

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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(Business address: No. Street City / Town / Province)

KATHERINE U. RESARI

Contact Person

(632) 8840-7000

Company Telephone Number

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3	1
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Month Day Fiscal Year

SEC Form 17-A

SEC Form 17-A

FORM TYPE

Any date in April

Any date in April

Annual Meeting

Secondary License Type, If Applicable

C	G	F	D
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Dept. Requiring this Doc.

Amended Articles Number/Section

Total

Amount of Borrowings

Page 10 of 10

Total No. of Stockholders

Page 10 of 10

Domestic

Page 10 of 10

Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **December 31, 2022**
2. SEC Identification Number: **97869** 3. BIR Tax Identification No.: **000-486-050-000**
4. Exact name of issuer as specified in its charter: **DOMINION HOLDINGS, INC.**
5. **Metro Manila, Philippines** (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. BDO Corporate Center Ortigas, **No. 12 ADB Avenue,**
Ortigas Center, Mandaluyong City, Metro Manila Philippines
Address of principal office
8. **(632) 8688-1288**
Issuer's telephone number, including area code
9. **BDO Leasing and Finance, Inc.**
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Subscribed and Outstanding

Title of Each Class	No. of Shares	Amount in Pesos
Common	2,162,475,312	Php 2,162,475,312.00
Total	2,162,475,312	Php 2,162,475,312.00

11. Are any or all of these securities listed on a Stock Exchange.

Yes ☒ No ☐

If yes, state the name of such stock exchange and the classes of securities listed therein:

The Philippine Stock Exchange, Inc.

Common Shares only

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes ☒ No ☐

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes ☒ No ☐

13. Aggregate market value of the voting stock held by non-affiliates: **Php 782,927,145.80**

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SIGNATURES

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Audited Financial Statements and Independent Auditor’s Report (as of December 31, 2022)

Supplementary Schedules

Sustainability Report

PART I - BUSINESS & GENERAL INFORMATION

ITEM 1. BUSINESS

DOMINION HOLDINGS, INC. (DHI or the Company), formerly BDO Leasing and Finance, Inc. (BDOLF), is a domestic corporation incorporated in 1981. Its shares were listed in the Philippine Stock Exchange (PSE) on January 6, 1997.

The Company's principal office is located at 39th Floor, BDO Corporate Center Ortigas, 12 ADB Avenue, Ortigas Center, Mandaluyong City.

On January 31, 2020, the Board of Directors (BOD) approved the amendment of the Company's primary and secondary purpose from operating as a leasing and financing entity, which provides direct leases, sale and leaseback arrangements and real estate leases to operate as a listed holding company that invest in, purchase, acquire or own, hold, use, sell, assign, transfer mortgage, pledge, exchange, or dispose real and personal property of every kind. On July 21, 2020, the stockholders approved the amendments.

On March 01, 2022, the Company's BOD approved the amendment of the Company's name to Dominion Holdings, Inc. in line with the conversion of the Company into a holding company. This was subsequently approved by the stockholders on April 20, 2022.

On July 18, 2022, the Securities and Exchange Commission (SEC) approved the amendments of the Company's article of incorporation's first and second article, effectively approving the conversion of the Company into a holding company and its new name, Dominion Holdings, Inc.

The Company is a subsidiary of BDO Unibank, Inc. (BDO Unibank or Parent Company), a universal bank incorporated and doing business in the Philippines. BDO Unibank offers a wide range of banking services such as traditional loan and deposit products, as well as treasury, remittance, trade services, credit card services, trust and others.

As a subsidiary of BDO Unibank, Bangko Sentral ng Pilipinas (BSP) has the authority to examine the Company, when examining the Bank, as it is majority-owned by the Bank. With the SEC's approval however of the Company's conversion to a Holding Company, regulations of the BSP pertaining to other non-bank financial institutions are no longer applicable to the Company.


The Company's objective and primary purpose is to hold/own real estate properties, securities/shares of stocks, and other assets of other companies, and engage in investment and business activities involving these assets. As an investment holding company, Dominion Holdings, Inc. will have more flexibility in pursuing business opportunities which will enhance shareholder value for all shareholders.

Related Party Transactions

The Company has established policies and procedures on related party transactions (RPTs) in accordance with BSP and SEC regulations. These include definition of related parties, coverage of RPT policy, guidelines in ensuring arm's-length terms, identification and prevention of potential or actual conflicts of interest, adoption of materiality thresholds, internal limits for individual and aggregate exposures, whistle-blowing mechanisms, and restitution of losses and other remedies for abusive RPTs. The RPT Committee reviews and endorses to the Board for final approval all material RPTs. The Related Party Transactions policy ensures that every related party transaction is conducted in a manner that will protect the Company from any potential conflict of interest. The policy also covers the proper review, approval,

ratification and disclosure of transactions between the Company and any of its related parties in compliance with legal and regulatory requirements. The policy also requires that any member of the RPT Committee who has a potential interest in any related party transaction shall abstain from the discussion and endorsement of the related transaction. Likewise, any member of the Board who has interest in the transaction must abstain from the deliberation and approval of such related party transaction. Related party transactions, whose value may exceed 10% of the Company's total assets, require review of an external independent party to evaluate the fairness of its terms and conditions and approval of 2/3 vote of the Board, with at least a majority of the independent directors voting affirmatively. The full version of the Related Party Transactions Policy is published in our corporate website at https://www.bdo.com.ph/sites/default/files/pdf/corporate_governance/Related-Party-Transaction%28RPT%29-Policy-as-of-October-2019.pdf

As of December 31, 2022, the Company has no existing or expiring patents, copyrights, licenses, franchises, concessions, and royalty agreements. As of even date, the Company remains the licensee from BDO Unibank of the following trademark of the Company's former corporate name registered with the Philippine Intellectual Property Office:

Trademarks	Validity of Registration
	May 4, 2014 to May 4, 2024

ITEM 2. PROPERTIES

With the discontinuance of its operations as a leasing and finance company, DHI pre-terminated all its lease contracts for its head office premises and all branch offices with BDO Unibank. Further, the Company has sold on an arm's length basis its facilities, office furniture, fixtures and equipment to BDO Finance Corporation.

ITEM 3. LEGAL PROCEEDINGS

The Company is party to various legal proceedings which arise in the ordinary course of its past operations as a leasing and financing company. No such legal proceedings, either individually or in the aggregate, are expected to have a material adverse effect on the Company or its consolidated financial condition.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to the vote of stockholders of the Company during the fourth quarter of the calendar year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The principal market for the Company's common equity is the PSE. At its meeting held on October 26, 2022, the Board of Directors of the Company approved the change of the Company's stock symbol in the PSE from "BLFI" to "DHI" in view of the Company's change in corporate name.

The market prices of the Company's shares are as follows:

2020	High	Low	2019	High	Low
January 24, 2020 (Last trading date)	3.35	3.00	1 st quarter	2.29	2.22
			2 nd quarter	2.42	2.32
			3 rd quarter	2.02	2.00
			4 th quarter	2.02	1.84
2018	High	Low	2017	High	Low
1 st quarter	3.21	2.23	1 st quarter	3.96	3.95
2 nd quarter	2.84	2.83	2 nd quarter	4.05	3.90
3 rd quarter	2.58	2.57	3 rd quarter	4.08	4.05
4 th quarter	2.20	2.19	4 th quarter	3.89	3.78

As of January 24, 2020 and December 27, 2019, the closing prices of the Company's shares was at P3.16 and P1.87, respectively.

On February 13, 2020, the SEC issued an Order of Suspension against DHI, suspending its Registration Statement (and Permit to Sell primary securities), the lifting of which is subject to the submission of an Amended Registration Statement (the Order).

The Order was issued in light of the Share Purchase Agreement dated 24 January 2020 entered into by BDO Unibank to sell its controlling stake in DHI to third parties and the subsequent amendment of DHI's primary business to a holding company. The SEC ruled that DHI's Registration Statement as a leasing and financing company was no longer true and accurate. Hence, the SEC ordered the suspension and required the filing of an Amended Registration Statement. The SEC furnished the PSE a copy of the Order, and on this basis, the PSE imposed a trading suspension of DHI on February 14, 2020.

As previously disclosed, DHI believes that there are no sufficient grounds for the Order, especially since DHI does not have any ongoing offering to sell its securities to the public. On February 24, 2020, the Company filed its request for reconsideration of the Order and has sought guidance from the SEC on the requirement to amend its Registration Statement, if so required and appropriate under applicable laws and regulations.

As of December 31, 2022, the trading of the Company's shares remains suspended due to the Order of Suspension issued by the SEC requiring amendment of Company's registration statement. The Company has since engaged the SEC on its requirements to lift the suspension order and the matter is still pending resolution.

The total number of stockholders of the Company as of January 31, 2023 and December 31, 2022

is at One Thousand One Hundred One (1,101) and One Thousand One Hundred Three (1,103) respectively, due to the lodgment of shares of two (2) stockholders in January 2023. Common shares outstanding in turn, totaled 2,162,475,312 in both years.

The total treasury shares of the Company as of December 31, 2022 is 62,693,718 shares.

Holders

The Company's common stockholders, with their respective shareholdings as of February 28, 2023 are as follows:

<u>Name</u>	<u>No. of Shares Held</u>	<u>% to Total</u>
BDO Unibank, Inc. ¹	1,914,711,807	88.542597%
Various Stockholders (Public)	247,763,505	11.457403%
	<u>2,162,475,312</u>	<u>100.00000%</u>

The top 20 stockholders of the Company as of February 28, 2023, are as follows:

<i>Name of Stockholders</i>	<i>Securities</i>	<i>Shares Held</i>	<i>Total Outstanding</i>
BDO Unibank, Inc./Banco De Oro Unibank Inc.*	Common	1,914,711,807	88.542597%
PCD Nominee Corporation (Filipino)	Common	247,795,033	11.136%
Samuel Uy Chua	Common	21,000,000	0.944%
Equitable Computer Services, Inc. A/C Cequit11	Common	12,320,000	0.554%
Marylen Castro Mateo	Common	3,795,000	0.171%
Jesselen Castro Verzosa	Common	3,795,000	0.171%
Samuel Uy Chua	Common	3,011,150	0.135%
Constantino Chua	Common	2,497,200	0.112%
Equitable Computer Services, Inc.	Common	2,070,200	0.093%
Mercury Group of Companies, Inc.	Common	1,089,165	0.049%
Constantino Chua &/or Willington Chua &/or George W. Chua	Common	1,020,000	0.046%
Nardo R. Leviste	Common	759,000	0.034%
PCD Nominee Corporation (Foreign)	Common	587,821	0.026%
Willington/Constantino Chua	Common	584,430	0.026%
Willington Chua	Common	508,530	0.023%
Pablo Son Keng Go	Common	455,400	0.02%
Wilson Go	Common	438,625	0.02%
Lim Chin Ben	Common	425,040	0.019%

¹ Includes shares of affiliate, BDO Capital & Investment Corporation. Number of shares reflects both direct and indirect shareholdings

Sysmart Corporation	Common	358,835	0.016%
Abacus Capital & Investment Corp.	Common	303,000	0.014%

**Includes shares of affiliate, BDO Capital & Investment Corporation. Number of shares reflects both direct and indirect shareholdings.*

The top 20 stockholders of the Company as of December 31, 2022, are as follows:

Name of Stockholders	Securities	Shares Held	Total Outstanding
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PCD Nominee Corporation (Filipino)	Common	247,715,788	11.132%
Samuel Uy Chua	Common	21,000,000	0.944%
Equitable Computer Services, Inc. A/C Cequit11	Common	12,320,000	0.554%
Marylen Castro Mateo	Common	3,795,000	0.171%
Jesselen Castro Verzosa	Common	3,795,000	0.171%
Samuel Uy Chua	Common	3,011,150	0.135%
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Abacus Capital & Investment Corp.	Common	303,000	0.014%

**Includes shares of affiliate, BDO Capital & Investment Corporation. Number of shares reflects both direct and indirect shareholdings.*

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

There were no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

2022 Compared to 2021

In 2022, the Company's gross income amounted to P126.8 million, an increase of P69.7 million or 122.12% from last year's P57.1 million. The company redeemed its investment in Unit Investment Trust Fund (UITF) of P5.9 billion during the last quarter of 2022, thereby realizing a gain on redemption of UITF amounting to P62.6 million. The proceeds of the investment was placed in higher yielding short-term time deposits which resulted in additional interest earning of P63.2 million. After considering total expenses of P32.4 million, the company registered a net income of P69.3 million, an increase of P59% from P43.5 million in 2021.

As of December 31, 2022, total assets remained at P6.1 billion, of which P6.0 billion was placed in short-term time deposits.

Accounts Payables and Other Liabilities amounted to P16.1 million.

Stockholders' equity stood at P6.1 billion.

The Company's five (5) key performance indicators are as follows:

	December 2022	December 2021
Current Ratio	378.58:1	738.0:1
Quick asset ratio	378.58:1	738.0:1
Debt to Equity Ratio	0.00:1	0.00:1
Net Profit Margin	54.61%	76.25%
Return on Equity	1.15%	0.73%

The Current Ratio (computed as current assets divided by current liabilities) and Quick Asset Ratio (quick asset divided by current liabilities) decreased from last year's 738.0:1. Zero Debt to equity ratio, computed as total liabilities divided by total equity. Net Profit Margin which is computed as net income over gross revenue declined to 54.61%. Return on Equity, which is net income over average equity, increased to 1.15% in 2022.

2021 Compared to 2020

The Company registered a net income of P43.6 million for the year ended December 31, 2021. Compared to 2020, net income dropped by 83% from P252.4 million, as the previous year's result was still based on a balance sheet prior to the full implementation of the Company's restructuring of its leasing business. After discontinuing its leasing and financing business and sale of substantially all assets in October 2020, the income generated by the Company was earned solely from the fair value gain of its investment in Unit Investment Trust Funds (UITFs) which amounted to P55.0 million. Total expenses, on the other hand, stood at P19.3 million.

As of December 31, 2021, total assets remained at P6.0 billion, of which P5.8 billion was invested in UITFs.

The Company also assigned irrevocably and absolutely to BDO Finance Corp. certain accounts payable and other liabilities. The remaining balance of Accounts Payable and Other Liabilities account amounting to P8.1 million includes, among others, accounts payable and withholding taxes payable.

Stockholders' equity stood at P6.0 billion.

The Company's five (5) key performance indicators are as follows:

	December 2021	December 2020
Current Ratio	738.0:1	218.0:1
Quick asset ratio	738.0:1	218.0:1
Debt to Equity Ratio	0.00:1	0.00:1
Net Profit Margin	76.29%	10.66%
Return on Equity	0.73%	4.36%

The Current Ratio (computed as current assets divided by current liabilities) and Quick Asset Ratio (quick asset divided by current liabilities) increased from last year's 218.01:1. Zero Debt to equity ratio, computed as total liabilities divided by total equity. Net Profit Margin which is computed as net income over gross revenue rose to 76.29%. Return on Equity, which is net income over average equity, dropped to 0.73% in 2021.

2020 Compared to 2019

Gross income for the year ended December 31, 2020 was P2,367.1 million, a decrease of P664.8 million, or 21.9%, from P3,031.9 million in 2019. Interest and discounts were at P1,123.0 million, down by P861.5 million or 43.4% from P1,984.5 million in 2019. Rent Income in 2020 amounted to P583.0 million, a decline of P261.6 million or 31.0% from P844.6 million in 2019. The decrease in Interest Income and Rent Income was the result of the sale of substantially all of the Company's assets to BDO Unibank, BDO Finance and other subsidiaries as part of the restructuring process of the Group's leasing business. As of December 31, 2020, substantially all of BDOLF's lease and loan portfolio has already been sold.

Meanwhile, service fee and other income rose to P661.1 million, an increase of P458.3 million or 226% from last year's P202.8 million. The increase was mainly due to the gain on sale of receivables to BDO Unibank, BDO Finance & other subsidiaries.

Interest and financing charges for 2020 amounted to P526.0 million, consisting mainly of finance charges from borrowings of P517.6 million, interest expense on lease deposits of P6.4 million and interest expense on lease liability of P1.4 million. The decrease of P871.7 million in financing charges is attributed to the restructuring of the company's leasing business, where Bills Payable were paid off in October 2020. Interest expense on leased deposits in 2020 amounted to P6.4 million or a decrease of P1.3 million from last year's P7.7 million. Interest expense on lease liability went down to P1.4 million from P2.2 million last year.

Total provisions for impairment losses increased from P6.2 million in 2019 to P399.1 million in 2020. This was due to the expected delinquencies as a result of the pandemic.

Taxes and licenses amounted to P199.8 million for the year ended December 31, 2020, a decline of P109.7 million, or 35.4% from the P309.5 million reported for the year ended December 31, 2019. The decrease was attributable to the reduction in Bills Payable in 2020 as a result of BDOLF's restructuring.

Salaries and employee benefits expense amounted to P214.9 million in 2020 as compared to P244.2 million in 2020. Occupancy and equipment related expenses for the year ended December 31, 2020 amounted to P538.0 million, a decrease of P273.9 million, or 33.7% from December 2019's P811.9 million.

Litigation/assets acquired expenses amounted to P8.0 million in 2020, a decrease of P4.4 million from P12.4 million in 2019.

Other expenses decreased to P70.9 million in 2020 as compared to P111.1 million in 2019.

The Company registered a net income of P252.3 million for the year ended December 31, 2020.

Total assets amounted to P6.0 billion in December 31, 2020, a decrease of P24.9 billion from P30.9 billion as of December 2019. BDOLF sold substantially all of its assets to BDO Unibank, BDO Finance and other subsidiaries. On the other hand, the Company purchased P5,747 million worth of unit investment trust funds (UITFs) in 2020. Other receivables' balance amounting P127.3 million are mainly from Creditable withholding tax of P121.7 million to be applied to future income tax payments.

The Company also assigned irrevocably and absolutely to BDO Finance certain accounts payable and other liabilities. The remaining balance of Accounts Payable and Other Liabilities account amounting P27.5 million includes, among others, withholding taxes payable, accrued taxes and other expenses payable and payroll related accounts.

Stockholders' equity stood at P6.0 billion.

The Company's five (5) key performance indicators are as follows:

	December 2020	December 2019
Current Ratio	218.01:1	0.36:1
Quick asset ratio	218.01:1	0.36:1
Debt to Equity Ratio	0.00:1	4.88:1
Net Profit Margin	10.67%	1.54%
Return on Equity	4.36%	0.85%

The Current Ratio (computed as current assets divided by current liabilities) and Quick Asset Ratio (quick asset divided by current liabilities) increased from last year's 0.36:1 and 0.36:1, respectively. Zero Debt to equity ratio, computed as total liabilities divided by total equity, by December 2020. Net Profit Margin which is computed as net income over gross revenue, went up due to higher income. Return on Equity, which is net income over average equity, rose to 4.36% in 2020.

Policy on Revenue Recognition – Other Income

Income that are one off such as recovery from charged off accounts are recognized as Other Income. These are recognized as they are earned.

Key Variable and Other Qualitative and Quantitative Factors

With approvals from its Board of Directors and stockholders, Dominion Holdings, Inc. (formerly BDO Leasing and Finance, Inc.) already voluntarily surrendered its secondary license as a financing company to the Securities and Exchange.

On July 21, 2022, the SEC released its approval dated July 18, 2022 of the change in corporate name of BDO Leasing and Finance Inc. to "Dominion Holdings, Inc.", the change in the Company's primary and secondary purposes from a leasing and financing company to that of a holding company, and the corresponding amendments to the Company's Articles of Incorporation and By-laws.

As an investment holding company, Dominion Holdings, Inc. will have more flexibility in pursuing business opportunities which will enhance shareholder value for all shareholders.

There are no known trends, events or uncertainties that will have any material impact on the Company's liquidity.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

There were no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. There were also no significant elements of income or loss that did not arise from the Company's continuing operations.

There are no seasonal aspects that had a material effect on the financial condition or results of operations.

Internal and External Sources of Liquidity

From January to September 2020, the Company relied on revenues from operations and borrowings from creditor banks for its source of liquidity.

The sale of substantially all assets of the Company was used to pay-off or retire all credit obligations. The residual cash was placed in Unit Investment Trust Funds (UITFs) until its redemption in October 2022. The proceeds from redemption was placed in short-term time deposits.

ITEM 7. FINANCIAL STATEMENTS

The financial statements of the Company included in the 2022 Annual Report to Stockholders are incorporated herein by reference. The schedules listed in the accompanying Index to Supplementary Schedules are filed as part of this Form.

INFORMATION ON INDEPENDENT ACCOUNTANT

Information on Independent Accountant and Other Related Matters

(1) External Audit Fees and Services

(a) Audit and Audit-Related Fees

The aggregate fees billed for each of the last two (2) fiscal years for professional services rendered by the external auditor was P0.189 Million for the year 2022 and P0.319 Million for the year 2021. These fees cover services rendered by the external auditor for audit of the financial statements and other services in connection with statutory and regulatory filings for fiscal year 2022 and 2021.

(b) Tax fees and other fees

Other fees amounting P0.056 Million were paid to the auditing firm of Punongbayan & Araullo, CPAs ("P&A") for the year 2022 and (nil) for 2021

- (c) The Board Audit Committee has the oversight responsibility over the audit function and activities of Internal and External auditors. It provides assurance that (a) financial disclosures made by the management as presented in the Internal Auditor's report reasonably reflect the financial condition; the results of operation; and the plans and long-term commitments; and (b) internal controls are operating as intended and whether modifications are necessary.

The Board Audit Committee has the responsibility to select and recommend to the Board the External Auditors. It reviews the audit coverage of the External Auditors and deliberates on their audit report prior to endorsement to the Board for approval. It reports to the Board audit-related matters requiring the Board's action.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

In 2022 and 2021, the auditing firm of P&A has been appointed as the Company's Independent Public Accountant. There was no event in the past where P&A and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope and procedures.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

1. Directors and Corporate Officers

The Board of Directors of the Company (the "**Board**") is empowered to direct, manage and supervise, under its collective responsibility, the affairs of the Company. The members of the Board are elected annually by the stockholders to hold office for a term of one (1) year, and shall serve until their respective successors have been duly elected and qualified.

Below is the list of the incumbent members of the Board and all persons nominated to be part of the Board, and the corporate officers and their business experience during the past five (5) years:

ATTY. ELMER B. SERRANO

Chairman

55 years old, Filipino

Atty. Serrano was elected as Chairman of the Board of Directors of the Company on April 20, 2022. He is concurrently a director of 2GO Group, Inc., and Independent Director of Philippine Telegraph and Telephone Corporation. He is Corporate Secretary of SM Investments Corporation, SM Prime Holdings, Inc., Prime Leisure Corp., Atlas Consolidated Mining and Development Corporation, as well as subsidiaries of BDO Unibank, Inc., and of DFNN Inc. He is also Corporate Secretary of, or counsel to, prominent financial industry organizations, such as the Bankers Association of the Philippines and

the Philippine Payments Management, Inc. and the PDS Group of Companies.

Atty. Serrano is a practicing lawyer specializing in corporate law and is the Managing Partner of the law firm SERRANO LAW. He has been awarded “Asia Best Lawyer” 3 years in a row by the International Financial Law Review (IFLR) for Banking and Finance, Capital Markets, and Mergers & Acquisitions, one of only two exclusively recognized lawyers in all three practice areas in the Philippines. This comes after being consistently recognized as a “Highly Regarded-Leading Lawyer” in the same fields by IFLR.

The Legal 500 Asia Pacific also named Atty. Serrano as a “Leading Individual” in Banking & Finance, after constant citation as a “Recommended Lawyer”.

Atty. Serrano is a Certified Associate Treasury Professional and was among the top graduates of the Trust Institute of the Philippines in 2001. Atty. Serrano holds a Juris Doctor degree from the Ateneo de Manila University and a BS Legal Management degree from the same university.

MANUEL Z. LOCSIN, JR.

Director & President
65 years old, Filipino

Mr. Locsin was elected to the Board of Directors of the Company on May 12, 2021. He was seconded from BDO Unibank, Inc. to the Company as Senior Vice President/Officer-in-Charge on May 1, 2021. He concurrently serves as Director/President of BDO Finance Corporation and BDO Rental, Inc. Prior to his secondment from BDO Unibank, Inc., Mr. Locsin was Senior Vice President and Head of Institutional Banking Group-Corporate Banking 1 of BDO Unibank, Inc. since February 2012. He has more than 20 years of experience in credit lending. Prior to BDO, he was with the Account Management Group of Allied Banking Corporation and International Corporate Bank. He holds a Bachelor’s Degree in Commerce from De La Salle University.

LUIS S. REYES, JR.

Director & Treasurer
65 years old, Filipino

Mr. Reyes was first elected to the Board of Directors of the Company on April 18, 2012, and was appointed as Treasurer on April 23, 2014. He is concurrently the Executive Vice President for Investor Relations and Corporate Planning of BDO Unibank, Inc. He is also the Treasurer of BDO Finance Corporation, Director and Treasurer of BDO Rental, Inc., Director of BDO Strategic Holdings, Inc. and BDORO Europe Ltd., and Chairman of Nashville Holdings, Inc. Before joining BDO, Mr. Reyes was a First Vice President of Far East Bank & Trust Company, Trust Banking Group. He holds a Bachelor of Science degree in Business Economics from the University of the Philippines.

LAZARO JEROME C. GUEVARRA

Director
56 years old, Filipino

Mr. Guevarra was elected to the Board of Directors of the Company on April 20, 2022. He is concurrently Senior Vice President of BDO Unibank. He is the Chief of Staff for the Office of the President and concurrently the Head for the Governance Group, administratively overseeing the Legal Services & Corporate Secretary, Compliance, Internal Audit, and Information & Cyber Security Office. He holds the following positions in the BDO Group: Chairman of BDO Remit (Canada), Ltd., BDO Remit (Japan), Ltd. and BDO Remit (USA), Inc.; Director of BDO Strategic Holdings, Inc., BDORO Europe Ltd., Averon Holdings Corporation, SM Keppel Land, Inc., NorthPine Land, Inc. and

Nashville Holdings, Inc.; Trustee of BDO Foundation; and Advisor to the Board of BDO Securities Corporation. He was previously the Head of Advisory, Mergers & Acquisition of BDO Capital & Investment Corporation and President of BDO Securities Corporation. He holds a Bachelor's degree in Economics from the University of the Philippines. He has more than thirty (30) years of experience in banking, mergers & acquisitions.

MELANIE S. BELEN

Director

62 years old, Filipino

Ms. Belen was elected to the Board of Directors of the Company on April 20, 2022. She is currently Senior Vice President / Head of Credit Risk Operations, Property Management & Remedial Management of BDO Unibank, Inc. She is concurrently President/Director of BDO Strategic Holdings, Inc. and Ivory Homes, Inc. She is also Director of Taal Land, Inc. and Equimark-NFC Development Corporation. Before joining BDO, she was a Country Vice President of Scholastic Inc. (Grolier International), and Chief Financial Consultant of Healthy Options. Ms. Belen is a Certified Public Accountant (CPA) and holds a Bachelor of Science degree in Commerce from the University of Sto. Tomas, and a Master's degree in Business Management from the Asian Institute of Management.

GENEVA T. GLORIA

Director

58 years old, Filipino

Ms. Gloria was elected to the Board of Directors of the Company on April 20, 2022. She has more than thirty (30) years' experience in the banking industry. She has been with BDO Unibank for more than 19 years and is the Senior Vice President and Head of BDO Remittance. She is also the concurrent director of BDO Network Bank, Inc. and BDO Remit offices located in Hong Kong, Macau, Japan, USA, Canada and the UK. Ms. Gloria's expertise in the remittance industry spans from business development, local and foreign remittance operations, project management to marketing. Ms. Gloria has earned the reputation of having a very deep understanding of the overseas Filipino market for she was once an overseas worker herself. BDO Unibank is BSP's consistent awardee for the Top Commercial Bank in Generating Remittances from overseas Filipinos beginning 2008 to 2010 and again, from 2013 to 2019. This success can be attributed to Ms. Gloria's knowledge of the remittance industry and her ability to maintain a dedicated hardworking team, both locally and abroad. BDO Unibank, through Ms. Gloria, has been supporting the projects of government agencies concerned with the issues of the overseas Filipino market, which includes migration, generation of jobs, financial literacy, as well as events aimed at giving honor to the Filipinos abroad. She holds a Bachelor of Science degree in Business Administration from the University of the Philippines.

REBECCA S. TORRES

Director

70 years old, Filipino

Ms. Torres was elected to the Board of Directors of the Company on July 13, 2022. She is an incumbent Consultant of BDO Unibank and Director of BDO Rental, Inc. She is concurrently the Treasurer of BDO Life Assurance Company, Inc. and BDO Insurance Brokers, Inc. She was formerly Senior Vice President & Chief Compliance Officer of BDO Unibank, Inc. and Assistant Corporate Secretary of BDO Leasing and Finance, Inc., BDO Private Bank, Inc., BDO Rental, Inc., Armstrong Securities, Inc., and Equimark-NFC Development Corp. She likewise served as Assistant Corporate Secretary and Trustee of BDO Foundation, Inc. She was the Corporate Secretary of PCIB Securities, Inc., BDO Strategic Holdings Inc., and the Sign of the Anvil, Inc. She was formerly the Chief of Staff of the President involved in project management for the bank's merger activities. She is a CPA and a graduate of St. Theresa's College, Quezon City with a degree of Bachelor of Science Major in

Accounting and she has completed the Advanced Bank Management Program of the AIM.

LUIS MA. G. URANZA

Lead Independent Director
64 years old, Filipino

Atty. Uranza was elected as Independent Director of the Company on April 20, 2022. He is concurrently an Independent Director of BDO Private Bank, BDO Finance Corporation, BDO Capital & Investment Corporation and BDO Insurance Brokers, Inc. He has previously served as the Corporate Secretary of various banks, financial institutions, and listed companies. His professional experience in the field of litigation is also extensive due to his engagement as trial counsel in notable civil, criminal and administrative cases.

Atty. Uranza is currently the Rehabilitation Receiver, appointed by the Securities and Exchange Commission, to oversee the financial recovery of Victorias Milling Co., Inc. which is one of the major sugar millers and refiners in the country whose shares are listed and traded in the Philippine Stock Exchange. Atty. Uranza has also been given similar appointments by the commercial courts of Makati City and the City of Cagayan de Oro to oversee the financial rehabilitation of several other companies.

In the course of his law practice, Atty. Uranza gained proficiency in oil and gas exploration laws and regulations as a result of his membership in the Board of Directors of PNOC-Exploration Corporation which is a government owned and controlled corporation created for the primary purpose of exploring and developing the fossil fuel and natural gas resources of the country. Moreover, the Philippine Government (through its various agencies) has also engaged the professional services of Atty. Uranza as: (a) Special Legal Counsel of the Presidential Commission on Good Government, (b) Legal Consultant to the Special Presidential Task Force created by Executive Order No. 156 to investigate the tax credit scam at the Department of Finance, and (c) Legal Consultant to the Office of the General Manager of the Manila International Airport Authority.

Atty. Uranza is a member of the Philippine Bar who has been engaged in the practice of law for more than thirty-five (35) years. He earned both his academic degrees in business (B.S.B.A.) and in law (L.I.B.) from the University of the Philippines.

ISMAEL G. ESTELA, JR.

Independent Director
66 years old, Filipino

Mr. Estela was elected as Independent Director of the Company on April 20, 2022. He is presently an Independent Trustee of BDO Foundation, Inc., and Independent Director of BDO Finance Corporation. He was formerly Senior Vice President and Corporate Governance Officer of BDO Unibank, Inc., assigned to Corporate Compliance and Legal Services & Internal Audit Group, and held various directorship positions in BDO Group: BDO Remit (Canada) Ltd., BDO Remit (Japan) Ltd., BDORO Europe Ltd., and Express Padala International, Inc. He was also Head of Transaction Banking doing cash management, electronic banking, and remittance services. He is a Certified Public Accountant ("CPA") and holds a Bachelor of Science degree in Accounting from the University of San Carlos.

JOSEPH JASON M. NATIVIDAD

Corporate Secretary
50 years old, Filipino

Atty. Natividad was appointed Corporate Secretary of the Company on May 31, 2010. He concurrently holds the position of Corporate Secretary of BDO Network Bank Inc., the DSV/Agility Group of

Companies in the Philippines, and serves as a member of the Board of Directors and Corporate Secretary of Gaia South, Inc. He is also the Assistant Corporate Secretary of BDO Insurance Brokers, Inc. He served as Assistant Corporate Secretary of Equitable PCI Bank from September 2006 to June 2007, prior to its merger with Banco de Oro; BDO Capital & Investment Corporation, BDO Securities Corporation, and BDO Rental, Inc. Atty. Natividad is currently a Partner of the Factoran & Natividad Law Offices. He has been in law practice for more than 20 years, mainly in the fields of corporate law and environmental law. He has a Bachelor's degree in Management, major in Legal Management, from the Ateneo de Manila University, and obtained his Juris Doctor degree from the Ateneo de Manila University School of Law.

ATTY. MA. CECILIA SALAZAR-SANTOS

Assistant Corporate Secretary
57 years old, Filipino

Atty. Santos was appointed as Assistant Corporate Secretary and Alternate Corporate Information Officer of the Company since October 1, 2015. She is concurrently the First Vice President and Alternate Corporate Information Officer of BDO Unibank. She is the Corporate Secretary of BDO Finance Corporation, BDO Foundation, Inc. BDO Strategic Holdings, Inc., BDO Rental, Inc., Averon Holdings Corporation, Nashville Holdings, Inc., Ivory Homes, Inc., and Equimark-NFC Development Corporation. Further, she is also the Assistant Corporate Secretary of BDO Private Bank, Inc. and BDO Network Bank, Inc. She was formerly the Corporate Secretary of Armstrong Securities, Inc., BDO Nomura Securities, Inc., and Director and Corporate Secretary of PCI Insurance Brokers, Inc., PCI Management Consultants, Inc., PCI Travel Corporation, The Executive Banclounge, Inc., and The Sign of the Anvil, Inc.

