

17 April 2017

MR. JOSE VALERIANO B. ZUNO III


Head, Disclosure Department
The Philippine Stock Exchange, Inc.
4th Floor, Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City

Dear Mr. Zuno:

We are pleased to submit China Bank's Corporate Governance Disclosure Report for the year 2016, in compliance with PSE CN – No. 2017 -0006 dated 20 January 2017 as amended by PSE Memo CN-No. 2017-0016 dated 04 April 2017.

Thank you.

Very truly yours,



ALEXANDER C. ESCUCHA
Senior Vice President and
Corporate Information Officer



THE PHILIPPINE STOCK EXCHANGE, INC.

Corporate Governance Guidelines for Listed Companies

Disclosure Template for the Year 2016

China Banking Corporation

	APPLY	EXPLAIN
Guideline No. 1: DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY		Source Links:
1.1 Have a clearly defined vision, mission and core values.	✓	http://www.chinabank.ph/about_china_bank.aspx?title=Mission,+Vision,+and+Values
1.2 Have a well developed business strategy.	✓	http://www.chinabank.ph/about_china_bank.aspx
1.3 Have a strategy execution process that facilitates effective performance management, and is attuned to the company's business environment, management style and culture.	✓	http://www.chinabank.ph/about_china_bank.aspx
1.4 Have its board continually engaged in discussions of strategic business issues.	✓	http://www.chinabank.ph/about_china_bank.aspx Vision & Mission, 2015 Annual Report, page 1 http://www.chinabank.ph/pdf/2015_Annual_Report.pdf
Guideline No. 2: ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD		
2.1. Have a board composed of directors of proven competence and integrity.	✓	http://www.chinabank.ph/about_china_bank.aspx?title=Board+and+Management
2.2. Be lead by a chairman who shall ensure that the board functions in an effective and collegial manner.	✓	http://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors+and+Advisor
2.3 Have at least three (3) or thirty percent (30%) of its directors as independent directors.	✓	Source Link: http://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors+and+Advisor Mr. Dy Tiong is the Bank's Independent Director until his passing on September 16, 2016. A replacement to be elected in the next stockholders' meeting of the Bank.
2.4 Have in place written manuals, guidelines and issuances that outline procedures and processes.	✓	http://www.chinabank.ph/corgov.aspx?title=Other+Governance+Policies
2.5 Have Audit, Risk, Governance and Nomination & Election Committees.	✓	Source Links: Bank's Organizational Structure

		<p>2015 Annual Report, page 38 http://www.chinabank.ph/pdf/2015_Annual_Report.pdf Audit Committee Charter http://www.chinabank.ph/pdf/Charter-Audit-Committee.pdf</p> <p>Risk Management Committee Charter http://www.chinabank.ph/pdf/Charter-Risk-Management-Committee.pdf</p> <p>Corporate Governance Committee Charter http://www.chinabank.ph/pdf/Charter-Corporate-Governance.pdf</p> <p>Nomination Committee Charter http://www.chinabank.ph/pdf/Charter-Nominations-Committee.pdf</p>
2.6	Have its Chairman and CEO positions held separately by individuals who are not related to each other up to fourth degree of consanguinity or affinity.	<p>✓</p> <p>Mr. Ricardo R. Chua, President & CEO, and the Chairman of the Board Mr. Hans T. Sy, are not related to each other by affinity or consanguinity.</p> <p>Source Link: http://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors+and+Advisor</p>
2.7	Have a director nomination and election process that ensures that all shareholders are given the opportunity to nominate and elect directors individually based on the number of shares voted.	<p>✓</p> <p>2017 Nomination Rules</p> <p>Source Link: http://www.chinabank.ph/pdf/2017-02-01-CHIBPSEDisclosure-CHIB-Nomination-and-Election-of-Directors-2017.pdf</p>
2.8	Have in place a formal board and director development program.	<p>✓</p> <p>In place is a full orientation and continuing education process for the Board that includes extensive materials, meetings with key management, and visits to branches.</p> <p>Annually, in compliance with SEC rules on training for directors and key officers, all directors attend an annual</p>

