
**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF
BDO NETWORK BANK, INC.
HELD AT THE BDONB CENTER, KM. 9, SASA, DAVAO CITY
ON APRIL 29, 2022 AT 11:00 A.M.**

Attendance – Number of Shares held by common shareholders:	- 339,068,061 shares
Present in Person or Represented by Proxy	- 5
Number of Total Outstanding Shares Common	- 346,395,752
Percentage of the Total Common Shares Represented by Proxies and in Person	- 97.76 %
No. of the Total Preferred Shares Represented by Proxies	- 0 shares

Incumbent Directors and Advisor Present:

Attended in person:

Mr. Nestor V. Tan	Chairman
Mr. Jesus Antonio S. Itchon	Vice Chairman & President
Ms. Geneva T. Gloria	Director
Mr. Jovasky Wei Shen Pang	Director
Mr. Jaime C. Yu	Director

Attended via virtual meeting:

Mr. Rolando C. Tanchanco	Director
Mr. Edwin Romualdo G. Reyes	Director
Mr. Jose S. Tanjuatco	Lead Independent Director
Atty. Jesse H. T. Andres	Independent Director
Ms. Ma. Leonora V. de Jesus	Independent Director
Ms. Evelyn Cristina A. Cam	Independent Director

Also Present:

Attended in person:

Ms. Teresita T. Sy-Coson	Advisor to the Board
Atty. Joseph Jason M. Natividad	Corporate Secretary
Mr. Alberto A. Quiogue	Head – Salary Loans Group
Ms. Dulce Amor E. Alimbuyuguen	MSME- Sales Head

Attended via virtual meeting:

Atty. Ma. Cecilia S. Santos	Assistant Corporate Secretary
Mr. Ramon T. Militar	Head – Community Banking Network Group
Mr. Garry L. Martinez	Head - Corporate Planning Section
Ms. Emily G. Gamir	Head - Operations Group
Mr. Rogelio C. Basco	Business Development Officer
Ms. Milott B. Requillo	Head - Legal and Compliance
Ms. Minda A. Lim	Head – Treasury Group
Ms. Niezl D. Gilvero	Head- Comptroller
Ms. Maria Jinsel C. Tocmo	Head – Operational Risk Mgt.
Ms. Winilyn S. Dalanon	Corporate Secretariat Administrative Assistant
Ms. Stephanie M. Santoalla	Corporate Secretariat Administrative Officer

I. CALL TO ORDER

The meeting was called to order by the Chairman of the Meeting (“Chairman”), Mr. Nestor V. Tan at about 11:00 A.M.

II. PROOF OF NOTICE AND DETERMINATION OF EXISTENCE OF QUORUM

The Chairman called on the Corporate Secretary, Atty. Joseph Jason M. Natividad, to certify to the posting and publication of the notice to the meeting and the existence of a quorum. The Corporate Secretary certified that in compliance with the rules issued by the Securities and Exchange Commission, the notice of the meeting, the Definitive Information Statement, along with the Bank’s “Guidelines for Participation via Remote Communication and Voting in Absentia”, were uploaded and posted on the Bank’s website beginning on April 04, 2022. The Corporate Secretary likewise certified that the requirements under Section 10 of SEC Memorandum Circular No. 6, Series of 2020 had been complied with.

The Notice was also published in the business sections of Business World and Philippine Star, in print and online format, on April 04 and April 05, 2022, respectively.

The Corporate Secretary certified that based on the record of remote registration, the stockholders who are participating in this meeting, virtually and by proxy, represent **339,068,061** shares, constituting **97.76%** of the total outstanding capital stock of the Bank as of record date, March 16, 2022. Therefore, the Corporate Secretary certified that a quorum is present for the valid transaction of business by the stockholders.

For purposes of the meeting, Punongbayan & Araullo, Grant Thornton (“Punongbayan & Araullo”) had been appointed to tabulate all votes in accordance with the voting procedures provided in the Bank’s Definitive Information Statement.