In addition, she is currently assigned at BDO Unibank Legal Services and Corporate Secretary Group as Head of two (2) Teams, to wit: IP/Legal Support Team providing legal assistance to BDO Unibank's Support Groups and Subsidiaries and in managing the BDO Group's Intellectual Property (BDO and BDO-related trademarks and domain names), and Corporate Secretariat Team providing corporate secretariat services to BDO Unibank and its Subsidiaries. In 2017, 2018, 2019, and 2020, she was featured in the World Trademark Review 300 as among the World's Top 300 Leading Trademark Professionals. She holds a Bachelor of Arts degree major in Economics from University of Sto. Tomas and finished law at San Beda College of Law (Dean's Lister).

KATHERINE U. RESARI

Vice President / Compliance and Corporate Governance Officer
Filipino, 48 years old

Ms. Resari was appointed as Compliance and Corporate Governance Officer of the Company on March 2, 2021. She is concurrently the Risk and Compliance Officer, Data Protection Officer, Corporate Governance and Information Security Officer for both BDO Finance Corp. and BDO Rental, Inc.

Prior to joining Dominion Holdings, Ms. Resari was a Vice President under Credit Policy and Portfolio Review of the Risk Management Group of BDO Unibank for over 5 years. She started her banking career with PCIBank in 1995 under the Officer's Development Program then later worked under its Specialized Lending, Remedial Management and Asset Management Groups. She joined BDO Unibank in 2006 as Senior Manager under Remedial Management for corporate and commercial accounts.

Ms. Resari graduated cum laude from the University of the Philippines Diliman with a Bachelor of Science Degree in Business Administration and obtained her Master's Degree in Business

Board and Senior Management Performance

An annual self-assessment focusing on the performance of the Board, its members, and Committees, and Senior Management, is spearheaded by the Corporate Governance Committee, using an approved set of questionnaires. The performance evaluation process begins with sending out customized Board Evaluation Questionnaires to each director. They are required to complete the questionnaire which explains the rationale and objectives of the performance evaluation. Based on the returns from each respondent, the ratings and responses are tabulated and consolidated. The Corporate Governance Officer prepares the overall report and presents this to the Corporate Governance Committee for discussion and endorsement to the Board, including the recommended actions and focus areas to improve effectiveness.

Significant Employee

There is no person, other than the senior executive officers above, who is expected by the Company to make significant contributions to the Company.

Family Relationships

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons nominated or chosen by the Company to become directors or executive officers.

Involvement of Directors and Executive Officers in Certain Legal Proceedings

To the best of the Company's knowledge, none of the directors or executive officers is named or is involved in any legal proceeding during the last five (5) years, which will have any material effect on the Company, its operations, reputation, or financial condition.

Specifically, to the Company's knowledge, none of its directors and senior executives have been subject of the following legal proceedings during the past five (5) years:

- i. bankruptcy petition by or against any business of which such director or senior executive was a general partner or executive officer either at the time of bankruptcy or within two years prior to that time;
- ii. a conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign;
- iii. to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;
- iv. being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading, market or self-regulatory organization, to have violated the securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

ITEM 10. EXECUTIVE COMPENSATION

Disclosure and Transparency

The Company recognizes the need to report material information in a complete, accurate and timely manner thru easily accessible medium of communications. Significant items that are disclosed include the following:

A. Executive Compensation Policy

It is the objective of the Company to attract, motivate and retain high-performing executives necessary to maintain its leadership position in the industry. To be competitive in the marketplace, the Company offers a remuneration package composed of fixed salary, benefits and long-term incentives. Below are the compensation details of the directors and key executive officers of the Company:

(1) President and four most highly compensated executive officers

in millions of pesos	Year	Annual Compensation	Other Compensation
President and four most highly compensated executive officers	2023 (estimate)	none*	none*
	2022	none*	none*
	2021	none*	none*
	2020	24.08 *	none*

* With the conversion of the Company to a Holding Company in October 2020, only five (5) Corporate Officers were retained in DHI. Except for the Corporate Secretary, all the other officers namely President, Treasurer, Compliance Officer, and Assistant Corporate Secretary are seconded from BDO Unibank and BDO Finance Corp. and receives their compensation directly from these companies. The Corporate Secretary in turn, is an external counsel retained by BDO Unibank, which directly pays for his compensation.

(2) Compensation of directors and officers as a group

In Million Pesos	Year	Annual Compensation	Other Compensation
All other officers and directors	2023 (estimate)	2.93	none
	2022	2.93	none
	2021	3.01	none

B. Compensation of Directors

Each director is entitled to receive *per diem* allowance for attending board and committee meetings. As provided by law, the total compensation of directors shall not exceed 10% of the net income before income tax of the Company for the preceding year.

Each member of the Board of Directors received the following amounts as Directors for the year 2022:

Name of Director	Amount
1. Elmer B. Serrano	P 347,222.23
2. Manuel Z. Locsin Jr.	0.00
3. Luis S. Reyes Jr.	0.00
4. Lazaro Jerome C. Guevarra	0.00
5. Melanie S. Belen	0.00
6. Geneva T. Gloria	0.00
7. Ismael G. Estela, Jr.	450,000.00
8. Luis Ma. G. Uranza	450,000.00
9. Rebecca S. Torres	233,333.33
10. Jesse H.T. Andres (term ended on 4/20/22)	330,555.56
11. Ma. Leonora V. De Jesus (term ended on 4/20/22)	325,000.00
12. Vicente S. Perez Jr. (resigned on 7/13/22)	472,222.22
13. Exequiel P. Villacorta Jr (term ended on 4/20/22)	269,444.44
14. Edmundo L. Tan (term ended on 4/20/22)	55,555.55
Total	P 2,933,333.33

Above-mentioned amounts include total fees and *per diems* received by the Directors for their attendance in meetings of the Board. Executives of BDO Unibank and DHI did not receive any directors' fees nor per diems as directors of the Company.

There is no distinction on the fee for a committee chairman and member. Other than these fees, the non-executive directors do not receive any share options, profit sharing, bonus or other forms of emoluments.

The Company may grant to the directors any compensation other than *per diem* upon approval of the shareholders representing at least a majority of the outstanding capital stock.

C. Outstanding warrants or options held by the Company's CEO, executive officers, and all officers and directors as a group.

There are no outstanding warrants or options held by the Company's President, officers, and all directors as a group.

D. Any repricing of warrants or options held by such officers or directors in the last completed fiscal year, as well as the basis for each such repricing.

There are no outstanding warrants or options held by the Company's President, officers, and all directors as a group.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record/Beneficial Owners

As of February 28, 2023, the following are known to the Company to be directly or indirectly the record and/or beneficial owners of more than 5% of the Company's voting securities:

Title of class	Name and Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares Held	Percentage
Common	BDO Unibank, Inc. together with its wholly-owned subsidiary BDO Capital & Investment Corporation BDO Corporate Center, 7899 Makati Avenue, Makati City <i>BDO Unibank, Inc. is the parent company of the Issuer</i>	Record and beneficial (affiliate and majority stockholder)	Filipino	1,914,711,807	88.54%
Common	PCD Nominee Corp. (PCD) 29th Floor BDO Equitable Tower, 8751 Paseo de Roxas, Makati City 1226 <i>PCD has no relationship with the Registrant except as stockholder.</i> <i>PCD, being a nominee corporation, only holds legal title, not beneficial ownership of the lodged shares.</i>	Various shareholders	Filipino	247,795,033	11.136 %
		No stockholder owns more than 5% of the Company's voting securities through PCD	Non-Filipino	587,821	0.026%

The persons authorized to vote the shares of BDO Unibank, Inc. ("BDO Unibank") are Ms. Teresita T. Sy and Mr. Nestor V. Tan.

As of February 24, 2023, the following are known to BDO to be directly or indirectly the record and/or beneficial owners of more than 5% of BDO's voting securities:

Title of Class	Name & Address of Record Owner	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of BDO Shares Held	Percentage
Common	SM Investments Corporation 10 th Floor, One E-com Center, Harbour Drive, Mall of Asia Complex, CBP-I-A, Pasay City / Parent Company	Sy Family (Substantial Stockholders)	Filipino	2,144,616,778*	40.74%
Common	PCD Nominee Corp. (Non-Filipino)	Various Stockholders	Foreign	1,346,328,472	25.57%

	29/F BDO Equitable Tower, 8751 Paseo de Roxas, Makati City / Various stockholders				
Common	PCD Nominee Corp. (Filipino) 29/F BDO Equitable Tower, 8751 Paseo de Roxas, Makati City / Various Stockholders	Various Stockholders	Filipino	890,143,320**	16.91%
Common	Multi-Realty Development Corporation 10 th Floor L.V. Locsin Building 6752 Ayala Avenue, Makati City / Stockholder	SM Investments Corp. (Subsidiary)	Filipino	349,815,643*	6.64%
Common	Sybase Equity Investments Corporation 10 th Floor L.V. Locsin Building 6752 Ayala Avenue, Makati City/ Stockholder	Various corporate Stockholders	Filipino	284,282,650*	5.40%
		TOTAL (COMMON)		5,015,186,863	95.26%

* Inclusive of PCD-lodged shares of SM Investments Corporation (SMIC), Multi-Realty Development Corporation (MRDC) and Sybase Equity Investments Corporation (SEIC)

** Exclusive of PCD-lodged shares of SMIC, MRDC and SEIC

Security Ownership of Management

As of February 28, 2023, the total number of shares owned by the directors and management of the Company as a group is 1,750 common shares, which is equivalent to 0.000809% of the total outstanding common shares of the Company. The Company's directors and officers own the following Common Shares:

Title of Class	Name of Beneficial Owner	Position	Citizen-ship	No. of Shares	Percentage
Common	Elmer B. Serrano	Chairman	Filipino	100 (D)	0.0000046%
Common	Manuel Z. Locsin Jr.	Director & President	Filipino	100 (D)	0.0000046%
Common	Luis S. Reyes Jr.	Director, Treasurer	Filipino	100 (D)	0.0000046%
Common	Luis Ma. G. Uianza	Lead Independent Director	Filipino	100 (D)	0.0000046%
Common	Ismael G. Estela Jr.	Independent Director	Filipino	100 (D)	0.0000046%

Common	Lazaro Jerome C. Guevara	Director	Filipino	100 (D)	0.0000046%
Common	Geneva T. Gloria	Director	Filipino	100 (D)	0.0000046%
Common	Melanie S. Belen	Director	Filipino	100 (D)	0.0000046%
Common	Rebecca S. Torres	Director	Filipino	950 (I)	0.0000439%
	Total			1,750	0.000809%

Directors and officers of the Company are required to report to the Company any acquisition or disposition of the Company's shares within three (3) business days from the date of the transaction. As prescribed by the Disclosure Rules of the PSE, the Company shall disclose to the PSE any acquisition or disposition of its shares by its directors and officers within five (5) trading days from the transaction. Under Section 23 of the Securities Regulation Code ("**SRC**"), the Company shall likewise disclose to SEC within ten (10) days after the close of each calendar month thereafter, if there has been a change in such ownership of shares by directors and officers at the close of the calendar month and such changes in his ownership as have occurred during such calendar month.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company has adopted a comprehensive and extensive policy for its related party transactions in compliance with the regulatory requirements of not only the SEC, but also of the BSP, the Company being majority-owned by a bank. Pursuant to the SEC Memorandum Circular No. 10, series of 2019 (Rules on Material Related Party Transactions for Publicly-listed Companies), the Company adopted a **Material Related Party Transactions Policy** on October 2019. A copy of the Policy is available in the Company's website.

Related Parties broadly refer to the following: Directors, Officers, Stockholders, Related Interest (DOSRI) as defined under regulations, Subsidiaries, Affiliates and Other Related Parties acting for themselves, as representatives or agents for others, or as guarantors, sureties, endorsers, mortgagors, pledgors, assignors, or in any capacity in which (i) they become obligated or may be obligated to the Company to pay or its equivalent or by any means whatsoever or (ii) there is a transfer of resources, services, or obligations between the Company and the Related Party. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

In the ordinary course of business, the Company enters into transactions with BDO Unibank and other affiliates. These transactions are made substantially on the same terms as with other individuals and businesses of comparable risks.

Policies and procedures have been put in place to manage potential conflicts of interests arising from related party transactions. Single and aggregated material related party transactions follow strict approval process. The Company's Related Party Transactions Committee composed of independent and non-executive directors, reviews and scrutinizes the terms and conditions of covered transactions to ensure that these are made on arms-length basis, that no preferential treatment is accorded, and they are negotiated as a regular business transaction in accordance with regulations. These transactions are then elevated to the Company's Board of Directors for confirmation and approval. Directors and officers who have interest in the transactions abstain from participating in the discussion. The details of the deliberations are included in the minutes of the Board and Board Committee meetings. Approved related party transactions are then properly tagged for monitoring and reporting of exposures.

The Company discloses details of material related party transactions in its Annual Stockholders'

meeting and in its Annual Report, and likewise submits advisement reports thereof to regulators as necessary.

The Company's related parties include BDO Unibank, related party under common ownership, key management personnel and the retirement benefit fund as described below.

The summary of the Company's transactions with its related parties in 2022, 2021 and 2020 is shown below.

Related Party Category	Notes	Amount of Transaction		
		2022	2021	2020
Ultimate parent company (BDO Unibank)				
UITF redemption	7, (l)	P5,927,789,668	P -	P -
Realized fair value gains	7, (l)	62,625,034	-	-
Interest income on short-term placements	6, (a)	63,241,061	-	-
Interest income on savings and demand deposits	6, (a)	4,969	30,666	1,510,459
Service fees	(e)	302,100	124,900	125,200
UITF placement	7, (l)	-	70,000,000	5,847,000,000
Unrealized fair value gains	7, (l)	-	54,997,429	5,692,212
Realized gain on dollar-denominated cash deposits	12, (p)	-	310,681	-
Interest expense on bills payable	(b)	-	-	11,477,345
Interest expense on lease liability	(c)	-	-	1,398,636
Depreciation	(c)	-	-	11,833,555
Gain on pre-termination of lease contract	(c)	-	-	963,423
Management fees	(d)	-	-	14,685,000
Sale of receivables	(n)	-	-	14,125,382,405
Gain on sale of receivables	(n)	-	-	381,866,343
Sale of financial assets under FVOCI	(n)	-	-	1,138,020,000
Gain on sale of debt securities under FVOCI	(n)	-	-	8,862,126
Loss on sale of equity securities under FVOCI	(n)	-	-	(620,000)
Employee stock option plan	2.12, 13	-	-	3,491,587
Gain on redemption of UITF	7, (l)	-	-	123,808
Sale of foreclosed assets— net	(n)	-	-	212,801,131
Subsidiary (BDORI)*				
Dividend income	(i)	-	-	200,000,000
Management fees	(d)	-	-	330,000
Rent income	(c)	-	-	60,500
Under common ownership				
Service and charges fees	(f), (j)	-	-	2,147,655
Insurance expense	(k)	-	-	244,314
Sale of receivables	(n), (o)	-	-	8,946,041,150
Gain on sale of receivables	(n), (o)	-	-	128,104,914
Sale of financial assets under FVOCI	(n), (o)	-	-	1,997,495,000
Gain on sale of equity securities under FVOCI	(n), (o)	-	-	71,656,187
Other related parties				
Loans	(m)	-	-	40,045,801
Key management personnel				
Short-term benefits	(g)	-	-	47,221,000
Post-employment benefits	(g)	-	-	9,170,953
Loans to officers	(g)	-	-	1,909,534

*Only until October 16, 2020

Below is the summary of the outstanding balances with each related party as of December 31, 2022 and 2021.

Related Party Category	Notes	Outstanding Balance	
		2022	2021
Ultimate parent company (BDO Unibank)			
Short-term placements	6, (a)	P 5,917,692,616	P -
UITF 7, (f)		-	5,877,689,641
Savings and demand deposits	6, (a)	4,657,774	15,204,057
Accrued interest receivables on short-term placements	6, (a)	50,564,515	-

- (a) The Company maintains savings and demand deposit and short-term placement accounts with BDO Unibank. As of December 31, 2022 and 2021, savings and demand deposit and short-term placement accounts maintained with BDO Unibank are reported as Cash and Cash Equivalents and Money Market Placement account in the statements of financial position. The savings and demand deposits generally earn interest at annual rates ranging from 0.05% to 0.06% in 2022 and 2021 and short-term placements earn interest at an effective rate of 4.75% in 2022. Interest income earned on these deposits in 2022, 2021 and 2020 is included as part of Interest and Discounts account under Income in the statements of income.
- (b) The Company obtains short-term bills payable from BDO Unibank with annual interest rates ranging from 3.0% to 4.8% in 2020. Total bills availments and payments amounted to P1,527,350,000 and P1,521,455,000, respectively, in 2020. No outstanding balance as of December 31, 2020. Interest expense incurred on these bills payable in 2020 is included as part of Interest and Financing Charges account under Operating Costs and Expenses in the 2020 statement of income. The Company did not obtain bills payable in 2022 and 2021.
- (c) The Company leases its head office premises and certain branch offices from BDO Unibank for terms ranging from three to five years, renewable for such period and under such terms and conditions as may be agreed upon with the Company and BDO Unibank. The related interest expense incurred on lease liability and depreciation of Right-of-use are included as part of Interest and financing charges and Occupancy and equipment related expenses, respectively, under Operating Costs and Expenses account in the statements of income. Before the restructuring, the Company charges BDO Rental for the spaces that the latter occupies in the head office premises. Rent charged to BDO Rental is presented as part of Other Income-net account in the Company's statements of income (see Note 12). In 2020, in line with the restructuring process, the Company pre-terminated all its leases with BDO Unibank which resulted in a recognition of gain on pre-termination as part of Miscellaneous income under Other Income account for the 2020 statement of income (see Note 12). There were no outstanding receivables and payables on these transactions as of the end of 2022 and 2021.
- (d) In 2019, the Company entered into a service level agreement with BDO Unibank wherein BDO Unibank will charge the Company for certain management services that the former provides to the latter. Management fees paid by the Company to BDO Unibank are shown as part of Other Expenses account under Operating Costs and Expenses in the 2020 statement of income. Also, the Company charges BDO Rental for the management services it renders to BDO Rental. This is presented as part of Other Income-net account in the Company's 2020 statement of income (see Note 12). There are no outstanding receivables and payables on these transactions as of the end of 2022 and 2021.

As part of the restructuring of Company's leasing business, the service level agreement of Company with BDO Unibank was terminated in 2020. Accordingly, the Company also terminated the service level agreement with BDO Rental.

- (e) The Company entered into an agreement with BDO Unibank on stock transfer services. Service fees paid by the Company to BDO Unibank are shown as part of Other Expenses account under Operating Costs and Expenses in the statements of income. There were no outstanding receivable and payable on these transactions as of the end of 2022 and 2021.
- (f) The Company engaged the services of BDO Capital and Investment Corporation (BDO Capital), a wholly owned subsidiary of BDO Unibank for services related to the Company's issuance of short-term commercial papers. Service charges and fees paid by the Company to BDO Capital amounting to P94,777 for 2020 and are included as part of Other Expenses account under Operating Costs and Expenses in the 2020 statement of income. No similar transaction in 2022 and 2021 and no outstanding payables on this transaction as of the end of 2022 and 2021.
- (g) Compensation of key management personnel (covering officer positions starting from Assistant Vice President and up) is included as part of Employee Benefits under Operating Costs and Expenses in the statements of income of the Company. In 2021, the Company has no longer recognized short-term employee benefits because it has no employees after the restructuring of the Company was completed in 2020. On the other hand, the short-term employee benefits amounting to P47,221,000 in 2020 include salaries, paid annual leave and paid sick leave, profit sharing and bonuses, and non-monetary benefits. Further, retirement benefits expense amounted to P9,170,953 in 2020 (nil in 2022 and 2021).

In 2020, the Company also granted loans to officers, which are secured by mortgage on the property, bear interest at a range a 7.0% to 9.0% per annum, with terms ranging from three to five years. There were no outstanding loans to officers as of December 31, 2022 and 2021.

- (h) On October 16, 2020, the Company's retirement fund was transferred to BDO Finance [see Notes 13 and 14(o)]. The retirement fund holds, as an investment, 519,915 shares of stock of the Company as of December 31, 2021 and 2020, which has a market value of P3.16 per share.
- (i) In 2020, BDO Rental declared cash dividends amounting to P200,000,000 (received in 2020).
- (j) The Company earned from BDO Insurance Brokers, Inc. (BDO Insurance) service charges and fees for accounts referred amounting to P2,052,878 in 2020 and are included as part of Miscellaneous under Other Income account in the 2020 statement of income (see Note 12). No similar transaction in 2022 and 2021 and no outstanding payables on this transaction as of the end of 2022 and 2021.
- (k) In 2020, the Company paid BDO Life for group life insurance of the Company's employees. Insurance paid by the Company is presented as part of Occupancy and Equipment Related Expense under Operating Costs and Expenses in the 2020 statement of income. No similar transaction transpired in 2022 and 2021. There were no outstanding receivables and payables on this transaction as of the end of 2022 and 2021.
- (l) In 2021 and 2020, the Company purchased P70,000,000 and P5,847,000,000, worth of UITF from BDO TIG, respectively. The P100,000,000 of the securities purchased in 2020 was redeemed on December 29, 2020 and the remainder of P5,817,000,000 was fully redeemed on October 11, 2022 (see Note 7).
- (m) The Company also granted loans to other related parties, which bear interest with a range of 4.2% to 11.0% per annum in 2020 (nil in 2022 and 2021). There were no outstanding loans to other related parties as of December 31, 2022 and 2021.

- (n) In various dates in 2020, in line with the restructuring of BDO Unibank Group's leasing business to optimize the financial needs of clients in line with PFRS 16, the Company sold its core loans and receivables to BDO Life, BDO Finance and BDO Unibank. The related gain on sale of loans and receivables is presented under Income in the 2020 statement of income [see Notes 8 and 14(o)]. There is no outstanding receivable on these transactions as of the end of 2020. No similar transaction transpired in 2022 and 2021.

On various dates in 2020, the Company disposed portion of its financial assets at FVOCI to BDO Unibank and BDO Life. The related gain on sale is presented separately under Income in the statements of income (see Note 7) for debt securities while for equity securities gains (losses) were booked to Retained Earnings.

In October 2020, the Company agreed to assign, transfer and convey certain foreclosed assets to BDO Unibank with a total carrying value of P212,801,131 as of September 30, 2020. No gain or loss was recognized in this transaction. There is no outstanding receivable on this transaction as of December 31, 2022 and 2021.

- (o) On various dates in 2020, the Company disposed a portion of its core loans and receivables to BDO Finance with aggregate carrying amounts of P7,669,959,699 resulting to a recognition of gain on sale of loans and receivables totaling P89,493,034 which is presented separately under Income in the 2020 statement of income [see Notes 8 and Note 14(n)].

On October 12, 2020, the Company sold its 100% ownership interest in BDO Rental to BDO Finance with a total equity value of P308,003,448 which resulted to a recognition of gain on sale of investment in subsidiary totaling P9,496,552 as part of Other income account in the statements of income (see Note 12). On October 15, 2020, the Company sold its SMC preferred shares classified as FVOCI to BDO Finance with aggregate carrying amounts of P597,495,000 (see Note 7). No gain or loss was recognized on the sale.

On October 16, 2020, the Company agreed to assign irrevocably and absolutely to BDO Finance certain other assets and other liabilities with total proceeds equal to carrying value of P39,012,330 and P244,591,355 respectively. The transaction resulted to outstanding payable to BDO Finance and is recorded as part of Accounts payable and other liabilities account in the statements of financial position.

The table below summarizes the carrying amounts of other assets and other liabilities sold to BDO Finance on October 16, 2020.

	Notes	
Other Assets:		
Accounts receivables – net	8	P 13,723,392
Prepaid expenses		3,963,200
Property and equipment – net		6,088,373
Retirement assets	13, 14(h)	14,358,936
Other intangible asset – net		773,234
Other assets		<u>105,195</u>
		<u>P 39,012,330</u>
Other Liabilities:		
Accounts payable		P 169,082,140
Accrued other expenses payable		13,648,196
Unapplied advance payments		15,301,329

Deferred income tax payable	(36,161,681)
Other liabilities	<u>82,721,371</u>
	<u>P 244,591,355</u>

Other liabilities include, among others, taxes, insurance, mortgage and other fees.

(p) In 2021, the Company sold dollar-denominated cash deposits amounting to USD796,619 at P50.36 exchange rate (PHP40,117,733) to BDO Unibank. This transaction resulted in a realized gain of P310,681 and is recorded as part of Other income account under Continuing operations in the 2021 statement of income (see Note 12). No similar transaction transpired in 2022.

PART IV - CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

Corporate governance in Dominion Holdings, Inc. (DHI) is about effective oversight, strict compliance with regulations, and sustainable value creation to promote the best interest of its various stakeholders.

DHI affirms its deep commitment to the highest standards of corporate governance practice firmly anchored on the principles of accountability, fairness, integrity, transparency and performance consistently applied throughout the institution. DHI's good reputation has been built on the solid foundation of an ethical corporate culture and responsible business conduct, underpinned by a well-structured and effective system of governance.

DHI complies, where appropriate, with the SEC Code of Corporate Governance for Publicly-Listed Companies and with the Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions. It follows relevant international best practices of corporate governance issued by globally recognized standards-setting bodies such as the Organization for Economic Cooperation and Development (OECD) and the ASEAN Corporate Governance Scorecard (ACGS) which serve as essential points of reference.

This report describes the highlights of our corporate governance practices throughout the financial year ended December 31, 2022.

1. Composition of the Board – The Board is composed of eleven (11) seats with 2 vacancies. The members of the Board are all professionals with various expertise in fields relevant to DHI's business and strategic plans such as banking, accounting and finance, law, merchandise marketing, strategy formulation, bank regulations, information technology, and risk management. It is led by a Non-Executive Chairperson with two Independent Directors, five Non-Executive Directors, and two Executive Directors who are the President and Treasurer. The board is composed of 3 female Directors and 6 male Directors.

The present composition of the Board exceeds the minimum regulatory standards which require that independent and non-executive directors account for the majority. Independent and Non-Executive Directors of the Company comprise 64% (7 of 11) of the Board. With four of 11 Board seats allocated for independent directors, the Company goes beyond the 1/3 minimum requirement of the

Securities Exchange Commission.

2022 Board Meetings				
Name of Director	Position	No. of Meetings Attended*	Total No. of Meetings	% of Attendance
Teresita T. Sy**	Chairperson	4	4	100%
Jesse H.T.Andres**	Independent Director	4	4	100%
Ma. Leonora V. De Jesus**	Independent Director	4	4	100%
Nestor V. Tan**	Director	4	4	100%
Exequiel P. Villacorta, Jr.**	Director	4	4	100%
Walter C. Wassmer**	Director	4	4	100%
Vicente S. Pérez, Jr****	Independent Director	7	7	100%
Manuel Z. Locsin Jr.	Director and President	9	9	100%
Luis S. Reyes, Jr.	Director and Treasurer	9	9	100%
Melanie S. Belen***	Director	5	5	100%
Geneva T. Gloria***	Director	5	5	100%
Lazaro Jerome C. Guevarra***	Director	5	5	100%
Elmer B. Serrano***	Chairman	5	5	100%
Ismael G. Estela Jr.***	Independent Director	5	5	100%
Luis Ma. G. Uranza***	Independent Director	5	5	100%
Rebecca S. Torres*****	Director	2	2	100%

*participated via remote communication

**end of term effective April 20, 2022

*** elected as Director on April 20, 2022

****resigned effective July 13, 2022

*****appointed as Director effective July 13, 2022

2. Composition of the Board Committees – Independent directors chair four of six board committees, namely Audit, Corporate Governance, Related Party Transactions, and Nominations. This provides independent and objective judgment on significant corporate matters and ensures that key issues and strategies are objectively reviewed, constructively challenged, thoroughly discussed and rigorously examined.

As of December 31, 2022:

Name of Director		EXECUTIVE COMMITTEE	BOARD AUDIT COMMITTEE	RISK MANAGEMENT COMMITTEE	NOMINATIONS COMMITTEE	RELATED PARTY TRANSACTIONS COMMITTEE	CORPORATE GOVERNANCE COMMITTEE
Manuel Z. Locsin Jr.	ED	M					
Luis S. Reyes, Jr.	ED						
Melanie S. Belen	NED	M					
Geneva T. Gloria	NED					M	
Lazaro Jerome C. Guevarra	NED	C					
Elmer B. Serrano	NED						
Ismael G. Estela Jr.	ID		C	M	M	M	M
Luis Ma. G. Uranza	ID		M	M	C	C	C
Rebecca S. Torres	NED		M	C	M		M

ED- Executive Director

NED –Non-Executive Director

ID-Independent Director

C- Chairman

M-Member

3. Audited financial statements for calendar year 2021 were disclosed to the public on March 7, 2022, 66 days from year end, following the SEC Code of Corporate Governance for Publicly listed Companies' recommendation of within 90 days from year-end.
4. Annual Board performance self-assessment - A yearly self-assessment is conducted focusing on the performance of the Board, directors, Committees and senior management, through the Corporate Governance Committee, using an approved set of questionnaires. The performance evaluation process begins with sending out customized Board Evaluation Questionnaires to each director and advisor. They are required to complete the questionnaire and explain the rationale of their response. The results of which are tabulated and consolidated.

This report sets out the main corporate governance practices of the Company in relation to the following OECD guiding principles:

Rights and Equitable Treatment of Stakeholders

Shareholders

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 governance practices, policies and programs for the protection of shareholders' rights and the promotion for exercising those rights in accordance with OECD principles, such as the right to buy, sell or transfer securities held, the right to receive dividend, the right to vote for the appointment of the external auditor, the right to participate in decision-making for corporate matters, the right to propose agenda item in the shareholders' meeting and the right to attend the shareholders' meeting. As a matter of policy, all stockholders (retail and institutional) on record are encouraged to attend, personally, by proxy, or by remote communication, the annual stockholders' meeting to ensure their participation and active involvement in the affairs of the Company. Shareholders will be given equal opportunities to raise questions, make suggestions and recommendations pertaining to the operations of the Company. They can vote by remote communication or in absentia, or assign proxies to vote on their behalf, if shareholders cannot attend the stockholders' meeting.

For the convenience of shareholders to exercise their right to attend the stockholders' meeting, the venue, date, time and agenda of the annual meeting, explanation of each agenda item requiring shareholders' approval, method of voting results will be announced in advance. In 2022, the Notice of Annual Stockholders' Meeting, which contains details and rationale for each agenda item, was released through the Definitive Information Statement on March 7, 2022, or 44 days prior to the date of the Meeting.

The Annual Stockholders' Meeting was held on April 20, 2022 and was attended by the Board Chairperson, Officer-in-charge (now President), and all Directors. The shareholders were allowed to cast their votes on each nominee 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 2022 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 <https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-2022-ASM-Minutes.pdf>

This disclosure is readily available at the websites of the PSE and the SEC, as well as of the Company's website. During the Annual Stockholders' Meeting, the President reports to the stockholders the financial

performance of the Company for the year. In addition, the Company files with the PSE and SEC quarterly reports on its financial performance.

The Company recognizes that all shareholders should be treated fairly and equally whether they are controlling or minority, local or foreign. To ensure this, the Amended By-Laws of the Company provides that all shares in each class should carry the same rights and any changes in the voting rights must be approved by the shareholders. The Company accepts the votes cast by nominees and custodians in behalf of the beneficial owners as valid. Shareholders may exercise their right of appraisal in case of amendment to the Articles of Incorporation that has the effect of changing or restricting their rights.

Dividends

The Company recognizes the importance of providing a stable and sustainable dividend stream consistent with its commitment to shareholders. The payment of dividends entails prior board approval of the amount, record and payment dates as recommended by Management based on the BSP, PSE, and SEC rules on declaration of cash dividends. Upon Board approval, necessary disclosures are made in compliance with regulatory requirements. Upon disclosure of a cash dividend declaration, a trading blackout on the Company's shares is imposed upon DHI directors and officers. Dividends are paid within 30 days from date of declaration. The full dividend policy statement is published in the corporate website. No dividend was paid in 2022 while the Company is in transition to a holding company.

Investors

DHI adopts a pro-active relationship with its stockholders through BDO Unibank's Investor Relations' (IR) comprehensive engagement program. IR articulates the Company's strategic direction as well as financial and operating results by joining conferences and roadshows in key global financial markets and conducting various one-on-one meetings, conference calls and briefings with institutional investors, analysts, and credit rating agencies. IR also reaches out to retail investors by participating in retail conferences and roadshows organized by local brokers.

Relevant information is also shared through official disclosures posted via PSE Edge and company website.

Investor Relations accomplished the following after the easing of mobility restrictions and the resumption of in-person meetings in 2022:

1. Coordination on Environmental, Social and Governance (ESG)

IR coordinated with the BDO-Sustainability Office (SO) and Sustainable Finance Unit (SFU) to address queries from regulators, investors and analysts regarding the BDO Group's sustainability/ESG initiatives.

2. Coordination with other units for the disclosure of public information about the Company

IR recognizes the need for accurate and updated information of the Company's financial condition and all matters affecting the Company. It coordinates with the Corporate Secretary's Office and Marketing Communications Group (MCG) to ensure the timely disclosure and posting of material and relevant information.

IR directly liaises with the Company's stock transfer agent on matters relating to stockholders' claims for cash dividends, updating of contact information and requests for documents and/or information regarding their stockholdings.

Shareholders can request relevant information from the Corporate Secretary or Investor Relations Unit through the contact details provided in the Company's official website. The minutes of the 2022 Annual Stockholders' Meeting is available in our corporate website at <https://www.bdo.com.ph/sites/default/files/pdf/BDOLF-2022-ASM-Minutes.pdf>

Creditors, Counterparties and Suppliers

The Company is committed to meet its contractual obligations with all creditors and counterparties based on the covenants agreed with them.

In the conduct of its business dealings, the Company undertakes to honor all binding agreements and conditions on the basis of widely accepted industry practices, mutual understanding and cooperation with counterparties. In accordance with law, they will be given priority in payment of the Company's obligations in the normal course of business and in the event of liquidation.

