

**BDO Finance Corporation**  
12 ADB Avenue, Ortigas Center, Mandaluyong City 1554

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The management of **BDO Finance Corporation** (the Company) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the period December 9 to December 31, 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

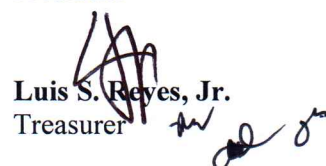
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan and Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

  
Teresita T. Sy  
Chairperson

  
Roberto E. Lapid  
President

  
Luis S. Reyes, Jr.  
Treasurer


Signed this 12 th day of May 2020.

SUBSCRIBED and SWORN to me before this 03 JUN 2020, 2020 affiants exhibiting to me their Competent Evidence of Identity (CEI), as follows:

Name	CEI Number	Date & Place Issued
1. Teresita T. Sy	Passport No. – P3927961A TIN No. 139-336-978	August 4, 2017/DFA NCR East Expiry Date: August 3, 2022
2. Roberto E. Lapid	Driver's License No. – N17-75-004908 TIN No. 108-159-915	Expiry Date: June 7, 2023
3. Luis S. Reyes, Jr.	Passport No. – P2220705A TIN No. 115-322-321	March 9, 2017 DFA NCR NorthEast Expiry Date: March 8, 2022

WITNESS BY HAND AND SEAL on the day first above-mentioned at Makati City.

Doc. No. 984  
Page No. 98  
Book No. I  
Series of 2020

  
Atty. REAGAN C. OLIVA  
Appointment No. M-333  
Notary Public until 31 December 2020  
14/F BDO North Tower, BDO Corporate Center  
7899 Makati Avenue, Makati City  
Roll No. 43988  
IBP No. 102906, 03 January 2020, Quezon City  
PTR No. 8117298, 02 January 2020, Makati City  
MCLE Compliance No. VI-0014822, 13 November 2018

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**Grant Thornton**

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**Punongbayan & Araullo**

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The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

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**Report of Independent  
Certified Public Accountants  
to Accompany Income Tax Return**

**The Board of Directors**  
**BDO Finance Corporation**  
*(A Wholly Owned Subsidiary of*  
*BDO Strategic Holdings, Inc.)*  
12 ADB Avenue, Ortigas Center  
Mandaluyong City

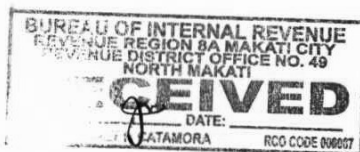
We have audited the financial statements of BDO Finance Corporation (the Company) for the period December 9 to December 31, 2019, on which we have rendered the attached report dated May 12, 2020.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholder of the Company.

**PUNONGBAYAN & ARAULLO**

By: **Jerard M. Sanchez**  
Partner

CPA Reg. No. 0121830  
TIN: 307-367-174  
PTR No. 8116557, January 2, 2020, Makati City  
SEC Group A Accreditation  
Partner - No. 121830-SEC (until Dec. 31, 2023)  
Firm - No. 0002-FR-5 (until Mar. 26, 2021)  
BIR AN 08-002551-041-2019 (until Dec. 15, 2022)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)



JUN 16 2020

May 12, 2020



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## **Report of Independent Auditors**

**The Board of Directors**  
**BDO Finance Corporation**  
*(A Wholly Owned Subsidiary of*  
*BDO Strategic Holdings, Inc.)*  
12 ADB Avenue, Ortigas Center  
Mandaluyong City

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of BDO Finance Corporation (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period December 9 to December 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the period then ended in accordance with Philippine Financial Reporting Standards (PFRS).

#### **Basis for Opinion**

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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**Certified Public Accountants**

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

Offices in Cavite, Cebu, Davao  
BOA/PRC Cert of Reg. No. 0002  
SEC Accreditation No. 0002-FR-5

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### ***Other Matter***

The Company was incorporated and registered with the Philippine Securities and Exchange Commission on December 9, 2019 and has not yet started its commercial operations as at December 31, 2019.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. As discussed in Note 6 to the financial statements, the Company presented the supplementary information required by the Bureau of Internal Revenue under Revenue Regulations (RR) No. 15-2010 in a supplementary schedule filed separately from the basic financial statements. RR No. 15-2010 requires the supplementary information to be presented in the notes to the financial statements. Such supplementary information is the responsibility of management. The supplementary information is not a required part of the basic financial statements prepared in accordance with PFRS; it is not also a required disclosure under the Revised Securities Regulation Code Rule 68 of the Philippine Securities and Exchange Commission.

