



CHINABANK
Since 1920

CHINA BANKING CORPORATION

Investors Presentation

**Financial Performance
9M2019**

China Bank Profile

Who we are

- ✓ Long history as 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 4th generation

Company Identifiers (Bloomberg/Reuters)	CHIB.PM/CHIB.PS
Stock Price as of Sept. 30, 2019	25.00
52 week range (L-H)	24.80 – 29.40
Market Cap as of Sept. 30, 2019(PhP mm)	67,147.5
Market Cap as of Sept. 30, 2019(US\$ mm)	1,295.4

From a niche Filipino-Chinese entrepreneurs



FIRST CREDIT LINE IN 1949

"My relationship with the Bank has always been special to me."

- **HENRY SY SR.**
Founder of SM



AIDED DMCI IN CRITICAL TIMES

"China Bank is not like other banks."

- **DAVID M. CONSUNJI**
DMCI



PHP500,000 CLEAN LOAN IN 1956

"I have great affection for China Bank."

- **JOHN GOKONGWEI**
JG Summit



To the new generation of Tycoons



China Bank Profile

Where we are



ASSETS
954 Bn

5



LOANS
559 Bn

5



DEPOSITS
777 Bn

5

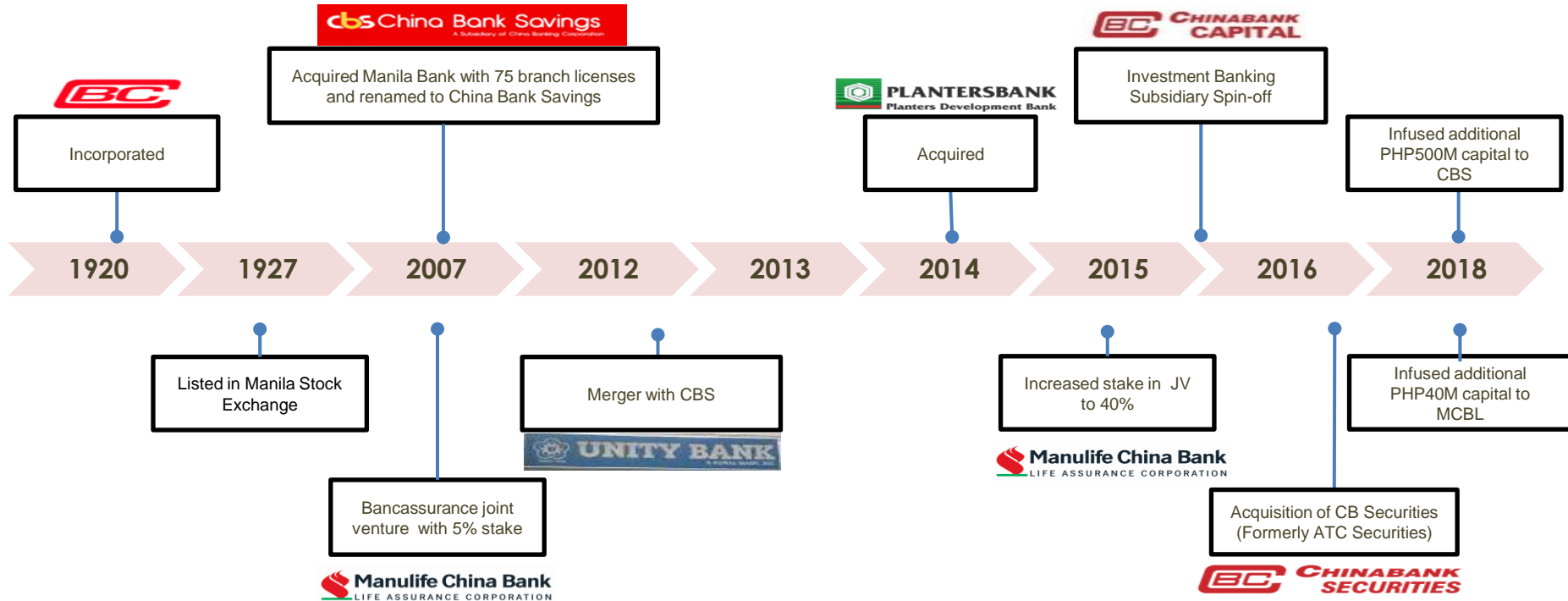


EQUITY
93 Bn

7

