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## Metropolitan Bank & Trust Company

(incorporated with limited liability in the Republic of the Philippines)

### ₱6.25 Billion 4.25% Long-Term Negotiable Certificates of Time Deposit Due 2021

Issue Price 100.0% face value

The ₱6,250,000,000.00 4.25% Long-Term Negotiable Certificates of Time Deposit Due 2021 (the “LTNCDs”) will be issued in an aggregate principal amount of ₱6,250,000,000.00 by Metropolitan Bank & Trust Company (“Metrobank”, “MBT”, the “Bank” or the “Issuer”). The LTNCDs will bear fixed interest at the rate of 4.25% per annum from and including November 21, 2014 up to but excluding November 21, 2021. The interest of the LTNCDs for the entire term will be payable quarterly in arrears on February 21, May 21, August 21 and November 21 of each year, commencing on February 21, 2015.

The LTNCDs mature on November 21, 2021 (the “Maturity Date”). Subject as set out below and in “Terms and Conditions of the LTNCDs”, the LTNCDs may be redeemed, in whole but not in part only, at the option of the Issuer on the Pre-Termination Date, at 100% of the face value (as defined in “Terms and Conditions of the LTNCDs”) of the LTNCDs plus accrued and unpaid interest as of but excluding the Pre-Termination Date. In the event of the proper exercise of the Pre-Termination Option, the Issuer shall shoulder the taxes due, if any, on the interest income already earned by the LTNCD Holders.

The LTNCDs are not rated. However, the Bank has a Financial Strength Rating of D+ and has a “Baa3” rating for its long-term local currency bank deposits by Moody’s Investor Service (“Moody’s”). The Bank also has a Long-Term Local Currency Issuer Default Rating of “BBB-” from Fitch Ratings (“Fitch”). A rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

The LTNCDs will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer. The LTNCDs shall, at all times, rank *pari passu* and ratably without any preference or priority amongst themselves, and at least *pari passu* with all other present and future direct, unconditional, unsecured, and unsubordinated obligations of the Bank, except for any obligation enjoying a statutory preference or priority established under Philippine laws. See “Terms and conditions of the LTNCDs — Status and Subordination”.

**This Offering Circular Supplement (“Supplement”), under which the LTNCDs are issued, is supplementary to, and should be read in conjunction with the Offering Circular dated 24 October 2014 covering the recently-issued ₱8,000,000,000 4.00% LTNCD of Metrobank. The LTNCD will be issued on the terms of this Supplement read together with the Offering Circular dated 24 October 2014. See “Investment Considerations” beginning on page 12 of the Offering Circular dated 24 October 2014 for a discussion of certain factors to be considered in connection with an investment in the LTNCDs. Terms defined in the Offering Circular dated 24 October 2014 have the same meaning in this Supplement.**

The LTNCDs will be issued in scripless form and in minimum denominations of ₱50,000.00 and increments of ₱50,000.00 beyond ₱50,000.00, or such other minimum denomination as may be prescribed or approved by the BSP. The LTNCDs will be represented by a Master Certificate which will be deposited with the Registrar. It is intended that, upon issuance, the LTNCDs will be immobilized and lodged with the Registrar. A Registry Confirmation will be issued by the Registrar in favor of the holders of the LTNCDs in accordance with the regulations of the BSP. Once lodged, the LTNCDs will be eligible for electronic book-entry transfers in the Registry Book without the issuance of other evidences of certificates, and any sale, transfer, or conveyance of the LTNCDs shall be coursed through a Market Maker or on an organized exchange, as the case may be. The LTNCDs will be listed in the trading platform of the Philippine Dealing & Exchange Corp. (“PDEX”) for secondary market trading pursuant to the BSP rules. Upon listing of the LTNCDs in the PDEX, investors shall course their secondary market trades through the trading participants of the PDEX for execution in the PDEX Trading Platform in accordance with the PDEX Trading Rules, Conventions and Guidelines, as these may be amended or supplemented from time to time, and shall settle such trades on a Delivery versus Payment (DvP) basis in accordance with PDEX Settlement Rules and Guidelines. For the avoidance of doubt, the minimum denomination for the LTNCDs as prescribed by the BSP must be kept at all times. Consequently, no negotiation or secondary trading will be allowed if the result is that a remaining LTNCD Holder of the LTNCDs will hold less than the minimum denomination as prescribed or approved by the BSP.

#### Joint Lead Arrangers, Selling Agents and Bookrunners



#### Other Selling Agents



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The LTNCDs will be issued pursuant to General Banking Law of 2000 (Rep. Act No. 8791), Bangko Sentral ng Pilipinas (“BSP”) Circular No. 304 (Series of 2001) on Guidelines Governing the Issuance of Long-Term Negotiable Certificates of Time Deposit With a Minimum Maturity of Five Years, BSP Circular No. 778 (Series of 2012) Amendments to the Qualification Requirements of Selling Agents and/or Market Makers of Long-Term Negotiable Certificates of Time Deposit and/or Unsecured Subordinated Debt; BSP Circular No. 810 (Series of 2013) on Amendments to the Guidelines Governing the Issuance of Long-Term Negotiable Certificate of Time Deposits, BSP Circular No. 824 (Series of 2014) on Amendment to the Regulations on Long-Term Negotiable Certificates of Time Deposits, BSP Circular No. 834 (Series of 2014) on Amendments to the Guidelines Governing the Issuance of Long-Term Negotiable Certificate of Time Deposits and Unsecured Subordinated Debt, Sections X233.9 of the Manual of Regulations for Banks (“MORB”), BSP Memorandum No. M-2014-034 (Series of 2014) on Availability of an Exchange for Long-Term Negotiable Certificates of Time Deposits (“LTNCDs”), Monetary Board Resolution No. 1472 dated September 18, 2014 which authorized the Bank to issue up to ₱20 Billion worth of long-term negotiable certificates of time deposit in one or more issuances (the BSP Approval), and other related circulars and issuances of the BSP (the “BSP Rules”). The issuance of the LTNCDs is exempt from the registration requirement under the Securities Regulation Code pursuant to Section 9(1) of the said law.

No offer or invitation or solicitation shall be made or received, and no agreement shall be made, on the basis of this document, to purchase or subscribe for any of the LTNCDs.

The Bank confirms that this document contains all information with respect to the Bank and its subsidiaries and associates (collectively, the “Group”) and the LTNCDs which is material in the context of the issue and offering of the LTNCDs, that the information contained herein is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts, the omission of which would, in the context of the issue and offering of the LTNCDs, make this document as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect and that all reasonable enquiries have been made by the Bank to verify the accuracy of such information. The Bank accepts responsibility accordingly. More information on the Bank can be accessed at [www.metrobank.com.ph](http://www.metrobank.com.ph).

In making an investment decision, you must rely on your own examination of the Bank and the terms of the offering of LTNCDs, including the merits and risks involved. By receiving this Final Offering Circular (the “Offering Circular”), you acknowledge that (i) you have not relied on The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) and ING Bank N.V., Manila Branch (“ING”) (together, the “Joint Lead Arrangers”) or any person affiliated with the Joint Lead Arrangers in connection with your investigation of the accuracy of any information in this Offering Circular or your investment decision, and (ii) no person has been authorized to give any information or to make any representation concerning the Bank, the Group or the LTNCDs other than as contained in this Offering Circular and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Bank or the Joint Lead Arrangers.

No representation or warranty, express or implied, is made by the Joint Lead Arrangers as to the accuracy or completeness of the information contained in this Offering Circular. Neither the delivery of this Offering Circular nor the offer of LTNCDs shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Bank or the Group since the date of this Offering Circular or that any information contained herein is correct as at any date subsequent to the date hereof.

None of the Bank, the Joint Lead Arrangers or any of their respective affiliates or representatives is making any representation to any purchaser of LTNCDs regarding the legality of an investment by such purchaser under applicable laws. In addition, you should not construe the contents of this Offering Circular as legal, business or tax advice. You should be aware that you may be required to bear the financial risks of an investment in the LTNCDs for an indefinite period. You should consult with your own advisers as to the legal, tax, business, financial and related aspects of a purchase of LTNCDs.

This document does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make any such offer or solicitation. Each investor in the LTNCDs must comply with all applicable laws and BSP rules in force in the jurisdiction in which it purchases or offers to purchase such LTNCDs, and must obtain the necessary consent, approval, or permission for its purchase, or offer to purchase such LTNCDs under the laws and BSP rules in force in any jurisdiction to which it is subject or in which it makes such purchase or offer, and neither the Bank nor the Joint Lead Arrangers shall have any responsibility thereof. Interested investors should inform themselves as to the applicable legal requirements under the laws and BSP rules of the countries of their nationality, residence,

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or domicile and as to any relevant tax or foreign exchange control laws and BSP rules that may affect them. See “Distribution and Sale”.

**CONVENTIONS WHICH APPLY TO THIS OFFERING CIRCULAR SUPPLEMENT**

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the “Philippines” are references to the Republic of the Philippines. All references to the “Government” herein are references to the Government of the Philippines. All references to “United States” or “U.S.” herein are to the United States of America. All references to “Peso” and “₱” herein are to the lawful currency of the Philippines and all references to “U.S. dollars” or “US\$” herein are to the lawful currency of the United States.

**Unless otherwise indicated, the description of the Bank’s business activities in this Offering Circular is presented on a consolidated basis.**

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## RECENT DEVELOPMENTS

On October 24, 2014, the Bank issued ₱8 billion of long-term negotiable certificates of time deposit (the “Series 1 LTNCDs”). This is the first issuance under the BSP approval to issue up to ₱20 billion in one or more tranches over the course of six (6) months. The Series 1 LTNCDs have a tenor of 5.5 years and bear a coupon of 4.0% per annum with interest payment due on a quarterly basis.

On November 11, 2014 the Bank released its 9-months financial results. Metrobank reported an unaudited consolidated net income of ₱13.1 billion for the first nine months of 2014. The Bank booked ₱4 billion net income in the third quarter, 57% higher compared with the same period last year. Year-to-date net interest income increased 23% to ₱34 billion, and contributed 64% to the ₱53 billion total operating income. This was driven by the better-than-expected growth in loans and deposits, and relatively healthy spreads. For the period, net interest margin was maintained at the 3.8% level, one of the highest in the industry.

At the end of September 2014, Metrobank’s loans and receivables portfolio expanded by 21% year-on-year to ₱697.3 billion. On the other hand, reflective of the Bank’s push for low cost funding, total deposits sustained its high growth rate of 23% to reach ₱1.1 trillion.

