

OFFICIAL DEPOSITORY OF THE
REPUBLIC OF THE PHILIPPINES



CABLE ADDRESS:
"PHILNABANK"

B128

③
CZ 7/12/63/27/334/47

PHILIPPINE NATIONAL BANK

MANILA, PHILIPPINES

OFFICE OF THE BOARD OF DIRECTORS

TO WHOM IT MAY CONCERN:

This is to certify that the attached printed copies of the Revised Charter (Republic Act No. 1300, as amended) and Revised Code of By-Laws of the Philippine National Bank, with our signature and the dry seal of the Philippine National Bank affixed on each and every page thereof, are the true and correct copies of the said Revised Charter and Revised Code of By-Laws of the Philippine National Bank.

Manila, Philippines, June 11, 1963.

JOSE N. MANALANSAN
Secretary

REVISADO MANILA 1959
REVISED CODE OF BY-LAWS

MANILA
1959

REVISED CODE OF BYLAWS

ARTICLE I—CERTIFICATE OF STOCK

Sec. 1. *Certificates: Form of Certificates of stock: assignment.*—Certificates of shares shall be engraved and shall clearly set forth:

(a) The fact that the stock is fully paid.

(b) Form of assignment.

ASSIGNMENT OF CERTIFICATE

For value received, I hereby sell, assign, and transfer unto Shares of the Capital Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint Attorney to transfer the said stock on the books of the within named Bank with full power of substitution in the premises.

Date,, 19....

Signature

In the presence of:

.....

.....

Sec. 2. *Other requirements in the Certificates: data to be entered in the stubs of the stock book.* Certificates of shares shall be numbered, bear the signatures of the Chairman and of the Secretary, and the seal of the Bank, and shall be issued in numerical order from the stock certificate book.

Attest

A record of each certificate issued shall be kept in the stub thereof and upon the stock ledger of the Bank.

Sec. 3. Manner of transferring certificates of stock: stock transfer book.—Transfers of stock certificates shall be made by filling in the form on the back of each certificate. Such transfers shall be recorded in a book kept for this purpose by the Bank. The certificates transferred shall be cancelled and attached to their respective stubs, and new certificates shall be issued to the transferees. The stock transfer book shall be kept at the main office of the Bank in the City of Manila, and shall be opened to inspection by any stockholder of the Bank at any time during office hours.

Sec. 4. Issue of new certificate to replace one lost or mutilated.—The Board of Directors may order a new certificate issued to replace any certificate of shares alleged to have been lost or mutilated; but the owner of the certificate so lost or mutilated shall furnish a bond to the Bank in such sums as the Board of Directors may require, but which shall, in no case, be less than the par value of the certificate lost or mutilated, to secure the Bank against any loss or claim resulting from the issuance of the new certificate; and, when the Board of Directors deems it necessary, the intention to issue such new certificate shall be published once a week for three (3) consecutive weeks in a daily newspaper of general circulation in the City of Manila, at the expense of the owner of certificate so lost or mutilated, but if the certificate so reported lost, mutilated or destroyed is for one share only, the cost of publication shall be charged to the Bank.

ARTICLE II—LOANS

Sec. 5. General Rules.—The Philippine National Bank shall grant loans and advances against security or real estate and/or other acceptable assets for the establishment, rehabilitation or expansion of agricultural, industrial and other productive enterprises, subject to the following rules:

(a) Every loan shall be evidenced by a note and shall only be in the amounts and for the periods of time essential for the effective completion of the operations to be financed.

(b) Applications for such loans shall be in writing and under oath and they must contain, among other things, the following:

1. A full statement of the purpose or purposes for which the loan is desired.
2. A detailed description of the property to be mortgaged in case the loan is to be secured by real estate or chattel mortgage.
3. A description of other properties of the applicant, both real and personal.
4. An appraisal of such properties at their fair market value.
5. The assessed value of real estate properties and improvements thereon for the last three years.
6. Any and all kinds of encumbrance.
7. Annual income of the property to be mortgaged for the last three years.
8. Present income and expenditures of the applicant.

9. Other existing obligations of applicant, names and addresses of creditors, stating whether clean or secured by mortgage, registered or unregistered.

Should any of the foregoing statements in the application prove to be false or incorrect in any material detail or should the proceeds of the loan, or any part thereof, granted on the basis of such statements, be used for any purpose or purposes other than those set out in the application, the Bank may terminate any loan granted and shall have the right to demand immediate repayment of the obligation and the foreclosure of the mortgage.

Sec. 6. *Loans against personal security.*—Loans, advances and overdraft lines may, in the discretion of the Board of Directors, be granted to any person against personal security, in such amount and under such terms and conditions as it may deem advisable; provided, however, that loans, advances and overdraft lines in an amount not exceeding ₱50,000 against personal security may be granted by the President pursuant to Sec. 10 (par. a) of Republic Act No. 1300.

Sec. 7. *Loans on real estate security.*—The Philippine National Bank may grant loans secured by mortgage on improved real estate and the insured improvements thereon only upon the following terms and conditions:

(a) Every such loan shall be secured by a first mortgage on real estate duly registered in the Philippines, title to which, free from all encumbrances, shall be in the mortgagor; Provided, however, that loans may be granted on real estate without Torrens title under such terms and conditions as the Board of Directors may prescribe.

Attest:

(b) The due date of said mortgage shall not be more than fifteen (15) years after the date of its execution.

(c) The amount of the loan shall not exceed Seventy per cent (70%) of the appraised value of the respective real estate security, plus Seventy per cent (70%) of the appraised value of the insured improvements or such other limitations as the Monetary Board may, by regulations prescribe and the appraisal is to be made in accordance with the following rules:

1st. The appraisal shall be made by an agent of the Bank in accordance with the rules and regulations laid down by the Board of Directors.

2nd. When permanent improvements, such as buildings and machinery, are offered as security together with the land, said buildings and machinery shall be appraised apart from the land, and the mortgage shall contain a clause obligating the mortgagor to insure them to their full value and the covering policy to be indorsed in favor of the Philippine National Bank.

(d) The mortgage shall contain a clause wherein the mortgagor binds himself to furnish all documentary stamps necessary for the transaction, to pay all fees for the registration of the documents connected with it, except in those cases where payment of registration fee and documentary stamps is exempt by law, and to pay all lawful taxes and assessments on the mortgaged property.

(e) Nothing herein provided shall be construed as preventing the Board of Directors from accepting real estate security in order to protect the Bank

Attest:

from loss on account of a loan previously contracted in good faith, nor shall there be included in these limitations loans made on the security of real estate arising out of the sale of property owned by the Bank.

