

BY-LAWS

OF THE

PHILIPPINE BANK OF COMMUNICATIONS

(As Amended)

ARTICLE I

HEAD OFFICE

The head office of the Corporation shall be at the City of Manila, Philippines.

ARTICLE II

MEETINGS OF SHAREHOLDERS

Section 1: Annual Meetings:

(a) All meetings of shareholders shall be held at the head office of the Corporation.

(b) The annual meeting of shareholders shall be held on the Second Tuesday of the month of March, at four o'clock in the afternoon.

(c) Notice of such meeting shall be mailed, postage prepaid, at least thirty days prior to the date thereof, addressed to each shareholder at his address appearing on the books of the Corporation; and in addition thereto, thirty days prior notice thereof shall be given by a publication in a newspaper published in the City of Manila.

(d) Any shareholder shall be allowed to vote either in person or by proxy executed in writing signed by the person represented.

This proxy shall be presented to the Secretary of the Board of Directors before the meeting commences, and shall only be valid for the meeting or meetings to which it expressly refers.

(e) At all shareholders' meetings, voting shall be by shares and not "per capita" unless the law provides otherwise. Cumulative voting shall be used in the election of the members of the Board of Directors.

(f) A majority of outstanding capital stock, represented in person or by proxy, shall constitute a quorum at any meeting of shareholders; but less than a quorum may adjourn any meeting, from time to time, and the meeting may be held as adjourned without further notice; Provided there be a quorum at such meeting. A majority of the votes cast shall decide every question or matter submitted to the shareholders at any meeting, except when the law provides otherwise.

Section 2: Special Meetings:

Special meetings of shareholders may be called for any purpose at any time by the Board of Directors or by the holders of not less than forty per cent (40%) of the shares of the Corporation. Every such special meeting, shall be called by mailing, postage prepaid, not less than ten (10) days prior to the date fixed for such meeting, to each shareholder at his address appearing on the books of the Corporation, a notice stating the purpose of the meeting. Such notice may be waived in writing.

The procedure of voting by proxy, computation of votes, and quorum for such special meetings is the same as that for annual meetings.

ARTICLE III

DIRECTORS

Section 1: Number

All corporate powers shall be vested in and exercised by a Board of Directors composed of Nine (9) members. (As amended on March 10, 1953).

Section 2: Regular Meetings:

The Board of Directors shall hold a regular meeting without notice, on the first Tuesday of each month, at three o'clock P. M. at the Head Office of the Corporation. Should the date appointed for a regular meeting fall on a legal holiday, the meeting shall be held at the same time on the next succeeding business day.

Section 3: Special Meetings.

A special meeting of the Board of Directors may be called at any time by order of the President or a Vice-President, or by the Secretary, on the written request of any three members of the Board. Notice for such special meeting shall be sent by the Secretary to the registered addresses of the Directors not less than twenty-four hours (24) previous to the hour set for the meeting.

Section 4: Quorum.

A majority of the Directors shall constitute a quorum at any meeting; but a less number may adjourn any meeting, from time to time, and the meeting may be held, as adjourned, without further notice, provided there be a quorum at the meeting.

Section 5: Vacancies.

Vacancies in the Board of Directors shall be filled by election or appointment made by the remaining directors, and the person so elected shall hold office until the election of his successor at the next general meeting of stockholders. Whether any such vacancy shall or shall not be filled shall be left to the discretion of the Board of Directors.

Section 6: Directors' Fees.

A fee of Twenty Pesos (P20.00) shall be paid to each Director for attendance at any meeting of the Board of Directors for each day of session.

Section 7: Chairman of the Board.

The President and the First Vice-President of the Corporation shall be the Chairman and Vice-Chairman of the Board of Directors, respectively. (As amended on March 21, 1950).