		training. http://www.chinabank.ph/pdf/2015-Consolidated-with-November-2016-updates.pdf
2.9 Have a corporate secretary.	✓	The Bank's Corporate Secretary is Atty. Corazon I. Morando. Source Link: http://www.chinabank.ph/about_china_bank.aspx?title=Board+of+Directors
2.10 Have no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.	✓	http://www.chinabank.ph/pdf/ChinaBank-By-Laws.pdf
Guideline No. 3: MAINTAINS A ROBUST INTERNAL AUDIT AND CONTROL SYSTEM		
3.1 Establish the internal audit function as a separate unit in the company which would be overseen at the Board level.	✓	Audit Committee Charter http://www.chinabank.ph/pdf/Charter-Audit-Committee.pdf Bank's Organizational Structure http://www.chinabank.ph/corgov.aspx?title=Our+Company
3.2 Have a comprehensive enterprise-wide compliance program that is annually reviewed.	✓	http://www.chinabank.ph/corgov.aspx?title=Internal+Control+and+Risk+Management
3.3 Institutionalize quality service programs for the internal audit function.	✓	http://www.chinabank.ph/corgov.aspx?title=Internal+Control+and+Risk+Management
3.4 Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues.	✓	Source Link: Whistleblowing Mechanism http://www.chinabank.ph/corgov.aspx?title=Other+Governance+Policies Anti-Bribery Policy and Corruption Policy. http://www.chinabank.ph/corgov.aspx?title=Other+Governance+Policies

3.5	Have the Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	✓	2015 Annual Report, Page 45. http://www.chinabank.ph/pdf/2015_Annual_Report.pdf
Guideline No. 4: RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS			
4.1	Have its board oversee the company's risk management function.	✓	http://www.chinabank.ph/corgov.aspx?title=Our+Company http://www.chinabank.ph/corgov.aspx?title=Internal+Control+and+Risk+Management
4.2	Have a formal risk management policy that guides the company's risk management and compliance processes and procedures.	✓	Source Link: http://www.chinabank.ph/corgov.aspx?title=Internal+Control+and+Risk+Management
4.3	Design and undertake its Enterprise Risk Management (ERM) activities on the basis of, or in accordance with, internationally recognized frameworks such as but not limited to, COSO, (The Committee of Sponsoring Organizations of the Treadway Commission) I and II.	✓	http://www.chinabank.ph/corgov.aspx?title=Internal+Control+and+Risk+Management
4.4	Have a unit at the management level, headed by a Risk Management Officer (RMO).	✓	http://www.chinabank.ph/corgov.aspx?title=Our+Company
4.5	Disclose sufficient information about its risk management procedures and processes as well as the key risks the company is currently facing including how these are being managed.	✓	http://www.chinabank.ph/corgov.aspx?title=Internal+Control+and+Risk+Management 2015 Annual Report, pages 47 – 49. http://www.chinabank.ph/pdf/2014_Annual_Report.pdf
4.6	Seek external technical support in risk management when such competence is not available internally.	✓	Reference: Corporate Governance Manual, Risk Management Committee, page 46-47 http://www.chinabank.ph/pdf/CHIB-Corporate-Governance-Manual.pdf
Guideline No. 5: ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL AUDITING FUNCTION			
5.1	Have the board Audit Committee approve all non-audit services conducted by the external auditor. The Committee should ensure that the non-audit fees do not outweigh the fees earned from the external audit.	✓	Source Document: Audit Committee Charter http://www.chinabank.ph/pdf/ChinaBankCommitteeCharters.pdf
5.2	Ensure that the external auditor is credible, competent, and should have the	✓	2017 Preliminary Information Statement, page 20.