Sec. 8. *Loans secured by chattel mortgage.*—Loans on the security of chattel shall not be made unless title to the chattels, free from all encumbrances, shall be in the mortgagor, and may include:

(a) *Loans on Harvested and Stored Crops.*—The Philippine National Bank may make loans on, or discount notes secured by, harvested and stored crops, in the manner provided for in Sec. 5, par. (b) of Republic Act No. 1300.

(b) *Loans on Standing Crops.*—The Philippine National Bank may also make loans to agriculturists on standing crops of the natural products of the Philippines, such as rice, hemp, copra, sugar, tobacco, corn, maguey, etc. in the manner provided for in Sec. 5, par. (c) of Republic Act No. 1300.

(c) *Loans on Documentary Bills of Exchange.*—The Philippine National Bank may make loans on bills of lading when approved invoices and insurance policies are attached thereto: Provided, that this subsection shall not be understood as prohibiting the Bank from purchasing documentary bills of exchange at their full value when the Bank is in possession of indubitable proof that the merchandise has been sold, is readied for, or moving to market.

(d) *Loans on Vessels.*—The Philippine National Bank may make loans for not more than one (1) year upon vessels fully insured and free from encumbrances.

ARTICLE III—ISSUE OF FIRST MORTGAGE REAL ESTATE BONDS

Sec. 9. *Amount: conditions: redemption.*—The Philippine National Bank may issue real estate bonds in any sum not to exceed ninety per centum (90%) of the amount of loans on real estate security held by it under Section (7) of these By-Laws. Said bonds shall be engraved, signed by the President of the Bank, and authenticated by the Auditor General or his representative in the Bank and shall bind the Bank to pay the bearer thereof on the date therein named, the principal sum mentioned in said bond, with interest payable semi-annually, at the rate fixed by the Board of Directors. Said bond shall be payable, both principal and interest, in legal currency of the Philippines.

The real estate securities against which bonds are issued shall be deposited with the Central Bank of the Philippines, and each of said bonds shall bear on its face a certificate of the Governor of the Central Bank of the Philippines in words and figures as follows:

"I hereby certify that there are on deposit in this Bank first mortgage real estate securities in the sum of one hundred eleven and one-ninth per cent (111-1/9%) covering real estate with an appraised value of one hundred fifty-eight and five twenty-seventh per cent (158-5/27%) of the face value of this bond; which said real estate securities or other first mortgage real estate securities of equal value or the proceeds thereof are to be held by me as security, additional to the promise of the Philippine National

Bank, for the prompt payment of this bond, principal and interest.

.....
Governor
Central Bank of the Philippines

Such bonds shall also state that by Act of Congress of the Philippines "they shall be receivable by the Insurance Commissioner under Section one hundred and seventy-eight of Act Numbered twenty-four hundred and twenty-seven", and "by way of security in all customs and internal revenue transactions where security is required, and in any and all cases where by statute security may be required in dealings with the Government" and "they shall be exempt from any and all taxes levied or assessed by the Government of the Philippines, or any department, division or subdivision thereof."

Said bonds shall be issued in such amounts and form, at such times, and for such periods, as may be expressly provided by resolution of the Board of Directors. They shall be redeemable at par on or before the date of their maturity, and shall contain a provision to the effect that they are subject to redemption by lot at such date as the Board of Directors of the Bank may designate: Provided, however, that such bonds so chosen for redemption as have not been outstanding for at least three-fourths of the period for which issued shall be retired with a premium of five per centum (5%) of the par value thereof. The bonds so chosen for redemption shall cease to bear interest beginning with the date set for their withdrawal, and the aforesaid selection by lot shall take place at least one hundred (100) days

before the date of the withdrawal, and provided further, that the serial numbers of the bonds so selected shall be published once a month for a period of not less than three (3) months in two (2) daily newspapers of general circulation in the Philippines.

ARTICLE IV—EXCHANGE AND OTHER BANKING OPERATIONS

SEC. 10. The Philippine National Bank may engage in the following operations:

(a) *Deposits*.—Receive deposits of funds of the National Government, provinces, chartered cities, municipalities, Postal Savings Bank and other instrumentalities of the Government, including government-owned or controlled corporations, private corporations and associations, and private persons.

(b) *Purchase and Sale of Negotiable Instruments*.—Purchase and sell in the open market papers of all kinds eligible for discount from or to domestic or foreign banks, firms, companies, corporations or individuals.

Buy and sell stocks, bonds, debentures, titles or other instruments of credit of short or long term duration.

(c) *Purchase, Sale and Acquisition of Stocks and Bonds*.—Purchase and sell stocks and bonds lawfully issued by the national, provincial, city and municipal governments or any other branch, subdivision or instrumentality of the Republic of the Philippines, including government-owned or controlled corporations, or bonds endorsed or guaranteed by said Government or entities. The Bank may also acquire other high grade stocks and bonds and other evi

dences of indebtedness pursuant to the provisions of the General Banking Act (Sec. 21, Republic Act No. 337).

Subject to the approval of the Board of Directors, the Philippine National Bank may purchase bonds issued by a duly incorporated company engaged in commerce, or in the manufacture or preparation of products of the Philippines. Such bonds shall be secured by a first mortgage, or deed of trust, on the property of the company. The face value of the bonds issued and secured by such mortgage, or deed of trust, shall not exceed Sixty (60%) per centum of the fair value of the property securing the bonds. The property serving as security for the bonds shall consist of lands, buildings, machinery, and equipment of such company in the Philippines.

(d) *Collection and Service.*—Collect drafts and other current negotiable instruments and make collections and payments for the account of others.

(e) *Trust Funds.*—Receive and care for funds or deposits in trust.

(f) *Safe Deposits.*—Receive and hold in trust gold and silver bullion, funds, documents, valuable objects, stocks, bonds and other securities issued by any corporation, association and private person and rent safety deposit boxes for the safeguarding of such effects.

(g) *Purchase and Sale of Foreign Exchange and Gold and Silver.*—Buy and sell foreign exchange and gold and silver, in coin or bullion.

(h) *Purchase and sale of securities on commission.*—Act as financial agent and buy and sell, by

order of and for the account of its customers, shares, evidences of indebtedness and all types of securities on commission under regulations established by the Board of Directors.

(i) *Agency and other Trust Functions.*—Act as agent of the national, provincial, municipal and city governments and any instrumentality of the Government, including government-owned or controlled corporations, in commercial, financial and industrial transactions; act as agent or trustee of any person, association or corporation in the discharge of business.

