

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. August 3, 2023
Date of Report (Date of earliest event reported)
2. SEC Identification Number 443
3. BIR Tax Identification No. 000-444-210-000
4. CHINA BANKING CORPORATION
Exact name of issuer as specified in its charter
5. Philippines 6. SEC (Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation
7. China Bank Bldg., 8745 Paseo de Roxas, Makati City 1226
Address of principal office Postal Code
8. (02) 8885-5555
Issuer's telephone number, including area code
9. -- NA --
Former name or former address, if changed since last report
10. Securities registered pursuant to Section 8 and 12 of the SRC of Sections 4 and 8 of the RSA
- | Title of each Class | Number of shares of common stock
outstanding and amount of debt outstanding |
|---------------------|--|
| <u>Common</u> | <u>2,691,288,212 shares</u> |



Since 1920

11. Indicate the item numbers reported herein: Item 9

In compliance with your requirements, please be informed that the Board of Directors of China Banking Corporation (Chinabank), during its regular meeting held yesterday, 02 August 2023, approved the unaudited financial statements of the Bank for the quarter ended June 30, 2023.

Chinabank posted a 7% year-on-year increase in net income to P10.8 billion, which translated to a return on equity and return on assets of 15.9% and 1.6%, respectively. Chinabank closed the quarter with P1.4 trillion in assets, up 15% year-on-year, supported by a 19% expansion in deposits to P1.1 trillion. Total equity increased 9% to P139 billion, with a common equity tier 1 (CET1) ratio of 15.2% and total capital adequacy ratio (CAR) of 16.1%, well above the regulatory minimum requirement. Book value per share grew 9% to P51.48.

Chinabank will be releasing to the press the attached statement entitled: "Chinabank net income climbs to P10.8B in the first half of 2023".

Chinabank's 2Q 2023 SEC Form 17-Q report containing the financial statements and detailed management discussion will be submitted as soon as available, in compliance with regulatory reporting requirements.

Pursuant to the requirements of the Revised Securities Act, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.


CHINA BANKING CORPORATION

Registrant

Date August 3, 2023


ATTY. LEILANI B. ELARMO

Corporate Secretary

Signature and Title 

* Print name and title of the signing officer under the signature



03 August 2023

SECURITIES AND EXCHANGE COMMISSION

SEC Headquarters, 7907 Makati Avenue
Salcedo Village, Bel-Air, Makati City

Attention: 1. **DIRECTOR VICENTE GRACIANO P. FELIZMENIO, JR.**
Markets and Securities Regulation Department

2. DIRECTOR RACHEL ESTHER J. GUMTANG-REMALANTE
Corporate Governance and Finance Department

THE PHILIPPINE STOCK EXCHANGE, INC.

6th Floor PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: MS. ALEXANDRA D. TOM WONG
Officer-in-Charge, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.

29th Floor BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Attention: **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**
Head, Issuer Compliance and Disclosure Department

Sir, Mesdames:

We are pleased to furnish your good office with a copy of Chinabank's latest news release, **“Chinabank net income climbs to P10.8B in the first half of 2023”**.

Thank you.

Very truly yours,

Gerald Florent

GERALD O. FLORENTINO

FVP and Head
Investor and Corporate Relations Group

Chinabank net income climbs to P10.8B in the first half of 2023

- Double digit ROE at 15.9% and ROA at 1.6%
- Robust core business and maintained good asset quality ratios: Gross NPL ratio of 2.2% was lower versus industry, while NPL cover remained adequate
- Cost-to-income ratio remained healthy at 50% despite higher investments in technology and manpower development
- Book value per share (BVS) grew 9% to P51.48

China Banking Corporation (Chinabank, PSE stock symbol: CHIB) sustained its profitability in the first half of the year on higher revenues and lower provisioning. Net profits from January to June 2023 reached P10.8 billion, up 7% from the same period last year, translating to a return on equity of 15.9% and a return on assets of 1.6%.

INCOME STATEMENTS In Php billions, except %	1H 2022	1H 2023	YoY
Interest income	25.9	37.9	46%
Interest expense	(3.9)	(12.3)	218%
Net interest income	22.0	25.5	16%
Fee-based income	3.2	1.7	-48%
Total revenue	25.2	27.2	8%
Operating expenses	(11.1)	(13.6)	22%
Income before provisions and taxes	14.1	13.7	-3%
Provision for impairment and credit losses	(1.7)	(0.9)	-47%
Income before income tax	12.4	12.8	3%
Provision for income tax	(2.3)	(1.9)	-18%
Net income	10.1	10.8	7%
Return on Equity	16.4%	15.9%	
Return on Assets	1.7%	1.6%	
Net interest margin	4.3%	4.2%	
Cost-to-income ratio	44%	50%	

Due to rounding, numbers presented in the tables may not add up precisely to the totals provided, and percentages may not precisely reflect the absolute figures.

