

**MINUTES OF THE  
ANNUAL MEETING OF STOCKHOLDERS**

**BDO LEASING AND FINANCE, INC.**

**HELD ON WEDNESDAY, APRIL 23, 2014, AT 10:05 A.M.  
AT THE FRANCISCO SANTIAGO HALL, MEZZANINE FLOOR, SOUTH TOWER  
BDO CORPORATE CENTER, 7899 MAKATI AVENUE, MAKATI CITY**

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**NUMBER OF SHARES HELD BY SHAREHOLDERS:**

Present In Person or Represented By Proxy, and Participant Brokers	-	1,841,213,587
Number of Total Outstanding Shares	-	2,162,475,312
Percentage of the Total Shares Represented By Proxies & In-Person	-	85.14%

**DIRECTORS PRESENT:**

Ms. Teresita T. Sy	Chairperson
Mr. Roberto E. Lapid	Vice Chairman
Atty. Jesse H. T. Andres	Independent Director
Mr. Antonio N. Cotoco	Director
Ms. Ma. Leonora V. De Jesus	Independent Director
Mr. Luis S. Reyes, Jr.	Director
Mr. Nestor V. Tan	Director
Mr. Jesus G. Tirona	Independent Director
Mr. Exequiel P. Villacorta, Jr.	Director
Mr. Walter C. Wassmer	Director

**ALSO PRESENT:**

Mr. Jeci A. Lapus	Adviser to the Board
Atty. Edmundo L. Tan	Adviser to the Board
Atty. Joseph Jason M. Natividad	Corporate Secretary
Atty. Angelita L. Ortega-Cortez	Assistant Corporate Secretary
Atty. Elmer B. Serrano	Corporate Information Officer
Mr. Gerard M. Aguirre	First Vice President/Provincial Marketing Head
Mr. Peter Blair S. Agustin	Vice President/Chief Risk & Compliance Officer
Ms. Rosalisa B. Kapuno	Vice President/Comptrollership

**I. Call to Order**

Ms. Teresita T. Sy, Chairperson, called the Annual Stockholders' meeting to order at 10:05 in the morning. On behalf of BDO Leasing and Finance, Inc. (BDOLF) and Management, she expressed her gratitude to the stockholders for their continued support to the Corporation. The Chairperson then requested Mr. Nestor V. Tan to act as Chairman of the Meeting and to preside over the same.

Atty. Joseph Jason M. Natividad, Corporate Secretary, recorded the minutes of the meeting.

**II. Certification of Notice and Quorum**

The Chairman of the meeting verified whether notices of the annual meeting of the stockholders had been sent to the corporation's shareholders. Atty. Joseph Jason M. Natividad,

Corporate Secretary, replied that notices of the meeting, together with the agenda and the Definitive Information Statement were sent beginning March 28, 2014 to the stockholders of record as of March 7, 2014, in accordance with Article II, Section 2 of the By-Laws in relation to Paragraphs 3 and 11 of SRC Rule 20 of the Amended Implementing Rules and Regulations of the Securities Regulation Code.

The Corporate Secretary certified that based on the record of attendance, present for the meeting were stockholders, in person or by proxy, and participant brokers holding a total of 1,841,213,587 shares, equivalent to 85.14% of the total 2,162,475,312 outstanding shares of the Corporation. The Corporate Secretary therefore certified that there was a quorum present and that the meeting was regularly and lawfully convened for the transaction of business. He recorded the minutes of the proceedings

The Corporate Secretary likewise manifested that Punongbayan & Araullo CPAs, represented by Mr. Romualdo V. Murcia III, Partner, had been appointed to count and validate the votes cast at the meeting, in accordance with the voting procedures disclosed in the Definitive Information Statement provided to the stockholders as of record date.

### **III. Reading and Approval of the Minutes of the Previous Stockholders' Meeting**

The Chairman of the meeting stated that the next item in the agenda was the reading and approval of the minutes of the annual meeting of shareholders held on April 17, 2013. He manifested that copies of the Minutes are available for examination during office hours at the Office of the Corporate Secretary and at the Corporation's website [www.bdo.com.ph/business/leasing-financing/about us](http://www.bdo.com.ph/business/leasing-financing/about-us).

