



29 April 2021

PHILIPPINE STOCK EXCHANGE, INC.

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Attention: MS. JANET A. ENCARNACION
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Attention: ATTY. MARIE ROSE M. MAGALLEN-LIRIO
Head- Issuer Compliance and Disclosure Department

Mesdames,

We are pleased to furnish your good office with a copy of China Bank's latest news release, "China Bank Q1 2021 net income up 61% to P3.6 billion".

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "A Escucha".

ALEXANDER C. ESCUCHA
Senior Vice President & Head
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CHINA BANKING CORPORATION

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PRESS RELEASE

April 29, 2021

China Bank Q1 2021 net income up 61% to P3.6 billion

China Banking Corporation (China Bank, PSE stock symbol: CHIB) sustained its profitability in the first quarter of 2021, posting 61% increase in net income to P3.6 billion. This translated to an improved return on equity of 13.4% and return on assets of 1.4%.

“We are gratified by these very positive results and by the continued support of our customers and the dedication of our employees,” said China Bank President William C. Whang.

Amid the economic downturn due to the pandemic, China Bank continued to post strong growth in its core businesses, to provide higher pandemic-related buffers, to absorb the one-time impact of the CREATE law on deferred tax assets, and to keep the growth of operating expenses moderate despite adjusting priorities for pandemic-related expenses.

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

Net interest income rose 16% year-on-year to P9.2 billion, mainly due to the 52% drop in interest expense, which led to a higher net interest margin of 4.2% from 3.8% in the same period last year. This was supplemented by a three-fold growth in fee-based income to P3.6 billion, driven by strong trading and securities gains of P2.2 billion.



To address potential loan defaults that may arise from a drawn out pandemic, China Bank booked credit provisioning of more than five times to P2.2 billion from P412 million in the same period last year. Consolidated NPL coverage was at 86%, with a corresponding NPL coverage ratio of 100% for the parent bank. Deferred tax asset amounting to P507 million was written down as a result of the effectivity of the CREATE law.

Operating expenses stood at P6.2 billion, up 6%, with a better cost efficiency ratio of 49%.

China Bank's balance sheet remained healthy, with P1 trillion in assets.

Balance Sheet Highlights <i>In Php Billion, except %</i>	March 31, 2021	March 31, 2020	Inc(dec)
Assets	1,003	984	2%
Gross Loans	572	592	(3%)
Deposits	817	785	4%
CASA	505	409	23%
Time	311	375	(17%)
Equity	109	97	12%
NPL Ratio	3.8%	1.7%	
Tier 1/CET 1	14.53%	12.14%	
CAR	15.43%	13.02%	

Gross loans declined 3% to P572 billion as loan demand remained weak due to the lingering economic uncertainties. The Bank continued to assist customers in raising funds via corporate notes and bonds.

Gross non-performing loans ratio rose to 3.8% year-on-year from 1.7%, lower than industry average.

"We will further strengthen our liquidity position, maintain adequate capital, and enhance credit risk management while working with our customers who are severely impacted by the pandemic," said China Bank Chief Finance Officer Patrick D. Cheng.

Total deposits rose 4% to P817 billion, underpinned by 23% growth in checking and savings accounts. CASA ratio for the quarter improved to 62% from 52%.

To diversify funding sources, the Bank issued P20 billion in fixed rate bonds in February 2021. The Bank is also planning to raise up to P100 billion over the next three years via retail bonds or commercial papers to support its strategic initiatives and expansion program, as well as the country's economic recovery.

China Bank's total equity jumped 12% to P109 billion, with a Common Equity Tier 1 (CET 1)/Tier 1 ratio of 14.53% and total Capital Adequacy Ratio (CAR) of 15.43%.



China Bank is working through the ramifications of the pandemic by accelerating its digital transformation and embracing broader sustainability goals.

China Bank opened for business on August 16, 1920 in Binondo, Manila, and is now one of the largest private universal banks in the Philippines. It provides a full range of banking products and services to corporate, commercial, and retail customers through 634 branches and 1,026 ATMs to date (including the 158 branches and 165 ATMs of China Bank Savings). It also offers a wide range of allied financial services through its subsidiaries China Bank Capital Corp., China Bank Securities Corp., Chinabank Insurance Brokers Inc., and affiliate Manulife China Bank Life Assurance Corp. Visit www.chinabank.ph for more information.

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