

COVER SHEET

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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

(Contact Person)

8885-5555

(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.
--

(Department Requiring this document)

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(Amended Articles Number/Section)

1,829

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 September 30, 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
<u>COMMON</u>	<u>2,691,340,312</u>	

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..... **November 14, 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 September 30, 2023 and for the nine-month periods ended September 30, 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 audited financial statements as of December 31, 2022 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)	September 30, 2023	December 31, 2022	Increase (Decrease)
Assets			
Cash and Other Cash Items	₱10,503,637	₱13,689,421	(₱3,185,784)
Due from Bangko Sentral ng Pilipinas	96,387,722	107,100,295	(10,712,573)
Interbank Loans Receivable and Securities Purchased under Resale Agreements	15,343,549	43,564,970	(28,221,421)
Financial Assets at Fair Value through Profit or Loss	17,328,563	4,727,580	12,600,983
Financial Assets at Fair Value through Other Comprehensive Income	85,394,994	43,316,757	42,078,237
Investments in Associates	1,265,650	983,242	282,407
Deferred Tax Assets	5,664,118	4,552,692	1,111,426
Other Assets	8,074,172	6,738,462	1,335,710
Liabilities			
Bonds Payable	19,974,826	28,312,870	(8,338,043)
Manager's Checks	2,381,328	1,550,669	830,660
Income Tax Payable	758,217	311,915	446,302
Accrued Interest and Other Expenses	8,106,818	6,115,889	1,990,930
Derivative Liabilities	1,347,911	1,549,561	(201,650)
Derivative Contracts Designated as Hedges	3,245,944	4,156,612	(910,668)
Other Liabilities	14,197,086	16,068,964	(1,871,878)

(Amounts in Thousands)	September 30, 2023	September 30, 2022	Increase (Decrease)
Income			
Interest on Loans and receivables	₱37,692,810	₱28,647,617	₱9,045,193
Interest on Investment securities at amortized cost and at FVOCI	17,062,251	10,334,990	6,727,262
Interest on Financial Assets at FVPL	506,937	339,131	167,806
Interest on Due from BSP and other banks and SPURA	2,936,779	1,229,748	1,707,031
Service charges, fees and commissions	2,690,301	2,326,941	363,360
Trading, securities, and foreign exchange gains (losses) - net	(3,701,917)	155,620	(3,857,537)
Gain on redemption of investment securities at AC	78	1,923	(1,845)
Gain on sale of investment properties	494,839	388,154	106,685

Trust fee income	425,554	346,800	78,754
Gain on asset foreclosure and dacion transactions	398,059	95,567	302,492
Share in net income of associates	355,223	174,633	180,590
Miscellaneous	952,602	4,777,605	(3,825,003)

Expense

Interest expense on Deposit Liabilities	16,021,163	4,870,262	11,150,901
Interest expense on Bills payable and other borrowings	2,823,637	1,823,268	1,000,370
Interest expense on Lease Payable	181,030	127,225	53,806
Compensation and fringe benefits	6,784,644	5,865,974	918,669
Taxes and licenses	4,157,567	3,614,566	543,001
Insurance	2,067,954	1,681,623	386,331
Depreciation and amortization	1,463,895	1,259,210	204,685
Provision for impairment and credit losses	1,301,936	6,942,256	(5,640,320)
Professional fees, marketing and other related services	648,485	541,618	106,867
Entertainment, amusement and recreation	351,765	389,466	(37,700)
Repairs and maintenance	173,467	143,160	30,307
Miscellaneous	2,772,787	2,436,836	335,951
Provision for income tax	2,785,337	2,374,700	410,637

- 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.**
Pretermination of Bonds Payable with IFC On May 11, 2023, the Parent Company informed IFC of its decision to pre-terminate the \$150 million bonds payable with the latter. The pre-termination of the bonds took effect on June 15, 2023, and resulted in a loss of ₱18 million. On May 18, 2023, the Parent Company pre-terminated the IRS, which was previously designated as a hedging instrument to the \$150 million bonds payable with IFC. The pre-termination of the IRS resulted in the discontinuance of the cash flow hedge and the reclassification of the fair value of the IRS from the OCI to P&L. Realized gains from the pre-termination of the IRS amounted to ₱468 million.
- 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 (BOD) approved the declaration of ₱1.00 per share regular dividend and an additional ₱0.90 per share special dividend, and sets May 5, 2023 as the date of record. Cash dividends were 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 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 2, 2023, the Bank received ₱60 million cash dividends from China Bank Insurance Brokers, Inc. (CIBI).
Cash Dividends from Manulife China Bank Life Assurance Corp. (MCBL) On June 30, 2023, the Bank received ₱160 million cash dividends from Manulife China Bank Life Assurance Corp. (MCBL).

Cash Dividends from CBC Properties and Computer Center, Inc. (PCCI) On August 16, 2023, the Parent Company received ₱15 million cash dividends from CBC Properties and Computer Center, Inc. (PCCI).

Capital Infusion of China Bank Savings, Inc. (CBSI) On August 2, 2023, the BOD of the Parent Company took up and approved, confirmed, and/or ratified the capital infusion amounting to ₱2 billion to China Bank Savings, Inc. (CBSI), in order to support CBSI's sustained loan expansion and enhance its ability to cover and serve more segments of the banking and unbanked population. The additional capital is to be infused to CBS in tranches and based on certain conditions. As of September 30, 2023, the Parent Company has not yet infused additional capital to CBS.

