



Investor Presentation

September 2018

**Your Success
is our
Business**

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Economic Environment

Company Profile

Key Investment Merits

Corporate and Financial Highlights

Economic Environment

WORLD ECONOMY <i>2018 GDP est. +3.7%</i>	PHL ECONOMY <i>3Q 2018 GDP +6.1%</i>	PHL BANKING <i>(Sept 2018 data)</i>
<ul style="list-style-type: none"> ▪ Slowdown amid trade tensions ▪ US GDP up 3.5% in 3Q; PCE index at 1.6% ▪ US Fed policy rate +25 bps anew to 2.00% - 2.25% 	<ul style="list-style-type: none"> ▪ Infra spending up 50% to P506 Bn in Jan-Aug ▪ Oct inflation at 6.7% ▪ 5th policy rate hike since 2017 to 4.75% (+1.75pp) 	<ul style="list-style-type: none"> ▪ Assets up 10%; Loans up 16% ▪ Deposits up 10%; Loans to Deposit ratio at 73% ▪ Gross NPL ratio improved to 1.78% from 1.88%
<ul style="list-style-type: none"> ▪ Flight to quality assets 	<ul style="list-style-type: none"> ▪ Peso ↓ 4% YoY to \$1:P52.61 as of end-November 	<ul style="list-style-type: none"> ▪ UKB Total CAR (Conso) down to 15.75% in June from 15.98%
<ul style="list-style-type: none"> ▪ Oil price uptick 	<ul style="list-style-type: none"> ▪ Stock market lost 840 pts or 10% YoY in end-November 	<ul style="list-style-type: none"> ▪ Peer banks raised P31 Bn capital/funds in 3Q

Competitive Landscape

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

Institution (Sept 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-Sept '18	Jan-Sept '17	
BDO	1	2,892	18.44%	1	1,992	21.22%	1	2,345	19.44%	1	311	17.57%	9.53%	10.17%	1,264
MBT	2	2,141	13.65%	2	1,327	14.14%	2	1,543	12.80%	2	273	15.40%	9.32%	9.16%	955
BPI	3	1,963	12.51%	3	1,283	13.66%	3	1,544	12.80%	3	247	13.92%	10.40%	12.75%	1,003
PNB	4	906	5.77%	4	538	5.73%	4	693	5.75%	4	121	6.80%	8.22%	7.10%	707
CHIB	5	814	5.19%	5	484	5.15%	5	692	5.74%	6	82	4.65%	8.77%	10.01%	616
SECB	6	735	4.68%	6	400	4.26%	7	468	3.88%	5	110	6.20%	8.14%	10.15%	301
UBP	7	637	4.06%	8	307	3.27%	6	442	3.66%	7	83	4.68%	10.00%	11.98%	433
RCBC	8	618	3.94%	7	393	4.19%	8	410	3.40%	8	84	4.72%	5.94%	6.72%	509
EW	10	339	2.16%	9	221	2.36%	9	265	2.20%	9	42	2.34%	10.70%	13.98%	466
UCPB	9	320	2.04%	10	177	1.89%	10	272	2.25%	10	16	0.88%			236
Gov't Banks		2,417	15.41%		1,155	12.30%		2,029	16.82%		175	9.89%			
LBP		1,782	11.36%		828	8.82%		1,581	13.10%		125	7.07%			
DBP		635	4.05%		326	3.47%		448	3.72%		50	2.81%			
Foreign Banks		1,110	7.08%		688	7.33%		704	5.84%		138	7.79%			
Other Local Banks		797	5.08%		423	4.51%		654	5.42%		91	5.15%			
TOTAL		15,689	100%		9,390	100%		12,061	100%		1,772	100%			

Source: Published SOC's, ROE-SEC-17Q Reports except LBP & DBP

Economic Environment

Company Profile

Key Investment Merits

Corporate and Financial Highlights

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

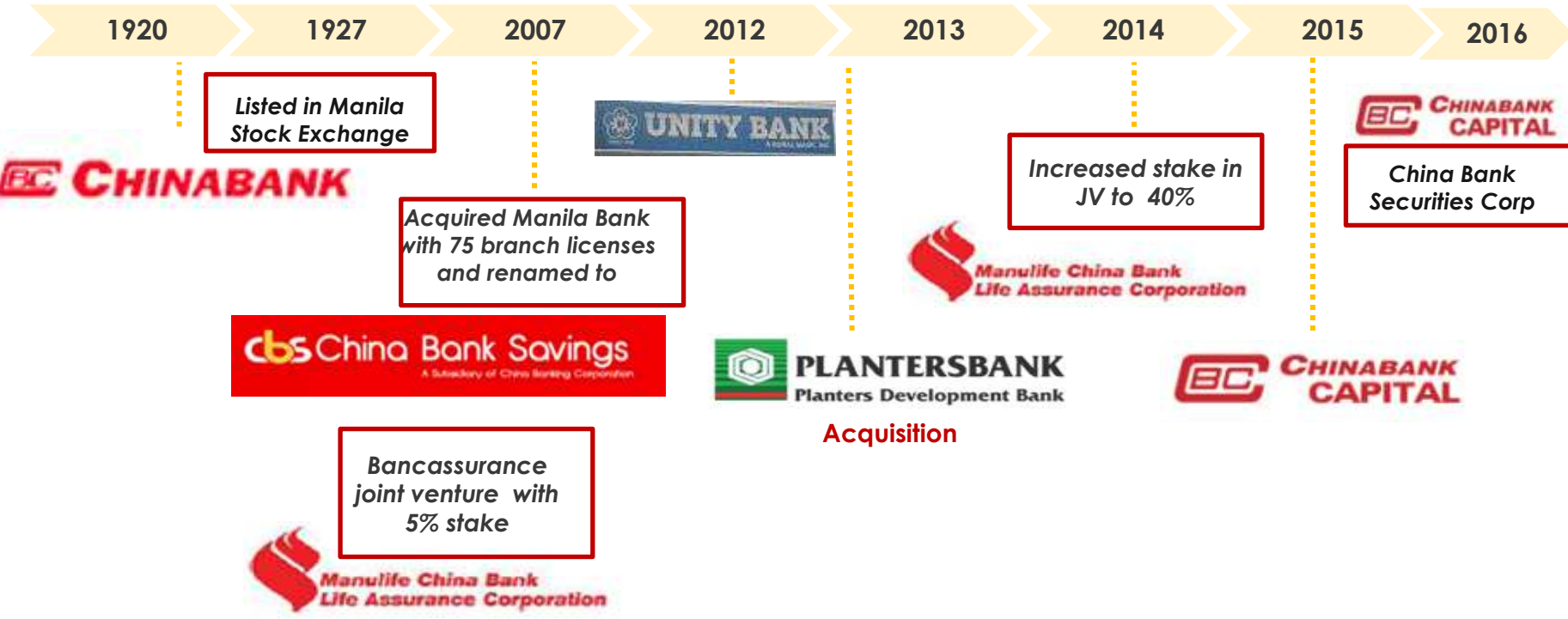
A. Deposits & Related Services

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)		