A more detailed discussion of the 9-month financial results can be found in the Banks website: [www.metrobank.com.ph](http://www.metrobank.com.ph).

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# TERMS AND CONDITIONS OF THE LTNCDS

*The following does not purport to be a complete listing of all the rights, obligations, or privileges of the LTNCDS. Some rights, obligations, or privileges may be further limited or restricted by other documents, including the Application to Purchase and Purchase Advice issued upon confirmation of a purchase of the LTNCDS. Prospective investors are enjoined to carefully review the Charter, By-Laws and resolutions of the Board of Directors of the Bank, the information contained in this Offering Circular Supplement, the Offering Circular and other agreements relevant to the Offer. Copies of the Registry and Paying Agency Agreement and the Market Maker Agreement are available for inspection during normal business hours at the specified offices of the Registrar. The holders of the LTNCDS (the "LTNCD Holders") are entitled to the benefit of, are bound by, and are deemed to have notice of those provisions of the Registry and Paying Agency Agreement applicable to them.*

## **1 DEFINITIONS**

In these Terms and Conditions and the Contracts (as hereinafter defined):

<b>"ADVERSE EFFECT"</b>	means any material and adverse effect on: (a) the ability of the Bank to duly perform and observe its obligations and duties under the LTNCDS and the Contracts; (b) the condition (financial or otherwise), prospects, results of operations or general affairs of the Bank or the Group; or (c) the legality, validity and enforceability of the Contracts;
<b>"ANTI-MONEY LAUNDERING LAWS OF THE PHILIPPINES"</b>	means Republic Act No. 9160, Republic Act No. 9194 and Republic Act No. 10365 and BSP Circular Nos. 251, 253 279, 527, 564, 608 and 612, and all other amendatory and implementing law, regulation, jurisprudence, notice or order of any Philippine governmental body relating thereto;
<b>"AUDITORS"</b>	means SyCip, Gorres, Velayo & Company;
<b>"BANK"</b>	means Metropolitan Bank & Trust Company, the issuer of the LTNCDS;
<b>"BENCHMARK RATE"</b>	means 5YR PDST-R2;
<b>"BIR"</b>	means the Philippine Bureau of Internal Revenue;
<b>"BSP"</b>	means the Bangko Sentral ng Pilipinas;
<b>"BSP RULES"</b>	Means the General Banking Law of 2000 (Republic Act No. 8791), Bangko Sentral ng Pilipinas ("BSP") Circular No. 304 (Series of 2001), BSP Circular No. 778 (Series of 2012), BSP Circular No. 810 (Series of 2013), BSP Circular No. 824 (Series of 2014), BSP Circular No. 834 (Series of 2014); Sections X233.9 of the Manual of Regulations for Banks ("MORB"), and other related circulars and issuances of the BSP, as may be amended from time to time;
<b>"BUSINESS DAY"</b>	means any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets in Metro Manila and Makati City are not required or authorized to close for business. All other days not otherwise specified in these Terms and Conditions shall mean calendar days;
<b>"CASH SETTLEMENT ACCOUNT"</b>	means an account designated by a CD Holder with a Cash Settlement Bank into which shall be credited the interests, principal and other payments on the LTNCDS;

## TERMS AND CONDITIONS OF THE LTNCDS

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<b>“CASH SETTLEMENT BANK”</b>	means a bank licensed and authorized under the laws of the Philippines and designated by a CD Holder as the bank with which such CD Holder’s Cash Settlement Account is maintained, such designation to be made in accordance with the procedures of the Paying Agent;
<b>“CD HOLDER(S)”</b>	means a person who, at any relevant time, appears in the Registry as the registered owner of the LTNCDS;
<b>“CLOSED PERIOD”</b>	shall have the meaning set forth in Condition 18;
<b>“CONTRACTS”</b>	means: (a) the Issue Management and Placement Agreement in the agreed form dated on or about October 3, 2014 between the Bank, the Joint Lead Arrangers and the Selling Agents; (b) the Registry and Paying Agency Agreement in the agreed form dated on or about October 3, 2014 between the Bank and the Registrar and Paying Agent; (c) the Market Maker Agreement in the agreed form dated on or about October 3, 2014 between the Bank and the Market Maker; (d) the Metrobank Master CD; (e) these Terms and Conditions; and (f) such other separate letters or agreements covering conditions precedent, fees, expenses and other obligations of the parties, including amendments or accessions thereto;
<b>“EVENT OF DEFAULT”</b>	means an event specified as such under Condition 22 hereof;
<b>“GROUP”</b>	means the Bank, its subsidiaries, affiliates and entities controlled by the Bank, taken as a whole, and each of them being a member of the Group;
<b>“INSOLVENCY DEFAULT”</b>	means the acts of bankruptcy referred to under subparagraph (h) of Condition 22, including but not limited to the following: (a) filing of a petition in any bankruptcy, reorganization, winding-up, suspension of payment, liquidation, or other analogous proceeding; (b) appointment of a trustee or receiver of all or a substantial portion of the Bank’s properties; (c) making of an assignment for the benefit of the Bank’s creditors of all or substantially all of its properties; (d) admission in writing of the Bank’s inability to pay its debts; or (e) entry of any order or judgment of any court, tribunal, or administrative agency or body confirming the insolvency of the Bank, or approving any reorganization, winding-up, liquidation, or appointment of trustee or receiver of the Bank or a substantial portion of its properties or assets;
<b>“INTEREST”</b>	means, in respect of a series of LTNCDS, for any Interest Period, the interest payable on the LTNCDS at such rate set out in these Terms and Conditions;
<b>“INTEREST PAYMENT DATE”</b>	means, in respect of a series of LTNCDS, the last day of an Interest Period when payment for Interest in respect of the LTNCDS for such series becomes due, as set out in these Terms and Conditions; Provided, that if any Interest Payment Date would otherwise fall on a day which is not a Business Day, the Interest Payment Date shall be deemed the next succeeding Business Day; Provided, further, that if such succeeding Business Day falls into the next calendar month, the Interest Payment Date shall be the immediately preceding Business Day, in either case, without adjustment to the amount of interest to be paid. For the avoidance of doubt, each Interest Payment Date shall be specified in the relevant Metrobank Master CD;
<b>“INTEREST PERIOD”</b>	means, in respect of a series of LTNCDS, the period commencing on the relevant Issue Date and having a duration of three (3) months and, thereafter, each successive three (3)-month period commencing on the last day of the immediately preceding Interest Period up to, but excluding the first (1 <sup>st</sup> ) day of the immediately succeeding Interest Period, but in the case of the last Interest Period, it will be the



## TERMS AND CONDITIONS OF THE LTNCDS

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	period from and including the last day of the immediately preceding Interest Period up to, but excluding, the relevant Maturity Date;
<b>“INTEREST RATE”</b>	means the rate equal to 4.25%;
<b>“ISSUE DATE”</b>	means each date when a series or tranche of the LTNCDS is issued by the Issuer to CD Holders, as the Issuer may determine, which shall be such number of Banking Day following the end of a relevant Offer Period as may be determined by the Bank, or such other date as the Issuer and the Joint Lead Arrangers may agree in writing; Provided, that the Issue Dates for each tranche or series subsequent to the first tranche must be no later than six (6) months from 18 September 2014, being the date of BSP Approval, pursuant to, and in accordance with the provisions of the BSP Rules;
<b>“ISSUE PRICE”</b>	means One Hundred Percent (100.0%) of the nominal principal amount of each Metrobank CD;
<b>“JOINT LEAD ARRANGERS”</b>	means The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) and ING Bank N.V., Manila Branch (“ING”);
<b>“LTNCDS”</b>	means the long-term negotiable certificates of time deposit in the amount of up to a maximum of Php20,000,000,000.00 to be issued by the Bank in one or more tranches within a period of six (6) months under these Terms and Conditions and pursuant to the authority granted by the BSP to the Bank on September 18, 2014 and the BSP Rules, represented by a Metrobank Master CD.
<b>“MARKET MAKER”</b>	means MIB, as Market Maker of the LTNCDS, and includes its successor entities, or any other party appointed by the Bank from time to time as such, which appointment must be immediately communicated to PDTC. The Market Maker shall perform the functions and duties as such pursuant to the BSP Rules and the Market Maker Agreement as these may be amended from time to time as a result of amendments in the relevant BSP regulations.
<b>“MARKET MAKER AGREEMENT”</b>	means the Market Maker Agreement in the agreed form dated on or about 3 October 2014 between the Bank and the Market Maker, as may be amended or supplemented from time to time;
<b>“MATURITY DATE”</b>	means seven (7) years from the Issue Date at which date the LTNCDS will be redeemed at their Maturity Value; <i>Provided</i> , that, if such date is declared to be a non-Business Day, the Maturity Date shall be the next succeeding Business Day;
<b>“MATURITY VALUE”</b>	means the Issue Price plus unpaid and accrued applicable interests up to but excluding the Maturity Date;
<b>“METROBANK MASTER CD”</b>	means the master form representing the LTNCDS or a series of the LTNCDS, as the case may be, setting forth the Terms and Conditions. For the avoidance of doubt, each LTNCDS shall specify the series or tranche of LTNCDS to which it pertains, as well as the relevant terms and conditions specific to such series or tranche.
<b>“OFFER PERIOD”</b>	means the period when a series or tranche of the LTNCDS shall be offered for sale by the Bank to the public, through the Bank’s branches and the Selling Agents to prospective CD Holders, commencing at 10:00 a.m. and ending at 5:00 p.m. on such days or dates as may be determined by the Bank and the Joint Lead Arrangers;

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**TERMS AND CONDITIONS OF THE LTNCDS**

