CORPORATE GOVERNANCE MANUAL

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1. POLICY STATEMENT

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Philippine Veterans Bank ("PVB"/the "Bank") is a private commercial bank established in honor of, and for the benefit of World War II veterans. First established in 1963, PVB continues to hold the distinction of being the only bank in the Philippines wholly owned by close to 400,000 WWII veterans or their heirs and families.

The PVB Board of Directors and Management acknowledge that corporate governance is imperative and considered a fundamental process that will strengthen the vision, mission and corporate values of the Bank.

PVB adheres to the core values of professionalism, integrity, and excellence in the conduct of its business, exercising prudence in arriving at decisions, enforcing internal discipline and a system of check and balances in its operating processes. The Board and Management provide transparency among the Bank's various stakeholders regarding basic management policies and practices, major business strategies and decisions, and its operating results that impact their ownership and stakeholdings of the Bank.

The Corporate Governance Manual (the "Manual") is designed to define the framework of rules, systems and processes that governs the performance of the Board of Directors and Management. It creates awareness and institutionalizes the principles of good governance and establishes the structure by which the Bank executes and carries out these principles.

This Manual serves as reference by all members of the Board and Management in the conduct of their duties and responsibilities and hereby commit themselves to the principles and best practices as contained herein.

This Manual is in conjunction with the significant regulations and guidelines of the *Bangko Sentral ng Pilipinas* (BSP), the Securities and Exchange Commission (SEC), and other regulatory bodies imperative in strengthening good corporate governance and best practices.

2. TERMS / ABBREVIATIONS / DEFINITIONS

Acronym	Description
BSFI	BSP Supervised Financial Institution
BSP	*Bangko Sentral ng Pilipinas*
CAE	Chief Audit Executive
CCO	Chief Compliance Officer
CEO	Chief Executive Officer
CG	Corporate Governance
CGO	Corporate Governance Officer
COO	Chief Operating Officer
CRO	Chief Risk Officer
CXP	Customer Experience and Protection
FI	Financial Institution
FSS	Financial Services Specialist
NBFI	Non-Banking Financial Institution

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OBS	Office of the Board Secretary
PVB	Philippine Veterans Bank
QB	Quasi-Bank
RPT	Related Party Transactions
SEC	Securities and Exchange Commission
SES	Supervision and Examination Sector

Terms	Definition
Board of Directors	The governing body elected by the stockholders/members that provides stewardship, sets the Bank's over-all direction, and approves and oversees the implementation of its strategic objectives, risk strategy, corporate governance and compliance, corporate values, and the code of conduct.
Corporate Governance	Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board of Directors and Senior Management accountable for ensuring ethical behavior and reconciling long-term customer satisfaction with shareholder/member value to the benefit of all stakeholders and society.
Director	Directors shall include: a. Directors who are named as such in the Amended Articles of Incorporation of the Bank. b. Directors duly elected in subsequent meetings of the stockholders; and c. Those elected to fill vacancies in the Board of Directors.
Independent Director	A Director who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.
External Auditor	An independent auditor of the bank, duly accredited by SEC and BSP, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to stockholders.
Internal Audit	An independent and objective assurance activity designed to add value to and improve the Bank's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes
Internal Control	A process designed and effected by the Board of Directors, Senior Management and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations, reliable, complete and timely financial and management information; and compliance with applicable laws, regulations and the Bank's policies and procedure.

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Internal Control System	A framework under which internal controls are developed and implemented to manage and controls a particular risk and business activity, or combination of risks or business activities, to which the Bank is exposed.
Lead Independent Director	The Lead Independent Director is designated by the Board among the independent directors, if the positions of the Chairperson of the Board and the Chief Executive Officer are held by one person.
Management	A group of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Bank.
Non-Audit Work	The other services offered by an external auditor to the Bank that are not directly related and relevant to its statutory audit functions, such as accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor.
Non-Executive Director	A director who has no executive responsibility and does not perform any work related to the operations of the corporation; or shall refer to one who is not part of day to day management of operations and shall include the independent directors. However, not all non-executive directors are considered independent directors.
Non-Bank Financial Institutions	NBFIs shall refer to investment houses, finance companies, trust entities, insurance companies, securities dealers/broker, credit card companies, non-stock savings and loan associations (NSSLAs}, holding companies, investment companies, government NBFIs, asset management companies, insurance agencies/brokers, venture capital corporations, FX dealers, money changers, lending investors, pawnshops, fund managers, remittance agents and all other NBFIs without quasi-banking functions.
Officers	a. Shall include the CEO, President and COO, Executive Vice President, Senior Vice President, First Vice President, Vice President, Assistant Vice President, Senior. Manager, Manager, Treasurer, Trust Officer, and others mentioned as officers of the Bank, or those whose duties as such are defined in the By-Laws, or are generally known to be the officers of the Bank (or any of its branches and offices other than the head office) either through announcement, representation, publication or any kind of communication made by the Bank; b. Directors whose duties include functions of management such as those ordinarily performed by regular officer; c. Members of a group or committee including sub-groups or sub-committees, whose duties include functions of management such as those ordinarily performed by regular officers, and are not purely recommendatory or advisory, shall likewise be considered as officers.

Parent	shall refer to a corporation which has control over another corporation directly or indirectly through one (1) or more intermediaries.
Quasi-Bank	Quasi-banks (QBs)shall refer to investment houses, finance companies, trust entities and all other NBFIs with quasi-banking functions.
Related Party Transactions	Related Party Transactions /RPTs shall refer to transactions or dealings with related parties of the Bank, including its Trust Department, regardless of whether or not a price is charged.
Risk Appetite Statement	Shall refer to the articulation in written form of the aggregate level and types of risk that the Bank is willing to accept, or to avoid, in order to achieve its business objectives. It includes qualitative statements as well as quantitative measures expressed relative to earnings, capital, risk measures, liquidity and other relevant measures as appropriate.
Stakeholders	Any individual, organization or society at large who can either affect and/or be affected by the Bank's strategies, policies, business decisions and operations, in general. This includes, among others, non-proprietary certificate holders, customers, creditors, employees, suppliers, investors, as well as the government and the community in which PVB operates.
Stockholders/ Shareholders	Any WWII veteran or his/her heir holding at least one share of the capital stock of the Bank.
Substantial Stockholder	Substantial stockholder shall refer to a person, or group of persons whether natural or juridical, owning such number of shares that will allow such person or Group to elect at least one (1) member of the board of directors of a BSFI or who is directly or indirectly the registered or beneficial owner of more than ten percent (10%) of any class of its equity security.

4. BOARD GOVERNANCE

4.1. General Responsibilities of the Board

The Board is primarily responsible for approving and overseeing the implementation of the Bank's strategic objectives and business plans, risk strategy, corporate governance and corporate values. It shall hold regular and special meetings to discuss Senior Management's performance vis-a-vis the Bank's strategic plan and annual budget, as well as policies and developments in the areas of risk management, corporate governance, compliance, and relevant operational functions.

4.2. Specific Duties and Responsibilities of the Board

a. To ensure high standard of best practice for the Bank, its stockholders and other stakeholders, the Board shall:
   i. Define the Bank's corporate culture and values. It shall establish a code of conduct and ethical standards in the Bank and shall institutionalize a system that will allow reporting of concerns or violations to an appropriate body.
   ii. Approve a code of conduct or code of ethics, which shall articulate acceptable and unacceptable activities, transactions and behaviors that could result or potentially result in conflict of interest, personal gain at the expense of the Bank as well as the corresponding disciplinary actions and sanctions.
   iii. Consistently conduct the affairs of the Bank with a high degree of integrity and play a lead role in establishing the Bank's corporate culture and values.
   iv. Oversee the integrity, independence, and effectiveness of Bank's policies and procedures for whistleblowing

b. Approve the Bank's objectives and strategies and in overseeing Management's implementation thereof.
   i. Ensure that the Bank has beneficial influence on the economy by continuously providing services and facilities which will be supportive of the national economy
   ii. Approve the Bank's strategic objectives and business plans
   iii. Actively engage in the affairs of the Bank and keep up with material changes the Bank's business and regulatory environment as well as act in a timely manner to protect the long-term interests of the Bank
   iv. Approve and oversee the implementation of policies governing major areas of the Bank's operations

c. Appoint/Designate key members of Senior Management and Heads of Control Functions and approve sound remuneration and other incentives policy for employees.
   i. Oversee selection of the CEO, President & COO, and other key personnel, including members of Senior Management and heads of control functions based on the application of fit and proper standards
   ii. Approve and oversee the implementation of performance standards as well as remuneration and other incentives policy
   iii. Oversee the performance of senior management and heads of control functions
   iv. Engage in succession planning for the CEO and other critical positions, as appropriate

d. Ensure that employee's expertise and knowledge remain relevant by providing regular training opportunities as part of a professional development program.

e. Approve and oversee the implementation of the Bank's corporate governance framework.
   i. Define appropriate governance structure and practices for its own work, and ensure that such practices are followed and periodically reviewed;

ii. Develop a remuneration and other incentives policy for directors that shall be submitted for approval of the stockholders;
iii. Adopt a policy on retirement for directors and officers, as part of the succession plan, to promote dynamism and avoid perpetuation in power;
iv. Conduct and maintain the affairs of the Bank within the scope of its authority as prescribed in its charter and in existing laws, rules and regulations;
v. Maintain, and periodically update, organizational rules, By-Laws, or other similar documents setting out its organization, rights, responsibilities and key activities;
vi. Oversee the development, approve, and monitor implementation of corporate governance policies;
vii. Approve an overarching policy on the handling of RPT to ensure that there is effective compliance with existing laws, rules and regulations at all times, that these are conducted on an arm's length basis, and that no stakeholder is unduly disadvantaged;
viii. Define an appropriate corporate governance framework for group structures, which shall facilitate effective oversight over entities in the group.

f. Approve the Bank's risk governance framework and oversee Management's implementation
   i. Define the Bank's risk appetite. In setting the risk appetite, the Board of Directors shall take into account the business environment, regulatory landscape, and the Bank's long term interests and ability to manage risk;
   ii. Approve and oversee adherence to the risk appetite statement (RAS), risk policy, and risk limits;
   iii. Oversee the development of, approve, and oversee the implementation of policies and procedures relating to the management of risks throughout the Bank;
   iv. Define organizational responsibilities following the three lines of defense framework.

g. Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders/members and all other stakeholders

h. Develop a policy on board nomination and election.

i. Oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential/actual conflicts of interest of Board Members, Management, and Shareholders/Members.

j. Adopt a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter should serve as a guide to the directors in the performance of their functions and should be made publicly available.

