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SEC Registration Number

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(Company’s Full Name)

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

Patrick D. Cheng
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(Contact Person)

8885-5555
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(Company Telephone Number)

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Month Day  
(Fiscal Year)

1	7	-	Q
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(Form Type)

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Month Day  
(Annual Meeting)

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(Secondary License Type, If Applicable)

Corporate Governance and Finance Dept.
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(Department Requiring this document)

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(Amended Articles Number/Section)

1,846
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Total No. of Stockholders

Total Amount of Borrowings

--

Domestic

--

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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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, 2023**
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>2,691,288,212</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, 2023

## 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, 2023 and for the three-month periods ended March 31, 2023 and 2022 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 financial statements as of December 31, 2022 which have been prepared in accordance with 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 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:

	March 31, 2023	December 31, 2022	Increase (Decrease)
<b>Assets</b>			
Cash and Other Cash Items	10,724,846	13,689,421	(2,964,575)
Due from Bangko Sentral ng Pilipinas	93,965,566	107,100,295	(13,134,729)
Due from Other banks	11,657,428	13,614,609	(1,957,180)
Interbank Loans Receivable and Securities Purchased under Resale Agreements	30,378,109	43,564,970	(13,186,861)
Financial Assets at Fair Value through Profit or Loss	12,282,635	4,727,580	7,555,055
Derivative Contracts Designated as Hedges	5,301,727	6,203,379	(901,652)
Financial Assets at Fair Value through Other Comprehensive Income	57,670,964	43,316,757	14,354,208
Other Assets	8,022,597	6,738,462	1,284,134
<b>Liabilities</b>			
Manager's Checks	2,232,996	1,550,669	682,328
Income Tax Payable	724,640	311,915	412,725
Accrued Interest and Other Expenses	7,584,258	6,115,889	1,468,369
Derivative Contracts Designated as Hedges	4,880,890	4,156,612	724,278
Other Liabilities	13,523,716	16,068,964	(2,545,248)
	<b>March 31, 2023</b>	<b>March 31, 2022</b>	<b>Increase (Decrease)</b>
<b>Income</b>			
Interest on Loans and receivables	12,044,008	9,149,560	2,894,448
Interest on Investment securities at amortized cost and at FVOCI	5,218,981	3,066,139	2,152,842
Interest on Financial Assets at FVPL	145,622	130,591	15,030
Interest on Due from BSP and other banks and SPURA	1,001,086	287,378	713,708
Trading, securities, and foreign exchange gains (losses) - net	(927,836)	425,828	(1,353,664)
Gain on sale of investment properties	108,669	127,277	(18,607)
Trust fee income	127,282	112,274	15,008
Gain on asset foreclosure and dacion transactions	232,853	15,685	217,168
Miscellaneous	195,114	341,059	(145,945)
<b>Expense</b>			
Interest expense on Deposit Liabilities	4,833,756	1,239,668	3,594,088
Interest expense on Bills payable and other borrowings	862,002	587,788	274,214

Interest expense on Lease Payable	49,241	43,749	5,492
Compensation and fringe benefits	2,274,598	1,860,554	414,045
Occupancy cost	560,828	471,025	89,803
Taxes and licenses	1,367,689	848,592	519,096
Insurance	655,938	543,806	112,133
Provision for impairment and credit losses	440,467	779,699	(339,232)
Transportation and traveling	87,316	77,483	9,833
Professional fees, marketing and other related services	151,735	136,687	15,048
Entertainment, amusement and recreation	84,068	70,556	13,512
Stationery, supplies and postage	59,448	53,537	5,911
Repairs and maintenance	42,076	34,003	8,073
Miscellaneous	1,073,982	1,187,887	(113,906)
Provision for income tax	888,569	1,090,547	(201,978)

- d. **Changes in Estimates of Amounts Reported.** There were no changes in estimates of amounts reported in prior financial years.
- e. **Issuances, Repurchases, and Repayments of Debt and Equity Securities.**  
There were no issuances, repurchases and repayments of debt and equity securities made by the issuer.
- 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 19, 2023, the Board of Directors approved the declaration of ₱1.00 per share regular dividend and an additional ₱0.90 per share special dividend, sets May 5, 2023 as the date of record. Cash dividends will be paid on May 18, 2023.
- 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 losses as a result of these transactions.
- j. **Material Contingencies and Any Other Events.**  
*Cash Dividends from China Bank Insurance Brokers, Inc. (CIBI)* On March 2, 2023, the Bank received ₱60 million cash dividends from China Bank Insurance Brokers, Inc. (CIBI).
- 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 authority and responsibility for implementing risk management processes including the development of various risk strategies and principles, risk control guidelines, risk management policies and procedures, the implementation of risk measurement tools, the monitoring of key risk indicators, and the imposition of risk limits. The ROC is composed of three 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 directly 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 at least annually. 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 Management Committee (ManCom), 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 and ManCom.

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 and interest rate risk exposures are measured and monitored through the Maximum Cumulative Outflow and Earnings-at-Risk reports from the Asset and Liability Management (ALM) system. It was implemented in 2013 and was upgraded in 2018 to a new version which includes modules for calculating Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The system also has a Funds Transfer Pricing module used by the Treasury Group and Corporate Planning Group.

For the measurement of market risk exposures, the Parent Company uses Historical Simulation VaR approach for all treasury traded instruments, including fixed income bonds, foreign exchange swaps and forwards, IRS and equity securities. Market risk exposures are measured and monitored through reports from the Market Risk Management System which has been implemented in 2018 to enhance risk measurement and automate daily reporting.

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 March 15, 2023, the Joint Excom / ROC approved the 2023 ICAAP document for submission to the BSP. This was confirmed and ratified by the BOD on April 5, 2023. The Parent Company submitted its annually-updated ICAAP document, in compliance with BSP requirements on March 31, 2023.

For this submission, except for the change in the Priority Risks, Capital Management Action Trigger (MAT), and the capital ratios used as starting point for the Integrated Stress Test (IST), the Bank retained the methodology used in the previous submissions. Modifications, however, were made on certain assumptions to take into account the going concern exposures in pursuit of growth and profit, and the current economic condition. This includes, among others, the change in the macroeconomic scenarios simulated for IST.

The Parent Company retained the Pillar 1 Plus approach using 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 to the quantification based on the results of the 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.

- 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.
- m. **Material commitment for capital expenditures.** The Bank expects to incur capital expenditures related to technology-related investments. Funding will be sourced internally.
- n. **Fair Value Measurement.** The Group has assets and liabilities in the Group and Parent Company 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* – Quoted market prices are not readily available for these liabilities. These are reported at cost and are not significant in relation to the Group's total portfolio.

