

COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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					S	t	r	e	e	t	,		M	a	k	a	t	i		C	i	t	y										

(Business Address: No. Street City/Town/Province)

<div>Patrick D. Cheng</div> <div>(Contact Person)</div>															<div>8885-5555</div> <div>(Company Telephone Number)</div>														
<div>03</div> <div>Month</div> <div>(Fiscal Year)</div>		<div>31</div> <div>Day</div>		<div>17 - Q</div> <div>(Form Type)</div>										<div></div> <div>Month</div> <div>(Annual Meeting)</div>		<div></div> <div>Day</div>													

(Secondary License Type, If Applicable)

<div>Corporate Governance and Finance Dept.</div> <div>(Department Requiring this document)</div>															<div></div> <div>(Amended Articles Number/Section)</div>																																		
<div>1,815</div> <div>Total No. of Stockholders</div>															<div>Total Amount of Borrowings</div> <table><tr><td colspan="10"><div></div><div>Domestic</div></td><td colspan="10"><div></div><div>Foreign</div></td></tr></table>															<div></div> <div>Domestic</div>										<div></div> <div>Foreign</div>									
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To be accomplished by SEC Personnel concerned

<div></div> <div>File Number</div>										<div></div> <div>LCU</div>									
<div></div> <div>Document ID</div>										<div></div> <div>Cashier</div>									

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SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarter period ended **March 31, 2024**
2. Commission identification number **443**
3. BIR Tax Identification No.. **000-444-210-000**

**CHINA BANKING CORPORATION**

4. Exact name of issuer as specified in its charter

**PHILIPPINES**

5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)

**CHINA BANK BUILDING 8745 PASEO DE ROXAS COR. VILLAR STS., MAKATI CITY 1226**

7. Address of registrant's principal office Postal Code
8. Issuer's telephone number, including area code **(02) 8885-5555**
9. Former name, former address and former fiscal year, if changed since last report **NA**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock Outstanding	Amount of debt outstanding
<b><u>COMMON</u></b>	<b><u>2,691,340,312</u></b>	

11. Are any or all of the securities listed on the Stock Exchange?

Yes ☒ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

**PHILIPPINE STOCK EXCHANGE** **COMMON**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes ☒ No ☐

(b) has been subject to such filing requirements for the past 90 days

Yes ☒ No ☐

## PART I FINANCIAL INFORMATION

### Item 1. Financial Statements.

Attached are the following:

Annex I:	Interim Consolidated Statements of Financial Position
Annex II:	Interim Consolidated Statements of Income
Annex III:	Interim Consolidated Statements of Comprehensive Income
Annex IV:	Interim Consolidated Statements of Changes in Equity
Annex V:	Interim Consolidated Statements of Cash Flows
Annex VI:	Aging of Loans and Receivables
Annex VII:	Profitability Report by Business Segment
Annex VIII:	Financial Soundness Indicators

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Annex IX:	Management's Discussion
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## PART II OTHER INFORMATION

There are no material disclosures that were not reported under SEC Form 17-C during the period covered by this report.

## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer ..... **CHINA BANKING CORPORATION**



Principal Financial/Accounting Officer/Controller ..... **PATRICK D. CHENG**

Signature and Title ..... Chief Finance Officer

Date..... May 15, 2024

## Part I – Financial Information

### Item 1. Financial Statements

- a. **Accounting Policies and Methods of Computation.** The accompanying interim condensed consolidated financial statements of China Banking Corporation (the Parent Company) and Subsidiaries (collectively referred to as the Group) as of March 31, 2024 and for the three-month periods ended March 31, 2024 and 2023 have been prepared in accordance with the Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited financial statements as of December 31, 2023 which have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

- b. **Seasonality or Cyclicity of Interim Operations.** Changes in the Group's financial condition or operation were due more to external factors such as interest rate movements and cost of borrowings rather than seasonality or cyclical aspects.
- c. **Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.** Changes in nature and amounts in the financial statements were due more to market-related factors inherent in the nature of the issuer's business operations and are not considered unusual. Below are some significant changes as explained in the Management's Discussions of Financial Condition and Results of Operation:

(Amounts in Thousands)	March 31, 2024	December 31, 2023	Increase (Decrease)
<b>Assets</b>			
Cash and Other Cash Items	₱12,869,133	₱15,998,094	(₱3,128,960)
Due from Other banks	14,450,906	19,964,415	(5,513,510)
Interbank Loans Receivable and Securities Purchased under Resale Agreements	10,806,780	34,720,250	(23,913,470)
Financial Assets at Fair Value through Profit or Loss	27,173,309	13,631,287	13,542,022
Financial Assets at Fair Value through Other Comprehensive Income	121,553,935	106,541,487	15,012,447
Intangible Assets	4,250,694	3,776,649	474,046
Other Assets	9,329,194	8,199,886	1,129,309
<b>Liabilities</b>			
Bonds Payable	–	19,989,307	(19,989,307)
Manager's Checks	1,650,415	2,109,463	(459,047)
Income Tax Payable	1,245,119	133,659	1,111,460
Derivative Liabilities	1,205,977	938,722	267,255
Derivative Contracts Designated as Hedges	6,010,633	8,049,417	(2,038,784)
Other Liabilities	13,508,472	15,620,885	(2,112,412)

(Amounts in Thousands)	March 31, 2024	March 31, 2023	Increase (Decrease)
<b>Income</b>			
Interest on Loans and receivables	₱14,071,766	₱12,044,008	₱2,027,758
Interest on Investment securities at amortized cost and at FVOCI	6,681,716	5,218,981	1,462,735
Interest on Financial Assets at FVPL	282,232	145,622	136,611
Interest on Due from BSP and other banks and SPURA	863,809	1,001,086	(137,277)
Service charges, fees and commissions	878,189	750,011	128,178
Trading, securities, and foreign exchange gains (losses) - net	(2,915,001)	(927,836)	(1,987,165)
Gain on sale of investment properties	131,535	108,669	22,866
Trust fee income	155,224	127,282	27,941
Gain on asset foreclosure and dacion transactions	88,025	232,853	(144,828)
Share in net income of associates	112,416	(649)	113,065
Miscellaneous	1,612,701	195,114	1,417,587

<b>Expense</b>			
Interest expense on Deposit Liabilities	5,997,481	4,833,756	1,163,724
Interest expense on Lease Payable	54,763	49,241	5,522
Taxes and licenses	1,630,791	1,367,689	263,102
Depreciation and amortization	490,010	441,922	48,088
Provision for impairment and credit losses	302,132	440,467	(138,335)
Transportation and traveling	114,202	87,316	26,886
Professional fees, marketing and other related services	192,692	151,735	40,957
Stationery, supplies and postage	69,011	59,448	9,563
Repairs and maintenance	50,751	42,076	8,675
Miscellaneous	1,178,835	1,073,982	104,854
Provision for income tax	1,703,250	888,569	814,681

- d. **Changes in Estimates of Amounts Reported.** There were no material changes in the estimates of amounts reported in prior financial years.

- e. **Issuances, Repurchases, and Repayments of Debt and Equity Securities.**

Settlement of Long Term Negotiable Certificates of Deposits (LTNCD) On January 12, 2024, the Parent Company settled the LTNCDs with aggregate principal amount of ₱10.25 billion. The LTNCDs bear a fixed coupon rate of 4.55% per annum, payable quarterly in arrears.

Maturity of the P20 Billion Peso Fixed Rate Bonds On February 18, 2024, the previously issued ₱20 billion peso fixed bonds matured. This bond bears a fixed couple rate of 2.50% per annum, payable monthly.

- f. **Segment Information.** Operating businesses are recognized and managed separately according to the nature of business served, with each segment representing a strategic business unit. The Bank's comparative revenues and expenses by business segments are shown in Annex VII.

- g. **Dividends.** At the special meeting held on April 17, 2024, the Board of Directors (BOD) approved the declaration of ₱1.20 per share regular dividend and an additional ₱1.00 per share special dividend, and sets May 3, 2024 as the date of record. Cash dividends will be paid on May 16, 2024.

- h. **Effect of Changes in the Composition of the Enterprise during the Interim Period.** There were no changes in the composition of the issuer including business combinations, acquisitions, or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations during the period.

- i. **Changes in Contingent Liabilities or Contingent Assets.** There are various outstanding commitments and contingent liabilities but management does not anticipate any material financial impact as a result of these transactions.

- j. **Material Contingencies and Any Other Events.**

Cash Dividends from China Bank Insurance Brokers, Inc. (CIBI) On March 25, 2024, the Bank received ₱50 million cash dividends from China Bank Insurance Brokers, Inc. (CIBI).

LIBOR Transition On July 1, 2023, the London Interbank Offered Rate (LIBOR) ceased to exist and was replaced by the Secured Overnight Financing Rate (SOFR). The Parent Company used LIBOR for the fair valuation of floating Interest Rate Swaps (IRS) for periods up to June 30, 2023, and SOFR for periods after June 30, 2023. On July 1, 2023, the impact of the transition from LIBOR to SOFR resulted in a net decrease in the fair value of IRS amounting to ₱47.07 million.

For the cash flow hedges where IRS are designated as hedging instruments, the Parent Company applied the provisions from the IBOR reform Phase 2 which provides temporary reliefs to enable the Parent Company's hedging relationships to continue upon the

replacement of an existing interest rate benchmark with SOFR. Hence, the cessation of LIBOR does not have an impact on the Parent Company's existing hedge relationships.

