

**MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF
PHILIPPINE BANK OF COMMUNICATIONS**

Held at Manila Golf & Country Club, Harvard Road
Forbes Park, Makati City on June 14, 2016 at 2:00 p.m.

ATTENDANCE:

<u>STOCKHOLDERS PRESENT/REPRESENTED</u>	<u>NO. OF SHARES</u>	<u>PERCENTAGE</u>
IN PERSON	115,493,628	24.02
BY PROXY	327,842,519	68.21
TOTAL ATTENDANCE	443,336,147	92.23%

PROCEEDINGS

I. CALL TO ORDER

The Chairman of the Board, Mr. Eric O. Recto, called the meeting to order and presided over the same. He then proceeded to introduce the members of the Board present during the meeting:

Eric O. Recto
Patricia May T. Siy
Carmen G. Huang
Bunsit Carlos G. Chung
Lucio L. Co
Ralph C. Nubla, Jr.
Gregorio T. Yu
David L. Balangue – Independent Director
Levi B. Labra – Independent Director
Roberto Z. Lorayes – Independent Director
Emmanuel Y. Mendoza – Independent Director

The Corporate Secretary, Atty. Angelo Patrick F. Advincula, recorded the minutes of the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

The Secretary certified the fact of sending the notices of the meeting to all stockholders of record as provided in the By-Laws of the Philippine Bank of Communications (the "Bank"). He also certified the existence of a quorum there being present, in person or by proxy in the meeting, shareholders representing 443,336,147 shares of the Bank or approximately 92.23% of the 480,645,163 outstanding common shares of the Bank.

III. REVIEW AND APPROVAL OF MINUTES OF PREVIOUS MEETING HELD ON JUNE 9, 2015

The Chairman directed the Corporate Secretary to read the previous minutes of the stockholders' meeting held on 9 June 2015.

Upon motion made and duly seconded, the reading of said minutes was dispensed with. Thereafter, the Chairman submitted the minutes for approval and upon motion made and duly seconded, said minutes was unanimously approved, confirmed and ratified.

IV. ANNUAL REPORT OF MANAGEMENT AND APPROVAL OF THE AUDITED FINANCIAL STATEMENTS FOR 2015

A video presentation was shown on the performance of the Bank for the year ended December 31, 2015.

Thereafter, the President, Ms. Patricia May T. Siy, began her report with the following statement:

"2015 marked the start of the Bank's rebuilding process to strengthen the foundation for long term and sustainable growth.

She continued by presenting the Bank's financial highlights for 2015:

- Net Income (Consolidated) - was at Php203.3Million wherein the Bank made Php132M while the subsidiaries made Php71.2M.
- Total Revenues (Parent Company) increased to Php3.866 Billion with notable growth in Net Interest and Non-Interest Income.
- Operating expenses (Parent Company) – increased due to continued investments in technology upgrades. However, resource management moves were initiated with notable improvement in manpower costs.
- Total Assets (Parent Company) grew to Php73.9 Billion due to the focused growth on loans and investment portfolio.
- There was a notable improvement in the CASA deposit ratio thereby increasing the net interest margin.
- Capital expanded to Php73.9 Billion with the infusion of Committed Capital from PG Holdings. PBCom is well capitalized to cover its risk taking and expansionary activities with an RBCAR of 14.23%.

The President continued further saying: *"What drove the growth for PBCom in 2015 was the start of focusing on the needs of our requirements. We put the clients' needs at the center of everything that we grew. We made a program that we called 5 Ps - People, Process, Product, Place, Partnerships, which she detailed below:*

1. People
 - Filled up key leadership positions
 - Completed the Training Needs Analysis (TNA) and Succession Planning framework
 - Reinforced sales capabilities of Branch Banking Segment, Consumer Finance, and Corporate and Commercial Banking Groups
 - Increased employee engagement
2. Process
 - Increased efficiency and effectiveness of the sales processes (Project Leap)
 - Robust performance management system
 - Responsive and efficient organization
 - More stable and functional core system
3. Products
 - Develops and launched several products to serve the modern banking clientele
 - Corporate Cash Cards
 - Dollar Plus
 - Expanded Government Payment Service
4. Place
 - Expanded the network with the addition of 4 branches (Tagbilaran, Bohol/M. De Santos, Divisoria/JP Rizal, Makati/Legaspi, Albay)
 - As of end 2015, PBCom is now a strong network of 82 branches & 170 ATMs
 - PBCom's rural bank subsidiaries further strengthened the Bank's foothold in Southern Luzon and Visayas/Mindanao (Banco Dipolog-12 Branches, 7MBOs & 1 EO and Rural Bank of Nagcarlan-6 Branches)
5. Partnerships
 - PBCom has become one of the primary banks of the LC Group which covers the LC Group Employees, Suppliers, Partners and Customers

- Synergy with the LC Group took shape with the launch of several pilot projects/programs:
 - Participation in the Tindahan ni Aling Puring Convention
 - Cash Card Payroll Services
 - Cash Management Services
 - Lending Program
 - Several more programs to be launched in 2016

In closing the President said: "We are looking forward to a stronger 2016 focused on growing our core businesses and keeping the momentum of positive change from our various initiatives to improve cost while delivering optimum value to our stakeholders. The additional capital from our major shareholder expected in 2016 and 2017 will further strengthen our financial capability to service the needs of our customers and deepen our participation in the growing Philippine economy."