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<b>“OFFERING CIRCULAR”</b>	means the relevant Offering Circular (including, for the avoidance of doubt, the consolidated financial statements of the Bank included therein) in preliminary and final forms in respect of the LTNCDS (the final form being dated as of the Issue Date), and all amendments, supplements and addenda thereto including the supplemental offering circular for the issuance of tranche 2 of the LTNCDS in preliminary and final form;
<b>“PAYMENT DATE”</b>	means each date on which payment for interest and/or principal in respect of the LTNCDS become due. The date on which a payment in respect of the LTNCDS becomes due means the first date on which the CD Holders could claim the relevant interest or principal payment;
<b>“PDEX”</b>	means the Philippine Dealing & Exchange Corp., a domestic corporation duly registered with the SEC to operate an exchange and trading market for fixed income securities and a member of the PDS Group;
<b>“PDEX RULES”</b>	means the PDEX Rules for the Fixed Income Securities Market, as Amended, and as the same may be revised from time to time, as well as all other related rules, guidelines, and procedures that may be issued by PDEX.
<b>“PDIC”</b>	means Philippine Deposit Insurance Corporation;
<b>“PLACEMENT AGREEMENT”</b>	means the Issue Arrangement and Placement Agreement in the agreed form dated on or about October 3, 2014 among the Bank, Joint Lead Arrangers and Selling Agents, as may be amended or supplemented from time to time;
<b>“PRE-TERMINATION AMOUNT”</b>	means the face value of a relevant series of the LTNCDS, subject of a Pre-termination Option, plus accrued interest covering the accrued and unpaid interest as of but excluding the Pre-termination Date in respect of such relevant series of the LTNCDS.
<b>“PRE-TERMINATION DATE”</b>	means, in respect of a series of LTNCDS, the Interest Payment Date on which the Bank may exercise its Pre-termination Option for such series pursuant to Condition 14 of these Terms and Conditions;
<b>“PRE-TERMINATION OPTION”</b>	means the option of the Bank to redeem a relevant series of the LTNCDS as a whole, but not in part, on any Interest Payment Date on the basis of events specified in, and in accordance with, Condition 14 of these Terms and Conditions;
<b>“PRICING DATE”</b>	means any day within the relevant Offer Period and prior to the Issue Date, as may be determined by the Issuer in consultation with the Joint Lead Arrangers;
<b>“PROHIBITED CD HOLDER(S)”</b>	means persons and entities which are prohibited from purchasing and/or holding any LTNCDS of the Bank pursuant to the BSP Rules, specifically: (1) the Bank; and (2) the subsidiaries and affiliates of the Bank; (3) wholly or majority-owned or controlled entities of the subsidiaries and affiliates of the Bank; and (4) persons classified as U.S. Persons under the Foreign Account Tax Compliance Act of the United States, as this may be amended from time to time, which include: a U.S. citizen (including dual citizen); a U.S. resident alien for U.S. tax purposes; a US partnership; a U.S. corporation; any U.S. estate; any U.S. trust if: (a) a court within the United States is able to exercise primary supervision over the administration of the trust; (b) one or more U.S. persons have the authority to control all substantial decisions of the trust; any other person that is not a non-US person. A “subsidiary” means, at any particular time, a company which is then directly controlled, or more than fifty percent (50%) of whose issued voting equity share capital (or equivalent) is then beneficially owned, by the Bank and/or one or more of its subsidiaries or affiliates. An “affiliate” means, at any particular time, a company at least twenty percent (20%) but not more than fifty percent (50%) of whose issued voting equity share capital is then owned by the Bank. For a company to be “controlled” by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise)

## TERMS AND CONDITIONS OF THE LTNCDS

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	has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that company or otherwise controls or has the power to control the affairs and policies of that company;
<b>“PSE”</b>	means the Philippine Stock Exchange, Inc.;
<b>“PURCHASE ADVICE”</b>	means the written advice sent by the Selling Agents (in case of the primary issuance of the LTNCDS) or the Market Maker, to a CD Holder confirming the acceptance of its offer to purchase LTNCDS and consequent ownership thereof and stating the details, including the tax status, and summary terms and conditions, of the issue, sale or assignment of LTNCDS to such CD Holder.
<b>“REGISTRAR” OR “PAYING AGENT”</b>	means Philippine Depository & Trust Corp. (“PDTC”), or the registrar and paying agent in respect of the LTNCDS appointed from time to time under the Registry and Paying Agency Agreement or an agreement supplemental to it and in accordance with the BSP Rules;
<b>“REGISTRY”</b>	means the electronic registry book of the Registrar containing the official information on the CD Holders and the amount of LTNCDS they respectively hold, including all transfers or assignments thereof or any liens or encumbrances thereon;
<b>“REGISTRY CONFIRMATION”</b>	means the written advice sent by the Registrar to the CD Holders, confirming the registration in the name of such CD Holder of the specified amount of LTNCDS issued to or purchased by a CD Holder, in the Registry, and setting forth the declarations required by the BSP;
<b>“SEC”</b>	means the Philippine Securities and Exchange Commission and its successor agency/ies;
<b>“SELLING AGENTS”</b>	means FMIC; HSBC; ING; MIB; and the Bank, and includes their respective successor entities, or the selling agent(s) or sub-selling agent(s) in respect of the LTNCDS appointed from time to time under the Issue Arrangement and Placement Agreement or an agreement supplemental to it;
<b>“TAX EXEMPT/TREATY DOCUMENTS”</b>	shall have the meaning set forth in Condition 26; and
<b>“TERMS AND CONDITIONS”</b>	mean these Terms and Conditions of the LTNCDS as may be amended from time to time.
<b>2 PURPOSE OF ISSUANCE</b>	The issue will be used to gain access long-term funding to finance business expansion and provide alternative investment outlets to clients.
<b>3 FORM</b>	The LTNCDS shall be scripless and, subject to the payment of fees to the Registrar, registered and lodged with the Registrar in the name of the CD Holders. Once lodged, the LTNCDS shall be eligible for electronic transfer in the Registry, without the issuance or cancellation of certificates. The LTNCDS shall comply with the provisions of Republic Act No. 8792 or the Electronic Commerce Act, particularly, on the existence of an assurance on the integrity, reliability and authenticity of the LTNCDS.
<b>4 DENOMINATION</b>	The LTNCDS will be in minimum denominations of Fifty Thousand Pesos (₱50,000.00) and in integral multiples of Fifty Thousand Pesos (₱50,000.00) thereafter.

## TERMS AND CONDITIONS OF THE LTNCDS

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- 5 TITLE** Legal title to the LTNCDS shall be evidenced by the Registry, which shall be the official registry and best evidence of ownership and all other information regarding ownership of the LTNCDS. Following receipt from the Selling Agents or Market Maker, as the case may be, of a Purchase Advice evidencing the purchase of LTNCDS by the CD Holders, a Registry Confirmation will be issued by the Registrar in favor of the said CD Holders to evidence the registration of such LTNCDS in their names in the Registry; provided, however, that upon the listing of the LTNCDS with PDEX, the registration of the LTNCDS shall be subject to the PDEX Rules and convention,
- 6 SEC REGISTRATION** The LTNCDS have not been and will not be registered with the SEC. Since the LTNCDS qualify as exempt securities under Section 9.1 (e) of the Philippine Securities Regulation Code, the LTNCDS may be sold and offered for sale or distribution in the Philippines without registration.
- 7 LISTING** The LTNCDS are intended to be listed by the Bank in the PDEX on or after Issue Date and upon full implementation of the Over-the-Counter Regulations of the SEC.
- 8 ELIGIBLE CD HOLDERS** In general, the LTNCDS may be issued or transferred to any person of legal age, regardless of nationality or residency, any corporation, association, partnership, trust account, fund or entity, regardless of place of incorporation or domicile, except, in each case, to Prohibited CD Holders.
- 9 QUALIFICATION DETERMINATION** Each Selling Agent (in the case of initial issuances of the LTNCDS for each tranche) and the Market Maker or a PDEX Trading Participant, as the case may be, (in the case of transfers or assignments of the LTNCDS) shall verify the identity and relevant details of each proposed CD Holder and ascertain that said proposed CD Holder is an Eligible CD Holder and is not a Prohibited CD Holder.
- Proposed CD Holders shall be required to submit any and all information reasonably required by the Selling Agents and/or Market Maker in order for the said Selling Agents and/or Market Maker, as the case may be, to be able to determine that such proposed CD Holder is an Eligible CD Holder and is not a Prohibited CD Holder. Any question on such determination shall be referred to the Bank.
- 10 INTEREST ACCRUAL AND PAYMENT** The LTNCDS will bear interest on its principal from and including the Issue Date up to but excluding: (a) the Maturity Date (if the Pre-termination Option is not exercised); or (b) the Pre-termination Date (if the Pre-termination Option is exercised).
- Interest shall be payable on each Interest Payment Date. The amount of interest payable in respect of the LTNCDS for each Interest Period shall be calculated by the Paying Agent on a 30/360-day year basis.
- The determination by the Paying Agent of the amount of interest payable (in the absence of manifest error) is final and binding upon all parties.

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**TERMS AND CONDITIONS OF THE LTNCDS**

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- 11 PAYMENT** The Paying Agent shall pay, or cause to be paid on behalf of the Bank, on or before 12:00 p.m. on each relevant Payment Date the amounts due in respect of the LTNCDS through a direct credit of the proper amounts, net of taxes and fees (if any) to the Cash Settlement Banks of the CD Holders, for onward remittance to the Cash Settlement Accounts of the CD Holders with the Cash Settlement Banks.
- 12 PRINCIPAL REPAYMENT** Unless the LTNCDS are pre-terminated by the Bank on Pre-termination Date (*See Condition 13*), the LTNCDS shall be redeemed at their Maturity Value on Maturity Date. If the Maturity Date falls on a date that is not a Business Day, the Maturity Date shall fall on the immediately succeeding Business Day, without adjustment to interest payable in respect of the LTNCDS.
- 13 PRETERMINATION BY THE CD HOLDER** Presentation of the LTNCDS to the Bank for termination or redemption before the Maturity Date is not allowed, unless there occurs an event under “Events of Default” in these Terms and Conditions. CD Holders may, however, transfer or assign their LTNCDS to another holder who is not a Prohibited CD Holder. Negotiations/transfers from one CD Holder do not constitute pre-termination. For tax purposes, negotiations/transfers from one CD Holder to another shall be subject to the pertinent provisions of the National Internal Revenue Code of 1997, as amended, and Bureau of Internal Revenue Regulations. Such transfer or assignment shall be coursed through a Market Maker, subject to Condition 14.
- 14 PRE-TERMINATION BY THE BANK** Subject to BSP Rules, the Bank shall have the option (but not the obligation) to pre-terminate the LTNCDS as a whole, but not in part, prior to the Maturity Date and on any Interest Payment Date at the Pre-termination Amount, for any cause as may be allowed under the BSP Rules, including, without limitation if or when: (i) there shall occur at any time during the term of the LTNCDS any change in any applicable law, rule or regulation or in the terms and/or interpretation or administration thereof or a new applicable law should be enacted, issued or promulgated which shall result in payments by the Bank becoming subject to additional or increased taxes, other than the taxes and rates of such taxes prevailing on the Issue Date, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Bank; or (ii) at any time during the term of the LTNCDS, long term negotiable certificates of deposit issuances become subject to additional or increased reserves required by the BSP, other than the seven percent (7%) statutory regular reserves required in BSP Circular No.832, Series of 2014.

