

27 May 2021

Ms. Janet Encarnacion

Disclosure Department

PHILIPPINE STOCK EXCHANGE, INC.

6/F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Ms. Marie Rose M. Magallen-Lirio

Issuer Compliance and Disclosure Department

THE PHILIPPINE DEALING & EXCHANGE CORPORATION

29/F, BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Ladies and Gentlemen:

In compliance with the Philippine Dealing & Exchange Corporation Issuer Disclosures Operating Guidelines, we furnish you a copy of the Bank's proposed amendments to its By-Laws as approved during the board meeting held earlier today. The said amendments will likewise be presented for approval in the annual stockholders' meeting scheduled on 15 June 2021.

For your information.

Truly yours,

PHILIPPINE BANK OF COMMUNICATIONS

By:


MICHAEL STEPHEN H. LAO
Corporate Secretary

Summary of Amendment of By-Laws:

1. **Article IV, Section 1 – The Executive Committee**, changing the composition of the committee to “at least five (5) members of the Board of Directors” to align with the committee’s charter document;
2. **Article V, Section 1 – The Audit Committee**, to update the composition and functions of board-level committees as prescribed by the *Manual of Regulations for Banks*;
3. **Article VI, Section 1 – The Risk Oversight Committee**, to update the composition and functions of board-level committees as prescribed by the *Manual of Regulations for Banks*;
4. **Article VII, Section 1 – The Corporate Governance Committee**, to update the composition and functions of board-level committees as prescribed by the *Manual of Regulations for Banks*;
5. **Article VIII, Section 1 – The Related Party Transactions Committee**, to update the composition and functions of board-level committees as prescribed by the *Manual of Regulations for Banks*;
6. **Article X, Section 3** – to update the provisions on the duties and responsibilities of the Chairman of the Board; and
7. Renumbering of the Articles affected by the insertion of new provisions pertaining to board-level committees.

Detailed Amendments:

PHILIPPINE BANK OF COMMUNICATIONS – BY LAWS			
	Current Provision	Proposed Revision	Remarks
1	<p>ARTICLE IV</p> <p>THE EXECUTIVE COMMITTEE</p> <p>1. COMPOSITION AND FUNCTIONS - There shall be an Executive Committee composed of not more than seven (7) members of the Board of Directors as may be elected by the Board. In case of lack of quorum, the Chairman may designate any officer or member of the Board to fill the vacancy temporarily. The Secretary of the Board of Directors shall act as Secretary of the Executive Committee. Said Committee shall have the power to exercise functions and prerogatives of the Board of Directors during intervals between meetings of said Board except as to such matters as the</p>	<p>ARTICLE IV</p> <p>THE EXECUTIVE COMMITTEE</p> <p>1. COMPOSITION AND FUNCTIONS- There shall be an Executive Committee <u>composed of at least five (5) members of the Board</u> of Directors as may be elected by the Board. In case of lack of quorum, the Chairman may designate any officer or member of the Board to fill the vacancy temporarily. The Secretary of the Board of Directors shall act as Secretary of the Executive Committee. Said Committee shall have the power to exercise functions and prerogatives of the Board of Directors during intervals between meetings of said Board except as to such matters as the Board may have specifically</p>	<p>Revision is to align with the latest EXECOM Charter.</p>

