

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

Held at Manila Golf & Country Club, Harvard Road
Forbes Park, Makati City
on June 4, 2019 at 10:00 a.m.

ATTENDANCE:

<u>STOCKHOLDERS PRESENT/REPRESENTED</u>	<u>NO. OF SHARES</u>	<u>PERCENTAGE</u>
PROXIES	319,845,648	66.54
IN PERSON	98,973,717	20.59
TOTAL ATTENDANCE	418,819,365	87.14

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:

Leonardo B. Dayao
Lucio L. Co
Patricia May T. Siy
Carmen G. Huang
Bunsit Carlos G. Chung
Susan P. Co
Levi B. Labra
Ralph C. Nubla, Jr.
Gregorio T. Yu
Jesus S. Jalandoni, Jr. – Independent Director
Gilda E. Pico – Independent Director

The Assistant Corporate Secretary, Atty. Michael Stephen H. Lao, recorded the minutes of the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

The Assistant Corporate 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 418,819,365 shares of the Bank or approximately 87.14% of the 480,645,163 outstanding common shares of the Bank.

III. REVIEW AND APPROVAL OF MINUTES OF PREVIOUS MEETING HELD ON
JUNE 5, 2018

The Chairman directed the Assistant Corporate Secretary to read the previous minutes of the stockholders' meeting held on 5 June 2018.

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 THE YEAR ENDED DECEMBER 31, 2018

The Chairman turned over the floor to Ms. Patricia May T. Siy, President & CEO, to render Management's Report for 2018.

The President began her report with the statement "*Together We Grow.*" She proceeds to explain that this is the driving goal for the corporation.

She stated that, "*Together We Grow is a short and simple statement, but grand in its aim to signify what we want our brand to stand for. It is our oath and our promise to be your partner in becoming bigger and better and achieving growth.*"

The President expounds on how "Together We Grow" was the very guiding principle and the foundation for the past year, and that thru this the Bank has made great strides towards its goal. She cited the growth achieved by the Bank in 2018:

A. *GROWING WITH OUR EMPLOYEES:*

- We have improved the Staff Development Program
- We introduced the Bank Associate Program
- We institutionalized the PRIDE Awards

B. *GROWING WITH OUR CUSTOMERS:*

- We raised over P2.9B in our maiden offering of LTNCD
- Dito sa PBCOM, Data mo Protektado, a Data Privacy campaign implemented in 2018
- Continuous Development of POP features – PBCOM Online Platform
- A number of awards, citations and recognition received from Bangko Sentral ng Pilipinas

C. *GROWING WITH OUR PARTNERS & STAKEHOLDERS:*

- Partnership with other Lucio Co – led companies: Auto-credit Arrangement, Payment Management Solutions
- 2019: Opening of PBCOM POP-Up Branches in PG Taguig, Valenzuela and Paso de Blas

D. *FINANCIALS:*

The Bank continued to show significant growth momentum as its Net Income grew to P626.2 million, a 58.0% increase from the previous year, achieving a return of equity of 6.2% and a return on asset of 0.6%.

The Bank's total assets grew to P103.7 billion. This increase is anchored on a 12.6% increase in loan portfolio that was supported by double digit growth in deposits and deposit substitutes that now stand at P91.7 billion.

Low-cost funding grew at a steady pace with Current and Savings Account (CASA) comprising 38% of the bank's total deposits. The Bank's capital expanded to P10.3 Billion with a capital adequacy ratio at a strong level of 14.5%.

