

MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS
BANK OF THE PHILIPPINE ISLANDS
Ayala Avenue corner Paseo de Roxas
Makati City, Metro Manila
14 April 2016

(For approval at the 2017 Annual Meeting of Stockholders)

The Annual Meeting of Stockholders of the Bank of the Philippine Islands (BPI or the Bank) was held at the Ballroom 2, Fairmont Makati, 1 Raffles Drive, Makati Avenue, Makati City on 14 April 2016 at 9:00 in the morning, in accordance with Article IV (Stockholders' Meetings) of BPI's Amended By-Laws.

I. **Call to Order**

The Chairman of the Board of Directors, Mr. Jaime Augusto Zobel de Ayala, presided over and called the meeting to order at 9:00 A.M. The Corporate Secretary, Ms. Angela B. Maramag, recorded the minutes of the meeting.

II. **Certification of Notice of Meeting and Determination of Quorum**

The Corporate Secretary reported to the Chairman and informed the assembly that in accordance with the Amended By-Laws of BPI and applicable rules, written notice of the date, time, place and purpose of the annual meeting was sent to all stockholders of record as of 15 March 2016, the record date of the meeting. Notice of the meeting was submitted to the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC) and was posted on the Bank's website. Same was also published in the 21 March 2016 and 04 April 2016 issues of the Philippine Daily Inquirer and Business World, newspapers of general circulation in the Philippines.

The Chairman then asked if there was a quorum at the meeting to transact all the matters in the agenda. The Corporate Secretary reported to the Chairman and the assembly that there were present at the meeting, in person and by proxy, stockholders owning/representing 83.09% of the total issued and outstanding common shares of the capital stock of BPI entitled to vote and be voted at the meeting. Thereupon, the Chairman declared that a quorum was present and that the meeting was duly convened.

The following members of the Board of Directors of BPI were likewise present at the meeting:

- (1) Mr. Jaime Augusto Zobel de Ayala - Chairman of the Board of Directors and Executive Committee,
- (2) Mr. Fernando Zobel de Ayala - Chairman of the Personnel and Compensation Committee,
- (3) Mr. Cezar P. Consing - President and Chairman of the Credit Committee,
- (4) Ms. Vivian Que Azcona,
- (5) Mr. Romeo L. Bernardo - Chairman of the Nomination Committee,
- (6) Mr. Octavio V. Espiritu - Chairman of the Risk Management Committee and Related Party Transaction Committee,
- (7) Ms. Rebecca G. Fernando,
- (8) Mr. Xavier P. Loinaz - Chairman of the Audit Committee,
- (9) Mr. Aurelio R. Montinola III,
- (10) Ms. Mercedita S. Nolleto - Chairman of the Trust Committee and Retirement and Pension Committee,
- (11) Chief Justice Artemio V. Panganiban - Chairman of the Corporate Governance Committee,
- (12) Mr. Antonio Jose U. Periquet,
- (13) Mr. Oscar S. Reyes,
- (14) Dr. Astrid S. Tuminez, and
- (15) Ms. Dolores B. Yuvienco.

III. **Rules of Conduct and Procedures**

Before proceeding, the Chairman reminded the stockholders that anyone who is recognized by the Chairman must first identify themselves before making any further statement and that the remarks be restricted to the item of the agenda under consideration.

The Chairman then requested the Corporate Secretary to discuss the voting procedures for the meeting.

The Corporate Secretary explained that stockholders may opt for manual voting or online voting. For manual voting, each stockholder had been given a ballot upon registration, with which he shall vote in writing. For online voting, there are several stations outside the ballroom where stockholders may cast their votes online. Both ballot and website platforms state the proposed resolutions for consideration by the stockholders.

The Corporate Secretary further said that all items in the agenda requiring approval of the stockholders will need the affirmative vote of at least a majority of the issued and outstanding capital stock entitled to vote and represented at the meeting. She added that each outstanding share of stock entitles the stockholder to one vote, except in the election of directors where the stockholders may cumulate their votes.

IV. **Approval of Minutes of Annual Stockholders' Meeting on 08 April 2015**

The Chairman then proceeded to the next order of business which was the approval of the minutes of the annual meeting of stockholders held on 08 April 2015. Copies of the minutes were distributed to the stockholders upon their registration to the meeting and an electronic copy was made available on the website of the Bank.

On motion duly made and seconded, the stockholders approved the minutes of the annual meeting of stockholders held on 08 April 2015.

