

PBCOM CODE OF ETHICS

INTRODUCTION

An institution is only as good as its people. The success of an organization can best be measured by the values it imparts on its people. On the other hand, the personal qualities and values of the people that comprise an organization determine the well-being of the organization.

Financial institution such as our Bank, the Philippine Bank of Communications (PBCom), is vested with the trust and confidence of the banking community. Public trust is the lifeblood of a financial institution and the people that make up the institution must live up to that trust.

As employees of PBCom, we are expected to do our share in protecting and maintaining public trust and in promoting its image and organizational well-being by resolutely adhering to its corporate principles and philosophy.

Every organization has a set of standards that guide the conduct and behavior of its people. Although no written policy can definitively prescribe an appropriate action for every business situation, a broad declaration of corporate principles should be able to guide an employee's conduct under most circumstances.

For us PBCom employees, this ***Code of Ethics*** embodies the common ideals that we are committed to.

This Code aims to instill the high level of integrity and professionalism expected of all of us. It defines the standards, which must permeate in all our business dealings and relationships. Being a Bank that firmly believes in a corporate mission that "banking is about caring for people," PBCom takes pride in acknowledging that its enduring power rests with its people who practice the invaluable values of honesty, integrity and professionalism.

This Code describes the minimum standard of conduct expected of all of us in PBCom regardless of rank or stature. This Code covers everyone – all PBCom officers and staff. Please familiarize yourself with the contents of this Code and consider it an aid to maintaining integrity and professionalism while you are part of PBCom.

BASIC POLICIES

The following are the fundamental policies in our Code of Ethics:

1. PBCom First

The PBCom First Policy applies to all situations where an actual or potential conflict of interest exists. Being employees of the Bank, it is every employee's duty to ensure that their personal interests do not conflict with the duties, which they must perform for the Bank, or with the duties which the Bank performs for its clients. When such situation occurs, employees must put the Bank's interest over and above other interests.

2. Disclosure of Information

The disclosure or non-disclosure of certain information is vital to the Bank's well-being. Full and fair disclosure of vital information within the Bank is required when such information is vital to PBCom's business. On the other hand, PBCom has propriety rights to certain information and trade secrets, which must be kept strictly confidential.

PBCom employees must:

- a. Support good internal governance by full and fair disclosure of information within the Bank;
- b. Within the guidelines of the law, keep certain information, particularly trade secrets confidential.

3. Compliance with the law and with internal regulations

PBCom employees must conduct official business in strict compliance with the letter, spirit and intent of all relevant and pertinent laws, regulations and policies.

PBCom employees must uphold the standards, policies and goals of the Bank and protect its legitimate interests, challenging within the Bank, any values or policies that are inconsistent with these guidelines.

4. Customer Service

PBCom employees must act fairly and in good faith toward clients while protecting the legitimate interests of the Bank.

5. Non-discrimination

PBCom employees must provide services to clients on the basis of rational business criteria rather than on factors such as race, gender or religion. This policy of non-discrimination also applies to all bank activities.

6. Employees' personal, professional or business affairs

PBCom employees must always conduct their personal affairs in accordance with the highest moral standards so that there can be no opportunity for unfavorable reflections upon the Bank.

This policy includes outside employment. PBCom employees must not accept outside employment including directorship in another company; or engage in competitive or related business activities without the prior written approval of the Group Head/Area Head.

In the same manner, PBCom employees must not enter directly or indirectly into any contract of guaranty or surety; and must not guarantee the interest or principal of any obligation of any person, co partnership, association or other entity, to any other bank or credit institution or person without the prior approval of his/her Group Head/Area Head.

OPERATING GUIDELINES

The following operating guidelines, numbered to correspond with the preceding basic policies cover many but not all aspects of the policies. Employees of PBCom are expected to hold themselves to the highest professional standards and to seek the advice of more senior officers* if in doubt as to any particular situation.

*Senior officers for purposes of this Code include all Group Heads and Area Heads.

1. PBCom First Policy

Employees of PBCom should ensure that their personal interests do not conflict with the duties, which they must perform for the Bank or the duties, which the Bank performs for its clients. These situations manifest a conflict of interest, which should be avoided.

1.1 Business transactions. Employees of PBCom should not transact business on behalf of the Bank, with organizations with which they are affiliated with and has direct or indirect financial interest including close friends or relatives described below without prior approval of their Group Head.