(j) *Acceptance of Bills of Exchange and Issuance of Letters of Credit.*—Accept drafts and commercial bills of exchange and issue letters of credit or issue shipside bonds, or issue authorities to pay, negotiate or authorize other financial institutions to accept or negotiate instruments of credit for our account.

(k) *Sales and Repurchase of First Mortgage Real Estate Bonds Issued by the Bank.*—Sell and repurchase or reacquire first mortgage real estate bonds issued by the Bank.

(l) *Investment of Savings Accounts.*—Provide facilities for the safe investment of savings.

(m) *All other Acts.*—Exercise the general powers incident to corporations and perform any other banking functions or service not incompatible with existing laws, and such other functions as may hereafter be authorized by subsequent legislation.

ARTICLE V—OTHER POWERS AND PRIVILEGES OF THE BANK

Sec. 11. *Right to Purchase, Hold and Convey Real Estate.*—The Philippine National Bank may purchase, hold and convey real estate pursuant to the provisions of Sec. 19 of Republic Act No. 1300.

Sec. 12. *Right to Erect Bonded Warehouses.*—The Philippine National Bank may erect bonded warehouses for depositing therein the goods given to it in pledge, in any place warranted by the demands of agriculture, commerce and/or industry.

ARTICLE VI—GOVERNMENT INSPECTION AND OTHER REGULATIONS PROVIDED FOR THE SAFETY OF BANKING OPERATIONS

Sec. 13. *Prohibition to Officers and Employees of the Bank to Divulge Bank's Secrets.*—In addition to the prohibition contained in Sec. 16 of Republic Act No. 1300, the officers and employees of the Bank shall not reveal to any person other than the President of the Philippines, the Monetary Board and the Board of Directors or any member thereof, the details of the transactions nor shall they give any information relative to the funds in its custody, its current accounts or deposits belonging to private individuals, corporations, or any other entity, except by order of a court of competent jurisdiction on any officer duly authorized by law or competent authority to conduct investigations.

Sec. 14. *Registration of Mortgages.*—In any case where a loan, discount or advance of funds is secured by a real estate or chattel mortgage, the proceeds of such loan, discount or advance shall be released only after the said mortgage shall have been

Atty General

duly recorded with the Register of Deeds of the City or province where the property is situated.

Sec. 15. *Prohibition to grant loan on Bank's own shares.*—The Bank shall not make any loan or discount on the security of shares of its own capital stock.

ARTICLE VII—DISPOSITION OF NET PROFITS

Sec. 16. *Ascertainment of Net Profits.*—At the close of each calendar year, the net profits of the Bank shall be ascertained by deducting from its gross income all operating expenses, such as salaries, directors' fees, taxes, interest, retirement, insurance and back pay contributions, gratuities, bond premiums, allowance for depreciation, allowance for losses arising from uncollectible accounts, shipment of funds, frauds, other contingencies, etc.

Sec. 17. *Surplus Fund: Distribution of Dividend Limitations.*—The surplus account shall consist of accumulated net profits derived from the operations of the Bank and shall be utilized for such purposes as may be authorized by the Board of Directors from time to time: Provided, however, that the accumulated surplus shall not exceed the authorized capital stock.

No dividend shall be declared if losses have at any time been sustained by the Bank equal to or exceeding the undivided profits on hand; and no dividend shall ever be declared while the Bank continues in banking operations in an amount greater than its net profits then on hand, after deducting therefrom its losses and bad debts. All debts due to the Bank on which interest is past due and unpaid for a period of six months, unless the same are well secured and in process of collection, shall

Atty General

be considered bad debts within the meaning of this section.

All profits assigned as dividends to the shares of the Government shall be paid into the Treasury of the Philippines for the general funds thereof.

ARTICLE VIII—STOCKHOLDERS

Sec. 18. *Powers.*—The stockholders at any meeting regularly called shall have the following powers:

- (a) To elect the directors of the Bank,
- (b) To act on recommendation made by the Board of Directors or any stockholder, and
- (c) To exercise any power not expressly conferred by the Charter of the Bank upon the Board of Directors or any executive officer of the Bank, and not in conflict with the said Charter of the Bank, the General Banking Act or any other law applicable to the Bank.

Sec. 19. *Annual Meeting of Stockholders: Election of Directors: Report of the Board of Directors.*—The annual meeting of stockholders shall be held at the office of the Bank in the City of Manila at four (4) o'clock in the afternoon of the first Tuesday after the first Monday in March of each year, unless the same is a legal holiday in which case it shall be held on the next succeeding banking day.

At such annual meeting the Directors shall be elected in accordance with the provisions of sections thirty-one (31) and thirty-two (32) of the Corporation Law, to serve for the ensuing year and until their successors are elected and qualified.

Thos Wood

The Board of Directors shall submit its annual report at such meeting.

Sec. 20. *List of stockholders.*—Fifteen (15) days before any annual meeting of stockholders, the Secretary shall prepare an alphabetical list of all the stockholders, setting forth the number of shares held by each, as appears in the stock ledger of the Bank.

Sec. 21. *Special meeting of stockholders.*—Special meetings of stockholders may be held at any time at the office of the Bank, upon resolution of the Board of Directors or at the request of the stockholders owning one-third (1/3) of all the outstanding shares of stock.

Calls for special meetings shall be issued fifteen (15) days in advance and shall specify the time, place and object of the meeting, and no business other than that specified in the call shall be transacted at such meeting.

Sec. 22. *Notice of meetings when purpose of the meeting must be stated in the notice.*—The Secretary of the Board shall mail notice of each annual or special meeting to each stockholder, and in addition shall publish notice thereof for one week daily in two local newspapers, one published in English and the other in Spanish, in the City of Manila. Whenever it is desired to amend or repeal any provision of the by-laws, or adopt new by-laws at a regular or special meeting, such purpose shall be stated in the notice.

Sec. 23. *Validity of proceedings in the meeting.*—The proceedings and the business transacted at any meeting of the stockholders shall be valid even

Thos Wood

if the meeting be improperly held or called, provided stockholders owning all outstanding stocks are present or represented.

Sec. 24. *Right to vote: proxies.*—Each stockholder, or his authorized proxy, shall be entitled to as many votes as there were shares owned by him and registered in his name on the 31st day of January preceding the date of election. The manner of voting shall be in accordance with the Corporation Law.

Proxies shall be filed in the office of the Secretary at least five days before the day set for the holding of the stockholders' meeting and such proxies shall not be recognized or accepted unless granted within the fifteen (15) days next preceding the date on which said meeting is held.

Sec. 25. *Chairman and Secretary of the Meeting.*—The Chairman and Secretary of the Board shall be ex-officio Chairman and Secretary, respectively, of all meetings of stockholders.

