

A. BOARD MATTERS

1. Board of Directors

Number of Directors per Articles of Incorporation	11
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Actual number of Directors for the year	11
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- Composition of the Board (updated)

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual/Special Meeting)	No. of years served as director
Teresita T. Sy	ED	BDO Unibank		September 2005	<u>April 15, 2016</u>	Annual Meeting	<u>11</u>
Roberto E. Lapid	ED	BDO Unibank		May 24, 2006	<u>April 15, 2016</u>	Annual Meeting	<u>10</u>
Jesse H.T. Andres	ID		Mannette D. Vicente/ no relation	September 20, 2005	<u>April 15, 2016</u> (4 years)	Annual Meeting	<u>11</u>
Antonio N. Cotoco	ED	BDO Unibank		January 25, 2001	<u>April 15, 2016</u>	Annual Meeting	<u>16</u>
Ma. Leonora V. De Jesus	ID		Mannette D. Vicente/ no relation	May 12, 2008	<u>April 15, 2016</u> (4 years)	Annual Meeting	<u>8</u>
Luis S. Reyes Jr.	ED	BDO Unibank		April 18, 2012	<u>April 15, 2016</u>	Annual Meeting	<u>4</u>
Nestor V. Tan	ED	BDO Unibank		January 23, 2007	<u>April 15, 2016</u>	Annual Meeting	<u>10</u>
Jesus G. Tirona	ID		Mannette D. Vicente/ no relation	July 30, 2007	<u>April 15, 2016</u> (4 years)	Annual Meeting	<u>9</u>
Exequiel P. Villacorta Jr.	NED	BDO Unibank		May 24, 2006	<u>April 15, 2016</u>	Annual Meeting	<u>10</u>
Walter C. Wassmer	ED	BDO Unibank		November 17, 1999	<u>April 15, 2016</u>	Annual Meeting	<u>17</u>
Jeci A. Lapus	NED	BDO Unibank		April 23, 2014	<u>April 15, 2016</u>	Annual Meeting	<u>2.67</u>

- Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

- Board Responsibilities

5) The Company will not put up barriers or impediments that will prevent stockholders from communicating or consulting with one another on any issues related to the Company.

- Stakeholders' Interests (*Reference: 2015 Definitive Information Statement*)

Equitable Treatment of Stakeholders

Shareholders (updated)

The Company respects the inherent rights and recognizes the roles of various stakeholders in accordance with law. To this end, it has put in place various practices for the protection of shareholders' rights and promotion for exercising those rights such the right to buy, sell or transfer security held, the right to receive dividend, the right to vote for the appointment of the external auditor, the right to participate in the decision making for corporate matters, the right to propose agenda item in the shareholder's meeting. In particular, for the convenience of shareholders to exercise their right to attend the stockholders' meeting, it will announce in advance the venue, date, time and agenda of the annual meeting, explanation of each agenda item requiring shareholders' approval, method of voting and disclosure of voting results. Shareholders will be given equal opportunities to raise questions, make suggestions and recommendations pertaining to the operations of the Company. They can assign proxies to vote on their behalves if shareholders could not attend the stockholders' meeting. As a matter of policy, all stockholders' including institutional shareholders on record are encouraged to attend personally or by proxy the annual stockholders' meeting to ensure their participation and active involvement in the affairs of the Company.

The Annual Stockholders' Meeting was held on April 15, 2016 and was attended by the Board Chair, President, Directors and Chairmen of various Board Committees.

The shareholders are allowed to cast their votes on each director and on each agenda item presented to them for approval. They were also given the opportunity to ask questions, express opinions and make suggestions on various issues. Please see the Minutes of the 2015 Annual Stockholders' Meeting for detailed Questions and Answers, the voting results showing the Approving, Dissenting and Abstaining Votes cast by the shareholders on each agenda item in Annex A-10.

Declaration of cash/stock dividends is approved by the Board of Directors and is immediately disclosed with the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC) and is subject to the approval of the BSP. This disclosure is readily available at the websites of the PSE and the SEC, as well as of the Company. During the Annual Stockholders' Meeting, the President reports to the stockholders the financial performance of the Company for the year. In addition, the addition, the Company files with the PSE and SEC quarterly reports on its financial performance.

On February 2016, the Board of Directors approved the Company's Dividend Policy which states that "BDOLF recognizes the importance of providing a stable and sustainable dividend stream consistent with its commitment to shareholders. In March 2016, The Company paid cash dividend of Php0.20 per share and will endeavor to do so while maintaining financial flexibility.