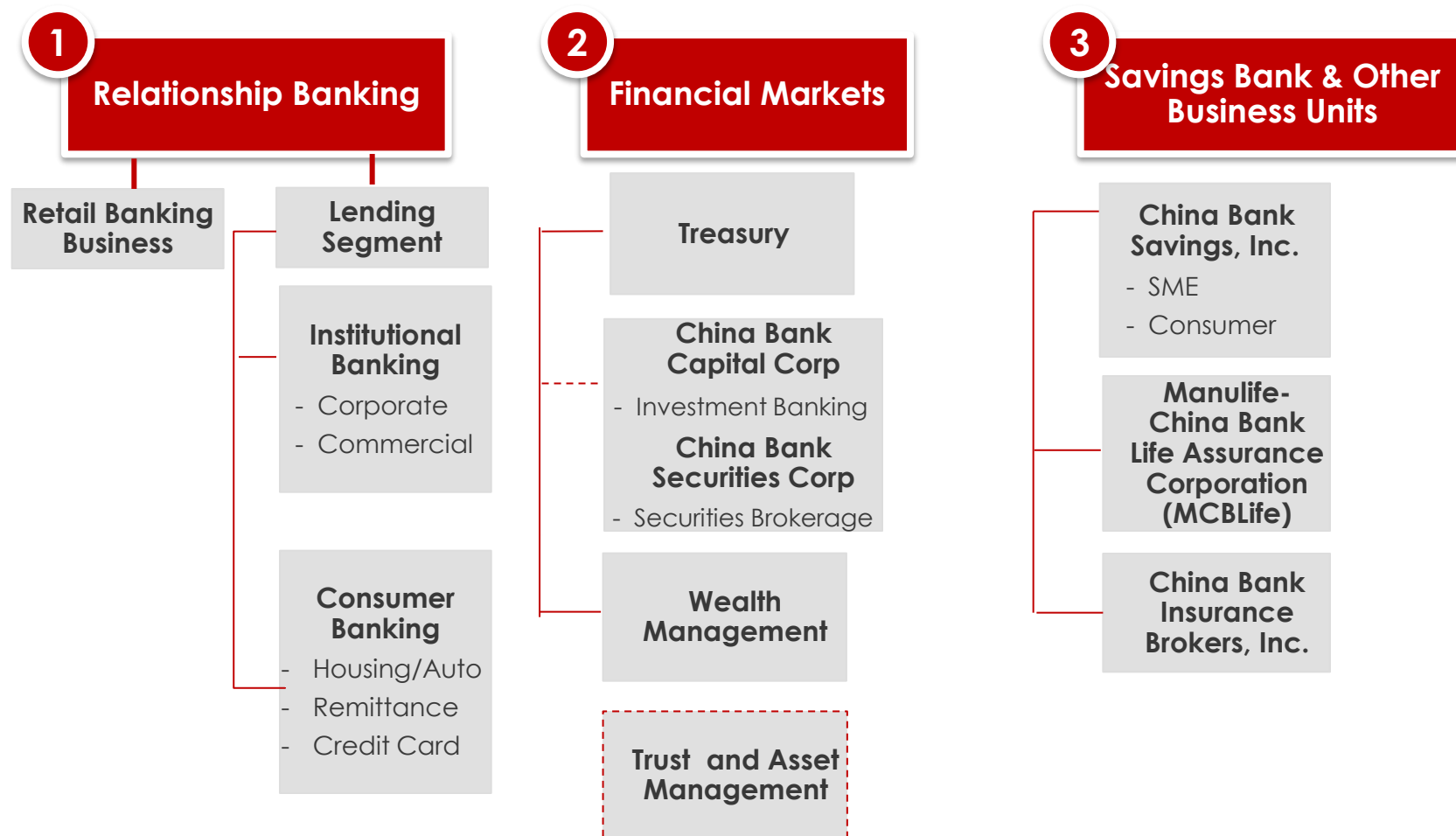
Bank Milestones

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



Comprehensive Financial Services Platform

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



Economic Environment

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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

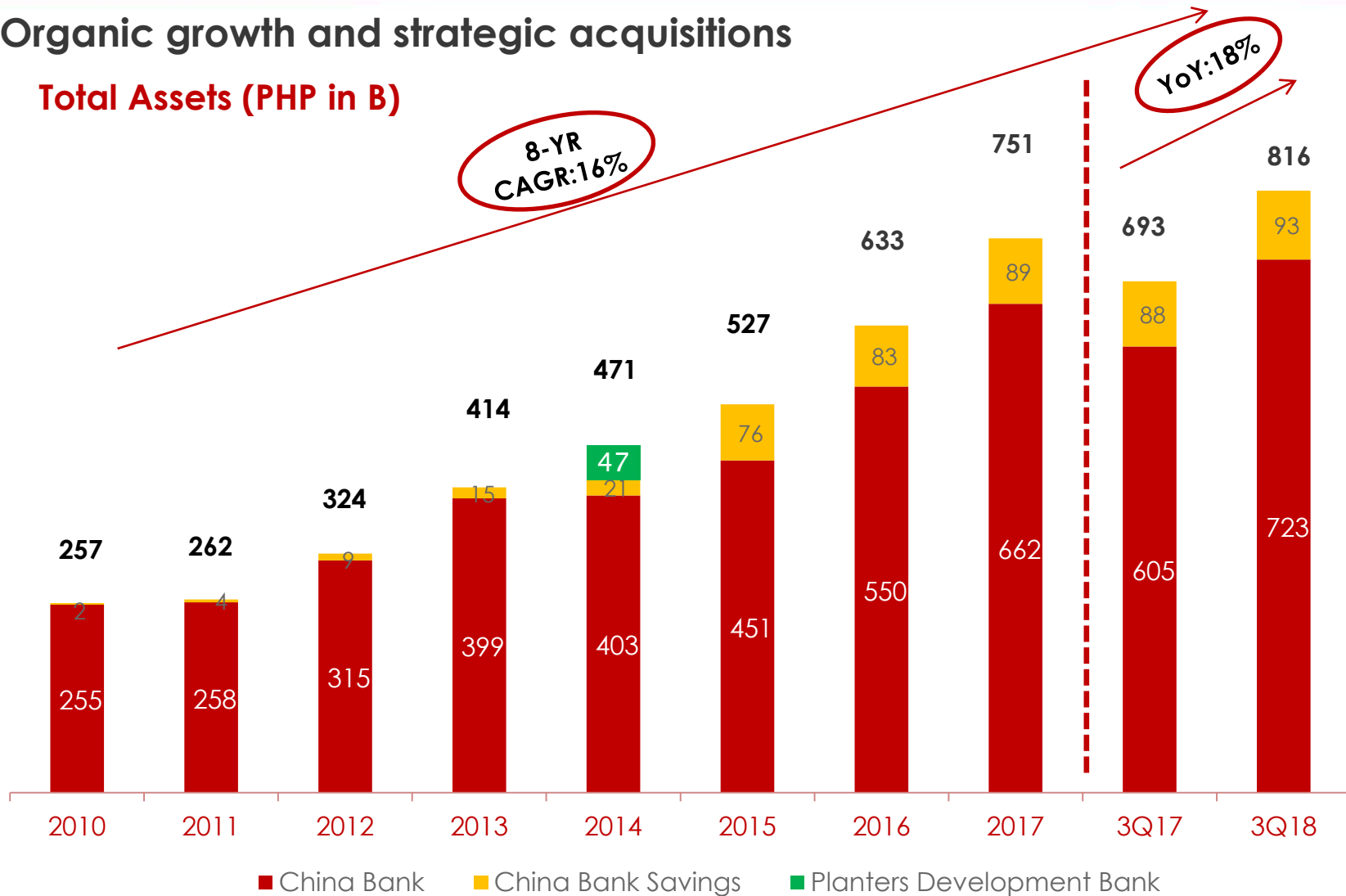
Multi-generational relationships

Agile and entrepreneurial mindset

Sustainable and profitable niche client relationships

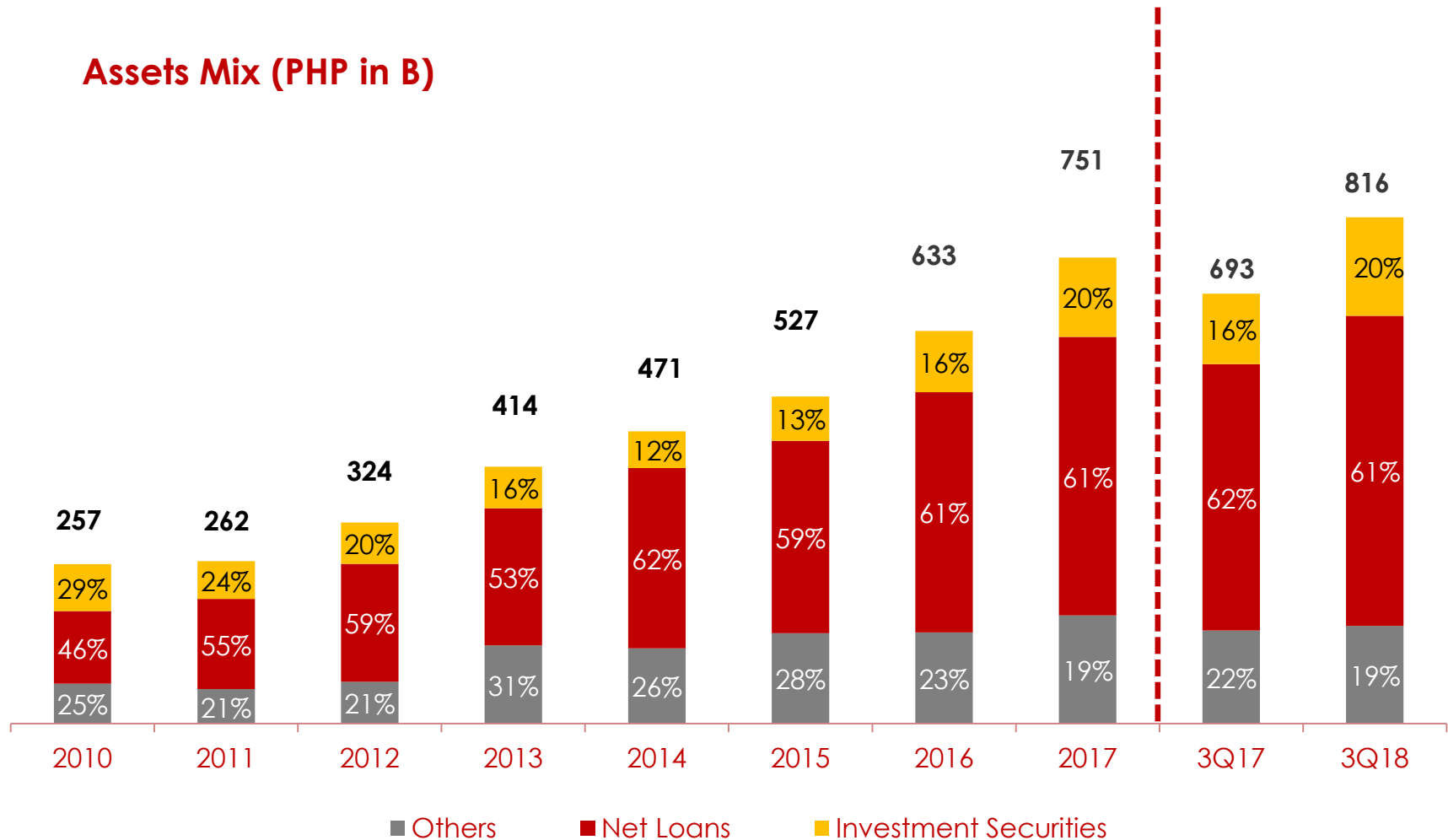
Organic growth and strategic acquisitions

