



24 January 2020

BDO to Sell Equity Stake in BDOLF

BDO Unibank, Inc. (BDO) today announced that it entered into an agreement to sell a controlling stake in its publicly-listed subsidiary, BDO Leasing and Finance (BDOLF), to a third party as part of the Bank's restructuring of its leasing business.

The restructuring of BDO's leasing business is being undertaken to optimize the financial needs of clients in light of new accounting regulations covering lease transactions. IFRS 16, which took effect in January 2019, requires leases to be recognized on-balance sheet, similar to a loan facility. This makes lease transactions a less attractive option to corporate borrowers compared to the past.

Under the restructuring process, BDO has incorporated a new, privately-held finance company, BDO Finance Corporation (BDO Finance), to provide customers continuing access to lease products and services. Additionally, BDO Finance will assume current lease transactions booked in BDOLF to provide continuity to existing clients. Meanwhile, clients who now find regular bank loans more attractive vis-à-vis leases can access BDO's wide range of products and services.

Mr. Roberto E. Lapid, President of BDOLF, stated that "We wish to reassure BDOLF clients that their financing requirements will continue to be serviced, and there will be no effective change in their existing lease arrangements that will be assumed by BDO Finance."

BDOLF will be re-named and its Articles of Incorporation and By-laws will be amended to reflect the new business direction. As required by regulation, a tender offer will

likewise be undertaken by the buyer to provide minority shareholders an opportunity to sell their BDOLF shares. The timetable and details of the tender offer will be announced by the buyer in due course.

The sale transaction is subject to closing conditions, including approval by regulatory authorities.

About BDO

BDO is a full-service universal bank which provides a wide range of corporate and retail banking services. These services include traditional loan and deposit products, as well as treasury, trust banking, investment banking, private banking, rural banking, cash management, leasing and finance, remittance, insurance, retail cash cards, credit card services, and stock brokerage services.

BDO has one of the largest distribution networks, with more than 1,400 operating branches and over 4,400 ATMs nationwide. It also has a full-service branches in Hong Kong and Singapore as well as 20 overseas remittance and representative offices in Asia, Europe, North America and the Middle East.

BDO ranked as the largest bank in terms of total assets, loans, deposits and trust funds under management based on published statements of condition as of September 30, 2019. For more information, please visit www.bdo.com.ph.

About BDOLF

BDO Leasing and Finance (BDOLF) is the leasing and financing entity of BDO Unibank, Inc. (BDO) which provides its customers direct leases, real estate leases, sale and leaseback arrangements as well as receivables factoring. It likewise provides operating leases through its wholly owned subsidiary BDO Rental Incorporated. BDO Leasing and Finance is among the industry's dominant players in terms of total assets, capitalization and profitability.