For suppliers, it has established appropriate policies that govern the vendor accreditation, selection, bidding and approval processes. The Company strictly prohibits the solicitation and acceptance, directly or indirectly, of any gift (including entertainment services or activities), gratuity, commissions or any form of payment from business partners, suppliers and third party service providers in exchange for any unnecessary or favorable treatment.

Employees

The Company considers its Human Resources extremely valuable. To ensure the protection and well-being of the employees, the Company has implemented policies and programs that cover the following areas:

a. Code of Conduct and Business Ethics

DHI believes that practicing right conduct and ethical behavior inspires and strengthens the confidence of all our stakeholders.

The Code outlines the principles and policies that govern the activities of the institution, sets forth the rules of conduct in the workplace and the standards of behavior of its directors, officers and employees in their activities and relationships with external stakeholders. These reflect the core values the institution subscribes to and promote.

The Code applies at all times to all members of the Board of Directors and employees in their dealings with suppliers, business partners and service providers. It covers the Company's commitment to a gender friendly workplace, concern for occupational health, safety and workplace environment, transparency, integrity and accountability, compliance with laws and regulations, standards of behavior and personal conduct, and ethics of doing business.

b. Training and Development

DHI continues to provide training opportunities aligned with business requirements and employees' potentials and capabilities. Training programs include orientation for new hires, job specific technical training, management and leadership training programs which aim to develop and enhance the knowledge, skills, managerial and leadership capabilities, attitude and mindset of employees. The Company allocates a training budget for these developmental programs. Its officers are adequately trained. Improvements in the design and delivery of eCourses and targeted training programs continue to ensure more effective retention of the knowledge learned. Culture and values, service excellence, regulatory requirements, job knowledge as well as leadership development continue to be the focus in 2022 to sustain availability of ready talents that support business growth.

The continuing education program for Directors is an ongoing process to ensure the enhancement of their skills and knowledge. Every year, all Directors and key officers are given updates and briefings, and are required to attend a corporate governance seminar on appropriate topics to ensure that they are continuously informed of the developments in the business and regulatory environments, including emerging opportunities and risks in the industry. All directors of DHI complied with the annual corporate governance training requirement of four (4) hours in 2022. All directors of DHI, along with members of senior management, attended its in-house corporate governance seminar held on July 20, 2022. Keynote speaker Prof. Kishore Mahbubani of the Asia Research Institute, National University of Singapore provided valuable insights on geopolitical risk in the face of fierce geopolitical contest among world superpowers and the continuing rise of Asia and the ASEAN. S&P Global, on the other hand, talked about sustainability and the role of boards, with focus on climate change and biodiversity challenges that companies are facing today.

c. Employee Welfare

DHI is committed to promote the physical, social and mental well-being of its employees. It aims to provide a workplace free from discrimination and all forms of physical, sexual and psychological abuse including harassment, bullying and intimidation. The Company established the Policy on Disclosure of Sensitive/Confidential Matters to Management to give employees the opportunity to communicate, with protection from reprisal, legitimate concerns about illegal, unethical or questionable practices in the workplace.

d. Health and Safety

DHI is committed to maintain a positive, harmonious and professional work environment with due importance accorded to the occupational health and safety of the employees and related external constituencies.

The continuing activities to promote health and safety are the following:

- No Smoking Policy in the office is strictly enforced;
- No firearms allowed in the premises;
- Use of CCTV as a deterrent to possible criminal activities such as hold-ups/robberies;
- Fire prevention measures and safety/evacuation drills for fire and earthquakes;
- Installation of access ramps for persons with disability in the buildings to make offices safe and accessible to PWDs;

- Regular safety inspections in the corporate office to rectify immediately all noted unsafe conditions; and
- Emergency Response Teams to ensure availability of emergency response personnel in time of disaster.
- Safety and health training

In 2022, the Company, through BDO Unibank, conducted the following initiatives to improve the health and safety of employees inside the premises:

1. To continuously respond to the impact of the Covid-19 pandemic, the following programs and protocols were still implemented:
 - Covid Care Hotline provided to all employees (teleconsult) up to June 30, 2022 after which employees were referred to HMO's teleconsult services;
 - Covid-19 antigen testing for employees was increased during surge of cases to weekly and fortnightly for client-facing and other employees, respectively (January 2022 to February 2022). On November 2022, regular Antigen testing was suspended due to steady decrease in number of cases;
 - Personnel exhibiting Covid-like symptoms, upon medical assessment, are referred for reverse-transcriptase polymerase chain reaction (RT-PCR) testing;
 - Granting of additional Sick Leave (SL) credits for confirmed Covid-19 positive employees;
 - Provision and delivery of health kits to confirmed Covid-19 positive employees;
 - Provision of vitamins to employees;
 - Provision of alcohol and soap at the buildings;
 - Installation of temperature scanners at the entrance of Corporate Centers and provision of portable temperature scanners in other offices;
 - Paperless contact tracing;
 - Regular disinfection of premises;
 - Weekly inspection on the compliance with Covid-19 control at the buildings, among others;
 - Work from home setup to some groups;
 - Inspection of ventilation system of buildings; and
 - Published regular advisories on Covid-19 prevention in 2022.
2. A Health and Safety Committee meets on a regular basis to review the progress on the implementation of its programs. The Committee is composed of a mix of officers in BDO Unibank headed by the Central Operations Group Head.

Clinics are manned by occupational health practitioners and nurses. BDO maintains 11 medical clinics located in the following strategic areas in Metro Manila:

1. BDO Towers Valero
2. Corporate Center Ortigas
3. Ortigas Avenue, Greenhills
4. Roosevelt Avenue, Greenhills
5. Binondo, Dasmariñas
6. Davao City
7. Karrivin Plaza, Makati
8. BDO Salcedo Tower
9. Double Dragon Meridian, Pasay
10. BDO SM City North
11. BDO Petron Mega Plaza

Society, Community and the Environment

Corporate Social Responsibility

BDO Foundation, the corporate social responsibility arm of BDO Unibank, continued to address the needs of underserved sectors of society. In 2022, the foundation contributed to the achievement of Sustainable Development Goals (SDGs), implementing programs in the areas of financial inclusion and disaster response and rebuilding. As the number of COVID-19 cases declined significantly, BDO Foundation started to refocus efforts on its regular programs after successfully completing a wide range of pandemic response initiatives in the past two years.

Rehabilitation of rural health units

BDO Foundation continued to rehabilitate rural health units (RHUs) in different parts of the country as part of efforts to help improve the health and well-being of the underserved. Last year, the foundation rehabilitated ten RHUs for the benefit of 477,208 people.

BDO Foundation improved the health centers' exteriors, layout and interior design, lobbies and waiting areas, offices, birthing clinics, consultation rooms, treatment rooms and pharmacies. It renovated birthing clinics that are critical in the life of communities. Using available space, it built breastfeeding stations for nursing mothers, play areas for children and waiting lounges for senior citizens. It installed new furniture and fixtures to help health workers accommodate more patients.

The foundation also revisited previously rehabilitated structures damaged by Super typhoon Odette. It conducted maintenance, upkeep and repair work on four RHUs severely affected by the disaster.

Supported by the Department of Health (DOH) and local government units, the rehabilitation initiative helped improve the healthcare delivery system in the country, one of the goals under the Philippine health agenda. The rehabilitation of facilities enabled health workers to provide primary healthcare services more efficiently, empowering them to deliver the best patient care possible to their constituents. Doctors, nurses and midwives became better equipped to serve the community. The improvements resulted in the health centers receiving high assessment scores from the DOH and accreditation from PhilHealth.

The program benefits mothers, infants and children, persons with disabilities, senior citizens and other patients. Many of the rehabilitated health centers serve indigenous peoples living in remote areas.

Like other BDO Foundation programs, the rehabilitation of health facilities was made possible by officers of BDO and BDO Network Bank branches, who recommended health centers that needed assistance. As COVID-19 restrictions limited travel, branch heads represented the foundation in the turn-over of the RHUs, personally attending the inauguration and reopening of the health centers.

The program gained greater significance as the country continued to recover from the pandemic.

Instrumental in helping curb the spread of the coronavirus, health centers provided free antigen testing and assisted in the rollout of the government's vaccination program.

Construction of facilities for learners

As part of a shared advocacy to support disadvantaged communities devastated by disasters, BDO Foundation signed an agreement with the Philippine Geothermal Production Company (PGPC) for the construction of a three-classroom school building in Baybay Elementary School in Catarman, Northern Samar. Catarman was severely hit by Typhoons Bising, Odette and Tisoy in recent years.

Supportive of DepEd's Adopt-A-School program, the initiative aims to address the shortage of classrooms in Baybay Elementary School and help administrators accommodate more students as the school resumes face-to-face classes.

This was the latest project of BDO Foundation in partnership with PGPC, the Philippines' pioneering geothermal firm. As part of post-Yolanda rebuilding efforts, the partners constructed a school building also in Baybay Elementary School back in 2014. In 2015, the foundation and the geothermal firm joined forces again for the construction of a school building in Tiwi Community College in Albay.

BDO Foundation also started the construction of a two-storey technical-vocational training facility for underserved youth at the Don Bosco Technical and Vocational Education and Training (TVET) Center in Balamban, Cebu.

The foundation's third partnership project with the Salesian Society of St. John Bosco, the initiative was undertaken to support Don Bosco's mission to educate, evangelize and capacitate Filipino youth. Similar structures were built by the foundation at Don Bosco training centers in Mati, Davao Oriental in 2019 and Dumangas, Iloilo in 2021.

The structure in Balamban will serve as a workshop, where senior high school students can learn tech-voc livelihood skills. The new building will enable Don Bosco to accommodate more learners. In addition to the construction of the facility, BDO Foundation will also provide furniture as well as tools and equipment for the training of students.

Don Bosco's TVET Centers educate economically disadvantaged and out-of-school youth and prepare them for gainful employment in the Philippines and abroad.

Financial education programs

In line with its financial inclusion advocacy, BDO Foundation continued to support the National Strategy for Financial Inclusion of the Bangko Sentral ng Pilipinas (BSP). The foundation worked closely with BSP's Economic and Financial Learning Office for the implementation of financial education programs in partnership with the Department of Education (DepEd), Overseas Workers Welfare Administration (OWWA), Civil Service Commission (CSC), Armed Forces of the Philippines (AFP), Philippine National Police (PNP), Bureau of Fire Protection (BFP), and Bureau of Fisheries and Aquatic Resources (BFAR). The programs benefited 1,611,311 people in 2022.

Through the ongoing programs, the partners integrated financial education into the regular training programs of the partner agencies. They shared financial literacy lessons on such topics as saving, budgeting and financial planning, avoiding scams, debt management, entrepreneurship, insurance and retirement planning with target audiences. The programs benefited students, teachers and non-teaching personnel, overseas Filipino workers (OFWs), government workers, armed forces personnel, police personnel, firefighters and fisherfolk.

Pursuant to DepEd Order No. 21 series of 2022, DepEd continued to incorporate financial education into the K to 12 Curriculum and integrate financial literacy concepts into the teaching of Mathematics, Science, Araling Panlipunan, entrepreneurship, and technical-vocational and livelihood education, among other subjects. The policy helps ensure that financial education, while not a standalone subject, is taught in schools through the lesson exemplars prepared for the regular subjects and uploaded on the DepEd learning resource portal. Materials uploaded on the portal are downloaded by teachers for use in classrooms.

As part of a special project aimed at helping improve financial education in public schools, BDO Foundation, DepEd and Huawei Philippines awarded teachers who developed learning modules that effectively integrate financial literacy into the teaching of Science and Mathematics. The outstanding modules were honored at the online awards ceremony of the Search for the Best Supplemental Learning Materials in the Teaching of Defined Key Concepts in Science and Mathematics.

The nationwide competition invited elementary and high school teachers to develop modules that integrate financial literacy lessons into Science and Math. A panel of judges composed of distinguished academicians from the country's top universities evaluated 96 entries. Twelve winning modules were uploaded on the DepEd learning resource portal, where they could be accessed by teachers all over the country.

In support of DepEd's efforts to further improve the quality of education, BDO Foundation partnered with Huawei Philippines and Knowledge Channel Foundation for the production of five curriculum-based educational videos on early numeracy. Designed to teach Mathematics to Grade One pupils, these learning resources were made available for viewing on Knowledge Channel's on-air, online and offline platforms.

These programs helped empower learners and educators. Further, they contributed to the implementation of DepEd's K to 12 Curriculum, its Brigada Eskwela program and the achievement of its Sulong Edukalidad advocacy and the Basic Education Development Plan 2030.

In line with the financial education program for fisherfolk, Fish N' LEarn—a gamified training intervention co-developed by BDO Foundation, BFAR, BSP, the Fish Right Program of the United States Agency for International Development (USAID), and PATH Foundation Philippines—was launched. As part of the launch and in commemoration of Farmers' and Fisherfolk's Month in May, the partners turned over game kits to leaders of fishing communities nationwide.

Supportive of the Department of Agriculture's efforts to achieve Masaganang Ani at Mataas na Kita, the innovative training tool helps improve the financial literacy of fishers and their families. It also promotes

the protection of marine resources and the conservation of fishers' source of livelihood.

In order to ensure that the more than 2.4 million fisherfolk across the country will be reached, BFAR issued Fisheries Order No. 159 Series of 2022 or the Nationwide Adoption of Fish N' Learn, the Financial Education Game for Fisherfolks, in the Conduct of BFAR Technical Trainings. The order mandates all BFAR regional and provincial offices as well as national and local training centers to adopt the training tool as a regular offering.

BDO Foundation's contributions to the development of Fish N' Learn received recognition when the Department of Agriculture and BFAR officials conferred the Gawad Pagkilala award to the foundation at the opening ceremony of the 59th Fish Conservation Week.

For its part, CSC formalized its adoption of the financial education program for civil servants through the issuance of an internal policy that makes financial education an integral part of the training of its personnel. More than 1,300 CSC personnel stand to benefit from financial education interventions that will be embedded in the agency's onboarding orientations for new employees, in-service leadership courses, sessions for retiring employees and other relevant training programs. Further, CSC started preparations for the rollout of the program in the entire government bureaucracy through training of trainers sessions participated in by personnel of the Civil Service Institute, CSC's training arm.

Meanwhile, BDO Foundation and BSP continued to work with the AFP, BFP and PNP for the development of financial education trainers' manuals for publication in early 2023. The manuals will be used by trainers in the rollout of financial education programs for the armed forces, firefighters and police personnel.

The financial education program for OFWs, also known as *Pinansyal ng Talino at Kaalaman* or *PiTaKa*, continued implementation, most notably through the conduct of Pre-Departure Orientation Seminars that migrant workers attend prior to their deployment abroad.

In support of the PiTaKa program, BDO Foundation participated in the Multi-stakeholder Consultation on the Full-Cycle National Reintegration Program. The two-day consultation conducted by the Department of Migrant Workers was aimed at aligning the programs of various stakeholders for the successful reintegration of OFWs back into Philippine society. The initiative is in line with Republic Act No. 11641 or the Department of Migrant Workers Act of 2021.

As the pandemic limited the conduct of in-person financial literacy training sessions, BDO Foundation accelerated efforts to make its financial education materials available in the digital space. In partnership with BSP, the foundation began the process of developing nine online learning modules. The modules cover lessons on financial planning, saving and budgeting, debt management, basics of investing, fraud and scam prevention, financial consumer protection, digital financial literacy, Personal Equity and Retirement Account (PERA), and relevant economic indicators.

The modules will initially be accessible to BDO and BSP employees. Eventually, they will be made available to partner institutions and the general public.

In addition to the aforementioned partnerships, BDO Foundation also forged ties with other government

agencies to reach more beneficiaries. The foundation signed an agreement with the Agricultural Credit Policy Council and BSP for the development of a financial education program for small farmers, fisherfolk, livestock raisers, young agripreneurs and repatriated OFWs engaged in agribusiness. It also started to form partnerships with the Department of Trade and Industry, Local Government Academy, and Technical Education and Skills Development Authority for the development of programs tailored for their respective target audiences.

In support of BSP's financial inclusion advocacy, the foundation participated in the BSP Financial Education Stakeholders Expo for the fifth consecutive year. The expo was themed *Owning the Future: Rebuilding and Strengthening Financial Health through Financial Literacy*. Working with the Marketing Communications Group, BDO Foundation contributed to the conduct of Financial Self-Care 101, one of the learning sessions in the week-long event. At the session, BDO brand ambassador and Miss Universe 2015 Pia Wurtzbach shared insights on how to achieve financial wellness.

Through its programs, BDO Foundation helped institutionalize financial education in the capacity building measures of its partner organizations. As it contributed to the government's efforts to improve financial literacy levels in the country, the foundation helped enhance the economic well-being of underserved Filipinos so that they may have brighter financial futures.

Relief operations

In line with its disaster response advocacy and in the spirit of *bayanihan*, BDO Foundation provided aid for 70,960 families affected by natural disasters last year.

BDO Foundation mounted relief operations in provinces placed under a state of calamity, mobilizing volunteers for the immediate distribution of relief goods in underserved communities. Volunteers visited evacuation sites and distributed relief packs containing food, rice and drinking water to families displaced by typhoons, earthquakes, volcanic eruptions and incidents of fire. Depending on the need of disaster-affected communities, the foundation also provided other items such as hygiene kits that included soap and alcohol as well as cleaning kits to help residents clean up dirt and debris scattered by storms.

Beneficiaries included families affected by a 7.0-magnitude earthquake that devastated parts of Northern Luzon, the Bulusan Volcano eruptions and Typhoons Agaton, Karding and Paeng, among others.

The disaster response efforts were made possible by volunteers from partner parishes, diocesan social action centers, non-governmental organizations, local government units, the military and the police. They were also supported by employees of BDO and BDO Network Bank branches, who helped the foundation assess situations in affected areas and coordinate logistics. BDO volunteers also helped distribute relief goods in certain locations.

Handog sa 'Yo ng BDO Foundation

As part of a Christmas gift-giving initiative called Handog sa 'Yo ng BDO Foundation, the foundation provided Christmas food bags for 25,000 families in economically disadvantaged communities across the country in 2022. For the third consecutive year, it distributed bags containing food, rice and drinking

water to help poor families celebrate the season despite the pandemic and the country's economic situation.

The project was made possible with the support of Caritas Philippines, the social arm of the Catholic Church in the country. Caritas Philippines volunteers from parishes and diocesan social action centers distributed Christmas food bags in Luzon, the Visayas and Mindanao.

Handog sa 'Yo ng BDO Foundation was also backed by Tanging Yaman Foundation, a non-profit organization that links donors with beneficiaries. In line with its Christmas for Others program, Tanging Yaman personnel distributed Christmas food bags to families in Caloocan, Malabon, Manila, Muntinlupa, Novaliches, Pasay, Pasig, Quezon City and Taguig.

Employee volunteer program

The Human Resources Group, Sustainability Office and BDO Foundation launched the BDO employee volunteer program as part of efforts to promote employee engagement and involvement in BDO's corporate citizenship initiatives.

The program contributes to the achievement of SDGs in the areas of poverty and hunger, the environment, education, and financial inclusion. It gives BDO employees all over the country opportunities to give back to the community and help Filipinos in need by participating in the volunteer events of the foundation and partner non-governmental organizations.

As part of the pilot run of the program, BDO Foundation engaged Caritas Philippines, Tanging Yaman Foundation, Don Bosco One TVET and SM Foundation for the initial set of volunteer events. BDO employees participated in the Handog sa 'Yo ng BDO Foundation initiative in partnership with Caritas Philippines and Tanging Yaman Foundation for the benefit of 25,000 families. Employees also volunteered to conduct financial literacy sessions for 813 beneficiaries composed of Don Bosco students, teachers and non-teaching personnel; Caritas Philippines beneficiaries; and SM scholars.

The foundation also began coordinating with other organizations for future volunteer opportunities.

Establishment of vegetable gardens

Making inroads into initiatives that help promote food security and address hunger, BDO Foundation signed a memorandum of agreement with East-West Seed Foundation, the corporate social responsibility arm of East-West Seed Philippines, for the implementation of a project called *Gulayamanan*.

The partnership project aims to establish vegetable gardens in disadvantaged communities for the benefit of residents who lack livelihood opportunities. It is expected to provide income to beneficiaries and additional food supply to their communities. The initiative includes the conduct of financial literacy sessions for the target audience.

Other corporate citizenship initiatives

BDO Foundation made an impact on its beneficiaries through other initiatives.

- Joint funding with Huawei Philippines for Knowledge Channel Teaching in the New Normal, a program that provides public school principals and teachers professional development training on how to use multimedia learning resources to teach lessons online and offline
- Donation to the National Citizens' Movement for Free Elections and Parish Pastoral Council for Responsible Voting to support the non-profit organizations' efforts to ensure the integrity of the national and local elections
- Donation of school supplies to students of Nanapun Elementary School in Marawi City, Lanao del Sur in partnership with BancNet and in support of DepEd's Balik Eskwela program
- Donation of school supplies and hygiene kits to students of Mampang Elementary School in Zamboanga City in support of DepEd's Balik Eskwela program and in partnership with BDO Remit and Western Union
- Distribution of laptops donated by Huawei Philippines to schools in Benguet, Lanao del Sur, Negros Oriental, Palawan and Quezon as part of efforts to give more educators and learners much needed access to computers and help schools prepare for the resumption of face-to-face classes
- Participation in the Strengthening Financial Resilience session of the Public Sector Human Resource Symposium themed Building Resilient Organizations: Honing Agile and Future-Ready Leaders and HR Practitioners, an event organized by the Civil Service Institute of the Civil Service Commission
- Support for the League of Corporate Foundations CSR Expo 2022 themed Creating the Future We Need: Striking a Path During a Period of Transition
- Support for the Zero Extreme Poverty Philippines 2030 7th General Assembly themed Innovations in Achieving Progress Towards the SDGs 2030

As it marks its 15th year milestone in 2023, BDO Foundation is gearing up for more financial inclusion interventions, disaster response projects and post-disaster programs. While implementing ongoing initiatives, the corporate social responsibility arm of BDO Unibank will also explore more opportunities to contribute to the achievement of SDGs and work towards a sustainable, resilient and financially inclusive future.

Environmental Initiatives

BDO Group's financing institutions impose limits and monitors exposure to certain industries such as production or trade in weapons and munitions, online gaming and equivalent enterprises, hydroelectric plant with weir height of more than 50 meters, illegal mining, illegal fishing and child labor (those deemed to have adverse environmental and social effects to community).

BDO's green financing has been practiced since 2010 and is considered one of the pioneers to have catalyzed sustainable finance in Philippines' banking industry. Through its cooperation with IFC until 2018, the Bank has led financing in green energy investments in Renewable Energy, Energy Efficiency and GreenBuilding projects. In February 2018, BDO was the first to have issued a \$150 million green bond in the country and East Asia Pacific with IFC as its sole investor.

In January 2022, BDO successfully raised Php 52.7 billion worth of Peso-denominated Fixed-Rate ASEAN Sustainability Bonds which has been the largest issuance in the Philippines.

In March 2022, BDO issued its maiden Blue Bond amounting to US\$100million, through an investment from the International Finance Corporation. This issuance will expand financing for projects that help prevent marine pollution and preserve clean water resource, while supporting the country's climate goals. This marks another milestone for BDO, being the first private sector issuance in Southeast Asia to issue a Blue Bond.

In addition, BDO had a partnership with Japan Bank for International Cooperation to relend its \$50 million green facility to environment-related projects focusing on renewable energy in the Philippines in August 2016. Thus, providing our clients with additional financial product that can support their prospective green projects.

In 2021, BDO's Sustainable Finance Framework was certified and given endorsement by Sustainalytics, a leading and independent Environmental, Social and Governance (ESG) research and ratings provider based in New York. Sustainalytics expressed that "BDO's Sustainable Finance Framework is credible and impactful, and aligns with the Sustainability Bond Guidelines in 2018, Green Loan Principles 2020, and the ASEAN Sustainability Bond Standards 2018." Blue Bond issuance helped BDO expand its Sustainable Finance Framework to include projects supporting the country's blue economy, while establishing a new asset class in the Philippine debt market. World Bank defines blue economy as sustainable use of ocean resources for economic growth, improved livelihoods and jobs, and ocean ecosystem health.

Please refer to the Corporate Social Responsibility Section of the 2022 Annual Report and the 2022 Sustainability Report for more details on the BDO Group's socio- civic programs and initiatives published in our corporate website at (<https://www.bdo.com.ph/leasing/company-disclosures>).

BDO also maintained its "Go Green Program" to raise awareness on environmental issues, promote good environmental practices in the workplace, mobilize volunteers for conservation programs. Its Green initiatives focuses on energy conservation using LED lights, water management using waterless urinals, air quality by tree planting in support of "Grow a Million Trees" campaign, waste disposal and other clean-up projects.

BDO Corporate Center Ortigas (BDO CCO) has earned a certification on Leadership in Energy and Environmental Design (LEED), two years after the 47-storey office structure was formally unveiled. It is the first high-rise office-commercial building in the Philippines to achieve a LEED Gold "New Construction Category" Certification. Various sustainable methods were implemented in the construction of the building that steered its LEED accreditation. These include the installation of automated monitoring and controls systems as CO2 sensors, occupancy sensors, daylight dimming and timer switches.

- With the help of the CO2 sensors, indoor pollutants are mitigated and help the building steer away from catching the sick building syndrome.
- By deciding to go automated, energy is saved from mechanically turning off or dimming the lights when it does not sense any human activity and when sufficient natural light enters the room.
- Sustainable effort was done by employing dual piping in the plumbing system.
- Grey water, harvested rainwater and condensate water are recycled and re-used for flushing

The combination of efficient water fixtures and grey water flushing were keys in reducing the total building potable water use by approximately 5,700,000 liters annually. BDO's practice in green financing brings forth solid outcome and basis for establishing Sustainable Finance Framework which provides guidelines and parameters for green and social impact financing. With continued innovation in green financing, BDO has positioned to lead Sustainable Finance across various industries.

Government and Regulators

The Company supports the compliance with the spirit, not just the letter, of the laws and regulations of the jurisdiction it operates. All business deals and transactions shall adhere to regulatory requirements and applicable laws particularly on confidentiality of deposits, data privacy and protection, anti-money laundering and other financial crimes, anti-corruption and bribery, insider trading and consumer protection. In 2022, the Company continued to be active in giving comments on various proposed legislations and regulations.

Transparency and Disclosures

DHI is fully committed to provide its investors and other stakeholders full transparency and timely information disclosure through filing with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), as found in the following:

- General Information Sheet (GIS)
- Definitive Information Sheet (DIS)
- SEC form 17-A
- SEC form 17-C (current reports - material information)
- SEC form 17-Q (Quarterly Report)
- SEC form 23-A/B (Statement of Beneficial Owners)
- Audited Financial Statements (AFS)
- Integrated Annual Corporate Governance Report (I-ACGR)

Required disclosures relating to:

- Financial information is stated in the AFS, SEC Form 17-Q and the DIS
- Shareholder matters are provided in the DIS
- Executive compensation policy is stated in the DIS
- Directors' fees are found in the DIS
- Corporate actions, among others, are provided in the PSE official website www.pse.com.ph

In particular, DHI released the 2021 audited financial statements on March 7, 2022 or 66 days after close of the financial year to promote transparency and full disclosure of the results of the business of the Company.

Other key information disclosed by the Company included the composition of the Board, role and activities of board committees, meetings held and attendance of directors, director continuing education records, remuneration policy, shareholding structure, annual performance self-assessment of Board of Directors as a collective body, directors, committees and senior management, Code of Conduct and

Business Ethics, Corporate Governance Manual, SEC Annual Corporate Governance Report, BDO organizational structure, conglomerate map, and important corporate governance policies on whistle blowing, term limit of independent directors, personal trading, conflict of interest, dividend, Board diversity policy and related party transactions.

To ensure an even wider access by the investors and the public, these disclosures and other corporate information are also uploaded in the Company's official website <https://www.bdo.com.ph/about-Dominion-Holdings-Inc> (See "Investor Relations" and "Corporate Governance"). The details of established corporate governance policies are found in the Revised Corporate Governance Manual.

Evaluation System

The Company has required in its Corporate Governance Manual (the "Manual") that all Board level committees shall report regularly to the Board of Directors in compliance with the Manual's policies and procedures. The Company supports the principle and regulatory mandate of checks and balances across the entire Group by its observance of the segregation of powers, independence of audit, compliance and risk management functions. In the context of independent checks and balances, the Board has appointed the Chief Internal Auditor, Chief Risk Officer and Chief Compliance Officer to assist the Board in its oversight functions.

As part of its continuing focus on good corporate governance, the Audit Committee is empowered by the Board to oversee the financial reporting process, internal control and risk management systems, internal and external audit functions, and compliance with applicable laws and regulations.

Their oversight function covers the following areas:

On financial reporting, the committee reviews the integrity of the reporting process to ensure the accuracy and reliability of financial statements and compliance with financial reporting standards and disclosure requirements set for listed companies.

On internal control and risk management, it monitors and evaluates the adequacy, soundness and effectiveness of the Company's established internal control and risk management systems, policies and procedures including implementation across all units of the Company to provide reasonable assurance against fraud or other irregularities and material misstatement or loss.

On internal and external audit, it recommends the appointment, reappointment and removal of the external auditors, remuneration, approval of terms of audit engagement and payment of fees. It reviews non-audit work, if any, ensuring that it would not conflict with their duties as external auditors or may pose a threat to their independence. It approves the annual audit plan and reviews audit results focusing on significant findings with financial impact and its resolution. It reviews the implementation of corrective actions to ensure that these are done in a timely manner to address deficiencies, non-compliance with policies, laws and regulations.

On compliance, it recommends the approval of the Compliance Charter and reviews the performance of the Chief Compliance Officer and compliance function. It also reviews the annual plans of the Compliance

Group, and evaluates the effectiveness of the regulatory compliance framework and governance policies and practices of the Company to ensure that these are consistently applied and observed throughout the institution. It reviews the report of examination of regulators including replies to such reports for endorsement to the Board for approval.

In this context, the following were done during the year:

Board Audit Committee

On financial reporting, the Board Audit Committee (BAC) reviewed and recommended for approval to the Board the Company's quarterly unaudited and annual audited financial statements ensuring compliance with accounting standards and tax regulations. On February 23, 2022, it endorsed for approval of the Board the Company's audited financial statements as of December 31, 2021 including the Notes to the Financial Statements. This was approved by the Board on February 23, 2022 and disclosed to the public on March 7, 2022, 66 days from the financial year-end, following the recommendation of SEC Code of Corporate Governance for Publicly Listed Companies. It believes that the financial statements are fairly presented in conformity with the relevant financial reporting standards in all material aspects. The related internal controls on financial reporting process, compliance with accounting standards were likewise reviewed.

In overseeing the internal audit function, it reviewed and approved the Internal Audit Charter, Audit manuals, and risk-based audit plan after a thorough review of its scope, audit methodology, risk assessment and rating processes, financial budget, manpower resources, as well as changes to the plan during the year. It reviewed audit reports focusing on high and moderate risk findings relating to operational, financial and compliance controls including risk assessment systems with impact to financial, reputation and information security. It regularly tracked the timely resolution of findings and asked for Management's action plans on items that needed to be addressed. It ensured the Internal Audit's independence and unfettered access to all records, properties and information to be able to fully carry out its function. It also assessed the performance of the Chief Internal Auditor and the internal audit function. The Committee is satisfied that the internal audit function has adequate resources to perform its function effectively.

On external audit, it ensured the independence, qualification, and objectivity of the appointed external auditor, which is accredited by the BSP and SEC. On February 23, 2022, it approved and endorsed for approval of the Board the re-appointment of the Company's external auditor. It reviewed and discussed the content of the engagement letter, audit plan, scope of work, focus areas, composition of engagement team among others, prior to the commencement of audit work. It comprehensively discussed the external audit reports, focusing on internal controls, risk management, governance and matters with financial impact particularly on the changes in accounting and reporting standards. It reviewed Management's Letter as well as Management's response and action taken on the external auditor's findings and recommendations.

In overseeing the compliance function, it approved and endorsed for approval of the Board of Directors the Compliance Plan and Manuals, including the revised Regulatory Compliance and Management Manual, which incorporate the recommendations by the BSP and Internal Audit in their examinations. It

monitored the progress and timely submission of regulatory and prudential reports, as well as continuous improvement of the compliance and AML systems. It also reviewed and provided guidance to Management in its replies to concerns of the regulators to ensure that the Company's position is appropriately presented.

As part of its commitment to excellent corporate governance, the Committee conducted a self-assessment for its 2021 performance based on its Terms of Reference. The BAC likewise evaluated the performance of Internal Audit, Compliance and AML departments, and External Audit to ensure their effectiveness and achievement of their objectives.

The BAC reports its evaluation of the effectiveness of the internal controls, financial reporting process, risk management systems of the Company, based on the report and unqualified opinion obtained from the External Auditor, the overall assurance provided by the Chief Internal Auditor and additional reports and information requested from Senior Management, and found these to be generally adequate across DHI.

The Board Audit Committee is chaired by Mr. Ismael G. Estela (Independent Director). He is not the Chairman of any other Committee. Its other members are Atty Luis Ma. G. Uranza, (Lead independent Director) and Rebecca S. Torres (Non-executive Director).

The Board Audit Committee held 5 meetings in 2022 with all incumbent members attending all meetings during their term.