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 ₱34 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 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 BOD. 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 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 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 September 30, 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:

(Amounts in Thousands)	September 30, 2023		December 31, 2022 (Audited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Financial Assets at Amortized Cost				
Government bonds	₱252,387,917	₱245,732,822	₱229,958,237	₱221,875,352
Private bonds	123,975,349	115,141,599	128,027,689	118,225,116
Loans and receivables				
Corporate and commercial lending	566,867,351	536,442,030	538,008,002	529,819,391
Consumer lending	167,768,049	164,198,318	144,021,855	144,355,710
Trade-related lending	11,226,909	11,302,204	17,452,061	17,500,762
Others	142,242	139,949	112,871	119,095
Sales contracts receivable	1,548,693	1,686,305	1,406,217	1,529,793
Financial Liabilities				
Time deposit liabilities	581,886,502	558,642,004	492,474,358	467,484,286
Bills payable	73,958,684	73,151,447	70,375,267	68,992,828
Bonds payable	19,974,826	19,974,826	28,312,870	27,560,343

As of September 30, 2023 and December 31, 2022, the fair value hierarchy of the Group's assets and liabilities are presented below:

(Amounts in Thousands)	September 30, 2023			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at FVPL				
Held-for-trading				
Government bonds	₱520,187	₱4,230,389	₱–	₱4,750,576
Treasury notes	–	564,150	–	564,150
Treasury bills	–	7,931,802	–	7,931,802
Private bonds	1,287,541	395,564	–	1,683,105
Quoted equity shares	857,960	–	–	857,960
Financial Assets designated at FVTPL	–	159,595	–	159,595
Derivatives with Positive Fair Value Held for Trading	–	1,381,375	–	1,381,375
Derivatives with Positive Fair Value Held for Hedging	–	6,146,994	–	6,146,994

(Amounts in Thousands)	September 30, 2023			
	Level 1	Level 2	Level 3	Total
Financial Assets at FVOCI				
Government bonds	18,971,783	47,122,966	–	66,094,749
Quoted private bonds	18,168,774	–	–	18,168,774
Quoted equity shares	1,103,474	–	–	1,103,474
	P40,909,719	P67,932,835	P–	P108,842,554
Financial liabilities at FVPL				
Derivative liabilities	P–	P1,347,911	P–	P1,347,911
Derivative contracts designated as hedges	–	3,245,944	–	3,245,944
	P–	P4,593,855	P–	P4,593,855
Fair values of assets carried at amortized cost/cost				
Investment securities at amortized cost				
Government bonds	P245,732,822	P–	P–	P245,732,822
Private bonds	63,404,248	–	51,737,351	115,141,599
Loans and receivables				
Corporate and commercial lending	–	–	536,442,030	536,442,030
Consumer lending	–	–	164,198,318	164,198,318
Trade-related lending	–	–	11,302,204	11,302,204
Others	–	–	139,949	139,949
Sales contracts receivable	–	–	1,686,305	1,686,305
Investment properties				
Land	–	–	7,364,932	7,364,932
Buildings and improvements	–	–	2,750,258	2,750,258
	P309,137,070	P–	P775,621,347	P1,084,758,417
Fair values of liabilities carried at amortized cost				
Time deposit liabilities	P–	P–	P558,642,004	P558,642,004
Bills payable	–	–	73,151,447	73,151,447
Bonds payable	–	–	19,974,826	19,974,826
	P–	P–	P651,768,277	P651,768,277

(Amounts in Thousands)	December 31, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
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
papers	–	–	–	–
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
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
Fair values of assets carried at amortized cost				
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

(Amounts in Thousands)	December 31, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
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
Fair values of liabilities carried at amortized cost				
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 P42.44 million and P40.05 million for the nine-month periods ended September 30, 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:

(Amounts in Thousands)	September 30, 2023	December 31, 2022 (Audited)
Balance Sheet		
Deposit in banks	P5,102	P5,287
Financial assets at FVTPL	1,656,480	1,498,200
Total market value	1,656,480	1,498,200
Number of shares held	54,579	54,579

(Amounts in Thousands)	Nine Months Ended September 30 2023	2022
Income Statement		
Dividend income	P103,700	P81,869
Interest income	81	35

Other Related Party Transactions

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

(Amounts in Thousands)	September 30, 2023		
Category	Amount / Volume	Outstanding Balance	Terms and Conditions
Significant Investor			
Loans and receivables		P8,327,900	Secured with shares of stocks of other banks, with interest ranging from 4% to 4.18% and residual maturity ranging from 0.95 to 5.14 years. General loan loss provision of P4.71 million.
Issuances	—		
Repayments	(4,350)		

(Amounts in Thousands)		September 30, 2023	
Category	Amount / Volume	Outstanding Balance	Terms and Conditions
Associates			
Deposit Liabilities		1,903	These are checking accounts with annual average rate ranging from 0.13% to 1.00%.
Deposit	212		
Withdrawals	(1,279)		
Key Management Personnel			
Loans		3,276	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	1,528		
Repayments	(1,416)		
Deposit Liabilities		106,313	These are checking, savings and time deposit account with annual average interest rates ranging from 0.13% to 1.00%
Deposits	217,535		
Withdrawals	(232,378)		
Other Related Parties			
Loans		56,432,195	Secured and Unsecured Loans with interest rate ranging from 2.25% to 9.00% and with residual maturity ranging from 0.01 to 12.84 years. Allowance for credit losses amounting to ₱118.5 million and general loan loss provision of ₱337.71 million.
Issuances	9,833,211		
Repayments	(4,324,799)		
Deposit Liabilities		456,856	These are checking accounts with annual average rate ranging from 0.13% to 1.00%.
Deposit	420,718		
Withdrawals	(364,293)		

(Amounts in Thousands)		December 31, 2022 (Audited)	
Category	Amount / Volume	Outstanding Balance	Terms and Conditions
Significant Investor			
Loans		₱8,332,250	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 ₱4.51 million.
Issuances	—		
Repayments	(8,350)		
Deposit Liabilities		2,970	These are checking accounts with annual average rate of 0.13%.
Deposit	600		
Withdrawals	(3,077)		
Associates			
Deposit Liabilities		2,970	These are checking accounts with annual average rate of 0.13%.
Deposit	3,941		
Withdrawals	(257,558)		
Key Management Personnel			
Loans		3,164	Unsecured officer's credit card accounts with interest of 2% and loan accounts with average 5% rate.
Issuances	—		
Repayments	(1,387)		
Deposit Liabilities		121,157	These are checking, savings and time deposits with annual average interest rates ranging from 0.25% to 1.00%.
Deposit	563,345		
Withdrawals	(471,820)		
Other Related Parties			
Loans		50,923,783	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 ₱318.04 million.
Issuances	7,870,487		
Repayments	(4,561,478)		
Deposit Liabilities		400,431	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposit	2,069,677		
Withdrawals	(1,830,110)		

