



## PROCEDURE

*The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information found elsewhere in the Preliminary Offering Circular, the Terms and Conditions, and the related Agreements regarding the offer, maintenance, trade and settlement of the LTNCDs. Prospective LTNCD Holders should read the entire Preliminary Offering Circular, the Terms and Conditions, and the related Agreements fully and carefully. In case of any inconsistency between this summary and the more detailed information in the Preliminary Offering Circular, then the more detailed portions and/or Terms and Conditions, and/or the Agreements, as the case may be, shall at all times prevail.*

### **Offering Procedures**

Pursuant to the Market Maker Agreement, the Registry and Paying Agency Agreement, and the Arrangement Agreement (the "Agreements") entered into by the Bank with the relevant counterparties, and pursuant to an approval by the BSP dated August 15, 2013 and subject to the terms and conditions of the Master Certificate, as well as Section X233.9 of the MORB, BSP Circular No. 304 and BSP Circular No. 428, as may be amended from time to time, the LTNCDs are being issued by the Bank with (a) HSBC as Sole Lead Arranger, Selling Agent and Market Maker; (b) the Bank as Selling Agent; (c) Multinational Investment Bancorporation as Selling Agent and Market Maker; and (d) Deutsche Bank AG, Manila Branch through its Direct Securities Services Department as Registrar and Paying Agent.

The following is a summary of the procedures to be adopted among the parties and the prospective LTNCD Holders and is qualified in its entirety by, and should be read in conjunction with, the more detailed information found elsewhere in the Preliminary Offering Circular and the Agreements.

### ***The Offer Period***

During the relevant Offer Period, the Bank, through the Sole Lead Arranger and Selling Agents, shall solicit subscriptions to the LTNCDs from Eligible LTNCD Holders. Prospective LTNCD Holders may purchase the LTNCDs during the Offer Period by submitting fully and duly accomplished Applications to Purchase the LTNCDs (the "ATPs"), in quadruplicate, together with all the required attachments and the corresponding payments to the Selling Agents or the Limited Selling Agent, as the case may be, from whom such application was obtained no later than 3:00 p.m. of the last day of the Offer Period, or such other date as may be determined by the Bank and the Sole Lead Arranger. ATPs received after said date or time or without the required attachments will be rejected. Only ATPs which are accompanied by payments in cleared funds or covered by acceptable payment instructions and covering the entire application money shall be accepted by the Selling Agents. The Selling Agents shall receive such funds and shall hold it until the end of the Offer Period.

1) For Applicants who are individuals:

- a. A clear copy of at least one (1) valid photo-bearing identification document issued by an official authority in accordance with BSP Circular No. 608 (2008) as may be amended from time to time, and documents as may be required by the Registrar and/or Selling Agent concerned;

- b. Two (2) fully executed signature cards in the form attached to the ATP; and
  - c. For aliens residing in the Philippines or non-residents engaged in trade or business in the Philippines, consularized proof of tax domicile issued by the relevant tax authority of the Applicant.
- 2) For corporate and institutional Applicants:
- a. SEC-certified or Corporate Secretary-certified true copy of the SEC Certificate of Registration, Articles of Incorporation and By-Laws or such other relevant and equivalent organizational or charter documents;
  - b. Original or Corporate Secretary-certified true copy of the duly notarized certificate confirming the resolution of the Board of Directors and/or committees or bodies authorizing the purchase of the LTNCDs and specifying the authorized signatories;
  - c. Two (2) fully executed signature cards duly authenticated by the Corporate Secretary with respect to corporate and institutional investors, in the form attached to the ATP;
  - d. If claiming tax-exempt status, the (i) certified true copy of the original tax exemption certificate, ruling or opinion issued by the BIR, certified true copy of the current and valid/revalidated tax exemption certificate, ruling or opinion issued by the BIR, (ii) original duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of its tax exempt status and agreeing to indemnify and hold the Issuer and the Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from or incidental to the non-withholding of the required tax; and (iii) such other documentary requirements as may be required by the Issuer or Selling Agent, or Registrar and Paying Agent as proof of the Applicant's tax-exempt status; and
  - e. Such other documentary requirements as may be required by the Registrar as proof of the Applicant's tax-exempt status.

The Investor must also be compliant with the Foreign Account Tax Compliance Act (FATCA) and hereby truly and faithfully executes the ATP Rider for FATCA.

The Selling Agents, as the case may be, may require the submission of other documents for purposes of confirming matters in conformity with relevant regulations or policies.

***Allocation and Issue of the LTNCDs***

Applications to Purchase the LTNCDs shall be subject to the availability of the LTNCDs and acceptance by the Bank. The Sole Lead Arranger, in consultation with the Bank, reserve the right to accept, reject, scale down, or reallocate any Application.

In the event that payment supporting any Application is returned by the drawee bank for any reason whatsoever, the Application shall be automatically cancelled and any prior acceptance of the Application shall be deemed revoked. If any Application is rejected or accepted in part only, the application money or the appropriate portion thereof will be returned without interest by the relevant Selling Agent or the Limited Selling Agent, as the case may be. On the Issue Date, the Selling Agents or the Limited Selling Agent, as the case may be, shall, on behalf of the Bank, accept the relevant

ATPs. The acceptance of the ATP shall *ipso facto* convert such ATP into a purchase agreement between the Bank and the relevant prospective LTNCD Holder.

