



CODE OF ETHICS

Guided by our Core Values – *Integrity, High Performance Standards, Commitment to Quality, Customer Service Focus, Concern for People, Efficiency and Resourcefulness / Initiative*, China Bank's business has always been anchored on honest and ethical conduct and compliance with applicable laws and regulations. These core values are also the foundation of our **Code of Ethics** – for the **Board of Directors** and **employees**.

Setting the tone from the top, our Board of Directors is fully committed to honest and ethical conduct of business. Just as it expects full compliance to the Code of Ethics from all Bank employees, the body believes that its members should also uphold the principles of integrity, fairness, accountability and transparency at all times.

The **Code of Ethics for Directors** articulates the acceptable practices in relation to both internal and external dealings (i.e., investors, creditors, customers, depositors, contractors, suppliers, regulators, and the general public) of the members of the Board. It also provides the guiding principles on the performance of their duties in accordance with the fit and proper rules; and establishes standards for professional and ethical conduct. Each Director is required to acknowledge receipt of the Code.

To ensure that business is carried out in compliance with relevant laws and in the protection of the interest of the Bank's customers, shareholders and other stakeholders, the Human Resources Group has disseminated a **Code of Ethics for Employees** to all personnel, including new hires. Employees are required to sign an acknowledgement receipt that they have received a copy of the Code.

The copies of the Codes are also made available in the Bank's intranet to be readily accessible to all employees, and is also available on the Bank's website at www.chinabank.ph. A comprehensive discussion on the Code of Ethics is conducted with new employees of the Bank to foster a culture of awareness on the Bank's core values. Such discussion also highlights the behavioral standards, business conduct, and corresponding sanctions for violations of the Code of Ethics.

CODE OF ETHICS FOR DIRECTORS

Policy Statement

China Banking Corporation (the “Bank”) is fully committed to honest and ethical conduct of business, guided by its core values, namely: Integrity, High Performance Standards, and Commitment to Quality, Customer Service Focus, Concern for People, Efficiency, and Resourcefulness / Initiative. These core values are also the foundation of our Code of Ethics.

The Bank through its Board of Directors believes in the principles of integrity, fairness, accountability, transparency.

This Code of Ethics for Directors (“**Code**”) sets forth the guiding principles for our Directors in the performance of their duties and responsibilities and when dealing with investors, creditors, customers, depositors, contractors, suppliers, regulators, and the general public. Executive Directors of the Bank who are also officers of the Bank will be covered by this Code and the Bank’s Code of Ethics for employees.

Objectives of the Code

1. Serve as a guide to all directors in the performance of their duties and responsibilities. In this regard, it shall supplement the Bank’s Manual on Corporate Governance.
2. Ensure that each member possesses all the qualifications and none of the disqualifications provided under relevant laws and regulations as well as international best practices.
3. Strengthen corporate governance by complying with legal and international corporate governance best practices.
4. Safeguard the interest of investors and all stakeholders.

Non-exclusivity of the Code

It is envisioned that through this Code, members of the Board are able to make decisions and take actions aligned with the principles, norms, vision, mission and values of China Bank. This Code is not intended to be restrictive nor all encompassing, but shall cover analogous situations. Where issues arise that cannot be specifically foreseen in this Code, the directors are expected to exercise sound judgment and proper behavior, consistent with the Bank’s values and principles embodied in the policy statement mentioned above.

Other necessary policies & procedures, including but not limited to the Manual on Corporate Governance and Insider Trading Policy, may be adopted by reference to clarify the provisions of this Code. The Bank may, from time to time, promulgate supplemental rules, which shall form an integral part of this Code.

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I. Commitment to be Fit & Proper ¹

Directors shall, for the duration of their term as members of the Board, remain fit and proper, among others:

1. Possess unquestionable credibility to make decisions objectively and resist any undue influence.
2. Treat the Board directorship as a profession and have a clear understanding of their duties and responsibilities in promoting good governance.
3. Maintain professional integrity, actively participate and exercise objective independent judgment ² on corporate matters requiring the decision or approval of the Board.
4. Attend and actively participate in the Board and Board Committee meetings, request and review meeting materials, raise reasonable & meaningful questions, and request for explanations.
5. Act judiciously by thoroughly evaluating the issues, asking questions and seeking clarifications (when necessary) before deciding a matter brought before the Board.
6. Continuously seek to enhance their skills, knowledge and understanding of the activities that the Bank/subsidiary is engaged in, or intends to pursue.
7. Safeguard the Bank's competitiveness by having a working knowledge of statutory and regulatory requirements, including the content of its Articles and By-laws, regulatory requirements, industry developments and business trends.
8. Devote sufficient time and attention necessary to properly discharge their duties and responsibilities, by familiarizing themselves with the business of the Bank, being aware of its condition and be knowledgeable enough to contribute meaningfully to the Board's work.
9. Ensure compliance with the fit and proper rule, possessing all the qualifications and none of the disqualifications as stated in the Manual on Corporate Governance of the Bank and the relevant provisions of the Manual of Regulations for Banks ("MORB").