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 nine-month periods ended September 30, 2023 and September 30, 2022 are presented below:

	Significant Investor		Associate	
	September 30			
(Amounts in Thousands)	2023	2022	2023	2022
Interest income	₱255,232	₱255,488	₱–	₱–
Interest expense	–	2	1	873

	Key Management Personnel		Other Related Parties	
	September 30			
(Amounts in Thousands)	2023	2022	2023	2022
Interest income	₱121	₱130	₱2,149,829	₱1,983,669
Interest expense	3,723	1,913	802	659

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
	September 30, 2023	December 31, 2022	
Balance Sheet			
Accounts receivable	₱2,892	₱3,845	This pertains to various expenses advanced by CBC in behalf of various subsidiaries
Security deposits	10,981	10,420	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
	September 30, 2023	September 30, 2022	
Income Statement			
Trust fee income	₱453	₱808	Trust Fee earned by Parent Company from CBCC
Interest Income	641	268	Interest earned from cash in bank and short-term investment of CBCC
Rent income	2,503	2,383	Rent Income from CBCC
Other Income	19,057	10,884	Unrealized gain on money market funds of CBCC
Miscellaneous income	2,375	2,138	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.

Subsidiaries			Nature, Terms and Conditions
(Amounts in Thousands)	September 30, 2023	September 30, 2022	
Occupancy cost	29,203	27,776	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	792	2,751	Arranger fees paid by the Parent Company to CBCC for the issuance of its fixed rate bonds
Information technology	247,328	205,058	This pertains to the computer and general banking services provided by CBC-PCCI to the Parent Company to support its reporting requirements.
Miscellaneous expense	2,575	576	Commission for brokerage

CHINA BANKING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Annex I

(Amounts in thousands)

	September 2023		December 2022	
	Unaudited		Audited	
ASSETS				
Cash and Other Cash Items	P	10,503,637	P	13,689,421
Due from Bangko Sentral ng Pilipinas		96,387,722		107,100,295
Due from Other banks		14,050,414		13,614,609
Interbank Loans Receivable and Securities Purchased under Resale Agreements		15,343,549		43,564,970
Financial Assets at Fair Value through Profit or Loss		17,328,563		4,727,580
Derivative Contracts Designated as Hedges		6,146,994		6,203,379
Financial Assets at Fair Value through Other Comprehensive Income		85,394,994		43,316,757
Investment Securities at Amortized Cost		376,363,266		357,985,926
Loans and Receivables - net		746,004,550		699,594,789
Accrued Interest Receivable		9,906,918		9,781,803
Investments in Associates		1,265,650		983,242
Bank Premises, Furniture, Fixtures and Equipment - net		9,812,696		9,337,260
Investment Properties		4,012,733		3,914,891
Deferred Tax Assets		5,664,118		4,552,692
Intangible Assets		3,840,531		3,783,643
Goodwill		839,748		839,748
Other Assets		8,074,172		6,738,462
	P	1,410,940,256	P	1,329,729,465
LIABILITIES AND EQUITY				
Liabilities				
Deposit Liabilities				
Demand		279,465,433		272,109,739
Savings		283,472,177		301,330,580
Time		581,886,502		492,474,358
		1,144,824,111		1,065,914,677
Bills Payable		73,958,684		70,375,267
Bonds Payable		19,974,826		28,312,870
Manager's Checks		2,381,328		1,550,669
Income Tax Payable		758,217		311,915
Accrued Interest and Other Expenses		8,106,818		6,115,889
Derivative Liabilities		1,347,911		1,549,561
Derivative Liabilities Designated as Hedges		3,245,944		4,156,612
Deferred Tax Liabilities		792,391		794,432
Other Liabilities		14,197,086		16,068,964
		1,269,587,319		1,195,150,856
Equity				
Equity Attributable to Equity Holders of the Parent Company				
Capital Stock				
Common Stock - P10 par value				
Authorized - 3,300,000,000 shares				
Issued - 2,691,340,312 shares		26,912,882		26,912,882
Capital paid in excess of par value		17,200,758		17,200,758
Surplus Reserves		4,114,213		4,429,606
Surplus		95,957,434		84,577,170
Net Unrealized Gains (Losses) on Financial Assets at FVOCI		(5,039,004)		(4,293,952)
Remeasurement Gain on Defined Benefit Asset		73,433		77,760
Remeasurement on Life Insurance Reserve of Associate		119,188		96,387
Cumulative translation adjustment		65,887		27,469
Cash Flow Hedge Reserve		1,855,527		5,481,992
		141,260,318		134,510,071
Non-controlling Interest		92,619		68,539
		141,352,937		134,578,609
	P	1,410,940,256	P	1,329,729,465

CHINA BANKING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in thousands)

	September 2023		December 2022	
	Unaudited		Audited	
CONTINGENT ACCOUNTS				
Unused commercial letters of credit	P	17,716,703	P	17,158,800
Committed Credit Lines		1,360,782		1,906,400
Outstanding guarantees Issued		1,633,596		2,971,605
Inward bills for collection		3,041,883		2,697,770
Outward bills for collection		20,862		21,378
IRS receivable		102,420,870		90,289,612
Spot exchange bought		11,910,885		3,407,837
Spot exchange sold		12,046,867		2,792,488
Forward exchange bought		262,403,342		138,040,375
Forward exchange sold		57,184,388		33,914,815
Trust department accounts		284,092,538		222,474,444
Credit card Lines		21,155,235		18,625,491
Late deposits/payments received		387,361		309,488
Deficiency claims receivable		280,195		280,195
Standby credit commitment		4,870,013		3,550,516
Others		5,519		35,237
	P	780,531,039	P	538,476,452