Below is the attendance of the members in Committee meetings held in 2022:

Name	DirectorType	No. of Meetings Attended	Total No. of Meetings	Percentage	Remarks
Ma. Leonora V. De Jesus	Chairperson	2	2	100%	End of term effective April 20, 2022
Jesse H. T. Andres	Independent	2	2	100%	End of term effective April 20, 2022
Vicente S. Perez Jr.	Independent	2	2	100%	Resigned effective July 13, 2022
Ismael G. Estela Jr.	Chairman / Independent	3	3	100%	Appointed on April 20, 2022
Rebecca S. Torres	Non-executive	3	3	100%	Appointed on July 13, 2022
Luis Ma. G. Uranza	Independent	3	3	100%	Chairman; Appointed on April 20, 2022

Corporate Governance Committee

The Corporate Governance Committee (CGC) is primarily tasked to assist the Board in formulating the governance policies and overseeing the implementation of the governance practices of the Company. Annually, it also conducts the performance evaluation of the Board of Directors, its committees, executive management, peer evaluation of directors, and conducts a self-evaluation of its performance. It provides an assessment of the outcome and reports to the Board the final results of the evaluation including recommendations for improvement and areas to focus to enhance effectiveness. It also oversees the continuing education program for directors and key officers and proposes relevant trainings for them.

During the year, the Corporate Governance Committee facilitated the compliance of the directors of the Company with the regulatory requirement for an annual corporate governance seminar as part of their continuing education. The in-house seminar focused on the impact of geopolitical risk in the face of the rising Asia and the ASEAN, as well as sustainability and the role of boards, covering climate change and biodiversity challenges. The Committee continuously monitored the Company's compliance with local and international corporate governance standards. It reviewed and endorsed for Board approval the Company's 2021 Integrated Annual Corporate Governance Report to the Securities and Exchange Commission (SEC), which documents the Company's compliance with the SEC Code of Corporate Governance.

The Committee defined its oversight responsibility on the sustainability initiatives of the Company, consistent with its Sustainable Finance Framework and its commitment to sustainable development. As an exercise of its newly established duties and responsibilities, the Committee approved the contents of the 2022 Sustainability Report covering the non-financial contributions of the BDO Group detailing the activities and measures implemented to leverage and mitigate its economic, environmental and social impact on its customers, communities, and country.

The Corporate Governance Committee held 5 meetings in 2022 with all incumbent members attending all meetings during their term.

Below is the attendance of the members in Committee meetings held in 2022:

Name	DirectorType	No. of Meetings Attended	Total No. of Meetings	Percentage	Remarks
Jesse H. T. Andres	Chairman	2	2	100%	End of term effective April 20, 2022
Ma. Leonora V. Del Jesus	Independent	2	2	100%	End of term effective April 20, 2022
Vicente S. Perez Jr.	Independent	3	3	100%	Resigned effective July 13, 2022
Luis Ma. G. Uranza	Chairman	3	3	100%	Chairman; Appointed on April 20, 2022
Ismael G. Estela Jr.	Independent	3	3	100%	Appointed on April 20, 2022
Rebecca S. Torres	Non-executive	2	2	100%	Appointed on July 13, 2022

Measures on leading practices of good corporate governance

The Company is constantly aligning its corporate governance system with the international practice taking into account the continuous developments in national regulations.

Related party transactions, whose value may exceed 10% of the Company's total assets, require review of an external independent party to evaluate the fairness of its terms and conditions and approval of 2/3 vote of the Board, with at least a majority of the independent directors voting affirmatively.

Compliance with the SEC Code of Corporate Governance

Publicly-listed companies are advised to disclose their compliance with the Code of Corporate Governance issued by the SEC and to explain if there are items not complied with. The Company has substantially complied with the recommendations of the Code except for certain items as previously explained and/or disclosed.

In light of the cessation of the Company's leasing and financing operations in 2020, no executive sessions were held by Non-executive Directors for the year while the Company was in transition to a holding company. Such conversion to a holding company was approved by the Securities and Exchange Commission on July 18, 2022.

On the retirement age of directors, the Board recognizes that age is not the main factor in determining effectiveness of the director in discharging his duties and responsibilities. The wisdom of senior directors is a valuable asset. The Board derives much benefit from their counsel and will continue to utilize them for the benefit of all its Stakeholders. In this regard, the Board decided to hold in abeyance the implementation of a retirement age policy for directors and instead review the individual director's potential contribution to the Company and its Stakeholders, and decide on that basis.

In view of a vacancy in two Independent Directors' board seats due to the unavailability of qualified nominees during the year, the Risk Management Committee is chaired by a Non-executive Director but supported by two Independent Directors as members. Such ID vacancies also resulted to the Corporate Governance Committee and Nominations Committee not being wholly composed of Independent Directors, as required in the Company's Corporate Governance Manual. The election of two additional Independent Directors to fill the vacancies, once qualified nominees are available, will ensure compliance with Section 22 of the Revised Corporation Code and the SEC Code of Corporate Governance for PLCs, which prescribe that corporations vested with public interest shall have independent directors constituting at least 20% or 1/3 of the Board of Directors, respectively.

The above notwithstanding, the Company remains fully committed to observe best corporate governance practices.

Improvement on Corporate Governance

The Company, recognizes the importance of addressing climate change and supporting the country's transition towards a low-carbon economy. The Company, through its Board and Senior Management, remains committed to advancing the sustainability agenda and achieving strategic resilience by consistently incorporating sustainability in the way it conducts business. The Board, being the highest governance body, plays a crucial role in ensuring that sustainability is embedded in the Company's compliance, corporate governance, and risk management frameworks. The Board sets the tone at the top by promoting an enterprise-wide culture that continually fosters environmentally and socially

responsible business decisions. The Company endeavors to contribute to the country's sustained growth by financing economic activities that nurture the environment, empower the Filipino consumers, and promote the best interest of the Company's various stakeholders. Consistent with the UN Sustainable Development Goals (SDGs), UN Global Compact, and the government's Sustainable Finance Roadmap, the Company constantly strives to create lasting, net positive impact through delivery of various products and services that are sustainable, inclusive, equitable, environment-friendly, and socially-relevant.

PART V - EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND SCHEDULES ON SEC FORM 17-C

Reports under SEC Form 17-C

Below is a summary of the various disclosures reported by the Company under SEC Form 17-C for the year 2022.

Date Reported	Items Reported
24 February 2022	<p>Results of Board of Directors' Meeting</p> <p>The Board of Directors of BOO Leasing and Finance, Inc. ("BDOLF"), at its regular meeting held on February 23, 2022, approved the setting of the Annual Stockholders' Meeting ("ASM") of BDOLF on April 20, 2022, at 3:00 in the afternoon, to be held virtually, and fixing the record date on March 16, 2022 for stockholders entitled to vote and participate at such meeting.</p> <p>The registration details and voting procedures will be posted separately.</p>
2 March 2022	<p>Change in Name of BDO Leasing and Finance, Inc. to Dominion Holdings, Inc.</p> <p>Please be advised that the Board of Directors of BDO Leasing and Finance Inc. (BDOLF or the Company) approved the change in corporate name of BDOLF and the consequent amendment of its Articles of Incorporation and By-laws to reflect the new name "Dominion Holdings, Inc.", in line with the strategic direction of its principal shareholder to convert BDOLF into a Holding company as previously approved by the Board and the stockholders.</p> <p>The proposed change in name shall be presented for approval of the stockholders of the Company in the Annual Stockholders' Meeting scheduled on 20 April 2022.</p>
3 March 2022	<p>Notice of Annual Stockholders' Meeting</p> <p>The Board of Directors of BOO Leasing and Finance, Inc. ("BDOLF"), at its regular meeting held on February 23, 2022, approved the setting of the Annual Stockholders' Meeting ("ASM") of BDOLF on April 20, 2022, at 3:00 in the afternoon, to be held virtually, and fixing the record date on March 16, 2022 for stockholders entitled to vote and participate at such meeting.</p> <p>The registration details and voting procedures will be posted separately.</p>
7 March 2022	<p>Agreement for the Sale of Shares in BDO LEASING AND FINANCE, INC.</p> <p>The previously disclosed agreement dated 24 January 2020 between BDO Unibank, Inc. and its subsidiary, BDO Capital & Investment Corporation, with third party buyers for the sale of shares in BDO LEASING AND FINANCE, INC. (BDOLF) lapsed on 24 January 2021 for failure to comply with the closing conditions on account of the non-resolution by the Securities and Exchange Commission (SEC) of BDOLF's request for reconsideration of SEC's Suspension Order, which was filed two years ago on 24 February 2020, and the trading suspension of BDOLF's shares in the PSE.</p> <p>BDO is now contemplating keeping BDOLF, repurposed as a holding company, for its own investment</p>

Date Reported	Items Reported
	purpose or, depending on the terms of outstanding offers, pursue the sale of its shares with other prospective buyers.
7 March 2022	<p>Press Release – BDO Leasing earns P43.6 million in 2021</p> <p>Please be informed that BDO Unibank, Inc. will be releasing to the press the attached statement entitled "BDO Leasing earns P43.6 million in 2021."</p>
7 March 2022	<p>2021 Audited Financial Statements</p> <p>Release of the 2021 Audited Financial Statements of the BDO Leasing and Finance, Inc, and the corresponding Notes to Financial Statements.</p>
21 April 2022	<p>Results of the 2022 Annual Stockholders' Meeting</p> <p>Election of Directors</p> <p>At the Annual Stockholders' Meeting of BDO Leasing and Finance, Inc. (BDOLF), the following were elected as directors for the year 2022-2023:</p> <p>Regular Directors</p> <ol style="list-style-type: none"> 1. Mr. Luis S. Reyes, Jr. 2. Mr. Lazaro Jerome C. Guevarra 3. Mr. Manuel Z. Locsin, Jr. 4. Ms. Geneva T. Gloria 5. Ms. Melanie S. Belen 6. Atty. Elmer B. Serrano <p>Independent Directors:</p> <ol style="list-style-type: none"> 1. Mr. Vicente S. Perez, Jr., 2. Atty. Luis Ma. G. Uianza, and 3. Mr. Ismael G. Estela, Jr. <p>B. Appointment of External Auditor</p> <p>The Accountancy and Auditing Firm of Punongbayan & Araullo, Grant Thornton was re-appointed external auditor of BDOLF for the year 2022.</p>
21 April 2022	<p>Change in Name of BDO Leasing and Finance, Inc. to Dominion Holdings, Inc.</p> <p>Please be advised that the Board of Directors of BDO Leasing and Finance Inc. (BDOLF or the Company) approved the change in corporate name of BDOLF and the consequent amendment of its Articles of Incorporation and By-laws to reflect the new name "Dominion Holdings, Inc.", in line with the strategic direction of its principal shareholder to convert BDOLF into a Holding company as previously approved by the Board and the stockholders.</p> <p>The proposed change in name was approved by the stockholders of the Company in the Annual Stockholders' Meeting on 20 April 2022.</p>
21 April 2022	<p>Results of the 2022 Organizational Meeting of the Board of Directors</p> <p>At the organizational meeting of the Board of Directors of BDOLF held immediately after the Annual Stockholders' Meeting, the newly-elected members of the Board of Directors elected/appointed the following persons to the various positions set forth below:</p> <p>A. Chairman and Lead Independent Director</p> <p>Atty. Elmer B. Serrano - Chairperson Atty. Luis Ma. G. Uianza - Lead Independent Director</p> <p>B. Composition of Board Committees</p>

Date Reported	Items Reported
	<p>Executive Committee</p> <ol style="list-style-type: none"> 1. Lazaro Jerome C. Guevarra - Chairman 2. Melanie S. Belen - Member 3. Manuel Z. Locsin, Jr. - Member <p>Board Audit Committee</p> <ol style="list-style-type: none"> 1. Ismael G. Estela, Jr. - Chairman/Independent Director 2. Vicente S. Pérez, Jr. - Member/Independent Director 3. Luis Ma. G. Uianza - Member/Independent Director <p>Corporate Governance Committee</p> <ol style="list-style-type: none"> 1. Luis Ma. G. Uianza - Chairman/Independent Director 2. Ismael G. Estela, Jr. - Member/Independent Director 3. Vicente S. Pérez, Jr. - Member/Independent Director <p>Nominations Committee</p> <ol style="list-style-type: none"> 1. Luis Ma. G. Uianza - Chairman/Independent Director 2. Ismael G. Estela, Jr. - Member/Independent Director 3. Vicente S. Pérez, Jr. - Member/Independent Director <p>Risk Management Committee</p> <ol style="list-style-type: none"> 1. Vicente S. Pérez, Jr. - Chairman/Independent Director 2. Lazaro Jerome C. Guevarra - Member/Non-Executive Director 3. Luis Ma. G. Uianza - Member/Independent Director <p>Related Party Transactions Committee</p> <ol style="list-style-type: none"> 1. Luis Ma. G. Uianza - Chairman/Independent Director 2. Ismael G. Estela, Jr. - Member/Independent Director 3. Geneva T. Gloria - Member/Non-Executive Director <p>D. Corporate Officers</p> <p>Mr. Manuel Z. Locsin, Jr. - President Atty. Joseph Jason M. Natividad - Corporate Secretary Atty. Ma. Cecilia S. Santos - Assistant Corporate Secretary Mr. Luis S. Reyes, Jr. - Treasurer Ms. Katherine U. Resari - Compliance & Corporate Governance Officer</p>
06 July 2022	<p>Surrender for Revocation of Certificate of Authority</p> <p>On 5 July 2022, BDO Leasing and Finance, Inc. (BDOLF) filed with the Securities and Exchange Commission (SEC) a letter surrendering BDOLF's Certificate of Authority (COA) to operate as a financing company in accordance with the Financing Company Act of 1998. BDOLF requested SEC approval for the revocation of the COA in line with the restructuring of BDOLF into a holding company as approved by its Board of Directors and stockholders.</p> <p>The surrender of the COA was filed simultaneously with the filing of the application for the amendment of the Articles of Incorporation and By-Laws to reflect the change in name and primary & secondary purposes of the Corporation, as required by SEC.</p>
14 July 2022	<p>Resignation of Director and Appointment of select Committee Members</p>

Date Reported	Items Reported
	<p>Please be informed that the Board of Directors of BDO Leasing and Finance, Inc., at its regular meeting held on July 13, 2022, accepted and approved the following:</p> <ol style="list-style-type: none"> 1. Resignation of Mr. Vicente S. Perez Jr. as Independent Director, Chairman of the Risk Management Committee, and Member of the Nominations Committee, Board Audit Committee, and Corporate Governance Committee, effective July 13, 2022. 2. Election of Ms. Rebecca S. Torres as new Non-executive Director, Chairperson of the Risk Management Committee, and Member of the Nominations Committee, Board Audit Committee, and Corporate Governance Committee, effective July 13, 2022. <p>Ms. Rebecca S. Torres is an incumbent Consultant of BDO Unibank, Inc. and Director of BDO Rental, Inc. She is concurrently the Treasurer of BDO Life Assurance Company, Inc. and BDO Insurance Brokers, Inc. She was formerly Senior Vice President & Chief Compliance Officer of BDO Unibank, Inc. and Assistant Corporate Secretary of BDO Leasing and Finance, Inc., BDO Private Bank, Inc., BDO Rental, Inc., Armstrong Securities, Inc., and Equimark-NFC Development Corp. She likewise served as Assistant Corporate Secretary and Trustee of BDO Foundation, Inc. She was the Corporate Secretary of PCIB Securities, Inc., BDO Strategic Holdings Inc., and the Sign of the Anvil, Inc. She was formerly the Chief of Staff of the President of BDO Unibank, Inc., involved in project management for its merger activities. She is a Certified Public Accountant and a graduate of St. Theresa's College, Quezon City with a degree of Bachelor of Science Major in Accounting. She has also completed the Advanced Bank Management Program of the Asian Institute of Management.</p> <ol style="list-style-type: none"> 3. Appointment of incumbent Independent Director Ismael G. Estela, Jr. as Member of the Risk Management Committee (vice Director Lazaro Jerome C. Guevarra), effective July 13, 2022.
22 July 2022	<p>Amendment of Articles of Incorporation</p> <p>Please be advised that the Board of Directors of BDO Leasing and Finance, Inc. (the "Corporation") at its meeting held January 31, 2020 approved the following amendments to the Articles of Incorporation of the Corporation:</p> <ol style="list-style-type: none"> 1. Amendment of the Corporation's corporate name to United Platinum Holdings Corporation; 2. Amendment of the Second Article of the Corporation's Articles of Incorporation to reflect the change in its primary and secondary purposes; and 3. Amendment of the Third Article of the Corporation's Articles of Incorporation to reflect the change in its principal office address to Unit 1204, Galleria Corporate Center, EDSA corner Ortigas Ave., Brgy. Ugong Norte, Quezon City. <p>As of date of this amendment disclosure, the change of the Corporation's name to "United Platinum Holdings Corporation" under the First Article and the change in address under the Third Article will no longer push through.</p> <p>As disclosed, the name of the Corporation will be changed instead to "Dominion Holdings, Inc." as approved by the Board of Directors and stockholders. Please refer to separate disclosure under PSE Circular No. C05047-2022 for the latest amendments to the Articles of Incorporation of the Corporation, including this change of name.</p>
22 July 2022	<p>Change in Name of BDO Leasing and Finance, Inc. to Dominion Holdings, Inc.</p> <p>Please be advised that the Board of Directors of BDO Leasing and Finance Inc. (BDOLF or the Company) approved the change in corporate name of BDOLF and the consequent amendment of its Articles of Incorporation and By-laws to reflect the new name "Dominion Holdings, Inc.", in line with the strategic direction of its principal shareholder to convert BDOLF into a Holding company as previously approved by the Board and the stockholders.</p> <p>The proposed change in name was approved by the stockholders of the Company in the Annual Stockholders' Meeting on 20 April 2022.</p>
04 August 2022	<p>Dominion Holdings, Inc. posts Php3.7 million earnings in 1H 2022</p>

Date Reported	Items Reported
	<p>Dominion Holdings, Inc. (formerly BDO Leasing & Finance, Inc. or BLFI) earned P3.7 million for the first six months of 2022 vs. P 29.1 million a year-ago, largely due to lower income from fair value gain on its investments, consistent with the general decline in interest rates.</p> <p>The change in corporate name from BDO Leasing & Finance, Inc. to Dominion Holdings, and the amendment of its Articles of Incorporation and By-laws were also approved by the Securities and Exchange Commission (SEC) on July 18, 2022, in line with the strategic direction of its principal shareholder, BDO Unibank, Inc. (BDO), to convert BLFI into a Holding Company.</p>
08 August 2022	<p>Change in corporate name from "BDO Leasing and Finance, Inc." to "Dominion Holdings, Inc."</p> <p>The amendments to the Company's Articles of Incorporation, which includes the amendment to the FIRST ARTICLE changing the corporate name from "BDO Leasing and Finance, Inc." to "Dominion Holdings, Inc.", have been approved by the Securities and Exchange Commission.</p>
27 October 2022	<p>Dominion Holdings earns P28.0 million in 9M 2022</p> <p>Dominion Holdings, Inc. (the "Company") earned Php28.0 million net income in the first nine months of 2022 vs. P39.8 million a year-ago. Rising interest rates pulled up fair value gain on its investments to P49.5 million in the 9M 2022 from P45 million in the same period last year. However, total expenses went up to P21.5 million versus P13.1 million, largely attributed to a BIR tax adjustment for a prior period.</p> <p>The Company also already voluntarily surrendered its secondary license as a financing company to the Securities and Exchange Commission (SEC).</p> <p>On July 21, 2022, the Company obtained SEC approval for the change in corporate name of BDO Leasing and Finance Inc. to "Dominion Holdings, Inc.", the shift in primary and secondary purposes from a leasing and financing company to that of a holding company, and the corresponding amendments to the Company's Articles of Incorporation and By-laws.</p>
01 December 2022	<p>Change in corporate name from "BDO Leasing and Finance, Inc." to "Dominion Holdings, Inc." and stock symbol from "BLFI" to "DHI"</p> <p>The amendments to the Company's Articles of Incorporation, which includes the amendment to the FIRST ARTICLE changing the corporate name from "BDO Leasing and Finance, Inc." to "Dominion Holdings, Inc.", have been approved by the Securities and Exchange Commission.</p> <p>Additionally, at its meeting held on October 26, 2022, the Board of Directors of the Company approved the change of the Company's stock symbol in the Philippine Stock Exchange from "BLFI" to "DHI".</p>

SIGNATURES

Pursuant to the requirements of Section 17 of the RSA and Section 141 of the Corporation Code, this is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on _____.

By:



MANUEL Z. LOCSIN JR.
PRESIDENT/ DIRECTOR



LUIS S. REYES JR.
TREASURER / DIRECTOR



JOSEPH JASON M. NATIVIDAD
CORPORATE SECRETARY

SUBSCRIBED AND SWORN to before me this APR 17 2023 affiant(s) exhibiting to me their Competent Evidence of Identity, as follows:

NAMES	TIN No.	SSS No.
Manuel Z. Locsin Jr.	XXXXXXXXXXXX	XXXXXXXXXXXX
Luis S. Reyes Jr.	XXXXXXXXXXXX	XXXXXXXXXXXX
Joseph Jason M. Natividad	XXXXXXXXXXXX	XXXXXXXXXXXX

NOTARY PUBLIC

KIM B. BRIGUERA-DACARA

NOTARY PUBLIC
Appt.No. 0204-22, until December 31, 2023
Roll of Attorneys No. 42490
PTR # 5113005/1-3-2023/Mandaluyong
IBP # 14059(lifetime)
18 ADB Avenue, Mandaluyong City

Doc. No. 61
Page No. 14
Book No. LX
Series of 2023.

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

The management of **Dominion Holdings, Inc. (Formerly: BDO Leasing and Finance Inc.)** (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, 2022 and 2021, 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.

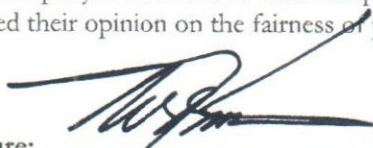
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 members 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.

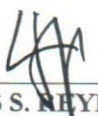
Signature: _____


ELMER B. SERRANO
Chairperson

Signature: _____


MANUEL Z. LOCSIN JR.
President

Signature: _____


LUIS S. REYES JR.
Treasurer

Signed this 22nd day of February 2023

Dominion Holdings, Inc.

39/F BDO Corporate Center Ortigas

12 ADB Avenue

Ortigas Center

Mandaluyong City 1555

Philippines

Tel +632 8688-1288 loc. 36509, 45469, 36151

MAR 03 2023

SUBSCRIBED and SWORN to me before this _____ day of _____, 2023 affiant exhibiting to me his/her Social Security Number, as follows:

NAMES

Elmer B. Serrano
Manuel Z. Locsin Jr.
Luis S. Reyes Jr.

SSS NUMBER

XXXXXXXXXXXX
XXXXXXXXXXXX
XXXXXXXXXXXX

Doc NO: 49
PAGE NO: 11
BOOK NO: CXXV
SERIES OF: 2673

MICHAEL AN R. RODULFO
Notary Public for Mandaluyong City
Appointment No. 0468-22 / Until December 31, 2024
Roll of Attorneys No. 60508
MCLE Compliance No. VII-001485

Dominion Holdings, Inc.

39/F BDO Corporate Center Ortigas
12 ADB Avenue
Ortigas Center
Mandaluyong City 1555
Philippines
Tel +632 8688-1288 loc. 36509, 45469, 36151



FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Dominion Holdings, Inc.

December 31, 2022, 2021 and 2020

Your BIR AFS eSubmission uploads were received

eaafs@bir.gov.ph <eaafs@bir.gov.ph>

Tue 4/4/2023 11:11 AM

To: BDO <dominionholdings-accounting@bdo.com.ph>

Cc: Kryslene Kae C. Urbi <urbi.kryslenekae@bdo.com.ph>

Hi DOMINION HOLDINGS, INC.,

Valid files

- EAFS000486050ITRTY122022.pdf
- EAFS000486050AFSTY122022.pdf
- EAFS000486050RPTTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-7BLJE95A0QM3ZVRV1QR1RZZMP06D9KDDFC**

Submission Date/Time: **Apr 04, 2023 10:51 AM**

Company TIN: **000-486-050**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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Report 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 and the Stockholders

Dominion Holdings, Inc.

(Formerly: BDO Leasing and Finance, Inc.)

(A Subsidiary of BDO Unibank, Inc.)

39th Floor, BDO Corporate Center Ortigas

12 ADB Avenue, Ortigas Center

Mandaluyong City

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Dominion Holdings, Inc., (the Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

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) 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.

Material Uncertainty Related to Going Concern

Without qualifying our audit opinion, we draw attention to Notes 1 and 14(o) to the financial statements, which provides relevant information on the restructuring of BDO Unibank Group's leasing business that led to the disposal and assignment of substantially all assets and liabilities of the Company to wind down its leasing and financing operations as of October 16, 2020 and transfer it to BDO Finance Corporation. The disposal of substantially all the Company's assets and liabilities, and transfer of the leasing and financing business resulted in a material uncertainty and significant doubt on the Company's ability to continue as a going concern. However, as stated also in Note 1 to the financial statements, the Company now operates as a listed holding company of the BDO Unibank Group. The Company has sufficient liquid assets (in the form of cash and investment in unit investment trust fund) to fund future investments. In connection with our audit, we have performed audit procedures to evaluate management's plans and actions as to likelihood of the situation and as to feasibility under the circumstances. Accordingly, the Company's financial statements have been prepared assuming that the Company will continue as a going concern entity which contemplates the realization of assets and the settlement of liabilities in the normal course of business. Our opinion is not modified in respect to this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's SEC Form 20-1S (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2022, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

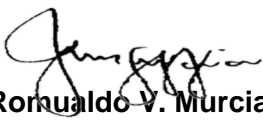
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 15 to the financial statements, the Company presented the supplementary information required by the Bureau of Internal Revenue (BIR) under the 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 required by the BIR is the responsibility of management and is not a required part of the basic financial statements prepared in accordance with PFRS; it is neither a required disclosure under the Revised Securities Regulation Code Rule 68 of the SEC. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner in the audit resulting in this independent auditors' report is Romualdo V. Murcia III.

PUNONGBAYAN & ARAULLO


By: Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 9566639, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 95626-SEC (until financial period 2026)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-022-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 22, 2023

DOMINION HOLDINGS, INC.
(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2022</u>	2021 [As Restated - see Note 2.1(c)]
<u>ASSETS</u>			
CASH AND CASH EQUIVALENTS - Net	6	P 14,733,014	P 15,204,057
MONEY MARKET PLACEMENT - Net	6	5,955,382,215	-
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	7	-	5,877,689,641
OTHER ASSETS - Net	2	<u>127,386,647</u>	<u>127,396,187</u>
TOTAL ASSETS		<u>P 6,097,501,876</u>	<u>P 6,020,289,885</u>
<u>LIABILITIES AND EQUITY</u>			
ACCOUNTS PAYABLE AND OTHER LIABILITIES	10	<u>P 16,106,398</u>	<u>P 8,157,623</u>
CAPITAL STOCK	11	2,225,169,030	2,225,169,030
ADDITIONAL PAID-IN CAPITAL		571,095,676	571,095,676
TREASURY SHARES	11	(81,776,628)	(81,776,628)
RETAINED EARNINGS	11	<u>3,366,907,400</u>	<u>3,297,644,184</u>
Total Equity		<u>6,081,395,478</u>	<u>6,012,132,262</u>
TOTAL LIABILITIES AND EQUITY		<u>P 6,097,501,876</u>	<u>P 6,020,289,885</u>

See Notes to Financial Statements.

DOMINION HOLDINGS, INC.
(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
CONTINUING OPERATIONS				
Income				
Interest and discounts	6, 14	P 63,246,030	P 30,666.00	P -
Gain on redemption of unit investment trust fund (UITF)	7	62,625,034	-	123,808
Unrealized fair value gain on UITF - net	7	-	54,997,429	5,692,212
Other income	12	954,650	2,069,009	-
		<u>126,825,714</u>	<u>57,097,104</u>	<u>5,816,020</u>
Operating costs and expenses				
Taxes and licenses	15	7,665,995	11,388,962	-
Interest and financing charges		3,608,580	-	-
Director's fee		2,933,333	3,011,111	-
Impairment losses	4	2,799,676	-	-
Occupancy and equipment-related expenses		794,204	68,000	-
Litigation/assets acquired expenses		-	422,292	-
Other expenses	14	14,576,950	4,365,249	-
		<u>32,378,738</u>	<u>19,255,614</u>	<u>-</u>
Profit before tax		94,446,976	37,841,490	5,816,020
Tax income (expense)	15	(25,183,760)	5,699,928	-
Net profit from continuing operations		<u>69,263,216</u>	<u>43,541,418</u>	<u>5,816,020</u>
DISCONTINUED OPERATIONS				
Income				
Interest and discounts	6, 8, 14	-	-	1,122,305,523
Gain on sale of loans and receivables	8, 14	-	-	509,971,258
Other income - net	7, 12	-	-	140,421,331
		<u>-</u>	<u>-</u>	<u>1,772,698,112</u>
Operating costs and expenses				
Interest and financing charges		-	-	465,867,521
Impairment and credit losses - net	8, 9	-	-	398,845,747
Employee benefits	13	-	-	210,453,680
Taxes and licenses	15	-	-	185,097,953
Occupancy and equipment-related expenses		-	-	35,485,971
Litigation/assets acquired expenses		-	-	7,965,922
Director's fees		-	-	4,411,111
Other expenses	14	-	-	70,528,672
		<u>-</u>	<u>-</u>	<u>1,378,656,577</u>
Profit before tax		-	-	394,041,535
Tax expense	15	-	-	(147,408,072)
Net profit from discontinued operations		<u>-</u>	<u>-</u>	<u>246,633,463</u>
NET PROFIT		<u>P 69,263,216</u>	<u>P 43,541,418</u>	<u>P 252,449,483</u>
Basic and Diluted Earnings Per Share for Continuing Operations	16	P 0.03	P 0.02	P 0.01
Basic and Diluted Earnings Per Share for Discontinued Operations	16	<u>-</u>	<u>-</u>	<u>0.11</u>
Basic and Diluted Earnings Per Share	16	<u>P 0.03</u>	<u>P 0.02</u>	<u>P 0.12</u>

See Notes to Financial Statements.

DOMINION HOLDINGS, INC.
(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
CONTINUING OPERATIONS			
Net profit from continuing operations	P 69,263,216	P 43,541,418	P 5,816,020
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income from continuing operations	<u>69,263,216</u>	<u>43,541,418</u>	<u>5,816,020</u>
DISCONTINUED OPERATIONS			
Net profit from discontinued operations	<u>-</u>	<u>-</u>	<u>246,633,463</u>
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Fair valuation of equity investments at fair value through other comprehensive income (FVOCI):			
Fair value gains during the year	-	-	40,808,298
Fair value losses on redemption/disposal of financial assets at FVOCI	-	-	(71,036,187)
Remeasurements of post-employment defined benefit plan	<u>-</u>	<u>-</u>	<u>102,696,179</u>
Tax expense	<u>-</u>	<u>-</u>	<u>(27,103,605)</u>
	<u>-</u>	<u>-</u>	<u>45,364,685</u>
Items that will be reclassified subsequently to profit or loss			
Fair value gains on disposal of debt instruments at FVOCI	-	-	(8,862,126)
Fair value losses of debt instruments during the year	<u>-</u>	<u>-</u>	<u>(5,725,850)</u>
	<u>-</u>	<u>-</u>	<u>(14,587,976)</u>
Other Comprehensive Income - net of tax	<u>-</u>	<u>-</u>	<u>30,776,709</u>
Total comprehensive income from discontinued operations	<u>-</u>	<u>-</u>	<u>277,410,172</u>
TOTAL COMPREHENSIVE INCOME	<u><u>P 69,263,216</u></u>	<u><u>P 43,541,418</u></u>	<u><u>P 283,226,192</u></u>

See Notes to Financial Statements.

DOMINION HOLDINGS, INC.
(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	Capital Stock	Additional Paid-in Capital	Treasury Shares, At Cost	Net Accumulated Actuarial Losses	Net Unrealized Fair Value Gains (Losses) on Financial Assets at Other Comprehensive Income	Retained Earnings			Total Equity
							Reserves	Free	Total	
Balance at January 1, 2022		P 2,225,169,030	P 571,095,676	(P 81,776,628)	P -	P -	P -	P 3,297,644,184	P 3,297,644,184	P 6,012,132,262
Total comprehensive income from continuing operations		-	-	-	-	-	-	69,263,216	69,263,216	69,263,216
Balance at December 31, 2022		P 2,225,169,030	P 571,095,676	(P 81,776,628)	P -	P -	P -	P 3,366,907,400	P 3,366,907,400	P 6,081,395,478
Balance at January 1, 2021		P 2,225,169,030	P 571,095,676	(P 81,776,628)	P -	P -	P -	P 3,254,102,766	P 3,254,102,766	P 5,968,590,844
Total comprehensive income from continuing operations		-	-	-	-	-	-	43,541,418	43,541,418	43,541,418
Balance at December 31, 2021		P 2,225,169,030	P 571,095,676	(P 81,776,628)	P -	P -	P -	P 3,297,644,184	P 3,297,644,184	P 6,012,132,262
Balance at January 1, 2020		P 2,225,169,030	P 571,095,676	(P 81,776,628)	(P 71,887,325)	P 41,110,617	P 141,740,833	P 2,788,876,263	P 2,930,617,096	P 5,614,328,466
Total comprehensive income from continuing operations		-	-	-	-	-	-	5,816,020	5,816,020	5,816,020
From discontinued operations:										
Total comprehensive income (loss)		-	-	-	71,887,325	(41,110,617)	-	246,633,463	246,633,463	277,410,171
Gain on sale of equity securities classified under FVOCI	7	-	-	-	-	-	-	71,036,187	71,036,187	71,036,187
Reversal of appropriation	11	-	-	-	-	-	(141,740,833)	141,740,833	-	-
Balance at December 31, 2020		P 2,225,169,030	P 571,095,676	(P 81,776,628)	P -	P -	P -	P 3,254,102,766	P 3,254,102,766	P 5,968,590,844

See Notes to Financial Statements.

