



Investor Presentation

1H 2018

**Your Success
is our
Business**

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Economic Environment

Company Profile

Key Investment Merits

Corporate and Financial Highlights

WORLD ECONOMY



☐ *Cyclical upswing underway*

US - GDP growth at 2.3%;

☐ Added 2 million jobs;
Three 25-bps policy rate
hikes

China - GDP growth at 6.8%;

☐ Deleveraging;
Heavy capital outflow

PH ECONOMY



☐ *Solid economic performance*

☐ GDP growth at 6.8%

☐ Inflation uptrend to 3.8%

☐ Unemployment slightly
up to 5.7%

☐ Policy rate raised to
3.25%

PH BANKING



☐ *Resilient to external shocks*

☐ Asset base expanded 11% yoy

☐ Deposits up 12.6%;
Loans up 17.2% in Mar

☐ Asset quality improved to 1.8%;
LLR at 126% in Mar

☐ UK/B Total CAR stood at 14.98% as
of Dec 2017

Competitive Landscape

Private Banks – CHIB No. 5 in Assets, Loans and Deposits

Institution (June 2018)	ASSETS			LOANS (Net)			DEPOSITS			CAPITAL			ROE		Branches
	Rank	Amt (in P Bn)	Mkt Share (%)	Rank	Amt (in P Bn)	Mkt Share (%)	Rank	Amt (in P Bn)	Mkt Share (%)	Rank	Amt (in P Bn)	Mkt Share (%)	Jan-Jun '18	Jan-Jun '17	
BDO	1	2,846	18.56%	1	1,933	21.34%	1	2,323	19.64%	1	303	17.73%	8.81%	10.19%	1,224
MBT	2	2,190	14.28%	2	1,346	14.86%	2	1,560	13.19%	2	276	16.13%	9.18%	9.46%	953
BPI	3	1,895	12.36%	3	1,246	13.76%	3	1,537	12.99%	3	238	13.94%	10.79%	13.78%	983
PNB	4	872	5.68%	4	520	5.74%	4	673	5.69%	4	119	6.95%	8.94%	4.77%	704
CHIB	5	766	4.99%	5	457	5.04%	5	654	5.53%	6	79	4.63%	8.46%	10.44%	604
SECB	6	721	4.70%	6	381	4.21%	7	443	3.74%	5	105	6.16%	8.10%	10.56%	301
UBP	7	622	4.06%	8	313	3.45%	6	453	3.83%	7	72	4.19%	12.47%	12.76%	320
RCBC	8	586	3.82%	7	375	4.14%	8	397	3.35%	8	68	3.97%	6.46%	7.50%	509
UCPB	9	323	2.11%	10	173	1.91%	10	279	2.36%	10	16	0.94%	11.13%	14.11%	236
EW	10	320	2.08%	9	213	2.35%	9	262	2.21%	9	41	2.39%			448
Gov't Banks		2,327	15.17%		1,052	11.62%		1,940	16.41%		167	9.75%			
LBP		1,706	11.12%		749	8.27%		1,508	12.75%		118	6.89%			
DBP		620	4.04%		303	3.34%		432	3.65%		49	2.84%			125
Foreign Banks		1,124	7.33%		670	7.39%		701	5.92%		137	8.01%			
Other Local Banks		742	4.84%		378	4.17%		606	5.13%		89	5.22%			
TOTAL		15,335	100%		9,057	100%		11,828	100%		1,710	100%			

Source: Published SOCs, ROE-SEC-17Q Reports except LBP & DBP

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Snapshot of China Bank

Long history as the oldest privately owned bank in the Philippines, established in 1920

Listed since the establishment of the Exchange by 1927

Strong presence in the entrepreneur, middle market and business segments

Longest relationship with Chinese-Filipinos, serving this community up to the 4th generation

Primary Business

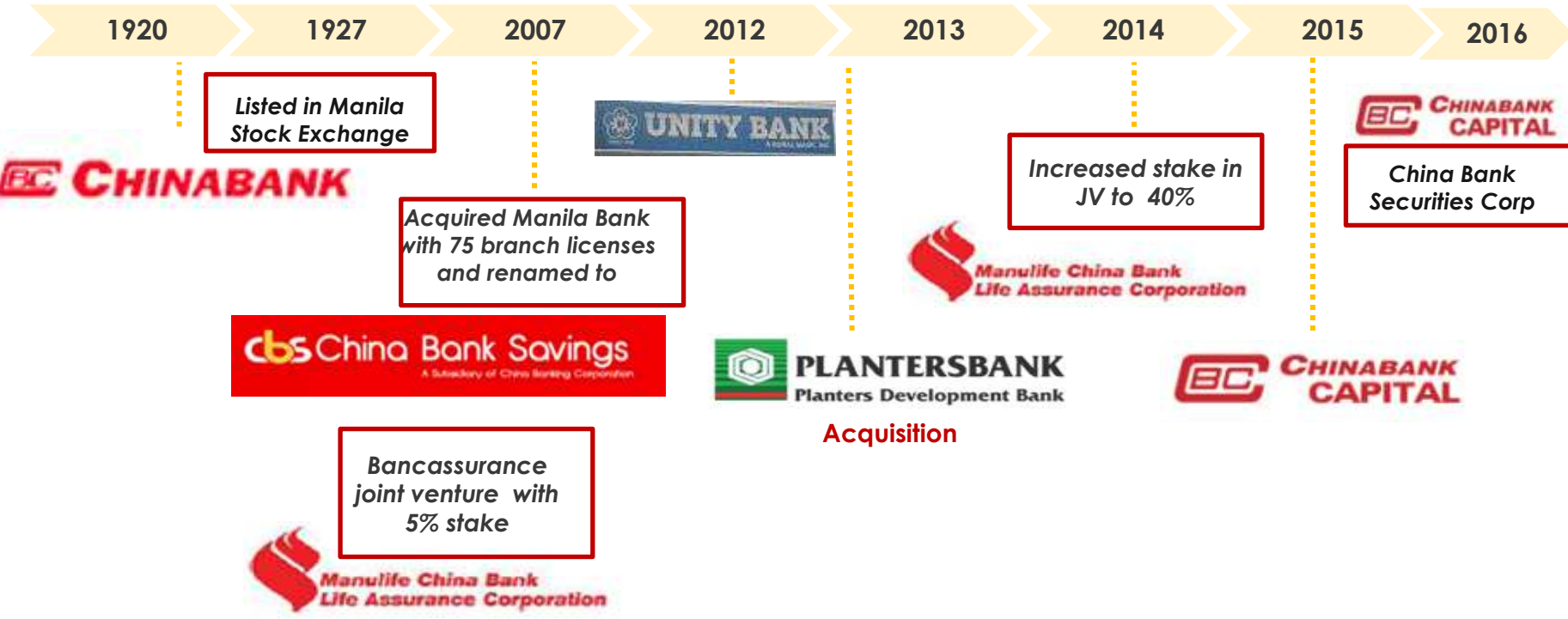
A. Deposits & Related Services

B. Internet Banking and Mobile Banking Services (Retail & Corporate)

Corporate	Consumer	Wealth Management
Corporate, Commercial & SME lending	Consumer loans (mortgages, vehicle, personal, teacher loans)	Trust and asset management
Cash management	Credit cards	Wealth management, Private Banking
Factoring	Remittances	Life insurance and investments (MCBLife)
Investment Banking (China Bank Capital Corp), securities brokerage (China Bank Securities Corp)		
Treasury and Foreign Exchange Trading		
Non life insurance (China Bank Insurance Brokerage)		

Bank Milestones

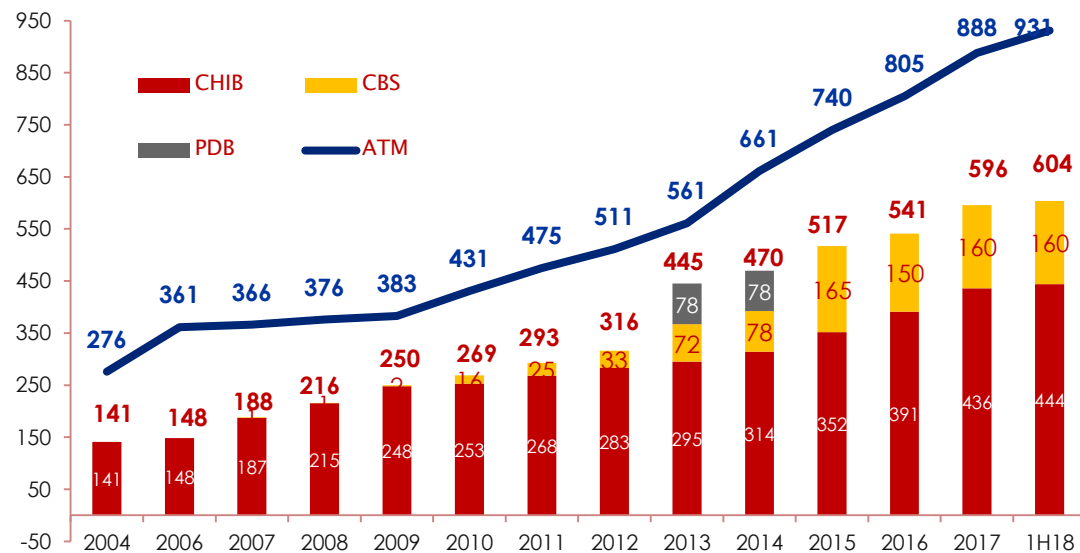
Expand portfolio in SME, MME and Consumer segments further enhanced by recent strategic acquisitions



