



May 2, 2019

PHILIPPINE STOCK EXCHANGE, INC.

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

PHILIPPINE DEALING & EXCHANGE CORP.

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6766 Ayala Avenue cor Paseo de Roxas
Makati City

Attention: ATTY. JOSEPH B. EVANGELISTA
Head- Issuer Compliance and Disclosure Department

Gentlemen,

We are pleased to furnish your good office with a copy of China Bank's latest news release, "China Bank posts P1.9B in Q1, up 24%; declares P2.4B cash dividends".

For your information and guidance.

Thank you.

Very truly yours,

ALEXANDER C. ESCUCHA
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Investor & Corporate Relations Group

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NEWS RELEASE
May 2, 2019

China Bank posts P1.9B in Q1, up 24%; declares P2.4B cash dividends

China Banking Corporation (China Bank, stock symbol: CHIB) announced at its stockholders' meeting today that consolidated net income for the first three months of 2019 reached P1.9 billion, 24% higher than the earnings for the same period last year, driven by the continued robust growth of its core businesses. This translated to a return on equity of 8.42% and return on assets of 0.86%.

The Bank also declared record-high P2.4 billion cash dividends, equivalent to 8.8% or P0.88 per share, 6% higher than the previous year's cash dividends. Based on China Bank's current share price of P26.65, the cash dividends translate to a cash yield of 3.3%.

"We are gratified that our first quarter results reflect the sustained growth in our businesses and the result of various initiatives," said China Bank President William C. Whang.

The Bank's net interest income for the first quarter grew 12% to P5.9 billion, boosted by the 41% jump in interest revenues from loans. This was complemented by the 52% increase in non-interest income to P1.3 billion, attributable to fees, service charges, and commissions—up 34%, income from the sale of acquired assets, and the positive trading and securities gains. Higher interest expense, however, compressed net interest margin to 2.94%.

Total operating income reached P7.2 billion, up 18%, while total operating expense increased 13% to P4.8 billion as the Bank continued to strengthen and expand its operations. Cost-to-income ratio improved to 66% from 69% year-on-year.

China Bank maintained its balance sheet strength, growing in all areas of operation. Total assets expanded 23% to P889 billion in tandem with the growth of the Bank's core businesses. Gross loans grew 13% to P515 billion, driven by strong demand from all customer segments. Deposits rose 17% to P720 billion, underpinned by a 20% increase in checking and savings accounts.

Asset quality continued to improve, to a lower gross non-performing loans (NPL) ratio of 1.2%. NPL coverage ratio stood at 169%.

The Bank's financial position remains solid, with total capital of P89 billion, equivalent to a tier 1 capital adequacy ratio (CAR) of 12.9% and total CAR of 13.8%.

China Bank and its subsidiaries received several awards in the first quarter. The Bank was named Best Bank Governance-Philippines by London-based publication Capital Finance International and was recognized by the Philippine Dealing System as among the country's Top Corporate Securities Market Makers and Top Fixed-income Brokering Participants. Its Auto Tax Payment Facility and Easy Tax Filing and Payment Solution were awarded by The Asset and Infosys, respectively. Meanwhile, China Bank Capital won The Asset's Best Bond Adviser-Philippines award for the third year in a row and China Bank Savings was cited by the Department of Education for its teachers and learners projects.

As part of its centennial anniversary preparations, China Bank commenced the restoration of its original head office in Binondo built in 1924. The Binondo Heritage Restoration Project seeks to recapture the original architecture of the historic building as first constructed, which has since been lost to various remodelling efforts after WWII. The building will also be retrofitted to comply with modern safety standards. The project is slated for completion in time for the Bank's centennial celebration in 2020.

China Bank, founded in 1920, is one of the largest private universal banks in the Philippines providing a full range of banking products and services to corporate, commercial, and retail customers through 621 branches and 972 ATMs to date (including the 162 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 Manulife China Bank Life Assurance Corp. Visit www.chinabank.ph for more information.