Total Assets (PHP in B)

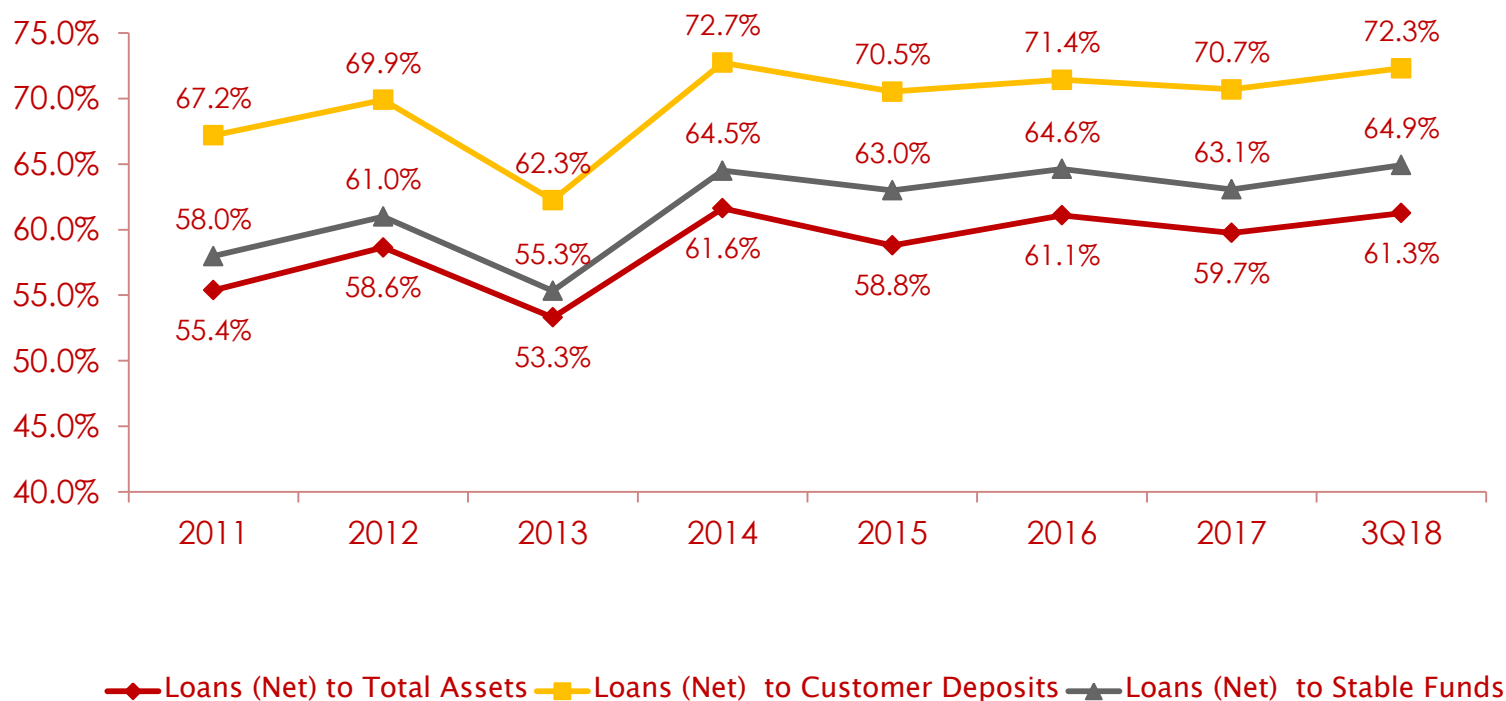


Emphasis on core-recurring income

Assets Mix (PHP in B)



Healthy liquidity



Source: Capital Intelligence Rating report where;

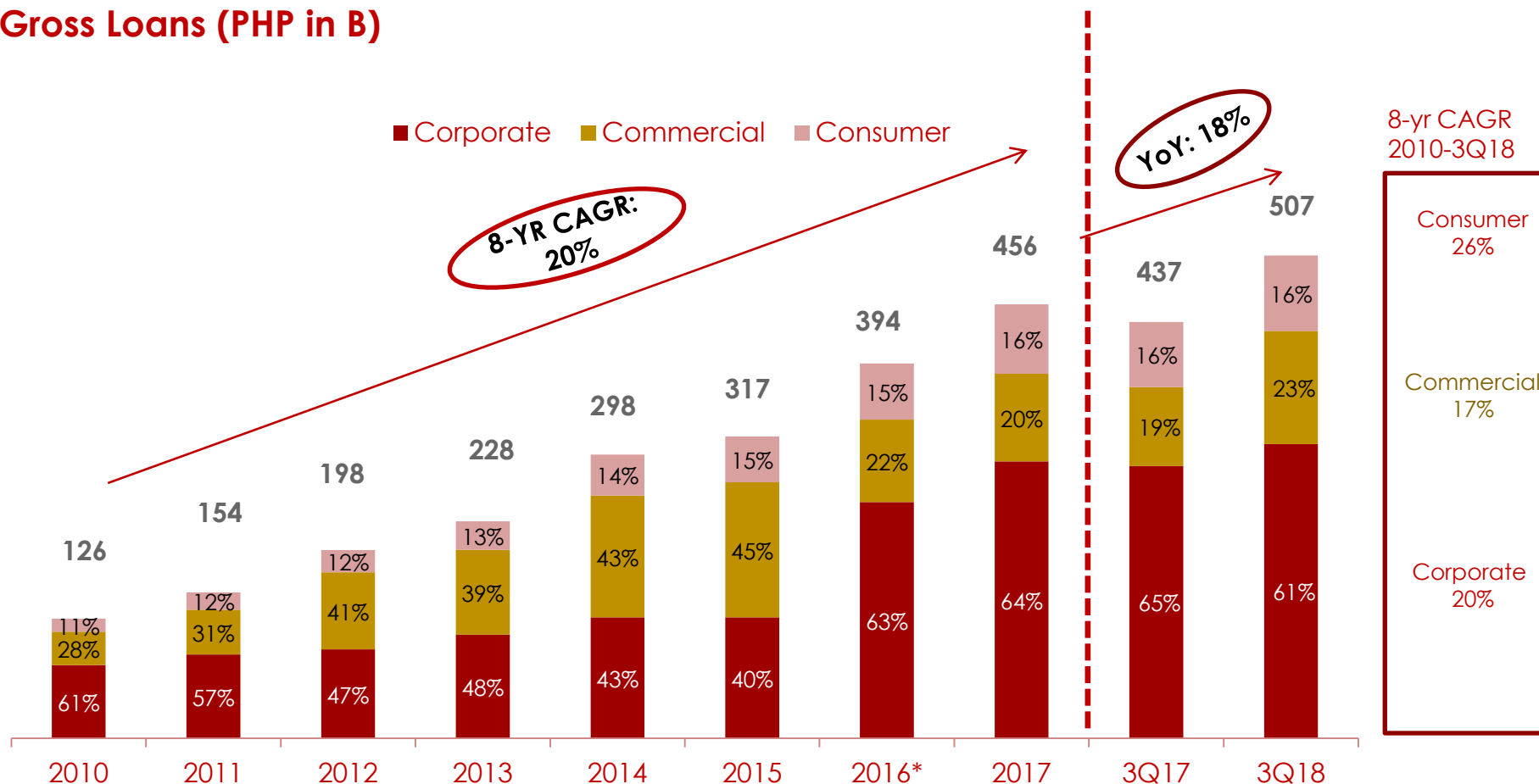
Customer Deposits, Savings, Demand, Time

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)

