



**Office of the Corporate Secretary**

Direct Lines: 536-0540 Fax: 536-0530  
Trunk Lines: 526-3131 to 70/891-6040 to 70  
Locals: 4032;4033

**RENATO J. FERNANDEZ**  
CORPORATE SECRETARY

March 31, 2006

**Ms. Jurisita M. Quintos**  
Senior Vice President, Operations Group  
Philippine Stock Exchange  
4<sup>th</sup> Flr., PSE Center, Exchange Road  
Ortigas Center, Pasig City  
Fax No. 636-0809

Dear Ms. Quintos:

We wish to advise that during the Executive Session of the Board of Directors of the Philippine National Bank held on March 24, 2006, the Board approved an Amendment to the PNB Amended By-Laws (attached) to the effect that the position, powers and duties of the Chairman of the Board in Sections 6.1 and 6.3, Article VI captioned "Officers" shall be transferred to Section 5.4, Article V captioned "Board of Directors".

In addition, the Board also approved the insertion of the Approval by the stockholders of the said amendment above in the Notice of Annual Stockholders Meeting for May 30, 2006, copy attached.

Please be advised accordingly.

Very truly yours,

(ORIGINAL SIGNED)



**PHILIPPINE NATIONAL BANK**

**NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

Notice is hereby given that the Annual Meeting of Stockholders of the Philippine National Bank will be held on May 30, 2006 at 8:00 a.m. at the Ballroom, Upper Lobby, Century Park Hotel, 599 Pablo Ocampo Sr. St., Malate, Manila.

The Agenda for the meeting is as follows:

1. Call to Order
2. Secretary's Proof of Notice and Quorum
3. Approval of the Minutes of the 2005 Annual Stockholders' Meeting held on May 24, 2005
4. Report of the President on the Results of Operations for the Year 2005
5. Approval of the 2005 Annual Report
6. **Approval of the Amendment to the Amended By-Laws (transfer of the position, powers and duties of the Chairman of the Board in Sections 6.1 and 6.3, Article VI captioned "Officers" to Section 5.4, Article V captioned "Board of Directors")**
7. Ratification of All Acts, Resolutions and Proceedings of the Board of Directors and Corporate Officers since the 2005 Annual Stockholders' Meeting
8. Election of Directors
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

Minutes of the 2005 Annual Stockholders' Meeting as well as resolutions of the Board of Directors from May 25, 2005 will be available for examination during office hours at the Office of the Corporate Secretary.

Only stockholders of record as of May 2, 2006 will be entitled to notice and vote at this meeting. Registration will begin at 6:00 a.m.

If you cannot personally attend the meeting, you may designate your authorized representative by submitting a **PROXY** to the Office of the Corporate Secretary not later than 5:00 p.m. on May 25, 2006. Any proxies so received will be validated on May 26, 2006, 9:30 a.m., at the Office of the Stock Transfer Agent at Allied Bank Center, 6754 Ayala Avenue, Makati City.

Pasay City, February 17, 2006

**RENATO J. FERNANDEZ**  
Corporate Secretary

# PNB AMENDED BY –LAWS

## ARTICLE V – BOARD OF DIRECTORS

Section 5.1 Composition. The direction and control of the business, affairs, and management of the Bank, and the preservation of its assets and properties, shall be vested in a Board of Directors consisting of eleven (11) members duly elected as herein provided.

Section 5.2 Qualifications. No person shall be elected as director of the Bank unless he is a registered owner in the Books of the Bank of at least one (1) share of the capital stock of the Bank with voting rights, and unless he possesses all of the qualifications and none of the disqualifications for directors under existing laws and Bangko Sentral regulations.

Section 5.3 Election and Term of Office. The directors shall be elected by the stockholders entitled to vote during the annual meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified. After their election, the members of the Board shall meet to elect, from among themselves, the Chairman of the Board and appoint officers of the Bank.

