



Investor Presentation

1Q 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 (Mar 2018)	ASSETS		LOANS (Net)		DEPOSITS		CAPITAL		ROE		Branches
	Amt (in P Bn)	Mkt Share (%)	Amt (in P Bn)	Mkt Share (%)	Amt (in P Bn)	Mkt Share (%)	Amt (in P Bn)	Mkt Share (%)	Jan-Mar '18	Jan-Mar '17	
BDO	2,768	18.49%	1,869	21.46%	2,242	19.27%	299	19.05%	7.9%	9.4%	1,207
MBT	2,069	13.82%	1,263	14.50%	1,554	13.35%	212	13.51%	11.3%	11.2%	952
BPI	1,909	12.75%	1,232	14.15%	1,589	13.65%	188	11.96%	13.5%	15.0%	945
PNB	844	5.64%	497	5.71%	658	5.66%	115	7.31%	4.9%	4.5%	700
CHIB	719	4.80%	439	5.04%	614	5.28%	77	4.88%	7.1%	9.2%	599
SECB	701	4.69%	361	4.15%	420	3.61%	104	6.61%	8.9%	11.4%	301
UBP	608	4.06%	295	3.39%	440	3.78%	69	4.39%	15.9%	13.1%	316
RCBC	588	3.93%	374	4.30%	395	3.39%	68	4.34%	6.8%	6.5%	508
EW	318	2.12%	210	2.41%	255	2.19%	40	2.53%	9.6%	13.8%	447
Gov't Banks	2,255	15.07%	991	11.38%	1,872	16.09%	156	9.93%			
Foreign Banks	1,119	7.48%	635	7.29%	704	6.05%	134	8.53%			
Other Local Banks	1,068	7.14%	542	6.22%	893	7.68%	110	6.97%			
TOTAL	14,967	100%	8,707	100%	11,636	100%	1,571	100%			

Source: Published SOC's

1/ ROE based on SEC-17Q Report

Economic Environment

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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

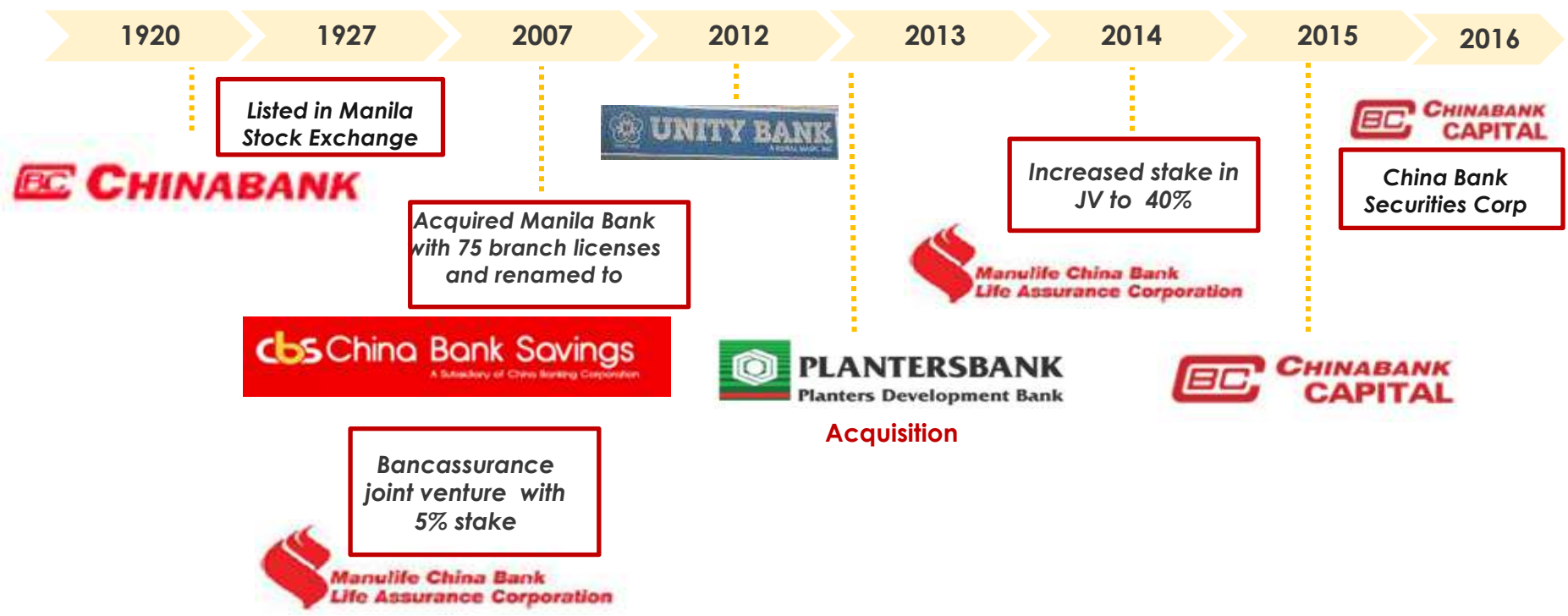
A. Deposits & Related Services

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

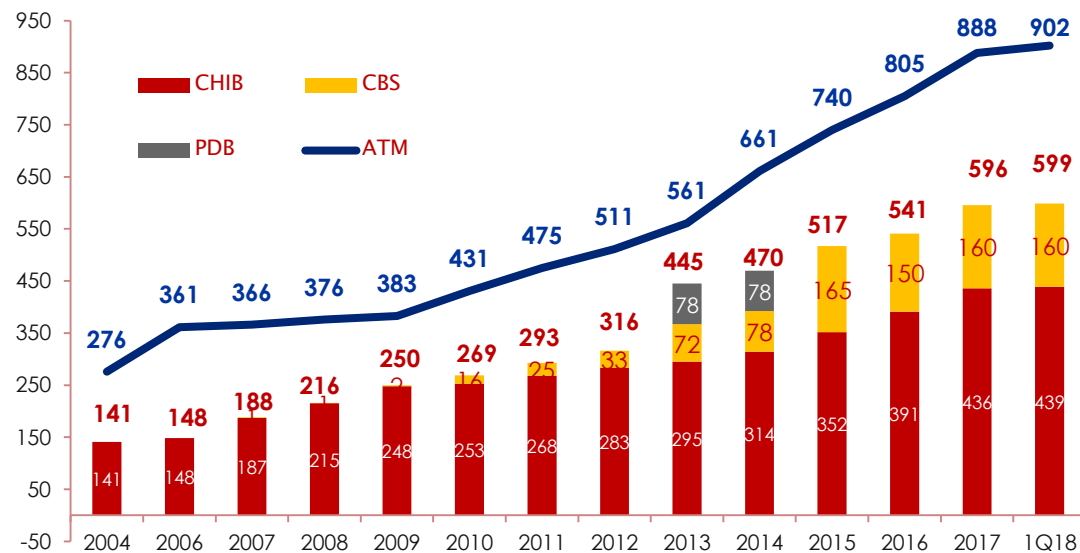
Expand portfolio in SME, MME and Consumer segments further enhanced by recent strategic acquisitions



Bank Strategy – Continued Network Expansion

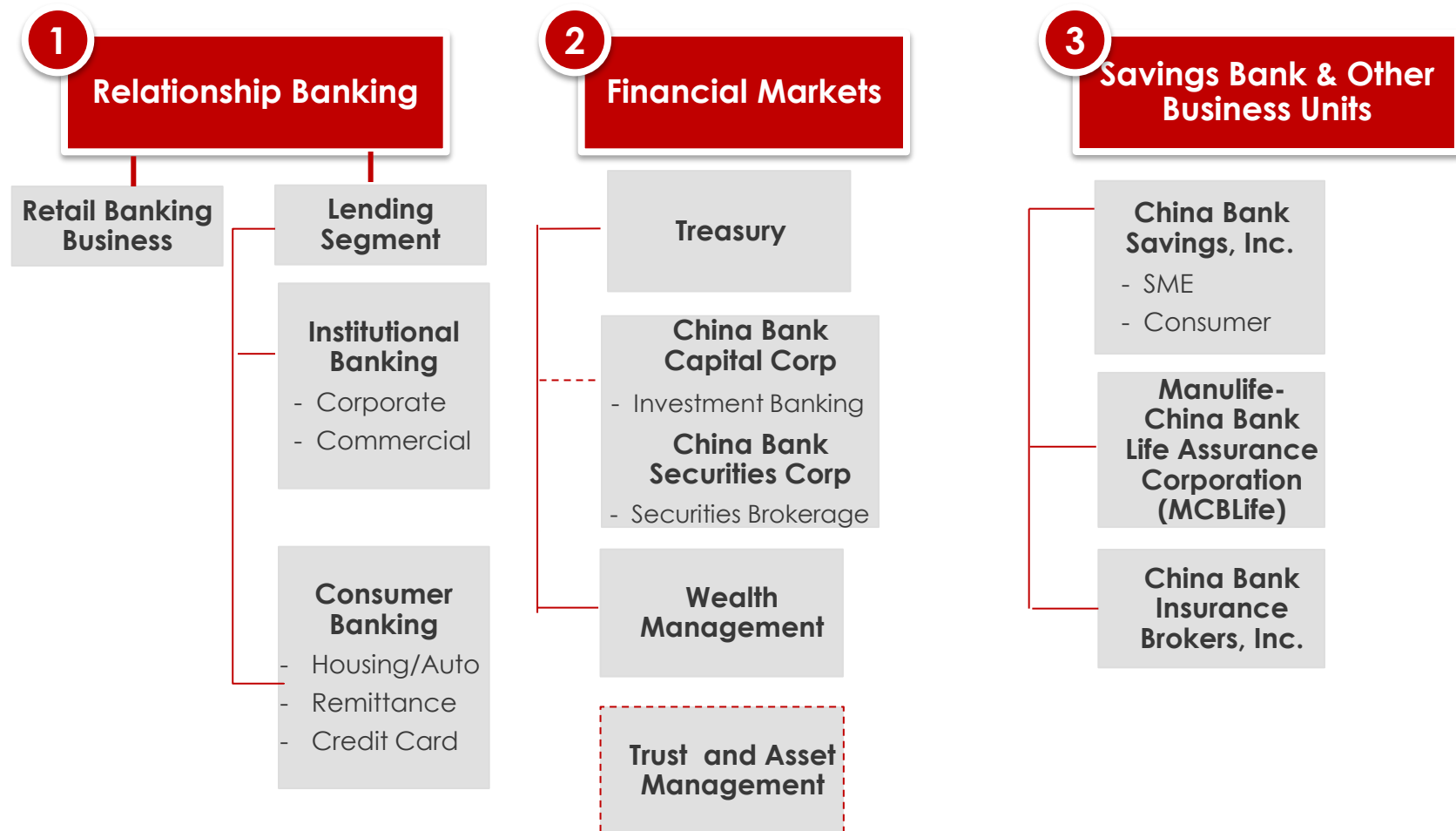
As of March 2018

No. of Branches	China Bank	China Bank Savings	Total	% Share Total
Metro Manila	237	78	315	53%
Luzon	109	67	176	29%
Visayas	56	9	65	11%
Mindanao	37	6	43	7%
Total	439	160	599	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