■ Corporate ■ Commercial ■ Consumer

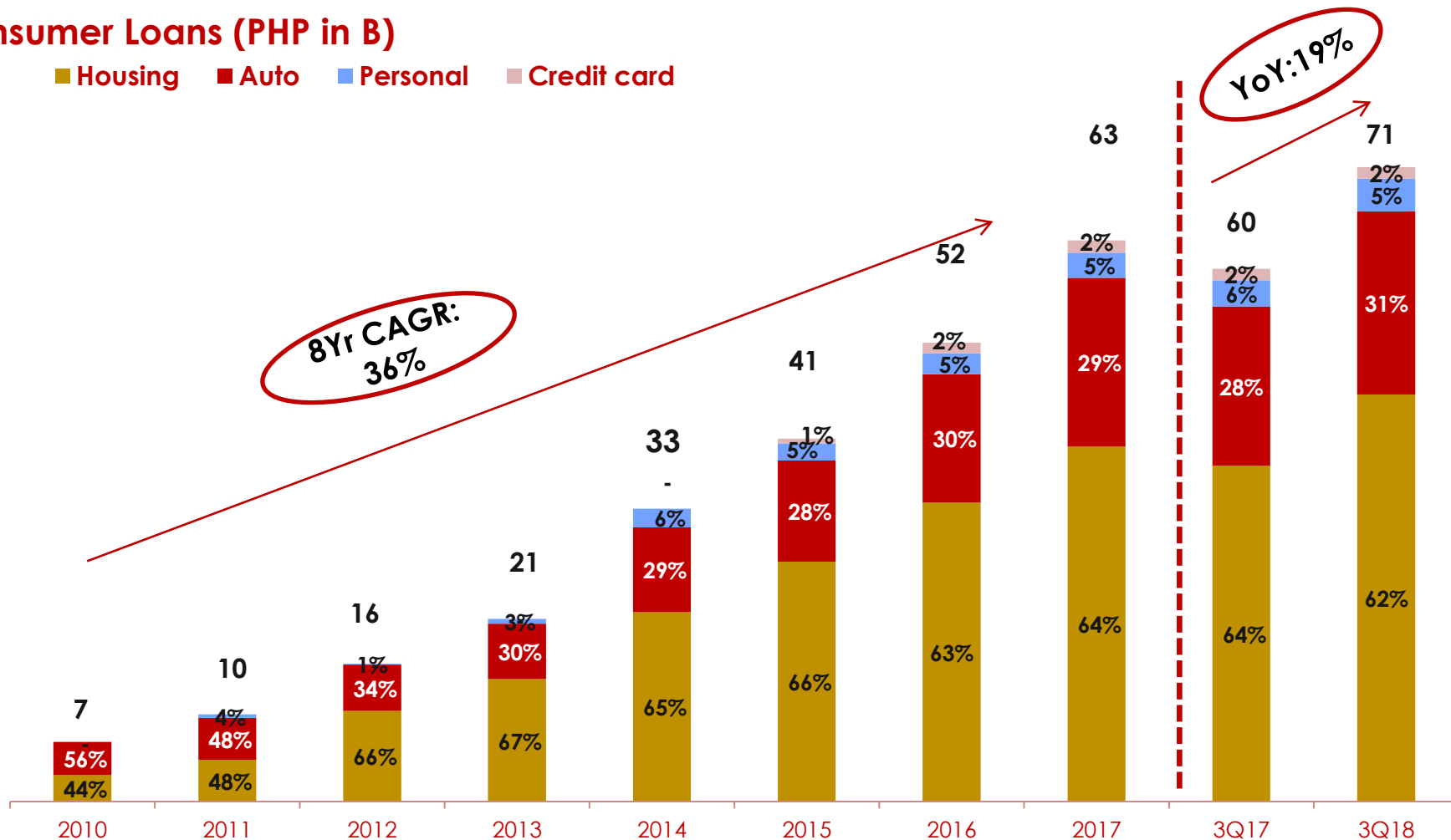


* Loans were reclassified into corporate (accounts with assets of 100M up) from commercial loans

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

Consumer Loans (PHP in B)

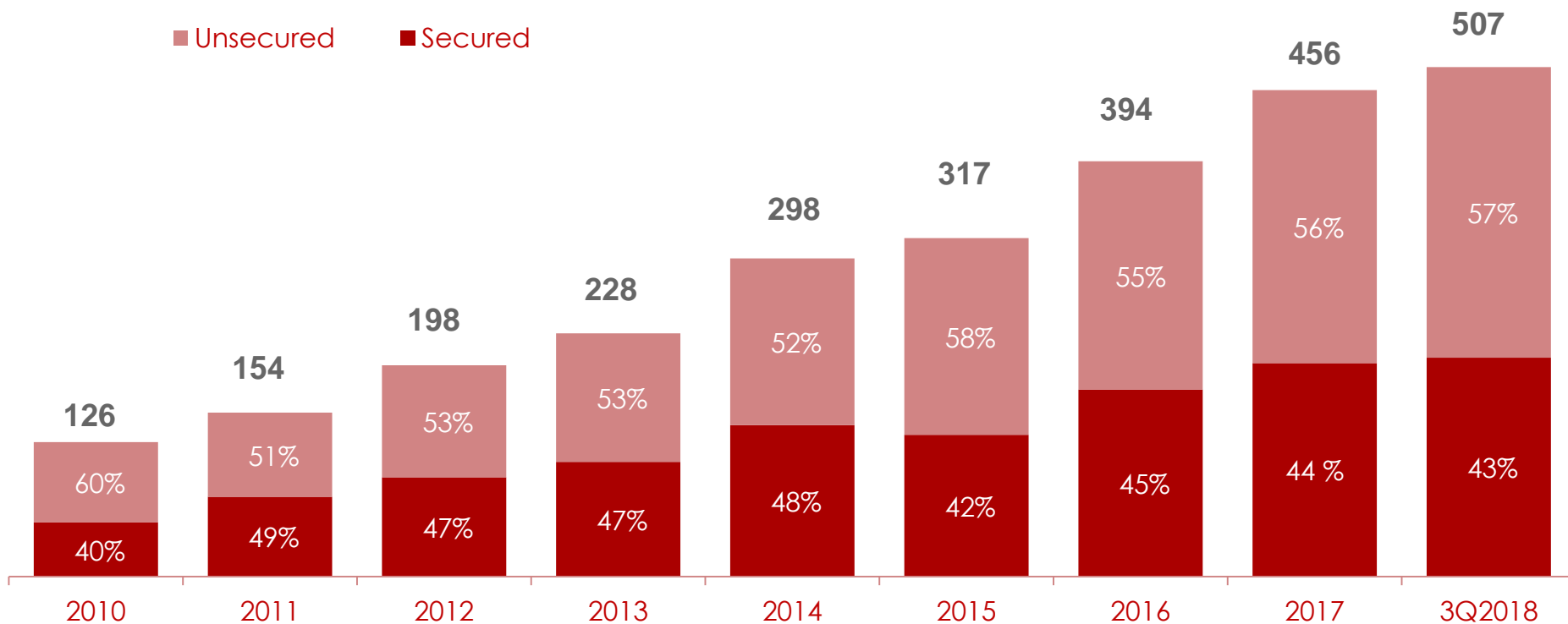
■ Housing ■ Auto ■ Personal ■ Credit card



* Excludes CTS & loans to developers

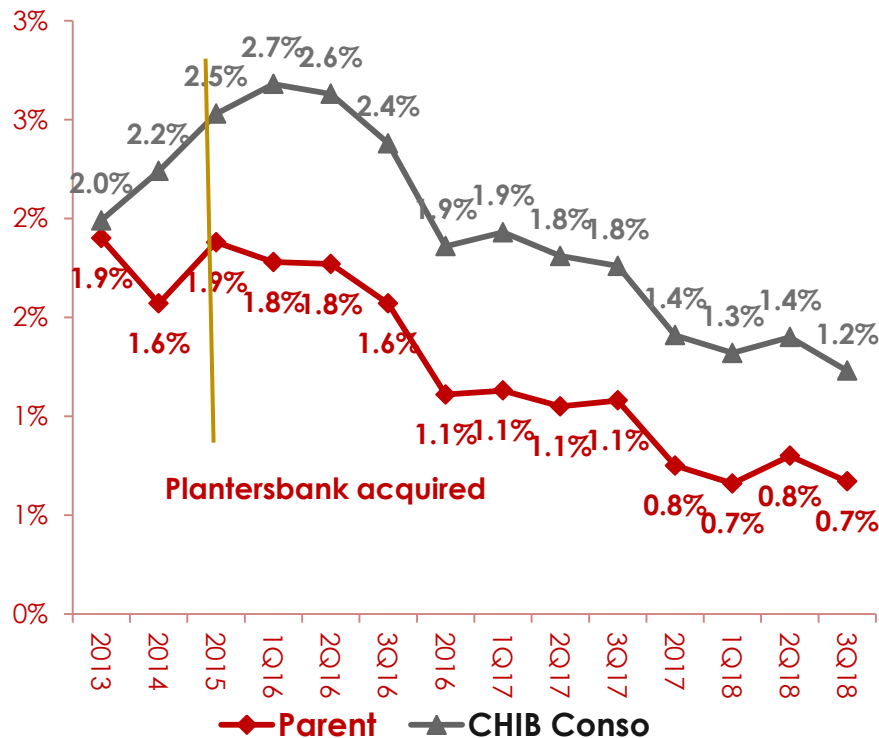
Loans By Security

■ Unsecured ■ Secured

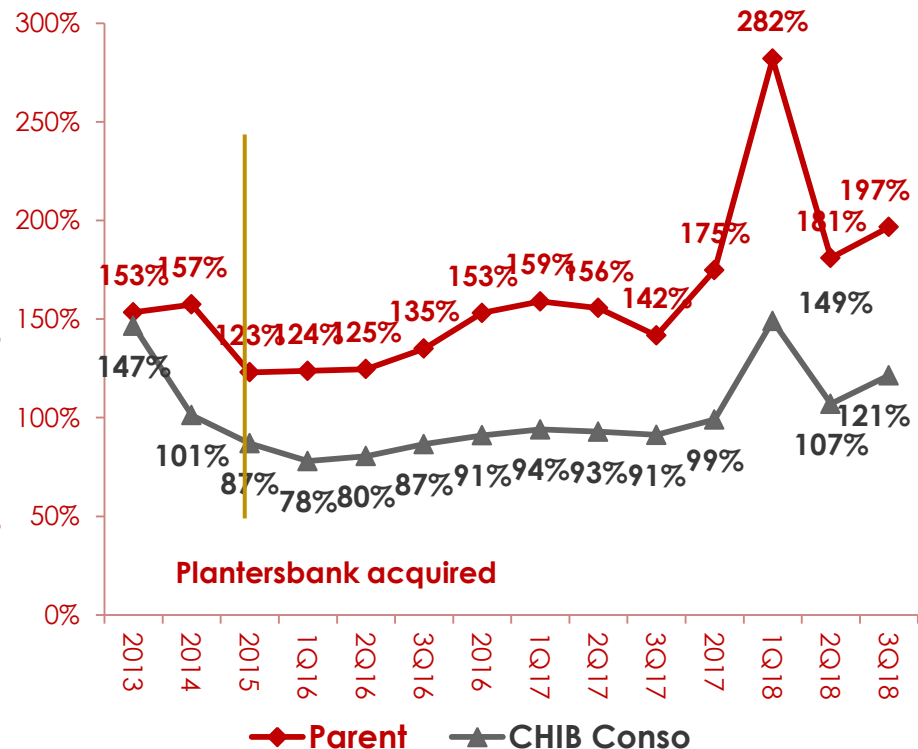


Asset Quality Ratios post PDB integration continue to improve...

