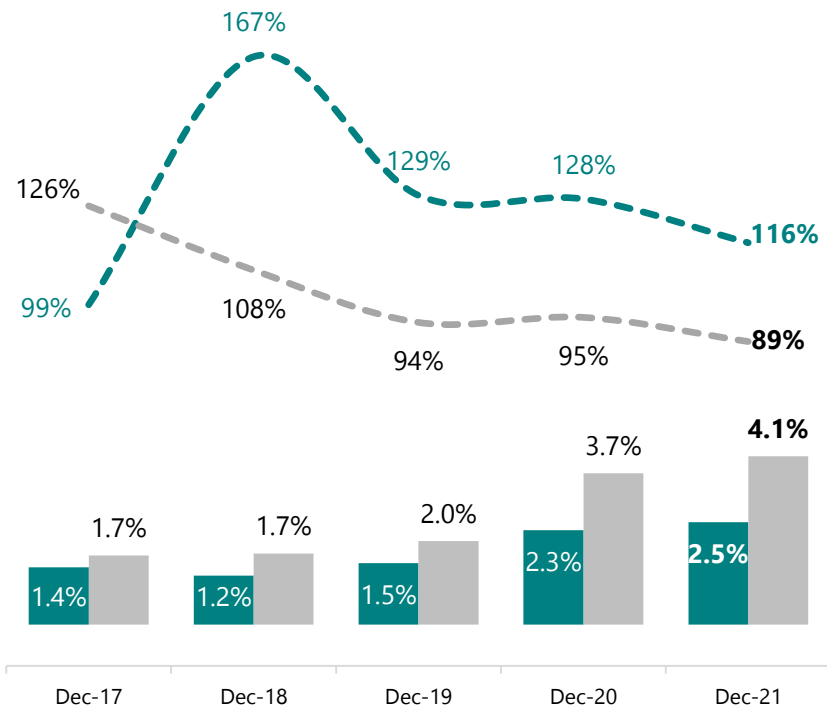
Absorbed substantial provision for credit losses

Ramped up provisions on COVID-19 impact

Provisions (In PHP Mn)



NPL has stabilized; NPL cover remains sufficient



■ NPL Ratio - CHIB ■ NPL Ratio - Industry*
- - - NPL Cover - CHIB - - - NPL Cover - Industry*

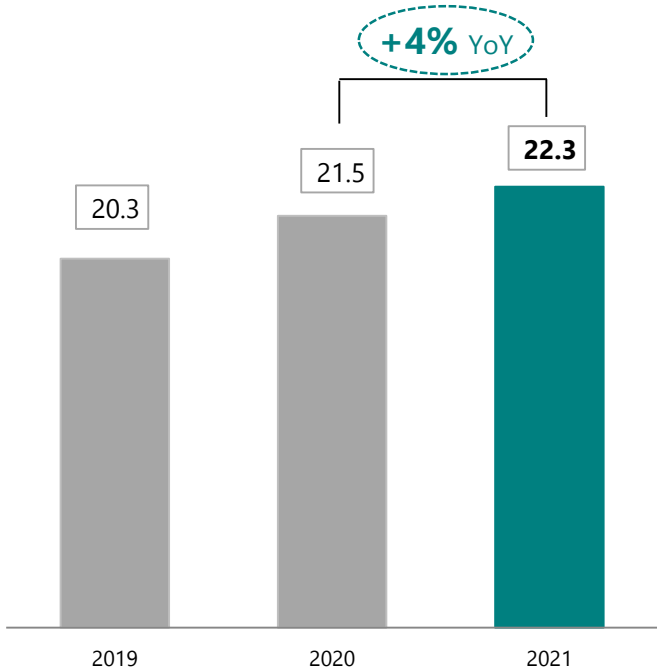
*BSP data (UKB + TB), as of December 31, 2021



Demonstrated operational resiliency amidst COVID-19 pandemic

Prudent cost management

Operating Expenses ex provisions (In PHP Bn)



Improving efficiency

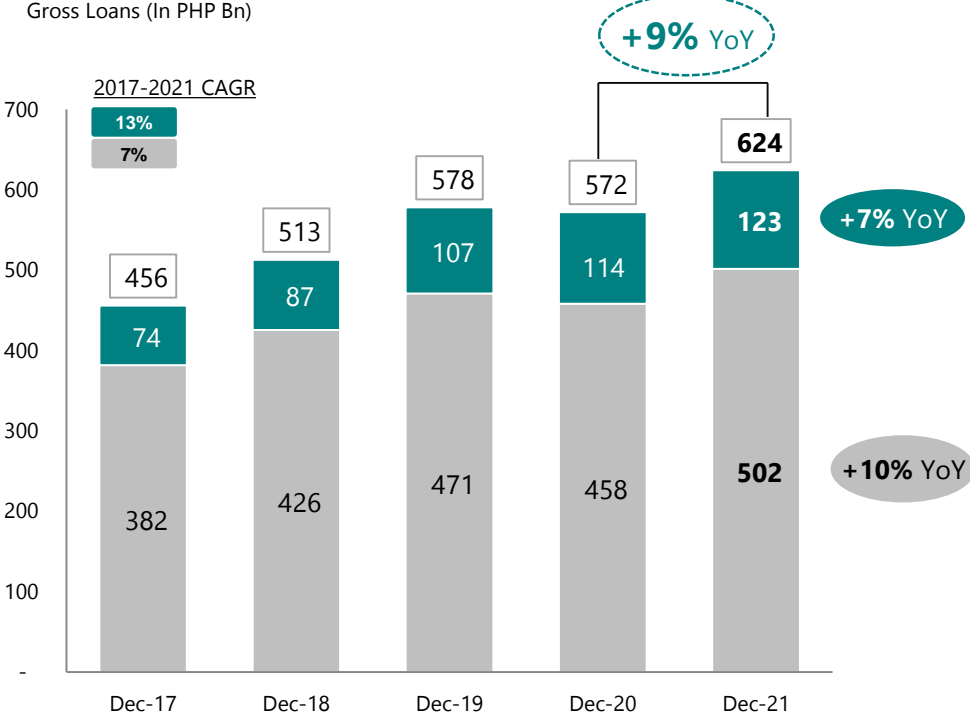
	2019	2020	2021
Headcount	9,813	9,825	9,747
Branches	631	634	637
ATMs	1,002	1,022	1,037
Cost-to-income ratio	59%	49%	46%
Cost-to-assets ratio	2.2%	2.2%	2.1%