Upon motion duly made and seconded, the minutes of the annual stockholders' meeting held on April 17, 2013 had been approved and the following resolution had been passed and adopted:

Stockholders' Resolution No. 2014-01

**RESOLVED**, That the Stockholders of BDO Leasing and Finance, Inc. approve, as they hereby approve, the Minutes of the Annual Stockholder's Meeting held on April 17, 2013.

The Chairman of the meeting then instructed the Corporate Secretary to have the minutes of the meeting reflect the tabulation of votes to include proxies that have cast their votes in favor of the approval of the minutes of the last annual stockholders' meeting, and to note the proxies that have chosen to abstain on voting for, or have chosen to vote against, the approval of the minutes of the last annual shareholders' meeting.

Based on P&A's tabulation, shareholders owning 1,841,213,587 shares or 85.14% of the total shares present and represented in the meeting, approved the Minutes of the annual stockholders' meeting held on April 17, 2013. Based on the proxies submitted, no shareholder or 0.0% voted against or abstained in the approval of the minutes.

### **IV. Presentation of Annual Report, and the 2013 Financial Statements of the Corporation**

Mr. Roberto E. Lapid, Vice Chairman & Officer-in-Charge, rendered his report to the Stockholders.

The Total Assets of BDOLF amounted to P25.3 Billion, an increase of 22% compared to 2012. The Net Income for the Fiscal Year was P420.3 Million or a 2% increase from the 2012 Net Income. The Total Revenues of P1.9 Billion represent an increase of 8% year on year due to higher interest and rental income resulting from the increase in the lease portfolio. Interest expense was also lower in 2013 by 10% compared to the 2012 level due to lower borrowing costs both for the Short Term Commercial Papers (STCPs) and from banks. The provisions for 2013 increased by 12% from 2012 because of the additional allowances required by the increasing portfolio. The higher provisions tempered the gains from higher revenues and lower funding costs. However, the provisions made further strengthened the balance sheet against economic and

market uncertainties putting BDOLF in a better position to grow its business. For 2014, total assets had been projected to grow by 19% driven by a 20% increase in the lease/loan portfolio. Revenues are also projected to grow by 14%. The first quarter performance of BDOLF would show that the company was above target in terms of Total Assets, Net Portfolio, Total Revenues and Net Income.

The report is hereto attached as Annex "A" and made an integral part hereof.

## V. Open Forum

After the Vice-Chairman and OIC's presentation, the Chairman of the meeting opened the floor to give the stockholders the opportunity to ask questions or give comments regarding Mr. Lapid's Report and the Financial Statements of BDOLF, or related matters.

Mr. Philip Turner, stockholder, commented on the consistency of the financial results of BDOLF particularly the net income. He pointed out some typographical errors in the Annual Report and suggested that the printing be addressed to make the reports more legible and the members of the Board properly identified. He also suggested the use of recycled paper as more environment friendly. The Chairman of the meeting, Mr. Tan, replied that the issue on the legibility and format of the report and the use of recycled paper would be discussed with Management. With regard to the financial performance of BDOLF, he emphasized that the assets grew by more than twenty percent (20%). This was within the control of Management - to bring in as much business as they can to the company. However, the very liquid market and declining interest rate environment which put a severe strain on the spread are economic conditions beyond the control of BDOLF. The Chairman of the meeting added that Management will continue to focus on the things within its control to ensure that the credit remains sound. Regarding the increase in fees of the external auditor, the same was due to additional audit requirements set by regulatory which required more man hours from the auditors.

Mr. Jose T. Ferrer, stockholder, commended BDOLF, the Board and Management for the cash dividends declared in February 2014. He inquired when the dividends would be paid since he has yet to receive the same. The Chairman of the meeting replied that he would endorse the concern of Mr. Ferrer to the Office of the Corporate Secretary to check on the status of his dividend payment.

In reply to the query of Mr. Willington Chua, stockholder, Mr. Tan stated that the BSP issuances could affect the funding costs which could go higher thereby lowering the spread of BDOLF. Although this could be passed on to the clients, it would depend on whether the market would accept the same. The PPPs could be potential business source but most PPPs are still in the pipeline and only a few had been awarded.