As of March 31, 2023 and December 31, 2022, 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:

	March 31, 2023		December 31, 2022 (Audited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>				
Financial Assets at Amortized Cost				
Government bonds	<b>P253,800,406</b>	<b>P250,165,694</b>	P229,958,237	P221,875,352
Private bonds	<b>125,690,713</b>	<b>117,179,673</b>	128,027,689	118,225,116
Loans and receivables				
Corporate and commercial lending	<b>545,038,101</b>	<b>513,765,359</b>	538,008,002	529,819,391
Consumer lending	<b>151,571,415</b>	<b>182,704,322</b>	144,021,855	144,355,710
Trade-related lending	<b>12,434,791</b>	<b>22,979,356</b>	17,452,061	17,500,762
Others	<b>115,541</b>	<b>137,890</b>	112,871	119,095
Sales contracts receivable	<b>1,403,847</b>	<b>1,531,124</b>	1,406,217	1,529,793
<b>Financial Liabilities</b>				
Time deposit liabilities	<b>543,488,051</b>	<b>520,683,075</b>	492,474,358	467,484,286
Bills payable	<b>66,928,013</b>	<b>66,245,611</b>	70,375,267	68,992,828
Bonds payable	<b>28,120,814</b>	<b>28,120,814</b>	28,312,870	27,560,343

As of March 31, 2023 and December 31, 2022, the fair value hierarchy of the Group's assets and liabilities are presented below:

	March 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Recurring fair value measurements</b>				
Financial assets at FVPL				
Held-for-trading				
Government bonds	P94,541	P223,758	P–	P318,299
Treasury notes	–	4,104,346	–	4,104,346
Treasury bills	–	4,436,959	–	4,436,959
Private bonds	1,535,288	–	–	1,535,288
Quoted equity shares	766,336	–	–	766,336
Financial Assets designated at FVTPL	–	–	–	–
Derivatives with Positive Fair Value Held for Trading	–	1,121,408	–	1,121,408
Derivatives with Positive Fair Value Held for Hedging	–	5,301,727	–	5,301,727
Financial Assets at FVOCI				
Government bonds	13,616,471	25,725,281	–	39,341,752
Quoted private bonds	17,711,140	–	–	17,711,140
Quoted equity shares	590,174	–	–	590,174
	P34,313,950	P40,913,479	P–	P75,227,429
Financial liabilities at FVPL				
Derivative liabilities	P–	P1,554,943	P–	P1,554,943
Derivative contracts designated as hedges	–	4,880,890	–	4,880,890
	P–	P6,435,833	P–	P6,435,833
<b>Fair values of assets carried at amortized cost/cost</b>				
Investment securities at amortized cost				
Government bonds	P250,165,694	P–	P–	P250,165,694
Private bonds	64,659,859	–	52,519,814	117,179,673
Loans and receivables				
Corporate and commercial lending	–	–	513,765,359	513,765,359
Consumer lending	–	–	182,704,322	182,704,322
Trade-related lending	–	–	22,979,356	22,979,356
Others	–	–	137,890	137,890
Sales contracts receivable	–	–	1,531,124	1,531,124
Investment properties				
Land	–	–	7,338,257	7,338,257
Buildings and improvements	–	–	2,570,127	2,570,127
	P314,825,553	P–	P783,546,249	P1,098,371,802
<b>Fair values of liabilities carried at amortized cost</b>				
Time deposit liabilities	P–	P–	P520,683,075	P520,683,075
Bills payable	–	–	66,245,611	66,245,611
Bonds payable	–	–	28,120,814	28,120,814
	P–	P–	P615,049,500	P615,049,500

	December 31, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
<b>Recurring fair value measurements</b>				
Financial assets at FVTPL				
Held-for-trading				
Government bonds	P202,348	P180,513	P–	P382,861
Treasury notes	–	563,548	–	563,548
Treasury bills	–	201,779	–	201,779
Private bonds	760,600	–	–	760,600
Quoted equity shares	700,112	–	–	700,112
Financial Assets designated at FVTPL	949,032	153,986	–	1,103,018
Derivatives with Positive Fair Value Held for				
Trading	–	1,015,662	–	1,015,662
Derivative contract designated as hedge	–	6,203,379	–	6,203,379
FVOCI financial assets				
Government bonds	9,189,227	18,258,420	–	27,447,647

	December 31, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
Quoted private bonds	15,236,902	–	–	15,236,902
Quoted equity shares	603,898	–	–	603,898
	P27,642,119	P26,577,287	P–	P54,219,406
Financial liabilities at FVPL				
Derivative liabilities	P–	P1,549,561	P–	P1,549,561
Derivative contracts designated as hedges	–	4,156,612	–	4,156,612
	P–	P5,706,173	P–	P5,706,173
<b>Fair values of assets carried at amortized cost</b>				
Investment securities at amortized cost				
Government bonds	P221,875,352	P–	P–	P221,875,352
Private bonds	67,100,457	–	51,124,658	118,225,116
Loans and receivables				
Corporate and commercial loans	–	–	529,819,391	529,819,391
Consumer loans	–	–	144,355,710	144,355,710
Trade-related loans	–	–	17,500,762	17,500,762
Others	–	–	119,095	119,095
Sales contracts receivable	–	–	1,529,793	1,529,793
Investment properties				
Land	–	–	7,015,136	7,015,136
Buildings and improvements	–	–	2,448,238	2,448,238
	P288,975,809	P–	P753,917,055	P1,042,892,864
<b>Fair values of liabilities carried at amortized cost</b>				
Time deposit liabilities	P–	P–	P467,484,286	P467,484,286
Bills payable	–	–	68,992,828	68,992,828
Bonds payable	–	–	27,560,343	27,560,343
	P–	P–	P564,037,457	P564,037,457

- 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

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 P13.89 million and P12.87 million for the three-month periods ended March 31, 2023 and 2022, 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) of the Parent Company. The members of the TIC are directors and key management personnel of the Parent Company.

