

MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS
BANK OF THE PHILIPPINE ISLANDS
Ayala Avenue corner Paseo de Roxas
Makati City, Metro Manila
19 April 2018

(For approval at the 2019 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 19 April 2018 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 2 March 2018, 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 27 March 2018 and 06 April 2018 issues of the Philippine Daily Inquirer, a newspaper 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 3,153,023,117 shares or 79.95% 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 - Vice-Chairman of the Board of Directors and Executive Committee; Chairman of the Personnel and Compensation Committee,
- (3) Mr. Cezar P. Consing - President and Chairman of the Credit Committee,
- (4) Mr. Gerardo C. Ablaza, Jr.,
- (5) Mr. Romeo L. Bernardo - Chairman of the Nomination Committee,
- (6) Mr. Ignacio R. Bunye,
- (7) Mr. Octavio V. Espiritu – Chairman of the Risk Management Committee and Related Party Transaction Committee,
- (8) Ms. Rebecca G. Fernando,
- (9) Mr. Delfin C. Gonzalez, Jr.,
- (10) Mr. Xavier P. Loinaz - Chairman of the Audit Committee,
- (11) Mr. Aurelio R. Montinola III,
- (12) Ms. Mercedita S. Nolloredo - Chairman of the Retirement and Pension Committee,
- (13) Mr. Antonio Jose U. Periquet,
- (14) Ms. Dolores B. Yuvienco – Chairman of the Corporate Governance Committee

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 agenda item 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 online voting or manual voting. For online voting, there are stations outside the ballroom where stockholders may cast their votes online. For manual voting, each stockholder will fill in a ballot. Both ballot and website platforms state the proposed resolutions for consideration by the stockholders.

The Corporate Secretary further said that items in the agenda requiring approval of the stockholders will need the affirmative vote of at least a majority of the issued and outstanding stock entitled to vote and represented at the meeting. She added that each outstanding share of stock entitles the registered holder to one vote. For the election of directors, she explained that it will be by plurality of votes and that every stockholder shall be entitled to cumulate his votes. Lastly, for the approval of the increase in the authorized capital stock and amendment of Article VII of the Articles of Incorporation, she said that it will need the affirmative vote of at least 2/3 of the outstanding capital stock of the Bank.

IV. Approval of Minutes of Annual Stockholders' Meeting on 20 April 2017

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 20 April 2017. Copies of the minutes were distributed to the stockholders upon their registration to the meeting and an electronic copy was made available on the Bank's website.

On motion duly made and seconded, the stockholders approved the minutes of the annual meeting of stockholders held on 20 April 2017.

RESOLUTION NO. ASM-2018-01

RESOLVED, that the minutes of the annual meeting of stockholders of the Bank of the Philippine Islands held on 20 April 2017, be, and are hereby, approved as recorded.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	3,152,530,702	12,035	480,380
% of Voting Shares Present	99.98%	0.00%	0.02%

V. Approval of Annual Report and Audited Financial Statements as of 31 December 2017

The Chairman proceeded to the next item in the agenda which was the Annual Report on the operations and other activities of BPI and its subsidiaries during the year 2017, copies of which were distributed to the stockholders and proxies present, inclusive of the Audited Financial Statements of BPI for the years ended 31 December 2017 and 2016, as incorporated in the said Annual Report.

At this point, the Chairman delivered his message to the stockholders:

Good morning, fellow shareholders. Welcome to BPI's Annual Stockholders' Meeting. Joining us today are some of our most important business partners, clients, and employees. To all of you, welcome.

This morning, we will follow our usual practice and discuss the Bank in two parts: I will begin by touching on broader markets and the Bank's financial and operating performance. Our President and CEO, Bong Consing, will then discuss the Bank's strategic initiatives moving forward.

