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PHILIPPINE STOCK EXCHANGE, INC.

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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 P2.2 B net income in Q1 2020, up 19%".

For your information and guidance.

Thank you.

Respectfully yours,



ALEXANDER C. ESCUCHA
Corporate Information Officer

China Bank posts P2.2 B net income in Q1 2020, up 19%

China Banking Corporation (China Bank, stock symbol: CHIB) saw its net income increase by 19% to P2.2 billion in the first quarter of 2020, driven by the sustained growth of its core businesses amid the Luzon-wide enhanced community quarantine (ECQ). This translated to a return on equity of 9.15% and return on assets of 0.92%.

Total operating income rose 26% year-on-year to P9.1 billion.

Net interest income grew 34% to P7.9 billion on the back of higher revenues from earning assets and lower interest expense, which dropped 23%. Net interest margin improved to 3.82% from 3.32%.

Weaker market conditions impacted the Bank's trading activities and led to a lower fee income of P1.2 billion.

Operating expenses increased 22% to P5.8 billion as the Bank continued to strengthen and expand its operations and provided for COVID-19 related expenses. Nevertheless, cost-to-income ratio improved to 64% from 66% in the same period last year.

Despite the scaled-down branch operations in Metro Manila and the rest of Luzon starting mid-March, total assets expanded 10% to P984 billion.

Gross loans grew 15% to P592 billion, driven by strong demand across all customer segments. On the funding side, deposits rose 9% to P785 billion. Loans to deposits ratio improved to 74%.

China Bank's non-performing loan (NPL) ratio remained stable at 1.7%. The Bank increased provisions by 51% in anticipation of possible higher credit losses in the face of the ongoing COVID-19 pandemic. NPL cover was at 109%.

The Bank's total capital stood at P97 billion, with regulatory capital ratios well above regulatory levels.

"The impact of the COVID-19 pandemic on our customers, employees, and society as a whole is a great concern for China Bank. We are committed to extend the help, support, and flexibility that our stakeholders need in these challenging times to ease the negative economic consequences of this global health crisis. We are also very grateful to our hardworking and dedicated frontliners who enable us to deliver on this vital commitment," said China Bank President William C. Whang.

Throughout the ECQ, China Bank continued to provide banking services while implementing appropriate safeguards for the health and safety of its employees and customers. Aside from adopting the Bayanihan To Heal As One Act, which, among others, mandates a nationwide 30-day moratorium on loan payments, the Bank also implemented measures to protect the interests of its stakeholders, including paying employees' salaries in full during the ECQ, giving financial assistance to agency personnel (security guards, drivers, janitors, and utility staff), waiving certain fees, ensuring the availability of its digital banking channels, and increasing ATM withdrawal limits.

The year 2020 marks China Bank's centennial anniversary. The 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 631 branches and 1,009 ATMs to date (including the 158 branches and 162 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.