Transactions with related party retirement plan follow:

	March 31, 2023	December 31, 2022 (Audited)
<b>Balance Sheet</b>		
Deposit in banks	P11,865	P5,287
Financial assets at FVTPL	1,749,264	1,498,200
Total market value	1,749,264	1,498,200
Number of shares held	54,579	54,579
<b>Three Months Ended March 31</b>		
	2023	2022
<b>Income Statement</b>		
Dividend income	P54,579	P54,579
Interest income	33	6

## Other Related Party Transactions

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

March 31, 2023			
Category	Amount / Volume	Outstanding Balance	Terms and Conditions
<b>Significant Investor</b>			
Loans and receivables		<b>P8,332,250</b>	Secured with shares of stocks of other banks, with interest ranging from 4% to 4.18% and residual maturity ranging from 1.46 to 5.64 years. General loan loss provision of P 4.15 million.
Issuances	—		
Repayments	—		
<b>Associates</b>			
Deposit Liabilities		<b>1,691</b>	These are checking accounts with annual average rate ranging from 0.13% to 1.00%.
Deposit	—		
Withdrawals	<b>(1,279)</b>		
<b>Key Management Personnel</b>			
Loans		<b>3,673</b>	Unsecured officer's credit card accounts with interest of 2% maturing within 1 year. Peso loan accounts with average 5% rate and average term of 8 years.
Issuance	<b>626</b>		
Repayments	<b>(116)</b>		
Deposit Liabilities		<b>98,839</b>	These are checking, savings and time deposit account with annual average interest rates ranging from 0.13% to 1.00%
Deposits	<b>43,757</b>		
Withdrawals	<b>(66,075)</b>		
<b>Other Related Parties</b>			
Loans		<b>52,372,540</b>	Secured and Unsecured Loans with interest rate ranging from 2.25 % to 9.69% and with residual maturity ranging from 0.01 to 12.76 years. Allowance for credit losses amounting to P120.65 million and general loan loss provision of P410.26 million.
Issuances	<b>4,199,447</b>		
Repayments	<b>(2,750,691)</b>		
Deposit Liabilities		<b>470,290</b>	These are checking accounts with annual average rate ranging from 0.13% to 1.00%.
Deposit	<b>191,380</b>		
Withdrawals	<b>(121,521)</b>		

December 31, 2022 (Audited)			
Category	Amount / Volume	Outstanding Balance	Terms and Conditions
<b>Significant Investor</b>			
Loans		<b>P8,332,250</b>	Secured with shares of stocks, with interest rate ranging from 4% to 4.18%; with remaining term to maturity between 1.17 years to 5.89 years; and with allowance for probable losses of P4.51 million.
Issuances	—		
Repayments	(8,350)		
Deposit Liabilities		<b>2,970</b>	These are checking accounts with annual average rate of 0.13%.
Deposit	600		
Withdrawals	<b>(3,077)</b>		
<b>Associates</b>			
Deposit Liabilities		<b>2,970</b>	These are checking accounts with annual average rate of 0.13%.
Deposit	3,941		
Withdrawals	<b>(257,558)</b>		
<b>Key Management Personnel</b>			
Loans		<b>3,164</b>	Unsecured officer's credit card accounts with interest of 2% and loan accounts with average 5% rate.
Issuances	—		
Repayments	<b>(1,387)</b>		
Deposit Liabilities		<b>121,157</b>	These are checking, savings and time deposits with annual average interest rates ranging from 0.25% to 1.00%.
Deposit	563,345		
Withdrawals	<b>(471,820)</b>		
<b>Other Related Parties</b>			
Loans		<b>50,923,783</b>	Secured and unsecured loans with interest rates ranging from 2.25 % to 9.69%; with remaining term to maturity between .017 years to 9.87 years; with allowance for probable losses of P318.04 million.
Issuances	7,870,487		
Repayments	<b>(4,561,478)</b>		
Deposit Liabilities		<b>400,431</b>	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposit	2,069,677		
Withdrawals	<b>(1,830,110)</b>		

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, 2023 and March 31, 2022 are presented below:

	<b>Significant Investor</b>		<b>Associate</b>	
	March 31		March 31	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest income	<b>P85,120</b>	P85,206	<b>P–</b>	P–
Interest expense	<b>–</b>	1	<b>–</b>	349

  

	<b>Key Management Personnel</b>		<b>Other Related Parties</b>	
	March 31		March 31	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest income	<b>P14</b>	P56	<b>P639,395</b>	P561,549
Interest expense	<b>1,023</b>	344	<b>250</b>	185

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:

	<b>Subsidiaries</b>	
	<b>March 31, 2023</b>	<b>December 31, 2022</b>
<b>Balance Sheet</b>		
Accounts receivable	<b>P17,110</b>	P3,845
Security deposits	<b>10,420</b>	10,420

	<b>Subsidiaries</b>	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Income Statement</b>		
Trust fee income	<b>P226</b>	P408
Interest Income	<b>81</b>	100
Rent income	<b>278</b>	794
Other Income	<b>2,004</b>	2,537
Miscellaneous income	<b>1,375</b>	713
Occupancy cost	<b>9,610</b>	9,143
Deferred charges	<b>1,753</b>	4,505
Information technology	<b>69,400</b>	66,901
Miscellaneous expense	<b>1,253</b>	–

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

**Annex I**

(Amounts in thousands)

		March 2023		December 2022
		Unaudited		Audited
<b>ASSETS</b>				
Cash and Other Cash Items	P	10,724,846	P	13,689,421
Due from Bangko Sentral ng Pilipinas		93,965,566		107,100,295
Due from Other banks		11,657,428		13,614,609
Interbank Loans Receivable and Securities Purchased under Resale Agreements		30,378,109		43,564,970
Financial Assets at Fair Value through Profit or Loss		12,282,635		4,727,580
Derivative Contracts Designated as Hedges		5,301,727		6,203,379
Financial Assets at Fair Value through Other Comprehensive Income		57,670,964		43,316,757
Investment Securities at Amortized Cost		379,491,119		357,985,926
Loans and Receivables - net		709,159,847		699,594,789
Accrued Interest Receivable		9,168,566		9,781,803
Investments in Associates		963,474		983,242
Bank Premises, Furniture, Fixtures and Equipment - net		9,457,705		9,337,260
Investment Properties		4,164,841		3,914,891
Deferred Tax Assets		4,880,948		4,552,692
Intangible Assets		3,793,004		3,783,643
Goodwill		839,748		839,748
Other Assets		8,022,597		6,738,462
	P	1,351,923,124	P	1,329,729,465
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Deposit Liabilities</b>				
Demand		262,906,884		272,109,739
Savings		280,012,173		301,330,580
Time		543,488,051		492,474,358
		1,086,407,109		1,065,914,677
Bills Payable		66,928,013		70,375,267
Bonds Payable		28,120,814		28,312,870
Manager's Checks		2,232,996		1,550,669
Income Tax Payable		724,640		311,915
Accrued Interest and Other Expenses		7,584,258		6,115,889
Derivative Liabilities		1,554,943		1,549,561
Derivative Liabilities Designated as Hedges		4,880,890		4,156,612
Deferred Tax Liabilities		793,778		794,432
Other Liabilities		13,523,716		16,068,964
		1,212,751,156		1,195,150,856
<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 - 2,691,288,212 shares		26,912,882		26,912,882
Capital paid in excess of par value		17,200,758		17,200,758
Surplus Reserves		4,097,162		4,429,606
Surplus		89,923,494		84,577,170
Net Unrealized Gains (Losses) on Financial Assets at FVOCI		(2,799,583)		(4,293,952)
Remeasurement Gain on Defined Benefit Asset		73,178		77,760
Remeasurement on Life Insurance Reserve of Associate		100,969		96,387
Cumulative translation adjustment		4,981		27,469
Cash Flow Hedge Reserve		3,581,842		5,481,992
		139,095,682		134,510,071
Non-controlling Interest		76,287		68,539
		139,171,969		134,578,609
	P	1,351,923,124	P	1,329,729,465