II. Commitment to Integrity, Fair and Responsible Conduct when Dealing with Customers and Other Stakeholders

1. Honesty & Good Faith

Directors shall observe the following at all times, in the performance of their duties:

- 1.1 Act honestly and in good faith, with loyalty and in the best interest/s of the Bank, its stockholders, regardless of the amount of their shareholdings, and other stakeholders such as its depositors, investors, borrowers, other clients and the general public.³

¹ *Corporate Governance Manual of China Bank*

² *A director should view each problem/situation objectively. When a disagreement with others occurs, the director should carefully evaluate the situation and state his position. He should not be afraid to take a position even though it might be unpopular. Corollarily, he should support plans and ideas he thinks will be beneficial to China Bank.*

³ *Corporate Governance Manual of China Bank*

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- 1.2 Exercise honesty in the performance of their duties and avoid the use of their position for their own interests.
- 1.3 Act in good faith with the care which an ordinary prudent man would exercise under similar circumstances. A director should always strive to promote the interest of all stockholders, he should also give due regard to the rights and interests of other stakeholders.⁴
- 1.4 Act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated.
- 1.5 Uphold actions that exemplify the Bank's pledge to maintain the highest standards of business integrity and constantly exhibit the essence of the Bank's core values.
- 1.6 Commit to the principles and values advocated by the Bank and recognize their importance on the realization of the corporate goals.

2. Fair Dealing

Directors shall endeavor to deal fairly with the customers, depositors, borrowers, suppliers, competitors, employees, all stakeholders, the public and with one another. They shall refrain from committing the following acts:

- 2.1 Resort to manipulation, concealment, abuse of privileged information, misrepresentation or material facts, or any other similar or unfair dealing practice;
- 2.2 Materially profit, or assist others to materially profit, from confidential information or business opportunities that are available because of his service to the Bank; and
- 2.3 Influence any business transaction between the Bank and another entity in which he/she has a direct or indirect financial interest⁵ or acts as an employee, officer or director or in a similar capacity.

3. Entertainment⁶ and Gifts

Taking into consideration Filipino culture of hospitality, entertainment and gifts of **modest** or reasonable **value** necessary to an ordinary and legitimate business purpose or in the development of business relationship, are generally acceptable and appropriate. In this regard, directors should exercise due care in accepting gifts and entertainment.

- 3.1 Entertainment and gifts must be given and received in an open and appropriate manner.
- 3.2 Entertainment and gifts should not be given or received in a manner which creates an impression or may be perceived that the director intends to improperly influence a

⁴ *Id, op cit*

⁵ *Direct or indirect interests shall refer, but not limited to: (i) ownership (regardless of amount) in the entity that the Bank is dealing with; or (ii) where his/her spouse or relatives within the first degree of consanguinity or affinity is also a director or officer of the entity that the Bank is dealing with.*

⁶ *Entertainment means the provision of meals, leisure activities or travel at the Bank's expense and/or the receipt of meals, leisure activities or travel.*

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decision through such gift or entertainment. Entertainment and gifts should be timely appropriate so as not to coincide with key decisions or transactions.

- 3.3 Solicitation of personal gifts (especially in cash or cash equivalent) or entertainment shall at all times be avoided.
- 3.4 No gift or entertainment shall be offered or extended if the same is deemed illegal or known to violate the rules of the recipient's organization, or if it will more likely result to a feeling of obligation on the part of the recipient.
- 3.5 One's position shall not be exploited to provide individual preferential treatment from vendor, supplier or a client of the Bank.
- 3.6 Gifts and entertainment, of significant value may not be accepted from any supplier or client of the Bank; neither can an immediate family member or representative be designated to accept such on behalf of the director.⁷

4. Conflict of Interest

A "conflict of interest" happens when a director's personal interest interferes with the interest of the Bank. It may arise when a director takes an action or has interest that may make it difficult for him to perform his function effectively and independently.

- 4.1 Directors must conduct fair business transactions and ensure that their personal interests do not bias Board decisions.
- 4.2 Whenever possible, they should avoid situations that would give rise to a conflict of interest. If transactions with the Bank cannot be avoided, they should be done in the regular course of the business and upon terms not less favorable to the Bank than those offered to others. The basic principle to be observed is that a director should not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests⁸. He should avoid situations that would compromise his impartiality.
- 4.3 Promptly and fully disclose to the Board any conflict of interest, whether actual or potential in nature, and whether it involves a director's personal or his related interests.
- 4.4 When encountering potential conflicts of interest, depending on assessed significance, they may take one of the following courses of action (in order of increasing significance):
 - (a) Refrain from voting on a relevant matter during a Board meeting,
 - (b) Withdraw from discussion of relevant matter(s) during a Board meeting, or
 - (c) Take a leave of absence from the Board
- 4.5 They should adhere to the related provisions set forth in the Bank's Related Party Transactions (RPT) Policy.

⁷ Page 4, SMIC's Code of Ethics (As amended August 2013)

⁸ As defined under Sections 12 and 13 of R.A. No. 8791, are individuals related to each other within the fourth degree of consanguinity or affinity, legitimate or common law, and two (2) or more corporations owned or controlled by a single individual or by the same family group or the same group of persons

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The following are sample situations where conflict of interest may also arise:

- Having significant ⁹ ownership in any supplier;
- Any consulting or employment relationship with supplier or competitor; and
- Receipt of excessive gifts or entertainment from any company with which the Bank has current or prospective business dealings.