RESOLUTION NO. ASM-2016-01

RESOLVED, That the minutes of the annual meeting of stockholders of the Bank of the Philippine Islands held on 08 April 2015, be, and are hereby, approved as recorded.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	3,269,439,035	268	2,015,555
% of Voting Shares Present	99.94	0.00	0.06

V. **Approval of Annual Report and Audited Financial Statements as of 31 December 2015**

The next item in the agenda was the Annual Report on the operations and other activities of BPI and its subsidiaries during the year 2015, copies of which were also distributed to the stockholders and proxies present, inclusive of the Audited Financial Statements of BPI for the years ended 31 December 2015 and 2014, as incorporated in the said Annual Report.

At this juncture, the Chairman read to the body his message to the stockholders.

Good morning, fellow shareholders. Welcome to BPI's Annual Stockholders' Meeting.

I would like to extend a warm welcome to our business partners and customers who are here today.

This morning, we will be discussing the bank in two parts: I will begin by touching on the broader markets and the bank's financial performance. Our President and CEO, Mr. Bong Consing, will then deliver his report.

As you know, in 2015, markets were beset by massive volatility, largely driven by external factors. After the markets' confident start, the world saw Greece's banking system shut down in June. Fears of a China slowdown followed, and in August, the Shanghai Stock Exchange suffered a "Black Monday". In addition, commodity prices fell, and the prospect of Fed rate hikes fueled further outflows from emerging markets. As a result, our currency and stock markets were adversely affected, albeit at a less degree compared to our neighbors.

We have seen similar trends of wild swings in the oil and emerging markets indices as well as in the PSEi. However, the peso, arguably a more representative barometer of our economy, proved to be more resilient and stable than other Asian currencies.

The Philippine economy has performed well in the last four years, with real GDP growth averaging 6.4%. Economic fundamentals continue to be stable, with a benign inflation as a result of low commodity prices. We can expect interest rates to slightly increase in step with the US rates and as our Bangko Sentral maintains its prudent stance. A rising interest rate environment should bode well for BPI. As we approach the election cycle, we remain confident that our country will adhere to its path of reform, and of improvement in business climate.

We strive to engage our client base more proactively and make the most of our country's economic tailwinds. Our results are beginning to reflect these efforts. In 2015, Total Assets closed at P1.52 trillion, 5% higher than a year ago and 15% higher on a compounded basis since 2012. On the loan front, we grew to P873 billion, an 18% growth per annum since 2012. This translates to a total gain of nearly P350 billion over 3 years. In addition, we achieved a balanced growth in our lending businesses. Our Corporate book ended 2015 at P702 billion, reflecting a compounded growth of 19% over the past 3 years. Our Retail book rose to P187 billion, representing 14% in compounded growth over the same period. Moving forward, we will work towards achieving a balanced and diversified business in the bank as we endeavor to remain a leading provider of banking services to both Corporate and Retail clients.

Last year, our Corporate book, comprising the largest slice of total earnings assets at 60%, managed to price up in terms of asset yields, from 4% in 2014 to 4.1% in 2015. We have also strengthened our relations with our corporate customers by providing more value-added credit products as reflected in our loan pricing. On the Retail side, we continue to enjoy competitive margins albeit the inevitable downward trend in yields as a result of strong competition. The retail assets we are originating today are lower yielding, replacing higher yielding ones from prior years. We are pleased about the economics of our Retail Lending business as we aim to keep our credit and operating costs low to maximize our retail net margins.

Our Corporate loan book remains one of the largest in the industry. We believe that as we achieve a higher-yielding Corporate business, our gains will be able to offset any decline in Retail yields, thereby stabilizing overall net interest margins for the bank. We funded strong loan growth with an equally strong expansion in Deposits. We registered close to P1.3 trillion in Deposits in 2015. This reflects a 17% compounded growth over 3 years. In the Deposit products, we posted a 23% compounded growth rate in our current and savings account, which we consider in the bank as the most important indicator.

We are very pleased with how we achieved this growth: First, we realized it against a backdrop of lower deposit costs. Second, we managed this growth at a pace slightly lower than loans, which as I had mentioned, grew 18%. By doing so, we lent out more of our deposits than we have in previous years, making our balance sheet more efficient. Finally, our CASA ratio, a barometer of client loyalty and cost competitiveness, is now the highest among our peers at 72%.

The Bank also continues to be a leader in asset management. Last year, we grew both assets under management and fees. At 0.6%, our ratio of fees to assets under management is the highest among our peers. We are the second largest asset manager in the country, and arguably, have the most complete asset management business. In 2015, we achieved growth and profitability by adopting prudent, capital-preserving strategies for our institutional and retail clients. We believe we have many opportunities for further growth in asset management. Approximately 70% of our AUM is corporate. We have considerable upside in both volume and profitability as we shift beyond our traditional corporate base into managing more assets for Retail clients.