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

Annex II

	For the Three Quarters Ended Sept 30		For the Quarter Ended Sept 30	
	2023	2022	2023	2022
INTEREST INCOME				
Loans and receivables	P 37,692,810	P 28,647,617	P 13,057,588	P 10,104,928
Investment securities at amortized cost and at FVOCI	17,062,251	10,334,990	6,132,305	3,854,585
Financial Assets at FVPL	506,937	339,131	161,404	102,097
Due from BSP and other banks and SPURA	2,936,779	1,229,748	982,847	622,183
	58,198,776	40,551,486	20,334,145	14,683,793
INTEREST EXPENSES				
Deposit liabilities	16,021,163	4,870,262	5,641,901	2,231,301
Bills payable and other borrowings	2,823,637	1,823,268	983,429	671,630
Lease Payable	181,030	127,225	83,187	41,783
	19,025,830	6,820,754	6,708,518	2,944,714
NET INTEREST INCOME	39,172,946	33,730,732	13,625,627	11,739,079
Service charges, fees and commissions	2,690,301	2,326,941	880,873	820,483
Trading, securities and foreign exchange gains (losses) - net	(3,701,917)	155,620	(5,666)	294,024
Gain on redemption of investment securities at AC	78	1,923	78	1,923
Gain on sale of investment properties	494,839	388,154	251,212	150,872
Trust fee income	425,554	346,800	143,318	123,024
Gain on asset foreclosure and dacion transactions	398,059	95,567	176,388	79,939
Share in net income of associates	355,223	174,633	116,853	51,778
Miscellaneous	952,602	4,777,605	469,784	4,109,380
TOTAL OPERATING INCOME	40,787,685	41,997,975	13,576,506	16,786,964
Compensation and fringe benefits	6,784,644	5,865,974	2,215,208	2,419,711
Occupancy cost	1,544,903	1,540,203	420,004	504,552
Taxes and licenses	4,157,567	3,614,566	1,368,886	1,901,846
Insurance	2,067,954	1,681,623	656,007	596,675
Depreciation and amortization	1,463,895	1,259,210	583,400	415,848
Provision for impairment and credit losses	1,301,936	6,942,256	424,021	5,285,620
Transportation and traveling	367,776	350,073	160,510	158,181
Professional fees, marketing and other related services	648,485	541,618	207,083	206,978
Entertainment, amusement and recreation	351,765	389,466	143,205	169,667
Stationery, supplies and postage	164,538	158,503	50,176	51,579
Repairs and maintenance	173,467	143,160	72,916	65,383
Miscellaneous	2,772,787	2,436,836	1,060,779	382,788
TOTAL OPERATING EXPENSES	21,799,718	24,923,489	7,362,197	12,158,829
INCOME BEFORE INCOME TAX	18,987,967	17,074,486	6,214,308	4,628,133
PROVISION FOR INCOME TAX	2,785,337	2,374,700	852,232	25,449
NET INCOME	P 16,202,630	P 14,699,786	P 5,362,076	P 4,602,685
Attributable to:				
Equity holders of the parent	16,178,318	14,678,270	5,352,934	4,595,790
Non-controlling Interest	24,312	21,517	9,142	6,896
	P 16,202,630	P 14,699,786	P 5,362,076	P 4,602,685
Earnings Per Share				
a. Basic	6.01	5.45	1.99	1.71
b. Diluted *	6.01	5.45	1.99	1.71
Net Income	16,178,318	14,678,270	5,352,934	4,595,790
Weighted Ave. Number of Common Shares Outstanding	2,691,288	2,691,288	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 AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Annex III

(Amounts in thousands)

	For the Three Quarters Ended Sept 30		For the Quarter Ended Sept 30	
	2023	2022	2023	2022
Net Income	P 16,202,630	P 14,699,786	P 5,362,076	P 4,602,685
Other Comprehensive Income (Loss):				
<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	(891,489)	(3,315,552)	(1,905,290)	(1,251,855)
Gains taken to profit or loss	(326,063)	(3,465)	(12,273)	(1,732)
Share in other comprehensive income of associate:	-	-	-	-
Net unrealized gain (loss) on financial assets at FVOCI	(26,929)	(126,316)	(70,559)	16,108
Gain (loss) on hedges	(3,626,465)	5,662,630	(924,669)	1,644,974
Cumulative translation adjustment	38,038	460,050	56,181	273,426
<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	499,576	(8,057)	252,064	(19,062)
Share in other comprehensive income of associate:	-	-	-	-
Remeasurement gain (loss) on defined benefit asset or liability, net of tax	(73,537)	8,212	-	3,519
Remeasurement gain on life insurance reserves	22,801	73,648	(12,908)	40,676
Remeasurement gain (loss) on defined benefit asset or liability	69,211	(3,022)	-	(3,519)
Other Comprehensive Income (Loss) for the year	(4,314,857)	2,748,128	(2,617,456)	702,535
Total Comprehensive Income for the year	P 11,887,773	P 17,447,915	P 2,744,620	P 5,305,220
Total comprehensive income attributable to:				
Equity holders of the Parent Company	P 11,863,694	P 17,428,235	P 2,736,094	P 5,298,366
Non-controlling Interest	24,078	19,679	8,528	6,855
	P 11,887,773	P 17,447,915	P 2,744,620	P 5,305,220