	ability to understand complex related party transactions, its counterparties, and valuations of such transactions.		http://www.chinabank.ph/pdf/2017-04-03-CHIBPSEDisclosure-CHIB-definitive-SEC-20-IS-YE-2016-AMENDED.pdf
5.3	Ensure that the external auditor has adequate quality control procedures.	✓	Audit Committee Charter http://www.chinabank.ph/pdf/Charter-Audit-Committee.pdf
5.4	Disclose relevant information on the external auditors.	✓	Page 20 of the Bank's 2017 Preliminary Information Statement. Source Link: http://www.chinabank.ph/pdf/2017-04-03-CHIBPSEDisclosure-CHIB-definitive-SEC-20-IS-YE-2016-AMENDED.pdf
5.5	Ensures that the external audit firm is selected on the basis of a fair and transparent tender process.	✓	http://www.chinabank.ph/pdf/2015MinutesoftheASM.pdf
5.6	Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present.	✓	2015 Consolidated ACGR, page 112 http://www.chinabank.ph/corgov.aspx?title=Board+Matters http://www.chinabank.ph/pdf/2015-Consolidated-ACGR-for-PSE.pdf
5.7	Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer.	✓	Source: 2017 Information Statement, Annex E, page 72 http://www.chinabank.ph/pdf/2017-04-03-CHIBPSEDisclosure-CHIB-definitive-SEC-20-IS-YE-2016-AMENDED.pdf
5.8	Have a policy of rotating the lead audit partner every five years.	✓	Source: Revised Corporate Governance Manual, page 65 Source Link: http://www.chinabank.ph/pdf/CHIB-Corporate-Governance-Manual.pdf
Guideline No. 6: RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS, PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON- CONTROLLING GROUP			
6.1	Adopt the principle of "one share, one vote."	✓	http://www.chinabank.ph/pdf/2015-Consolidated-ACGR-for-PSE.pdf

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: CHINA BANKING CORPORATION

Date: March 31, 2017

6.2	Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	✓	http://www.chinabank.ph/pdf/2015-Consolidated-ACGR-for-PSE.pdf
6.3	Have an effective, secure and efficient voting system.	✓	2017 Definitive 20-IS, Pages 7-8 http://www.chinabank.ph/pdf/2017-04-03-CHIBPSEDisclosure-CHIB-definitive-SEC-20-IS-YE-2016-AMENDED.pdf
6.4	Have effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	✓	http://www.chinabank.ph/pdf/2015-Consolidated-ACGR-for-PSE.pdf
6.5	Provide all shareholders with the notice and agenda of the annual general meeting (AGM) at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting.	✓	Source Link: http://www.chinabank.ph/pdf/2015-03-16-CHIBPSEDisclosure-2015-Preliminary-SEC-20-IS.pdf http://www.chinabank.ph/pdf/2015_Notice_of_the_Annual_Stockholders_Meeting.pdf
6.6	Allow shareholders to call a special shareholders meeting, submit a proposal for consideration at the AGM or the special meeting, and ensure the attendance of the external auditor and other relevant individuals to answer shareholder questions in such meetings.	✓	http://www.chinabank.ph/pdf/2015-Consolidated-ACGR-for-PSE.pdf
6.7	Ensure that all relevant questions during the AGM are answered.	✓	http://www.chinabank.ph/pdf/2016MinutesoftheASM.pdf
6.8	Have clearly articulated and enforceable policies with respect to treatment of minority shareholders.	✓	http://www.chinabank.ph/pdf/2015-Consolidated-ACGR-for-PSE.pdf
6.9	Avoid anti-takeover measures or similar devices that may entrench management or the existing controlling shareholder group.	✓	
6.10	Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates.	✓	Source Link: http://www.chinabank.ph/about_china_bank.aspx?title=Corporate+Disclosures
6.11	Have a communications strategy to promote effective communication with shareholders.	✓	http://www.chinabank.ph/personal.aspx
6.12	Have at least thirty percent (30%) public float to increase liquidity in the market.	✓	As of 31 December 2016, Public Ownership is at 58.525%. Source Link: http://www.chinabank.ph/pdf/2017-01-13-