- k. **Financial Risk Disclosure.** The Group's activities are principally related to the profitable use of financial instruments. Risks are inherent in these activities but are managed by the Group through a rigorous, comprehensive, and continuous process of identification, measurement, monitoring and mitigation of these risks, partly through the effective use of risk and authority limits and thresholds, process controls and monitoring, and independent controls. As reflected in its corporate actions and organizational improvements, the Group has placed due importance on expanding and strengthening its risk management process and considers it as a vital component to the Group's continuing profitability and financial stability. Central to the Group's risk management process is its adoption of a risk management program intended to avoid unnecessary risks, manage and mitigate inherent risks, and maximize returns from taking acceptable risks necessary to sustain its business viability and good financial position in the market.

The key financial risks that the Group faces are: credit risk, market risk, and liquidity risk. The Group's risk management objective is primarily focused on controlling and mitigating these risks. The Parent Company and its subsidiaries manage their respective financial risks separately. The subsidiaries, particularly CBSI, have their own risk management processes but are structured similar to that of the Parent Company. To a large extent, the respective risk management programs and objectives are the same across the Group. The severity of risk, materiality, and regulations are primary considerations in determining the scope and extent of the risk management processes put in place for the subsidiaries.

#### *Risk Management Structure*

The BOD of the Parent Company is ultimately responsible for the oversight of the Parent Company's risk management processes. On the other hand, the risk management processes of the subsidiaries are the separate responsibilities of their respective BODs. The BOD of the Parent Company created a separate board-level independent committee with explicit authority and responsibility for managing and monitoring risks.

The BOD has delegated to the Risk Oversight Committee (ROC) the formulation and supervision of the risk management process which includes, among others, determining the appropriate risk mitigating strategies and operating principles, adoption of industry standards, development of risk metrics, monitoring of key risk indicators, and the imposition of risk parameters. The ROC is composed of three members of the BOD, all of whom are independent directors.

The Risk Management Group (RMG) is the operating unit of the ROC primarily responsible for the implementation of the risk management strategies approved by the Board of Directors. The implementation cuts across all departments of the Parent Company and involves all of the Parent Company's financial instruments, whether "on-books" or "off-books". The RMG is likewise responsible for monitoring the implementation of specific risk control procedures and enforcing compliance thereto. The RMG is also directly involved in the day-to-day monitoring of material risks ensuring that the Parent Company, in its transactions and dealings, engages only in risk-taking activities duly approved by the ROC. The RMG also ensures that relevant information is accurately and completely captured on a timely basis in the management reporting system of the Parent Company. The RMG is headed by the Chief Risk Officer (CRO) who reports the results of risk measurements to the ROC.

Apart from RMG, each business unit has created and put in place various process controls which ensure that all the external and internal transactions and dealings of the unit are in compliance with the unit's risk management objectives.

The Internal Audit Division also plays a crucial role in risk management primarily because it is independent of the business units and reports exclusively to the Audit Committee which,

in turn, is comprised of independent directors. The Internal Audit Division focuses on ensuring that adequate controls are in place and on monitoring compliance to controls. The regular audit covers all processes and controls, including those under the risk management framework handled by the RMG. The audit of these processes and controls is undertaken regularly. The audit results and exceptions, including recommendations for their resolution or improvement, are discussed initially with the business units concerned before these are presented to the Audit Committee.

#### *Risk Management Reporting*

The CRO reports to the ROC and is a resource of the Credit Committee (CreCom), Asset-Liability Committee (ALCO), Operations Committee (OpsCom) and Technology Steering Committee (TSC). The CRO reports on key risk indicators and specific risk management issues that would need resolution from top management. This is undertaken after the risk issues and key risk indicators have been discussed with the business units concerned. The RMG's function, particularly, that of the CRO, as well as the Board's risk oversight responsibilities are articulated in the risk management manual based on the requirements of BSP Circular No. 971, Guidelines on Risk Governance.

The key risk indicators were formulated on the basis of the financial risks faced by the Parent Company. These indicators contain information from all business units that provide measurements on the level of the risks taken by the Parent Company in its products, transactions, and financial structure. Among others, the report on key risk indicators includes information on the Parent Company's aggregate credit exposure, credit metric forecasts, hold limit exceptions, Value-at-Risk (VaR), Maximum Cumulative Outflow (MCO) and Earnings-at-Risk (EAR) analysis, utilization of market and credit limits and thresholds, liquidity risk limits and ratios, overall loan loss provisioning, and risk profile changes. Loan loss provisioning and credit limit utilization are, however, discussed in more detail in the Credit Committee. On a monthly basis, detailed reporting of industry, customer, and geographic risks is included in the discussion with the ROC. A comprehensive risk report is presented to the BOD on a periodic basis for an overall assessment of the level of risks taken by the Parent Company. On the other hand, the Chief Audit Executive reports to the Audit Committee on a monthly basis on the results of branch or business unit audits and for the resolution of pending but important internal audit issues.

#### *Risk Mitigation*

The Parent Company uses derivatives to manage exposures to financial instruments resulting from changes in interest rates and foreign currencies exposures. However, the nature and extent of use of these financial instruments to mitigate risks are limited to those allowed by the BSP for the Parent Company and its subsidiaries.

To further mitigate risks throughout its different business units, the Parent Company formulates risk management policies and continues to improve its existing policies. These policies further serve as the framework and set of guidelines in the creation or revisions of operating policies and manuals for each business unit. In the process design and implementation, preventive controls are preferred over detection controls. Clear delineation of responsibilities and separation of incompatible duties among officers and staff, as well as, among business units are reiterated in these policies. To the extent possible, reporting and accounting responsibilities are segregated from units directly involved in operations and frontline activities (i.e., players must not be scorers). This is to improve the credibility and accuracy of management information. Any inconsistencies in the operating policies and manuals with the risk framework created by the RMG are taken up and resolved in the ROC.

The Operational Risk Assessment Program and IT Risk Frameworks require the Parent Company to undergo periodic operational risk assessment and for all business units & allied businesses to conduct risk and control self-assessments. These enable determination of priority risk areas, assessment of mitigating controls in place, and institutionalization of additional measures to ensure both a controlled operating environment and proper handling of IT risk exposures. RMG maintains and updates the Parent Company's Centralized Loss

Database wherein all reported incidents of losses shall be encoded to enable assessment of weaknesses in the processes and come up with viable improvements to avoid recurrence.

Monitoring and controlling risks are primarily performed based on various limits and thresholds established by the top management covering the Group's transactions and dealings. These limits and thresholds reflect the Group's business strategies and market environment, as well as the levels of risks that the Group is willing to tolerate, with additional emphasis on selected industries. In addition, the Group monitors and measures the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Liquidity risk, interest rate risk, and market risk exposures are measured and monitored through the reports generated by a cloud-based automated system (Ambit Focus system).

BSP issued Circular No. 639 dated January 15, 2009 which mandated the use of the Internal Capital Adequacy Assessment Process (ICAAP) by all universal and commercial banks to determine their minimum required capital relative to their business risk exposures. In this regard, the Board approved the engagement of the services of a consultant to assist in the bank-wide implementation and embedding of the ICAAP, as provided for under Pillar 2 of Basel II and BSP Circular No. 639.

On April 3, 2024, the BOD approved the 2024 ICAAP document. The Pillar 1 Plus approach used the Pillar 1 capital as the baseline. The process of allocating capital for all types of risks above the Pillar 1 capital levels includes quantification of capital buffer for Pillar 2 risks under normal business cycle/condition. In addition, the document included the quantification based on the results of the Integrated Stress Test (IST). The adoption of the IST allows the Parent Company to quantify its overall vulnerability to market shocks and operational losses in a collective manner driven by events rather than in silo. The capital assessment in the document discloses that the Group and the Parent Company has appropriate and sufficient level of internal capital.

The Parent Company submitted its annually-updated ICAAP document, in compliance with BSP requirements, on March 27, 2024.

- l. **Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the period.** There were no material events subsequent to the end of the interim period that have been reflected in the financial statements for the period except as disclosed in item g.
- m. **Material commitment for capital expenditures.** The Group expects to incur capital expenditures to technology and building-related investments. Funding will be sourced internally.
- n. **Fair Value Measurement.** The Group has assets and liabilities in the balance sheets that are measured at fair value on a recurring and non-recurring basis after initial recognition. Recurring fair value measurements are those that another PFRS requires or permits to be recognized in the balance sheet at the end of each financial reporting period. These include financial assets and liabilities at FVTPL and financial assets at FVOCI.

The methods and assumptions used by the Group in estimating the fair values of the financial instruments follow:

*Cash and other cash items, due from BSP and other banks, interbank loans receivable and SPURA and accrued interest receivable* – The carrying amounts approximate their fair values in view of the relatively short-term maturities of these instruments.

*Debt securities* – Fair values are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from



independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

*Equity securities* – For publicly traded equity securities, fair values are based on quoted prices. For unquoted equity securities, remeasurement to their fair values is not material to the financial statements.

*Loans and receivables and sales contracts receivable (SCR) included in other assets* – Fair values of loans and receivables and SCR are estimated using the discounted cash flow methodology, where future cash flows are discounted using the Group's current incremental lending rates for similar types of loans and receivables.

*Accounts receivable, RCOI and other financial assets included in other assets* – Quoted market prices are not readily available for these assets. These are reported at cost and are not significant in relation to the Group's total portfolio of financial assets.

*Derivative instruments (included under FVTPL and designated as hedges)* – Fair values are estimated based on discounted cash flows, using prevailing interest rate differential and spot exchange rates.

*Deposit liabilities (time, demand and savings deposits)* – Fair values of time deposits are estimated using the discounted cash flow methodology, where future cash flows are discounted using the Group's current incremental borrowing rates for similar borrowings and with maturities consistent with those remaining for the liability being valued. For demand and savings deposits, carrying amounts approximate fair values considering that these are currently due and demandable.

*Bonds payable and bills payable* – Unless quoted market prices are readily available, fair values are estimated using the discounted cash flow methodology, where future cash flows are discounted using the current incremental borrowing rates for similar borrowings and with maturities consistent with those remaining for the liability being valued.