ARTICLE IX—DIRECTORS

Sec. 26. *Number.*—The affairs and business of the Philippine National Bank shall be directed and managed and its property controlled and preserved by a Board of Directors, consisting of nine (9) members duly elected as herein provided.

Sec. 27. *Qualification.*—No person shall qualify, nor shall be competent to act as Director of the Bank unless he is, at the time of election, and while he

Atty. General

holds such office, the holder of at least one (1) share of its stock

Sec. 28. *Vacancies.*—Any vacancy in the Board of Directors may, with the approval of the President of the Philippines, be filled for the unexpired term by a majority vote of the remaining members. In the event of the membership of the Board falling below the number necessary for a quorum, a special meeting of the stockholders shall be called and such number of directors shall be elected thereat as may be necessary to restore at least a quorum in the membership of the Board

Sec. 29. *Regular Meetings.*—Regular meetings of the Board of Directors shall be held weekly in the office of the Bank in the City of Manila at such hour and day as the Board of Directors may determine.

Sec. 30. *Special Meetings.*—Special meetings of the Board of Directors may be held at any time in the office of the Bank in the City of Manila as hereinafter provided. Special meetings may also be held at any time and place, and without notice, by unanimous consent of the members of the Board.

Sec. 31. *Notice of Meetings.*—The Secretary shall notify in writing or by telephone each member of the Board of all regular or special meetings, at least three (3) hours before any such meeting. No failure to give notice, or any irregularity at any regular meeting, shall invalidate the same or any proceedings thereat. In case of special meeting, the object thereof need not be stated in the notice.

Sec. 32. *Quorum.*—A majority of the Board of Directors shall constitute a quorum and majority of the members in attendance at any Board meeting shall

Atty. General

decide its action. A minority of the Board present at any regular or special meeting may, in the absence of a quorum, adjourn to a later date, but may not transact any business until a quorum has been secured.

Sec. 33 *Election of Officers.*—Immediately after the election of the Directors, the Board shall organize as such and elect from among themselves a Chairman, a Vice-Chairman and appoint a Secretary who shall be a resident and citizen of the Philippines, and such other officers as they may deem necessary.

Sec. 34. *Compensation of Directors.*—Each Director shall receive a per diem of thirty pesos (P30.00) as compensation for his attendance at any regular or special meeting of the Board of Directors as provided in Republic Act No. 1300; Provided, That whenever a director, by order of the Board of Directors, shall temporarily or permanently perform duties incumbent upon other officer or employees of the Bank, he shall be granted additional compensation.

Sec. 35. *Executive Committee.*—The Chairman and two members of the Board of Directors, to be designated by the Chairman from time to time, shall constitute an Executive Committee and shall, in the interim between meetings of the Board of Directors, perform such duties as the latter may confer upon it in accordance with law.

The Executive Committee shall meet everyday, except Sundays and Holidays, at such hour and place as it may determine. All of the members of the Committee must be duly notified of the meetings, and the

Th. B. L...

Chairman and one of the two members of the Committee shall constitute a quorum; Provided, That in case of tie in the votes of the Committee, the vote of the Chairman shall control. The Executive Committee and all other Committees created by the Board shall keep due records of all meeting and actions and shall report all such meetings and actions at the next regular meeting of the Board.

Sec. 36 *Other Committees.*—The Board of Directors may also create such other committees as may be necessary with such powers as the Board may determine at the time of their creation, and the Chairman shall appoint the members of such committee or committees. The meetings of all committees shall be considered as sessions of the Board of Directors for the purpose of fixing the per diems of its members.

Sec. 37 *Order of business.*—The regular order of business at meetings of the Board of Directors shall be as follows:

1. Reading and disposal of any unapproved minutes.
2. Report of officers and committees.
3. Unfinished business.
4. New business.
5. Adjournment.

Sec. 38. *Powers and Duties of the Board of Directors.*—The Board of Directors shall have, among other duties, powers and authority:

(a) To formulate policies necessary to carry out effectively the provisions of the Charter of the Bank and adopt such by-laws, rules and regulations for its

At the ...

(r) To implement the declared policy of the Administration consistent with safety of investment and sound banking practices.

ARTICLE X—OFFICERS

Sec. 39. *Enumeration: Chairman, Vice Chairman, Directors, Secretary, President, Executive Vice President, Vice Presidents, Legal Counsel, Cashier and other officers*—The officers of the Bank shall be the Chairman, Vice-Chairman, Directors, Secretary, President, Executive Vice President, Vice Presidents, Legal Counsel, Cashier, and such other executive officers as may be necessary in the discretion of the Board of Directors.

The Chairman, Vice-Chairman, Directors and Secretary shall hold office for the term of one year, and until their respective successors shall have been chosen.

Sec. 40. *The Chairman; powers and duties*—The powers and duties of the Chairman of the Board of Directors shall be:

- (a) To call the meeting 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 of two members of the Board.
- (c) To preside over all the meetings of the stockholders, or of the Board of Directors, and of the Executive Committee.
- (d) To sign stock certificates.
- (e) To perform all other functions assigned to him by law or by the Board of Directors.

Testament

Sec. 41. *The Vice-Chairman: powers and duties: absence, disability or refusal to act of both the Chairman and Vice-Chairman*.—The Vice-Chairman shall assist the Chairman and act in his stead in case of absence or incapacity of the Chairman.

In case of absence, or incapacity of both the Chairman and the Vice-Chairman, the Board shall designate a temporary Chairman from among its members.

Sec. 42. *The Secretary: his duties*. — The duties of the Secretary shall be as follows:

- (a) To keep a book of minutes of the stockholders' meetings
- (b) To keep a book of minutes of the Board of Directors' meetings.
- (c) To issue, at the direction of the Chairman, all calls for stockholders' and directors' meetings.
- (d) To have charge and custody of the seal of the Bank.
- (e) To attest the signature of the Chairman on the stock certificates.
- (f) To attest, when necessary, all documents of the Bank.
- (g) To keep the stock ledger and stock transfer books.
- (h) To prepare, within the time limit established by these By-Laws, a complete alphabetical list of the stockholders entitled to vote, which list shall set forth the number of shares and votes of each. The list shall be open to inspection by any stockholder at the main office of the Bank until the annual meeting of the stockholders.

W. H. Decker

(i) To permit any stockholder, during office hours, to inspect the stock ledger and the stock certificates transfer books of the Bank.

(j) And to perform such other duties as the Board of Directors may direct.

Sec. 43. The President: Powers and Duties.

