



CHINA BANKING CORPORATION

Investors Presentation

Financial Performance

1H 2020

Our Response to COVID-19 Outbreak

- ✓ Almost 100% of branches open for operations
- ✓ Extended waiver of fees on InstaPay & PesoNet and provided digital options to retail and business clients
- ✓ Conducted rapid testing for employees & agency personnel
- ✓ Continued to provide transportation services for employees; office sanitation



WITHDRAW UP TO P50K FROM ANY ATM

Starting April 1, 2020, China Bank ATM cardholders can enjoy a higher withdrawal limit of **Php50,000*** per day until the lifting of the Enhanced Community Quarantine.

Thank you for banking with us.

*Several withdrawal transactions may be required for some machines. Fees apply when using other banks' ATM.

CHINABANK
100
1920 - 2020

TRANSFER FUNDS FOR FREE.

Use InstaPay and PesoNet to transfer funds to accounts with other banks. Fees are waived until the lifting of the ECO. Thank you and stay safe.

Download the China Bank Mobile App

CHINA BANK | App Store | Google Play

instaPay PESONet

BANK SAFELY FROM HOME.

We encourage you to use our digital banking channels – China Bank Online, Mobile App, and Tellerphone – to safely bank from home.

For your security, never share your login credentials even with someone claiming to be from China Bank.

Thank you and stay safe.

[Please click here for other banking safety tips.](#)

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 June 30, 2020	21.00
52 week range (L-H)	17.00 – 26.60
Market Cap as of June 30, 2020(PHP mm)	56,404
Market Cap as of June 30, 2020(US\$ mm)	1,131