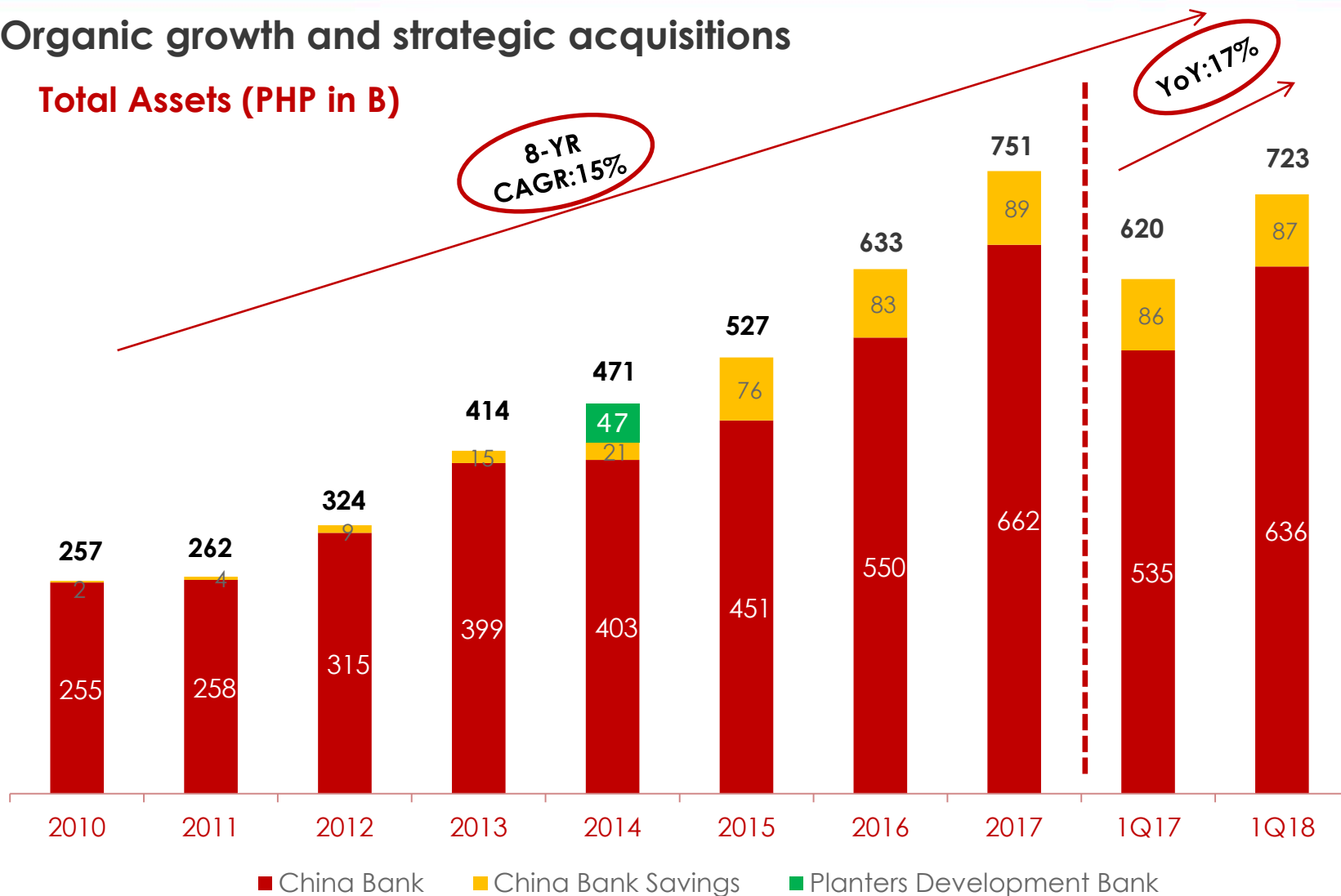
Multi-generational relationships

Agile and entrepreneurial mindset

Sustainable and profitable niche client relationships

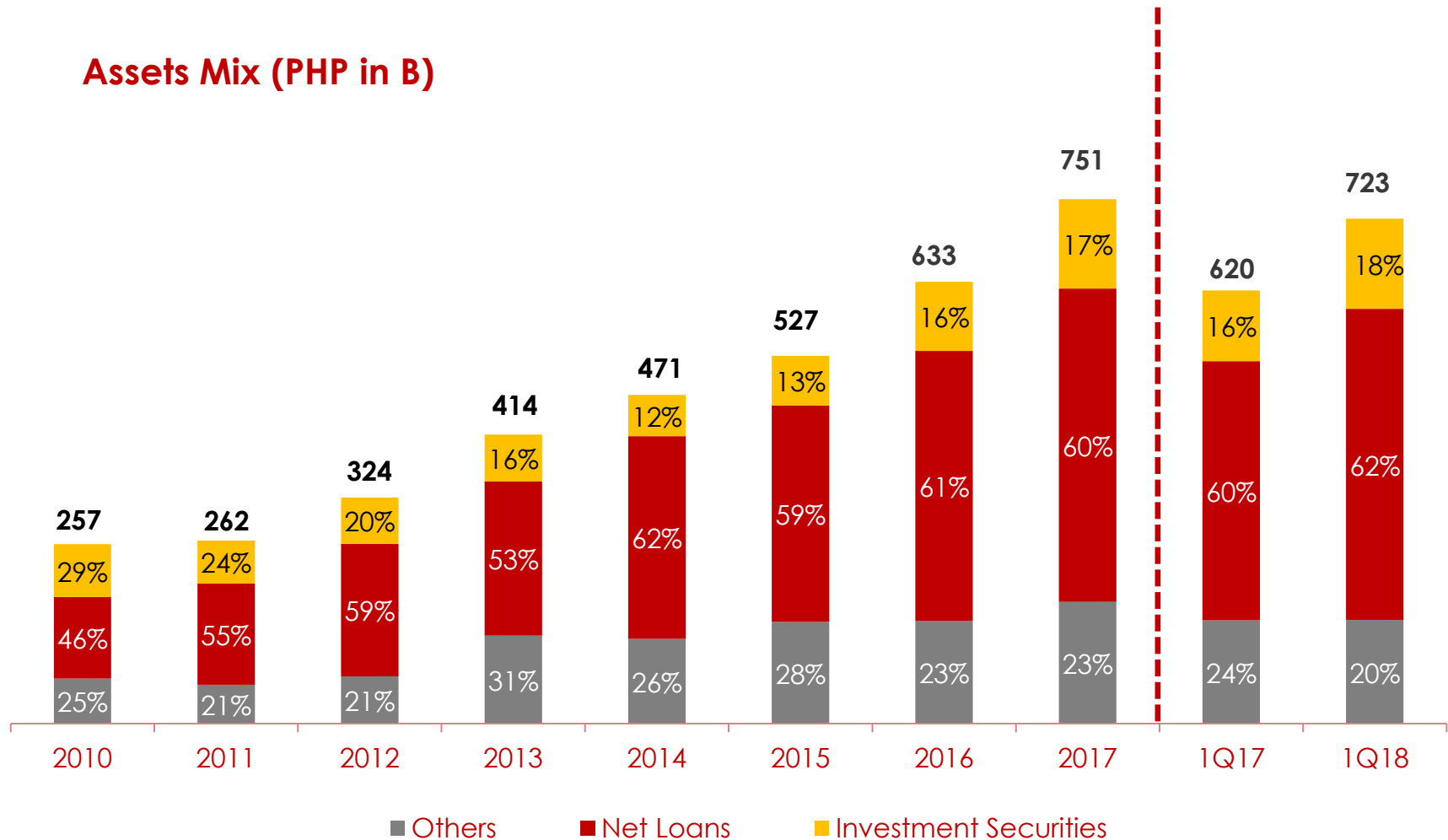
Organic growth and strategic acquisitions

Total Assets (PHP in B)