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

(Amounts in thousands)

		<b>March 2023</b>		<b>December 2022</b>
		<b>Unaudited</b>		<b>Audited</b>
<b>CONTINGENT ACCOUNTS</b>				
Unused commercial letters of credit	<b>P</b>	<b>17,130,945</b>	<b>P</b>	17,158,800
Committed Credit Lines		<b>1,906,400</b>		1,906,400
Outstanding guarantees Issued		<b>1,213,110</b>		2,971,605
Inward bills for collection		<b>3,232,210</b>		2,697,770
Outward bills for collection		<b>48,973</b>		21,378
IRS receivable		<b>89,322,046</b>		90,289,612
Spot exchange bought		<b>12,278,223</b>		3,407,837
Spot exchange sold		<b>6,142,966</b>		2,792,488
Forward exchange bought		<b>221,160,099</b>		138,040,375
Forward exchange sold		<b>80,800,107</b>		33,914,815
Trust department accounts		<b>250,172,277</b>		222,474,444
Credit card Lines		<b>19,499,152</b>		18,625,491
Late deposits/payments received		<b>254,193</b>		309,488
Deficiency claims receivable		<b>280,195</b>		280,195
Standby credit commitment		<b>4,505,237</b>		3,550,516
Others		<b>6,434</b>		35,237
	<b>P</b>	<b>707,952,568</b>	<b>P</b>	<b>538,476,452</b>

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

**Annex II**

		<b>MARCH 2023</b>		<b>MARCH 2022</b>
<b>INTEREST INCOME</b>				
Loans and receivables	P	12,044,008	P	9,149,560
Investment securities at amortized cost and at FVOCI		5,218,981		3,066,139
Financial Assets at FVPL		145,622		130,591
Due from BSP and other banks and SPURA		1,001,086		287,378
		<b>18,409,697</b>		<b>12,633,668</b>
<b>INTEREST EXPENSES</b>				
Deposit liabilities		4,833,756		1,239,668
Bills payable and other borrowings		862,002		587,788
Lease Payable		49,241		43,749
		<b>5,744,999</b>		<b>1,871,205</b>
<b>NET INTEREST INCOME</b>				
		<b>12,664,698</b>		<b>10,762,463</b>
Service charges, fees and commissions		750,011		689,796
Trading, securities and foreign exchange gains (losses) - net		(927,836)		425,828
Gain on sale of investment properties		108,669		127,277
Trust fee income		127,282		112,274
Gain on asset foreclosure and dacion transactions		232,853		15,685
Share in net income of associates		(649)		-
Miscellaneous		195,114		341,059
<b>TOTAL OPERATING INCOME</b>				
		<b>13,150,143</b>		<b>12,474,382</b>
Compensation and fringe benefits		2,274,598		1,860,554
Occupancy cost		560,828		471,025
Taxes and licenses		1,367,689		848,592
Insurance		655,938		543,806
Depreciation and amortization		441,922		424,798
Provision for impairment and credit losses		440,467		779,699
Transportation and traveling		87,316		77,483
Professional fees, marketing and other related services		151,735		136,687
Entertainment, amusement and recreation		84,068		70,556
Stationery, supplies and postage		59,448		53,537
Repairs and maintenance		42,076		34,003
Miscellaneous		1,073,982		1,187,887
<b>TOTAL OPERATING EXPENSES</b>				
		<b>7,240,066</b>		<b>6,488,627</b>
<b>INCOME BEFORE INCOME TAX</b>				
		<b>5,910,077</b>		<b>5,985,755</b>
<b>PROVISION FOR INCOME TAX</b>				
		<b>888,569</b>		<b>1,090,547</b>
<b>NET INCOME</b>				
	P	<b>5,021,508</b>	P	<b>4,895,208</b>
Attributable to:				
Equity holders of the parent		5,013,879		4,887,868
Non-controlling Interest		7,629		7,341
	P	<b>5,021,508</b>	P	<b>4,895,208</b>
<b>Earnings Per Share</b>				
a. Basic		1.86		1.82
b. Diluted *		1.86		1.82
Net Income		5,013,879		4,887,868
Weighted Ave. Number of Common Shares Outstanding		2,691,288		2,691,288
* Same as basic earnings per share. No preferred shares, convertible bonds and stock warrants issued.		2,691,288		2,691,288

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

Annex III

(Amounts in thousands)

	<b>MARCH 2023</b>		<b>MARCH 2022</b>
<b>Net Income</b>	<b>P 5,021,508</b>	<b>P</b>	<b>4,895,208</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	<b>1,527,502</b>		(1,331,109)
Gains taken to profit or loss	-		(1,445)
Share in Other Comprehensive Income of Associate:	-		-
Net Unrealized Gain on financial assets at FVOCI	<b>(19,119)</b>		-
Gain on cash flow hedges	<b>(1,900,150)</b>		2,628,806
Cumulative translation adjustment	<b>(22,662)</b>		3,260
<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 for the year, net of tax	<b>(13,723)</b>		34,642
Share in Other Comprehensive Income of Associate:	-		-
Remeasurement gain on defined benefit asset or liability, net of tax	<b>(73,537)</b>		-
Remeasurement loss on life insurance reserves	<b>4,582</b>		-
Remeasurement loss on defined benefit asset or liability	<b>68,955</b>		(1,372)
<b>Other Comprehensive Income for the year</b>	<b>(428,152)</b>		<b>1,332,782</b>
<b>Total Comprehensive Income for the year</b>	<b>P 4,593,356</b>	<b>P</b>	<b>6,227,991</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Parent Company	<b>P 4,585,610</b>	<b>P</b>	<b>6,221,710</b>
Non-controlling Interest	<b>7,746</b>		<b>6,280</b>
	<b>P 4,593,356</b>	<b>P</b>	<b>6,227,991</b>