— The President shall be the Chief Executive of the Bank and his powers and duties shall, among others, be:

(a) To attend all the meetings of the Board of Directors and of its various committees, unless excused by the Board;

(b) To direct the operations of the Bank, in conformity with the resolutions, orders and regulations of the Board of Directors and in accordance with the provisions of the Bank's Charter and other pertinent laws;

(c) To sign real estate bonds; Provided, That when deemed advisable by the Board of Directors, such real estate bonds may bear the signature of the President engraved thereon;

(d) To make loans on commercial papers for periods of time not to exceed four (4) months in sums of not exceeding fifty thousand pesos to any one person, company, corporation or firm, but he is required to submit a report on each such loan to the Board of Directors at its next succeeding meeting;

(e) To make, with the advice and consent of the Board of Directors, all contracts on behalf of the said Bank and to enter into all necessary obligations permitted by the Charter of the Bank;

W. G. G. G.

(f) To propose to the Board of Directors action with respect to operations not provided for in these By-Laws;

(g) To recommend to the Board of Directors, the appointment, shifting, promotion, suspension and/or removal of all subordinate officers and employees of the Bank;

(h) To verify and approve the monthly balance sheet;

(i) To prepare all reports requested by the Board of Directors;

(j) To exercise all other powers of general supervision and administration usually attached to the Office of the President, or that may be prescribed by the Board;

(k) To submit to the Board of Directors within the month of February of each year a statement of net profit for the past year, and not later than October 31st of each year a detailed budget of the Bank for the ensuing year;

(l) To delegate any of his powers, duties or functions to any official of the Bank with the approval of the Board of Directors;

(m) To report weekly to the Board of Directors the main facts concerning the operations of the Bank during the preceding week and to suggest changes in rates of discount, exchange, or of policy which may to him seem best;

(n) To execute and administer the policies, measures, orders and resolutions approved by the Board of Directors and to direct and supervise the operations and administration of the Bank;

W. G. G. G.

(o) To continually keep the Board of Directors informed and to freely consult with them concerning the business of the Bank;

(p) To do and perform such other duties as from time to time may be assigned to him by the Board of Directors; and

(q) To exercise general superintendence and direction of all subordinate officials and employees of the Bank, and to see to it that their duties are properly performed.

Sec. 44. *Executive Vice President: Vice Presidents, their powers and duties.* — The Executive Vice President shall assist the President and act in his stead in case of absence or incapacity.

The other Vice Presidents shall also assist the President and shall perform such other duties that may be assigned to them by the President or the Board of Directors

Sec. 45. *Legal Counsel.* — The Legal Counsel shall be the head of the Legal Department and as such shall be the Chief consultant of the Bank on all legal matters. He shall submit a monthly report to the Board of Directors on the status of cases handled by the Legal Department in the Manila Office, the Branches and Agencies.

Sec. 46. The Auditor shall be the head of the Auditing department and as such shall perform all the duties and functions provided for in Section 12 of the Revised Charter of the Bank (Rep. Act No. 1300)

Sec. 47. *Cashier: Powers and Duties.* — The duties of the Cashier shall be as follows:

- (a) To have in his custody and be responsible for all the funds and securities of the Bank;
- (b) To keep a complete and correct account, on the books of the Bank, of its transactions, its accounts, obligations, and financial condition;

W. B. Lueck

APPENDIX

REPUBLIC ACT NO 1300
(As amended by Republic Act No. 1576)

AN ACT REVISING THE CHARTER OF THE PHILIPPINE NATIONAL BANK

*Be it enacted by the Senate and House of
Representatives of the Philippines in
Congress assembled:*

SECTION 1. *Name—Domicile and place of business.* — There is hereby created a bank to be known as the Philippine National Bank. Its principal domicile and place of business shall be in the City of Manila.

CORPORATE POWERS

Sec. 2. *Corporate powers and duties.* — The said National Bank, upon its organization, shall be a body corporate and shall have power:

- (a) To prescribe its By-Laws;
- (b) To adopt and use a seal;
- (c) To make contracts;
- (d) To sue and be sued;
- (e) To carry on a trust business in accordance with the provisions of law governing trust corporations;
- (f) To exercise the powers granted in this Act and such incidental powers as may be necessary to carry on and engage in the business of general banking;

W. B. Lueck

(g) To grant long-term loans and advances against security of real estate and/or other acceptable assets for the establishment, rehabilitation or expansion of agricultural, industrial and other productive enterprises: *Provided*, That the aggregate of such loans shall not exceed the sum total of the paid-up capital and unimpaired surplus, long-term indebtedness and obligations and thirty per cent of the total deposits: *Provided, further*, That notarial services in connection with loan application of not more than one thousand pesos shall be free, and in places where the bank has no lawyers, notarial services shall be performed by justice of the peace and other government notaries public free of charge;

(h) To invest in stocks, bonds, and other secured collaterals having maturities of not more than thirty years;

(i) With the approval of the President of the Philippines, to issue bonds and other certificates of indebtedness against its credits secured by real estate but not in excess of ninety per cent thereof. Said bonds shall be exempt from any and all taxes levied or assessed by the government or any of its subdivisions. The Board of Directors shall determine the interest rates, maturities and other requirements of the said obligations;

(j) To exercise further, the general powers mentioned in the corporation law and the General Banking Law insofar as they are not inconsistent or incompatible with the provisions of this Act.

CAPITAL

Sec. 3. *Authorized capital stock — Par value.*
— The authorized capital stock of the Philippine

Philippine

(c) To disburse such funds as may be necessary for the transactions of the Bank on order of the President; such disbursement to be supported by properly accomplished receipts or vouchers; and

(d) To perform all such other duties and functions as may be assigned to him by the President.

Sec. 48. *Others Officers.* — Upon the recommendation of the President, the Board of Directors may appoint such other new officers and employees as may be necessary.

ARTICLE XI—SUNDRY PROVISIONS

Sec. 49. *Seal* — The corporate seal of the Bank shall consist of two concentric circles: between which shall be the name "Philippine National Bank" and in the center, the coat of arms of the Republic of the Philippines, and such seal as impressed on the margin hereof is hereby adopted as the corporate seal of the Bank.

Sec. 50. *Amendment of these By-Laws.* — The Board of Directors shall have the power to make, amend, and repeal the By-Laws of the Bank, by a vote of the majority of all the Directors at any regular or special meeting of the Board: *Provided*, that notice of intention to make, amend, or repeal the By-Laws in whole or in part shall have been given at the next preceding meeting; or without any such notice, by a vote of two-thirds of the Directors, subject in all cases, to the approval of the President of the Philippines.

