

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year**Updates as of Dec. 31, 2013**.....

2. Exact Name of Registrant as Specified in its Charter**BANK OF THE PHILIPPINE ISLANDS**.....

3. **BANK OF THE PHILIPPINE ISLANDS BUILDING**
Cor. Ayala Avenue & Paseo de Roxas
Makati City, Metro Manila
.....
Address of Principal Office
ZIP Code 0720
.....
Postal Code

4. SEC Identification Number **121**.....
5. (SEC Use Only)
Industry Classification Code

6. BIR Tax Identification Number **TIN: 000-438-366-000**.....

7. **(02) 818-5541 to 48**.....
Issuer's Telephone number, including area code

8. **Not Applicable**.....
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	15
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Actual number of Directors for the year	14
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual/Special Meeting)	No. of years served as director
Jaime Augusto Zobel de Ayala	NED	Ayala Corp.	Solomon M. Hermosura	03/13/1990	04/18/2013	Annual Meeting	23
Fernando Zobel de Ayala	NED	Ayala Corp.	Solomon M. Hermosura	10/19/1994	04/18/2013	Annual Meeting	19
Aurelio R. Montinola III	NED	Ayala Corp.	Solomon M. Hermosura	01/12/2004	04/18/2013	Annual Meeting	9
Romeo L. Bernardo	NED			02/1998	04/2001		3
	ID	-	Gil M. Lopez. Mr. Bernardo is not related to the nominator	08/21/2002	04/18/2013	Annual Meeting	11
Cezar P. Consing	NED			02/1995	01/2000		5
	ID			08/18/2004	01/01/2007		2.5
	ID			04/15/2010	04/19/2012	Annual Meeting	2
	ED		Solomon M. Hermosura	04/18/2013	N/A	Annual Meeting	.67
Octavio V. Espiritu	NED			03/2002	03/31/2002		2
	ID	-	Gil M. Lopez. Mr. Espiritu is not related to the nominator	04/2002	04/18/2013	Annual Meeting	10
Rebecca G. Fernando	NED			2007	2007		12
	NED	Roman Catholic Archdiocese of Manila	Luis Antonio G. Cardinal Tagle	03/31/2009	04/18/2013	Annual Meeting	4
Solomon M. Hermosura	NED	Ayala Corporation	Solomon M. Hermosura	04/18/2013	N/A	Annual Meeting	.67
Xavier P. Loinaz	ED	Ayala Corp.		2004	2004		12
	NED	Ayala Corp.		2009	2009	Annual Meeting	4
	ID	-	Gil M. Lopez. Mr. Loinaz is not related	03/31/2009	04/18/2013	Annual Meeting	4

¹ Reckoned from the election immediately following January 2, 2012.

			<i>to the nominator</i>				
<i>Mercedita S. Nollo</i>	<i>NED</i>	<i>Ayala Corp.</i>	<i>Solomon M. Hermosura</i>	<i>11/20/1991</i>	<i>04/18/2013</i>	<i>Annual Meeting</i>	<i>22</i>
<i>Artemio V. Panganiban</i>	<i>ID</i>	<i>-</i>	<i>Gil M. Lopez. CJ Panganiban is not related to the nominator.</i>	<i>04/15/2010</i>	<i>04/18/2013</i>	<i>Annual Meeting</i>	<i>3</i>
<i>Antonio Jose U. Periquet</i>	<i>ID</i>	<i>-</i>	<i>Gil M. Lopez. Mr. Periquet is not related to the nominator.</i>	<i>04/19/2012</i>	<i>04/18/2013</i>	<i>Annual Meeting</i>	<i>1.75</i>
<i>Oscar S. Reyes</i>	<i>NED</i>		<i>Angel E. Santos</i>	<i>04/03/2003</i>	<i>04/18/2013</i>	<i>Annual Meeting</i>	<i>10</i>
<i>Astrid S. Tuminez</i>	<i>ID</i>		<i>Romeo L. Bernardo Ms. Astrid is not related to the nominator.</i>	<i>12/18/2013</i>	<i>N/A</i>	<i>Board Meeting</i>	<i>0</i>

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
<i>Jaime Augusto Zobel De Ayala</i>	<i>BPI Family Savings Bank, Inc. (BPI Family); BPI Capital Corp. (BPI Capital)</i>	<i>Non-Executive – Chairman Non-Executive – Chairman</i>
<i>Cezar P. Consing</i>	<i>BPI Direct Savings Bank, Inc., BPI Computer Systems Corp. BPI Foundation, Inc., BPI Family, BPI Capital, BPI/MS-Insurance Corp., BPI Globe BankO, Inc. A Savings Bank, and BPI Philam-Life Assurance Corp</i>	<i>Non-Executive – Chairman Non-Executive – Chairman Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director</i>
<i>Romeo L. Bernardo</i>	<i>BPI Family, BPI Capital, BPI/MS Insurance Corp. , BPI Globe BankO, Inc., A Savings Bank and BPI Philam-Life Assurance Corp.</i>	<i>Independent Director</i>
<i>Rebecca G. Fernando</i>	<i>BPI Family and BPI Capital</i>	<i>Non-Executive Director</i>
<i>Xavier P. Loinaz</i>	<i>BPI Family and BPI/MS-IC</i>	<i>Independent Director</i>
<i>Aurelio R. Montinola III</i>	<i>BPI Philam-Life Assurance Corp BPI Globe BankO, Inc. A Savings Bank BPI Family, BPI Capital, and BPI/MS-IC</i>	<i>Non-Executive – Chairman Non-Executive – Chairman Non-Executive Director</i>
<i>Mercedita S. Nollo</i>	<i>BPI Family, BPI Capital and BPI and Investment Management, Inc.</i>	<i>Non-Executive Director Non-Executive – Chairman</i>
<i>Antonio Jose U. Periquet</i>	<i>BPI Family and BPI Capital</i>	<i>Independent Director</i>

² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Jaime Augusto Zobel de Ayala	<i>Integrated Micro-Electronics, Inc.</i>	<i>NED, Chairman</i>
	<i>Globe Telecom, Inc.</i>	<i>NED, Chairman</i>
	<i>Ayala Corporation</i>	<i>ED, Chairman</i>
	<i>Ayala Land, Inc.</i>	<i>NED</i>
	<i>Manila Water Company, Inc.</i>	<i>NED</i>
Fernando Zobel de Ayala	<i>Integrated Micro-Electronics, Inc.</i>	<i>NED</i>
	<i>Globe Telecom, Inc.</i>	<i>NED</i>
	<i>Ayala Corporation</i>	<i>ED</i>
	<i>Ayala Land, Inc.</i>	<i>NED, Chairman</i>
	<i>Manila Water Company, Inc.</i>	<i>NED, Chairman</i>
Aurelio R. Montinola III	<i>Far Eastern University</i>	<i>NED, Chairman</i>
	<i>Ayala Land, Inc.</i>	<i>NED</i>
	<i>Lafarge Republic, Inc.</i>	<i>NED</i>
Romeo L. Bernardo	<i>RFM Corporation</i>	<i>ID</i>
	<i>Globe Telecom, Inc.</i>	<i>ID</i>
	<i>Aboitiz Power Corporation</i>	<i>ID</i>
	<i>National Reinsurance Corp. of the Phils.</i>	<i>ID</i>
Cezar P. Consing	<i>Jollibee Foods Corporation</i>	<i>ID</i>
Octavio V. Espiritu	<i>International Container Terminal Services, Inc.</i>	<i>NED</i>
	<i>SM Development Corporation</i>	<i>NED</i>
Xavier P. Loinaz	<i>Ayala Corporation</i>	<i>ID</i>
	<i>Globe Telecom, Inc.</i>	<i>ID</i>
Artemio V. Panganiban	<i>First Phil. Holdings Corp.</i>	<i>ID</i>
	<i>Manila Electric Company</i>	<i>ID</i>
	<i>Petron Corporation</i>	<i>ID</i>
	<i>Metro Pacific Investments Corporation</i>	<i>ID</i>
	<i>Robinsons Land Corporation</i>	<i>ID</i>
	<i>GMA Network, Inc.</i>	<i>ID</i>
	<i>GMA Holdings, Inc.</i>	<i>ID</i>
	<i>Asian Terminals, Inc.</i>	<i>ID</i>
	<i>Philippine Long Distance Telephone Company</i>	<i>ID</i>
Antonio Jose U. Periquet	<i>ABS-CBN Holdings Corporation</i>	<i>ID</i>
	<i>ABS-CBN Corporation</i>	<i>ID</i>
	<i>Ayala Corporation</i>	<i>ID</i>
	<i>Philippine Seven Corporation</i>	<i>ID</i>

	<i>DMCI Holdings, Inc.</i>	<i>ID</i>
<i>Oscar S. Reyes</i>	<i>Cosco Capital, Inc.</i>	<i>ID</i>
	<i>Basic Energy Corporation</i>	<i>ID</i>
	<i>Pepsi Cola Products Phils., Inc.</i>	<i>ID-Chairman</i>
	<i>Ayala Land, Inc.</i>	<i>ID</i>
	<i>Manila Water Company</i>	<i>ID</i>
	<i>Manila Electric Company</i>	<i>ED</i>
	<i>Philippine Long Distance Telephone Company</i>	<i>NED</i>

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
<i>Jaime Augusto Zobel de Ayala</i>	<i>285</i>	<i>None</i>	<i>0.0000%</i>
<i>Aurelio R. Montinola III</i>	<i>1,416,148</i>	<i>None</i>	<i>0.0398%</i>
<i>Romeo L. Bernardo</i>	<i>12</i>	<i>None</i>	<i>0.0000%</i>
<i>Cezar P. Consing</i>	<i>355</i>	<i>None</i>	<i>0.0000%</i>
<i>Octavio V. Espiritu</i>	<i>1,062,453</i>	<i>None</i>	<i>0.0299%</i>
<i>Rebecca G. Fernando</i>	<i>18</i>	<i>None</i>	<i>0.0000%</i>
<i>Solomon M. Hermosura</i>	<i>109</i>	<i>None</i>	<i>0.0000%</i>
<i>Xavier P. Loinaz</i>	<i>3,123,465</i>	<i>None</i>	<i>0.0878%</i>
<i>Mercedita S. Nollo</i>	<i>51,475</i>	<i>None</i>	<i>0.0010%</i>
<i>Artemio V. Panganiban</i>	<i>4,010</i>	<i>None</i>	<i>0.0000%</i>
<i>Antonio Jose U. Periquet</i>	<i>20,010</i>	<i>None</i>	<i>0.0006%</i>
<i>Oscar S. Reyes</i>	<i>1,076</i>	<i>None</i>	<i>0.0000%</i>
<i>Astrid S. Tuminez</i>	<i>10</i>	<i>None</i>	<i>0.0000%</i>
<i>Fernando Zobel de Ayala</i>	<i>120</i>	<i>None</i>	<i>0.0000%</i>