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
982 Bn

5



NET LOANS
580 Bn

5



DEPOSITS
773 Bn

5

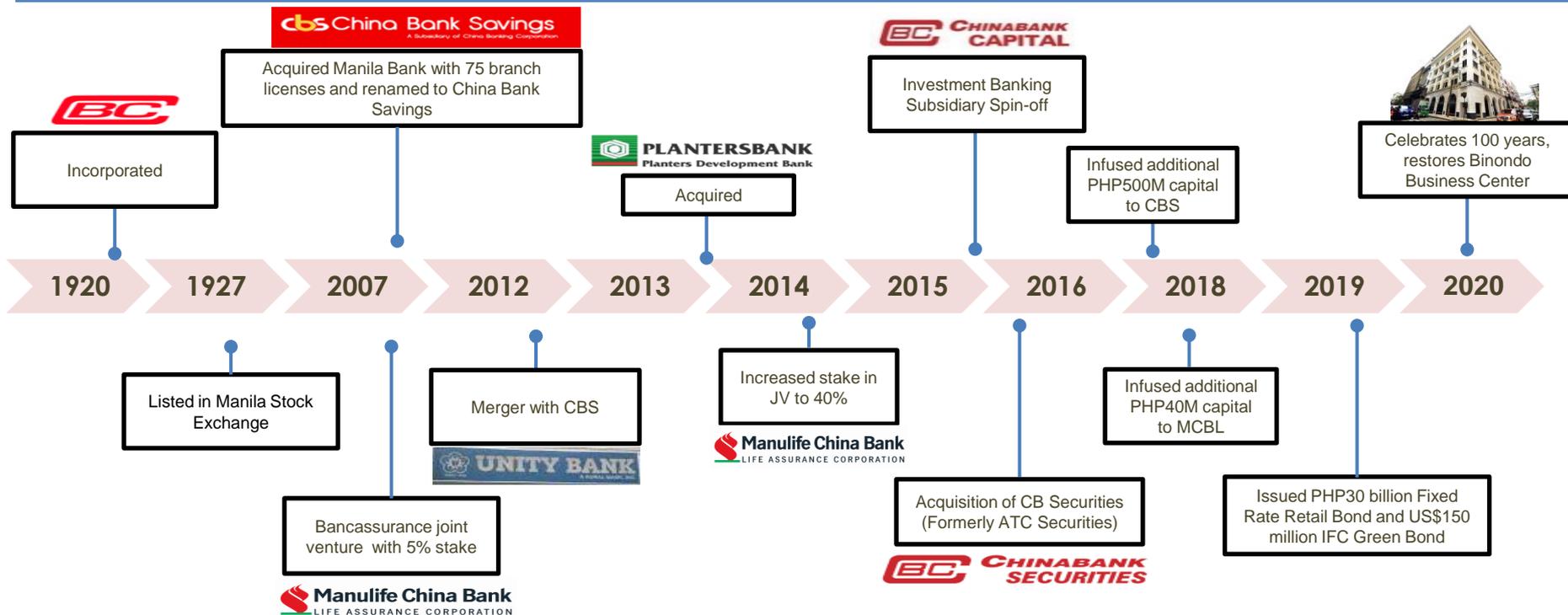


EQUITY
98 Bn

7

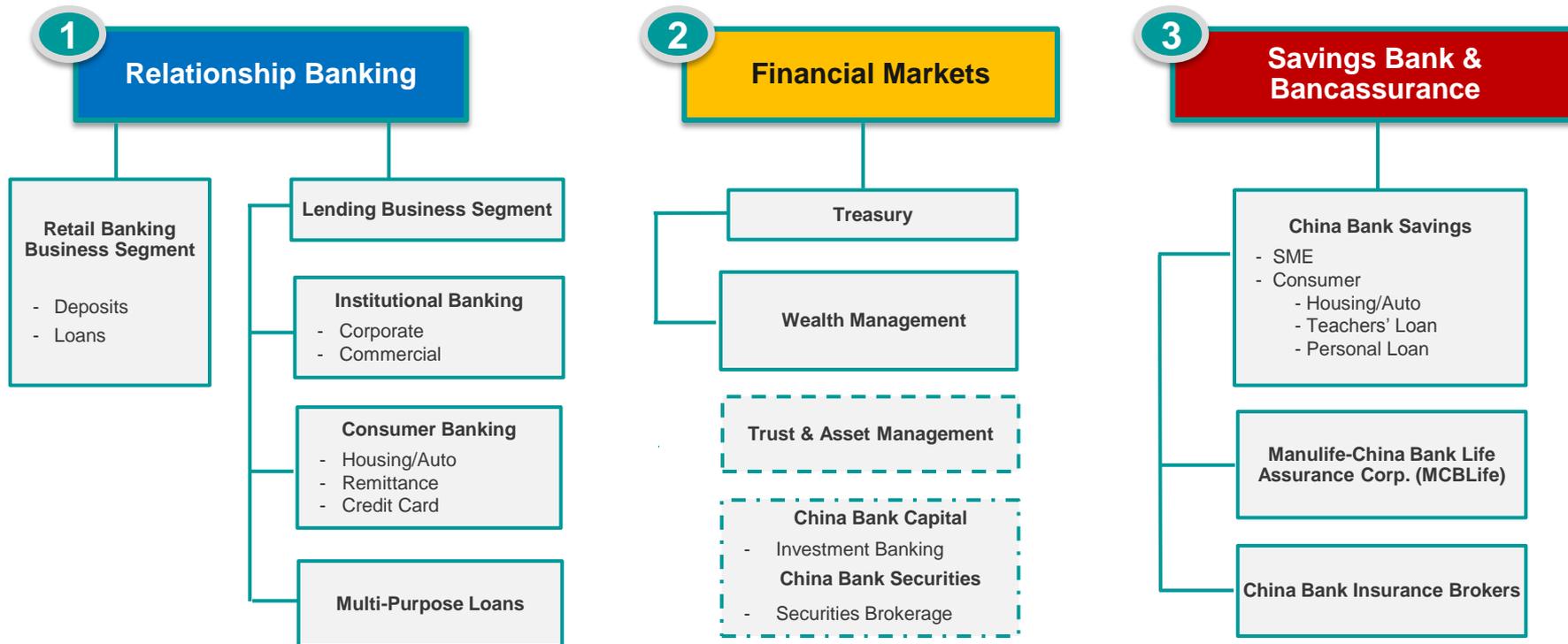
China Bank Profile

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**

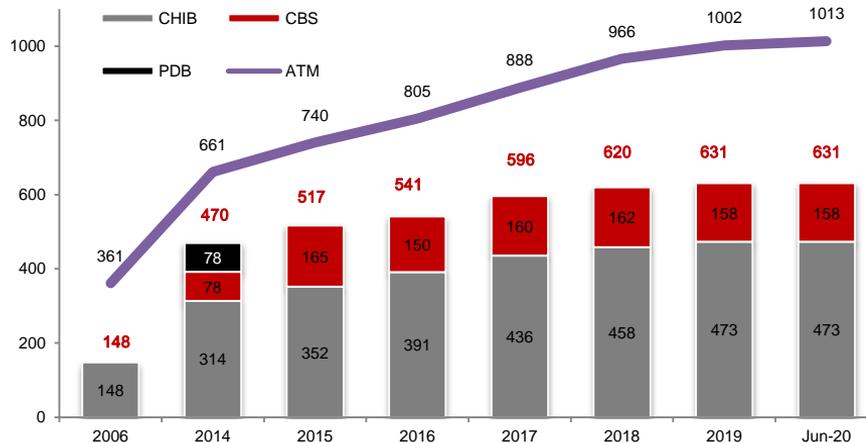
1 Strong Brand Franchise and Solid Track Record

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



- ✓ Sustainable and profitable niche client relationships

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 December 2019

FitchRatings

- Upgraded IDR in Sept 2016 to “BB+” from “BB” and its viability rating to “bb+” from “bb”
- Affirmed in May 2020. Outlook revised to Negative to reflect the downward revision in Sovereign due to weaker operating environment

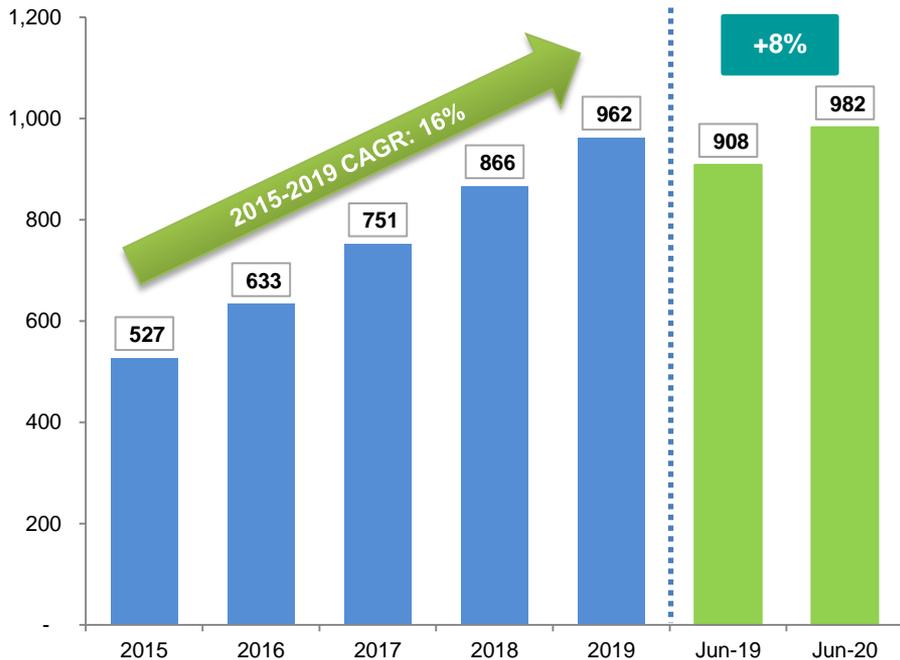
PhilRatings
PHILIPPINE RATING SERVICES CORPORATION

- Affirmed Issuer Rating of PRS Aaa in May 2020

2 Compelling Growth Story

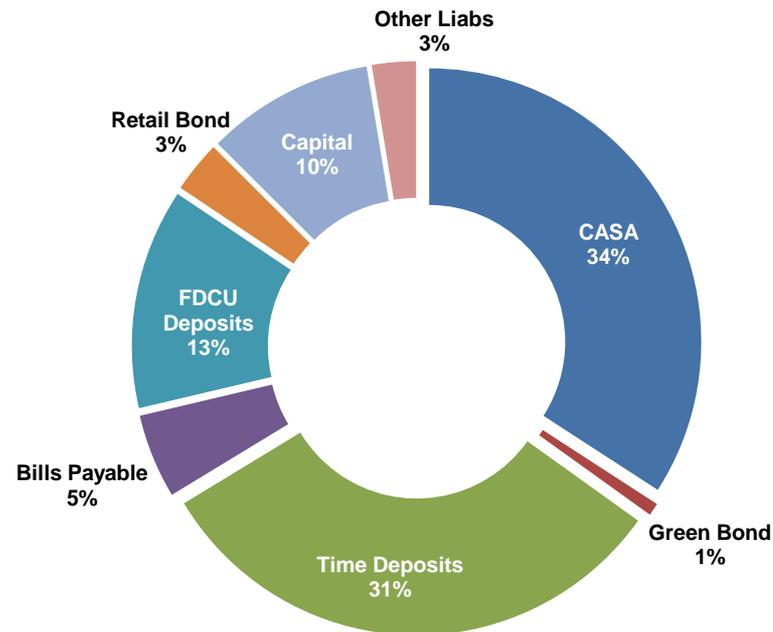
Solid Balance Sheet with Sustainable Growth