Upon motion made and duly seconded, the management report and the audited financial statements as of December 31, 2015 previously distributed to the stockholders were unanimously approved.

V. RATIFICATION OF ACTS OF THE BOARD OF DIRECTORS AND MANAGEMENT SINCE THE LAST ANNUAL MEETING OF STOCKHOLDERS

The next item in the agenda was the ratification of the acts and proceedings of the Board of Directors and management since the last annual meeting of the stockholders as they appear in the minutes of the Board meetings and in the disclosures and reports made to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange, Inc. (PSE).

Upon motion made and duly seconded, all the stockholders present and represented in the meeting approved and ratified the acts of the Board of Directors and Management since the last annual meeting of the stockholders.

VI. AMENDMENT OF THE ARTICLES OF INCORPORATION AND BY-LAWS TO SPECIFY COMPLETE ADDRESS OF THE PRINCIPAL OFFICE OF THE BANK

The Chairman of the meeting presented to the stockholders for approval the amendment of Article Three of the Articles of Incorporation and Article One of the By-Laws of the Bank in compliance with SEC Memorandum Circular No. 6 Series of 2014 to specify the complete address of the principal office of the Bank. The present provision in the Articles of Incorporation merely states that the – "The principal office for the transaction of business of this corporation is to be located in Metro Manila, Philippines." The present provision in the By-Laws states that the – "The head office of the Bank shall be in Metro Manila, Philippines."

Upon motion made and duly seconded, the following resolutions were passed and approved:

Stockholders' Resolution No. 1606 - 01

"RESOLVED, that the stockholders owning and/or representing at least two-thirds (2/3) of the outstanding capital stock of PHILIPPINE BANK OF COMMUNICATIONS (the "Bank") hereby approve the amendment to Article Three of the Bank's Amended Articles of Incorporation as follows:

THIRD: That the place where the principal office of the Corporation is located is at PBCOM Tower, 6795 Ayala Avenue corner V.A. Rufino Street, Makati City."

Stockholders' Resolution No. 1606 – 02

"RESOLVED, that the stockholders owning and/or representing at least two-thirds (2/3) of the outstanding capital stock of the PHILIPPINE BANK OF

COMMUNICATIONS (the "Bank") hereby approve the amendment to Article One of the Bank's By-Laws as follows:

Article 1

The head office of the Bank shall be located at PBCom Tower, 6795 Ayala Avenue corner V.A. Rufino Street, Makati City.

VII. ELECTION OF DIRECTORS

The Corporate Secretary advised the body of the nominations he received for the Board of Directors as endorsed by the Nominations Committee. The Corporate Secretary then announced the nominations to the Board of Directors, as follows:

Eric O. Recto
Leonardo B. Dayao
Patricia May T. Siy
Carmen G. Huang
Bunsit Carlos G. Chung
Lucio L. Co
Susan P. Co
Ralph C. Nubla, Jr.
Gregorio T. Yu
David L. Balangue – Independent Director
Jesus S. Jalandoni, Jr. – Independent Director
Levi B. Labra – Independent Director
Roberto Z. Lorayes – Independent Director
Emmanuel Y. Mendoza – Independent Director

There being no other nominees, and since there were only fourteen (14) nominees for the fifteen (15) seats, on motion made and duly seconded, the Corporate Secretary was directed by the Chairman to cast the votes of all those present and represented at the meeting equally among the above-named individuals who were thereby unanimously elected as members of the Board of Directors for a term of one (1) year or until their successors have been elected and qualified.

VIII. APPOINTMENT OF EXTERNAL AUDITOR

Upon motion made and duly seconded, the stockholders approved the appointment of SGV and Co., as the External Auditor of the Bank for the fiscal year ending December 31, 2016.

IX. ADJOURNMENT


There being no other matters to be discussed, the meeting was adjourned at 2:30 o'clock in the afternoon.

CERTIFIED CORRECT:



ANGELO PATRICK F. ADVINCULA
Corporate Secretary

ATTESTED:



ERIC O. RECTO
Chairman of the Board