In a period of considerable market volatility, we have significantly cut back on proprietary trading. The extent of the adjustments that we have made to our market risk positions is far greater than those taken by our peer banks, and speaks to our tradition of prudence. Over the three-year period between 2012 and 2015, we reduced our held-for-trading and available-for-sale positions from P129 billion to P50 billion. Market-sensitive securities positions used to account for 63% of our securities book. At the end of 2015, this ratio was only at 17%.

We reduced our value-at-risk positions to generate earnings that are steady throughout any economic cycle. Nonetheless, we remain committed to our markets businesses and in fact, we will be deploying more resources into these spaces. Our goal is to have a markets business with greater client intermediation in foreign exchange, fixed income, and equities. Simply put, we are enlarging the size of our client business and reducing trading for our own account.

Our capitalization remains strong. Our focus on balancing growth with profitability bodes well for continued capital strength, as well as a steady dividend payment. We ended 2015 with a Capital Adequacy Ratio of 13.6% and a Common Equity Tier 1 Ratio of 12.7%, on a consolidated basis. On a parent-only level, our CAR and CET1 ratios stood at 12.0% and 11.1%, respectively. These levels are all healthily above regulatory minimums and have withstood rigorous stress testing by our Risk Management Office.

The bank's income statement reflects our move towards growing the client driven intermediation business. Our Net Interest Income grew to P39 billion in 2015 from P27 billion in 2012. This translates to a 12% compounded rate in the last three years. This comprised 65% of total revenues during the year from 58% in 2012. Our Non Interest Income stood at P21 billion in 2015, largely the same as the P20 billion earned in 2012. While this number looks steady, it is worth noting the underlying changes that occurred around it.

In 2012, as a direct result of Quantitative Easing and declining interest rates, the Bank earned P8 billion from trading in securities and foreign exchange. In 2015, this amount was only at P3 billion. As we deliberately shifted our focus from trading to client business, we significantly reduced trading revenues as a driver of non-interest income. In 2015, trading revenues only accounted for 13% of non-interest income, a significant decrease from 36% in 2012. As we cut back on trading, fees and other activities now comprise a larger chunk of our Non-Interest Income, which stood at P19 billion in 2015 compared to the P14 billion posted in 2012. This reflects a 12% compounded rate over 3 years, and we aim to achieve even higher growth rates in the future. To do this, we will continue to leverage the strength of our loan and deposit franchises and our ability to innovate in products to generate more fee-driven revenues.

We continue to be pleased with the quality of earnings we delivered in 2015. We booked a Net Income of P18.2 billion, slightly higher than the previous year. Our comprehensive income for the year was P16.7 billion, slightly lower than net income, owing to some residual risks in our securities book and adjustments in recognizing pension-related costs. Our Return-on-Equity and Return-on-Assets during the year stood at 12.3% and 1.3%, respectively. Our Cost-to-Income Ratio was at 53.7%. While these ratios continue to be among the best in the industry, we remain committed to the medium term goals of achieving 15% in ROE; 1.5% in ROA; and 50% in Cost-to-Income Ratio.

We continue to be proud of our track record of returning capital to shareholders. Our ability to replace trading income with lending income has allowed us to continue our track record of paying a steady dividend of P1.80 per share each year. The bank continues to be well positioned to capture the opportunities presented by our country's positive macro-economic environment.

As we remain focused in sustaining a quality edge, we aim to:

- 1. Continue to improve our coverage of clients;*
- 2. Focus on being more efficient and innovative in the provision of services;*
- and*
- 3. Realize returns while taking controlled risks.*

In closing, I would like to thank our shareholders for your continued trust and support to BPI, to our officers and staff for your commitment and vigor, and to our Board of Directors for your guidance and engagement.

Thank you.

The Chairman then called on Mr. Consing, for the President's report.

Thank you, Jaime. Allow me to join you in welcoming our guests, our shareholders, business partners, and my fellow unibankers.

Our results are dependent on our clients. We do well when our clients do well. Going forward, we aim to align even more firmly the promise of our Bank with the aspirations of our customers. We want to help our clients:

- Achieve their dreams;*
- Grow their hard-earned nest-eggs;*
- Protect against life's unforeseen risks; and*
- Have maximum flexibility in spending their money wherever and whenever they want.*

On this note, the first important element of our report card is our customer count which grew to 7.5 million in 2015. Our customer base has grown at an +8% annual clip since 2012. Given our focus on client centricity, we are now measuring the quality of our relationships with clients. One measurement is number of product hits per customer. We want our 7.5 million customers to increasingly see us not only as a repository of deposits or a provider of loans, but as a provider of investment advice, insurance protection, and payment services. So, at 2.87 products per customer in 2015, we made steady, if slow, progress relative to 2012. Our cross-sell rate is well above the industry average of 2 products per client. But with 6.0 products per customer as the gold standard, we have to pick up the pace. The revenue upside of hitting this target is very substantial.