*Manager's checks and accrued interest and other expenses* – Carrying amounts approximate fair values due to the short-term nature of the accounts.

*Other liabilities* – Carrying amounts approximate fair values due to the short-term nature of the accounts.

As of March 31, 2024 and December 31, 2023, except for the following financial instruments, the carrying values of the Group's financial assets and liabilities as reflected in the balance sheets and related notes approximate their respective fair values:

(Amounts in Thousands)	March 31, 2024		December 31, 2023 (Audited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>				
Financial Assets at Amortized Cost				
Government bonds	₱266,500,317	₱263,289,071	₱254,849,986	₱253,652,604
Private bonds	132,953,379	126,301,901	125,611,435	119,279,664
	<b>399,453,696</b>	<b>389,590,972</b>	<b>380,461,421</b>	<b>372,932,268</b>
Loans and receivables				
Corporate and commercial lending	587,085,152	564,423,155	579,165,319	562,274,548
Consumer lending	188,828,742	204,106,104	180,835,652	195,194,554
Trade-related lending	10,028,678	10,198,770	11,890,709	12,020,823
Others	129,679	125,914	100,079	117,817
	<b>786,072,251</b>	<b>778,853,943</b>	<b>771,991,759</b>	<b>769,607,742</b>
Sales contracts receivable	1,610,351	1,766,949	1,612,416	1,764,176
	<b>787,682,602</b>	<b>780,620,892</b>	<b>773,604,175</b>	<b>771,371,918</b>
	<b>₱1,187,136,298</b>	<b>₱1,170,211,864</b>	<b>₱1,154,065,596</b>	<b>₱1,144,304,186</b>

	March 31, 2024		December 31, 2023 (Audited)	
<b>Financial Liabilities</b>				
Time deposit liabilities	<b>₱676,259,011</b>	<b>₱661,301,353</b>	₱611,466,946	₱586,818,584
Bills payable	<b>89,550,686</b>	<b>89,171,877</b>	84,798,489	84,370,558
Bonds payable	—	—	19,989,307	19,989,307
	<b>₱765,809,697</b>	<b>₱750,473,230</b>	₱716,254,742	₱691,178,449

As of March 31, 2024 and December 31, 2023, the fair value hierarchy of the Group's assets and liabilities are presented below:

(Amounts in Thousands)	March 31, 2024			
	Level 1	Level 2	Level 3	Total
<b>Recurring fair value measurements</b>				
Financial assets at FVPL				
Held-for-trading				
Government bonds	<b>₱1,162,421</b>	<b>₱19,720,868</b>	₱—	<b>₱20,883,289</b>
Treasury notes	—	2,449,631	—	2,449,631
Treasury bills	—	403,510	—	403,510
Private bonds	1,446,186	416,084	—	1,862,270
Quoted equity shares	302,545	—	—	302,545
Financial Assets designated at FVTPL	—	163,664	—	163,664
Derivatives with Positive Fair Value Held for Trading	—	1,108,398	—	1,108,398
Derivatives with Positive Fair Value Held for Hedging	—	3,572,364	—	3,572,364
Financial Assets at FVOCI				
Government bonds	97,100,018	—	—	97,100,018
Quoted private bonds	22,743,505	—	—	22,743,505
Quoted equity shares	1,682,430	—	—	1,682,430
	<b>₱124,437,105</b>	<b>₱27,834,519</b>	₱—	<b>₱152,271,624</b>
Financial liabilities at FVPL				
Derivative liabilities	₱—	₱1,205,977	₱—	₱1,205,977
Derivative contracts designated as hedges	—	6,010,633	—	6,010,633
	₱—	<b>₱7,216,610</b>	₱—	<b>₱7,216,610</b>
<b>Fair values of assets carried at amortized cost/cost</b>				
Investment securities at amortized cost				
Government bonds	<b>₱263,289,071</b>	₱—	₱—	<b>₱263,289,071</b>
Private bonds	69,005,296	—	57,296,606	126,301,902
Loans and receivables				
Corporate and commercial lending	—	—	564,423,155	564,423,155
Consumer lending	—	—	204,106,104	204,106,104
Trade-related lending	—	—	10,198,770	10,198,770
Others	—	—	125,914	125,914
Sales contracts receivable	—	—	1,766,949	1,766,949
Investment properties				
Land	—	—	5,509,032	5,509,032
Buildings and improvements	—	—	2,813,312	2,813,312
	<b>₱332,294,367</b>	₱—	<b>₱846,239,842</b>	<b>₱1,178,534,209</b>
<b>Fair values of liabilities carried at amortized cost</b>				
Time deposit liabilities	₱—	₱—	<b>₱661,301,353</b>	<b>₱661,301,353</b>
Bills payable	—	—	89,171,877	89,171,877
	₱—	₱—	<b>₱750,473,230</b>	<b>₱750,473,230</b>

(Amounts in Thousands)	December 31, 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
<b>Recurring fair value measurements</b>				
Financial assets at FVTPL				
Held-for-trading				
Government bonds	<b>₱650,086</b>	<b>₱7,536,794</b>	₱—	<b>₱8,186,880</b>
Treasury notes	—	1,135,824	—	1,135,824
Treasury bills	—	772,482	—	772,482
Private bonds	1,252,276	—	—	1,252,276
Quoted equity shares	897,898	—	—	897,898
Financial Assets designated at FVTPL	450,825	161,662	—	612,487

(Amounts in Thousands)	December 31, 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
Derivatives with Positive Fair Value Held for				
Trading	–	773,440	–	773,440
Derivative contract designated as hedge	–	3,946,553	–	3,946,553
FVOCI financial assets				
Government bonds	29,614,852	55,522,517	–	85,137,369
Quoted private bonds	19,774,579	–	–	19,774,579
Quoted equity shares	1,601,596	–	–	1,601,596
	<b>P54,242,112</b>	<b>P69,849,272</b>	<b>P–</b>	<b>P124,091,384</b>
Financial liabilities at FVPL				
Derivative liabilities	<b>P–</b>	<b>P938,722</b>	<b>P–</b>	<b>P938,722</b>
Derivative contracts designated as hedges	–	8,049,417	–	8,049,417
	<b>P–</b>	<b>P8,988,139</b>	<b>P–</b>	<b>P8,988,139</b>
<b>Fair values of assets carried at amortized cost</b>				
Investment securities at amortized cost				
Government bonds	<b>P253,652,604</b>	<b>P–</b>	<b>P–</b>	<b>P253,652,604</b>
Private bonds	63,038,700	–	56,240,963	119,279,663
Loans and receivables				
Corporate and commercial loans	–	–	562,274,548	562,274,548
Consumer loans	–	–	195,194,554	195,194,554
Trade-related loans	–	–	12,020,823	12,020,823
Others	–	–	117,817	117,817
Sales contracts receivable	–	–	1,764,176	1,764,176
Investment properties				
Land	–	–	5,087,793	5,087,793
Buildings and improvements	–	–	2,819,037	2,819,037
	<b>P316,691,304</b>	<b>P–</b>	<b>P835,519,711</b>	<b>P1,152,211,015</b>
<b>Fair values of liabilities carried at amortized cost</b>				
Time deposit liabilities	<b>P–</b>	<b>P–</b>	<b>P586,818,584</b>	<b>P586,818,584</b>
Bills payable	–	–	84,370,558	84,370,558
Bonds payable	–	–	19,989,307	19,989,307
	<b>P–</b>	<b>P–</b>	<b>P691,178,449</b>	<b>P691,178,449</b>

- o. **Related Party Transactions.** Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

#### Transactions with Retirement Plans of the Group's Employees

Under PFRS, certain post-employment benefit plans are considered as related parties. The Parent Company has business relationships with a number of its retirement plans pursuant to which it provides trust and management services to these plans. Income earned by Parent Company from such services amounted to P15.25 million and P13.89 million for the three-month periods ended March 31, 2024 and 2023, respectively. The Group's retirement funds may hold or trade the Parent Company's shares or securities. Significant transactions of the retirement fund, particularly with related parties, are approved by the Trust Investment Committee (TIC) and the Related Party Transaction (RPT) Committee of the Parent Company. The members of the TIC and RPT are directors and key management personnel of the Parent Company.

Transactions with related party retirement plan follow:

(Amounts in Thousands)	March 31, 2024	December 31, 2023 (Audited)
<b>Balance Sheet</b>		
Deposit in banks	<b>P5,856</b>	<b>P7,468</b>
Financial assets at FVTPL	<b>1,992,142</b>	1,683,769
Total market value	<b>1,992,142</b>	1,683,769
Number of shares held	<b>54,579</b>	54,579

(Amounts in Thousands)	Three Months Ended March 31	
	2024	2023
<b>Income Statement</b>		
Dividend income	₱103,700	₱81,869
Interest income	19	33

#### Other Related Party Transactions

Related party transactions of the Group by category of related party are presented below:

(Amounts in Thousands)	March 31, 2024		
Category	Amount / Volume	Outstanding Balance	Terms and Conditions
<b>Significant Investor</b>			
Loans and receivables		₱8,323,900	Secured with shares of stocks of stocks with interest rate ranging from 4% to 4.18% and remaining maturity between 0.44 years to 4.63 years. Allowance for probable losses to Php4.66 million.
Issuances	—		
Repayments	—		
<b>Associates</b>			
Deposit Liabilities		2,280	These are checking accounts with annual average rate ranging from 0.13% to 1.00%.
Deposit	621		
Withdrawals	—		
<b>Key Management Personnel</b>			
Loans		3,441	Unsecured Officer's accounts from Credit card with interest of 2% and with average interest rate of 5% and average term of 8 years..
Issuance	245		
Repayments	(460)		
Deposit Liabilities		102,877	These are checking, savings and time deposit account with annual average interest rates ranging from 0.13% to 1.00%
Deposits	77,847		
Withdrawals	(89,294)		
<b>Other Related Parties</b>			
Loans		62,877,610	Secured and Unsecured Loans with interest rate ranging from 2.50% to 10.79% and with remaining maturity between .008 years to 12.33 years. Allowance for credit losses amounting to ₱47.38 million and general loan loss provision of ₱450.38 million.
Issuances	3,840,434		
Repayments	(931,804)		
Deposit Liabilities		1,411,380	These are checking accounts with annual average rate ranging from 0.13% to 1.00%.
Deposit	8,783,574		
Withdrawals	(7,913,995)		

