Guidelines for Nominations and Voting for Directors

The Nominations Process:

(1) The nomination of a director shall be conducted by the Nominations and Remuneration Committee prior to a stockholders' meeting.

(2) The Committee itself may likewise identify and recommend qualified individuals for nomination and election to the Board.

(3) The Committee may make use of professional search firms or other external sources to search for qualified candidates to the Board.

(4) All shareholders shall have the right to nominate, elect, remove and replace directors, and vote on certain corporate acts in accordance with the Corporation Code.

(5) Nominations shall be submitted to any of the members of the Nomination Committee, or to the Office of the Corporate Secretary at least 2 weeks before the Board meeting scheduled in February. The Board will approve during the February Board meeting, upon the endorsement of the Nominations Committee, the list of nominees for election during the April meeting of shareholders.

(6) All nominations or recommendations shall be signed by the nominating stockholders, together with an acceptance and conformity of the nominees. No nominee shall qualify to be elected as Director unless this requirement is complied with.

(7) The Nominations and Remuneration Committee shall pre-screen the qualification and prepare a final list of candidates. This will ensure that only those who possess all qualifications and none of the disqualifications may be elected to the Board. The Committee shall put in place screening policies and parameters that meet the minimum requirements as provided by the Bank's By-Laws, Manual of Corporate Governance, and relevant rules and regulations.

In the evaluation of nominees, the Committee shall consider the benefits of a diverse Board for competitive advantage. A diverse Board makes use of differences in skills, regional and industry experience, background, race, gender and other qualities of directors. These differences will be considered in determining the optimum composition of the Board and should be balanced appropriately.

(8) The final list of qualified nominees shall be recommended to the Board of Directors for approval. The Board shall recommend to the stockholders the qualified nominees included in the final list for election during the annual meeting of shareholders.

(9) The Committee shall prepare a List of candidates which shall contain all the information about all nominees for director as required by SEC and BSP rules for filing and distribution to all shareholders through the SEC Information Statement. The list should indicate the nominees for independent director. The name of the person or group of persons who recommended the nomination of the independent director shall be identified, including any relationship with the nominee.

(10) Only nominees whose names appear in the List shall be eligible for election to the Board of Directors. After the list of candidates is approved by the Board of Directors for endorsement to the shareholders for approval,

additional nominations shall not be entertained. No further nominations will also be allowed during the actual meeting of shareholders, unless there is a withdrawal of acceptance of the nomination or a nominee is no longer available for whatever reason.

The Voting Process:

(1) Any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed by the stockholder.

(2) The stockholders shall elect the members of the Board by Ballot. Proxy forms shall be tallied for the votes for Board members.

(3) A stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he sees fit, as long as the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the whole number of directors to be elected.

If the votes cast are in excess of the allowable limit, there shall be a pro-rata adjustment of the votes to conform with the allowable limit.

(4) If there are more nominees that the board seats for election, the following guidelines shall prevail:

- There shall be 2 pools for directors for election. The first pool will refer to Regular Directors. The second pool will refer to Independent Directors.

The Bank will comply with the regulations on required number of Independent Directors in the Board (currently at 1/3).

- If the excess nominees refer to the Regular Pool of Directors, the directors with the highest votes allowed to cover the number of regular directors will be elected.

- Directors in the regular pool of directors who miss the cut-off will not be allowed to take the Board seats allotted for Independent Directors, even if their votes come in higher than the nominees for Independent Directors.

- If the excess nominees refer to the Independent Directors:
    - the directors with the highest votes among the independent directors get to fill in the seats allotted for the independent directors as required by regulations
    - after filling in the required slots for independent directors and there remains a vacancy among the slots for regular directors, these open slots can be filled in by the Independent Director nominees.