	<p>Board may have specifically reserved for itself by appropriate resolution. The Committee shall adopt its own rules and procedures. Minutes of all meetings of the Executive Committee shall be kept and carefully preserved as a record of the business transacted at such meeting and shall be submitted, together with a report of all matters acted upon by this Committee, at the regular meetings of the Board of Directors.</p> <p>A quorum at any meeting of the Executive Committee shall consist of a majority of all members thereof, and a majority of such quorum shall decide any question that may come before the meeting. (As amended on June 18, 1996)</p>	<p>reserved for itself by appropriate resolution. The Committee shall adopt its own rules and procedures. Minutes of all meetings of the Executive Committee shall be kept and carefully preserved as a record of the business transacted at such meeting and shall be submitted, together with a report of all matters acted upon by this Committee, at the regular meetings of the Board of Directors.</p> <p>A quorum at any meeting of the Executive Committee shall consist of a majority of all members thereof, and a majority of such quorum shall decide any question that may come before the meeting. (As amended on _____)</p>	
2	No Provision	<p>ARTICLE V THE AUDIT COMMITTEE 1. COMPOSITION AND FUNCTIONS – There shall be an Audit Committee composed of at least three (3) members of the Board of Directors, as may be elected by the Board, who shall all be non-executive directors, majority of whom shall be independent directors, including the chairperson. The chairperson of the Audit Committee shall not be the chairperson of the Board of Directors or any of the board-level-committees.</p> <p>The Audit Committee shall (a) oversee the financial reporting framework; (b) monitor and evaluate the adequacy and effectiveness of the internal control system; (c) oversee the internal audit function; (d) oversee the external audit function; (e) oversee the implementation of corrective actions; (f) investigate significant issues/concerns raised; and (g) establish whistleblowing mechanism. (As amended on _____)</p>	Revision is proposed to align with Section 133 of the Manual of Regulations for Banks
3	No Provision	<p>ARTICLE VI THE RISK OVERSIGHT COMMITTEE 1. COMPOSITION AND FUNCTIONS – There shall be a Risk Oversight Committee composed of at least three (3) members of the Board of Directors</p>	Revision is proposed to align with Section 133 of the Manual of

		<p>as may be elected by the Board, majority of whom shall be independent directors, including the chairperson. The chairperson of the Risk Oversight Committee shall not be the chairperson of the Board of Directors or any of the board-level-committees. (As amended on _____)</p> <p>The Risk Oversight Committee shall advise the Board of Directors on the Bank's overall current and future risk appetite, oversee senior management's adherence to the risk appetite statement, and report on the state of the risk culture of the Bank. The Risk Oversight Committee shall (a) oversee the risk management framework; (b) oversee adherence to risk appetite; and (c) oversee the risk management function. (As amended on _____)</p>	Regulations for Banks
4	No Provision	<p>ARTICLE VII THE CORPORATE GOVERNANCE COMMITTEE 1. COMPOSITION AND FUNCTIONS – There shall be a Corporate Governance Committee composed of at least three (3) members of the Board of Directors as may be elected by the Board, who shall all be non-executive directors, majority of whom shall be independent directors, including the chairperson.</p> <p>The Corporate Governance Committee shall assist the Board of Directors in fulfilling its corporate governance responsibilities. The Corporate Governance Committee shall oversee (a) the nomination process for members of the Board of Directors and for positions appointed by the Board of Directors; (b) the continuing education program for the Board of Directors; (c) the performance evaluation process; (d) the design and operation of the remuneration and other incentives policy; and (e) the Bank's compliance function and the performance of the Chief Compliance Officer including the Compliance Management Group. (As amended on _____)</p>	Revision is proposed to align with Section 133 of the Manual of Regulations for Banks