After the discussions were concluded, Mr. Vernie C. Dela Cruz, proxy holder, moved for the notation and approval of the Report on the result of the operations of the corporation for the year ended December 31, 2013 and the audited financial statements for the same period.

Ms. Zarah A. Lacaya, proxy holder, seconded the motion.

There being no objection, the Stockholders adopted the following resolution:

### Stockholders' Resolution No. 2014-02

**RESOLVED**, That the Stockholders do hereby note and approve the Report on the Result of the Operations of BDO Leasing and Finance, Inc. and the Audited Financial Statements for the year ended December 31, 2013.

The Chairman of the meeting directed the Corporate Secretary to have the minutes reflect the tabulation of votes to include proxies that have cast their vote in favor of the approval of the Report on the Results of Operations of BDOLF for the fiscal year ended December 31, 2013 and the Audited Financial Statements for the same period, and to note the proxies that have chosen to abstain on voting for, or have voted against, the approval of the Corporation's Report on the Results of Operations for the fiscal year ended December 31, 2013 and the Audited Financial Statements for the same period.

Accordingly, based on P&A's tabulation, shareholders owning 1,841,213,587 shares or 85.14% of the total shares present and represented in the meeting, approved the Report on the Results of Operations of BDOLF for the fiscal year ended December 31, 2013 and the Audited Financial Statements for the same period. Based on the proxies submitted, no shareholder or 0.0% voted against or abstained in the approval of the Report on the Results of Operations of BDOLF for the fiscal year ended December 31, 2013 and the Audited Financial Statements for the same period.

**VI. Ratification of Actions Taken by the Board of Directors, Its Duly Constituted Committees, the Management and the Officers of the Corporation Since the Last Annual Meeting of the Stockholders**

Mr. Jan Jerico D. Obra, proxy holder, moved that all the acts and proceedings of the Board of Directors, the acts of the duly constituted committees, the acts of the Management and the acts of the officers of the Corporation up to the date of this 2014 annual stockholders' meeting be, in all respects, confirmed, ratified and approved.

Thereafter, Mr. Manolo O. Diaz, proxy holder, seconded the motion.

There being no further questions or objection, the Stockholders adopted the following resolution:

Stockholders' Resolution No. 2014-03

**RESOLVED**, That all the acts and proceedings of the Board of Directors, the acts of the duly constituted committees, the acts of the Management and the officers of BDO Leasing and Finance, Inc. (the "Corporation") in carrying out and promoting the purposes, objects, and interests of the Corporation, are confirmed, ratified and approved and hereby made the acts and deeds of the Corporation.

The Chairman of the meeting directed the Corporate Secretary to have the minutes reflect the tabulation of votes to include proxies that have cast their vote in favor of the ratification and confirmation of all the acts and proceedings of the Board of Directors, its duly constituted committees, the acts of Management and officers of BDOLF up to the date of this annual stockholders' meeting, and to note the proxies that have chosen to abstain on voting for, or have voted against, the ratification and confirmation of all the acts and proceedings of the Board of Directors, its duly constituted committees, the acts of Management and officers of BDOLF up to the date of the annual stockholders' meeting (April 23, 2014).

Accordingly, based on P&A's tabulation, shareholders owning 1,841,213,587 shares or 85.14% of the total shares present and represented in the meeting, ratified and confirmed all the acts and proceedings of the Board of Directors, its duly constituted committees, the acts of Management and officers of BDOLF up to the date of the Annual Stockholders' Meeting. Based on the proxies submitted, no shareholder or 0.0%, voted against or abstained in the ratification and confirmation of all the acts and proceedings of the Board of Directors, its duly constituted committees, the acts of Management and officers of BDOLF up to the date of the Annual Stockholders' Meeting.

**VII. Election of the Board of Directors**

The Chairman of the meeting then announced that the next item on the agenda was the election of the regular and independent members of the Board of Directors for the ensuing year and until the next succeeding annual stockholders meeting of the Corporation. The Chairman of the meeting also informed all the stockholders in attendance of the mandatory requirement of electing independent directors.