(Amounts in Thousands)	December 31, 2023 (Audited)		
Category	Amount / Volume	Outstanding Balance	Terms and Conditions
Significant Investor			
Loans		₱8,323,900	Secured with shares of stocks, with interest rate ranging from 4% to 4.18%; with remaining term to maturity between 0.62 years to 4.88 years; and with allowance for probable losses of ₱4.54 million.
Issuances	—		
Repayments	(8,350)		
Associates			
Deposit Liabilities		1,659	These are checking accounts with annual average rate of 0.13%.
Deposit	212		
Withdrawals	(1,523)		
Key Management Personnel			
Loans		3,656	Unsecured officer's credit card accounts with interest of 3% and loan accounts with average 5% rate.
Issuances	2,061		
Repayments	(1,569)		
Deposit Liabilities		114,323	These are checking, savings and time deposits with annual average interest rates ranging from 0.25% to 1.00%.
Deposit	341,843		
Withdrawals	(348,676)		

(Amounts in Thousands)

December 31, 2023 (Audited)

Category	Amount / Volume	Outstanding Balance	Terms and Conditions
Other Related Parties			
Loans		59,968,980	Secured and unsecured loans amounting to ₱5.16 billion and ₱54.8 billion, respectively, with interest rates ranging from 2.50 % to 10.80%; with remaining term to maturity between 0.01 years to 12.57 years; with allowance for credit losses of ₱371.3 million.
Issuances	17,261,831		
Repayments	(8,216,634)		
Deposit Liabilities		541,801	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposit	592,183		
Withdrawals	(450,813)		

Other related parties pertain to subsidiaries of the significant investor.

Interest income earned and interest expense incurred from the above loans and deposit liabilities, respectively, for the three-month periods ended March 31, 2024 and March 31, 2023, are presented below:

(Amounts in Thousands)	Significant Investor		Associates	
	March 31		March 31	
	2024	2023	2024	2023
Interest income	₱84,836	₱85,120	₱—	₱—
Interest expense	—	—	—	—

  

(Amounts in Thousands)	Key Management Personnel		Other Related Parties	
	March 31		March 31	
	2024	2023	2024	2023
Interest income	₱50	₱14	₱811,350	₱639,395
Interest expense	1,314	1,023	405	250

Related party transactions of the Group with significant investor, associate and other related parties pertain to transactions of the Parent Company with these related parties.

The following table shows the amount and outstanding balance of other related party transactions included in the financial statements:

Amounts in Thousands)	Subsidiaries		Nature, Terms and Conditions
	March 31, 2024	December 31, 2023	
<b>Balance Sheet</b>			
Accounts receivable	₱1,139	₱33,970	This pertains to various expenses advanced by CBC in behalf of various subsidiaries
Security deposits	11,297	10,981	This pertains to the rental deposits with CBSI and CBCC for office space leased out to the Parent Company

  

(Amounts in Thousands)	Subsidiaries		Nature, Terms and Conditions
	March 31, 2024	March 31, 2023	
<b>Income Statement</b>			
Trust fee income	₱484	₱226	Trust Fee earned by Parent Company from CBCC
Interest Income	122	81	Interest earned from cash in bank and short-term investment of CBCC
Rent income	876	278	Rent Income from CBCC
Other Income	4,285	2,004	Unrealized gain on money market funds of CBCC

(Amounts in Thousands)	Subsidiaries		Nature, Terms and Conditions
	March 31, 2024	March 31, 2023	
Miscellaneous income	500	1,375	Certain functions provided by the Parent Company to its subsidiaries such as accounting, human resources, audit, treasury operations, administrative, corporate marketing, and financial control services. Under the agreement between the Parent Company and its subsidiaries, the subsidiaries shall pay the Parent Company an annual fee.
Occupancy cost	10,090	9,610	Certain units of the condominium owned by CBSI are being leased to the Parent Company for a term of five years, with no escalation clause.
Deferred charges	–	1,753	Arranger fees paid by the Parent Company to CBCC for the issuance of its fixed rate bonds
Information technology	80,938	69,400	This pertains to the computer and general banking services provided by CBC-PCCI to the Parent Company to support its reporting requirements.
Miscellaneous expense	567	1,253	Commission for brokerage

**CHINA BANKING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**Annex I**

(Amounts in thousands)

	March 2024	December 2023
	Unaudited	Audited
<b>ASSETS</b>		
Cash and Other Cash Items	₱ 12,869,133	₱ 15,998,094
Due from Bangko Sentral ng Pilipinas	82,226,901	84,595,973
Due from Other banks	14,450,906	19,964,415
Interbank Loans Receivable and Securities Purchased under Resale Agreements	10,806,780	34,720,250
Financial Assets at Fair Value through Profit or Loss	27,173,309	13,631,287
Derivative Contracts Designated as Hedges	3,572,364	3,946,553
Financial Assets at Fair Value through Other Comprehensive Income	121,553,935	106,541,487
Investment Securities at Amortized Cost	399,453,697	380,461,421
Loans and Receivables - net	786,072,252	771,991,759
Accrued Interest Receivable	11,457,133	11,464,932
Investments in Associates	1,467,561	1,389,952
Bank Premises, Furniture, Fixtures and Equipment - net	10,005,817	10,078,844
Investment Properties	3,968,948	3,936,112
Deferred Tax Assets	6,635,678	6,505,865
Intangible Assets	4,250,694	3,776,649
Goodwill	839,748	839,748
Other Assets	9,329,194	8,199,886
	<b>₱ 1,506,134,051</b>	<b>₱ 1,478,043,222</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Deposit Liabilities</b>		
Demand	280,065,618	291,397,398
Savings	272,598,034	283,859,211
Time	676,259,011	611,466,946
	<b>1,228,922,663</b>	<b>1,186,723,555</b>
<b>Bills Payable</b>	<b>89,550,686</b>	<b>84,798,489</b>
<b>Bonds Payable</b>	<b>-</b>	<b>19,989,307</b>
<b>Manager's Checks</b>	<b>1,650,415</b>	<b>2,109,463</b>
<b>Income Tax Payable</b>	<b>1,245,119</b>	<b>133,659</b>
<b>Accrued Interest and Other Expenses</b>	<b>8,814,436</b>	<b>8,589,210</b>
<b>Derivative Liabilities</b>	<b>1,205,977</b>	<b>938,722</b>
<b>Derivative Liabilities Designated as Hedges</b>	<b>6,010,633</b>	<b>8,049,417</b>
<b>Deferred Tax Liabilities</b>	<b>791,398</b>	<b>792,114</b>
<b>Other Liabilities</b>	<b>13,508,472</b>	<b>15,620,885</b>
	<b>1,351,699,800</b>	<b>1,327,744,821</b>
<b>Equity</b>		
<b>Equity Attributable to Equity Holders of the Parent Company</b>		
<b>Capital Stock</b>		
Common Stock - P10 par value		
Authorized - 3,300,000,000 shares		
Issued - 2,691,340,312 shares	26,913,403	26,913,403
<b>Capital paid in excess of par value</b>	<b>17,201,513</b>	<b>17,201,513</b>
<b>Surplus Reserves</b>	<b>4,997,770</b>	<b>5,003,653</b>
<b>Surplus</b>	<b>106,808,617</b>	<b>100,900,465</b>
<b>Net Unrealized Gains (Losses) on Financial Assets at FVOCI</b>	<b>(2,053,791)</b>	<b>(1,413,868)</b>
<b>Remeasurement Gain on Defined Benefit Asset</b>	<b>84,250</b>	<b>88,215</b>
<b>Remeasurement on Life Insurance Reserve of Associate</b>	<b>92,103</b>	<b>92,103</b>
<b>Cumulative translation adjustment</b>	<b>203,801</b>	<b>190,471</b>
<b>Cash Flow Hedge Reserve</b>	<b>108,640</b>	<b>1,246,194</b>
	<b>154,356,305</b>	<b>150,222,147</b>
<b>Non-controlling Interest</b>	<b>77,946</b>	<b>76,255</b>
	<b>154,434,251</b>	<b>150,298,402</b>
	<b>₱ 1,506,134,051</b>	<b>₱ 1,478,043,222</b>

**CHINA BANKING CORPORATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Amounts in thousands)

		March 2024		December 2023
		Unaudited		Audited
<b>CONTINGENT ACCOUNTS</b>				
Forward exchange bought	P	378,098,473	P	269,755,228
Trust department accounts		291,338,533		282,061,181
IRS receivable		101,201,842		99,809,626
Forward exchange sold		88,082,518		44,274,190
Credit card Lines		25,233,832		24,255,716
Unused commercial letters of credit		14,874,252		15,434,894
Committed Credit Lines		9,097,279		9,597,231
Spot exchange bought		8,927,135		2,619,034
Inward bills for collection		7,794,097		2,496,350
Spot exchange sold		7,353,383		8,544,119
Standby credit commitment		4,669,303		3,334,366
Outstanding guarantees Issued		1,278,384		3,639,666
Late deposits/payments received		355,884		383,716
Deficiency claims receivable		280,195		280,195
Outward bills for collection		25,561		29,729
Others		1,927		9,180
	P	938,612,598	P	766,524,421