Bank Strategy – Continued Network Expansion

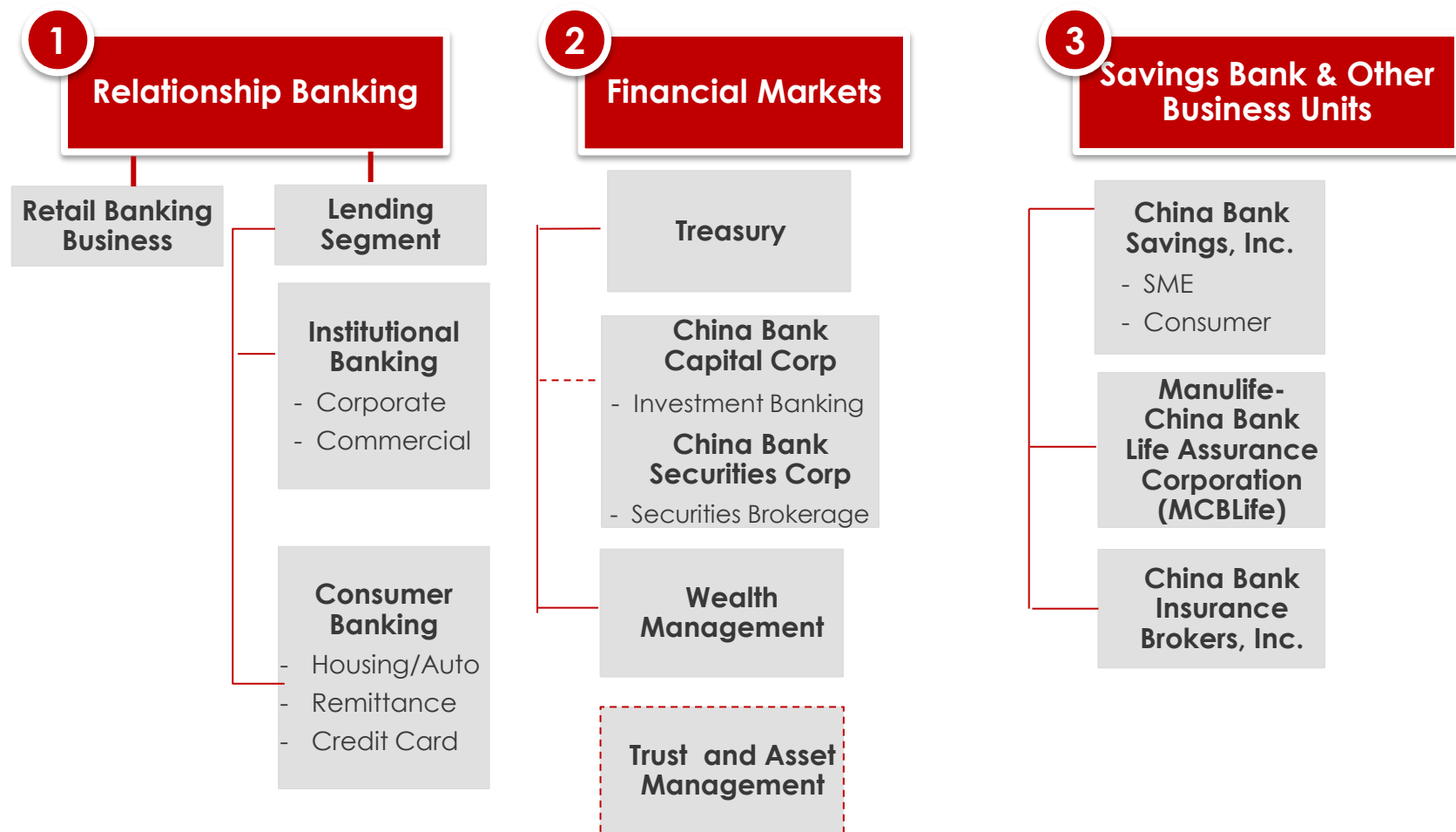
As of June 2018

No. of Branches	China Bank	China Bank Savings	Total	% Share Total
Metro Manila	241	78	319	53%
Luzon	110	67	177	29%
Visayas	56	9	65	11%
Mindanao	37	6	43	7%
Total	444	160	604	100%



Comprehensive Financial Services Platform

China Bank's organization anchored on three engines of growth:



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Key Investment Merits

1

Established strength in affluent Chinese-Filipino business segment

2

Strong balance sheet with sustainable growth

3

Diversified and well collateralized loan portfolio

4

Improving asset quality and loan loss coverage

5

Funding – strong brand franchise / retail base

6

Healthy capital position

7

Well diversified income stream, effective cost management , growing distribution network supported by robust infrastructure

8

Sustained delivery of shareholder returns

9

Strong Support from Shareholders and Synergies with the SM Group

10

Experienced and competent management team

Established Strength in Affluent Chinese-Filipino Business Segment

Loyal and highly valuable customer base

Predominantly focused on the SME/MME segments

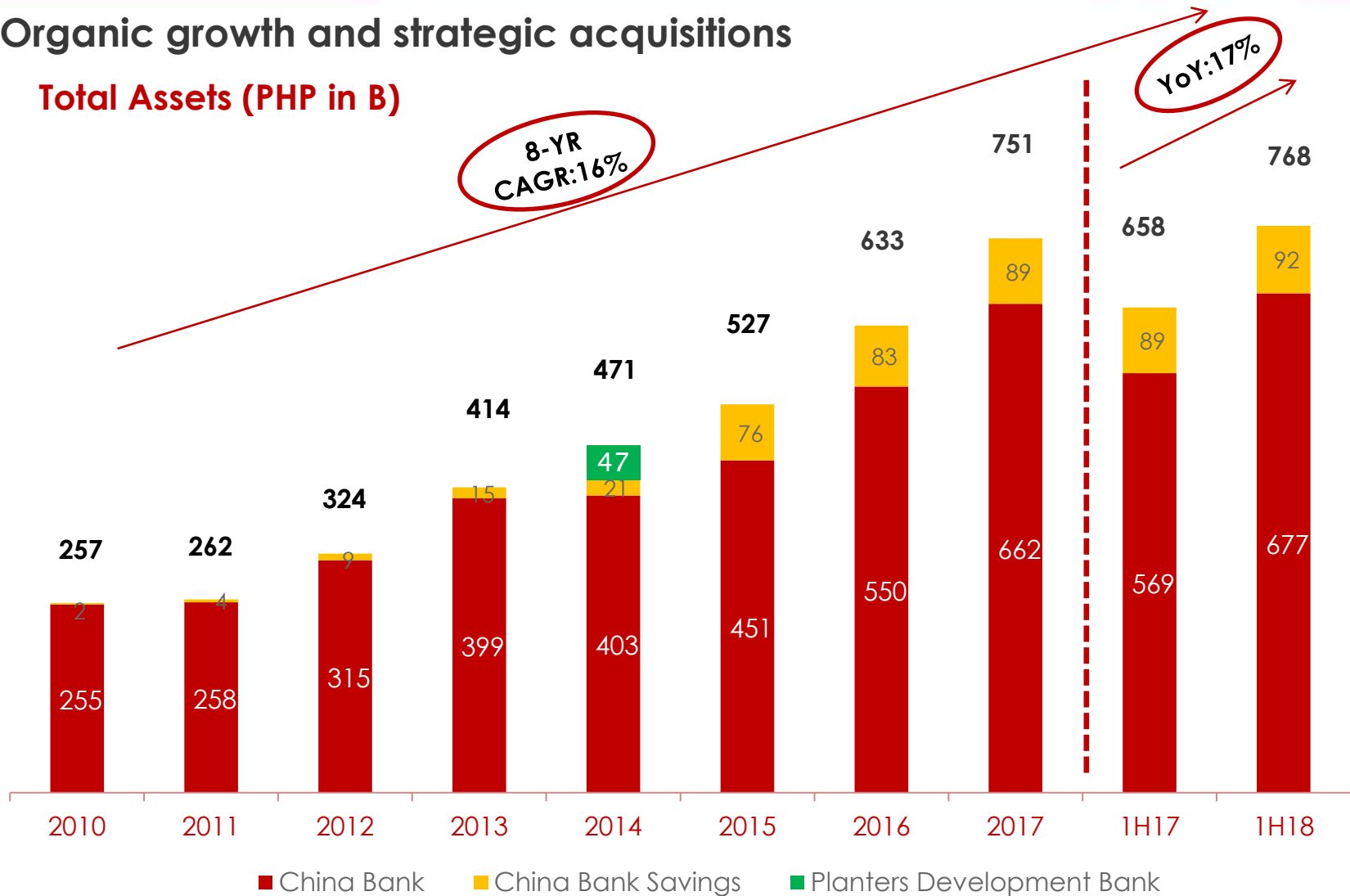
Multi-generational relationships

Agile and entrepreneurial mindset

Sustainable and profitable niche client relationships

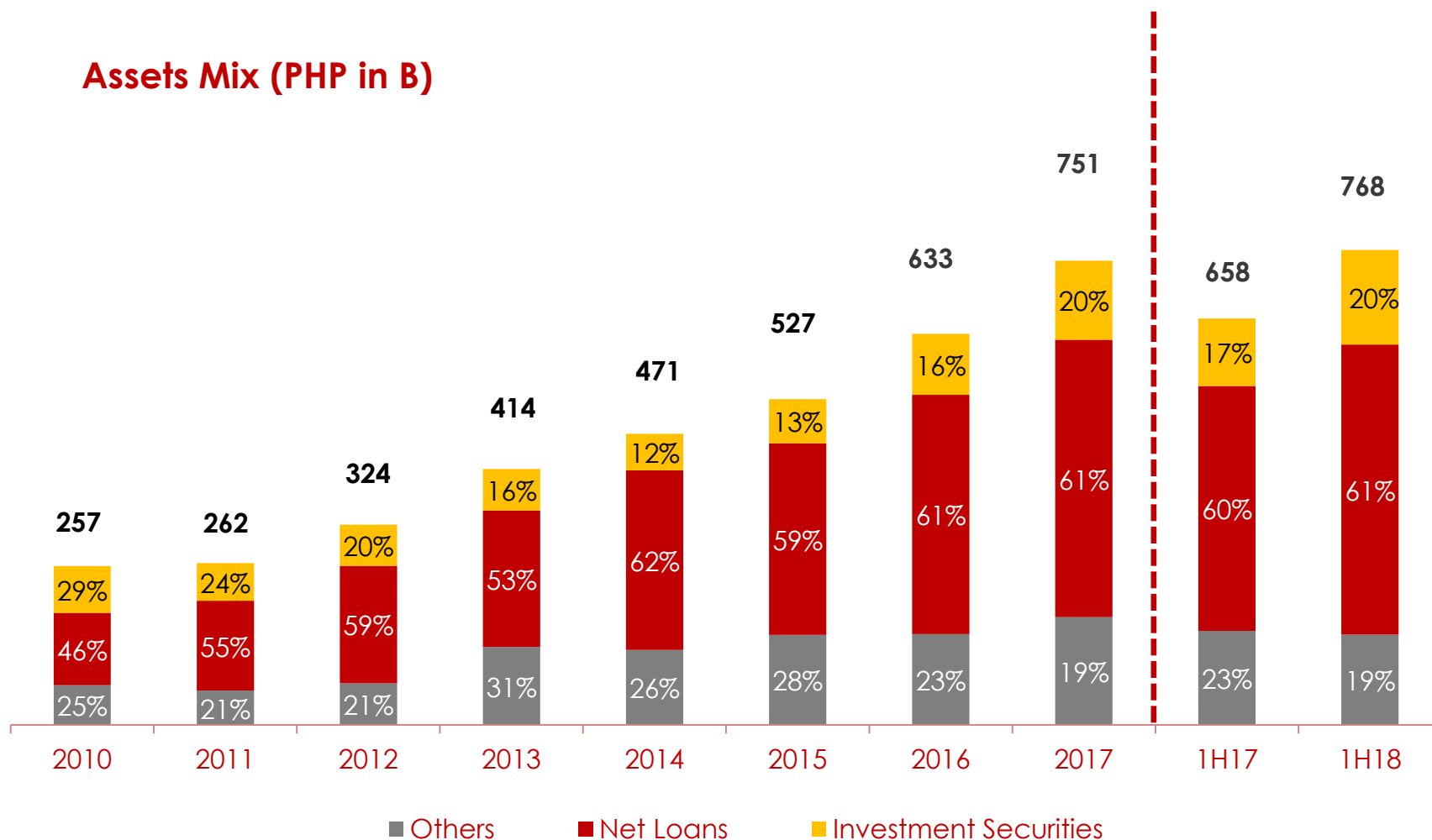
Organic growth and strategic acquisitions

