



06 December 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 affirms 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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PRESS RELEASE

December 6, 2021

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

Moody's Investors Service recently affirmed China Bank's investment grade credit rating, maintaining the Bank's deposit and issuer ratings at Baa2 and stable outlook, in view of its improved capital and profitability to mitigate risks to asset quality.

Moody's noted in its December 3, 2021 report that "the bank's capital and profitability have improved significantly."

In the nine months of 2021 ending September, China Bank recorded higher net income growth compared to its full-year performance in both 2020 and in 2019, before the pandemic. Its Common Equity Tier 1 increased to 14.4% from 12.8% as of the end of 2019, while core operating profit (pre-provision income less trading gains) as a percentage of assets increased to 2% from 1.4%. The Bank's liquidity further improved, with a healthier funding mix as the share of low-cost current and savings deposits increased to 62% from 53%.

The ratings include a one-notch uplift for government support. According to Moody's, "This support assumption is in line with China Bank's systemic importance, with a deposit market share of 5.4% as of the end of September 2021."

China Bank is the only publicly-listed universal bank in the Philippines to have consistently recorded quarterly net income growth since the start of the pandemic in 2020. As of end-September 2021, the Bank's net income reached P11.2 billion, up 35% year-on-year, which translated to a higher return on equity of 13.6% and an improved return on assets of 1.5%. The Bank also maintained its balance sheet strength, with P1.0 trillion in assets, up 4%.



Last October, the Philippine Rating Services Corporation (PhilRatings) gave China Bank the highest credit rating of PRS Aaa (corp.), which takes into account the Bank's established track record and resiliency, sound funding profile, lower interest expense, more than satisfactory asset quality, and ample capital buffer. Meanwhile, The Asian Banker named China Bank as one of the strongest banks in 2021 in terms of balance sheet, ranking the Bank as the 2nd strongest bank in the Philippines—ahead of the two other biggest banks in the country—and in the top 20% of the 500 strongest banks in the Asia Pacific region.

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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