The Bank may pre-terminate all and not only part of the LTNCDS as permitted under this Condition 14 on any Interest Payment Date prior to the Maturity Date provided that: (1) a 30-day prior notification is given to the appropriate department of the Supervisory and Examination Sector of the BSP, together with the justification for the pre-termination; (2) a 30-day prior notification is given to the CD Holders; (3) the Bank shall shoulder the tax due on the interest income already earned by the CD Holders; and (4) the Bank’s reserve positions shall be recomputed retroactively based on the applicable reserve rate(s) for regular time deposits during the affected periods.

Any incremental tax that may be due on the interest income already earned under the LTNCDS prior to or as a result of the exercise by the Bank of its Pre-termination Option shall be for the account of the Bank. In addition, the Bank

## TERMS AND CONDITIONS OF THE LTNCDS

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shall re-compute its reserve positions retroactively based on the applicable reserve rate(s) for regular time deposits during the period between the Issue Date and the Pre-termination Date.

### 15 SECONDARY TRADING

All transfers or assignments of the LTNCDS shall be coursed through the Market Maker or other institutions authorized by the BSP, or a PDEX Trading Participant, upon the listing of the LTNCDS in the PDEX after the Issue Date, subject to the PDEX Rules.

Where transfers or assignments of the LTNCDS are coursed through the Market Maker, the Market Maker shall issue to the transferee CD Holder (with a copy to the Registrar) a Purchase Advice to evidence the transfer or assignment of such LTNCDS. As a condition precedent for any transfer or assignment of the LTNCDS, the transferee CD Holder must present to the Registrar, and in such forms as prescribed by the Registrar: (i) the Purchase Advice; (ii) the Trade-Related Transfer Form or Non-Trade Related Transfer Form; (iii) the Written Consent of the Transferee CD Holder; (iv) the Investor Registration Form; (v) Tax Exempt/Treaty Documents, if applicable; (vi) written confirmation from the Market Maker that the applicable taxes on the income earned on the LTNCDS (if any are due) have been deducted from the sales proceeds of the transferor CD Holder and have been remitted to the Bank; (vii) written consent of the transferee CD Holder to be bound by the terms of the LTNCDS and the Registry Rules, in the form agreed upon between the Bank and the Registrar; and (viii);such other documents as may be reasonably required by the Registrar.

A service charge shall be imposed for any registration of transfer or assignment of the LTNCDS, and the Registrar may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or assignment of the LTNCDS, each for the account of the CD Holder requesting the registration of transfer or assignment of the LTNCDS.

Subject to Condition 18, compliance with all procedures and provisions set out by the Market Maker (in consultation with the Bank) and payment by the relevant CD Holder of the proper fees, if any, to the Market Maker, the PDEX Trading Participant and/or the Registrar, a transfer or assignment of LTNCDS may generally be done at any time; Provided, however, that prior to the listing of the LTNCDS in PDEX, a transfer or assignment of the LTNCDS which will result in a change in the tax treatment of the interest income due thereon (including, without limit, a transfer or assignment which is treated by the Bank as a pre-termination solely for withholding tax purposes) may be at any time after receipt of the final confirmation of the initial tax computation prepared by the Market Maker from the Bank.

In case of a transfer or assignment deemed by the Bank as a pre-termination, solely for withholding tax purposes, the transferor CD Holder shall be liable for the resulting tax due on the entire interest income earned on the LTNCDS (if any), based on the holding period of such LTNCDS by the transferor CD Holder and the amount equal to the final withholding tax, if any, will be deducted

## TERMS AND CONDITIONS OF THE LTNCDS

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from the purchase price due to it. Thereafter, the interest income of a transferee CD Holder who is an individual shall not be treated as income from long-term deposit or investment certificates, unless the LTNCDS has a remaining maturity of at least five (5) years.

“Transfers or assignments deemed by the Bank as pre-termination for withholding tax purposes” means any transfer or assignment which: (a) is made by a CD Holder who is a citizen, resident individual, non-resident individual engaged in trade or business in the Philippines, or a trust (subject to certain conditions); (b) under the Governing Regulations, is not considered a pre-termination of the LTNCDS; and (c) under relevant tax laws or revenue regulations, will result in the interest income on the LTNCDS being subject to the graduated tax rates imposed on long-term deposit or investment certificates on the basis of the holding period of the investment instrument.

### 16 TRANSFERABILITY

All transfers and assignment of, as well as change in title to, the LTNCDS shall be recorded in the Registry. Settlement in respect of such transfer and assignment of, or change of title to, the LTNCDS, including settlement of applicable taxes, if any, arising from such transfers, assignments or change in title, shall be for the account of the transferee and/or transferor CD Holder.

Transfers or assignments of the LTNCDS made in violation of the restrictions on transfer under these Terms and Conditions shall be null and void and shall not be registered by the Registrar.

### 17 PLACE OF REGISTRY AND COMPLIANCE WITH REGISTRY RULES

The Registry shall be kept at the specified office of the Registrar.

To the extent not inconsistent with or contrary to these Terms and Conditions, the registry rules of the Registrar (a copy of which shall be separately provided by the Registrar to the Bank and the CD Holders) shall be observed and complied in the implementation of the functions of the Registrar, including, without limit, transfers of the LTNCDS.

### 18 CLOSING OF REGISTRY

The Registrar shall not register any transfer or assignment of the LTNCDS for a period of two (2) Business Days preceding the due date for any payment of interest on the LTNCDS, or during the period of two (2) Business Days preceding the due date for the payment of the principal amount of the LTNCDS (“Closed Period”), or register the transfer or assignment of any LTNCDS previously called for redemption or pre-termination. The Registrar will treat the person in whose name the LTNCDS is registered immediately before the relevant closed period as the owner of such LTNCDS for the purpose of receiving distributions pursuant to these Terms and Conditions and for all other purposes whatsoever, and the Registrar shall not be affected by any notice to the contrary.

### 19 STATUS AND PDIC INSURANCE

The LTNCDS constitute direct, unconditional, unsecured, and unsubordinated Peso-denominated obligations of the Bank, enforceable in accordance with these Terms and Conditions. Claims of all the CD Holders in respect of the LTNCDS will at all times rank *pari passu* without any preference among themselves. The LTNCDS shall be at least *pari passu* with all other present and future unsecured and unsubordinated Peso-denominated obligations of the Bank that by their terms rank equal with the LTNCDS, except obligations mandatorily preferred by law.

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The LTNCDS are insured with the Philippine Deposit Insurance Corporation (“PDIC”) for up to the maximum insurance coverage set out in, and subject to PDIC’s applicable rules and regulations, as may be amended from time to time, including, without limit, the following:

- (a) Deposits are insured by the PDIC up to a maximum amount of Five Hundred Thousand Pesos (Php500,000) per depositor.
- (b) PDIC shall presume that the name/s appearing on the deposit instrument is/are the actual/beneficial owner/s of the deposit, except as provided therein.
- (c) In case of transfers or break-up of deposits, PDIC shall recognize actual/beneficial ownership of transferees who are qualified relatives of the transferor. Qualified relatives are transferees within the third degree of consanguinity or affinity of the transferor.
- (d) In case of: (i) deposits in the name of, or transfers or break-up of deposits in favor of, entities, either singly or jointly with individuals; and (ii) transfers or break-up of deposits in favor of non-qualified relatives, whenever such transfers/ break up will result in increased deposit insurance coverage, PDIC shall recognize beneficial ownership of the entity or transferee provided that the deposit account records show the following:
  - (i) details or information establishing the right and capacity or the relationship of the entity with the individual/s; or
  - (ii) details or information establishing the validity or effectivity of the deposit transfer; or
  - (iii) copy of the Board Resolution, order of competent government body/agency, contract or similar document as required/provided by applicable laws.
- (e) In the absence of any of the foregoing, PDIC shall deem the outstanding deposit as maintained for the benefit of the transferor although in the name of the transferee, subject to consolidation with the other deposits of the transferor.

PDIC may require additional documents from the depositor to ascertain the details of the deposit transfer or the right and capacity of the transferee or his relationship to the transferor.

## 20 REPRESENTATIONS AND WARRANTIES

The Bank hereby represents and warrants to the CD Holders, as follows:

- (a) each of the members of the Group is duly incorporated, validly existing and in good standing under the laws of its place of incorporation with full power and authority to conduct its business and is lawfully qualified to do business in those jurisdictions in which business is conducted by it;
- (b) except as otherwise disclosed in the Offering Circular, each of the members of the Group has legal title to all its property in each case free and clear of all liens, encumbrances and defects; and any real property and buildings held under lease by the Group are held by them under valid, subsisting and enforceable leases, except where such a failure would not result in an Adverse Effect;



## TERMS AND CONDITIONS OF THE LTNCDS

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- (c) the Bank has the corporate power under the laws of the Republic of the Philippines and its constitutive documents: (i) to issue the LTNCDS and to enter into and perform its obligations under and to take all other actions and to do all other things provided for or contemplated in the Contracts and these Terms and Conditions; (ii) to conduct its business as presently being conducted and to own its properties and assets now owned by it as well as those to be hereafter acquired by it for the purpose of its business; and (iii) to incur the indebtedness and other obligations provided for in the LTNCDS;
- (d) the Bank (and, if applicable, any person on whose behalf it may act as agent or in a representative capacity) has and will continue to have full capacity and authority to enter into the Contracts and to carry out the transactions contemplated in the Contracts and has taken and will continue to take all action (including the obtaining of all necessary corporate approvals and governmental consents) to authorize the execution, delivery and performance of the Contracts;
- (e) the Contracts have been duly authorised, executed and delivered by the Bank and constitute valid and legally binding obligations of the Bank;
- (f) the LTNCDS have been duly authorised by the Bank and, when duly executed, authenticated, issued and delivered in accordance with the Registry and Paying Agency Agreement, will constitute valid and legally binding obligations of the Bank, enforceable in accordance with its terms;
- (g) the LTNCDS constitute the direct, unconditional, unsecured and unsubordinated Peso-denominated obligations of the Bank, enforceable in accordance with these Terms and Conditions, and will at all times rank *pari passu* and ratably without any preference among themselves and at least *pari passu* with all other direct, unconditional, unsecured and unsubordinated Peso-denominated obligations of the Bank, present and future, other than obligations mandatorily preferred by law;
- (h) all necessary actions and things required to be taken, fulfilled or done (including without limitation the obtaining of any consent, authorisation, order or license or the making of any filing or registration) for the issue of the LTNCDS, the carrying out of the other transactions contemplated by the LTNCDS and the Contracts or the compliance by the Bank with the terms of the LTNCDS and the Contracts, as the case may be, have been taken, fulfilled or done;
- (i) the Bank has obtained the approval of the BSP to issue the LTNCDS, which approval has not been revoked, qualified, or restricted, and shall fully, timely, and unconditionally comply with all other terms and conditions imposed by the BSP regarding the issuance of the LTNCDS while any portion of the LTNCDS remain outstanding;
- (j) the Bank has complied with all qualifications and conditions of the BSP Rules to issue, maintain, service, pay out, redeem, and cancel the LTNCDS, including the prohibitions of Section X233.9 (h) of the Manual of Regulations for Banks, which qualifications and conditions continue to be complied with;
- (k) the execution and delivery of the Contracts, the issue of the LTNCDS, the carrying out of the other transactions contemplated by the Contracts and these Terms and Conditions and compliance with their terms do not and will not: (i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the documents constituting the Bank, or any indenture, trust deed, mortgage or other agreement or instrument to which the Bank or any of the Bank's subsidiaries is a party or by which it or any of its properties is bound; or (ii) infringe any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over the Bank, any such subsidiary or any of their properties;