The Philippines is in the midst of one of the longest periods of robust economic growth in recent history, registering GDP growth of over 6% for the 6th consecutive year. In 2017:

- GDP grew by 6.7%, placing our country amongst the fastest growing economies in Asia*
- The Philippine Stock Exchange Index closed at a record high of 8,558, posting a gain of 25.1% during the year*

*In 2017, domestic inflation **remained benign**, averaging 3.2%, well within the government's target range of 2% to 4%. Meanwhile, the 10-year Peso government securities yields rose from 4.63% to 5.70% due to prospects of tighter monetary policy.*

*The Philippine Peso closed at 49.93, **depreciating slightly** by 0.42% against the US Dollar. The global economy is experiencing a cyclical recovery, supported by a rebound in trade and investment activity.*

While we anticipate headwinds from increasing trade friction and potentially higher inflation, we believe the Philippines will remain resilient and can weather these macroeconomic threats. We are optimistic that the Philippines is well positioned to benefit from the broad uptick in global growth.

The past year marked the end of a 5-year period during which the Bank took advantage of the positive economic momentum by doubling in size while improving its risk metrics - the assets of the bank increased from almost a trillion pesos in 2012 to 1.9 trillion in 2017 and loans more than doubled in the last 5 years, growing faster than industry.

As the Bank grew its asset base, we were prudent in expanding our loan portfolio. The combination of a benign economic environment and the care with which we grew our loan portfolio resulted in an improvement in our already high asset quality. Our non-performing loan ratio fell to 1.29% of total loans in 2017, from 2.09% in 2012. We added loan loss provisions amounting to P3.8 billion in 2017. Consequently, our Reserve Cover rose to a 5-year high of 129%.

BPI scores high in the area of risk management because we pay attention to all of the risks that we face as a bank - credit, operating (including IT and cybersecurity) and market risks for the most part, and other risks like reputation risk as well.

In 2017, BPI generated a Net Income of P 22.4 billion, up 1.7% from the previous year. This translates to a Return on Equity of 12.8% and Return on Assets of 1.3%. This allowed us to organically grow our capital to P180.7 billion after distributing cash dividends of P1.80 per share. These dividends total P7.1 billion, equivalent to 31.6% of our net income.

BPI's share price ended the year at P108.10, 22% higher than the previous year. At that price, the market valued our shares at 2.4x its book value while our price-to-earnings multiple was 19.0x. These multiples are among the highest of any bank in the region.

BPI's market capitalization, at P426 billion, was among the highest in the industry.

While Loans grew by 15.5% to P 1.20 trillion, Deposits increased by 9.1% to P 1.56 trillion. The Bank's Loan-to-Deposit Ratio increased to 77.0% in 2017, from 72.7% the year before. This is a result of our effort to make our balance sheet more efficient.

Our revenues were driven by the strong performance of our core intermediation business. Overall, our revenues increased from P66.6bn to P71.0bn in 2017, a growth of 6.7% versus the previous year. Net Interest Income increased by 13.4% to P 48.0 billion. Meanwhile, Fees and Commissions grew by 15.6% year-on-year, driven by higher credit card fees, trust and investment management fees, and insurance fees.

In 2017, our Operating Expenses grew 10%, from P34.9bn to P38.5bn. This was the same growth rate as in 2016. The efficiency of our operations is reflected in our Cost-to-Income ratio of 54.3% which, while slightly higher than in 2016, is still among the lowest in the industry.

As of the end of 2017, our consolidated Common Equity Tier 1 Ratio stood at 11.8% and our Capital Adequacy Ratio was at 12.7%. These are well above regulatory requirements, with an adequate buffer to support the Bank's operations.

A comprehensive evaluation of BPI's material risks -through the Internal Capital Adequacy Assessment Process - shows that the Bank maintains a capital level that is commensurate to the nature and extent of the risks it has taken.

Underlying the earnings engine of BPI is a complete range of services, from traditional banking, to asset management and brokerage, and insurance services.

BPI's subsidiaries and affiliates are leaders in their respective fields:

1. **BPI Asset Management and Trust** company is the second largest asset manager among banks in the country, and the most profitable.
2. **BPI Family Savings Bank** is the largest thrift bank in the country.
3. **BPI-Philam** is the fastest growing life insurance company in the whole country and already the third largest in premium income.
4. **BPI/MS** is the most profitable non-life insurance company in the country and the fourth largest in premiums written.
5. **BPI Century Tokyo Leasing** is the fourth largest leasing company in the country.
6. **Global Payments Phils.** is the second largest merchant acquirer in the country.