On the loan side, growth was driven by gains in both Corporate Loans and Retail Loans. In Corporate loans, growth was achieved by and large by doing more with the same clients. We ended 2015 with 23,200 Corporate clients, a number which grew +4% on a compounded basis since 2012. Our Corporate Client base has a strong mix of MNCs, large conglomerates, and good-sized family companies. It is this "premium" segment where we grew loans. At the end of 2015, this segment of our Corporate book stood at P607 billion, almost 86% of our Corporate book. This P607 billion also represents a growth rate of +19% compounded since 2012.

In the future, we will look to complement this strength in the premium segment with increased focus on SMEs. We grew SME volumes at only +3% compounded in the past 3 years. Lending to the SME segment does entail greater risk so we will be careful—but we have already organized to capture more SME business.

We have an equally good story to tell on the Retail Lending front. 627,000 retail borrowers in 2012 growing to 790,000 in 2015. That's up +8% compounded since 2012. But note that this is just 11% of the almost 7.5 million retail customers we have Bank-wide! There's a tremendous opportunity here.

We will grow while (again) taking prudent risks. We will watch our credit costs and rationalize our costs-to-serve. When the interest rate cycle turns—and it will—we will have an even healthier business.

Our Retail Lending business is quite balanced: We grew +14% compounded since 2012, to arrive at P187 billion in 2015. We sourced this growth from all our retail segments - home, auto, cards, and personal loans.

Let's look more closely at our cards business. We ended 2015 with 1.27 million issued cards. This is up +5% compounded from 1.11 million in 2012. But again, it's a small number in relation to the 7.5 million retail customers we have. Credit cards is a significant avenue for growth. Our billings with our card customers grew to P117 billion in 2015, up +12% on a compounded basis over 3 years. We are looking hard at tapping into this base of billings to drive increased borrowings, as well as fees, from our base of cardholders.

Another important leg of our payments business is our electronic channels. At BPI, we want to transform into a digital bank by providing our clients a seamless banking experience regardless of channel used — our branch, our ATM, our internet page, or

on mobile. This will take a few years to achieve. However, we are proud of some of our early success. While the total transactions on all our channels grew +9% compounded since 2012, transactions on our electronic channels grew faster at +13%, hitting 244 million last year. Today, about 75% of all of our transactions are conducted electronically. Our combined internet and mobile platforms have grown fastest. These are the platforms that will drive increased business from SMEs and millennials. The digital space is an area worth watching.

I should take this moment to note our successes in bancassurance, the combination of banking and insurance. We have two bancassurance joint ventures – a life insurance JV with Philamlife called BPLAC, and a non-life insurance JV with Mitsui Sumitomo called BPI/MS. Both are market leaders. BPLAC is only 6 years old. It logged P4.2 billion in annualized new premiums in 2015, up +45% annually since 2012. BPLAC is:

- *1st in Bancassurance*
- *3^d in Annualized New Premiums*
- *4th in Total Premiums*

Thanks to BPLAC, we have enjoyed significant success in providing our clients with services that protect them against life's unexpected events. We believe the best days of our partnership with PhilamLife are still ahead of us.

In the non-life Insurance front, the gross premiums written of BPI/MS grew to P5.6 billion in 2015, up +7% annually since 2012. BPI/MS has been the most profitable non-life insurance companies in the Philippines over the last 3 years. In 2015, we are:

- *2nd in Net Income (P420 million)*
- *4th in Gross Premiums Written*

Our goal in BPI/MS, as in all our other businesses, is to balance growth and profitability. Via BPLAC and BPI/MS, BPI is by far the leading bancassurance company in the Philippines.

At a time when our industry faces regulatory challenges, I am pleased to report that our compliance regime is strong and getting even stronger. This because we have invested significant resources on managing our regulatory risks. And we never think we are good enough. Our spending on risk, compliance, audit and legal functions grew +22% annually since 2012 – from P400 million to over P700 million. We have also grown our manpower in these areas to 437, or 45% more than the 301 we had in 2012. We plan on allocating even more resources for these risk mitigation functions, and are reviewing our tried and tested processes to ensure that we keep regulatory risk to the minimum.

I would now like to talk briefly about our products.

This is a pictorial diagram that illustrates a little bit what we mean by customer centricity. We look to touch customers along six general classes of products, each of which addresses a particular need – (1) Deposits; then (2) Asset Management; (3) Capital Markets and discrete securities; (4) Insurance; (5) Loans; and (6) Payments.