In closing, the President said that *"We are proud of our 2018 numbers as they speak of the successes of all efforts combined. With everyone working together, I am assured that we are now ready to face our 80th year and beyond as we all work together to making our Vision a reality."*

Upon motion made and duly seconded, the Management Report and the Audited Financial Statements as of December 31, 2018, 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 BY-LAWS TO INCLUDE BANGKO SENTRAL NG PILIPINAS (BSP) PRESCRIBED BOARD LEVEL COMMITTEES OF THE BANK

The next item in the agenda was the amendment of the Bank's By-Laws to Include Bangko Sentral ng Pilipinas (BSP) prescribed board level committees of the Bank. As presented to the Stockholders, the amendment of the Bank's By-Laws will be done to: 1) comply with BSP finding relating to Executive Committee ("Excom"); 2) revise the composition of the Excom, specifically the removal of the requirement that the Chairman of the Board shall also be the Chairman of the Excom; and 3) provide details of the Bangko Sentral ng Pilipinas ("BSP") prescribed Board Committees, such as the (a) Audit Committee; (b) Risk Oversight Committee; (c) Corporate Governance Committee; (d) Related Party Transactions Committee; and (e) Trust Committee.

The proposed revisions are listed in detail below:

PHILIPPINE BANK OF COMMUNICATIONS – BY LAWS	
Current Provision	Proposed Revision
<p>1 ARTICLE IV</p> <p>THE EXECUTIVE COMMITTEE</p> <p>1. COMPOSITION AND FUNCTIONS - There shall be an Executive Committee composed of not more than seven (7) members of the Board of Directors as may be elected by the Board. In case of lack</p>	<p>ARTICLE IV</p> <p>THE EXECUTIVE COMMITTEE</p> <p>1. COMPOSITION AND FUNCTIONS- There shall be an Executive Committee <u>composed of at least five (5) members of the Board</u> of Directors as may be elected by the Board. In case of lack of quorum, the Chairman may designate</p>

<p>of quorum, the Chairman may designate any officer or member of the Board to fill the vacancy temporarily. The Secretary of the Board of Directors shall act as Secretary of the Executive Committee. Said Committee shall have the power to exercise functions and prerogatives of the Board of Directors during intervals between meetings of said Board except as to such matters as the Board may have specifically reserved for itself by appropriate resolution. The Committee shall adopt its own rules and procedures. Minutes of all meetings of the Executive Committee shall be kept and carefully preserved as a record of the business transacted at such meeting and shall be submitted, together with a report of all matters acted upon by this Committee, at the regular meetings of the Board of Directors.</p> <p>A quorum at any meeting of the Executive Committee shall consist of a majority of all members thereof, and a majority of such quorum shall decide any question that may come before the meeting. (As amended on June 18, 1996)</p>	<p>any officer or member of the Board to fill the vacancy temporarily. The Secretary of the Board of Directors shall act as Secretary of the Executive Committee. Said Committee shall have the power to exercise functions and prerogatives of the Board of Directors during intervals between meetings of said Board except as to such matters as the Board may have specifically reserved for itself by appropriate resolution. The Committee shall adopt its own rules and procedures. Minutes of all meetings of the Executive Committee shall be kept and carefully preserved as a record of the business transacted at such meeting and shall be submitted, together with a report of all matters acted upon by this Committee, at the regular meetings of the Board of Directors.</p> <p>A quorum at any meeting of the Executive Committee shall consist of a majority of all members thereof, and a majority of such quorum shall decide any question that may come before the meeting. (As amended on _____)</p>
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<p>2 No Provision</p>	<p>ARTICLE V THE AUDIT COMMITTEE 1. COMPOSITION AND FUNCTIONS – There shall be an Audit Committee composed of at least three (3) members of the Board of Directors, as may be elected by the Board, who shall all be non-executive directors, majority of whom shall be independent directors, including the chairperson. The chairperson of the Audit Committee shall not be the chairperson of the Board of Directors or any of the board-level-committees.</p> <p>The Audit Committee shall (a) oversee the financial reporting framework; (b) monitor and evaluate the adequacy and effectiveness of the internal control system; (c) oversee the internal audit function; (d) oversee the external audit function; (e) oversee the implementation</p>
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		of corrective actions; (f) investigate significant issues/concerns raised; and (g) establish whistleblowing mechanism. (As amended on _____)
3	No Provision	<p>ARTICLE VI THE RISK OVERSIGHT COMMITTEE 1. COMPOSITION AND FUNCTIONS – There shall be a Risk Oversight Committee composed of at least three (3) members of the Board of Directors as may be elected by the Board, majority of whom shall be independent directors, including the chairperson. The chairperson of the Risk Oversight Committee shall not be the chairperson of the Board of Directors or any of the board-level-committees.</p> <p>The Risk Oversight Committee shall advise the Board of Directors on the Bank's overall current and future risk appetite, oversee senior management's adherence to the risk appetite statement, and report on the state of the risk culture of the Bank. The Risk Oversight Committee shall (a) oversee the risk management framework; (b) oversee adherence to risk appetite; and (c) oversee the risk management function. (As amended on _____)</p>
4	No Provision	<p>ARTICLE VII THE CORPORATE GOVERNANCE COMMITTEE 1. COMPOSITION AND FUNCTIONS – There shall be a Corporate Governance Committee composed of at least three (3) members of the Board of Directors as may be elected by the Board, who shall all be non-executive directors, majority of whom shall be independent directors, including the chairperson.</p> <p>The Corporate Governance Committee shall assist the Board of Directors in fulfilling its corporate governance responsibilities. The Corporate Governance Committee shall (a) oversee the nomination process for members of the Board of Directors and for positions appointed by the Board of Directors; (b) oversee the continuing education program for the Board of Directors; (c) oversee the performance evaluation process; and (d) oversee the design and operation of the remuneration and other</p>

