

# INVESTOR PRESENTATION

Jan-Mar 2021 Performance



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# China Bank response to COVID-19

## EMPLOYEES

- ✓ 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
- ✓ Augmented COVID-19 Medical Team
  - Occupational Safety & Health Committee in-charge of notification & reporting
  - Expanded Health Teams (11 team leads & 80 members)
- ✓ Opened a dedicated COVID-19 testing facility
- ✓ Continuous logistical and transportation services
- ✓ Automated employees' daily health checklist

## CLIENTS AND COMMUNITY

- ✓ 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
- ✓ Continued waiver of fees on InstaPay & PesoNet
- ✓ Provided digital options to retail and business clients
- ✓ Track & Trace Plan for clients/ visitors/ external and internal messengers
- ✓ Released latest version of China Bank Mobile App
- ✓ Regular communication on customer updates, cyberfraud protection, health & safety

# 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 4<sup>th</sup> generation
- ✓ Best practice in Corporate Governance



634 branches\*

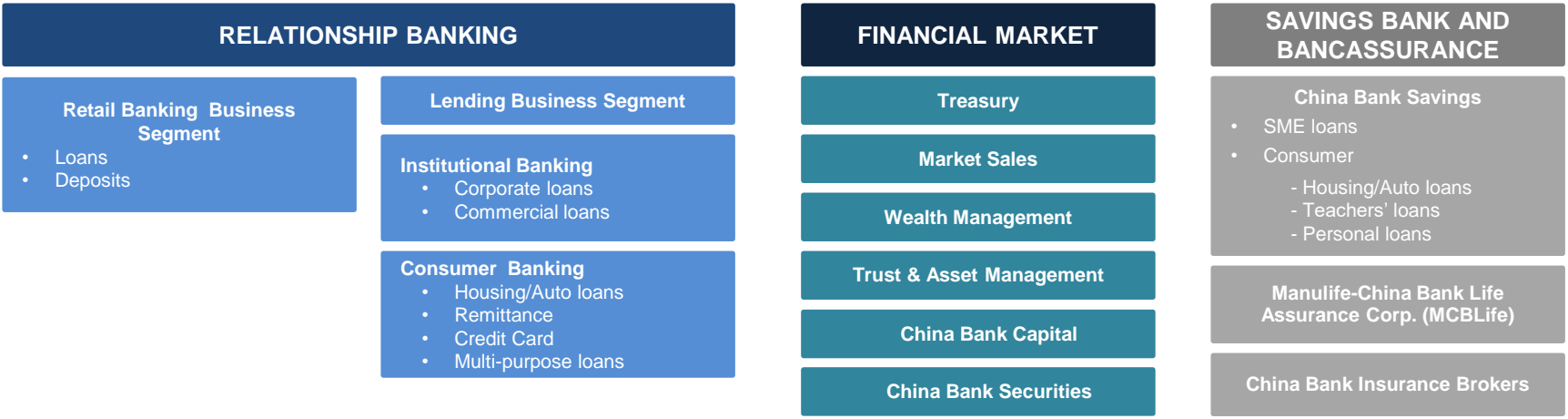


1,032 ATMs\*



9,822 Employees\*

### Full Service Platform



\*As of March 31, 2021

# China Bank Profile



## EQUITY PROFILE

Particulars	March 31, 2021
Ticker	CHIB
Stock Price	23.05
Market Cap (in PHP Mn)	61,910
Market Cap (in USD Mn)	1,277
Book Value per Share	Php40.43
Earnings per Share (Trailing 12 months)	Php5.00
Price to Book	0.6
Price to Earnings	4.6

## CREDIT RATINGS

MOODY'S

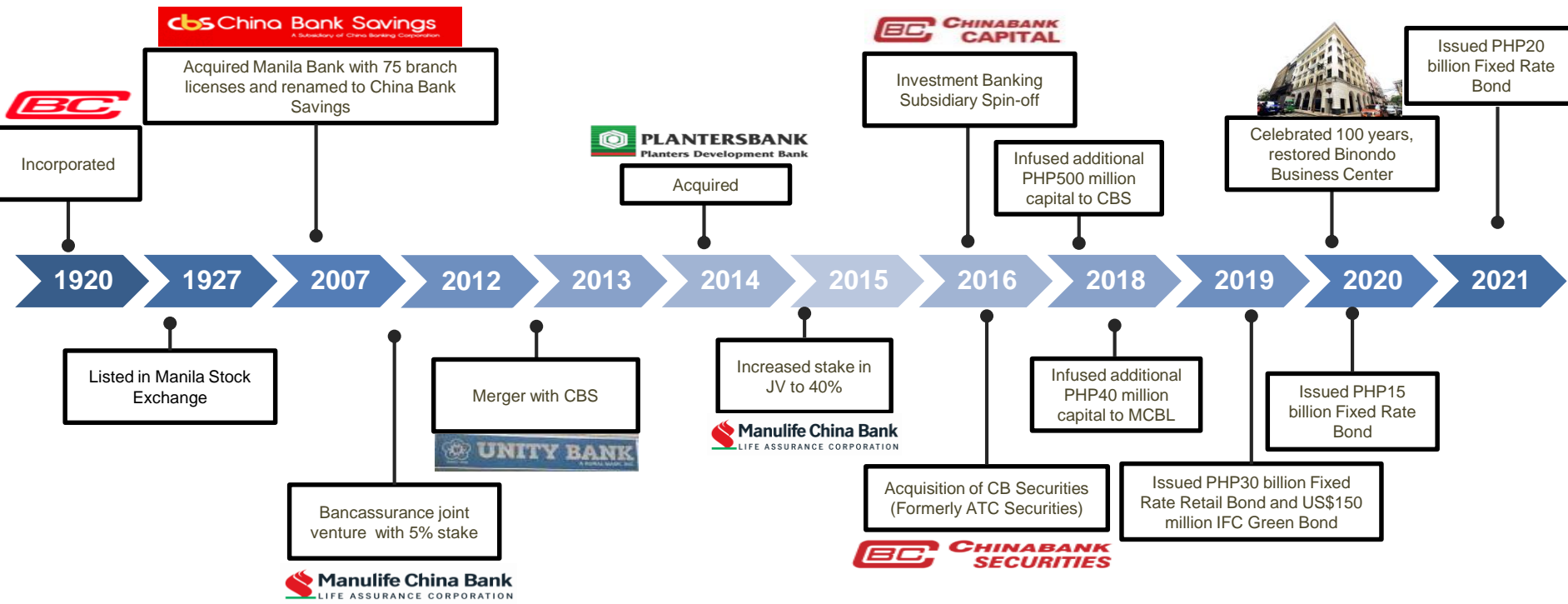
- Investment grade credit rating of [Baa2](#) from May 2017
- Same level as the Philippine sovereign rating and at par with the country's three biggest banks
- Affirmed in November 2020