Total Assets (PHP in B)

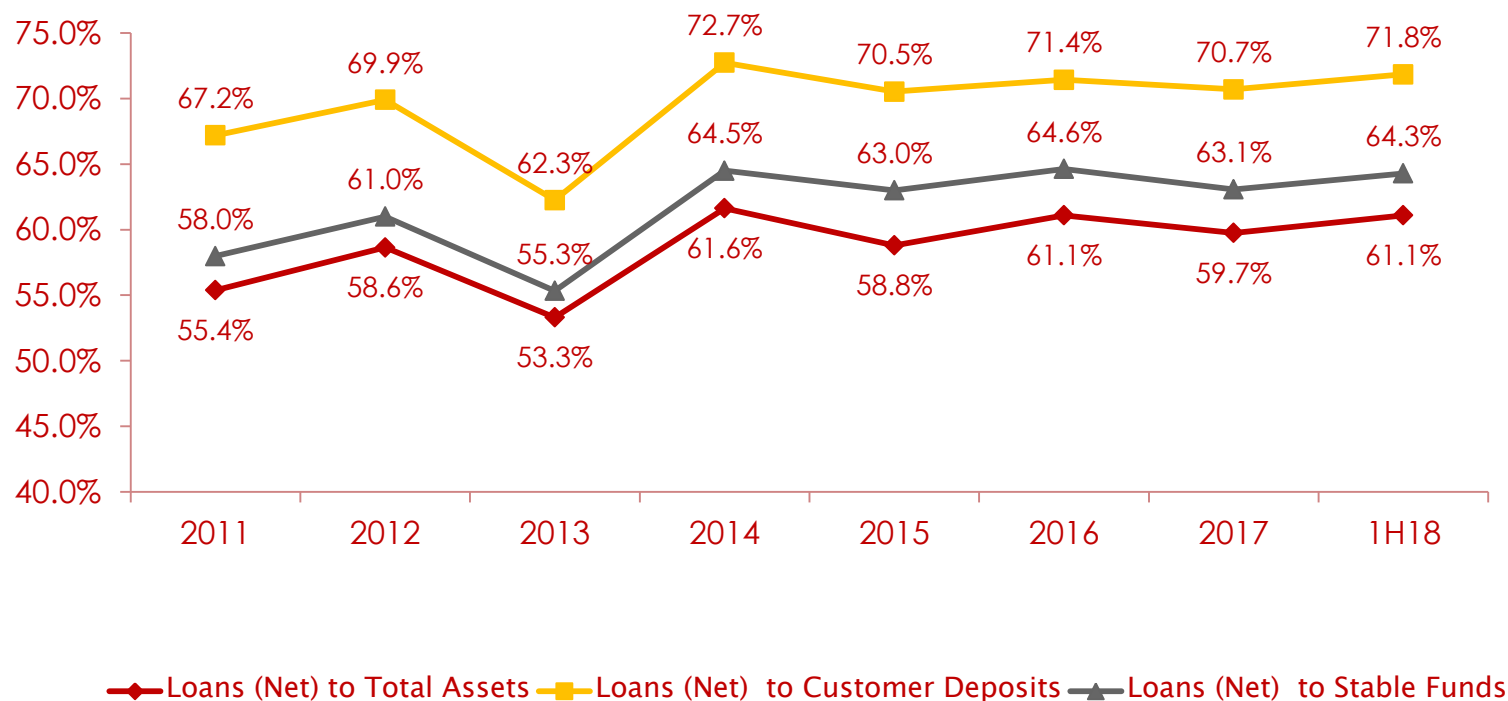


Emphasis on core-recurring income

Assets Mix (PHP in B)



Healthy liquidity



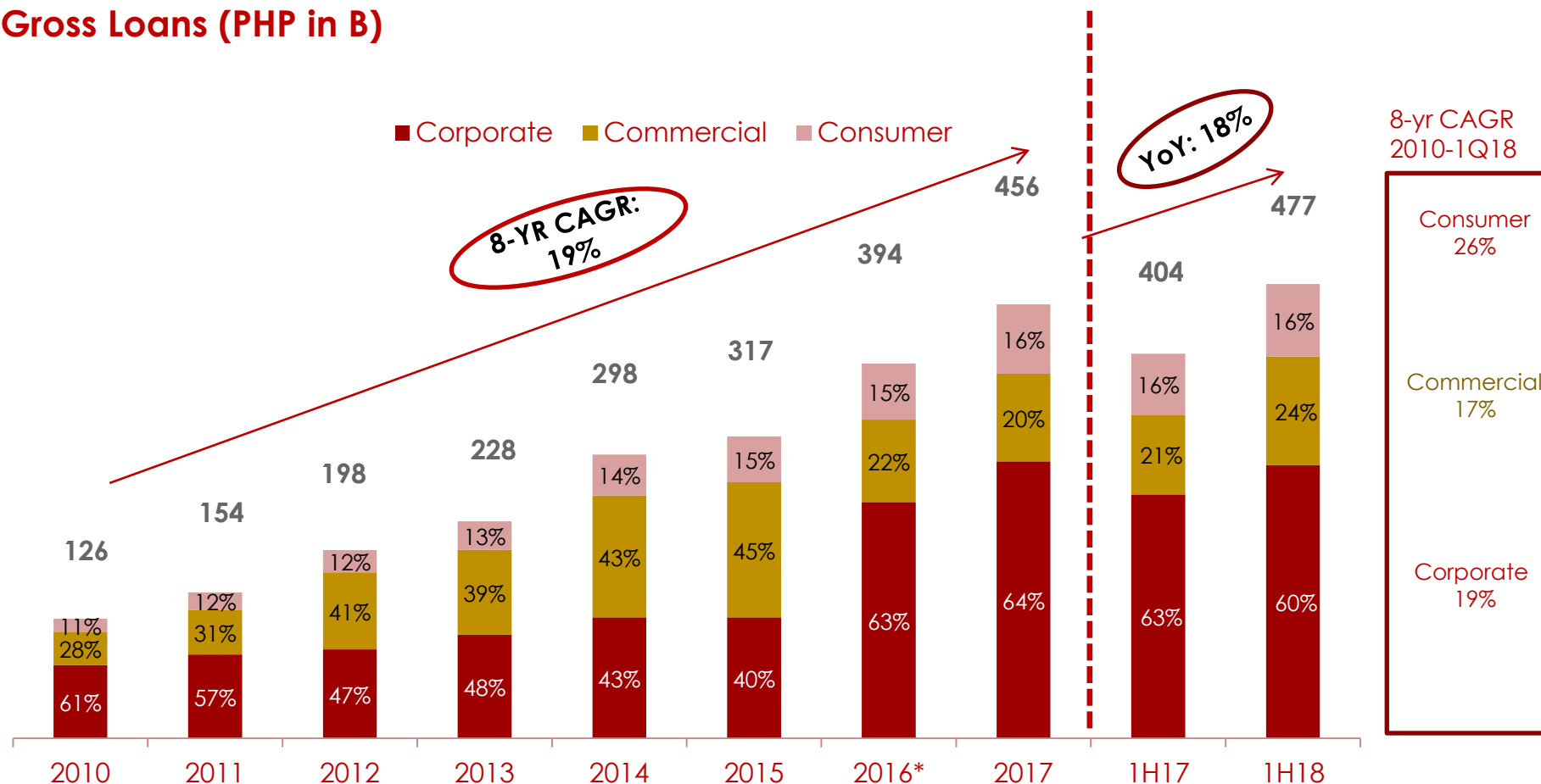
Source: Capital Intelligence Rating report where;

Customer Deposits, Savings, Demand, Time

Stable funds - total customer deposits + medium & long term funding + subordinated debt + hybrid capital + free capital
(total capital - subsidiaries & affiliates - fixed assets)

Loans growth faster in consumer segment

Gross Loans (PHP in B)

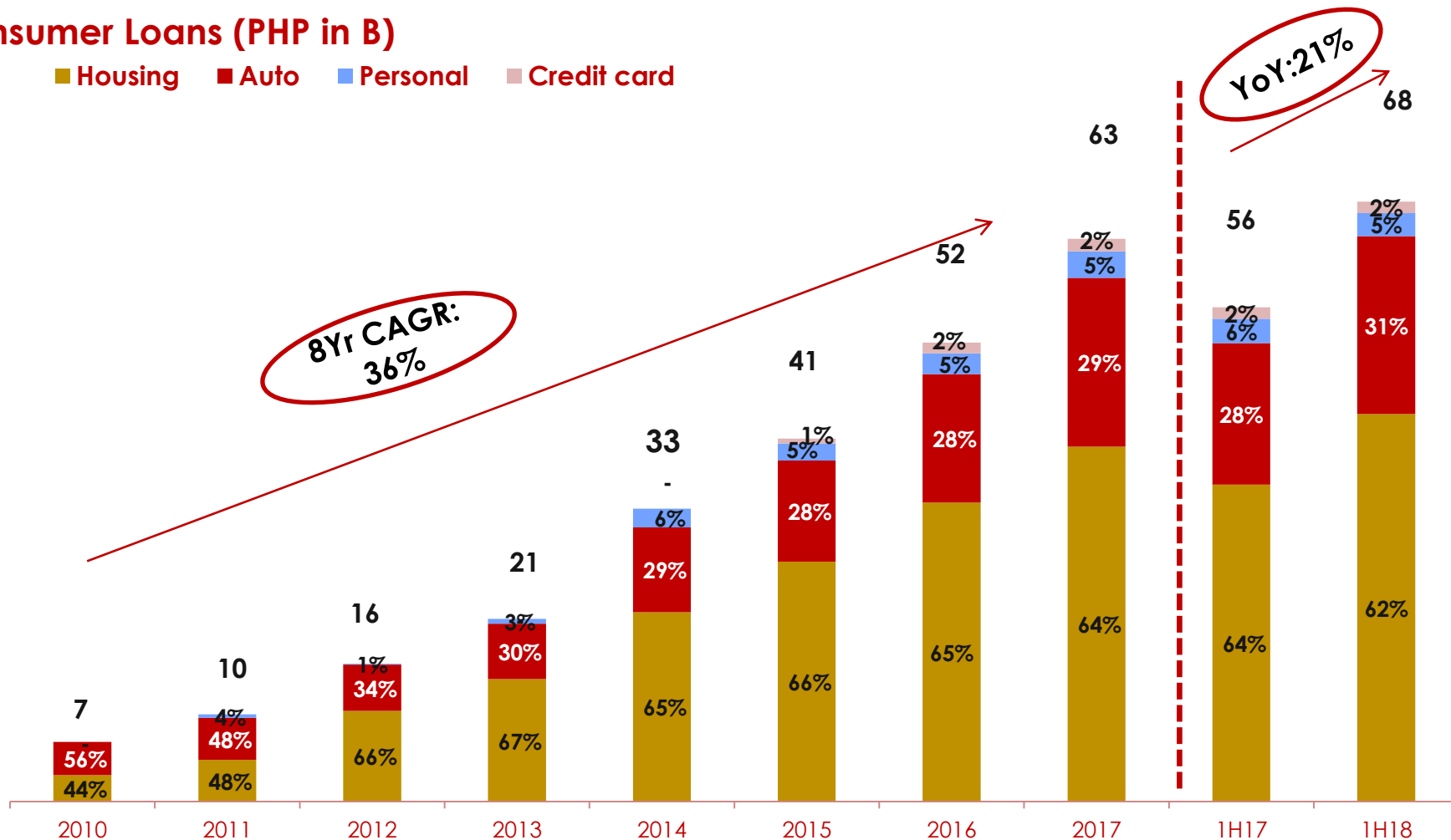


* Loans were reclassified into corporate (accounts with assets of 100M up) from commercial loans