4.3. Composition of the Board

PVB's Board of Directors shall be composed of at least five (5) members and a maximum fifteen (15) members, who shall be veterans or heirs of good standing, except for independent directors, with formal business training and/or experience in banking and finance and who possess the qualifications and none of the disqualifications of Directors, as prescribed under BSP rules and regulations, and shall be elected annually by the stockholders in the manner prescribed by the Revised Corporation Code of the Philippines.

It is represented by a combination of highly qualified business professionals, former bank presidents and senior officials affiliated with regulatory bodies and international organizations with integrity, decades of experience and technical expertise in banking and finance. Furthermore, it is composed of individuals with distinct finance, marketing, audit, risk and legal competencies as well as business leaders with extensive knowledge and experience in different industries. This broad and collective range of expertise provides value in strengthening and upholding good corporate governance practices of the Bank. In determining the appropriate Board composition, Board diversity shall consider professional experience, skills, knowledge, background, moral standing in the community and other distinctions between Directors. The Bank does not discriminate against gender, age, and ethnic, political, religious, or cultural backgrounds.

4.3.1. Directors

a. Qualifications:

i. A PVB Director is a veteran or an heir with good standing, except for independent directors, with formal business training and/or experience in banking and finance and who possess the qualifications and none of the disqualifications of Directors as prescribed under BSP rules and regulations, and shall be elected annually by the stockholders in the manner prescribed by the Revised Corporation Code of the Philippines.

ii. He is fit and proper for the position of Director in the Bank. In determining whether a person is fit and proper for the position of a Director, the following matters must be considered:

1) Integrity/Probity;
2) Physical/Mental Fitness;
3) Relevant Education/Financial Literacy/Training;
4) Possession of competencies relevant to the job, such as knowledge and experience, skills, diligence and independence of mind, and sufficiency of time to fully carry out responsibilities.

iii. He has attended a seminar on corporate governance for Board of Directors. A director shall submit to the BSP a certification of compliance for first time directors and documentary proof of such compliance

b. Disqualification and Procedure

Without prejudice to specific provisions of law prescribing disqualifications and disqualification procedures for directors/ officers; disqualified to become directors/ officers are those defined under BSP Circular No. 1076.

c. Tenure:

Upon election, a Director serves for a term of one (1) year subject to re-election the following year. The Nominations Committee shall evaluate each Director's qualifications for term renewal annually.

4.3.2. **Independent Directors:**

a. Qualifications

i. Is not or was not a director, officer or employee of the Bank, its subsidiaries, affiliates or related interests during the past three (3) years counted from the date of his election/appointment.

ii. Is not or was not a director, officer, or employee of the Bank's substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment.

iii. Is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the Board of Directors of the institution, or in any of its related companies or of its majority corporate shareholders.

iv. Is not a close family member of any director, officer or stockholder holding shares of stock sufficient to elect one (1) seat in the Board of Directors of the Bank or any of its related companies or of any of its substantial stockholders.

v. Is not acting as a nominee or representative of any director or substantial shareholder of the Bank, any of its related companies or any of its substantial shareholders.

vi. Is not or was not retained as professional adviser, consultant, agent or counsel of the Bank, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election.

vii. Is independent of management and free from any business or other relationship, has not engaged within the last two (2) years and does not engage in any transaction with the Bank or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment.

viii. Was not appointed in the Bank, its subsidiaries, affiliates or related interests as Chairman "Emeritus", "Ex-Officio", Directors/Officers or Members of any

Advisory Board, or otherwise appointed in a capacity to assist the Board of Directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his appointment;

ix. Is not affiliated with any non-profit organization that receives significant funding from the Bank or any of its related companies or substantial shareholders.

x. Is not employed as an executive officer of another company where any of the Bank's executives serve as directors.

b. Tenure

An independent director (ID) may only serve as such for a maximum cumulative term of nine (9) years. The nine (9) year maximum cumulative term for ID shall be reckoned from 2012, after which the ID shall be perpetually barred from serving as ID in the same bank, but may continue to serve as regular director.

4.3.3. **Lead Independent Director**

The Lead Independent Director is designated by the Board among the independent directors, if the positions of the Chairperson of the Board and the Chief Executive Officer are held by one person.

The Lead Independent Director shall be designated in the Organizational Meeting of the Board of Directors following the Annual Stockholders Meeting. The Lead Independent Director shall act as the preferred point of contact for other Independent Directors on the Board. Whenever necessary and at least once a year, he organizes a meeting exclusively for Independent Directors to discuss issues not included in the regular Board agenda.

a. **Specific Duties and Responsibilities of the Lead Independent Director**:

i. Supports the Chairman of the Board;
ii. Serves as intermediary between the Chairman, the Board and the Board
iii. Stakeholders in cases where Management has clear conflict of interest
iv. Convenes and Chairs meetings of Independent Directors and Non-Executive Directors;
v. Contributes to the Performance evaluation of the Chairman, as required;
vi. Leads the Independent Directors at the Board meetings in raising queries and pursuing matters;
vii. Ensures the nomination and succession of the Chairman of the Board.

4.3.4. **Board Officers**

a. Chairman of the Board

The Chairman of the Board of Directors shall provide leadership in the Board of Directors. He shall ensure effective functioning of the Board of Directors, including maintaining a relationship of trust with members of the Board of Directors.

i. Specific Duties and Responsibilities of the Chairman of the Board

1) Ensures that the meeting agenda focuses on strategic matters including discussions on risk appetites, and key governance concerns;
2) Ensures a sound decision making process;
3) Encourages and promotes critical discussion;
4) Ensures that dissenting views can be expressed and discussed within the decision-making process;
5) Ensures that members of the board of directors receives accurate, timely, and relevant information;
6) Ensures the conduct of proper orientation for first time directors and provide training opportunities for all directors; and
7) Ensures conduct of performance evaluation of the Board of Directors at least once a year.

ii. Qualifications of the Chairman of the Board

To promote checks and balances, the Chairperson of the Board of Directors shall be a non-executive or independent director, and must not have served as CEO of the Bank within the past three (3) years prior to his/her election as Chairman of the Board.

The positions of the Chairman and CEO shall not be held by one person. In case where the position of Chairman of the Board of Directors and CEO is held by one (1) person, with approval of the BSP Monetary Board, a Lead Independent Director shall be appointed.

b. Vice Chairman of the Board

The Vice Chairman shall assist the Chairman of the Board in performing the latter's duties and responsibilities. In particular, the Vice Chairman shall take the important role in monitoring the implementation of the Company's strategies. During the period when the Chairman is absent and the normal functions of the Chairman cannot be carried out, the Vice Chairman will assume the role as the acting Chairman until the Chairman resumes carrying out his normal duties and/or a new Chairman has been elected and appointed by the Board.

c. Chief Executive Officer (CEO)

The CEO shall be the overall-in-charge for the management of the business and affairs of the Bank governed by the strategic direction and risk appetite approved by the Board of Directors. He shall be primarily accountable to the Board of Directors in championing the desired conduct and behavior, implementing strategies, and in promoting the long-term interest of the Bank. He gives guidance and direction in maintaining the uptrend in the Bank's financial performance.

i. Specific Duties and Responsibilities of the CEO

1) Determines the Bank's strategic direction and formulate & implement its strategic plan on the direction of the business;
2) Communicates and implements the Bank's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same;
3) Maintains a good working knowledge of the banking industry and market and keeps up-to-date with its core business purpose;
4) Manages the Bank's resources prudently and ensure a proper balance of the same;
5) Provides the Board with timely information and interface between the Board and the employees;
6) Builds the corporate culture and motivates the employees of the Bank;
7) Serves as the link between internal operations and external stakeholders;
8) Exercises the power of supervision and control over decisions or actions of subordinate officers and all other powers that may be granted by the Board;

4.3.5. President and Chief Operation Officer

The President and Chief Operating Officer (COO) takes a leadership role in building, implementing and overseeing the Bank's financial goals, systems, processes, workflows and procedures. The position also plays a critical role in helping to shape and guide the future growth and development of the Bank. He is responsible for the over-all direction and control of the Bank's entire operations. He oversees capital formulation, authorization of capital expenditures, acquisition or disposition of assets, and declaration of dividends.

a. Duties and Responsibilities:

i. Directs and manages internal operations to achieve budgeted results and other financial criteria and to preserve the capital funds invested of the organization;
ii. Establishes processes and system to manage all resources required for business including technology and people;
iii. Establishes a strategic plan that is aligned to the business objective of the CEO to ensure business profitability;
iv. Leads the development and installation of procedures and controls, to promote communication and adequate information flow to solidify management control and direction of the Bank;
v. Develops and establishes operating policies consistent with the CEO's broad policies and objectives and ensures their adequate execution;
vi. Appraises, evaluates and reports the results of overall operations regularly and systematically to the CEO to ensure that all activities and operations are performed in compliance with the policies and regulations and laws governing business operations;
vii. Develops and maintains a sound plan of organization and establishes policies to ensure adequate management development and to provide for capable

management succession for those business units reporting under his responsibility;

viii. Leads the different units of the Bank to look for ways to automate and systematize processes of the business to increase efficiency;

ix. Ensures that structures and procedures are in place for effective recruitment, training and evaluation of employees;

x. Ensures that structures and procedures are in place for securing the resources required by the Bank.