PhilRatings  
PHILIPPINE RATING SERVICES CORPORATION

- Investment grade issuer rating of [PRS Aaa \(corp.\)](#) in February 2019
- Affirmed in May 2020

# China Bank Profile

## Major Milestones



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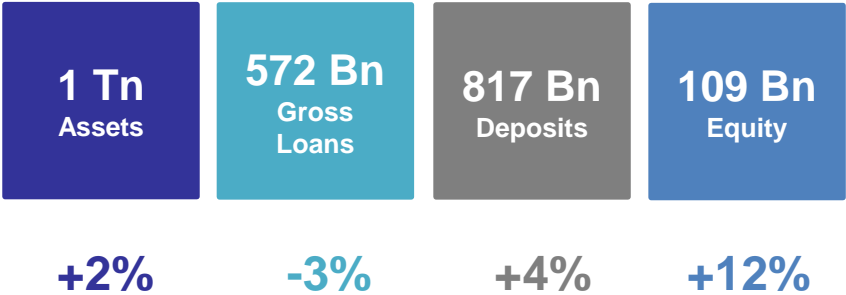
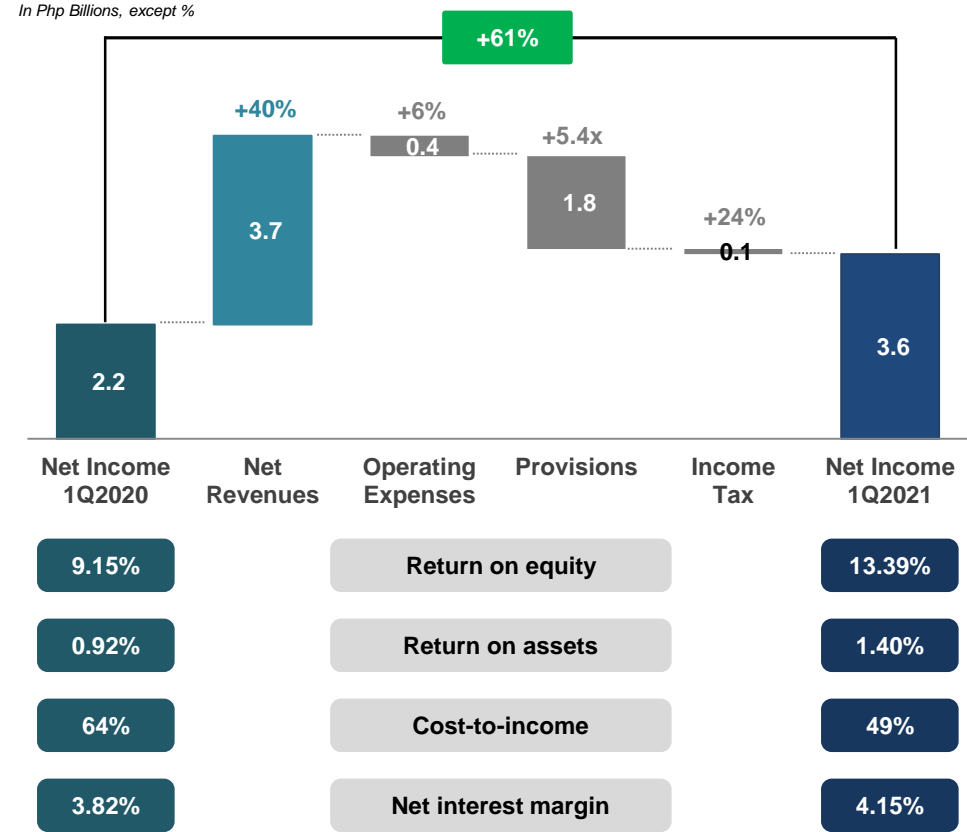
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# China Bank at a Glance

## How did we perform in 1Q2021?



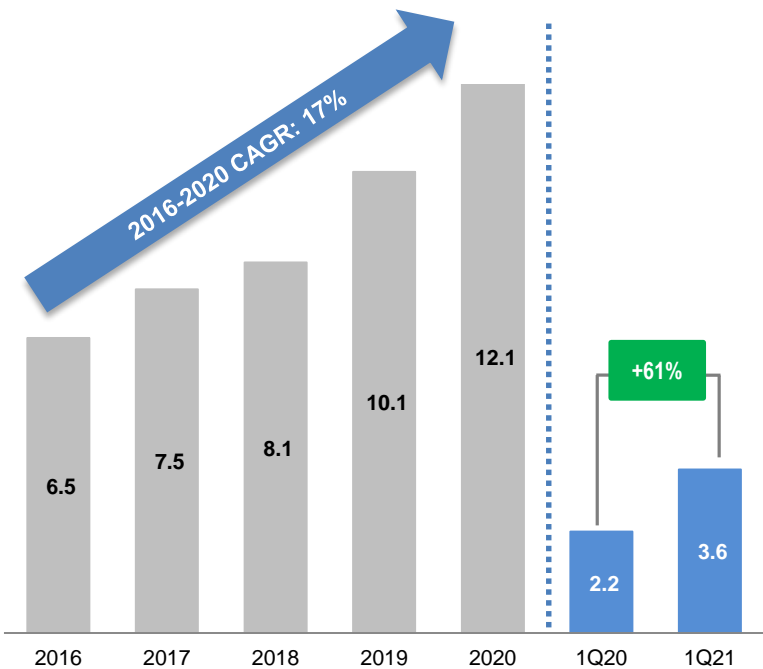
- Gross loans down 3% as loan demand remained weak due to the lingering economic uncertainties
- Total deposits rose 4% to P817 billion, underpinned by 23% growth in checking and savings accounts.
- CASA ratio improved to 62% from 52% in 1Q2020
- Capital ratios remain healthy with CET 1/Tier 1 ratio at 14.53% and total Capital Adequacy Ratio at 15.43%.