**CHINA BANKING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Amounts in thousands)

Annex II

	For the Quarter Ended March 31	
	2024	2023
<b>INTEREST INCOME</b>		
Loans and receivables	₱ 14,071,766	₱ 12,044,008
Investment securities at amortized cost and at FVOCI	6,681,716	5,218,981
Financial Assets at FVPL	282,232	145,622
Due from BSP and other banks and SPURA	863,809	1,001,086
	<b>21,899,524</b>	<b>18,409,697</b>
<b>INTEREST EXPENSES</b>		
Deposit liabilities	5,997,481	4,833,756
Bills payable and other borrowings	872,213	862,002
Lease Payable	54,763	49,241
	<b>6,924,457</b>	<b>5,744,999</b>
<b>NET INTEREST INCOME</b>	<b>14,975,067</b>	<b>12,664,698</b>
Service charges, fees and commissions	961,691	750,011
Trading, securities and foreign exchange gains (losses) - net	(2,915,001)	(927,836)
Gain on sale of investment properties	131,535	108,669
Trust fee income	155,224	127,282
Gain on asset foreclosure and dacion transactions	88,025	232,853
Share in net income of associates	112,416	(649)
Miscellaneous	1,612,701	195,114
<b>TOTAL OPERATING INCOME</b>	<b>15,121,659</b>	<b>13,150,143</b>
Compensation and fringe benefits	2,086,849	2,274,598
Occupancy cost	541,011	560,828
Taxes and licenses	1,630,791	1,367,689
Insurance	697,674	655,938
Depreciation and amortization	490,010	441,922
Provision for impairment and credit losses	302,132	440,467
Transportation and traveling	114,202	87,316
Professional fees, marketing and other related services	192,692	151,735
Entertainment, amusement and recreation	76,957	84,068
Stationery, supplies and postage	69,011	59,448
Repairs and maintenance	50,751	42,076
Miscellaneous	1,262,337	1,073,982
<b>TOTAL OPERATING EXPENSES</b>	<b>7,514,418</b>	<b>7,240,066</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>7,607,241</b>	<b>5,910,077</b>
<b>PROVISION FOR INCOME TAX</b>	<b>1,703,250</b>	<b>888,569</b>
<b>NET INCOME</b>	<b>₱ 5,903,991</b>	<b>₱ 5,021,508</b>
Attributable to:		
Equity holders of the parent	5,902,269	5,013,879
Non-controlling Interest	1,722	7,629
	<b>₱ 5,903,991</b>	<b>₱ 5,021,508</b>
<b>Earnings Per Share</b>		
Basic and Diluted *	2.19	1.86
Net Income	5,902,269	5,013,879
Weighted Ave. Number of Common Shares Outstanding	2,691,340	2,691,288

\* No preferred shares, convertible bonds and stock warrants issued.

**CHINA BANKING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

Annex III

(Amounts in thousands)

	For the Quarter Ended March 31	
	2024	2023
<b>Net Income</b>	<b>₱ 5,903,991</b>	<b>₱ 5,021,508</b>
<b>Other Comprehensive Income (Loss):</b>		
<i>Items that recycle to profit or loss in subsequent periods:</i>		
Changes in fair value of debt financial assets at FVOCI:		
Fair value gain (loss) for the year, net of tax	(682,892)	1,527,502
Gains taken to profit or loss	(7,072)	-
Share in other comprehensive income of associate:		
Net unrealized gain (loss) on financial assets at FVOCI	(30,833)	(19,119)
Gain (loss) on hedges	(1,137,555)	(1,900,150)
Cumulative translation adjustment	13,347	(22,662)
<i>Items that do not recycle to profit or loss in subsequent periods:</i>		
Changes in fair value of equity financial assets at FVOCI:		
Fair value gain (loss) for the year, net of tax	80,835	(13,723)
Share in other comprehensive income of associate:		
Remeasurement gain (loss) on defined benefit asset or liability, net of tax	2,051	(73,537)
Remeasurement gain on life insurance reserves	-	4,582
Remeasurement gain (loss) on defined benefit asset or liability	(6,024)	68,955
<b>Other Comprehensive Income (Loss) for the year</b>	<b>(1,768,144)</b>	<b>(428,152)</b>
<b>Total Comprehensive Income for the year</b>	<b>₱ 4,135,847</b>	<b>₱ 4,593,356</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Parent Company	₱ 4,134,156	₱ 4,585,610
Non-controlling Interest	1,691	7,746
	<b>₱ 4,135,847</b>	<b>₱ 4,593,356</b>

CHINA BANKING CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(Amounts in thousands)

Annex IV

	Capital Stock	Capital Paid in Excess of Par Value	Surplus Reserves	Surplus Free	Net unrealized gains (losses) on FVOCI	Remeasurement gain (loss) on defined benefit asset or liability	Remeasurement gain (loss) on life insurance reserve of an associate	Cash Flow Hedge Reserve	Cumulative Translation Adjustment	Total Equity	Non-Controlling Interest	Total Equity
<b>Balance at December 31, 2023</b>	26,913,403	17,201,513	5,003,653	100,900,466	(1,413,868)	88,215	92,103	1,246,194	190,471	150,222,149	76,255	150,298,404
Total comprehensive income for the year	-	-	-	5,902,269	(639,923)	(3,965)	-	(1,137,555)	13,330	4,134,156	1,691	4,135,847
Retained Earnings, appropriated	-	-	(5,883)	5,883	-	-	-	-	-	-	-	-
<b>Balance at March 31, 2024</b>	<b>26,913,403</b>	<b>17,201,513</b>	<b>4,997,770</b>	<b>106,808,617</b>	<b>(2,053,791)</b>	<b>84,250</b>	<b>92,103</b>	<b>108,640</b>	<b>203,801</b>	<b>154,356,305</b>	<b>77,946</b>	<b>154,434,251</b>
<b>Balance at December 31, 2022</b>	26,912,882	17,200,758	3,730,687	84,577,170	(4,293,952)	77,760	96,387	5,481,992	27,469	133,811,153	68,541	133,879,693
Total comprehensive income for the year	-	-	-	5,013,879	1,494,369	(4,582)	4,582	(1,900,150)	(22,489)	4,585,610	7,746	4,593,356
Retained Earnings, appropriated	-	-	(332,446)	332,446	-	-	-	-	-	-	-	-
<b>Balance at March 31, 2023</b>	<b>26,912,882</b>	<b>17,200,758</b>	<b>3,398,242</b>	<b>89,923,495</b>	<b>(2,799,583)</b>	<b>73,178</b>	<b>100,969</b>	<b>3,581,842</b>	<b>4,981</b>	<b>138,396,762</b>	<b>76,287</b>	<b>138,473,049</b>

**CHINA BANKING CORPORATION AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
*(Amounts in thousands)*

**Annex V**

	<b>MARCH</b>	<b>MARCH</b>
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>P 7,607,241</b>	<b>P 5,910,077</b>
Adjustment to reconcile income before income tax to net cash provided operations:		
Provision for impairment and credit losses	<b>302,132</b>	<b>440,467</b>
Depreciation and amortization	<b>490,011</b>	<b>441,922</b>
Amortization of transaction costs on bonds payable	<b>10,693</b>	<b>17,635</b>
Realized gain on financial assets at FVOCI and investment securities at amortized cost	<b>(7,072)</b>	<b>(3,465)</b>
Share in net loss (income) of an associate	<b>(112,416)</b>	<b>649</b>
Gain on sale of investment properties	<b>(131,535)</b>	<b>(108,669)</b>
Gain on asset foreclosures and dacion transactions	<b>(88,025)</b>	<b>(232,853)</b>
<b>Operating income before changes in operating assets and liabilities</b>	<b>8,071,028</b>	<b>6,465,762</b>
Changes in operating assets and liabilities:		
Decrease (increase) in the amounts of:		
Financial assets at FVPL	<b>(13,542,022)</b>	<b>(6,653,403)</b>
Loans and receivables	<b>(14,347,323)</b>	<b>(9,457,957)</b>
Other assets	<b>(696,228)</b>	<b>(3,053,123)</b>
Increase (decrease) in the amounts of:		
Deposit liabilities	<b>42,199,108</b>	<b>20,492,432</b>
Manager's checks	<b>(459,047)</b>	<b>682,327</b>
Accrued interest and other expenses	<b>225,226</b>	<b>1,468,369</b>
Other liabilities	<b>(4,366,081)</b>	<b>(1,989,716)</b>
Net cash provided by operations	<b>17,084,660</b>	<b>7,954,691</b>
Income taxes paid	<b>(441,812)</b>	<b>(804,657)</b>
<b>Net cash provided by operating activities</b>	<b>16,642,848</b>	<b>7,150,034</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of/Additions to:		
Net additions to bank premises, furniture, fixtures and equipment	<b>(618,764)</b>	<b>(2,437,349)</b>
Investment securities at amortized cost	<b>(40,136,603)</b>	<b>(41,065,152)</b>
Financial assets at fair value through other comprehensive income	<b>(25,092,946)</b>	<b>(12,978,103)</b>
Proceeds from sale of:		
Financial assets at fair value through other comprehensive income	<b>9,478,480</b>	<b>140,848</b>
Investment properties	<b>200,038</b>	<b>4,004</b>
Bank premises, furniture, fixtures and equipment	<b>-</b>	<b>144,493</b>
Proceeds from maturity of:		
Investment securities at amortized cost	<b>21,094,765</b>	<b>19,589,649</b>
<b>Net cash provided by (used in) investing activities</b>	<b>(35,075,029)</b>	<b>(36,601,610)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Availments of bills payable	<b>119,271,757</b>	<b>103,955,212</b>
Payments of bills payable	<b>(115,603,366)</b>	<b>(105,641,665)</b>
Maturity of bonds payable	<b>(20,000,000)</b>	<b>-</b>
Payments of principal portion lease liabilities	<b>(161,221)</b>	<b>(105,316)</b>
<b>Net cash provided by financing activities</b>	<b>(16,492,830)</b>	<b>(1,791,769)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(34,925,012)</b>	<b>(31,243,345)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		
Cash and other cash items	<b>15,998,094</b>	<b>13,689,421</b>
Due from Bangko Sentral ng Pilipinas	<b>84,595,973</b>	<b>107,100,295</b>
Due from Other banks	<b>19,964,415</b>	<b>13,614,609</b>
Interbank loans receivable and securities purchased under resale agreements	<b>34,720,250</b>	<b>43,564,970</b>
	<b>155,278,732</b>	<b>177,969,295</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		
Cash and other cash items	<b>12,869,133</b>	<b>10,724,846</b>
Due from Bangko Sentral ng Pilipinas	<b>82,226,901</b>	<b>93,965,566</b>
Due from Other banks	<b>14,450,906</b>	<b>11,657,428</b>
Interbank loans receivable and securities purchased under resale agreements	<b>10,806,780</b>	<b>30,378,109</b>
	<b>P 120,353,721</b>	<b>P 146,725,949</b>