Loans continue to grow fast in consumer segment (CHIB & CBS)

Consumer Loans (PHP in B)

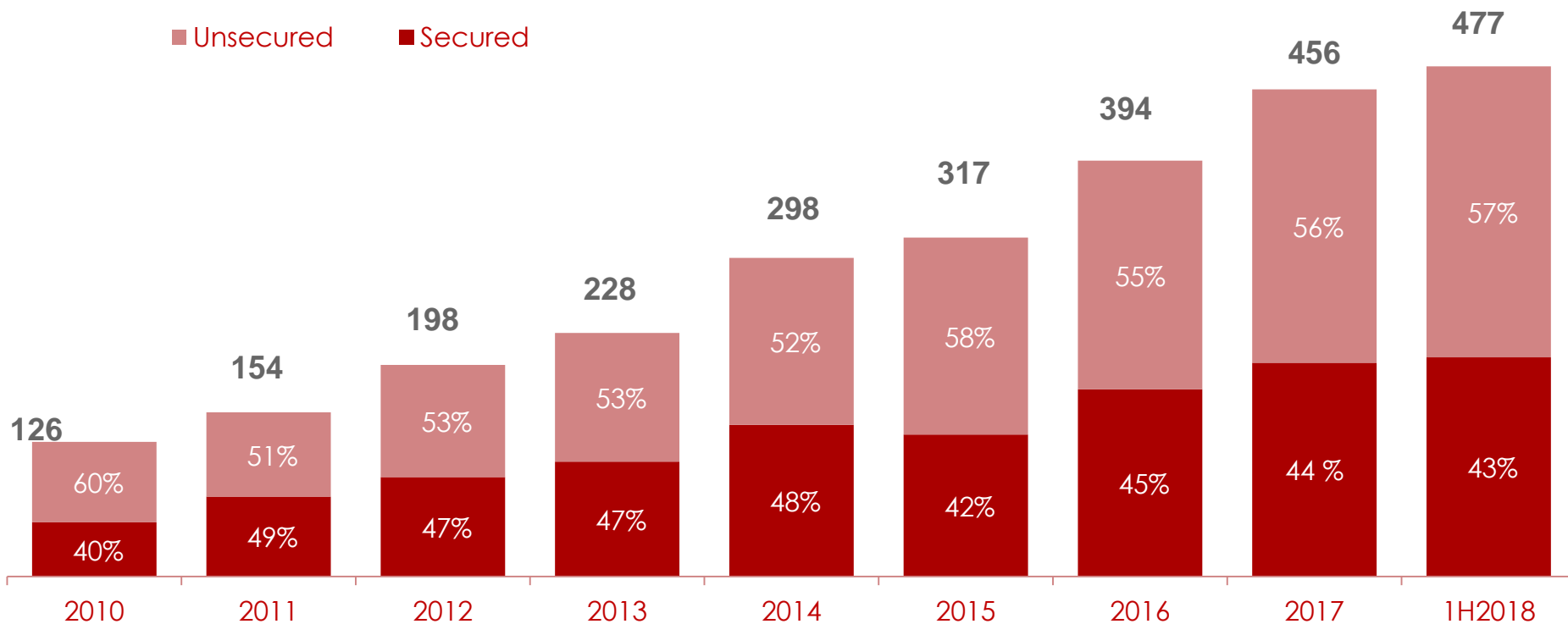
■ Housing ■ Auto ■ Personal ■ Credit card



* Excludes CTS & loans to developers

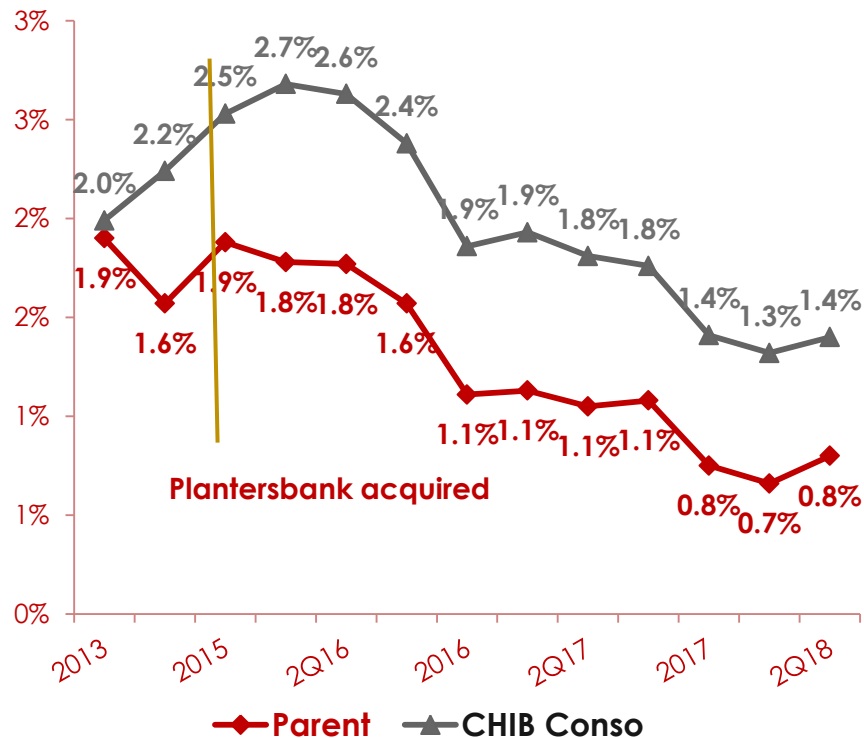
Loans By Security

■ Unsecured ■ Secured

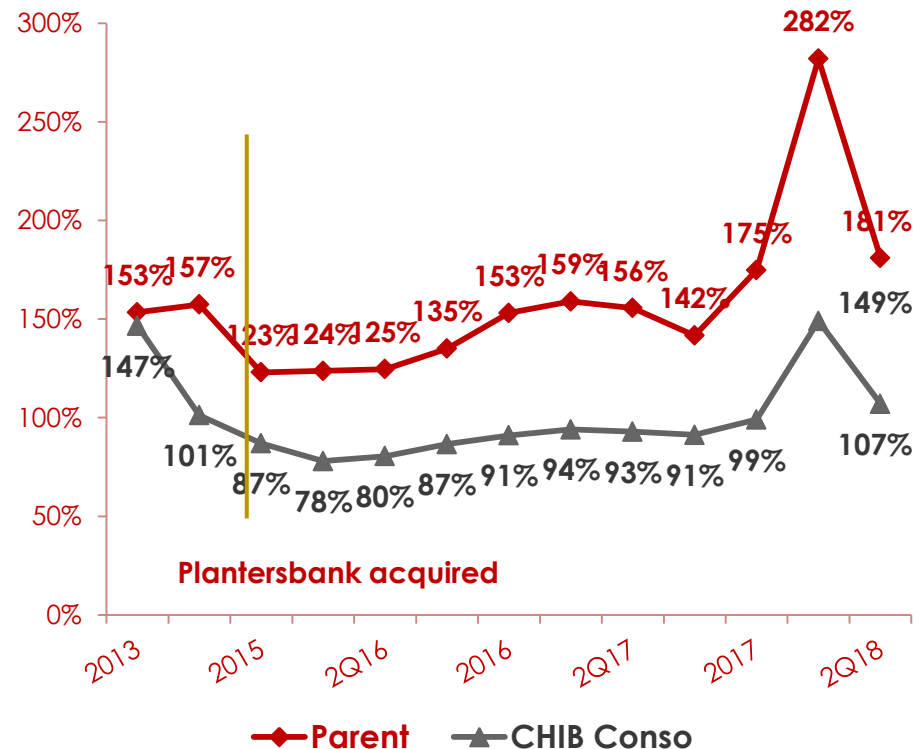


Asset Quality Ratios post PDB integration continue to improve...