**Section 5.4 The Chairman: Powers and Duties. The powers and duties of the Chairman of the Board shall be:**

- (a) **To call meetings of stockholders;**
- (b) **To convene the Board of Directors whenever he may deem it necessary, either on his own initiative, or upon the request of the President, or two members of the Board;**
- (c) **To preside over all the meetings of the stockholders and the Board of Directors; and**
- (d) **To perform such other functions as are assigned to him by law or by the Board of Directors.**

Section 5.5 Vacancies. Any vacancy in the Board of Directors caused by death, resignation or any other reason, except by removal and expiration of term, may be filled for the unexpired term by a majority vote of the remaining directors, if still constituting a quorum, provided, that any vacancy occurring by reason of removal by stockholders, by expiration of term or increase in the number of directors shall be filled by the stockholders in a regular or special meeting called for the purpose. Should the number of directors be reduced to less than a quorum, vacancies in the Board shall be filled by the stockholders owning and/or representing a majority of the subscribed capital stock at a special meeting duly called for that purpose.

Whether any such vacancies shall be filled or not, shall be left to the discretion of the Board of Directors, except when the remaining members of the Board do not constitute a quorum, in which case enough vacancies shall be filled to constitute such quorum.

Section 5.6 Compensation. Directors, as such, shall receive such compensation for their services as may from time to time be fixed by the stockholders subject to the limitations set forth in Section 30 of the Corporation Code. Each director shall also be entitled to a reasonable per diem, as may be determined by the Board.

Section 5.7 Regular Meetings. The Board of Directors shall be organized as such immediately after the election of the members thereof in a meeting for which no notice shall be required. Thereafter, the Board of Directors shall hold regular meetings at such particular date, hour or place within the Philippines as the Board may from time to time fix.

Section 5.8 Special Meetings. Special meetings of the Board of Directors may be held at any time and place within the Philippines upon the call of the Chairman, or on the request of the President or upon the request of two or more directors.

Section 5.9 Notice of Meetings. The Secretary shall notify in writing or by telephone each member of the Board of all special meetings, at least three (3) hours before any such meeting. Notice need not be given of regular meetings of the Board of Directors held at times fixed by resolution of the Board. No failure or irregularity to give notice at any regular meeting shall invalidate the same or any proceeding thereat. In case of special meeting, the object thereof need not be stated in the notice.

Section 5.10 Quorum. The Directors shall act only as a Board, and the individual directors shall have no power to act as such. A majority of the directors shall be necessary at all meetings to constitute a quorum for the transaction of any business and every decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act unless otherwise provided by law. A minority of the Board present at any regular or special meeting shall, in the absence of a quorum, adjourn to a later date, and shall not transact any business until a quorum has been secured.

Section 5.11 Minutes. Minutes of the meeting of the Board of Directors shall be kept and carefully preserved as a record of the business transacted at such meetings. The minutes shall contain such entries as may be required by law.

Section 5.12 Powers. The Board of Directors shall direct the affairs and business of the Bank and manage and preserve its properties. It shall exercise those powers granted to it under the Articles of Incorporation of the Bank, the Corporation Code and other general and special laws of the Philippines. The Board of Directors may establish a reasonable private benefit plan which shall provide pension/retirement benefits, health/life insurance benefits, a stock option plan and such other benefits as may be reasonably determined by the Board of Directors.

Section 5.13 Executive Committee. (a) There shall be an Executive Committee to be chaired by any member of the Board of Directors and to be composed of the President of the Bank and at least four (4) other directors to be appointed by the Board of Directors from time to time. In the interim between meetings of the Board of Directors, the Executive Committee shall perform such duties as the Board may confer upon it in accordance with law and these By-Laws. (As amended by the affirmative vote of the stockholders representing at least majority of the outstanding capital stock at the Annual Stockholders' Meeting held on May 30, 2000 and by a majority vote by the directors in a meeting held on December 15, 1999).

(b) Subject to Section 35 of the Corporation Code, the Board of Directors shall have the power, at any time, to change, to increase, or decrease the membership of the Executive Committee or to fill vacancies therein and to determine from time to time, by resolution, the number of members to constitute a quorum.

(c) The Executive shall meet regularly at such intervals and at such time and place as it may determine, and in addition to such regular meetings, it shall meet upon the call of the Chairman of the Committee or of any two members of the Committee.

(d) All acts and resolutions of the Executive Committee shall be recorded in a minute book and shall be submitted in writing to the Board of Directors at the Boards' meeting following the adoption by the Committee of such resolutions

(e) For each attendance at any meeting of the Executive Committee, a member shall be entitled to such per diem as the Board may fix from time to time.