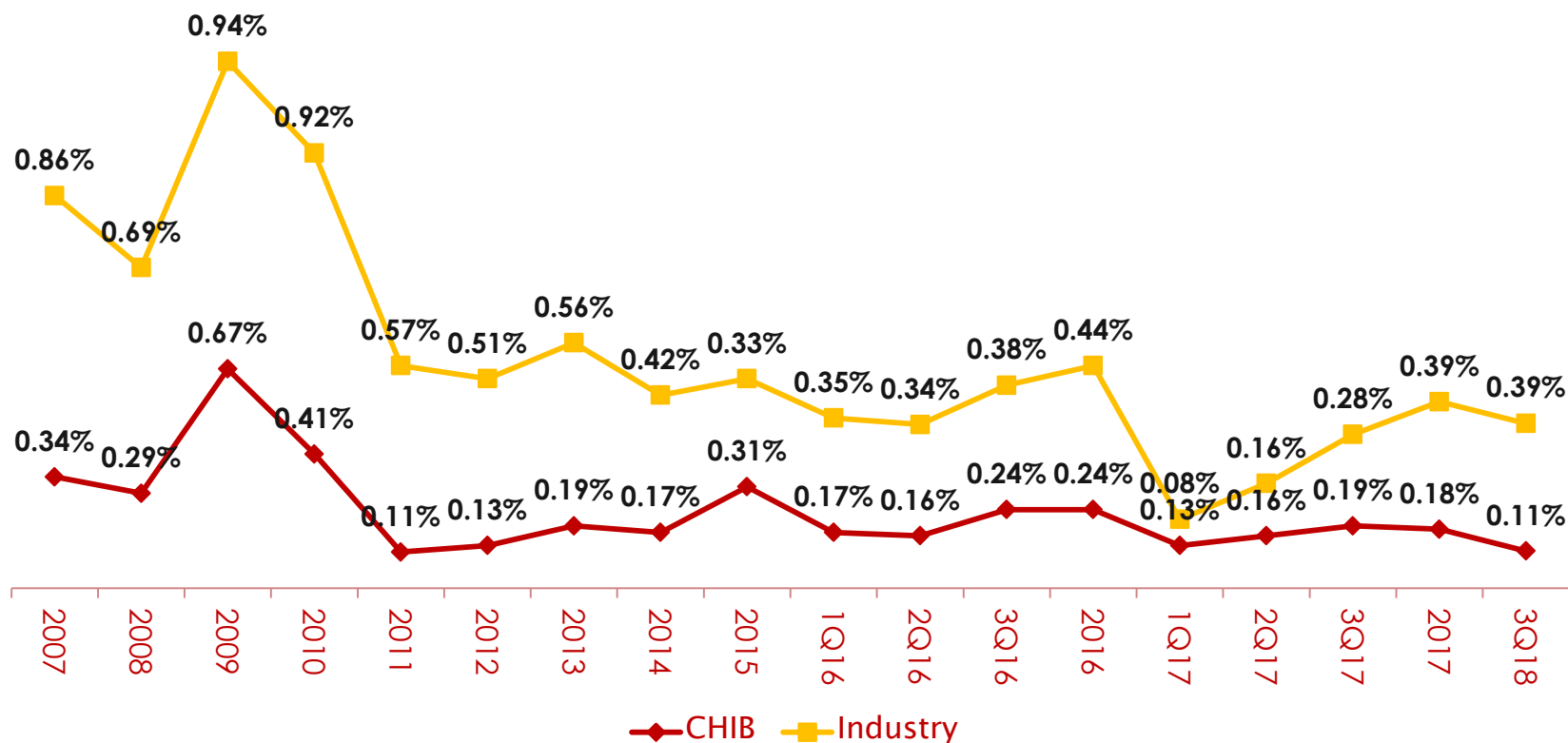
NPL Ratios



LLR Coverage

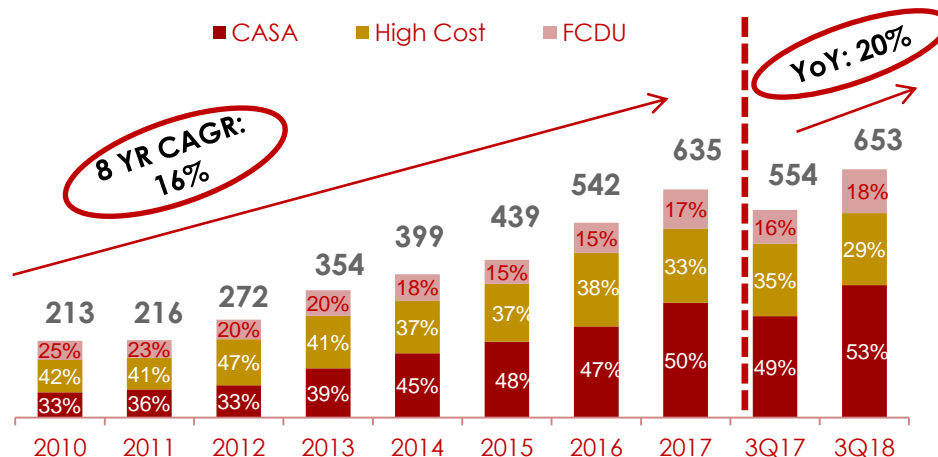


Credit Cost – lower than the industry

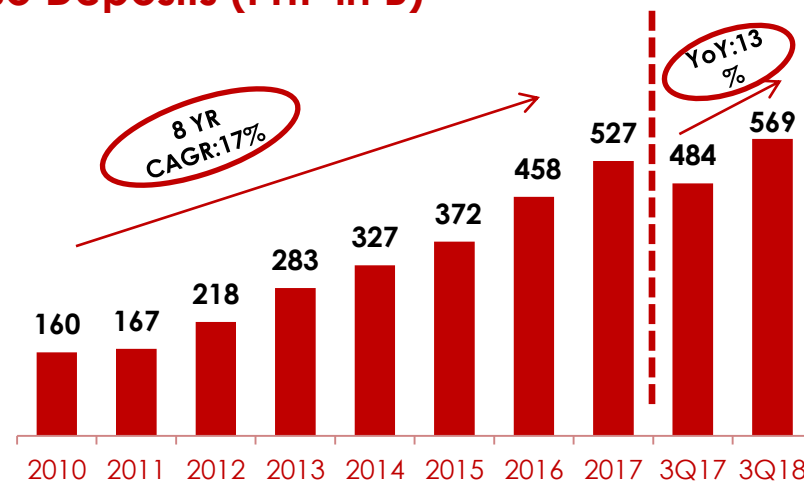


Strong branch franchise/retail funding base

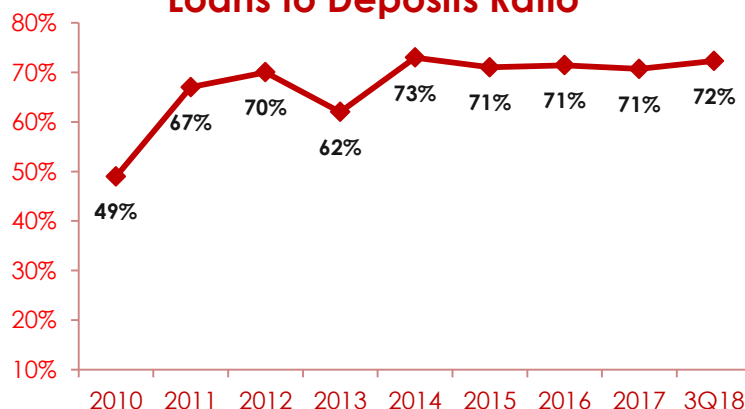
Deposits (PHP in B), core deposits 70%



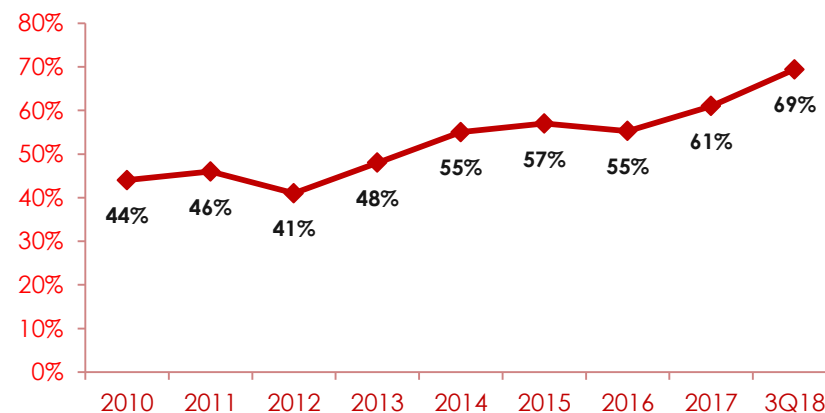
Peso Deposits (PHP in B)



