

INTRODUCTION

China Banking Corporation (the "Bank") is committed in protecting its name and goodwill of clients. In line with this endeavor and in order to comply with the laws and regulations to which it is subject, the Bank has put up its own policies, ethical standards, as well as internal controls and operating procedures.

However, even the best systems of control cannot provide absolute safeguards against irregularities. Intentional and unintentional infraction or deviation from usual Bank rules and regulations may constitute violations of the Bank's policies and procedures, the Code of Ethics and other applicable laws, rules and regulations, which may cause damage to the Bank.

Thus, the Bank needs to constantly develop systems and procedures to prevent, or if not detect such violations or deviations on the onset.

This explains for the creation of the Whistleblowing Policy. This is also in response to *BSP Circular No. 499, Series of 2005, or Section X141.3 (9)(a) of the Manual of Regulations for Banks*, whereby the Audit Committee is enjoined to establish and maintain mechanisms by which officers and staff may, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action.

This Policy is a testament to the Bank's commitment to good corporate governance and firm resolve to faithfully carry out the rules and regulations enshrined in its Code of Ethics consistent with its thrust of maintaining the trusted name it has established in the industry.

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OBJECTIVES

- To encourage any person to report or disclose to the Bank any suspected, actual or threatened wrongdoing without fear of retaliation.
2. To inculcate in the minds of officers, employees, consultants or Bank representatives their duty to disclose with prudence wrongdoings committed by co-employees and officers in the performance of their function, or Bank operations and procedures.
 3. To prevent or avoid damages that the Bank may incur in relation to its dealings with clients, or any incidents that may cause damage to its assets, business opportunities, finances, resources, people and reputation due to any wrongdoing or other violation of BSP circulars and issuances.

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COVERAGE

This Policy governs reporting and assessment procedures on actual, suspected or threatened acts that may constitute the following:

- violations or infractions of the Bank's Operating Policies and Procedures Manual (OPPM);
- 2. violation of the Bank's Code of Ethics on conflicts of interest, dishonesty and other related offenses;
violation of banking laws, rules and regulations, including the Securities Regulation Code, as amended and other applicable laws and regulations;
- 4. fraudulent practices;
- 5. any attempt to conceal any of the violations mentioned herein including potential adverse effects thereof;
- 6. any act of retaliation (as defined herein) for any report done in accordance with this Policy, or by mere possession of information on the violations mentioned herein; and,
- 7 such other improprieties or practices which the Bank may, in its discretion, consider as detrimental to its interest and/or operations.

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DEFINITION OF TERMS

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Wrongdoing is any actual, suspected or threatened violation, deviation or impropriety as stated in the Coverage (nos. 1-7) of this Policy.

2. **Whistleblowing** is the act of any person who, in good faith, reports or alerts the Bank of any wrongdoing, intentional or not, and which are not yet known to the Bank that needs to be corrected, avoided or terminated.
3. **Whistleblower** is any person who, in good faith, reports or alerts the Bank of any wrongdoing, intentional or not, which are not yet known to the Bank that needs to be corrected, avoided or terminated.

If in case the suspected wrongdoing is already known to the Bank yet the person is still desirous to testify or provide the Bank with further details of the acts constituting one's wrongdoing, subject person is not considered as a whistleblower, but as a participant in the investigation, or as corroborating witness for the Bank.

4. **Good Faith** shall mean that the employee reporting has a reasonable ground to believe that the disclosure appears to be true as warranted by circumstances.
5. **Protected Disclosure** is a statement by the whistleblower about actual, suspected, threatened or impending wrongdoing.
6. **Unprotected or Malicious Disclosure/Reporting** is any disclosure or allegation which is absolutely, groundless, false, misleading or unwarranted, including, retracted disclosure which shall not be entitled to protection under this Policy.
7. **Retaliatory Action** is any negative or obstructive response, retaliation or reprisal to a disclosure of wrongdoing taken against the whistleblower and/or those officers or employees supporting him. The following may constitute retaliation against a whistleblower:
 - 7.1 giving the whistleblower or witness a baseless low or lower rating in his performance evaluation;
 - 7.2 sudden involuntary reassignment to a position with demonstrably less responsibility or status as the one held prior to the reassignment during the period of filing of the disclosure and the investigation thereof, or a proximate period thereafter;
 - 7.3 unjustified or bad faith exclusion of the whistleblower or witness from promotion, training, or benefits that are generally available to other employees;
 - 7.4 unjust vexation/harassment/hostile treatment by co-workers/superior;
 - 7.5 discriminatory or unjustified material adverse change in the terms and conditions of employment;
 - 7.6 giving threats or any form of violence in or outside the Bank; and,
 - 7.7 other analogous cases.