		incentives policy. (As amended on _____)
5	No Provision	<p>ARTICLE VIII</p> <p>THE RELATED PARTY TRANSACTION COMMITTEE</p> <p>1. COMPOSITION AND FUNCTIONS – There shall be a Related Party Transaction Committee composed of at least three (3) members of the Board of Directors and two (2) of whom shall be independent directors, including the chairperson, as may be elected by the Board. The committee shall at all times be entirely composed of independent directors and non-executive directors, with independent directors comprising of majority of the members. The compliance officer is the committee secretariat.</p> <p>The Related Party Transaction Committee shall (a) evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, monitored, and subsequent changes are captured; (b) evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances, that no corporate or business resources of the Bank are misappropriated or misapplied, and continuous determination on the relevant potential reputational risk; (c) ensure that appropriate disclosure is made and/or information is provided to regulating and supervising authorities relating to the Bank's RPT exposures and policies on conflict of interest; (d) report to the Board of Directors on a regular basis the status of exposures to each related party; (e) ensure transactions with related party are subject to periodic review; and (f) oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including periodic review of RPT policies and procedures. (As amended on _____)</p>

6	No Provision	<p>ARTICLE IX</p> <p>THE TRUST COMMITTEE</p> <p>1. COMPOSITION AND FUNCTIONS – There shall be a Trust Committee composed of at least five (5) members, who shall consist of the president, the trust officer, and the remaining three (3) of whom shall either be independent or non-executive directors, as may be elected by the Board. The members The Trust Committee shall report directly to the board of directors and is primarily responsible for overseeing the fiduciary activities of the bank</p> <p>The Trust Committee shall (a) ensure that fiduciary activities are conducted in accordance with applicable laws, rules and regulations, and prudent practices; (b) ensure that policies and procedures that translate the board's objectives and risk tolerance into prudent operating standards are in place and continue to be relevant, comprehensive and effective; (c) oversee the implementation of the risk management framework and ensure that internal controls are in place relative to the fiduciary activities; (d) adopt an appropriate organizational structure/staffing pattern and operating budgets that shall enable the trust department to effectively carry out its functions; (e) oversee and evaluate performance of the trust officer; (f) conduct regular meetings at least once every quarter, or more frequently as necessary, depending on the size and complexity of the fiduciary business; and (g) report regularly to the board of directors on matters arising from fiduciary activities.</p>
7	<p>ARTICLE V</p> <p>OFFICERS AND AGENTS OF THE BANK</p> <p>3. CHAIRMAN OF THE BOARD - The Chairman of the Board shall be elected by the Board of Directors from their own number. He shall preside at all meetings of the stockholders and the Board of Directors. He shall be the</p>	<p>ARTICLE X</p> <p>OFFICERS AND AGENTS OF THE BANK</p> <p>3. CHAIRMAN OF THE BOARD – The Chairman of the Board shall be elected by the Board of Directors from their own number. He shall preside at all meetings of the stockholders and the Board of Directors. He shall be the Chairman of the Executive Committee. He shall have</p>