Our objective is to match our products to our customer needs, such that each customer avails of as many of our products as possible. For this to happen, our products have to be innovative and responsive. Here we show examples of recent product innovation.

In deposits, we launched the BPI Pamana Savings Account - a hybrid product that incorporates the savings features of a deposit and the protective features of a life insurance contract.

In the capital markets, BPI Capital led the issuance of the P10.7-billion AboitizPower climate bond. This is the first climate bond in Asia-Pacific, first for geothermal energy, and the first "green bond" of any type in the Philippines.

In the insurance space, BPI/MS launched a smartphone app called "My Safe Drive". It uses a smartphone's built-in camera, GPS and 'smart' software to help the user drive safer – providing collision warnings, video recording and speed monitoring. In the leasing front, our Bank has extended leasing beyond traditional hard assets to include software assets.

And, in the payments space, our Bank continues to provide corporate clients with best-in-class cash management facilities – evident in our SWIFT Bank Readiness Certification, the first Philippine Bank to be certified under the program.

Innovative and responsive products help build client relationships. As we have said before, we do well when our clients do well. I share with you now a few of these stories.

When it comes to banking family businesses, we want you to think of the Chilip Family. Our Bank has consistently stepped up for the Chilip Family's capital needs, in both good times and bad, because they, in turn, entrusted us with knowledge of their business opportunities, the attendant risks, and their family values. This level of mutual trust has allowed us to provide the family with the broadest spectrum of our financial products and services. BPI has provided support to the Chilip Family as the family has grown and diversified, from their initial focus on tires, and then into construction materials, office spaces, and then hospitality. In the process, our business with the Family has grown. The Chilip Family is a living example of how when our clients do well, so do we.

We also celebrate the success of Dr. Jaime Alip, of CARD MRI, the country's leading home-grown microfinance group. Talking about being there at the beginning: BPI was CARD's first lender 10 years ago, when we extended a loan of P100 million. Today, our lines to CARD total P1.1 billion and CARD's Loan portfolio is P13 billion. This is a special story not just in terms of numbers, but also in terms of financial inclusion. By being CARD's first lender, we helped Dr. Alip prove that microfinance was a viable business in the Philippines.

It is perhaps unrealistic to think we will be the first bank to every client. When we develop relationships with the ones who are already big, our approach is to help them re-define what is possible. How do we push the envelope? How do we help maximize the potential of their business? This is our story with Aboitiz and its Treasurer, Gabby Manalac. For the Aboitiz group, we arranged in the last 2 years several innovative and landmark financing deals:

- *P10.7 billion for Tiwi Makban*
- *P34.0 billion for the broader Aboitiz Group*
- *P24.0 billion retail bond for Aboitiz Equity*
- *P10.0 billion syndicated loan for Hedcor Bukidnon*

Working with Mr. Manalac, each of these financings set new market benchmarks. We are grateful for the trust that Mr. Manalac has vested in BPI, and see our relationship with the Aboitiz Group as a model of how our Bank should work with Philippine conglomerates.

Finally, we are also about Communities. In 2015, BPI Foundation launched the BPI Sinag Challenge, a competition that aims to stimulate social entrepreneurship and develop uplift programs for the communities that are important to us.

Mr. Paul Orpiando, founder of Karaw Craftventures, was declared winner of our 2015 Sinag Challenge. With a P500,000 grant and an equally-sized credit line, Karaw aims to provide livelihood skills to female inmates in the Naga City Jail, thus enhancing their ability to contribute to and re-integrate with society.

BPI Foundation is quickly becoming a meaningful player in the area of financial education and empowerment, financial inclusion and sustainable development. In the last 4 years, the Foundation's budget has grown by 28% compounded annually.

As we review our initiatives and results, we keep an eye on our credit ratings and stock price performance. Our credit rating is a reasonable proxy of our cash generating capacity, health of our loan portfolio, quality of our balance sheet and

approach towards risk management. Our stock price performance is a reasonable proxy of earnings, returns, and actual and potential growth.

As shown in this slide, our credit rating of Baa2/BBB- is equivalent to that of the Philippine sovereign, as determined by Fitch & Moody's. We continue to be rated the safest Philippine bank.

At P90.0 per share (yesterday), in a market that has experienced considerable volatility, our bank's share price has tracked the PSE index. However, as a sector, the financial industry as a whole has underperformed the PSE. That being said, among the five largest listed banks in the country, our Bank has been the second best performer in the last 12 months.

In terms of valuation metrics, BPI continues to trade at a premium to every other Philippine bank. Every peso of book capital that we have is priced at P2.4, compared to the industry median of P1.9. Every peso of earnings that we generate is priced at P19.4, compared to the industry median of P15.0. In the region, BPI ranks first in terms of P/E multiple – much higher than the ASEAN median of 11.2x.

