



# INVESTOR PRESENTATION

Full Year 2020

**CHINABANK**

**100**

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1920 - 2020

**Celebrating the past.  
Embracing the future.**

# 1 China Bank Profile

## 2 2020 Performance

## 3 Leadership Team

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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 Antigen & Swab testing facility**
- ✓ **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\*

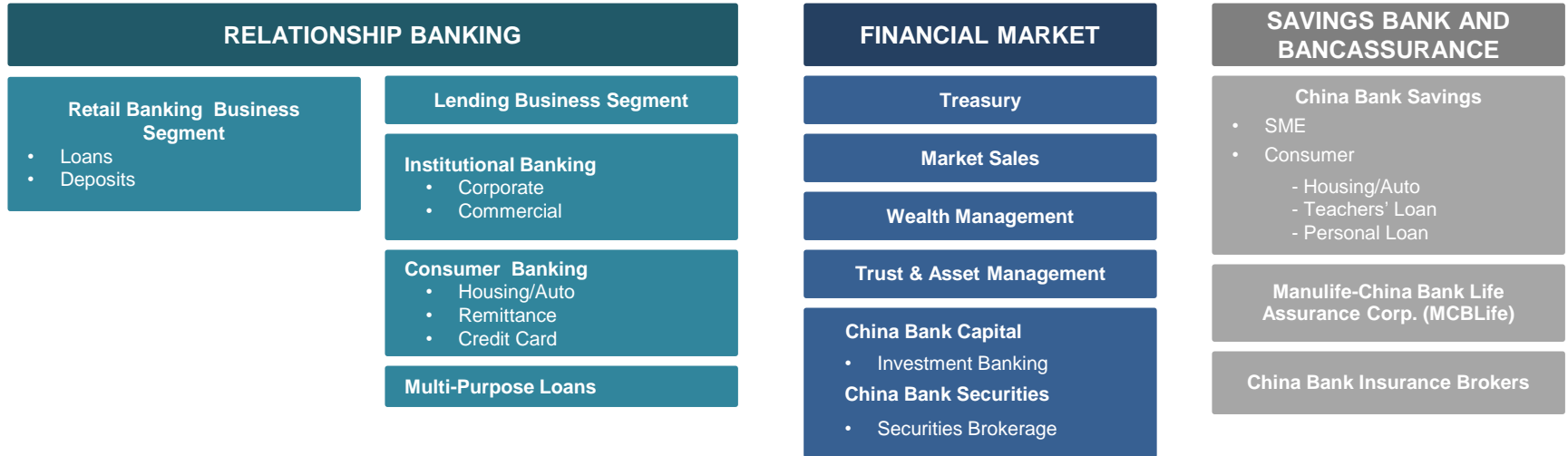


1,022 ATMs\*



9,825 Employees\*

### Full Service Platform



\*As of December 31, 2020

# China Bank Profile



## EQUITY PROFILE

Particulars	December 31, 2020
Ticker	CHIB
Stock Price	24.95
Market Cap (in PHP Mn)	67,013
Market Cap (in USD Mn)	1,395
Book Value per Share	Php39.08
Earnings per Share	Php4.49
Price to Book	0.6
Price to Earnings	5.6

## CREDIT RATINGS



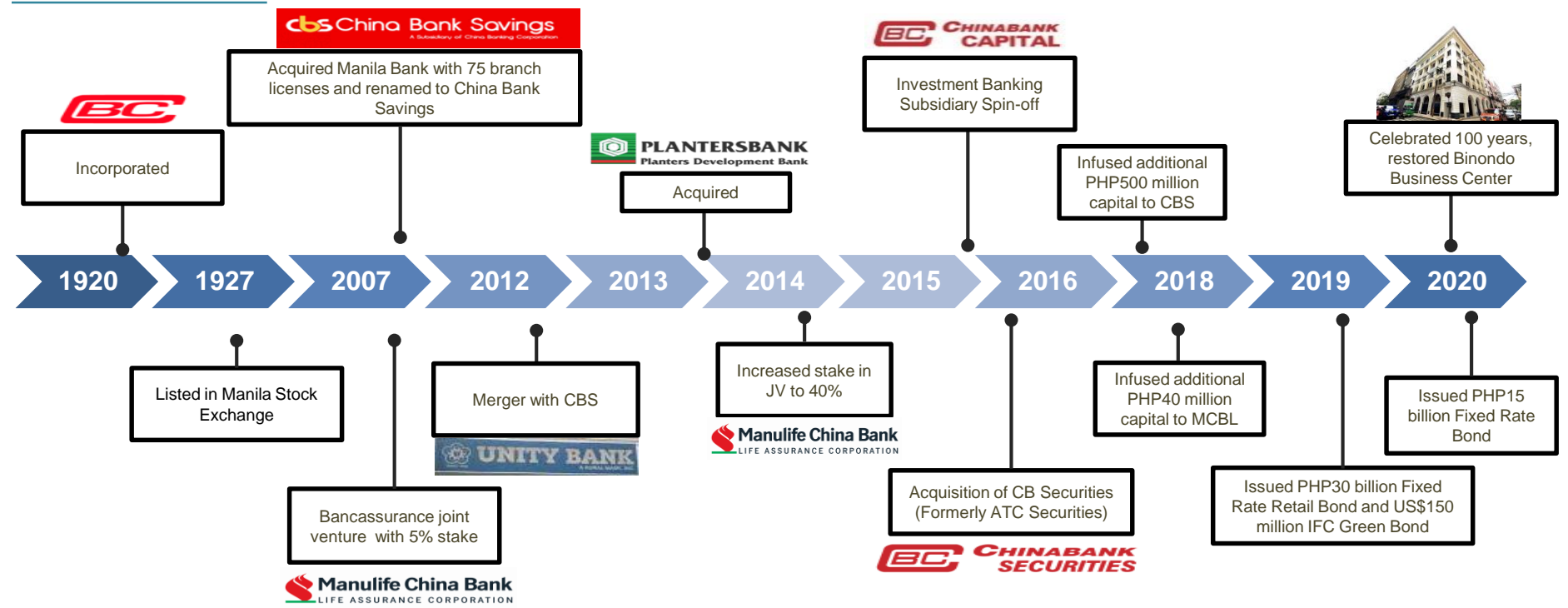
- Investment grade credit rating of [Baa2](#) from May 2017
- Same level as the Philippine sovereign rating and at par with the country's three biggest banks
- Affirmed in November 2020