Total Assets (PHP in Bn)



Supported by Diversified Funding Base

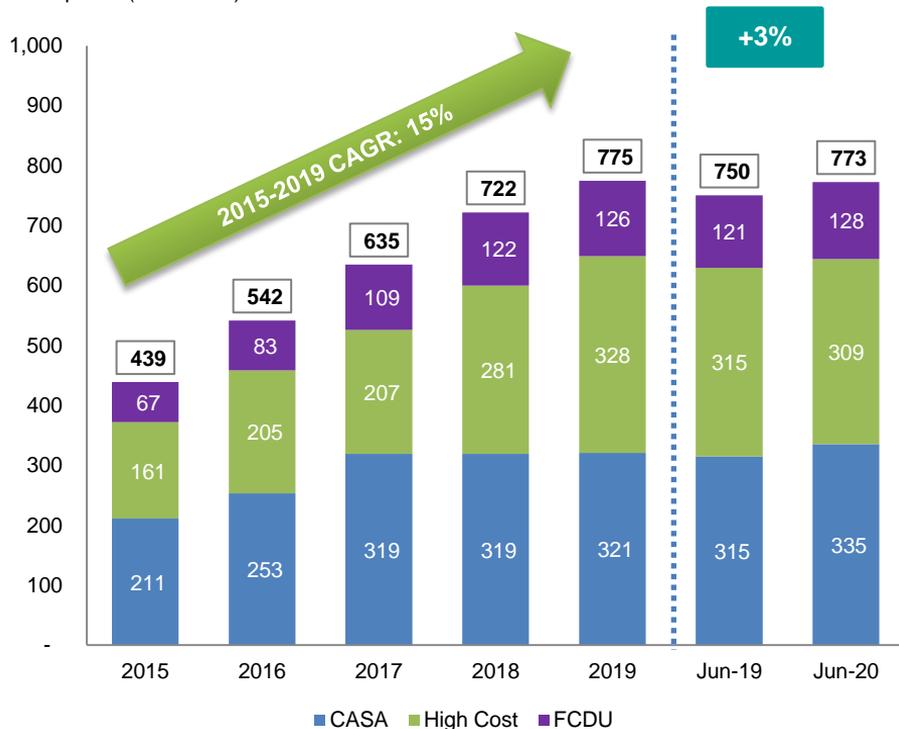
Funding Profile as of Jun-2020



2 Compelling Growth Story

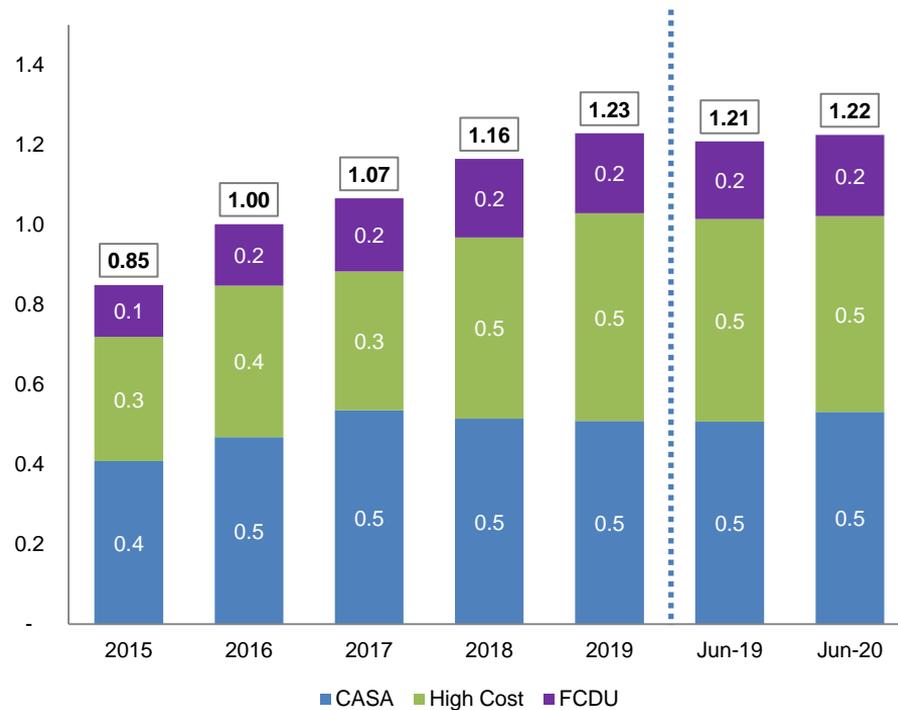
Strong Retail Base

Deposits (PHP in Bn)



Improving Deposits per Branch

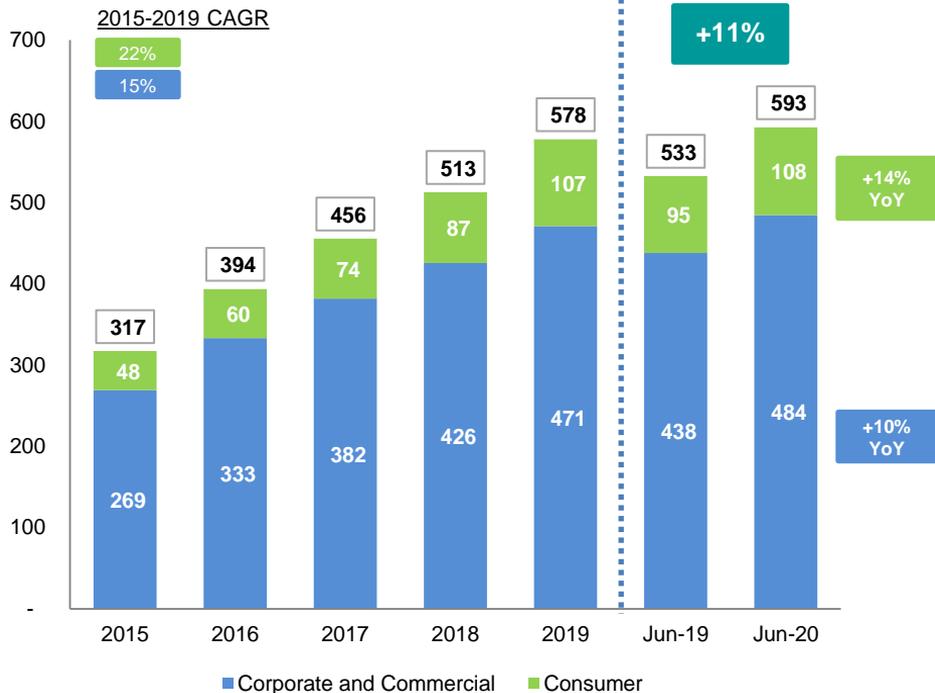
Deposits per branch (PHP in Bn)