Source: Company filings. Financial data as of March 31, 2021 unless otherwise noted.

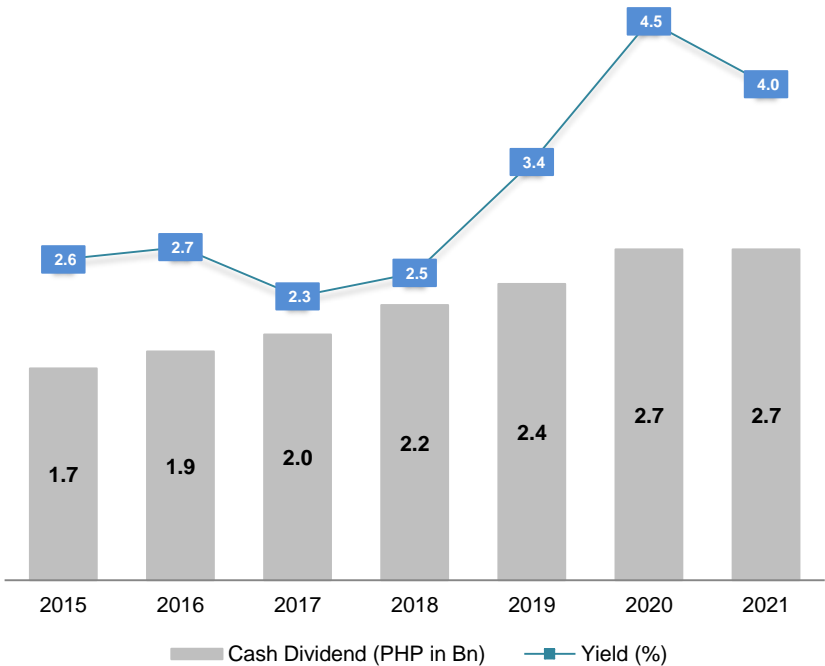
# Sustained profitability amidst a challenging environment

## Shareholder value creation through improving returns

Net Income (In PHP Bn)



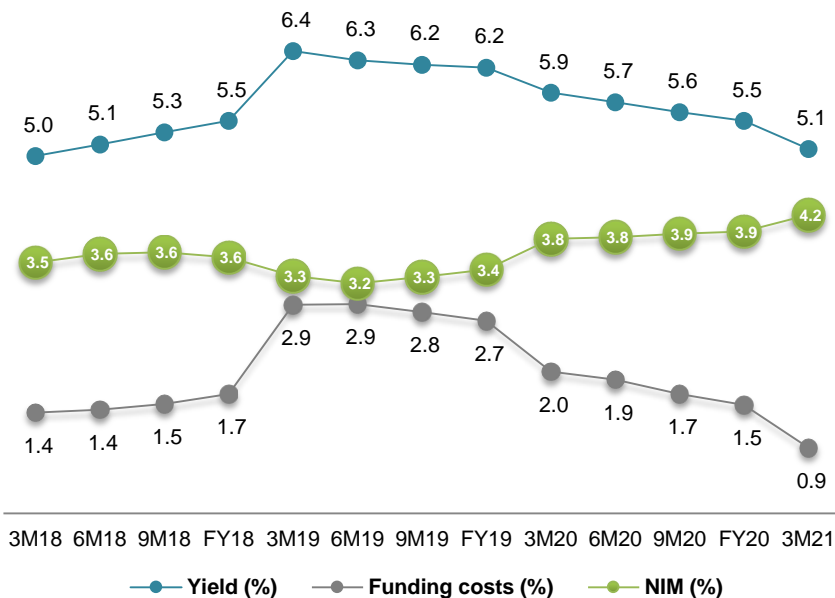
## Enable us to increase Dividend Payout and Yield



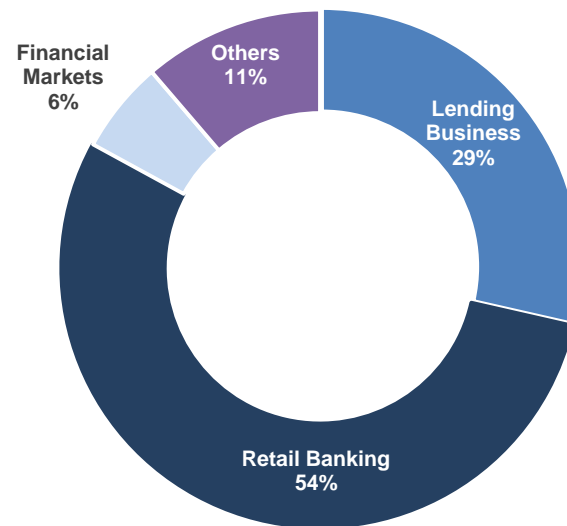
Source: Company filings. Financial data as of March 31, 2021 unless otherwise noted.