In cases of conflict, the interest of the Bank shall prevail.¹⁰

5. Compliance with Laws, Rules and Regulations

The regulatory landscape continues to change hence the need for reasonable competence in the conduct of business. For this reason, Directors are expected to:

- 5.1 Conduct business affairs with honesty, fairness and integrity and in full compliance with applicable laws, rules and regulations.
- 5.2 Refrain from any illegal act or unethical conduct, or to instruct others to do so, for any reason, in the conduct of their affairs for the Bank.

6. Protection of Confidential Information

Directors possess confidential or proprietary information about the Bank, its depositors, borrowers, customers & suppliers and are expected to:

- 6.1 Maintain the confidentiality of all information so entrusted, except when disclosure is authorized or legally mandated.
- 6.2 Refrain from trading shares of stock of China Bank using material non-public information (that has not been disclosed to the public).
- 6.3 Refrain from passing on “tip-off” such information to someone else who then buys or sells the Bank’s stock.

7. Political Activities ¹¹

- 7.1 Disclosure and permission from majority of the Board shall be obtained for any active involvement in any political party or campaign.
- 7.2 Directors making political contributions in their personal capacity are responsible to comply with the applicable regulatory restrictions and procedures.
- 7.3 Refrain from organizing political activities in the Bank’s premises.
- 7.4 Do not use their position to compel other directors or Bank employees to make a political contribution or to attempt to influence any vote or political activity.

⁹ Constitutes at least 20% ownership

¹⁰ Item 4.7, page 7, *China Bank’s Code of Ethics, First Edition, Released on February, 1996*

¹¹Page 4, *SM Investments Corporation Code of Ethics (As amended August 2013)*

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8. Protection of Bank Properties and Use of Bank Assets

All properties and assets of the Bank shall be used for legitimate purpose only and shall not be used to pursue personal opportunities or personal gain. Directors are expected to protect and conserve Bank property, including equipment and supplies entrusted to them.

III. Commitment to Comply with the Insider Trading Policy

As a corporate insider¹², a director should dutifully:

- Ensure the timely disclosure / reporting of transactions in compliance with applicable regulations.
- Maintain the confidentiality of material non-public information, and refrain from engaging into transactions that would result to a breach of his fiduciary duty.
- Adhere to the related rules set forth in other Bank policies.

IV. Reporting & Enforcement of Ethics Violations

- A director who seeks clarification of this Code may communicate with the Corporate Secretary or the Corporate Governance Officer or any officer specifically designated by the Corporate Governance Committee.
- Concerns on non-compliance with this Code shall be raised to the Chairman of the Board or the Chairman of the Corporate Governance Committee for deliberation and enforcement of any action or sanction.

V. Accountability

Upon completion of the term and/or non-election of a director, he is expected to:

- Promptly deliver or cause the delivery to the Office of the Corporate Secretary (OCS) of any and all property entrusted to him that belongs to the Bank.
- Not to represent himself as being in any way an incumbent director of the Bank.
- Settle any amount due and payable to the Bank.

VI. Acknowledgment

All directors shall sign a certification that they have read, understood, and complied with and will continue to comply with this Code. Please refer to Annex.

Approved by the Board on November 7, 2018

¹² Based on the CG manual, is defined as a person whose relationship to the issuer gives him access to material information about the issuer or the security that is not generally available to the public, among others.

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ACKNOWLEDGEMENT OF CODE OF ETHICS

I hereby acknowledge that I have received and read China Banking Corporation's Code of Ethics for Directors and that I am fully aware of its terms. I also agree to read and comply with all policies adopted by the Bank.

I understand that upon my failure to comply with this Code or applicable laws, rules and regulations, I may be subject to appropriate action.

I confirm that I will comply with all provisions of this Code and constantly uphold its provisions.

Name and Signature of the Director

Date

CODE OF ETHICS FOR EMPLOYEES

I. Objective

Employees of the Bank are hired based on trust and confidence. The Bank expects the employees:

1. To work efficiently, diligently and loyally;
2. To exercise courtesy and dignity when conducting themselves on and off duty; and
3. To maintain high moral and ethical standards in public

For this purpose, guidelines have been set to ensure that discipline and order is maintained for the Bank's respectable image. Thru this Code, the Bank hopes to awaken and sustain within the employees a sense of duty and a commitment to the virtues of honesty, integrity, prudence and responsibility, and to achieve job efficiency and effectiveness in the attainment of corporate goals.

II. Coverage

The provisions of this Code shall apply to ALL employees of China Banking Corporation:

1. Officers
2. Supervisors
3. Regular Employees
4. Probationary Employees

III. Responsibilities

3.1 Responsibility of Supervising Officer

Every officer/supervisor has the primary responsibility to enforce discipline within his jurisdiction and ensure the observance of the highest standards of competence, professionalism, courtesy, punctuality, attendance, effective and efficient performance of jobs and assignments, honesty, integrity, probity, teamwork and cooperation, from all his subordinates. He is responsible for informing his subordinates about the provisions of this Code and all other policies, rules and regulations and guidelines promulgated by the Bank. Correspondingly, each officer/supervisor shall be given sufficient authority to effectively discharge the foregoing responsibilities.

3.2 Responsibility of Employee

Every employee shall be provided with a copy of this Code and shall be duly informed of any amendments or supplements thereto. It is the duty and responsibility of every employee to study and understand the provisions of this Code, including its amendments and

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supplements. Ignorance of or unfamiliarity with the provisions of this Code shall not be an excuse for violations.