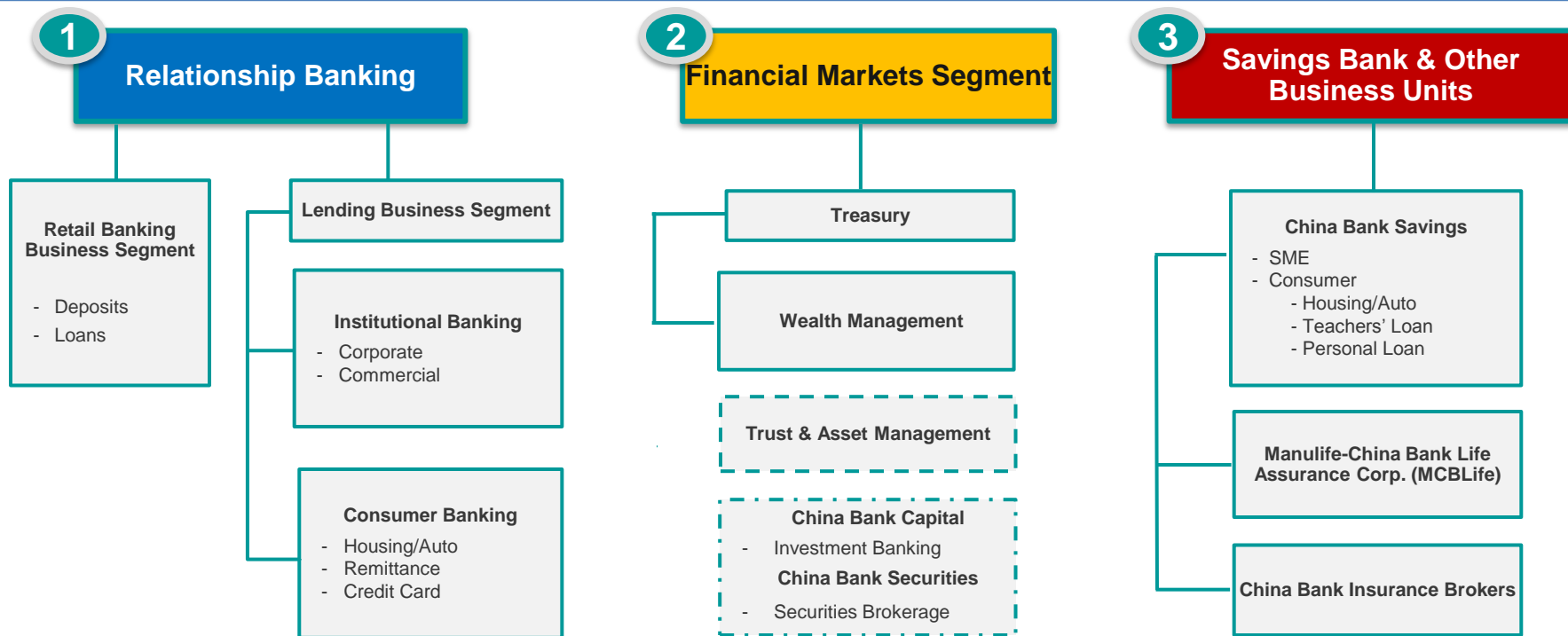
China Bank Profile

Major Milestones



China Bank Profile

Full Service Platform



Key Investment Highlights



1

Strong Brand Franchise and Solid Track Record

2

Compelling Growth Story

3

Strong Support from Shareholders and Synergies with the SM Group

4

Experienced and Competent Management Team

5

Best Practice in Governance

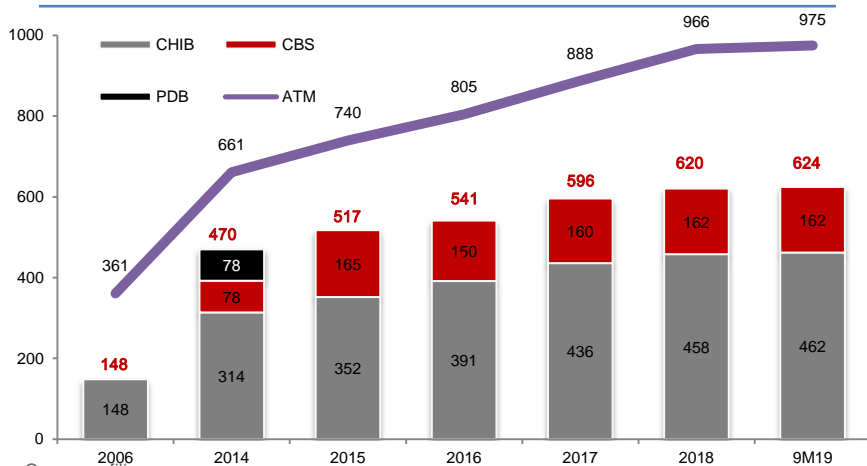
1 Strong Brand Franchise and Solid Track Record

- ✓ Loyal and highly valuable customer base
- ✓ Strong presence in entrepreneur segments
- ✓ Multi-generational relationships
- ✓ Agile and entrepreneurial mindset



- ✓ Sustainable and profitable niche client relationships

Rapid Network Expansion since 2007



Source: Company filings

Very Good 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 top 3 biggest banks
- Affirmed in June 2019

FitchRatings

- Upgraded IDR in Sept 2016 to **"BB+"** from **"BB"** and its viability rating to **"bb+"** from **"bb"** (stable outlook)
- Affirmed in March 2019