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

# China Bank Profile

## Major Milestones





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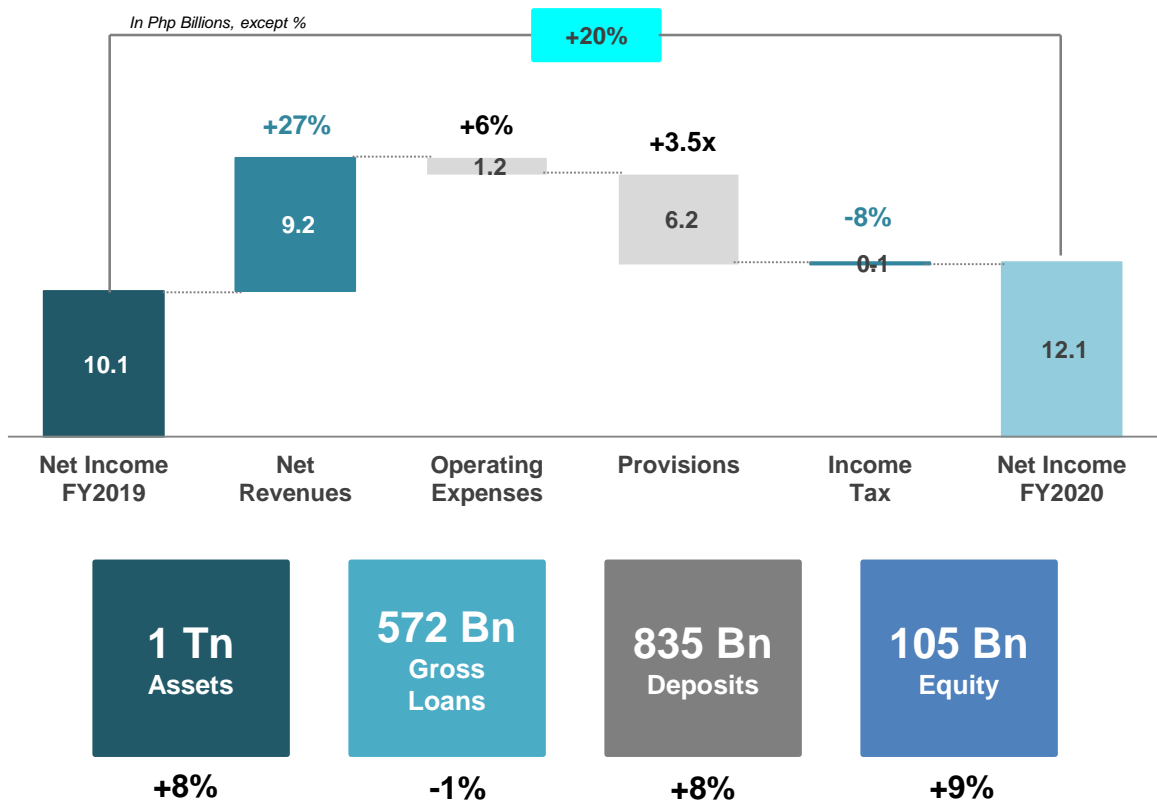
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# China Bank at a Glance



## How did we perform in 2020



vs 2019

12.09% + 105 bps

Return on Equity

1.21% + 11 bps

Return on Assets

3.92% + 53 bps

Net Interest Margin

49% - 10 pps

Cost-to-Income Ratio

13.82% + 106 bps

CET-1 Ratio

14.73% + 106 bps

Capital Adequacy Ratio



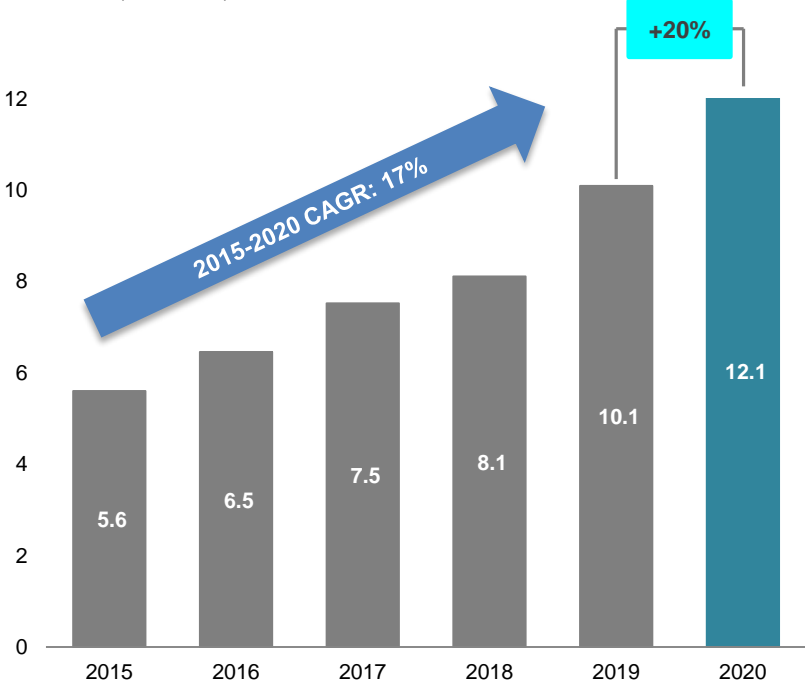
Source: Company filings. Financial data as of December 31, 2020 unless otherwise noted.