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- (l) (i) the Offering Circular contains all information with respect to the Group and to the LTNCDS which is material in the context of the issue and offering of the LTNCDS (including, without limitation, all information required by the applicable laws and regulations of the Philippines and the information which, according to the particular nature of the Bank and of the LTNCDS, is necessary to enable potential CD Holders and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Bank and of the rights attaching to the LTNCDS); (ii) the statements contained in the Offering Circular relating to the Bank and the Group are in every material respect true, accurate and not misleading; (iii) the opinions and intentions expressed in the Offering Circular with regard to the Bank and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Group or the LTNCDS the omission of which would, in the context of the issue and offering of the LTNCDS, make any statement in the Offering Circular misleading in any material respect; and (v) all reasonable inquiries have been made by the Bank to ascertain such facts and to verify the accuracy of all such information and statements;
- (m) the Offering Circular accurately describes: (i) accounting policies which the Bank believes to be the most important in the portrayal of the Group's financial condition and results of operations (the "Critical Accounting Policies"); (ii) material judgments and uncertainties affecting the application of the Critical Accounting Policies; and (iii) an explanation of the likelihood that materially different amounts would be reported under different conditions or using different assumptions, and the Board of Directors and audit committee of the Bank have reviewed and agreed with the selection and disclosure of the Critical Accounting Policies in the Offering Circular and have consulted with their independent accountants with regards to such disclosure;
- (n) each member of the Group maintains systems of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorisations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with financial reporting standards in the Philippines for banks and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorisation; (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and (v) each member of the Group has made and kept books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of such entity and provide a sufficient basis for the preparation of the Bank's consolidated financial statements in accordance with financial reporting standards in the Philippines for banks; and the Bank's current management information and accounting control system has been in operation for at least twelve (12) months during which none of the Bank nor any other member of the Group has experienced any material difficulties with regard to (i) through (v) above;
- (o) there are no outstanding guarantees or contingent payment obligations of the Bank in respect of indebtedness of third parties except as described in the Offering Circular; the Bank is in compliance with all of its obligations under any outstanding guarantees or contingent payment obligations as described in the Offering Circular;
- (p) the Offering Circular accurately and fully describes: (i) all material trends, demands, commitments, events, uncertainties and risks, and the potential

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effects thereof, that the Bank believes would materially affect liquidity and are reasonably likely to occur; and (ii) all material off-balance sheet transactions, arrangements, and obligations; and neither the Bank nor any other member of the Group has any material relationships with unconsolidated entities that are contractually limited to narrow activities that facilitate the transfer of or access to assets by the Bank or any other member of the Group, such as structured finance entities and special purpose entities that are reasonably likely to have a material effect on the liquidity of the Bank or any other member of the Group or the availability thereof or the requirements of the Bank or any other member of the Group for capital resources;

- (q) all information provided by the Bank to its Auditors required for the purposes of their comfort letters in connection with the offering and sale of the LTNCDS has been supplied, or as the case may be, will be supplied, in good faith and after due and careful enquiry; such information was when supplied and remains (to the extent not subsequently updated by further information supplied to such persons prior to the date hereof), or as the case may be, will be when supplied, true and accurate in all material respects and no further information has been withheld the absence of which might reasonably have affected the contents of any of such letters in any material respect;
- (r) the Auditors are independent public accountants with respect to the Group, as required by the Philippine Institute of Certified Public Accountants and the applicable rules and regulations thereof;
- (s) save as disclosed in the Offering Circular, all transactions by the Bank with its directors, officers, management, shareholders, or any other person, including persons formerly holding such positions, are on terms that are available from other parties on an arm's-length basis;
- (t) each of the Bank and the other members of the Group: (i) has all licenses, franchises, permits, authorisations, approvals, registrations and orders and other concessions that are necessary to own or lease its other properties and conduct its businesses as described in the Offering Circular; (ii) is conducting its business and operations in compliance with all applicable laws and regulations in each of the jurisdictions in which it conducts business and operations, including, without limitation, all regulations, guidelines and circulars of the BSP, the SEC, the PSE and the BIR; (iii) has complied with, corrected and successfully and effectively implemented, to the satisfaction of the BSP, all findings and recommendations of the BSP resulting from all past audits and examinations conducted by the BSP on the Bank; and (iv) is otherwise in compliance with all agreements and other instruments to which it is a party, except where any failure to be in compliance with any of which would not qualify as, or result in, an Adverse Effect;
- (u) except as specifically described in the Offering Circular, the Bank and the other members of the Group own or possess (or can acquire on reasonable terms), all patents, licenses, inventions, copyrights, know-how, trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by them; and neither the Bank nor any other member of the Group has received notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interests of the Bank or other members of the Group therein; and which infringement or conflict (if the subject of any unfavourable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would reasonably be expected to result in an Adverse Effect;
- (v) except as specifically described in the Offering Circular, there are no pending actions, suits or proceedings against or affecting the Bank or any other member of the Group or any of their properties which, if determined adversely

## TERMS AND CONDITIONS OF THE LTNCDS

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would individually or in the aggregate have an Adverse Effect, or affect the ability of the Bank to perform its obligations under the Contracts or the LTNCDS, or which are otherwise material in the context of the issue of the LTNCDS and, to the best of the Bank's knowledge, no such actions, suits or proceedings are threatened or contemplated;

- (w) no event has occurred or circumstance arisen which (whether or not with the giving of notice and/or the passage of time and/or the fulfillment of any other requirement) constitutes an event described under "Events of Default" hereunder;
- (x) The Bank and the other members of the Group are in compliance with the Anti-Money Laundering Laws of the Philippines in all material respects. The financial transactions and operations of the Bank and its subsidiaries are and have been conducted at all times in compliance with applicable financial record keeping and reporting requirements and anti-money laundering laws, rules, regulations or guidelines applicable to the Bank and its subsidiaries (collectively, the "Anti-Money Laundering Laws") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Bank or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Bank and each of its subsidiaries, after due inquiry, threatened; and
- (y) The Bank is Solvent. As used in this paragraph, the term "Solvent" means, with respect to a particular date, that on such date: (i) the present fair market value (or present fair saleable value) of the assets of the Bank is not less than the total amount required to pay the liabilities of the Bank on its total existing debts and liabilities (including contingent liabilities) as they become absolute and matured; (ii) the Bank is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and commitments as they mature and become due in the normal course of business; (iii) the Bank is not incurring debts or liabilities beyond its ability to pay as such debts and liabilities mature; (iv) the Bank is not engaged in any business or transaction, and does not propose to engage in any business or transaction, for which its property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which the Bank is engaged; (v) the Bank will be able to meet its obligations under all its outstanding indebtedness as they fall due; and (vi) the Bank is not a defendant in any civil action that would result in a judgment that the Bank is or would become unable to satisfy.

These representations and warranties are true and correct as of the Issue Date and shall be deemed repeated with reference to the facts and circumstances then existing on each Interest Payment Date.

## 21 COVENANTS

The Bank hereby covenants and agrees that during the term of the LTNCDS and until payment in full and performance of all its obligations under the LTNCDS, it shall act as follows and perform the following obligations:

- (a) The Bank shall pay all amounts due under the LTNCDS at the times and in the manner specified in, and perform all its obligations, undertakings, and covenants under the LTNCDS;
- (b) The Bank shall ensure that it will continue to have the legal and juridical personality to maintain the LTNCDS until Maturity Date or full payment of the claims under the LTNCDS, whichever is later, and accordingly, shall secure all necessary corporate and government approvals, and perform all necessary acts, for the renewal and extension of its corporate term, on or prior

## TERMS AND CONDITIONS OF THE LTNCDS

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to the expiry thereof;

- (c) It shall, as soon as practicable, make available copies of its audited financial statements, consisting of the balance sheet of the Bank as of the end of its latest fiscal year and statements of income and retained earnings and of the source and application of funds of the Bank for such fiscal year, such audited financial statements being prepared in accordance with generally accepted accounting principles and practices in the Philippines consistently applied and being certified by an independent certified public accountant of recognized standing in the Philippines; and shall, as soon as practicable, upon written request from a CD Holder, furnish to such requesting CD Holder such updates and information as may be reasonably requested by a CD Holder pertaining to the business, assets, condition, or operations of the Bank and affecting the Bank's ability to duly perform and observe its obligations and duties under the LTNCDS and the Contracts; provided that if the updates and information requested are not public documents, such CD Holder must execute a non-disclosure agreement and an undertaking that he shall not benefit from the disclosure of such non-public updates and information;
- (d) It shall, when so requested in writing, provide any and all information reasonably needed by the Market Maker, the Paying Agent and/or Registrar, as the case may be, to enable them to respectively comply with their respective responsibilities and duties under the BSP Rules, and the Contracts; *Provided*, that, in the event that the Bank cannot, for any reason, provide the required information, the Bank shall immediately advise the party requesting the same and shall perform such acts as may be necessary to provide for alternative information gathering;
- (e) The Bank shall promptly advise the CD Holders through the Registrar and Paying Agent of: (i) any request by any government agency for any information directly related to the LTNCDS; and (ii) the issuance by any governmental agency of any cease-and-desist order suspending the distribution or sale of the LTNCDS or the initiation of any proceedings for any such purpose and shall use its best efforts to obtain at its sole expense the withdrawal of any order suspending the transactions with respect to the LTNCDS at the earliest time possible;
- (f) The Bank shall ensure that any documents related to the LTNCDS will, at all times, comply in all material respects with the applicable laws, rules, regulations, and circulars, and, if necessary, make the appropriate revisions, supplements, and amendments to make them comply with such laws, rules, regulations, and circulars;
- (g) The Bank shall upon written request of a CD Holder execute and deliver to such CD Holders such reports, documents, and other information relating to the business, properties, condition, or operations, financial or otherwise, of the Bank and affecting the Bank's ability to duly perform and observe its obligations and duties under the LTNCDS and the Contracts; provided that if the updates and information requested are not public documents, such CD Holder must execute a non-disclosure agreement and an undertaking that he shall not benefit from the disclosure of such non-public updates and information;
- (h) The Bank shall, as soon as possible and in any event within five (5) Business Days after the occurrence of any default on any of the obligations of the Bank, or other event which, with the giving of any notice and/or with the lapse of