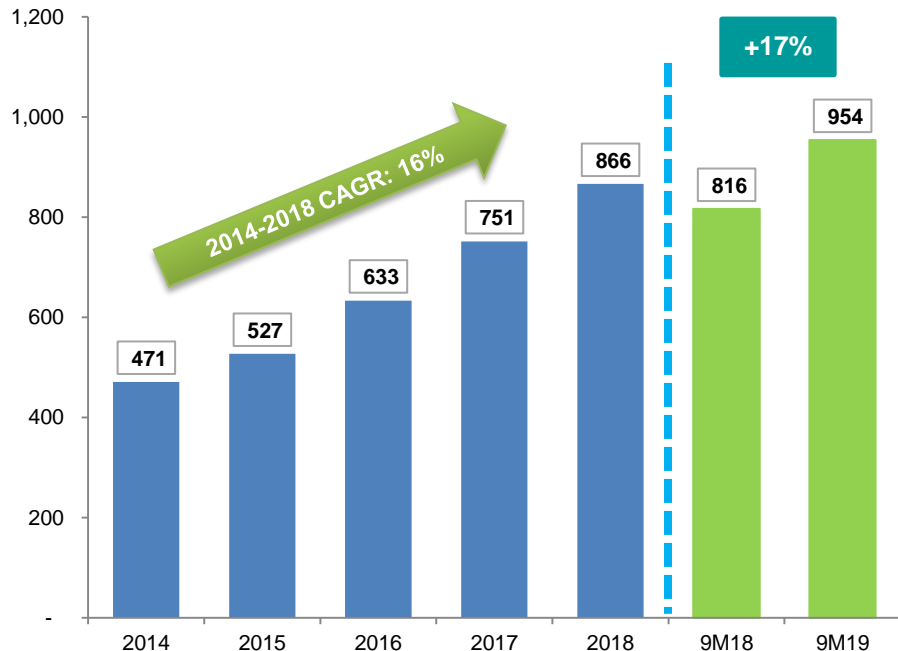
PhilRatings
PHILIPPINE RATING SERVICES CORPORATION

- Received an Issuer Rating of PRS Aaa in 2019

2 Compelling Growth Story

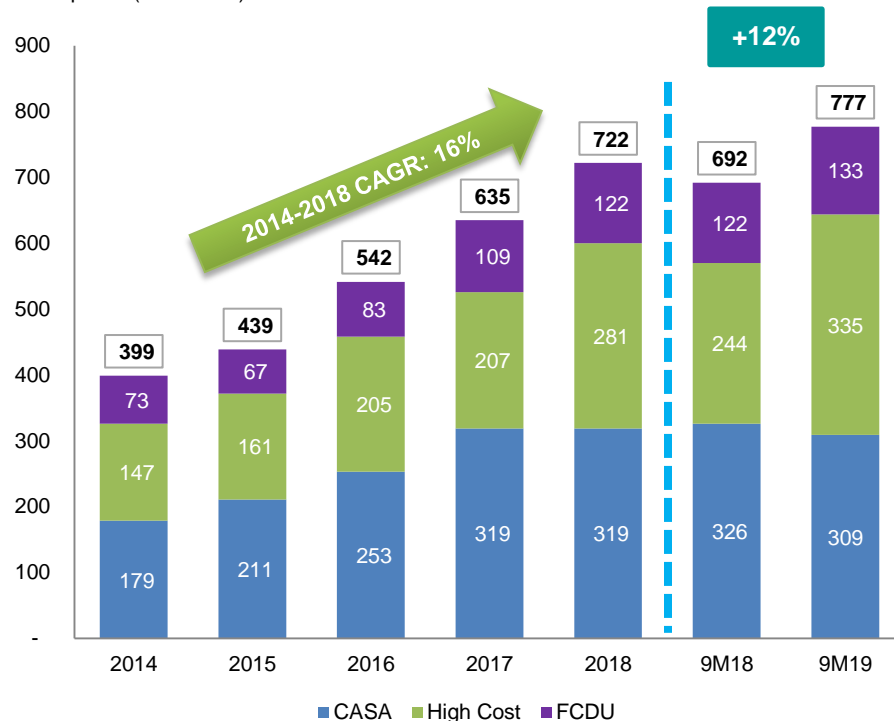
Solid Balance Sheet with Sustainable Growth

Total Assets (PHP in Bn)



Funded by Strong Retail Base

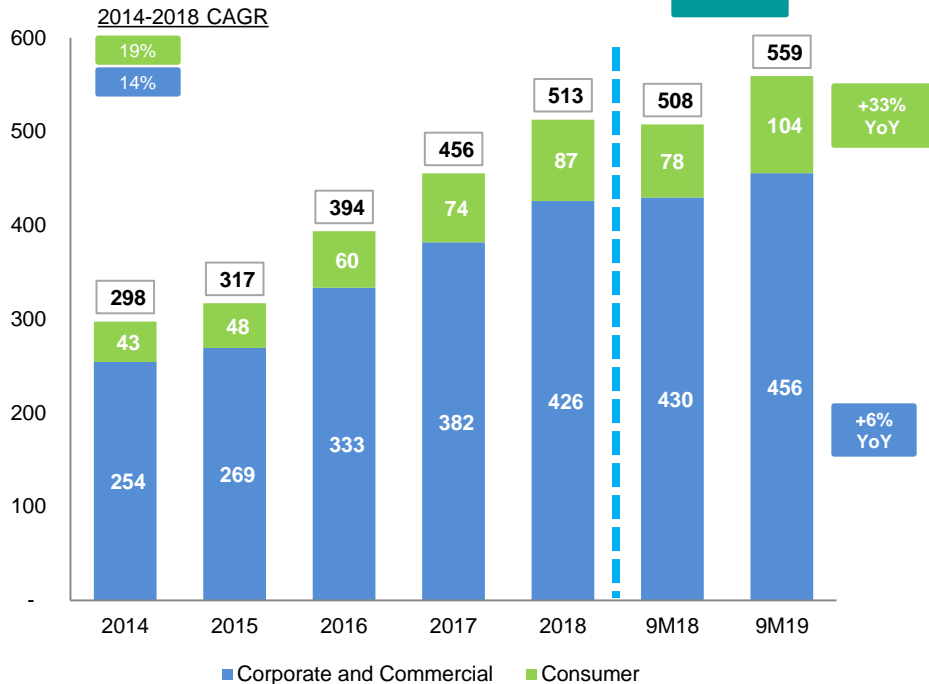
Deposits (PHP in Bn)