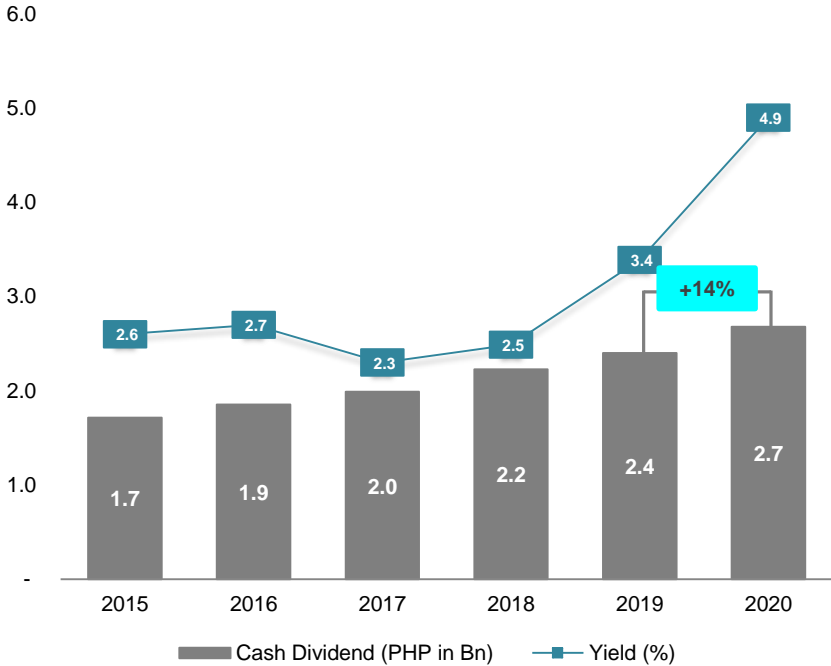
# Sustained profitability amidst a challenging environment

## Shareholder value creation through improving returns

Net Income (PHP in Bn)



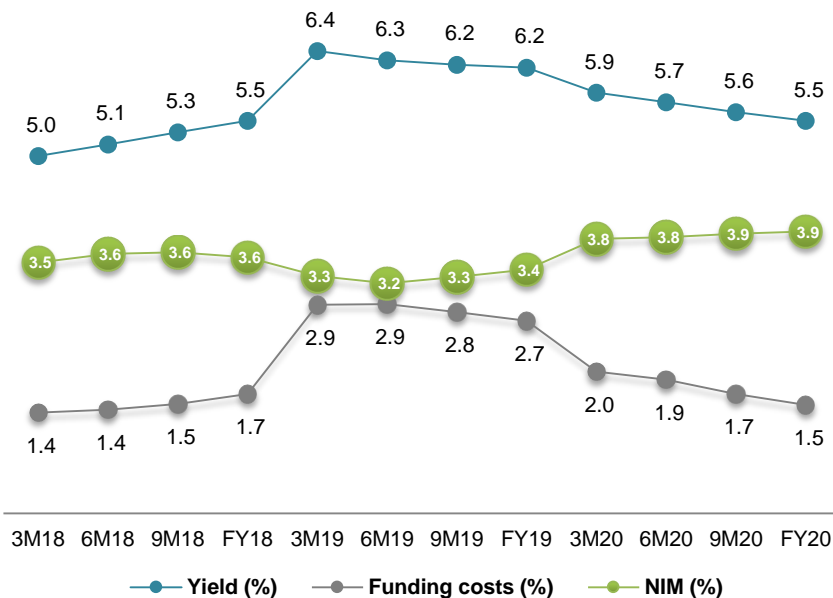
## Enable us to increase Dividend Payout and Yield



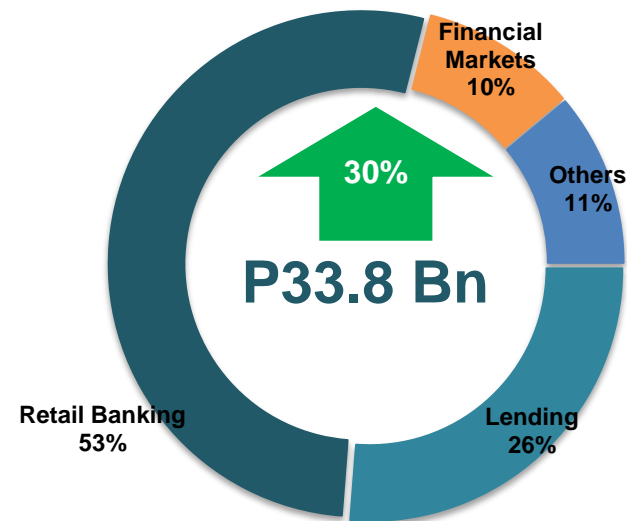
Source: Company filings. Financial data as of December 31, 2020 unless otherwise noted.

