



BPI Dividend Policy Statement

Payment of dividends. Dividend declaration is ultimately the responsibility of the Bank and the Board which has the authority to declare dividends as it may deem appropriate. Under BSP regulations, no bank shall declare dividends greater than its accumulated net profits then on hand, deducting therefrom its losses and bad debts. The net amount available for dividends shall be the amount of unrestricted or free retained earnings less loss provisioning which takes into account relevant capital adjustments including losses, bad debts, and unearned profits or income.

Per BSP Circular 888, banks that meet the prequalification criteria including capital adequacy requirements and applicable laws and regulations of the BSP can declare and pay dividends without prior BSP verification. However, banks must ensure compliance with the minimum capital requirements and risk-based capital ratios even after the dividend distribution.

As approved by the Board on May 18, 2022, the Bank's dividend policy is based on a dividend payout ratio of 35% to 50% of previous year's earnings. The final dividend payout ratio will be determined subject to:

- Compliance with regulatory limits;
- Compliance with internal thresholds on capital and liquidity;
- Maintaining sufficient capital to support the Bank's medium-term growth targets, with a buffer for a possible downturn scenario, and
- Board approval.

As a testament to BPI's fiduciary prudence, this policy is designed to provide shareholders the balance that they seek between current income and capital appreciation while demonstrating the Bank's ability to return capital to shareholders in adherence to risk and capitalization standards.

Upon Board approval, the Bank then declares cash dividends to its common shareholders, who can now have their BPI cash dividends credited directly to their bank account. Under BPI's Electronic Cash Dividend Payment Program (ECDP), the payment of cash dividends is facilitated through electronic fund transfer or direct credit to a stockholder's nominated bank account. Available to certificated BPI stockholders for their BPI or non-BPI bank accounts, the ECDP was launched in line with the sustainability and digitalization efforts of the Bank and for the convenience of BPI stockholders. While the Bank does not foresee any impediments to its ability to pay dividends on common equity in the medium-term, it cannot make explicit warranties about the quantum of future dividend payments.