Quarter on quarter, net income increased by 16% to P5.8 billion in 2Q 2023 from P5.0 billion in 1Q 2023.

Total revenues hit P27.2 billion in the first semester, up 8% year-on-year. Net interest income climbed 16% to P25.5 billion as the robust growth in top line revenues offset the surge in interest expense.

“Our customer focus and disciplined operational execution enabled us to continue to deliver strong results to all our stakeholders,” said Chinabank President & CEO Romeo D. Uyan, Jr.

Chinabank booked P878 million in provisions for loan losses, lower by 47% from the same period last year, as the economy continues to recover. Non-performing loan (NPL) cover remained sufficient and above industry at 122%.

Continued heavy investments on human resource development and digital innovation, along with higher volume and revenue-related taxes, led to a 22% increase in operating expenses to P13.6 billion. Nevertheless, cost-to-income ratio remained healthy at 50%.

BALANCE SHEETS in Php billions, except %	June 30, 2022	June 30, 2023	YoY
Liquid Assets	169	141	-17%
Investment Securities	341	476	40%
Net Loans	655	726	11%
Other Assets	38	42	12%
Total Assets	1,202	1,385	15%
Deposits	945	1,121	19%
Bills and Bonds Payable	101	95	-6%
Other Liabilities	29	30	4%
Total Liabilities	1,075	1,246	16%
Total Equity	127	139	9%
Total Liabilities and Equities	1,202	1,385	15%
NPL Ratio	2.3%	2.2%	
NPL Cover	128%	122%	
Tier 1/CET 1 Ratio	14.8%	15.2%	
Capital Adequacy Ratio (CAR)	15.7%	16.1%	

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“Our balance sheet is in great shape, with an improved liquidity ratio of 45%,” said Chinabank CFO Patrick D. Cheng. “The strength of our balance sheet means we are well placed to take advantage of the growth opportunities, deliver sustainable returns to our shareholders, and more importantly, continue supporting our customers and the broader economy.”

Total assets stood at P1.4 trillion, up 15% and still the fourth largest among private domestic banks.

Net loans rose by 11% to P726 billion on stronger demand from the consumer sector, up 20%, and the business sector, up 8%. Despite the solid loans growth, asset quality remained stable, with NPL ratio easing to 2.2%, which was lower than the latest industry average.

Total deposits grew by 19% to P1.1 trillion. CASA ratio dropped to 49% due to the growth in term deposits year-on-year.

Total capital reached P139 billion, up 9%, with Common Equity Tier 1 Ratio and Total Capital Adequacy Ratio of 15.2% and 16.1%, respectively, both above the minimum regulatory requirement. Book value per share grew 9% to P51.48.

Moody's recently affirmed Chinabank's investment grade credit rating with a stable outlook. In its July 28, 2023 report, the international credit watchdog noted: "the Baa2 deposit and issuer ratings are driven by the bank's strong capitalization and profitability; as well as its modest deposit franchise, offset by its strong level of liquidity. The ratings also factor in a one-notch uplift to its baa3 Baseline Credit Assessment (BCA) to reflect the moderate probability of support from the Government of Philippines (Baa2 stable)."

Chinabank is celebrating its 103rd anniversary on August 16, 2023. It recently launched Digital Payments to make it easier for Chinabank Mobile users to pay for online purchases and bills straight from their account. It was also recently recognized among the most innovative banks in the world at the Infosys Finacle Innovation Awards 2023. Its Automatic Debit Arrangement and Direct Debit Arrangement cash management solutions won the Gold Award in the Product Innovation category.

About Chinabank: Chinabank opened for business on August 16, 1920 in Binondo, Manila, and is now one of the largest private universal banks in the Philippines. It provides a full range of banking products and services to corporate, commercial, and retail customers through 643 branches and 1,062 ATMs to date, including the 163 branches and 191 ATMs of its savings bank arm CBS. Chinabank also offers a wide range of allied financial services through its subsidiaries Chinabank Capital, Chinabank Securities, Chinabank Insurance Brokers, and affiliate Manulife China Bank Life. Visit www.chinabank.ph

Contact: Investor & Corporate Relations Group - 8885-5601; Investor-relations@chinabank.ph; Gerald O. Florentino, FVP & Head - goflorentino@chinabank.ph