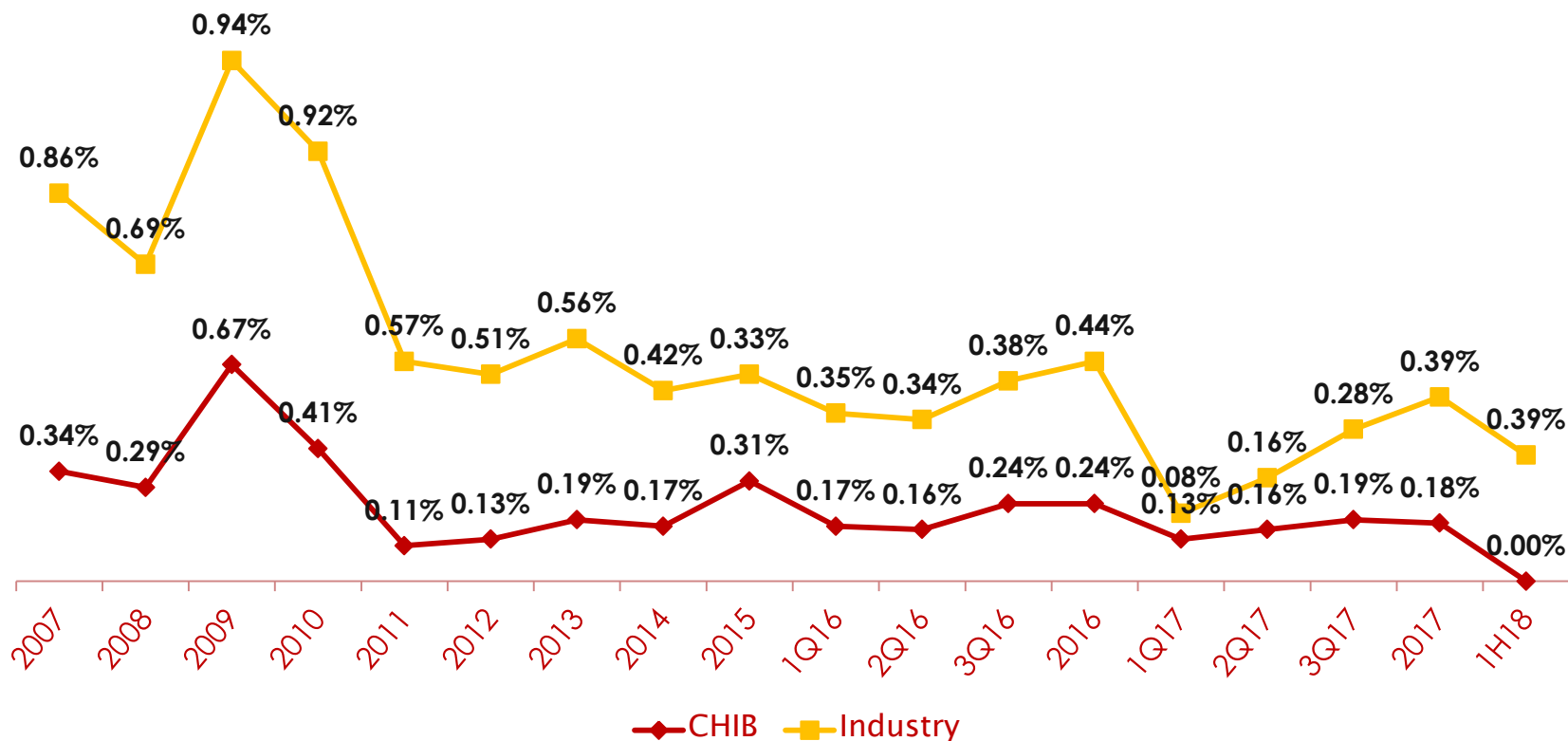
NPL Ratios



LLR Coverage

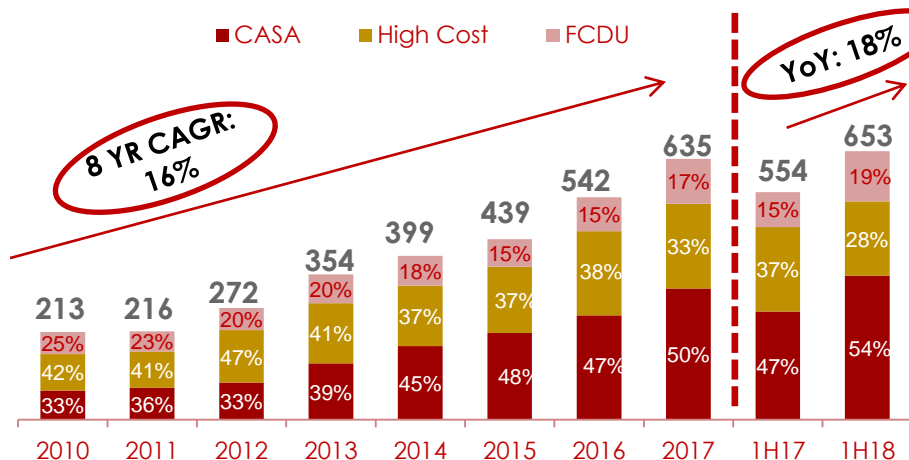


Credit Cost – lower than the industry

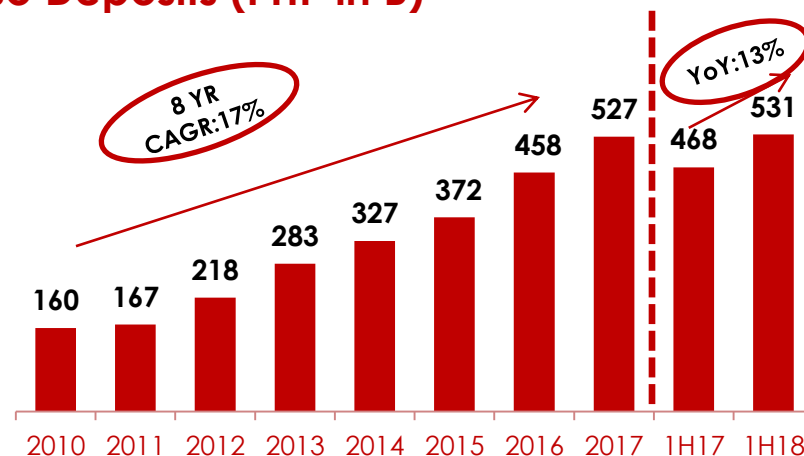


Strong branch franchise/retail funding base

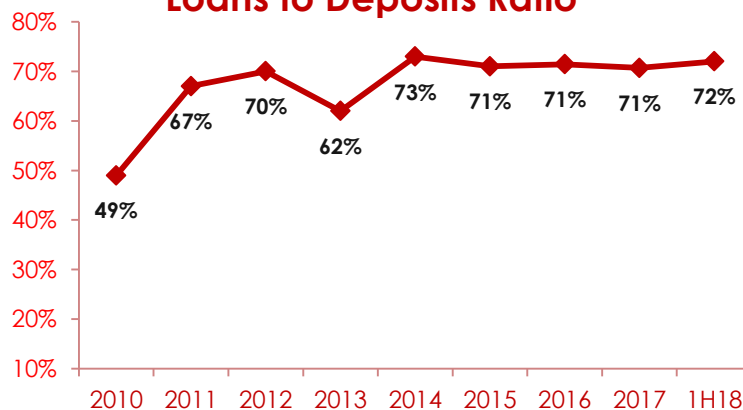
Deposits (PHP in B), core deposits 70%



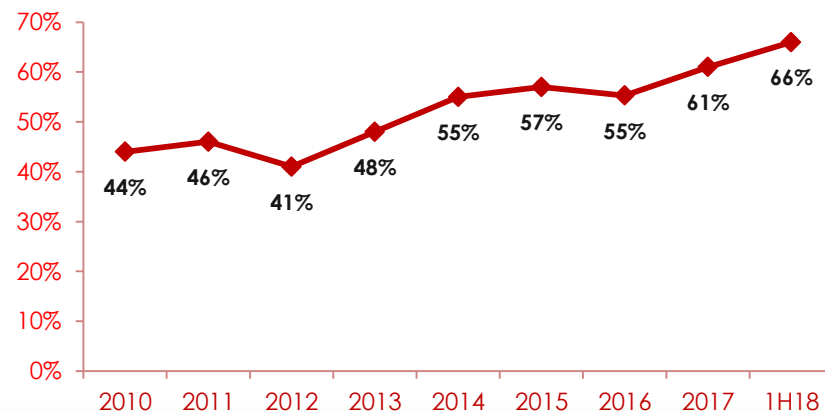
Peso Deposits (PHP in B)