Disciplined loan growth

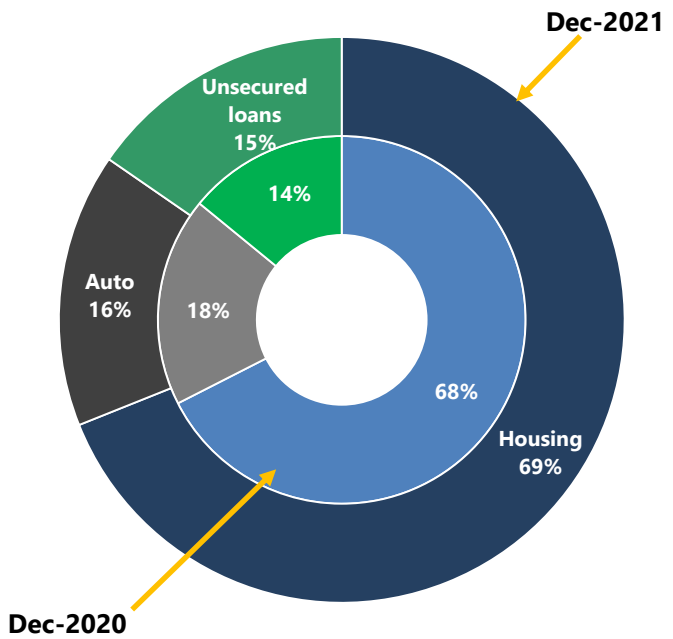
Continued expansion in consumer and corporate segments

Gross Loans (In PHP Bn)



Well-secured consumer lending portfolio

Consumer Loans Breakdown, Dec-2021 vs Dec 2020

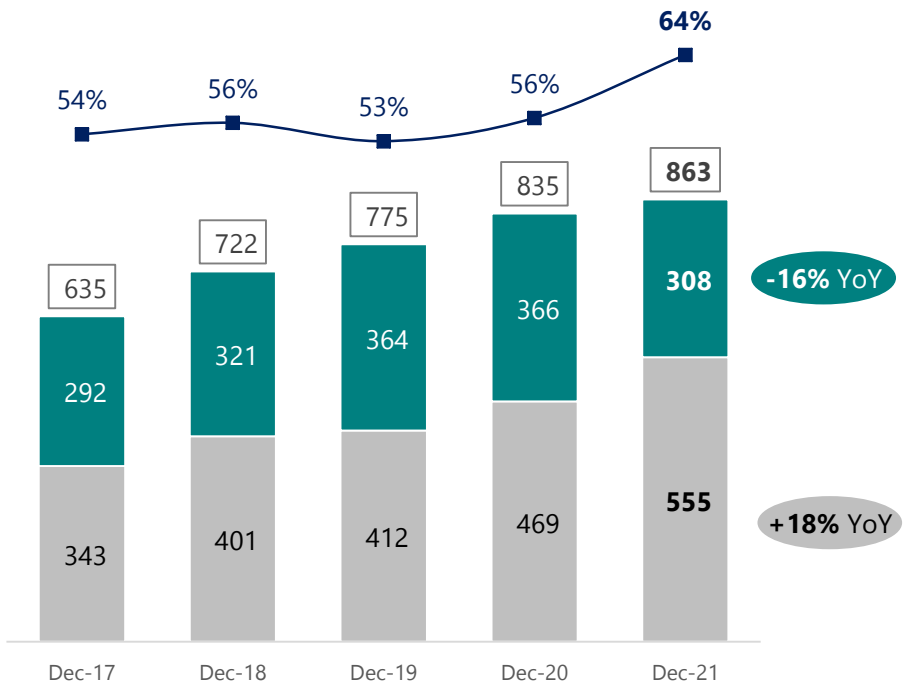


THE BEST BANK IN THE COUNTRY

Deposit growth primarily driven by CASA

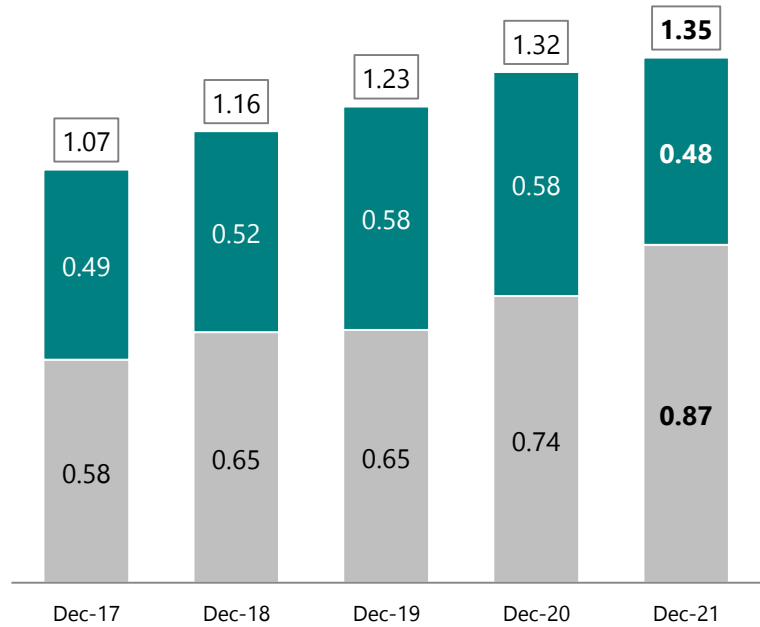
Strong CASA growth and improving funding mix