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes (b) No (d)

Identify the Chair and CEO:

Chairman of the Board	<i>Jaime Augusto Zobel de Ayala</i>
CEO/President	<i>Cezar P. Consing</i>

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

- (a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
<i>Chng Sok Hui</i>	<i>Non-Executive Director</i>	<i>November 28, 2013</i>	<i>When DBS Bank Limited sold its shareholdings in BPI</i>
<i>Khoo Teng Cheong</i>	<i>Non-Executive Director</i>	<i>November 28, 2013</i>	<i>When DBS Bank Limited sold its shareholdings in BPI</i>

6) Orientation and Education Program

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
<i>Jaime Augusto Zobel de Ayala</i>	<i>Jan. 2013 Dec. 12, 2013</i>	<i>World Economic Forum MLPP* and AML Risk Rating System</i>	<i>Anti- Money Laundering Council</i>
<i>Fernando Zobel de Ayala</i>	<i>Jan. 2013</i>	<i>World Economic Forum</i>	
<i>Cezar P. Consing</i>	<i>Dec. 12, 2013</i>	<i>MLPP* and AML Risk Rating System</i>	<i>Anti- Money Laundering Council</i>
<i>Rebecca G. Fernando</i>	<i>Dec. 12, 2013</i>	<i>MLPP* and AML Risk Rating System</i>	<i>Anti- Money Laundering Council</i>
<i>Solomon M. Hermosura</i>	<i>Dec. 12, 2013</i>	<i>MLPP* and AML Risk Rating System</i>	<i>Anti- Money Laundering Council</i>
<i>Aurelio R. Montinola III</i>	<i>Dec. 12, 2013</i>	<i>MLPP* and AML Risk Rating System</i>	<i>Anti- Money Laundering Council</i>
<i>Mercedita S. Nollado</i>	<i>Jan. 24, 25, and 31, 2013 Feb. 01, 2013</i>	<i>Mandatory Continuing Legal Education</i>	<i>Asean Center for Legal Experience</i>
<i>Artemio V. Panganiban</i>	<i>Dec. 02, 2013 Dec. 12, 2013</i>	<i>Corporate Governance Enhancement Session and MLPP* and AML Risk Rating System</i>	<i>First Pacific Leadership Academy and Anti- Money Laundering Council</i>
<i>Oscar S. Reyes</i>	<i>Nov. 26, 2013 Dec. 02, 2013 Dec. 12, 2013</i>	<i>Corporate Governance Enhancement Session and MLPP* and AML Risk Rating System</i>	<i>First Pacific Leadership Academy and Anti- Money Laundering Council</i>
<i>Romeo L. Bernardo</i>	<i>Dec. 12, 2013</i>	<i>MLPP* and AML Risk Rating System</i>	<i>Anti- Money Laundering Council</i>
<i>Octavio V. Espiritu</i>	<i>Dec. 12, 2013</i>	<i>MLPP* and AML Risk Rating System</i>	<i>Anti- Money Laundering Council</i>
<i>Xavier P. Loinaz</i>	<i>Dec. 12, 2013</i>	<i>MLPP* and AML Risk Rating System</i>	<i>Anti- Money Laundering Council</i>
<i>Antonio Jose U. Periquet</i>	<i>Dec. 12, 2013</i>	<i>MLPP* and AML Risk Rating System</i>	<i>Anti- Money Laundering Council</i>
<i>Carlos B. Aquino**</i>	<i>Dec. 12, 2013</i>	<i>MLPP* and AML Risk Rating System</i>	<i>Anti- Money Laundering Council</i>
<i>Angela Pilar B. Maramag***</i>	<i>Dec. 12, 2013</i>	<i>MLPP* and AML Risk Rating System</i>	<i>Anti- Money Laundering Council</i>

* Money Laundering and Terrorist Financing Prevention Program

***Corporate Secretary*
****Deputy Corporate Secretary*

C. BOARD MEETINGS & ATTENDANCE

(2) Attendance of Directors – for the fiscal year ending December 31, 2013

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	<i>Jaime Augusto Zobel de Ayala (re-elected)</i>	April 18, 2013	14	12	86%
Vice-Chairman	<i>Fernando Zobel de Ayala (re-elected)</i>	April 18, 2013	14	11	79%
Member/ President/CEO	<i>Cezar P. Consing (re-elected)</i>	April 18, 2013	14	14	100%
Member	<i>Rebecca G. Fernando (re-elected)</i>	April 18, 2013	14	13	93%
Member	<i>Solomon M. Hermosura (Elected for the first time on April 18, 2013)</i>	April 18, 2013	14	8/10	80%
Member	<i>Aurelio R. Montinola III (re-elected)</i>	April 18, 2013	14	13	93%
Member	<i>Mercedita S. Nolledo (re-elected)</i>	April 18, 2013	14	13	93%
Independent	<i>Artemio V. Panganiban (re-elected)</i>	April 18, 2013	14	14	100%
Member	<i>Oscar S. Reyes (re-elected)</i>	April 18, 2013	14	13	93%
Independent	<i>Romeo L. Bernardo (re-elected)</i>	April 18, 2013	14	13	93%
Independent	<i>Octavio V. Espiritu (re-elected)</i>	April 18, 2013	14	14	100%
Independent	<i>Xavier P. Loinaz (re-elected)</i>	April 18, 2013	14	12	86%
Independent	<i>Antonio Jose U. Periquet (re-elected)</i>	April 18, 2013	14	13	93%
Independent	<i>Astrid S. Tuminez (Elected only in Dec. 18, 2013)</i>	December 18, 2013	N.A.	N.A.	N.A.