Section 8: Powers of the Board of Directors shall be as follows:

a. To elect the President, the First Vice-President, the Executive Vice-President and General Manager, the Second Vice-President, Manager, Treasurer, Cashier, Ac-

countant and such other officers as may be deemed necessary, and to fix their compensation. (As amended on March 21, 1950).

b. To supervise the issue and transfer of certificates of shares, and establish regulations therefor.

c. To appoint and supervise the agents and correspondents and to designate the points where they are to be stationed.

d. To authorize the establishment of branch banks at such places as will serve the interest of the public and that of the bank.

e. To fix the rate of interest for discounts, loans and overdrafts in current accounts.

f. To pass upon all applications for loans, discounts and credits in current accounts as well as important contracts and agreements.

g. To pass upon all applications for loans on real estates.

h. To decide the disposal of securities on overdue loans and overdrafts and to formulate procedure of collecting and liquidating bad loans.

i. To authorize the purchase of real estate necessary for its accommodation in the transaction of its business, or sale of same.

j. To pass reports submitted by the General Manager concerning the operation of the Bank and to submit same to the general meetings of the shareholders.

k. To examine the accounts and statements submitted by the management and the auditors, and to approve the general balance sheet.

l. To declare annually or oftener, in accordance with such balance sheet and the state of the reserve fund, the dividend to be paid to the shareholders.

m. To make, of its own motion, at any meeting of the shareholders suggestions which it deems proper for the advantage of the Corporation.

n. To require bonds from employees of the Corporation when deemed necessary, and fix the amounts; but the Board of Directors is authorized, if they consider it for the best interest of the Corporation, to set aside an amount which would otherwise be paid to the bonding companies as premiums, as a reserve for the Corporation to bond its employees.

o. To engage attorneys to handle the legal matters of the corporation, either judicially or extrajudicially, and to fix their fees either on a retainer basis or otherwise.

ARTICLE IV

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

Section 1: *Membership.*

The Executive Committee of the Board of Directors shall consist of three (3) directors, composed of the President, the First Vice-President, and the Executive Vice-President. In the absence of the President and First Vice-President, other directors shall be appointed. (As amended on March 21, 1950).

Section 2: *Duties and Powers.*

The Executive Committee shall have and may exercise, when the Board of Directors is not in session, all the powers of the Board that may be lawfully delegated. The Executive Committee may make rules for holding and conducting its meetings, and shall keep minutes thereof, such minutes shall be submitted at the next regular meeting of the Board of Directors, and any action taken by the Board with respect thereto shall be entered in the minutes of the Board. All acts done and powers conferred by the Committee, from time to time, shall be deemed to be, and may be certified as being done or conferred under authority.

Section 3: *Other Committees.*

The Board of Directors may appoint, from time to time from its own members, other committees of one or more persons, for such purposes and with such powers as the Board may determine.

ARTICLE V

OFFICERS OF THE CORPORATION

Section 1: *Officers.*

The officers of the Corporation shall be: a President, a First Vice-President, an Executive Vice-President and General Manager, a Second Vice-President, a Manager, a Secretary, a Treasurer, and Assistant Managers of domestic and foreign branches, Cashiers, Accountants and Trust Officers. The President, the Vice-Presidents and Treasurer shall be directors of the Corporation; the other officers may or may not be directors. Two or more offices may be held by the same person. (As amended on March 21, 1950).

Section 2: *Clerks.*

The Board of Directors may delegate to the General Manager authority to appoint and dismiss all or any clerks and employees, and prescribe their duties and the conditions of their employment from time to time and to fix their compensation.

Section 3: *Term of Office.*

President or Chairman of Board of Directors shall hold office for the term for which he was elected a Director.

ARTICLE VI

POWERS AND DUTIES OF THE PRESIDENT

The President or Chairman of Board of Directors shall be the Chief executive officer of the Corporation and shall have and may exercise any and all powers and perform any and all duties pertaining to the office of the President or Chairman of Board of Directors or conferred or imposed upon by these by-laws. He shall also have such other powers and duties as may from time to time be assigned to him by the Board of Directors or the Executive Committee.