As the Philippines and the region's first bank, BPI proudly continues the tradition of supporting economic growth and nation building. Our performance flows from our culture -- delivering value as we touch each customer, as we build relationships of trust and partnership that span years, even generations.

This is what makes BPI special.

Thank you and good morning.

The Chairman then opened the floor for questions or comments from the stockholders on the Annual Report or the 2015 Audited Financial Statements. The Chairman also advised that technical or customer service concerns may be addressed to the Customer Care desk near the registration table.

Mr. Philip Turner, a stockholder referred to the recent incident involving Bangladesh bank funds and asked how the Bank ensures the protection of its client's remittances. The President responded that most of the remittances, in terms of size, are from regular corporate clients of the Bank, and that Management checks these transactions at several levels. Another stockholder asked whether or not the Bank has increased its remittance service charges as a deterrent to suspicious transactions such as those that led to the controversy earlier mentioned. The President clarified that there is no increase in charges and that the recent money laundering issue did not affect the Bank negatively.

Several stockholders inquired about the future plans of the Bank such as expansion and relocation, the possibility of consolidating with another local bank, and the initiative to pursue ASEAN integration. In response to these questions, the Chairman referred to BPI's history of mergers over the years but clarified that at present there are no solid plans to consolidate or merge with another bank as the goal of the Management is to keep growing the Bank organically. Should there be an opportunity, this will definitely be considered, especially if it adds value to the shareholders. Moreover, the President added that the Bank plans to focus on strengthening its presence in the country before taking initiatives to explore business in ASEAN countries, such as establishing branches abroad.

Mr. Mario Liuag, one of the stockholders present, asked about the possibility of relocating the head office outside Makati City in anticipation of the earthquake threat in Metro Manila. When the President responded that there are no immediate plans to relocate, Mr. Liuag inquired about how the Bank can guarantee that the electronic systems and printed records found in the present head office building can be protected in case of fortuitous events. The President assured that the Bank has back-up systems in other locations across the metropolis. As to branches, another stockholder remarked that a huge crack and graffiti on the wall adjacent to BPI QC-Sto. Domingo branch needs repair, to which the Chairman replied that the Management shall look into the damage.

Other concerns raised were about the Bank's customer service channels and annual report. On the phonebanking system, Dr. Allan Caraan commented that it takes a long time before his phone inquiry can be accommodated through the 89-100 hotline. The President

acknowledged the limitations of the phonebanking system in accommodating the Bank's volume of customers, but he assured that the Bank has increased the number of its phonebankers to accommodate increase in volume. In addition, Dr. Caraan suggested, which the President noted, that acceptance of contributions for Philhealth be added to the list of government-related services which the Bank may facilitate for its customers. Meanwhile, another stockholder inquired about the use of recycled paper for the pages of the Bank's annual report, to which the Chairman replied that the management report part was printed on high quality paper while the financial statement part was printed on recycled paper.

Finally, one stockholder, Ms. Melinda Ocban, a small and medium-sized enterprise owner, shared multiple incidents in which the hacker of her business' e-mail account solicited money from her clients by asking them to deposit to bank accounts opened in various branches of the Bank. She asked about how she can recover the money, and also expressed her worry about the Bank's name being dragged to the schemes of online hackers such as the one who victimized her. The Chairman thanked Ms. Ocban for sharing her story and assured her that proper steps will be taken to assist her.

There being no more questions or comments, the Chairman thanked the stockholders and assured them that the appropriate group in the Bank will look into their feedback and evaluate the same. The Chairman then asked for a motion for the approval of the Annual Report and the 2015 Audited Financial Statements.

Thereupon, on motion duly made and seconded, the Stockholders approved the Annual Report and the 2015 Audited Financial Statements to wit:

RESOLUTION NO. ASM-2016-02

RESOLVED, that the Annual Report of the Bank be noted, and the 2015 Audited Financial Statements incorporated in the said Annual Report be, and are hereby approved.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	3,266,219,754	268	5,234,836
% of Voting Shares Present	99.84	0.00	0.16

VI. **Ratification of all Acts during the Past Year of the Board of Directors and Management**

The next item on the agenda was the ratification and approval of all acts and resolutions of the Board of Directors, the Executive Committee, and all other Board Committees, as well as all acts of Management and Officers taken or adopted since the last annual stockholders meeting on 08 April 2015 until today. Upon request of the Chairman, the Corporate Secretary explained to the stockholders the nature of the acts and resolutions approved by the Bank in the regular course of its business. The Corporate Secretary said that these acts include among others vetting and approval of loans, credits, projects and investments, treasury matters, contracts, capital expenditures, corporate-governance related actions, adoption or amendment of charters, policies, procedures and other acts covered by disclosures or reports to the Philippine Stock Exchange, Securities and Exchange Commission and Bangko Sentral ng Pilipinas. The acts of Management and Officers are those taken to implement the resolutions of the Boards or its Committees, or taken in the regular course of business.