Deposits (In PHP Bn)



Improving CASA per branch

Deposits per branch (In PHP Bn)



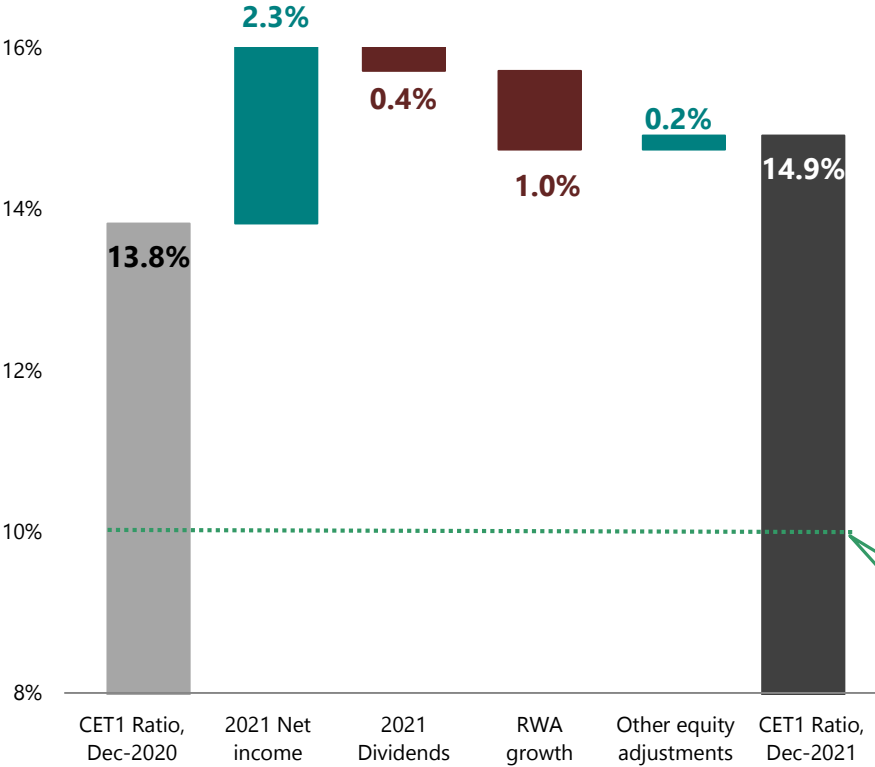
■ CASA ■ Time ■ CASA Ratio

■ CASA ■ Time



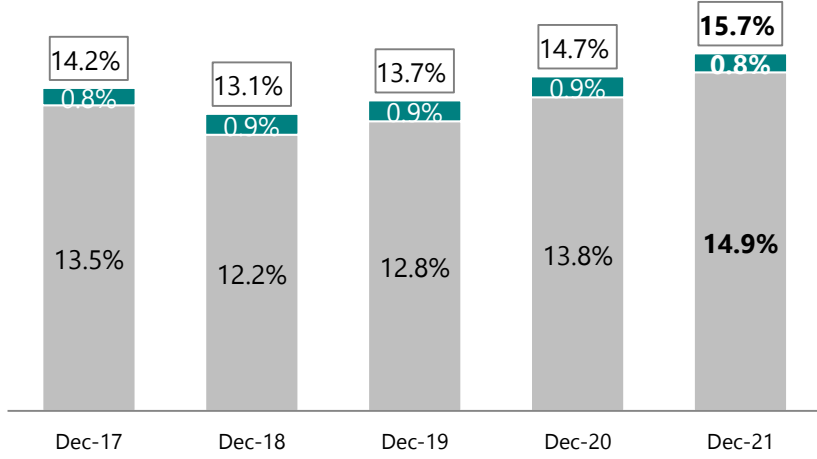
THE BEST BANK IN THE COUNTRY

Strong internal capital generation results to higher capital buffer



Enough capital buffer:

- ✓ to absorb credit shock;
- ✓ to support Asset growth; and
- ✓ to sustain dividend payment to shareholders