IV. Code of Ethics

4.1 Honesty

- a. All employees are expected to be honest and truthful in the performance of their jobs and their dealings with the Bank, its officers, employees, clients or suppliers. They should not be engage in any fraud, deceit, or any form of dishonesty, nor facilitate/aid in the commission of fraud, deceit or any form of dishonesty, nor conceal any act which constitutes fraud, deceit, or any form of dishonesty, which may directly or indirectly affect the Bank.
- b. Every employee of the Bank, must, at all times, furnish correct and complete information on documents and other papers deemed necessary by the Bank.
- c. Employees of the Bank must always exercise honesty in the performance of their duties. They must not use their positions for their own interest.

4.2 Compliance with Standard Operating Policies and Procedures

Employees of the Bank must comply with all established procedures of the Bank. These procedures were carefully designed to guard against losses and to assure effective operations at all times.

Violations on operating procedures will be dealt with according to the Bank's Operations Policies and Procedures Manuals (OPPMs), Bangko Sentral ng Pilipinas (BSP) and other government agencies' rules and regulations and other written policies, guidelines, or instructions issued by Senior Management, Management Committee, Head of Divisions/Groups/Departments or Branch Managers as circularized, subject to the penalty provision of this Code.

4.3 Proper Conduct and Behavior

Employees are expected to conduct their official and personal business with proper decorum to protect the name and goodwill of China Banking Corporation. They are expected to conduct themselves properly at all times, within or outside Bank premises, on or off duty. Employees should avoid any act that may embarrass or discredit the Bank.

4.4 High Moral Standards

Employees should maintain high moral standards of behavior and must refrain from indecent, lewd and immoral acts which could give occasion for scandal or loss of confidence in the Bank.

4.5 Work Responsibilities

- a. Employees of the Bank are expected to perform their assigned tasks during their scheduled hours of work and at their designated work area.

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- b. Employees of the Bank are expected to exercise efficiency in the performance of their duties. Acts of negligence or carelessness resulting in administrative/operational difficulty or prejudice to the Bank is a violation of this provision.

4.6 Insubordination

Every employee must comply with and perform all legal directives and instructions of duly authorized superiors to ensure productivity and efficiency which are essential to the attainment of the Bank's corporate objectives.

4.7 Conflict of Interest

Conflict between the interest of the Bank and the interest of the employees should be avoided at all times. In cases of conflict, the interest of the Bank should prevail.

4.8 Attendance and Punctuality

All employees are required to be punctual and regular in their attendance. They are expected to be at work during their working hours, except during authorized breaks.

4.9 Office Attire

Due to the nature of the Bank's business, it is imperative that employees come to work in proper attire, in accordance with the guidelines issued by Human Resource Management & Development Division (HRMDD). Proper attire lend respectability and dignity to both the employee and the Bank.

4.10 Wearing of Security Identification Cards

For security and identification purposes, all employees are required to wear their CBC Identification Cards upon entering the Bank and while within Bank premises.

4.11 Bank Property

Using Bank property for a private purpose other than officially approved activity is prohibited. Furthermore, employees are required to protect and conserve Bank property, including equipment and supplies entrusted to them.

4.12 Safety and Security

Employees of the Bank must promote safety and security within the Bank premises. They are required to abide by the safety rules and regulations of the Bank.

V. Offenses and Penalties

5.1 Offenses

5.1.1 Acts or omissions which violate the Bank operational procedures

5.1.2 Acts prejudicial to the interest of the Bank, its image, name, property or goodwill, stockholders, officers, employees, clients or the public in general, whether or not these are explicitly defined

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5.1.3 A crime or an illegal act

5.1.4 Acts as enumerated in this Code of Ethics, Personnel Policies or those which are similar thereto

5.2 Degree of Offenses

The seriousness of an offense is determined by a combination of factors which include the subject matter of the act or omission and the actual harm resulting from the act or omission. The following factors, which may however not be an exclusive enumeration, are usually considered in determining the degree of seriousness of an offense:

5.2.1 First Degree Offenses

- Characterized by wantonness, deliberate intent or gross negligence
- Involve sums of money, confidential information, or what is generally regarded as substantial matter as may be determined by the Bank
- Can be occasion for public scandal and consequent erosion of confidence (e.g. dishonesty, habitual drunkenness, immorality)
- Maliciously intended or deliberately planned (whether the intended harm is achieved or not)
- Result in serious financial loss or administrative/operational difficulty, damage to Bank property, corporate embarrassment for the Bank, or physical harm to its stockholders, officers or employees
- Seriously undermine duly constituted authority
- Gross and habitual disregard for established procedure or neglect of assigned responsibilities

5.2.2 Second Degree Offenses

- Unconcern for the interests of the Bank
- Repeated violations within a relatively short period of time of what otherwise would be a minor offense
- Culpable commission or omission of an act which results in any of the consequences enumerated in Section 5.2.1, though to a lesser degree, as determined by the Bank.

5.2.3 Third Degree Offenses

- Involve an infraction of a rule or procedure which may not result in any of the above consequences (i.e., financial loss, administrative/operational difficulty, damage to Bank property, corporate embarrassment of physical harm).