5	No Provision	<p>ARTICLE VIII</p> <p>THE RELATED PARTY TRANSACTIONS COMMITTEE</p> <p>1. COMPOSITION AND FUNCTIONS – There shall be a Related Party Transactions Committee composed of at least three (3) members of the Board of Directors and two (2) of whom shall be independent directors, including the chairperson, as may be elected by the Board. The committee shall at all times be entirely composed of independent directors and non-executive directors, with independent directors comprising of majority of the members. The compliance officer is the committee secretariat.</p> <p>The Related Party Transactions Committee shall (a) evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, monitored, and subsequent changes are captured; (b) evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances, that no corporate or business resources of the Bank are misappropriated or misapplied, and continuous determination on the relevant potential reputational risk; (c) ensure that appropriate disclosure is made and/or information is provided to regulating and supervising authorities relating to the Bank’s RPT exposures and policies on conflict of interest; (d) report to the Board of Directors on a regular basis the status of exposures to each related party; (e) ensure transactions with related party are subject to periodic review; and (f) oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including periodic review of RPT policies and procedures. (As amended on _____)</p>	Revision is proposed to align with Section 133 of the Manual of Regulations for Banks
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6	<p>ARTICLE V</p> <p>OFFICERS AND AGENTS OF THE BANK</p> <p>3. CHAIRMAN OF THE BOARD - The Chairman of the Board shall be elected by the Board of Directors from their own number. He shall preside at all meetings of the stockholders and the Board of Directors. He shall be the Chairman of the Executive Committee. He shall have the power and authority of supervision and control over the affairs of the Bank, and over all other officers and staff. He shall have such other powers and duties as may be prescribed by the Board of Directors.</p>	<p>ARTICLE X</p> <p>OFFICERS AND AGENTS OF THE BANK</p> <p>3. CHAIRMAN OF THE BOARD – The Chairman of the Board shall be elected by the Board of Directors from their own number. He shall preside at all meetings of the stockholders and the Board of Directors. He shall be the Chairman of the Executive Committee. He shall have the power and authority of supervision and control over the affairs of the Bank, and over all other officers and staff. He shall have such other powers and duties as may be prescribed by the Board of Directors.</p> <p><u>The Chairman of the Board shall be a non-executive director or an independent director, and must not have served as CEO of the Bank within the past three (3) years.</u> (As amended on _____)</p>	<p>Revision is proposed to re-align duties of the Board Chairman pursuant to Section 132 of the MORB, and in compliance with a BSP finding during its Regular Examination of the BANK.</p>
7	<p>ARTICLE V</p> <p>OFFICERS AND AGENTS OF THE BANK</p>	<p><u>ARTICLE X</u></p> <p>OFFICERS AND AGENTS OF THE BANK</p>	
	<p>ARTICLE VI</p> <p>HONORARY TITLES</p>	<p><u>ARTICLE XI</u></p> <p>HONORARY TITLES</p>	
	<p>ARTICLE VII</p> <p>TRANSFER OF SHARES</p>	<p><u>ARTICLE XII</u></p> <p>TRANSFER OF SHARES</p>	
	<p>ARTICLE VIII</p> <p>FISCAL YEAR, DIVIDENDS, RESERVES, AND ACCOUNTS</p>	<p><u>ARTICLE XIII</u></p> <p>FISCAL YEAR, DIVIDENDS, RESERVES, AND ACCOUNTS</p>	
	<p>ARTICLE X</p> <p>STOCK OPTIONS, WARRANTS, AND OTHER SIMILAR INSTRUMENTS</p>	<p><u>ARTICLE XIV</u></p> <p>STOCK OPTIONS, WARRANTS, AND OTHER SIMILAR INSTRUMENTS</p>	
	<p>ARTICLE XI</p> <p>SEAL</p>	<p><u>ARTICLE XV</u></p> <p>SEAL</p>	
	<p>ARTICLE XII</p> <p>These By-Laws or any part thereof may be amended, modified, altered, or repealed, or new by-laws adopted by majority vote of the subscribed capital stock at a regular or special meeting</p>	<p><u>ARTICLE XVI</u></p> <p>These By-Laws or any part thereof may be amended, modified, altered, or repealed, or new by-laws adopted by majority vote of the subscribed capital stock at a regular or special meeting</p>	

	<p>duly called for the purpose. The registered owners of two-thirds of the subscribed capital stock may delegate to the Board of Directors the power to amend or repeal any by-law or adopt new by-laws, provided, however, that any such power delegated to the Board of Directors shall be considered revoked whenever a majority of the Stockholders of the Bank shall so vote at a regular or special meeting. (Amended on August 4, 2000)</p>	<p>duly called for the purpose. The registered owners of two-thirds of the subscribed capital stock may delegate to the Board of Directors the power to amend or repeal any by-law or adopt new by-laws, provided, however, that any such power delegated to the Board of Directors shall be considered revoked whenever a majority of the Stockholders of the Bank shall so vote at a regular or special meeting. (Amended on August 4, 2000)</p>	
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