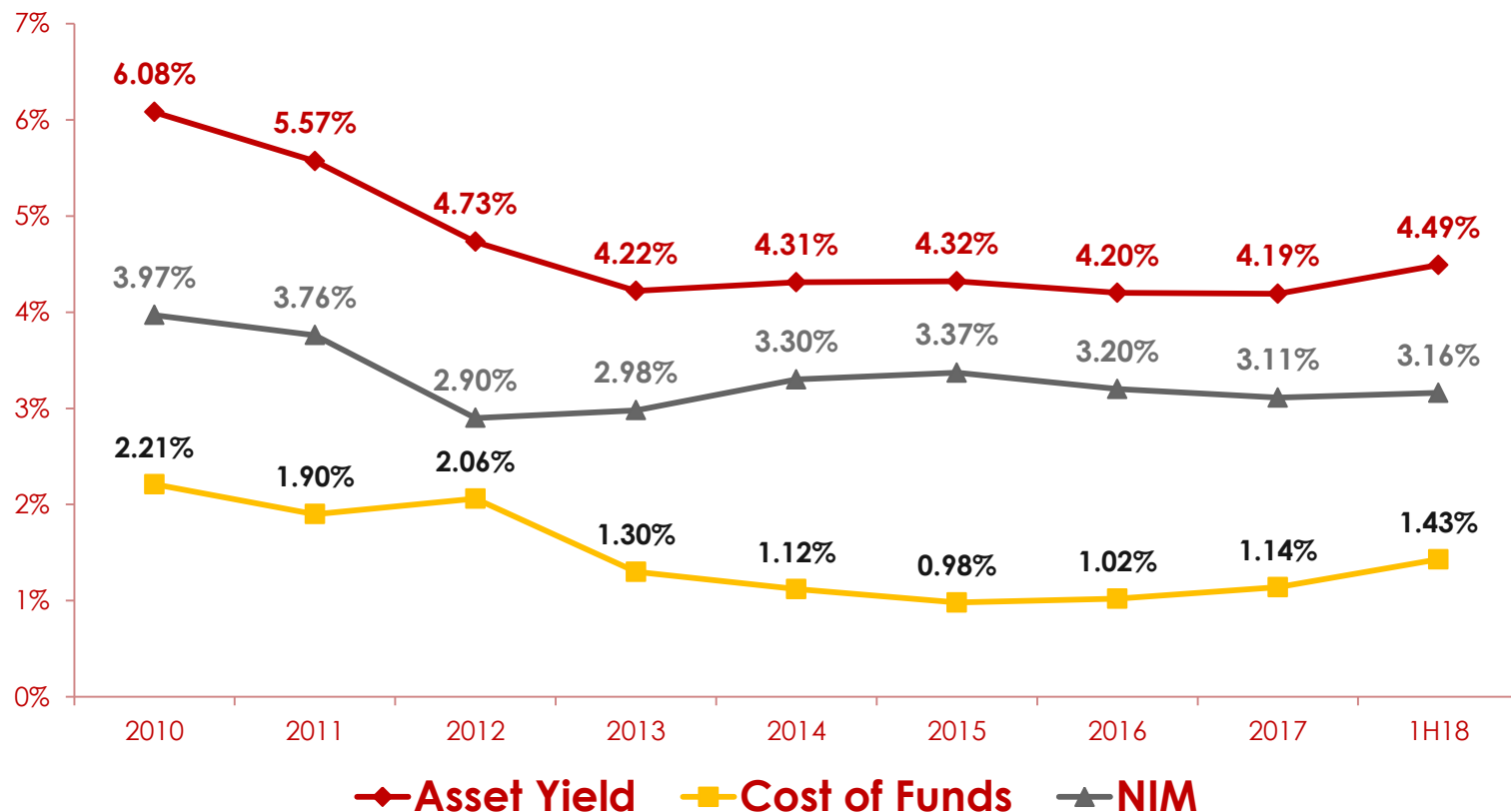
Loans to Deposits Ratio

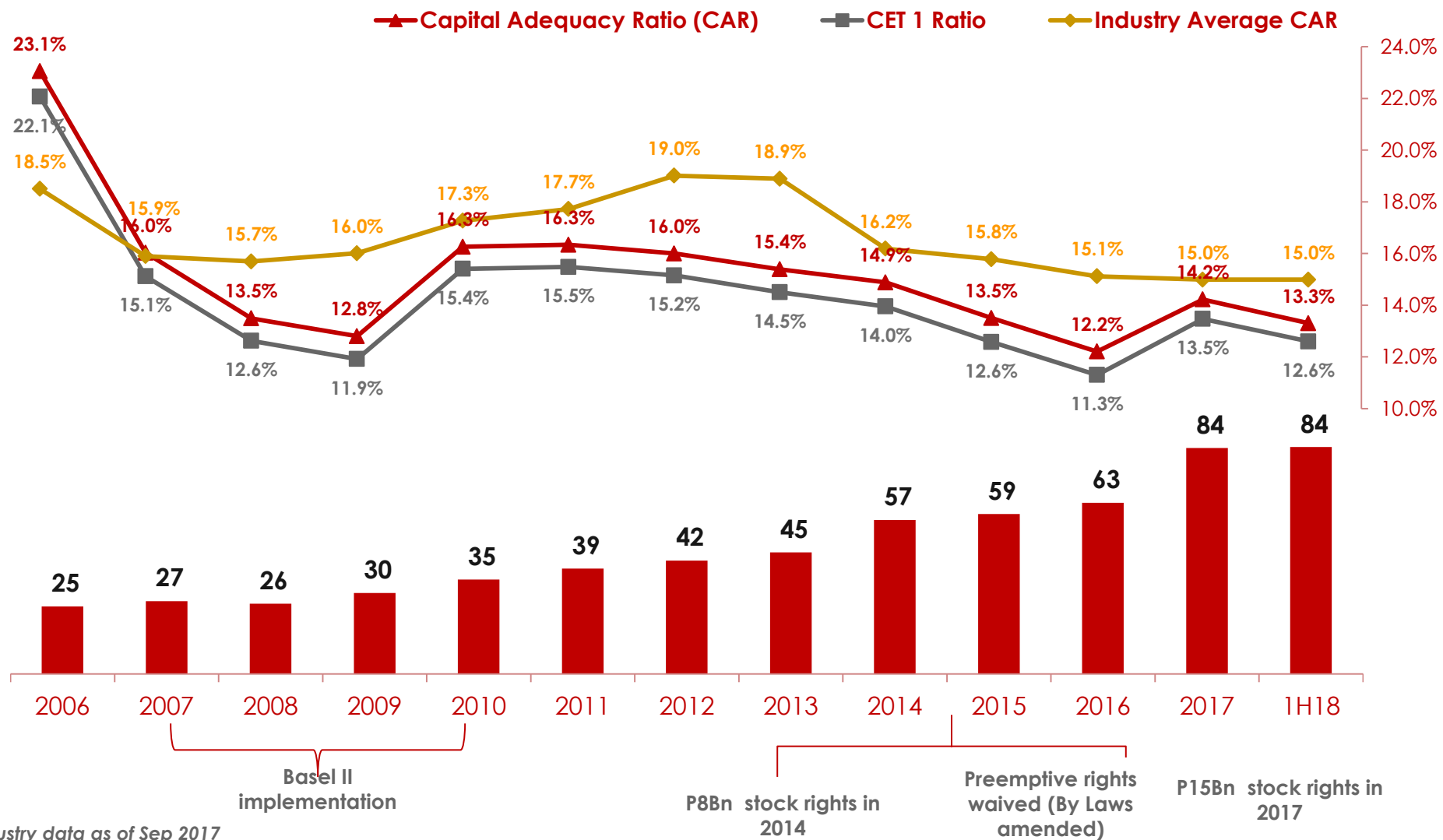


CASA to Peso Deposits Ratio



Stable Margins

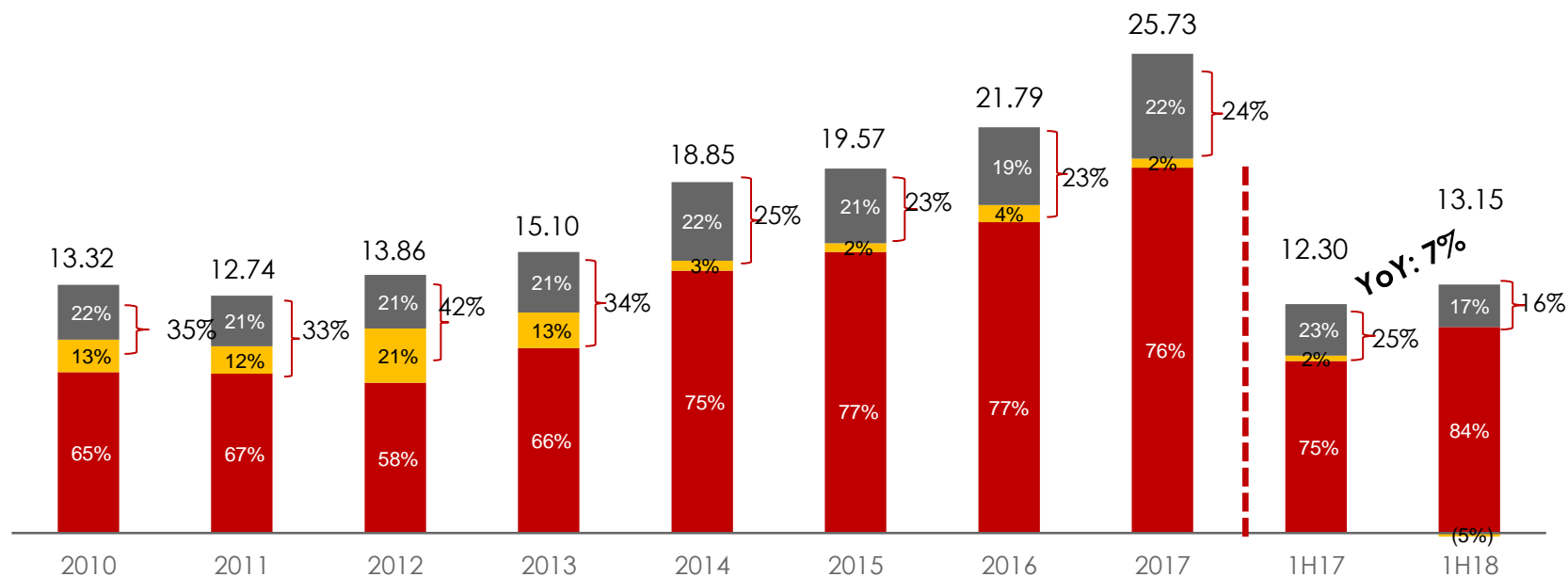




Operating Income Mix

(PHP in B)

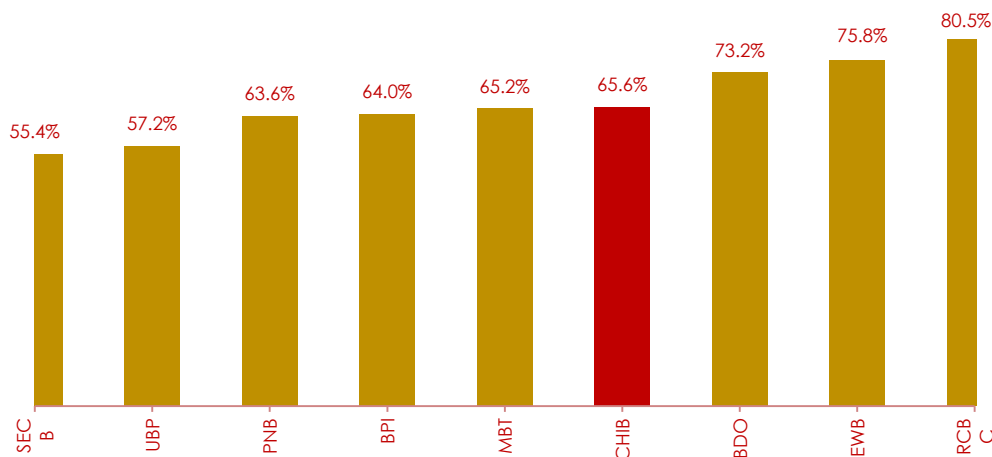
■ Net Interest Income ■ Trading and Securities ■ Other Fees



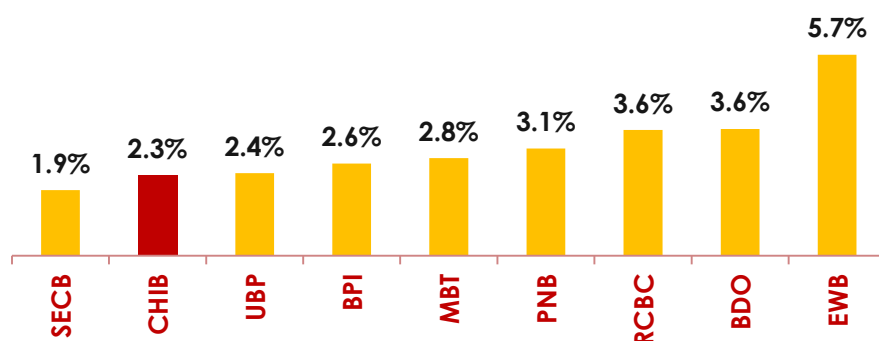
7 Effective Cost Management

... even with cost drag of branch expansion

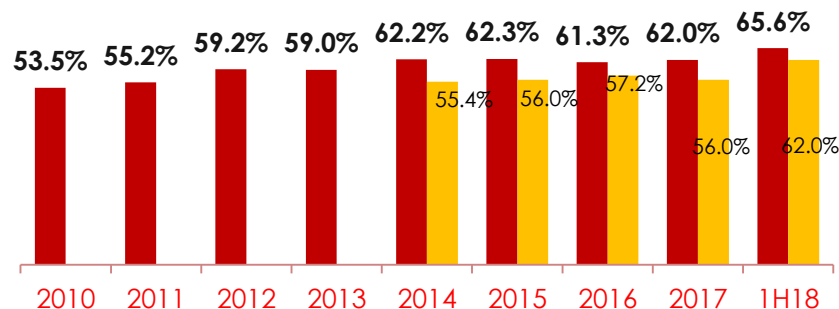
Cost to Income – Philippine Banks June 2018



Cost to Average Assets – Philippine Banks June 2018

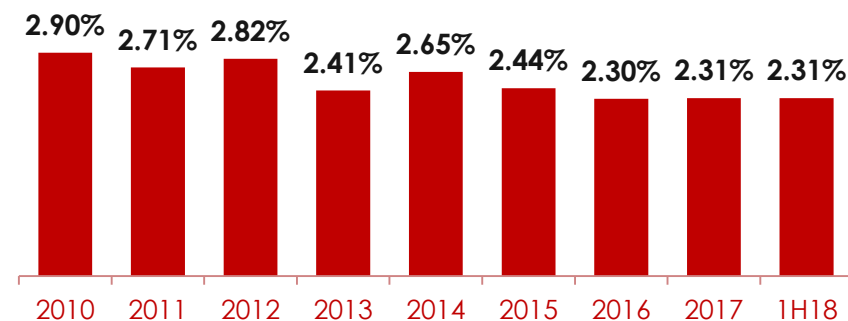


Cost to Income – China Bank (%)