Efficient operations, prudent risk management, and best-in-class risk-adjusted returns are the qualities that define BPI. We take pride in our reputation in the Philippines as a financial institution that delivers high returns on capital driven by strong quality of earnings.

Moving forward, BPI remains committed to optimizing its capital structure. Recognizing that our economy's growth trajectory will remain strong in the near and medium term, we have embarked on a stock rights offering that will raise approximately P50 billion in new capital. The larger capital base will allow the bank to continue to contribute to, and benefit from, the country's growth, and in a manner that is accretive to earnings.

In closing, I would like to thank you, our shareholders, for your continued trust and support; our officers and staff, for your commitment to the continued success of BPI; and our Board of Directors, for your guidance and wisdom. Together, we will continue to contribute to nation building and help Filipinos achieve their financial goals.

I will now turn you over to Bong Consing, who will discuss our strategic initiatives.

The Chairman then called on Mr. Consing, who proceeded to deliver the President's report:

Thank you, Jaime.

To our shareholders, business partners, and clients, welcome to our annual gathering.

Jaime talked about our performance in 2017. What I want to do now is give you a sense of what lies ahead for BPI.

Over its 166-year history, BPI has established itself as one of the most trusted brands in the country. This has helped us grow and retain a large and loyal customer base. In 2017, we grew our client base to 8.5 million customers, about half a million more than a year ago. One out of every 4 Filipinos that has a bank account, has a bank account with us. This speaks to the value of our brand and the strength of our franchise.

In June, we experienced an internal system problem that affected many of our clients. The fix required hundreds of unbankers to work around the clock to correct the systems problem, and thousands more to work tirelessly to provide continuous branch services to our clients. The incident, while unfortunate, brought out the best in us and our clients. Subsequent brand surveys and the growth in business volumes in the second half of the year showed that BPI emerged from this episode stronger than ever.

Moving forward, we will work to maintain our market-leading risk-adjusted returns. Our resources, which will soon include an additional Php 50 billion in equity capital, will be directed at:

1. *Increasing our level of **Digitalization** - which we define as the percentage of clients that access us via our online or mobile channels -- so that we enhance customer experience and lower unit costs;*
2. *Enhancing our **Deposit Franchise and Delivery Infrastructure** -- so that we can continue to capture our fair share of low cost deposits;*
3. *Accelerating the growth of our **SME & Retail loans** -- so that we can better serve these important client segments and improve our average net interest margins; and*
4. *Continue to build out our microfinance business-- so that, together with our BPI Foundation, we become more and more inclusive with every passing year.*

Our goal is to elevate our digital infrastructure to deliver superior customer experience while reducing unit costs.

In 2017, we relaunched our internet platform for corporate clients called BizLink, providing a more efficient cash management facility. We saw the number of active users of all our digital channels – BPI Expressonline, BPI Express Mobile, & BPI BizLink – grow by double-digit rates.

While we are already a leader in the area of digitalization amongst Philippine banks, our objective is to double the percentage of clients that access us digitally in the next five years.

We intend to prioritize CASA growth by enhancing our deposit franchise and delivery infrastructure. This will be achieved via a two-pronged approach:

- Firstly, by capitalizing on an extensive distribution network and expanding in key provincial cities where economic growth is expected to outpace that of the Manila CBD*
- Secondly, by providing innovative deposit products and cash management solutions*

This means becoming a one-stop shop that provides integrated products and services, such as cash management, as well as bancassurance, asset management, securities investments, credit facilities, payments and remittances and foreign exchange products and services.

Recognizing that small and medium scale enterprises are important engines of economic growth and that SME loans currently account for less than 10% of our total loan book, we recently organized a new unit, Business Banking, to focus on this client segment. The Business Banking Group will cater to the over 100,000 BPI SME clients that maintain deposits with us but, for the most part, do not avail of our other financial services, including business loans. Our goal is to become the partner of choice for SMEs in the Philippines by 2023, addressing their problems through fast, simple and convenient solutions and, in so doing, contribute to the socio-economic development of the country.