ARTICLE VI (a)

POWERS AND DUTIES OF THE FIRST
VICE-PRESIDENT

The First Vice-President or Vice-Chairman of the Board of Directors, in the absence of the President or Chairman of the Board of Directors, shall have full authority to exercise all the powers and perform all the duties of the President or Chairman of the Board of Directors. He shall also have to have such other powers and duties as may from time to time be assigned to him by the Board of Directors or the Executive Committee. (As amended on March 21, 1950).

ARTICLE VII

POWERS AND DUTIES OF THE EXECUTIVE
VICE-PRESIDENT

The Executive Vice-President, in the absence of the President and First Vice-President shall have full authority to exercise all the powers and perform all the duties of the President or Chairman of the Board of Directors. He shall be ex-officio General Manager and as such shall have the following powers, to wit: (As amended on March 21, 1950).

(a) Direct all the operations of the Bank and give such orders and instructions to all the personnel and employees thereof from time to time as he shall deem proper.

(b) Execute all contracts entered into on behalf of the bank and perform all other duties customarily incident to his office.

(c) Authenticate by his signature all administrative acts and obligations and documents issued by the bank.

(d) Consider and pass upon applications for discounts, loans and credits in current accounts and report to the Board of Directors in accordance with such rules as the Board may from time to time adopt.

(e) Order institution and prosecution in the name of the bank, all judicial proceedings that may be necessary for the collection of debts due to the bank and for the preservation of its rights.

(f) Make recommendations to the Board of Directors in regard to transactions not provided for by these statutes.

(g) Recommend to the Board of Directors the appointment of all employees and servants of the bank, except those to be elected by the Board of Directors.

(h) Supervise and direct the conduct of the employees of the bank in the performance of their duties and temporarily suspend for just cause those who are delinquent therein, with the exception of those elected by the Board of Directors who can be suspended by the latter only.

(i) Make such visits of inspection to the branch offices of the bank as may be required by the Board of Directors and address to the Board of Directors such recommendations as he may deem proper relating thereto.

(j) Verify all balance sheets and sign his approval of the same in the record of the bank.

(k) Be responsible for the faithful carrying out of all orders and directions of the Board of Directors and such powers and duties as are specifically enumerated in his power of attorney.

ARTICLE VIII

POWERS AND DUTIES OF THE MANAGER

(1) The Manager shall be in charge of the active banking operation of the Corporation as may be prescribed by the Board of Directors and shall perform such other functions as may be assigned to him by the Board of Directors or the General Manager.

(2) The Manager shall be personally accountable to the Bank for all operations carried on beyond its powers or contrary to law or the By-Laws and regulation of the same.

(3) The Manager or person acting in his absence as elsewhere herein provided, shall at all times be responsible to the Board of Directors for the proper management and operation of the business and for the proper attention to duty of all the personnel under his charge.

ARTICLE IX

POWERS AND DUTIES OF THE TREASURER

The Treasurer must be a member of the Board of Directors. He shall have the immediate control and supervision of the Cashier and the Accountant, and shall be responsible for their acts. He shall also perform such other duties as may be imposed upon him by the Board of Directors or by these by-laws.

ARTICLE X

POWERS AND DUTIES OF THE SECRETARY

He shall keep accurate minutes of all meetings of the shareholders and of the Board, and shall attend to the giving of all notices required by these by-laws to be given. He shall be the custodian of the Corporate Seal, records, documents and papers of the Corporation. He shall perform such other duties as may be assigned to him, from time to time, by the Board of Directors.

ARTICLE XI

POWERS AND DUTIES OF THE CASHIER

Section 1: *The cashier shall:*

- (a) Receive, keep, and have the custody of all moneys, notes, precious metals, or valuables coming into the bank.
- (b) Issue the proper receipts to persons, companies, corporations, etc. who have deposited same.
- (c) Produce all money notes, securities, precious metals and other valuables in his custody.
- (d) Cash all warrants, checks, bills of exchange and credits of the bank.
- (e) Collect all warrants, checks, bills of exchange and credits of the bank.
- (f) Make a daily balance sheet for the President or the General Manager.