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time, would constitute a default under the material agreements of the Bank with any party, including, without limitation the Contracts, serve a written notice to the CD Holders through the Registrar and Paying Agent, of the occurrence of any such default, specifying the details and the steps which the Bank is taking or proposes to take for the purpose of curing such default, including the Bank's estimate of the length of time to correct the same;

- (i) It will duly and punctually comply with all reporting, filing and similar requirements imposed by the BSP, the SEC and the PSE or in accordance with any applicable Philippine law and regulations from time to time relating to the LTNCDS and the Contracts;
- (j) The Bank shall maintain the services of the Auditors and in any event where the Auditors shall cease to be the external auditor of the Bank for any reason, the Bank shall appoint another reputable, responsible and internationally accredited external auditor;
- (k) It shall fully and promptly comply with all BSP directives, orders, issuances, and letters, including those regarding its capital, licenses, risk management, and operations and promptly and satisfactorily take all corrective measures that may be required under BSP audit reports;
- (l) It shall use the net proceeds from the LTNCDS in accordance with the purpose of issuance provided in the Offering Circular; and
- (m) It shall ensure that there shall at all times be a Registrar and Paying Agent for the purposes of the LTNCDS, as provided in the Registry and Paying Agency Agreement.

These covenants of the Bank shall survive the issuance of the LTNCDS and shall be performed fully and faithfully by the Bank at all times while the LTNCDS or any portion thereof remain outstanding.

### 22 EVENTS OF DEFAULT

The Bank shall be considered in default under the LTNCDS in case any of the following events shall occur:

- (a) The Bank fails to pay any principal and/or interest due on the LTNCDS;
- (b) Any representation and warranty of the Bank or any certificate or opinion submitted by the Bank in connection with the issuance of the LTNCDS is untrue, incorrect, or misleading in any material respect;
- (c) The Bank fails to perform or violates its covenants under these Terms and Conditions (other than the payment obligation under paragraph (a) above) or the Contracts, and such failure or violation is not remediable or, if remediable, continues to be unremedied for a period of fifteen (15) calendar days from notice to the Bank;
- (d) The Bank violates any term or condition of any contract, bond, note, debenture, or similar security executed by the Bank with any other bank, financial institution, or other person, corporation, or entity in respect of borrowed moneys in an aggregate amount exceeding Five Hundred Million Pesos (Php500,000,000) or its equivalent or, in general, the Bank violates any contract, law, or regulation which: (i) if remediable, is not remedied by the

## TERMS AND CONDITIONS OF THE LTNCDS

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- Bank within ten (10) calendar days from such failure; (ii) results in the acceleration or declaration of the whole financial obligation to be due and payable prior to the stated normal date of maturity; or (iii) will adversely and materially affect the performance by the Bank of its obligations under the LTNCDS and pay any amount outstanding on the LTNCDS;
- (e) Any governmental consent, license, approval, authorization, declaration, filing or registration which is granted or required in connection with the LTNCDS expires or is terminated, revoked or modified and the result thereof is to make the Bank unable to discharge its obligations hereunder or thereunder;
  - (f) It becomes unlawful for the Bank to perform any of its material obligations under the LTNCDS;
  - (g) The government or any competent authority takes any action to suspend the whole or the substantial portion of the operations of the Bank, or condemns, seizes, nationalizes or expropriates (with or without compensation) the Bank or any material portion of its properties or assets;
  - (h) The Bank becomes insolvent or is unable to pay its debts when due or commits or permits any act of bankruptcy, including: (i) filing of a petition in any bankruptcy, reorganization, winding-up, suspension of payment, liquidation, or other analogous proceeding, unless the petition is dismissed by the court within one hundred twenty (120) days from the filing thereof; (ii) appointment of a trustee or receiver of all or a substantial portion of its properties; (iii) making of an assignment for the benefit of its creditors of all or substantially all of its properties; (iv) admission in writing of its inability to pay its debts; or (v) entry of any order or judgment of any court, tribunal, or administrative agency or body confirming the insolvency of the Bank, or approving any reorganization, winding-up, liquidation, or appointment of trustee or receiver of the Bank or a substantial portion of its property or assets (each, an "Insolvency Default");
  - (i) Any final and executory judgment, decree, or arbitral award for the sum of money, damages, fine, or penalty in excess of Five Hundred Million Pesos (PhP500,000,000.00) or its equivalent in any other currency is entered against the Bank and the enforcement of which is not stayed, and is not paid, discharged, or duly bonded within thirty (30) calendar days after the date when payment of such judgment, decree, or award is due under the applicable law or agreement;
  - (j) Any writ, warrant of attachment or execution, or similar process shall be issued or levied against more than half of the Bank's assets, singly or in the aggregate, and such writ, warrant, execution or similar process shall not be released, vacated, or fully bonded within thirty (30) calendar days after its issue or levy; and
  - (k) The Bank voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of thirty (30) calendar days, except in the case of strikes or lockouts when necessary to prevent business losses, or when due to fortuitous events or force majeure, and, provided that, in any such event, there is no Adverse Effect.

### 23 EFFECTS OF EVENTS OF DEFAULT

If any one or more of the Events of Default (other than an Insolvency Default, the effects of which are set forth in Condition 24 hereof) shall have occurred and be

## TERMS AND CONDITIONS OF THE LTNCDS

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continuing after any applicable cure period shall have lapsed, any CD Holder by written notice to the Bank and the Registrar and the Paying Agent stating the Event of Default relied upon, may declare the Bank in default in respect of the LTNCDS held by such CD Holder and require the principal amount of the LTNCDS held by such CD Holder, and all accrued interests (including any default interest) and other charges due thereon, to be immediately due and payable, and forthwith collect said outstanding principal, accrued interests (including any default interest) and other charges, without prejudice to the remedies which the other CD holders of the LTNCDS may be entitled to.

In case of an Event of Default under Condition 22 (a), the Bank shall, in addition to the payment of the unpaid amount of principal and accrued interest, pay default interest at the rate of one percent (1%) per month thereon, which shall accrue from the date the amounts payable under these Terms and Conditions became due until the same is fully paid.

Any money delivered to the Paying Agent by the Bank pursuant to an Event of Default shall be applied by the Paying Agent in the order of preference as follows: first, to the pro-rata payment to the Registrar and Paying Agent of the costs, expenses, fees, and other charges of collection incurred by it without negligence or bad faith; to the payment to the Registrar and Paying Agent, and the Market Maker of their fees, and other outstanding charges due to them; second, to the pro-rata payment of all outstanding interest owing to the CD Holders, including any default interest as specified in this Condition 23, in the order of maturity of such interest; and third, to the pro-rata payment of the whole amount then due and unpaid on the LTNCDS for principal owing to the CD Holders.

The Registrar and Paying Agent shall promptly notify the Bank and the CD Holders of any notice received by it on the occurrence of any Event of Default as set forth in these Terms and Conditions according to process agreed upon by the Registrar and Paying Agent and the Bank; Provided, that in case such notice (other than a notice of default under the first paragraph of this Condition 23 is received by the Registrar and Paying Agent from a CD Holder, the Registrar and Paying Agent, prior to notifying the remaining CD Holders, shall first advise the Bank of such notice and provide the Bank with an opportunity to refute such claim to the satisfaction of the party alleging the Event of Default within three (3) Business Days from its receipt of the advice from the Registrar and Paying Agent, failing which the Registrar and Paying Agent shall immediately notify the remaining CD Holders; Provided, further, that in case such notice consists of a notice of default under this Condition 23, the Registrar and Paying Agent shall immediately, and in no case more than one (1) Business Day from its receipt of such notice, notify the remaining CD Holders.

**24 REMEDY FOR NON-PAYMENT DURING INSOLVENCY**

The payment of principal on the LTNCDS may be accelerated only in the event of insolvency of the Bank; provided that insolvency proceedings have been instituted in the appropriate court, which proceedings have not been dismissed within one hundred twenty (120) days from the institution thereof. Recovery of amounts owing in respect of the LTNCDS against the Bank is available to any CD Holder only through the institution of proceedings for the insolvency of the Bank.



**25 TAXATION**

If payments of principal and/or interest in respect of the LTNCDS shall be subject to deductions and withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Republic of the Philippines, including but not limited to stamp, issue, registration, documentary, value-added or similar tax, or other taxes and duties, including interest and penalties thereon, then such taxes or duties shall be for the account of the CD Holder concerned, and if the Bank shall be required by law or regulation to deduct or withhold such taxes or duties, then the Bank shall make the necessary withholding or deduction for the account of the CD Holder concerned; Provided, however, that all sums payable by the Bank to tax-exempt persons shall be paid in full without deductions for taxes, duties, assessments, or government charges, subject to the submission by the relevant CD Holder claiming the exemption of reasonable and acceptable evidence of such exemption to the Registrar in accordance with Condition 25.

In case of transfers and assignments deemed by the Bank as a pre-termination for tax purposes, the transferor CD Holder shall be liable for the resulting tax due on the entire interest income earned on the LTNCDS (if any), based on the holding period of such LTNCDS.

Documentary stamp tax for the primary issue of the LTNCDS and the documentation, if any, shall be for the Bank's account.