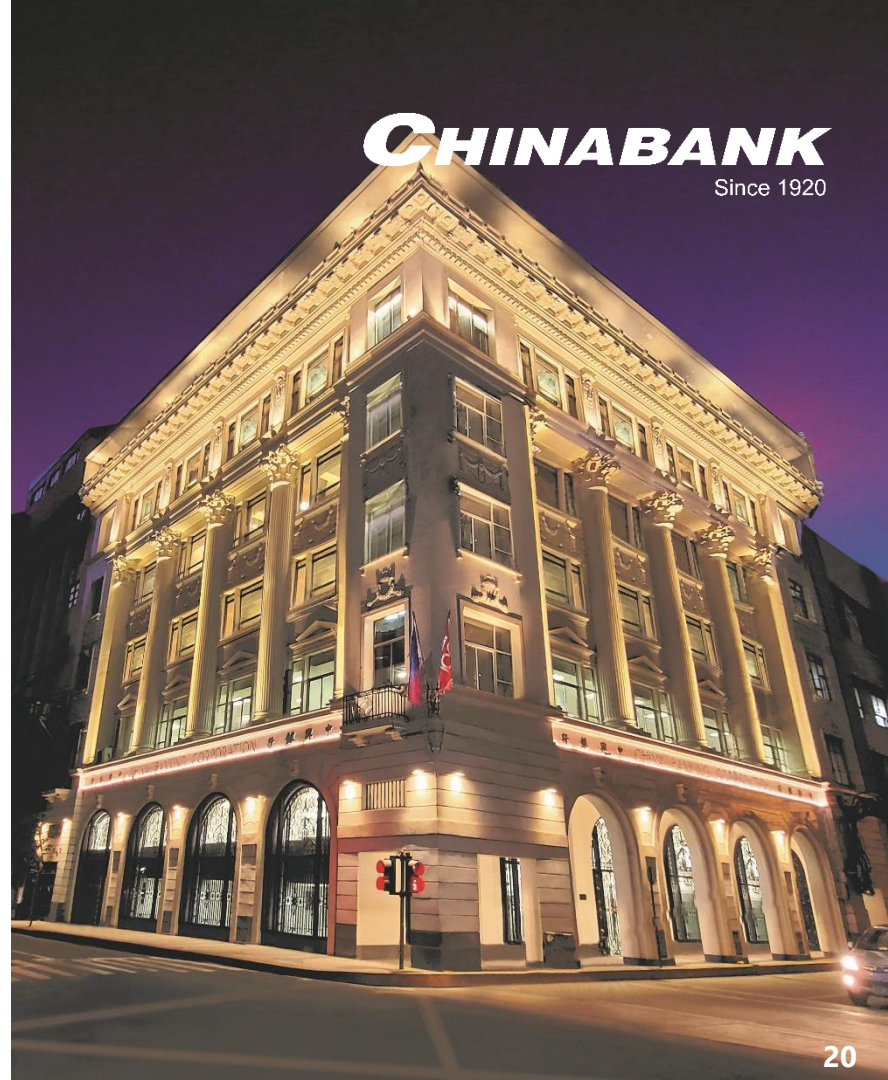
Minimum CET 1 ratio, including buffers

■ CET 1/Tier 1 ■ Tier 2 □ CAR



Digital Initiatives

CHINABANK
Since 1920



THE BEST BANK IN THE COUNTRY

DIGITAL BANKING

full-year 2021 vs pre-pandemic

Adopting a rapid shift into digital to navigate the “new normal” ways of retail banking



significant increase *versus* 12% in 2019



+112%
Transactions
2y CAGR



+58%
Active Users
2y CAGR



+33%
Enrollments
2y CAGR

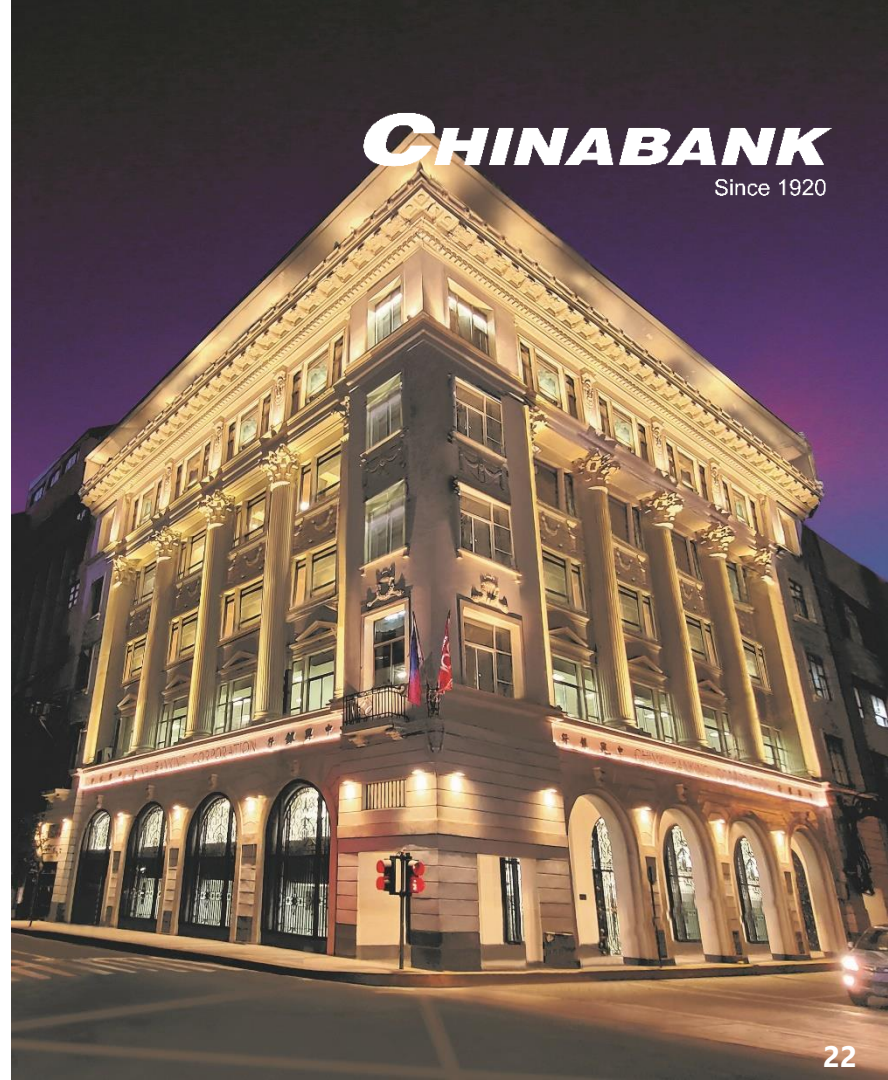


+88%
Gross
TXN Value
2y CAGR



Awards and Recognitions

CHINABANK
Since 1920



THE BEST BANK IN THE COUNTRY



China Bank 🏆 Best Bank in the Philippines

China Bank Capital

- 🏆 **Best Bond Adviser (Domestic) for the 6th consecutive year**
- 🏆 **Best New Bond:** *Sole issue manager, bookrunner and lead underwriter, D&L Industries' P5 Bn fixed-rate retail bond*
- 🏆 **Best Green Bond – Corporate:** *one of the domestic lead managers, AC Energy's US\$400 Mn green notes*
- 🏆 **Best IPO:** Domestic co-lead underwriter, *Monde's P48.6 Bn IPO*
- 🏆 **Best REIT:** underwriter for RL Commercial Reit's P23.5 Bn IPO
- 🏆 **Best Corporate Bond:** *one of the domestic lead managers, Petron's USD550 Mn senior perpetual capital securities*
- 🏆 **Triple A Best Bond, Sustainable Capital Market Awards,** *domestic lead manager, Globe's US\$600 Mn resettable senior unsecured perpetual capital securities*



Track record of excellence in Corporate Governance



The ASEAN Capital Markets Forum named China Bank for fiscal year 2019 as:

- ✓ Among the top 3 publicly listed companies (PLCs) in the Philippines;
- ✓ Among the top 20 PLCs in ASEAN, and
- ✓ As an ASEAN Asset Class

The Institute of Corporate Directors distinguished China Bank with a **4-Golden Arrow recognition** at the **ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Recognition Ceremony 2020**, the only bank among the six awardees.