III. READING AND APPROVAL OF THE MINUTES OF THE LAST ANNUAL STOCKHOLDERS’ MEETING HELD ON APRIL 30, 2021 AND SPECIAL STOCKHOLDERS’ MEETING HELD ON AUGUST 13, 2021

The first business item on the Agenda is the approval of the minutes of Annual Shareholders’ Meeting held on April 30, 2021 and Special Stockholders’ Meeting held on August 13, 2021. The Chairman reminded everybody that a copy of the Minutes of the last annual stockholders’ meeting and special stockholders meeting were posted on the Bank’s website <www.bdonetworkbank.com.ph> and available to the shareholders for viewing.

The minutes reflect the proceedings of the last meeting, including resolutions adopted and approved, with corresponding tabulation of votes.

The Corporate Secretary informed the attendees that for the record, unqualified votes cast for each item for approval at today’s meeting shall be counted in favor of the matter under consideration.

Based on the tabulation of votes as certified by P&A, 100% of shareholders present voted in favor of approval. Below is the tally of votes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
339,068,061	100%	0	0	0	0

The Chairman again solicited comments, clarifications and/or objection from the body and finding none, the following resolution was unanimously adopted and approved:

STOCKHOLDERS' RESOLUTION 2022-01

RESOLVED, AS IT IS HEREBY RESOLVED, that the Stockholders of BDO Network Bank, Inc. (BDONB) approve, as they hereby approve, the **minutes of the Annual Stockholders' Meeting held on April 30, 2021 and Special Stockholders' Meeting held on August 13, 2021** as reported and annexed to BDO Network Bank, Inc.'s Definitive Information Statement.

IV. PRESIDENT REPORT AND APPROVAL OF THE AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021.

The Chairman then gave the floor to Mr. Jesus Antonio S. Itchon, Vice Chairman & President, to present his report on the Bank's results of operations as for the year 2020. Mr. Itchon then rendered his report to the Stockholders as well as the Audited Financial Statements for the fiscal year ended December 31, 2021. Below were the highlights of the President's Report:

A. 2021 Review

Philippine GDP rebounds in 2021

- The Philippine Economy has been recovering from the effects of the COVID-19 pandemic and was able to reverse the negative Gross Domestic Product (GDP) in 2020 of 9.6% to positive 5.7% in 2021.
- It can be recalled that COVID-19 contracted GDP by an unprecedented 9.6% in 2020, interrupting 8 consecutive years of high growth and 21 years of positive growth since the 1998 Asian Financial Crisis.

Macroeconomic Review- 2021

- The economic recovery was led by three main sectors which include:
 1. Construction Industry which grew by 10% from 26% decline in 2020;
 2. Manufacturing Industry which grew by 9% from 10% decline in 2020; and
 3. Wholesale & Retail Trade; Repair of Motor Vehicles & Motorcycles by 4% from 6% decline in 2020.

Macroeconomic Indicators – 2021

- With the economy recovering,
 1. Inflation also rose by 150bps to 3.9% from 2.4% of the previous year.
 2. Interest Rates also rose for:
 - a. 3Month Treasury Bill by 150bps to 3.9% from 2.4%; and
 - b. Term Deposit Facility (TDF) by 15bps to 1.87% from 1.72%;

Except for Bangko Sentral ng Pilipinas (BSP) Overnight Stay Rate which remained at 2%.

 3. P/USD exchange Rate likewise hiked by 5.7% to P50.77 from P48.03.

BDONB Net Income at Php383.3 Million

- The Bank was able to generate P383 Million Net Income despite the remaining challenges brought by COVID-19 in 2021. This was more than thrice the performance of the preceding year and was better than originally expected.

B. Income Statement: 2021 vs. 2020

- Total resources in the Balance Sheet increased as Salary Loans grew by 21% and loans to MSMEs grew by 35%;
- Investment Securities likewise grew as excess as result of excess funds generated during the year;
- Total deposits posted another historically high growth at 41% after 31% of the preceding year, driven by strong growth in both low-cost CASA and Time deposits.