In Retail, BPI's large and loyal customer base has provided the bank with a big base of low cost deposits. However, only 13.6% of our retail depositors have availed of our loan products. If we exclude credit card financing, this percentage drops to less than 3%.

Recognizing the potential of consumer lending as an engine of growth, the Bank overhauled its auto and housing loan processes in 2017 to reduce turnaround times and ensure that we are well-positioned to capture opportunities in these fast growing segments. While the branch network is still our most important channel for mortgage and auto loans, we intend to strengthen our partnerships with home developers and auto dealers to achieve better distribution balance.

Inclusive growth will help foster a resilient society and a sustainable economy.

BPI Direct Banko, our microfinance arm, provides small business loans to self-employed micro-entrepreneurs, many of whom do not have access to the formal banking system for their financing needs. In 2017, armed with the successes of our pilot programs, we expanded the footprint of BPI Direct Banko from 9 to 103 branches and microbanking offices. We ended the year with a PHP450m loan portfolio. If BPI Direct Banko continues to show the strong results that it has shown to date, we will continue to grow its branch network and staffing complement. By the end of 2018, we expect to have a portfolio approaching Php2bn. By 2022, our microfinance portfolio will be 6x bigger.

Beyond financial returns to shareholders, BPI's business model is designed to create and deliver shared value to clients, communities, and society in general, so that Filipinos can enjoy a more sustainable future.

BPI Foundation, which in recent years has become one of the most active foundations in the country, helps improve the social and economic well-being of Filipinos through education, entrepreneurship, and environmental sustainability. Through BPI Sinag Accelerate 2017, the foundation advocates social entrepreneurship – the establishment of enterprises that achieve both financial and social objectives – as a way of empowering the country's marginalized sector.

Let me share with you now some stories from 2017 that highlight how, through our core businesses, BPI has helped create shared value.

This is Rodel Bustraga. He owns a bamboo craft business in Camarines Sur, supplying nipa huts to resorts. Because of limited funding for materials, he was only able to supply two resorts every month. He learned about the BankO Negosyoko Loan. With the help of Bankopare Jaime Venus, Jr., Mr. Bustraga was able to avail of a P70,000 loan, which he used to purchase additional materials for his nipa hut business, and to set up 2 additional shops which are now being managed by his children. Today, he is now able to supply huts to 5 resorts, just in time for summer. This is only one of many such stories of how BankO has been able to support self-employed micro-entrepreneurs.

This is Julius and Tricia Santarin. While lining up in a pharmacy several years ago, they noticed the number of people in line and saw a business opportunity. They decided to leave their regular jobs as call center agents to start a pharmacy business. Though they didn't have prior pharmacy experience, with some training, they were able to break even in just a year. To expand the business, Julius and Tricia got a KaNegosyo Loan from BPI. With the loan proceeds, they were able to increase the number of their stores from 4 to 9.

As you look forward to BPI's future, you will see more stories like Julius' and Tricia's— and of our enabling start-ups and entrepreneurs.

On a larger scale, in 2015, Interpacific Highway Transport Corporation, a transportation and logistics company, came to BPI with an enterprising plan. They wanted to build an inland container yard in Plaridel, Bulacan to address the capacity limitations of the ports in Manila. BPI provided them with a Php 40 million working capital line to help make this happen. As Interpacific expanded their business with more depots and container yards, BPI continued to support them by providing various financial products, including eLink, Payroll, Deposit Pick-up and an onsite ATM for their cash servicing needs. BPI Century Tokyo Leasing, a JV of BPI, also financed their equipment requirements. Interpacific is now the largest container mover and storage handler in the country, and BPI continues to support the company by financing its well-considered expansion plans.

Ladies and Gentlemen, the success stories of our clients ultimately redound to you, our shareholders and business partners.

We start 2018 with optimism as we raise what for us is a record amount of new capital. It is our hope and expectation that, this time next year, we can continue to report exemplary financial performance and the kind of growth you as shareholders would be most proud of --that is, growth built on enriching relationships, growth that is inclusive and relevant to our clients and our nation.

