



January 17, 2018

Philippine Stock Exchange, Inc.

3rd Floor Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Philippine Dealing & Exchange Corp.

37/F Tower 1, The Enterprise Center
6766 Ayala Ave., cor. Paseo de Roxas, Makati City

Attention : **Mr. Jose Valeriano B. Zuno II**
Head, Disclosure Department

Ms. Vina Vanessa S. Salonga
Head, Issuer Compliance and Disclosure Department (ICDD)

Gentlemen:

In compliance with the disclosure requirements of the Philippine Stock Exchange ("PSE"), this is to advise you that during its regular meeting held on January 17, 2018, the Board of Directors of the Bank of the Philippine Islands ("the Bank") approved a rights offering of common shares to be offered first to eligible shareholders of the Bank ("Rights Offer"). The Bank expects to raise proceeds of up to Php50.0 Billion from the Rights Issue.

Determination of the final terms and conditions of the Rights Offer, including the final issue size, entitlement ratio, offer price, record date, appointment of the parties and other terms, has been delegated to the Bank's management. The Bank expects to launch the Rights Offer after receiving the required regulatory approvals.

The Bank believes that the Philippine banking sector continues to present significant growth prospects in the short to medium term and that it is well-positioned to capitalize on them. Pursuant thereto, the Bank is conducting the Rights Offer in order to support the growth and strategic initiatives of the Bank, including growing and strengthening its market-leading businesses and core franchises through the expansion of lending activities across consumer, SME, and micro-finance segments to capture the positive momentum in the Philippine economy; to continue investing in the Bank's delivery infrastructure in order to improve both efficiency and client coverage via digitization and electronic channels, BPI Direct BanKo branches and parent bank branches; and to maintain strategic optionality to consider inorganic growth opportunities if and when they arise. In addition, the Rights Offer will strengthen the Bank's capital base as it seeks to pursue its growth strategy in the medium term. The Bank expects the Rights Issue to enhance its competitive differentiation versus its peers in the market as it seeks to capitalize on opportunities in the banking sector.

Ayala Corporation, BPI's major shareholder, has indicated its support of the Rights Offer.

Very truly yours,



Maria Theresa Marcial Javier
Chief Financial Officer



Angela Pilar B. Maramag
Corporate Secretary