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
Balance at December 31, 2022	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	68,540	134,578,612
Total comprehensive income for the year	-	-	-	16,178,318	(745,051)	(4,326)	22,801	(3,626,465)	38,418	11,863,694	15,551	11,879,245
Retained Earnings, appropriated	-	-	(315,394)	315,394	-	-	-	-	-	-	-	-
Cash Dividends - P1.90 per share	-	-	-	(5,113,448)	-	-	-	-	-	(5,113,448)	-	(5,113,448)
Balance at September 30, 2023	26,912,882	17,200,758	4,114,213	95,957,434	(5,039,004)	73,433	119,188	1,855,527	65,887	141,260,319	84,090	141,344,409
Balance at December 31, 2021	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	-	-	-	14,678,270	(3,450,736)	5,192	73,648	5,662,630	459,232	17,428,235	12,824	17,441,060
Retained Earnings, appropriated	-	-	(32,889)	32,889	-	-	-	-	-	-	-	-
Cash Dividends - P1.50 per share	-	-	-	(4,036,932)	-	-	-	-	-	(4,036,932)	-	(4,036,932)
Balance at September 30, 2022	26,912,882	17,200,758	3,697,798	80,879,744	(3,369,535)	(25,298)	59,620	6,639,465	476,836	132,472,268	54,683	132,526,951

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

Annex V

	SEPTEMBER 2023	SEPTEMBER 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P 18,987,967	P 17,074,486
Adjustment to reconcile income before income tax to net cash provided operations:		
Provision for impairment and credit losses	1,301,936	6,942,256
Depreciation and amortization	1,463,895	1,259,210
Amortization of transaction costs on bonds payable	42,840	108,151
Realized gain (loss) on financial assets at FVOCI and investment securities at amortized cost	(326,141)	(5,387)
Share in net loss (income) of an associate	(355,223)	(174,633)
Gain on sale of investment properties	(494,839)	(388,154)
Gain on asset foreclosures and dacion transactions	(398,059)	(95,567)
Operating income before changes in operating assets and liabilities	20,222,374	24,720,361
Changes in operating assets and liabilities:		
Decrease (increase) in the amounts of:		
Financial assets at FVPL	(12,544,598)	(4,442,167)
Loans and receivables	(47,229,811)	(72,517,916)
Other assets	(3,738,273)	(686,658)
Increase (decrease) in the amounts of:		
Deposit liabilities	78,909,434	138,558,533
Manager's checks	830,659	19,844
Accrued interest and other expenses	1,990,929	544,386
Other liabilities	(2,663,248)	257,378
Net cash provided by operations	35,777,466	86,453,761
Income taxes paid	(3,450,057)	(2,533,488)
Net cash provided by operating activities	32,327,409	83,920,273
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of/Additions to:		
Net additions to bank premises, furniture, fixtures and equipment	(3,641,649)	(423,992)
Equity investments	160,000	-
Dividends from equity investments	-	-
Investment securities at amortized cost	(53,900,929)	(143,750,114)
Financial assets at fair value through other comprehensive income	(47,978,210)	(12,550,791)
Proceeds from sale of:		
Investment securities at amortized cost	1,712,525	-
Financial assets at fair value through other comprehensive income	5,412,276	594,438
Investment properties	374,130	508,361
Bank premises, furniture, fixtures and equipment	1,305,795	510,587
Proceeds from maturity of:		
Investment securities at amortized cost	33,809,390	50,890,197
Net cash provided by (used in) investing activities	(62,746,672)	(104,221,314)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of bills payable	425,234,810	304,211,530
Payments of bills payable	(422,686,416)	(298,849,452)
Pre-termination of bonds payable	(8,280,000)	-
Payments of cash dividends	(5,113,448)	(4,036,932)
Payments of principal portion lease liabilities	(419,655)	(295,330)
Net cash provided by financing activities	(11,264,708)	1,029,815
NET INCREASE IN CASH AND CASH EQUIVALENTS	(41,683,971)	(19,271,227)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
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
	177,969,295	187,561,514
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and other cash items	10,503,637	11,608,923
Due from Bangko Sentral ng Pilipinas	96,387,722	92,202,640
Due from Other banks	14,050,414	13,784,581
Interbank loans receivable and securities purchased under resale agreements	15,343,549	50,694,143
	P 136,285,323	P 168,290,287

China Banking Corporation and Subsidiaries
Aging of Loans and Receivables
September 30, 2023
(Amounts in thousands)

ANNEX VI

	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	763,698,084	742,792,941	5,963,081	1,407,970	7,443,610	5,715,039	20,529,699	375,444
Less: Allow for Probable Losses & Unamortized Discount	17,693,533							
Net Loans and Receivables	746,004,550							
Accounts Receivables	2,930,502	2,215,594	22,351	41,680	27,211	102,685	193,927	520,980
Less: Allowance for Probable Losses	780,688							
Net Accounts Receivables	2,149,814							
Accrued Interest Receivables	10,925,866	10,925,866						
Less: Allowance for Probable Losses	1,018,949							
Net Accrued Interest Receivables	9,906,918							

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 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 remittance transactions;
- 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, cash management services 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 September 30, 2023:



**PROFITABILITY REPORT BY BUSINESS SEGMENT
FOR THE PERIOD ENDING SEPTEMBER 30, 2023
CONSOLIDATED**

(Amounts in thousands of Pesos)

	INSTITUTIONAL BANKING	CONSUMER BANKING	RETAIL BANKING BUSINESS	FINANCIAL MARKETS	OTHER BUSINESS & SUPPORT	SUBSIDIARIES	BANKWIDE
Net interest income	24,227,711	4,288,317	(672,672)	5,979,156	774	5,349,661	39,172,946
Third Party Intersegment	(18,528,811)	(2,827,555)	17,269,406	4,139,730	(52,770)	-	-
Net Interest Income after Intersegment Transactions	5,698,900	1,460,762	16,596,734	10,118,886	(51,996)	5,349,661	39,172,946
Other Operating Income	553,919	519,767	2,933,509	(4,586,680)	(70,440)	2,264,664	1,614,739
Total Revenue	6,252,818	1,980,529	19,530,243	5,532,207	(122,436)	7,614,325	40,787,685
Other Operating expense	(1,733,984)	(1,590,111)	(9,771,066)	(3,146,079)	(59,043)	(4,197,501)	(20,497,783)
Income before Provisions and Taxes	4,518,835	390,418	9,759,177	2,386,128	(181,479)	3,416,824	20,289,902
Provision for Impairment and Credit Losses	(780,528)	94,118	118,441	63,137	24,793	(821,896)	(1,301,936)
Income before Income Tax	3,738,307	484,536	9,877,618	2,449,265	(156,686)	2,594,928	18,987,967
Provision for Income Tax	(67,656)	144,744	(173,295)	(2,343,303)	(0)	(345,826)	(2,785,337)
Net Income	3,670,651	629,279	9,704,323	105,962	(156,686)	2,249,102	16,202,630
Total Assets	519,801,289	77,520,758	649,131,414	471,739,423	(464,184,679)	156,932,051	1,410,940,256
Total Liabilities	920,046	1,012,667	633,168,643	689,503,450	(193,076,575)	138,059,088	1,269,587,319
Depreciation & Amortization	22,516	52,458	996,483	41,291	(0)	351,146	1,463,895
Capital Expenditures	8,094	17,533	149,765	13,287	297,059	38,131	523,869