2 Compelling Growth Story

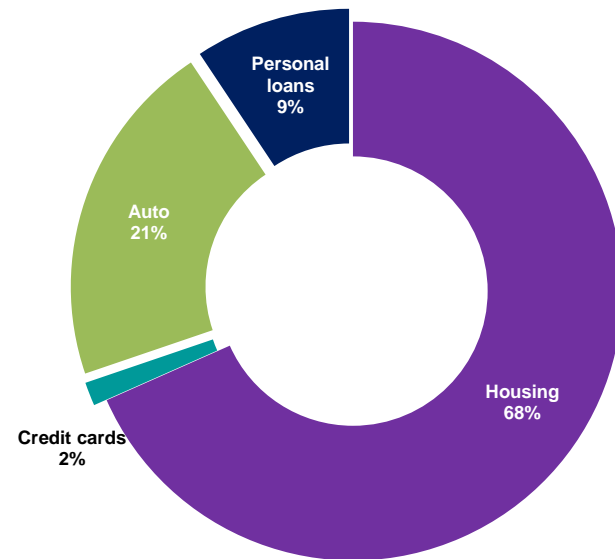
Healthy Loan Growth

Loans (PHP in Bn)



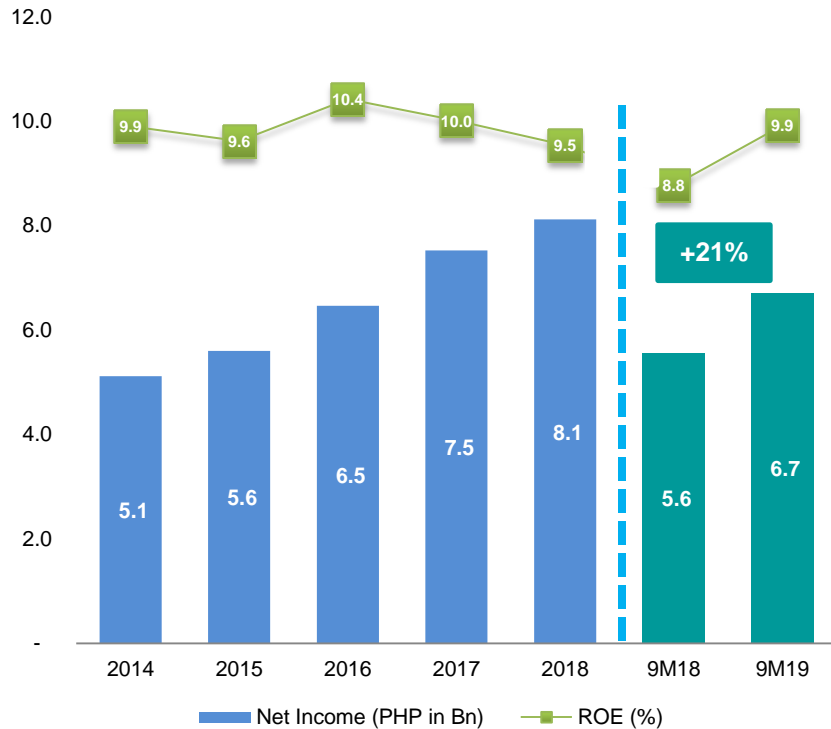
More Room to Grow in the Consumer Segment