		<i>CHIBPSEDisclosure-CHIB-Public-Ownership-Report-as-of-December-31-2016.pdf</i>
6.13 Have a transparent dividend policy.	✓	http://www.chinabank.ph/corgov.aspx?title=Dividend+Policy
Guideline No. 7: ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME		
7.1 Have written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and regulations.	✓	Revised Corporate Governance Manual, page 69 Source Link: http://www.chinabank.ph/pdf/CHIB-Corporate-Governance-Manual.pdf
7.2 Disclose the existence, justification, and details on shareholders agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	✓	http://www.chinabank.ph/corgov.aspx?title=SEC+Filings
7.3 Disclose its director and executive compensation policy.	✓	Amended By-Laws, Section 11, Article IV http://www.chinabank.ph/pdf/ChinaBank-By-Laws.pdf
7.4 Disclose names of groups or individuals who hold 5% or more ownership interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company's other companies if it belongs to a corporate group.	✓	Source Link: http://www.chinabank.ph/pdf/2017-01-13-CHIBPSEDisclosure-CHIB-Public-Ownership-Report-as-of-December-31-2016.pdf
7.5 Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within 90 days from the end of the financial year, while interim reports shall be published within 45 days from the end of the reporting period.	✓	Annual Reports http://www.chinabank.ph/corgov.aspx?title=Annual+Report Quarterly Reports http://www.chinabank.ph/corgov.aspx?title=SEC+Form+17-Q+(Quarterly+Report) News and Happenings: http://www.chinabank.ph/news.aspx
7.6 Disclose to shareholders and the Exchange any changes to its corporate governance manual and practices, and the extent to which such practices conform to the SEC and PSE CG Guidelines.	✓	Corporate Governance Manual http://www.chinabank.ph/pdf/CHIB-Corporate-Governance-Manual.pdf

		http://www.chinabank.ph/corgov.aspx?title=Other+Governance+Policies
7.7	Publish and/or deliver to its shareholders in a timely fashion all information and materials relevant to corporate actions that require shareholder approval.	✓ http://www.chinabank.ph/corgov.aspx?title=Notice-of+Annual+Stockholders+Meetings Minutes of the Annual Stockholders' Meeting http://www.chinabank.ph/corgov.aspx?title=Annual+Stockholders+Meetings
7.8	Disclose the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also include the disclosure of the company's purchase of its shares from the market (e.g share buy-back program).	✓ http://www.chinabank.ph/corgov.aspx?title=SEC+Form+23-A/B+%28Statement+of+Beneficial+Ownership%29
7.9	Disclose in its annual report the principal risks to minority shareholders associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	✓ http://www.chinabank.ph/corgov.aspx?title=Annual+Report http://www.chinabank.ph/corgov.aspx?title=Other+Governance+Policies
Guideline No. 8: RESPECTS AND PROTECTS THE RIGHTS AND INTERESTS OF EMPLOYEES, COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS		
8.1	Establish and disclose a clear policy statement that articulates the company's recognition and protection of the rights and interests of key stakeholders specifically its employees, suppliers & customers, creditors, as well the community, environment and other key stakeholder groups.	✓ http://www.chinabank.ph/pdf/2015-Consolidated-ACGR-for-PSE.pdf http://www.chinabank.ph/corgov.aspx?title=Other+Governance+Policies
8.2	Have in place a workplace development program.	✓ http://www.chinabank.ph/pdf/2015-Consolidated-ACGR-for-PSE.pdf
8.3	Have in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentives employees, at the same time aligns their interests with those of the shareholders.	✓ Merit-based incentive mechanism, Source: 2015 Annual Report, page 26-29 http://www.chinabank.ph/pdf/2015_Annual_Report.pdf Article IV, Section 11, and Article VIII, Section 1 (a) http://www.chinabank.ph/pdf/ChinaBank-By-Laws.pdf