<p>Chairman of the Executive Committee. He shall have the power and authority of supervision and control over the affairs of the Bank, and over all other officers and staff. He shall have such other powers and duties as may be prescribed by the Board of Directors.</p>	<p>the power and authority of supervision and control over the affairs of the Bank, and over all other officers and staff. He shall have such other powers and duties as may be prescribed by the Board of Directors.</p>
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Upon motion made and duly seconded, the stockholders unanimously approved the following amendments to the Bank's By-Laws:

STOCKHOLDERS' RESOLUTION NO. 1906 - 01

“**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 Articles 4, 5, 6, 7, 8, 9, and 10 of the Bank's By-Laws as follows:

**Article IV
THE EXECUTIVE COMMITTEE**

1. COMPOSITION AND FUNCTIONS – There shall be an Executive Committee composed of at least five (5) members of the Board of Directors, as may be elected by the Board. In case of lack of quorum, the Chairman may designate any officer or member of the Board to fill the vacancy temporarily. The Secretary of the Board of Directors shall act as Secretary of the Executive Committee. Said Committee shall have the power to exercise functions and prerogatives of the Board of Directors during intervals between meetings of said Board except as to such matters as the Board may have specifically reserved for itself by appropriate resolution. The Executive Committee shall adopt its own rules and procedures. Minutes of all meetings of the Executive Committee shall be kept and carefully preserved as a record of the business transacted at such meeting and shall be submitted, together with a report of all matters acted upon by this Committee, at the regular meetings of the Board of Directors.

A quorum at any meeting of the Executive Committee shall consist of a majority of all members thereof, and a majority of such quorum shall decide any question that may come before the meeting. (As amended on _____)

**ARTICLE V
THE AUDIT COMMITTEE**

1. COMPOSITION AND FUNCTIONS – There shall be an Audit Committee composed of at least three (3) members of the Board of Directors, as may be elected by the Board, who shall all be non-

executive directors, majority of whom shall be independent directors, including the chairperson. The chairperson of the Audit Committee shall not be the chairperson of the Board of Directors or any of the board-level-committees.

The Audit Committee shall (a) oversee the financial reporting framework; (b) monitor and evaluate the adequacy and effectiveness of the internal control system; (c) oversee the internal audit function; (d) oversee the external audit function; (e) oversee the implementation of corrective actions; (f) investigate significant issues/concerns raised; and (g) establish whistleblowing mechanism.

ARTICLE VI THE RISK OVERSIGHT COMMITTEE

1. COMPOSITION AND FUNCTIONS – There shall be a Risk Oversight Committee composed of at least three (3) members of the Board of Directors as may be elected by the Board, majority of whom shall be independent directors, including the chairperson. The chairperson of the Risk Oversight Committee shall not be the chairperson of the Board of Directors or any of the board-level-committees.

The Risk Oversight Committee shall advise the Board of Directors on the Bank's overall current and future risk appetite, oversee senior management's adherence to the risk appetite statement, and report on the state of the risk culture of the Bank. The Risk Oversight Committee shall (a) oversee the risk management framework; (b) oversee adherence to risk appetite; and (c) oversee the risk management function.

ARTICLE VII THE CORPORATE GOVERNANCE COMMITTEE

1. COMPOSITION AND FUNCTIONS – There shall be a Corporate Governance Committee composed of at least three (3) members of the Board of Directors as may be elected by the Board, who shall all be non-executive directors, majority of whom shall be independent directors, including the chairperson. The Corporate Governance Committee shall assist the Board of Directors in fulfilling its corporate governance responsibilities.