# NIM performance driving revenue growth

## NIM improved from lower Interest Rates and RRR



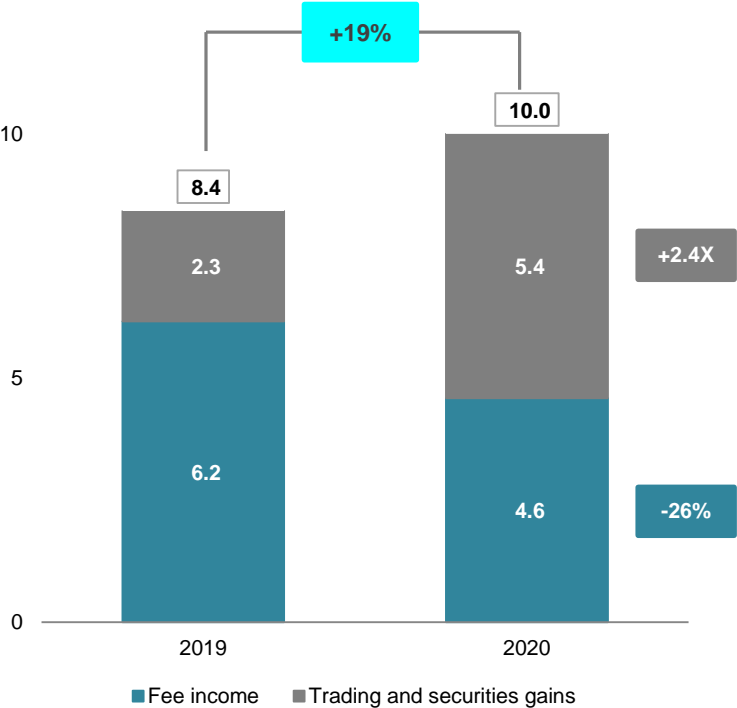
## Net Interest Income



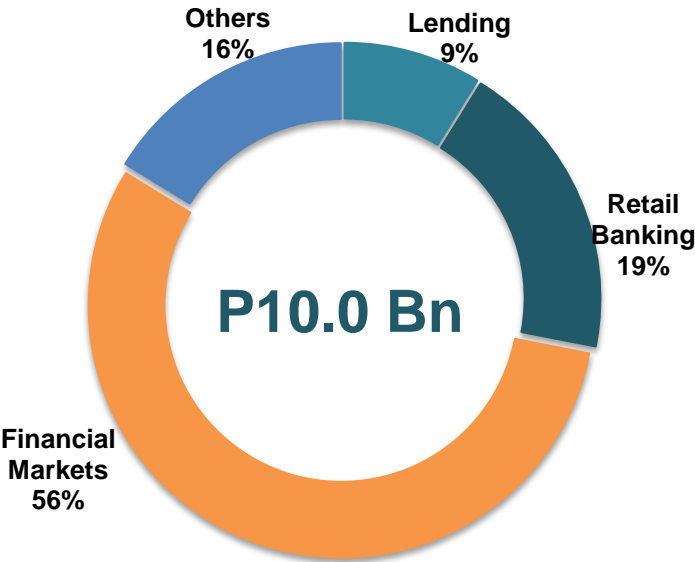
# Capitalized on favorable market conditions

## Higher trading gains offset lower fee income

Fee-based Income (PHP in Bn)



## Fee-based Income

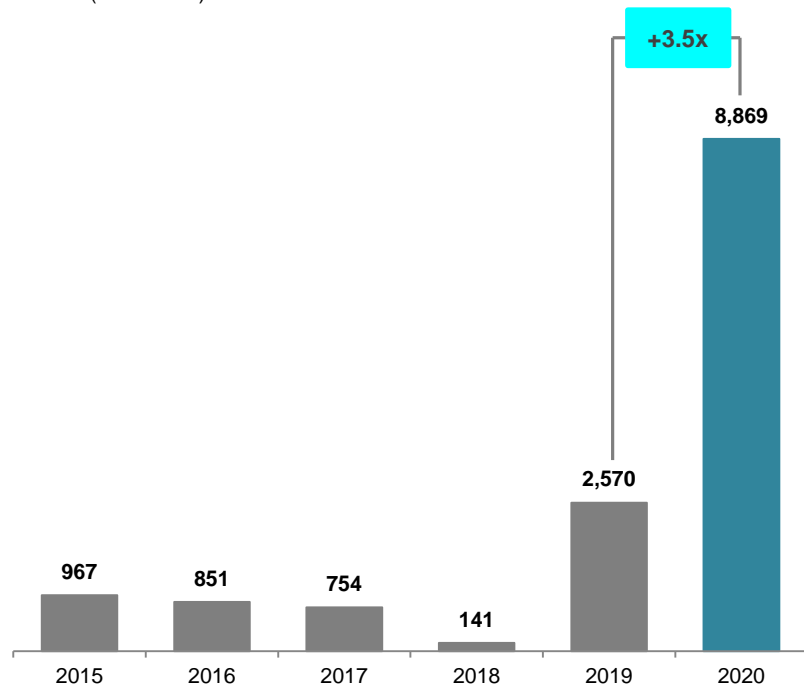


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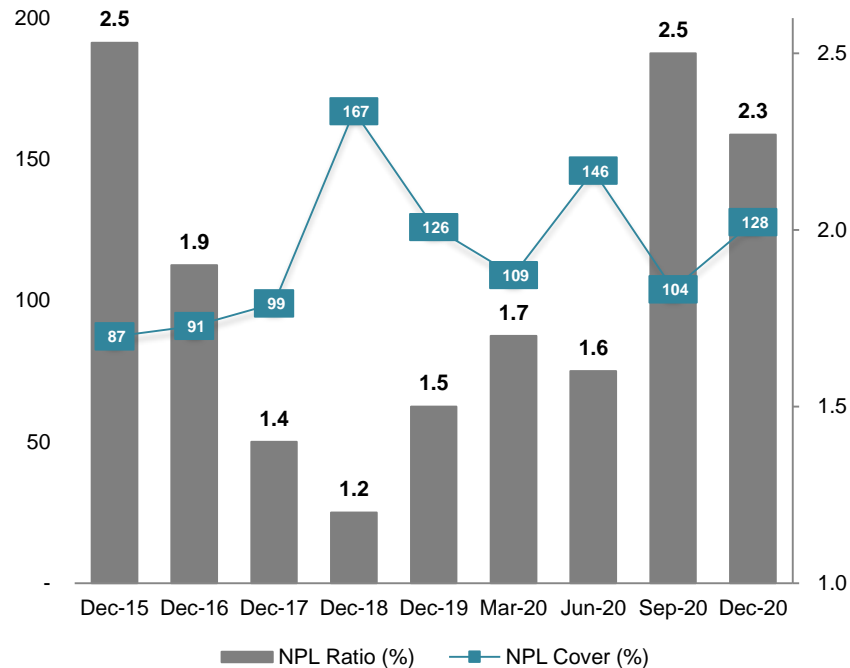
# Absorbed substantial provision for credit losses

## Ramped up Provisions on COVID-19 Impact

Provisions (PHP in Mn)