4.3.6. **Board Secretary**

a. Duties and Responsibilities of the Board Secretary

i. Safekeeps and preserves the integrity of the minutes of meeting of the Board, Board committees and shareholders/ members, as well as other official records of the Bank;

ii. Assists the Board and the Board committees in the conduct of their meetings, including preparing an annual schedule of Board and Committee meetings and the annual board calendar, and assisting the chairs of the Board and Board Committees to set the agenda for the meetings at least five (5) working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

iii. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so and maintains record of the same;

iv. Reviews the By-laws and initiates amendments, if needed, to ensure that they conform to regulatory requirements;

v. Advises the Board and the Chairman on relevant laws, regulations, governance issuances, and industry developments that affect the operations of the Bank;

vi. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and Management, the Board and its Committees, and the Board and its stakeholders, as well as other stakeholders;

vii. Advises on the establishment of Board Committees and their terms of reference;

viii. Ensures that the biographical data and other information on Directors and Senior Officers are updated and kept at the DOSRI/RPT Database;

ix. Ensures that the list of the Bank's stockholders, their proxies and their stockholdings, is complete and updated, maintains the stock transfer book/s, and keeps track of all outstanding certificates in the manner required by law and regulations;

x. Maintains and implements an effective, secure, and efficient voting system during the Annual Stockholders' Meeting or any special meeting; Discloses the appointment of the Compliance Officer to the Securities and Exchange Commission on SEC Form 17-C;

xi. Submits to the SEC, at the end of every fiscal year, an annual sworn certification on the directors' record of attendance in Board meetings;

xii. Performs all required administrative functions;

xiii. Performs such other duties and responsibilities as are incident to his office and those which may be required of him by the Board, the CEO or provided by the regulatory body.

4.4. Board Remuneration

The Bank shall have a clear policy in setting Board per diem. It should be aligned with the long-term interests of the Bank.

4.4.1 Per diem/Allowance

The members of the Board of Directors shall receive a per diem/allowance for every meeting of the Board/ Board Committee actually attended by them, the amount of which shall be set by the Remunerations Committee based on the acceptable banking industry rates and shall be set in accordance with the pertinent provisions of the Revised Corporation Code of the Philippines.

The Remuneration Committee shall review the per diem structure of the Board of Directors annually or as necessary. Any adjustment in the per diem rates shall be endorsed to the Board of Directors for approval.

Every Annual Stockholders Meeting, the compensation of the Board of Directors in aggregate amount received for the year by the board of directors is reported to the shareholders.

4.4.2 Others

The Bank grants travel privileges to members of the Board of Directors for their official or business travels locally or abroad, subject to approval. The President & Acting CEO shall approve said travel and all expenses related thereto including but not limited to transportation (air fare, etc.) and hotel accommodation, subject to confirmation of the Executive Committee.

4.5. Board Nomination and Appointment, Retirement and Succession

4.5.1. Confirmation of Election/ Appointment of Directors and Officers

The Board of Directors shall, upon election and qualification, organize itself and, by a majority vote of all its members, elect its Chairperson, Vice-Chairperson and Secretary. The Board Secretary should not be a member of the Board.

Vacancies shall be filled by majority vote of the remaining Directors if they still constitute a quorum. In the event that resignation, death or disqualification shall reduce the members of the Board to a number less than a quorum, vacancies shall be filled by election in a special meeting of Stockholders to be called for the purpose.

Only nominees whose names appear on the final list of candidates shall be eligible for election. No other nominations shall be entertained after the final list of candidates shall have been prepared; and no further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting. The Directors shall be elected by the stockholders entitled to vote during the annual meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

The election/appointment of directors/officers shall be subject to confirmation by BSP:

Confirming Authority	Position Level
a. Monetary Board	Directors, **President**, CEO of the Bank and its subsidiary Bank
b. FSS Committee	Treasurer and heads of internal audit, risk management and compliance functions, and other officers with rank of senior vice president and above (or equivalent ranks), Trust officer and **Trust Independent Professional.**

The resignation, retirement, or replacement of directors/officers shall be reported to the appropriate department of the BSP FSS within twenty (20) banking days after such resignation/retirement/replacement.

The election/appointment of abovementioned directors/officers shall be deemed to have been confirmed by the BSP, if no advice received from the supervising department of the FSS sixty (60) banking days from receipt of the complete required reports.

However, the confirmation by the Monetary Board/FSS Committee of the election/appointment to above-mentioned position levels shall not be required in the following cases:

a. Re-election of a director (as a director) in the same Bank or election of the same director in another bank, QB, trust corporation, and NBFI with trust authority within a banking group;

b. Re-election of an independent director (as an independent director or not) in the same BSFI or election of the same director (as an independent director or not) in another bank, QB, trust corporation, and NBFI with trust authority within a banking group; and

c. Promotion of an officer, other than to that which requires (a) prior Monetary Board approval, or (b) a different set of minimum qualifications, or (c) a different level of confirming authority as provided in the first paragraph hereof, in the same bank or appointment/transfer to another bank, QB, trust corporation, and NBFI with trust authority within a banking group:

Provided, That the director/officer concerned has been previously confirmed by the Monetary Board, or if previously confirmed by the FSS Committee, his re-election/promotion/ transfer requires the same level of confirming authority mentioned above; Provided, further, that said director/officer has had continuous service in PVB. This exemption shall apply to directors/officers confirmed by the Monetary Board/FSS Committee starting 01 January 2011.

The appointment of officers below the rank of Senior Vice President (SVP) other than the Treasurer, trust officer, and heads of internal audit, risk management, and compliance functions shall be subject neither to Monetary Board approval nor BSP confirmation.

The required certifications and other documentary proof of qualifications for the confirmation of the election/appointment of directors/officers are shown in **"Annex C"**. Non-submission of complete documentary requirements within the prescribed period shall be construed as his failure to establish his qualifications for the position.

A director/officer whose election/appointment was not confirmed for failure to submit the complete documentary requirements shall be deemed removed from office after due notice to the board of directors of the Bank, even if he has assumed the position to which he was elected/appointed, pursuant to Section 16 of R.A. No. 8791.

4.5.2. Biographical Data of Directors and Senior Management

The Bank shall submit to BSP a bio-data with ID picture of the (1) directors and officers who are subject to confirmation and (2) officers below the rank of SVP requiring a different set of minimum qualifications, upon every election/re-election/appointment/ promotion in a prescribed form within twenty (20) banking days from the date of election/re-election of the directors/meeting of the board of directors in which the officers are appointed/promoted.

The bio-data shall be updated and submitted in cases of change of name due to change in civil status and change of residential address, within twenty (20) banking days from the date the change occurred, and in cases of requests for prior Monetary Board approval of interlocks.

The Bank keeps a complete record of the bio-data of all its directors and officers and maintains a system of updating said records which shall be made available during onsite examination or when required by the BSP for submission for off-site verification.

The Office of the Board Secretary shall maintain the biographical data of the Directors and Senior Officers, while the Human Resources Division shall maintain the records of Junior Officers and employees.

4.5.3. Interlocking and Secondments of Directorships/ Officership

In order to safeguard against the excessive concentration of economic power, unfair competitive advantage or conflict of interest situations are prevented and ensure that the concerned directors and officers will devote sufficient time and attention necessary to effectively carry out their duties and responsibilities, the Bank shall conform to the following regulations governing interlocking directorships and/or officerships:

a. Interlocking Directorships

The BSP recognizes that an effective sharing of managerial and technical expertise promotes economies of scale and organizational synergies, aside from broadening perspective in strategy formulation and risk management. Thus, the Bank is expected to have an effective governance process to ensure that benefits are optimized in interlocking positions.

The concerned director, in accepting interlocking/concurrent directorship shall ensure that he can devote sufficient time and attention necessary to effectively carry out his/her duties and responsibilities.

a.1. General Rule - Interlocking directorships among BSP-Supervised Financial Institutions is allowed except in cases involving banks that belong to the same category.

a.2. Interlocking directorship in banks belonging to the same category shall only be allowed if:

i. Part of the same banking groups; or
ii. Have different business models and are serving different markets or clients.