As we close, I would like to join our chairman in thanking our Board of Directors – we have gained significantly from their expertise and insights amidst a fast-moving financial landscape.

I would also like to thank my 17,000 or so colleagues. Your ability to serve our clients and earn their trust, day after day, year after year --as part of a story of professionalism and care that now stretches over 166 years – 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 and the 2017 Audited Financial Statements. The Chairman also advised that technical or customer service concerns may be addressed to the Customer Care desk located near the registration table.

There being no questions or comments, the Chairman asked for a motion for the approval of the Annual Report and the 2017 Audited Financial Statements.

Thereupon, on motion duly made and seconded, the Stockholders approved the Annual Report and the 2017 Audited Financial Statements to wit:

RESOLUTION NO. ASM-2018-02

RESOLVED, that the Annual Report of the Bank be noted, and the 2016 Audited Financial Statements incorporated in the said Annual Report be, and are hereby approved.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	3,148,724,249	343,503	3,955,365
% of Voting Shares Present	99.86%	0.01%	0.13%

VI. **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 and Manual of Corporate Governance, as well as relevant regulations, the following stockholders were duly nominated for election as members of the Board of Directors of BPI for the year 2018-2019:

- (1) Mr. Jaime Augusto Zobel de Ayala
- (2) Mr. Fernando Zobel de Ayala
- (3) Mr. Gerardo C. Ablaza, Jr.
- (4) Mr. Romeo L. Bernardo
- (5) Mr. Ignacio R. Bunye
- (6) Mr. Cezar P. Consing
- (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.

Of the above-named nominees, seven (7) were nominated 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.

Mr. Bernardo further reported that there were fifteen (15) nominees for the 15 Board seats to be filled up. The Nomination Committee, at a meeting called for the purpose, has reviewed the qualifications of all the fifteen (15) nominees, including the seven (7) nominees for Independent Directors and the Committee concluded that all the nominees have met all the requirements to be elected as director. Mr. Bernardo added that all the nominees have given their consent to their nomination.

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

RESOLUTION NO. ASM-2018-03

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 2018-2019 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 percentage 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	3,096,251,590 98.20%	18,847,856 0.60%	37,923,546 1.20%
2. Fernando Zobel de Ayala	3,087,470,159	19,059,316	46,493,417

	97.92%	0.60%	1.47%
3. Gerardo C. Ablaza, Jr.	3,096,189,947 98.20%	32,474,306 1.03%	24,358,864 0.77%
4. Romeo L. Bernardo	3,098,273,113 98.26%	32,511,146 1.03%	22,238,858 0.71%
5. Ignacio R. Bunye	3,150,279,097 99.91%	2,248,304 0.07%	495,716 0.02%
6. Cezar P. Consing	3,141,603,387 99.64%	408,730 0.01%	11,011,000 0.35%
7. Octavio V. Espiritu	3,122,121,746 99.02%	19,568,754 0.62%	11,332,617 0.36%
8. Rebecca G. Fernando	3,116,122,657 98.83%	15,700,134 0.50%	21,200,326 0.67%
9. Delfin C. Gonzalez, Jr.	3,110,668,840 98.66%	19,394,134 0.62%	22,960,143 0.73%
10. Xavier P. Loinaz	3,100,091,491 98.32%	32,511,146 1.03%	20,420,480 0.65%
11. Aurelio R. Montinola III	3,096,320,286 98.20%	32,299,686 1.02%	24,403,145 0.77%
12. Mercedita S. Nolleddo	3,116,122,657 98.83%	15,700,134 0.50%	21,200,326 0.67%
13. Antonio Jose U. Periquet	3,098,685,023 98.28%	15,562,586 0.49%	38,775,508 1.23%
14. Astrid S. Tuminez	3,152,527,401 99.98%	0 0.00%	495,716 0.02%
15. Dolores B. Yuvienco	3,152,527,401 99.98%	0 0.00%	495,716 0.02%

VII. 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 & Co., during the past year and said that the Committee is satisfied with their performance. Thus, the Audit Committee and the Board of Directors have agreed to endorse to the stockholders for their approval, the re-election of Isla Lipana & Co. as the External Auditors of BPI and its major subsidiaries and affiliates for the year 2018 for a fee of ₱19.34 million.