	Total	Current	90 days or less	91 to 180 days	181 days to 1 year	More than 1 year	Total Past Due	Items in Litigation
Loans and Receivables	803,584,601	784,962,314	5,568,037	2,525,767	2,638,817	7,514,224	18,246,845	375,442
Less: Allow for Probable Losses & Unamortized Discount	17,512,349							
<b>Net Loans and Receivables</b>	<b>786,072,252</b>							
Accounts Receivables	4,320,005	3,512,332	-	23,741	40,390	234,868	298,999	508,674
Less: Allowance for Probable Losses	843,600							
<b>Net Accounts Receivables</b>	<b>3,476,405</b>							
Accrued Interest Receivables	11,938,732	11,938,732						
Less: Allowance for Probable Losses	481,599							
<b>Net Accrued Interest Receivables</b>	<b>11,457,133</b>							

## CHINA BANKING CORPORATION AND SUBSIDIARIES PROFITABILITY REPORT BY BUSINESS SEGMENT

### Segment Report

Chinabank's operating businesses are recognized and managed separately according to the nature of services provided and the markets served, with each segment representing a strategic business unit. The Bank's business segments are as follows:

- a) **Institutional Banking** - principally handles lending, trade finance and corollary banking products and services offered to corporate and institutional customers as well as selected middle market clients.
- b) **Consumer Banking** - principally handles home loans, contract-to-sell receivables, loans to developers, auto loans, credit cards for individual and/or corporate customers, cash management services, and remittance transactions.
- c) **Retail Banking Business** - principally handles retail and commercial loans, individual and corporate deposits, overdrafts and funds transfer facilities, trade facilities and all other services for retail customers;
- d) **Financial Markets** - principally provides money market, trading and treasury services, manages the Bank's funding operations through the use of government securities, placements and acceptances with other banks as well as offers advisory and capital-raising services to corporate clients;
- e) **Others** - handles other services including but not limited to trust and investment management services, wealth management services to high net-worth customers, asset management, credit management, operations and financial control, and other support services; and
- f) **Subsidiaries** - handles services of the Parent Bank's subsidiaries and affiliates such as thrift banking business, investment house, insurance brokerage, bancassurance business, stock brokerage and computer-related services.

The Bank reports its primary segment information on the basis of the above-mentioned segments.

Segment assets are those operating assets that are employed by a segment in its operating activities that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Interest income is reported net as management primarily relies on the net interest income as a measure of performance, instead of gross income and expense.

The segment results include internal transfer pricing adjustments across business units as deemed appropriate by management. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to the business units based on a pool of funds rate which approximates the marginal cost of funds.

Other operating income mainly consists of trading and securities gain (loss) - net, service charges, fees and commissions, trust fee income and foreign exchange gain - net. Other operating expense mainly consists of compensation and fringe benefits, provision for impairment and credit losses, taxes and licenses, occupancy, depreciation and amortization, stationery, supplies and postage and insurance. Other operating income and expense are allocated between segments based on equitable sharing arrangements.

The Bank has no significant customers which contribute 10% or more of the consolidated revenues.

The Bank's asset-producing revenues are located in the Philippines (i.e., one geographical location); therefore, geographical segment information is not presented.

The following tables present relevant information regarding business segments as of March 31, 2024:



**PROFITABILITY REPORT BY BUSINESS SEGMENT  
FOR THE PERIOD ENDING MARCH 31, 2024  
CONSOLIDATED**

*(Amounts in thousands of Pesos)*

	INSTITUTIONAL BANKING	CONSUMER BANKING	RETAIL BANKING BUSINESS	FINANCIAL MARKETS	OTHER BUSINESS & SUPPORT	SUBSIDIARIES	BANKWIDE
Net interest income	8,831,483	1,681,099	(262,384)	2,704,267	29,640	1,990,962	14,975,067
Third Party Intersegment	(6,927,132)	(1,229,192)	6,011,470	2,143,406	1,448	-	-
Net Interest Income after Intersegment Transactions	1,904,351	451,907	5,749,087	4,847,673	31,087	1,990,962	14,975,067
Other Operating Income	1,500,001	214,446	686,734	(2,895,658)	(57,457)	698,526	146,592
Total Revenue	3,404,352	666,353	6,435,820	1,952,015	(26,370)	2,689,488	15,121,659
Other Operating expense	(610,312)	(669,005)	(3,298,830)	(1,021,103)	(1,252)	(1,611,782)	(7,212,285)
Income before Provisions and Taxes	2,794,039	(2,652)	3,136,990	930,912	(27,622)	1,077,706	7,909,373
Provision for Impairment and Credit Losses	127,748	(22,264)	(170,995)	14,003	(563)	(250,061)	(302,132)
Income before Income Tax	2,921,788	(24,917)	2,965,995	944,915	(28,186)	827,645	7,607,241
Provision for Income Tax	(409,034)	71,524	(415,223)	(870,418)	0	(80,100)	(1,703,250)
<b>Net Income</b>	<b>2,512,754</b>	<b>46,607</b>	<b>2,550,772</b>	<b>74,497</b>	<b>(28,185)</b>	<b>747,546</b>	<b>5,903,991</b>
<b>Total Assets</b>	<b>543,965,332</b>	<b>89,299,636</b>	<b>641,695,382</b>	<b>524,101,501</b>	<b>(439,798,971)</b>	<b>146,871,171</b>	<b>1,506,134,051</b>
<b>Total Liabilities</b>	<b>1,198,924</b>	<b>1,063,614</b>	<b>615,138,731</b>	<b>852,517,249</b>	<b>(265,011,943)</b>	<b>146,793,225</b>	<b>1,351,699,800</b>
<b>Depreciation &amp; Amortization</b>	<b>14,002</b>	<b>31,185</b>	<b>305,309</b>	<b>12,553</b>	<b>(0)</b>	<b>126,961</b>	<b>490,010</b>
<b>Capital Expenditures</b>	<b>4,535</b>	<b>9,622</b>	<b>31,312</b>	<b>3,989</b>	<b>536,636</b>	<b>60,346</b>	<b>646,440</b>

## ANNEX VIII

### Financial Soundness Indicators

<i>PROFITABILITY (%)</i>	<b><u>Jan – Mar 2024</u></b>	<b><u>Jan – Mar 2023</u></b>
Return on Average Equity	<b>15.50</b>	14.66
Return on Average Assets	<b>1.58</b>	1.50
Net Interest Margin	<b>4.42</b>	4.21
Cost to Income Ratio	<b>48</b>	52
<i>LIQUIDITY (%)</i>	<b><u>Mar 2024</u></b>	<b><u>Dec 2023</u></b>
Liquid Assets to Total Assets	<b>45</b>	45
Loans to Deposit Ratio	<b>64</b>	65
<i>ASSET QUALITY (%)</i>	<b><u>Mar 2024</u></b>	<b><u>Dec 2023</u></b>
Gross Non-Performing Loans Ratio	<b>1.8</b>	2.5
Non-performing Loan (NPL) Cover	<b>143</b>	104
<i>SOLVENCY (x)</i>	<b><u>Mar 2024</u></b>	<b><u>Dec 2023</u></b>
Debt to Equity Ratio	<b>8.8</b>	8.8
Asset to Equity Ratio	<b>9.8</b>	9.8
Interest Coverage Ratio	<b>2.1</b>	2.0*
<i>CAPITAL ADEQUACY (%)</i>	<b><u>Mar 2024</u></b>	<b><u>Dec 2023</u></b>
CET 1 / Tier 1 Ratio	<b>15.31</b>	15.25
Total Capital Adequacy Ratio (CAR)	<b>16.17</b>	16.14

\*for Jan-March 2023



## Definition of Ratios

### Profitability Ratios:

Return on Average Equity	-	$\frac{\text{Net Income after Income Tax}}{\text{Average Total Equity}}$
Return on Average Assets	-	$\frac{\text{Net Income after Income Tax}}{\text{Average Total Assets}}$
Net Interest Margin	-	$\frac{\text{Net Interest Income}}{\text{Average Interest Earning Assets}}$
Cost-to-Income Ratio	-	$\frac{\text{Operating Expenses excl Provision for Impairment \& Credit Losses}}{\text{Total Operating Income}}$

### Liquidity Ratios:

Liquid Assets to Total Assets	-	$\frac{\text{Total Liquid Assets}}{\text{Total Assets}}$
Loans to Deposit Ratio	-	$\frac{\text{Loans (Net)}}{\text{Deposit Liabilities}}$