# NIM performance driving revenue growth

## NIM continues to improve from lower funding costs



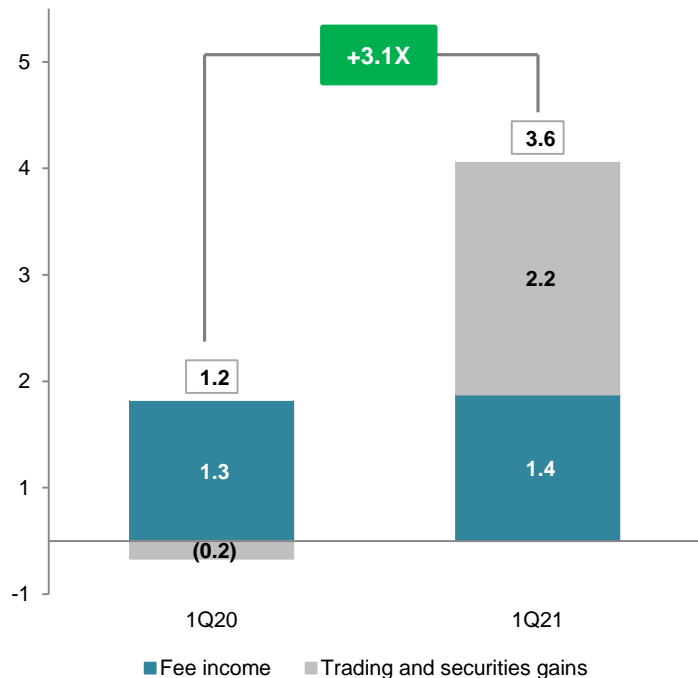
## Net Interest Income



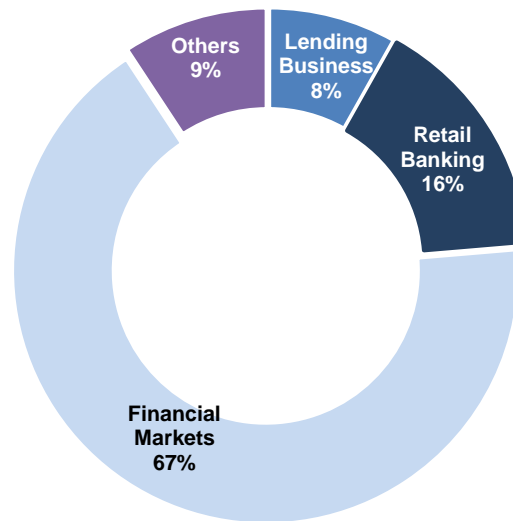
# Capitalized on favorable market conditions

## Higher trading gains offset flattish fee income

Fee-based Income (In PHP Bn)



## Fee-based Income

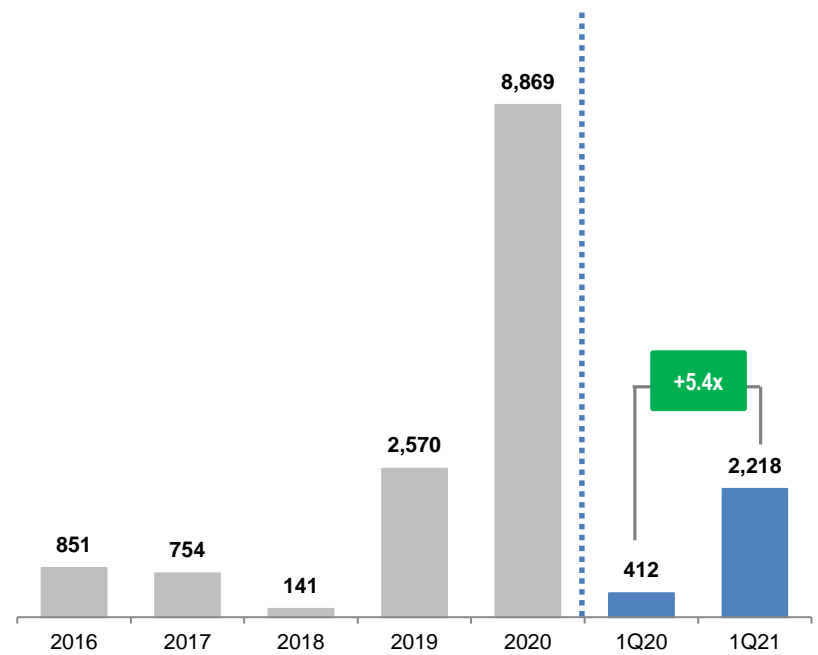


# Absorbed substantial provision for credit losses



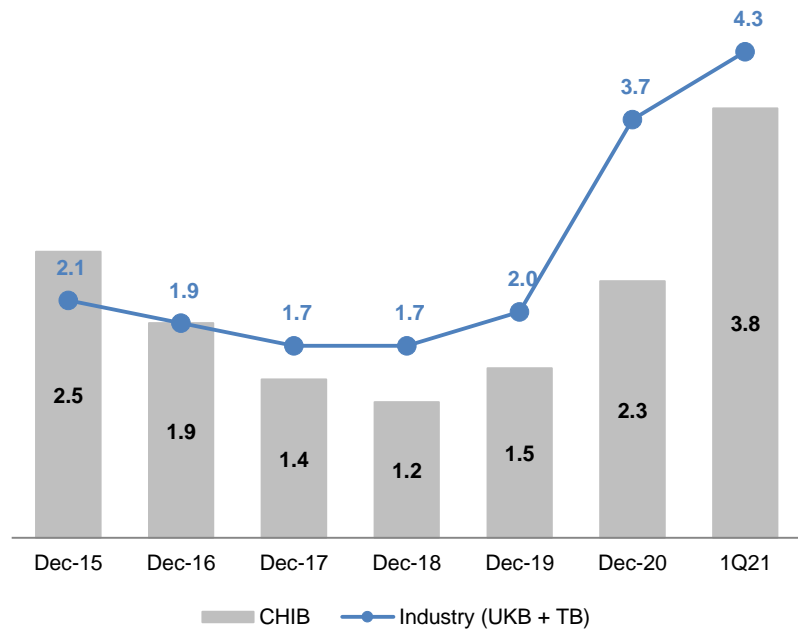
## Ramped up Provisions on COVID-19 Impact

Provisions (In PHP Mn)