For purposes of determining interlocking directorship, a director and his/her spouse (whether legitimate or common law) shall be considered as one (1) and the same person.

a.3. Interlocking directorship between a Bank and Investment House (IH), is allowed subject to the requirements of interlocking and applicable laws and regulations.

a.4 **Approval.** The Board Secretary/Corporate Secretary shall determine the occurrence of an interlocking. The Board of Directors, thru the Corporate Governance & Oversight Committee (CGCOC), shall approve the interlocking positions held by directors. In this regard, the supporting documents on the approval shall reflect the assessment done on the said interlocking.

a.5**. Limit on Interlocking Directorship.** A Non-Executive Director (NED) which may include an Independent Director, shall be allowed to concurrently serve as director to a maximum limit of five (5) publicly-listed companies (PLC).

Executive Directors, they can serve up to maximum of two (2) boards of the PLCs only.

a.6. **Documenting Interlocking Directorship**. Any director who will be accepting new interlocking directorship position/appointment, shall notify the Bank's Board or the CGCOC through the Board Secretary prior accepting such position/appointment.

b. Interlocking Directorship and Officership

Interlocking directorship and officership are allowed provided that the positions do not pose conflict of interests.

c. Interlocking Officership

A concurrent officership in different financial institutions may present more serious problems of self-dealing and conflict of interest. Multiple positions may result in poor governance or unfair competitive advantage. Considering the full-time nature of officer positions, the difficulties of serving two (2) offices at the same time, and the need for effective and efficient management, the following rules shall be observed:

i. Interlocking officerships shall not be allowed except the following:

a) Held in the same capacity within a banking group as
(i) Corporate Secretary
(ii) Security Officer
(iii) Chief Risk Officer. Chief Compliance Officer, Head of Internal Audit or
(iv) Other positions performing similar functions as those in (i) to (iii)

b) As Corporate Secretary or Assistant Corporate Secretary between/among entities which are not part of the same banking group/conglomerate, provided that:
(i) Proof of disclosure to and consent from all of the involved entities on the interlocking officerships are obtained; and
(ii) The position do not pose conflict of interest and that the officer holding interlocking positions will still be able to devote sufficient time and attention to effectively carry out his/her duties and responsibilities.

c) Interlocking officerships between a bank and an investment house may only be allowed where the majority or all of the equity of the investment house is owned by the bank.

d) Approval. HRD shall determine the occurrence of an interlocking The Board of Directors, thru the Human Resources Committee (HRCom), shall approve the interlocking positions held by officers. In this regard, the supporting documents on the approval shall reflect the assessment done on the said interlocking.

d. Report /ARIPDO

The Office of the Board Secretary and HR shall submit an annual report of all interlocking positions of its directors and officer within five (5) banking days after the end of reference year to the Corporate Governance Officer using the BSP template.

The OBS and HR shall follow the BSP guidelines and shall use the BSP template in the preparation of the list for the Annual Report of all Interlocking Positions of Directors and Officers (ARIPDO).

The Bank through the Corporate Governance Officer shall submit to the BSP a consolidated interlocking positions within twenty (20) banking days from the end of reference year.

e. Secondment

The Bank may second or transfer its employee to another entity for temporary assignment in accordance with the Board-approved policy on secondment. The secondee or the transferred employee shall relinquish all his duties, responsibilities, and authorities in the Bank, and shall receive remuneration and other incentives from the host entity.

The Bank shall submit a notice within ten (10) banking days from the approval of secondments of employees to the appropriate supervising department of the BSP.

4.6. Board Meetings

4.6.1. Regular and Special Meetings

The Board shall hold a meeting for organizational purposes immediately after their election, of which no notice shall be required. Thereafter, the Board shall hold its regular meetings at least once every month as provided by the By-Laws at the principal office of the Bank or at such other place within the Philippines as may be fixed by the Board, including online or virtual meetings when physical meetings are not possible.

The Board Secretary shall inform members of the Board of the agenda of their meetings and distribute materials for Board meetings at least five (5) business days before the scheduled meeting, and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.

Special meetings of the Board of Directors may be called at any time by the Chairman or the Vice Chairman or on written request of at least the majority of the Directors. Only one day notice shall be required for any meeting of the Board and can be made either orally or in writing.

The absence of a director in more than fifty percent (50%) of all regular and special meetings of the Board during his/her incumbency is a ground for disqualification in the succeeding election.

Board-level Committees shall meet as prescribed in their respective charters. Participation of committee members may likewise be in person or through modern technologies. The attendance and participation of members in committee meetings shall be considered in the assessment of continuing fitness and propriety of each director as member of board-level committees and the Board.\

As may be deemed necessary, the Non-Executive Directors shall have separate periodic meetings with the external auditor and heads of the governance units, namely Internal Audit, Compliance and Risk Management, without any executive director or senior management present to ensure that proper checks and balances are in place within the Bank. The meeting shall be led by the Lead Independent Director.

4.6.2. Quorum

A majority of the total number of members in the Board shall be necessary at all meetings to constitute a quorum for the transaction of any business. Every decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act unless otherwise provided by law. A minority of the Board present at any regular or special meeting shall, in the absence of a quorum, adjourn to a later date, and shall not transact any business until a quorum has been secured.

4.6.3. Virtual meetings

The Bank allows proactive steps to ensure that meetings run well. The Members of the Board shall attend and actively participate in all its regular and special meetings in person or through modern technologies such as, but not limited to, teleconferencing and video conferencing as long as the Director who is taking part in said meetings can participate in the deliberations on matters taken up therein. Every member of the board of directors shall participate in at least fifty percent (50%) and shall physically attend at least twenty-five percent (25%) of all meetings of the board of directors every year. The twenty-five percent (25%) physical attendance requirement is lifted during periods of national emergencies. public health emergencies' and major disasters, among others, that affect mobility, activity, and access to BSFIs.

Directors who cannot physically attend or vote at board meetings can participate and vote through remote communication such as videoconferencing, teleconferencing or other alternative modes of communication that allow them reasonable opportunities to participate. However, directors cannot attend or vote by proxy at board meetings.

A director who intends to participate in a meeting through remote communication, he shall notify in advance the Presiding Officer and the Board Secretary of his intention. The Board Secretary shall note such fact in the Minutes of the meeting.

The Board Secretary shall issue internal guidelines for the conduct of meetings of the Board and Board Committees consistent with existing BSP and SEC regulations.

4.7. BOARD GOVERNANCE- BOARD COMMITTEES: DUTIES AND RESPONSIBILLITIES AND COMPOSITION

4.7.1. Board Committees

To support the effective performance of the Board's function and fulfill the principles of good corporate governance, the Bank shall constitute Committees as may be applicable.

All Committees shall have their respective Charters stating their respective purposes, memberships, duties and responsibilities, conduct of meetings and other relevant guidelines.

4.7.2. Executive Committee (ExeCom)

The ExCom is created by the Board to decide and implement courses of actions relevant to the Board of Directors. It has the power to direct the business of the Bank within powers and authority lawfully delegated to it by the Board of Directors, including the power to review and approve proposals and transactions related to credit in amounts within the limits of its delegated authority.

The Executive Committee shall be composed of five (5) members, with the Chairman of the Board as Chair, three (3) Directors serving for one year by rotation among the members of the Board, and one (1) representative from Management, as members. The Executive Committee shall meet in between meetings of the Board to act on such matters as may be assigned by the latter with confirmation at the next Board meeting.

4.7.3. Assets Disposal Committee (ADC)

The Asset Disposal Committee shall review strategies for the disposal of the Bank's acquired assets in a manner most beneficial to the Bank, and shall evaluate and approve the disposal and lease of such assets of the Bank, subject for Board approval in the case of huge assets.

The ADC shall be composed of at least three (3) Directors appointed by the Board of Directors who shall not be officers of the Bank proper.

4.7.4. Audit Committee

The Audit Committee shall monitor and evaluate the adequacy and effectiveness of the Bank's internal controls.

It shall be responsible for the setting-up of the internal audit department and for the appointment of the internal auditor as well as the independent external auditor who shall both report directly to the Audit Committee. It shall monitor and evaluate the adequacy and effectiveness of the internal control system.

The Committee shall assist the Board in the appointment/selection, remuneration, evaluation and promotion / dismissal of the Chief Audit Executive (CAE). It shall also ensure that the internal audit office has adequate resources and effectively oversee the risk-taking activities of the Bank.

It shall be composed of at least three (3) members of the Board of Directors who shall all be non-executive directors, majority of whom shall be independent directors including the Chairperson. The Committee's members, including its Chair, shall have accounting, auditing or related financial management expertise or experience commensurate with the size, complexity of operations and risk profile of the Bank.

4.7.5. Corporate Governance and Compliance Oversight Committee (CGCOC)

The Corporate Governance and Oversight Committee shall serve as the primary resource for the Board to study, evaluate and make recommendations about the structure, charter, policies and practices of the Board and its committees and to address issues of corporate governance, including the relationship with the different shareholders and the consumer as well. It shall ensure the review and evaluation of

the qualifications of all persons nominated to the board as well as those nominated to other positions requiring appointment by the Board of Directors.

CGCOC shall be composed of at least three (3) members of the Board of Directors who shall all be non-executive directors and majority of whom, including the Chair, shall be independent directors.