THE BEST BANK IN THE COUNTRY

Other Citations



2nd Strongest Bank in the Philippines

2021



Mobile Banking & Payment Initiative of the Year Philippines

2020



Top Corporate Issue Manager / Arranger Investment House Category

2018, 2017



Top Corporate Securities Market Makers and Top Fixed-income Brokering participants

2019



Apo Agua Infrastructure Php9 Billion financing

Utility Deal of the Year Philippines

2019



Atlantic Gulf and Pacific Company Php6 Billion term loan

Oil and Gas Deal of the Year Philippines


2019



Best Bond Adviser

Domestic Bond Category

2019, 2018, 2017



China Bank Corporation P30 Billion Fixed Rate Retail Bond

Best Retail Bond Philippines

2019



Autotax Payment Facility

Most Innovative Public Sector System Philippines

2019



Best Corporate Governance Disclosure and Transparency Award

2019



Pagtugon Award for Universal and Commercial Banks

2018, 2019



Best Debt Capital Market (DCM) House Philippines

2018



Best Managed Fund for Bond Long-Term Dollar Category

2019, 2018, 2017



Best Managed Fund for Balanced Peso Category

2018



Best Fixed Income Deal - PHP181 Billion ROP Bureau of the Treasury's Retail Treasury Bond

2018



Best Fixed Income Deal - Ayala Corporation US\$400 Million Fixed-For-life Bonds (Ayala USD Fixed For Life)

2018



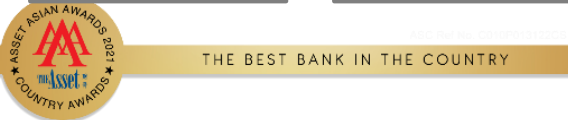
Best Investor Relations Bank Philippines

2019, 2018, 2016



Best Corporate Governance Bank Philippines

2019, 2018, 2017, 2016



In summary, CHIB continues to be..

Profitable

Adequately-capitalized

Well-managed

	2019	>	2020	>	2021
Return on Equity	11.0%	>	12.1%	>	13.6%
Return on Assets	1.1%	>	1.2%	>	1.5%
CET 1 Ratio	12.8%	>	13.8%	>	14.9%
Capital Adequacy Ratio	13.7%	>	14.7%	>	15.7%
NPL Ratio	1.5%	>	2.3%	>	2.5%
NPL Coverage Ratio	129%	>	128%	>	116%



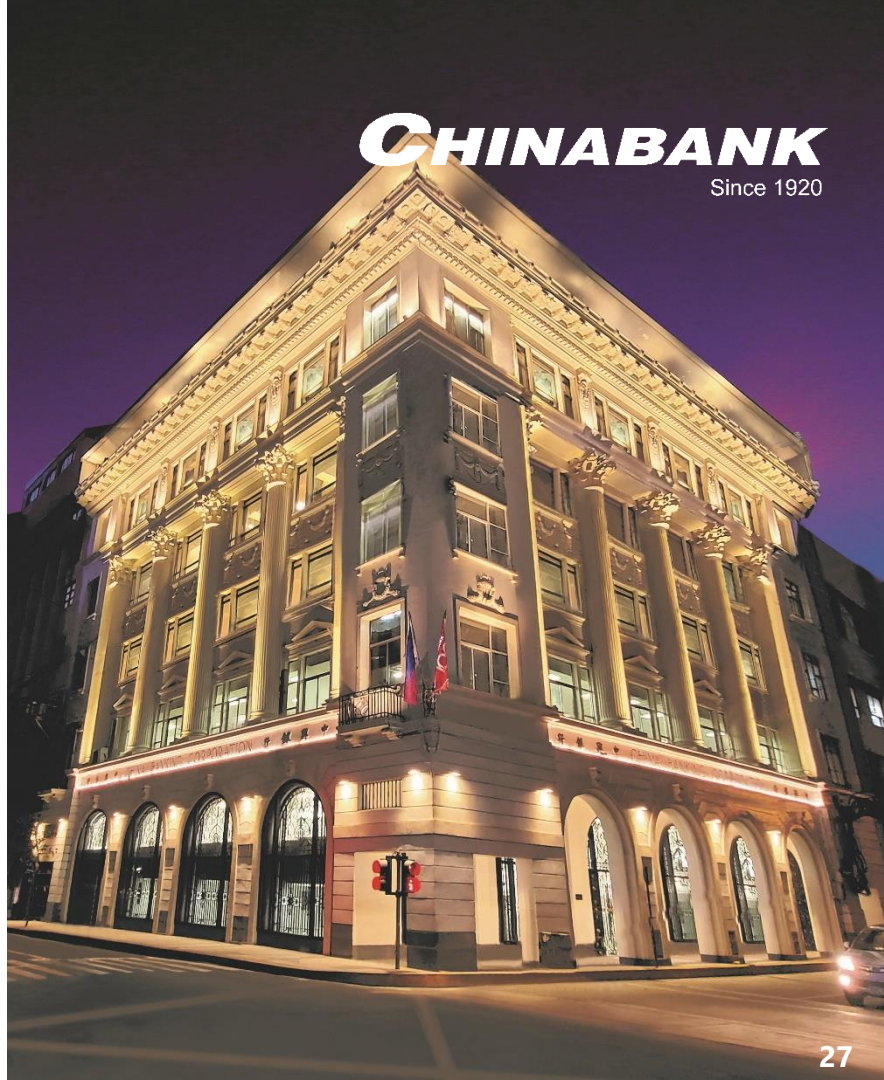
THE BEST BANK IN THE COUNTRY

Q & A

- ✓ Please click the **“Raise Hand”** button to be recognized.
- ✓ You may also send questions thru the **chat box.**