Criteria for Nomination of Directors:

A Director of Security Bank Corporation shall have the following qualifications:

1. At least a college graduate or an equivalent academic degree
2. At least twenty five (25) years old
3. Attendance of an accredited corporate governance seminar for board of directors within 6 months from date of election

4. Must be fit and proper for the position of Director of the Bank, ie. with integrity and probity, competence, education, diligence and business experience/training
5. With practical understanding of the business of the Bank
6. Holder of at least one share of stock of the Bank
7. Membership in good standing in relevant industry, business or professional organizations
8. No potential conflict of time and attention due to competing officerships, directorships, memberships and positions in other corporations. For this purpose, Board seats in other publicly listed companies shall not exceed five (5), with due consideration for the capacity of the director to perform his duties and responsibilities diligently and efficiently, the nature and complexity of the business, and absence of conflict of interest.
9. Not permanently or temporarily disqualified per regulations of the SEC and the BSP

A Director may be re-appointed to the Board provided the following requirements are satisfied:

1. Compliance to Fit and Proper rule of the BSP
2. Compliance to required number and mode of attendance in regular and special meetings
3. Active participation in Board and Committee meetings, and exercise of sound and independent judgement in the exercise of Board roles and responsibilities
4. Disqualification criteria is not met
5. Board seats in other publicly listed companies shall not exceed 5, with due consideration of the capacity of the director to perform his duties and responsibilities diligently and efficiently, the nature and complexity of the business, and absence of conflict of interest

Grounds for Permanent Disqualification of a Director

A Director will be permanently disqualified and considered unfit on any of the following grounds:

1. Persons finally convicted by final judgement or order by a court or competent administrative body for offenses involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts

2. Persons convicted by final judgement or order by competent ot judicial administrative body of any crime that involves the purchase and sale of securities; arises out of a person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor or floor broker; arises out if his fiduciary relationship with a Bank, quasi-bank, trust company, investment house or an affiliated person

3. Persons who by reason of misconduct, after hearing is permanently enjoined by a final judgement or order of the SEC or any court or administrative body of competent jurisdiction from: acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; acting as Director or Officer of a Bank, quasi-bank, trust company, investment house or investment company.

The disqualification shall also apply if such person is currently the subject of order of the SEC, or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under SEC or the BSP, or under any rule or regulation issued by the SEC or the BSP, or otherwise has been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.

4. Any person who has been adjudged by final judgement or order of the SEC, court or administrative body to have wilfully violated or wilfully aided, abetted, counselled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code, or any law administered by the SEC or the BSP or any of its rule, regulation or order.

5. Persons declared to be insolvent

6. Persons finally found guilty by final judgement or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs

7. Conviction by final judgement on an offense punishable by imprisonment for a period not exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.

Qualification as an INDEPENDENT Director

A Director shall qualify as an Independent Director when he meets the criteria set as follows:

1. Is not or has not been a senior officer or employee of the Bank, unless there has been a change in the controlling ownership of the company;
2. Is not, and has not been in the three years immediately preceding an election, a director of the Bank; a director, officer, employee of the company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered company's substantial shareholders and its related companies;
3. Has not been appointed in the covered company, its subsidiaries, associates, affiliates or related companies as Chairman 'Emeritus", "Ex-Officio", Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election;
4. Is not an owner of more than two percent (2%) of the outstanding shares of the Bank, its subsidiaries, associates, affiliates or related companies;
5. Is not a relative of any director, or officer or substantial stockholder of the Bank or any of its related companies or any of its substantial shareholders. For this purpose, relatives refer to the spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
6. Is not acting as a nominee or representative of any director of the Bank or any of its related companies;
7. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the Firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker-dealer;
8. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Bank, any of its related companies or substantial shareholder, or is independent of management and free from any business or other relationship within the three years immediately preceding the date of his election;
9. Does not engage, or has not engaged, whether by himself to with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Bank or any of its related companies or substantial shareholders, other than transactions which are conducted as arms-length and could not materially interfere with or influence the exercise of his judgement
10. Is not affiliated with any non-profit organization that receives significant funding from the Bank, or any of its related companies or substantial shareholders, and

11. Is not employed as an executive officer of another company where any of the Bank's executives serve as directors;
12. Has served the Board as Independent director for not more than 9 years (counted from 2012 on effectivity date of Independent Director regulations)

Approved by:

NOMINATIONS AND REMUNERATION COMMITTEE
28 February 2017