ANNEX VIII

Financial Soundness Indicators

<i>PROFITABILITY (%)</i>	<u>Jan – Sep 2023</u>	<u>Jan – Sep 2022</u>
Return on Average Equity	15.64	15.58
Return on Average Assets	1.57	1.64
Net Interest Margin	4.24	4.25
Cost to Income Ratio	50	43
<i>LIQUIDITY (%)</i>	<u>Sep 2023</u>	<u>Dec 2022</u>
Liquid Assets to Total Assets	44	44
Loans to Deposit Ratio	65	66
<i>ASSET QUALITY (%)</i>	<u>Sep 2023</u>	<u>Dec 2022</u>
Gross Non-Performing Loans Ratio	2.2	2.3
Non-performing Loan (NPL) Cover	126	123
<i>SOLVENCY (x)</i>	<u>Sep 2023</u>	<u>Dec 2022</u>
Debt to Equity Ratio	9.0	8.9
Asset to Equity Ratio	10.0	9.9
Interest Coverage Ratio	2.0	3.5*
<i>CAPITAL ADEQUACY (%)</i>	<u>Sep 2023</u>	<u>Dec 2022</u>
CET 1 / Tier 1 Ratio	14.94	15.07
Total Capital Adequacy Ratio (CAR)	15.81	15.92

*for Jan-September 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 Billion Pesos</i>	<u>Sep 2023</u>	<u>Dec 2022</u>	<u>Variance</u>	<u>%</u>
Total Resources	1,411	1,330	81	6.1%
Loan Portfolio (Net)	746	700	46	6.6%
Total Deposits	1,145	1,066	79	7.4%
Equity	141	135	7	5.0%

<i>In Million Pesos</i>	<u>Jan – Sep 2023</u>	<u>Jan – Sep 2022</u>	<u>Variance</u>	<u>%</u>
Gross Revenues	59,814	48,819	10,995	22.5%
Gross Expenses	43,611	34,119	9,492	27.8%
Net Income	16,203	14,700	1,503	10.2%

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

Key Performance Indicators

<i>PROFITABILITY (%)</i>	<u>Jan – Sep 2023</u>	<u>Jan – Sep 2022</u>
Return on Average Equity	15.64	15.58
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Net Interest Margin	4.24	4.25
Cost-to-Income Ratio	50	43
<i>LIQUIDITY (%)</i>	<u>Sep 2023</u>	<u>Dec 2022</u>
Liquid Assets to Total Assets	44	44
Loans to Deposit Ratio	65	66
<i>ASSET QUALITY (%)</i>	<u>Sep 2023</u>	<u>Dec 2022</u>
Gross NPL Ratio	2.2	2.3
NPL Cover	126	123
<i>SOLVENCY (x)</i>	<u>Sep 2023</u>	<u>Dec 2022</u>
Debt to Equity Ratio	9.0	8.9
Asset to Equity Ratio	10.0	9.9
Interest Coverage Ratio	2.0	3.5*
<i>CAPITAL ADEQUACY (%)</i>	<u>Sep 2023</u>	<u>Dec 2022</u>
CET 1 / Tier 1 Ratio	14.94	15.07
Total CAR	15.81	15.92

*for Jan-September 2022

Economic Environment

3Q US GDP growth exceeded market expectations, registering an increase of 4.9% vis-à-vis the preceding quarter. The expansion was mainly driven by strong consumer spending despite the high interest rate environment and persistent inflation pressures. Other growth drivers were increased inventories, exports, residential investment and government spending. Inflation clocked in at 3.4% in September, steady versus the previous two months, but still above the 2% target. The US Fed raised funds rate by 25 bps to 5.25%-5.50% in July 2023, but has kept it unchanged in its September and November meetings.

On the domestic front, 3Q GDP year-on-year growth accelerated to 5.9%, stronger than 2Q's 4.3% . On the expenditure side, household consumption growth further decelerated to 5.0% as the strong spending on Restaurants and Hotels, Transport and Recreation & Culture was partially offset by the contraction in Clothing and Footwear spending. Government spending growth recovered to 6.7% while capital formation spending declined by 1.6% due to lower inventories. Net exports growth rebounded at 12.9%. Meanwhile, on the production side, all sectors recorded faster increases: services sector at 6.8%, industry at 5.5% and agriculture at 0.9%.

Inflation accelerated in the third quarter, spiking to as high as 6.1% in September 2023, mainly due to higher food prices amid weather disturbances and upward adjustments in domestic petroleum prices. This prompted the BSP to raise the policy rate by 25 bps to 6.50% at an off-cycle meeting in October. Meanwhile, the latest inflation print showed that price increases eased to 4.9% in October mainly due to the moderation in food inflation, particularly vegetable and rice with the onset of the harvest season, as well as slower price increases in restaurant & accommodation services and slower transport inflation.

As of August 2023, the combined assets of the UK/B & TB industries expanded 8.2% year-on-year to P23.0 trillion. Deposits grew 7.6% to P17.6 trillion, while loans increased 7.9% to P11.9 trillion. Gross NPL ratio slightly went down to 3.5% from 3.6% last year, while NPL cover rose to 104% from 102%.