D. REMUNERATION MATTERS

1) Remuneration Process

For the last three (3) years the remuneration received by the Board of Directors as approved by the stockholders or the Board pursuant to its By-Laws.

Remuneration Scheme	Date of the Board or Stockholders' Approval
<i>Director's Bonus for services in 2011</i>	<i>April 14, 2011</i>

<i>Director's Bonus for services in 2012</i>	<i>April 19, 2012</i>
<i>Director's Bonus for services in 2013</i>	<i>March 19, 2014</i>

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
<i>(a) Fixed Remuneration</i>	<i>Note: The CEO/Executive Director receive remuneration as Officer and not as Director of the Company</i>	<i>There is no fixed remuneration for Non-Executive Directors</i>	<i>There is no fixed remuneration for Independent Directors</i>
<i>(b) Variable Remuneration</i>		<i>None</i>	<i>None</i>
<i>(c) Per diem Allowance</i>		<i>Pts9,160,000.00</i>	<i>Pts5,980,000.00</i>
<i>(d) Bonuses</i>		<i>Pts23,865,201.78</i>	<i>Pts14,000,000.00</i>
<i>(e) Stock Options and/or other financial instruments</i>		<i>None</i>	<i>None</i>
<i>(f) Others (Specify)</i>		<i>None</i>	<i>None</i>
Total		Pts 33,025,201.78	Pts 19,980,000.00

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
<i>Natividad N. Alejo/ Executive VP</i>	<i>P 128,016,925.98</i>
<i>Antonio V. Paner/EVP and Treasurer</i>	
<i>Alfonso L. Salcedo Jr./ Executive VP</i>	
<i>Paul Joseph M. Garcia/SVP</i>	
<i>Maria Corazon S. Remo</i>	

E. BOARD COMMITTEES

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Jaime Augusto Zobel de Ayala	April 3, 2003	38	27	71%	10
Vice- Chairman (NED)	Fernando Zobel de Ayala	April 3, 2003	38	20	53%	10
Member (ED)	Cezar P. Consing	April 18, 2013	38	27/28	96%	.75
Member (NED)	Aurelio R. Montinola III	March 25, 2004	38	31	82%	9
Member (ID)	Antonio Jose U. Periquet	April 18, 2013	38	21/28	75%	.75
Member (NED)	Rebecca G. Fernando	March 31, 2009	38	37	97%	4

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Xavier P. Loinaz	April 15, 2010	12	12	100%	3
Member (ID)	Octavio V. Espiritu	April 15, 2010	12	12	100%	3
Member (NED)	Aurelio R. Montinola III	April 18, 2013	12	6/7	86%	.75
Member (NED)	Oscar S. Reyes	March 25, 2004	12	12	100%	9

Disclose the profile or qualifications of the Audit Committee members.

1. **Xavier P. Loinaz** – (Independent Director), 70 years old, Filipino, has been a member of the Board of Directors of Bank of the Philippine Islands (BPI) since 1982. He served as the President of BPI from 1982 to 2004 (22 years). Likewise, he was the President of the Bankers Association of the Philippines from 1989 to 1991. Mr. Loinaz also holds the following corporate positions: Chairman of the Audit Committee and Member of the Nomination Committee of BPI; Independent Director of BPI Family Savings Bank, Inc., BPI/MS Insurance Corporation, Ayala Corporation and Globe Telecom, Inc. He is the Chairman of the Board of Directors of Alay Kapwa Kilusan Pangkalusugan and Member of the Board of Trustees of E. Zobel Foundation and PETA.

He graduated with an A.B. Economics degree from the Ateneo de Manila University in 1963 and obtained his MBA Finance at the Wharton School of Pennsylvania in 1965.

2. **Octavio V. Espiritu** - (Independent Director), 70 years old, Filipino, has been a member of Board of Directors of Bank of the Philippine Islands (BPI) since April 2000. A three term former

President of the Bankers Association of the Philippines and former President and Chief Executive Officer of Far East Bank & Trust Company and Chairman of the Board of Trustees of Ateneo Manila University for 14 years. He is the Chairman of the Risk Management Committee and a Member of the Audit Committee of BPI.

Mr. Espiritu is currently Chairman of GANESP Ventures, Inc., Member of the Board of Directors of International Container Terminal Services, Inc., SM Development Corporation, Philippine Dealing System Holdings Corporation and Subsidiaries; Philippine Stratbase Consultancy, Inc., and Netvoice, Inc.

He graduated with an AB Economics degree from the Ateneo de Manila University in 1963 and obtained his M.A. Economics degree from the Georgetown University, USA in 1966.