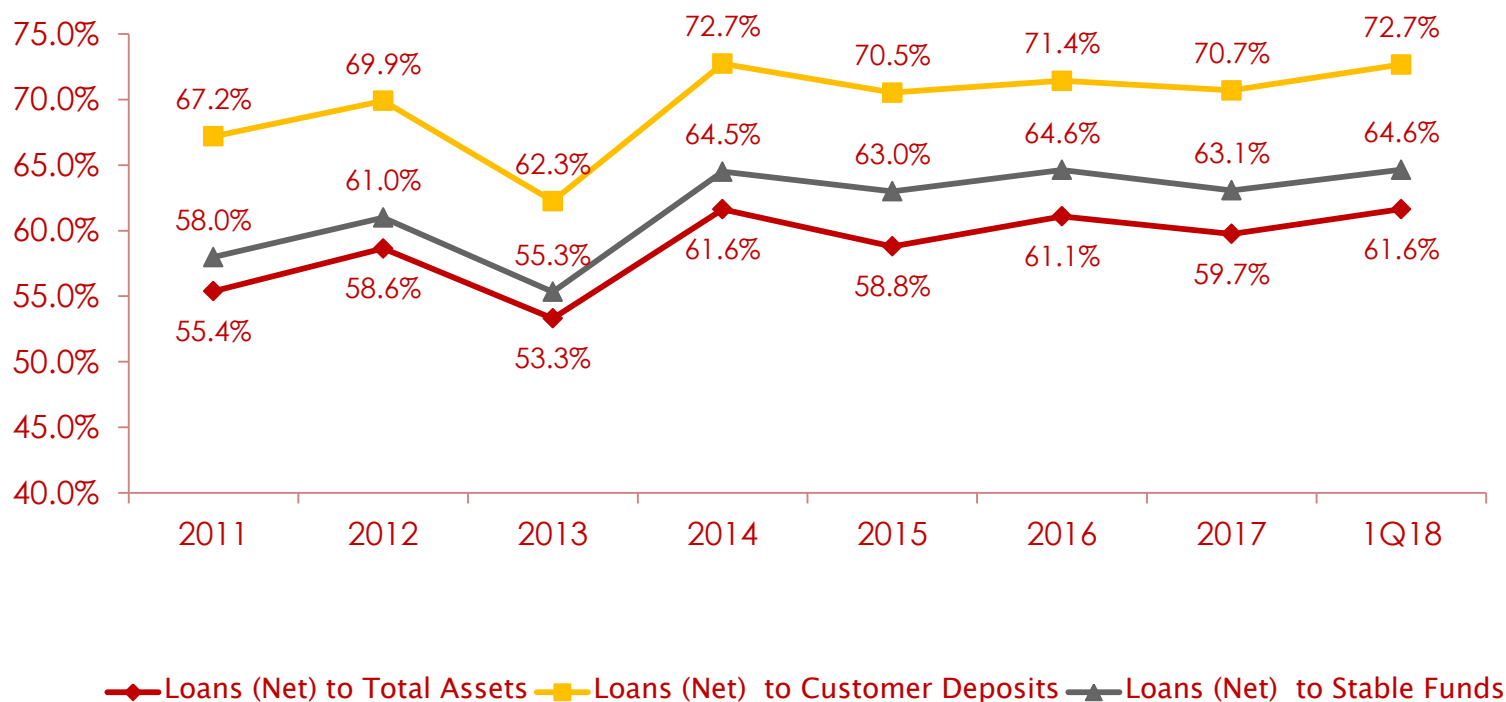


Emphasis on core-recurring income

Assets Mix (PHP in B)



Healthy liquidity



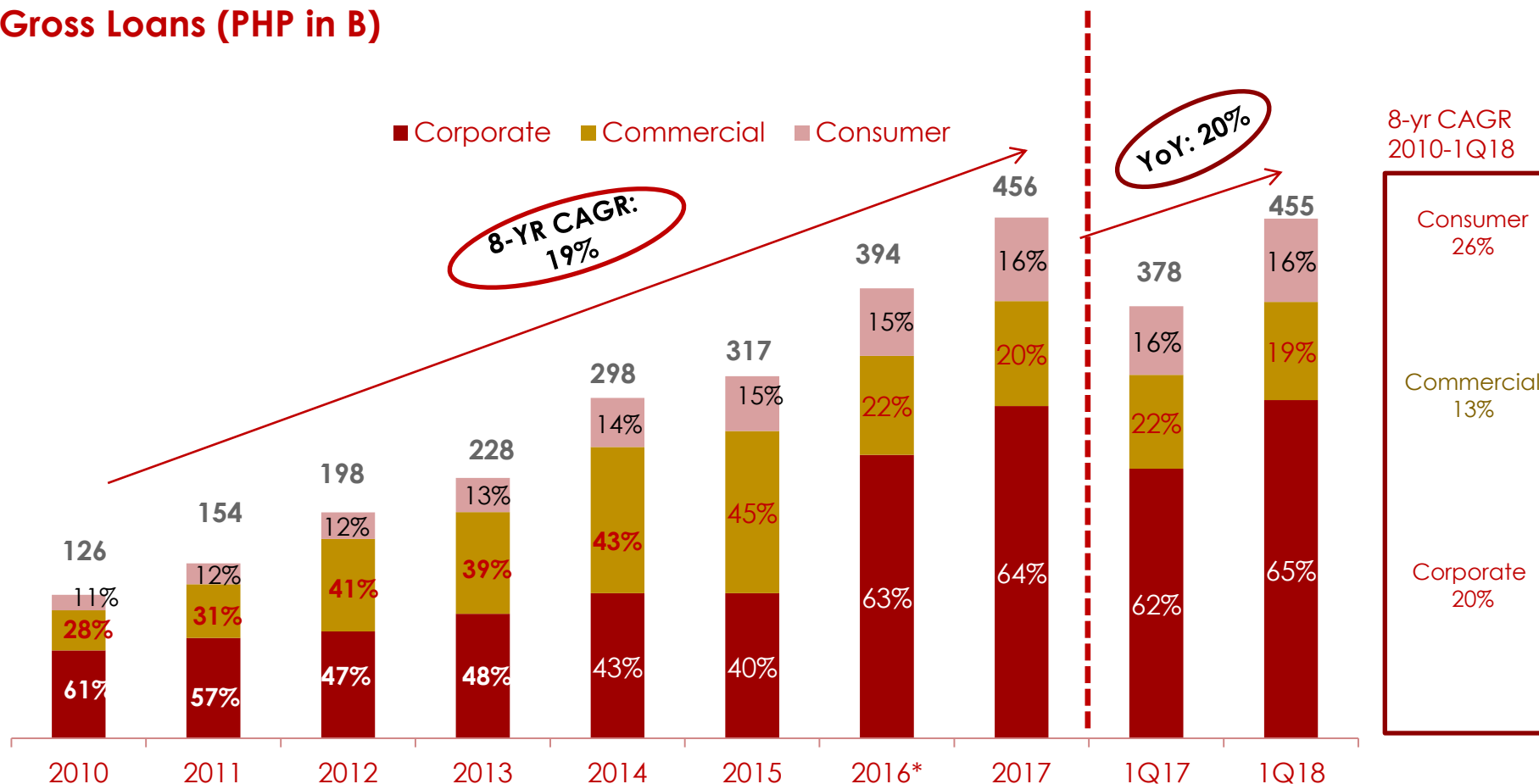
Source: Capital Intelligence Rating report where;

Customer Deposits, Savings, Demand, Time

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

Loans growth faster in consumer segment

Gross Loans (PHP in B)

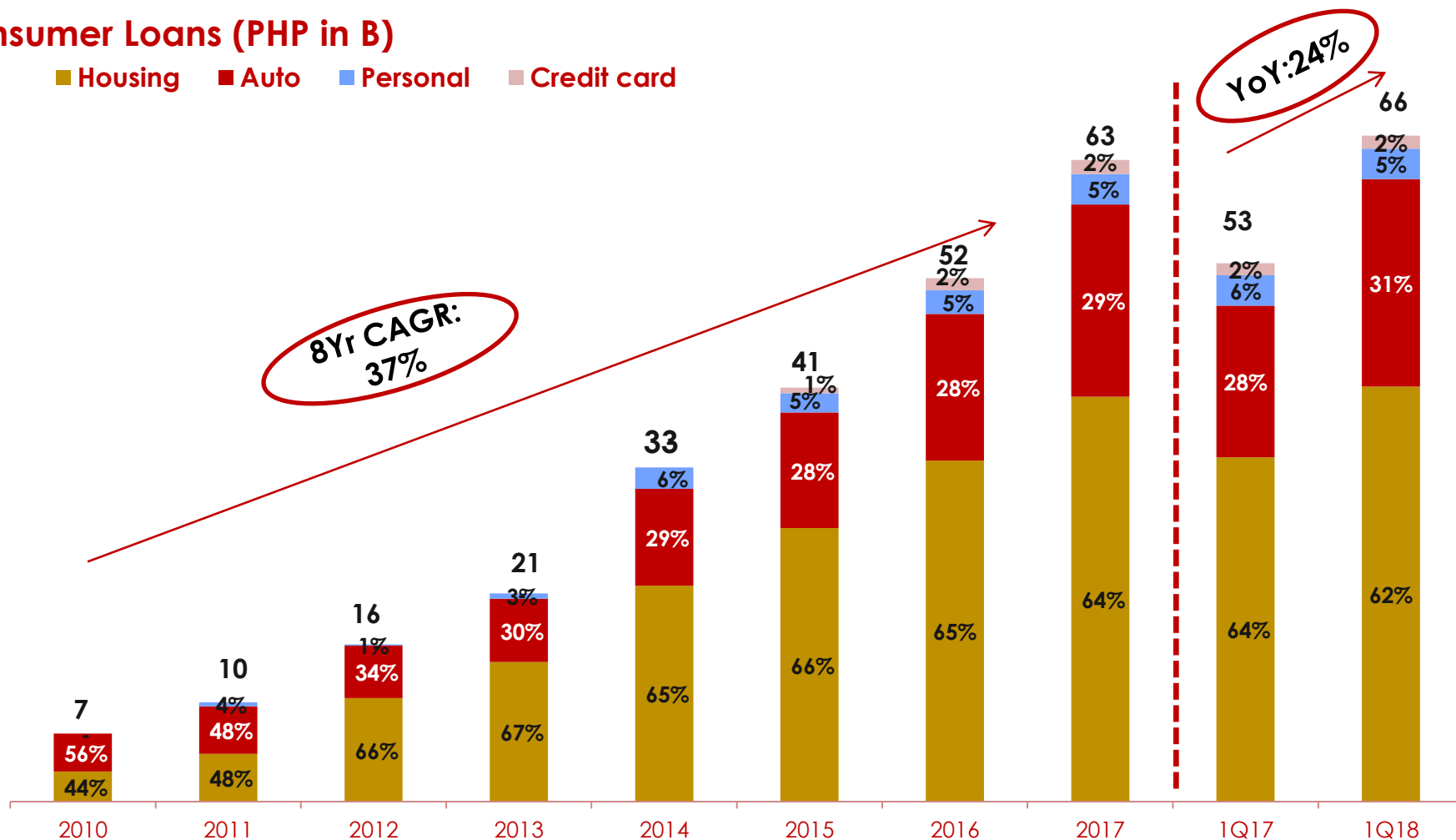


* Loans were reclassified into corporate (accounts with assets of 100M up) from commercial loans