(g) Pay the employees of the bank every two weeks or every month according to payrolls as prepared by the Accountant and approved by the General Manager.

(h) Keep a cash book and cash auxiliary books or records as may be prescribed in order to keep and show at all times a true and efficient record of the cash in his charge or keeping.

(i) Keep a record or file of any powers of attorney or similar documents pertaining to his department.

(j) Perform such other duties as may be required by the Board of Directors or the General Manager or Manager, or as circumstances may demand. In his absence, however caused, or during any vacancy in the office of the cashier, his duties shall be performed by the officer or person who may be designated by the General Manager or Manager or Treasurer, by and with the consent of the Board of Directors.

ARTICLE XII

POWERS AND DUTIES OF THE ACCOUNTANT

It shall be the duty of the Accountant to exercise the customary duties of his position as chief of the Accounting Department of the Bank. He shall have general supervision and direction concerning all accounting forms and matters. He may prescribe from time to time such accounting regulations and forms as may be proper. He shall furnish such information in all records or statements with reference to the finances of the Bank as may be required by the General Manager, the Manager, the Board of Directors or the Auditors or as may be required to comply with any law or regulations of the Government.

He shall efficiently supervise and operate the accounting system now installed and in operation in the Bank, making all alterations or modifications only when and as above indicated.

He shall have charge of the securities and documents which may be deposited with or given or pledged to the Bank to secure loans or credit facilities or obligations of

any kind, and shall securely keep the same in such place or places as may be prescribed in the Bank, provided that the Board of Directors may designate any other officer or employee of the Bank to perform his duty.

He shall keep all accounting records connected with receipts or withdrawals of cash by customers or clients of the Bank whether in current account, savings account, fixed deposit or otherwise.

He shall take charge of and exercise constant supervision over books of account having to do with the financial condition or record of operations of the Bank.

He shall perform his duties in accordance with the directions and subject to the approval of the General Manager or person acting as such.

ARTICLE XIII TRUST DEPARTMENT

Section 1: Exercise of Fiduciary Powers.

All fiduciary powers of the Corporation shall be conducted through the Trust Department. The Trust Department shall be divided into two divisions known respectively as the Corporate Trust Department and the Personal Trust Department. All books and records of the Trust Department shall be kept separate and distinct from the other books and records of the Corporation.

Section 2: Officers in Charge.

The Corporate Trust Department and the Personal Trust Department shall be placed under the management and immediate supervision of the General Manager, who shall cause the policies and instructions of the Board of Directors, with respect to the trusts under his supervision, to be carried out, and supervise the due performance of the trusts and agencies entrusted to the Corporation and under his supervision, in accordance with the law and in accordance with their terms.

Section 3: Trust Officers.

The Trust Officers and Assistant Trust Officers appointed by the Board of Directors shall exercise such powers and perform such duties as prescribed by these By-Laws, or as may be assigned to them by the Board of Directors and the General Manager.

Section 4: Authentication and Signature of Instruments

All authentications or certificates by the Corporation, as Trustee under any mortgage, either trust or other instrument securing bonds, debentures, notes or other obligations of any corporation and all certificates as Register or Transfer Agent and all certificates and trust certificates, may be signed or countersigned in behalf of the Corporation by the President or Vice-President or General Manager or by the Secretary or any Trust Officer or Assistant Trust Officer or by any other person appointed for that purpose by the Board of Directors.

Section 5: Securities and Investments.

The securities and investment held in each trust shall be kept separate and distinct from the securities owned by the Corporation and separate and distinct from those of any other trust. Trust securities and investments shall be held in the joint custody of two or more officers or other employees designated by the Board of Directors from time to time.