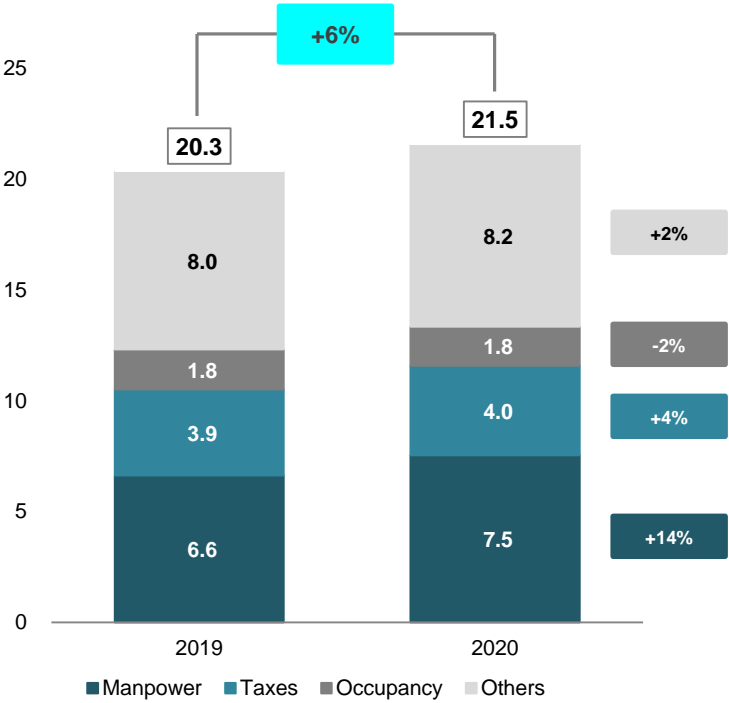


## While Loan Loss Coverage Remains Sufficient



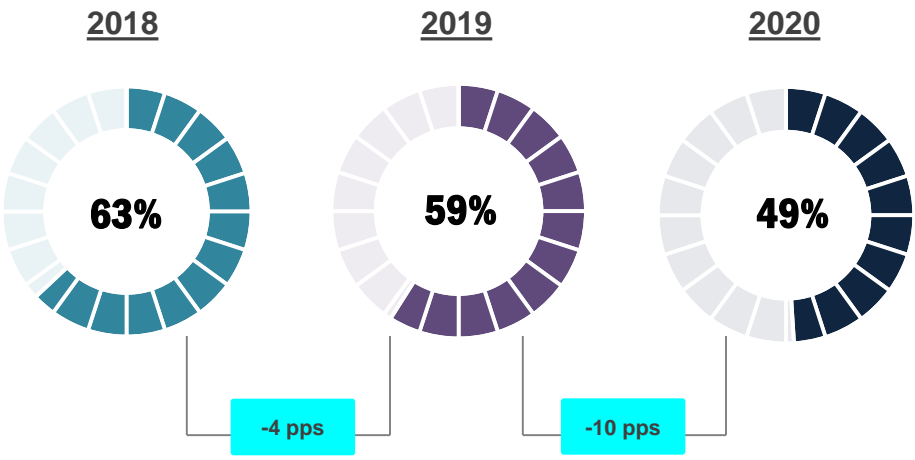
Prudent Cost Management

Operating Expenses ex provisions (PHP in Bn)



Improving Efficiency

Cost-to-income

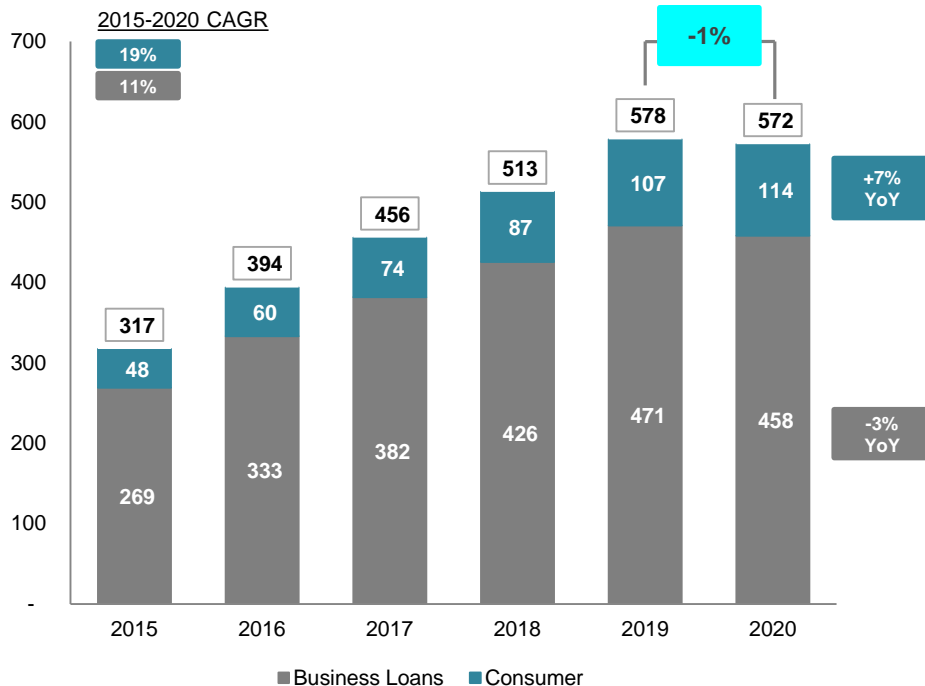


Source: Company filings. Financial data as of December 31, 2020 unless otherwise noted.

# Continues to grow in the secured consumer lending space

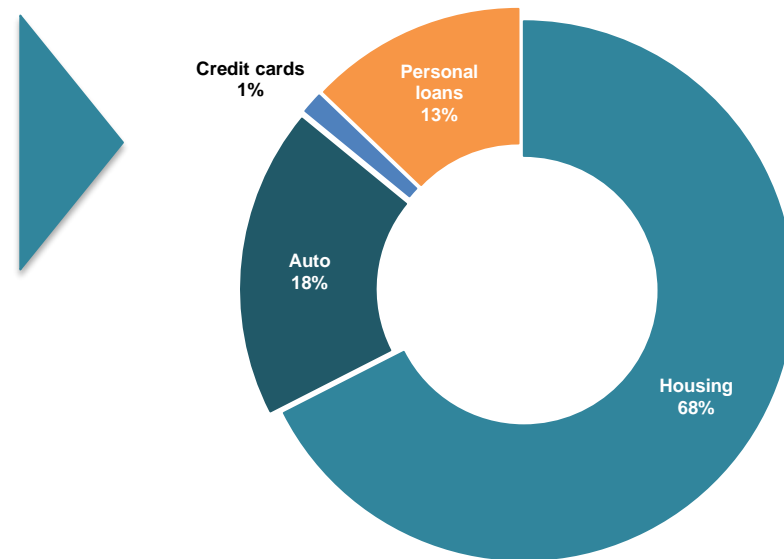
## Consumer loans now 20% of gross loans