**26 CLAIM OF TAX-  
EXEMPT STATUS**

CD Holders claiming exemption from any applicable tax shall be required to submit documentary proof of its tax-exempt status ("Tax Exempt/Treaty Documents") to the Registrar (who shall forthwith provide copies to the Bank upon request) upon its purchase of the LTNCDS (and on each anniversary thereafter), such as, but not limited to:

- (a) A current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR;
- (b) A duly notarized declaration warranting its tax-exempt status or entitlement to reduced treaty rates and undertaking to immediately notify the Bank and the Registrar and Paying Agent of any suspension or revocation of its tax exemption or treaty privileges and agreeing to indemnify and hold the Bank and Registrar and Paying Agent free and harmless against any claims, actions, suits and liabilities arising from the non-withholding or reduced withholding of the required tax; and
- (c) For corporations/banks/trust departments or units of banks holding common or individual trust funds or investment management accounts on behalf of qualified individual investors, a duly notarized declaration warranting its tax-exempt status and undertaking to immediately notify the Bank and the Registrar and Paying Agent of any suspension or revocation of its tax exemption and agreeing to indemnify and hold the Bank and Registrar and Paying Agent free and harmless against any claims, actions, suits and liabilities arising from the non-withholding or reduced withholding of the required tax; and
- (d) Such other documentary requirements as may be reasonably required by the Bank or the Registrar or Paying Agent, or required under applicable regulations of the relevant taxing or other authorities.

Unless properly provided with satisfactory proof of the tax-exempt status of a CD

## TERMS AND CONDITIONS OF THE LTNCDS

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Holder, the Registrar and Paying Agent may assume that such CD Holder is taxable and proceed to apply the tax due on the LTNCDS. Notwithstanding the submission of documentary proof of the tax-exempt status of a CD Holder, the Bank may, in its sole and reasonable discretion, determine that such CD Holder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the LTNCDS. Any question on such determination shall be referred to the Bank.

### 27 REPLACEMENT REGISTRY CONFIRMATIONS

In case any Registry Confirmation shall be mutilated, destroyed, lost or stolen, the Registrar shall deliver to the CD Holders a new Registry Confirmation of like denomination in exchange for, and upon cancellation of, the mutilated Registry Confirmation or in lieu of the Registry Confirmation so destroyed, lost or stolen, only in the absence of any notice in writing to the Registrar that the LTNCDS for which such Registry Confirmation had been issued has been acquired by a bona fide purchaser and only upon presentation of such documents or other requirements as may be imposed by the Registrar (in consultation with the Bank).

The Registrar and Paying Agent, at its option, may also require from the CD Holders requesting replacement of the Registry Confirmation the payment of a sum sufficient to reimburse the Bank and/or the Registrar and Paying Agent for any tax or other governmental charge connected with the issuance of any such substitute Registry Confirmation and the cost of preparing such Registry Confirmation, and all legal and other expenses incurred by the Registrar and Paying Agent in connection with such issuance.

### 28 NOTICES

Any communication shall be given by letter, fax, electronic mail (e-mail) or telephone, and shall be given, in the case of notices to the Bank, to it at:

Metropolitan Bank & Trust Company  
11/F Metrobank Plaza, Sen. Gil J. Puyat Avenue  
Makati City

Telephone no.: (63) 2 8575348  
Fax no.: (63) 2 8176355  
E-mail: [jpmapa@metrobank.com.ph](mailto:jpmapa@metrobank.com.ph)  
Attention: Juan Placido T. Mapa III  
Head, Investor Relations

6/F Metrobank Plaza, Sen. Gil J. Puyat Avenue  
Makati City

Telephone no.: (63) 2 8988733  
Fax no.: (63) 2 8176355  
E-mail: [arnie.bernabe@metrobank.com.ph](mailto:arnie.bernabe@metrobank.com.ph)  
Attention: Atty. Laarni D. Bernabe  
Assistant Corporate Secretary and  
Head, Treasury Strategic Support

And in the case of notices to the Registrar and Paying Agent to it at:

Philippine Depository & Trust Corp.  
37th Floor Enterprise Centre Tower I  
Ayala Avenue, Makati City  
Metro Manila, Philippines

## TERMS AND CONDITIONS OF THE LTNCDS

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Telephone no.: (632) 884-4439  
Fax no.: (632) 757-6025

Telephone no.: (632) 884-5025  
Fax no.: (632) 757-6025  
E-mail: baby\_delacruz@pds.com.ph

Attention: Baby Dela Cruz  
Director

And in the case of notices to the CD Holders, through publication in two (2) newspapers of general circulation in Metro Manila (one of which shall be the Philippine Daily Inquirer) once a week for two (2) consecutive weeks; or any other address to or mode of service by which written notice has been given to the parties in accordance with this Condition.

Such communications will take effect, in the case of a letter, when delivered or, in the case of fax, when dispatched, provided that any communication by fax shall not take effect until 10:00 a.m. on the immediately succeeding Business Day in the place of the recipient, if such communication is received after 5:00 p.m. on a Business Day or is otherwise received on a day which is not a Business Day. Communications not by letter shall be confirmed by letter but failure to send or receive the letter of confirmation shall not invalidate the original communication.

### **29 GOVERNING LAW**

These Terms and Conditions shall be governed by and construed in accordance with the laws of the Republic of the Philippines.

### **30 JURISDICTION**

The courts of Makati City are to have jurisdiction to settle any disputes which may arise out of or in connection with the LTNCDS and these Terms and Conditions and accordingly, any legal action or proceedings arising out of or in connection with the LTNCDS or these Terms and Conditions ("Proceedings") may be brought in such courts. The Bank irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each CD Holder and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

### **31 AMENDMENT**

Any amendment of these Terms and Conditions is subject to the BSP Rules.

### **32 NON-WAIVER**

The failure of any party at any time or times to require the performance by the other of any provision of the LTNCDS or these Terms and Conditions shall not affect the right of such party to require the performance of that or any other provisions and the waiver by any party of a breach under these Terms and Conditions shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself or a waiver of any right under these Terms and Conditions. The remedies herein provided are cumulative in nature and not exclusive of any remedies provided by law.

## **TERMS AND CONDITIONS OF THE LTNCDS**

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- 33 ABILITY TO FILE SUIT** Nothing herein shall be deemed to create a partnership or collective venture between the CD Holders. Each CD Holder shall be entitled, at its option, to take independent measures with respect to its obligations and rights and privileges under these Terms and Conditions, and it shall not be necessary for the other CD Holders to be joined as a party in any judicial or other proceeding for such purpose.
- 34 SEVERABILITY** If any provision hereunder becomes invalid, illegal or unenforceable under any law, the validity, legality and enforceability of the remaining provisions of these Terms and Conditions shall not be affected or impaired. The parties agree to replace any invalid provision which most closely approximate the intent and effect of the illegal, invalid or enforceable provision.
- 35 PRESCRIPTION** Any action upon the LTNCDS shall prescribe within ten (10) years from the time the right of action accrues.

## CAPITALIZATION

The following table sets out the unaudited consolidated long-term debt and capitalization of the Group as of June 30, 2014, and as adjusted to give effect to the issuance of the LTNCDs. This table should be read in conjunction with the Group's unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2014, included in the Offering Circular dated 24 October 2014.

	Actual	As adjusted
	(₱ millions)	
<b>Short-term liabilities</b>		
Deposit liabilities .....	1,044,183	1,044,183
Interbank loans, bills payable and other liabilities .....	167,756	167,756
Total short-term liabilities .....	1,211,939	1,211,939
<b>Long-term liabilities</b>		
Deposit liabilities .....	30,365	30,365
Interbank loans, bills payable and other liabilities .....	33,178	33,178
<b>Long-Term Negotiable Certificates of Time Deposit due 2020</b> .....	-	8,000
<b>New Long-Term Negotiable Certificates of Time Deposit due 2021</b> .....	-	6,250
Subordinated Notes due 2022 (PSBank) .....	2,973	2,973
Subordinated Notes due 2023 (MCC) .....	1,160	1,160
Subordinated Notes due 2024 (MBT).....	15,883	15,883
Subordinated Notes due 2024 (PSBank) .....	2,971	2,971
New Series 2 Subordinated Notes due 2025 (MBT) <sup>(2)</sup> .....	-	6,450
Total long-term liabilities .....	86,530	107,230
<b>Total liabilities</b>	<b>1,298,469</b>	<b>1,319,169</b>
<b>Capital Funds</b>		
Issued share capital .....	54,896	54,896
Hybrid Tier 1 capital securities.....	6,351	6,351
Capital paid in excess of par value .....	19,312	19,312
Treasury Stocks.....	(237)	(237)
Surplus reserves .....	1,264	1,264
Surplus.....	61,573	61,573
Other equity adjustments .....	(4,277)	(4,277)
Non-controlling interest .....	7,922	7,922
Total capital funds .....	146,804	146,804
<b>Total capitalization and indebtedness</b> .....	<b>1,445,273</b>	<b>1,465,973</b>
<b>Capital Ratios <sup>(1)</sup></b>		
CET1 ratio.....	12.1%	12.1%
Tier 1 capital ratio.....	12.1%	12.1%
Total capital ratio .....	15.4%	15.4%

Note:

- (1) CET1, Tier 1 and total capital ratios are calculated based on Basel III rules.
- (2) On August 8, 2014, the Bank issued a new series of Basel III-compliant Tier 2 Notes with an issue size of ₱6.5 billion, bearing a coupon of 5.25% per annum and a tenor of 11 years. The amount reflected in the table above is the estimated carrying value of this issue.

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## DISTRIBUTION AND SALE

### **Method of Distribution**

The LTNCDs are being issued pursuant to an approval by the BSP dated September 18, 2014 and subject to the terms and conditions of the Master Note, as well as BSP Circular Nos. 826 (2014), 786 (2013), 781 (2013), 280 (2001) and 503 (2005) and the BSP Memorandum to All Banks and Non-Bank Financial Institutions, dated February 17, 2003, as may be amended.

The LTNCDs are being issued by the Issuer with (a) The Hongkong and Shanghai Banking Corporation, and ING Bank N.V., Manila Branch as Joint Lead Arrangers and Selling Agents, (b) the Bank as Limited Selling Agent, (c) Multinational Investment Bancorporation as Selling Agent and Market Maker, and (d) Philippine Depository & Trust Corp. as Registrar and Paying Agent.

No action has been or will be taken by the Issuer or the Joint Lead Arrangers in any jurisdiction (other than the Philippines), that would permit a public offering of any of the LTNCDs, or possession or distribution of this Offering Circular, or any amendment or supplement thereto issued in connection with the offering of the LTNCDs, in any country or jurisdiction where action for that purpose is required.