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PROTECTION UNDER THE WHISTLEBLOWING POLICY

No whistleblower shall suffer harassment or retaliation. An employee who retaliates against a whistleblower will be subjected to disciplinary action including, but not limited to, termination of employment.

2. To ensure the whistleblower's protection against retaliation, he may be transferred to another unit where the persons complained of will have no control over him/her and where the competence and work ability of the whistleblower will be of use to the same unit.
3. Any employee who testifies in any proceeding arising from a disclosure shall be accorded the same protection against retaliatory action like a whistleblower under this Policy.
4. The act of whistleblowing does not free whistleblowers from responsibility for their involvement in the disclosed misconduct or wrongdoing. In meritorious cases, however, whistleblowing may be a mitigating factor when considering disciplinary or legal actions to be taken by the Bank against the wrongdoers.

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CONFIDENTIALITY RULE

In order to encourage reporting of wrongdoings, the Bank will maintain a confidential reporting system through the Compliance Office.

2. The whistleblower shall be assured of the confidentiality of his identity, and that the details of his disclosure and the methods and coverage of the related investigation will be exclusive to the person involved and appropriate authorities only. However, while maintaining confidentiality on his identity as a whistleblower, he may be identified as a witness in legal proceedings.
3. To further maintain confidentiality, the person reporting should not:
 - a. in any way contact the person being reported which could in any way give that person an idea that he is being reported or may be reported.
 - b. discuss any fact or the ground of his suspicion with anyone except with the Compliance Officer or officer of the Bank to which the report has been made.

The Bank shall not, in any way, be held liable for any adverse consequence should an employee fail to observe any of the above.

4. All documents, such as but not limited to evidence and reports, relative to the incidents shall be kept in a properly secured place or area in Compliance Office. Release or review and turnover of the documents shall be coordinated with the Chief Compliance Officer.

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MANAGEMENT RESPONSIBILITY

It is the responsibility of all Officers to protect the integrity and name of China Bank. In this regard, a well defined internal control system was established by Management in order to prevent and detect wrongdoings.

2. All Officers should be familiar with the wrongdoings that might happen in his area of responsibility. He should immediately act on any indication or sign of misappropriation, irregularity or impropriety by gathering evidences that might support such suspicion.
3. Management is also responsible in detecting fraud and related dishonest acts within the Bank and to ensure adherence to Bank's policies and procedures. For this reason, it reiterates its full support and cooperation with Internal Audit, Compliance Office, Security Office, examiners and/or law enforcement agencies in the detection, investigation and reporting of criminal acts and prosecution of offenders.

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REPORT FORMAT AND FILING

Written Report:

- a. Reports or disclosures are encouraged to be made in writing to assure a clear understanding of the issues being raised.
 - b. It shall be done by accomplishing a Disclosure Form (DF) which may be downloaded from the Bank's website or requested from the Compliance Office and filing the disclosure/report through electronic mail or other similar means of communication. A sample DF is attached hereto as **Annex 1**.
 - c. Information in the DF must meet the following minimum requirements:
 - 1) Name and position of the person/s complained of;
 - 2) Specification of the alleged violations found in the OPPM, Code of Ethics and other rules and regulations;
 - 3) Statement of relevant and material facts;
 - 4) Contact details of the whistleblower.
 - d. The report may include copies of any supporting documents or evidence which can help the Chief Compliance Officer (CCO) in determining reasonable ground for the alleged violations to prosper.
2. Verbal Reports
- a. In certain cases, a verbal disclosure can also be made by placing a call to the Chief Compliance Officer or any Officer of the Bank.
 - b. Any Officer of the Bank who shall receive any report (verbal or written) is required to transmit such report to the Chief Compliance Officer within an hour from receipt of the same.
 - c. The Compliance Officer or the Officer to whom the report was made will then accomplish the DF.

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REPORT HANDLING AND PRELIMINARY ASSESSMENT

The report shall be submitted to the Chief Compliance Officer who is responsible to handle all disclosures or DFs.