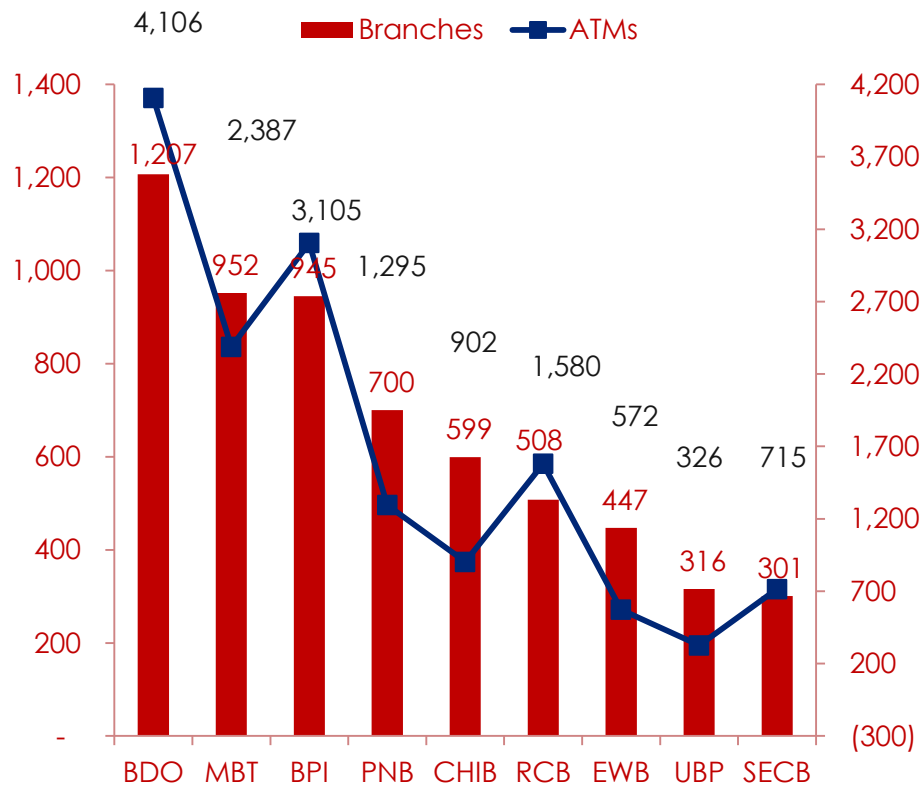
■ CHIB Conso ■ Ex CBS/PDB

Cost to Average Assets – China Bank (%)

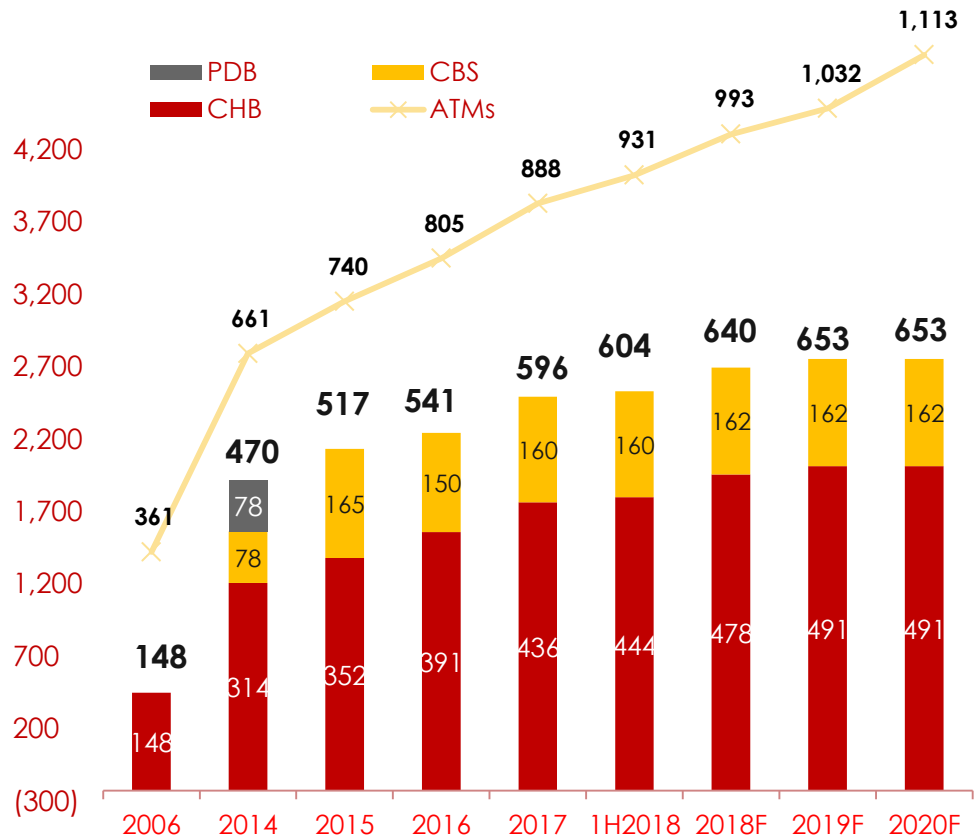


7 Growing Distribution Network

5th Largest Distribution Network in the Philippines
(No. of Branches, ATMs as of Mar 2018)



Network Expansion Plan
(No. of Branches and ATMs)





7 Supported by Robust Infrastructure

Customer-centric technology initiatives...

- July 2016 – Upgrade Retail Internet China Bank Online
- EMV Compliant since January 2017
- Mobile Banking Initiative



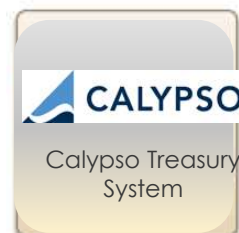
Since 2015



ATM cards, machines –
1 of the first in PHL

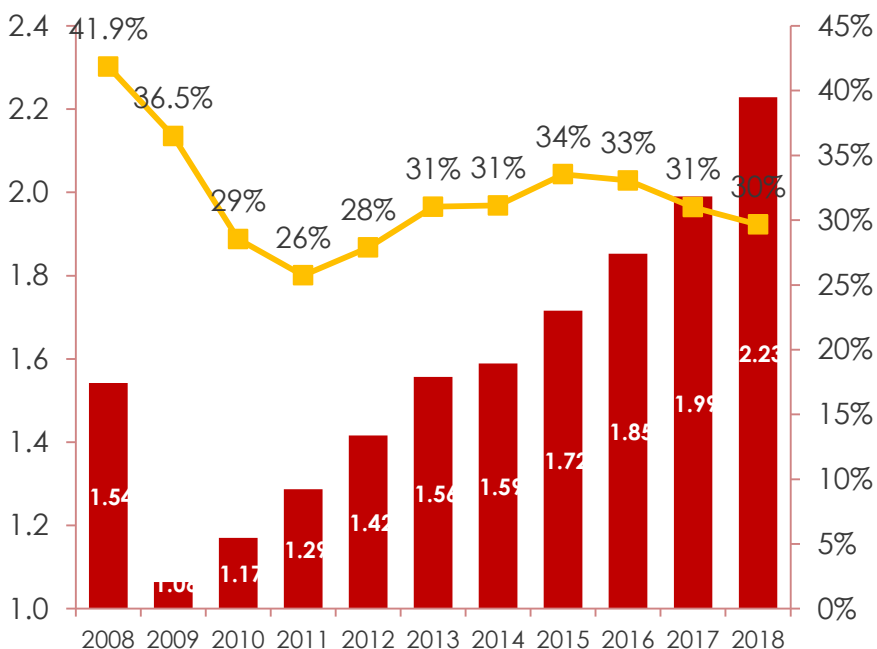
- New Treasury system -- Calypso
- Replace Trust/Asset Management system
- Cash Management / Corporate Online
- Digital Banking transformation

...supported by robust infrastructure platform

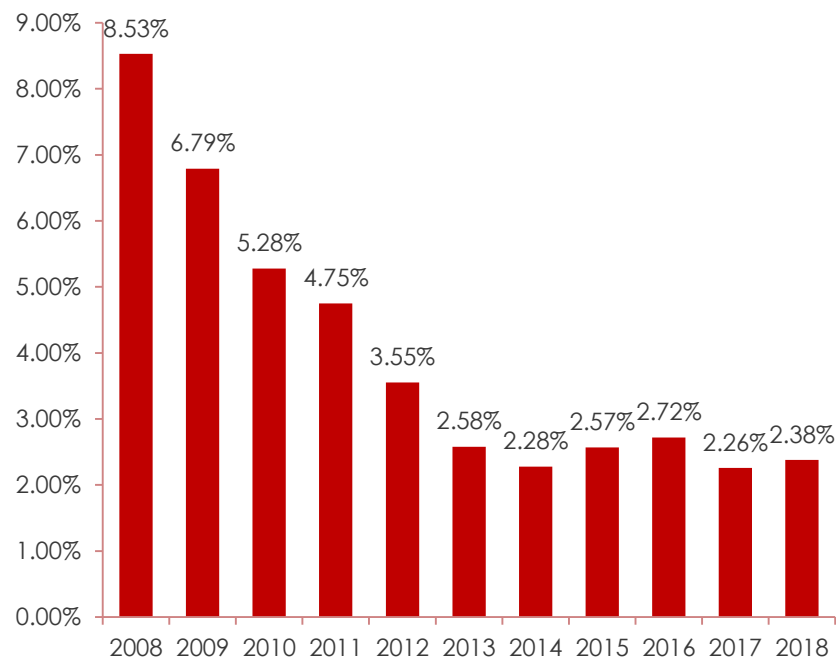


Consistent dividends track record (In Mn)

■ Cash Dividends ■ Cash Payout

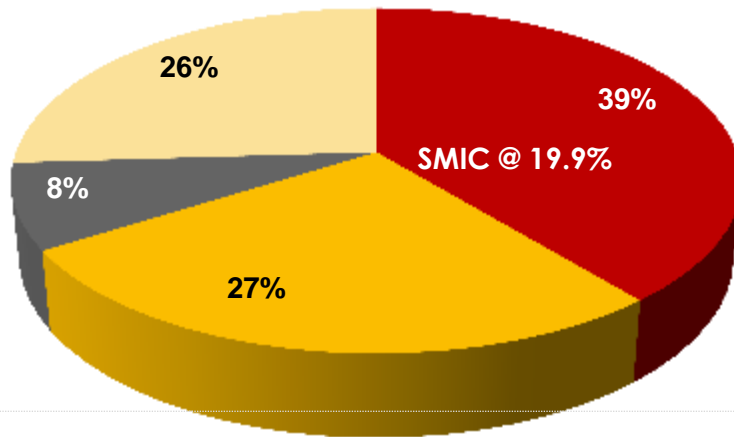


Dividend Yield – consistently above industry average



Strong Support from Shareholders and Synergies with the SM Group

Current Shareholdings



- SM Group - Henry Sy Sr. First became Shareholder in 1979
- Foreign Shareholders
- Dee Group
- Others

Snapshot of SM Group Business Lines



Source: Company filings, presentations, and Public Ownership Report.