Sec. 51. *Penalties for Violation of these By-Laws.* — Without prejudice to the penalties provided for in Sec. 30 of Republic Act No. 1300 and Republic Act No. 1405, any officer, director, or stockholder, who shall disobey or violate any of the provisions of these By-Laws shall be fined in an amount

Philippine

not to exceed twenty pesos (P20.00), such fine to be imposed by the Board of Directors and if not paid at the time, to be deducted from any salary or dividend then due or that may thereafter become due the offender.

CERTIFICATION

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned Members and Secretary of the Board of Directors of the Philippine National Bank, do hereby certify that the foregoing Code of By-Laws, as amended, was duly adopted as the By-Laws of the said Corporation on the 31st day of January, 1958, by the virtue of the authority vested upon the Board by the resolution of the stockholders of the Bank at their special meeting held on February 28, 1921. That the said Code of By-Laws as amended, now constitutes and is, the Code of By-Laws of the Philippine National Bank.

Manila, January 31, 1958.

PEDRO TUASON

Chairman

FORTUNATO DE LEON CONRADO M. VICENTE

Member

Member

DOMINADOR R. AYTONA

Member

Member

FRANCISCO R. AGUINALDO BENJAMIN V. GUIANG

Member

Member

APOLONIO S. MAGSINO PORFIRIO V. SISON

Member

Member

CARLOS SOBREVINAS

Secretary

Unanimously approved by the stockholders in their annual meeting on March 3, 1959.

[Signature]

National Bank shall be two hundred million pesos divided into two million par value shares of one hundred pesos each, which shall include its present capitalization; *Provided*, That the Bank may purchase the shares held privately at a price not exceeding their par value; *Provided, further*, That the increase in the authorized capital shall be fully subscribed by the Government. For the immediate payment of not less than one hundred million pesos of the said subscription, the Secretary of Finance with the approval of the President of the Philippines, shall issue bonds or other evidences of indebtedness to be negotiated either locally or abroad, the proceeds of which are hereby appropriated for the purpose.

Sec. 4. *Who may vote Government-owned stock.*

— The voting power of all the stock of the National Bank owned and controlled by the Republic of the Philippines shall be vested in the President of the Philippines, or in such person or persons as he may from time to time designate.

BANKING OPERATION IN GENERAL

Sec. 5. *Loans and investments authorized — Total liabilities of a single borrower — Additional liabilities and security required.* — Said National Bank is hereby authorized:

(a) To purchase or discount promissory notes, drafts and bills of exchange issued or drawn for agricultural, industrial or commercial purposes, with securities required by the Bank, or the proceeds of which have been used or are to be used for such purposes.

(b) To make loans on, or to discount notes secured by, harvested and stored crops; *Provided*, That no loan on the security of such harvested and

[Signature]

stored crops shall exceed eighty *per centum* of the market value thereof on the date of the loan: *Provided, further*, That the crops so mortgaged shall be insured by the mortgagor for the benefit of the National Bank for their entire market value: *And provided, finally*, That if, owing to any circumstance whatever, the value of the crops given as security shall diminish, the mortgagor shall obligate himself to furnish additional security or refund such part of the loan as the Bank may deem necessary. Such loans shall be granted for a period of not to exceed one year, subject to extension, in the discretion of the Bank.

(c) To make loans to agriculturists in installments, on standing crops of the natural products of the Philippines such as rice, hemp, copra, sugar, tobacco, corn, magney, etc., not in excess of seventy *per centum* of the estimated value of such crops: *Provided, however*, That before granting such loans, the National Bank may require additional security in the nature of mortgages on real estate duly registered in the name of the debtor, or chattel mortgage, including those upon livestock, machinery, and agricultural implements, or personal bonds with sufficient surety or sureties, satisfactory to the Bank.

(d) To make loans to the several provincial and municipal governments and to any other branch or subdivision of the Republic of the Philippines on promissory notes guaranteed by the National Government, as shown by the endorsement thereon of the Secretary of Finance, approved by the President of the Philippines or to purchase bonds lawfully issued by such provincial and municipal governments and any other branch or subdivision of the Government of the Philippines.

W. M. Stead

(e) Generally, to make advances or discount paper for agricultural, manufacturing, industrial, or commercial purposes: *Provided*, That loans, discounts or advances made under this section shall have maturities not exceeding one year, renewable from year to year, at the discretion of the Bank.

The aggregate amount of loan for any single industry shall at no time exceed twenty per cent of the Bank's lending capacity.

The total liabilities to the Bank of any person, or of any company, corporation, or firm for money borrowed, including the liabilities of the company or firm, the liabilities of the several members thereof, shall at no time exceed *fifteen per centum* of the *unimpaired capital and surplus of the Bank*. But the discount of bills of exchange drawn in good faith against actually existing values and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as money borrowed, and in addition to the *fifteen per centum* of the unimpaired capital and surplus of the Bank, hereinafter provided for, the total liabilities of any borrower may amount to a further *fifteen per centum* of the unimpaired capital and surplus of the Bank, provided such additional liabilities are secured by shipping documents, warehouse receipts or other similar documents transferring or securing title covering readily marketable, non-perishable stocks, when such staples are fully covered by insurance and when such staples have a market value equal to at least one hundred twenty-five *per centum* of such additional liabilities.

The Bank shall not make any loan upon the stock of any other corporation as collateral if the

W. M. Stead

aggregate market value of all such stock held as collateral exceeds an amount equal to fifteen *per centum* of the unimpaired capital stock and surplus of the Bank.

The term "loan" whenever used in this Act shall include over-drafts and the limitations contained in this section shall apply to any loan of any kind whenever secured wholly or partly by real estate mortgage.

BOARD OF DIRECTORS. COMPOSITION AND ORGANIZATION

Sec. 6. *Board of Directors — Membership — Per diems.* — The affairs and business of the National Bank shall be directed and its property managed and preserved, unless otherwise provided in this Act, by a Board of Directors consisting of nine members duly elected as hereinafter provided, who shall be paid a per diem of thirty pesos for each session of the Board of Directors attended by them.

Sec. 7. *Election of Board of Directors — Election of chairman and vice-chairman of the Board — Who may not be elected member of the Board of Directors.* — Annually on the first Tuesday after the first Monday in March, the stockholders shall meet to elect the members of the Board of Directors for the current year, each stockholder or proxy to be entitled to as many votes as he may have shares of stock, registered in his name on the thirty-first of January last preceding and held by him at the time of the election. Immediately after the election, the directorate shall organize as such and elect from amongst themselves a chairman and a vice-chairman, which latter shall assist the chairman and act in his stead in case of absence or incapacity. In case of

Attest:
[Signature]

incapacity or absence of both the chairman and vice-chairman, the Board of Directors shall designate a temporary chairman from among its members: *Provided*, That no director, shareholder or employee of any other bank shall be eligible as member of the Board of Directors of the National Bank.