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

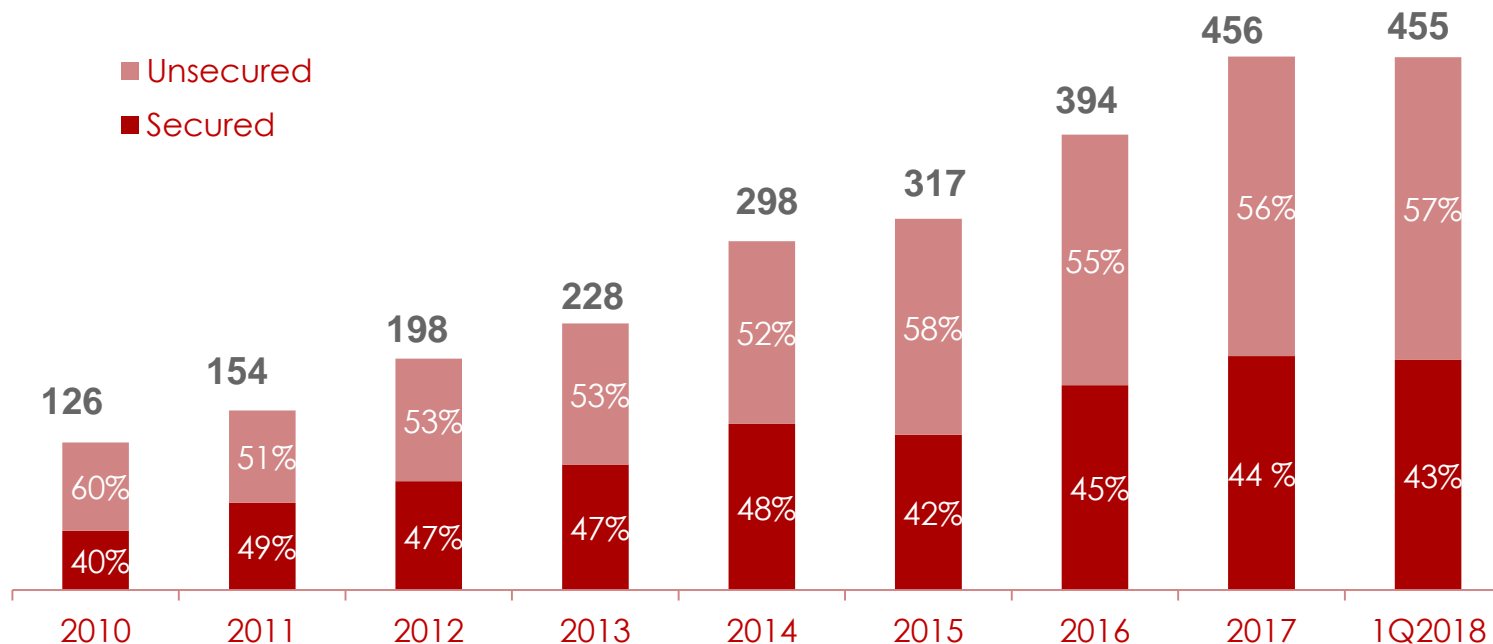
Consumer Loans (PHP in B)

■ Housing ■ Auto ■ Personal ■ Credit card



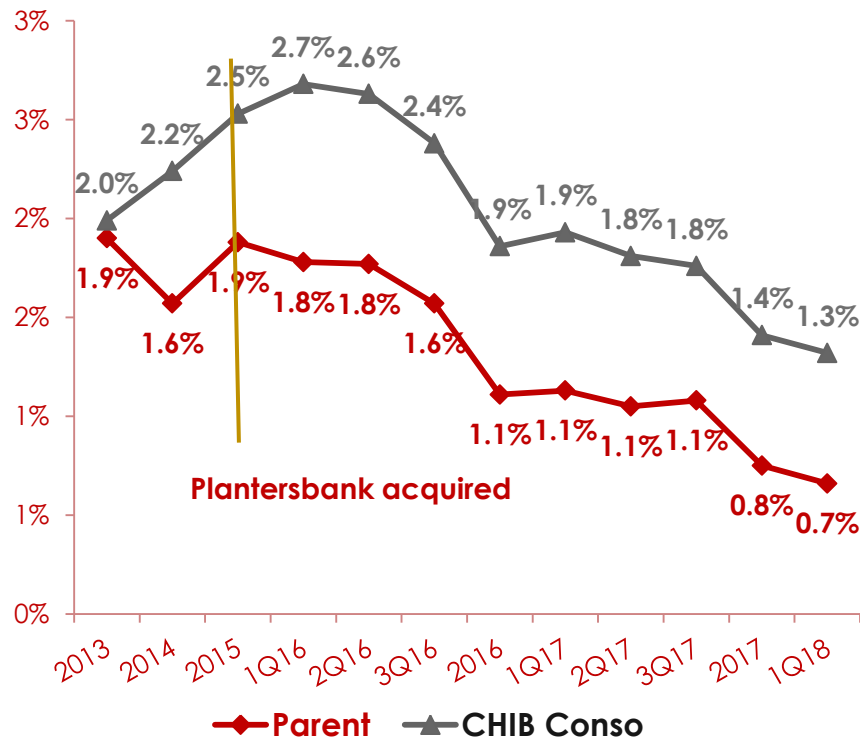
* Excludes CTS & loans to developers

Loans By Security

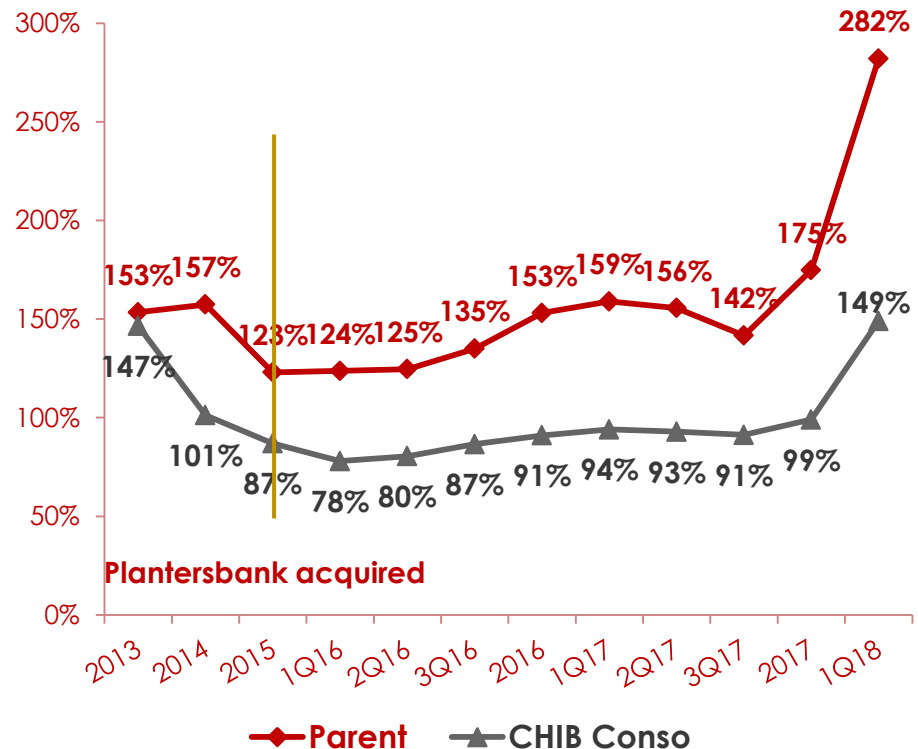


Asset Quality Ratios post PDB integration continue to improve...