Atty. Jesse H. T. Andres, Independent Director and Chairman of the Nomination Committee (the "Committee") of the Corporation, informed the members of the Board and the stockholders that the following nominations have been received and passed upon by the Committee during the prescribed nomination period, and that the Committee found the following nominees to possess all

the qualifications and none of the disqualifications for election as regular and independent directors, respectively, of BDOLF:

Nominees for Regular Directors

1. Antonio N. Cotoco
2. Roberto E. Lapid
3. Jeci A. Lapus
4. Luis S. Reyes, Jr.
5. Teresita T. Sy
6. Nestor V. Tan
7. Exequiel P. Villacorta, Jr.
8. Walter C. Wassmer

Nominees for Independent Directors:

9. Jesse H. T. Andres
10. Ma. Leonora V. De Jesus
11. Jesus G. Tirona

Ms. Juliene E. Teodoro, proxy holder, observed that since the nomination period has expired and closed, and there are eleven (11) nominees for the eleven (11) seats in the corporation's Board of Directors, she moved that the Corporate Secretary be directed to cast all unqualified votes in favor of the foregoing individuals respectively nominated as regular and independent directors.

Mr. Jan Jerico D. Obra seconded the motion.

Thereafter, the Stockholders adopted the following resolution:

Stockholders' Resolution No. 2014-04

**RESOLVED**, That the following are elected directors of BDO Leasing and Finance, Inc. for a period of one (1) year, and to act as such until their successors are elected and qualified:

Regular Directors:

1. Antonio N. Cotoco
2. Roberto E. Lapid
3. Jeci A. Lapus
4. Luis S. Reyes, Jr.
5. Teresita T. Sy
6. Nestor V. Tan
7. Exequiel P. Villacorta, Jr.
8. Walter C. Wassmer

Independent Directors:

9. Jesse H. T. Andres
10. Ma. Leonora V. De Jesus
11. Jesus G. Tirona

The Chairman of the meeting directed that the minutes reflect a tabulation of votes to include proxies that have cast their vote in favor of the election of each director and to exclude proxies that have chosen to abstain or vote against each director. Based on the tally made by P&A, the votes cast and received by the nominees were as follows:

Nominees	Number of voting shares in favor	Number of voting shares that voted against	Number of voting shares abstained
Teresita T. Sy	1,841,213,587	0	0
Roberto E. Lapid	1,841,213,587	0	0
Jesse H. T. Andres	1,841,213,587	0	0
Antonio N. Cotoco	1,841,213,587	0	0
Ma. Leonora V. De Jesus	1,841,213,587	0	0
Jeci A. Lapus	1,841,213,587	0	0
Luis S. Reyes, Jr.	1,841,213,587	0	0
Nestor V. Tan	1,841,213,587	0	0

Nominees	Number of voting shares in favor	Number of voting shares that voted against	Number of voting shares abstained
Jesus G. Tirona	1,841,213,587	0	0
Exequiel P. Villacorta, Jr.	1,841,213,587	0	0
Walter C. Wassmer	1,841,213,587	0	0

### VIII. Appointment of External Auditor

The next item in the agenda was the appointment of the external auditor of BDOLF for the year 2014.

Mr. Elmer B. Cruz, proxy holder, moved that the Accountancy and Auditing Firm of Punongbayan & Araullo, CPA's (P&A), be appointed as the external auditor of BDOLF for 2014, and that the Board of Directors be authorized to determine the terms of said external auditor's professional engagement.

Mr. Vernie C. Dela Cruz, proxy holder, seconded the motion.

There being no objection, the Stockholders adopted the following resolution:

#### Stockholders' Resolution No. 2014-05

**RESOLVED**, That the Accountancy and Auditing Firm of Punongbayan & Araullo, CPA's, be appointed as the external auditor of BDOLF for 2014;

**RESOLVED FURTHER**, That the Board of Directors of BDOLF or such person or persons duly authorized by the Board, be, as it/he is hereby authorized to determine the terms of engagement of the external auditor, to sign, execute and deliver the agreement and other documents pertaining to such engagement, and generally, to perform all acts necessary or appropriate to carry out the foregoing resolution and the intent hereof.