Section 6: Trust Committee.

There shall be a Trust committee composed of not less than three members of the Board of Directors, the General Manager, ex-officio and two others appointed by the Board to serve, which shall have general supervision of the Trust Department, the Trust Investment Committee, the determination of policies of such department, the investment of the trust funds, and the disposition of trust investments. The Trust Committee shall have the power to consider and act upon such other matters relating to the administration

of the trust held by the Corporation as shall be referred to it by the officers in charge or by the Investment Trust Committee. It shall also have such other powers and duties as may be conferred upon it from time to time by the Board of Directors. The Trust Committee shall meet at least once a month and shall make monthly reports to the Board of Directors.

Section 7: *Trust Investment Committee.*

There shall be a Trust Investment Committee composed of not less than five capable and experienced officers of the Corporation appointed by the Board to serve during its pleasure, which shall be subject to the direction of the Trust Committee. The acceptance of all fiduciary accounts shall be approved by the Trust Investment Committee and the closing out or relinquishment of all such accounts shall be approved or rectified by such Committee. All investments of trust funds by the Trust Department of the Corporation shall be made, retained, or disposed of only with the approval of the Trust Investment Committee. Such Committee shall, at least once during such period of twelve months, review all the assets held in cash and or fiduciary account to determine their safety and current value and the advisability of retaining or disposing of them. Such Committee may have such additional duties relating to the Trust Department as may be prescribed by the Board or by the Trust Committee. Such Committee shall keep minutes of all of its meetings. Two of its members shall constitute a quorum for transaction of business. Subject to the approval of the Board or the Trust Committee, it may make such rules as it may deem advisable for carrying out the policies of the Trust Department, the administration of Trust held by the Corporation and the investments of Trust funds.

ARTICLE XIV

STOCKS AND STOCK CERTIFICATE

Section 1: *Transfer.*

Shares of stock shall be transferable on the books of

the Corporation, and a transfer book shall be kept in which all transfers of stock shall be recorded. Every person becoming a share-holder by such transfer shall, in proportion to his shares, succeed to all rights and liabilities of the prior holder of such shares.

Section 2: *Stock Certificates.*

Certificates of stock shall bear the signature of the President or the Vice-President and shall be countersigned by the Secretary or any officer appointed by the Board of Directors or the Executive Committee for the purpose, to be known as an authorized officer, and the seal of the Corporation shall be engraved thereon. Each certificate shall recite on its face that the stocks represented thereby, and is transferable only upon the books of the corporation by the holder thereof or its attorney, upon surrender of certificate properly endorsed.

Section 3: *Loss of Stock Certificate.*

In case of loss or destruction of any certificate, a duplicate may be issued, provided that the registered owner of said share file a sworn statement of said loss or destruction, and that after the publication of notice containing same in two local newspapers, one in English and one in Chinese, twice a week for a period of two weeks, the Board of Directors may, in its discretion, direct the cancellation of the lost certificate and the issuance of another in its stead and may require a bond before such issuance.

ARTICLE XV

RESERVE FUND

Section 1. The bank shall accumulate and maintain a reserve fund or surplus of not less than twenty per centum (20%) of its authorized capital stock issued, which fund shall be subject to the same obligations as capital, and shall be made up by carrying to such fund ten per centum (10%) of the net profits resulting from the operation of the bank before declaring dividends upon the capital stock. The bank may create an additional reserve fund for the purpose of distributing dividends when the amount

actually earned any year does not reach six per centum (6%) of the capital stock, but this fund shall not be applied to the increase of the capital stock of the bank.

The bank shall keep a reserve at all times in the form of lawful money of the Philippines or of the United States in an amount equal to at least Eighteen Per Centum (18%) of the aggregate amount of its deposits in current accounts which are payable on demand and of its fixed deposits coming due within thirty (30) days.