The Corporate Governance Committee shall (a) oversee the nomination process for members of the Board of Directors and for positions appointed by the Board of Directors; (b) oversee the continuing education program for the Board of Directors; (c) oversee the performance evaluation process; and (d) oversee the design and operation of the remuneration and other incentives policy.

ARTICLE VIII THE RELATED PARTY TRANSACTION COMMITTEE

1. COMPOSITION AND FUNCTIONS – There shall be a Related Party Transaction Committee composed of at least three (3) members of the Board of Directors and two (2) of whom shall be independent directors, including the chairperson, as may be elected

by the Board. The committee shall at all times be entirely composed of independent directors and non-executive directors, with independent directors comprising of majority of the members. The compliance officer is the committee secretariat.

The Related Party Transaction Committee shall (a) evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, monitored, and subsequent changes are captured; (b) evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances, that no corporate or business resources of the Bank are misappropriated or misapplied, and continuous determination on the relevant potential reputational risk; (c) ensure that appropriate disclosure is made and/or information is provided to regulating and supervising authorities relating to the Bank's RPT exposures and policies on conflict of interest; (d) report to the Board of Directors on a regular basis the status of exposures to each related party; (e) ensure transactions with related party are subject to periodic review; and (f) oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including periodic review of RPT policies and procedures.

ARTICLE IX THE TRUST COMMITTEE

1. COMPOSITION AND FUNCTIONS – There shall be a Trust Committee composed of at least five (5) members, who shall consist of the president, the trust officer, and the remaining three (3) of whom shall either be independent or non-executive directors, as may be elected by the Board. The members The Trust Committee shall report directly to the board of directors and is primarily responsible for overseeing the fiduciary activities of the bank.

The Trust Committee shall (a) ensure that fiduciary activities are conducted in accordance with applicable laws, rules and regulations, and prudent practices; (b) ensure that policies and procedures that translate the board's objectives and risk tolerance into prudent operating standards are in place and continue to be relevant, comprehensive and effective; (c) oversee the implementation of the risk management framework and ensure that internal controls are in place relative to the fiduciary activities; (d) adopt an appropriate organizational structure/staffing pattern and operating budgets that shall enable the trust department to effectively carry out its functions; (e) oversee and evaluate performance of the trust officer; (f) conduct regular meetings at least once every quarter, or more frequently as necessary, depending on the size and complexity of the fiduciary business; and (g) report regularly to the board of directors on matters arising from fiduciary activities.

ARTICLE X OFFICERS AND AGENTS OF THE BANK

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3. CHAIRMAN OF THE BOARD – The Chairman of the Board shall be elected by the Board of Directors from their own number. He shall preside at all meetings of the stockholders and the Board of Directors. He shall have the power and authority of supervision and control over the affairs of the Bank, and over all other officers and staff. He shall have such other powers and duties as may be prescribed by the Board of Directors.”

VII. ELECTION OF DIRECTORS

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

Eric O. Recto
Leonardo B. Dayao
Lucio L. Co
Patricia May T. Siy
Carmen G. Huang
Jack E. Huang
Bunsit Carlos G. Chung
Susan P. Co
Levi B. Labra
Ralph C. Nubla, Jr.
Gregorio T. Yu
Jesus S. Jalandoni, Jr.
Conrado A. Gloria, Jr. – Independent Director
Jack E. Huang – Independent Director
Emmanuel Y. Mendoza – Independent Director
Gilda E. Pico – Independent Director

There being no other nominees, and since there were only fifteen (15) nominees for the fifteen (15) seats, on motion made and duly seconded, the Assistant 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 AUDITORS

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, 2019.

IX. ADJOURNMENT

There being no other matters to be discussed, the meeting was adjourned at 10:45 o'clock in the morning.

CERTIFIED CORRECT:


MICHAEL STEPHEN H. LAO
Assistant Corporate Secretary

ATTESTED:


ERIC O. RECTO
Chairman of the Board