CHINABANK

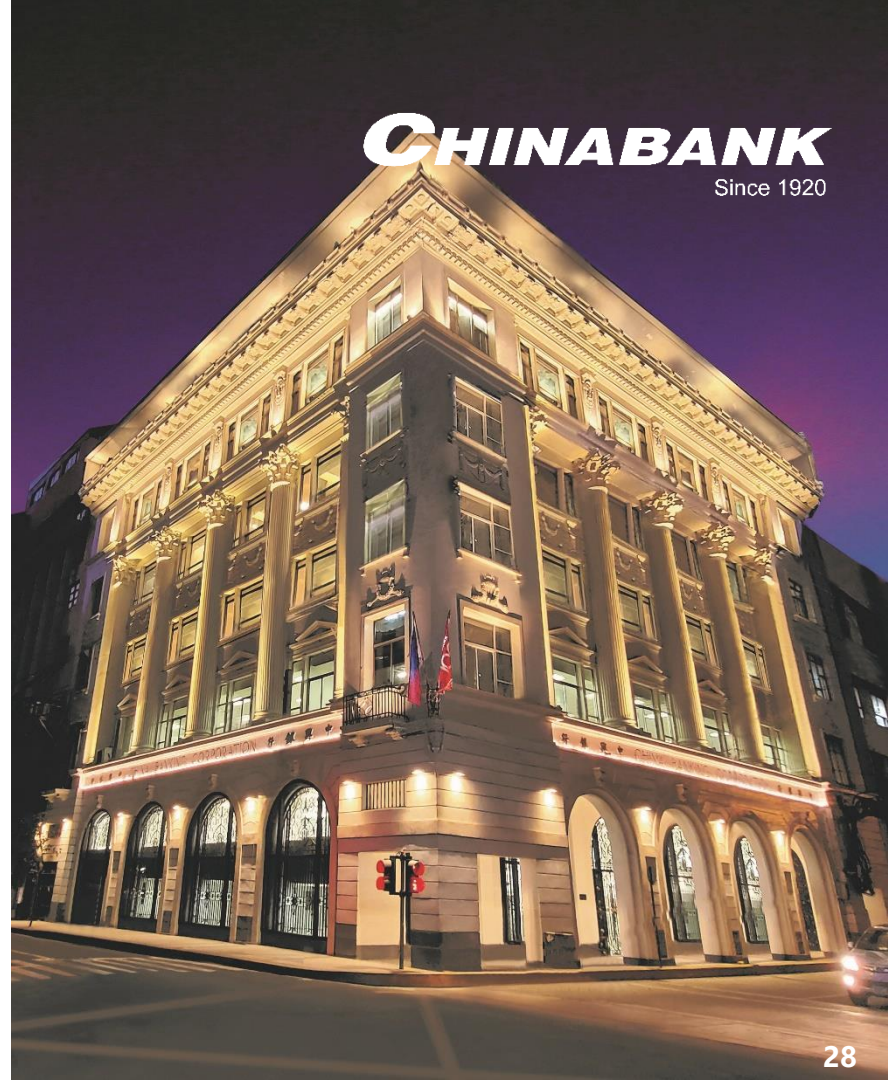
Since 1920



THE BEST BANK IN THE COUNTRY

Additional Information

CHINABANK
Since 1920



THE BEST BANK IN THE COUNTRY

Our response to COVID-19



EMPLOYEES

CLIENTS AND COMMUNITY

- ✓ **97%** of employees fully vaccinated, **35%** given booster shots
- ✓ Compliant with health standards of DOH, DOLE, DTI, and IATF
 - Detection, contact tracing, testing, isolation & referral
 - Housekeeping & disinfection
 - Provision of PPEs
 - Awareness campaigns/reminders
 - WFH arrangements / split office
- ✓ Expanded Health Care Services
 - Enhanced HMO limits/coverage
 - Dedicated COVID-19 testing facility
 - Dedicated telemedicine doctors and nurses to monitor COVID19 cases
- ✓ Provided financial assistance to COVID+ employees
- ✓ Continuous logistical support and transportation services

- ✓ Almost 100% of branches open for operations
- ✓ Working closely with clients in the most challenged sectors
- ✓ Increased ATM withdrawal limit to P50K until the community quarantine is lifted
- ✓ Waived fees on InstaPay & PesoNet until end-2021
- ✓ Provided digital options to retail and business clients
 - Released latest version of China Bank Mobile App
- ✓ Implemented Track & Trace Plan for clients/ visitors/ external and internal messengers
- ✓ Provided regular communication on customer updates, cyberfraud protection, health & safety
- ✓ Extended vaccination, financial and logistics support to contractors, service crew and security personnel



THE BEST BANK IN THE COUNTRY

China Bank Profile

Who we are

- ✓ One of the oldest privately owned banks, established in 1920
- ✓ Publicly-listed since 1927 on the Manila Stock Exchange
- ✓ Strong presence in the entrepreneur, middle market and business segments
- ✓ Longest relationship with Chinese-Filipinos, serving up to the 4th generation
- ✓ Best practice in Corporate Governance