Financial Condition

Analysis of Consolidated Statement of Financial Condition As of September 30, 2023 (unaudited) and December 31, 2022 (audited)

Chinabank's consolidated **assets** stood at P1.4 trillion as of September 2023, 6.1% higher than year-end 2022.

Cash and other cash items fell 23.3% to P10.5 billion due to the leveling-off of cash-in-vault from its usual year-end build-up. **Due from BSP** decreased by P10.7 billion or 10.0% to P96.4 billion due to the drop in placements with the BSP. **Interbank loans receivable and securities purchased under resale agreements** decreased by 64.8% to P15.3 billion due to lower volume of overnight placements with the BSP.

Financial assets at fair value through profit or loss (FVTPL) grew by P12.6 billion to P17.3 billion with the growth in fixed income assets. **Financial assets at fair value through other comprehensive income (FVOCI) and investment securities at amortized cost** increased by 97.1% and 5.1%, respectively, due to higher securities volume. The Bank's total securities portfolio accounted for 34% of consolidated resources.

Gross loans increased 6.6% to P765.0 billion, driven by the expansion in consumer loans, particularly teachers' loans and credit cards. **Net loans** grew 6.6% to P746.0 billion.

Investments in associates increased by 28.7% to P1.3 billion due to the income contribution from the Bank's affiliate, MCBLife. **Bank premises, furniture, fixtures and equipment** slightly increased by 5.1% from additional technology-related investments. **Deferred tax asset (DTA)** increased by 24.4% to P5.7 billion due to the recognition of DTA on certain deductible temporary differences. **Other assets** increased by 19.8% to P8.1 billion from higher balance of prepaid expenses and other miscellaneous receivables.

On the liabilities side, **total deposits** was recorded at P1.1 trillion, up 7.4% mainly from the increase in the Bank's term deposits. Meanwhile, the combined demand and savings deposits decreased by 1.8% to P562.9 billion, accounting for 49% of total deposits. **Bills payable** increased by 5.1% to P74.0 billion with the growth in deposit substitutes. **Bonds payable** declined by 29.4% to P20.0 billion due to the pre-termination of \$150 million bonds payable during the period. **Manager's checks** increased by 53.6% to P2.4 billion as the volume of outstanding checks for negotiation grew year-to-date. **Income tax payable** increased 2.4x to P758.2 million due to additional regular corporate income tax payable for the period. **Accrued interest and other expenses** was 32.6% larger at P8.1 billion because of interest accruals. **Derivative liabilities** decreased by 13.0% to P1.3 billion due to lower currency swaps volume. **Derivative liabilities designated as hedges** decreased by 21.9% to P3.2 billion arising from the change in the mark-to-market rates. **Other liabilities** dropped 11.6% to P14.2 billion.

Total equity reached P141.4 billion, higher than year-end's P134.6 billion mainly from the P11.4 billion or 13.5% increase in **surplus**. **Net unrealized losses on financial assets at FVOCI** was recorded at P5.0 billion arising from the mark-to-market revaluation of the Bank's FVOCI securities. **Remeasurement gain on life insurance reserve of associate** increased by 23.7% to P119.2 million from the revaluation of legal policy reserves of the Bank's affiliate. **Remeasurement gain on defined benefit asset** saw a 5.6% drop to P73.4 million due to changes in actuarial assumptions. Meanwhile, **cumulative translation adjustment** was 2.4 times higher at P65.9 million due to exchange rate difference arising from the conversion of income and expenses related to foreign currency-denominated positions to base currency, while **cash flow hedge reserve** dropped by 66.2% to P1.9 billion due to pre-termination of a hedge transaction and movements in mark-to-market values.

The Bank's Common Equity Tier 1 (CET 1/ Tier 1) ratio and total CAR were computed at 14.94% and 15.81%, respectively, and remain comfortably above minimum regulatory levels.

Results of Operation

Analysis of Consolidated Statements of Income (unaudited) For the period ended September 30, 2023 and September 30, 2022

Chinabank recorded P16.2 billion in **net income** from January to September 2023, 10.2% higher compared with the same period last year on the back of higher revenues from core business and lower credit provisions. The income performance translated to a return on equity and return on assets at 15.64% and 1.57%, respectively.

Total interest income increased by 43.5% to P58.2 billion from P40.6 billion with the growth in earning assets and better yields. **Interest income from loans and receivables** was up by 31.6% to P37.7 billion due to higher loan portfolio and higher yields year-on-year. Likewise, **interest income from investment securities at amortized cost and at FVOCI** recorded a 65.1% increase to P17.1 billion mainly arising from the higher securities volume and better yields year-on-year. Furthermore, **interest income from financial assets at FVTPL** increased by 49.5% to P506.9 million mainly from the higher volume and better yields of FVTPL securities portfolio. **Interest income from due from BSP and other banks and SPURA** was 2.4x higher at P2.9 billion from higher interest rates and placements with correspondent banks.

Total interest expense was at P19.0 billion, up 2.8 times versus P6.8 billion in the same period last year as higher funding cost pushed up **interest expense on deposits** and **interest expense on bills payable and other borrowings** by 3.3 times and 54.9%, respectively. **Interest expense on lease payable** increased by 42.3% to P181.0 million due to higher rental rates on lease renewals.

Net interest income rose 16.1% to P39.2 billion as the 43.5% surge in top line revenues cushioned the nearly triple increase in interest expense. Net interest margin was recorded at 4.24%.

The Bank cut its **provision for impairment and credit losses** by 81.2% to P1.3 billion, as asset quality continues to stabilize.