It shall also at all times maintain a reserve equal in amount to at least 5% of its total savings deposits, which may be maintained in the form of lawful money of the Philippines or of the United States or in bonds issued or guaranteed by the Government of the Philippines or of the United States.

Such bonds may be kept on hand in the vaults of the bank or may be kept in deposit with the Insular Treasurer or with any fiscal agent of the Philippine Government abroad. The bank shall have the right to collect the interest accruing on such securities and to substitute from time to time other securities issued and guaranteed by the Government of the Philippines or of the United States for those already on deposit.

When and after the Reserve Bank of the Philippines is duly established and organized in accordance with the Commonwealth Act No. 458, all reserves of the bank required by existing laws shall be maintained in accordance with such Act.

ARTICLE XVI

DISTRIBUTION OF NET EARNINGS

Section 1: The profits or net earnings resulting from the operations of the bank after deducting the expenses of the administration, and after making proper provisions for reserves to cover possible losses on loans and for other contingencies, shall be disposed of as follows:

Not to exceed four per centum (4%) to the members of the Board of Directors, to be distributed in such manner as the said Board may provide.

The Board of Directors is empowered to further distribute out of the said net earnings such bonuses to officers and employees of the bank as it may deem proper, not to exceed Five Per Centum (5%) of such net earnings; provided, however, that should the extension of the operations of the bank and the consequent increase of its personnel render such Five Per Centum (5%) of the net earnings insufficient for the bonus of the officers and employees, the Board of Directors may, in its discretion, avail of such an additional amount as will cover the insufficiency, which additional amount shall not exceed Five Per Centum (5%) of the net earnings.

ARTICLE XVII

WHEN AND HOW TO PAY DIVIDENDS

Section 1. Dividends may be declared annually or oftener, as the Board of Directors may determine. If the amount of net earnings available for dividend distribution does not exceed that required to pay an annual dividend of Six Per Centum (6%) it may be either distributed or added to the reserve as the Board may see fit. If such amount exceed Six Per Centum (6%) per annum, the excess may be carried to the reserve or distributed in whole or in part, as part of the dividend, as the said Board may deem best.

ARTICLE XVIII

FISCAL YEAR

The Fiscal Year of the Corporation shall be the calendar year.

ARTICLE XIX

EXECUTION OF INSTRUMENTS

Section 1. All agreements, debentures, mortgages, deeds, conveyances, transfers, certificates, declarations, petitions, schedules, accounts, affidavits, bonds, undertakings, proxies and other instruments or documents may be signed, executed, acknowledged, verified, delivered or accepted in behalf of the Corporation by the President, Vice-President or the General Manager, or the Manager or, if in connection with the exercise of any of the fiduciary powers of

the Corporation, by any of the said officers or by any Trust Officers. Any such instruments may also be executed, acknowledged, verified, delivered or accepted in behalf of the Corporation in such manner and by such other officers as the Board of Directors or the Executive Committee may from time to time direct.

ARTICLE XX

RECORDS

Section 1. The Articles of Incorporation, the By-Laws and the proceedings of all meetings of the shareholders, the Board of Directors, the Executive Committee, and any other standing committee of the Board, shall be recorded in appropriate minute books provided for the purpose. The minutes of each meeting shall be signed by the Secretary or the officer appointed to act as Secretary of the meeting.

ARTICLE XXI

CORPORATE SEAL

The Seal of the Corporation shall consist of the following wording: "PHILIPPINE BANK OF COMMUNICATIONS, 1939, Manila, Philippines" and in the center there shall appear the following Chinese Characters:

行銀通交濱律菲

ARTICLE XXII

BY - LAWS

Section 1: Inspection.

A copy of the By-Laws, with all amendments thereto, shall at all times be kept in a convenient place at the Head Office of the Corporation, and shall be open for inspection to all shareholders, during banking hours.

Section 2: Amendments.

These By-Laws may be amended, altered or repealed, or new ones adopted at any regular meeting of the Board of Directors by a vote of a majority of the whole members, if delegated.