



SECURITIES AND EXCHANGE COMMISSION

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The following document has been received:

Receiving: ICTD ERMD

Receipt Date and Time: May 07, 2026 04:44:07 PM

Company Information

SEC Registration No.: CS201919757

Company Name: BDO FINANCE CORPORATION

Industry Classification: K642

Company Type: Stock Corporation

Document Information

Document ID: OST105072026811318483

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2025

Submission Type: Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents

**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 years ended December 31, 2025 and 2024, 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.

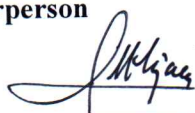
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

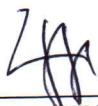
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Punongbayan & 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.

Signature: 
TERESITA T. SY
Chairperson

Signature: 
JOHN EMMANUEL M. LIZARES
President

Signature: 
LUIS S. REYES JR.
Treasurer

Signed this 8th day of April 2026.

SUBSCRIBED and SWORN to me before this APR 07 2026 day of _____, 2025 affiant exhibiting to me his/her Social Security Number, as follow:

NAMES

SSS NUMBER

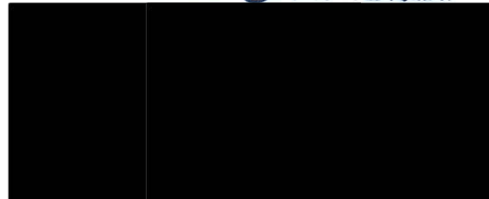
Teresita T. Sy
John Emmanuel M. Lizares
Luis S. Reyes Jr.



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Page No: 04
Book No: I
Series of: 2026

A handwritten signature in black ink, appearing to read 'Andy'.

ATTY. ANDREW TEODORO T. LAGMAY





P&A
Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

BDO Finance Corporation

December 31, 2025 and 2024

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 statements of financial position as at December 31, 2025 and 2024, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the period then ended in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards).

Basis for Opinion

We conducted our audits 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), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities 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.

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 Accounting Standards, 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 audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. As discussed in Note 19 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 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 Accounting Standards; it is also not a required disclosure under Revised Securities Regulation Code Rule 68 of the Philippine Securities and Exchange Commission.

PUNONGBAYAN & ARAULLO


By: **Yusoph A. Maute**
Partner

CPA Reg. No. 0140306
TIN 415-417-641
PTR No. 10770764, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 140306-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-046-2025 (until November 11, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-018 (until August 12, 2027)

April 8, 2026

Supplemental Statement of Independent Auditors

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

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 year ended December 31, 2025, on which we have rendered the attached report dated April 8, 2026.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has only one stockholder owning 100 or more shares of the Company's capital stock as at December 31, 2025, as disclosed in Note 15 to the financial statements.

PUNONGBAYAN & ARAULLO

By: 
Yusoph A. Maute
Partner

CPA Reg. No. 0140306
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BOA/PRC Cert. of Reg. No. 0002/P-018 (until August 12, 2027)

April 8, 2026

BDO FINANCE CORPORATION
(A Wholly Owned Subsidiary of BDO Strategic Holdings, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>			
CASH IN BANKS	6	P 136,900,404	P 171,899,353
LOANS AND OTHER RECEIVABLES - Net	7	17,099,754,871	11,247,100,841
INVESTMENT IN A SUBSIDIARY	8	730,543,089	632,072,609
PROPERTY AND EQUIPMENT - Net	9	38,464,943	9,000,519
INVESTMENT PROPERTIES - Net	10	371,604,374	221,881,045
OTHER ASSETS - Net	11	<u>97,971,636</u>	<u>101,626,157</u>
TOTAL ASSETS		<u>P 18,475,239,317</u>	<u>P 12,383,580,524</u>
<u>LIABILITIES AND EQUITY</u>			
BILLS PAYABLE	12	P 14,604,710,234	P 8,763,234,358
ACCOUNTS PAYABLE AND OTHER LIABILITIES	13	304,892,455	281,411,823
LEASE DEPOSITS	14	1,759,721,184	1,646,760,801
INCOME TAX PAYABLE		<u>10,800,097</u>	<u>4,281,693</u>
Total Liabilities		<u>16,680,123,970</u>	<u>10,695,688,675</u>
CAPITAL STOCK	15	1,000,000,000	1,000,000,000
NET ACCUMULATED ACTUARIAL LOSSES		(78,581,322)	(58,479,926)
RETAINED EARNINGS	15	<u>873,696,669</u>	<u>746,371,775</u>
Total Equity		<u>1,795,115,347</u>	<u>1,687,891,849</u>
TOTAL LIABILITIES AND EQUITY		<u>P 18,475,239,317</u>	<u>P 12,383,580,524</u>

See Notes to Financial Statements.

BDO FINANCE CORPORATION
(A Wholly Owned Subsidiary of BDO Strategic Holdings, Inc.)
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	2024
REVENUES AND INCOME			
Interest and discounts	6, 7, 17, 18	P 1,235,707,059	P 883,112,527
Equity share in net earnings of a subsidiary	8	98,470,480	87,918,178
Other income - net	10, 16	57,594,854	18,446,105
		1,391,772,393	989,476,810
OPERATING COSTS AND EXPENSES			
Interest and financing charges	7, 12, 13, 14	638,057,303	424,659,967
Employee benefits	17	175,833,551	153,082,728
Taxes and licenses	19	153,041,556	88,232,451
Occupancy and equipment-related expenses	9, 10, 11	68,633,921	45,116,270
Commissions		54,355,384	14,151,940
Impairment loss on financial assets - net	6, 7	39,921,263	7,382,276
Litigation expense		32,674,839	30,115,466
Service fees	18	25,409,040	24,932,106
Representation and entertainment		12,241,239	9,006,547
Impairment loss on investment property	10	-	6,469,358
Miscellaneous	18	42,146,268	23,334,030
		1,242,314,364	826,483,139
PROFIT BEFORE TAX		149,458,029	162,993,671
TAX EXPENSE	19	22,133,135	23,952,822
NET PROFIT		P 127,324,894	P 139,040,849

See Notes to Financial Statements.