C. Balance Sheet: 2021 vs. 2020

- Total resources in the Balance Sheet increased as Salary Loans grew by 21% and loans to MSMEs grew by 35%;
- Investment Securities likewise grew as excess as result of excess funds generated during the year; and
- Total deposits posted another historically high growth at 41% after 31% of the preceding year, driven by strong growth in both low-cost CASA and Time deposits.

D. Above Industry Loan Growth During Pandemic

Loans grew stronger than the Rural Banking Industry and that of the entire Banking Industry for the last three (3) years and even during Pandemic. The Bank's loans had been pacing at 12% (CAGR) for the last 5 years, more than twice the performance of the Rural Banking Industry which grew at meager 5% (CAGR) and almost double that of the entire Banking Industry of 8%.

E. Strong CASA Performance

CASA also posted stronger growth than the Rural Banking Industry and the entire Banking Industry for the last six (6) years and even during Pandemic. The Bank's CASA deposit had been pacing at 18% (CAGR) for the last 5 years, almost double the performance of the Rural Banking Industry which grew at a meager 10% (CAGR) and that of the entire Banking Industry of 11%. CASA ratio declined as Time Deposit also grew on a faster pace in 2020.

F. Net Interest Margin

Net Interest Margin remained high at about 10% as funding cost remained low at 0.61%.

G. Recap of 2021 Results

To recap, 2021 was better than better than expected with:

- Net Income more than thrice compared to the preceding year backed by strong growths in both Net Interest Income and Non-Interest Income;
- Sustained strong growth in Loans at 20%; and
- Another record high deposit growth at 41%, with CASA growing at 16% that is higher.

H. 2021 Key Metrics

- Return on Common Equity improved to 6.2% that was more than 3x of the preceding year;
- Net Interest Income remained high at about 10%;
- Cost to Income Ratio improved by 400bps to 87%;
- NPL Ratio improved by more than 200bps to 5.4%;
- NPL Cover remained sufficient at 77%; and
- CAR and CET 1 both declined by 250bps due to stronger loans growth.

I. Philippine Economic Growth Poised to Accelerate this Year After Lagging Throughout Much of the COVID-19 Pandemic

- The Philippine economic growth poised to accelerate in 2022 after lagging throughout much of the Covid-19 pandemic;
- Gross Domestic Product (GDP) was seen to settle at 6.2% which would be faster than the World and Emerging Markets at 4.0% and 4.5%, respectively;
- Expanding Vaccination Coverage Lowers Risk of Severe COVID-19 Outcomes, Reducing Need for “Hard Lockdowns” to Control Virus;
- As vaccination coverage expand, risk of severe Covid-19 outcome was expected to further go down which would prevent the need for “hard lockdowns”;
- Retail and Workplace Mobility Already Back to Pre-Pandemic Levels. Transit Mobility also improving as Quarantine Protocols had been relaxed;
- Inflation worries were rising even as Covid-19 related concerns had been receding. The Philippines was a net food and energy importer. Oil price trends remained one of the crucial concerns; and
- Philippine economic growth expected to accelerate with expanding vaccination coverage and improving mobility leading to broader economic activity, however, Geopolitical risks driving commodity prices and inflation higher was seen to further push interest rates higher.

J. Income Statement

- 1Q2022 Net Income was 72% higher year-on-year, further increasing annualized Return on Average Common Equity to 12.9% from only 7.5%, year-on-year;
- Net Interest Income growth was strong, as Net Interest Margins (NIMs) was maintained at about 10% together with the growth in customer loans;
- Interest Expense also grew driven by strong growth in Deposits;
- Non-Interest Income was also strong from higher Fees earned on Salary Loans bookings;
- Operating Expenses grew as the bank continued to expand its network and reach; and
- Provision was consistent with the portfolio growth. Year-on-year growth appeared to be high because 1Q2021 provision was net of excess provisions from prior periods.