DOMINION HOLDINGS, INC.
(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
CONTINUING OPERATIONS				
Cash flows from operating activities				
Profit before tax		P 94,446,976	P 37,841,490	P 5,816,020
Adjustments for:				
Gain on redemption of unit investment trust fund (UITF)	7	(62,625,034)	-	(123,808)
Interest income		(63,246,030)	(30,666)	-
Impairment losses		2,799,676	-	-
Unrealized fair value gain on UITF - net	7	-	(54,997,429)	(5,692,212)
Operating loss before changes in operating assets and liabilities		(28,624,412)	(17,186,605)	-
Decrease (increase) in other assets		(7)	5,727,784	-
Increase (decrease) in accounts payable and other liabilities		7,948,775	(19,547,128)	-
Cash generated used in operations		(20,675,644)	(30,805,949)	-
Interest received		12,728,422	30,666	-
Cash paid for final taxes		(25,174,213)	(5,574)	-
Net Cash Used in Operating Activities		(33,121,435)	(30,780,857)	-
Cash flows from investing activities				
Redemption of UITF	7	5,940,314,675	-	100,123,808
Placement in short-term time deposit	6	(5,907,664,283)	-	-
Placement in UITF	7	-	(70,000,000)	(5,847,000,000)
Net Cash From (Used in) Investing Activities		32,650,392	(70,000,000)	(5,746,876,192)
Decrease in cash and cash equivalents from continuing operations		(471,043)	(100,780,857)	(5,746,876,192)
DISCONTINUED OPERATIONS				
Cash flows from operating activities				
Profit before tax		-	-	394,041,535
Adjustments for:				
Interest and discounts	8, 14	-	-	(1,122,305,523)
Interest received		-	-	1,178,675,357
Gain on sale of loans and receivables	8	-	-	(509,971,258)
Interest and financing charges paid		-	-	(491,012,764)
Interest and financing charges		-	-	465,867,521
Impairment and credit losses	7, 8	-	-	398,845,747
Dividend income	7, 12	-	-	(80,727,007)
Depreciation and amortization		-	-	22,308,328
Equity share in net loss (gain) of a subsidiary and an associate		-	-	(21,253,147)
Gain on sale of investment in a subsidiary		-	-	(9,496,552)
Gain on sale of financial assets at fair value through other comprehensive income (FVOCI)	7	-	-	(8,862,126)
Gain or loss on sale of property and equipment and investment properties		-	-	(6,771,162)
Day-one gains - net	12	-	-	22,039
Operating profit before changes in operating assets and liabilities		-	-	209,360,988
Decrease in loans and other receivables		-	-	24,652,064,711
Decrease in other assets		-	-	138,854,958
Decrease in accounts payable and other liabilities		-	-	(272,029,465)
Decrease in lease deposits		-	-	(4,627,531,463)
Cash generated from operations		-	-	20,100,719,729
Cash paid for final taxes		-	-	(14,172,235)
Net Cash From Operating Activities		-	-	20,086,547,494
Cash flows from investing activities				
Proceeds from sale and redemption of financial assets at FVOCI	7	-	-	3,215,413,313
Proceeds from disposal of investment in a subsidiary		-	-	317,500,000
Receipt of cash dividends	7, 14	-	-	297,266,103
Proceeds from disposal of property and equipment and investment properties		-	-	220,249,284
Addition in investment properties		-	-	(46,021,902)
Acquisitions of property and equipment		-	-	(2,980,969)
Net Cash From Investing Activities		-	-	4,001,425,829
Cash flows from financing activities				
Payments of bills payable		-	-	(121,897,018,002)
Availments of bills payable		-	-	103,592,542,469
Payments on lease liabilities		-	-	(27,800,465)
Net Cash Used in Financing Activities		-	-	(18,332,275,998)
Net increase in cash and cash equivalent from discontinued operations		-	-	5,755,697,325
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(471,043)	(100,780,857)	8,821,133
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		15,204,057	115,984,914	107,163,781
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 14,733,014	P 15,204,057	P 115,984,914

See Notes to Financial Statements.

DOMINION HOLDINGS, INC.
(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Corporate Information

Dominion Holdings, Inc. (DHI or the Company), formerly BDO Leasing and Finance, Inc. (BDOLF), is a domestic corporation incorporated in 1981. Its shares were listed in the Philippine Stock Exchange (PSE) on January 6, 1997.

On January 31, 2020, the Board of Directors (BOD) approved the amendment of the Company's primary and secondary purpose from operating as a leasing and financing entity, which provides direct leases, sale and leaseback arrangements and real estate leases to operate as a listed holding company that invest in, purchase, acquire or own, hold, use, sell, assign, transfer mortgage, pledge, exchange, or dispose real and personal property of every kind. On July 21, 2020, the stockholders approved the amendments. On March 01, 2022, the Company's BOD approved the amendment of the Company's name to Dominion Holdings, Inc., the same was approved by the stockholders on April 20, 2022. On June 9, 2022, the Company filed with the Securities and Exchange Commission (SEC) its application to amend the Company's article of incorporation's first and second article, which was subsequently approved by the SEC on July 18, 2022.

The Company is a subsidiary of BDO Unibank, Inc. (BDO Unibank or Parent Company), a universal bank incorporated and doing business in the Philippines. BDO Unibank offers a wide range of banking services such as traditional loan and deposit products, as well as treasury, remittance, trade services, credit card services, trust and others.

As a subsidiary of BDO Unibank, Bangko Sentral ng Pilipinas (BSP) has the authority to examine the Company, when examining the Bank, as it is majority-owned by the Bank.

The Company's principal office is located at 39th Floor, BDO Corporate Center Ortigas, 12 ADB Avenue, Ortigas Center, Mandaluyong City.

1.2 Status of Operations

As discussed in Note 1.1, the Company has changed its business purpose to a holding company after its assets and liabilities were disposed and transferred in 2020. Nonetheless, the Company has sufficient liquid assets (in the form of cash and short-term placement in time deposit) to fund future investments. Accordingly, the financial statements have been prepared assuming that the Company will continue as a going concern entity which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The management has determined that no material uncertainty on the Company exists.

1.3 Approval of Financial Statements

The accompanying financial statements of the Company for the year ended December 31, 2022 (including the comparative financial statements as of December 31, 2021 and for the years ended December 31, 2021 and 2020) were authorized for issue by the Company's BOD on February 22, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of resource, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, Presentation of Financial Statements. The Company presents a statement of comprehensive income separate from the statement of income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Reclassification of Account

In 2022, the Company reclassified the balance related to creditable withholding taxes amounting to P127,382,155 in 2021 from Loans and Other Receivables account to Other Assets account to conform with the current year presentation.

The Company did not present a third statement of financial position as the reclassification does not have any effect in the structure and presentation of the statement of financial position. The reclassification did not have an impact to the total amount of net profit in the 2022 statement of comprehensive income and therefore, did not have any effect on the Company's statement of changes in equity for the year ended December 31, 2021.

(d) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using the functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of Amended PFRS

(a) *Effective in 2022 that are Relevant to the Company*

The Company adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2022:

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Liabilities
PFRS 16 (Amendments):		Leases – Lease Incentives

Discussed below and in the succeeding page are the relevant information about these pronouncements.

- (i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact on the Company’s financial statements as the Company has no property, plant and equipment.

- (ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. Costs that relate directly to a contract include both incremental costs of fulfilling that contract (e.g., direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g., the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply prospectively to contracts existing at the date when the amendments are first applied. Management assessed that there is no significant impact on the Company's financial statements as a result of the change since none of the existing contracts as of January 1, 2022 would be identified as onerous after applying the amendments.
- (iii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments which do not have significant impact and which are effective from January 1, 2022, are relevant to the Company's financial statements:
 - i. PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*. The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
 - ii. Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The amendments remove potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

(b) *Effective in 2022 that is not Relevant to the Company*

Among the amendments to PFRS which are mandatorily effective for annual periods beginning on or after January 1, 2022, the following are not relevant to the Company's financial statements:

- (i) PFRS 3 (Amendments), *Business Combinations - Reference to the Conceptual Framework* (effective from January 1, 2022)

- (ii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are not relevant to the Company:
 - a. PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Subsidiary as a First-time Adopter*
 - b. PAS 41, *Agriculture – Taxation in Fair Value Measurements*
- (c) *Effective Subsequent to 2022 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 1 (Amendments), Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (effective from January 1, 2023)
- (ii) PAS 1 and PFRS Practice Statement 2 (Amendments), Presentation of Financial Statements – Disclosure of Accounting Policies (effective from January 1, 2023)
- (iii) PAS 8 (Amendments), Accounting Estimates – Definition of Accounting Estimates (effective from January 1, 2023)
- (iv) PAS 12 (Amendments), Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective from January 1, 2023)

2.3 Financial Instruments

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental or directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the profit or loss.

(a) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described in the succeeding page.

(i) *Financial Assets at Amortized Cost*

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

Where the business model is to hold assets to collect contractual cash flows, the Company assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement [see Note 3.1(b)].

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss (FVTPL). The Company's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents and Money Market Placement. Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash. Money market placement include short-term investment with original maturity of more than 90 days.

(ii) *Financial Assets at Fair Value Through Other Comprehensive Income*

The Company's accounts for financial assets at fair value through other comprehensive income (FVOCI) if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,
- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Company for trading or as mandatorily required to be classified as FVTPL.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as Net Unrealized Gains (Losses) (NUGL) on Financial Assets at FVOCI account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in NUGL on Financial Assets at FVOCI account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI wherein cumulative fair value changes are reclassified to profit or loss.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Other Income account, when the Company's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and, the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

(iii) Financial Assets at Fair Value Through Profit or Loss

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL, if any. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Company designates an equity investment that is not held for trading as at FVOCI at initial recognition.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in the statement of income, if any. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

The Company has designated all its unit investment trust funds (UITF) as financial assets at FVTPL.

A change in the objective of the Company's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) *Effective Interest Rate Method and Interest Income*

Interest income is recorded using the effective interest rate (EIR) method for all financial instrument measured at amortized cost and interest-bearing financial instruments at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of EIR. The Company recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive (negative) adjustment to the carrying amount of the asset in the statement of financial position with an increase (reduction) in Interest income. The adjustment is subsequently amortized through interest and similar income in the statement of income.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition [see Note 2.3(c)], interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted EIR to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

(c) *Impairment of Financial Assets*

At the end of the reporting period, the Company assesses its expected credit losses (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost and debt instruments measured at FVOCI. No impairment loss is recognized on equity investments. The Company considers a broader range of information in assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following financial instruments for which they are measured as 12-month ECL:

- debt securities that are identified to have 'low credit risk' at the reporting date; and,
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

For these financial instruments, the allowance for credit losses is based on 12-month ECL associated with the probability of default of a financial instrument in the next 12 months (referred to as 'Stage 1' financial instruments). When there has been a significant increase in credit risk subsequent to the initial recognition of the financial asset, a lifetime ECL (which are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial asset) will be recognized (referred to as 'Stage 2' financial instruments). 'Stage 2' financial instruments also include those loan accounts and facilities where the credit risk has improved and have been reclassified from 'Stage 3'. A lifetime ECL shall also be recognized for 'Stage 3' financial instruments, which include financial instruments that are subsequently credit-impaired, as well as purchased or originated credit impaired (POCI) assets.

The Company's definition of credit risk and information on how credit risk is mitigated by the Company are disclosed in Note 4.2.

Measurement of ECL

The key elements used in the calculation of ECL are as follows:

- *Probability of default (PD)* – it is an estimate of likelihood of a borrower defaulting on its financial obligation (see Note 4.2.3(a)(ii)) over a given time horizon, either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.
- *Loss given default (LGD)* – it is an estimate of loss arising in case where a default occurs at a given time (either over the next 12 months or 12-month LGD, or over the remaining lifetime or lifetime LGD). It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral. It is presented as a percentage loss per unit of exposure at the time of default.
- *Exposure at default (EAD)* – it represents the gross carrying amount of the financial instruments subject to the impairment calculation; hence, this is the amount that the Company expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD). In case of a loan commitment, the Company shall include the undrawn balance (up to the current contractual limit) at the time of default should it occur, unless the drawdown after default will be mitigated by the normal credit risk management actions and policies of the Company.

The measurement of the ECL reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and, (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company's detailed ECL measurement, as determined by the management, is disclosed in Note 4.2.

(d) *Derecognition of Financial Assets*

A financial asset (or where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and a collateralized borrowing for the proceeds received.

(e) *Classification and Measurement of Financial Liabilities*

Financial liabilities pertain to accounts payable and other liabilities (except tax-related payables).

Financial liabilities are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges are included as part of Interest and Financing Charges under Operating Costs and Expenses in the statement of income.

- *Accounts Payable and Other Liabilities* are initially recognized at their fair values and subsequently measured at amortized cost less settlement payments.
- *Dividend Distributions to Shareholders* are recognized as financial liabilities upon declaration by the Company.

(f) *Derecognition of Financial Liabilities*

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.4 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on a future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.5 Other assets

Other assets consist of prepayments and creditable withholding taxes (presented as Loans and Other Receivable in the statements of financial position) which are non-financial in nature, are resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.6).

2.6 Impairment of Non-financial Assets

These assets are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.7 Current versus Non-current Classification

The BDO Unibank Group presents assets and liabilities in the statement of financial position based on liquidity. An asset is current when:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

2.8 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that does not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.9 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares.

Net accumulated actuarial losses arise from the remeasurement of post-employment defined benefit plan.

NUGL losses on financial assets at FVOCI pertain to cumulative mark-to-market valuation.

Accumulated share in other comprehensive income of an associate pertains to changes resulting from the Company's share in other comprehensive income of associate or items recognized directly in the associates' equity.

Retained earnings reserves pertain to the appropriation of the Retained Earnings – Free account, brought about by cases when the ECL on 'Stage 1' loan accounts computed under the requirements of PFRS 9, *Financial Instruments* is less than the 1% General Loan Loss Provision (GLLP) required by the BSP. This is in pursuant to BSP Circular No. 1011, *Guidelines on the Adoption of PFRS 9*, which requires financial institutions to set up GLLP equivalent to 1% of all outstanding 'Stage 1' on the statement of financial position. As at December 31, 2020, the Company appropriately reversed such appropriation since all of its loans and receivables subject to 1% GLLP were already sold (see Note 11.5).

Retained earnings free represents all current and prior period results as reported in the statement of income, reduced by the amounts of dividends declared.

2.10 Other Income and Expense Recognition

Revenue is recognized only when (or as) the Company satisfy a performance obligation by transferring control of the promised services to the customer.

A contract with a customer that results in a recognized financial instrument in the Company's financial statements may be partially within the scope of PFRS 9 and partially within the scope of PFRS 15, *Revenues from Contracts with Customers*. In such case, the Company first applies PFRS 9 to separate and measure the part of the contract that is in-scope of PFRS 9, and then apply PFRS 15 to the residual part of the contract. Expenses and costs, if any, are recognized in profit or loss upon utilization of the assets or services or at the date these are incurred. All finance costs are reported in profit or loss on accrual basis.

Before the restructuring in 2020, the Company also earns service fees related to the Company's factoring receivables which are supported by contracts and approved by the parties involved. These revenues are accounted for by the Company in accordance with PFRS 15.

For revenues arising from various financing services which are to be accounted for under PFRS 15, the following provides information about the nature and timing of satisfaction of performance obligations in contracts with customers and the related revenue recognition policies:

- (a) *Service fees* – Service fees related to the factoring of receivables are recognized as revenue at the point when services are rendered, i.e., when performance obligation is satisfied. This account is included under Other Income account in the statement of income.
- (b) *Income from assets sold or exchanged* – Income from assets sold or exchanged is recognized when the control and title to the properties is transferred to the buyer or when the collectability of the entire sales price is reasonably assured. This account is included under Other Income account in the statement of income.

2.11 Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the period are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income. Changes in the fair value of monetary financial assets denominated in foreign currency classified as financial assets at FVOCI are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in other comprehensive income.

2.12 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan, defined contribution plan and other employee benefits which are recognized as follows:

(a) Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(b) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of reporting period. They are included in the Account Payable and Other Liabilities account in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement. Compensated absences convertible to monetary consideration accruing to employees qualified under the retirement plan are now funded by the Company through its post-employment retirement fund. Accordingly, the related Accounts Payable and Other Liabilities account previously set-up for the compensated absences is reversed upon contribution to the retirement fund.

(c) Employee Stock Option Plan

BDO Unibank Group grants stock option plan to its senior officers (from vice president up), including the officers of the Company, for their contribution to the Company's performance and attainment of team goals. The stock option plan gives qualified employees the right to purchase BDO Unibank's shares at an agreed strike price. The amount of stock option allocated to the qualified officers is based on the performance of the individual officers as determined by the management and is determined based on the Company's performance in the preceding year and amortized over five years (vesting period) starting from date of approval of the BOD. The number of officers qualified at the grant date is regularly evaluated (at least annually) during the vesting period and the amount of stock option is decreased in case there are changes in the number of qualified employees arising from resignation or disqualification.

Liability recognized on the stock option plan for the amount charged by the BDO Unibank Group attributable to the qualified officers of the Company is included in Accrued taxes and other expenses under Accounts Payable and Other Liabilities account in the statement of financial position and the related expense is presented in Employee Benefits account under Operating Costs and Expenses in the statement of income (see Notes 10 and 13).

2.13 Income Taxes

Tax income or expense recognized in profit or loss comprises current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.14 Earnings Per Share

Basic earnings per common share is determined by dividing net income attributable to equity holders of the Company by the weighted average number of common shares subscribed and issued during the year, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period. The Company does not have dilutive common shares.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. Currently, the Group does not have dilutive potential shares outstanding, hence, the diluted earnings per share is equal to the basic earnings per share.

2.15 Related Party Transactions and Relationships

Related party transactions are transfer of resources, services or obligations between the Company and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual; and (d) the Company's retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form. Transactions amounting to 10% or more of the total assets based on the latest audited consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Company's total assets based on the latest audited consolidated financial statements, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

2.16 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgements and estimates that affect the amounts reported in the financial statements and related notes. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgements in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Evaluation of Business Model Applied in Managing Financial Instruments

The Company developed business models which reflect how it manages its portfolio of financial instruments. The Company's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Company) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Company evaluates in which business model a financial instrument, or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Company (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Company's investment and trading strategies.

If more than an infrequent sale is made from a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Company considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with the HTC business model if the Company can explain the reasons for those sales and why those sales do not reflect a change in the Company's objective for the business model.

In relation to the BDO Unibank Group's leasing business, in various dates in 2020, the Company disposed of all core loans and receivables as it wound down its operations (see Note 1.2). Such disposal is not consistent with the HTC business model; however, since there were no remaining core loans and receivables as at December 31, 2020, further evaluation of the Company's HTC business model is no longer done (see Note 8). No similar transaction transpired in 2022 and 2021.

(b) *Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model*

In determining the classification of financial assets under PFRS 9, the Company assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Company assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Company considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made from portfolio of financial assets carried at amortized cost, if any, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows.

(c) *Recognition of Provisions and Contingencies*

Judgement is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.8 and disclosures on relevant provisions are presented in Note 17.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses).

(b) *Determining Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. In 2020, the management has derecognized all its deferred tax assets related to the tax bases of assets and liabilities sold and transferred as part of the restructuring of BDO Unibank Group's leasing business. As of December 31, 2022 and 2021, there were unrecognized deferred tax assets or liabilities arising from temporary differences at the end of the reporting period as it is unlikely to be recovered in the future.

4. **RISK MANAGEMENT**

With its culture of managing risk prudently within its capacity and capabilities, the Company will pursue its strategy and business plans to achieve its desired long-term target returns to its shareholders and satisfy or abide by the needs of its other stakeholders, including its regulators.

The Company believes that, as there are opportunities, there are associated risks and the objective is not to totally avoid risks, but to adequately and consistently evaluate, manage, control, and monitor the risks and ensure that the Company is adequately compensated for all the risks taken. Good risk management involves making informed and rational decisions about the level of risks the institution wants to take, in the pursuit of its objectives, but with consideration to return commensurate with the risk-taking activity.

The Company's goal is to remain a strong company that is resilient to possible adverse events. Hence, the Company ensures:

- strong financial position by maintaining adequate capital ratios;
- sound management of liquidity; and,
- ability to generate sustainable earnings commensurate with the risks taken.

For credit risk, market risk, and liquidity risk, the Company ensures that these are within Board-approved operating limits. For operational risk (which includes legal, regulatory, compliance risks), and reputational risks, these are invariably managed by the development of both a strong "control culture" and an effective internal control system that constantly monitors and updates operational policies and procedures with respect to the Company's activities and transactions.

Risk management begins at the highest level of the organization. At the helm of the risk management infrastructure is the BOD who is responsible for establishing and maintaining a sound risk management system. The BOD assumes oversight over the entire risk management process and has the ultimate responsibility for all risks taken. It regularly reviews and approves the institution's tolerance for risks, as well as, its business strategy and risk philosophy.

The BOD has constituted the Risk Management Committee (RMC) as the Board-Level Committee responsible for the development and oversight of the risk management program. Considering the importance of appropriately addressing credit risk, the BOD has also constituted the Executive Committee. The Executive Committee is responsible for approving credit-specific transactions, while the RMC is responsible for approving risk appetite levels, policies and risk tolerance limits related to credit portfolio risk, market risk, liquidity risk, interest rate risk, operational risk (including business continuity risk, IT risk, information security and cyber-security risk, data privacy risk and social risk to ensure that current and emerging risk exposures are consistent with the Company's strategic direction and overall risk appetite.

Within the Company's overall risk management system is the Assets and Liabilities Committee (ALCO), which is responsible for managing the Company's statement of financial position, including its liquidity, interest rate and foreign exchange related risks. In addition, ALCO formulates investment and financial policies by determining the asset allocation and funding mix strategies that are likely to yield the targeted financial results.

The Company operates an integrated risk management system to address the risks it faces in its activities. The Risk Management Unit (RMU), which reports to the RMC, is mandated to adequately and consistently evaluate, manage, control, and monitor the overall risk profile of the Company's activities across the different risk areas (i.e., credit, market, liquidity, interest rate and operational risks, including business continuity risk, IT risk, information security, cyber-security, and data privacy risk, to optimize the risk-reward balance and maximize return on capital. RMU also has the responsibility for recommending to the appropriate body, risk policies across the full range of risks to which the Company is exposed.

The evaluation, analysis, and control performed by the Risk Function, in conjunction with the Risk Takers, constitute the risk management process. The risk management process is applied at three levels: the transaction level, the business unit level, and the portfolio level. This framework ensures that risks are properly identified, quantified, and analyzed, in the light of its potential effect on the Company's business. The goal of the risk management process is to ensure rigorous adherence to the Company's standards for precision in risk measurement and reporting and to make possible, in-depth analysis of the deployment of capital and the returns that are delivered to the shareholders.

4.1 Interest Rate Risk

On December 31, 2022 and 2021, the Company has no material exposure to changes in interest rates since there are no outstanding loans and other receivables.

4.2 Credit Risk

As of December 31, 2022, the Company's financial assets that are subject to credit risk are related only to cash and cash equivalents and short-term investment presented as Money Market Placement. In general, the Company regularly monitors the credit quality of these financial assets and incorporates this information into its credit risk controls and policies.

Loan classification and credit risk rating are an integral part of the Company's management of credit risk. On an annual basis, loans are reviewed, classified as necessary, and rated based on internal and external factors that affect its performance. On a monthly basis, loan classifications of impaired accounts are assessed, and the results are used as basis for the review of loan loss provisions.

In addition to the above, credit portfolio review is another integral part of the Company's management of credit risk. This exercise involves the conduct of periodic post approval review of individual credits whose main objective is to help monitor and maintain sound and healthy risk asset portfolio. Parameters of the credit portfolio review are structured to reflect both sides of the risk management equation such as credit quality and process. This function actuates the philosophy that credit quality is derived from sound risk management process. The credit quality of financial assets is managed by the Company using internal credit ratings.

As of December 31, 2022 and 2021, the Company has no loans receivables.

4.2.1 Credit Quality Analysis

The following table sets out information about the credit quality of its Cash and Cash Equivalent. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. In 2022 and 2021, the Company has no financial instruments that are purchased or originated credit impaired assets.

The following table shows the exposure to credit risk as of December 31 for each internal risk grade and the related allowance for impairment:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
2022				
Cash and cash equivalents				
Grades AAA to B: Current	P 14,740,093	P -	P -	P 14,740,093
Expected credit loss allowance	(<u>7,079</u>)	<u>-</u>	<u>-</u>	(<u>7,079</u>)
	<u>14,733,014</u>	<u>-</u>	<u>-</u>	<u>14,733,014</u>
Money market placement				
Grades AAA to B: Current	5,958,174,812	-	-	5,958,174,812
Expected credit loss allowance	(<u>2,792,597</u>)	<u>-</u>	<u>-</u>	(<u>2,792,597</u>)
	<u>5,955,382,215</u>	<u>-</u>	<u>-</u>	<u>5,955,382,215</u>
Carrying amount	<u>P5,970,115,229</u>	<u>P -</u>	<u>P -</u>	<u>P5,970,115,229</u>
2021				
Cash and cash equivalents				
Grades AAA to B: Current*	P <u>15,204,057</u>	P <u>-</u>	P <u>-</u>	P <u>15,204,057</u>

*No expected credit loss allowance

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable institutions with high quality external credit ratings.

4.2.2 Concentrations of Credit Risk

The Company monitors concentrations of credit risk by sector and by geographic location. In 2022 and 2021, the Company's concentrations of credit risk (net of allowance) at the reporting date pertains to cash and cash equivalents amounting to P14,733,014 and P15,204,057, respectively, and money market placements amounting to P5,955,382,215 (net of allowance) in 2022.

4.2.3 *Amounts Arising from Expected Credit Losses*

At each reporting date, the Company assesses whether Loans and Other Receivables are credit-impaired (referred to as Stages 2 and 3 financial assets). A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Company measures credit risk using PD, LGD and EAD.

(a) Significant Increase in Credit Risk

As outlined in PFRS 9, a '3-stage' impairment model was adopted by the Company based on changes in credit quality since initial recognition of the financial asset. A financial asset that is not credit-impaired on initial recognition is classified as 'Stage 1', with credit risk continuously monitored by the Company as its ECL is measured at an amount equal to the portion of lifetime ECL that results from possible default events within the next 12 months. If an SICR since initial recognition is identified, the classification will be moved to 'Stage 2' but is not yet deemed to be credit-impaired. Such assessment is based on the following criteria in determining whether there has been a significant increase in credit risk: qualitative indicators, such as net losses, intermittent delays in payment or restructuring; and (ii) quantitative test based on movement in risk rating and PD. The borrowers can be moved to Stage 1 upon completion of the seasoning period which shall be 6 months of continuous payment with no incident of past due.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information (FLI).

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Company uses the following criteria in determining whether there has been a significant increase in credit risk: (i) quantitative test based on movement in PD; and (ii) qualitative indicators, such as substantial decline in sales or intermittent delays in payment.

(i) Credit Risk Grading

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

The credit grades are defined and calibrated such that the risk of default increases exponentially at each higher risk grade so, for example, the difference in the PD between an AAA and AA rating grade is lower than the difference in the PD between a B and B- rating grade.

(ii) Generating the Term Structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analyzed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information from external credit reference agencies is also used. The Company employs statistical models to analyze the data collected and generate the term structure of PD estimates.

(iii) Determining Whether Credit Risk has Significantly Increased

The Company assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower. What is considered significant varies across financial assets of the Company. The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Company's risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as net loss, significant drop in risk ratings, and intermittent delays in payments.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL.

(b) Definition of Default

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Company; or,

- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Company considers indicators that are qualitative (e.g., breaches of covenant) and, quantitative (overdue or non-payment).

Inputs into the assessment of whether a financial instrument is in default as well as their significance may vary over time to reflect changes in circumstances.

(c) *Forward-looking Information*

The Company incorporates FLI into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The relevant macro-economic variables for selection generally include, but are not limited to, gross domestic product, growth rate, unemployment rate, foreign exchange rate, stock market index, oil prices and interest rates. Predicted relationships between the key macro-economic indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 10 to 15 years.

The significance of the selected macro-economic variables as predictors of default may change over time as historical information is added. As such, the generated macroeconomic models are updated at least on an annual basis.

Management has also considered other FLIs not incorporated within the above economic scenarios, such as any regulatory, legislative, or political changes, but are not deemed to have a significant impact on the calculation of ECL. Management reviews and monitors the appropriateness of FLIs at least annually.

(d) *Measurement of ECL*

The key inputs into the measurement of ECL are the term structure of PD, LGD and EAD.

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The methodology of estimating PDs is discussed in Note 4.2.3(a)(ii) under the heading "Generating the term structure of PD".

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortization. The EAD of a financial asset is its gross carrying amount at the time of default. EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For portfolios in respect of which the Group has limited historical data, external benchmark information (e.g., PD from external credit rating agencies, Basel LGD) is used to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL include exposures to foreign borrowers and low default borrower segments.

4.2.4 *Liquidity Risk*

Liquidity risk is the risk that there could be insufficient funds available to fulfill commitments to lend, or to meet any other liquidity commitments. The Company manages its liquidity needs by holding sufficient liquid assets of appropriate quality to meet funding requirements, manage and control liquidity gaps through Maximum Cumulative Outflow (MCO) limits, regular liquidity stress testing to ensure positive cashflow across all identified stress scenarios, and establishment of a Liquidity Contingency Plan, to ensure adequate liquidity under both business-as-usual and stress conditions. The Company carefully monitors scheduled debt servicing payments for short-term and long-term financial liabilities as well as cash outflows due in its day-to-day activities.

Presented below are the financial assets and financial liabilities as of December 31, 2022 and 2021 analyzed according to when these are expected to be recovered or settled.

	One to Three Months	Three Months to One Year	One to Three Years	More Than Three Years	Total
2022					
Financial assets					
Cash and cash equivalents	P 14,733,014	P -	P -	P -	P 14,733,014
Money market placement	<u>5,955,382,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,955,382,215</u>
	<u>P5,970,115,229</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P5,970,115,229</u>
Financial liabilities					
Accounts payable and other liabilities	<u>P 9,657,685</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 9,657,685</u>
2021					
Financial assets					
Cash and cash equivalents	P 15,204,057	P -	P -	P -	P 15,204,057
Financial assets at FVTPL	<u>5,877,689,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,877,689,641</u>
	<u>P5,892,893,698</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P5,892,893,698</u>
Financial liabilities					
Accounts payable and other liabilities	<u>P 8,134,698</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 8,134,698</u>

4.2.5 Write-offs

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include: cessation of enforcement activity; and, where the Company's recovery method is through foreclosure of collateral and the value of the collateral is less than the outstanding contractual amounts of the financial assets to be written-off. The Company still have enforceable right to receive payment even if the financial assets have been written off except in certain cases.

4.3 Price Risk

The Company is exposed to the changes in the market values of financial assets at FVTPL held as of December 31, 2021. The Company manages its risk by identifying, analyzing, and measuring relevant or likely market price risks. To manage its price risk arising from its financial assets at FVTPL, the Company does not concentrate its investment in any single counterparty.

If the prices of financial assets at FVTPL changed by +/-0.08% at December 31, 2021, then profit or loss would have increased/decreased by P4,422,221 in 2021. The analysis is based on the assumption on the change of the correlated equity indices, with all other variables held constant. The analysis is based on the assumption on the change of the correlated equity indices, with all other variables held constant.

In 2022, the Company redeemed all of its investment in UITF.

5. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.1 Carrying Amounts and Fair Values by Category

The following table summarizes by category the carrying amounts and fair values of financial assets and financial liabilities. Where fair value is presented, such fair value is determined based on valuation techniques described below.

	<u>Carrying Amounts</u>	<u>Fair Values</u>
<u>2022</u>		
Financial Assets		
At amortized cost:		
Cash and cash equivalents	P 14,733,014	P 14,733,014
Money market placement	<u>5,955,382,215</u>	<u>5,955,382,215</u>
	<u>P 5,970,115,229</u>	<u>P 5,970,115,229</u>
Financial Liabilities		
At amortized cost –		
Accounts payable and other liabilities	<u>P 9,657,685</u>	<u>P 9,657,685</u>
<u>2021</u>		
Financial Assets		
At amortized cost –		
Cash and cash equivalents	P 15,204,057	P 15,204,057
Financial assets at FVTPL	<u>5,877,689,641</u>	<u>5,877,689,641</u>
	<u>P 5,892,893,698</u>	<u>P 5,892,893,698</u>
Financial Liabilities		
At amortized cost –		
Accounts payable and other liabilities	<u>P 8,134,623</u>	<u>P 8,134,623</u>

The methods and assumptions used by the Company in estimating the fair value of the financial instruments are as follow:

(i) *Cash and Cash Equivalents and Money Market Placement*

The fair values of cash and cash equivalents and money market placement approximate carrying amounts given their short-term maturities.

(ii) *Financial Assets at FVTPL*

The fair value of financial assets at FVTPL which is related to unit investment trust fund is determined based on the net asset value per unit as published by the related bank.

(iii) *Accounts Payable and Other Liabilities*

Fair values approximate carrying amounts given the short-term maturities of the liabilities.

5.2 Fair Value Measurement and Disclosures

5.2.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

5.2.2 Financial Instrument Measured at Fair Value

The following table shows the fair value hierarchy of the Company's class of financial assets measured at fair value in the statements of financial position on a recurring basis as of December 31, 2021. In 2022, the Company redeemed all of its UITF.

	<u>Note</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL –					
Unit investment trust fund	7	<u>P -</u>	<u>P5,877,689,641</u>	<u>P -</u>	<u>P5,877,689,641</u>

The Company have no financial liabilities measured at fair value as of December 31, 2022 and 2021.

There were neither transfers made between Levels 1 and 2 nor changes in Level 3 instruments in both years.

5.2.3 Financial Instruments Measured at Amortized Cost for Which Fair Value is Disclosed

The following summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed.