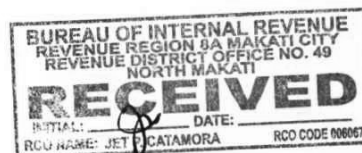
### **PUNONGBAYAN & ARAULLO**



By: **Jerald M. Sanchez**  
Partner

CPA Reg. No. 0121830  
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Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

May 12, 2020



JUN 16 2020

**BDO FINANCE CORPORATION**  
*(A Wholly Owned Subsidiary of BDO Strategic Holdings, Inc.)*  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**  
*(Amounts in Philippine Pesos)*

	Notes	
<b><u>A S S E T</u></b>		
Cash in bank	5	P <u>1,000,674,144</u>
<b>TOTAL ASSET</b>		<b>P <u>1,000,674,144</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Accrued expense and other payables	4	P 72,284
Due to a related party	5	<u>19,091,140</u>
Total Liabilities		<u>19,163,424</u>
<b>EQUITY</b>		
Capital stock	7	1,000,000,000
Deficit	2	( <u>18,489,280</u> )
Total Equity		<u>981,510,720</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P <u>1,000,674,144</u></b>

*See Notes to Financial Statements.*



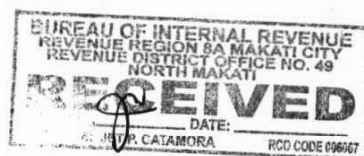
JUN 16 2020

**BDO FINANCE CORPORATION**  
*(A Wholly Owned Subsidiary of BDO Strategic Holdings, Inc.)*  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD DECEMBER 9 TO DECEMBER 31, 2019\***  
*(Amounts in Philippine Pesos)*

	Notes	
<b>INTEREST INCOME</b>	5	P <u>842,680</u>
<b>EXPENSES</b>		
Taxes and licenses	5	19,133,424
Professional fees	4	<u>30,000</u>
		<u>19,163,424</u>
<b>LOSS BEFORE TAX</b>		18,320,744
<b>TAX EXPENSE</b>	6	<u>168,536</u>
<b>NET LOSS</b>		18,489,280
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>P <u>18,489,280</u></b>

\* The Company was incorporated on December 9, 2019 and has not yet started its commercial operations as at December 31, 2019.

*See Notes to Financial Statements.*



JUN 16 2020

**BDO FINANCE CORPORATION**  
*(A Wholly Owned Subsidiary of BDO Strategic Holdings, Inc.)*  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD DECEMBER 9 TO DECEMBER 31, 2019\***  
*(Amounts in Philippine Pesos)*

	Notes		
<b>CAPITAL STOCK</b> - P10 par value	7		
Authorized - 400,000,000 shares			
Issued and outstanding - 100,000,000 shares		P	1,000,000,000
 <b>DEFICIT</b>	 2		
Net loss for the period		(	<u>18,489,280</u> )
 <b>TOTAL EQUITY</b>		 <b>P</b>	 <b><u>981,510,720</u></b>

\* The Company was incorporated on December 9, 2019 and has not yet started its commercial operations as at December 31, 2019.

*See Notes to Financial Statements.*

**BDO FINANCE CORPORATION**  
*(A Wholly Owned Subsidiary of BDO Strategic Holdings, Inc.)*  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD DECEMBER 9 TO DECEMBER 31, 2019\***  
*(Amounts in Philippine Pesos)*

		<u>Notes</u>
<b>CASH FLOWS FROM PRE-OPERATING ACTIVITIES</b>		
Loss before tax		( P 18,320,744 )
Adjustment for interest income	5	( <u>842,680</u> )
Pre-operating loss before working capital changes		( 19,163,424 )
Increase in accrued expense and other payables	4	72,284
Increase in due to a related party	5	<u>19,091,140</u>
Cash used in pre-operations		-
Interest received	5	842,680
Cash paid for final taxes	6	( <u>168,536</u> )
 Net Cash From Pre-operating Activities		 674,144
<b>CASH FLOW FROM A FINANCING ACTIVITY</b>		
Proceeds from issuance of capital stock	7	<u>1,000,000,000</u>
 <b>CASH IN BANK AT END OF PERIOD</b>		 <b><u>P 1,000,674,144</u></b>

\* The Company was incorporated on December 9, 2019 and has not yet started its commercial operations as at December 31, 2019.

*See Notes to Financial Statements.*