- i) Any relative of an employee of PBCom within the 4th civil degree or anyone whom an employee of PBCom furnishes or obtains support.
- ii) Any business which an employee of PBCom has a financial interest, any creditor or debtor or any person in consideration of a promise to relieve an employee of PBCom of some obligation, or obtain for an employee of PBCom some personal benefit.
- iii) Any trust estate administered by the employee of PBCom or in which they have a financial interest as a beneficiary.

PBCom employees shall also not be involved in the business of “lending and investing” as well as the buying and selling of foreign currency. Such acts deprive the Bank of legitimate business and are directly competing with the Bank’s business.

- 1.2 Personal transactions.** Employees of PBCom may obtain special discounts or credit accommodations on his personal purchases from clients only with the prior approval of their Group Head/Area Head.

This provision requires that PBCom employees should take extra care not to use Bank-Client relations to avail of special terms (discounts and the like) as this can be counterproductive and can put the relationship with the client in question in the long run.

- 1.3 Receiving gifts and gratuities.** Employees of PBCom may not receive gifts, free travel, out-of-the-ordinary entertainment, or anything else of value in exchange for a favorable decision on bank-related matters. Normal hospitality and gifts of small value intended to generate ordinary goodwill are permitted as in travel to ordinary meetings.

Example (a) an employee of PBCom travelling on company business may accept the courtesy of free lodging in a client facility as long as it is properly noted in PBCom’s travel expense records.

Example (b) suppliers win PBCom’s business on the basis of product/service suitability, price, delivery and quality. Attempts to influence procurement decisions by way of any compensation, commission, kickback, paid vacation, special discount on a product or service, entertainment or any form of gift or gratuity must firmly be rejected by all employees.

Example (c) included within the scope of this prohibition is the acceptance by employees of PBCom of money, property or services (e.g. free trips) from business associates who transact with the Bank.

- 1.4 Transfer of knowledge or skills.** Employees of PBCom shall not engage in any activity where the skill and knowledge he/she develops or applies in his/her position is transferred or applied to such activity in derogation of the present or prospective business interests of PBCom.

- 1.5 Bank properties.** Employees of PBCom should not purchase from or sell to the Bank any real or personal property except at public auction or as may be first disclosed to and approved by his/her Group Head.

- 1.6 Insider trading.** Employees of PBCom may not trade in stocks or other securities of the Bank based on inside information. Inside information may include information that relates to clients of the Bank.

2. Disclosure of Information

In the course of your employment with PBCom, there will be situations wherein you will work with information and materials, which are considered confidential. Protecting them is vital to the Bank’s future success and therefore, is important to the job security of all employees of PBCom. On the other hand, employees of PBCom should support good internal governance by full and fair disclosure of information within the Bank.

It is the duty of PBCom employees to:

- 2.1 Client accommodations.** Make recommendations regarding client accommodations in an accurate, clear, concise, candid and complete manner and present them promptly upon becoming aware of the circumstances.

2.2 **Liabilities.** Report promptly to superiors and other appropriate officer's credits and liabilities that are deteriorating or otherwise requiring special attention. (Applicable only to those who process information of this nature).

2.3 **Audit manners.** Cooperate fully with internal audit and credit examination or credit review departments as well as with external auditors and applicable government agencies.

Within the guidelines of the law, employees of PBCom should keep certain information confidential.

2.4 **Propriety information.** Employees should comply with legal and institutional constraints on the disclosure of confidential information about customers. In certain circumstances, information should not be passed from one department of the Bank to another.

2.5 **Confidentiality.** Employees of PBCom should take care to avoid discussions on sensitive business matters of customers with people outside the Bank, even with other PBCom employees, in public places (including buses, restrooms, restaurants, elevators, etc.).

2.6 **Electronic data.** Care should be taken to ensure the security of papers and computer files of information and records including data programs and vendor software held within their custody. As such, employees of PBCom should only have access to data, computer software and physical areas required to perform their job and should not attempt to access data, computer systems, printouts and physical areas to which they have not been authorized.

Employees of PBCom should ensure that the Bank's computer systems and data including personal computers, word processors and associated magnetic media printouts are used only for authorized bank-related business purposes for which they are intended.