Consumer Loans Breakdown as of 9M19

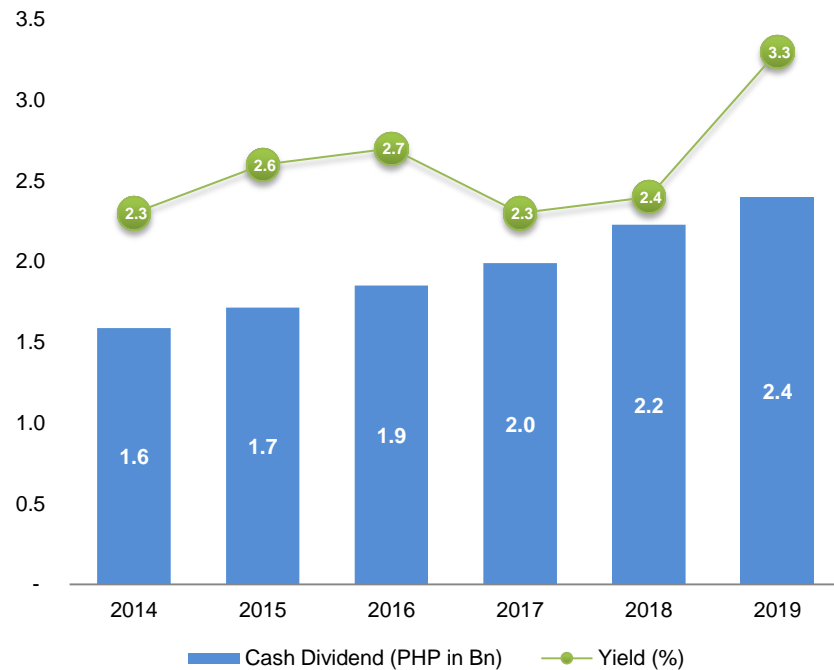


2 Compelling Growth Story

Sustained Profitability



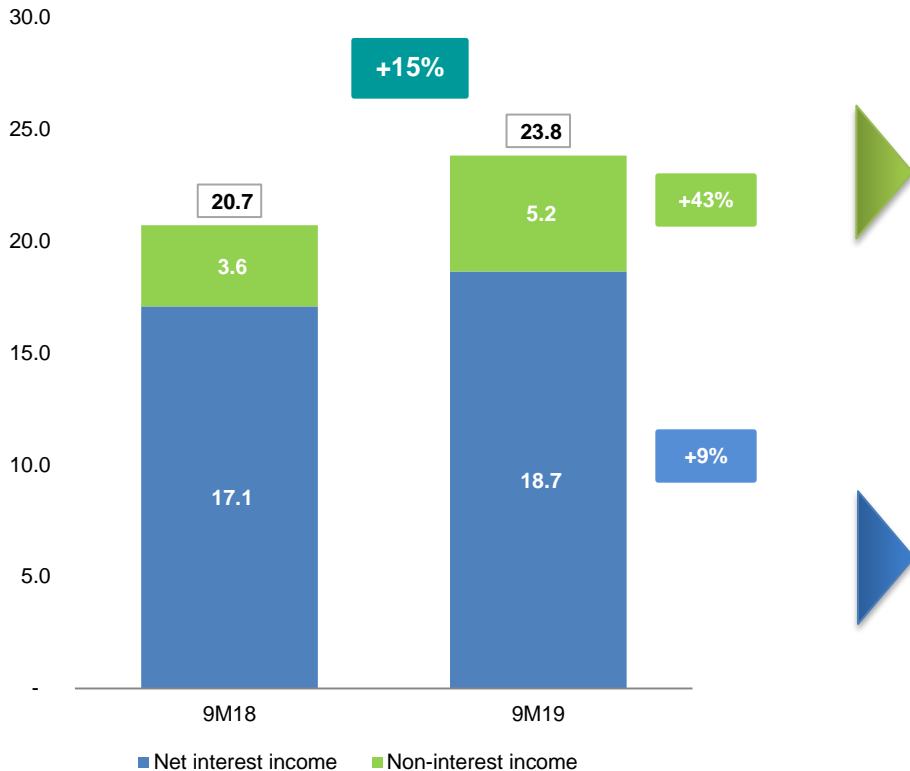
Enable us to increase Dividend Payout and Yield



2 Compelling Growth Story

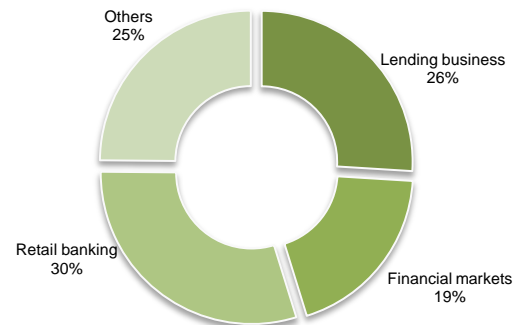
Sustainable Revenue Growth

Total Operating Income (PHP in Bn)

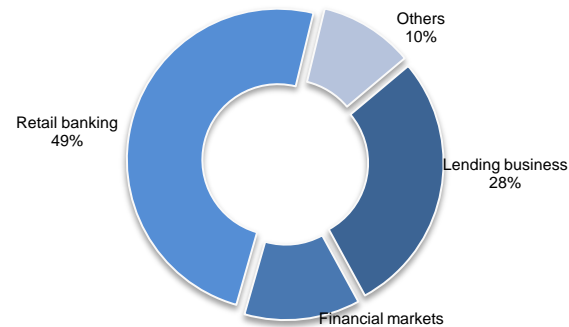


Well Diversified Revenue Stream

Non-interest Income Breakdown as of 9M2019



Net interest Income Breakdown as of 9M2019

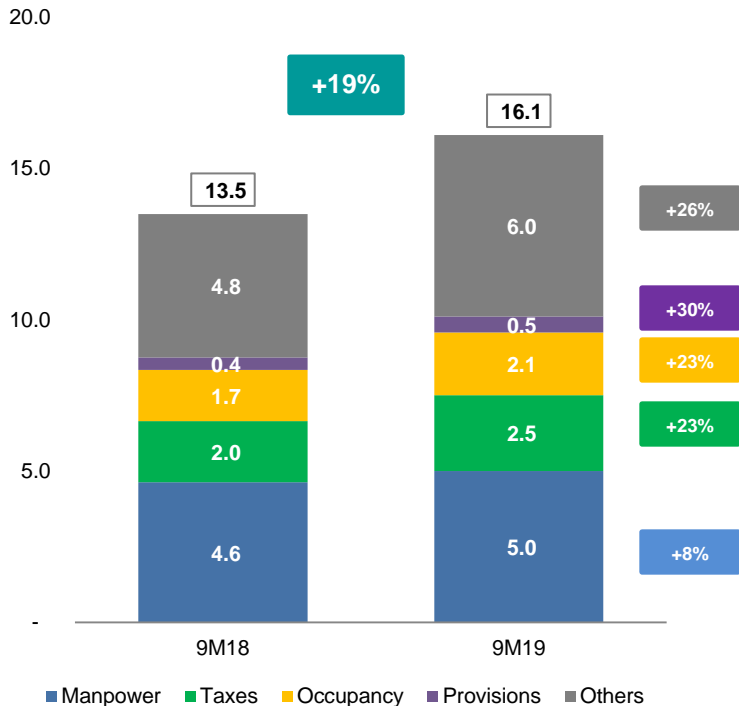


Source: Company filings. Financial data as of September 30, 2019 unless otherwise noted.