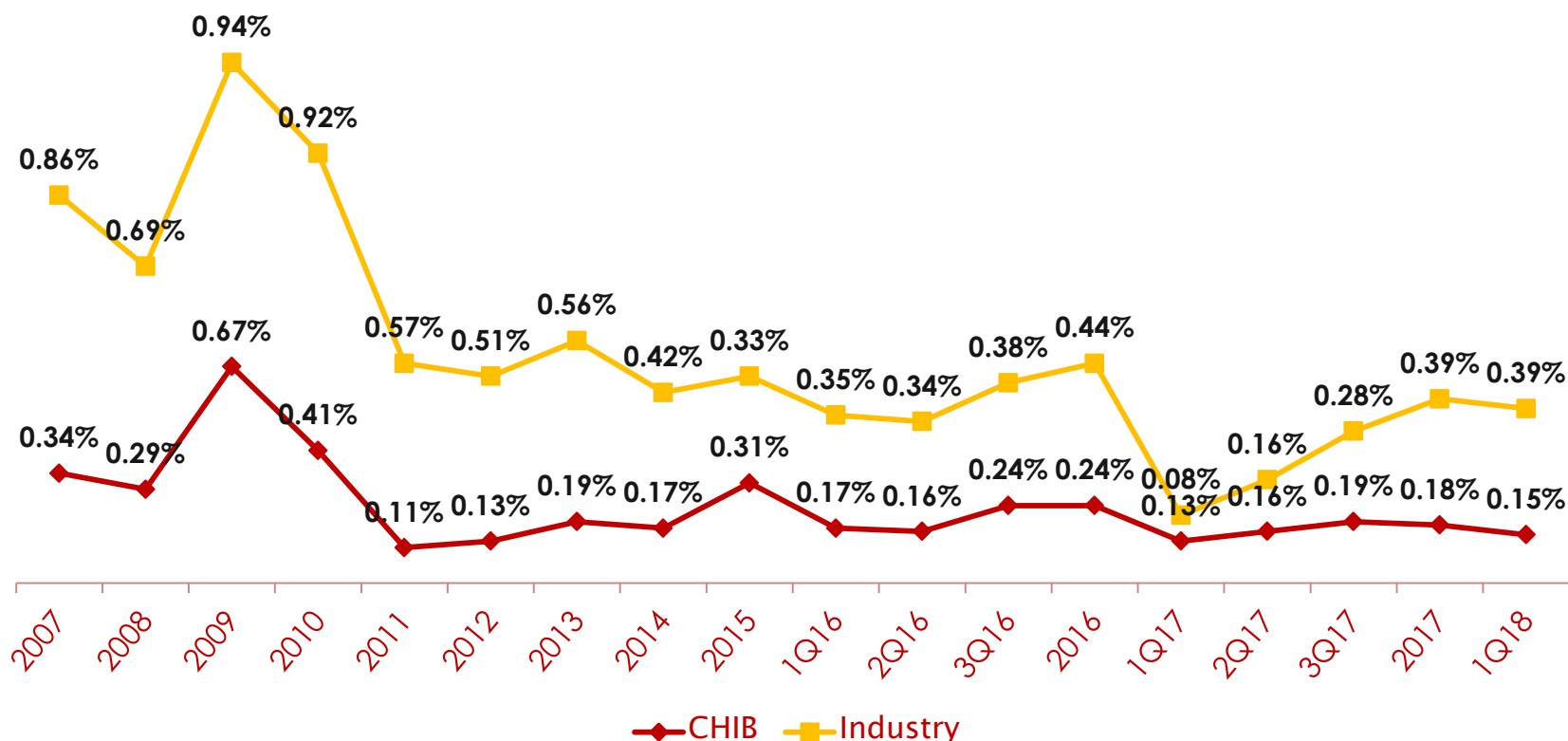
NPL Ratios



LLR Coverage

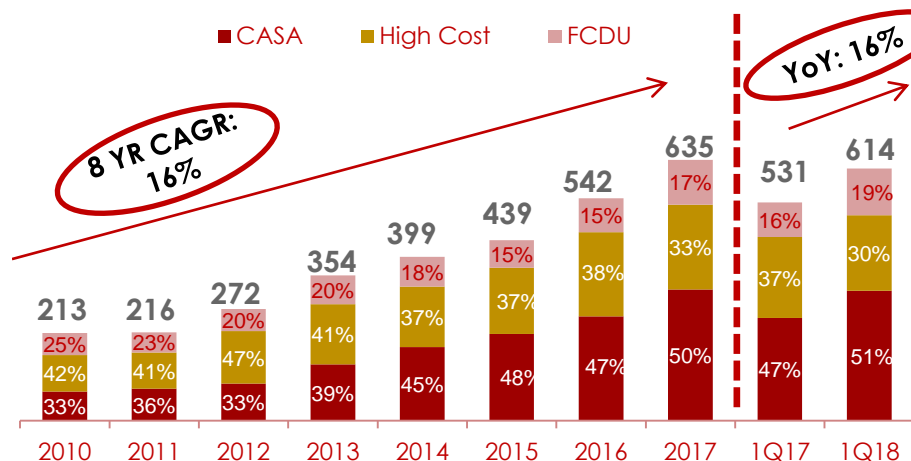


Credit Cost – lower than the industry

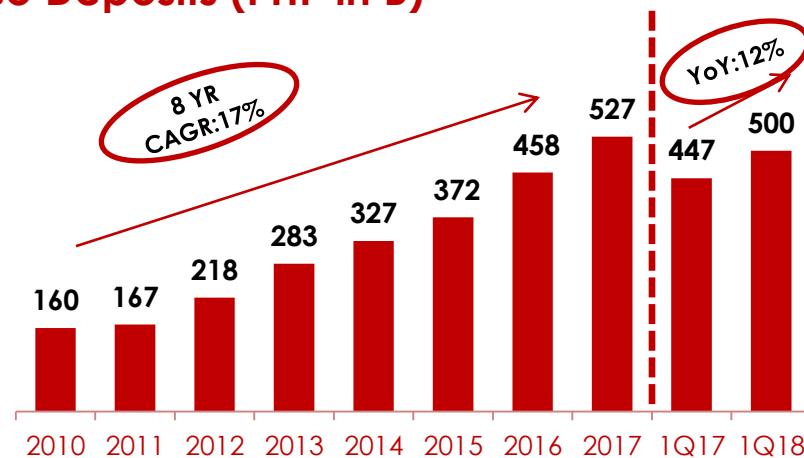


Strong branch franchise/retail funding base

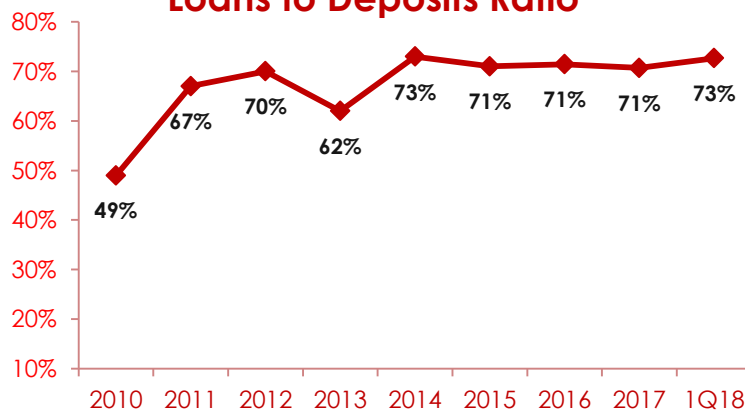
Deposits (PHP in B), core deposits 70%



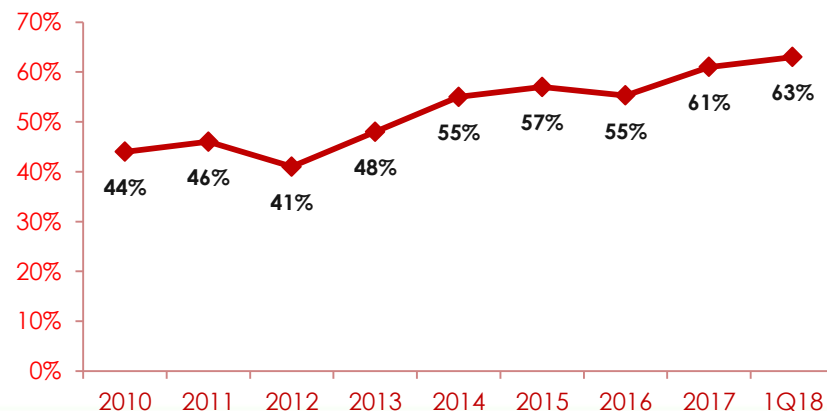
Peso Deposits (PHP in B)