The Joint Lead Arrangers are required to comply with all laws, BSP rules and directives as may be applicable in the Philippines, including without limitation any BSP rules issued by the BSP, in connection with the offering and purchase of the LTNCDs and any distribution and intermediation activities, whether in the primary or secondary markets, carried out by or on behalf of the Joint Lead Arrangers in connection therewith. The Joint Lead Arrangers are third-parties in relation to Bank, such that, (i) they have no subsidiary/affiliate relationship with Bank; (ii) they are not related in any manner to Bank as would undermine the objective conduct of due diligence on Bank. The Registrar and Paying Agent is likewise a third-party in relation to Bank, such that, (i) it has no subsidiary/affiliate relationship with Bank; (ii) it is not related in any manner to Bank as would undermine its independence.

### **Applications to Purchase the LTNCDs during the Offer Period**

Applicants may purchase the LTNCDs during the Offer Period by submitting fully and duly accomplished Applications to Purchase the LTNCDs, in quadruplicate together with all the required attachments and the corresponding payments to the Selling Agent from whom such application was obtained no later than 5:00 p.m. of the last day of the Offer Period. Applications received after said date or without the required attachments will be rejected.

If the Applicant is an individual, the following documents must also be submitted:

- a. A clear copy of at least one (1) valid photo-bearing identification document issued by an official authority in accordance with BSP Circular No. 608 (2008) as may be amended from time to time, and documents as may be required by to the Registrar and/or Selling Agent concerned;
- b. Two (2) fully executed signature cards in the form attached to the application; and
- c. For aliens residing in the Philippines or non-residents engaged in trade or business in the Philippines, consularized proof of tax domicile issued by the relevant tax authority of the Applicant.

If the Applicant is a corporation, partnership, trust, association or institution, the following documents must also be submitted:

- a. SEC-certified or Corporate Secretary-certified true copy of the SEC Certificate of Registration, Articles of Incorporation and By-Laws or such other relevant organizational or charter documents;
- b. Original or Corporate Secretary-certified true copy of the duly notarized certificate confirming the resolution of the Board of Directors and/or committees or bodies authorizing the purchase of the LTNCDs and specifying the authorized signatories; and
- c. Two (2) fully executed signature cards duly authenticated by the Corporate Secretary, in the form attached to the application.

## **DISTRIBUTION AND SALE**

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Corporate applicants who are claiming tax exemption must also submit the following:

- a. Certified true copy of a tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue no more than one year prior to the date of submission of the same to the Selling Agents or Limited Selling Agents;
- b. Original of the duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of its tax exempt status and agreeing to indemnify and hold the Issuer and the Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and
- c. Such other documentary requirements as may be required by the Registrar as proof of the Applicant's tax-exempt status.

### **Allocation and Issue of the LTNCDS**

Applications to Purchase the LTNCDS shall be subject to the availability of the LTNCDS and acceptance by the Issuer. The Joint Lead Arrangers, in consultation with the Issuer, reserve the right to accept, reject, scale down or reallocate any Application to purchase the LTNCDS applied for.

In the event that payment supporting any Application is returned by the drawee bank for any reason whatsoever, the Application shall be automatically cancelled and any prior acceptance of the Application shall be deemed revoked. If any Application is rejected or accepted in part only, the application money or the appropriate portion thereof will be returned without interest by the relevant Selling Agent.

On the Issue Date, the Selling Agents shall, on behalf of the Issuer, accept the relevant Applications to Purchase. The acceptance of the Application to Purchase shall *ipso facto* convert such Application to Purchase into a purchase agreement between the Issuer and the relevant LTNCDS Holder.

Upon confirmation by the Issuer of acceptance of the relevant Applications and the respective amount of LTNCDS, the Selling Agents shall issue the relevant purchase advice (the "Purchase Advice") to successful applicants confirming the acceptance of their offer to purchase the LTNCDS and consequent ownership thereof and stating the pertinent details including the amount accepted, with copies to the Registrar.

The Registrar shall rely solely on the Purchase Advice in its preparation of the Registry and the issuance of the Registry Confirmation for each LTNCDS Holder. Within five (5) Banking Days from the Issue Date, the Registrar shall distribute the Registry Confirmations directly to the LTNCDS Holders in the mode elected by the LTNCDS Holder as indicated in the Application to Purchase.

### **Transactions in the Secondary Market**

All secondary trading of the LTNCDS shall be coursed through a Market Maker or effected using the trading facilities of PDEX, as applicable, subject to the payment by the LTNCDS Holder of fees to the Market Maker or payment of applicable fees in connection with trading on PDEX, and the Registrar. Transfers shall be subject to the procedures of the BSP, the Registrar and PDEX, including but not limited to the guidelines on minimum trading lots, minimum holding denominations, and record dates.

*Metrobank is listing the LTNCDS in PDEX even as the accreditation by the Bureau of Internal Revenue of the calculation methodology for determining the final withholding tax due on the interest on the LTNCDS is still pending. The BIR may disapprove the PDS Group's calculation methodology for the final withholding tax due on the interest, as a result of which, the PDS Group may be compelled to suspend the applicable rules for listing, trading and settlement of the LTNCDS in PDEX. Pending BIR's accreditation of the calculation methodology, should there be any overpayment of withholding taxes as a result of the calculation methodology not being in accordance with the provisions of BIR Revenue Regulations No. 14-2012 and Revenue Memorandum Circular No. 81-2012, Metrobank shall refund the investor with the amount of excess tax withheld.*

## DISTRIBUTION AND SALE

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Upon listing of the LTNCDs with PDEX, investors shall course their secondary market trades through the trading participants of PDEX for execution in the PDEX Trading Platform in accordance with the PDEX Trading Rules, Conventions and Guidelines, as these may be amended or supplemented from time to time, and must settle such trades on a Delivery versus Payment (DvP) basis in accordance with PDEX Settlement Rules and Guidelines. The secondary trading of the LTNCDs in PDEX may be subject to such fees and charges of PDEX, the trading participants of PDEX, and other providers necessary for the completion of such trades. Transactions on the LTNCDs on PDEX will be subject to the duly approved and relevant rules of the exchange, including guidelines on minimum trading lots and other guidelines for holding and trading of the LTNCDs as may be prescribed by the BSP.

For the avoidance of doubt, the minimum denomination for the LTNCDs as prescribed by the BSP must be kept at all times. Consequently, no negotiation or secondary trading will be allowed if the result is that a remaining LTNCD Holder of the LTNCDs will hold less than the minimum denomination as prescribed or approved by the BSP.

Any transfer between investors of different tax status with respect to the LTNCDs may be done at any time when the LTNCDs are listed with PDEX. *In the event the PDS Group suspends the applicable rules for listing, trading and settlement of the LTNCDs in PDEX, any transfer between investors of different tax status with respect to the LTNCDs may be done at any time after receipt of the Bank's final confirmation of the initial tax computation prepared by the Market Maker.* No transfers will be effected for a period of two (2) Business Days preceding the due date for any payment of interest on the LTNCDs, or during the period of two (2) Business Days preceding the due date for the payment of the principal amount of the LTNCDs.

The Registrar shall register any transfer of the LTNCDs upon presentation to it of the following documents in form and substance acceptable to it:

- the seller/transferor's Letter of Authority to Sell;
- Letter Instruction of the Market Maker (to the extent that the LTNCDs are not listed on the PDEX or other exchange);
- the relevant Purchase Advice of the buyer/transferee (with the information provided therein duly set forth in typewritten form);
- duly accomplished Investor Registration Form of the buyer/transferee as prescribed by the Registrar as well as all supporting documents described for the original issuance of the LTNCDs as described above (in case of a new holder);
- proof of the qualified tax-exempt status of the transferee, if applicable, and the covering Affidavit of Undertaking;
- proof of payment of applicable taxes (if any are due);
- the original duly endorsed signature cards of the buyer/transferee and such other original or certified true copies of other documents submitted by the buyer/transferee in support of the transfer or assignment of the LTNCDs in its favor;
- the appropriate secretary's certificate attesting to the board resolutions authorizing the transfers and acceptances as well as designating the authorized signatories, together with specimen signature cards duly signed by the parties, and duly authenticated by each party's corporate secretary; and
- such other documents that may be required by the Registrar, including those for Non-Trade Transactions.

Transfers of the LTNCDs made in violation of the restrictions on transfer under the Terms and Conditions shall be null and void and shall not be registered by the Registrar.

### **Interest and Principal Payment**



**DISTRIBUTION AND SALE**

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On the relevant Payment Date, the Registrar shall, upon receipt of the corresponding funds from the Issuer, make available to the LTNCD Holders the amounts due under the LTNCDs, net of taxes and fees (if any), by way of credits to the bank accounts identified by the LTNCD Holders in the Applications to Purchase.

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**ISSUER AND SELLING AGENT**  
**Metropolitan Bank & Trust Company**  
Metrobank Plaza  
Sen. Gil Puyat Avenue  
Makati City

**JOINT LEAD ARRANGERS, BOOKRUNNERS AND SELLING AGENTS**

<b>The Hongkong and Shanghai Banking Corporation Limited</b>	<b>ING Bank N.V., Manila Branch</b>
6/F HSBC Centre	21 <sup>st</sup> Floor, Tower One, Ayala Triangle
3058 Fifth Avenue West	Ayala Avenue
Bonifacio Global City	Makati City
Taguig City	

**SELLING AGENT**  
**First Metro Investment Corporation**  
20<sup>th</sup> Floor, GT Tower International  
6813 Ayala Avenue cor H.V. De La Costa St.  
Makati City

**SELLING AGENT AND MARKET MAKER**  
**Multinational Investment Bancorporation**  
22<sup>nd</sup> Floor, Multinational Bancorporation Centre  
6805 Ayala Avenue  
Makati City

**REGISTRAR AND PAYING AGENT**  
**Philippine Depository & Trust Corp.**  
37<sup>th</sup> Floor, Tower 1, The Enterprise Center  
6766 Ayala Avenue cor. Paseo de Roxas  
Makati City

**TRANSACTION COUNSEL**  
**Picazo Buyco Tan Fider & Santos**  
17F, 18F and 19F Liberty Center  
104 H.V. dela Costa Street  
Salcedo Village  
Makati City

**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**  
**Sycip Gorres Velayo & Co.**  
6760 Ayala Avenue  
Makati City