BDO FINANCE CORPORATION
(A Wholly Owned Subsidiary of BDO Strategic Holdings, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	2024
NET PROFIT		<u>P 127,324,894</u>	<u>P 139,040,849</u>
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment defined benefit plan	17	(26,801,862)	(13,479,156)
Tax income	19	<u>6,700,466</u>	<u>3,369,789</u>
		(<u>20,101,396</u>)	(<u>10,109,367</u>)
TOTAL COMPREHENSIVE INCOME		<u>P 107,223,498</u>	<u>P 128,931,482</u>

See Notes to Financial Statements.

BDO FINANCE CORPORATION
(A Wholly Owned Subsidiary of BDO Strategic Holdings, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Capital Stock (Note 15)	Net Accumulated Actuarial Losses (Notes 17 and 19)	Retained Earnings		Total	Total Equity
			Unappropriated	Appropriated		
Balance at January 1, 2025	P 1,000,000,000	(P 58,479,926)	P 685,243,798	P 61,127,977	P 746,371,775	P 1,687,891,849
Appropriation of retained earnings	-	-	(56,450,725)	56,450,725	-	-
Total comprehensive income (loss) for the year	-	(20,101,396)	127,324,894	-	127,324,894	107,223,498
Balance at December 31, 2025	P 1,000,000,000	(P 78,581,322)	P 756,117,967	P 117,578,702	P 873,696,669	P 1,795,115,347
Balance at January 1, 2024	P 1,000,000,000	(P 48,370,559)	P 565,060,492	P 42,270,434	P 607,330,926	P 1,558,960,367
Appropriation of retained earnings	-	-	(18,857,543)	18,857,543	-	-
Total comprehensive income (loss) for the year	-	(10,109,367)	139,040,849	-	139,040,849	128,931,482
Balance at December 31, 2024	P 1,000,000,000	(P 58,479,926)	P 685,243,798	P 61,127,977	P 746,371,775	P 1,687,891,849

See Notes to Financial Statements.

BDO FINANCE CORPORATION
(A Wholly Owned Subsidiary of BDO Strategic Holdings, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 149,458,029	P 162,993,671
Adjustments for:			
Interest and discounts	6, 7, 17, 18	(1,235,707,059)	(883,112,527)
Interest received		1,212,704,527	868,780,388
Interest and financing charges	7, 12, 13, 14	638,057,303	424,659,967
Equity share in net earnings of a subsidiary	8	(98,470,480)	(87,918,178)
Depreciation and amortization	9, 10, 11	57,401,823	34,682,547
Impairment losses on financial assets	6, 7	39,921,263	7,382,276
Gain on sale of property and equipment, and investment properties	9, 10	(34,997,240)	(4,808,776)
Impairment losses (recoveries) on investment properties	10	(1,568,903)	6,469,358
Day-one gains		(96,952)	(14,452)
Operating profit before changes in operating assets and liabilities		726,702,311	529,114,274
Increase in loans and other receivables		(6,106,919,744)	(3,048,862,365)
Increase in other assets		(28,704,310)	(5,986,781)
Decrease in accounts payable and other liabilities		(4,659,441)	(248,299,556)
Increase in lease deposits		112,976,797	314,909,445
Cash used in operations		(5,300,604,387)	(2,459,124,983)
Cash paid for income and final taxes		(5,329,946)	(20,846,560)
Net Cash Used In Operating Activities		(5,305,934,333)	(2,479,971,543)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investment properties	10	59,743,279	10,040,117
Acquisitions of intangible assets	11	10,953,989	-
Acquisitions of property and equipment	9	(1,509,035)	(1,669,284)
Proceeds from disposal of property and equipment	9	53,290	10,026
Net Cash From Investing Activities		69,241,523	8,380,859
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of bills payable	12	90,768,000,000	39,058,500,000
Payments of bills payable	12	(84,961,000,000)	(36,079,000,000)
Interest and financing charges paid	12	(597,179,083)	(433,794,746)
Payments on lease liabilities	13	(8,127,056)	(7,851,876)
Net Cash From Financing Activities		5,201,693,861	2,537,853,378
NET INCREASE (DECREASE) IN CASH IN BANKS		(34,998,949)	66,262,694
CASH IN BANKS AT BEGINNING OF YEAR		171,899,353	105,636,659
CASH IN BANKS AT END OF YEAR		P 136,900,404	P 171,899,353

Supplemental Information on Non-cash Investing and Financing Activities:

1. In 2025 and 2024, the Company foreclosed certain properties from its customers which were recognized as additions to Investment properties amounting to P221,690,089 and P98,394,262, respectively (see Note 10).
2. In 2025 and 2024, the Company incurred interest expense on bills payable amounting to P631,654,959 and P415,711,283, respectively, of which P64,710,234 and P30,234,358 are outstanding as of December 31, 2025 and 2024, respectively (see Note 12).
3. In 2025, the Company recognized right-of-use assets and lease liabilities both amounting to P36,363,973 due to lease agreements entered by the Company as a lessee (see Notes 9 and 13). There were no similar transactions in 2024.

See Notes to Financial Statements.