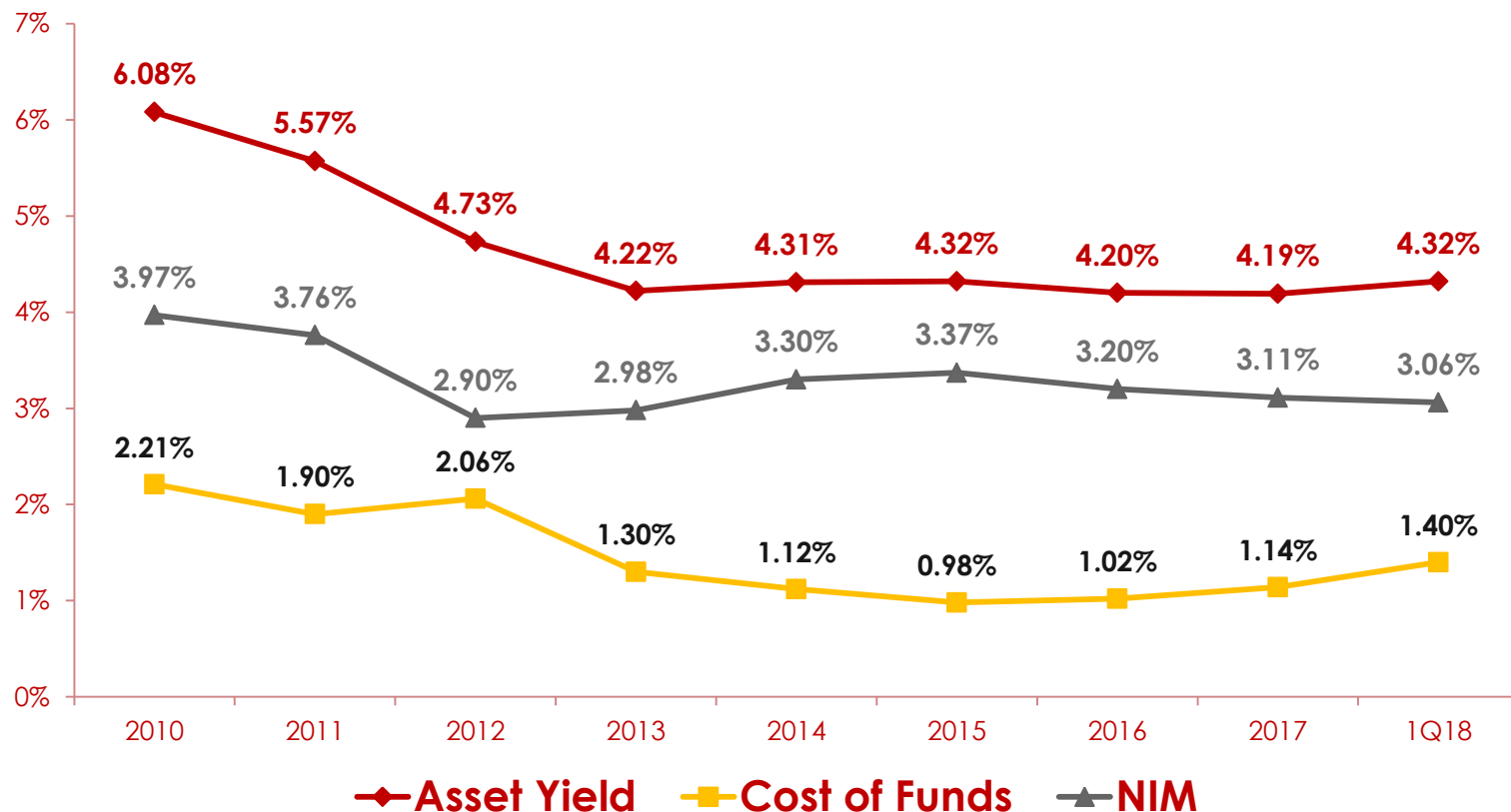
Loans to Deposits Ratio

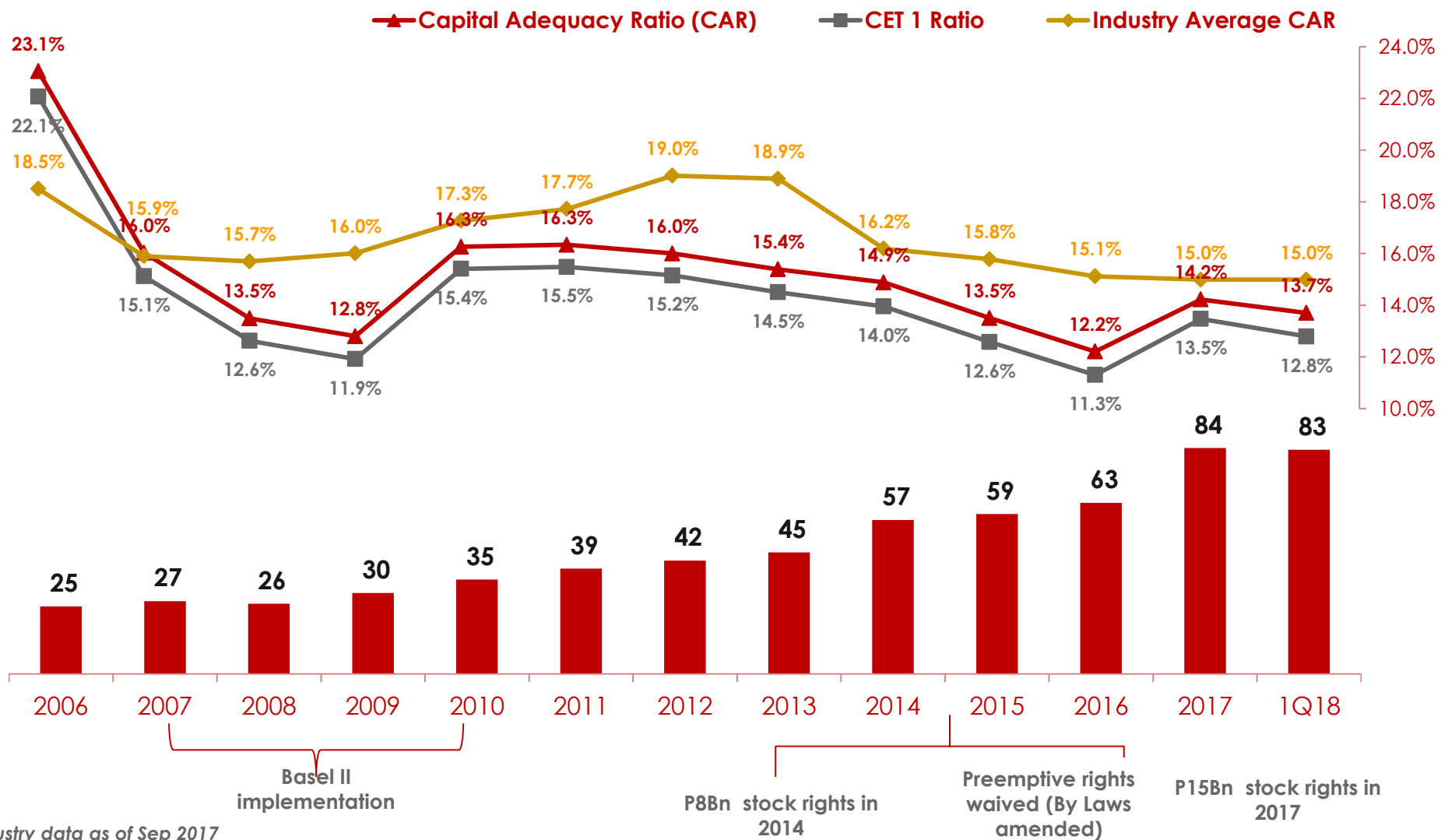


CASA to Peso Deposits Ratio



Stable Margins

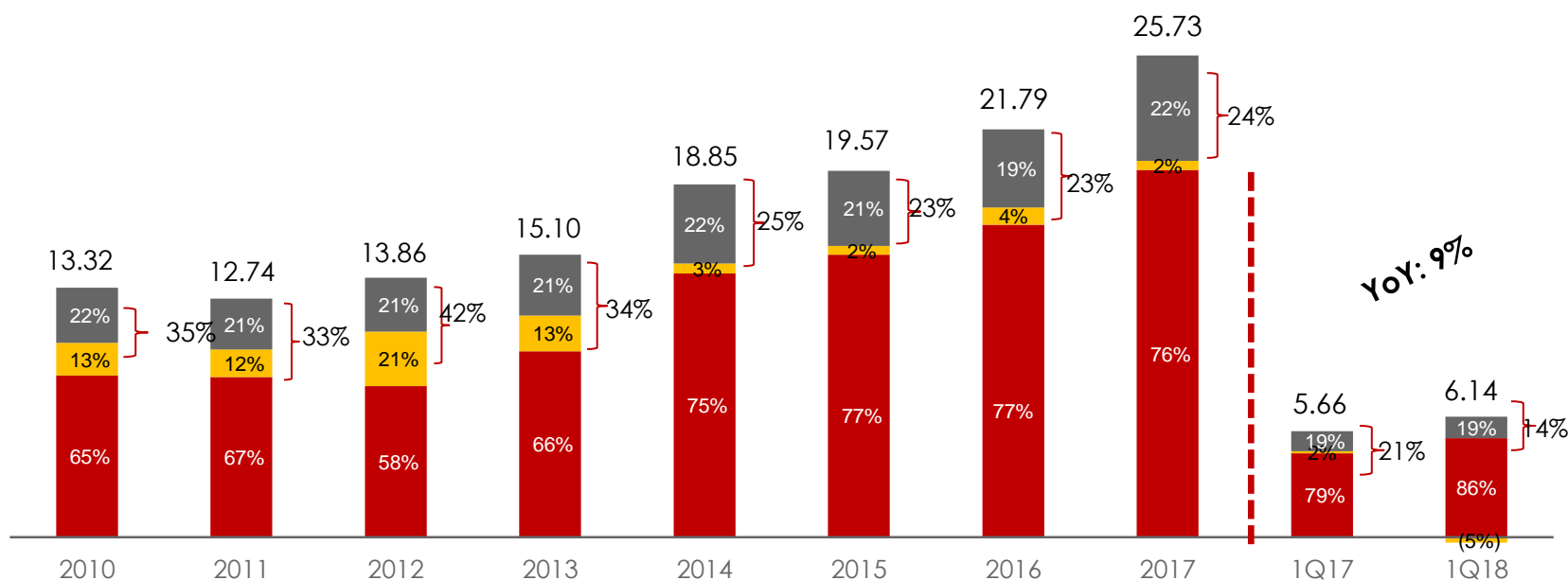




Operating Income Mix

(PHP in B)

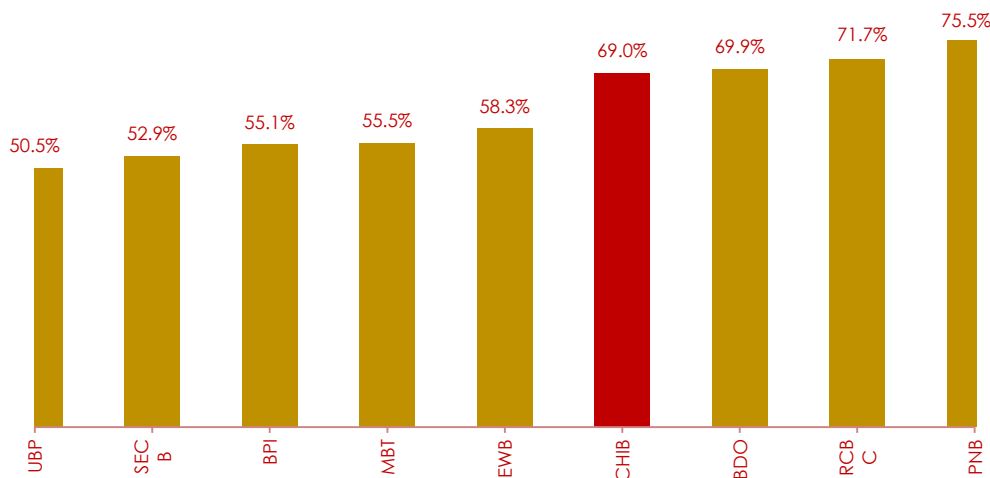
■ Net Interest Income ■ Trading and Securities ■ Other Fees