## While NPL Remains below Industry Average

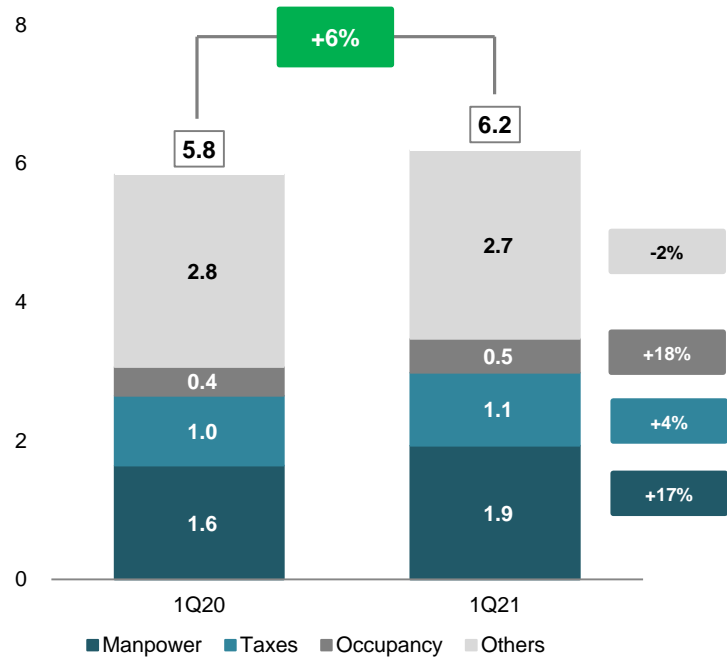
NPL (%)



Source: Company filings. Financial data as of March 31, 2021 unless otherwise noted.

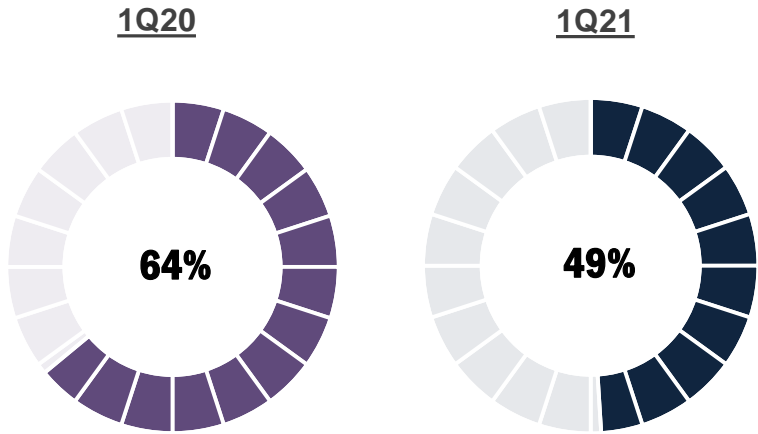
Prudent Cost Management

Operating Expenses ex provisions (In PHP Bn)



Improving Efficiency

Cost-to-income

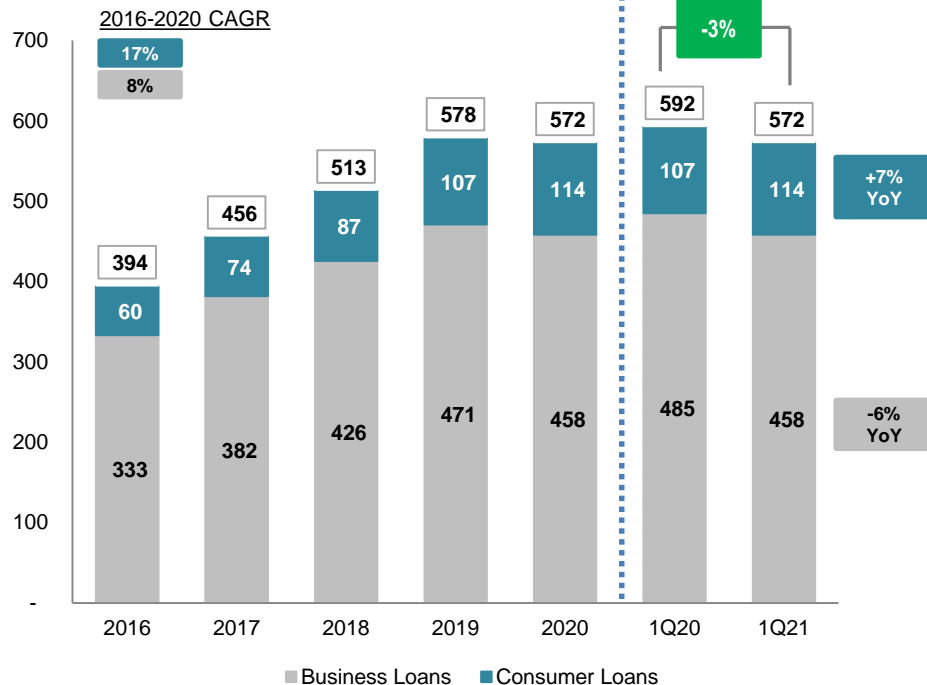


Source: Company filings. Financial data as of March 31, 2021 unless otherwise noted.

# Continues to grow in the secured consumer lending space

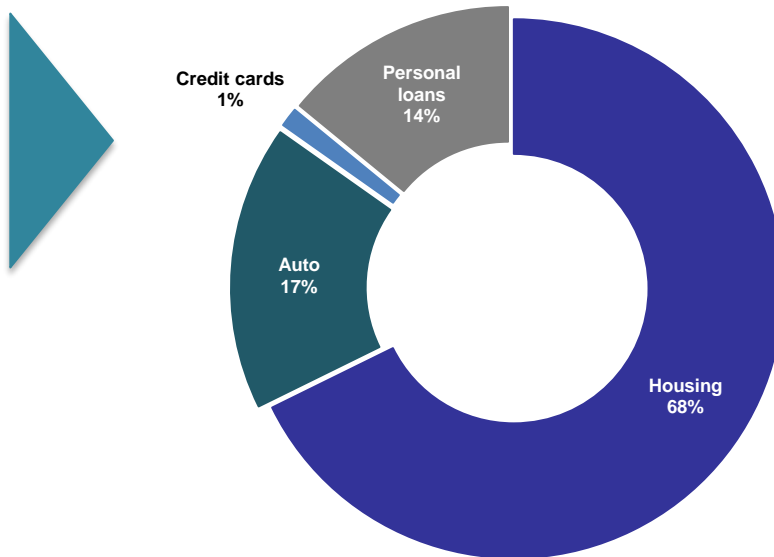
## Consumer loans now 20% of gross loans

Gross Loans (In PHP Bn)