637 branches*



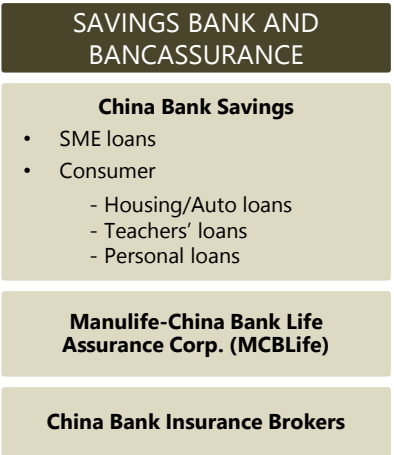
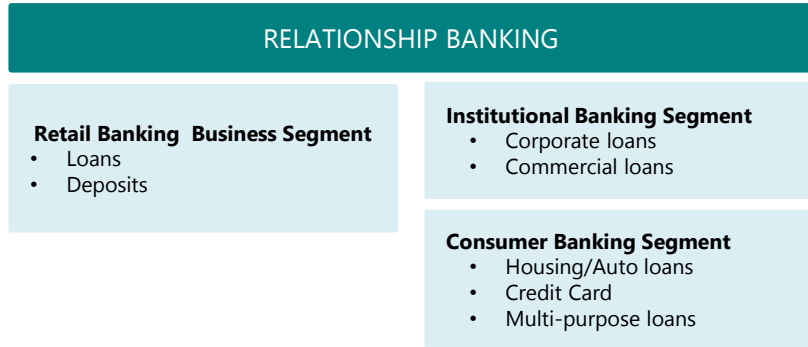
1,037 ATMs*



9,747 Employees*

**As of December 31 2021*

Full Service Platform



THE BEST BANK IN THE COUNTRY

China Bank Profile

EQUITY PROFILE

Particulars	March 3, 2022
Ticker	CHIB
Stock Price	Php27.30
Market Cap (in PHP Mn)	73,472
Market Cap (in USD Mn)	1,430*
Book Value per Share	Php44.25
Earnings per Share	Php5.6
Price to Book	0.6
Price to Earnings	4.9

*Based of March 3, 2022 USDPHP exchange rate of PHP51.391

CREDIT RATINGS



- Investment grade credit rating of **Baa2** with **stable outlook** from May 2017
- Same level as the Philippine sovereign rating and at par with the country's three biggest banks
- Affirmed in September 2021



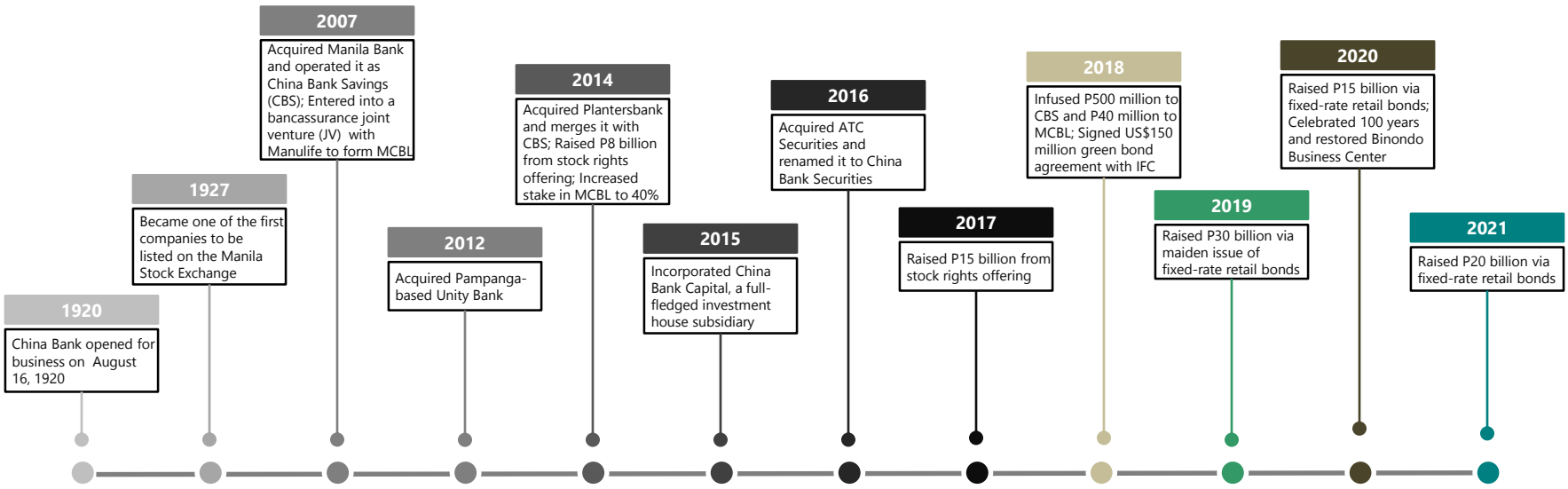
- Investment grade issuer rating of **PRS Aaa (corp.)** with **stable outlook** in February 2019
- Affirmed in October 2021