Thereupon on motion duly made and seconded, the stockholders adopted and approved the following resolution:

RESOLUTION NO. ASM-2016-03

RESOLVED, That all acts, proceedings and resolutions of the Board of Directors (Board), Executive Committee, Audit Committee, Trust Committee, Nomination Committee, Personnel and Compensation Committee, Risk Management Committee, Corporate Governance Committee, all other Board and Management Committees heretofore taken and adopted during the past year up to the date of this annual stockholders meeting, and all acts of the Officers and Management of the Bank of the Philippine Islands (BPI) during the past year up to the date of this meeting in carrying

out and promoting the interests and business of BPI be, and the same are hereby approved, ratified and confirmed.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	3,264,987,177	1,232,258	5,235,423
% of Voting Shares Present	99.80	0.04	0.16

VII. **Election of Board of Directors**

The next item in the agenda was the election of fifteen (15) members of the Board of Directors for the ensuing year.

At the request of the Chairman, Mr. Romeo L. Bernardo, Chairman of the Nomination Committee, reported that in accordance with the Bank's By-Laws, Manual of Corporate Governance, rules of the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission, the following were duly nominated for election/re-election as members of the Board of Directors of BPI for the year 2016-2017 and until their successors are duly elected and qualified:

- (1) Mr. Jaime Augusto Zobel de Ayala
- (2) Mr. Fernando Zobel de Ayala
- (3) Mr. Cezar P. Consing
- (4) Ms. Vivian Que Azcona,
- (5) Mr. Romeo L. Bernardo
- (6) Mr. Ignacio R. Bunye
- (7) Mr. Octavio V. Espiritu
- (8) Ms. Rebecca G. Fernando,
- (9) Mr. Delfin C. Gonzalez, Jr.
- (10) Mr. Xavier P. Loinaz
- (11) Mr. Aurelio R. Montinola III
- (12) Ms. Mercedita S. Nollo
- (13) Mr. Antonio Jose U. Periquet
- (14) Dr. Astrid S. Tuminez
- (15) Ms. Dolores B. Yuvienco.

Mr. Bernardo further reported that there were only fifteen (15) nominees for the 15 Board seats to be filled up. All the nominees had been evaluated and approved by the Nomination Committee of BPI and all the nominees have given their consent to their nomination.

Of the above-named nominees, seven (7) were nominated and elected as Independent Directors namely: Messrs. Romeo L. Bernardo, Ignacio R. Bunye, Octavio V. Espiritu, Xavier P. Loinaz, Antonio Jose U. Periquet, Dr. Astrid S. Tuminez, and Ms. Dolores B. Yuvienco.

Thereafter on motion duly made and seconded, the stockholders adopted the following resolution:

RESOLUTION NO. ASM-2016-04

RESOLVED, that there being only 15 nominees for the 15 Board seats, votes be cast in favor of the said nominees and that they be declared elected as members of the Board of Directors of BPI for the year 2016-2017 and until their successors are duly elected and qualified.

As tabulated by the Office of the Corporate Secretary and validated by the auditors, the votes received by the nominees and their % to total votes present in person and by proxy were as follows:

Directors	Voted in Favor	Voted Against	Abstained
1. Jaime Augusto Zobel de Ayala	3,212,367,579 98.19%	25,499,114 0.78%	33,588,165 1.03%
2. Fernando Zobel de Ayala	3,212,135,390 98.19%	25,499,114 0.78%	33,820,354 1.03%