The Committee shall be responsible for assisting the Board in the appointment/selection, remuneration, evaluation and dismissal of the Chief Compliance Officer (CCO). It shall also ensure that the compliance function has adequate resources to effectively oversee the compliance activities of the Bank as well as its relationship with the shareholders.

The Chief Compliance Officer, the Governance Officer and the Board Secretary shall serve as Resource Persons to the Committee, with the Office of the Board Secretary as the Committee Secretariat. The Office of Veterans Affairs is also invited to the Committee for a regular report on work done to ensure the participation of the big number of stockholder veterans. Office of the Customer Experience and Protection is also invited to give a regular update on customer feedback and complaints data base.

4.7.6. **Credit Committee (CreCom)**

The Credit Committee shall review and approve loan and credit applications within the authority granted by the Board of Directors as reflected in the Table of Assigned Limits of Authority. It shall evaluate and endorse to the Board, for approval, all policies and new products, services, and activities that involve credit.

It shall be composed of at least three (3) Directors appointed by the Board of Directors who are not officers of the Bank proper. A non-executive or independent Director can be a member but as a non-voting member to establish a formal and transparent procedure for developing credit policy.

4.7.7. **Human Resources Committee (HRCom)**

The Human Resources Committee shall review, report on and, if required, make a recommendation to the Board or Management on matters relating to Human Resource, Compensation policy and to establishment a plan of continuity of, and development of Senior Management for the Bank.

The Committee shall be composed of at least three (3) member of the Board of Directors (BOD). A non-executive or independent Director can be a non-voting member to establish a formal and transparent procedure for developing a policy on remuneration of Directors and Officers to ensure that compensation is consistent with the Bank's culture, strategies, and business environment in which it operates.

4.7.8. IT Steering Committee

The ITSC provides governance and oversight in the management of the Bank's IT resources. Its principal function is to ensure that IT strategies are consistent with the overall business objectives. As an extension of the Board, it shall supervise the IT Risk Management Program of the Bank and the development of policies, controls and specific accountabilities consistent with the Bank's IT Risk Management Framework. It shall regularly provide adequate information to the Board regarding overall IT performance, status of major projects and other significant issues related to IT risks.

The ITSC shall be composed of at least three (3) Directors appointed by the Board of Directors; one of which is a non-executive Board Director who oversees the institution's IT functions.

4.7.9. Nomination Committee

The Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board consistent with the qualification and disqualification requirements set by the BSP. The Committee may utilize the services of professional search firms or other external sources to search for qualified candidates to the Board.

The Committee shall be composed of at least three (3) members of the Board, two of whom shall be independent directors.

4.7.10. Related Party Transactions Committee (RPT)

The RPT Committee shall assist the Board in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity and in compliance with applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders and RPTs are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged.

The Committee shall be composed of at least three (3) members comprised of (2) Independent Directors., including the Chairperson.

4.7.11. Remuneration Committee

The Remuneration Committee shall assist the Board of Directors in setting up a program of compensation and benefits for the Board and Senior Management that would attract the best talents in the industry. By periodically benchmarking with practices/offers in the industry, the Remuneration Committee shall monitor adequacy, effectiveness and consistency of a compensation program vis-à-vis corporate philosophy and strategy.

The Committee shall be composed of at least three (3) members, all of whom shall be independent directors.

4.7.12. Risk Management Oversight Committee (RMOC)

The Risk Management Oversight Committee shall assist the Board in fulfilling its responsibilities in managing the Bank's risk-taking activities. It shall advise the Board of the state of the Bank's risk profile and provide insights and propose the formulation of enhancement of programs, policies, directions and courses of action needed to address and manage the Bank's risk exposures.

The Committee shall be composed of at least three (3) members of the Board of Directors, majority of whom are non-executive directors and one independent director.

4.7.13. Trust Committee

The Trust Committee shall assist the Board in fulfilling its responsibilities to oversee the proper management and administration of trust and other fiduciary business of the Bank.

The Committee shall be composed of at least five (5) members including the President, Trust Officer and Non-Executive Directors who are appointed by the Board on an annual basis, or those considered at "independent professionals".

4.8. BOARD GOVERNANCE: OVERSIGHT OFFICERS, DUTIES AND RESPONSIBILITIES

The Board shall appoint Oversight Officers whose critical functions are to ensure that all business units adhere to the provisions of the regulatory bodies as well as to the Board approved charters, policies and procedures. They coordinate and report directly to the Board and to the Board Committees.

The minimum level for the Oversight Head shall be Vice President (VP).

4.8.1. Chief Compliance Officer (CCO)

The CCO is the lead senior officer in administering the compliance program of the Bank and interacting with the BSP on compliance related issues. He is vested with sufficient stature, seniority, independence and authority within the Bank including the

ability to conduct investigations for breaches of the compliance policy and ensure that remedial or disciplinary action is taken in a timely manner.

The CCO is independent from executive functions and business line responsibilities, operations and revenue-generating functions. He has direct access to the Board of Directors and all the Bank Committees, Chief Executive Officer, President & Chief Operating Officer and other Senior Management to discuss and report any business and compliance risk related issues. The CCO serves on a full-time basis and reports to CGCOC.

The CCO is provided with adequate logistical support and resources and has ready access to information and personnel as he deems necessary to effectively carry out his responsibilities. He is primarily liable to the Bank and its shareholders, and has, among others, the following duties and responsibilities:

a) Advises the Board of Directors and Senior Management on relevant laws, rules and standards, including keeping them informed on developments in the area;
b) Apprises Bank personnel on compliance issues, and act as the contact point within the Bank for compliance queries;
c) Establish written guidance on the appropriate implementation of laws, rules and standards through policies and procedures and other documents such as compliance manuals, internal codes of conduct and practice guidelines;
d) Identifies, document and assess the compliance risks associated with the Bank's business activities, including new products and business units;
e) Assesses the appropriateness of the Bank's compliance procedures and guidelines, promptly following up any identified deficiencies, and where necessary, formulate proposals for amendments;
f) Monitors and tests compliance by performing sufficient and comprehensive compliance testing;
g) Maintains a constructive working relationship with the BSP, and other regulators
h) Ensures proper on-boarding of new directors (i.e., orientation on the Bank's business, charter, articles of incorporation and By-Laws, among others);
i) Monitors, reviews, evaluates and ensures the compliance by the Bank, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies);
j) Ensures the integrity and accuracy of all documentary and electronic submissions as may be allowed under SEC rules and regulations;
k) Reports to the CGCOC and the Board if violations are found and recommends the imposition of appropriate disciplinary action;
l) Appears before the SEC when summoned in relation to compliance with this Code and other relevant rules and regulations;
m) Ensures the attendance of board members and key officers to relevant trainings; and
n) Performs such other duties as may be provided by the Board and regulatory body.

4.8.2. **Corporate Governance Officer (CGO)**

The Board shall appoint a CGO to ensure firm and sustainable implementation of good governance in the Bank, and to protect the interest and welfare of the stakeholders.

The CGO is tasked with directing the people, business processes and systems within the Bank to support the Board of Directors. The CGO shall have the following duties and responsibilities:

a) Ensures the implementation of the Bank's corporate governance program providing for sound governance principles and leadership that adequately meet the statutory and industry requirements;
b) Ensures a culture of strong, transparent and accountable good corporate governance within the Bank;
c) Manages on a regular basis, the monitoring of corporate governance (including decision-making framework), ensuring all necessary information are provided to BSP or other regulatory agencies in a timely manner to ensure that concerned parties are able to discharge their statutory functions effectively;
d) Develops, implements, and maintains the Corporate Governance Manual;
e) Assists in the development of the Code of Business Conduct, Code of Ethics, and other related policies;
f) Assists the Compliance Division in reviewing the way in which the Bank transacts its business, to ensure that the decision-making process continues to be underpinned by robust and transparent governance structures;
g) Supports and assists the Compliance Division, Risk Management Division, Audit Division, among others, perform their assigned tasks relative to good corporate governance.
h) Undertakes projects and research that may be assigned by the CGCOC, relating to the work of governance, including analyzing/evaluating issues and data, and offering advice on the courses of action available to assist the concerned are in reaching critical business decisions;
i) Oversees the implementation of the Integrity Upholding Policy;
j) Performs other non-executive related functions from time to time.

4.8.3. **Chief Risk Officer (CRO)**

The CRO shall be the lead senior officer in overseeing the risk management function in the Bank. The CRO is independent from executive functions and business line responsibilities, operations and revenue-generating functions, and has access to such information as he deems necessary to form his judgment. The CRO serves on a full-time basis and reports to the Risk Management Oversight Committee.

The CRO supports the board of directors in the development of the risk appetite and risk appetite statement (RAS) of the Bank and translating it into a risk limits structure. He likewise proposes enhancements to risk management policies, processes, and systems to ensure that the Bank's risk management capabilities are sufficiently robust and effective to fully support strategic objectives and risk-taking activities.