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2022</u>					
<i>Financial assets:</i>					
Cash and cash equivalents	6	P 14,733,014	P -	P -	P 14,733,014
Money market placement	6	<u>5,955,382,215</u>	<u>-</u>	<u>-</u>	<u>5,955,382,215</u>
		<u>P5,970,115,229</u>	<u>P -</u>	<u>P -</u>	<u>P5,970,115,229</u>
<i>Financial liabilities –</i>					
Accounts payable and other liabilities	10	<u>P -</u>	<u>P -</u>	<u>P 9,657,685</u>	<u>P 9,657,685</u>
<u>December 31, 2021</u>					
<i>Financial assets –</i>					
Cash and cash equivalents	6	<u>P 15,204,057</u>	<u>P -</u>	<u>P -</u>	<u>P 15,204,057</u>
<i>Financial liabilities –</i>					
Accounts payable and other liabilities	10	<u>P -</u>	<u>P -</u>	<u>P 8,134,698</u>	<u>P 8,134,698</u>

There have been no significant transfers among Levels 1 and 2 in the reporting periods.

Summarized below and in the succeeding page are the information on how the fair values of the Company's financial assets and financial liabilities are determined.

(a) Financial Instruments in Level 1

Cash and cash equivalents consist primarily of funds in the form of Philippine currency notes and coins held in the Company's bank. Cash is measured at face value; hence, the carrying amount approximates the fair value given their short-term maturities. Cash and cash equivalents are tagged under Level 1 since it is fungible and readily available for use.

(b) *Financial Instruments in Level 2*

The fair value of financial instruments not traded in an active market is determined by using valuation techniques or by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment. The Company has no financial instruments measured at Level 2.

(c) *Financial Instruments in Level 3*

The Company classifies financial instruments such as Accounts payable and other receivables, have no quoted prices or observable market data where reference of fair value can be derived; hence, fair value is determined based on their discounted amount of estimated future cash flows expected to be received or paid, or based on their cost which management estimates to approximate their fair values.

5.2.4 Fair Value Measurement for Non-Financial Assets

As of December 31, 2022 and 2021, the Company's non-financial asset pertains to Prepaid documentary stamp tax which is measured under Level 3.

5.3 Offsetting of Financial Instruments

Currently, all financial assets and financial liabilities are settled on a gross basis; however, each party will have the option to settle such amount on a net basis in the event of default of the other party. As such, as of December 31, 2022 and 2021, the Company has no financial assets and liabilities with offsetting arrangement.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of December 31:

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Cash in banks	14(a)	P 4,657,774	P 15,204,057
Short-term placements	14(a)	<u>10,082,319</u>	<u>-</u>
		14,740,093	15,204,057
Allowance for ECL		<u>(7,079)</u>	<u>-</u>
		<u>P 14,733,014</u>	<u>P 15,204,057</u>

Cash in banks earn interest at rates based on daily bank deposit rates of 0.06% in 2022, 0.05% to 0.06% in 2021, and 0.13% to 0.25% in 2020.

Short-term placements are made for varying periods of 67 days and 97 days and earn interest at annual rate of 4.75% in 2022 (see Note 14).

Interest receivables amounting to P50.56 million as of December 31, 2022 is presented as part of Money Market Placement in the 2022 statement of financial position. No similar transaction transpired in 2021.

Short-term placements in 2022 are presented in the statement of financial position as follows:

Cash and cash equivalents	<u>P 10,082,319</u>
Money market placements:	
Gross carrying amount	5,958,174,812
Allowance for ECL	(<u>2,792,597</u>)
	<u>5,955,382,215</u>
	<u>P 5,965,464,534</u>

7. FINANCIAL ASSETS AT FVTPL AND FINANCIAL ASSETS AT FVOCI

In 2021 and 2020, the Company purchased P70,000,000 and P5,847,000,000 worth of unit investment trust fund (UITF) securities from BDO Unibank's Trust & Investment Group (BDO TIG), respectively. On December 29, 2020, the Company redeemed its UITF amounting to P100,000,000 which resulted in a gain on redemption amounting to P123,808 under Income in the 2020 statement of income from continuing operations (see Note 14). In 2022, the Company redeemed all its remaining UITF resulting in a gain on redemption amounting to P62,625,034, is presented under Income in the 2022 statement of income from continuing operations (see Note 14). For the years ended 2021 and 2020, such investment earned unrealized fair value gain of P54,997,429 and P5,692,212, respectively, recognized as unrealized fair value gain on UITF account under Income in the statements of income from continuing operations.

As of December 31, 2022 and 2021, the Company has no investments under FVOCI. In various dates in 2020, the Company sold its financial assets at FVOCI as follows (see also Note 14):

<u>Date of Sale</u>	<u>Financial Asset at FVOCI</u>	<u>Counterparty</u>	<u>Proceeds</u>	<u>Carrying Value</u>	<u>Gain (Loss)</u>
April 2, 2020	8990 Holdings Bonds	BDO Unibank	P 945,434,641	P 937,220,000	P 8,214,641
April 6, 2020	Sta. Lucia Bonds	BDO Unibank	200,647,485	200,000,000	647,485
July 22, 2020	Smart Notes	BDO Life	1,471,656,187	1,400,000,000	71,656,187
October 15, 2020	SMC Shares	BDO Finance	597,495,000	597,495,000	-
October 16, 2020	Others	BDO Unibank	180,000	800,000	(620,000)

In 2020, the Company realized P8,862,126 gain on sale from its debt securities (bonds) classified as FVOCI. Such is presented as part of Other income under discontinued operations (see Note 12). For equity securities classified as FVOCI, gains on sale amounting to P71,036,187 were reclassified directly to Retained Earnings account. No similar transaction transpired in 2021.

Dividend income earned from these financial assets are recorded as Dividend income account under Other Income in the 2020 statement of income (see Note 12).

The Company recognized fair value losses for FVOCI securities amounting to P39,402,554 in 2020. The fair values of these financial assets have been determined based on quoted prices in active markets and reported in Other income under discontinued operations (see Note 5).

8. LOANS AND OTHER RECEIVABLES

As of December 31, 2022 and 2021, the Company has no outstanding loans and receivables from customers after it has sold and assigned its receivable after the complete restructuring that transpired in 2020.

In 2022 and 2021, the Company reported interest income from Cash and cash equivalents amounting to P63,246,030 and P30,666, respectively, under Continuing operations. Interest and discounts in the 2020 statement of income under Discontinued operations consist of interest on:

Loans and receivables financed	P	595,458,462
Finance lease receivables		505,957,993
Financial assets at FVOCI		18,450,224
Interest on defined benefit plan		918,370
Cash and cash equivalents		<u>1,520,474</u>
	P	<u>1,122,305,523</u>

Interest income recognized under Discontinued operations on impaired loans and receivables amounted to P20,907,570 in 2020 (nil in 2022 and 2021).

The changes in the allowance for impairment in 2020 are summarized below.

Balance at beginning of year	P	594,479,669
Impairment losses during the year		400,553,810
Reversal of impairment losses	(975,633,951)
Accounts written-off	(<u>19,399,528)</u>
Balance at end of year	P	<u>-</u>

The nil amount of allowance reported by the Company is due to the reversal of impairment losses in 2020 as a result of the disposal of related loans and receivables.

As approved by the Company's Related Party Committee and BOD, in various dates in 2020, the Company disposed of its core loans and receivables to BDO Unibank, BDO Life and BDO Finance with aggregate amounts of P14,125,382,405, P1,276,081,451, and P7,669,959,699, respectively, to address the widening liquidity gap during the COVID-19 pandemic and as it winds down operations (see Note 14). Such disposal is not consistent with the Company's HTC business model; however, since there were no remaining core loans and receivables as at December 31, 2022 and 2021, further evaluation of the Company's HTC business model is no longer performed. The total resulting gain on disposal of core loans and receivables amounted to P509,971,257, which is presented as Gain on sale of loans and receivables under Discontinued operations in the 2020 statement of income (see Note 14). No similar transaction transpired in 2022 and 2021.

In 2020, the BOD approved the write-off of certain loans and receivable financed and finance lease receivables with a total amount P19,399,528.

9. ALLOWANCE FOR IMPAIRMENT

Changes in the allowance for impairment in 2020 are summarized below.

	<u>Note</u>	
Balance at beginning of year		
Loans and other receivables	8	P 594,479,669
Investment properties		23,626,575
Other assets		<u>1,541,913</u>
		<u>619,648,157</u>
Impairment losses-net		400,553,810
Write-offs		(19,399,528)
Reversals		(619,011,991)
Disposals		<u>(381,790,448)</u>
		<u>(619,648,157)</u>
Balance at end of year:		
Loans and other receivables	8	-
Investment properties		-
Other assets		<u>-</u>
		<u>P -</u>

In 2022, the Company recognized allowance for probable losses in its cash and cash equivalents and money market placement (see Notes 4.2.1 and 6). There was no impairment recognized in 2021.

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities consist of the following:

	<u>2022</u>	<u>2021</u>
Accounts payable	P 9,657,685	P 8,134,698
Accrued taxes and other expenses	6,363,351	22,122
Withholding taxes payable	<u>85,362</u>	<u>803</u>
	<u>P 16,106,398</u>	<u>P 8,157,623</u>

Accounts payable and other liabilities have maturities within one year. Accrued taxes pertains to accrual of taxes on interest income earned on short-term placements. Management considers the carrying amounts of accounts payable and other liabilities recognized in the statements of financial position to be a reasonable approximation of their fair values due to their short duration.

11. EQUITY

11.1 Capital Management Objectives, Policies and Procedures

The Company's capital management objectives are:

- to provide an adequate return to shareholders by pricing products commensurately with the level of risk; and,
- to ensure the Company's ability to continue as a going concern.

The Company sets the amount of capital in proportion to its overall financing structure and the Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company's capital and overall financing as of December 31, 2022 and 2021 are shown below.

	<u>2022</u>	<u>2021</u>
Total equity	P 6,081,395,478	P 6,012,132,262
Cash and cash equivalents	(14,733,014)	(15,204,057)
Net capital	<u>P 6,066,662,464</u>	<u>P 5,996,928,205</u>
Overall financing (total equity)	<u>P 6,081,395,478</u>	<u>P 6,012,132,262</u>
Capital-to-overall financing ratio	<u>1.00:1.00</u>	<u>1.00:1.00</u>

As of December 31, 2022 and 2021, the Company complies with this minimum paid-up capital requirement. All branches were already closed and ceased its leasing and financing operations as of December 31, 2020 (see Note 1.2).

11.2 Preferred Shares

The Company has 200,000 authorized preferred shares at P100 par value a share with the following features:

- Issued serially in blocks of not less than 100,000 shares;
- No pre-emptive rights to any or all issues on other disposition of preferred shares;
- Entitled to cumulative dividends at a rate not higher than 20% yearly;
- Subject to call or with rights for their redemption, either mandatory at a fixed or determinable date after issue; and,
- Non-voting, except in cases expressly provided for by law.

None of these authorized preferred shares have been issued as of December 31, 2022 and 2021.

11.3 Common Shares

As of December 31, 2022 and 2021, out of the total authorized capital stock of 3,400,000,000 common shares with par value of P1.00 per share, 2,162,475,312 common shares, net of treasury shares of 62,693,718 are issued and outstanding.

11.4 Retained Earnings – Free

The Company's retained earnings are restricted to the extent of the cost of the treasury shares amounting to P81,776,628 as of the end of the reporting periods.

11.5 Retained Earnings – Reserves

As at December 31, 2020, the Company appropriately reversed the appropriation for GLLP totaling P141,740,833 since all of its loans and receivables subject to 1% GLLP were already sold. There were no appropriations in 2022 and 2021.

11.6 Track Record of Registration of Securities

On January 6, 1997, the Company was listed with the PSE with 106,100,000 additional common shares and 15,120,000 existing common shares with par value of P1.00 per share. The listing was approved by the SEC in May 1996. As of December 31, 2021, the Company's number of shares registered totaled 3,400,000,000 with par value of P1.00 per share and closed at a price of P1.87 in 2021.

On January 27, 2020, the PSE approved the request of the Company for the voluntary trading suspension of its shares. This is to allow the investing public an equal access to the information about the Share Purchase Agreement entered by BDO Unibank on January 24, 2020 for making informed decisions.

As of December 31, 2022, the trading of the Company's shares remains suspended due to the Order of Suspension issued by the SEC requiring amendment of Company's registration statement. The Company has since engaged the SEC on its requirements to lift the suspension order and the matter is still pending resolution as of date of release of the 2022 financial statements.

12. OTHER INCOME

In 2022, the Company reported bad debts recovery amounting to P950,000 and miscellaneous income amounting to P4,650. In 2021, the Company reported the realized foreign exchange translation gain amounting to P1,550,970, realized gain on sale of dollar-denominated currency amounting to P310,681 (see Note 14), and miscellaneous income amounting to P207,358 reported as Other income under Continuing operations. Other income presented under Discontinued operations for 2020 consists of the following:

	<u>Notes</u>	
Dividend income	7	P 80,727,007
Gain on sale of investment in subsidiary		9,496,552
Gain on sale of financial assets	7	8,862,126
Gain on sale of investment properties		6,771,162
Day-one gains – net		22,039
Miscellaneous – net	14	<u>34,542,445</u>
		<u>P 140,421,331</u>

Dividend income pertains to income earned from investments in Smart Note and SMC shares.

Day-one gains – net represent the fair value gains on initial recognition of lease deposits (representing excess of principal amount over fair value of leased deposits), net of the day one losses on initial recognition of the residual value receivables under finance lease.

13. EMPLOYEE BENEFITS

Expenses recognized for 2020 on salaries and employee benefits for the Company under discontinued operations are presented below.

	<u>Note</u>	
Salaries and wages		P 123,255,227
Bonuses		42,555,095
Retirement – defined benefit plan		18,607,236
Fringe benefits		12,481,875
Social security costs		4,910,713
Employee stock option plan	14	3,491,587
Other benefits		<u>5,151,947</u>
		<u>P 210,453,680</u>

After the completion of restructuring in 2020, the Company has terminated its employees and transferred its former employees to BDO Finance. In 2022 and 2021, the Company did not incur any employee benefits expense.

14. RELATED PARTY TRANSACTIONS

The Company's related parties include BDO Unibank, related party under common ownership, key management personnel and the retirement benefit fund as described below.

The summary of the Company's transactions with its related parties in 2022, 2021 and 2020 and is shown below.

Related Party Category	Notes	Amount of Transaction		
		2022	2021	2020
Ultimate parent company (BDO Unibank)				
UITF redemption	7, (l)	P5,927,789,668	P -	P -
Realized fair value gains	7, (l)	62,625,034	-	-
Interest income on short-term placements	6, (a)	63,241,061	-	-
Interest income on savings and demand deposits	6, (a)	4,969	30,666	1,510,459
Service fees	(e)	302,100	124,900	125,200
UITF placement	7, (l)	-	70,000,000	5,847,000,000
Unrealized fair value gains	7, (l)	-	54,997,429	5,692,212
Realized gain on dollar-denominated cash deposits	12, (p)	-	310,681	-
Interest expense on bills payable	(b)	-	-	11,477,345
Interest expense on lease liability	(c)	-	-	1,398,636
Depreciation	(c)	-	-	11,833,555
Gain on pre-termination of lease contract	(c)	-	-	963,423
Management fees	(d)	-	-	14,685,000
Sale of receivables	(n)	-	-	14,125,382,405
Gain on sale of receivables	(n)	-	-	381,866,343
Sale of financial assets under FVOCI	(n)	-	-	1,138,020,000
Gain on sale of debt securities under FVOCI	(n)	-	-	8,862,126
Loss on sale of equity securities under FVOCI	(n)	-	-	(620,000)
Employee stock option plan	2.12, 13	-	-	3,491,587
Gain on redemption of UITF	7, (l)	-	-	123,808
Sale of foreclosed assets- net	(n)	-	-	212,801,131
Subsidiary (BDORI)*				
Dividend income	(i)	-	-	200,000,000
Management fees	(d)	-	-	330,000
Rent income	(c)	-	-	60,500
Under common ownership				
Service and charges fees	(j), (j)	-	-	2,147,655
Insurance expense	(k)	-	-	244,314
Sale of receivables	(n), (o)	-	-	8,946,041,150
Gain on sale of receivables	(n), (o)	-	-	128,104,914
Sale of financial assets under FVOCI	(n), (o)	-	-	1,997,495,000
Gain on sale of equity securities under FVOCI	(n), (o)	-	-	71,656,187
Other related parties				
Loans	(m)	-	-	40,045,801
Key management personnel				
Short-term benefits	(g)	-	-	47,221,000
Post-employment benefits	(g)	-	-	9,170,953
Loans to officers	(g)	-	-	1,909,534

*Only until October 16, 2020

Below is the summary of the outstanding balances with each related party as of December 31, 2022 and 2021.

Related Party Category	Notes	Outstanding Balance	
		2022	2021
Ultimate parent company (BDO Unibank)			
Short-term placements	6, (a)	P 5,917,692,616	P -
UITF	7, (f)	-	5,877,689,641
Savings and demand deposits	6, (a)	4,657,774	15,204,057
Accrued interest receivables on short-term placements	6, (a)	50,564,515	-

- (a) The Company maintains savings and demand deposit and short-term placement accounts with BDO Unibank. As of December 31, 2022 and 2021, savings and demand deposit and short-term placement accounts maintained with BDO Unibank are reported as Cash and Cash Equivalents and Money Market Placement account in the statements of financial position. The savings and demand deposits generally earn interest at annual rates ranging from 0.05% to 0.06% in 2022 and 2021 and short-term placements earn interest at an effective rate of 4.75% in 2022. Interest income earned on these deposits in 2022, 2021 and 2020 is included as part of Interest and Discounts account under Income in the statements of income.
- (b) The Company obtains short-term bills payable from BDO Unibank with annual interest rates ranging from 3.0% to 4.8% in 2020. Total bills availments and payments amounted to P1,527,350,000 and P1,521,455,000, respectively, in 2020. No outstanding balance as of December 31, 2020. Interest expense incurred on these bills payable in 2020 is included as part of Interest and Financing Charges account under Operating Costs and Expenses in the 2020 statement of income. The Company did not obtain bills payable in 2022 and 2021.
- (c) The Company leases its head office premises and certain branch offices from BDO Unibank for terms ranging from three to five years, renewable for such period and under such terms and conditions as may be agreed upon with the Company and BDO Unibank. The related interest expense incurred on lease liability and depreciation of Right-of-use are included as part of Interest and financing charges and Occupancy and equipment related expenses, respectively, under Operating Costs and Expenses account in the statements of income. Before the restructuring, the Company charges BDO Rental for the spaces that the latter occupies in the head office premises. Rent charged to BDO Rental is presented as part of Other Income-net account in the Company's statements of income (see Note 12). In 2020, in line with the restructuring process, the Company pre-terminated all its leases with BDO Unibank which resulted in a recognition of gain on pre-termination as part of Miscellaneous income under Other Income account for the 2020 statement of income (see Note 12). There were no outstanding receivables and payables on these transactions as of the end of 2022 and 2021.
- (d) In 2019, the Company entered into a service level agreement with BDO Unibank wherein BDO Unibank will charge the Company for certain management services that the former provides to the latter. Management fees paid by the Company to BDO Unibank are shown as part of Other Expenses account under Operating Costs and Expenses in the 2020 statement of income. Also, the Company charges BDO Rental for the management services it renders to BDO Rental. This is presented as part of Other Income-net account in the Company's 2020 statement of income (see Note 12). There are no outstanding receivables and payables on these transactions as of the end of 2022 and 2021.

As part of the restructuring of Company's leasing business, the service level agreement of Company with BDO Unibank was terminated in 2020. Accordingly, the Company also terminated the service level agreement with BDO Rental.

- (e) The Company entered into an agreement with BDO Unibank on stock transfer services. Service fees paid by the Company to BDO Unibank are shown as part of Other Expenses account under Operating Costs and Expenses in the statements of income. There were no outstanding receivable and payable on these transactions as of the end of 2022 and 2021.
- (f) The Company engaged the services of BDO Capital and Investment Corporation (BDO Capital), a wholly owned subsidiary of BDO Unibank for services related to the Company's issuance of short-term commercial papers. Service charges and fees paid by the Company to BDO Capital amounting to P94,777 for 2020 and are included as part of Other Expenses account under Operating Costs and Expenses in the 2020 statement of income. No similar transaction in 2022 and 2021 and no outstanding payables on this transaction as of the end of 2022 and 2021.
- (g) Compensation of key management personnel (covering officer positions starting from Assistant Vice President and up) is included as part of Employee Benefits under Operating Costs and Expenses in the statements of income of the Company. In 2021, the Company has no longer recognized short-term employee benefits because it has no employees after the restructuring of the Company was completed in 2020. On the other hand, the short-term employee benefits amounting to P47,221,000 in 2020 include salaries, paid annual leave and paid sick leave, profit sharing and bonuses, and non-monetary benefits. Further, retirement benefits expense amounted to P9,170,953 in 2020 (nil in 2022 and 2021).

In 2020, the Company also granted loans to officers, which are secured by mortgage on the property, bear interest at a range a 7.0% to 9.0% per annum, with terms ranging from three to five years. There were no outstanding loans to officers as of December 31, 2022 and 2021.
- (h) On October 16, 2020, the Company's retirement fund was transferred to BDO Finance [see Notes 13 and 14(o)]. The retirement fund holds, as an investment, 519,915 shares of stock of the Company as of December 31, 2021 and 2020, which has a market value of P3.16 per share.
- (i) In 2020, BDO Rental declared cash dividends amounting to P200,000,000 (received in 2020).
- (j) The Company earned from BDO Insurance Brokers, Inc. (BDO Insurance) service charges and fees for accounts referred amounting to P2,052,878 in 2020 and are included as part of Miscellaneous under Other Income account in the 2020 statement of income (see Note 12). No similar transaction in 2022 and 2021 and no outstanding payables on this transaction as of the end of 2022 and 2021.

- (k) In 2020, the Company paid BDO Life for group life insurance of the Company's employees. Insurance paid by the Company is presented as part of Occupancy and Equipment Related Expense under Operating Costs and Expenses in the 2020 statement of income. No similar transaction transpired in 2022 and 2021. There were no outstanding receivables and payables on this transaction as of the end of 2022 and 2021.
- (l) In 2021 and 2020, the Company purchased P70,000,000 and P5,847,000,000, worth of UITF from BDO TIG, respectively. The P100,000,000 of the securities purchased in 2020 was redeemed on December 29, 2020 and the remainder of P5,817,000,000 was fully redeemed on October 11, 2022 (see Note 7).
- (m) The Company also granted loans to other related parties, which bear interest with a range of 4.2% to 11.0% per annum in 2020 (nil in 2022 and 2021). There were no outstanding loans to other related parties as of December 31, 2022 and 2021.
- (n) In various dates in 2020, in line with the restructuring of BDO Unibank Group's leasing business to optimize the financial needs of clients in line with PFRS 16, the Company sold its core loans and receivables to BDO Life, BDO Finance and BDO Unibank. The related gain on sale of loans and receivables is presented under Income in the 2020 statement of income [see Notes 8 and 14(o)]. There is no outstanding receivable on these transactions as of the end of 2020. No similar transaction transpired in 2022 and 2021.

On various dates in 2020, the Company disposed portion of its financial assets at FVOCI to BDO Unibank and BDO Life. The related gain on sale is presented separately under Income in the statements of income (see Note 7) for debt securities while for equity securities gains (losses) were booked to Retained Earnings.

In October 2020, the Company agreed to assign, transfer and covey certain foreclosed assets to BDO Unibank with a total carrying value of P212,801,131 as of September 30, 2020. No gain or loss was recognized in this transaction. There is no outstanding receivable on this transaction as of December 31, 2022 and 2021.

- (o) On various dates in 2020, the Company disposed portion of its core loans and receivables to BDO Finance with aggregate carrying amounts of P7,669,959,699 resulting to a recognition of gain on sale of loans and receivables totaling P89,493,034 which is presented separately under Income in the 2020 statement of income [see Notes 8 and Note 14(n)].

On October 12, 2020, the Company sold its 100% ownership interest in BDO Rental to BDO Finance with a total equity value of P308,003,448 which resulted to a recognition of gain on sale of investment in subsidiary totaling P9,496,552 as part of Other income account in the statements of income (see Note 12). On October 15, 2020, the Company sold its SMC preferred shares classified as FVOCI to BDO Finance with aggregate carrying amounts of P597,495,000 (see Note 7). No gain or loss was recognized on the sale. On October 16, 2020, the Company agreed to assign irrevocably and absolutely to BDO Finance certain other assets and other liabilities with total proceeds equal to carrying value of P39,012,330 and P244,591,355 respectively. The transaction resulted to outstanding payable to BDO Finance and is recorded as part of Accounts payable and other liabilities account in the statements of financial position.

The table below summarizes the carrying amounts of other assets and other liabilities sold to BDO Finance on October 16, 2020.

	<u>Notes</u>		
Other Assets:			
Accounts receivables – net	8	P	13,723,392
Prepaid expenses			3,963,200
Property and equipment – net			6,088,373
Retirement assets	13, 14(h)		14,358,936
Other intangible asset – net			773,234
Other assets			<u>105,195</u>
		<u>P</u>	<u>39,012,330</u>
Other Liabilities:			
Accounts payable		P	169,082,140
Accrued other expenses payable			13,648,196
Unapplied advance payments			15,301,329
Deferred income tax payable		(36,161,681)
Other liabilities			<u>82,721,371</u>
		<u>P</u>	<u>244,591,355</u>

Other liabilities include, among others, taxes, insurance, mortgage and other fees.

- (p) In 2021, the Company sold dollar-denominated cash deposits amounting to USD796,619 at P50.36 exchange rate (PHP40,117,733) to BDO Unibank. This transaction resulted in a realized gain of P310,681 and is recorded as part of Other income account under Continuing operations in the 2021 statement of income (see Note 12). No similar transaction transpired in 2022.

15. TAXES

15.1 Taxes and Licenses

This account is composed of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Gross receipt tax	P 6,672,544	P 29,089	P 76,759,057
Documentary stamp tax	149,790	540,470	88,463,570
Local tax	3,457	9,961,872	13,735,853
Others	<u>840,204</u>	<u>877,531</u>	<u>6,139,473</u>
	<u>P 7,665,995</u>	<u>P 11,388,962</u>	<u>P 185,097,953</u>

15.2 Current and Deferred Taxes

On March 26, 2021, Republic Act (R.A.) No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and shall be effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Company.

- regular corporate income tax (RCIT) rate was reduced from 30% to 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023; and,
- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

As a result of the application of the lower RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable, as presented in the 2020 annual income tax return (ITR) of the Company, would be lower by P5,726,192 than the amount presented in the 2020 financial statements and such amount was charged to profit or loss.

The components of tax expense (income) from the continuing and discontinued operations for the years ended December 31 follow:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Reported in statements of income</i>			
Current tax expense (income):			
Final tax at 20%	P 25,174,213	P 5,574	P 14,172,235
Adjustment in 2020 income taxes due to change in income tax rate	-	(5,726,192)	-
MCIT at 1% in 2022 and 2021; 2% in 2020	<u>9,547</u>	<u>20,690</u>	<u>22,753,979</u>
	25,183,760	(5,699,928)	36,926,214
Deferred tax expense relating to origination and reversal of temporary differences	<u>-</u>	<u>-</u>	<u>110,481,858</u>
	<u>P 25,183,760</u>	<u>(P 5,699,928)</u>	<u>P 147,408,072</u>
<i>Reported in statements of comprehensive income</i>			
Deferred tax income (expense) on:			
Net actuarial losses	P -	P -	(P 30,808,854)
Unrealized fair value gains on financial assets at FVOCI	<u>-</u>	<u>-</u>	<u>3,705,249</u>
Net deferred tax expense	<u>P -</u>	<u>P -</u>	<u>(P 27,103,605)</u>

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the statements of income follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax on pretax profit at 25% in 2022 and 2021 and 30% in 2020	P 23,611,744	P 9,460,373	P 119,957,266
Adjustment for income subjected to lower tax rate	(6,293,553)	(2,092)	5,485,246
Adjustment in 2020 income taxes due to change in income tax rate.	-	(5,726,192)	-
Tax effects of:			
Non-deductible expense	4,126,412	568,973	4,272,394
Unrecognized deferred tax assets on:			
Net operating loss carry-over (NOLCO)	3,729,610	3,727,677	51,297,526
MCIT	9,547	20,690	22,753,979
Deductible temporary differences not recognized	-	-	(167,143,718)
Reversal of deferred tax liability	-	-	110,481,858
Non-deductible interest expense	-	-	2,792,167
Non-taxable income	<u>-</u>	<u>(13,749,357)</u>	<u>(2,488,646)</u>
	<u>P 25,183,760</u>	<u>(P 5,699,928)</u>	<u>P 147,408,072</u>

In 2020, all net deferred tax assets were derecognized since the management assessed that these will not be realized in the future periods.

The Company has no deferred income in profit or loss or other comprehensive income in 2022 and 2021. The components of deferred tax income in profit and loss and in other comprehensive income for the year ended December 31, 2020 follow:

In profit or loss:

Deferred tax assets:

Allowance for impairment on:

Loans and discounts	(P 93,882,068)
Accounts receivable	(8,684,708)
Investment properties and non-current assets held-for-sale	(7,550,547)
	<u>(110,117,323)</u>

Deferred tax liability –

Others	(364,535)
--------	------------

Net deferred tax expense	<u>(P 110,481,858)</u>
--------------------------	------------------------

In other comprehensive income:

Deferred tax income (expense) on:

Net actuarial losses	(P 30,808,854)
Unrealized fair value gains on financial assets at FVOCI	<u>3,705,249</u>

Net deferred tax income (expense)	<u>(P 27,103,605)</u>
-----------------------------------	------------------------

The Company is subject to MCIT, which is computed at 1% of gross income, as defined under tax regulations or RCIT, whichever is higher. In 2022, 2021 and 2020, the Company claimed itemized deductions in computing for its income tax due.

In 2021 and in prior years, the Company has not recognized deferred tax assets on certain temporary differences, NOLCO and other tax credits since management believes that the future income tax benefits will not be realized within the availment period, as defined under the tax regulations.

Presented below are the details of the Company's remaining NOLCO, which can be claimed as deductions from taxable income within three to five years from the year the tax loss is incurred. Specifically, NOLCO incurred in 2021 and 2020 can be claimed as a deductions from the gross income until 2025 and 2026, respectively in accordance with the R.A. No. 11494, *Bayanihan to Recover as One Act*. In 2022, the NOLCO period is reverted back to within three years from the year the tax loss was incurred.

<u>Year Incurred</u>	<u>Original Amount</u>	<u>Applied Amount</u>	<u>Expired Amount</u>	<u>Remaining Amount</u>	<u>Valid Until</u>
2022	P 14,918,441	P -	P -	P 14,918,441	2025
2021	14,910,709	-	-	14,910,709	2026
2020	<u>172,289,847</u>	<u>-</u>	<u>-</u>	<u>172,289,847</u>	2025
	<u>P 202,118,997</u>	<u>P -</u>	<u>P -</u>	<u>P 202,118,997</u>	

Presented below are the details of the Company's remaining MCIT for the years 2022, 2021 and 2020.

<u>Year Incurred</u>	<u>Original Amount</u>	<u>Applied Amount</u>	<u>Expired Amount</u>	<u>Remaining Amount</u>	<u>Valid Until</u>
2022	P 9,547	P -	P -	P 9,547	2025
2021	20,690	-	-	20,690	2024
2020	<u>17,027,786</u>	<u>-</u>	<u>-</u>	<u>17,027,786</u>	2023
	<u>P 17,058,023</u>	<u>P -</u>	<u>P -</u>	<u>P 17,058,023</u>	

15.3 Supplementary Information Required Under Revenue Regulation (RR) No. 15-2010

The Bureau of Internal Revenue (BIR) issued RR No. 15-2010 which required certain supplementary information to be disclosed as part of the notes to financial statements. The supplementary information is, however, not a required part of the basic financial statements prepared in accordance with PFRS; it is neither a required disclosure under the SEC rules and regulations covering the form and content of financial statements under the Revised Securities Regulation Code Rule 68.

The Company presented this tax information required by the BIR as a supplementary schedule filed separately from the basic financial statements.

16. EARNINGS PER SHARE

Basic earnings per share were computed as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net profit from:			
continuing operations	P 69,263,216	P 43,541,418	P 5,816,020
discontinued operations	<u>-</u>	<u>-</u>	<u>246,633,463</u>
Net profit	69,263,216	43,541,418	252,449,483
Divided by the weighted average number of outstanding common shares – net*	<u>2,162,475,312</u>	<u>2,162,475,312</u>	<u>2,162,475,312</u>
Basic earnings per share	<u>P 0.03</u>	<u>P 0.02</u>	<u>P 0.12</u>

* net of treasury shares

There were no outstanding dilutive potential common shares as of December 31, 2022 and 2021.

17. CONTINGENT LIABILITIES AND COMMITMENTS

In the ordinary course of business, the Company incurs contingent liabilities and commitments arising from normal business transactions which are not reflected in the accompanying financial statements. As of December 31, 2022, management does not anticipate significant losses from these contingencies and commitments that would adversely affect the Company's financial position and results of operations.

18. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

All of the Company's assets and liabilities as of December 31, 2022 and 2021 have contractual maturity and settlement dates of within one year.

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

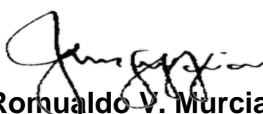
Punongbayan & Araullo
20th Floor, Tower 1
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6766 Ayala Avenue
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Philippines

T +63 2 8988 2288

The Board of Directors and the Stockholders
Dominion Holdings, Inc.
(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)
39th Floor, BDO Corporate Center Ortigas
12 ADB Avenue, Ortigas Center
Mandaluyong City

We have audited the financial statements of Dominion Holdings, Inc. for the year ended December 31, 2022, on which we have rendered our report thereon dated February 22, 2023. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Company's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO


By: Romualdo V. Murcia III

Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 9566639, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 95626-SEC (until financial period 2026)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-022-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 22, 2023

Dominion Holdings, Inc.
(Formerly: BDO Leasing and Finance, Inc.)
SEC Supplementary Schedules
December 31, 2022

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Other Required Information

Reconciliation of Company Retained Earnings for Dividend Declaration

Map Showing the Relationship Between the Company and its Related Parties

Schedule of Financial Soundness Indicators

1 Under SEC Rule 68.1, public companies are required to submit only the schedules that are relevant to the company considering the specific requirements for each schedule.