Gross Loans (PHP in Bn)



## Well-secured Consumer Lending Portfolio

Consumer Loans Breakdown as of Dec-2020

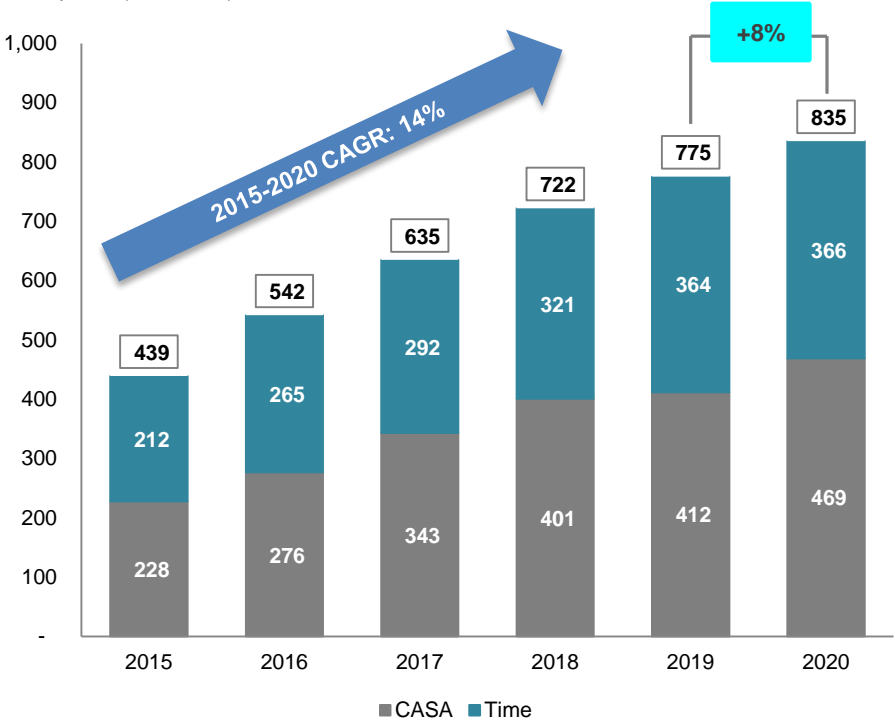




# Deposit growth primarily driven by CASA

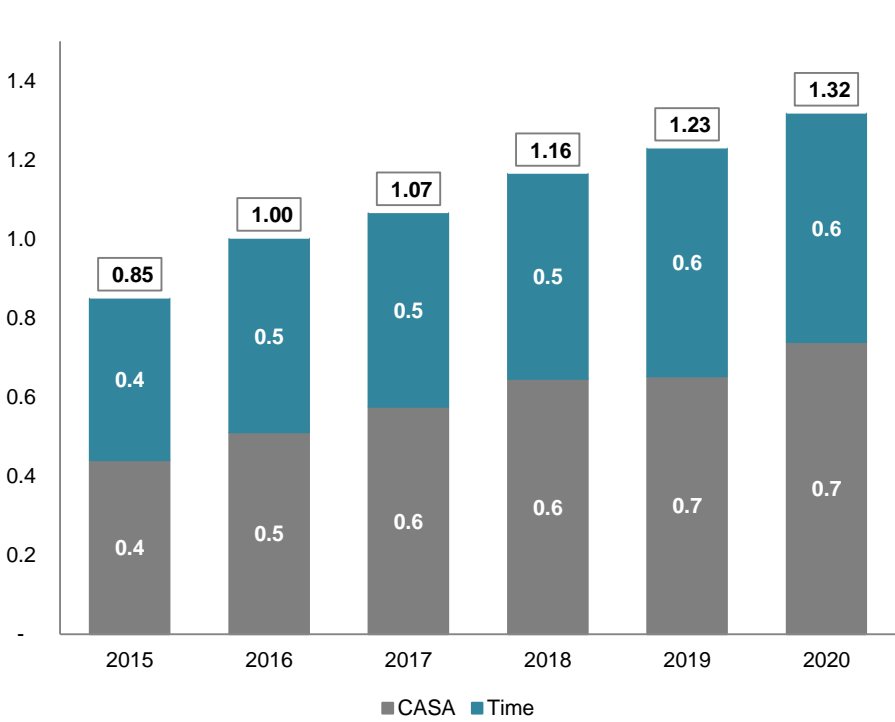
## Strong Retail Base

Deposits (PHP in Bn)