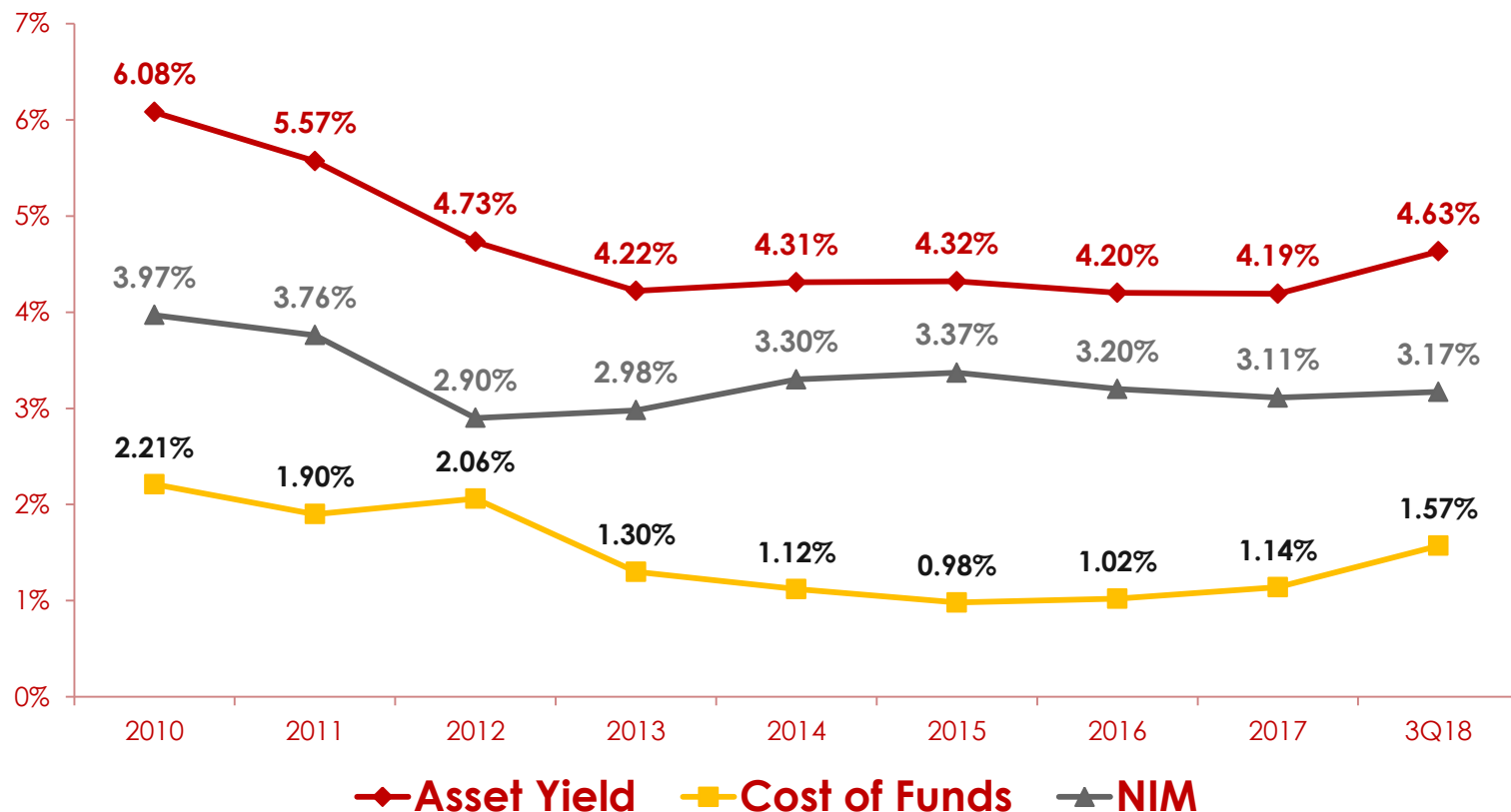
Loans to Deposits Ratio

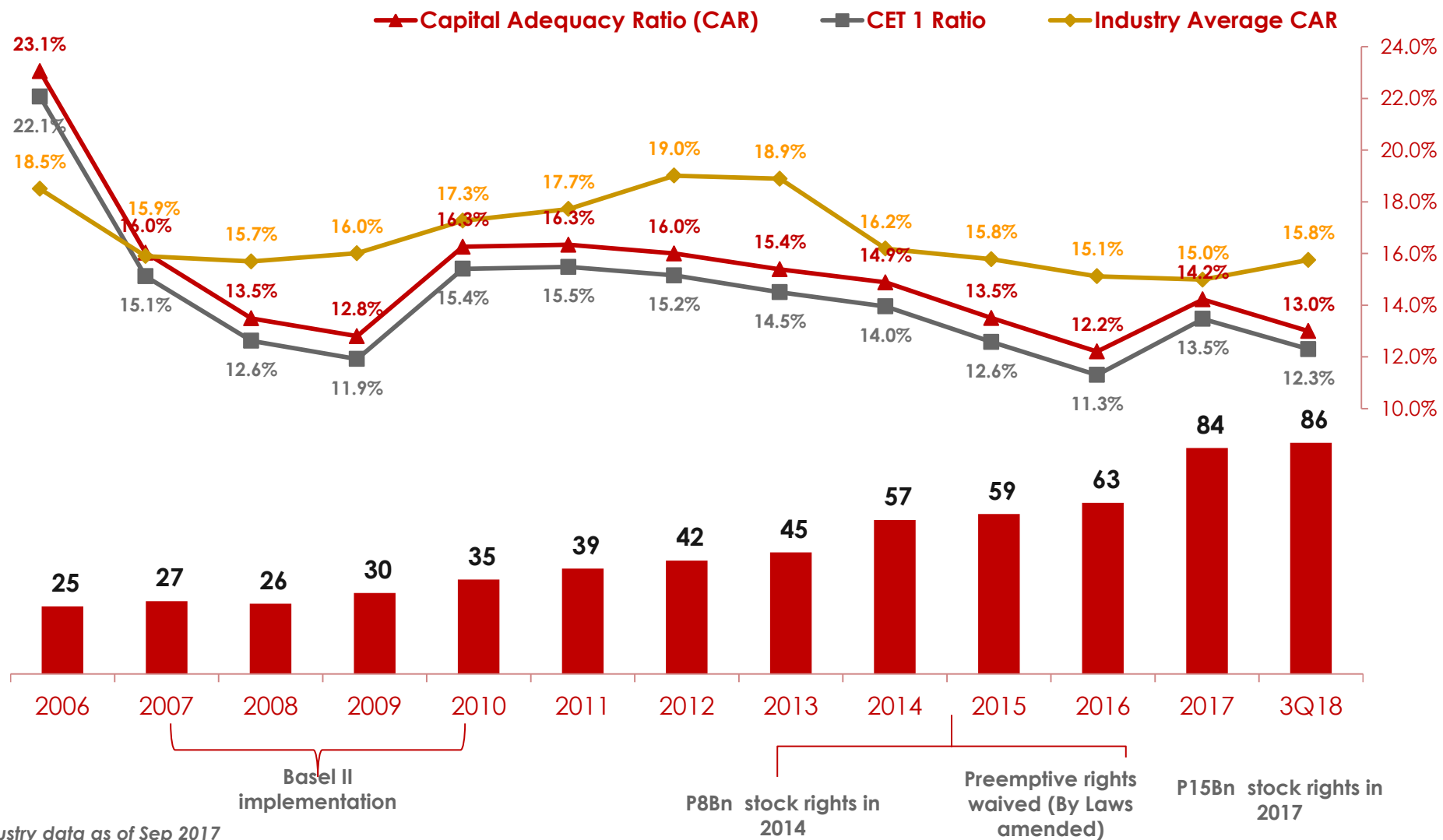


CASA to Peso Deposits Ratio



Stable Margins

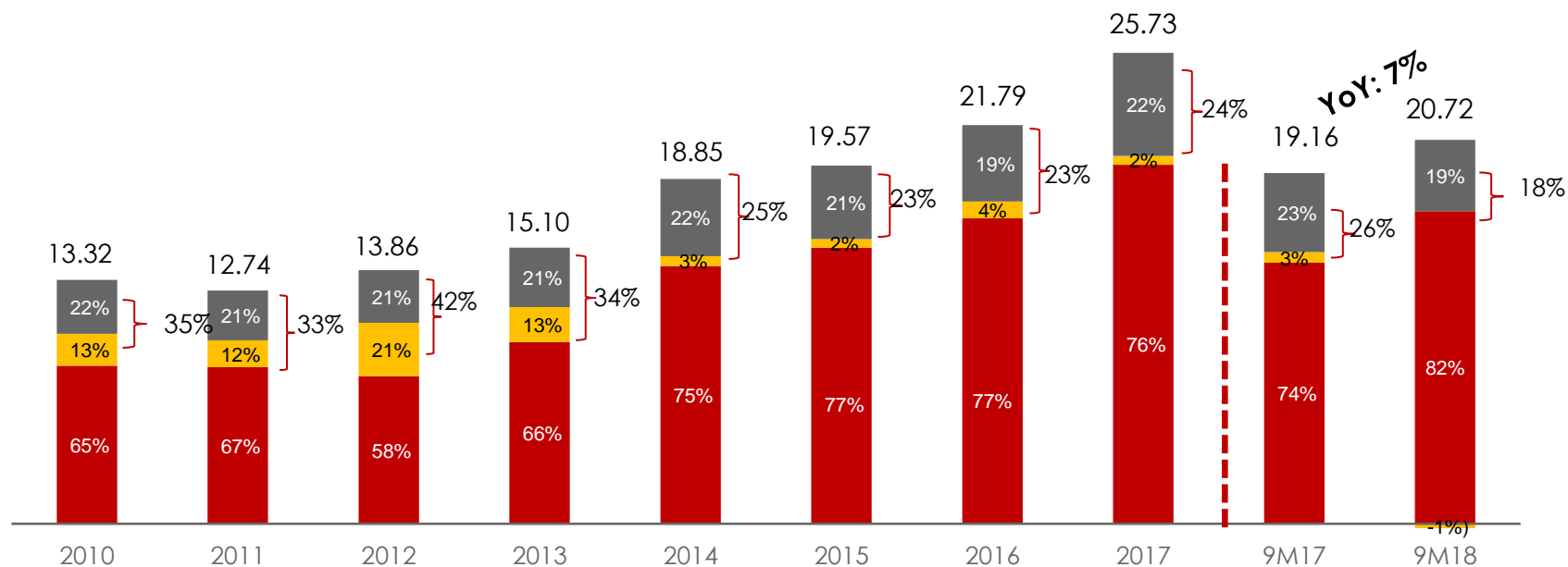




Operating Income Mix

(PHP in B)