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

RESOLUTION NO. ASM-2018-04

RESOLVED, that the re-election 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 ₱19.34 million be, and is hereby, approved.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	3,136,607,919	15,924,274	415,824
% of Voting Shares Present	99.48%	0.51%	0.01%

VIII. Increase in Authorized Capital Stock and Amendment of Article VII of the Bank's Articles of Incorporation

The next item in the agenda was the increase in the bank's authorized capital stock particularly the common stock, from 4.9 billion shares to 7.0 billion shares, and the corresponding amendment of Article VII of the Bank's Articles of Incorporation.

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

RESOLUTION NO. ASM-2018-05

RESOLVED, that the approval of the increase in authorized capital stock particularly the common stock, from 4.9 billion shares to 7.0 billion shares, and the corresponding amendment of Article VII of the Bank's Articles of Incorporation be, and is hereby, approved.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	2,881,240,170	271,291,486	416,361
% of Total Outstanding Shares	73.06%	6.88%	0.01%

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. The Chairman also advised the stockholders to limit their questions or comments to matters that are relevant and of general concern to the stockholders.

Mr. Rodne Galicha, a BPI client, commended the Bank for its numerous renewable energy projects but also went on to ask if BPI intends to take on more non-renewable energy projects similar to the investment it made on a coal plant. The Chairman thanked Mr. Galicha for his commendation and commented that energy is a complex discussion and confirmed that BPI has always invested in energy projects. The President then discussed that the mix of BPI's investment portfolio on energy projects is 50/50 on renewable resources and non-renewable resources. In terms of the portfolio on non-renewable resources, the President assured Mr. Galicha that it consists of high-quality projects and that the Bank is prepared to increase the number of these projects over time, but that the most expensive energy is no energy.

Dr. Alan Robert Karaan, a stockholder, mentioned the system glitch that the Bank experienced in 2017 and inquired on the steps that were taken following the incident. The President replied that the incident caused Management to conduct a review of and make adjustments to the Bank's processes and systems. The objectives were to reduce the chances of the incident happening again and, in the event it does reoccur, to ensure that recovery will be much faster.

Dr. Karaan also asked about the measures which the Bank undertook in addressing phishing attempts as well as the status of the Bank's transition to Europay Mastercard Visa (EMV) cards. On phishing issues, the President clarified that the Bank would never ask for the personal details of its clients through e-mail or its website. Further, the President said that Management continues to do its best to take down phishing websites which use the identity of the Bank. On the EMV transition, the President assured that the Bank will complete the conversion of its debit cards into EMV cards in the following months. Finally, Dr. Karaan mentioned that he still finds it difficult to access 89-100 and the BPI Trade website, to which the President replied that there are ongoing efforts to resolve the challenges surrounding these platforms.

A long-time stockholder named Mr. Wilfred Royce Lane asked if there are more initiatives for the Bank to expand into online banking. The President clarified that the Bank had long expanded into digital banking platforms for both its retail and corporate clients. The President stressed that online banking is very important to BPI; 40% of its transactions are done via online and the bank would like to increase this to about 60%. He continued that use of the BPI Mobile App had increased by 30% in 2017. At this juncture, Mr. Lane mentioned that he will explore the digital services currently being offered by the Bank.

Ms. Celine Lucero, who identified herself as both a retail and corporate client, shared the problem she encountered while using BPI BizLink. Ms. Lucero said she received an e-mail confirmation from the Bank that her fund transfer transaction to a client through BPI BizLink was successful. However, she later confirmed through a phonebanker that the transaction did not actually go through. The Chairman referred the matter to Management for handling. He thanked Ms. Lucero for bringing the issue to the Board's attention and assured her that Management will continue to improve the features of BPI BizLink in order to avoid the occurrence of a similar incident.