## Well-secured Consumer Lending Portfolio

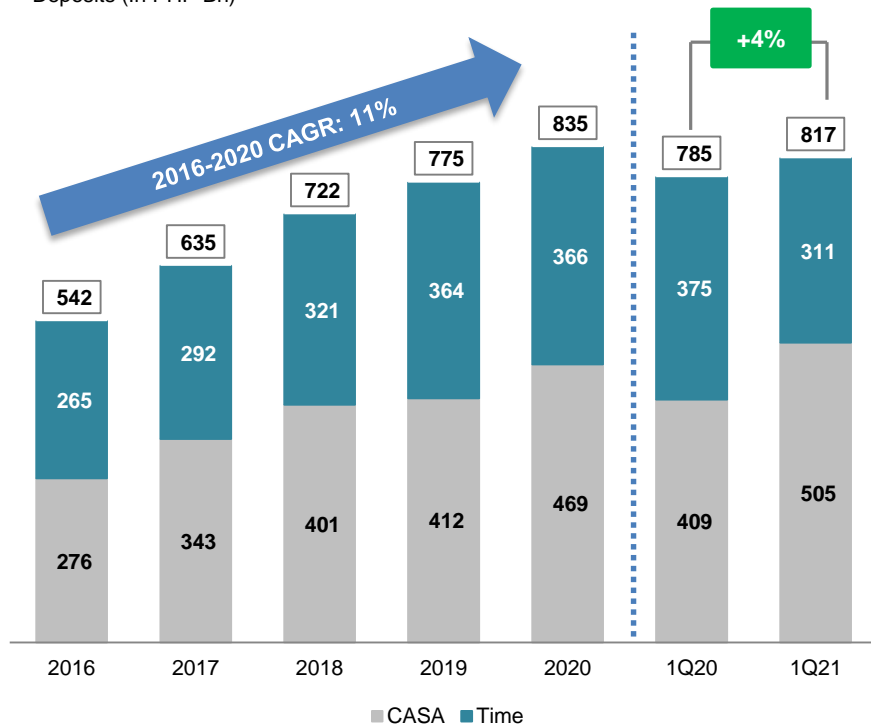
Consumer Loans Breakdown as of Mar-2021



# Deposit growth primarily driven by CASA

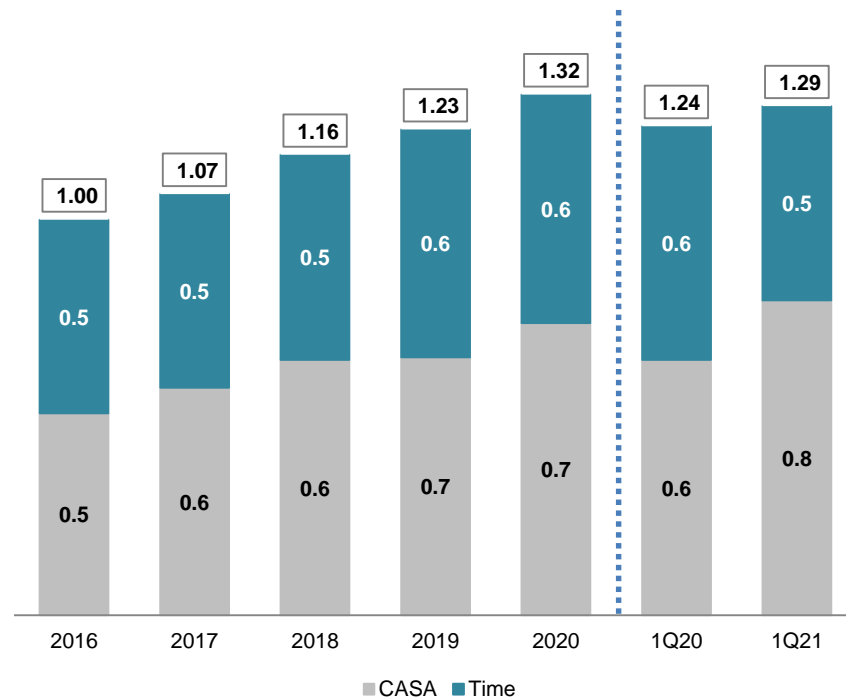
## Strong Retail Base

Deposits (In PHP Bn)

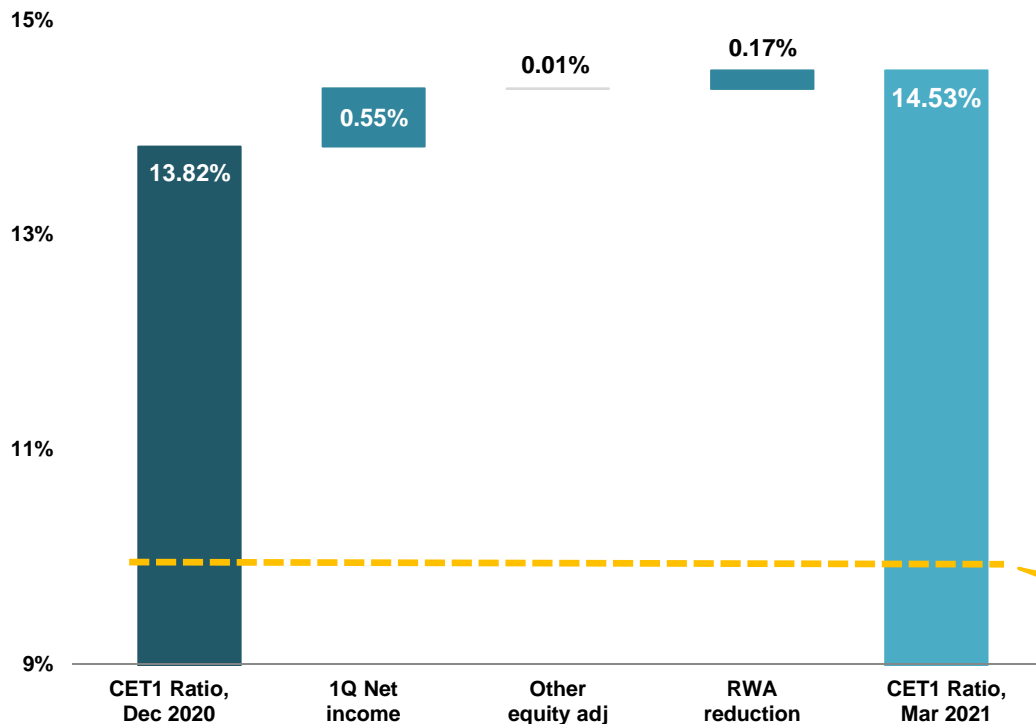


## Improving Deposits per Branch

Deposits per branch (In PHP Bn)