- 3. Aurelio R. Montinola III** - 62 years old, Filipino, has served as President and CEO of Bank of the Philippine Islands (BPI) for 8 years (2005-2013), the Bankers Association of the Philippines for 4 years and the Chamber of Thrift Banks for 1 year. He is a member of the BPI's Executive Committee, Audit Committee, Risk Management Committee and Personnel and Compensation Committee. Mr. Montinola is presently the Chairman of Far Eastern University and the Vice-Chairman of Philippine Business for Education. His present affiliations, among others, include being Director of BPI, BPI Family Savings Bank, Inc. and BPI Capital Corporation; Chairman of BPI/MS Insurance Corporation, BPI-Philam Life Assurance Corporation, BPI Globe BankO, Inc., A Savings Bank, BPI Europe, FEU East Asia Education Foundation and Amon Trading Corporation; Vice Chairman of Lafarge Republic, Director of Ayala Land, Inc., Member of the Management Association of the Philippines and Trustee of the Makati Business Club and WWF Philippines.

Significant awards include Management Man of the Year 2012 (Management Association of the Philippines), Asian Banker Leadership Award (twice), and Legion d'Honneur (Chevalier) from the French Government. He graduated MBA in 1977 from the Harvard Business School and BS Management Engineering degree at the Ateneo de Manila University in 1973.

- 4. Oscar S. Reyes** - 67 years old, Filipino, was elected Member of the Board of Directors of Bank of the Philippine Islands BPI in April 2003 and has been a Director since then. He is a member of the Audit Committee, Corporate Governance Committee and Personnel & Compensation Committee of BPI.

Among his other positions are: Chairman of Pepsi Cola Products Philippines, Inc., Pacific Light Power Pte. Ltd.; Redondo Peninsula Energy, Inc., Meralco Energy, Inc., Meralco Industrial Engineering Services, Inc., and CIS Bayad Center, Inc. He is an Independent Director of the following Companies: Ayala Land, Inc., Manila Water Company, Inc., Basic Energy Corporation, Cosco Capital, Inc., Sun Life Financial Plans, Inc., Sunlife Prosperity Dollar Abundance and Dollar Advantage Funds, Money Market, GS and Dollar Funds, Inc., Grepalife Funds and Petrolift Corporation.

Mr. Reyes is also a Director/Officer of the following companies: Director/President/Chief Executive Officer of Manila Electric Company; President and Director of Meralco Powergen Corporation; PLDT Communications & Energy Ventures, Inc.; Clark Electronic Distribution Co.; Republic Surety & Insurance Co., Inc., and Advisory Board Member of Philippine Long Distance Telephone Company.

He finished Bachelor of Arts Major in Economics, cum laude, from the Ateneo de Manila University in 1965. He also took up the following courses: Business Management Consultants and Trainers Program from the Japan Productivity Center/Asian Productivity Organization, Tokyo in 1968; International Management Development Program leading to (1) Diploma in Business Administration and (2) Certificate in Export Promotion from the Waterloo University, Ontario, Canada in 1969-1970; European Business Program from UK, Netherlands, France, Germany, Switzerland in 1970; Master of Business Administration (Academic units completed) from the Ateneo Graduate School of Business Administration in 1971; Program for Management Development from the Harvard Business School, Boston, in 1976; and

Commercial Management Study Program from the Lensbury Centre, Shell International Petroleum Co., United Kingdom.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Romeo L. Bernardo	April 14, 2011	2	2	100%	2
Member (ID)		April 07, 2005 (to April 14, 2011)				6
Member (NED)	Solomon M. Hermosura	April 18, 2013	2	1/1	100%	.75
Member (ID)	Xavier P. Loinaz	March 31, 2009	2	2	100%	4
Member (ED & NED)		Apr. 03, 2003 (to Mar. 31, 2009)				6
Member (NED)	Jaime Augusto Zobel de Ayala	14 April 2011	2	2	100%	2
Chairman (NED)		Apr. 03, 2003 (to Apr 14, 2011)				9

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Fernando Zobel de Ayala	April 3, 2003	10	9	90%	10
Member (ID)	Romeo L. Bernardo	April 3, 2003	10	10	100%	10
Member (ED)	Cezar P. Consing	April 18, 2013	10	3/4	75%	.75
Member (NED)	Aurelio R. Montinola III	April 18, 2013	10	4/6	67%	.75
Member (NED)	Oscar S. Reyes	March 31, 2009	10	10	100%	4

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

(e.1) Corporate Governance Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Artemio V. Panganiban	April 15, 2010	2	2	100%	3
Member (ID)	Romeo L. Bernardo	April 7, 2005	2	2	100%	8

Member (NED)	Solomon M. Hermosura	April 18, 2013	2	2	100%	.75
Member (NED)	Mercedita S. Nolleto	April 6, 2006	2	2	100%	7
Member (NED)	Oscar S. Reyes	April 7, 2005	2	1	50%	8

(e.2) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Octavio V. Espiritu	April 03, 2003	13	12	92%	10
Member (ID)	Cezar P. Consing	April 15, 2010 to Dec. 2012	13	12	92%	2
Member (ED)		April 18, 2013				.75
Member (ID)	Romeo L. Bernardo	April 3, 2008	13	13	100%	5
Member (ED)	Aurelio R. Montinola III	April 7, 2005 to April 17, 2013				8
Member (NED)		April 18, 2013	13	7	54%	.75
Member (ID)	Antonio Jose U. Periquet	April 19, 2012	13	11	85%	1.75