The CRO drives the implementation of the Board approved strategies and policies integrating financial sustainability principles and shall have the following duties and responsibilities:

a) Oversees the risk-taking activities across the Bank and evaluates whether these are consistent with the Bank's risk-appetite and strategic direction;
b) Ensures that the risk governance framework remain appropriate relative to the complexity of risk-taking activities of the Bank;
c) Identifies, measures, monitors and reports risk on an enterprise-wide basis as part of the second line of defense;
d) Manages risk exposure and ensuring the development and consistent implementation of risk policies, processes and procedures throughout the Bank;
e) Monitors risk exposures and determining the capital requirement in accordance with the Basel capital adequacy framework and the Bank's internal capital adequacy assessment;
f) Monitors and assesses decisions to accept particular risks whether these are consistent with the Board approved policies on risk appetite and tolerance;
g) Identifies risk mitigation measures and assessing their effectiveness; and
h) Reports on a regular basis to the President, the RMOC and the Board of Directors the result of its assessment and monitoring.

4.8.4. **Chief Audit Executive (CAE)**

The CAE is the lead senior officer overseeing the internal audit function in the Bank. He shall have unassailable integrity, relevant experience and understanding of the risk exposures of the Bank as well as competence to audit all areas of the Bank's operations.

The CAE shall conform to the Code of Professional Ethics for Certified Public Accountants and ensure compliance with sound internal auditing standards, such as the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. The Standards address independence and objectivity, professional proficiency, scope of work, performance of audit work, management of internal audit, quality assurance reviews, communication and monitoring results.

The CAE shall have the following duties and responsibilities:

1. Supervises the internal audit function's general responsibility as follows:

i. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in:
   1) promoting the right values and ethics;
   2) ensuring effective performance management and accounting in the organization;
   3) communicating risk and control information; and
   4) coordinating the activities and information among the Board, external and internal auditors, and Management;
   5) Performs regular and special audit as contained in the annual audit plan and/or based on the Bank's risk assessment;
   6) Performs consulting and advisory services related to governance and control as appropriate for the Bank;
   7) Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
   8) Evaluates specific operations at the request of the Board or Management, as appropriate.

2. Demonstrates appropriate leadership and have the necessary skills to fulfill his responsibilities for maintaining the division's independence and objectivity;
3. Accountable to the Board of Directors or Audit Committee on all matters related to the performance of its mandate as provided in the internal audit charter.
4. Submits a report to the audit committee or board of directors on the status of accomplishments of the internal audit unit, including findings noted during the conduct of the internal audit as well as status of compliance of concerned departments/units;
5. Ensures that the internal audit function complies with sound internal auditing standards such as the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and other supplemental standards issued by regulatory authorities/government agencies, as well as with relevant code of ethics;
6. Develops an audit plan based on robust risk assessment, including inputs from the board of directors, audit committee and senior management and ensure that such plan is comprehensive and adequately covers regulatory matters. The audit plan, including any revisions thereto, shall be approved by the audit committee and the Board;
7. Ensures that the internal audit function has adequate human resources with sufficient qualifications and skills necessary to accomplish its mandate. He periodically assess and monitor the skill-set of the internal audit function and ensure that there is an adequate development program for the internal audit staff

that shall enable them to meet the growing technical complexity of banking operations;

4.9. MANAGEMENT: COMPOSITION AND GENERAL DUTIES AND RESPONSIBILITIES

4.9.1. Management

It shall include the CEO, the President and COO, Senior Executive Vice President, Executive Vice President, Senior Vice President, First Vice President, Vice President, Assistant Vice President and others mentioned as officers of the Bank, or those whose duties as such are defined in the by-laws, or are generally known to be the officers of the Bank (or any of its branches and offices other than the head office) either through announcement, representation, publication or any kind of communication made by the Bank: Provided, That a person holding the position of Chairman or Vice Chairman of the Board or another position in the Board shall not be considered as an officer unless the duties of his position in the Board include functions of management such as those ordinarily performed by regular officers:

The members of a group or committee, whose duties include functions of management such as those ordinarily performed by regular officers, and are not purely recommendatory or advisory, shall likewise be considered as officers.

a. Senior Management:

The Senior Management shall comprise the CEO, the President and COO, Senior Vice President, First Vice President, and Vice President.

b. Duties and Responsibilities of the Management / Officer

i. To set the tone of good governance from the top.
ii. To oversee the day-to-day management of the bank.
iii. To ensure that duties are effectively delegated to the staff and to establish a management structure that promotes accountability and transparency.
iv. To promote and strengthen checks and balances systems in the bank.

c. Persons Prohibited from Becoming Officers

i. The spouses or relatives within the second degree of consanguinity or affinity holding officership positions across the following functional categories within a bank:
   1) Decision making and senior management function, e.g., President
   2) Treasury function, e.g., Treasurer or Treasury head;
   3) Recordkeeping and financial reporting functions, e.g., Controller or Chief Accountant
   4) Safekeeping of assets, e.g., chief cashier;
   5) Risk management function, e.g., Chief Risk Officer;
   6) Compliance function, e.g.., Chief Compliance Officer; and

7) Internal audit function, e.g., Chief Audit Executive.

ii. The spouse or a relative within the second degree of consanguinity or affinity of any person holding the position of manager, cashier, or accountant of a branch or branch-lite unit of a bank or their respective equivalent positions is prohibited from holding or being appointed to any of said positions in the same branch or branch-lite unit.

iii. Any appointive or elective official, whether full time or part time, except in cases where such service is incidental to the financial assistance provided by the government or government-owned or controlled corporations (GOCCs) or in cases allowed under existing laws.

4.10. SHAREHOLDERS RIGHTS AND PROTECTION

The Bank recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its shareholders. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as the governance covenant between the Bank and all its shareholders.

The Board shall be committed to respect the following rights of the stockholders:

a. Voting Rights
b. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Bank Code.
c. Cumulative voting shall be used in the election of directors.

4.10.1. Pre-emptive Right

No stockholder of the Bank shall, because of his ownership of stock, have preemptive right or right to purchase, subscribe for, or take any stock or any part of the notes, debentures, bonds or other securities convertible into a carrying option or warrant to purchase stock of the Bank issued, optioned or sold by it after its incorporation. Any part of the capital stock and any part of the notes, debentures, bonds or other securities convertible into carrying option or warrant to purchase stock of the Bank may be issued, optioned for sale and sold or dispose of by the Bank pursuant to the resolution of its Board of Directors for such person and upon terms as may to such Board seems proper without first offering such stock or securities or any part thereof to existing stockholders.

4.10.2. Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

4.10.3. **Right to Information**

a. Shareholders shall be provided with, upon request, periodic reports which disclose personal and professional information about the Directors and Officers, as may be determined by the Board as relevant in the exercise of functions as such directors and officers, and certain other matters such as their holdings of the Bank's shares dealings, dealings with the Bank, relationships among directors and key officers, and the aggregate compensation of directors and officers.

b. Shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

c. Result of the votes taken during the most recent Annual or Special Shareholder's Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available to the company website within five business days from the end of the meeting.

4.10.4. **Rights to Dividends**

b. Shareholders shall have the right to receive dividends subject to the discretion of the Board and the approval of BSP.

c. The Bank shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except:

d. When justified by definite corporate expansion projects or programs approved by the Board or

e. When the Bank is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or

f. When it can be clearly shown that such retention is necessary under special circumstances obtaining in the Bank, such as when there is a need for special reserve for probable contingencies.

4.10.5. **Appraisal Rights**

Shareholders shall have appraisal rights or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

a. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence.
b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code of the Philippines.
c. In case of merger or consolidation.

Any stockholder who votes against a proposed corporate action may avail himself of the right of appraisal by making a written demand on the Bank within thirty (30) days after the meeting for the payment of the fair value of his shares. In order to perfect such right, the stockholder shall follow the procedures as described under Sections 81 to 86 of The Corporation Code.

It shall be the duty of the Board to promote shareholder rights, remove impediments to the exercise of shareholders' right and allow possibilities to seek redress for violation of their rights. It shall encourage the exercise of shareholder's voting rights and the solution of collective action problems through appropriate mechanisms. It shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The Board shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

4.10.6. **Customer Experience and Protection**

The Bank shall provide a sound and proactive feedback mechanism with its various stakeholders through its Customer Experience and Protection (CXP) unit. CXP shall ensure timely resolution of concerns and complaints from the stakeholders. The Bank shall use various platforms such as the PVB website, mobile phones, landlines, social media, and its branches to guarantee fair and delightful experience among its stakeholders.

4.10.7. **Veteran Affairs**

The Bank shall ensure that its primary stakeholders, the World War II veterans or their heirs, are actively engaged in the programs and activities of the Bank and, in the process, maximize the benefits they receive from the Bank.

The Bank shall establish the Veterans Affairs Office to promote a strong relationship with the veteran-stockholders. With the VAO, the Bank hopes to more

actively engage the community of WWII veterans, including the various organizations and associations formed by or composed of veterans and/or their heirs.

To achieve this objective, the Bank, through the VAO, shall establish a Stockholders Database that contains complete and updated information about the veterans and their heirs/families. With the VAO, the Bank also hopes to determine the whereabouts of inactive stockholders, whose shares of stock remain undelivered.

4.11. KEY GOVERNANCE POLICIES AND INITIATIVES

4.11.1. Related Party Transactions (RPT)

The Bank, through its Board of Directors, recognizes that transactions between and among related parties create financial, commercial, and economic benefits to the Bank, its shareholders, depositors, creditors, suppliers, vendors, and other stakeholders. In this regard, RPTs are generally allowed provided, that these are done using Arm's Length Principle (ALP), i.e., the condition or the fact that the parties to a transaction are independent and on equal footing.