2 Compelling Growth Story

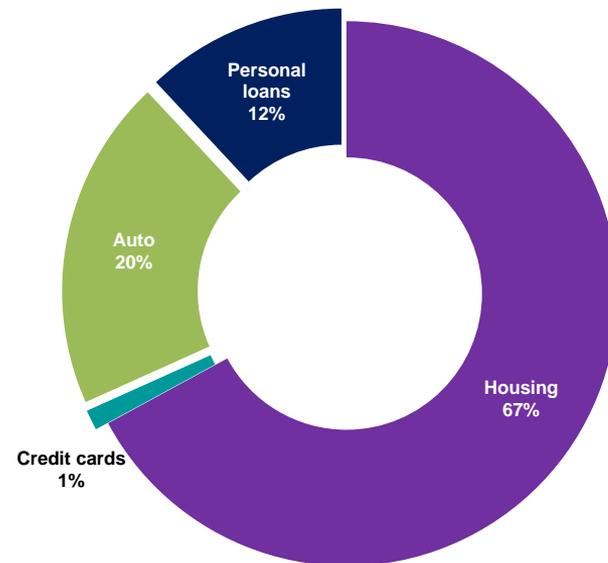
Measured Loan Growth

Gross Loans (PHP in Bn)



Well-secured Consumer Lending Portfolio

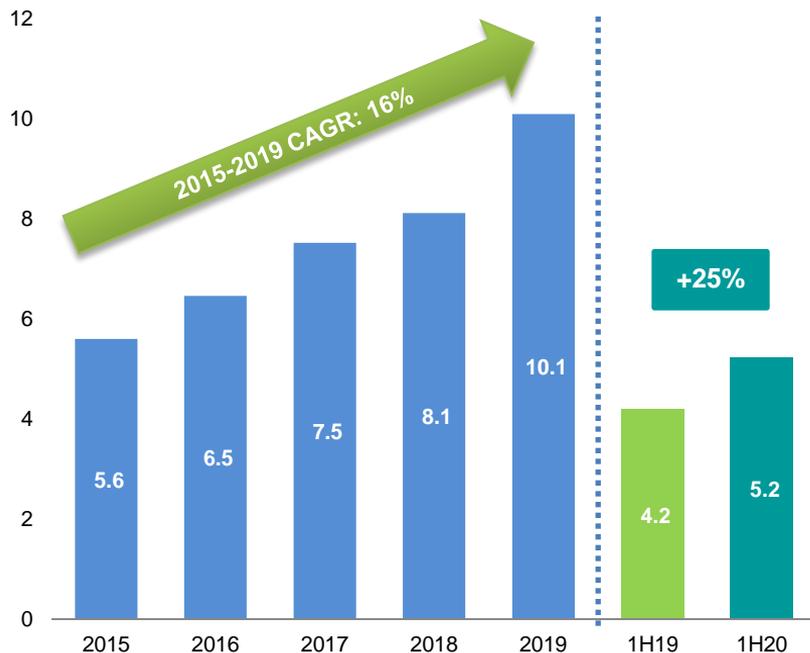
Consumer Loans Breakdown as of Jun-2020



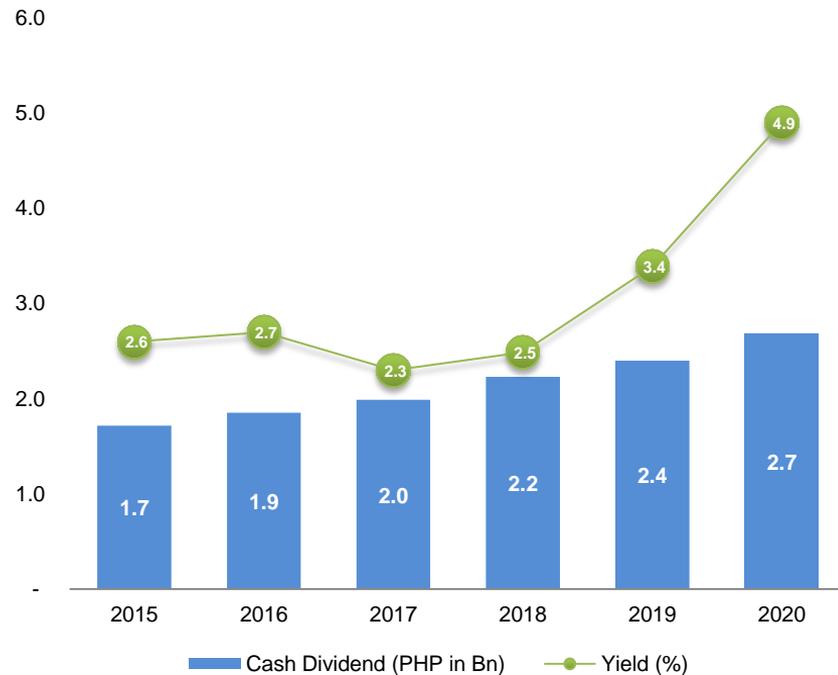
2 Compelling Growth Story

Sustained Profitability

Net Income (PHP in Bn)