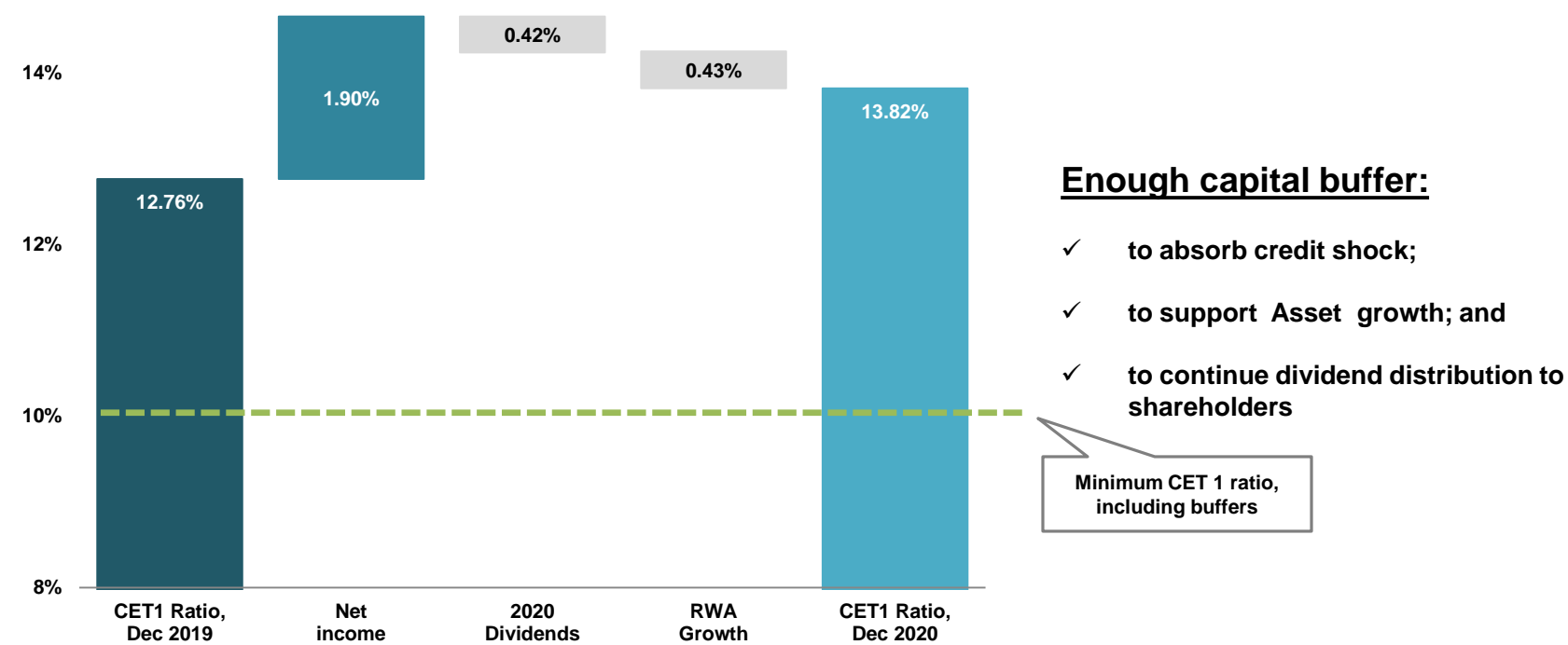
## Improving Deposits per Branch

Deposits per branch (PHP in Bn)



Source: Company filings. Financial data as of December 31, 2020 unless otherwise noted.

# Strong internal capital generation results in higher capital buffer



Source: Company filings. Financial data as of December 31, 2020 unless otherwise noted.

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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



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



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



**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.

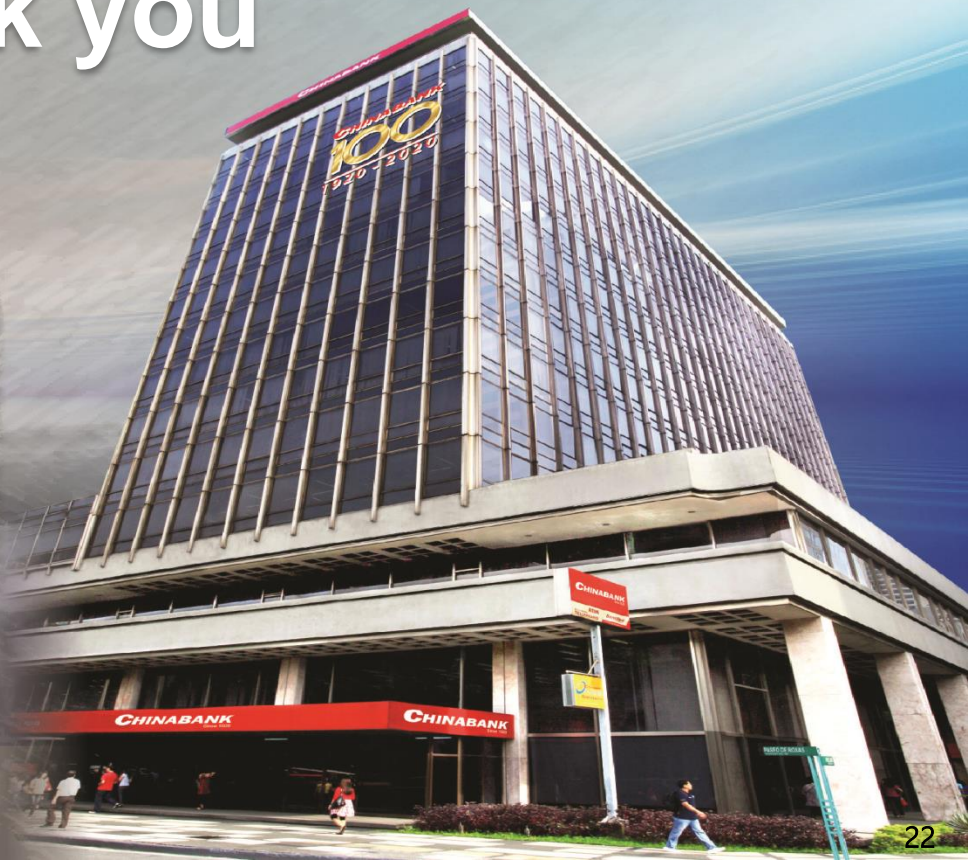




# Other Citations

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

# Thank you



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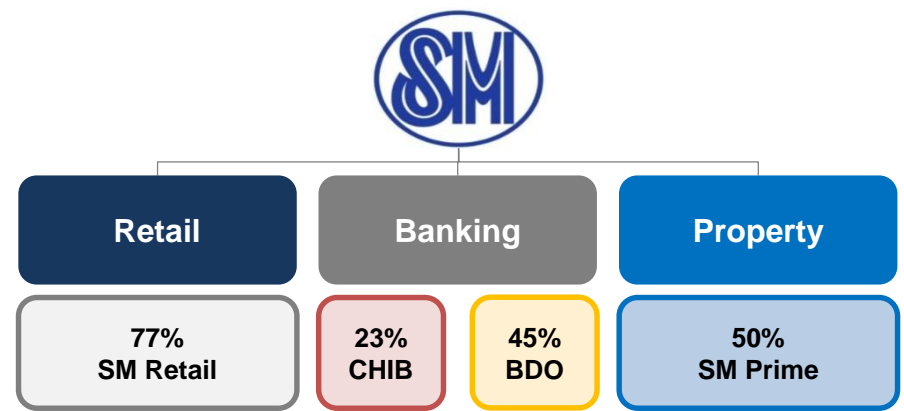
# Strategic plans in place to deliver on our targets



