



30 July 2020

PHILIPPINE STOCK EXCHANGE, INC.

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

PHILIPPINE DEALING & EXCHANGE CORP.

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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 1H income up 24% to P5.2 billion; achieves strong results amid higher provisioning".

For your information and guidance.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "A Escucha".

ALEXANDER C. ESCUCHA

Senior Vice President & Head
Investor & Corporate Relations Group

CHINA BANKING CORPORATION

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PRESS RELEASE
July 30, 2020

China Bank 1H income up 24% to P5.2 billion; achieves strong results amid higher provisioning

China Banking Corporation (China Bank, stock symbol: CHIB) continued its strong performance amid the community quarantine, posting P5.2 billion in net income in the first half of 2020, up 24% year-on-year. This translated to a return on equity of 10.64% and return on assets of 1.07%.

The growth was achieved even as the Bank ramped up provisions more than fourteen times to P4.8 billion in anticipation of the impact of COVID-19 and ongoing quarantine measures on asset quality.

"Our first half results reflect China Bank's continued strength and resilience, and demonstrate the soundness of our strategies to thrive in the new normal. I am very grateful to our employees for their dedication and flexibility and to our customers for their continued trust and patronage," said China Bank President William C. Whang. "The year 2020 will go down in China Bank's history, not just for our centennial anniversary, but for our resolve to make the best out of a very difficult situation, keeping in mind the safety and welfare of our stakeholders."

Total operating income rose 40% year-on-year to P21.0 billion. Net interest income grew 39% to P16.2 billion on the back of higher volume of earning assets and lower funding costs as market interest rates declined. Net interest margin improved to 3.8% from 3.2%.

Meanwhile, non-interest income surged 41% to P4.7 billion primarily from strong trading and securities gains, which grew 212% to P2.8 billion.

Operating expenses increased 5% to P10.4 billion mainly from COVID-19 and higher volume related expenses. Cost-to-income ratio improved to 50% from 66% in the same period last year.

"Our balance sheet reflects ample liquidity and sufficient capitalization. We are closely monitoring developments and working with our customers who are under financial distress in these difficult times. While the long-term impact of the global pandemic on the Philippine economy and banking industry remains uncertain, we are confident that China Bank's enduring financial strength will enable us to navigate the new or even the next normal," said China Bank Chief Finance Officer Patrick D. Cheng.



Total assets grew 8% to P982 billion due primarily to loan growth.

The Bank's loan portfolio expanded 11% to P593 billion as the Bank continued to provide credit across market segments. Asset quality remained healthy amid the loans growth, with a non-performing loan (NPL) ratio of 1.6% and NPL cover at 146%.

On the funding side, total deposits grew 3% to P773 billion with CASA at 53%. Total capital stood at P98 billion, up 8% year-on-year.

At the June 18 Annual Stockholders' Meeting, the Bank declared a record dividend payout of P2.68 billion, 14% higher than previous year, as net profits reached P10.1 billion in 2019. The cash dividends are equivalent to P1.00 per share.

"In these uncertain times, we remain cautiously optimistic. We are adapting our strategies accordingly and managing our capital with the prudence that the current volatility calls for. I am convinced that we could overcome the difficulties, and like in the last 100 years, we would do so by standing by our customers, cooperating with regulators, and doing our part to fight this pandemic and emerge stronger together," said Whang.

The year 2020 marks China Bank's centennial anniversary. The Bank opened for business on August 16, 1920 in Binondo, Manila, and is now one of the largest private universal banks in the Philippines. It provides a full range of banking products and services to corporate, commercial, and retail customers through 631 branches and 1,009 ATMs to date (including the 158 branches and 162 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 affiliate Manulife China Bank Life Assurance Corp. Visit www.chinabank.ph for more information.

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