

REPORT OF FACTUAL FINDINGS

To the Board of Directors and Shareholders of
Bank of the Philippine Islands
BPI Building, Ayala Avenue
Makati City

Gentlemen:

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report as at December 31, 2018 on the use of proceeds from the stock rights offering of Bank of the Philippine Islands (the Bank) listed at the Philippine Stock Exchange (the "PSE") on May 4, 2018. The procedures were performed solely to enable the Bank to comply with the PSE's requirement to submit an external auditor's certification on the information being presented by the Bank relating to the use of proceeds. Our engagement was undertaken in accordance with Philippine Standards on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. These agreed-upon procedures and results thereof are summarized as follows:

1. Obtained the Quarterly Progress Report on the Application of Proceeds from the Offering as of December 31, 2018 (the Progress Report) and the related summary of expenses and checked the mathematical accuracy.
2. Compared the list of all the use of proceeds in the Progress Report with the schedule of planned application of proceeds from stock rights offering, as mentioned in the related Offering Circular.
3. Compared the details of the actual offer expenses included in the Progress Report against the supporting documents such as the official receipts, invoices, billing statements and statements of accounts issued by the counterparties.
4. Obtained the Bank's schedules of corporate loans and consumer loans (real estate, credit cards and manpower/microfinance loans) and bank premises, furniture, fixtures and equipment as at December 31, 2018 and agree related totals of these accounts with the general ledger (GL).
5. Obtained the Bank's balances of certain loans as defined in item 4, as at May 4, 2018, compared to the balances as at December 31, 2018 and traced the movements to the Progress Report.
6. Obtained schedule of capital expenditures and traced the total amounts to Progress Report.

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 845 2728, F: +63 (2) 845 2806, www.pwc.com/ph

We report the results of our work as follows:

1. With respect to item 1, we found the Progress Report to be mathematically correct.
2. With respect to item 2, we noted that the net proceeds from the stock rights offering amounting to ₱49.5 billion were deployed as follows:

Corporate loans	₱ 23.2 billion
Consumer loans	14.1 billion
Paydown of time deposits	10.4 billion
Capital expenditures	1.8 billion
Total	₱ 49.5 billion

The settlements of time deposits amounting to ₱10.4 billion as indicated above were for the period from May 4, 2018 to June 30, 2018. Management represented that no additional paydown of time deposits occurred subsequent to June 30, 2018 until December 31, 2018.

3. With respect to item 3, we found the summary of expenses to be mathematically correct and the amounts compared with the supporting documents to be in agreement.
4. With respect to item 4, we obtained the following balances per schedules and agreed that amounts with the GL as of December 31, 2018:

December 31, 2018 balances	Amount
Corporate loans	₱ 1,025.3 billion
Consumer loans	200.8 billion
Bank Premises, Furniture, Fixtures and Equipment	16.3 billion

5. With respect to item 5, we found that the net movements of the accounts from May 4, 2018 to December 31, 2018 were as follows:

Increase in net book value of corporate loans	₱ 91.4 billion
Increase in net book value of consumer loans	19.7 billion
Total	₱ 57.2 billion

As represented by management, corporate loans and consumer loans which resulted in the increase in the net book value amounting to ₱91.4 billion and ₱19.7 billion, respectively were partially funded by the proceeds from stock rights offering amounting to ₱23.2 billion and to ₱14.1 billion, respectively, as indicated in item 2 above.

6. With respect to item 6, we found that the total amount of capital expenditures indicated in Progress Report in agreement with the schedule.

With this, the total net proceeds of the stock rights offering have been fully deployed. This serves as the last and final progress report of the Bank on the matter.

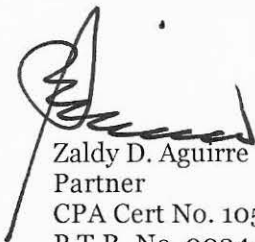
Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagement (PSRE), respectively, we do not express any assurance on the use of proceeds from the Offering based on the said standards.

Had we performed additional procedures or had we performed an audit or review of the financial statements of the Bank in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the the Bank's use of proceeds from the stock rights offering and certain items specified above and do not extend to any financial statements of the Bank, taken as a whole.

Isla Lipana & Co.



Zaldy D. Aguirre
Partner

CPA Cert No. 105660

P.T.R. No. 0024447, issued on January 8, 2019, Makati City

SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021

TIN 221-755-698

BIR A.N. 08-000745-077-2018, issued on January 29, 2018; effective until January 28, 2021

BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
July 1, 2019