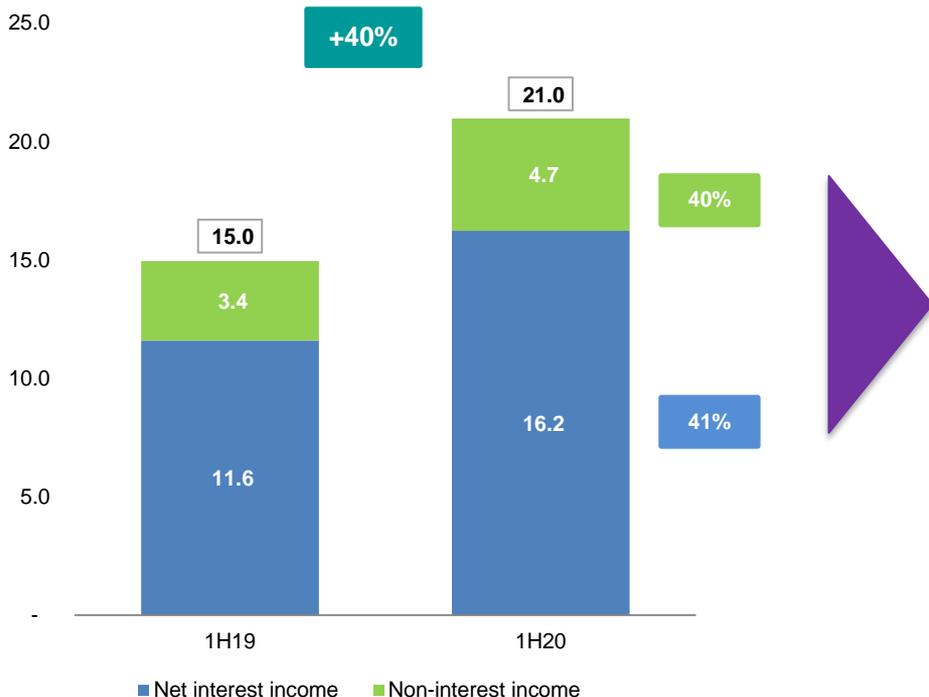
Enable us to increase Dividend Payout and Yield



2 Compelling Growth Story

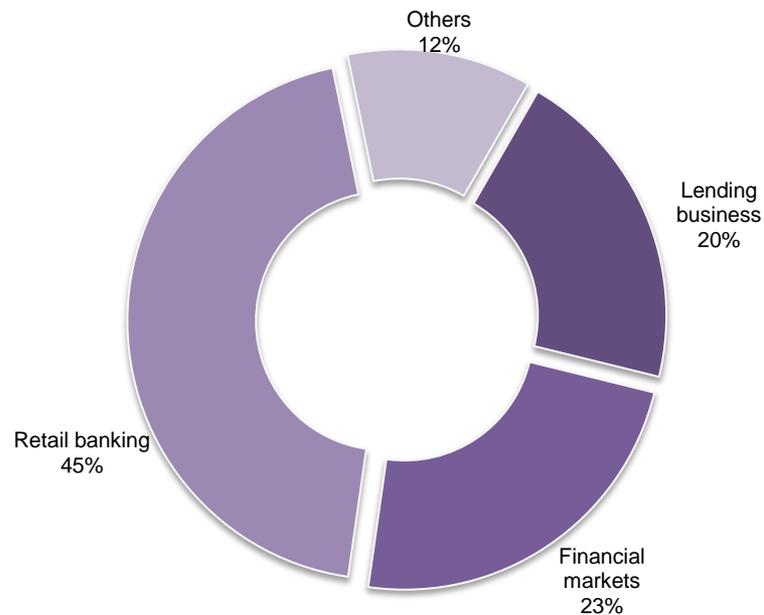
Sustainable Revenue Growth

Total Operating Income (PHP in Bn)



Well-diversified Revenue Stream

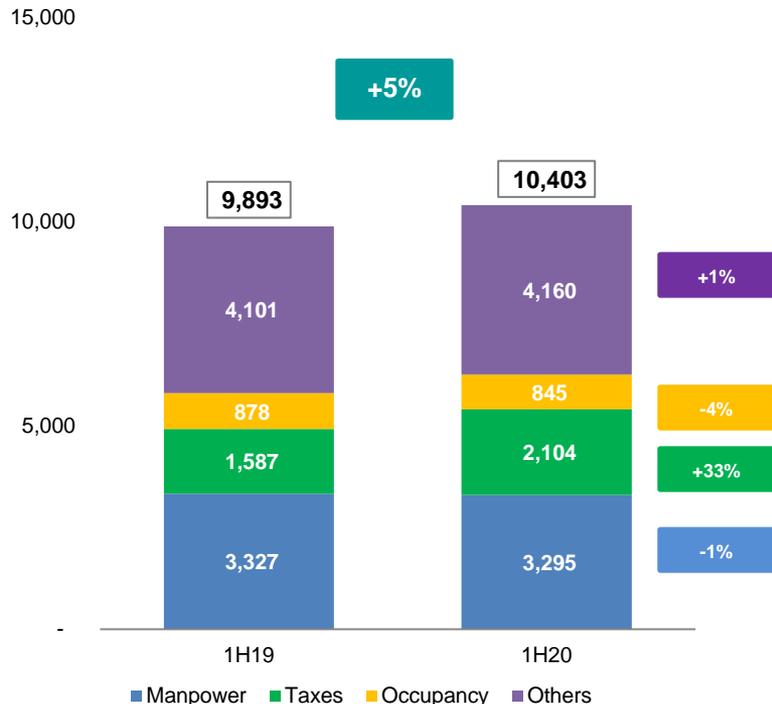
Operating Income Breakdown as of Jun-2020



2 Compelling Growth Story

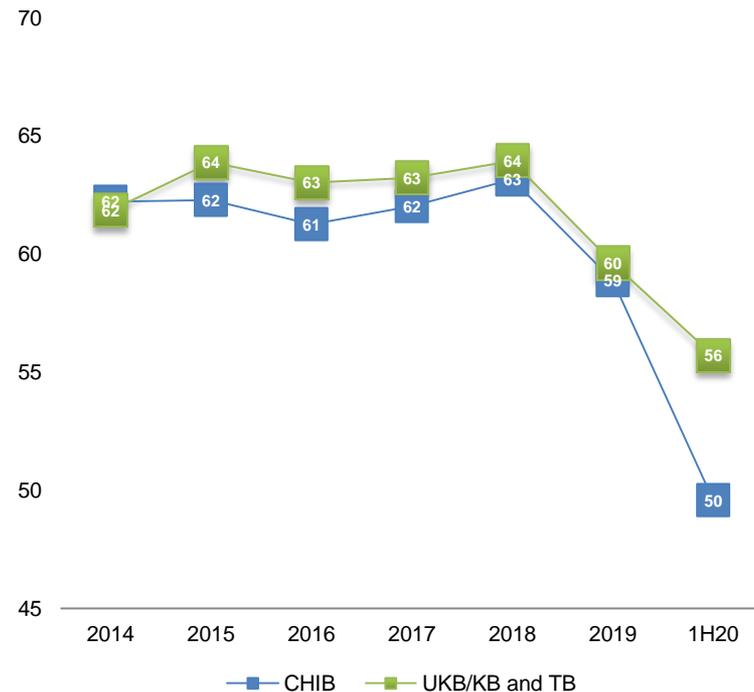
Opportunity to Reduce Costs

Operating Expenses ex provisions (PHP in Mn)