# Strong internal capital generation results in higher capital buffer



## Enough capital buffer:

- ✓ to absorb credit shock;
- ✓ to support Asset growth; and
- ✓ to continue dividend distribution to shareholders

Minimum CET 1 ratio,  
including buffers

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# Highly Regarded 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



**Alexander C. Escucha**  
Senior Vice President and Head of Investor and Corporate Relations Group



**Lilian Yu**  
Senior Vice President and Head of Institutional Banking Group



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



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



**Aloysius C. Alday, Jr.**  
Senior Vice President and Head of Cards Business and Customer Contact Center Group



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



**Christopher Ma. Carmelo Y. Salazar**  
First Vice President II, Treasurer and Head of Treasury Group



**Lilibeth R. Cariño**  
First Vice President and Head of Consumer Banking Group



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

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# Best Practice in Governance

## 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**, the only bank among the six awardees.



# Other Citations

 <p>Mobile Banking &amp; Payment Initiative of the Year Philippines</p> <p>2020</p>	 <p>Apo Agua Infrastructure Php9 Billion financing</p> <p>Utility Deal of the Year Philippines 2019</p>	 <p>Atlantic Gulf and Pacific Company Php6 Billion term loan</p> <p>Oil and Gas Deal of the Year Philippines 2019</p>	 <p>Best Bond Adviser</p> <p>Domestic Bond Category 2019, 2018, 2017</p>	 <p>China Bank Corporation P30 Billion Fixed Rate Retail Bond</p> <p>Best Retail Bond Philippines 2019</p>	 <p>Del Monte Pacific US\$200 Million Preferred Shares</p> <p>Best Follow-on Philippines 2017</p>
 <p>Autotax Payment Facility</p> <p>Most Innovative Public Sector System Philippines 2019</p>	 <p>Best Corporate Governance Disclosure and Transparency Award</p> <p>2019</p>	 <p>Pagtugon Award for Universal and Commercial Banks</p> <p>2018, 2019</p>	 <p>Top Corporate Securities Market Makers and Top Fixed-income Brokering participants 2019</p>	 <p>Top Corporate Issue Manager / Arranger Investment House Category</p> <p>2018, 2017</p>	 <p>Best Debt Capital Market (DCM) House Philippines</p> <p>2018</p>
 <p>Best Managed Fund for Bond Long-Term Dollar Category</p> <p>2019, 2018, 2017</p>	 <p>Best Managed Fund for Balanced Peso Category</p> <p>2018</p>	 <p>Best Fixed Income Deal - PHP181 Billion ROP Bureau of the Treasury's Retail Treasury Bond</p> <p>2018</p>	 <p>Best Fixed Income Deal - Ayala Corporation US\$400 Million Fixed-For-life Bonds (Ayala USD Fixed For Life)</p> <p>2018</p>	 <p>Best Investor Relations Bank Philippines</p> <p>2019, 2018, 2016</p>	 <p>Best Corporate Governance Bank Philippines</p> <p>2019, 2018, 2017, 2016</p>

Thank you!



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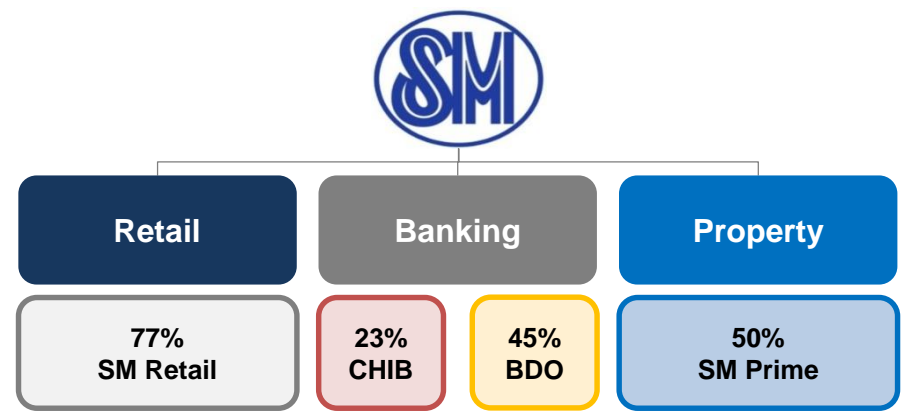
# Strategic plans in place to deliver on our targets

CASA Growth	Consumer Loans	Asset Quality	Fee-Based Income	Operational Efficiency	Digital Banking
 <ul style="list-style-type: none"><li>• New deposit promos</li><li>• Digitized customer onboarding</li></ul>	 <ul style="list-style-type: none"><li>• Key drivers: real estate and personal loan</li><li>• Expanding marketing campaigns</li></ul>	 <ul style="list-style-type: none"><li>• Tighter credit standards</li><li>• Appropriate provisioning</li></ul>	 <ul style="list-style-type: none"><li>• Segment cross-sell/up-sell initiatives</li></ul>	 <ul style="list-style-type: none"><li>• Productivity improvement</li><li>• Streamline key processes and automate manual procedures</li></ul>	 <ul style="list-style-type: none"><li>• Superior customer experience</li></ul>

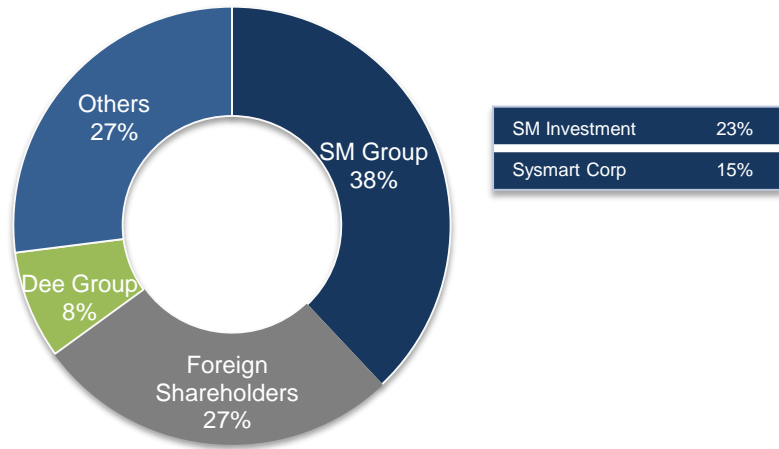
# Strong Support and Synergies with the SM Group