3. Full compliance with the law and with internal regulations.

We endeavor at all times to conduct our business in accordance with the letter and spirit of the law. It is every PBCom employee's duty to conduct official business in strict compliance with the letter, spirit and interest of all relevant and pertinent laws, regulations and policies.

3.1 Employees of PBCom should be familiar with the Bank policies and procedures which are intended to ensure compliance with antitrust laws, the Bap Code of Conduct and Market Practices for Treasury Activities and other similar codes and regulations.

Employees of PBCom should uphold the standards, policies and goals of the Bank and protect its legitimate interests, challenging, within the Bank, any values or policies that are inconsistent with these guidelines.

3.2 Employees of PBCom should be familiar with and uphold the standards, policies and goals of the Bank.

3.3 Every employee of PBCom must be aware of his/her accountability and must report immediately to Management the discovery of illegal or any activity that contravenes the policies and rules and regulations of the Bank.

4. Customer Service

Employees of PBCom must help the Bank act fairly and in good faith toward its customers while protecting the legitimate interests of the Bank.

4.1 Fast, accurate and efficient service delivery to clients is the responsibility of all employees. Excellent customer service translates to good business and employees must endeavor to provide clients the best customer service at all times.

4.2 Employees must always bear in mind, however, that customer service does not extend to transactions that put the Bank at a disadvantage. Employees of PBCom are obliged to protect the Bank and should not make oral agreements or other “side agreements” with a depositor, borrower or guarantor that limit in any way the Bank’s rights to enforce the terms of the formal documentation.

5. Non-discrimination

Employees of PBCom must provide services to customers without discrimination as to factors such as race, gender and religion. In the same manner, employees must not commit acts of discrimination towards fellow employees or other individuals or institutions.

Employees of PBCom should not allow personal likes and dislikes being the basis for their professional decisions or for their personal behavior on the job.

6. Employees’ personal, professional and business affairs

Employees of PBCom must always conduct their personal affairs in such a way that they will not reflect unfavorably upon the image of the Bank.

6.1 Personal affairs. As Bank employees, PBCom employees are more subject to public censure for bad habits, immoral acts and mismanagement of their personal lives than those engaged in other profession. All employees of PBCom must ensure the proper conduct of their personal affairs.

6.2 Financial affairs. Employees of PBCom should know the importance of meeting their financial obligations and living within their means. Employees of PBCom, therefore, should not overtax their income by contracting for loans or making excessive installment purchases beyond their ability to pay.

6.3 Gambling. Employees of PBCom, especially those having money and property accountability are prohibited from frequenting gambling establishments.

6.4 Outside employment. Employees of PBCom must not accept outside employment, directorship in another company or engage in business activities without the prior written approval of the Group Head/Area Head. Approval will not be unreasonably withheld.

6.5 Guaranty or surety contracts. Employees of PBCom must not enter directly or indirectly into contract of guaranty or surety which competes with the Bank’s interest; and must not guarantee the interest or principal of any other entity, to any other bank, credit institution or person without the approval of the Group Head/Area Head.

CONFIRMATION OF ADHERENCE TO THE CODE

Adherence to the Code is the responsibility of each employee of the PHILIPPINE BANK OF COMMUNICATIONS. It is a condition for continued employment. It will be administered uniformly throughout the Bank, and will be independent of the practices of other banks. Adherence to these guidelines will continue to be the subject of management attention, periodic audit and review by Human Resources Group and the Office of the President.

Employees of PBCom will be asked to annually confirm their adherence to these guidelines. It is the duty of all employees of PBCom to report any known violations of the guidelines to the HRG Head or in the case of corporate

departments, to the appropriate executive officer. Such report will be kept in the strictest confidence. Anyone who knowingly furnishes false reports shall be dealt accordingly.

Any breach of the PBCOM CODE OF ETHICS may result in disciplinary action ranging from reprimand to termination of employment, depending on the gravity of the offense, after observance of due process of law.

In general terms, every director, officer and employee of the Bank shall exercise the powers and discharge the duties of his or her office or position honestly, in good faith and in the best interests of the Bank. As banking is a service industry, it is imperative that relations with customers and other employees be conducted in a courteous, considerate and responsible manner. In the final analysis, the Bank's character is but a mirror of the conduct of its employees. Every employee of PBCom therefore, has a continuing personal responsibility to uphold the PBCOM CODE OF ETHICS.