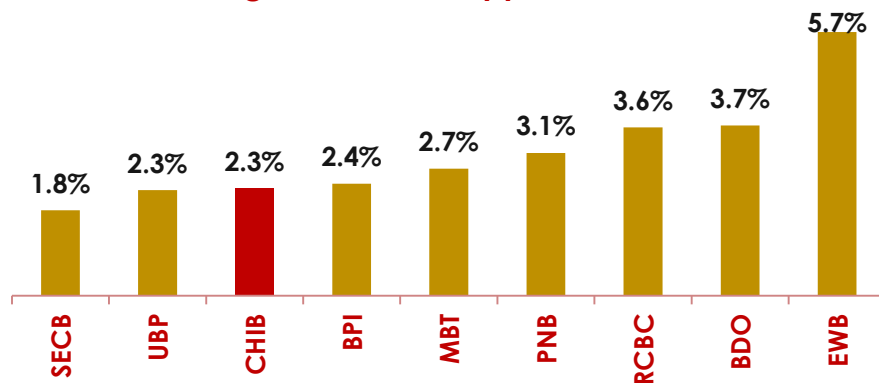
7 Effective Cost Management

... even with cost drag of branch expansion

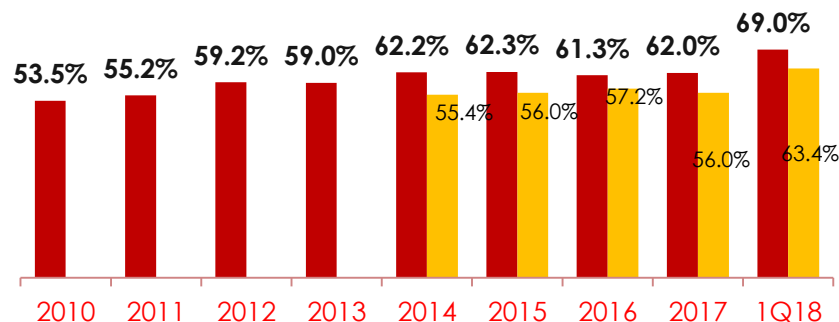
Cost to Income – Philippine Banks Mar 2018



Cost to Average Assets – Philippine Banks Mar 2018

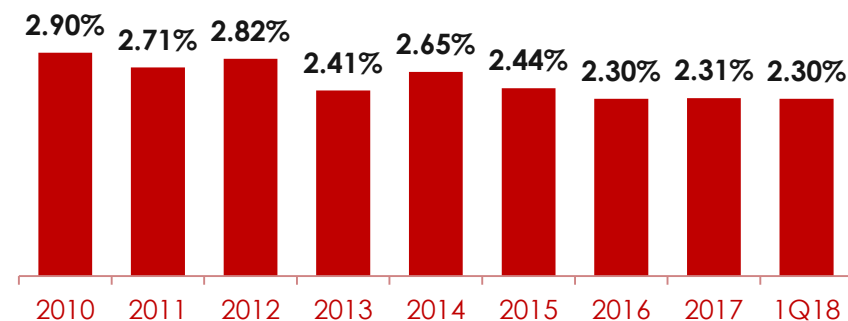


Cost to Income – China Bank (%)



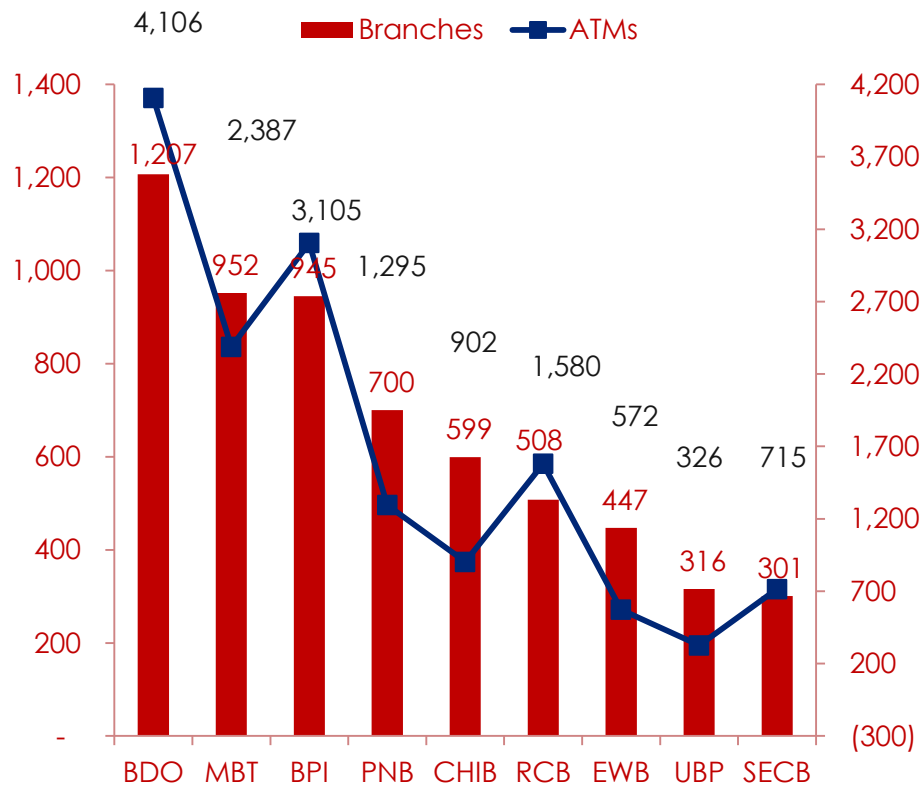
■ CHIB Conso ■ Ex CBS/PDB

Cost to Average Assets – China Bank (%)

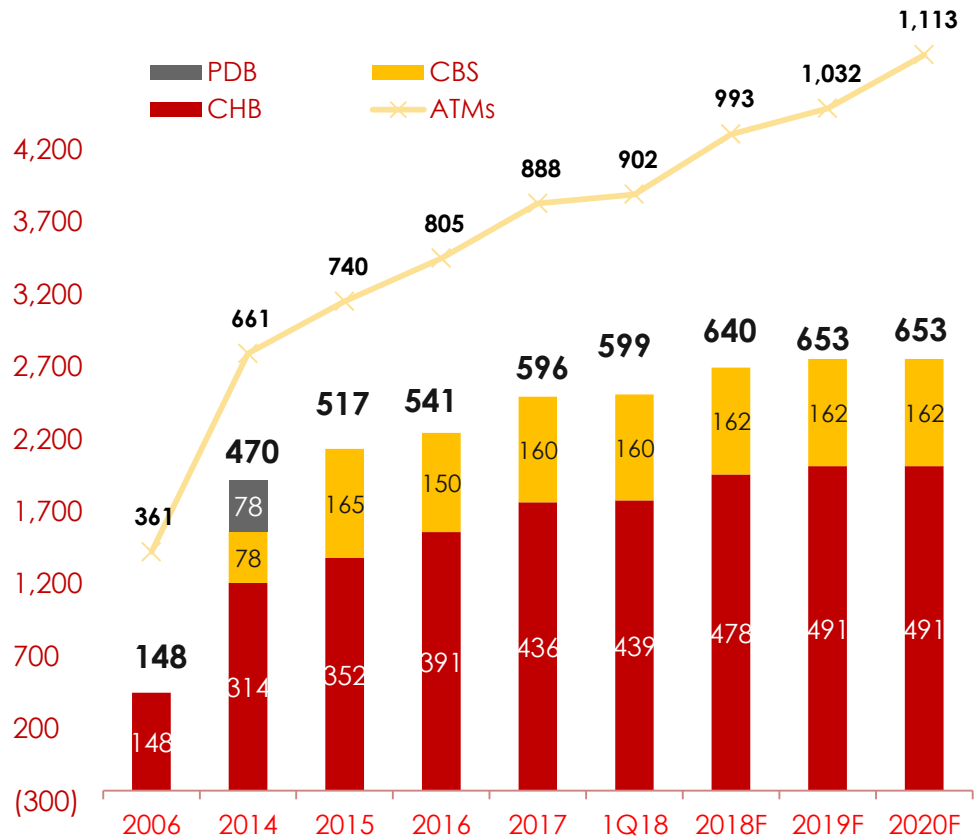


7 Growing Distribution Network

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



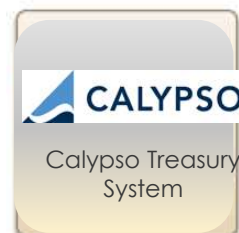
Since 2015



ATM cards, machines –
1 of the first in PHL

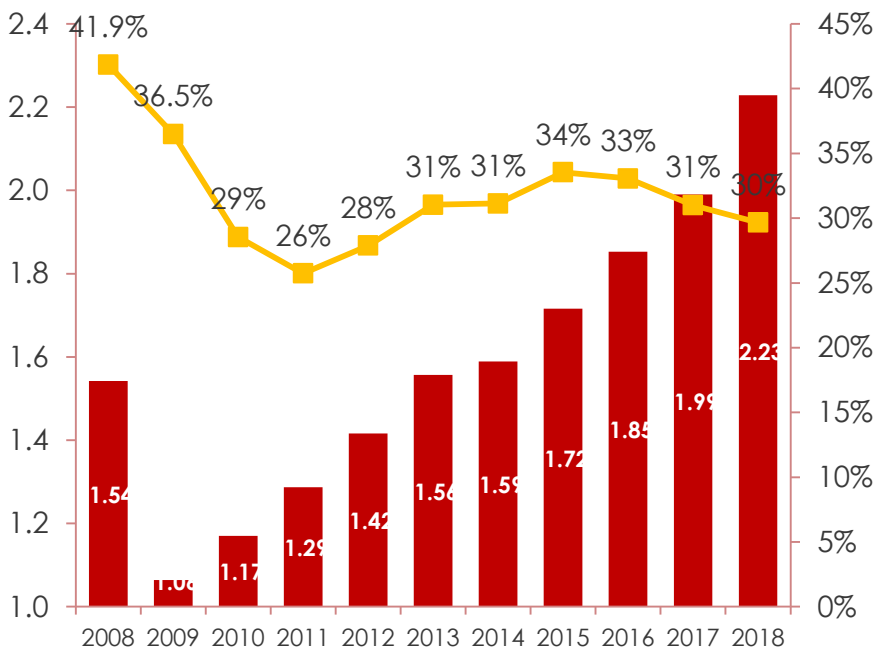
- New Treasury system -- Calypso
- Replace Trust/Asset Management system
- Cash Management / Corporate Online
- Digital Banking transformation