And Further Drive Efficiency

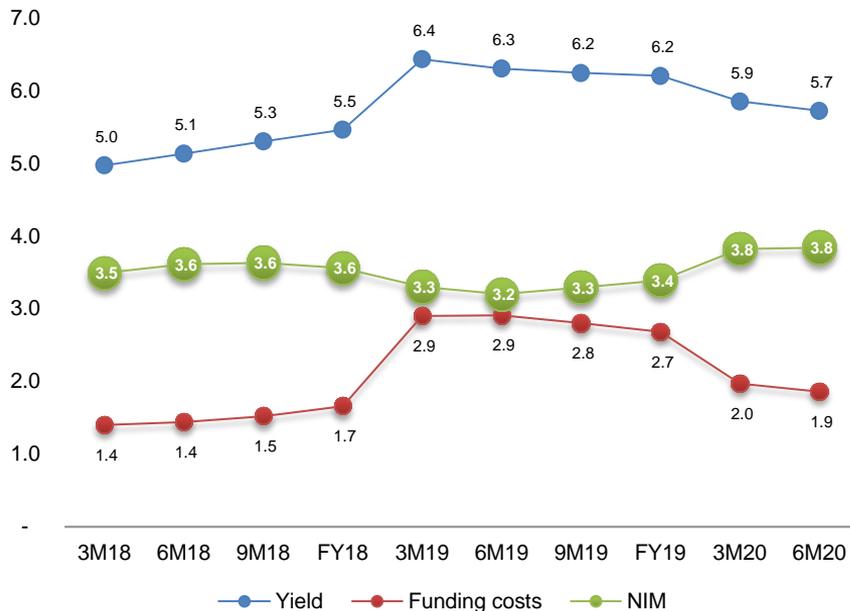
Cost-to-income (%)



2 Compelling Growth Story

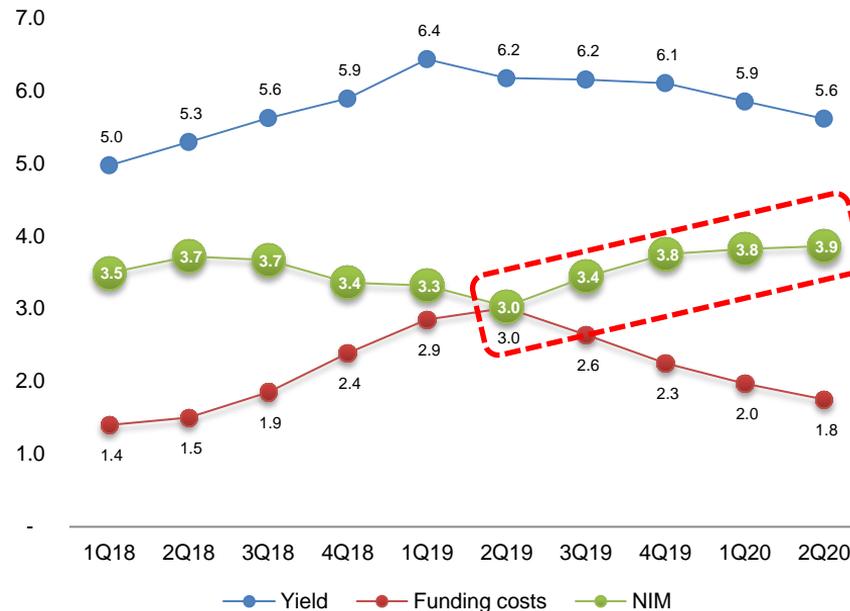
Margins to Improve as Interest Rates and RRR Go Down

Cumulative (In Percentage)



Q-on-Q Performance Showing Recovery

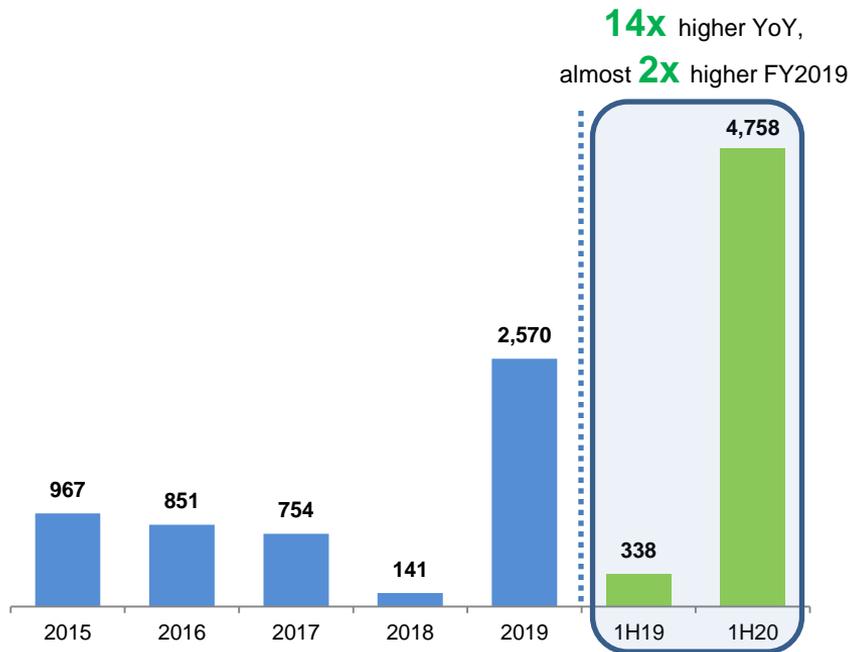
Quarter-on-Quarter (In Percentage)