8.4	Have in place a community involvement program.	✓	Here is your link to the Bank's website on Corporate Social Activities http://www.chinabank.ph/corgov.aspx?title=Corporate+Social+Responsibility
8.5	Have in place an environment-related program.	✓	http://www.chinabank.ph/corgov.aspx?title=Corporate+Social+Responsibility
8.6	Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market participants.	✓	http://www.chinabank.ph/pdf/2015-Consolidated-ACGR-for-PSE.pdf
Guideline No. 9: DOES NOT ENGAGE IN ABUSIVE RELATED-PARTY TRANSACTIONS AND INSIDER TRADING			
9.1	Develop and disclose a policy governing the company's transactions with related parties.	✓	http://www.chinabank.ph/corgov.aspx?title=Other+Governance+Policies http://www.chinabank.ph/pdf/2015-Consolidated-ACGR-for-PSE.pdf http://www.chinabank.ph/pdf/CHIB-Corporate-Governance-Manual.pdf
9.2	Clearly define the thresholds for disclosure and approval for RPTs and categorize such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	✓	Corporate Governance Manual, page 75 Source Link: http://www.chinabank.ph/pdf/CHIB-Corporate-Governance-Manual.pdf RPT Committee Charter http://www.chinabank.ph/pdf/Charter-RPT-Committee.pdf
9.3	Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings.	✓	Minutes of the 2016 ASM http://www.chinabank.ph/pdf/2016MinutesoftheASM.pdf
9.4	Have its independent directors or audit committee play an important role in reviewing significant RPTs.	✓	Audit Committee Charter http://www.chinabank.ph/pdf/ChinaBankCommitteeCha

		rters.pdf RPT Committee Charter http://www.chinabank.ph/pdf/Charter-RPT-Committee.pdf
9.5	Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report.	✓ 2015 Annual Report, page 52 http://www.chinabank.ph/pdf/2015_Annual_Report.pdf 2017 Definitive Information Statement http://www.chinabank.ph/pdf/2017-04-03-CHIBPSEDisclosure-CHIB-definitive-SEC-20-IS-YE-2016-AMENDED.pdf
9.6	Have a clear policy in dealing with material non-public information by company insiders.	✓ http://www.chinabank.ph/corgov.aspx?title=Other+Governance+Policies http://www.chinabank.ph/pdf/2015-Consolidated-ACGR-for-PSE.pdf Corporate Governance Manual, Insider Trading Policy, pp. 72-74 http://www.chinabank.ph/pdf/CHIB-Corporate-Governance-Manual.pdf
9.7	Have a clear policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management.	✓ http://www.chinabank.ph/pdf/2015-Consolidated-ACGR-for-PSE.pdf
Guideline No. 10: DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE, & ENFORCEMENT		
10.1	Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel.	✓ http://www.chinabank.ph/corgov.aspx?title=Code+of+Business+Conduct+and+Ethics
10.2	Have a formal comprehensive compliance program covering compliance with laws and relevant regulations. The program should include appropriate training	✓ http://www.chinabank.ph/pdf/CHIB-Corporate-

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: CHINA BANKING CORPORATION

Date: March 31, 2017

	and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.		<i>Governance-Manual.pdf</i>
10.3	Not seek exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well present the specific steps being taken to finally comply with the applicable law, rule or regulation.	✓	As to the best of our knowledge, the Bank has not seek exemption from the application of a law, rule or regulation especially referring to corporate governance.
10.4	Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes.	✓	http://www.chinabank.ph/corgov.aspx?title=Code+of+B+usiness+Conduct+and+Ethics
10.5	Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements.	✓	The Bank's Chief Compliance Officer is Atty. Marissa B. Espino. Source: 2015 Annual Report, page 46 http://www.chinabank.ph/pdf/2015_Annual_Report.pdf
10.6	Respect intellectual property rights.	✓	http://www.chinabank.ph/pdf/2015-Consolidated-ACGR-for-PSE.pdf
10.7	Establish and commit itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner.	✓	http://www.chinabank.ph/pdf/2015-Consolidated-ACGR-for-PSE.pdf

This is to certify that the undersigned reviewed the contents of this document and to the best of my knowledge and belief, the information contained set forth in this document is true, complete and correct.

Done this 11th day of April 2017 in Makati City, Philippines.


MR. ALBERTO YAO
Independent director


MR. RICARDO R. CHUA
President & Chief Executive Officer