The Bank exercises appropriate oversight and implements control systems for managing said exposures as these may potentially lead to abuses that are disadvantageous to the Bank and its stakeholders. The Bank shall ensure that transactions with related parties are reviewed for.

The Bank shall cause the monitoring and disclosure of RPTs, take appropriate steps to control or mitigate the risks, and write off exposures in accordance with standard policies and processes.

4.11.2. Conflict of Interest Policy

Directors shall not allow themselves to be placed in a position where their personal interests are in conflict (or could be in conflict) with the interests or business of the Bank. They must avoid any situation or activity that compromises, or may compromise, their judgment or ability to act in the best interest of the Bank. If an actual or potential conflict of interest arises on the part of a director, officer or employee, he is mandated to fully and immediately disclose the same and should not participate in the decision-making process relating to the transaction. Conflict of interest occurs or arises when:

a. An individual's private or related interests interfere in any way, or are perceived to intervene, with the interests of the Bank as a whole;
b. A director takes actions or has interests that may make it difficult for him to preserve his objectivity and carry out his tasks effectively;
c. A director, or a member of his family, receives improper personal benefits as a result of his position in the Bank;

PVB employees, pursuant to Bank's Code of Ethics, shall declare annually that they have not been involved in any circumstance constituting a conflict of interest. If an employee is unsure if a circumstance that he finds himself involved in a conflict of interest, he shall disclose this to his supervisor, who may consult the appropriate Management unit to assist in resolution. All employees have a duty to ensure that no personal transaction will conflict with their corporate and customer responsibilities. Accordingly, PVB employees shall not buy or sell a security based on knowledge:

a. Of a probable change in investment attitude and consequent action by the Bank with respect to that security;
b. That the Bank is effecting or proposes to effect transactions in the security or other transactions which may affect the price of the security to a material degree; or
c. That the Bank is contemplating a transaction of any kind that would have a material effect on a particular company or security.

All Directors shall accomplish the Conflict of Interest Related Party Disclosure Form (CI-RPDF), on an-annual basis and shall report to CGCOC through the Board Secretary, copy furnished to the Chief Compliance Officer (CCO), for disposition and reporting to the Board of Directors the occurrence of banking transactions or situations that would give rise to possible conflicts of interest, whether direct or indirect, up to the third (3rd) degree of affinity and consanguinity, as soon as practicable.

4.11.3. Integrity Upholding Policy (Whistleblowing Mechanism)

The Bank shall set a policy on whistleblowing for Directors, officers, and concerned individuals to "blow the whistle" on any potential or perceived wrongdoings, misconduct, or corrupt practices of Directors, employees, customers, suppliers, contractors, vendors, consultants, or other third parties, that come to their attention. The policy includes protection from reprisal for employees to communicate legitimate concerns about illegal, unethical, or questionable RPTs. The policy shall likewise provide guidance on how such concerns should be reported, investigated and addressed.

Employees, directors, stakeholders, clients, service providers and other third parties are encouraged to report internally, in good faith, any suspected or actual commission of theft/fraud, corrupt practices such as, but not limited to, bribery, fraud, extortion, collusion, conflict of interest and money laundering, violation of ethical standard, law, rule or regulation and/or any misconduct by its directors, officers or staff consistent with the board approved corporate values and codes of conduct and in accordance with the existing board approved Integrity Upholding Policy.

The reporting party or otherwise referred to as the "whistleblower" has choice of communication channels to report any knowledge of misconduct or irregularity. The report may be through the normal channel of reporting bank concerns which is through the direct supervisor/manager of the personnel or officer involved in the reportable behaviour. However, if the reported misconduct or irregularity is not acted upon by the direct supervisor or in the judgment of the whistleblower, the direct supervisor is not in a position to address his report, the whistleblower may email his/her report to Corporate Governance Officer or to Complaints Desk Office.

If the issue to be reported is serious and sensitive, the whistleblower may directly approach the President or the CEO/ Chairman of the Board of Directors. A member of the Board of Directors reporting an activity under this policy may raise his concerns to the Chairman of the Audit Committee, Chairman of the Corporate Governance and Compliance Committee or the Chairman of the Board of Directors.

The whistleblower may disclose his/her identity or opt to remain anonymous. However, sufficient information must be provided to aid in the investigation of the reported misconduct, irregularity or improper activity. The whistleblower should refrain from obtaining evidence for which he/she does not have right of access but his/her cooperation in the investigation, if needed, is expected.

Ample protection is accorded to a whistleblower which includes, among others:

a. Confidentiality of identity and of the information reported
b. Non-retaliation against the whistleblower
c. Protection and security of his/her person and his/her family
d. Transfer to another unit
e. Reinstatement to the same or comparable position and back benefits and pay, if warranted by the circumstances.

On the other hand, any person implicated in the reported act is accorded the right to be informed of the act he/she is alleged to have committed, its penalties or consequences, the right to counsel of his own choice, the right to be heard and present evidence on his/her defense, and the right to be informed of the resolution of the investigation or action taken.

4.11.4. Focus on Financial Stability

The Board and the Senior Management shall ensure that the Bank discloses material and reportable non-financial and sustainability issues. It shall be disclosed to all shareholders/members and other stakeholders the Bank's strategic (long-term goals) and operational objectives (short-term goals) as well as impact of a wide range of sustainability issues, with emphasis on the management of environmental, economic, social and governance (EESG) issues of its business which underpin sustainability.

4.11.5. Employee Participation

The Board and the Senior Management shall ensure the establishment of policies, programs and procedures that encourage employees to actively participate in the Bank's projects and activities towards the realization of the Bank's goals and objectives.

4.11.6. Alternative Dispute Resolution

The Bank shall continue to build harmonious relationship with its stockholders and other parties with whom it may have obligations or contract with. It shall continue to promote mutual respect among the parties, including regulatory bodies, to avoid any conflict or controversy with them.

For amicable settlement of disputes, controversies and/or legal issues between the Bank and its stockholders and/or the Bank and third parties, the Bank may resort to alternative modes of dispute resolution as may be agreed upon with the adverse party, such as but not limited to the following:

a. External Audit

The Board shall engage the services of an external auditor included in the BSP List of Selected External Auditors, belonging to the same category or from categories higher than the category of the Bank. The appointed external auditor shall likewise audit the Bank's Trust Department as well as its subsidiaries and affiliates engaged in allied activities.

The Bank's Audit Committee shall ensure that the scope of external audit work appropriately covers areas relevant to the Bank's operations and risk exposures. The External auditor is expected to conduct the audit of financial statements in accordance with the provisions of the Philippine Standards on Auditing.

b. Consumer Protection

The Bank believes that consumers are the driver of its business and it cannot survive without the patronage of its clients. The Bank therefore shall ensure fair and responsible dealing with them and continuous protection of the welfare of its financial consumers/clients.

The Bank shall adhere to the principles of disclosure and transparency, protection of client information, fair treatment, effective recourse, and financial education as minimum standards of consumer protection as specified in BSP Circular No. 1048.

4.12. CODE OF ETHICS

The Bank's Directors, the Senior Management and employees shall fulfill their commitment to customers that "We are the Bank with a Heart", guided by their core values. They shall champion the fair treatment and protection of the Bank's stakeholders, particularly its customers, resource providers, creditors and the community in which it operates. Fair, professional and objective dealings as well as clear, timely and regular communication with the various stakeholders promote stable, long term relationship.

This Code of Ethics shall aim to instill a commitment and dedication to the virtues of honesty and integrity, together with a high sense of prudence, responsibility and efficiency in the conduct of duties. It is imperative that Directors, officers and employees live by the values that the Bank stands for and reflect these values in their behaviors.

The Bank shall establish a Board Administrative Investigation Committee (BAIC) to set the right tone from the top.

To enforce Bank-wide compliance, the Bank's Codes of Ethics and Discipline for Directors and employees shall be posted in the Bank's intranet and the Human Resources Management Division public folder for easy access of all directors, officers and employees of the bank.

4.13. CORPORATE GOVERNANCE ASSESSMENT AND MONITORING

Good corporate governance is the foundation of safe and sound banking operations. It is the reflection of the collective values and competence of the Board of Directors and Senior Management, as well as quality and effective implementation of the Bank's corporate governance standards and practices.

The evaluation of the quality of governance shall focus more on the effective implementation of the governance standards and principles by putting greater weight on the practices and performance of the Board of Directors, and Senior Management.

The Board shall establish an evaluation system to determine and measure its compliance with the corporate governance standards and principles. Any violation thereof shall subject the responsible director, advisor, officer or employee to the penalty provided.

There are two (2) sets of Evaluation Forms that will assess the Bank's corporate governance practices, using the five (5) point rating scale, with 5 being the highest rating:

a. Director's Performance Evaluation Form

The Directors' self-assessment on the Director's Individual Qualitative Performance; the Board and Board Committees shall reflect the collective values, performance and competence of the board of directors on corporate governance standards and principles.

The Chairman, individual members of the Board and Committees shall conduct an annual self-assessment in order to evaluate the performance for the previous year. The assessment is done annually. The performance of the President, on the other hand, shall be evaluated by the Board of Directors.