2 Compelling Growth Story

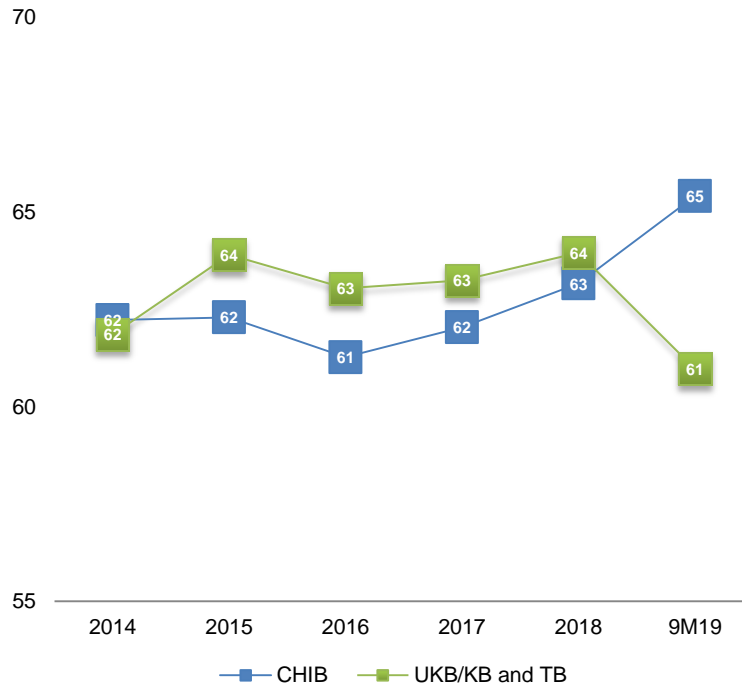
Opportunity to Reduce Costs

Total Operating Expenses (PHP in Bn)



And Drive Efficiency

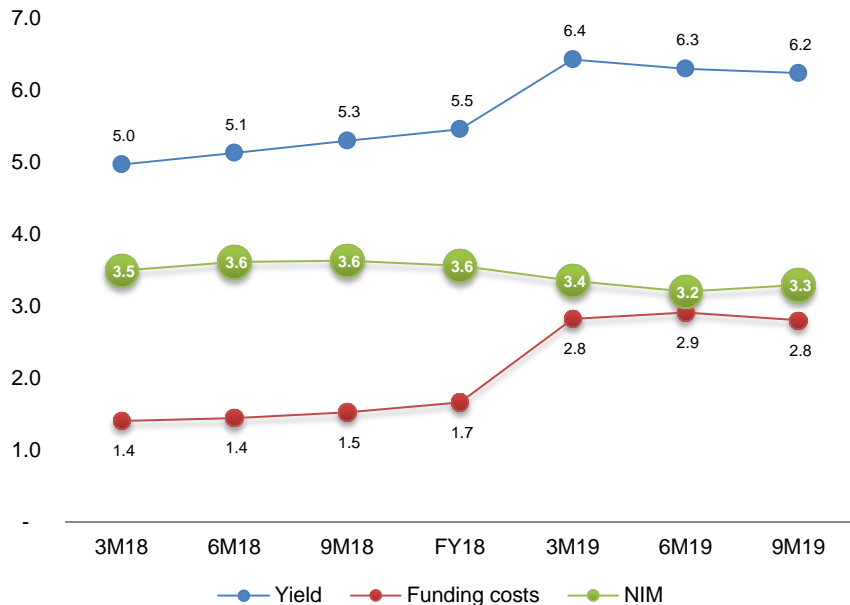
Cost-to-income (%)



2 Compelling Growth Story

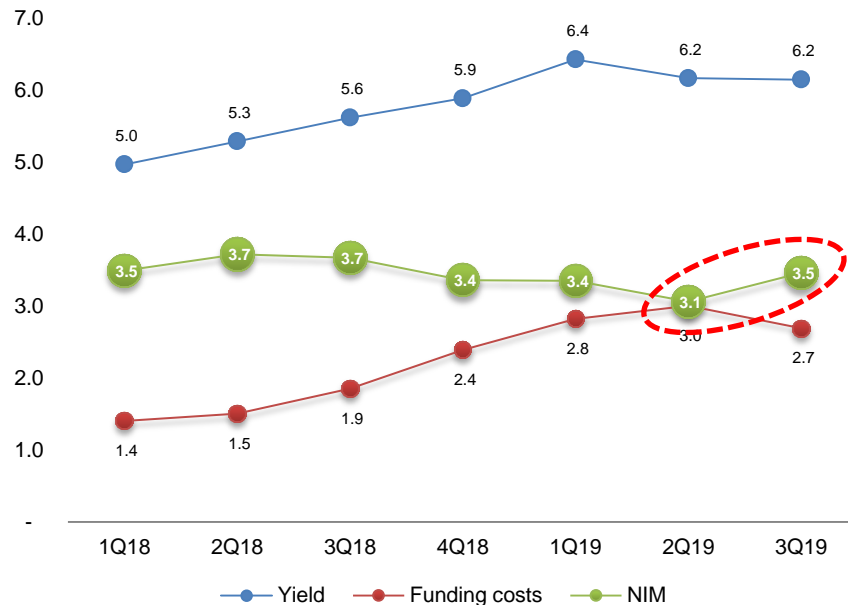
Margins to Improve as Interest Rates and RRR Go Down