Sec. 8. *President and Vice-President — Appointment and removal-Salaries.* — The chief executive of the Bank shall be the President, who shall be chosen and may be removed by the Board of Directors with the advice and consent of the President of the Philippines. He shall be assisted by an executive Vice-President and one or more Vice-Presidents, who shall be chosen and may be removed by the Board of Directors. The salaries of the President, Executive Vice-President and the Vice-Presidents shall be fixed by the Board of Directors with the approval of the President of the Philippines.

POWERS OF BOARD OF DIRECTORS

Sec. 9. The Board of Directors shall have, among other duties, powers, and authority:

(a) To formulate policies necessary to carry out effectively the provisions of this Act and adopt such by-laws, rules and regulations for the effective operation of the Bank, in conformity with this Act and existing laws;

(b) To establish branches or agencies in other countries and at such points within the Philippines as it may deem advisable, which shall perform functions as may be delegated to them by the Board of Directors: *Provided, however*, That there shall be established branch banks or agencies in every provincial capital.

Attest:
[Signature]

With the authorization of the proper department Secretary first had, the Board of Directors may appoint as agents of said Bank the provincial or municipal treasurers, who shall receive such additional compensation as the board may determine.

Sec. 9-A. The Board of Directors shall also have the power and authority:

(a) To create, establish and operate a "Self-Insurance system" in order to offset possible damage or loss of cash-in-transit that the Bank may suffer on account of cash and check remittances to its branches and agencies and vice-versa;

(b) To create and establish a "Provided Fund" which shall consist of contributions made both by the Bank and its officers or employees to a common fund for the payment of benefits to such officer or employee or his heirs under such terms and conditions as its Board of Directors may fix;

(c) To create and establish a "Supplementary Retirement Plan" for qualified officials and employees for the payment of a gratuity equivalent to one month salary for every year of service rendered by them but not exceeding two (2) years in the aggregate;

(d) In its discretion, to accept assignments of, or as payments, certificates of indebtedness of the government or other such similar securities: Provided, however, That the authority herein granted shall not be used as regards backup certificates.

PRESIDENT—POWER AND DUTIES

Sec. 10. *Duties and powers of the President.*—The President of the Bank shall among others execute and administer the policies, measures, orders

W. B. Laurel

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 make loans on commercial paper for periods of time not to exceed four months in sums not exceeding fifty thousand pesos to any one person, company, corporation or firm, but he is required to submit a report on each loan to the Board of Directors at its next succeeding session.

(b) To make, with the advice and consent of the Board of Directors, all contracts on behalf of the said Bank and to enter into all necessary obligations by this Act required or permitted.

(c) To report weekly to the Board of Directors the main facts concerning the operations of the Bank during the preceding week and to suggest changes in rates of discount, exchange, or of policy which may to him seem best.

(d) To furnish, upon request of the Secretary of Finance or the President of the Philippines, any information in his possession regarding the operations of said Bank.

LEGAL COUNSEL

Sec. 11. *Legal Counsel.*—Any provision of law or existing executive order to the contrary notwithstanding, the Philippine National Bank shall have its own legal department, the chief and members of which shall be appointed by the Board of Directors.

AUDITING DEPARTMENT

Sec. 12. *Bank Auditor.*—Salaries and expenses of Auditing Department — Reports.—The Auditor

W. B. Laurel

General shall be *ex officio* Auditor of the National Bank and shall, with the advice and consent of the President of the Philippines, appoint a representative who shall be the Chief of the Auditing Department of the Bank. All the other employees of the department shall be appointed by the Auditor General, who with the approval of the President of the Philippines, shall fix the salaries of the same as well as that of his representative, the chief of the department. The operating expenses of the department and the salaries and traveling expenses of the employees thereof shall be payable by the Bank, and the Board of Directors shall make the necessary appropriation therefor. The representative of the Auditor General shall make a quarterly report on the condition of the Bank to the President of the Philippines through the Secretary of Finance, to the Auditor General and to the Board of Directors of the Bank. The report shall contain among other things a statement of the resources and liabilities, including earnings and expenses, the amount of capital stock, dividends paid, surplus reserve, and undivided profits, as well as the losses, bad debts, and suspended and overdue paper carried in the Bank's assets as of the day in which the statements are compiled.

APPOINTMENT AND REMOVAL OF THE OFFICERS AND EMPLOYEES OF THE NATIONAL BANK

Sec. 13. *Other officers and employees, appointment and removal — Salaries — Non-applicability of the Civil Service Law.*—All the other officers and employees of the Bank shall be appointed and removed by the Board of Directors, on recommendation of the President. Said officers and employees shall not be subject to the Civil Service Law, and their duties and compensation shall be fixed by the

W. H. Wood

President with the approval of the Board of Directors. *Provided*, That whenever the Chairman or the Vice-chairman, by order of the Board of Directors, shall temporarily or permanently perform duties incumbent upon other officers or employees, they may be granted compensation therefor subject to the written approval of the President of the Philippines.

Sec. 14. *Fidelity bond for officers and employees.*

— The Board of Directors may require the officers and employees of the Bank and its branches, before entering upon the performance of their duties, to furnish a fidelity bond for the benefit of the Bank, in the form and amount prescribed by said Board of Directors. For this purpose, and for this purpose alone, all officers and employees of whom a bond is required shall be deemed public officers and employees, respectively, and the provisions of the Public Bonding Law, Chapter Fifteen of the Administrative Code and related legislation are hereby made applicable to the same.

INSPECTION OF THE BANK

Sec. 15. *Inspection by Department of Supervision and Examination of the Central Bank.* — The National Bank shall be subject to inspection by the Department of Supervision and Examination of the Central Bank.

Sec. 16. *Confidential information.* — The Superintendent of Banks and the Auditor General, or other officers designated by law to inspect or investigate the condition of the National Bank, shall not reveal to any person other than the President of the Philippines, the Secretary of Finance, and the Board of Directors the details of the inspection or investi-

W. H. Wood

gation, nor shall they give any information relative to the funds in its custody, its current accounts or deposits belonging to private individuals, corporations, or any other entity, except by order of a Court of competent jurisdiction.