After the Directors' self-assessment, the results shall be discussed and noted by the CGCOC before submission to the Board for notation.

b. Scorecard of the Governance Self-Assessment Form

The Directors' self-assessment on the four (4) management component factors, such as: Governance Landscape; Fitness and propriety of the Board and Management; Risk Governance; Controls and Independent Oversight shall reflect the quality and effective implementation of the Bank's corporate governance practices.

The five (5) point rating scale/ scorecard is described as follows:

RATING	DESCRIPTION
5 – EXCELLENT (GWA- 4.6- 5)	DYNAMIC AND INNOVATIVE. With very competitive actions, systems and processes. It creates high impact solution to the organization.
4 – VERY SATISFACTORY)) (GWA- 3.6- 4.5)	EXEMPLARY – considered necessary given the size risk profile and complexity of operations of the bank. Deficiencies or weaknesses may exit but do not affect the overall quality of governance in a bank.
3 – SATISFACTORY (GWA- 2.6-3)	AVERAGE PERFORMER. Delivered what is needed or asked, however, timeliness, accuracy and efficiency of actions, decisions, or processes did not exceed expectations.
2 – NEEDS IMPROVEMENT/ DEFICIENT (GWA- 1.6-2)	DEFICIENT - Needs to exert better action/ decision to be able to perform based on timeliness, accuracy and efficiency.
1 – POOR (GWA- 1- 1.5)	CRITICALLY DEFICIENT - Not worth pursuing. Needs dramatic change and improvement in all aspect.

Apart from assigning a rating, it should come up with specific applicable action recommendations commensurate with the issues identified and the resulting assessment on the quality of governance.

4.14. REPORTORIAL REQUIREMENTS AND DISCLOSURE

The Board shall establish corporate disclosure policies and procedures that are practical and in accordance with generally accepted best practices and regulatory expectations

4.14.1. The reports or disclosures required under this Manual shall be prepared and submitted to the SEC by the Office of the Board Secretary or responsible officer designated by the Bank.

4.14.2. The Bank shall disclose in the Annual Report the nature of non-audit related services performed by external auditors.

4.14.3. All material information about the Bank that could potentially affect share price, its viability or the interest of its stockholders and other stakeholders, shall be publicly and timely disclosed. Such information shall include corporate strategy, earnings results, material acquisition or disposal of assets, off balance sheet transactions, Board changes, material related party transactions, shareholdings of directors, changes to ownership and direct and indirect remuneration of members of the Board and Senior Management.

4.14.4. The Board is primarily accountable to the stockholders. The Board shall ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders to give a fair and complete picture of the Bank's financial condition, results and business operations. The Board shall commit at all times to fully disclose material information dealings for the interest of the stakeholders. It shall cause the filing of all required information through submission to the Commission for the interest of the Bank's stockholders and other stakeholders.

4.14.5. The Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications and assess any potential conflicts that might affect their judgment.

4.14.6. The company's corporate governance policies, programs and procedures should be contained in its Manual on Corporate Governance, which should be submitted to the regulators and posted on the company's website.

4.15. COMMUNICATION PROCESSES AND TRAINING

This Manual shall be available for inspection by any stockholder of the Bank at reasonable hours on business days. This Manual shall likewise be posted in the Bank's website.

4.15.1. All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.

4.15.2. The copy of this Manual will be posted and be made available in the Bank's intranet, and shall be known by all its employees and stakeholders.

4.15.3. If necessary, funds shall be allocated by the Chief Financial Officer (CFO) or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.

4.15.4. A Director shall, before assuming as such, be required to attend training and seminar related to corporate governance.

a. Internal Training and Education

As early as the selection process of the Board and during the fit and proper review of the CGCOC, the credibility and work experience of the shortlisted candidates are considered and aligned with the requirements of the Bank. Members of the Committee provide an overview of the directorship function and an orientation of the banking operation.

The Bank, through the Office of the Board Secretary shall furnish all Directors with a copy of the duties and responsibilities of the Board of Directors. Each Director is required to acknowledge receipt of the copies of such and certify that they fully understand the same.

First time directors shall undergo an orientation program for at least eight (8) hours. The orientation program ensures that new members are appropriately apprised of their duties and responsibilities, before beginning their directorships, and throughout their tenure. It covers topics on corporate governance, membership to Board-level committees, introduction to the company's business, Articles of Incorporation and other topics relevant in carrying out his/her duties and responsibilities as director.

The Board Secretary shall orient first-time directors.

b. External Training and Education

All directors must have attended a seminar on corporate governance for board of directors. First time directors shall submit to the BSP a certification of their compliance/attendance on corporate governance training. However, first time directors are exempted from complying with this requirement if he/she is any of the following:

(a) Filipino citizens with recognized stature, influence and reputation in the banking community and whose business practices stand as testimonies to good corporate governance;
(b) Distinguished Filipino and foreign nationals who served as senior officials in central banks and/or financial regulatory agencies, including former Monetary Board members;
(c) Former Chief Justices and Associate Justices of the Philippine Supreme Court.

The Bank shall ensure allocation of sufficient time, budget and other resources for the continuing education of directors and draw on external expertise as needed.

The annual continuing training program makes certain that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the Bank. Training can be on any matter relevant to the Bank, which could include seminar on new regulatory

issuances, internal controls, risk management, sustainability, strategy and also other topics relevant in carrying out the director's duties and responsibilities.

The annual continuing training shall be at least for four (4) hours.

5. Policy Deviation

5.1.1. The guidelines of the Loss Event Assessment Form (LEAF) shall govern the reporting of errors and procedural lapses.

5.1.2. Deviations from the aforementioned policies and related procedures shall be raised to OPCOM and/or Mancom, and approval of the Board of Directors.

6. Information Security and Data Privacy

6.1.1. This policy shall conform to the minimum provisions prescribed under the Information Security Policy and Data Privacy Manual.

7. **PENALTIES OR SANCTIONS**

7.1. Violations or failure to observe and / or perform any of the statements in this policy shall be subject to penalty or sanction in accordance with the Bank's Code of Ethics and Discipline handbook; and 2018 MORB Section 147 (Bank Protection).

8. RELATED DOCUMENTS

Document Type	Document Code	Document Name
		By-Laws and Articles of Incorporation
		Securities and Exchange Commission (SEC) Regulations: 1. Memo Cir 2, s2015 : Additional Guidelines on Corporate Governance training Programs and Lectures (Parts VI & VII Superseded by Memo Cir. 19 dated Nov. 22, 2016) 2. SEC M-2020-024 3. Memo Cir 7, s2018 : Amendment to Rule 38.2.7 of the 2015 IRR of the Securities Regulation Code 4. Memo Cir 8, s2018 : Shareholders' Approval on Any Change in Bank's External Auditor and Audit Committee Composed Entirely all Board Members
		Bangko Sentral ng Pilipinas (BSP) Regulations 1. **Cir. No. M-2013-002 dated Jan. 11, 2003 :** Guidelines in Assessing the Quality of Corporate Governance in BSP- Supervised Financial Institutions

			2. **Cir. No. 749 dated Feb. 27, 2012** : Guidelines in Strengthening Corporate Governance in BSP Supervised Financial, as amended 3. **Cir. No. 766 dated Aug. 17, 2012** : Guidelines in Strengthening Corporate Governance and Risk Management and Practices on Trust, Other Fiduciary Business, and Investment Management Activities 4. Memo No. M-2013-002 : Guidelines in Assessing the Quality of Corporate Governance in BSP-Supervised Financial Institutions dated Jan. 11, 2013 5. Cir. No. 793 dated Apr. 8, 2013: Amendment to Align the Familial Restrictions Applicable to "Independent Director" with the Existing Provision of the Securities Regulation Code 6. Cir. No. 808 dated Aug. 22, 2013: Guidelines on Information Technology Risk Management for All Banks and Other BSP Supervised Institutions 7. Memo No. M-2014-011 Dated March 14, 2014 : BSP's Expectations for an Effective External Audit Function 8. BSP Materials on Risk Concentration and RPT Seminar 9. Cir. No. 871 dated Mar. 5, 2015 : Internal Control and Internal Audit 10. Cir. No. 887 dated Oct. 7, 2015 : Further Amendments to the Regulations on the Approval/Confirmation of the Election/Appointment of Directors/Officers 11. Cir. No. 889 dated Nov. 2, 2015 : Treasury Activities of BSP-BSFIs and Amendments to the Qualifications of Directors and Officers 12. Cir. No. 895 dated Dec. 14, 2015 : Guidelines on Related Party Transactions (RPTs) 13. Cir. No. 914 dated June 23, 2016 : Amendments to Prudential Policy on Loans, Other Credit Accommodations, and Guarantees Granted to DOSRI, Subsidiaries and Affiliates 14. Cir. No. 949 dated March 15, 2017 : Guidelines on Social Media Risk Management 15. Cir. 969 dated Aug. 22, 2017 : Enhanced Corporate Governance Guidelines for BSP-Supervised Financial 16. Cir. 1028 dated Dec. 19, 2018 : Manual of Regulations for Banks (MORB) - Dec. 2017

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		17. Cir. No. 1057 dated March 11, 2019 : Rationalization of Prudential Reporting Requirements 18. Cir No. 1048 dated Sept. 9, 2019 : Consumer Protection Framework

The PVB Code of Ethics as amended/approved by the Board is hereby adopted as an integral part of this Manual.

All business processes and practices being performed in any department or business unit of the Bank, its subsidiaries and affiliates that are inconsistent with this Revised Manual shall be superseded.