Cumulative (In Percentage)



Q-on-Q Performance Showing Recovery

Quarter-on-Quarter (In Percentage)

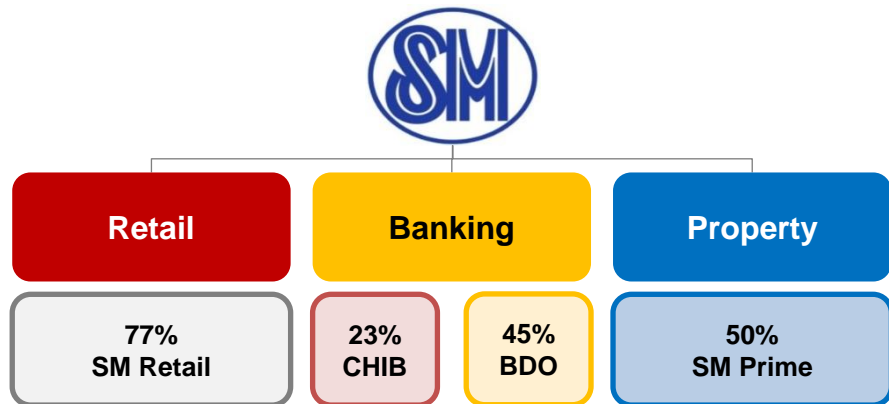


3

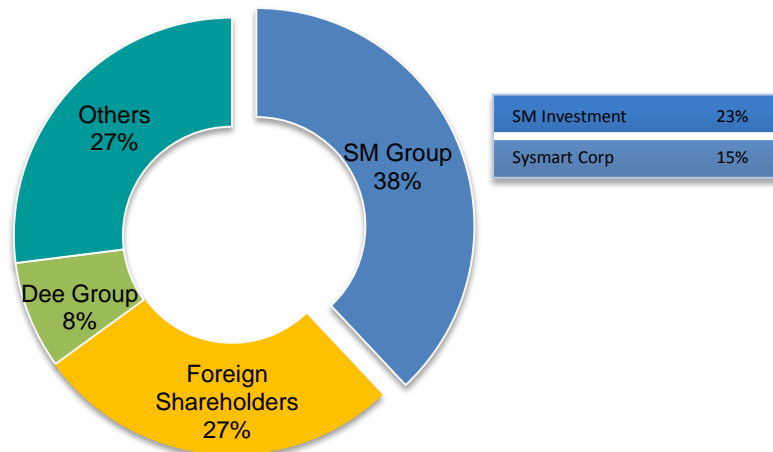
Strong Support from Shareholders and Synergies with the SM Group

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

4

Highly Regarded Management Team with Average of More than 30 Years of Experience



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
Head of Financial Markets Segment



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



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



Delia Marquez
First Vice President and Head of Centralized Operations Group



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

5 Best Practice in Governance

Track record of excellence in Corporate Governance

Golden Arrow Recognition Ceremony 2019

- 4-arrow recognition with score range of 110-119 in ACGS

2nd ASEAN Corporate Governance Awards

- Top 11 to 30 among the top 50 PLCs in ASEAN

PSE Bell Awards for Corporate Governance

- Top 5 Bell Awardee for 6 consecutive years (2012-2017)
- Top 5 Finalist (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 2019 and 2018
- Best Investor Relations Bank - Philippines 2019 and 2018



We have a strategic plan in place to deliver on our targets

Underpinned by four (4) wildly important goals (WIGS)

Growth of revenues and size of business

- Build low cost deposits
- Launch new deposit products and services suited to the needs of the retail and other emerging sectors
- Recalibrate branch functions to accommodate more high-value transactions
- Steadily expand the consumer business

Operational excellence

- Streamline key processes, cut redundancies, and automate manual procedures
- Launch programs to drive up enrolment and utilization rates for all alternative channels

Customer-centric approach to doing business

- Lay the groundwork for digital banking transformation
- Enhance the customer experience at every channel or touch-point with the introduction product & service upgrades

Higher engagement with the employees

- Roll-out human capital development programs tailor fitted to the Bank's growth directive










These priorities will drive business growth and increase income, decrease cost-to-serve and enhance client experience