### Asset Quality Ratios:

Gross NPL Ratio	-	$\frac{\text{Gross Non-Performing Loans}}{\text{Gross Loans}}$
NPL Cover	-	$\frac{\text{Total Allowance for Impairment \& Credit Losses on Receivables from Customers plus Retained Earnings Appropriated for Gen. Loan Loss Provision}}{\text{Gross Non-Performing Loans}}$

### Solvency Ratios:

Debt to Equity Ratio	-	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Asset to Equity Ratio	-	$\frac{\text{Total Assets}}{\text{Total Equity}}$
Interest Coverage Ratio	-	$\frac{\text{Net Income Before Tax and Interest Expense}}{\text{Interest Expense}}$

### Capital Adequacy Ratio:

Capital to Risk Assets Ratio	-	BSP prescribed formula:
CET 1 CAR	-	$\frac{\text{CET 1 Capital}}{\text{Total Risk Weighted Assets}}$
Tier 1 CAR	-	$\frac{\text{Tier 1 Capital}}{\text{Total Risk Weighted Assets}}$
Total CAR	-	$\frac{\text{Total Qualifying Capital}}{\text{Total Risk Weighted Assets}}$

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation (Including Subsidiaries)

### Financial Highlights (Consolidated)

<i>In Billion Pesos</i>	<u><b>Mar 2024</b></u>	<u><b>Dec 2023</b></u>	<u><b>Variance</b></u>	<u><b>%</b></u>
Total Resources	<b>1,506</b>	1,478	28	1.9%
Loan Portfolio (Net)	<b>786</b>	772	14	1.8%
Total Deposits	<b>1,229</b>	1,187	42	3.6%
Equity	<b>154</b>	150	4	2.8%

<i>In Million Pesos</i>	<u><b>Jan – Mar 2024</b></u>	<u><b>Jan – Mar 2023</b></u>	<u><b>Variance</b></u>	<u><b>%</b></u>
Gross Revenues	<b>22,046</b>	18,895	3,151	16.7%
Gross Expenses	<b>16,142</b>	13,874	2,268	16.4%
Net Income	<b>5,904</b>	5,022	882	17.6%

*\*Due to rounding, numbers presented in the tables may not add up precisely to the totals provided*

### Key Performance Indicators

<i>PROFITABILITY (%)</i>	<u><b>Jan – Mar 2024</b></u>	<u><b>Jan – Mar 2023</b></u>
Return on Average Equity	<b>15.50</b>	14.66
Return on Average Assets	<b>1.58</b>	1.50
Net Interest Margin	<b>4.42</b>	4.21
Cost-to-Income Ratio	<b>48</b>	52
<i>LIQUIDITY (%)</i>	<u><b>Mar 2024</b></u>	<u><b>Dec 2023</b></u>
Liquid Assets to Total Assets	<b>45</b>	45
Loans to Deposit Ratio	<b>64</b>	65
<i>ASSET QUALITY (%)</i>	<u><b>Mar 2024</b></u>	<u><b>Dec 2023</b></u>
Gross NPL Ratio	<b>1.8</b>	2.5
NPL Cover	<b>143</b>	104
<i>SOLVENCY (x)</i>	<u><b>Mar 2024</b></u>	<u><b>Dec 2023</b></u>
Debt to Equity Ratio	<b>8.8</b>	8.8
Asset to Equity Ratio	<b>9.8</b>	9.8
Interest Coverage Ratio	<b>2.1</b>	2.0*
<i>CAPITAL ADEQUACY (%)</i>	<u><b>Mar 2024</b></u>	<u><b>Dec 2023</b></u>
CET 1 / Tier 1 Ratio	<b>15.31</b>	15.25
Total CAR	<b>16.17</b>	16.14

*\*for Jan-March 2023*

## Economic Environment

US GDP growth decelerated in 1Q 2024 to 1.6%, well below market expectations, due to slower increases in consumer spending, exports and government spending. Consumer spending growth slowed to 2.5% from 3.3% in the preceding period as inflation remained elevated at 2.7% in March. Given this, the US Fed kept funds rate steady at 5.25%-5.50%, as the committee awaits for inflation to settle firmly within the 2% target before implementing any downward adjustments.

Meanwhile, the Philippine economy expanded by 5.7% year-on-year in 1Q, driven by sustained household consumption and improved net exports. Household consumption increased on the back of higher spending on Restaurant and Hotels, and Transport, while the improvement in net exports was due to higher exports and the slight contraction in imports. These gains were partly offset by the slowdown in government and capital formation spending. On the other hand, all production sectors recorded year-on-year increases: services sector at 6.9%, industry at 5.1% and agriculture at 0.4%.

Domestic inflation slowed to 3.3% in 1Q, slightly above the mid-point of BSP's 2%-4% target. However, monthly inflation rates were observed to be on an uptrend mainly due to higher food and transport prices. Inflation rate for the month of April was noted at 3.8%. Similar to the US Fed, the BSP retained its policy rate at 6.50% as inflation expectations remained within the target range and with economic growth prospects still intact.

As of March 2024, the combined assets of the UK/B & TB industries expanded 13.6% year-on-year to P25.1 trillion. Deposits grew 7.7% to P18.7 trillion, while loans increased 9.7% to P12.7 trillion. Gross NPL ratio slightly went up to 3.5% from 3.4% last year, while NPL cover declined to 102% from 107%.

## Results of Operation

### Analysis of Consolidated Statements of Income (unaudited) For the period ended March 31, 2024 and March 31, 2023

In Million Pesos	Jan-Mar 2024 Unaudited	Jan-Mar 2023 Unaudited	Variance	%
<b>Interest Income</b>	<b>21,900</b>	18,410	3,490	19.0%
<b>Interest Expense</b>	<b>6,924</b>	5,745	1,179	20.5%
<b>Net Interest Income</b>	<b>14,975</b>	12,665	2,310	18.2%
<b>Non-Interest Income</b>	<b>147</b>	485	(339)	(69.8%)
<b>Provision for Impairment &amp; Credit Losses</b>	<b>302</b>	440	(138)	(31.4%)
<b>Operating Expenses</b>	<b>7,212</b>	6,800	413	6.1%
<b>Net Income</b>	<b>5,904</b>	5,022	882	17.6%

*\*Due to rounding, numbers presented in the tables may not add up precisely to the totals provided*

Chinabank recorded a consolidated **net income** of P5.9 billion in the first quarter of 2024, 17.6% higher compared to the same period last year, driven by the robust growth of its core businesses. The resulting return on equity and return on assets continued to be among the best in the industry at 15.5% and 1.6%, respectively.

**Total interest income** increased by 19.0% to P21.9 billion from P18.4 billion with the growth in earning assets and better yields. **Interest income from loans and receivables** was up by 16.8% to P14.1 billion due to bigger loan portfolio and higher yields year-on-year. Likewise, **interest income from investment securities at amortized cost and at FVOCI** recorded a 28.0% increase to P6.7 billion mainly arising from the higher securities volume and better yields year-on-year. Furthermore, **interest income from financial assets at FVPL** increased by 93.8% to P282.2 million mainly arising from the higher volume and better yields of FVPL securities portfolio. **Interest income from due from BSP and other banks and SPURA** dropped 13.7% to P863.8 million from lower placements with correspondent banks.

**Total interest expense** was at P6.9 billion, up 20.5% versus P5.7 billion in the same period last year as higher funding cost pushed up **interest expense on deposits** by 24.1% to P6.0 billion. **Interest expense on lease payable** increased by 11.2% to P54.8 million due to the higher capitalized cost of rental rates on lease renewals.

**Net interest income** jumped 18.2% to P15.0 billion, bolstered by the strong growth in top line revenues. The bank's **net interest margin** improved by 21 basis points year-on-year to 4.42%.

**Provisions for impairment and credit losses** were reduced to P302.1 million as economic conditions continued to improve.

Total **non-interest income** was lower at P146.6 million as the improvements in core fees were offset by the P2.9 billion net loss in **trading, securities, and foreign exchange** arising from treasury-related activities. **Service charges, fees, and commissions** increased by 28.2% to P961.7 million from the upswing in transaction volume and fees. **Trust fee income** was 22.0% higher at P155.2 million because of volume-related growth year-on-year. The upturn in sales of foreclosed assets resulted in a 21.0% growth in **gain on sale of investment properties** to P131.5 million. Meanwhile, movements in the fair value of investment properties resulted in the significant drop in **gain on asset foreclosure and dacion transactions** to P88.0 million. **Share in net income of associates** jumped to P112.4 million mainly from the net income of the bancassurance joint venture, Manulife China Bank Life Assurance Corporation (MCBLife). **Miscellaneous income** significantly increased to P1.6 billion, primarily due to a one-off gain.

The growth of **operating expenses** (excluding provision for impairment and credit losses) was controlled at 6.1% to P7.2 billion, translating to a better consolidated **cost-to-income ratio of 48%**. **Compensation and fringe benefits** were lower by 8.3% to P2.1 billion due to the one time CBA-related expenses booked last year. **Taxes and licenses** were up 19.2% to P1.6 billion mainly from higher revenue- and volume-related taxes. **Insurance**, which includes PDIC premium payments, increased by 6.4% to P697.7 million with the bigger deposit balances. Furthermore, **depreciation and amortization** increased by 10.9% to P490.0 million from technology related upgrades and acquisitions. **Transportation and travelling** increased 30.8% to P114.2 million due to volume-related growth year-on-year. **Professional fees, marketing & other related services, stationery, supplies & postage and repairs and maintenance** rose by 27.0%, 16.1% and 20.6%, respectively, mainly driven by higher repairs and upgrades in our distribution channel, information technology, and business development. **Entertainment, amusement and recreation** dropped by 8.5% to P77.0 million due to lower marketing-related costs for the period. **Miscellaneous expenses** increased by 17.5% to P1.3 billion from higher other expenses.