(e.3) Trust Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Mercedita S. Nolleto	March 10, 1992	12	10	83%	21
Member (ID)	Antonio Jose U. Periquet	April 19, 2012 to April 17, 2013	12	7	58%	1
Vice-Chairman		April 18, 2013				.75
Vice-Chairman (NED)	Fernando Zobel de Ayala	April 3, 2003 to April 17, 2013				10
Member (NED)		April 18, 2013	12	8	67%	.75
Member (ED)	Cezar P. Consing	April 18, 2013	12	8/8	100%	.75
Member (ID)	Romeo L. Bernardo	April 3, 2003	12	11	92%	10
Member (NED)	Rebecca G. Fernando	March 31, 2009	12	12	100%	4
Member (ED)	Maria Theresa M. Javier	April 21, 2010	12	11	92%	3

2) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	Chng Sok Hui	Resignation
Audit	Khoo Teng Cheong	Resignation
Nomination	Chng Sok Hui	Resignation
Remuneration	Chng Sok Hui	Resignation
Others (specify) Risk Management	Khoo Teng Cheong	Resignation

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

Internal control system is a set of measures and rules designed and put in place by the Company to minimize business risks and ensure regular, secure and efficient operation to meet the Bank's objectives.

The Board of Directors is responsible for fostering the Bank's internal control culture that promotes integrity, morality and competence throughout the organization. The Board has the primary responsibility to review and approve systems and processes proposed by Management to identify, monitor, and control major operating risks impacting the business.

The Risk Management Committee is the arm of the Board specifically charged to oversee the management of operating risks of the Bank, and to review and approve operating control policies as proposed by Management. The Audit Committee on the other hand, is responsible for monitoring the adequacy and effectiveness of internal control system, including financial reporting control and information technology security. It provides oversight on the overall management of credit, market, liquidity, operational and other risks of the Bank. It also provides oversight on the activities of internal and external auditors, quality of compliance with the Corporate Governance Manual, and reviews conducted by the Bangko Sentral ng Pilipinas (BSP).

Management is responsible for implementing strategies and policies approved by the Board and establishing an effective system of internal control.

Internal Audit assists the Audit Committee in the discharge of its oversight responsibilities by providing an independent reasonable assurance that the Bank's system of risk management, internal controls, and corporate governance processes are adequate and effective, as well as ensuring that operating and business units adhere to internal processes and procedures and to regulatory and legal requirements.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Board of Directors, through the Audit Committee, ensures Internal Audit's evaluation of the Bank's internal control system. Reports from Internal and External Auditors as well as Compliance Office are reviewed/discussed thoroughly, ensuring that Management had taken the necessary corrective actions in a timely manner to address the identified risks and controls issues/ weaknesses.

Based on the assurance activities performed, Internal Audit through the Chief Audit Executive rendered a reasonable assurance to the Audit Committee, Board of Directors and Senior Management that the Bank's systems of internal controls, corporate governance and risk management process are adequate and generally effective.

(c) Period covered by the review; Year 2013

- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

The Audit Committee ensures that a review of the effectiveness of the Bank's internal controls which include financial, operational, Information technology, compliance controls and risk management , is conducted annually through the Internal Audit assurance activities. The annual audit work plan including the scope and frequency, which is developed using the Audit Risk Assessment/scoring model, is reviewed and approved by the Audit Committee. It also ensures that audit activities are performed in accordance with the International Standards for the Professional Practice of Internal Auditing (ISSPIA) , including frameworks being used/considered in the assessing the effectiveness of the internal control systems (COSO/COBIT).

- (e) Where no review was conducted during the year, an explanation why not.

Not applicable

2) Internal Audit

- (a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

The role /responsibility and scope of internal audit work are defined in the Internal Audit Charter , which is reviewed annually and approved by the Audit Committee.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<i>Provide an independent, objective assurance on the Bank's risk management, internal controls and governance process</i>	<i>Risk based audit of :</i> <ul style="list-style-type: none"> ▪ <i>Business units ' processes and financial records</i> ▪ <i>Application Systems/ Technology Infrastructure</i> ▪ <i>Risk Management</i> ▪ <i>Governance</i> ▪ <i>Business Continuity Plans</i> ▪ <i>Information Security</i> ▪ <i>Fraud Investigation</i> 	<i>In-house</i>	<i>Rosemarie B. Cruz</i>	<i>Functionally to the Audit Committee, and administratively to the President & CEO</i>
<i>Annual Audited Financial Statements</i>	<i>Financial Statements and Controls on the Reporting process</i>	<i>Outsourced</i>	<i>Isla Lipana & Company</i>	<i>Audit Committee</i>

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes. This is contained in the Audit Committee Charter wherein the Audit Committee oversees the appointment of the Internal Auditor and the External Auditor.

- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Chief Audit Executive (CAE) directly reports to the Board thru the Audit Committee. The CAE has unrestricted access to all functions, records, property, and personnel, and has full and free access to the Audit Committee/ Board of Directors.