CHINABANK
Since 1920

Thank you



Governance – Adapting ESG Framework

How we contribute		2018 performance		How we contribute		2018 performance			
	Target 1.4 Equal rights to economic resources	Making banking accessible and convenient through distribution network expansion, digital innovation, and systems and process improvements to encourage more people, especially the unbanked sector, to join the formal financial system.	1.5 M Customers nationwide P4.5 B Personal loans P23.2 B Total economic value distributed		Target 7.1 Access to energy	Supporting key business sectors in driving sustainable industrialization.	P7.0 B Loans for energy access P7.2 B Renewable energy financed		
		Target 3.8 Financial risk protection	Prudently managing our risks, capital, and balance sheet to remain profitable and capable of supporting the Philippines' economic development.		160,535 Number of life and non-life insurance policies P221.1 M Insurance claims paid		Target 9.3 Access to affordable credit	Supporting the SME and middle market segments to increase their capacity for growth and expansion.	P84 B Commercial & SME loans
		Target 4.6 Literacy and numeracy	Promoting financial education and developing affordable and innovative banking, insurance, and financial products and services to help more people achieve their dreams and secure their financial future.		28,400 Beneficiaries of financial literacy programs		Target 11.1 Affordable housing for all Target 11.2 Access to sustainable transport	Actively lending to support home and vehicle ownership and help raise the quality of life.	P49 B Housing loans P21 B Auto loans
		Target 5.5 Equal leadership opportunities for women	Providing equal opportunities for gainful employment and equitable compensation while ensuring employees' overall wellbeing.		63% of China Bank officers are female		Target 12.6 Sustainable practices	Investing in and raising finance for climate-smart projects to help accelerate the transition to a low-carbon economy.	2nd Annual Financial & Sustainability Report
	Target 8.10 Access to banking, insurance, and financial services for all		620 Branches 966 ATMs 200,351 Number of no maintaining/ no min. balance accounts		Target 13.A Climate change mitigation		US\$150 M Green Bond		
	Target 8.5 Full and productive employment and equal pay for work of equal value		9,652 Jobs directly created P6.1 B Salary and benefits paid to employees			Target 16.5 Reduction of bribery and corruption Target 16.6 Effective, accountable, and transparent institutions	Adopting global best practices and upholding the highest governance standards to ensure sustainable value creation for all stakeholders	6,700 Employees trained on Anti-Money Laundering 1,684 Employees trained on Anti-Bribery & Corruption 100+ pts. ACGS* Among the 50 best in ASEAN in corporate governance	
	Target 8.8 Labor rights and safe and secure working environments		100% compliance with Philippine labor laws						

No. 1 in Domestic Debt Capital Market



Autotax Payment Facility
Most Innovative Public
Sector System
Philippines
2019



Apo Agua Infrastructure
Php9 Billion financing
Utility Deal of the Year
Philippines
2019



Atlantic Gulf and Pacific
Company Php6 Billion
term loan
Oil and Gas Deal of the
Year Philippines
2019



Best Bond Adviser
Domestic Bond Category
2019, 2018, 2017



China Bank Corporation
P30 Billion Fixed Rate
Retail Bond
Best Retail Bond
Philippines
2019



Del Monte Pacific US\$200
Million Preferred Shares
Best Follow-on
Philippines
2017

FinanceAsia

Best Debt Capital Market
(DCM) House
Philippines
2018



Best Corporate
Governance Disclosure
and Transparency Award
2019



Pagtugon Award for
Universal and
Commercial Banks
2018, 2019



Top Corporate Securities
Market Makers and Top
Fixed-income Brokering
participants
2019



Top Corporate Issue
Manager / Arranger
Investment House
Category
2018, 2017

cfi.co

Best Bank Governance –
Philippines
2018



Best Managed Fund for
Bond Long-Term Dollar
Category
2019, 2018, 2017



Best Managed Fund for
Balanced Peso Category
2018



Best Fixed Income Deal -
PHP181 Billion ROP
Bureau of the Treasury's
Retail Treasury Bond
2018



Best Fixed Income Deal -
Ayala Corporation
US\$400 Million Fixed-For-
life Bonds (Ayala USD
Fixed For Life)
2018

Finance review

Best Investor
Relations Bank
Philippines
2019, 2018, 2016

Finance review

Best Corporate
Governance Bank
Philippines
2019, 2018, 2017, 2016

Financial Highlights – Balance Sheet

<i>In PhP Billions</i>	9M19	9M18	Growth
Liquid Assets	140	127	+10%
Investments	227	159	+43%
Net loans	553	500	+10%
Other Assets	34	30	+15%
Total Assets	954	816	+17%
Deposit Liabilities	777	692	+12%
Bills Payable	27	24	+10%
Bonds Payable	38	-	-
Other Liabilities	19	15	+31%
Total Liabilities	861	731	+18%
Equities	93	86	+8%
Total Liabilities and Equities	954	816	+17%

NPL Ratio	1.4%	1.2%
NPL Cover	122%	121%
Tier 1 Ratio	12.7%	12.3%
CAR	13.6%	13.0%

Financial Highlights – Income Statements

<i>In PhP Billions</i>	9M19	9M18	Growth
Net Interest Income	18.7	17.1	+9%
Non-interest Income	5.2	3.6	+43%
Operating Income	23.9	20.7	+15%
Operating Expenses	15.6	13.1	+19%
Provisions	0.5	0.4	+10%
Total Expenses	16.1	13.5	+19%
Income Before Income Tax	7.7	7.2	+7%
Income Tax	1.0	1.6	-38%
Net Income	6.7	5.6	+21%

ROE	9.9%	8.8%
ROA	1.0%	1.0%
NIM	3.3%	3.6%
Cost-to-income	65.4%	63.3%