THE BEST BANK IN THE COUNTRY

China Bank Profile

Corporate Milestones

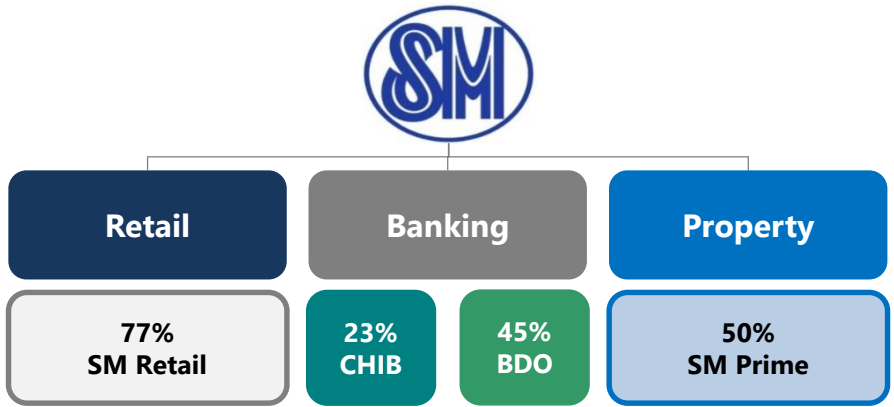


THE BEST BANK IN THE COUNTRY

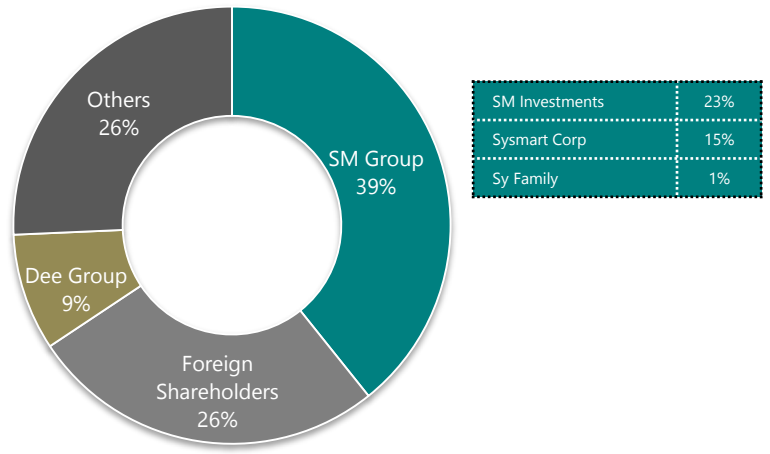
Strong Support and Synergies with the SM Group

China Bank benefits from being part of one of the largest and most diversified conglomerates in the Philippines

Snapshot of SM Group Business Lines



Current Shareholdings



Distinct Benefits for China Bank

✓ Access to the SM Group's ecosystem of merchants, suppliers and contractors to promote the Bank's products

✓ 51 branches and 141 ATMs in SM Group's shopping malls, SaveMore, CityMall and Alfamart locations



Financial Highlights – Balance Sheets

BALANCE SHEETS in Php billions, except %	Dec-21	Dec-20	Dec-19	2021 vs 2020	2020 vs 2019
Liquid Assets	188	205	144	-8%	42%
Investment Securities	279	236	213	18%	11%
Net Loans	609	557	569	9%	-2%
Other Assets	36	38	37	-5%	5%
Total Assets	1,112	1,036	962	7%	8%
Deposits	863	835	775	3%	8%
<i>CASA</i>	555	469	412	18%	14%
<i>Time Deposits</i>	308	366	364	-16%	1%
Bills and Bonds Payable	108	76	71	43%	7%
Other Liabilities	22	20	20	10%	1%
Total Liabilities	993	931	866	7%	8%
Total Equity	119	105	96	13%	9%
Total Liabilities and Equities	1,112	1,036	962	7%	8%
NPL Ratio	2.5%	2.3%	1.5%		
NPL Cover	116%	128%	129%		
Tier 1/CET 1 Ratio	14.9%	13.8%	12.8%		
Capital Adequacy Ratio (CAR)	15.7%	14.7%	13.7%		



THE BEST BANK IN THE COUNTRY

Financial Highlights – Income Statements

INCOME STATEMENTS in Php billions, except %	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2019	2021 vs 2020	2020 vs 2019
Interest income	45.7	47.1	47.7	-3%	-1%
Interest expense	(7.4)	(13.3)	(21.6)	-44%	-39%
Net interest income	38.3	33.8	26.1	13%	30%
Fee-based income	10.4	10.0	8.4	3%	19%
Total revenue	48.7	43.9	34.5	11%	27%
Operating expenses	(22.3)	(21.5)	(20.3)	4%	6%
Income before provisions and taxes	26.3	22.3	14.2	18%	58%
Provision for impairment and credit losses	(8.9)	(8.9)	(2.6)	0%	245%
Income before income tax	17.5	13.5	11.6	30%	16%
Provision for income tax	(2.4)	(1.4)	(1.5)	69%	-8%
Net income	15.1	12.1	10.1	25%	20%
Return on Equity	13.6%	12.1%	11.0%		
Return on Assets	1.5%	1.2%	1.1%		
Net Interest Margin	4.2%	3.9%	3.4%		
Cost-to-income	46%	49%	59%		



Financial Highlights – Quarterly Income Statements

INCOME STATEMENTS In Php billions, except %	4Q2020	1Q2021	2Q2021	3Q2021	4Q2021	4Q21 vs 4Q20
Interest income	11.5	11.2	11.2	11.4	11.9	4%
Interest expense	(2.5)	(2.0)	(1.8)	(1.8)	(1.8)	-26%
Net interest income	8.9	9.2	9.4	9.7	10.1	13%
Fee-based income	3.0	3.6	2.7	2.1	2.0	-34%
Total revenue	11.9	12.7	12.1	11.8	12.1	1%
Operating expenses	(5.2)	(6.2)	(4.9)	(5.5)	(5.7)	9%
Income before provisions and taxes	6.7	6.5	7.1	6.3	6.4	-5%
Provision for impairment and credit losses	(2.6)	(2.2)	(3.1)	(1.1)	(2.4)	-7%
Income before income tax	4.2	4.3	4.0	5.1	4.0	-4%
Provision for income tax	(0.4)	(0.7)	(0.3)	(1.2)	(0.1)	-75%
Net income	3.8	3.6	3.7	3.9	3.9	3%



Highly capable management team



Hans T. Sy
Chairman of the Board



Gilbert U. Dee
Vice Chairman of the Board



William C. Whang
Director and President



Romeo D. Uyan, Jr.
Executive Vice President and Chief Operating Officer



Rosemarie C. Gan
Executive Vice President and Segment Head of Retail Banking Business



Patrick D. Cheng
Executive Vice President and Chief Finance Officer



Lilian Yu
Senior Vice President and Head of Institutional Banking Group



Magnolia Luisa N. Palanca
Senior Vice President and Head of Financial Markets Segment



Aloysius C. Alday, Jr.
Senior Vice President and Head of Consumer Banking Segment and Customer Contact Center Group



Manuel C. Tagaza
Senior Vice President and Head of Digital Banking Group



Ananias S. Cornelio III
Senior Vice President and Chief Risk Officer



Christopher Ma. Carmelo Y. Salazar
Senior Vice President, Treasurer and Head of Treasury Group



Atty. Aileen Paulette De Jesus
Vice President II and Chief Compliance Officer



THE BEST BANK IN THE COUNTRY

Thank You!



ASC Ref No. C010P013122CS

THE BEST BANK IN THE COUNTRY