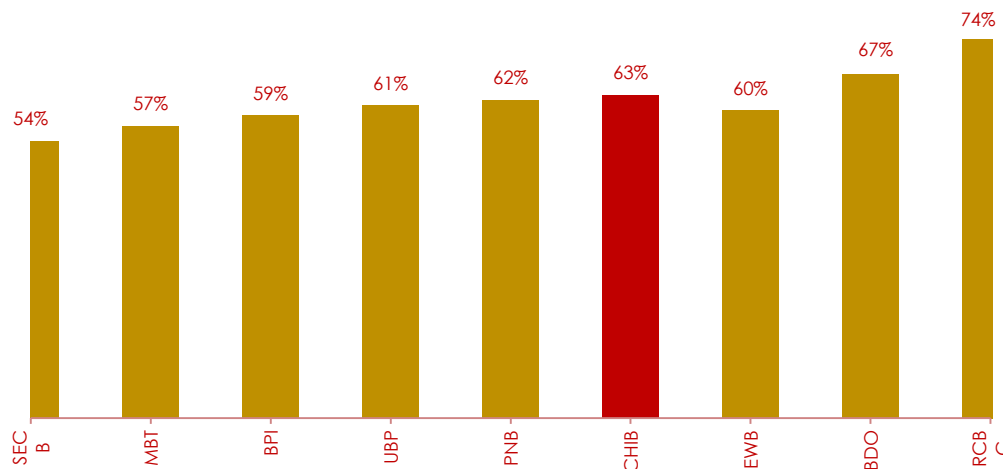
■ Net Interest Income ■ Trading and Securities ■ Other Fees



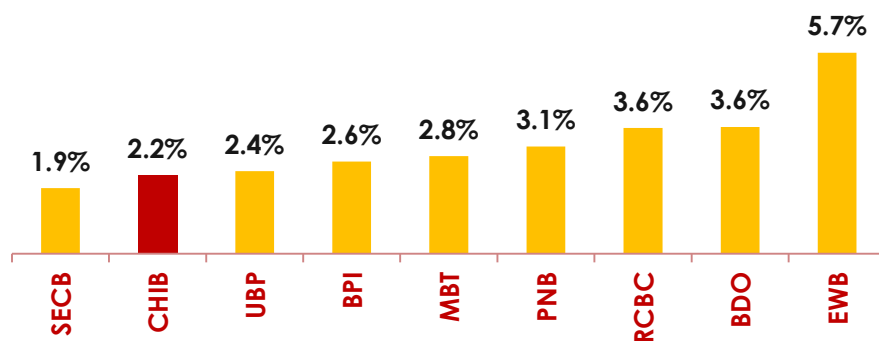
7 Effective Cost Management

... even with cost drag of branch expansion

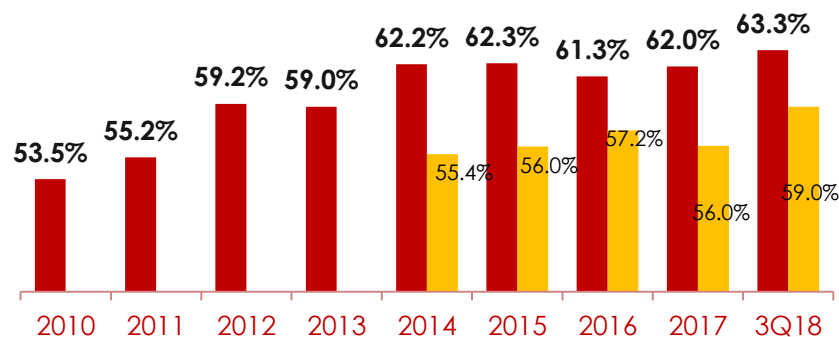
Cost to Income – Philippine Banks Sept 2018



Cost to Average Assets – Philippine Banks June 2018

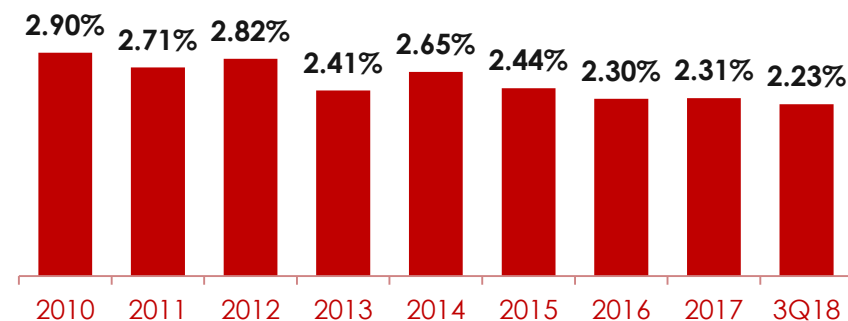


Cost to Income – China Bank (%)



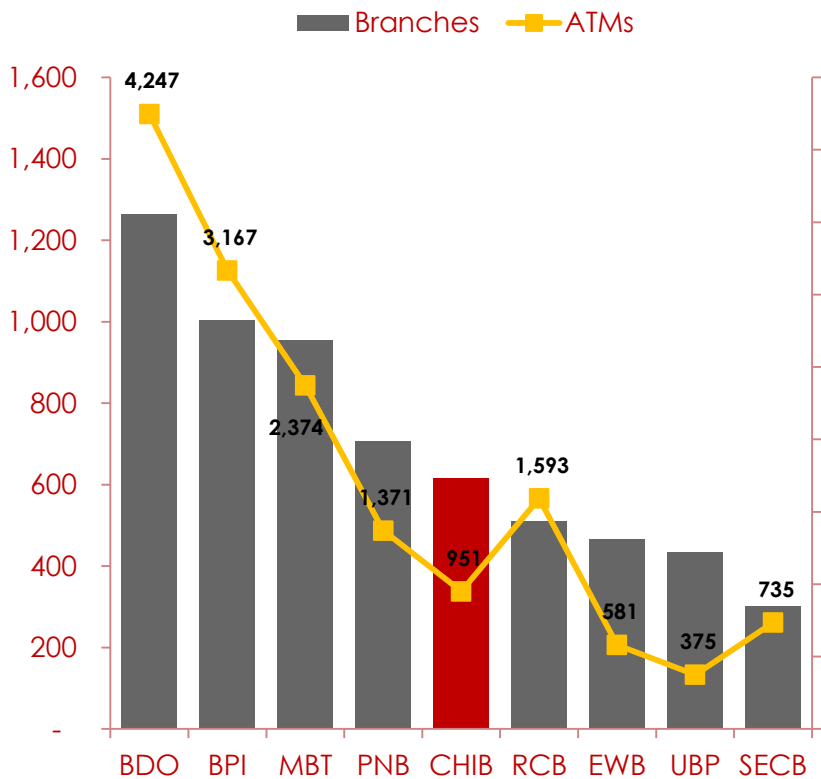
■ CHIB Conso ■ Ex CBS/PDB

Cost to Average Assets – China Bank (%)