2 Compelling Growth Story

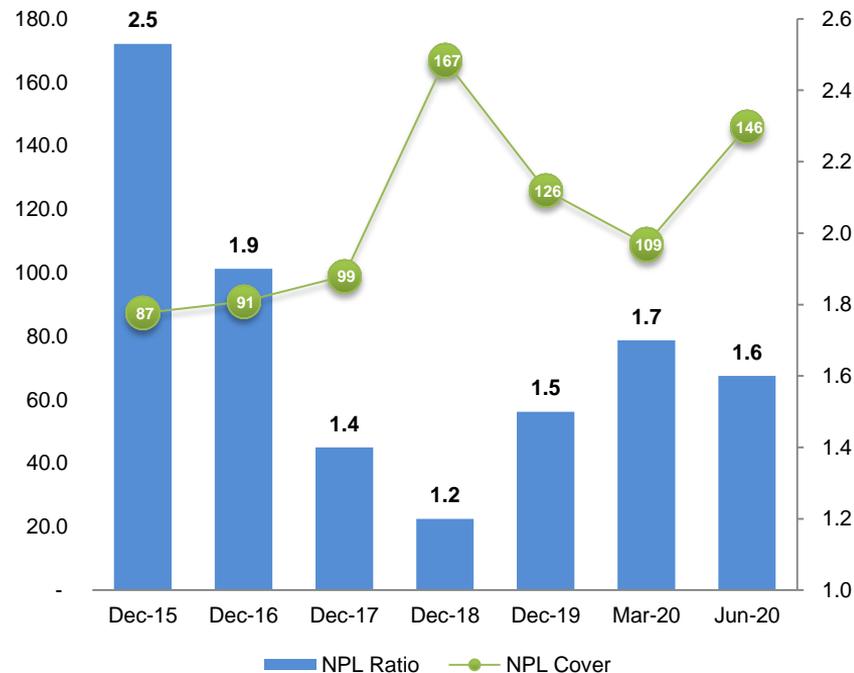
Ramped up Provisions on COVID-19 Impact

Provisions (PHP in Mn)



While Asset Quality Remains Healthy

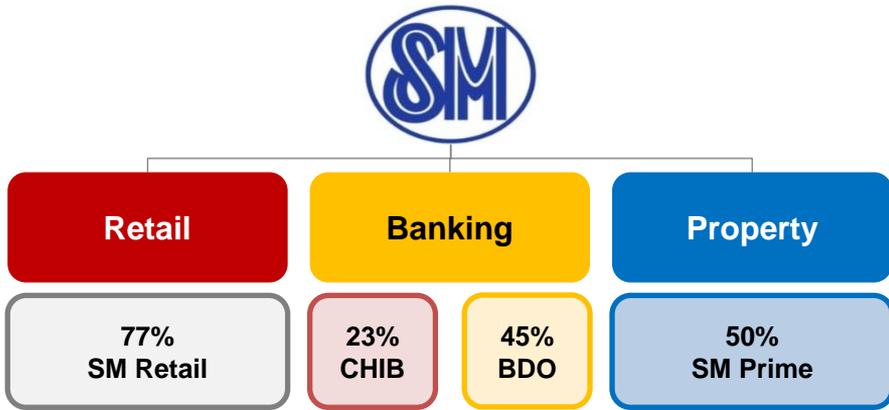
(In Percentage)



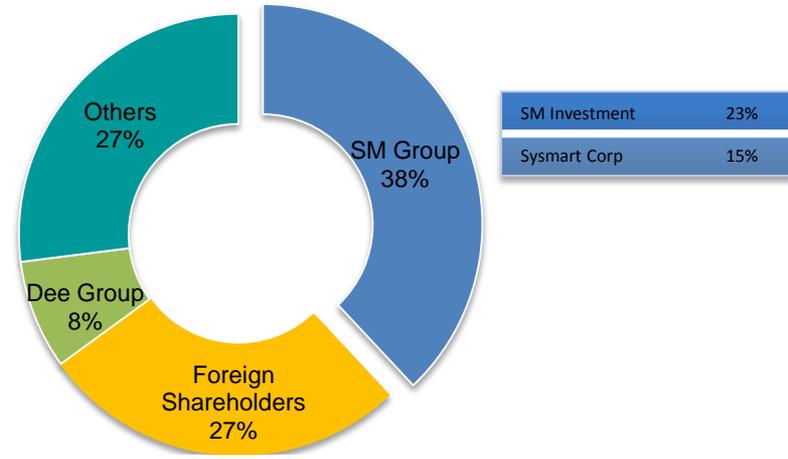
3 Strong Support from Shareholders and Synergies with the SM Group

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
Senior Vice President and Head of Financial Markets Segment



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



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 II 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

BSP Stakeholder Award – Bangko Sentral ng Pilipinas

- Best Corporate Governance Disclosure and Transparency Award

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



Strategic plan in place to deliver on our targets

Underpinned by Four (4) Priority Areas

Growth of revenues and size of business

- Grow fund base
- 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

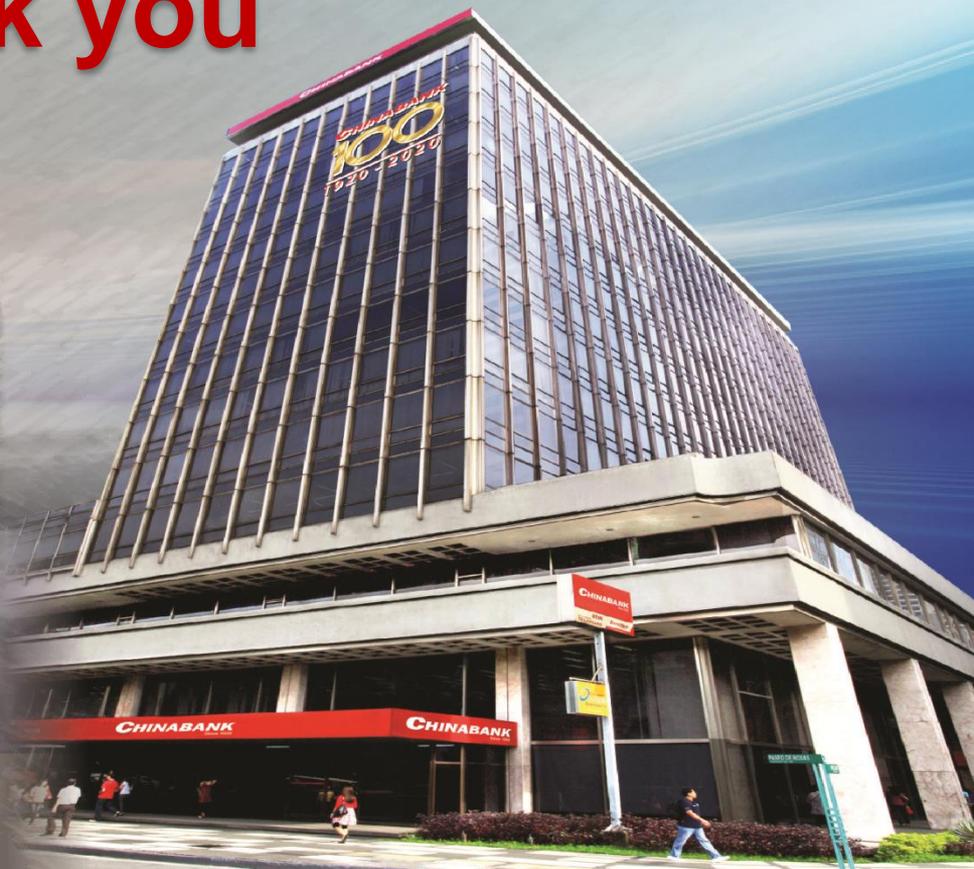
- Lay the groundwork for digital banking transformation
- Enhance the customer experience at every channel or touch-point with the introduction product & service upgrades