Upon confirmation by the Bank of acceptance of the relevant Applications and the respective amount of LTNCDs, the Selling Agents or the Limited Selling Agent, as the case may be, shall issue copies of the relevant purchase advice (the "Purchase Advice") to successful prospective LTNCD Holders confirming the acceptances of their offers to purchase the LTNCDs and consequent ownership thereof and stating the pertinent details including the amount accepted, with copies furnished to the Registrar.

The Registrar shall rely solely on the Consolidated Sales Report transmitted by the Selling Agents or the Limited Selling Agent, as the case may be, in its preparation of the Registry Book and the issuance of the Registry Confirmation for each LTNCD Holder without any document deficiency as identified by the Registrar. The Registrar shall mail the Registry Confirmations directly to the LTNCD Holders via courier at their mailing addresses as indicated in their respective ATPs, in accordance with the terms of the Registry and Paying Agency Agreement.

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

All secondary trading of the LTNCDs shall be coursed through a Market Maker, subject to the payment by the LTNCD Holder of fees to the Market Maker and payment of fees to the Registrar. Any transfer between investors of different tax status with respect to the Issue shall only be effective on an Interest Payment Date. No transfers will be effected during the period between the Record Date and an Interest Payment Date or Principal Payment Date, inclusive. Once the system of the Registrar can process the transfer of a Certificate that will result in a change in the taxability or non-taxability of the interest income due thereon in between Interest Payment Dates, then such transfers can be done at any time.

No person may require the transfer of any LTNCD to be registered by the Registrar in the Registry during the Closed Period. The Registrar shall recognize and treat only those LTNCD Holders registered as such in the Registry immediately prior to the start of the Closed Period as the owners of the corresponding LTNCDs for any relevant or allocation purpose.

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

- The Transfer Instruction Letter;
- The transferor LTNCD Holder's original copy of the Registry Confirmation;
- The transferor LTNCD Holder's original copy of the Purchase Advice;
- The relevant Purchase Advice of the transferee LTNCD Holder (with the information provided therein duly set forth in typewritten form);
- Proof of the qualified tax-exempt status of the transferee LTNCD Holder, if applicable, and the covering Affidavit of Undertaking;
- The original duly endorsed signature cards of the transferee LTNCD Holder and such other original or certified true copies of other documents submitted by the transferee LTNCD Holder in support of the transfer or assignment of the LTNCDs in its favor;

- The appropriate secretary's certificate attesting to the board resolutions authorizing the transfers and acceptances as well as designating the authorized signatories, together with specimen signature cards duly signed by the parties, and duly authenticated by each party's corporate secretary; and
- Such other documents that may be required by the Registrar.

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

### **Payment of Interest and Principal**

The Paying Agent shall exert all efforts to pay or cause to be paid on behalf of the Bank by 2:00 p.m. via Real Time Gross Settlement (RTGS)/Electronic Peso Clearing & Settlement (EPCS) System the amount necessary to discharge in full the total amounts due for payment under the LTNCDs, net of taxes and fees (if any) to the Bank, the Authorized Representative, or the settlement bank designated as such in the ATPs or Purchase Advice which shall credit such payment to the LTNCD Holder's account, as indicated in the ATPs or Purchase Advice, provided, the Bank remits the amount necessary to discharge in full the total amounts due for payment under the LTNCDs to the Paying Agent no later than 10:00 a.m. on any Payment Date.

### **Schedule of Registry Fees**

The Registrar shall be entitled to charge the LTNCD Holders and/or their counterparties such fees as the Registrar shall prescribe in connection with the services that the Registrar shall perform. The Registry will charge the following fees to the LTNCD Holders:

Fees charged for primary market transactions:

- A maintenance fee (services necessary to perform registry function which shall be netted out of the interest payment) of 2.5 basis points per annum of the face value of the LTNCD Holders' total holdings, subject to a minimum of ₱500.00 per year.

Fees charged for secondary market transactions:

- ₱80.00 transfer fee (for both the transferor and transferee LTNCD Holders).
- ₱80.00 account opening fee for each new transferee investor.
- Handling fees may also be charged by the Market Maker.
- The transferee LTNCD Holder shall shoulder the account maintenance fee traditionally charged on each interest payment date.

### **Other Fees**

- ₱80.00 will be charged for each statement requested outside of the quarterly statements of account released.
- Replacement Registry Confirmations may likewise be issued, subject to the fulfillment of certain terms and conditions, for ₱80.00.
- A fee of ₱80.00 for each bank certification.

- A fee of ₱80.00 for non-trade transactions.

In the event that the Registrar is prohibited by law or regulation to charge the LTNCD Holders and/or their counterparties such fees in connection with its services, the Bank and the Registrar shall agree on such other arrangements in order for the Registrar to be fully compensated for the services it performs pursuant to the Registry and Paying Agency Agreement executed between them.