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

✓ 53 branches and 130 ATMs in SM Group's shopping malls, SaveMore, CityMall and Alfamart locations

# Distributing Meaningful Equity to Ordinary Employees

## Centennial Stock Grant Plan – Key Terms and Conditions\*

<b>Grantee Eligibility Requirements</b>	<ul style="list-style-type: none"> <li>• All regular employees of the CBC group** as of 16 August 2020, and other officers and contractual employees of any CBC Group entity (as specified by the Chairman of the Board)</li> <li>• Minimum service tenure of at least 1 year as of 16 August 2020.</li> <li>• No future service or performance condition is required.</li> <li>• Grantees who resign, retire, or otherwise leave the CBC group after 16 August 2020 will still qualify to receive the shares, provided that any grantee whose employment or contract with a CBC group entity is terminated for cause effective after 16 August 2020 shall not be entitled to any grant shares (subject to rules as approved by the Designated Officers***).</li> </ul>
<b>No. of Shares to be issued to each Grantee</b>	<ul style="list-style-type: none"> <li>• 100 shares per year of service, based on tenure as of 16 August 2020.</li> </ul>
<b>Holding Period</b>	<ul style="list-style-type: none"> <li>• Minimum holding period of two years from 16 August 2020.</li> <li>• The shares may only be sold, encumbered, or disposed after 16 August 2022.</li> </ul>

\*Subject to regulatory approvals.

\*\* CBC Group: China Banking Corporation, China Bank Savings, China Bank Capital Corporation, China Bank Securities Corporation, CBC Properties and Computer Center, Inc., and Chinabank Insurance Brokers

\*\*\* The Board approved to delegate to the President, Chief Operating Officer and Chief Finance Officer ("Designated Officers") the authority to prepare and approve the comprehensive plan consistent with the approval

# Financial Highlights – Balance Sheet

Balance Sheet Highlights <i>In Php Billion, except %</i>	March 31, 2021	December 31, 2020	March 31, 2020	YoY Inc(dec)
Liquid assets	207	205	122	71%
Investment securities	204	236	243	(16%)
Net loans	555	557	584	(5%)
Other assets	37	38	36	2%
<b>Total Assets</b>	<b>1,003</b>	<b>1,036</b>	<b>984</b>	<b>2%</b>
Deposit liabilities	817	835	785	4%
Bills payable	16	24	44	(64%)
Bonds payable	42	52	37	12%
Other liabilities	20	20	21	(5%)
<b>Total liabilities</b>	<b>895</b>	<b>931</b>	<b>887</b>	<b>1%</b>
<b>Total equities</b>	<b>109</b>	<b>105</b>	<b>97</b>	<b>12%</b>
<b>Total liabilities and equities</b>	<b>1,003</b>	<b>1,036</b>	<b>984</b>	<b>2%</b>
NPL Ratio	3.8%	2.3%	1.7%	
Tier 1/CET 1	14.53%	13.82%	12.14%	
CAR	15.43%	14.73%	13.02%	

# Financial Highlights – Income Statements

<u>Income Statements</u> <i>In Php Billion, except %</i>	Jan-Mar 2021	Jan-Dec 2020	Jan-Mar 2020	YoY Inc(dec)
Interest income	11.2	47.1	12.1	(8%)
Interest expense	(2.0)	(13.3)	(4.2)	(52%)
Net interest income	9.2	33.8	7.9	16%
Fee-based income	3.6	10.0	1.2	3.1x
Net revenues	12.7	43.9	9.1	40%
Provision for impairment losses	(2.2)	(8.9)	(0.4)	5.4x
Operating expenses	(6.2)	(21.5)	(5.8)	6%
Income before income tax	4.3	13.5	2.8	53%
Provision for income tax	(0.7)	(1.4)	(0.6)	24%
<b>Net income</b>	<b>3.6</b>	<b>12.1</b>	<b>2.2</b>	<b>61%</b>
Return on Assets	1.4%	1.2%	0.9%	
Return on Equity	13.4%	12.1%	9.2%	
Net Interest Margin	4.2%	3.9%	3.8%	
Cost-to-income Ratio	49%	49%	64%	

# Financial Highlights – Segment Information

For the year ended March 31, 2021 In Php million	Lending Business	Retail Banking	Financial Markets	Others	Total
Net interest income	2,621	4,991	530	1,035	9,177
Fee-based income	291	552	2,389	330	3,562
Total revenue	2,912	5,543	2,919	1,365	12,739
Operating expenses	(960)	(3,204)	(510)	(1,520)	(6,194)
Income before provisions and taxes	1,952	2,340	2,410	(155)	6,546
Provision for impairment and credit losses	(1,884)	(87)	(67)	(180)	(2,218)
Income before income tax	68	2,252	2,343	(335)	4,328
Provision for income tax	37	(306)	(552)	73	(749)
Net income	105	1,946	1,791	(263)	3,579

For the year ended March 31, 2020 In Php million	Lending Business	Retail Banking	Financial Markets	Others	Total
Net interest income	2,043	3,835	1,014	1,035	7,927
Fee-based income	213	663	(60)	334	1,150
Total revenue	2,256	4,497	954	1,369	9,077
Operating expenses	(847)	(2,858)	(512)	(1,623)	(5,841)
Income before provisions and taxes	1,409	1,640	442	(254)	3,236
Provision for impairment and credit losses	(178)	(171)	37	(101)	(412)
Income before income tax	1,230	1,469	479	(355)	2,824
Provision for income tax	(34)	(108)	(371)	(90)	(604)
Net income	1,196	1,361	108	(445)	2,220