Another stockholder, Mr. Mario Liug, expressed his appreciation towards Management for the convenience brought by the *beta* version of BPI Expressonline to its

clients, especially senior citizens, due to the big and readable text that were used. Mr. Liug also offered various suggestions such as changing the color of the text used in video screens linked to BPI Express Assist in branches; other fast food outlets/merchants to be included in the Bank's credit card promos/rewards; and channeling chargers for paper statements to additional televised advertisements.

Mr. MC Reynald Banderlipe of Shareholders Association of the Philippines (SharePhil) asked the Chairman how he re-imagines the future of the financial industry and how BPI will be a significant key player for this. The Chairman replied that the President in his report to the stockholders talked about the Bank's strategic intent. He recalled Mr. Consing showing the growth of the client-base, but still a vast majority of Filipinos remains unbanked. He expressed his support for the institution to be more inclusive and be relevant in solving that problem. He added that Mr. Consing mentioned a number of initiatives that are taking place, and said that he would love to see BPI become a bank that can address the concerns of all citizens. Lastly, he mentioned that a huge amount of effort is going into digitizing the Bank and said that he hopes to keep growing that digital platform while addressing some of the risks.

In addition to the Chairman's response, Mr. Consing mentioned that in the future, one could look into the percentage of transactions that happen digitally, away from cash, to increase significantly. He said that in the next few years, the Bank intends to increase the percentage of digital transactions. He added that the percentage of Filipinos that have access to formal banking services has got to increase. Lastly, he said that access to financing should improve and referred to the importance of Banko. He mentioned that small to medium enterprise and self-employed micro entrepreneurs do not get enough financing. He said that if the Bank intends to make enough difference in this country, it will have to make sure that this segment gets formal financing and not from alternative lending. With the aforementioned initiatives, he said that these would change the banking landscape of the country.

Mr. Ed Lucero, a long-time BPI stockholder, commended the Board and Management of the Bank for the significant increase in the net income of the Bank. He then mentioned the transfer of funds from one bank to another which he hopes to happen in the Philippines soon and proposed if BPI Express Credit can make an arrangement with the toll operators and consider debit card as mode of payment to toll operators, which could be pioneering work for BPI. The Chairman and the President thanked Mr. Lucero and took note of his suggestions.

Mr. Antonio Garcia, a BPI client, mentioned that the BPI Forex branch in Quezon City closed down because of some problem in the building. He said that clients were forced to go to Malate or Makati and mentioned that the clients in Quezon City are relatively unhappy. Mr. Consing replied that they will look into that, see whether they can find an alternative location and discuss the matter with the Management of BPI Forex.

Another representative of SharePhil, Ms. Tomasa Lipana, commended the Board for a job well done in 2017 despite intensive competition in the industry. She then brought up a concern about a branch in McKinley which is too crowded and might be too small for the location. She also raised concern on remittance or the sending of money abroad where she has to give a reason even for a small amount. She asked whether that is really the situation in the industry – if it is a policy of the Bank or a requirement of AMLA. On Ms. Lipana's first concern, Mr. Consing agreed with Ms. Lipana that some of the Bank's branches are too small and informed her that Management is actively looking at a strategy where the Bank will have larger Branch layouts. On Ms. Lipana's second point on the difficulty in sending small amounts, Mr. Consing replied that commercial banks and the Bangko Sentral are working together to see if the process that is required to send small amounts of remittances could be simplified.

A stockholder from Quezon City asked about the Bank's insight on the rapid emergence of cryptocurrencies and what it means for stockholders. Mr. Consing mentioned that cryptocurrency is a work in progress and the bank is paying attention to it, however, its value is too volatile and its ability to be an alternative to regular currencies is still very small. The Chairman agreed with Mr. Consing's comment, and added that underlying cryptocurrencies is blockchain technology, which is an interesting new platform that the world is trying to understand, and although there is not much expertise in that field, it could potentially be of good use.

Finally, Mr. Galicha mentioned that he is from Romblon and suggested that the Bank should open a branch there, to which the Chairman responded that his suggestion will be taken into account.

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.

PREPARED BY:

ATTESTED BY:

ANGELA B. MARAMAG
Corporate Secretary and Secretary
of the Meeting

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