- (d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	EFFECTIVITY DATE	Reason
RESIGNED:		
Russella Rica I. Chua	January 07, 2013	Attend to family business
AM John C. Capellan	January 11, 2013	Financial considerations
Ivy M. Porlante	January 12, 2013	Family matters
Blessica Gerone I. Mercado	January 12, 2013	Financial considerations
MGR Jasmin J. Manalo	February 01, 2013	Financial considerations
Mark Anthony T. Lee	February 08, 2013	Financial considerations
Ma. Carmela C. Cornejo	March 02, 2013	Financial considerations
Ma. Eliza M. Valencia	March 16, 2013	Attend to family business
Bianca Katrina B. Reyes	April 01, 2013	Pursue studies
Irene A. Gonzales	April 13, 2013	Financial considerations
Princess Vinci A. Caleda	April 19, 2013	Health Reason
Mark Geoffrey A. Sagun	April 19, 2013	Financial considerations
Paul Winston M. Sanchez	May 15, 2013	Financial considerations
Engale Jane S. Igama	May 16, 2013	Financial considerations
Jan Carlo R. Ayson	May 17, 2013	Pursue studies
Cris Ian D. Ingatan	June 02, 2013	Financial considerations
Jinky Mae C. Tumolva	June 09, 2013	Financial considerations
Julie Ann E. Custodio	June 25, 2013	Pursue studies
Cherry Mae Cajita	July 01, 2013	Family matters
Rhejie Lynn J. Amoranto	July 24, 2013	Family matters
Erna M. Dubliin	July 25, 2013	Financial considerations
Jerry E. Cadatal	August 09, 2013	Financial considerations
Gerlie B. Miranda	August 16, 2013	Financial considerations
Mary Joyce S. Mercado	September 16, 2013	Financial considerations
Ruby Jean B. Padama	September 23, 2013	Financial considerations
Ira Francesca M. Paras	September 30, 2013	Financial considerations
April Rose S. Cantela	November 03, 2013	Financial considerations
Clint Lloyd R. Ragonton	November 15, 2013	Family matters
SM Christine Q. Paradero	November 16, 2013	Migrate
Jamie Ma. Carmela Q. Gomez	November 25, 2013	Family matters
TRANSFERRED TO OTHER UNITS (as part of IA's commitment to transfer knowledge and support the needs of the Bank):		
AM Virginia M. Galletto	January 02, 2013	To BPI Cebu Guadalupe Branch
VP Sylvia P. Sumagpang	July 01, 2013	To BPI Operating Risk Management Unit
AM Bernadette A. San Pedro	November 01, 2013	To BPI Butuan Montilla Branch

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	110%
Issues¹	<i>None</i>
Findings²	
Examination Trends	

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- a. Preparation of an audit plan inclusive of a timeline and milestones;
- b. Conduct of examination based on the plan;
- c. Evaluation of the progress in the implementation of the plan;
- d. Documentation of issues and findings as a result of the examination;
- e. Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results; and
- f. Conduct of the foregoing procedures on a regular basis.]

Internal Audit conducts an annual planning, review of risk universe, and risk assessment to come up with the annual work plan to be presented to the Audit Committee for its approval. Status/Progress of this work plan is also regularly presented to the Audit Committee for monitoring.

For each audit engagement/activity, findings/issues are documented thru the Audit Operative Report (AOR) that are being discussed and provided to the respective Unit Heads/Process Owners for their response and to indicate actions to be taken, including the timeline. These would be the bases for the conduct of an "Exit" conference with the Unit, and for the preparation of the Audit Executive Report that would be submitted and presented to the Audit Committee.

At the end of the year, an annual Internal Audit report, which contains the overall assessment of the Bank's internal control system, is also being prepared and submitted to the Audit Committee.

Monitoring of outstanding "high" risks issues is also being done monthly, and is also being presented to the Audit Committee. For outstanding "medium" risk issues, monitoring and reporting is done quarterly.

Based on the approved 2013 Work Plan, Internal Audit attained its target measurable activities by 110% (679/618). Internal Audit also conducted desk reviews to complement the field audit activities and to provide continuous monitoring as part of control structure and ensure corrective measures, as necessary to improve business processes.

For 2013, significant findings pertained to accounting /reconciliation, record management/documentation, performance of due diligence/KYC, account maintenance and monitoring, and administrative matters that were accordingly resolved and/or being addressed by the respective units. For information technology, significant findings pertained to server/workstation configuration and patch management, access management, service levels, and risk assessment on system design/processes that are also being addressed by Management

¹ "Issues" are compliance matters that arise from adopting different interpretations

² "Findings" are those with concrete basis under the company's policies and procedures

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
<i>Internal Audit Charter</i>	<i>Adequately Complied</i>
<i>Audit Risk Assessment</i>	<i>Adequately Complied</i>
<i>Audit Planning & Monitoring</i>	<i>Adequately Complied</i>
<i>Pre-Engagement Activities</i>	<i>Adequately Complied</i>
<i>Audit Fieldwork & Reporting</i>	<i>Adequately Complied</i>
<i>Audit Survey</i>	<i>Adequately Complied</i>
<i>Audit Sampling</i>	<i>Adequately Complied</i>
<i>Preparation of Audit Working Papers</i>	<i>Adequately Complied</i>
<i>Audit Rating Guidelines</i>	<i>Adequately Complied</i>
<i>Preparation of Audit Executive Report</i>	<i>Adequately Complied</i>
<i>Audit Report and Turn-Around Time</i>	<i>Adequately Complied</i>
<i>Internal and External Quality Assessment Review</i>	<i>Adequately Complied</i>
<i>Monitoring of Outstanding Audit Issues</i>	<i>Adequately Complied</i>
<i>Fraud Investigation</i>	<i>Adequately Complied</i>
<i>Professional Development</i>	<i>Adequately Complied</i>
<i>Consulting Activities</i>	<i>Adequately Complied</i>
<i>Outsourced Services</i>	<i>Adequately Complied</i>
<i>Performance Measures</i>	<i>Adequately Complied</i>

