



**BOARD OF DIRECTORS  
CHARTER**

**FIRST CONSOLIDATED BANK  
Tagbilaran City**

Approved by the Board of Directors  
On June 24, 2022  
Per Board Resolution No. 301-2022

## **BOARD OF DIRECTORS CHARTER**

### **Purpose of the Charter**

This Charter sets out the role, membership, duties and authorities of the Board of Directors of the First Consolidated Bank.

The Charter is intended to be a general guide to the roles and responsibilities of the Board of Directors. There are more detailed guidelines in the Bank's By-Laws and Manual on Corporate of Governance.

### **Role of the Board**

The Board of Directors (the "Board") is primarily responsible for the governance of the corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check to Management.

### **Membership**

The business affairs of the Bank shall be conducted under the supervision and control of the Board composed of nine (9) members. The members of the board of directors shall be elected by holders of common stocks qualified to vote in the manner provided in the new corporation code. The Board shall be composed of the president and eight (8) other members.

At least one-third (1/3) but not less than two (2) members of the Board shall be independent directors. Provided, that any fractional result from applying the required minimum portion, i.e. one-third (1/3), shall be rounded up to the nearest whole number.

The nomination and election process are detailed in the Bank's By-Laws and Manual on Corporate Governance.

### **Frequency of Meetings**

The Board of Directors shall hold a regular meeting twice a month at such place, time and date as shall be established by such Board of Directors, provided, that if the Board of Directors shall decide to hold the regular meeting at another place, time and date, a written notice shall be sent to the directors at least three (3) days before such regular meeting; and provided further that no such meeting

shall be held outside the Philippines, otherwise, the meeting shall be held invalid and without effect.

In the absence of both Chairman and Vice-Chairman, the directors present shall elect from among themselves the temporary presiding officer.

A majority of the entire membership of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but less than a quorum may adjourn from time to time until a quorum is acquired.

Further details related to meetings are detailed in the Bank's By-Laws.

### **Responsibilities and Authorities**

The Board of Directors shall be responsible for the overall management of the bank. Towards this end, the Board may delegate to the President and other officers certain authorities to run the affairs and operations of the bank.

The Board of Directors shall have the following powers and responsibilities:

- a. Elect one of their members as Chairman and another as Vice Chairman. The Chairman or Vice Chairman may be replaced by 2/3 votes of the entire membership of the Board of Directors at any meeting.
- b. Appoint a professional, with the consent of the Bangko Sentral ng Pilipinas, who has no major stockholdings in the bank and is not related to any officer of the bank as President and Chief Executive Officer of the bank. The President who has no stockholding shall be given one qualifying share in the bank and shall automatically be a member of the Board of Directors;
- c. Appoint a Corporate Secretary who shall be responsible maintaining all corporate records and the corporate seal of the bank, and for recording all actions taken by the Board of Directors;
- d. Appoint, upon the recommendation of the President, the heads of the departments, the other officers and employees and approve their assignment of duties and responsibilities;
- e. Determine and approve the honoraria and allowances of the directors provided that such honoraria and allowances or any increase thereto shall be effective and enjoyed by the succeeding set of Directors, and approve the compensation scheme for all officers and employees of the Head Office and its branches;

- f. Determine, approve and set forth, the loan approving authorities of the President, Credit Committees and Branch Managers;
- g. Approve the amount of surety bonds to be carried on each officer and employee of the bank and its branches;
- h. Determine the loan and investment policy of the bank, setting forth for the guidance of heads of departments, the percentage and amounts of time, savings and demand deposit and capital funds which should be invested in the various types of loans and investments;
- i. Approve and decide on all matters involving changes in the capital accounts and the distribution of earnings as dividends, in line with the authority granted by the stockholders;
- j. Subject to existing banking laws, rules and regulations, approve all loans applications of directors and executive officers and all other loans falling under DOSRI;
- k. Review and promulgate corrective measures when necessary, on the actions of the various departments in carrying out their respective functions and responsibilities;
- l. Authorize the maintenance of correspondent bank accounts and all borrowing arrangement with other banks;
- m. See that suitable books or records of accounts are maintained;
- n. Appoint an internal auditor, define his duties and responsibilities, the scope of the audit routine, and the manner in which he is to report the results of his work to the Board of Directors;
- o. Appoint an external auditor to conduct audits as required by law and Bangko Sentral ng Pilipinas regulations or as it may deem necessary; and
- p. To relocate/transfer/fuse branches into one operational unit if the needs arise with the consent of the affected constituent bank and with the approval of Bangko Sentral ng Pilipinas.

Further details related to Board's duties, functions, responsibilities are detailed in the Bank's By-Laws and Manual on Corporate Governance.

### **Performance Review**

The Board may review and assess the adequacy of this charter and recommend proposed changes for approval.