CHINA BANKING CORPORATION  
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, 2022</b>	26,912,882	17,200,758	4,429,606	84,577,170	(4,293,952)	77,760	96,387	5,481,992	27,469	134,510,072	68,541	134,578,613
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>4,097,161</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>139,095,682</b>	<b>76,287</b>	<b>139,171,968</b>
<b>Balance at December 31, 2021</b>	26,912,882	17,200,758	3,730,687	70,205,517	81,200	(30,490)	(14,028)	976,835	17,604	119,080,965	41,858	119,122,823
Total comprehensive income for the year	-	-	-	4,887,868	(1,296,881)	(1,370)	-	2,628,806	3,288	6,221,710	6,280	6,227,991
Retained Earnings, appropriated	-	-	82,099	(82,099)	-	-	-	-	-	-	-	-
<b>Balance at March 31, 2022</b>	<b>26,912,882</b>	<b>17,200,758</b>	<b>3,812,787</b>	<b>75,011,285</b>	<b>(1,215,680)</b>	<b>(31,860)</b>	<b>(14,028)</b>	<b>3,605,640</b>	<b>20,892</b>	<b>125,302,675</b>	<b>48,138</b>	<b>125,350,814</b>

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

Annex V

	MARCH		MARCH	
	2023		2022	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax	P	5,910,077	P	5,985,755
Adjustment to reconcile income before income tax to net cash provided operations:				
Provision for impairment and credit losses		440,467		779,699
Depreciation and amortization		441,922		424,798
Amortization of transaction costs on bonds payable		17,635		36,237
Realized gain (loss) on financial assets at FVOCI and investment securities at amortized cost		(3,465)		(1,445)
Share in net loss (income) of an associate		649		-
Gain on sale of investment properties		(108,669)		(127,277)
Gain on asset foreclosures and dacion transactions		(232,853)		(15,685)
<b>Operating income before changes in operating assets and liabilities</b>		<b>6,465,762</b>		<b>7,082,082</b>
Changes in operating assets and liabilities:				
Decrease (increase) in the amounts of:				
Financial assets at FVPL		(6,653,403)		(1,974,658)
Loans and receivables		(9,457,957)		(7,700,981)
Other assets		(3,053,123)		(1,162,092)
Increase (decrease) in the amounts of:				
Deposit liabilities		20,492,432		16,419,246
Manager's checks		682,327		(52,000)
Accrued interest and other expenses		1,468,369		955,931
Other liabilities		(1,989,716)		769,312
Net cash provided by operations		7,954,691		14,336,839
Income taxes paid		(804,657)		(403,784)
<b>Net cash provided by operating activities</b>		<b>7,150,034</b>		<b>13,933,055</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of/Additions to:				
Net additions to bank premises, furniture, fixtures and equipment		(2,437,349)		(87,454)
Investment securities at amortized cost		(41,065,152)		(37,650,334)
Financial assets at fair value through other comprehensive income		(12,978,103)		(1,860,310)
Proceeds from sale of:				
Financial assets at fair value through other comprehensive income		140,848		1,487,009
Investment properties		4,004		79,101
Bank premises, furniture, fixtures and equipment		144,493		79,728
Proceeds from maturity of:				
Investment securities at amortized cost		19,589,649		698,361
<b>Net cash provided by (used in) investing activities</b>		<b>(36,601,610)</b>		<b>(37,253,900)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Availments of bills payable		103,955,212		86,104,991
Payments of bills payable		(105,641,665)		(96,726,599)
Payments of principal portion lease liabilities		(105,316)		(158,363)
<b>Net cash provided by financing activities</b>		<b>(1,791,769)</b>		<b>(10,779,971)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(31,243,345)</b>		<b>(34,100,816)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>				
Cash and other cash items		13,689,421		16,024,863
Due from Bangko Sentral ng Pilipinas		107,100,295		124,283,115
Due from Other banks		13,614,609		10,694,312
Interbank loans receivable and securities purchased under resale agreements		43,564,970		36,559,224
		<b>177,969,295</b>		<b>187,561,514</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>				
Cash and other cash items		10,724,846		13,778,966
Due from Bangko Sentral ng Pilipinas		93,965,566		85,386,300
Due from Other banks		11,657,428		9,850,867
Interbank loans receivable and securities purchased under resale agreements		30,378,109		44,444,565
	P	<b>146,725,949</b>	P	<b>153,460,698</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	<b>726,096,073</b>	705,334,621	5,549,009	7,710,361	1,473,621	5,519,861	<b>20,252,852</b>	508,600
Less: Allow for Probable Losses & Unamortized Discount	16,936,226							
<b>Net Loans and Receivables</b>	<b>709,159,848</b>							
Accounts Receivables	<b>2,665,307</b>	<b>1,962,145</b>	22,351	29,073	23,735	115,500	<b>190,659</b>	512,502
Less: Allowance for Probable Losses	687,352							
<b>Net Accounts Receivables</b>	<b>1,977,954</b>							
Accrued Interest Receivables	<b>10,165,130</b>	10,165,130						
Less: Allowance for Probable Losses	996,563							
<b>Net Accrued Interest Receivables</b>	<b>9,168,566</b>							

## CHINA BANKING CORPORATION PROFITABILITY REPORT BY BUSINESS SEGMENT

### Segment Report

China Bank'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 and credit cards for individual and/or corporate customers.
- 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 and and remittance transactions; and
- 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, insurance brokerage, credit management, thrift banking business, operations and financial control, cash management services and other support 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, 2023:



**PROFITABILITY REPORT BY BUSINESS SEGMENT  
FOR THE PERIOD ENDING MARCH 31, 2023  
CONSOLIDATED**

*(Amounts in thousands of Pesos)*

	INSTITUTIONAL BANKING	CONSUMER BANKING	RETAIL BANKING BUSINESS	FINANCIAL MARKETS	OTHER BUSINESS & SUPPORT UNITS AND SUBSIDIARIES	BANKWIDE
Net interest income	7,635,773	1,448,742	(67,400)	1,861,259	1,786,325	12,664,698
Third Party Intersegment	(5,717,995)	(804,599)	5,230,267	1,311,535	(19,210)	-
Net Interest Income after Intersegment Transactions	1,917,778	644,143	5,162,867	3,172,794	1,767,115	12,664,698
Other Operating Income	251,802	152,242	886,972	(1,164,139)	358,568	485,445
Total Revenue	2,169,580	796,385	6,049,839	2,008,655	2,125,683	13,150,143
Other Operating expense	(493,282)	(479,871)	(3,474,231)	(945,147)	(1,407,068)	(6,799,599)
Income before Provisions and Taxes	1,676,298	316,514	2,575,609	1,063,508	718,616	6,350,544
Provision for Impairment and Credit Losses	(104,999)	(71,993)	54,632	27,327	(345,435)	(440,467)
Income before Income Tax	1,571,299	244,521	2,630,241	1,090,835	373,181	5,910,077
Provision for Income Tax	(58,637)	46,228	(95,465)	(714,532)	(66,162)	(888,569)
<b>Net Income</b>	<b>1,512,662</b>	<b>290,749</b>	<b>2,534,776</b>	<b>376,303</b>	<b>307,019</b>	<b>5,021,508</b>
<hr/>						
<b>Total Assets</b>	<b>497,909,762</b>	<b>73,881,533</b>	<b>612,527,584</b>	<b>468,426,540</b>	<b>(300,822,295)</b>	<b>1,351,923,124</b>
<hr/>						
<b>Total Liabilities</b>	<b>1,338,996</b>	<b>1,436,387</b>	<b>615,881,543</b>	<b>601,486,221</b>	<b>(7,391,991)</b>	<b>1,212,751,156</b>
<hr/>						
<b>Depreciation &amp; Amortization</b>	<b>2,633</b>	<b>8,555</b>	<b>309,900</b>	<b>7,321</b>	<b>113,513</b>	<b>441,922</b>
<hr/>						
<b>Capital Expenditures</b>	<b>3,801</b>	<b>8,860</b>	<b>79,085</b>	<b>3,614</b>	<b>100,882</b>	<b>196,242</b>
<hr/>						

## Financial Soundness Indicators

<i>PROFITABILITY (%)</i>	<b><u>Jan – Mar 2023</u></b>	<b><u>Jan – Mar 2022</u></b>
Return on Average Equity	<b>14.66</b>	16.02
Return on Average Assets	<b>1.50</b>	1.75
Net Interest Margin	<b>4.21</b>	4.35
Cost to Income Ratio	<b>52</b>	46
<i>LIQUIDITY (%)</i>	<b><u>Mar 2023</u></b>	<b><u>Dec 2022</u></b>
Liquid Assets to Total Assets	<b>44</b>	44
Loans to Deposit Ratio	<b>65</b>	66
<i>ASSET QUALITY (%)</i>	<b><u>Mar 2023</u></b>	<b><u>Dec 2022</u></b>
Gross Non-Performing Loans Ratio	<b>2.3</b>	2.3
Non-performing Loan (NPL) Cover	<b>118</b>	123
<i>SOLVENCY (x)</i>	<b><u>Mar 2023</u></b>	<b><u>Dec 2022</u></b>
Debt to Equity Ratio	<b>8.7</b>	8.9
Asset to Equity Ratio	<b>9.7</b>	9.9
Interest Coverage Ratio	<b>2.0</b>	4.2*
<i>CAPITAL ADEQUACY (%)</i>	<b><u>March 2023</u></b>	<b><u>Dec 2022</u></b>
CET 1 / Tier 1 Ratio	<b>15.40</b>	15.07
Total Capital Adequacy Ratio (CAR)	<b>16.26</b>	15.92

\*for Jan-Mar 2022

## 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 Million Pesos</i>	<u><b>Jan – Mar 2023</b></u>	<u><b>Jan – Mar 2022</b></u>
Gross Revenues	18,895	14,346
Gross Expenses	13,874	9,450
Net Income	5,022	4,895

<i>In Million Pesos</i>	<u><b>Mar 2023</b></u>	<u><b>Dec 2022</b></u>
Total Resources	1,351,923	1,329,729
Loan Portfolio (Net)	709,160	699,595
Total Deposits	1,086,407	1,065,915
Equity	139,172	134,579

*\*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 2023</b></u>	<u><b>Jan – Mar 2022</b></u>
Return on Average Equity	14.66	16.02
Return on Average Assets	1.50	1.75
Net Interest Margin	4.21	4.35
Cost to Income Ratio	52	46
<i>LIQUIDITY (%)</i>	<u><b>Mar 2023</b></u>	<u><b>Dec 2022</b></u>
Liquid Assets to Total Assets	44	44
Loans to Deposit Ratio	65	66
<i>ASSET QUALITY (%)</i>	<u><b>Mar 2023</b></u>	<u><b>Dec 2022</b></u>
Gross NPL Ratio	2.3	2.3
NPL Cover	118	123
<i>SOLVENCY (x)</i>	<u><b>Mar 2023</b></u>	<u><b>Dec 2022</b></u>
Debt to Equity Ratio	8.7	8.9
Asset to Equity Ratio	9.7	9.9
Interest Coverage Ratio	2.0	4.2*
<i>CAPITAL ADEQUACY (%)</i>	<u><b>Mar 2023</b></u>	<u><b>Dec 2022</b></u>
CET 1 / Tier 1 Ratio	15.40	15.07
Total CAR	16.26	15.92

*\*for Jan-Mar 2022*

## Economic Environment

In 1Q 2023, the US banking sector saw the failure of some mid-sized banks mainly due to liquidity issues. Silicon Valley Bank (SVB), a lender to start-ups, collapsed due to huge deposit withdrawals stemming from the sell-out of its investment portfolio at a significant loss and its intention to raise fresh capital. Silvergate Bank and Signature Bank (SB) also collapsed due to bank runs and their heavy exposures to the deteriorating crypto industry. To calm the markets, both the regulators and the private sector took extraordinary measures to alleviate the situation, including honoring all deposits at SVB and SB, both insured and uninsured, and opening credit lines for qualified banks. Meanwhile, outside of the US, the Swiss government brokered the sale of Credit Suisse, which had its own string of internal issues throughout the years, to its rival UBS. Despite these developments, the US Fed remains firm in its assessment that the US banking industry is sound and resilient. However, tighter credit conditions are seen to weigh on economic activity, hiring and inflation.