The Board of Directors may, at its discretion and depending on the business results for the year and capital needs of the business, declare and approve the distribution of additional special dividends to all shareholders normally announced at the Annual Stockholders' Meeting"

Investors

The Company adopts a pro-active relationship with its stockholders by directly addressing their concerns and queries. The Company directly liaises with its stock transfer agent on matters relating to stockholders' claim for cash dividends, updating of contact information and requests for documents and/or information regarding their stockholdings.

g. Suspension		
(i) Executive Directors Same as disqualification procedures		Same as disqualification criteria
(ii) Non-Executive Directors Same as disqualification procedures		Same as disqualification criteria
(iii) Independent Directors Same as disqualification procedures		Same as disqualification criteria

Voting Result of the last Annual General Meeting (April 15, 2016) (updated)

Name of Director	% Votes Received (Based on outstanding shares present)
Teresita T. Sy	<u>85.11%</u>
Roberto E. Lapid	<u>85.11%</u>
Jesse H. T. Andres	<u>85.11%</u>
Antonio N. Cotoco	<u>85.11%</u>
Ma. Leonora V. De Jesus	<u>85.11%</u>
Jeci A. Lapus	<u>85.11%</u>
Luis S. Reyes Jr.	<u>85.11%</u>
Nestor V. Tan	<u>85.11%</u>
Jesus G. Tirona	<u>85.11%</u>
Exequiel P. Villacorta Jr.	<u>85.11%</u>
Walter C. Wassmer	<u>85.11%</u>

6. Orientation and Education Program

A. Disclose details of the company's orientation program for new directors, if any.

All new directors who joined the Board undergo an orientation program to familiarize them on their statutory/fiduciary roles and responsibilities in the Board and Committees, the Company's strategic plans, enterprise risks, group structures, business activities, compliance programs, Code of Business Conduct and Ethics, Personal Trading Policy and Corporate Governance Manual. As required by the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission, the new directors also need to complete the Corporate Governance Course. All directors were also encouraged to participate in the continuing education programs conducted by the Company to promote efficiency.

DIRECTOR ORIENTATION & CONTINUING EDUCATION POLICY

1. Philosophy

(a) Overall risk management philosophy of the company

As part of BDO Unibank's Group activities are principally related to the use of financial instruments including derivatives. BDO Unibank Group accepts deposits from customers at fixed and floating rates for various periods, and seeks to earn above average interest margins by investing these funds in high-quality assets. BDO Unibank Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at high rates, while maintaining sufficient liquidity to meet all claims that might fall due. BDO Unibank Group also trades in financial instruments where it takes positions in traded and over-the-counter instruments, including derivatives, to take advantage of short-term market movements in equities and bonds and in currency and interest rate prices.

To manage the risk for holding financial resources and liabilities, BDO Unibank Group operates an integrated risk management system to address the risk it faces in its banking activities, including credit, liquidity market (foreign exchange, interest rate and price risks) and operational risks. BDO Unibank's Group's risk management objective is to adequately and consistently evaluate, manage, control and monitor the risk profile of BDO Unibank's Group statements of financial position to optimize the risk-reward balance and maximize return on BDO Unibank Group's capital. BDO Unibank's Group Risk Management Committee (RMC) has overall responsibility for BDO Unibank Group's risk management systems and sets risk management policies across the full range of risks to which BDO Unibank Group exposed. Specifically, BDO Unibank Group's RMC places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions. With the exception of specific hedging arrangements, foreign exchange and interest rate exposures associated with these derivatives are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Audit Committee Report to be disclosed in the 2015 Annual Report stated that:

" The Board Audit Committee reports that it has evaluated the effectiveness of the internal controls, risk management systems and governance processes of the Company based on information obtained from the External Auditor, the reasonable assurance provided by the Internal Auditor and additional reports and information requested from Senior Management, and found that these are generally adequate across the BDO Leasing and Finance, Inc. and its subsidiary. The Company's system are assessed as generally adequate and its operational risk deemed moderate."