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- An omission or an oversight rather than a positive wrongdoing
- A mistake or an act of negligence which does not result in a serious inconvenience either to another person or to the Bank.

5.3 Rules and Regulations

The penalties indicated for each group of offenses in this Code should under normal circumstances, be the penalties imposed. This is to ensure uniformity in the application of sanctions and to ensure that the disciplinary actions enforced are neither too lax nor too severe.

It is understood that any offense included in this Code, either explicitly or by reference, shall be punishable if it is committed deliberately or through negligence and without justifiable cause or excuse. Unless explicitly stated, the presence of aggravating circumstances shall increase the severity of the penalty, and the presence of mitigating circumstances shall reduce it.

Mitigating circumstances shall mean those circumstances by virtue of which the penalty incurred by a person who commits an offense is lessened or made less severe. Such circumstances shall include an employee's past performance with the Bank, his degree of participation, the lack of prior offenses in his record of employment and, in general, any circumstances which in the judgment of Management justify the imposition of a penalty less severe than that provided.

Aggravating circumstances shall mean those circumstances by virtue of which the penalty incurred by a person who commits an offense is increased or made more severe. Such circumstances shall include the employee's past record of offenses, the frequency of his offenses adverse publicity to the Bank caused by the offense, and, in general, any circumstances which in the judgment of Management justify the imposition of a penalty more severe than that provided.

5.4 Kinds of Penalties

5.4.1 Verbal Reprimand

This penalty is an oral warning calling attention to the offense and counselling the offender that repetition of such violation in the future would automatically necessitate the issuance of a written reprimand.

5.4.2 Written Reprimand

This penalty is a written notice calling attention to the offense and warning the offender against repetition of such violation in the future. The written reprimand should contain a summary of the events requiring the imposition of this penalty.

Copy of notice should be acknowledged by the erring employee and made part of his 201 file.

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5.4.3 Suspension

This penalty is a physical detachment from service for a designated period not to exceed thirty (30) calendar days without pay depending on the gravity of the violation. Suspension deprives the employee of his pay and benefits during the period of suspension. The employee should be given a written notice of the period of suspension indicating the exact dates to be covered and the particular acts or omissions constituting the grounds for imposition of this penalty.

Copy of notice should be acknowledged by the erring employee and made part of his 201 file.

5.4.4 Dismissal

This penalty is a dishonourable separation from the service of the Bank where the employee automatically forfeits all benefits which would normally accrue to him on retirement or separation for reasons other than for just cause. The employee should be furnished a written notice stating the particular acts or omissions constituting the grounds for his dismissal.

Copy of notice should be acknowledged by the erring employee and made part of his 201 file.

5.5 Effects of Penalties on Performance Rating and Promotions

Penalties imposed have adverse effects on promotion and performance ratings for a given period. The following effectivity periods are specified to protect employees from being unduly penalized beyond such periods:

Penalty	Effect on Promotion	Effect on Performance Rating	Effectivity Period
Written reprimand	No promotion	No rating higher than "Satisfactory"	For 6 months from date penalty was imposed
Suspension of not more than 10 working days	No promotion	No rating higher than "Satisfactory"	For 18 months from date penalty was imposed
Suspension of more than 10 working days	No promotion	"Unsatisfactory" rating	For 24 months from date penalty was imposed

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VI. Schedule of Penalties

Table 6.1 Honesty

Violations	Penalties		
	1 st Offense	2 nd Offense	3 rd Offense
1. Stealing or attempting to steal from the Bank or from others within the Bank premises	Dismissal		
2. Misappropriation / malversation of Bank funds or assets	Dismissal		
3. Failure upon demand to turn over to the Bank funds/assets entrusted by clients to the Bank	Dismissal		
4. Usurping or misrepresenting authority of Bank officers that may cause damage to the Bank	Dismissal		
5. Fraud, soliciting money, gifts, shares, benefits or favors from any person or through mediation of another as a condition for the performance of one's duty	Suspension / Dismissal	Dismissal	
6. Unauthorized intervention in any matter pending with the Bank in which the employee, his spouse or any of his relatives or friend have a direct interest	Suspension / Dismissal	Dismissal	
7. Falsifying personal and/or other records, either upon applying for employment or during employment	Dismissal		
8. False sick leave application (Malingering)	Dismissal		
9. Tampering or altering of time cards and attendance record	Dismissal		
10. Tampering or altering vouchers, receipts, tickets & the like for reimbursement of out-of-pocket expenses	Dismissal		

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Violations	Penalties		
	1 st Offense	2 nd Offense	3 rd Offense
11. Falsifying Bank records or documents and tampering* with Bank equipment or facilities for the purpose of defrauding the Bank or to commit a dishonest act	Dismissal		
12. Using Fraudulent means such as tampering of receipts of appliances purchased, fabrication of certifications of hospitalization expenses incurred and the like, in order to qualify for and/or secure loans under any of the features of the Bank's Loan Program, which would otherwise not be covered by it and misuse of loans proceeds	Suspension & Permanent Disqualification from availment of benefits program / Dismissal	Dismissal	
13. Punching another's time card or logging another person's time in or out in the record book	Dismissal		
14. Allowing others to punch your time card or log your time in or out in the record book	Dismissal		
15. Planting evidence against another employee for the purpose of unduly imputing crime or the commission of an offense under this Code against the latter or of evading responsibility for the commission of the crime/offense under this Code	Dismissal		
16. Giving this testimony or submitting false sworn statement during an investigation	Dismissal		
17. Concealment of defective work which may or may not result in loss or prejudice to the Bank	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal
18. Concealment of one's knowledge to the commission of fraud, deceit or other forms of dishonesty	Suspension	Suspension / Dismissal	Dismissal