From January to May 2023, the US Fed has raised its federal funds rate thrice in increments of 25 bps, ending at 5.00% to 5.25%, on the back of modest GDP growth (+1.6% year-on-year in 1Q 2023) and still elevated inflation which clocked in at 4.2% in March 2023, way above the 2.0% long-run target.

Philippine GDP expanded by 6.4% year-on-year in 1Q 2023, within analysts' expectations but slower than 1Q 2022's 8.0%. On the expenditure side, household consumption growth continued to trend downwards from the 10.0% registered in 1Q 2022, settling at 6.3% in 1Q 2023 mainly pulled down by lower spending on Furnishings, Household equipment and Household maintenance and Clothing and Footwear. Government spending grew faster by 6.2% while gross capital formation growth slowed to 12.2%. Net exports contracted at a slower pace of 13.8%. Meanwhile, on the production side, the increase was led by the services sector (+8.4%), followed by industry (+3.9%) and agriculture (+2.2%).

Despite being on a downtrend from February to April 2023, year-to-date average inflation remains high at 7.9%, markedly above the BSP's 2% to 4% target. To anchor inflationary pressures, the BSP Monetary Board raised its policy rate upwards by an aggregate of 75 bps to 6.25%, maintaining its 100-bp differential with the US federal funds rate. Meanwhile, per BSP, Philippine banks have no reported exposure to SVB.

As of March 2023, the combined assets of the UK/B & TB industries expanded 11.0% year-on-year to P22.7 trillion. Deposits grew 9.8% to P17.4 trillion, while loans increased 10.8% to P11.5 trillion. Gross NPL ratio went down to 3.4% from 4.2% last year, while NPL cover rose to 107% from 89%.

## Results of Operation

### Analysis of Consolidated Statements of Income (unaudited) For the period ended March 31, 2023 and March 31, 2022

China Bank posted a P5.0 billion **net income** in the first quarter of 2023, up 2.6% compared to the same period last year, driven mainly by robust asset base expansion, higher net interest income and lower credit provisions. The income performance translated to a return on equity and return on assets at 14.66% and 1.50%, respectively.

**Total interest income** increased 45.7% to P18.4 billion from P12.6 billion with the growth in earning assets. **Interest income from loans and receivables** was up 31.6% to P12.0 billion on the back of strong year-on-year loan portfolio expansion. Likewise, **interest income from investment securities at amortized cost and at FVOCI** recorded a 70.2% increase to P5.2 billion arising from the higher securities volume year-on-year. Furthermore, **interest income from financial assets at FVPL** increased 11.5% to P145.6 million from the higher volume of FVPL securities portfolio. **Interest income from due from BSP and other banks and SPURA** grew 3.5 times to P1.0 billion because of the higher placements with correspondent banks.

**Total interest expense** increased three-fold year-on-year as the higher funding cost pushed up **interest expense on deposits** and **interest expense on bills payable and other borrowings** by 3.9 times and 46.7%, respectively. **Lease payable** was up 12.6% because of higher interest charged on outstanding lease liability.

The Bank's **net interest income** rose 17.7% to P12.7 billion for a net interest margin of 4.21%.

The Bank also recognized **provision for impairment and credit losses** amounting to P440.5 million, 43.5% lower than the same period last year as the economy continues to recover.

Total **non-interest income** dropped 71.6% to P485.4 million mainly from the P928 million net loss in **trading, securities, and foreign exchange** arising from treasury-related activities. **Service charges, fees, and commissions** increased 8.7% to P750.0 million from the upswing in transactional fees. **Trust fee income** increased by P15.0 million to P127.3 million due to volume-related growth year-on-year. Movements in the fair value of investment properties resulted in the 14.8x growth in **gain on asset foreclosure and dacion transactions** to P232.9 million. Meanwhile, **gain on sale of investment properties** dropped 14.6% to P108.7 million from lower sales volume of foreclosed properties during the period. **Miscellaneous income** totaled P195.1 million down 42.8% year-on-year primarily due to lower recoveries and lower income from bancassurance during the period.

**Operating expenses** were up 19.1% or P 1.1 billion mainly due to increases in both core and business volume-related costs. **Compensation and fringe benefits** up 22.3% to P2.3 billion due to the increase in manpower complement. **Occupancy** was up 19.1% to P560.8 million due to the increase in rent, utility and security-related expenses. **Taxes and licenses** were up 61.2% to P1.4 billion mainly from higher revenue- and volume-related taxes. **Insurance**, which includes PDIC premium payments, grew 20.6% to P655.9 million with the annual expansion in deposits. **Transportation and travelling** increased 12.7% to P87.3 million mainly from higher fuel costs. **Professional fees, marketing and other related services; entertainment, amusement and recreation; stationery, supplies and postage; and repairs and maintenance** rose by 11.0%, 19.2%, 11.0%, and 23.7%, respectively, with the ramp-up in investments in our distribution channel and technology upgrades, business development and marketing efforts. **Miscellaneous expenses** decreased by 9.6% to P1.1 billion from the year-on-year drop in other expenses.

Consolidated **cost-to-income ratio** was registered at 52% from 46% in the same period last year.

## Financial Condition

### Analysis of Consolidated Statement of Financial Condition As of March 31, 2023 (unaudited) and December 31, 2022 (audited)

China Bank's consolidated **assets** were recorded at P1.35 trillion as of March 2023, 1.7% higher than year-end 2022.

**Cash and other cash items** fell 21.7% to P10.7 billion due to the leveling-off of cash-in-vault from its usual year-end build-up. **Due from BSP** decreased by P13.1 billion or 12.3% with the drop in placements with the BSP. **Due from other banks** and **interbank loans receivable and securities purchased under resale agreements** decreased by 14.4% and 30.3%, respectively, arising from lower deposits with correspondent banks and lower volume of overnight placements with the BSP.

**Financial assets at fair value through profit or loss (FVPL)** grew 2.6x to P 12.3 billion with the growth in fixed income assets. Similarly, **financial assets at fair value through other comprehensive income (FVOCI)** increased P14.4 billion or 33.1% to P57.7 billion due to higher securities volume. **Derivative contracts designated as hedges** dropped 14.5% to P5.3 billion due to fair value adjustments in the interest rate swap (IRS) contracts used as hedging against time deposits. The Bank's total securities portfolio accounted for 34% of consolidated resources.

Gross loans slightly increased to P727 billion, while **net loans** reached P709.2 billion.