2 Indicate N/A if the schedule is not applicable. For purposes of this Illustrative FS, schedules marked N/A are also presented at the end of this Appendix to provide engagement teams with the templates for the said schedules (see pages 17, 20 & 21).

DOMINION HOLDINGS, INC.
(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)
 Schedule A - Financial Assets
 December 31, 2022
(Amount in Philippine Pesos)

<i>Name of issuing entity and association of each issue</i>	<i>Number of Shares</i>	<i>Principal amount of bonds or notes</i>	<i>Amount shown on the balance sheet (ii)</i>	<i>Valued based on the market quotation at balance sheet date (iii)</i>	<i>Income received and accrued (should tally with AIR)</i>
---	-------------------------	---	---	---	--

- nothing to report -

DOMINION HOLDINGS, INC.
(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2022
(Amount in Philippine Pesos)

<i>Name and designation of debtor</i>	<i>Type of Loan</i>	<i>Balance at beginning of period</i>	<i>Additions</i>	<i>Deductions</i>		<i>Ending Balance</i>		<i>Balance at end of period</i>
				<i>Amounts collected</i>	<i>Amounts written off</i>	<i>Current</i>	<i>Not current</i>	

- nothing to report -

DOMINION HOLDINGS, INC.
(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)

Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

December 31, 2022

(Amount in Philippine Pesos)

Deductions							
Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written off (ii)	Current	Non-current	Balance at end of period

- nothing to report -

DOMINION HOLDINGS, INC.
(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)
Schedule D - Long-Term Debt
December 31, 2022
(Amount in Philippine Pesos)

<i>Title of issue and type of obligation</i>	<i>Amount authorized by indenture</i>	<i>Amount shown under caption "Current portion of long-term debt" in related balance sheet</i>	<i>Amount shown under caption "Long-Term Debt" in related balance sheet</i>	<i>Interest Rate</i>	<i>Maturity Date</i>
--	---------------------------------------	--	---	----------------------	----------------------

- nothing to report -

DOMINION HOLDINGS, INC.
(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)
Schedule E - Indebtedness to Related Parties
December 31, 2022
(Amount in Philippine Pesos)

<i>Name of related party</i>	<i>Balance at beginning of period</i>	<i>Balance at end of period</i>
------------------------------	---------------------------------------	---------------------------------

- nothing to report -

DOMINION HOLDINGS, INC.
(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2022
(Amount in Philippine Pesos)

<i>Name of issuing entity of securities guaranteed by the company for which this statement is filed</i>	<i>Title of issue of each class of securities guaranteed</i>	<i>Total amount guaranteed and outstanding</i>	<i>Amount owned by person for which statement is filed</i>	<i>Nature of guarantee</i>
---	--	--	--	----------------------------

- nothing to report -

DOMINION HOLDINGS, INC.
(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)
Schedule G - Capital Stock ⁽¹⁾
December 31, 2022
(Amount in Philippine Pesos)

<i>Title of Issue</i> ⁽²⁾	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related balance sheet caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Number of shares held by</i>		
				<i>Related parties</i> ⁽³⁾	<i>Directors, officers and employees</i>	<i>Others</i>
Preferred Shares	200,000	-	-	-	-	-
Common shares	3,400,000,000	2,162,475,312		1,914,711,807	1,750	247,761,755
BDO Unibank Inc.				1,914,711,807		
BDO Capital & Investment						

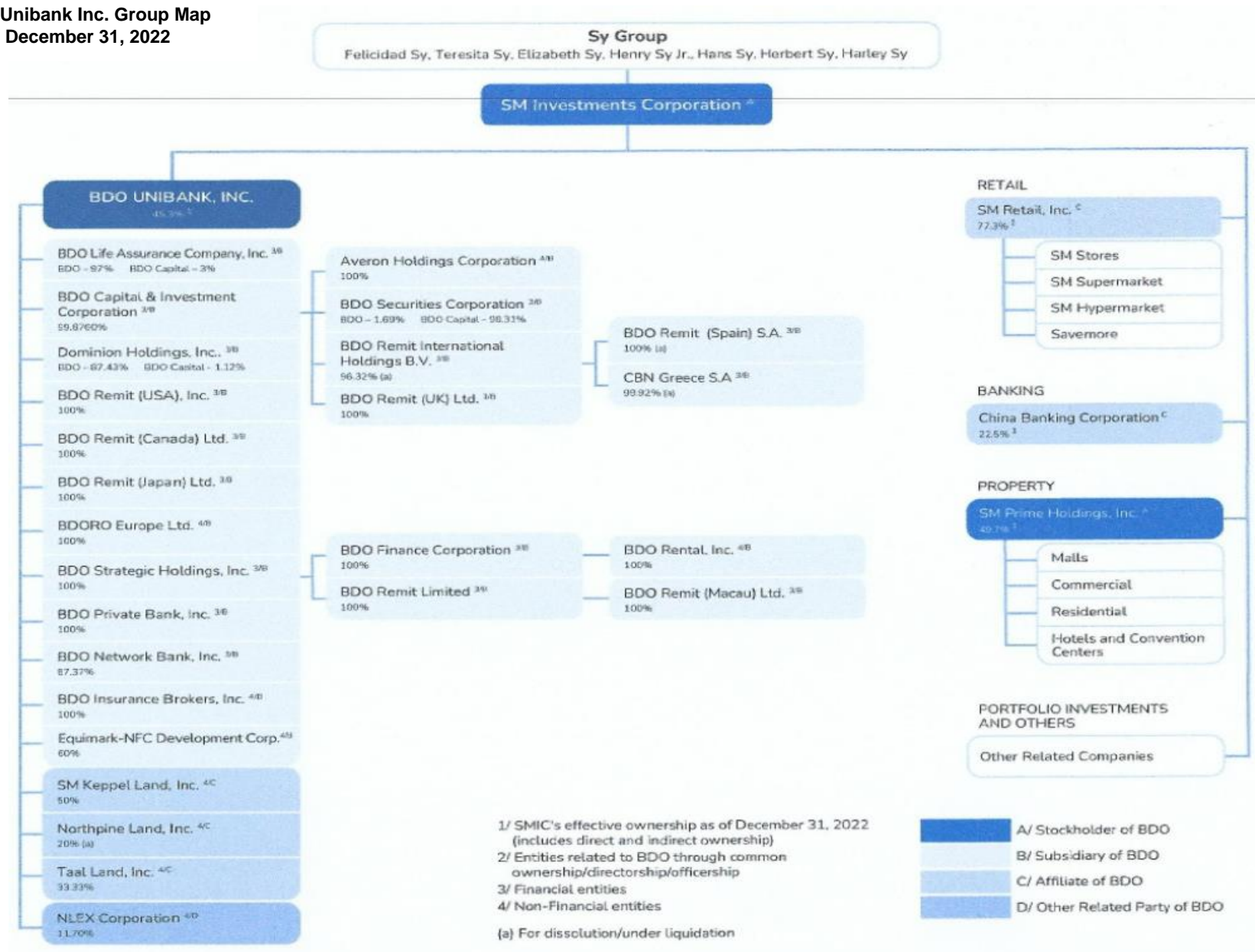
*Determination of number of shares and outstanding

Number of shares issued	2,225,169,030
Less shares held in treasury	<u>62,693,718</u>
	<u>2,162,475,312</u>

Dominion Holdings, Inc.
(Formerly: *BDO Leasing and Finance, Inc.*)
Ortigas Center, Mandaluyong City
Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2022

Unappropriated Retained Earnings Available for Dividend declaration at beginning of Year	P	3,297,644,184
Net Profit Per Audited Financial Statements		69,263,216
Treasury Shares	(<u>81,776,628</u>)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	<u>P</u>	<u>3,285,130,772</u>

BDO Unibank Inc. Group Map
As of December 31, 2022



Report of Independent Auditors on Components of Financial Soundness Indicators

**The Board of Directors and the Stockholders
Dominion Holdings, Inc.**

**(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)**

39th Floor, BDO Corporate Center Ortigas
12 ADB Avenue, Ortigas Center
Mandaluyong City


Punongbayan & Araullo

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

T +63 2 8988 2288

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Dominion Holdings, Inc., for the year ended December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, on which we have rendered our report thereon dated February 22, 2023. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO



By: Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 9566639, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 95626-SEC (until financial period 2026)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-022-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 22, 2023

Dominion Holdings, Inc.
(Formerly: BDO Leasing and Finance, Inc.)
Financial Ratios
December 31, 2022 and 2021
(Amounts Philippine Pesos)

	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
I. Current/liquidity ratios				
Current ratio				
<u>Total current assets</u>	<u>6,097,501,876</u>	<u>6,020,289,885</u>	378.58	738.00
Total current liabilities	16,106,398	8,157,623		
Acid Test Ratio				
<u>Quick assets</u>	<u>6,097,501,876</u>	<u>6,020,289,885</u>	378.58	738.00
Total current liabilities	16,106,398	8,157,623		
II. Solvency ratios; debt-to-equity ratios				
Solvency ratio				
<u>(After tax net profit + Depreciation)</u>	<u>69,263,216</u>	<u>43,541,418</u>	4.30	5.34
Total liabilities	16,106,398	8,157,623		
Debt-to-equity ratio				
<u>Total liabilities</u>	<u>16,106,398</u>	<u>8,157,623</u>	0.00	0.00
Total equity	6,081,395,478	6,012,132,262		
III. Asset-to-equity ratio				
Asset-to-equity ratio				
<u>Total assets</u>	<u>6,097,501,876</u>	<u>6,020,289,885</u>	1.00	1.00
Total equity	6,081,395,478	6,012,132,262		
IV. Interest coverage ratio				
Interest coverage ratio				
<u>Earnings before interest and taxes</u>	<u>98,055,556</u>	<u>37,841,490</u>	27.2	-
Interest expense	3,608,580	-		
V. Profitability ratios				
Net profit margin				
<u>Net Profit</u>	<u>69,263,216</u>	<u>43,541,418</u>	54.61%	76.26%
Interest income + Other operating income	126,825,714	57,097,104		
Return on equity				
<u>Net profit</u>	<u>69,263,216</u>	<u>43,541,418</u>	1.15%	0.73%
Average equity	6,046,763,870	5,990,361,553		
Return on assets				
<u>Net profit</u>	<u>69,263,216</u>	<u>43,541,418</u>	1.14%	0.72%
Average assets	6,058,895,881	6,008,192,740		

VI. Others

Total real estate investments to Assets

<u>Total investment properties</u>	-	-	0.00%	0.00%
Total assets	6,097,501,876	6,020,289,885		

Loans to Assets

<u>Total loans and other receivables</u>	-	-	0.00%	0.00%
Total assets	6,097,501,876	6,008,192,740		

DOSRI to Net worth

Receivables from Directors, Officers, <u>Stakeholders and Related Interests</u>	-	-	0.00%	0.00%
Total equity	6,081,395,478	6,012,132,262		

Amount of receivable from a single corporation to
Total receivables

<u>Loan to a single corporation</u>	-	-	0.00%	0.00%
Total loans and other receivables	-	-		

Annex A: 2022 BDO Sustainability Report

Contextual Information

Company Details	
Name of Organization	BDO Unibank, Inc.
Location of Headquarters	BDO Corporate Center 7899 Makati Avenue Makati City 0726 Philippines
Location of Operations	Nationwide and Abroad
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	<p>This report is BDO Unibank Inc.'s fifth Sustainability Report outlining the BDO Group's economic, environmental, social, and governance performance from January to December 2022. This report covers the sustainability efforts of BDO Unibank and its subsidiaries and affiliates, including Dominion Holdings, Inc. (formerly BDO Leasing and Finance, Inc.); BDO Network Bank, Inc., BDO Private Bank, BDO Life, and BDO Insure.</p> <p>This report should be read in tandem with the 2022 Annual Reports as well as the expanded disclosures found on the BDO website's Sustainability page.</p>
Business Model, including Primary Activities, Brands, Products, and Services	Financial Services
Reporting Period	January – December 2022
Highest Ranking Person responsible for this report	Federico P. Tancongo, SVP & Chief Compliance Officer

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.¹

ESG Materiality Matrix

BDO's Materiality identified ESG topics using the Global Reporting Initiative (GRI) standards, the Sustainability Accounting Standards Boards (SASB) framework, and the Task Force for Climate-related Financial Disclosures recommendations, as well as topics reported on by BDO's peers. S&P Global designed a bespoke stakeholder survey for BDO's internal and external stakeholder groups to rate the importance of identified material topics to the Bank's ESG impact on stakeholders, and identify ESG factors that affect the Bank. This enhanced stakeholder group engagement for materiality assessment aims to better prepare BDO to anticipate and mitigate emerging risks to the Bank and to its stakeholders. The resulting matrix shows the intersection of ESG topics most important to both, as ranked by stakeholders in the Philippines and overseas. In 2022, BDO reviewed each material topic and incorporated it in our policies and programs for the bank. Our performance on these material issues are discussed in this report.



¹ See [GRI 102-46](#) (2016) for more guidance.

Materiality Topic	Definition	Topic Boundary
Data security	How BDO safeguards the privacy and security of financial data against emerging cybersecurity threats and technologies	Within BDO and with regulatory and customers
Employee Health & Safety	How BDO created and maintains a safe and healthy workplace environment free of injuries, fatalities, and illness	Within BDO and with employees
Customer Privacy	How BDO manages risks related to the use of personally identifiable information and other customer or user data	Within BDO and with regulators and customer
Customer Welfare	How BDO manages customer relations to cover customer satisfaction, customer experience, and welfare protection	Within BDO and with customers
Systemic Risk Management	How well BDO is positioned to absorb shocks arising from financial and economic stress and meet stricter regulatory requirements	Within BDO and with regulators
Business Ethics	How BDO operated on principles of accountability, transparency, integrity, and fairness	Within BDO
Labor Practice	How BDO upholds commonly accepted labor standards in the workplace, in compliance with labor laws and internationally accepted norms and standards	Within BDO and with key government agencies and employees
Diversity & Inclusion	How BDO ensures that its culture and hiring and promotion practices build a diverse and inclusive workplace that reflects its talent pool and customer base	Within BDO and with employees
Access & Affordability	How BDO promotes and practices the financial inclusion of the unbanked, underbanked, or underserved, complemented with financial literacy to ensure that customers make informed financial decisions	Within BDO and with regulators and customers
Physical Impact of Climate Change	How BDO incorporates climate change into lending analysis and risk mitigation in its mortgage finance and insurance businesses in order to protect shareholder value	Within BDO and with regulatory
Financing Sustainable Development	How BDO supports sustainable financing, including financing renewable energy and green facilities, and/or sustainable development for positive social impact	Within BDO and with partners and customers
Selling Practices and Product Labelling	How BDO manages its practices in consumer finance selling, mortgage finance lending, and insurance products sales and marketing	Within BDO and with customers
Management of Legal and Regulatory Environment	How BDO engaged with regulators and complies with legal requirements	Within BDO and with regulators
Direct Economic Value Generated	How BDO delivers on sustainable return to its shareholders, and attains consistent market growth. In support of national economic development	Within BDO and with key stakeholders
Executive Responsibility in ESG	How BDO's sustainability governance structure oversees and manages ESG material topics at the Board and senior executive levels	Within BDO and with key stakeholders
Human Rights and Community Relations	How BDO manages its direct and indirect impact on human rights in its operations, including its socio-economic community impact and engagement	Within BDO and with community partners and beneficiaries
Product Design and Lifecycle Management	How BDO incorporates environmental, social, and governance factors into lending process	Within BDO and with regulators and customers
Supply Chain Management	How BDO managed environmental, social, and governance risks within its supply chain	Within BDO and with suppliers
Waste Management	How BDO manages the hazardous and non-hazardous waste generated by its operations	Within BDO and with key government agencies
Water and Wastewater	How BDO manages the impact of its operations on water resources	Within BDO and with key government agencies
Energy Management	How BDO managed its environmental impact associated with energy consumption	Within BDO
GHG Emissions	How BDO manages its direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions from lending and financial intermediary activities (Scope 3)	Within BDO and with key stakeholders

STAKEHOLDER ENGAGEMENT

Stakeholder Group	Relevance	Channels of Engagement	Relevant Topics	Our Commitment
Shareholder or Investor	<ul style="list-style-type: none"> Providers of resources essential to BDO's goal to deliver results, enhanced economic returns, and shared value 	<ul style="list-style-type: none"> Annual Stockholders' Meeting Investor meetings 	<ul style="list-style-type: none"> Access and Affordability Systemic Risk Management 	<ul style="list-style-type: none"> Continue to promote the financial inclusion and financial literacy of the unbanked, underbanked, or underserved Enhance embedded environmental and social criteria in credit risk and operational risk systems
Employee	<ul style="list-style-type: none"> Proponent of BDO's vision, mission, and objectives 	<ul style="list-style-type: none"> Face-to-face meetings Annual performance appraisals 	<ul style="list-style-type: none"> Employee Health & Safety Customer Welfare 	<ul style="list-style-type: none"> Prioritize occupational health and safety at all times Provide timely feedback to customer concerns
Customer or Client	<ul style="list-style-type: none"> Patrons of BDO's products and services 	<ul style="list-style-type: none"> Customer touchpoints Regular visits and briefings 	<ul style="list-style-type: none"> Customer Privacy Data Security Greenhouse Gas Emissions 	<ul style="list-style-type: none"> Provide guardrails to manage risks related to customer or user data Safeguard the privacy and security of financial data against emerging cybersecurity threats and technologies Disclose our Scope 1, 2 and 3 emissions
Creditor	<ul style="list-style-type: none"> Source of assets that support BDO's business 	<ul style="list-style-type: none"> Regular correspondence and updates 	<ul style="list-style-type: none"> Business Ethics Financing Sustainable Development 	<ul style="list-style-type: none"> Meet our contractual obligations Continue to support sustainable financing and sustainable development
Service Provider or Supplier	<ul style="list-style-type: none"> Suppliers and service providers vital to BDO 	<ul style="list-style-type: none"> Vendor accreditation process Regular correspondence 	<ul style="list-style-type: none"> Business Ethics Supply Chain Management 	<ul style="list-style-type: none"> Continue to operate on principles of accountability, transparency, integrity, and fairness Manage ESG risks within our supply chain, in partnership with suppliers
Regulator or Policy Maker	<ul style="list-style-type: none"> Driver of regulations and policies that aid BDO in achieving its goals 	<ul style="list-style-type: none"> Formal and informal correspondence Regular audit 	<ul style="list-style-type: none"> Data Security Access and Affordability Business Ethics 	<ul style="list-style-type: none"> Safeguard the privacy and security of financial data against emerging cybersecurity threats and technologies Continue to promote the financial inclusion and financial literacy of the unbanked, underbanked, or underserved Continue to operate on principles of accountability, transparency, integrity, and fairness
Community Beneficiary	<ul style="list-style-type: none"> Partners in community development and local economic growth 	<ul style="list-style-type: none"> Community engagement dialogues Meetings for program implementation 	<ul style="list-style-type: none"> Customer Privacy Human Rights and Community Relations 	<ul style="list-style-type: none"> Provide guardrails to manage risks related to customer or user data Protect human rights in our operations, including our socio-economic community impact and engagement
Analyst or Research Organization and Media	<ul style="list-style-type: none"> Partners in accurate reporting, upholding transparency and integrity 	<ul style="list-style-type: none"> Analysts' briefings Media events 	<ul style="list-style-type: none"> Financing Sustainable Development Physical Impacts of Climate Change 	<ul style="list-style-type: none"> Continue to support sustainable financing and sustainable development Incorporate climate change into lending analysis and risk mitigation in our businesses to protect shareholder value

ECONOMIC

Economic Performance

BDO has reinforced its position as the country's premier full-service bank capable of serving every Filipino's banking needs over the years. The Bank continues to pursue focused expansion through new

branches mainly in provincial areas, supplemented by Automated Teller Machines (ATMs), digital channels and agency banking, as well as increased market coverage of the unbanked and underserved segments of the population to broaden financial inclusion.

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	212 billion	PhP
Direct economic value distributed:		
a. Operating costs	36%	% of economic value generated
b. Employee wages and benefits	21%	% of economic value generated
c. Payments to suppliers, other operating costs	8%	% of economic value generated
d. Dividends given to stockholders and interest payments to loan providers	-	% of economic value generated
e. Taxes given to government	13%	% of economic value generated
f. Investments to community (e.g. donations, CSR)	0.04%	% of economic value generated

Increased economic activities following the easing in mobility restrictions and economic reopening allowed the Bank to post a 16% increase in direct economic values generated to P212 billion, with direct economic value expanding by 11% on a five-year CAGR basis up to 2022 notwithstanding the negative impact of the pandemic on Bank operations in 2020.

Of the total direct economic value generated, 78% or P165 billion went to direct economic value distributed, a 14% increase over the previous year's level. Wages and benefits increased 6% to P44 billion, representing 21% of total economic value distributed, benefitting more than 39,000 BDO employees and helping create multiplier impact on domestic demand/consumption. Meanwhile, other operating expenses rose by 9% to P75 billion.

The Bank's total tax payments reached more than P27 billion, representing its contribution to government efforts to improve tax revenues and boost economic activity. In addition, the Bank's community investments amounted to P93 million as BDO actively carried out its corporate social responsibility through BDO Foundation, by providing relief, funding rehabilitation, and helping advance the recovery of disaster-stricken communities in the country

Climate-related risks and opportunities²

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities	Disclose the actual and potential impacts ³ of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	Disclose how the organization identifies, assesses, and manages climate-related risks	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material
Recommended Disclosures			
a) Describe the board's oversight of climate-related risks and opportunities	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	a) Describe the organization's processes for identifying and assessing climate-related risks	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process
b) Describe management's role in assessing and managing climate-related risks and opportunities	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	b) Describe the organization's processes for managing climate-related risks	b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	

BDO's commitment to sustainability is fostered at the Board level, role modeled by senior executive leaders, executed by the business units and subsidiaries, and brought to life by BDO employees.

Oversight for sustainability initiatives, including climate change risks, reside in four BDO Board Committees, aligned to their key responsibilities. The Executive Committee approves all sustainability programs across the BDO Group and their corresponding budgets for implementation. The Corporate Governance Committee oversees sustainability initiatives related to the following: culture change towards

² Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

³ For this disclosure, impact refers to the impact of climate-related issues on the company.

a sustainability mindset for the organization; stakeholder communication; progress reporting on programs, metrics, and targets; and sustainability reporting. The Risk Management Committee oversees environmental, social, and governance risks in the Bank's risk management system. The Board Audit Committee oversees internal audit reporting on sustainability programs and sustainability reporting, as well as compliance testing against regulatory mandates on sustainability. Across these four Board Committees, all Board Directors are effectively engaged in various capacities and according to their expertise, in driving the Bank's sustainability framework across corporate governance, risk management, strategy, and operations.

The President and CEO provides high level strategic direction on sustainability — from the articulation of the BDO Sustainability Strategies to key focus areas where the Bank has the most ESG impact. The CEO also approves the Bank's strategic external partnerships and commitments on sustainability on global, regional, and local levels. He is supported by the Sustainability Transition Steering Committee which oversees the Bank's policy formulations, programs review, and recommendations from the Sustainability Technical Working Groups, as the Bank transitions into a sustainable finance framework. The Steering Committee is composed of heads of business groups, support groups, and the BDO Foundation, whose work cover corporate governance, risk management, business strategy, operations, and corporate social responsibility. The Steering Committee meets on a quarterly basis, and as needed.

Acting as Convenor for the Steering Committee is the Sustainability Office, which oversees and implements the Bank's Sustainable Finance Framework transition plan through the Technical Working Groups. The Sustainability Office also reports to the Corporate Governance Committee, drives the day-to-day implementation of sustainability initiatives, manages ESG due diligence, produces the annual Sustainability Report, and represents BDO in external forums.

The Technical Working Groups are assigned a key Focus Area where BDO has the greatest ESG impact and tasked to review and enhance related policies to embed environmental and social impact principles and criteria, articulate practice into policy, and recommend and implement sustainability programs for the Bank. The Technical Working Groups are composed of representatives from business groups, support groups, and subsidiaries who are chosen for their expertise and experience in their respective fields.



Managing Climate Change and other Environmental and Social Risks and Opportunities

BDO recognizes that climate change brought about by accelerated economic growth and globalization is a planetary issue that requires an urgent global, coordinated response. To this end, BDO supports the landmark 2015 Paris Agreement between the world's governments that commits to the common goal of limiting global temperature increase to well below 2 degrees Celsius, while pursuing efforts to limit the increase to 1.5 degrees. BDO also supports the Philippines' nationally determined contribution to the Paris Accord to reduce its greenhouse gas (GHG) emissions within the coming years leading up to 2030.

BDO recognizes that increased carbon emissions result in heightened environmental and social risks — in particular, transition risks and physical risks than can directly impact the Bank's financial value chain. At the same time, the Bank is keen to support opportunities from the transition, from products and services to partnerships and projects related to environmental responsibility and social equity that aligns with its sustainability strategies.

The Bank recognizes that it plays a critical role in the Philippines towards contributing to a global low carbon economy pathway primarily through utilizing its financial resources, extensive operations and network, and access to millions of Filipinos worldwide.

Managing our Environmental, Social, and Governance Impact

Over the years, the Bank has adhered to sustainable finance practices that long incorporated Environmental, Social, and Governance (ESG) criteria in a way that it conducts business as an organization and as a bank committed to sustainability. From a risk perspective, the Bank has abided by its Social and Environmental Management System (SEMS) Policy that risk-categorizes all corporate and commercial borrowing accounts according to their social and environmental impact since 2010. The Bank's SEMS was co-developed with the International Finance Corporation (IFC) and based on IFC's ESG standards. SEMS categorizes ESG risks as High, Medium, and Low, based on type (sector/industry), location (proximity to environmentally and socially sensitive areas), sensitivity (potential impact whether irreversible/reversible), and extent of environmental/social issues. The Bank's SEMS policy prohibits financing of any activity engaged in the following:

- production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international bans,
- production or trade in weapons and munitions, gambling, online gaming and equivalent enterprises,
- any business related to pornography and/or prostitution,
- production or activities involving harmful or exploitative forms of forced labor/harmful child labor,
- commercial logging operations in primary tropical moist forest,
- production or trade in wood or other forestry products other than from sustainably managed forests, among others.

This early integration of ESG risks in the lending practice shows the Bank's adoption of sustainability in its business operations to achieve stability and resilience in the financial value chain. It also antedates any global, regional or local regulations or incentives for sustainable finance from a risk perspective.

Environmental & Social Risk Management System (ESRMS)

Since the Bank's SEMS Policy only covers the Bank's lending operations, BDO has built on the SEMS Policy and developed it into a comprehensive Environmental & Social Risk Managements System (ESRMS) that will help identify, assess, and manage E&S risks associated with its lending, investments, and administrative operations. The ESRMS fully incorporates the Bank's policies and procedures and aligns with the Bank's risk appetite, which defines the nature and level of risk that BDO is willing to take in order to achieve its sustainability strategies. The BDO ESRMS continued to be under senior management review in 2022. It will be presented for Board approval in 2023 and disclosed in the BDO 2023 Sustainability Report.

Financing the Transition to Low Carbon

Long before sustainable finance became the byword and the regulatory mandate that it has become today, BDO has proactively sought to fund projects on renewable energy from solar, geothermal, wind, hydro, and biomass, along with energy efficiency projects and the country's first green buildings. Since 2010, the Bank has considered Sustainable Energy Finance as a priority sector in financing, in support of national economic development and energy security. Through the Sustainable Finance Desk of the Institutional Banking Group, BDO sought renewable energy projects and actively engaged with project proponents who bring their renewable energy projects to the Bank.

To further drive sustainable development for the country through sustainable finance, BDO publicly announced its approach to energy transition finance on September 8, 2022. Approved by the BDO Board of Directors on August 26, 2022, the BDO Energy Transition Finance Statement is the Bank's holistic and realistic approach on the energy transition that considers the Bank's economic, environmental, and social impact, anchored on good governance. BDO recognizes that the banking industry plays a critical role in the Philippines' committed transition to a low-carbon economy---a transition that will require providing access to affordable, reliable, sustainable, and clean energy.

BDO believes that the transition is a journey that requires adopting a balanced approach. This balanced approach must acknowledge the difficult trade-offs that need to be made along the way, between national economic development that depends on affordable and reliable energy, and the relentless pursuit of the broader goal of climate sustainability.

The landmark Paris Accord of 2015 was an agreement among the world's governments to the common goal of limiting global temperature increase to well below 2 degrees Celsius, while pursuing efforts to limit the increase to 1.5 degrees. This includes the goal that all coal-fired power plants must be closed by 2030 in Organization for Economic Cooperation and Development (OECD) and European Union (EU) countries, and by 2040 elsewhere. In this context, BDO reiterated its support of the Paris Agreement of 2015 and the Philippines' Nationally Determined Contribution (NDC) and declared its approach to energy transition finance.

Coal-Related Financing and Divestment

BDO has ceased lending to new coal-fired power plant capacity since 2019. BDO recognizes that as the largest bank in the country, it has a responsibility to publicly articulate its commitments to its stakeholders and disclose actions that the Bank has taken towards coal divestment in its loan portfolio. The Bank ceased lending to new coal-fired power plant capacity a year before the government issued a moratorium on new coal fired power plant applications.

BDO commits to reduce its coal exposure by 50% by 2033, while ensuring that its coal exposure does not exceed 2% of its total loan portfolio by 2033. BDO defines new coal exposure as exposure to new capacity, while coal exposure refers to the term loans that will naturally run their course in 2033, and does not include short-term working capital that companies will need to transition out of the coal business.

Ultimately, BDO does not intend to finance any new capacity that will increase harmful greenhouse gas (GhG) emissions in the environment. However, in a situation where the Philippine government implements provisional emergency measures to address an energy crisis, or to the extent that the country's energy resources can no longer meet its energy demand, BDO may reconsider extending capital for coal projects, in the interest of advancing the country's social goals.

BDO's clearly expressed its intentions in taking steps to lower greenhouse emissions, while also acknowledging what local energy experts and economists have been sharing in the past few years on energy security and how it may impact the economy and the people. The Bank anticipates that its position on energy security in general, and on coal-related financing in particular, will evolve along the way in response to the country's economic realities, taking into consideration government's energy-related

priorities and programs.

Funding Renewable Energy Alternatives

BDO's efforts are now focused on building on sustainable energy finance initiatives. BDO will continue to expand its Sustainable Finance initiatives towards funding new and existing renewable energy projects to increase their capacity, and contribute to the country's avoidance of GHG emissions. This is BDO's way of supporting the Philippines' ambitious goal for 75% reduction and avoidance of its greenhouse gas emissions by 2030.

Energy Transition Support to Affected Customers and Communities

BDO will support its customers' transition to reduced carbon emissions by providing access to capital so they may invest in innovative technologies that will lessen their greenhouse gas emissions, or adapt their business to renewable energy alternatives.

BDO will provide access to capital required by persons and businesses in communities negatively affected by the energy transition to low carbon emissions. The Bank views the social impact of the energy transition as equally important as the economic and environmental impacts. BDO is committed to provide access to capital to its customers so they can lower their emissions as they transition, and to communities that will be affected by the transition.

Climate-Related Disclosures and Transparency

BDO supports the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD). BDO will be transparent and accountable for its targets and commitments through signing up for the globally-recognized TCFD recommendations which are focused on reporting on climate change actions, risk mitigation, metrics, and targets.

While the statement covered coal financing and divestment in the loan portfolio, the Bank has applied the same approach and considerations in its investment portfolio, and expects to update its declarations as it continues to review its loan and investments portfolios.

The BDO Energy Transition Finance Statement is a landmark policy for the Bank in its sustainability journey, living up to its commitment to find ways in support of the country's transition to a low-carbon economy. To view the full BDO Energy Transition Finance statement, see <https://www.bdo.com.ph/bdo-energy-transition-financestatement> at www.bdo.com.ph.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	99.8	%
Percentage of local suppliers	96	%

The Bank follows a Manual on General Procurement Guidelines that establishes the policies on procurement of products and services and provides a framework of efficient, consistent, transparent and compliant purchasing practices across all Business Units (BU) of the Bank. BDO also has an online Vendor Accreditation System (VAS) that serves as the central storage facility of all Bank accredited vendors/suppliers, and contractors. The VAS provides real time status of vendor evaluation for accreditation, allows the upload of required documents for vendor accreditation, and generates reports for

monitoring and reference. The Bank works with its suppliers to generate awareness and understanding of sustainability principles to help identify and mitigate the supply chain's environmental and social impact. The Bank also aims to find ways to build its supply chain's resilience to both natural and man-made disasters brought about by climate change.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	Not available	
Percentage of directors and management that have received anti-corruption training	Not available	
Percentage of employees that have received anti-corruption training	100	%

BDO offers customized face-to-face AML training to frontliners and relationship managers in order to communicate significant policies, new laws, and regulations. All bank employees are required to complete e-learning courses with exams after completing training every two years.

The training includes identification and reporting of transactions that must be reported to government authorities, examples of different types of money laundering involving the FI's products and services, and internal policies to prevent money laundering for employees who are relevant to reporting.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption (internal fraud)	4	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

The Bank has zero tolerance for the solicitation and acceptance, directly or indirectly, of any gift (including entertainment services or activities), gratuity, commission or any form of payment from clients, business partners, suppliers and third-party service providers in connection to a service that may, in any way, influence the Director's, Officer's or employee's decision-making in exchange for any unnecessary favorable treatment. Likewise, BDO commits to comply with anti-corruption and bribery laws in all jurisdictions it operates. In 2022, there were four (4) minor instances of cash abstraction (internal fraud) involving Bank employees who were then dismissed accordingly, consistent with the existing labor laws. The Bank undertook to file legal cases against these erring employees to demonstrate its zero tolerance policy on fraud. Also in the same year, no public legal cases involving bribery and corruption were brought against BDO and its employees.

BDO prohibits making any political donations to prevent any attempt to encourage favorable treatment of BDO and/or its directors and employees. The Bank reaffirms that it adheres to the no political contributions policy.