K. Balance Sheet

- Total resources’ growth remained robust at 30% as Salary Loans grew by 29% and loans to MSMEs grew by 23%;
- Investment Securities likewise grew as excess as result of excess funds generated during the year;
- Total deposits’ remained high growth at 34%, driven by strong growth in both low-cost CASA and Time deposits; and
- Margin remained high at about 10% as funding cost remained low at 0.61%.

L. Recap of 1st Quarter of 2022 Results

To recap, 1Q2022 was better than better than expected with:

- Net Income grew 71% year-on-year backed by strong growths in both Net Interest Income and Non-Interest Income;
- Loans growth was stronger at 26%; and
- Sustained strong growth in Deposit at 34%, with CASA growing at 24%.

M. 1st Quarter 2022 Key Metrics

- Return on Common Equity improved to 12.9% or almost 2x of the preceding year;

- Net Interest Income remained high at about 10%;
- Cost to Income Ratio further improved by 1000bps to 75%;
- NPL Ratio further improved by about 200bps to 4.8%;
- NPL Cover remained sufficient at 84%; and
- CAR and CET 1 both declined by 300bps mainly due to stronger loans growth.

In summary, the business performance sustained with improving loan demand. Asset improved with lower NPL Ratio with sufficient NPL Cover. Macro outlook more positive with further reopening, despite geopolitical tensions and inflationary pressures.

V. OPEN FORUM

The Chairman proceeded to the Open Forum and as provided in BDONB's ASM Notice, stockholders were given the opportunity to send their questions and/or remarks prior to the meeting by sending an email to <bdonbcorsec@bdonetworkbank.com.ph> not later than 10:00 a.m. of April 29, 2022. Shareholders may also send their questions or comments via the Q&A panel provided in BDONB's Webex platform.

Stockholder Ms. Mary Anne C. Perlas asked why BDONB opened more branches when other banks had stopped.

The President replied that the entire Banking Industry had been growing at a slow phase of 1% Compounded Average Growth Rate (CAGR) for the last 10 years, while BDONB had been demonstrating stronger phase of 24% CAGR, from only 82 branches in 2011 to 243 branches in 2021. This was more than 3x that of the Rural and Cooperative Banks growth at 7%.

Notwithstanding the strong growth, the Bank remained on a "Growth Stage" in view of its vision to be the Country's leading bank in serving "Unserved" and "Underserved" communities.

While it may be true that COVID brought some adversities, it also opened lots of windows for opportunities for the Bank. While other banks had been slowed down by COVID restrictions, it provided BDONB with a good chance to select the best locations and talents available for branches in the community. It also gave the Bank the opportunity to be known as a "dependable" and a "reliable bank". During the height of COVID Cases in 2020, most banks implemented shortened banking hours and closed several of their branches. On the other hand, BDONB kept 100% of its branches opened with the aim to serve the community during those trying times. Because of this simple act of service, the Bank was able to show its reliability and dependability which resulted to record high growths in Deposits at 31% and Loans at 27%, in 2020. Even with the higher base, the Bank was able to sustain the growth momentum in both Deposits and Loans at 41% and 20%, respectively, in 2021.

The Bank would continue to open more branches because: (1) BDONB was still on a "Growth Stage"; (2) BDONB remained committed to serve the "Unserved" and "Underserved" communities; and (3) BDONB would like to seize the opportunities during this adversity.

Another stockholder, Mr. Franco Britanico, asked if fintechs pose any threat to the business.

Mr. Itchon replied that while at fintechs were very promising in terms of streamlining complex financial processes and more accessible, BDONB did not threatened considering the Bank's market segment. Most of BDONB's current clients remain to prefer the traditional way of banking than the modern way. Needless to say, the bank will also continue to explore on how to capitalize on technology to provide the most convenient alternative banking processes for our clients in the rural communities.

There being no questions, the meeting moved on to the next item in the agenda, which is the approval of the BDO Network Bank (BDONB's) 2021 Audited Financial Statements.