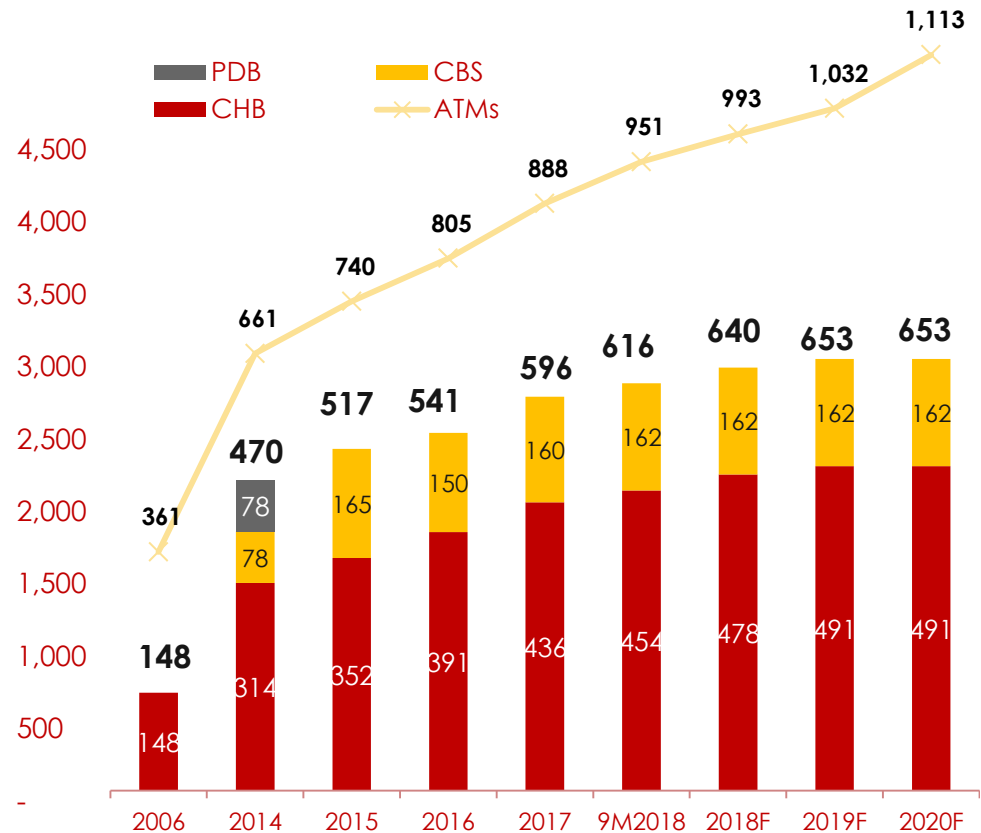


7 Growing Distribution Network

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



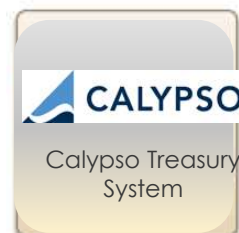
Since 2015



ATM cards, machines –
1 of the first in PHL

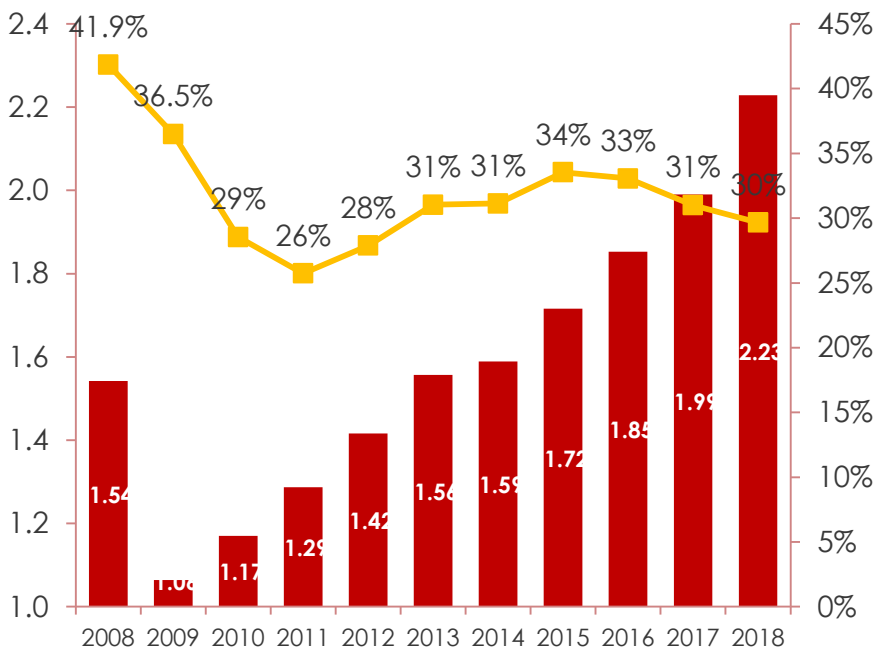
- New Treasury system -- Calypso
- Replace Trust/Asset Management system
- Cash Management / Corporate Online
- Digital Banking transformation

...supported by robust infrastructure platform

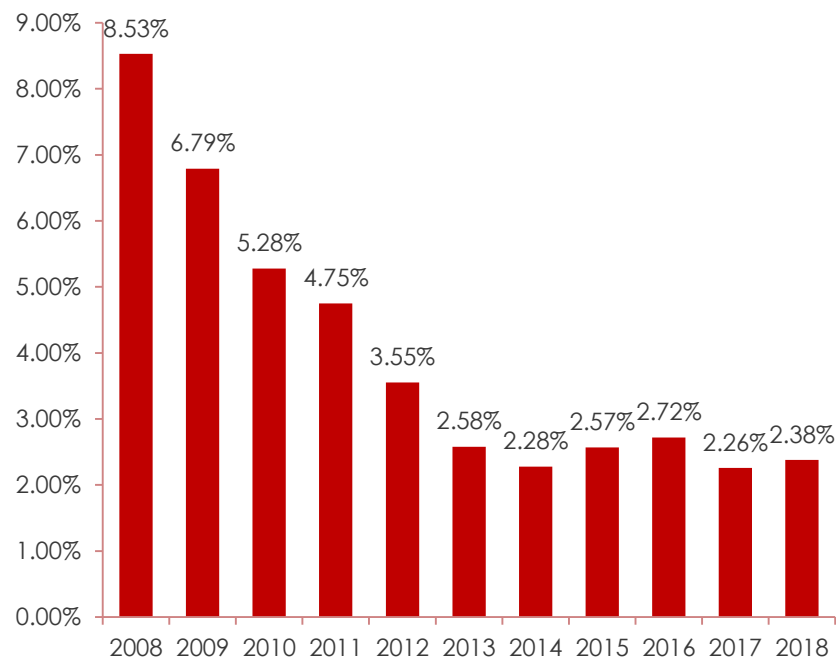


Consistent dividends track record (In Mn)

■ Cash Dividends ■ Cash Payout

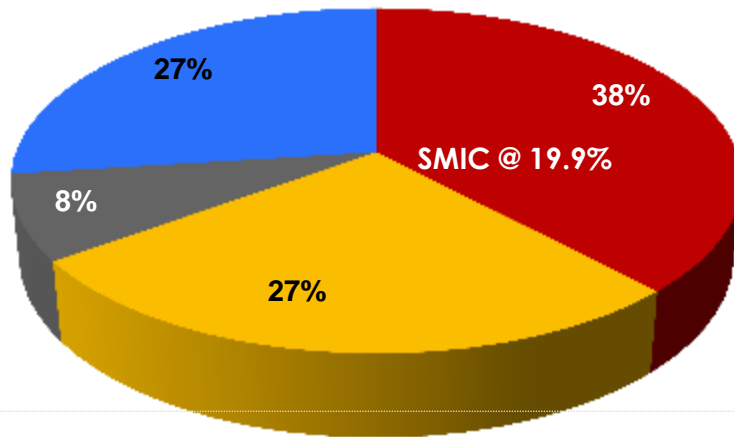


Dividend Yield – consistently above industry average



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.



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



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



Philip S.L. Tsai
Independent Director

- Elected as Independent Director to the China Bank Board last November 7, 2018
- Formerly First Vice President and Region Head for the Retail Banking Group – Metro Manila and South until his retirement in August 2015

*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
Director of Chinabank Insurance Brokerage, Inc.



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
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)

Management Team – Experienced, Successors in Place



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



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



Mary Ann Lim
*Vice President , Trust Officer and Head of Trust and
Asset Management Group*



Delia Marquez
*First Vice President and
Head of Centralized Operations Group*



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



Atty. Aileen Paulette De Jesus
Vice President , Chief Compliance Officer

Presentation Outline

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Financial Highlights

Income Statement

(In Million Pesos)			Change	
	Jan- Sep 2018	Jan- Sep 2018	Amount	%
Net Interest Income	17,085	14,262	2,822	19.8
Non-interest Income	3,635	4,901	(1,266)	(25.8)
Total Operating Income	20,720	19,164	1,556	8.1
Total Operating Expenses	13,522	12,313	1,209	9.8
Income before Income Tax	7,198	6,850	347	5.1
Provision for Income Tax	1,637	1,166	471	40.4
Net Income	5,561	5,684	(123)	(2.2)

Ratios:

Net Interest Margin (%)	3.17	3.09
Cost to Income (%)	63.29	61.23
ROA (%)	8.77	10.41
ROE (%)	0.97	1.10

Financial Highlights

Balance Sheet

(In Million Pesos)	Sep-18	Sep-17	Change	
			Amount	%
Total Assets	816,203	692,744	123,459	17.8
Loans and Receivables (net)	500,069	429,564	70,505	16.4
Total Deposits	691,657	578,038	113,619	19.7
Low Cost Deposits	394,984	306,037	88,947	29.1
Time Deposits	296,673	272,001	24,672	9.1
Total Equity	85,598	82,383	3,215	3.9

Ratios:

Loans to Deposits (%)	72.3	74.3
Non Performing Loans (%)	1.2	1.8
NPL Coverage (%)	121.4	91.3
Tier 1 / CET 1 (%)	12.3	13.8
CAR (%)	13.0	14.7

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
- **Affirmed** in July 2018

FitchRatings

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

CI CAPITAL
intelligence

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

Awards and Recognition

- Top 2 Public-listed Company in the Philippines and Top 11-30 in ASEAN in the 2nd ASEAN Corporate Governance Awards
- 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) – Silver award



2018 Awards and Recognition



More than your banker, the right partner.

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