(c) Period covered by the review; 2015

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and : Once a year

(e) Where no review was conducted during the year, an explanation why not. : Not applicable

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
	Adequately and consistently evaluate, manage, control, and monitor the risk profile of the Company balance sheet	<ul style="list-style-type: none"> <li data-bbox="938 1804 1310 1891">Identify, measure, monitor and control the risks inherent in our business

(ALCO)	adequate liquidity, sufficient capital and the appropriate funding to meet all business requirements within regulatory requirements and to establish asset/liability pricing policies consistent with the strategies for the Bank's balance sheet.	balance sheet and off-balance sheet activities, maintaining adequate liquidity, ensuring sufficient capital, and the appropriate funding to meet all business requirements within regulatory limits. It establishes pricing and other policies consistent with the overall asset-liability management strategy of the Company and supportive of profitability, capital, funding, and liquidity directions. It manages interest rate risks by changing the balance sheet structure to take advantage of change in rates. It is also responsible for the Company's liquidity strategies that ensure sound management of liquidity risks by ensuring diversity of funding sources and compliance with regulatory requirements.
Management Committee (MANCOM)	As this Committee comprises of all Heads of Business and Support Units, it allows for more coordinated and integrated resolution and monitoring of business and operational issues.	Management Committee (MANCOM) is the forum for discussing business and operational issues.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

- (a) Explain how the internal control system is defined for the company;
- There is a strong Board oversight thru the various board committees(Audit Committee, Risk Management Committee)
 - Maker-checker arrangement is always present in all processes.
 - There is proper setting of limits.
 - Information Security policies are robust.
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Audit Committee Report to be disclosed in the 2015 Annual Report stated that: **(updated)**

"The Board Audit Committee reports that it has evaluated the effectiveness of the internal controls, risk management systems and governance processes of the Company based on information obtained from the External Auditor, the reasonable assurance provided by the Internal Auditor and additional reports and information requested from Senior Management, and found that these are generally adequate across the BDO Leasing and Finance, Inc. and its subsidiaries. The Company's systems are assessed as generally adequate and its operational risks is deemed moderate".

- (c) Period covered by the review; 2015

A. Preferred Shares

Shareholder	Number of Shares	Percent	Beneficial Owner
Not Applicable			

(Note: No Officer owns more than 5% of shares)

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Not applicable	Not applicable	Not applicable	
TOTAL			

2) Does the Annual Report disclose the following: (updated)

Key risks	<u>Yes, in the 2015 Notes to the Financial Statements</u>
Corporate objectives	<u>Yes</u>
Financial performance indicators	<u>Yes, in the Financial Highlights of the Annual Report</u>
Non-financial performance indicators	<u>Yes, in the Corporate Website</u>
Dividend policy	<u>Yes, in the Corporate Website</u>
Details of whistle-blowing policy	<u>Yes, in the Corporate Governance Report and Corporate Website</u>
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	<u>Yes in the Annual Report under Director's Profile</u>
Training and/or continuing education program attended by each director/commissioner	<u>Yes, in the Definitive Information Statement / Annual Corporate Governance Report</u>
Number of board of directors/commissioners meetings held during the year	<u>Yes, in the Annual report and ACGR</u>
Attendance details of each director/commissioner in respect of meetings held	<u>Yes in the Annual Report and ACGR</u>
Details of remuneration of the CEO and each member of the board of directors/commissioners	<u>Yes, (in the DIS) on an aggregate basis</u>

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee for 2015 (updated)

Name of auditor	Audit Fee	Non-audit Fee
Punongbayan & Araullo, CPAs	<u>Php 985,000</u>	none

4) Medium of Communication

accorded the right to comment, make suggestion or put forward their proposals. The President or the Board Chair would give their responses to each question/comment raised by the Stockholders on the floor.	
For the convenience of shareholders to exercise their rights and participation in the ASM, the venue, date, time and agenda of the annual meeting and the rationale for each agenda item were announced in advance.	Disclosure to the PSE/SEC
When shareholders could not attend the meeting, they can assign proxies to vote in their behalf	As part of the Notice of Stockholders' Meeting, proxy forms are included.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

- a. Amendments to the company's constitution
- b. Authorization of additional shares
- c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The shareholders are allowed to cast their votes on each agenda item pertaining to a proposed corporate action. Pursuant to Section 81 of the Corporation Code of the Philippines, a shareholder may exercise his appraisal right by dissenting on any of the corporate actions presented to them for approval and demanding payment of the fair value of their shares.

(Reference: DIS)

At each shareholders' meeting, holders of a majority of BDOLF's issued and outstanding voting shares who are present or represented by proxy, shall constitute a quorum for the transaction of business, except where otherwise provided by law. A majority of votes shall decide any matter submitted to the shareholders at the meeting, except in those cases where the law requires a greater number.

In the election of directors, the shareholders are entitled to cumulate their votes.

There is no manner of voting prescribed in the By-Laws of BDOLF. Hence, voting may be done viva voce, by show of hands, or by balloting. In the election of directors, the election must be by ballot if requested by any voting shareholder.