**to meddle especially for the purpose of altering, damaging, misusing, etc.; to engage secretly or improperly in something*

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Table 6.2 Compliance with Standard Operating Procedures

Violations	Penalties			
	1 st Offense	2 nd Offense	3 rd Offense	4 th Offense
1. Infraction of Bank procedures in handling any Bank transaction or work assignment which results in a loss or probable loss	Written Reprimand / Suspension*	Suspension / Dismissal*	Dismissal*	
2. Infraction of Bank procedures in handling any Bank transaction which did not result to a loss	Counselling	Written Reprimand	Suspension / Dismissal	Dismissal

* With Restitution, if warranted

Table 6.3 Proper Conduct and Behavior

Violations	Penalties		
	1 st Offense	2 nd Offense	3 rd Offense
1. Willful disrespect/insult to superiors	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal
2. Offering or receiving money or other valuable consideration in exchange for a job, position or better working condition	Suspension / Dismissal	Dismissal	
3. Offering, soliciting or receiving anything of value to perform any act/activity prejudicial to the interest of the Bank	Suspension / Dismissal	Dismissal	
4. Borrowing/solicitation of personal business from clients	Suspension / Dismissal	Dismissal	
5. Commission of an act which is or may constitute a crime	Dismissal		
6. Willful misconduct in the performance of duty whether or not the Bank suffers a loss	Suspension / Dismissal*	Dismissal*	

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Violations	Penalties		
	1 st Offense	2 nd Offense	3 rd Offense
7. Fighting or attempting bodily harm on any person except in self-defense while in the Bank premises or while performing work for the Bank inside or outside of the Bank premises or during Bank sponsored activities or occasions	Suspension / Dismissal	Dismissal	
8. Committing physical force or violence or inflicting bodily harm on co-employees or other persons within the Bank premises or while performing work for the Bank inside or outside of the Bank premises or during Bank sponsored activities or occasions	Suspension / Dismissal	Dismissal	
9. Malicious mischief or horseplay resulting in injury to persons or destruction of Bank property or any other property for which the Bank may be held liable	Written Reprimand / Suspension*	Suspension / Dismissal*	Dismissal*
10. Provoking, encouraging if not actually engaging in any form of quarrel within the Bank premises or while performing work for the Bank inside or outside of the Bank premises or during Bank sponsored activities or occasion	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal
11. Threatening, intimidating or coercing of other employees in the Bank, clients and other parties doing business with the Bank, whether it involves only the use of threatening or profane language or physical violence which may or may not adversely affect the Bank's interest	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal
12. Engaging in horseplay during work hours	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal
13. Inciting or participating in disorders/illegal activities	Suspension / Dismissal	Dismissal	

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Violations	Penalties		
	1 st Offense	2 nd Offense	3 rd Offense
14. Serious insult or wilful disrespect to any employee or persons / clients transacting business with the Bank within the Bank premises or while discharging official functions	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal
15. Rumor mongering or circulating untrue or confidential information affecting the interest of the Bank, its directors, stockholders, officers or employees	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal
16. Taking part in any gambling, lottery or any other game of chance on Bank time or in the work premises	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal
17. Reporting for work while under the influence of liquor and/or prohibited drugs	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal
18. Drinking liquor within the Bank premises, except on occasions and in locations authorized by the Bank	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal
19. Unfitness for work due to excessive drinking of alcoholic beverage	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal

Table 6.4 High Moral Standards

Violations	Penalties			
	1 st Offense	2 nd Offense	3 rd Offense	4 th Offense
1. Unauthorized use or possession of prohibited / regulated drugs within the Bank premises and paraphernalia, improvised or otherwise for the administration of the said drug	Dismissal			

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Violations	Penalties		
	1 st Offense	2 nd Offense	3 rd Offense
2. Selling or inducing any employee or person to take prohibited/regulated drugs within the Bank premises except when duly authorized for medical reasons	Dismissal		
3. Distribution of pornographic viewing or reading materials within the Bank premises	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal
4. Engaging in indecent, lewd and immoral acts which could give occasion for scandal or loss of confidence in the Bank	Verbal Reprimand / Written Reprimand	Written Reprimand / Suspension	Suspension / Dismissal
5. Sexual Harassment as defined in Republic Act No. 7877(Anti-Sexual Harassment Act of 1995)	Suspension	Dismissal	

Table 6.5 Work Responsibilities

Violations	Penalties				
	1 st Offense	2 nd Offense	3 rd Offense	4 th Offense	5 th Offense
1. Dereliction of duty whether or not the Bank suffers a loss	Written Reprimand / Suspension*	Suspension / Dismissal*	Dismissal*		
2. Furnishing of incorrect or misleading data to employers or persons duly authorized to ask, receive or secure such information as a consequence of the employee's neglect or failure to conduct the proper research, investigation or verification of facts	Written Reprimand / Suspension*	Suspension / Dismissal*	Dismissal*		