...supported by robust infrastructure platform

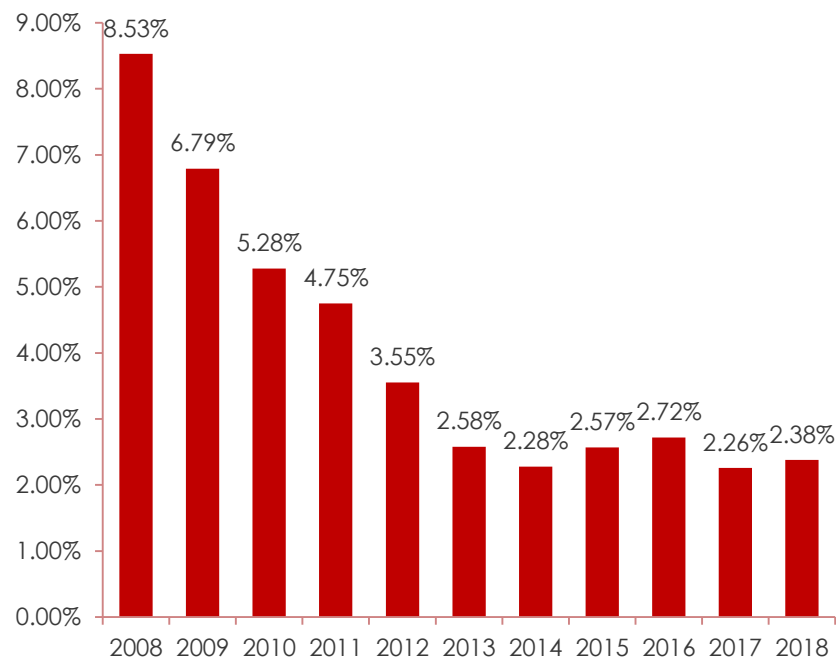


Consistent dividends track record (In Mn)

■ Cash Dividends ■ Cash Payout

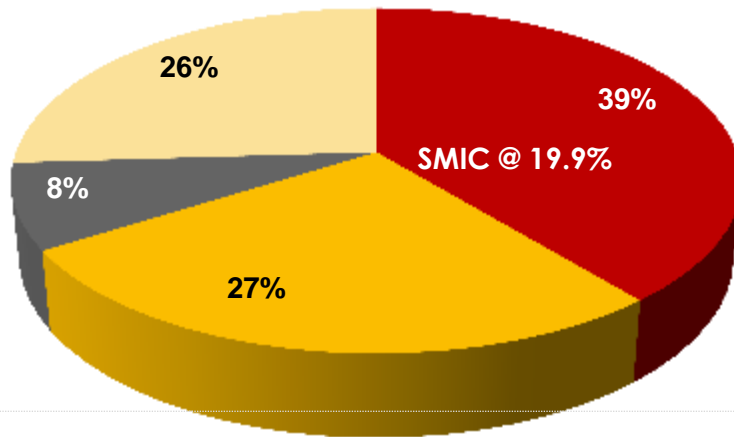


Dividend Yield – consistently above industry average



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 Supervalu, 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)
since Nov 1, 2017
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) since Dec 1, 2017
Director of China Bank Savings



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



Benedict L. Chan
First Vice President and
Head of Treasury Group since Dec 1, 2017



Lilian Yu
First Vice President and Head of
Institutional Banking Group since Nov 1,
2017
Advisor to the Board of China Bank
Capital Corp.

Management Team – Experienced, Successors in Place



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.*



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

Company Profile

Key Investment Merits

Corporate and Financial Highlights

Financial Highlights

Income Statement

(In Millions)

	1Q 2018	1Q 2017	Change Amt	%
Net interest Income	5,292	4,471	821	18.4
Non-Interest Income	852	1,190	(338)	(28.4)
Total Operating Income	6,143	5,660	483	8.5
Total Operating Expenses	4,413	3,881	532	13.7
Income before Income Tax	1,731	1,779	(48)	(2.7)
Provision for Income Tax	231	308	(76)	(24.8)
Net Income	1,500	1,472	28	1.9
Attributable to:				
Equity Holders of the Parent Bank	1,498	1,470	28	1.9
Non-controlling Interest	2	2	(0)	(4.2)
Ratios:				
Net Interest Margin (%)	3.06	3.02		
Cost-to-Income Ratio (%)	69.03	66.37		
Return on Average Equity (%)	7.09	9.15		
Return on Average Assets (%)	0.81	0.93		

Financial Highlights

Balance Sheet (In Millions)

	1Q 2018	1Q 2017	Change Amt	%
Total Assets	723,435	620,399	103,035	16.6
Loans & Receivables (Net)	445,926	371,289	74,637	20.1
Total Deposits	613,639	530,520	83,119	15.7
Low Cost Deposits	338,728	272,577	66,151	24.3
Time Deposits	274,911	257,943	16,968	6.6
Total Equity	83,029	64,912	18,117	27.9
Ratios:				
Loans to Deposits	72.67	69.99		
Non-Performing Loans	1.32	1.93		
NPL Coverage	148.90	94.00		
Car Tier / CET 1	12.79	11.97		
CAR Total	13.65	12.78		

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

- 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
- Asian Corporate Director Recognition Award 2016 - Corporate Governance Asia Awards
- 2016 Asia Pacific Entrepreneurship Award – Financial Services Sector from Enterprise Asia Award (for Mr. Ricardo R. Chua, CEO)
- Asian Corporate Director Recognition Award 2016 - Corporate Governance Asia Awards, Chairman Hans T. Sy
- Best Managed Fund of the Year Award - Dollar Long-Term Bond Category - CFA Society Philippines (CFA) 2017 Charter Awards
- Asia's Best CEO, Investor Relations - Ricardo R. Chua (President and CEO), Best Investor Relations Company (Philippines) - China Bank, Best Investor Relations Professional (Philippines) - Alexander C. Escucha (SVP) - The 7th Asian Excellence Awards 2017 - Corporate Governance Asia
- Asia's Outstanding Company on Corporate Governance - China Bank, Best Asian Corporate Director - Mr. Hans T. Sy - The Best of Asia 2016 - Corporate Governance Asia
- Best Core Banking Implementation (Mid-size banks) - The Asian Banker Technology Innovation Awards 2017 - The Asian Banker
- Power Deal of the Year – Philippines (GNPower Dinginin Limited Company US\$670 million/7.5 billion pesos project financing facilities) - The Asset Triple A Asia Infrastructure Awards 2017 - The Asset



2016 Asia Pacific Entrepreneurship Award – Financial Services Sector from Enterprise Asia Award (for Mr. Ricardo R. Chua, CEO)



Recipient of Asian Corporate Director Recognition award from Corporate Governance Asia – Chairman Hans T. Sy



Recipient of the Bell Award for Corporate Governance for the 6th straight year by PSE, Gold award from ICD in 2011 & 2012

Awards and Recognition

**GLOBAL BANKING &
Finance
review**

Best Investor
Relations Bank
Philippines

2016

**GLOBAL BANKING &
Finance
review**

Best Core
Banking System
Implementation
Philippines

2016

**GLOBAL BANKING &
Finance
review**

Best Bank for Debt
Capital Markets
Philippines

2016

FINANCEMONTHLY
GLOBAL AWARDS 2016

Banking and Finance
Firm of the Year

2016



Top Corporate Issue
Manager / Arranger
Bank Category

2016



Top Corporate Issue
Manager / Arranger
Investment House
Category

2017

CorporateGovernanceAsia
ASIAN CORPORATE GOVERNANCE AWARDS 2015-2016

Asian Corporate
Director Recognition
Award -
Chairman Hans T. Sy

2015, 2016

CorporateGovernanceAsia
ASIAN CORPORATE GOVERNANCE AWARDS 2015-2016

Best in Investor
Relations Company -
Philippines
China Bank

2015, 2016,

CorporateGovernanceAsia
ASIAN CORPORATE GOVERNANCE AWARDS 2015-2016

Asia's Best CEO
(Investor
Relations) –
Philippines
Pres. & CEO
Ricardo R. Chua
2015, 2016,

CorporateGovernanceAsia
ASIAN CORPORATE GOVERNANCE AWARDS 2015-2016

Best Investor Relations
Professional -
Philippines
SVP Alexander C.
Escucha

2015, 2016

**CFA Society
Philippines**

Best Managed
Fund for Bond
Long-Term
Dollar
Category

2016

**CFA Society
Philippines**

Best Managed
Fund for Bond
Long-Term
Dollar
Category

2017



Php42.15B Loan Facility to San
Buenaventura Power Limited
Company

Triple Power
Deal - Philippines

2016



Php31.97B Loan Facility to
Therma Visayas

Most Innovative
Deal – Philippines

2016



Php38.8B San Miguel Brewery
Bond Issue

Local Currency
Bond– Philippines

2016



Triple A Best
Bond House

2016

**ANVIL
AWARDS**

Best PR Tool for
China Bank
2015 Annual
Report

2017



Best Collecting
Commercial
Bank

2016

More than your banker, the right partner.

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