2. The Chief Compliance Officer may be reached through the following means:

Telephone	885-5731
Telefax	864-5007
Mobile number	x x x x x x x x ????
E-mail address	<u>dtfuentes@chinabank.ph</u>

- 3. All disclosures received by the Compliance Office shall be properly docketed for monitoring purposes.
- 4. An electronic filing system shall be maintained for such purpose to monitor all reports received, which shall contain the status of the report received and the actions taken thereon.
- 5. The Chief Compliance Officer shall, within an hour from receipt of the report, confirm such receipt with the whistleblower through his/her duly identified means of communication.
- 6. It shall be the responsibility of the Chief Compliance Officer to determine the sufficiency and validity of the disclosure by the information contained in the DF.
 - a. If the disclosure or information is complete, i.e. contains the minimum information required in 02-04-08 (1.c), and is sufficient in form and substance, the matter shall be endorsed by the Chief Compliance Officer to either Audit Division and/or HRD for further investigation, subject to the Bank's Administrative Disciplinary Rules and Procedures.
 - b. If on preliminary examination of the report, the Chief Compliance Officer finds the disclosure baseless, without substance or merit in its totality, the whistleblower shall be notified of such fact within twenty four (24) hours from receipt of the report.
 - c. In the absence of any of the aforementioned conditions/requirements, the report shall not be given any action by the Compliance Office without prejudice to its re-filing.

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RETALIATION DISCLOSURES HANDLING

Retaliation or harassment towards the whistleblower may happen inside or outside of the Bank premises; in the same way that it can be done directly by the person being reported to or indirectly through external ways or measures.

2. All retaliation issues on whistleblowing shall be handled by the Chief Compliance Officer.
3. Any person suffering from such retaliation shall also file a written disclosure for such retaliation, detailing therein the scope/extent of the retaliation. If retaliation is imminent, filing of DF may be done later on.
4. Upon receipt of the Retaliation Report, the Chief Compliance Officer shall assess if there is sufficient basis for the disclosure. If there is, such shall be forwarded to HRD-ERD.
5. In cases where retaliation happens outside the Bank, which may endanger the life of the whistleblower and that of his immediate family and the whistleblower is seeking for any assistance from the Bank, the latter, through HRD-ERD, shall deliberate within 3 hours if support or assistance is necessary.
6. The Bank, through HRD-ERD, shall also determine the extent of support or assistance that can be extended to the whistleblower, such as but not limited to, providing security and counseling as the case may be.

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FALSE ALLEGATIONS/MALICIOUS REPORTING

Any employee who knowingly reports or makes false allegations of wrongful conduct or improprieties shall be subject to disciplinary action, up to and including possible termination from employment with the Bank, and/or to legal remedies that the subject of the report may avail of.

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PUBLICATION AND REVIEW OF THE POLICY

A copy of this Policy shall be posted in the Bank's Public Folder, with an e-mail announcement on its approval.

Line Managers will ensure dissemination of the policy to all employees.

3. This Policy will be reviewed periodically to ensure it complies with relevant laws and remains appropriate and effective.

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CHINA BANKING CORPORATION
DISCLOSURE FORM

NOTE: Please provide detailed information as much as possible.