## Financial Condition

### Analysis of Consolidated Statement of Financial Condition As of March 31, 2024 (unaudited) and December 31, 2023 (audited)

In Billion Pesos	Mar 31, 2024 Unaudited	Dec 31, 2023 Audited	Variance	%
<b>Assets</b>	<b>1,506</b>	<b>1,478</b>	28	1.9%
<b>Investment Securities</b>	<b>552</b>	<b>505</b>	47	9.3%
<b>Loans (Net)</b>	<b>786</b>	<b>772</b>	14	1.8%
<b>Total Deposits</b>	<b>1,229</b>	<b>1,187</b>	42	3.6%
<b>Equity</b>	<b>154</b>	<b>150</b>	4	2.8%

*\*Due to rounding, numbers presented in the tables may not add up precisely to the totals provided*

Chinabank's consolidated **assets** stood at P1.5 trillion as of March 2024, 1.9% higher than year-end 2023.

**Cash and other cash items** fell 19.6% to P12.9 billion due to the leveling-off of cash-in-vault from its usual year-end build-up. **Due from other banks** decreased by P5.5 billion or 27.6% to P14.5 billion from lower deposits with correspondent banks. **Interbank loans receivable and securities purchased under resale agreements** decreased by 68.9% to P10.8 billion due to lower volume of overnight placements with the BSP.

**Financial assets at fair value through profit or loss (FVPL)** grew by P13.5 billion to P27.2 billion with the growth in fixed income assets. **Derivative contracts designated as hedges** amounting to P3.6 billion pertains to the fair value of interest rate swap (IRS) contracts used as hedging instruments against time deposits. **Financial assets at fair value through other comprehensive income (FVOCI) and Investment Securities at Amortized Cost** posted increases by 14.1% and 5.0%, respectively, due to higher securities volume. The Bank's total securities portfolio accounted for 36.6% of consolidated resources.

Gross loans grew by P13.8 billion to P804.8 billion, amid strong demand for business and consumer loans. **Net loans** increased 1.8% to P786.1 billion.

**Investments in associates** increased by 5.6% to P1.5 billion due to the income contribution from the Bank's affiliate, MCBLife. **Intangible assets** increased by 12.6% from additional technology related investments. **Other assets** increased by 13.8% to P9.3 billion from higher balance prepaid expenses and other miscellaneous receivables.

On the liabilities side, **total deposits** was recorded at P1.2 trillion, up 3.6% mainly from the increase in the Bank's term deposits. Meanwhile, the combined demand and savings deposits stood at P552.7 billion, accounting for 45% of total deposits. **Bills payable** increased by 5.6% to P89.6 billion with the growth in deposit substitutes. **Manager's checks** decreased by 21.8% to P1.7 billion as the volume of outstanding checks for negotiation declined year-to-date. **Income tax payable** increased 9.3x to P1.2 billion due to additional regular corporate income tax payable for the period. **Derivative liabilities** increased by 28.5% to P1.2 billion as a result of the mark-to-market of the derivatives. **Derivative liabilities designated as hedges** decreased by 25.3% to P6.0 billion arising from the change in the mark-to-market rates. **Other liabilities** dropped to P13.5 billion mainly from lower accounts payable, acceptances payable, cash letters of credit and expected credit losses on off-balance sheet exposures.

**Total equity** reached P154.4 billion, higher than year-end's P150.3 billion mainly from the P5.9 billion or 5.9% increase in **surplus**. **Net unrealized losses on financial assets at FVOCI** was recorded at P2.1 billion arising from the mark-to-market revaluation of the Bank's FVOCI securities. **Cumulative translation adjustment** was 7.0% higher at P203.8 million due to exchange rate difference arising from the conversion of income and expenses related to foreign currency-denominated positions from functional to presentation currency, while **cash flow hedge reserve** dropped 91.3% to P108.6 million due to mark-to-market movements of the hedging instruments.

The Bank's Common Equity Tier 1 (CET 1/ Tier 1) ratio and total CAR were computed at 15.31% and 16.17%, respectively, and remain comfortably above minimum regulatory levels.

## **Total Comprehensive Income**

The Bank recorded **total comprehensive income** of P4.1 billion during the first quarter of the year, 10.0% or P457.5 million lower than the P4.6 billion recorded in same period last year mainly due to the movement in fair value of financial assets on FVOCI.

## **Key Performance Indicators**

### **Profitability**

CHIB posted a 17.6% increase in net income to P5.9 billion in the first quarter of 2024 driven by sustained expansion of its core business. The income performance translated to a ROE of 15.50% and ROA of 1.58%. Cost-to-income ratio improved to 48% from 52%, while net interest margin was higher at 4.42% from 4.21% same period last year.

### **Liquidity**

The Bank's liquidity ratio remained at 45%.

### **Asset Quality**

Gross non-performing loans (NPL) ratio improved significantly to 1.8%, better than industry average. Meanwhile, NPL cover was more than sufficient at 143% with Parent bank providing a more substantial buffer at 160%.

### **Solvency Ratios**

#### **For the period ending March 31, 2024**

Debt-to-equity and asset-to-equity ratios for the first quarter was recorded at 8.8 and 9.8, respectively. Interest coverage ratio for the period was at 2.1.

### **Capitalization**

Chinabank's capital base stood at P154.4 billion. CET 1 / Tier 1 CAR and Total CAR ratios were registered at 15.31% and 16.17%, respectively, both well above the minimum regulatory requirements. The Bank's capital is largely comprised of CET 1/ Tier 1 (core) capital.

## Corporate Developments

On April 17, 2024, the Board of Directors approved the declaration of P1.20 per share regular cash dividend and an additional P1.00 per share special cash dividend, payable on May 16, 2024 to all stockholders on record as of May 3, 2024. The cash dividends, amounting to an all-time high of P5.9 billion, was 16% higher compared to the previous year and represented 27% of full-year 2023 net income of P22.0 billion. It translated to a cash dividend yield of 6.0% based on the Bank's closing price of P36.75 as of April 17, 2024.

At the annual stockholders' meeting on April 18, the following were also elected as members of the Board of Directors: Hans T. Sy as Chairman, Gilbert U. Dee as Vice-Chairman; Romeo D. Uyan, Jr., Peter S. Dee, Joaquin T. Dee, Harley T. Sy, Herbert T. Sy, and Jose T. Sio as directors; and Margarita L. San Juan, Philip S.L. Tsai, Claire Ann T. Yap, and Genaro V. Lapez as independent directors. Howard Conrad T. Sy was appointed as new advisor to the Board while Ricardo R. Chua was re-appointed as advisor to the Board.

At the 2024 Philippine Dealing System (PDS) Annual Awards held on March 14, Chinabank won the Cesar E.A. Virata Award, the highest honor given by the PDS to the country's most outstanding bank in terms of trading, distribution, settlement and market making of fixed income securities in 2023. The Bank was also recognized as the Top Brokering Participant for Retail Transactions, Top Fixed-Income Dealing Participant, Top 2 Corporate Securities Market Maker, and Top 3 Fixed-Income Brokering Participant. Meanwhile, Chinabank Capital was named as the Top 3 Corporate Issue Manager/Arranger (Investment House Category).

At The Asset Triple A Sustainable Finance Awards 2024 held on March 12 in Hong Kong, Chinabank Capital, was named for eighth consecutive year, the Best Bond Adviser in the Philippines. The investment banking arm was also recognized for managing and underwriting the following landmark transactions in 2023: Repower Energy Development Corp.'s P1.05 billion Initial Public Offering, named as the Best IPO; ACEN Corp.'s P25 billion Preferred Shares Offering, awarded as the Best Equity Deal; SM Prime Holdings, Inc.'s P33.3 billion Fixed Rate Bonds, distinguished as the Best Corporate Bond; and Aboitiz Equity Ventures, Inc.'s P17.54 billion Fixed Rate Bonds, recognized as the Best Acquisition Financing.

In addition, the Bank signed up its first ever brand ambassador, reigning Miss Universe Philippines Michelle Marquez Dee, who is now featured in a series of advertising campaigns as the Bank continues to innovate and improve its products and services with a keen focus on its customers.

Moodys' Investors' Service, in its April 19, 2024 report, affirmed Chinabank's Baa2 deposit and issuer ratings—a notch above investment grade—with stable outlook, in view of the bank's "strong capitalization and profitability, as well as its modest deposit franchise, offset by its strong level of liquidity.

## Subsidiaries

The Bank's subsidiaries include China Bank Insurance Brokers, Inc., CBC Properties and Computer Center, Inc., China Bank Savings, Inc., and China Bank Capital Corporation. These subsidiaries comprised about 11% of the total consolidated resources.

- **China Bank Insurance Brokers, Inc.**

(In Mn Pesos)	Jan-Mar '24	Jan-Dec '23*	Jan-Mar '23
Net Income	21	113	22
Total Assets	586	588	524

- **CBC Properties & Computer Center, Inc.**

(In Mn Pesos)	Jan-Mar '24	Jan-Dec '23*	Jan-Mar '23
Net Income	9	27	5
Total Assets	105	109	113

- **China Bank Savings, Inc. (CBS)**

(In Mn Pesos)	Jan-Mar '24	Jan-Dec '23*	Jan-Mar '23
Net Income	462	1,828	420
Total Assets	162,972	157,438	131,615

- **China Bank Capital Corporation**

(In Mn Pesos)	Jan-Mar '24	Jan-Dec '23*	Jan-Mar '23
Net Income	131	551	63
Total Assets	4,043	3,748	3,360

*\*based on Audited Financial Statements*