

INSIDER TRADING POLICY

A. Overview

“Insider Trading” is a term that most investors are familiar with. The term encompasses both legal and illegal conduct of security trading. The rules around insider trading are complex and vary significantly from country to country.

Under the Philippine setting, the Securities and Exchange Commission (SEC) requires all publicly listed companies to draw / design policies covering insider trading to protect the public from abusive trading practices and to maintain ethical standards in trade dealings. Certain requirements and disclosures on Insider Trading are covered by the SEC’s Securities Regulation Code to ensure adherence to the principles of good Corporate Governance.

B. Definition of Terms

1. ***Insider Trading.*** Refers to the trading of a public company’s stock or other securities (i.e. bonds, stock options) by individuals with access to non-public information about the company. The term actually includes both legal and illegal conduct. The legal version is when corporate insiders - directors, officers and employees - buy and sell stock of their own company. Illegal insider trading refers generally to buying and selling securities, in breach of a fiduciary duty or other relationship of trust and confidence, while in possession of material non-public information about the security.
2. ***Insider.*** This refers to the company’s directors, officers, and employees. May also include consultants and retainers.
3. ***Non-public Information.*** This refers to information that has not been disseminated broadly to investors in the market place. Information becomes “public” after it has become available to the general public through filing/disclosure with the Securities and Exchange Commission (SEC), the Philippine Stock Exchange (PSE), other governmental agencies and/or publication of general circulation.
4. ***Material Information.*** This refers to information for which there is a substantial likelihood than an investor would consider is important in making his investment decision, or information that is certain to have a substantial effect on the price of the company’s security whether positively or negatively. Material information may include, but not limited to:

- Financial results
- Projections of future earnings or losses
- News of pending or proposed merger
- Change in the corporate structure (e.g. reorganization)
- Acquisition / Divestiture / Joint Venture
- Dividend declaration and changes in dividend policy
- Stock splits
- New significant equity investment or debt offering
- Significant litigation exposure
- Major change in key senior management position

Under the SEC Regulations, information is “material non-public” if: (a) it has not been generally disclosed to the public and would likely affect the market price of the security after being disseminated to the public and the lapse of a reasonable time for the market to absorb the information; or (b) would be considered by a reasonable person important under the circumstances in determining his course of action whether to buy, sell or hold a security.¹

C. Policies

1. All Philippine Business Bank Directors, Officers and employees who are considered “insiders” are prohibited from engaging in the following:
 - a) Trading - buying / selling of PBB securities while in possession of material information that is not generally available to the public; and
 - b) Disclosure - communicating material non-public information about the Bank’s securities to any person whom such Director, Officer or Employee has reason to believe will trade on those securities (“tipping”) unless made strictly on a need-to-know basis only and in furtherance of a legitimate business purpose.

Material non-public information must not be disclosed to anyone, except to persons within the Bank or third party agents such as investment banking advisors or outside legal counsel.

2. All Directors, Officers and Employees have ethical and legal obligations to maintain the confidentiality of information about the Bank and not to engage in transaction involving PBB securities while in possession of material non-public information.
3. All Bank “Insiders” are likewise prohibited from selling or buying a security of an issuer, that are sought or to be sought by a tender offer that has

¹ As defined under SEC Securities Regulation Code Chapter VII - Prohibition on Fraud, Manipulation and Insider Trading, Sec. 27.2 - Insider’s Duty to Disclose When Trading

commenced or about to commence, if he knows or has reason to believe that the information is non-public and has been acquired directly or indirectly from the tender offeror.

Any violation / non-compliance of the foregoing policy statement may subject the erring "Insider" to imposed sanctions in accordance with the Bank's Code of Conduct.

- end -