Strong Support from Shareholders and Synergies with the SM Group

Benefits of SM Group Synergy

Priority rights to locate branches and ATMs in SM shopping malls

CBS mini-branches in SM Group's Savemore, CityMall locations, ATMs at Alfamart



Access to SM Group's ecosystem of merchants, suppliers and contractors

Access to SM Group's retail network to promote new products

Board of Directors



Henry Sy, Sr.

- Honorary Chairman and Advisor to the Board since 1997
- He is also the Chairman of listed companies of SM Investments Corporation, BDO Unibank, Inc. (*Emeritus*), and SM Prime Holdings, Inc. (*Emeritus*)



Hans T. Sy

- Chairman of the Board since May 5, 2011
- Vice Chairman from 1989 to 2011
- China Bank Board Director since May 21, 1986,
- Director and Ex-Com Chair of SM Prime Holdings, Inc., and serves as Adviser to the Board of SM Investments Corporation as well as occupies positions in various companies of the SM Group



Gilbert U. Dee

- Vice Chairman of the Board since May 5, 2011
- Chairman from 1989 to 2011
- China Bank Board Director since 1969
- Chairman of the Boards of Union Motor Corporation and China Bank subsidiary CBC Properties and Computer Center, Inc. (CBC-PCCI), and Director of Super Industrial Corporation



Peter S. Dee

- Member of the Board since April 14, 1977
- President and Chief Executive Officer of the Bank from 1985 to 2014
- Director in CBC-PCCI, CBC-IBI and CBC Forex, Hydee Management & Resources Corporation, Commonwealth Foods, Inc., and GDSK Development Corporation
- Independent Director in City & Land Developers, Inc. and Cityland Development Corporation



Joaquin T. Dee

- Director since 1984
- Director/ President of JJACCIS Development Corporation and Enterprise Realty Corporation, and Director/ Treasurer of Suntree Holdings Corporation



William C. Whang

- Director and President since Nov 1, 2017
- EVP and COO from Feb 2017 to Oct 2017; Head of Lending Business Segment
- Director/Treasurer of Chinabank Insurance Brokers, Inc. (CBC-IBI) and China Bank Computer Center Inc. (CBC-PCCI)
- Director of China Bank Savings (CBSI), China Bank Capital Corp (CBCC)
- Director of BancNet, Inc.
- Director of Philippine Payments Management, Inc. (PPMI)

Board of Directors



Herbert T. Sy
Director

- Director since 1993
- Director of SM Prime Holdings, Inc.
- Director of Supervalve, Inc., Super Shopping Market, Inc., National University and Sanford Marketing Corp.



Harley T. Sy
Director

- Director since 2001
- Former President of SM Investments Corp.
- Director of SM Synergy Properties Holdings Corp., Sybase Equity Investments Corp., and Tagaytay Resort Development Corporation



Jose T. Sio
Director

- Director since November 7, 2007
- Chairman of SM Investments Corp.
- Director of Atlas Consolidated Mining and Development Corporation, Belle Corp., and BDO Unibank, Inc.
- Adviser to the Board of Directors in Premium Leisure Corporation & SM Prime Holdings, Inc.
- Director in OCLP (Ortigas) Holdings, Inc., Manila North Tollways Corporation, and CityMall Commercial Centers Inc.
- President of SM Foundation, Inc. and GlobalFund Holdings, Inc.



Robert F. Kuan
Independent Director

- Lead Independent Director and was first elected to the China Bank Board on May 5, 2005
- Member of the Boards of Trustees of St. Luke's Medical Center, SLMC Global City, Inc., St. Luke's College of Medicine – William H. Quasha Memorial, and Brent International School, Inc
- Independent Director of Seaoil Phils., Inc. and Towers Watson Insurance Brokers Philippine Inc., CBSI and CBCC
- Independent Director of Far Eastern University, Incorporated



Alberto S. Yao
Independent Director

- Independent Director and was first elected to the China Bank Board on July 7, 2004
- President & CEO of Richwell Trading Corporation, Richwell Philippines, Inc., Europlay Distributor Co., Inc., and Internationale Globale Marques, Inc.; President of Richphil House Incorporated, and Megarich Property Ventures Corp.
- Director of CBSI and CBCC



Margarita L. San Juan
Independent Director

- Elected as Independent Director to the China Bank Board last May 4, 2017
- Independent Director of China Bank Savings
- Formerly Senior Vice President and Group Head of the Account Management Group (known now as Institutional Banking Group) until her retirement on Feb. 12, 2012

*Ricardo R. Chua, the former President and CEO, was appointed as Advisor to the Board effective November 1, 2017

Management Team – Experienced, Successors in Place



Hans T. Sy
Chairman of the Board
Vice Chair since 1989
Director since 1986



Gilbert U. Dee
Vice Chairman of the Board



William C. Whang
Director and President since Nov. 1, 2017
Chairman of China Bank Securities Corp.



Romeo D. Uyan
EVP and Chief Operating Officer (COO)
Vice Chairman of China Bank Capital Corp.



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



Alberto Emilio V. Ramos
Executive Vice President and
President of China Bank Savings



Patrick D. Cheng
Senior Vice President and Chief Finance Officer (CFO)
Director of China Bank Savings



Alexander C. Escucha
Senior Vice President and Head of Investor and Corporate Relations Group
Director of China Bank Savings

Management Team – Experienced, Successors in Place



Benedict L. Chan
*First Vice President and
Treasurer and Head of Treasury Group*



Lilian Yu
*First vice President and Head of
Institutional Banking Group
Advisor to the Board of China Bank
Capital*



Renato K. De Borja
*First Vice President and Head Remittance and
Credit Cards Business*



Lilibeth R. Carino
*First Vice President and
Head, Consumer Banking Group
(Housing and Auto)*



Ryan Martin L. Tapia
*President of China Bank Capital Corp.
Director of China Bank Securities Corp.*



Virgilio O. Chua
*Managing Director and Treasurer,
Head of Coverage and Origination,
China Bank Capital Corp.*



Marisol M. Teodoro
*President, CEO and Director of
China Bank Securities Corp.*

Management Team – Experienced, Successors in Place



Jose L. Osmeña
*First Vice President and
Deputy Group Head of Retail
Branch Banking*



Ananias S. Cornelio III
*First Vice President and
Chief Risk Officer*



Delia Marquez
*First Vice President and
Head of Centralized Operations Group
effective Dec 1, 2017*



Mary Ann Lim
*Vice President , Trust Officer and Head of
Trust and Asset Management Group
since January 1, 2018*



Atty. Corazon I. Morando
*Vice President and
Corporate Secretary*



Atty. Aileen Paulette De Jesus
*Vice President , Chief Compliance
Officer effective March 1, 2018*

Presentation Outline

Economic Environment

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Key Investment Merits

Corporate and Financial Highlights

Financial Highlights

Income Statement

In Php Millions

	1H 2018	1H 2017	Change Amount	%
Net Interest Income	11,058	9,230	1,829	19.8
Non-interest Income	2,086	3,067	(981)	(32.0)
Total Operating Income	13,145	12,297	848	6.9
Total Operating Expenses	8,594	7,814	779	10.0
Income before Income Tax	4,551	4,483	68	1.5
Provision for Income Tax	986	883	103	11.6
Net Income	3,565	3,600	(35)	(1.0)

Ratios:

Net Interest Margin (%)	3.16	3.07
Cost-to-income Ratio (%)	65.38	63.55
Return on Average Equity (%)	8.46	10.44
Return on Average Assets (%)	0.96	1.13

Financial Highlights

Balance Sheet

In Php Millions

	1H 2018	1H 2017	Change Amount	%
Total Assets	768,437	657,509	110,929	16.9
Loans and Receivables (net)	469,448	396,669	72,779	18.3
Total Deposits	653,443	554,039	99,403	17.9
Low Cost Deposits	374,588	284,656	89,932	31.6
Time Deposits	278,854	269,384	9,471	3.5
Total Equity	83,599	80,115	3,485	4.3

Ratios:

Loans to Deposits (%)	71.8	71.6
Non-performing Loans (%)	1.5	1.8
NPL Coverage (%)	107	93
Tier 1 / CET 1 (%)	12.6	14.7
CAR (%)	13.3	15.5

Credit Ratings

MOODY'S

- **Investment grade** credit rating of **Baa2**
- Same level as the Philippine sovereign rating and at par with the country's top 3 biggest banks

FitchRatings

- **Upgraded** IDR in Sept 2016 to '**BB+**' from "BB" and its viability rating to 'bb+' from bb (stable outlook)
- **Affirmed** just recently (Feb 2018)

CI CAPITAL
intelligence

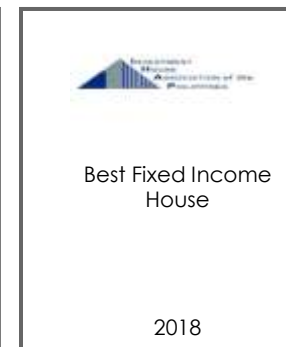
- **Upgraded** Financial Strength Rating (FSR) to '**BBB**' from "BBB-" with Stable outlook

Awards and Recognition

- China Bank is among the country's top-scoring listed companies in the ASEAN Corporate Governance Scorecard (ACGS) for 2017—the only bank among the Philippine companies with scores of 100 points and above.
- Bell Award for Corporate Governance for the 5th Straight Year from The Philippine Stock Exchange (Top 5 of 268 listed companies) – Special Citation in 2017
- 8th Asian Excellence Awards 2018 – Corporate Governance Asia
 - Best Investor Relations Company (Philippines) – China Bank
 - Best Investor Relations Professional (Philippines) – Alexander C. Escucha (SVP)
- Global Banking & Finance Review Awards - Global Banking & Finance Review (U.K.)
 - Best Corporate Governance Bank - Philippines 2018
 - Best Investor Relations Bank - Philippines 2018
 - Best Bank for Debt Capital Markets - Philippines 2018
- 3rd Investment House Association of the Philippines (IHAP) Awards
 - Best Fixed Income Deal - P181 Billion Republic of the Philippines Bureau of the Treasury's Retail Treasury Bond
 - Best Fixed Income Deal - Ayala Corporation US\$400 Million Fixed-For-life Bonds (Ayala USD Fixed For Life)
 - Best Equity Deal - Del Monte Pacific US\$200 Million Preferred Shares (Del Monte USD Preferred Shares)
 - Deal of the Year - P181 Billion Republic of the Philippines Bureau of the Treasury's Retail Treasury Bond
 - Best Fixed Income House
- 2018 PDS Annual Awards Night - Philippine Dealing System
 - TOP CORPORATE ISSUE MANAGER / ARRANGER - INVESTMENT HOUSE CATEGORY (CHINA BANK CAPITAL CORPORATION)
 - Special Citation: Underwriter & Bookrunner who participated in the Pilot Issuance and the first official issuance under the approved Enrolled Securities Program
- 53rd Anvil Awards-Public Relations Society of the Philippines
 - Best PR Tool (China Bank 2016 Annual Report)



2018 Awards and Recognition



More than your banker, the right partner.

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