WHISTLEBLOWER'S PERSONAL CIRCUMSTANCES						
NAME	OFFICE ADDRESS					
SIGNATURE/DATE	E-MAIL ADDRESS					
UNIT/DEPARTMENT/BRANCH	PHONE NO(S).	FAX NO(S).				
INFORMATION CONCERNING THE DISCLOSURE						
1. What is the major issue involved? <i>(Check as many as applicable.)</i>						
<p><u>Violation or Offense Covered by the Code of Ethics</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Honesty <input type="checkbox"/> Compliance with Standard Operating Procedures <input type="checkbox"/> Proper Conduct and Behavior <input type="checkbox"/> High Moral Standards <input type="checkbox"/> Anti-Sexual Harassment Policy <input type="checkbox"/> Work Responsibilities <input type="checkbox"/> Authority and Subordination <input type="checkbox"/> Conflict of Interest <input type="checkbox"/> Attendance and Punctuality <input type="checkbox"/> Office Attire <input type="checkbox"/> Wearing of Security Identification Cards <input type="checkbox"/> Bank Property <input type="checkbox"/> Safety and Security <p><u>Fraud Classification</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Theft <input type="checkbox"/> Falsification <input type="checkbox"/> Procurement, Properties, and Projects <input type="checkbox"/> Business Operations 	<p><u>Questionable Accounting Matter</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Significant overstatement or understatement of account balances <input type="checkbox"/> Non-recording of transactions in a complete or timely manner <input type="checkbox"/> Gross violation of generally accepted accounting principle/s <input type="checkbox"/> Misclassification of accounts <input type="checkbox"/> Lack of underlying transactions to support accounting entries <input type="checkbox"/> Lack of proper documents to support accounting entries <input type="checkbox"/> Inaccurate or non-disclosure of significant information relevant to proper interpretation of the financial statements <input type="checkbox"/> Others: _____ 	<p><u>Questionable Auditing Matter</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Misappropriation of funds <input type="checkbox"/> Misuse or abuse of Bank assets and facilities <input type="checkbox"/> Circumvention of or disregard of policies <input type="checkbox"/> Circumvention or violation of approving and signing authorities <input type="checkbox"/> Acts or transaction grossly disadvantageous to the Bank <input type="checkbox"/> Others: _____ 				
2. What happened? <i>(Please attach additional sheets if necessary.)</i>						
3. What other evidence, including physical evidence or documentation, exist to corroborate your disclosure? <i>(Please attach additional sheets, if necessary)</i>	<p><u>Supporting Documents</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> No documents attached <input type="checkbox"/> With documents attached: <table style="width: 100%; border: none;"> <tr> <td style="border-bottom: 1px solid black; width: 70%;"></td> <td style="border-bottom: 1px solid black; width: 30%; text-align: right;"><u>No. of Pages</u></td> </tr> <tr> <td style="text-align: right;"><u>Documents Attached</u></td> <td></td> </tr> </table>			<u>No. of Pages</u>	<u>Documents Attached</u>	
	<u>No. of Pages</u>					
<u>Documents Attached</u>						

4. How did you know about the subject of the information you are raising?

- Personal or direct knowledge
- Others have told me about it
- Others: _____

5. Who is/are the person/s involved i.e. respondents? *(Please attach additional sheets if necessary.)*

Name	Designation	Unit/Department/Branch	Nature of Involvement

6. Who is/are the possible witness/es?* *(Please attach additional sheets if necessary.)*

Name	Designation	Unit/Department/Branch	Nature of Involvement

7. When did the incident take place?

- Date: _____
- Time: _____
- Frequency: _____
- Since when has this been occurring? _____

8. Where did the incident occur?

Location of evidence: _____

9. How much is involved? *(Please provide approximate figure, if any.)*

10. Why are you making this disclosure? *(Please attach additional sheets if necessary.)*

DISCLOSURE HISTORY

Was the disclosure previously reported to a Bank officer?

- Yes. To whom? _____
What was the action taken? _____
- No

PLEASE ADVISE ON HOW WE MAY CONTACT YOU*

Whistleblower will:

- E-mail/Fax/Call again
- Visit Compliance Office
- Others: _____

Compliance Office is requested to provide feedback:

- By phone
- Thru e-mail
- Others: _____

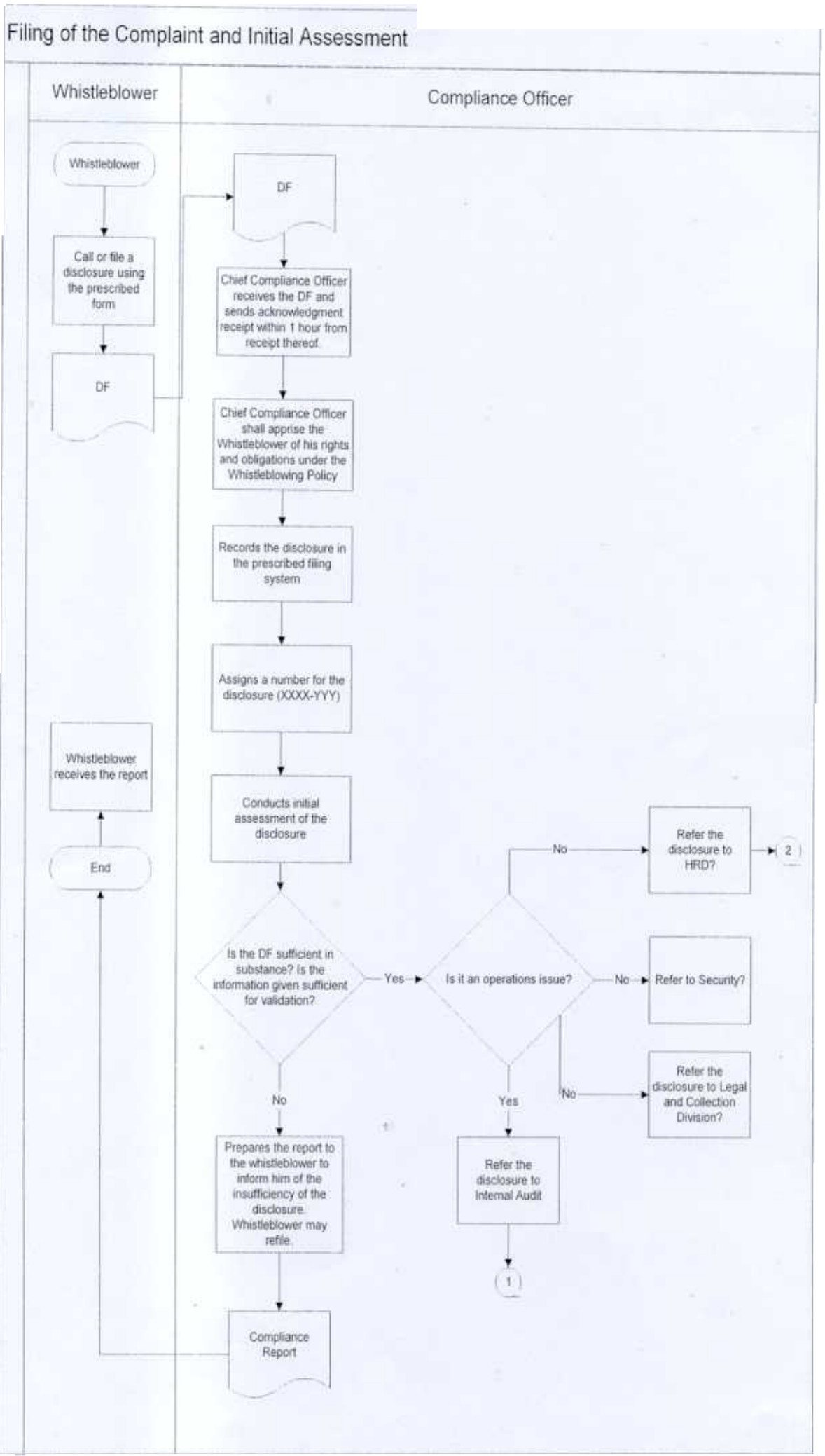
FOR COMPLIANCE OFFICE USE ONLY

MODE OF DISCLOSURE SUBMISSION			
<input type="checkbox"/> Written Disclosure <input type="checkbox"/> E-mail <input type="checkbox"/> Fax <input type="checkbox"/> P.O. Box	<input type="checkbox"/> Verbal Disclosure <input type="checkbox"/> Phone <input type="checkbox"/> Text message (SMS) <input type="checkbox"/> In person Recorded? <input type="checkbox"/> Yes. Tape/Record No.: _____ <input type="checkbox"/> No	Case No.:	
Disclosure Received By: Name: _____ Designation: _____ Date: _____ <i>Signature over printed name</i>	<u>Conforme (if made in person):</u> Name of interviewee: _____ Designation: _____ Date: _____ <i>Signature over printed name</i>	Reviewed By: Name: _____ Designation: _____ Date: _____ <i>Signature over printed name</i>	
PRELIMINARY EVALUATION			
Was the whistleblower advised of his rights and obligations under this policy? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Action Taken	Date	Remarks	
<input type="checkbox"/> For inquiry/investigation			
<input type="checkbox"/> For referral to other units			
<input type="checkbox"/> Audit			
<input type="checkbox"/> HRD			
<input type="checkbox"/> Legal and Collection Division			
<input type="checkbox"/> Security			
<input type="checkbox"/> Others: _____			
<input type="checkbox"/> No further action to be taken; case closed			
Disposition of the Case: Case closed?			
<input type="checkbox"/> Yes	Date: _____		
<input type="checkbox"/> No	Referred to: _____ Date: _____		
<u>Preliminary Evaluation:</u> Conducted By: Name: _____ Designation: _____ Date: _____ <i>Signature over printed name</i>		<u>Inquiry:</u> For Inquiry By: Name: _____ Designation: _____ Date: _____ <i>Signature over printed name</i>	
Reviewed By: Name: _____ Designation: _____ Date: _____ <i>Signature over printed name</i>		<u>Investigation:</u> For Investigation By: Name: _____ Designation: _____ Date: _____ <i>Signature over printed name</i>	
Disposition of the Case: Approved By:			
Name	Designation	Date	

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WHISTLEBLOWING FLOWCHART



Handling of Complaints