**Accrued interest receivable** dropped 6.3% to P9.2 billion due to lower amount of receivables from financial assets. **Investment Properties** were up 6.4% to P4.2 billion representing higher outstanding values of foreclosed properties during period. **Deferred tax asset (DTA)** increased by P328.3 million to P4.9 billion due to the recognition of DTA on certain deductible temporary differences. **Other assets** increased by 19.1% to P8.0 billion from higher balance prepaid expenses and other miscellaneous receivables.

On the liabilities side, **total deposits** was recorded at P1.1 trillion. The combined low-cost demand and savings deposits decreased by P30.5 billion or 5.3% to P542.9 billion, accounting for 50% of total deposits. **Manager's checks** increased by 44.0% to P2.2 billion as the volume of outstanding checks for negotiation grew year-to-date. **Income tax payable** more-than-doubled to P724.6 million, P412.7 million higher year-to-date due to additional regular corporate income tax payable for the period. **Accrued interest and other expenses** were 24.0% larger at P7.6 billion because of interest payable accruals. **Derivative liabilities designated as hedges** increased by P724.3 million arising from the change in the mark-to-market rates. The 15.8% drop in **other liabilities** can be attributed to the lower accounts payable, among others.

**Total equity** reached to P139.2 billion, slightly higher than year-end's P134.6 billion mainly from the P5.3 billion or 6.3% increase in **surplus**. **Net unrealized losses on financial assets at FVOCI** dropped to P2.8 billion arising from the mark-to-market revaluation of the Bank's FVOCI securities. **Remeasurement gain on defined benefit asset** was 5.9% lower at P73.2 million due to changes in actuarial assumptions. Meanwhile, **cumulative translation adjustment** decreased by P22.5 million, while **cash flow hedge reserve** dropped P1.9 billion due to exchange rate difference arising from the conversion of income and expenses related to foreign currency-denominated positions to base currency.

The Bank's Common Equity Tier 1 (CET 1/ Tier 1) ratio and total CAR were computed at 15.40% and 16.26%, respectively.

### **Total Comprehensive Income** **For the period ended March 31, 2023 and March 31, 2022**

The Bank recorded **total comprehensive income** of P4.6 billion during the first quarter of the year, a 26.2% or P1.6 billion decrease from the P6.2 billion recorded in same period last year mainly due to loss on cash flow hedge.

## **Key Performance Indicators**

### **Profitability**

CHIB posted a 2.6% increase in net income to P5.0 billion for the first quarter of 2023 on the back of strong net interest income as well as lower credit provisions. The income performance translated to a ROE of 14.66% and ROA of 1.50%. Cost-to-income ratio was higher at 52% from 46%, while net interest margin was lower at 4.21% from 4.35% last year.

### **Liquidity**

The Bank's liquidity ratio remained steady at 44%.

### **Asset Quality**

Gross non-performing loans (NPL) ratio was at 2.3%, better than industry average. Meanwhile, NPL cover remained sufficient and above industry at 118%. The Parent Bank had ample allowance given a 127% NPL cover.

## **Solvency Ratios**

Debt-to-equity and asset-to-equity ratios for the first quarter was recorded at 8.7 and 9.7, respectively. Interest coverage ratio for the period was at 2.0.

## **Capitalization**

China Bank's capital base stood at P139.2 billion. CET 1 / Tier 1 CAR and Total CAR ratios were registered at 15.40% and 16.26%, respectively, both well above the minimum regulatory requirements. The Bank's capital is largely comprised of CET 1/ Tier 1 (core) capital.

## **Corporate Developments**

Effective April 1, 2023 and subject to Monetary Board confirmation, Romeo D. Uyan Jr., succeeded and served the unexpired term of William C. Whang as the Bank's Director, President, and Chief Executive Officer. Mr. Uyan has been with the Bank since 2014 and initially served as the President of the investment banking house, China Bank Capital. He was then appointed as the Bank's Treasurer in July 2016 and Chief Operating Officer in November 2017.

At a special meeting on April 19, 2023, the Board of Directors approved the declaration of P1.00 per share regular cash dividend and an additional P0.90 per share special cash dividend, payable on May 18, 2023 to all stockholders on record as of May 5, 2023. The cash dividends, totaling P5.1 billion, was 27% higher compared to the previous year. It represented 27% of full-year 2022 net income of P19.1 billion, and translated to a cash dividend yield of 5.9% based on the Bank's closing price of P32.00 as of April 19, 2023.

At the annual stockholders' meeting on April 20, 2023, 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. Ricardo R. Chua was re-appointed as advisor to the Board.

At the 18<sup>th</sup> PDS Annual Awards by *The Philippine Dealing System Holdings Corp. and Subsidiaries (PDS) Group*, China Bank and its investment house subsidiary were recognized for their contributions to sustainable growth of the Philippine Financial Market in 2022. The Bank was awarded the Top Brokering Participant for Retail Transactions, Top 3 Fixed-Income Dealing Participant, Top 4 Corporate Securities Market Maker, and Top 4 Fixed-Income Brokering Participant. Meanwhile, China Bank Capital emerged as the Top 3 Corporate Issue Manager/Arranger - Investment House Category.

In addition, China Bank Capital was named by *The Asset* as the Best Bond Adviser-Domestic for the seventh straight year at the Triple A Country Awards for Sustainability. It was also recognized for arranging the Best New Bond: Cebu Landmasters, Inc.'s (CLI) P5-billion fixed-rate bond, and the Best Transition Bond: SMC Global Power Holdings Corp.'s (SMCGP) P40-billion fixed-rate bond.

In March, the Bank also received the Gold Anvil Award for its centennial coffee table book 100 Years of Trust: The China Bank Story at the 58th Anvil Awards.

## 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 10% of the total consolidated resources.

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

(In Mn Pesos)	<b>Jan-Mar '23</b>	Jan-Dec '22*	Jan-Mar '22
Net Income	22	103	22
Total Assets	524	586	577

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

(In Mn Pesos)	<b>Jan-Mar '23</b>	Jan-Dec '22*	Jan-Mar '22
Net Income	5	4	11
Total Assets	113	107	130

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

(In Mn Pesos)	<b>Jan-Mar '23</b>	Jan-Dec '22*	Jan-Mar '22
Net Income	420	1,577	354
Total Assets	131,615	123,987	98,707

- **China Bank Capital Corporation**

(In Mn Pesos)	<b>Jan-Mar '23</b>	Jan-Dec '22*	Jan-Mar '22
Net Income	63	313	75
Total Assets	3,360	3,086	3,154

*\*based on Audited Financial Statements*