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Violations	Penalties				
	1 st Offense	2 nd Offense	3 rd Offense	4 th Offense	5 th Offense
3. After having access to information, failure to report immediately any loss or pilferage from which the Bank has suffered	Written Reprimand / Suspension*	Suspension / Dismissal*	Dismissal*		
4. Failure to inform or advise higher authority or superior of any inducement, instructions or order from an employee, a superior or other high-ranking officer, or clients/suppliers/ other parties to commit any violation of Bank's rules, procedures or policies	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal		
5. Losing/misplacing Bank's records which cause prejudice to the Bank	Written Reprimand / Suspension*	Suspension / Dismissal*	Dismissal*		
6. Allowing one's self to be relieved by another known to be under the influence of liquor or narcotics	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal		
7. Willful holding back, slowing down, hindering, limiting of work output	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal		

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Violations	Penalties				
	1 st Offense	2 nd Offense	3 rd Offense	4 th Offense	5 th Offense
8. Wasting time/ loitering/ loafing or sleeping during working hours	Verbal Reprimand	Written Reprimand	Suspension	Suspension / Dismissal	Dismissal
9. Attending to personal matters for gain during office hours	Written Reprimand	Suspension	Suspension / Dismissal	Dismissal	
10. Frequently receiving personal visitors or making personal telephone calls during office hours	Verbal Reprimand	Written Reprimand	Suspension	Suspension / Dismissal	Dismissal

Table 6.6 Authority and Subordination

Violations	Penalties			
	1 st Offense	2 nd Offense	3 rd Offense	4 th Offense
1. Willful disobedience to the lawful orders of superiors in connection with duties resulting in the disruption of Bank operations and activities	Written Reprimand / Suspension*	Suspension / Dismissal*	Dismissal*	
2. Failure to carry out lawful orders or instructions of superiors	Verbal Reprimand / Written Reprimand*	Written Reprimand / Suspension*	Suspension / Dismissal*	Dismissal*

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Table 6.7 Conflict of Interest

Violations	Penalties		
	1 st Offense	2 nd Offense	3 rd Offense
3. Having work competitive with the Bank	Written Reprimand	Suspension / Dismissal	Dismissal
4. Engaging directly or indirectly, in financial transactions as a result of, or primarily relying upon "insider information"	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal
5. Having direct or indirect financial interests that conflict or appear to conflict with his duties and responsibilities as an employee of the Bank	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal
6. Unauthorized disclosure / divulging of Bank secrets, confidential information / matters	Suspension / Dismissal	Dismissal	
7. Engaging in other work outside of the Bank, without the Bank's written Permission	Written Reprimand / Suspension	Suspension / Dismissal	

Table 6.8 Attendance and Punctuality

Violations	Penalties			
	1 st Offense	2 nd Offense	3 rd Offense	4 th Offense
1. Absence without official leave up to two (2) working days	Written Reprimand with Warning	Suspension (5 days) with Severe Written Reprimand & Last Warning	Dismissal	
2. Absence without official leave from three (3) to five (5) working days	Suspension (5 days) with Severe Written Reprimand & Last Warning	Dismissal		

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Violations	Penalties			
	1 st Offense	2 nd Offense	3 rd Offense	4 th Offense
3. Absence without official leave from six (6) to seven (7) working days	Dismissal			
4. Seven (7) or more tardiness	Written Reprimand*	Suspension (3 days)*	Suspension (7 days)* / Dismissal	Dismissal

**If offense is incurred within a three-month period*

Table 6.9 Office Attire

Violations	Penalties			
	1 st Offense	2 nd Offense	3 rd Offense	4 th Offense
1. Improper office attire	Verbal Reprimand / Written Reprimand	Written Reprimand / Suspension (1 day)	Suspension (1 to 3 days) with Final Warning	Dismissal

Table 6.10 Wearing of Security Identification Cards

Violations	Penalties			
	1 st Offense	2 nd Offense	3 rd Offense	4 th Offense
1. Failure to wear Security Identification Card within Bank premises	Written Reprimand	Suspension (1 day)	Suspension (2 days)*	Suspension (3 days)*

** If offense is committed within a one-month period*

Table 6.11 Bank Property

Violations	Penalties			
	1 st Offense	2 nd Offense	3 rd Offense	4 th Offense
1. Unauthorized use of Bank property / resources	Verbal Reprimand	Written Reprimand*	Suspension*	Dismissal*
2. Intentionally destroying, vandalizing, sabotaging or damaging the Bank's property or any property for which the Bank may be held liable including equipment and/or devices	Suspension / Dismissal*	Dismissal*		

** With Restitution, if warranted*

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Violations	Penalties			
	1 st Offense	2 nd Offense	3 rd Offense	4 th Offense
3. Improper or incorrect use of equipment or its parts which leads to the damage or potential damage of said property	Verbal Reprimand	Written Reprimand*	Suspension*	
4. Failure to report loss or damage of company property	Written Reprimand / Suspension*	Suspension / Dismissal*	Dismissal*	
5. Putting up unauthorized posters, messages, propaganda on the walls, bulletin boards, or similar places within the Bank premises	Verbal Reprimand	Written Reprimand	Suspension	
6. Unauthorized removing of company memos, posters from company bulletin boards	Verbal Reprimand	Written Reprimand	Suspension	