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

Thank you



Governance – Adapting ESG Framework

	How we contribute	Performance	2018	2019
	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.	Customers nationwide	1.5 M 1.7 M
	Target 3.8 Financial risk protection		Personal loans	P4.4 B P10.0 B
	Target 4.6 Literacy and numeracy	Prudently managing our risks, capital, and balance sheet to remain profitable and capable of supporting the Philippines' economic development.	Direct economic value distributed	P23.2 B P27.0 B
	Target 5.5 Equal leadership opportunities for women	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.	Number of insured lives	111,905 128,290
	Target 8.10 Access to banking, insurance, and financial services for all		Life insurance claims paid	P110 M P77 M
	Target 8.5 Full and productive employment and equal pay for work of equal value	Providing equal opportunities for gainful employment and equitable compensation while ensuring employees' overall wellbeing.	Beneficiaries of financial literacy programs	28,400 21,200
	Target 8.8 Labor rights and safe and secure working environments		Percentage of China Bank officers that are Female	63% 67%
			Branches	620 631
			ATMs	966 1,002
			Number of no maintaining/ no minimum balance accounts	200,351 243,549
			Number of full-time employees	9,652 9,813
			Salary and benefits paid to employees	P6.1 B P6.6 B
			Safe man-hours recorded	20.1 M 20.3 M

	How we contribute	Performance	2018	2019
	Target 7.1 Access to energy	Supporting key business sectors in driving sustainable industrialization.	Loans for energy access	P7.0 B P11.9 B
	Target 9.3 Access to affordable credit	Supporting the SME and middle market segments to increase their capacity for growth and expansion.	Renewable energy financed	P7.2 B P8.6 B
	Target 11.1 Affordable housing for all		Commercial & SME loans	P84 B P89 B
	Target 11.2 Access to sustainable transport	Actively lending to support home and vehicle ownership and help raise the quality of life.	Housing loans*	P59 B P72 B
	Target 12.6 Sustainable practices	Investing in and raising finance for climate-smart projects to help accelerate the transition to a low-carbon economy.	Auto loans	P22 B P23 B
	Target 13.A Climate change mitigation		Annual Financial & Sustainability Report	2nd 3rd
	Target 16.5 Reduction of bribery and corruption		Green Bond	US\$150 M Drawdown of the Green Bond
	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	Employees trained on anti-bribery and anti-corruption	1,658 3,574
			Governance awards	Among the 50 best ASEAN PLCs in corporate governance 4-Golden Arrow awardee for corporate governance excellence

* Includes Contract-to-Sell loans

Distributing Meaningful Equity to Ordinary Employees

Centennial Stock Grant Plan – Key Terms and Conditions*

Grantee Eligibility Requirements	<ul style="list-style-type: none"> • All regular employees of the CBC group as of 16 August 2020, and certain recently retired employees retained as consultants (as specified by the Chairman of the Board) • Minimum service tenure of at least 1 year as of 16 August 2020. • No future service or performance condition is required. • Grantees who resign, retire, or otherwise leave the CBC group after 16 August 2020 will still qualify to receive the shares.
No. of Shares to be issued to each Grantee	<ul style="list-style-type: none"> • 100 shares per year of service, based on tenure as of 16 August 2020. • For CBS employees, only CBS tenure will be counted. • Tenure will not be rounded up. Any fraction of a year will be dropped from the computation.
Holding Period	<ul style="list-style-type: none"> • Minimum holding period of two years from 16 August 2020. • The shares may only be sold, encumbered, or disposed after 16 August 2022.

* Subject to Stockholders and regulatory approvals.

No. 1 in Domestic Debt Capital Market



Mobile Banking & Payment Initiative of the Year Philippines
2020



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



Autotax Payment Facility
Most Innovative Public Sector System Philippines 2019



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



Best Debt Capital Market (DCM) House 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



Best Investor Relations Bank Philippines
2019, 2018, 2016



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

Financial Highlights – Balance Sheet

Balance Sheet

In Php Millions

	Jun-20	Jun-19	Growth (%)
Liquid Assets	150,238	135,515	11
Investments	213,151	212,401	0
Loans-net	580,369	525,591	10
Other assets	38,526	34,714	11
Total Assets	982,285	908,221	8
Deposit Liabilities	772,674	750,137	3
Bills Payable	48,809	40,286	21
Bonds Payable	37,358	7,686	386
Other liabilities	25,686	19,696	30
Total liabilities	884,527	817,805	8
Equities	97,757	90,416	8
Total Liabilities and Equities	982,285	908,221	8

Ratios (in %):

Non-performing Loans	1.6	1.2
NPL Coverage	146	148
Tier 1 / CET 1	12.84	12.85
CAR	13.75	13.75

Financial Highlights – Income Statements

Income Statement

In Php Millions

	1H20	1H19	Growth (%)
Net Interest Income	16,231	11,608	40
Non-interest Income	4,749	3,364	41
Total Operating Income	20,980	14,972	40
Operating Expenses ex provisions	10,403	9,893	5
Provisions	4,758	338	14.1x
Total Expenses	15,161	10,231	48
Income before Income Tax	5,819	4,741	23
Provision for Income Tax	598	551	9
Net Income	5,221	4,190	25

Ratios (in %):

Return on Average Equity	10.64	9.38
Return on Average Assets	1.07	0.95
Net Interest Margin	3.84	3.16
Cost-to-income Ratio	50	66