



07 September 2021

PHILIPPINE STOCK EXCHANGE, INC.

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

PHILIPPINE DEALING & EXCHANGE CORP.

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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, "Moody's retains China Bank's investment grade credit rating, stable outlook".

Thank you.

Very truly yours,

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

ALEXANDER C. ESCUCHA
Senior Vice President & Head
Investor & Corporate Relations Group

CHINA BANKING CORPORATION

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Tel. No. 885-5555 • www.chinabank.ph



PRESS RELEASE
September 7, 2021

Moody's retains China Bank's investment grade credit rating, stable outlook

The investment grade credit rating, with stable outlook, of China Banking Corporation (China Bank) was recently affirmed by Moody's Investors Service on the back of the Bank's strong capitalization, profitability, and liquidity amid the COVID-19 pandemic.

In its September 3, 2021 report, Moody's maintained China Bank's long-term counterparty risk and long-term deposit ratings of Baa2, a notch above the minimum investment grade and at par with the country's credit rating. The global debt watcher also viewed the Bank's risk management as commensurate with its risk appetite.

The ratings include a one-notch uplift for government support, based on Moody's expectation that the Philippine government will likely provide support for China Bank's depositors and senior unsecured creditors if needed. This assessment reflects the Bank's significance to the Philippine banking system.

According to Moody's, China Bank's credit strengths are its stable capitalization and profitability, which support business expansion, and its healthy liquidity; while credit challenges are risks to asset quality on account of the economic shock caused by the coronavirus, and the Bank's modest funding profile, with a relatively high share of corporate deposits.

In the first half of 2021, China Bank posted P7.3 billion in net income, up 39%, even as it continued to build up its loan loss provisions. Its total equity rose 12% to P110 billion, sustaining strong capital ratios of 15.1% total Capital Adequacy Ratio (CAR) and 14.2% Common Equity Tier 1 (CET1). Assets stood at P1 trillion, with P596 billion in gross loans and P827 billion in deposits, underscored by a 27% increase in current and savings account (CASA) deposits to P517 billion. China Bank's CASA deposits have been growing at 17% compound annual growth rate (CAGR) since 2015.



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 636 branches and 1,038 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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