Section 5.14 Trust Committee. (a) The Trust Committee shall be composed of five (5) members: (i) three (3) directors who are appointed by the Board of Directors on a regular rotation basis and who are not operating officers of the Bank; (ii) the President; and (iii) the head of the Trust Banking Group;

(b) No member of the Audit Committee, if the Bank has any, shall be concurrently designated as member of the Trust Committee;

(c) The Board of Directors shall duly note in the minutes the Trust Committee members and designate the Chairman thereof who shall be one of the three (3) directors referred to in paragraph (a) above;

(d) The Trust Committee shall act within the sphere of authority as may be provided herein and/or as may be delegated by the Board of Directors, such as but not limited to the following:

(1) The formulation of specific policies with regard to:

- (i) Correlation of the Trust Banking Group with other departments of the bank;
- (ii) Personnel;
- (iii) Cost and charges;
- (iv) Kinds of Business to be accepted;
- (v) Trust Business development;
- (vi) Work with other banks and/or financial institutions;

(2) The acceptance and closing of trust and other fiduciary accounts;

(3) The initial review of assets placed under the custody of the Trust Banking Group as trustees or fiduciary;

- (4) The investment, reinvestment and disposition of funds or property;
  - (5) The review and approval of transactions between trust and/or fiduciary accounts;
- and
- (6) The review of trust and other fiduciary accounts at least once every twelve (12) months to determine the advisability of retaining or disposing of the trust or fiduciary assets, and/or whether the accounts is being managed in accordance with the instrument creating the trust or other fiduciary relationship.

Section 5.15 Other Committees. The Board of Directors may, by resolution of the majority thereof, also create such other committees as may be necessary with such powers as the Board may determine. The Board of Directors shall elect the members of the other committees and shall have the power at any time to change the members of, to fill vacancies in, or dissolve any, such committees. Such committees shall meet at stated times, or on the request of any of their members upon notice to each member, and shall keep regular minutes of their proceedings and render quarterly report on the same to the Board. For each attendance in any Board-created committee meeting of a member of the Board of Directors, the member shall be entitled to such per diem as the Board of Directors may fix from time to time

## **ARTICLE VI – OFFICERS**

Section 6.1 Designation. The Board of Directors shall elect the President of the Bank who shall be the Vice Chairman of the Board, and appoint a Secretary and a Treasurer who need not be members of the Board. The Board may also, upon the recommendation of the President, from time to time, appoint such number of Senior Executive Vice Presidents, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, a chief Legal Counsel, an Internal Auditor and such other officers as may be necessary for the efficient operation of the Bank. The Board of Directors may create such other additional positions as it may consider proper and necessary to efficiently carry out the programs and objectives of the Bank.

All officers of the Bank appointed by the Board of Directors shall hold office at the pleasure of the Board. Except for the President, all other officers of the Bank need not be directors thereof.

Section 6.2 Compensation. The salary or compensation of officers elected or appointed by the Board of Directors shall be fixed by the Board

Section 6.3 The President. The Chief Executive of the Bank shall be the President who shall be elected by the Board of Directors from among its members.

The President of the Bank shall, among other powers and duties inherent in his office, execute and administer the policies, measures orders and resolutions approved by the Board of Directors and direct and supervise the operations and administration of the Bank. Particularly, he shall have the power and duty:

- (a) To execute all contracts and to enter into all authorized transactions in behalf of the Bank;

(b) To exercise, as Chief Executive Officer, the power of supervision and control over decisions or actions of subordinate officers and all other powers that may be granted by the Board;

(c) To recommend to the Board the appointment, promotion or removal of all officers of the Bank with the rank at least Vice President or its equivalent;

(d) To appoint, promote or remove employees and officers of the Bank, except those who by the provisions of these By-Laws are to be appointed or remove by the Board of Directors;

(e) To transfer, assign and reassign officers and personnel of the Bank in the interest of the service;

(f) To report periodically to the Board of Directors on the operations of the Bank;

(g) To submit annually a report on the result of the operations of the Bank to the stockholders of the Bank; and

(h) To delegate any of his powers, duties and functions to any official of the Bank, with the approval of the Board of Directors.