BDOLF's Corporate Secretary is tasked and authorized to count votes on any matter properly brought to the vote of the shareholders, including the election of directors. Securities Transfer Services, Inc., BDOLF's stock transfer agent, an independent party, is tasked to count votes on any matter properly brought to the vote of the shareholders, including the election of directors.

Shareholders holding BDOLF common shares as of record date are entitled to vote on the matters indicated in the Notice and Agenda.

3 .Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? Yes

- a. Date of sending out notices: March 2, 2016
- b. Date of the Annual/Special Stockholders' Meeting: April 15, 2016

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting

V. Open Forum (updated)

After the Vice-Chairman and the President'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.

There being no questions from the floor, Mr. Manolo O. Diaz, 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, 2015, and the First Quarter of 2016, and the audited financial statements for the Fiscal Year ended December 31, 2015.

Ms. Arvida F. Pinga, proxy holder, seconded the motion. There be no objection, the Stockholders adopted the following resolutions:

Stockholders' Resolution No. 2016-02

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, 2015, the Audited Financial Statements as of December 31, 2015, and the Report of BDOLF's Financial Performance at the First Quarter of 2016.

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, 2015 and the Audited Financial Statements for the same period, and the Report on financial performance during the First Quarter of 2016, to note the stockholders that have chosen to abstain on voting for, or have voted against, the approval of the said Reports and the Audited Financial Statements.

Based on P&A's tabulation, the following were the results of the voting by poll, showing the number of votes cast and received on the approval of the Report on the Results of Operations of BDOLF for the fiscal year ended December 31, 2015, the Audited Financial Statements for the same period, and the Report on the Financial Performance during the First Quarter of 2016:

Total Outstanding Shares	Total Votes Cast	Votes in favor	Votes Against	Abstention
2,162,475,312	1,840,515,470	1,840,505,470 (99.99%)	0	10,000 (0.00054%)

5. Result of Annual/Special Stockholders' Meeting's Resolutions (Voting Results) (updated)

Resolution/Agenda	Approving	Dissenting	Abstaining
I. Call to Order	<u>100%</u>	<u>0</u>	<u>0</u>
II. Certification of Notice and Quorum	<u>100%</u>	<u>0</u>	<u>0</u>
III. Approval of the Minutes of the Previous Stockholders' Meeting	<u>99.99%</u>	<u>0</u>	<u>0.00054%</u>
IV. Presentation of the Annual Report and Approval of the 2015 Audited Financial Statements	<u>99.99%</u>	<u>0</u>	<u>0.00054%</u>
V. Open Forum			
VI. Approval and Ratification of	<u>99.99%</u>	<u>0</u>	<u>0.00054%</u>

Acts and Proceedings of the Board of Directors, the duly Constituted Committees and Corporate Officers			
VII. Election of Directors			
1. Teresita T. Sy	<u>99.99%</u>	<u>0</u>	<u>0.00054%</u>
2. Roberto E. Lapid	<u>99.99%</u>	<u>0</u>	<u>0.00054%</u>
3. Jesse H. T. Andres	<u>99.99%</u>	<u>0</u>	<u>0.00054%</u>
4. Antonio N. Cotoco	<u>99.99%</u>	<u>0</u>	<u>0.00054%</u>
5. Ma. Leonora V. De Jesus	<u>99.99%</u>	<u>0</u>	<u>0.00054%</u>
6. Jeci A. Lapus	<u>99.99%</u>	<u>0</u>	<u>0.00054%</u>
7. Luis S. Reyes Jr.	<u>99.99%</u>	<u>0</u>	<u>0.00054%</u>
8. Nestor V. Tan	<u>99.99%</u>	<u>0</u>	<u>0.00054%</u>
9. Jesus G. Tirona	<u>99.99%</u>	<u>0</u>	<u>0.00054%</u>
10. Exequiel P. Villacorta Jr.	<u>99.99%</u>	<u>0</u>	<u>0.00054%</u>
11. Walter C. Wassmer	<u>99.99%</u>	<u>0</u>	<u>0.00054%</u>
VIII. Appointment of External Auditor	<u>100%</u>	<u>0</u>	<u>0</u>
IX. Adjournment	<u>0</u>	<u>0</u>	<u>0</u>
Other Matter/s			

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:
April 15, 2016. (updated)

f. Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
None	none

g. Stockholders' Attendance (**updated**)

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held: April 15, 2016 (updated)

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Board of Directors: 1. Jesse H. T. Andres 2. Antonio N. Cotoco	April 15, 2016	By poll	<u>0.006%</u>	<u>85.105%</u>	<u>85.11%</u>