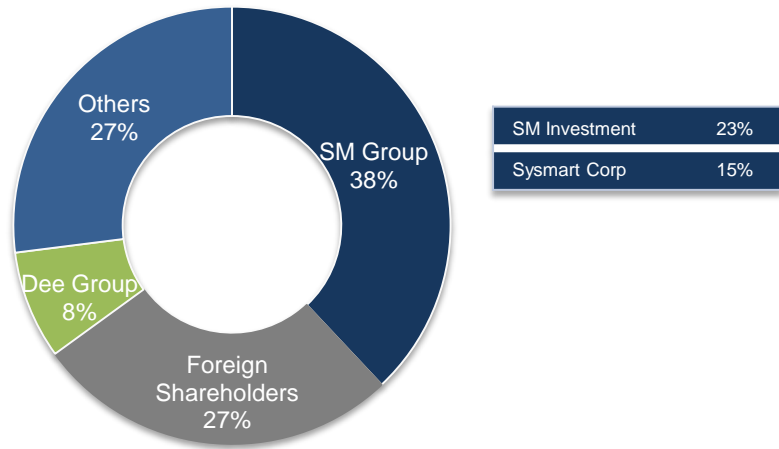
# Strong Support and Synergies with the SM Group

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\*

Grantee Eligibility Requirements	<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>
No. of Shares to be issued to each Grantee	<ul style="list-style-type: none"> <li>• 100 shares per year of service, based on tenure as of 16 August 2020.</li> </ul>
Holding Period	<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

<i>In Php Billion</i>	2020	2019	Inc(dec)
<b>Liquid Assets</b>	205	144	42%
<b>Investments</b>	236	213	11%
<b>Net Loans</b>	557	569	(2%)
<b>Other Assets</b>	38	37	5%
<b>Total Assets</b>	<b>1,036</b>	<b>962</b>	<b>8%</b>
<b>Deposit Liabilities</b>	835	775	8%
<b>Bills Payable</b>	24	33	(29%)
<b>Bonds Payable</b>	52	37	39%
<b>Other Liabilities</b>	20	20	1%
<b>Total Liabilities</b>	<b>931</b>	<b>866</b>	<b>8%</b>
<b>Equities</b>	<b>105</b>	<b>96</b>	<b>9%</b>
<b>Total Liabilities and Equities</b>	<b>1,036</b>	<b>962</b>	<b>8%</b>
<b>NPL Ratio</b>	<b>2.3%</b>	1.5%	
<b>NPL Coverage</b>	<b>128%</b>	129%	
<b>Tier 1/CET 1</b>	<b>13.82%</b>	12.76%	
<b>CAR</b>	<b>14.73%</b>	13.67%	

# Financial Highlights – Income Statements

<i>In Php Billion</i>	2020	2019	Inc(dec)
Interest income	47.1	47.7	(1%)
Interest expense	(13.3)	(21.6)	(39%)
<b>Net interest income</b>	<b>33.8</b>	<b>26.1</b>	<b>30%</b>
Fee-based income	10.0	8.4	19%
<b>Net revenues</b>	<b>43.9</b>	<b>34.5</b>	<b>27%</b>
Provision for impairment losses	(8.9)	(2.6)	3.5x
Operating expenses	(21.5)	(20.3)	6%
<b>Income before income tax</b>	<b>13.5</b>	<b>11.6</b>	<b>16%</b>
Provision for income tax	(1.4)	(1.5)	(8%)
<b>Net income</b>	<b>12.1</b>	<b>10.1</b>	<b>20%</b>
<b>Return on Assets</b>	<b>1.21%</b>	1.10%	
<b>Return on Equity</b>	<b>12.09%</b>	11.04%	
<b>Net Interest Margin</b>	<b>3.92%</b>	3.39%	
<b>Cost-to-income Ratio</b>	<b>49%</b>	59%	

# Financial Highlights – Segment Information

For the year ended December 31, 2020 In Php million	Lending Business	Retail Banking	Financial Markets	Others	Total
Net interest income	8,876	17,841	3,383	3,742	33,843
Fee-based income	1,014	1,924	5,565	1,508	10,011
<b>Total revenue</b>	<b>9,890</b>	<b>19,765</b>	<b>8,948</b>	<b>5,250</b>	<b>43,854</b>
Operating expenses	(3,604)	(11,276)	(2,041)	(4,602)	(21,522)
<b>Income before provisions and taxes</b>	<b>6,287</b>	<b>8,489</b>	<b>6,907</b>	<b>648</b>	<b>22,331</b>
Provision for impairment and credit losses	(6,987)	(889)	(103)	(889)	(8,869)
<b>Income before income tax</b>	<b>(700)</b>	<b>7,600</b>	<b>6,804</b>	<b>(241)</b>	<b>13,463</b>
Provision for income tax	271	(244)	(1,514)	97	(1,391)
<b>Net income</b>	<b>(429)</b>	<b>7,356</b>	<b>5,290</b>	<b>(144)</b>	<b>12,071</b>

For the year ended December 31, 2019 In Php million	Lending Business	Retail Banking	Financial Markets	Others	Total
Net interest income	6,225	12,682	4,503	2,642	26,052
Fee-based income	2,282	2,210	1,994	1,945	8,431
<b>Total revenue</b>	<b>8,507</b>	<b>14,891</b>	<b>6,498</b>	<b>4,587</b>	<b>34,483</b>
Operating expenses	(3,772)	(9,786)	(1,761)	(5,006)	(20,324)
<b>Income before provisions and taxes</b>	<b>4,735</b>	<b>5,106</b>	<b>4,737</b>	<b>(419)</b>	<b>14,158</b>
Provision for impairment and credit losses	(1,837)	(444)	(93)	(197)	(2,570)
<b>Income before income tax</b>	<b>2,898</b>	<b>4,662</b>	<b>4,644</b>	<b>(616)</b>	<b>11,588</b>
Provision for income tax	(45)	(420)	(1,240)	193	(1,513)
<b>Net income</b>	<b>2,853</b>	<b>4,242</b>	<b>3,404</b>	<b>(424)</b>	<b>10,075</b>