3. Vivian Que Azcona	3,230,444,152 98.75%	7,219,906 0.22%	33,790,800 1.03%
4. Romeo L. Bernardo	3,249,032,849 99.31%	3,670,914 0.11%	18,751,095 0.57%
5. Ignacio R. Bunye	3,265,845,858 99.83%	1,232,320 0.04%	4,376,680 0.13%
6. Cezar P. Consing	3,258,046,715 99.59%	1,422,610 0.04%	11,985,533 0.37%
7. Octavio V. Espiritu	3,250,518,703 99.36%	3,670,914 0.11%	17,265,241 0.53%
8. Rebecca G. Fernando	3,234,885,180 98.88%	3,670,914 0.11%	32,898,764 1.01%
9. Delfin C. Gonzalez, Jr.	3,234,885,180 98.88%	1,422,610 0.04%	35,147,068 1.07%
10. Xavier P. Loinaz	3,218,101,133 98.37%	19,701,818 0.60%	33,651,907 1.03%
11. Aurelio R. Montinola III	3,104,889,372 94.91%	9,468,210 0.29%	157,097,276 4.80%
12. Mercedita S. Nolleddo	3,234,885,180 98.88%	3,670,914 0.11%	32,898,764 1.01%
13. Antonio Jose U. Periquet	3,224,333,789 98.56%	18,469,828 0.56%	28,651,241 0.88%
14. Astrid S. Tuminez	3,267,903,872 99.89%	1,422,610 0.04%	2,128,376 0.07%
15. Dolores B. Yuvienco	3,265,655,568 99.82%	3,670,914 0.11%	2,128,376 0.07%

The Chairman then delivered his message of thanks to the two outgoing directors and welcome to two new members of the Board.

At this point, I would like to make a special mention to two outgoing members of our Board — Mr. Oscar Reyes and former Chief Justice Artemio Panganiban—for their exemplary service to our institution. Mr. Reyes and Chief Justice Panganiban will be serving BPI in a different capacity, as members of a newly-formed Advisory Board, which will meet regularly to focus on specific strategic initiatives of the Bank.

Mr. Reyes was first elected to our Board in 2003. He served on our Audit Committee during his 13 years as Board Director. Furthermore, he served extensively on BPI's Corporate Governance, Personnel & Compensation, and Related Party Transactions Committees.

Chief Justice Panganiban, on the other hand, was elected to the Board in 2010. During his tenure, Chief Justice Panganiban chaired our Corporate Governance Committee.

Taking over the roles of Mr. Reyes and Chief Justice Panganiban are Mr. Ignacio Bunye and Mr. Delfin Gonzalez. Please join me in extending a warm welcome to them.

Mr. Bunye is a former BPI employee who worked under our Treasury and Corporate Planning from 1983 to 1986. Mr. Bunye joins us after serving for six years on the Monetary Board of our Bangko Sentral. Prior to this role, Mr. Bunye served as both Spokesperson and Press Secretary to the President of the Republic of the Philippines, and as former mayor of Muntinlupa City.

Mr. Gonzalez served as Chief Financial Officer of Ayala between 2010 and 2015. Before this, he served as CFO at Globe Telecom for 10 years. Mr. Gonzalez currently serves as a Board Director of AC Infrastructure Holdings, where he chairs the Audit and Risk Committee.

Once again, thank you Mr. Reyes and Chief Justice Panganiban. To Mr. Bunye and Mr. Gonzalez, we welcome you to the bank.

VIII. **Election of External Auditors and Fixing of Their Remuneration**

The next item in the agenda was the election of BPI's External Auditors.

The Chairman requested Mr. Xavier P. Loinaz, Chairman of the Audit Committee, to explain the item. Mr. Loinaz informed the stockholders that the Audit Committee evaluated the performance of the Bank's present auditor, Isla Lipana, and said that the Committee is satisfied with their performance. Thus, the Audit Committee and the Board of Directors approved and recommended to the stockholders for their approval, the re-engagement of Isla Lipana & Co. as the External Auditors of BPI and its major subsidiaries and affiliates for the year 2016 for a fee of ₱13.1 million.

Thereupon, on motion duly made and seconded, the stockholders adopted the following resolution:

RESOLUTION NO. ASM-2016-05

RESOLVED, that the re-engagement of Isla Lipana & Co. as the External Auditors of BPI and its major subsidiaries and affiliates for the current fiscal year for a fee of ₱13.1 million be, and is hereby, approved.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	3,248,800,101	18,392,018	4,262,739
% of Voting Shares Present	99.31	0.56	0.13

IX. **Consideration of Such Other Business as May Properly Come Before the Meeting**

The Chairman then opened the floor to questions and comments from the stockholders.

Mr. Philip Turner asked on the banking industry's views on moving towards a cashless society. The President observed that use of cash is becoming expensive due to handling and storage costs. The trend is towards lesser use of cash and greater use of cards and mobile devices.

Another stockholder then asked on the cost of the annual shareholders meeting, and the President replied that it was not a substantial amount especially in view of the importance of the event for the Bank.

X. **Adjournment**

There being no other comments or questions from the stockholders and no other matters to discuss, the meeting was, on motion duly made and seconded, adjourned at 10:30 A.M.

PREPARED BY:

ANGELA B. MARAMAG
Corporate Secretary and Secretary
of the Meeting

ATTESTED BY:

JAIME AUGUSTO ZOBEL DE AYALA
Chairman of the Board and Chairman
of the Meeting