BDO is not involved in any anti-competitive behavior and has no violations of existing anti-trust and monopoly laws. No legal actions, pending or completed, pertaining to anti-competitive and anti-trust behavior were filed against the Bank.

ENVIRONMENT

Resource Management and Environmental impact management

Energy consumption within the organization

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	kWh
Energy consumption (gasoline)	21,344	liters
Energy consumption (LPG)	12,434	liters
Energy consumption (diesel)	131,119	liters
Energy consumption (electricity, non-renewable)	96,620	MWh
Energy consumption (electricity, renewable)	3,703	MWh

Air Emissions

Air pollutants

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	497	Tonnes CO ₂
	0.057	Tonnes MH ₄
	0.003	Tonnes N ₂ O
	500	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	71,488	Tonnes CO ₂ e

In 2022, overall electricity consumption for BDO offices decreased due to the decommissioning of the BDO South Tower in Makati City. In the previous year, BDO South Tower was the third facility with the highest electricity consumption at 6,167MW. On the other hand, BDO established 108 new branches and offices in 2022, mostly in the BDO Network Bank format, to increase its consolidated domestic branch network to 1,652, still the largest banking network in the country. While new branches account for higher consumption, branches also rolled-out the Digitization of Customer Records (DIGICUR) initiative, a regulatory requirement from the Anti-Money Laundering Council Regulatory Issuance (ARI) A, B, and C No. 2 series of 2018. The Guidelines on Digitization of Customer Records released in 2018 require banks to store digitized records of their customers in their own central database. To complete the roll-out, work hours were extended for branch personnel, even occasionally on weekends and/or holidays.

The Bank's Technical Working Group (TWG) on Energy Management performed an audit of Bank offices and branches to determine a consumption baseline and establish consumption patterns across the largest branches and across regional locations. This will aid the TWG in identifying gaps, and determining a comprehensive energy management plan, and energy efficiency programs in 2023.

Diesel consumption is driven by generators in each of the Bank's 1,652 branches as emergency power source to ensure that power supply remains ready and reliable. In order to avoid downtime, generators that run on diesel are regularly run and tested as part of preventive maintenance. On the other hand, LPG consumption comes from cafeteria services provided by food concessionaires at selected office buildings.

Even as employees fully returned to work in 2020, cafeteria services only resumed in full in 2022, compared to limited services the previous year. The Energy Management TWG will conduct an audit of all fuel consumption to continue to identify ways for fuel efficiency.

In Q3 2022, BDO kicked off its transition to renewable energy sources by shifting a portion of its energy sourcing from a new service provider for five of its largest buildings with the highest energy consumption. By yearend, 3,703 megawatt hours representing 3.7% of the Bank's energy consumption was sourced from renewables, mainly from a geothermal energy source. The partial transition to renewables was a

pilot initiative which the Bank will expand and scale to its other buildings in 2023. At the same time, BDO continued to pursue energy efficiency projects with the conversion of building equipment to more efficient technologies such as inverter technology for air-conditioning units and LED technology for lighting. As a practice, Procurement requires the use of more energy efficient bulbs and air-conditioning systems for new and renovated branches. The Bank still partially uses older equipment in consideration of its lifecycle.

In 2022, the Bank started to track the electricity and fuel consumption of its leased assets (buildings owned by BDO) to start reporting on its Scope 3.

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	0	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	0	GJ
Energy reduction (electricity)	0	GJ
Energy reduction (gasoline)	0	GJ

Water consumption within the organization and Effluents

Disclosure	Quantity	Units
Water withdrawal	830.9	'000 Cubic meters
Water consumption	830.9	'000 Cubic meters
Water recycled and reused	65.1	'000 Cubic meters

Disclosure	Quantity	Units
Total volume of water discharges	371.3	'000 Cubic meters
Percent of wastewater recycled	7.8	% of water consumption

The Bank recycled 65.1 million liters of water in 2022, from BDO Corporate Center Ortigas, which has state-of-the-art rainwater and condensate harvesting facilities. This was an increase from 58.6 million liters the previous year. Some buildings now use waterless urinals to further save on water use. The Water Management TWG are looking into more water efficiency mechanisms for new and refurbished offices and branches in 2023.

BDO's water withdrawal and water discharge are both through third-party providers which source their water from freshwater sources. The Bank's buildings are equipped with septic tanks and sewer treatment facilities which processes wastewater prior to discharge. Some buildings are also connected to third-parties that collect and process wastewater prior to discharge to lakes or freshwater outlets. The Bank also makes use of third-party service providers for siphoning septic tanks annually.

Materials used by the organization, Solid and Hazardous Wastes

Reused and donated materials	Quantity	Unit (By volume)
Paper (for recycling by papermill)	1,149,660	kg
Reused workstations	2,834	sets of workstation
Recycled compactors (movable shelves)	168	bays
Computer sets donated through BDO Foundation	75	count of units/items

Not-IT furnitures, fixtures & equipment (Non-IT FFEs)	Quantity	Unit (By volume)
Non-IT furnitures, fixtures & equipment donated	135	count of units/items
Non-IT furnitures, fixtures & equipment refurbished/repaired and re-allocated (Unibank)	2,431	count of units/items
Non-IT furnitures, fixtures & equipment refurbished/repaired and re-allocated (Subsidiaries)	298	count of units/items

IT furnitures, fixtures & equipment (IT FFEs)	Quantity	Unit (By volume)
IT furnitures, fixtures & equipment re-allocated (Unibank)	1,736	count of units/items
IT furnitures, fixtures & equipment re-allocated (Subsidiaries)	189	count of units/items

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	320,927	kg
Reusable	0	kg
Recyclable	25,221	kg
Composted	0	kg
Incinerated	0	kg
Residuals/Landfilled	295,706	kg

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	Not available	kg
Total weight of hazardous waste transported	Not available	kg

The Bank's Waste Management Technical Working Group (TWG) conducted a waste audit across BDO group branches and facilities in 2022 and determined paper to be its top generated waste, followed in considerably lesser volumes by plastics and metals. The TWG created the Bank's Waste Management Program anchored on segregation at source and a "Reduce, Reuse, Recycle" strategy that was launched among a pilot group of four (4) sites, representing different types and sizes of BDO branches and offices across the regions of Luzon, Visayas, and Mindanao.

The BDO Waste Busterrr waste segregation campaign was launched in Q4 2022, aimed at educating employees on the impact of segregating at source and engaging them to be Waste Busterrr champions for BDO. Through multimedia communication channels, employees were able to share their tips on how they reduce, reuse and recycle waste at work and at home. The TWG worked with the Marketing Communications Group to produce three e-learning videos on the rationale for waste management, waste segregation best practices, and employees' role in building a culture of sustainability that commits to reducing greenhouse gas emissions. The videos were made mandatory trainings for all employees located at the pilot buildings and branches to encourage behavior change.

At the same time, waste bins for biodegradable, non-biodegradable and recyclable items were provided in pantry areas for bigger offices, and in common areas for the smaller branches. BDO also invested in the construction of Materials Recovery Facilities (MRF) at the pilot buildings, where the waste collected from different office floors are sorted. Hazardous wastes are kept safe in a storage area for hauling by third-party vendors accredited by the Department of Environment and Natural Resources. Collection of waste, waste-related data, and waste monitoring and tracking were implemented by engineers, technicians, housekeeping, security, and a third-party recycler at the pilot sites. Third-party vendors recycle the paper, issue certificates on the amount recycled, and plant trees on behalf of the Bank, in exchange for the collected waste. Third-party vendors convert carton and paper waste to bond papers or seed papers,

while plastic and other packaging waste are converted to different types of products such as clothes hangers, pallets, furniture, trash bins, trays, among others.

A related initiative is BDO's participation in The X-Trash Challenge, a waste management competition among Philippine companies sponsored by the Philippine Business for Social Progress (PBSP) and Basic Environmental Services Technology (BEST) to reduce waste by collecting recyclable paper, plastic, and metal wastes. BDO competed in 2021 and 2022, finishing second place in both years.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable	
Habitats protected or restored	0	ha
IUCN ⁴ Red List species and national conservation list species with habitats in areas affected by operations	0	

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	Confidential information	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	Confidential information	#
No. of cases resolved through dispute resolution mechanism	Confidential information	#

BDO received notice from the Department of Environment and Natural Resources (DENR), while in the process of exploring opportunities with DENR for process efficiencies, specifically relating to the assignment of Pollution Control Officers in its branches and facilities. BDO expects to reach an agreement with DENR to address this matter.

⁴ International Union for Conservation of Nature

SOCIAL

Employee Management

Sustainability is everyone's responsibility at BDO. The Bank aims to develop a "can lead" workforce with a sustainability mindset that BDO bankers can bring to work, at home, and wherever they find themselves in the world. BDO bankers strive to live the core values of Customer Focus, Out-of-the- Box Thinking, Right Attitude, and Excellent Execution with a sustainability perspective embedded in everything they do.

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁵	39,323	#
a. Number of female employees	29,487	#
b. Number of male employees	9,836	#
Attrition rate ⁶	1.2%	rate
Ratio of standard entry level wage compared to local minimum wage		
Male	1.18 : 1	Ratio
Female	1.17 : 1	Ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	Not available	Not available
PhilHealth	Y	Not available	Not available
Pag-ibig	Y	Not available	Not available
Parental leaves	Y	1.4%	0.1%
Vacation leaves	Y	95%	93%
Sick leaves	Y	88%	81%
Medical benefits (aside from PhilHealth)	Y	100%	100%
Housing assistance (aside from Pag-ibig)	Y	Not available	Not available
Retirement fund (aside from SSS)	Y	Not available	Not available
Further education support	Not available	Not available	Not available
Company stock options	Not available	Not available	Not available
Telecommuting	N	Not available	Not available
Flexible-working Hours	N	Not available	Not available
(Others)		Not available	Not available

The Bank ensures that employment practices and policies are in compliance with labor laws, regulations, and standards in countries where it operates. BDO seeks the best talents who are selected, engaged, compensated, and promoted, as the case may be, based on merit and performance.

⁵ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁶ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	1,016,861	hours
b. Male employees	261,278	hours
Average training hours provided to employees		
a. Female employees	34	hours/employee
b. Male employees	27	hours/employee

BDO offers a wide-range of trainings for its employees on business processes and operations, products and services, skills development, and soft skills. Among the mandatory courses for all employees are on the Code of Business Conduct and Ethics, Operational Risk Management, Anti-Money Laundering, Data Privacy Fundamentals, Business Continuity, and Social Media Awareness.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	45	%
Number of consultations conducted with employees concerning employee-related policies	Not available	#

The Bank's Collective Bargaining Agreement (CBA) is in effect for a period of 5 years, from November 2020 to October 2025. Forged at the height of the pandemic, the CBA was the result of peaceful negotiations that served the mutual interest of the Bank and its employees. The negotiating panel was equally represented by men and women from both Management and the Labor Union, with the common goal of strong industrial relations towards a sustainable organizational performance. In 2022, 45% of BDO employees were covered by the CBA.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	75	%
% of male workers in the workforce	25	%
Number of employees from indigenous communities and/or vulnerable sector*	Not available	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

BDO remains committed to promote a work environment that fosters diversity, equity, and inclusion, where everyone receives fair and equal treatment, equal rights and opportunities regardless of gender, ethnicity, race, age, religion, sexual orientation, and disability, and are valued for their unique contribution to BDO's success.

The Bank ensures that employment practices and policies are in compliance with labor laws, regulations, and standards in countries where it operates. BDO seeks the best talents who are selected, engaged, compensated, and promoted, as the case may be, based on merit and performance.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	44 million	Man-hours
No. of work-related injuries	96	Lost-time injury (hours)

No. of work-related fatalities	0	#
No. of work related ill-health	7,808	#
No. of safety drills	No data	#

Sustaining a safe work environment

In January, the Philippines reached its highest number of COVID-19 cases due to the highly contagious Omicron variant affecting thousands of households and organizations nationwide. In response, the Bank intensified its COVID-19 antigen testing with weekly and bi-monthly testing for frontliners and back office support, respectively. Enhanced contact tracing across the Bank was also implemented as a proactive response to mitigate transmission of infection among team members. The Bank continued to provide medical teleconsulting facility through COVID Care, extended additional sick leaves, and distributed health kits to boost employee immune systems. HR also partnered with business units and subsidiaries to employ risk mitigation strategies which included the following:

- vigilance in the adherence to established safety protocols, such as wearing of mask and physical distancing,
- temperature checking,
- dissemination of updated information on health protocols,
- minimizing floor occupant density,
- Split Operations where dual location of critical functions and various teams were strictly enforced to ensure business continuity and continuously create a safe work environment for all stakeholders of the Bank.

The Bank also continued its COVID-19 Vaccination Program with booster shots for its employees and household members in Metro Manila and provincial sites. By end of October 2022, 90% of local employees had received their booster shots. BDO's pandemic response reflects its commitment to healthy and safe working conditions for its employees. The Bank has written policies and procedures for occupational health and safety (OSH) which the bank strictly enforces through the safety officers. BDO has likewise instituted engineering and administrative controls to prevent accidents.

The Health and Safety Committee, composed of senior officers from different groups (Human Resources, Branch Banking Group, Consumer Banking Group, Security & Investigation Division, Premises and Facilities Management Department, and the employees' labor union), provides oversight and acts as the policy making body to address OSH concerns. The Committee meets regularly to evaluate how well the programs and system for promoting occupational health and management are working.

The Department of Labor and Employment, Bangko Sentral ng Pilipinas and Bureau of Fire Protection routinely audit the OSH programs of the Bank.

Risk assessment are properly documented for the different bank operations. The Safety Officers continuously inspected the workplace throughout the year to assess possible hazards. Security Officers are also trained to report hazards. To ensure timely reporting of incidents and hazards, communication channels were put in place for the Safety Officers and Security Officers. The Safety Officers attended external trainings prescribed by the DOLE.

Safety and Well-being

The new Policy on Mental Health outlines the Bank's commitment to foster a supportive, safe and harmonious workplace for its employees. It aims to raise awareness on mental health issues, prevent stigma and discrimination, provide support for employees who may be at risk and/ or with mental health condition, and facilitate access to mental health services. BDO places a high value on mental health awareness and supports this with BOUNCE BDO, a dedicated online mental wellness platform available to all employees.

For one, the Bank recognizes that the day-to-day service that customer facing employees must provide to clients, particularly in the challenging past two years of the pandemic, may impact on employees' mental health. Case managers in BDO Life insurance, for example, must interview grieving beneficiaries of the deceased policy owner, in order to fully support them in their claims. Employees may also avail of counseling assistance regardless of their level or position: Leaders on managing personal issues that impact team members' performance, employees on balancing work-life responsibilities or processing major life changes.

Some employees may simply want to learn yoga exercises or improve their posture from sitting all day. BOUNCE BDO finds ways to help employees with various mental health needs.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	BDO Code of Conduct and Business Ethics (Section: Responsibilities for the Workplace Sub-section: Employment Practices)
Child labor	Y	BDO Code of Conduct and Business Ethics (Section: Responsibilities for the Workplace Sub-section: Employment Practices)
Human Rights	Y	BDO Code of Conduct and Business Ethics (Section: Responsibilities for the Workplace Sub-section: Employees' Welfare)

BDO partnered with the Philippine Commission on Human Rights (CHR) to build BDO's capacity to create and implement its own Human Rights policy across its operations, help BDO create its own Human Rights Impact Assessment Tool that can inform BDO's risk assessment for social risks, and overall manage BDO's human rights impact and responsibility to respect human rights in the workplace.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Yes, we do.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	N	

BDO sources 96% of its supplies from a local supply chain and 99.8% of its spend on local suppliers. The Bank follows a Manual on General Procurement Guidelines that establishes the policies on procurement of products and services and provides a framework of efficient, consistent, transparent and compliant purchasing practices across all Business Units (BU) of the Bank. The Bank is working on updating its

policies for vendor accreditation to specially cite compliance to Environmental Protection and to social issues on Child Labor, Forced Labor, and Human Rights. The Supply Chain Technical Working Group also has a draft Supply Chain Ethical Code aligned with the BDO Code of Business Conduct and Ethics which is under senior management review. BDO has an online Vendor Accreditation System (VAS) that serves as the central storage facility of all Bank accredited vendors/suppliers, and contractors. The VAS provides real time status of vendor evaluation for accreditation, allows the upload of required documents for vendor accreditation, and generates reports for monitoring and reference. The Bank works with its suppliers to generate awareness and understanding of sustainability principles to help identify and mitigate the supply chain's environmental and social impact. The Bank also aims to find ways to build its supply chain's resilience to both natural and man-made disasters brought about by climate change.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

Serving the Unbanked: BDO Network Bank

As the country's largest community bank and subsidiary of BDO Unibank for the micro, small, and medium enterprises (MSME) segment, BDO Network Bank brings modern, innovative, and relevant banking products and services to unbanked and underserved communities. Unbanked Filipino adults are at 34.3 million or 44% of the total adult population, according to the latest financial inclusion survey report of the Bangko Sentral ng Pilipinas (BSP), a significant decline from 51.2 million adults in 2021. BDONB has contributed to that decrease by filling the gap with a wide range of banking products that include loans, deposits, remittances, bills payments and other banking services through its network across the Philippine archipelago.

In 2022, BDONB continued its network expansion with a total of 453 branches and loan offices, a 30% increase compared to last year. It is physically present in strategic locations and has extended banking hours to cater to more clients. This is complemented by its digital presence via social media and the BDO NB website that makes it accessible online.

BDO NB lowered its minimum initial deposit to encourage more people to save, along with insurance that provides hospitalization allowance. BDO NB is present in Agusan del Sur, Davao Occidental, Sarangani, and Zamboanga del Norte, four out of the six poorest provinces in 2021 (Philippine Statistics Authority Poverty Statistics) and in 16 out of 18 poor provinces in the country. It is present in 88% of the total number of provinces in the Philippines.

The Bank's loans are not just for the sake of lending, but also as capital build up to help clients improve their lives, and for the community to achieve economic growth. BDO NB values its clients, understands their needs, and strengthens relationships with them through ease of access through physical and virtual presence. As a result, BDO NB posted a 48% increase in volume from the previous year.

MSME Financing

BDONB focuses on the development of the MSME market segment. MSME loan bookings grew by 16% from 2021 figures, with loan services made available at 65 new offices in 2022, a 24% increase in number of offices offering MSME loans. The Bank started to track its clients by gender in 2022, and confirmed that female clients accounted for 65% of its total loan bookings. MSME Teams advise their clients on how to improve and expand their businesses, reinforce the importance of savings and wise use of loans, and connect them to the Bank to manage their finances better.

Salary Loans for Public School Teachers

In 2022, teachers in the Mindanao region accounted for 47% of the Bank's total salary loan releases. Loan balance grew by 88%, again, going above and beyond last year's highest Accounts Receivable on record. Loan releases continued to grow substantially by 106%. BDO NB's customer base grew by over 10% as it continues its growth and expansion in more rural areas nationwide, with salary loans reach up by 28%. The number of personnel servicing this segment increased by 17%, allowing for more people to serve the financial needs of our teachers. The Bank determined that 79% of its total active clients are female.

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

Certificates	Quantity	Units
FPIC process is still undergoing	Not applicable	#
CP secured	Not applicable	#

BDO's facilities and branches are located in central business districts and high traffic areas in the community to ensure that it is readily accessible. The Bank's operations currently do not affect Indigenous People tribes or their areas.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	+20 (Net promoter score on the quality of service provided by the customer service officer)	Y

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

BDO's financial consumer protection framework is anchored on disclosure and transparency, protection of client information, fair treatment, effective recourse, and financial education and awareness. The framework ensures that consumer protection practices are embedded in our operations and considered in the development and implementation of our products and services.

The Board is primarily responsible in maintaining an effective oversight on the Bank's consumer protection policies and programs. Senior management implements the Board-approved strategy and ensures that control mechanisms are in place.

BDO's Consumer Assistance Management System reflects the Bank's commitment that our customers are treated fairly, honestly, and professionally at all stages of their relationship with the Bank. To ensure its effective implementation, BDO Customer Contact Center records customer complaints and monitors its resolution in adherence to established standard operating procedures and service level agreements. Customer feedback and complaints are analyzed and these are reported to the Board's Risk Management Committee on a periodic basis.

BDO devotes resources to ensure that customers are provided with accessible, affordable, independent, fair, accountable, timely, and efficient means for resolving complaints with their financial transactions. In 2022, CAMS logged around 7 million customer cases of which only 7% were problem-related in nature. Majority of the cases were inquiries (4.3 million or 60%) and requests (2.4 million or 33%).

Customer privacy and Data Security

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	Confidential	#
No. of complaints addressed	Confidential	#
No. of customers, users and account holders whose information is used for secondary purposes	Confidential	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	Confidential	#

Data Privacy and Protection

BDO continues to implement strict compliance with data privacy and protection laws. All personal data, including sensitive and confidential information obtained in the course of employment, directorship, engagement of services, or other work or business-related relationships with BDO, shall not be divulged unless authorized in accordance with internal and regulatory requirements, and shall not be used for any personal or financial gain.

The Bank continues to implement its Data Privacy Management Program (DPMP), which serves as the framework for protecting the data privacy rights of the Bank's data subjects, to ensure compliance with the Philippine Data Privacy Act (PDPA).

BDO's DPMP aims to comply with the National Privacy Commission's (NPC) Five Pillars of Data Privacy Accountability and Compliance.

1. Appointment of Data Protection Officer.

The Bank appointed a Data Protection Officer (DPO) who is registered with the National Privacy Commission (NPC). Compliance Officers for Privacy (COPs) in each business and support unit (BSU) were also appointed to ensure proper coordination in the implementation of any initiatives related to the Bank's DPMP

2. Conduct of Privacy Impact Assessment (PIA).

Following the previous year's completion of PIA for the whole BDO Group to assess privacy risks and ensure that necessary security measures are in place that will mitigate risks to personal data and uphold the data privacy rights of individuals, the regular conduct of PIA for new products, services, policy, and procedural changes have been implemented. Each BSU ensures that PIAs are updated and gaps are identified, mitigating actions and target dates are planned and monitored.

Privacy risk is integrated with the Bank's enterprise risk management framework – privacy risk monitoring is integrated in the Banks operational risk management tools.

The PIA status reports are being reported to the Risk Management Committee (RMC) of the BDO Board.

3. Privacy Management Program and Privacy Manual.

The Bank's Data Privacy Management Program (DPMP) serves as a framework for protecting the data privacy rights of the Bank's data subjects. Part of the DPMP is the Bank's Data Privacy Manual (DPM) to serve as a reference for all units of the Bank in complying with Republic Act 10173, also known as the Data Privacy Act of 2012. The Bank's DPM is being reviewed/updated annually and in 2022, the DPM has been updated/enhanced to intensify data protection provisions. All bank personnel are required to comply with the terms set out in the Manual.

4. Implement Data Privacy and Protection Measures.

Even before the Data Privacy Act, BDO has continuously implemented and enhanced data privacy and protection measures in the processing of personal data.

Foremost among these steps are the establishment and updating of the Enterprise Data Privacy Policy, Data Privacy Statement, and Breach Reporting Procedures, including the templates for Consent, Data Sharing Agreement (DSA), and Outsourcing Agreement Supplements. In 2022, Consent, Data Privacy Statement and the Data Sharing Agreement templates were enhanced to align with the Bank's Customer Journey program and new NPC regulations, aligned with the DPA's principles of Transparency, Legitimate Purpose and Proportionality.

To ensure continuous education within BDO, employees are asked to take a mandatory eLearning course on Data Privacy every 2 years. The Data Protection Officer (DPO) conducts a refresher for all COPs on the DPA principles, new NPC circulars, as well as new enterprise strategic programs that may have an impact of data privacy and security to complement their training program and increase data privacy awareness.

A Data Privacy campaign through an email blast via BDO eNewsgram was launched to serve as a continuing reminder to all employees that Data Privacy is everyone's responsibility.

As part of the Bank's cybersecurity program, the Bank's data protection policies were also enhanced (e.g., data classification and minimum protection policy) through the DPM to align with the recent technology solutions implemented by the Bank and new cyber threats.

5. Exercise of Breach Reporting Procedures.

As a precaution and to proactively manage personal data breach incidents, the Bank documented in its DPM the detailed procedures in reporting potential personal data breaches. Breach reporting is also included in the Data Privacy training and awareness initiatives.







In 2022, the breach reporting procedures was enhanced to align with the Bank's Cybersecurity Incident Management Framework.

The Bank's Information and Cyber Security Office also conducted a Crisis Management Tabletop Exercise covering a data breach (i.e., ransomware) scenario to test and improve the Bank's readiness.

The RMC is also regularly updated with respect to the progress of the Bank's compliance to the PDPA. In view of its commitment to comply with data privacy requirements, and as part of its continuing assessment and development efforts, the Bank has actively participated in the establishment of the Data Privacy Coordinating Group (DPCG) of the Bankers Association of the Philippines (BAP). BAP DPCG, with BDO's DPO as one of the chosen members, participates in various private forums and liaises with other DPOs and the NPC.

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development

Sustainable Development Targets					Performance achieved by 2022		
Product Sustainability Strategy							
							
<p>1.3 Implement social protection systems</p> <p>1.4 Equal rights to ownership, basic services, technology and economic resources</p> <p>4.6 Universal literacy and numeracy</p> <p>8.2 Diversify, innovate and upgrade for economic productivity</p> <p>8.3 Promote policies to support job creation and growing enterprises</p> <p>8.1 Universal access to banking, insurance and financial services</p> <p>9.3 Increase the access of small-scale industrial and other enterprises to financial services and markets</p> <p>9.b Support domestic technology development and industrial diversification</p> <p>10.2 Promote universal social, economic and political inclusion</p> <p>10.4 Adopt fiscal and social policies that promote equality</p> <p>10.c Reduce transaction costs for migrant remittances</p> <p>11.1 Safe and affordable housing</p> <p>11.2 Affordable and sustainable transport systems</p> <p>12.5 Substantially reduce waste generation</p> <p>12.8 Promote universal understanding of sustainable lifestyles</p> <p>15.1 Conserve and restore terrestrial and freshwater ecosystems and their services</p> <p>17.3 Mobilize additional financial resources for developing countries from multiple sources (remittances)</p>					<ul style="list-style-type: none">• 44% increase in online account and electronic Statement of Account (eSOA) applications, 93% of customers use eSOA, saving paper and transport• 13% growth in transactions through BDO Online and BDO Pay, with a total value of ₱2.0 billion in transactions• 10,429 partner agents of Cash Agad present in 90% of municipalities in the Philippines including high poverty and other hard to reach areas• ₱46 billion outstanding SME Loans• ₱16 trillion or 133 million number of Cash Management Services (CMS) transactions processed• ₱26 billion or 65% of all outstanding home loans are in provincial areas, and 84% of those borrowers are first-time home owners.• ₱151.4 billion, servicing 1,736 PERA individual contributors with a total investment of ₱138.7 million in BDO PERA UITFs providing individuals social protection for retirement• 47% growth in personal loans outside of Metro Manila• 2.7 million cards providing access to credit, 42% of which are located outside Metro Manila and 60% female clients• 919,867 lives insured through plans related to life protection, education, savings, health, retirement and estate planning• Zero transaction cost of remittances through partnerships with international banks and money transfer companies• 15% growth in total remittance transaction count and 12% growth in total remittance transaction volume		
Sustainability Contribution Strategy							
							
							

<p>1.4 Equal rights to ownership, basic services, technology and economic resources</p> <p>4.6 Universal literacy and numeracy</p> <p>4.a Build and upgrade inclusive and safe schools</p> <p>6.1 Safe and affordable drinking water</p> <p>6.3 Improve water quality, wastewater treatment and safe reuse</p> <p>6.4 Increase water-use efficiency and ensure freshwater supplies</p> <p>7.2 Increase global percentage of renewable energy</p> <p>7.3 Double the improvement in energy efficiency</p> <p>8.2 Diversify, innovate and upgrade for economic productivity</p> <p>8.3 Promote policies to support job creation and growing enterprises</p> <p>8.1 Universal access to banking, insurance and financial services</p> <p>9.1 Develop sustainable, resilient and inclusive infrastructures</p> <p>9.3 Increase access to financial services and markets</p> <p>10.2 Promote universal social, economic and political inclusion</p> <p>12.5 Substantially reduce waste generation</p> <p>17.1 Strengthen domestic resource mobilization to improve domestic capacity for tax and other revenue collection</p>	<ul style="list-style-type: none"> • ₱27.3 billion tax payments contributing to government's efforts to improve tax revenue • BDO's declaration of Energy Transition Finance Statement • 58 renewable energy capacity projects funded as of 2022, equivalent to 4.3 million tonnes of carbon dioxide avoided • 2,252 MW diversified renewable energy portfolios consisting of 1,179 MW Geothermal, 164 MW Biomass, 433 Hydro, 380 MW Solar and 96 MW Wind capacity • Issuance of first Blue Bond amounting to US\$100 million for water-use efficiency and wastewater treatment projects • 44.1 million liters of Bioethanol and 60 million liters of Biodiesel per year installed capacity funded • ₱56.7 billion loans disbursed to facilitate infrastructure development of airports, road networks, and water or irrigation facilities • 4,655 Automated Teller Machines (ATMs), and 640 Cash Deposit Machines (CDMs) deployed in 281 municipalities and cities; and more than 2,000 ATMs in convenience stores nationwide • Developed 26 financial education videos since 2018 that reached 6.2 million beneficiaries • 3,703 MWh sourced from renewable energy for operations and strengthened energy efficiency practices • 65.1 million liters of water recycled • 2,492 kg of waste recycled from 4 facilities through the pilot Waste Busterrr program and 22,729 kg of waste recycled through participation in X-Trash Challenge
<p>Human Capital Sustainability Strategy</p> <div> <div>1 NO POVERTY</div> <div>3 GOOD HEALTH AND WELL-BEING</div> <div>4 QUALITY EDUCATION</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>10 REDUCED INEQUALITIES</div> </div>	

<p>1.3 Implement social protection systems</p> <p>1.4 Equal rights to ownership, basic services, technology and economic resources</p> <p>3.4 Reduce mortality from non-communicable diseases and promote mental health</p> <p>3.8 Achieve universal health coverage</p> <p>4.4 Increase the number of youth and adults with relevant skills for financial success</p> <p>4.6 Universal literacy and numeracy</p> <p>8.3 Promote policies to support job creation and growing enterprises</p> <p>8.5 Achieve full and productive employment and decent work for all</p> <p>10.2 Promote universal social, economic and political inclusion</p> <p>10.4 Adopt fiscal and social policies that promote equality</p>	<ul style="list-style-type: none"> • ₱44 billion in wages and benefits to employees (6% increase from 2021), representing 27% of the total economic value distributed and 21% of the total economic value generated • 39,323 BDO employees nationwide and abroad • 58% women in senior management (Assistant Vice President and up) • 100% return to work of employees that availed parental leaves • 94% vacation leave availed of all employees in average • 45% of employees covered by Collective Bargaining Agreement • Policy on Mental Health to foster a safe and harmonious workplace for all employees in addition to existing health and medical benefits for employees • Professional development and career advancement opportunities are provided to all employees • Sustainability commitments are integrated in the Performance Assessments of individual employees
<p>Disaster Response Strategy</p> <div>        </div>	
<p>1.4 Equal rights to ownership, basic services, technology and economic resources</p> <p>2.2 End all forms of malnutrition</p> <p>2.3 Double the productivity and incomes of small-scale food producers</p> <p>3.8 Achieve universal health coverage including access to quality essential health-care</p> <p>4.3 Equal access to affordable technical, vocational and higher education</p> <p>4.4 Increase the number of people with relevant skills for financial success</p> <p>4.6 Universal literacy and numeracy</p> <p>4.a Build and upgrade inclusive and safe schools</p> <p>9.3 Increase access to financial services and markets</p> <p>10.2 Promote universal social, economic and political inclusion</p> <p>17.1 Enhance the global partnership for sustainable development</p>	<ul style="list-style-type: none"> • 761,761 families provided with immediate relief operations in response to natural and man-made disasters such as typhoons, flooding, earthquakes, landslides, internal conflict and fires • 131 rural health units rehabilitated nationwide that provided over 6.9 million Filipinos access to better health facilities and services • 69,900 families from economically disadvantaged communities in 35 provinces provided with food assistance • Built 60 classrooms in 18 elementary schools used by 14,981 students • Built 60 classrooms in 18 secondary schools helping 16,788 high school students • Built 4 classrooms and 2 workshops benefitting 706 technical-vocational students • Enhanced partnership with various organizations to expand programs to more members of society
<p>Governance-based Sustainability Strategy</p> <div>    </div>	

5.5	Ensure full participation in leadership and decision-making	<ul style="list-style-type: none"> • Three (3) female non-executive directors in the Board, one of whom is an independent director
16.2	Protect children from abuse, exploitation, trafficking and violence	<ul style="list-style-type: none"> • 5 of 11 directors are independent
16.3	Promote the rule of law and ensure equal access to justice	<ul style="list-style-type: none"> • Inclusion of Sustainability and ESG oversight in the Terms of Reference of the Board Committees
16.4	Combat organized crime and illicit financial and arms flows	<ul style="list-style-type: none"> • Appointment of Data Protection Officer and enhancement of Data Privacy Manual, with mandatory training for all employees every two years
16.5	Substantially reduce corruption and bribery	
16.6	Develop effective, accountable and transparent institutions	
16.7	Ensure responsive, inclusive and representative decision-making	<ul style="list-style-type: none"> • All employees regularly trained using the 8 E-learning courses on Anti-Money Laundering and adherence to Expanded Anti-Trafficking in Persons Act of 2022
17.1	Mobilize resources to improve domestic revenue collection	
17.16	Enhance the global partnership for sustainable development	<ul style="list-style-type: none"> • Zero tolerance for acceptance or solicitation of gifts, bribery, corruption, and anti-Competitive Behavior • 96% local procurement in the supply chain and 99.8% of its spend on local suppliers, improved online vendor accreditation system that reduce transport, and save time and cost for suppliers