The Chairman discussed that the 2021 Audited Financial Statements of BDONB were appended to the Definitive Information Statement and were sent to all shareholders of record and included in the Annual Report earlier sent or distributed to them upon registration.

There being no questions, the meeting moved on to the next item in the agenda, which was the approval of the President’s Report and Audited Financial Statements for the Fiscal Year Ended December 31, 2021. The Audited Financial Statements of the Bank were appended to the Definitive Information Statement sent to all shareholders of record and included in the Annual Report earlier sent or distributed to them upon registration.

The Chairman then asked the Corporate Secretary to announce the results of the voting. The Corporate Secretary stated that based on the tabulation of votes, 100% of the stockholders present in the meeting voted in favor of approval. Below is the tally of votes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
339,068,061	100%	0	0	0	0

With the above votes in favor of approval, the following resolution was passed and adopted:

STOCKHOLDERS' RESOLUTION 2022-02

***RESOLVED, AS IT IS HEREBY RESOLVED,** that the Stockholders of BDO Network Bank, Inc. note and approve, as they hereby note and approve, the President’s Report for the year ended December 31, 2021, and the Audited Financial Statements for the Fiscal Year Ended December 31, 2021.*

VI. APPROVAL AND RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND MANAGEMENT DURING THEIR TERM OF OFFICE

The Chairman then proceeded to facilitate the ratification of all acts and proceedings of the Board of Directors, the Board Committees and Management during their terms of office, and significant related parties’ transactions. The collective efforts of the Board, its Committees and Management were key factors to the Bank’s 2021 good performance.

The Chairman then asked the Corporate Secretary to announce the results of voting. The Corporate Secretary announced that based on the tabulation of votes, 100% of the stockholders present in the meeting voted in favor of approval. Below is the tally of votes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
339,068,061	100%	0	0	0	0

With the above votes in favor of approval, the following resolution was passed and adopted:

STOCKHOLDERS' RESOLUTION 2022-03

***RESOLVED, AS IT IS HEREBY RESOLVED,** that the Stockholders of BDO Network Bank, Inc. (BDONB) approve, confirm and ratify, all of the resolutions, acts, including approvals of significant related parties’ transactions, and proceedings of the Board of Directors, its duly constituted Board Committees, Management and Officers, in carrying out and promoting the purposes, objects, and interests of BDONB up to the date of the Annual Stockholders’ Meeting, April 29, 2022 and approve, confirm and ratify the same, as the acts and deeds of BDONB.*

VII. ELECTION OF DIRECTORS FOR THE YEAR 2022 – 2023

The Chairman then announced that the next item on the agenda which was the election of regular and independent members of the Board of Directors of BDONB for the year 2022-2023 and until the next succeeding annual stockholders meeting. The Chairman of the meeting also informed all the stockholders in attendance of the mandatory requirement of electing independent directors. The Chairman then asked the Corporate Secretary to read the list of nominees for regular directors and independent directors.

The Corporate Secretary informed the stockholders that as of the close of the nomination period pursuant to the Bank's By-Laws, there were only eleven (11) persons nominated and qualified to fill-up the eleven (11) seats in the Board. He announced that the following nominations were received and evaluated by the Corporate Governance Committee during the prescribed nomination period, and that the Committee found the nominees to possess all the qualifications and none of the disqualifications for election as regular and independent directors, respectively, of BDONB:

Nominees for Regular Directors

1. Nestor V. Tan
2. Jesus Antonio S. Itchon
3. Jovasky Wei Shen Pang
4. Jaime C. Yu
5. Rolando C. Tanchanco
6. Edwin Romualdo G. Reyes
7. Geneva T. Gloria

Nominees for Independent Directors

1. Jose S. Tanjuatco
2. Evelyn Cristina A. Cam
3. Ma. Leonora V. De Jesus
4. Atty. Jesse H. T. Andres

Upon the request of the Chairman of the Meeting, the Corporate Secretary presented the results of the voting of the stockholders on the election of each nominee. Based on the tabulation of votes made by P&A, the votes cast and received by the nominees were as follows:

Nominees		Total Outstanding Shares	Votes in Favor	Voted Against	Abstentions
Regular Directors:					
1.	Nestor V. Tan	1	339,068,061	0	0
2.	Jesus Antonio S. Itchon	1	339,068,061	0	0
3.	Jovasky Wei Shen Pang	1	339,068,061	0	0
4.	Jaime C. Yu	1	339,068,061	0	0
5.	Rolando C. Tanchanco	1	339,068,061	0	0
6.	Edwin Romualdo G. Reyes	1	339,068,061	0	0
7.	Geneva T. Gloria	1	339,068,061	0	0
Independent Directors:					
1.	Evelyn Christina A. Cam	1	339,068,061	0	0
2.	Jose S. Tanjuatco	1	339,068,061	0	0
3.	Ma. Leonora V. De Jesus	1	339,068,061	0	0
4.	Atty. Jesse H.T. Andres	1	339,068,061	0	0

Considering that there were only eleven (11) persons nominated to, and qualified for, the eleven (11) seats in the Board of Directors of BDONB for the year 2022-2023, and the results of the voting, the following resolution was passed and adopted:

STOCKHOLDERS' RESOLUTION 2022-04

RESOLVED, AS IT IS HEREBY RESOLVED, that the following persons are hereby elected as **Directors of BDO Network Bank, Inc.** for a period of one (1) year until their successors shall have been duly elected and qualified:

Regular Directors:

1. *Nestor V. Tan*
2. *Jesus Antonio S. Itchon*
3. *Jovasky Wei Shen Pang*
4. *Jaime C. Yu*
5. *Rolando C. Tanchanco*
6. *Edwin Romualdo G. Reyes*
7. *Geneva T. Gloria*

Independent directors:

1. *Evelyn Cristina A. Cam*
2. *Jose S. Tanjuatco*
3. *Ma. Leonora V. De Jesus*
4. *Atty. Jesse H. T. Andres*

VIII. APPOINTMENT OF EXTERNAL AUDITOR

The next item in the Agenda was the appointment of the Bank's external auditor. The Audit Committee had accepted nominations for external auditor and pre-screened these. The current external auditor, Punongbayan & Araullo, Grant Thornton was recommended for re-appointment as external auditor. The Chairman entertained the motion for the reappointment of Punongbayan & Araullo, Grant Thornton as the Bank's external auditor for the year 2022.

The Chairman then asked the Corporate Secretary to announce the results of voting by the stockholders on the re-appointment of Punongbayan & Araullo (P&A), Grant Thornton as the external auditor of BDONB. The Corporate Secretary announced that based on the tabulation of votes, 100% of the stockholders present voted in favor of the reappointment of P&A as external auditor of the Bank for the year 2022. Below is the tally of votes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
339,068,061	100%	0	0	0	0

Thereafter, the following resolution was passed and adopted:

STOCKHOLDERS' RESOLUTION 2022-05

RESOLVED, AS IT IS HEREBY RESOLVED, that the Shareholders approve, as they hereby approve, the re-appointment of **Punongbayan & Araullo, Grant Thornton** as external auditor of BDO Network Bank, Inc. for the year 2022 under such terms and conditions as may be determined by Management.

IX. OTHER MATTERS

The Chairman asked the Corporate Secretary if there are any other matters which may properly be taken up by the shareholders at the meeting. The Corporate Secretary confirmed to the Chairman that there are no other matters for shareholder's approval.

X. ADJOURNMENT

There being no other matters to be taken up, a motion was made to adjourn the meeting and the Chairman thanked everyone who has participated by voting and sending in their questions/comments.

Thereafter, Chairman adjourned the meeting at 11:46 A.M.

JOSEPH JASON M. NATIVIDAD
Corporate Secretary

ATTESTED BY:

NESTOR V. TAN
Chairman