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<i>The Audit Committee has to approve all audit and non-audit services, including its fees, to be provided by the External Auditor to the Bank and its subsidiaries.</i>			
<i>The External Auditor shall be rotated every 5 years or earlier, or the handling partner shall be changed.</i>			
<i>No External Auditor can be engaged by the Bank if he had or was confirmed to acquire any direct or material indirect financial interest in the Bank, or if his independence is considered impaired under the circumstances specified in the</i>			

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<i>Code of Professional Ethics for Certified Public Accountants. In the case of partnership, this limitation shall apply to the partners, associates and the auditor-in-charge of the engagement.</i>			
<i>The external auditor and the members of the audit team shall not have outstanding loans or any credit accommodation (except credit card obligations) with the Bank at the time of signing the engagement and during the engagement.</i>			
<i>The external auditor and the members of the audit team adhere to the highest standards of professional conduct, including integrity and objectivity.</i>			
<i>The Chief Audit Executive and personnel of Internal Audit are not authorized to:</i> <ul style="list-style-type: none"> ▪ <i>Perform any operational duties for the organization or its affiliates</i> ▪ <i>Initiate or approve accounting transactions external to Internal Audit,</i> ▪ <i>Direct the activities of any organization employee not employed by Internal Audit.</i> 			
<i>Covered persons (i.e. members of the Board, officers of BPI with rank of SVP & up, and other officers, employees, and consultants/ advisers who may be in possession or knowledge or material non-public information about BPI) are strictly prohibited from trading 10 calendar trading days before and 3 calendar trading days after the disclosure of quarterly and annual financial statements.</i>			

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Chief Compliance Officer certifies full compliance to the revised SEC Code of Corporate Governance and attested to by the President.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
<i>PCD Nominee Corp. (Non-Filipino)</i>	<i>932,690,088</i>	<i>26.2086%</i>	<i>Various Stockholders/ Clients</i>
<i>PCD Nominee Corp. (Filipino)</i>	<i>272,010,871</i>	<i>7.6435%</i>	<i>Various Stockholders/ Clients</i>
<i>Ayala Corporation</i>	<i>776,802,113</i>	<i>21.8281%</i>	<i>Ayala Corporation</i>
<i>Ayala DBS Holdings, Inc.</i>	<i>757,831,372</i>	<i>21.2951%</i>	<i>Ayala DBS Holdings, Inc.</i>
<i>AC International Finance</i>	<i>309,278,147</i>	<i>8.6907%</i>	<i>AC International</i>

<i>Limited</i>			<i>Finance Limited</i>
<i>Roman Catholic Archbishop of Manila</i>	301,063,608	8.4599%	<i>Roman Catholic Archbishop of Manila</i>

3) External Auditor's fee

Name of auditor	Audit Fee*	Non-audit Fee
Isla Lipana & Co.	₱ 12,061,501.46	0.00

**For fiscal year 2012 paid in 2013.*

J. RIGHTS OF STOCKHOLDERS

(c) Stockholder's Rights

Dividends

Declaration Date	Record Date	Payment Date
<i>April 17, 2013</i>	<i>June 01, 2013</i>	<i>June 16, 2013</i>
<i>November 06, 2013</i>	<i>January 03, 2014</i>	<i>January 24, 2014</i>

(d) Stockholder's Participation

9. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

a. Date of sending out notices: *March 20, 2013*

b. Date of the Annual/Special Stockholders' Meeting: *April 18, 2013*

10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

One of the stockholders present, asked about the number of BPI ATM machines in the Philippines, and BPI's responsibilities regarding the safe and secure operation of its ATMs. The President replied that BPI has 1,900 ATM machines. He explained that BPI does what it can to ensure that customers feel safe transacting with the Bank. BPI was one of the first to introduce cameras, and now has installed PIN shields, and also issued advisories to customers not to disclose their PIN. BPI works with Bancnet and Megalink to ensure that these are conveyed to everyone.

Another stockholder, related his experience with the limitations on withdrawal of funds over the counter and thru ATMs, and for different products such as SDA and MaxiSaver. He asked, in view of the financial turmoil in other countries and if ever said turmoil extends to our country, if a customer would be able to withdraw all of his money. The President said that the rules for withdrawal depend on the instrument and whether withdrawal takes place at a teller or an ATM. There is an element of choice for the customer. The President also said that historically BPI has been known in the Philippines as a safe bank. The stockholder thanked the

President.

Another stockholder, extended his compliments to the President and thanked him for the replies to his questions when they met on another occasion. This stockholder then asked about PDIC insurance on and/or accounts. The President said that, although it would be best to clarify with PDIC, his understanding is that an and/or account is treated as a different account. He added that this would be referred to the appropriate group in BPI for confirmation.

A client and stockholder of BPI since the 1970s, congratulated the management and staff of BPI for a very good year. This stockholder also said that he has always known the President to be very helpful and courteous. He expressed hope that the next President will jump start the Bank, in the same way as the present President did when his predecessor turned over the reins to him. On another note, this stockholder then stated that Filipinos have a very strong connection to family, and suggested that BPI as an institution communicate the message of strengthening the family in the Philippines. The Chairman thanked this stockholder for his comments.