*With Restitution, if warranted

Table 6.12 Safety and Security

Violations	Penalties			
	1 st Offense	2 nd Offense	3 rd Offense	4 th Offense
1. Unauthorized use / possession of firearms or any prohibited / deadly weapons / banned / hazardous objects (ex. Firearms) within Bank premises	Dismissal			
2. Carelessness resulting to bodily harm and/or injury to co-employees	Verbal Reprimand	Written Reprimand	Suspension / Dismissal	Dismissal

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Violations	Penalties			
	1 st Offense	2 nd Offense	3 rd Offense	4 th Offense
3. Failure to observe Bank safety / security rules and regulations except those covered under Table 6.7 # 4	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal	
4. Holding any unauthorized meeting or those which are held without securing permission from head of division/group/department / branch managers within the Bank premises	Written Reprimand / Suspension	Suspension / Dismissal	Dismissal	

VII. Implementation of Penalties

7.1 Spirit of Implementation

It is important to understand and uphold the spirit behind the implementation of these rules and regulations. Although disciplinary action may be imposed for violation of these rules and regulations, the overall intent is more of prevention of the infraction rather than the administration of the penalty. Penalties should be resorted to only to the extent necessary. Sanctions should be imposed to restore discipline and to correct improper conduct and should never serve as a mere reprisal.

All employees must be given due process. In the investigation of cases, the responsible authorities should be impartial and open-minded to ensure uniformity and fairness in the imposition of penalties. Action must be timely, but circumspect.

7.2 General Guidelines

7.2.1 Summary Proceedings

Administrative investigations and other proceedings shall be expeditiously conducted and shall be summary in nature. They shall not be governed by the strict technical rules of procedure or by the rules on evidence applied in judicial proceedings. However, the findings of administrative investigations shall be based on such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.

7.2.2 Timeliness of Penalties

Disciplinary action or penalties, when found warranted by evidenced and after observing due process, should be imposed immediately or as soon as possible after the offense is committed or discovered.

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7.2.3 Uniformity of Penalties

Discipline shall be imposed consistently. It shall be applied uniformly to offenders similarly situated regardless of rank or position within the Bank. The same sanctions shall be applied on any offender for offenses committed under similar facts and circumstances. Like penalties shall be imposed for like offenses; unless by reason of the employee's prior record of offenses and the progressive nature of penalties, a graver penalty should be meted.

7.2.4 Imposition of Discipline

The imposition of disciplinary action and of penalties shall be impersonal. Disciplinary actions and penalties are directed at the offender's punishable acts or omissions, not at his person or personality. As a rule, the offense alone, together with mitigating and/or aggravating circumstances, shall be the measure of the penalty to be imposed.

7.2.5 Restitution / Forfeiture of Benefits

Restitution may be imposed independently or together with any other penalty in case of loss or damage to the property of the Bank, its employees, clients or other parties doing business with the Bank. The Bank may recover the amount involved by means of salary deduction or whatever legal means that will prompt offenders to pay the amount involved. But restitution shall in no way mitigate the penalties attached to the violation or infraction.

Forfeiture of benefits/privileges may also be effected in cases where infractions or violations were incurred in connection with or arising from the application/ availment thereof.

7.2.6 Cumulative Record

An employee's record of offenses shall be cumulative. The penalty for an offense shall be determined on the basis of his past record of offenses of any nature, or the absence thereof. The more habitual an offender has been, the greater shall the penalty be for the latest offense. Thus an employee may be dismissed if the number of his past offenses warrants such penalty in the judgment of Management even if each offense considered separately may not warrant dismissal. On the other hand, due regard shall be given to the length of time between commissions of individual offenses to determine whether the employee's conduct may indicate occasional lapses (which may nevertheless require sterner disciplinary action) or a pattern of incorrigibility.

7.2.7 Right to Hearing and Defense

An employee shall be informed, within reasonable time and in writing, of his alleged misconduct or infractions. Any employee charged with an offense shall be afforded ample opportunity to be heard and, if he so desires, to defend himself with the assistance of his counsel but he shall not be allowed to unduly delay the administrative proceedings and the final resolution of the case.

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7.3 Implementation of Disciplinary Action

The immediate supervising officer is responsible for implementing the approved disciplinary action.

VIII. Others

- 8.1 Penalties imposed by law for the infractions or violations of ordinances, decrees or other laws or regulations shall not be a bar to the imposition of internal Bank sanctions; likewise, any Bank sanction shall not be a bar to legal remedies, where warranted.
- 8.2 Restoration of monetary losses or repair of damage to property should always be stated clearly in the memorandum imposing the disciplinary action.
- 8.3 Implementing authorities must furnish HRMDD with original copies of notices of disciplinary action for 201 files so that their effects on promotions and performance ratings may be monitored.
- 8.4 The Bank reserves the right to impose penalties for violations not enumerated above, on a case-to-case basis.
- 8.5 Management, in the exercise of its sole and exclusive prerogative, may add, delete, amend and/or revise this Code of Ethics.
- 8.6 Where the offense involved partakes of the nature of a criminal offense, HRMDD shall notify Legal Group of the case in writing. The Legal Group shall have the responsibility of coordinating with the Bank's external counsel.

IX. Effectivity

This Code takes effect on March 16, 1996. All standing policies and work rules not inconsistent herewith shall supplement this Code.

Approved by the Board on February 1996 (currently being reviewed)

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