PROHIBITION AGAINST OWNING STOCKS OR BEING INDEBTED TO BANK

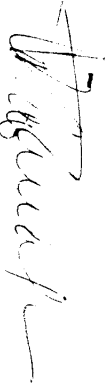
Sec. 17. *Prohibition against owning stock in or incurring indebtedness to the Bank* — The Secretary of Finance, the Superintendent of Banks, the Auditor General, and the latter's representative, the chief of the auditing department of the Bank, are hereby prohibited from owning stock in the National Bank, or from becoming indebted to said National Bank, directly or indirectly.

PROHIBITED LOANS

Sec. 18. *Loans to officers, directors and employees* — *Restriction and limitations*. — The National Bank shall not, directly or indirectly, grant loans to any director, officer, employee, or agent of the Bank, and no loan shall be granted to a corporation, partnership, or company wherein any member of the Board of Directors is a shareholder, agent, or employee in any manner, except by the unanimous vote of the members of the Board present, excluding the member interested: *Provided*, That the total liabilities to the Bank of any corporation wherein any of the members of the Board of Directors is a shareholder, agent or employee in any manner, shall at no time exceed five per centum of the surplus and paid-up capital of the Bank.

ACQUISITION AND DISPOSAL OF REAL ESTATE

Sec. 19. *Right to purchase, hold and dispose real estate*. — The National Bank is hereby authorized to

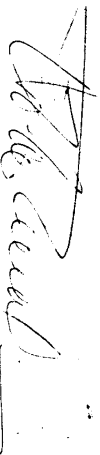


purchase and own such real estate as may be necessary for the purpose of carrying on its business. It is also authorized to hold such real estate as it may find necessary to acquire in the collection of debts due to the said Bank or to its branches, but real estate acquired in the collection of debts shall be sold by said Bank within five years after date of its acquisition.

REDEMPTION OF MORTGAGED PROPERTY

Sec. 20. *Right of redemption of property foreclosed* — The mortgagor shall have the right, within the year after the sale of real estate as a result of the foreclosure of a mortgage, to redeem the property by paying the amount fixed by the court in the order of execution, with interest thereon at the rate specified in the mortgage, and all the costs and other judicial expenses incurred by the Bank by reason of the execution and sale and for the custody of said property.

Sec. 21. *Right to demand additional securities; Disposal of same* — *Advanced maturity of credits* — *Right to collect deficiency*. — If, from any cause whatsoever, any of the securities specified for the loans provided for in this Act or accepted by said Bank as security for loans or discounts should decline or depreciate in market value in part or as whole, or upon non-performance of any promise made to secure the loan or discount or bills of exchange, notes, and checks, the said Bank may demand additional securities or may forthwith declare any such obligation due and payable and upon three days' notice, demand, sell, assign, transfer, and deliver the whole of said securities or any part thereof, or any substitutes therefor, or any addition thereto, or any



other securities or property given unto or left in the possession of, or hereafter given unto or left in the possession of the said Bank for safekeeping or otherwise, at any broker's board or at public or private sale, at the option of said Bank, and at such sale, if public, the said Bank may itself purchase the whole or any part of the property sold, free from any right of redemption on the part of the mortgagor or pledgor. In case of sale for any cause, after deducting all costs or expenses of any kind for collection, sale or delivery, the said Bank may apply the residue of the proceeds of the sale so made, to pay the said Bank, as its President shall deem proper, whether then due or not due, making proper rebate for interest on liabilities not then due, returning the overplus, if any, to the mortgagor or pledgor, who shall remain liable to and pay to said Bank any deficiency arising upon sale or sales.

LIABILITY OF DEBTOR FOR DEFICIENCY RIGHT OVER THE OVERPLUS

Sec. 22. *Action to collect balance of indebtedness.* — If the proceeds of the sale of securities held as collateral for loans by said Bank do not cover the full amount of the loan, together with the interest and other charges thereon, the Bank may proceed against the debtor for the difference but any amount exceeding the full indebtedness to the Bank shall be paid to the debtor.

Sec. 23. *Application of the Revised Penal Code.* — The provisions of Title Four, Chapter One, of Act Numbered Thirty-eight hundred and fifteen, known as the Revised Penal Code, are hereby made applicable to violations of the law consisting in the making, or causing to be made, and circulating, or

W. Delicad

causing to be circulated, forged notes and bonds in imitation of those of the National Bank.

PROHIBITED REMUNERATION

Sec. 24. *Prohibition against charging of fees in securing loans.* — *Penalties for violation.* — No fee, charge or commission in any form shall be exacted, demanded or paid, for obtaining loans, directly or indirectly, by any director, officer, employee, or agent of the bank. Any such director, officer, employee, or agent exacting, demanding, or receiving any fee for service or for the use of his influence in obtaining a loan shall be punished as hereinafter established for violation of this Act.

NET PROFIT

Sec. 25. *Allocation of.* — At the close of each calendar year, the Bank shall determine the net result of its operations, in the calculation of which, adequate allowances shall be made for probable losses. The net profit arrived thereat shall be accumulated in the surplus account which shall be utilized for such purposes as may be authorized by the Board of Directors: *Provided, however,* That the accumulated surplus shall not exceed the authorized capital stock.

PAYMENT OF DIVIDENDS OF GOVERNMENT SHARES

Sec. 26. *Payment into the Philippine Treasury of dividends corresponding to Government-owned shares.* — All profits assigned as dividends to the shares of the Government shall be paid into the Treasury of the Philippines for the general funds thereof.

W. Delicad

LEGAL EXISTENCE

Sec. 27. *Term of Legal Existence.* — The legal existence of the Bank under this Act shall be for a period of fifty years, counting from the date of approval hereof.

ILLEGAL USE OF THE WORD "NATIONAL"

Sec. 28. *Prohibition against use of word "National"* — *Penalty for violation.* — All banks other than the Philippine National Bank and such other banks now licensed to do business in the Philippines whose name already includes the word "National" are prohibited from using the word "National" as a portion of their name or title, and any violation of this prohibition shall subject the party chargeable therewith to a penalty of not less than one hundred pesos for each day during which it is committed or repeated.

REPEALING CLAUSE

Sec. 29. *Repeal of Acts inconsistent herewith.* — All Acts or parts of Acts inconsistent or incompatible with the provisions of this Act are hereby repealed.

PENALTIES

Sec. 30. *Penalties for violation of the provisions of this Act.* — Any director, officer, employee, or agent of the Bank, who violates or permits the violation of any of the provisions of this Act, or any person aiding or abetting the violations of any of the provisions of this Act, shall be punished by a fine not to exceed ten thousand pesos or by imprisonment of not more than five years, or both such fine and imprisonment.

Sec. 31. This Act shall take effect upon its approval.

Approved, June 16, 1953.

W. S. L. L. L.