Total **non-interest income** decreased by 80.5% to P1.6 billion as the improvements in core fees were offset by the P3.7 billion net loss in **trading, securities, and foreign exchange** arising from treasury-related activities. **Service charges, fees, and commissions** increased by 15.6% to P2.7 billion from the upswing in transaction volume and fees. **Trust fee income** was 22.7% higher at P425.6 million because of volume-related growth year-on-year. The upturn in sales of foreclosed assets resulted in a 27.5% growth in **gain on sale of investment properties** to P494.8 million. Similarly, increases in the volume and amount of foreclosure transactions resulted in a significant increase in **gain on asset foreclosure and dacion transactions** to P398.1 million. **Share in net income of associates** doubled to P355.2 million mainly from the improved profitability of the bancassurance joint venture, Manulife China Bank Life Assurance Corporation (MCBLife). **Miscellaneous income** totaled P952.6 million, down by 80.1% due to lower recoveries.

Operating expenses increased by 14.0% to P20.5 billion, from the uptick in core and business volume-related costs. **Compensation and fringe benefits** were up 15.7% to P6.8 billion due to the increase in manpower complement. **Taxes and licenses** were up 15.0% to P4.2 billion mainly from higher revenue- and volume-related taxes. **Insurance**, which includes PDIC premium payments, grew by 23.0% to P2.1 billion with the annual expansion in deposits. Furthermore, **depreciation and amortization** increased by 16.3% from technology-related upgrades and acquisitions. **Transportation and travelling** increased 5.1% to P367.8 million mainly from higher fuel costs. **Professional fees, marketing and other related services and repairs and maintenance** rose by 19.7% and 21.2%, respectively, mainly driven by higher repairs and investments in our distribution channel, information technology, and business development. **Entertainment, amusement and recreation** dropped by 9.7% to P351.8 million due to lower marketing-related costs for the period. **Miscellaneous expenses** increased by 13.8% to P2.8 billion from higher other expenses.

Consolidated **cost-to-income ratio** was registered at 50% from 43% in the same period last year.

Total Comprehensive Income

For the period ended September 30, 2023 and September 30, 2022

The Bank recorded **total comprehensive income** of P11.9 billion during the first nine months of the year, a 31.9% or P5.6 billion decrease from the P17.4 billion recorded in same period last year mainly due to the P3.6 billion loss on cash flow hedges.

Key Performance Indicators

Profitability

CHIB posted a 10.2% increase in net income to P16.2 billion in the first nine months of 2023 on the back of higher operating revenues and lower credit provisions. The income performance translated to a ROE of 15.64% and ROA of 1.57%. Cost-to-income ratio was higher at 50% from 43%, while net interest margin was slightly lower at 4.24% from 4.25% last year.

Liquidity

The Bank's liquidity ratio remained at 44%.

Asset Quality

Gross non-performing loans (NPL) ratio was slightly lower at 2.2%, better than industry average. Meanwhile, NPL cover remained sufficient and above industry at 126% with Parent bank providing a more substantial buffer at 133%.

Solvency Ratios

Debt-to-equity and asset-to-equity ratios for the first nine months was recorded at 9.0 and 10.0, respectively. Interest coverage ratio for the period was at 2.0.

Capitalization

Chinabank's capital base stood at P141.4 billion. CET 1 / Tier 1 CAR and Total CAR ratios were registered at 14.94% and 15.81%, respectively, both well above the minimum regulatory requirements. The Bank's capital is largely comprised of CET 1/ Tier 1 (core) capital.

Corporate Developments

Chinabank was named as the 2023 Employer of the Year in the Philippines by the People Management Association of the Philippines (PMAP), the only bank to win this coveted award in the last 30 years. The Employer of the Year (EOY) award represents a standard for excellence in people management. It recognizes a purpose-driven organization that operates beyond profits and nurtures passion and a sense of personal growth in its people.

Chinabank won for the second time the Five-Golden Arrow Award, the highest recognition given by the Institute of Corporate Directors (ICD) to publicly listed companies and insurance firms in the Philippines that excel in corporate governance. The basis for the award was the 2022 ASEAN Corporate Governance Scorecard (ACGS) and Corporate Governance Scorecard (CGS) which evaluate a listed company's adherence to the following key corporate governance principles: Rights and Equitable Treatment of Shareholders, Role of Stakeholders, Disclosure and Transparency, and the Responsibilities of the Board. Chinabank is the only bank that achieved an outstanding score of 120 to 130 points.

Chinabank was distinguished as among the best in the private banking sector, winning the Outstanding Wealth Management Service for the Affluent award at the 33rd Annual Private Banker International (PBI) Global Wealth Awards. The PBI Global Wealth Awards is an annual platform that celebrates the most successful initiatives from private banks and wealth management companies that deliver industry changing strategies and products. Chinabank was one of the 32 winners from Asia, Europe, Middle East, and North and Latin America. The bank was recognized for its highly personalized service and solutions for the affluent market.

Chinabank was again recognized for two of its unit investment trust funds (UITFs) that delivered the highest risk-adjusted returns among 86 funds from 16 investment houses and trust Institutions in the Philippines. Chinabank Dollar Fund and Chinabank Intermediate Fixed-Income Fund were lauded as the Best Managed Funds in their respective categories at the 2023 Best Managed Funds of the Year Awards of the CFA Society Philippines. This is the 7th time that Chinabank Dollar Fund has bested other funds in the Long-Term Bond (Dollar FVPL) category, first earning the distinction in 2016. For Chinabank Intermediate Fixed-Income Fund, this is its second consecutive win in the Medium-Term Bond (Peso FVPL) category.

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-Sep '23	Jan-Dec '22*	Jan-Sep '22
Net Income	84	103	79
Total Assets	574	586	553

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

(In Mn Pesos)	Jan-Sep '23	Jan-Dec '22*	Jan-Sep '22
Net Income	21	4	9
Total Assets	112	107	105

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

(In Mn Pesos)	Jan-Sep '23	Jan-Dec '22*	Jan-Sep '22
Net Income	1,378	1,577	1,173
Total Assets	151,853	123,987	117,529

- **China Bank Capital Corporation**

(In Mn Pesos)	Jan-Sep '23	Jan-Dec '22*	Jan-Sep '22
Net Income	383	313	246
Total Assets	3,632	3,086	3,275

**based on Audited Financial Statements*