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PHILIPPINE STOCK EXCHANGE, INC.

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Attention: MS. JANET A. ENCARNACION
Head - Disclosure Department

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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 posts 25% higher profits in 2021 to P15.1 billion".

Thank you.

Very truly yours,



GERALD O. FLORENTINO
First Vice President & Head
Investor & Corporate Relations Group

China Bank posts 25% higher profits in 2021 to P15.1 billion

China Banking Corporation (China Bank, PSE symbol: CHIB) ended 2021 stronger than ever before on the back of sustained core business growth and effective cost management. The Bank posted a 25% increase in net income to P15.1 billion, which translated to an improved return on equity and return on assets of 13.6% and 1.5%, respectively.

INCOME STATEMENTS In Php billions , except %	Jan-Dec 2020	Jan-Dec 2021	YoY Growth
Net interest income	33.8	38.3	13%
Fee-based income	10.0	10.4	3%
Total revenue	43.9	48.7	11%
Operating expenses	(21.5)	(22.3)	4%
Income before provisions and taxes	22.3	26.3	18%
Provision for impairment and credit losses	(8.9)	(8.9)	0%
Income before income tax	13.5	17.5	30%
Provision for income tax	(1.4)	(2.4)	69%
Net income	12.1	15.1	25%
Return on Equity	12.1%	13.6%	
Return on Assets	1.2%	1.5%	
Net Interest Margin	3.9%	4.2%	
Cost-to-income	49%	46%	

China Bank continued to prudently manage interest expense, which dropped 44%, resulting in a net interest income of P38.3 billion, up 13%, and better net interest margin of 4.2%. Meanwhile, credit provisioning was steady at P8.9 billion.

Fee-based income grew 3% to P10.4 billion, underpinned by a 39% increase in core fee-based income such as foreign exchange gain, trust revenues, investment banking commissions, sale of acquired assets, bancassurance fees, and other transaction-based service charges.

Due to rounding, numbers presented in the tables may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The growth in operating expenses was controlled at 4% to P22.3 billion. The sustained efforts to manage expenses while investing in growth strategies resulted in a better cost-to-income ratio of 46% from 49%.

“Our 2021 results reflect our disciplined execution of strategies and commitment to supporting our customers and employees. As we increasingly automate and digitize to navigate the continuing challenges of this pandemic, we are focusing on actions and investments that will redound to superior banking experiences and improved financial outcomes,” said China Bank President William C. Whang.

China Bank closed 2021 with P1.1 trillion in assets, up 7%, supported by a 9% expansion in loans. Meanwhile, deposits increased 3% to P863 billion which was driven by an 18% build-up in checking and savings accounts (CASA) deposits.

BALANCE SHEETS In Php billions, except %	Dec 31, 2020	Dec 31, 2021	YoY Growth
Liquid Assets	205	188	-8%
Investment Securities	236	279	18%
Net Loans	557	609	9%
Other Assets	38	36	-5%
Total Assets	1,036	1,112	7%
Deposits	835	863	3%
<i>CASA</i>	469	555	18%
<i>High Costs</i>	366	308	-16%
Bills and Bonds Payable	76	108	43%
Other Liabilities	20	22	10%
Total Liabilities	931	993	7%
Total Equities	105	119	13%
Total Liabilities and Equities	1,036	1,112	7%
NPL Ratio	2.3%	2.5%	
NPL Cover	128%	116%	
Tier 1/CET 1 Ratio	13.8%	14.9%	
Capital Adequacy Ratio (CAR)	14.7%	15.7%	

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“We deployed more loans to businesses to aid their recovery while continuing to support the credit needs of consumers. We kept a close eye on asset quality, maintaining a lower-than-industry non-performing loans ratio of 2.5% and adequate NPL coverage of 116%,” said China Bank Chief Finance Officer Patrick D. Cheng. “We sustained a robust CASA growth, further improving our CASA ratio to 64% from 56%,” he added.

Total equity increased 13% to P119 billion, with a common equity tier 1 (CET1) ratio of 14.9% and total capital adequacy ratio (CAR) of 15.7%, well above the regulatory minimum requirement.

International finance journal *The Asset* recognized China Bank as the Best Bank in the Philippines in 2021, affirming its strong financial performance and even besting the largest banks in the country. The Bank's investment house, China Bank Capital, was also named as the Best Bond Adviser (Domestic) for the sixth consecutive year.

China Bank also emerged as the second strongest bank in the Philippines and among the top 20% in the Asia Pacific region in *The Asian Banker's* ranking of 500 strongest banks in 2021. It made the biggest leap among the nine Philippine banks included in the prestigious list, jumping from 323rd place in 2020 to 81st place last year.

Moody's Investors Service affirmed China Bank's investment grade credit rating with a stable outlook, citing its improved capitalization and profitability to mitigate risks to asset quality. Philippine Rating Services Corporation (PhilRatings) also maintained the Bank's PRS Aaa (corp.) rating with a stable outlook, the local debt watcher's highest credit rating, on account of its established track record and resiliency, sound funding profile, lower interest expense, more-than-satisfactory asset quality, and ample capital buffer.

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 637 branches and 1,039 ATMs to date (including the 160 branches and 167 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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