The Chairman of the meeting then directed the Corporate Secretary to have the minutes reflect the tabulation of votes to include proxies that have cast their votes in favor of the appointment of Punongbayan & Araullo, CPA's, as external auditor of BDOLF for the year 2014, and to note the proxies that have chosen to abstain on voting for, or have voted against, the appointment of Punongbayan & Araullo, CPA's, as external auditor of BDOLF for the year 2014.

Based on P&A's tabulation, shareholders owning 1,841,213,587 shares or 85.14% of the total shares present and represented in the meeting, approved the appointment of Punongbayan & Araullo, CPA's, as external auditor of BDOLF for the year 2014. Based on the proxies submitted, no shareholder or 0.0%, voted against or abstained in the appointment of Punonbayan & Araullo CPAs as external auditor of BDOLF for the year 2014.

### IX. Amendment of the Third Article of the Articles of Incorporation

The Chairman of the meeting then proceeded to the next item in the agenda, which is the amendment to the Third Article of the Articles of Incorporation of BDO Leasing and Finance, Inc. (BDOLF) or the principal place of business of the Corporation, which is currently indicated as "Metropolitan Manila", to "BDO Leasing Centre, Corinthian Gardens, Ortigas Avenue, Quezon City, Philippines".

The Chairman of the meeting explained that the amendment would be for purposes of complying with the Memorandum Circular No. 6, Series of 2014 issued by the Securities and Exchange Commission ("SEC") which required all corporations and partnerships to reflect their specific addresses in their Articles of Incorporation or Articles of Partnership. The covered corporations and partnerships have until December 31, 2014 within which to comply with the SEC Circular.

Ms. Arvida F. Pinga, proxy holder, moved for the ratification and approval of the proposed amendment to the Third Article of the Articles of Incorporation of BDOLF to reflect therein the exact business address of the corporation as approved by the Board during its February 26, 2014 meeting.

Ms. Juliene E. Teodoro seconded the motion.

There being no objection, the stockholders passed and adopted the following resolution:

**Stockholders' Resolution No. 2014-06**

**RESOLVED**, That the Stockholders of BDO Leasing and Finance, Inc. ("BDOLF") do hereby approve the amendment of the Third Article of its Articles of Incorporation by changing the principal place of business of BDOLF from "Metropolitan Manila", to "BDO Leasing Centre, Corinthian Gardens, Ortigas Avenue, Quezon City, Philippines", to read as follows:

"THIRD - That the place where the principal office of the corporation **shall be at BDO Leasing Centre, Corinthian Gardens, Ortigas Avenue, Quezon City, Philippines.** The Corporation may establish branches anywhere in the Philippines or abroad subject to compliance with applicable laws, rules and/or regulations"

The Chairman of the meeting then directed the Corporate Secretary to have the minutes reflect the tabulation of votes to include proxies that have cast their votes in favor of the ratification and approval of the amendment of the Third Article of the Articles of Incorporation of BDOLF changing its principal place of business from "Metropolitan Manila" to "BDO Leasing Centre, Corinthian Gardens, Ortigas Avenue, Quezon City, Philippines", and to note the proxies that have chosen to abstain on voting for, or have voted against, the ratification and approval of the amendment of the Third Article of the Articles of Incorporation of BDOLF.

Based on P&A's tabulation, shareholders owning 1,841,213,587 shares or 85.14% of the total shares present and represented in the meeting, approved the ratification and approval of the amendment of the Third Article of the Articles of Incorporation of BDOLF changing its principal place of business from "Metropolitan Manila" to "BDO Leasing Centre, Corinthian Gardens, Ortigas Avenue, Quezon City, Philippines". Based on the proxies submitted, no shareholder or 0.0%, voted against or abstained in the ratification and approval of the amendment of the Third Article of the Articles of Incorporation of BDOLF.

**X. Adjournment**

There being no further business to transact, Ms. Zarah A. Lacaya, proxy holder, moved to adjourn the meeting.

Mr. Elmer B. Cruz, proxy holder, seconded the motion.

There having been no objection to the motion, the meeting was thereupon adjourned at 10:55 in the morning.

CERTIFIED CORRECT:

  
**JOSEPH JASON M. NATIVIDAD**  
CORPORATE SECRETARY

ATTESTED:

  
**TERESITA T. SY**  
CHAIRPERSON