

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Dear Stockholder:

Please be informed that the Annual Meeting of the Stockholders ("ASM") of **DOMINION HOLDINGS, INC.** (the "**Corporation**", *formerly BDO Leasing and Finance, Inc.*) will be conducted **VIRTUALLY** on **April 12, 2024**, Friday, at **3:00 p.m.**

The Agenda of the meeting is as follows:

- I. Call to Order
- II. Certification of Notice of Meeting and Determination of Existence of Quorum
- III. Approval of the Minutes of the Annual Stockholders' Meeting held on April 12, 2023
- IV. President's Report and Approval of the Audited Financial Statements of the Corporation as of December 31, 2023
- V. Approval and Ratification of all Acts of the Board of Directors, Board Committees and Management during their respective terms of office
- VI. Election of the Board of Directors
- VII. Appointment of External Auditor
- VIII. Open Forum
- IX. Other Business that may properly be brought before the meeting
- X. Adjournment

Each agenda item for approval is explained in the Definitive Information Statement ("DIS"), with brief details and rationale in attached **Annex "A"**.

The Corporation's Board of Directors has fixed **March 8, 2024** as the record date for the determination of stockholders entitled to notice of, participation via proxy and remote communication, and voting *in absentia* at such meeting and any adjournment thereof.

Stockholders of record who wish to participate in the meeting via remote communication and to exercise their vote *in absentia* must notify the Office of the Corporate Secretary via email at <natividad.josephjason@bdo.com.ph>, and submit the required supporting documents no later than **April 2, 2024**. For the detailed registration and voting procedures, please visit <<https://www.bdo.com.ph/dominion/annual-stockholders-meeting>> and refer to the "**Guidelines for Participation via Remote Communication and Voting in Absentia**".

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

Stockholders of record who wish to appoint a proxy shall submit their duly executed and signed proxies together with other documentary requirements which are set forth in the “**Guidelines for Participation via Remote Communication and Voting in Absentia**” no later than **April 2, 2024** to the Office of the Corporate Secretary at 21st Floor, BDO Towers Valero, 8741 Paseo de Roxas, Salcedo Village, Makati City via courier delivery **or** by email to <natividad.josephjason@bdo.com.ph>. Validation of proxies is set on **April 5, 2024, at 10:00 a.m.** at the 21st Floor, BDO Towers Valero, 8741 Paseo de Roxas, Salcedo Village, Makati City. Stockholders of record may download and print the proxy form from the Corporation’s website < <https://www.bdo.com.ph/dominion/proxy-form>>.

Successfully registered stockholders can cast their votes and will be provided access to the virtual meeting. All documents and information submitted shall be subject to verification and validation by the Office of the Corporate Secretary.

For complete information on the annual meeting, please visit <<https://www.bdo.com.ph/dominion/annual-stockholders-meeting>>.



JOSEPH JASON M. NATIVIDAD
Corporate Secretary

**AGENDA
DETAILS AND RATIONALE**

- I. **Call to order.** The Chairperson, Elmer B. Serrano, will formally open the 2024 Annual Stockholders' Meeting of Dominion Holdings, Inc. (the "Corporation").
- II. **Certification of notice of meeting and determination of existence of quorum.** The Corporate Secretary, Atty. Joseph Jason M. Natividad, will certify that notice requirements for the 2024 ASM have been complied with in accordance with the Corporation's By-Laws, Revised Corporate Code of the Philippines, and the Securities and Exchange Commission ("SEC"), and will attest whether a quorum is present for the valid transaction of the ASM and all the matters included in the Agenda.
- III. **Approval of the Minutes of the Annual Stockholders' Meeting held on April 12, 2023.** The draft minutes was posted on the Company's website within twenty-four (24) hours from adjournment of the meetings and are accessible at the Corporation's website <www.bdo.com.ph/dominion/company-disclosures>. These minutes are subject to stockholders' approval during this year's meeting.
- IV. **President's Report and Approval of the Corporation's 2023 Audited Financial Statements.** The Report presents a summary of the performance of the Corporation in 2023. It includes the highlights of the AFS of the Corporation which are incorporated in the Definitive Information Statement (DIS). Copies of AFS were submitted to the SEC and Bureau of Internal Revenue.
- V. **Approval and Ratification of all Acts of the Board of Directors, Board Committees and Management during their respective terms of office.** These acts covered by resolutions duly adopted by the Board in the normal course of business pertaining to credit transactions, approving authorities, designation of corporate signatories, regulatory compliances, and similar matters shall be submitted to the stockholders for their ratification. Significant acts and transactions are likewise covered by appropriate disclosures with the SEC and the PSE. These collective acts are the main keys to the successful performance of the Corporation in 2023.
- VI. **Election of the Board of Directors.** The nominees for directors for 2024-2025, including independent directors, will be presented to the stockholders for election. The profiles of the nominees will be provided as soon as the Final List of Candidates or Nominees is available at the end of the nomination process and will be included in the Definitive Information Statement.
- VII. **Appointment of External Auditor.** With the endorsement of the Audit Committee, the Board approved the re-appointment of P&A Grant Thornton as the Company's external auditor for 2024. P&A is one of the top auditing firms in the country and is duly accredited with the Securities and Exchange Commission.
- VIII. **Other Business that may properly be brought before the meeting.** All other matters that arise after the Notice of Meeting and Agenda have been sent out, or raised throughout the course of the meeting, and which need to be presented to the stockholders for consideration will be taken up under this item. Stockholders may raise such matters as may be relevant or appropriate to the occasion.
- IX. **Adjournment.** After consideration of all business, the Chairperson shall declare the meeting adjourned. This formally ends the 2024 Annual Stockholders' Meeting of the Corporation.

PROFILES OF NOMINEES FOR DIRECTORS FOR 2024-2025

INDEPENDENT DIRECTORS

ATTY. LUIS MA. G. URANZA, 65, Filipino, 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 (LL.B.) from the University of the Philippines.

ISMAEL G. ESTELA, JR., 67, Filipino, 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 and Country Builders Bank. He serves as Chairman of the Board of Directors of Blue Plate Exalt Foods Corp. 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.

NON-INDEPENDENT DIRECTORS

ATTY. ELMER B. SERRANO, 56, Filipino, was elected as Chairman of the Board of Directors of the Company on 20 April 2022. He is also the Corporate Information Officer of BDO Unibank, Inc. and serves as the corporate secretary of bank’s subsidiaries and affiliates.

He also sits as an Independent Director of Benguet Corporation and Philippine Telegraph and Telephone Corporation, and a director of EEI Corporation. He is also the Corporate Secretary of SM Investments Corporation, SM Prime Holdings, Inc., Premium Leisure Corporation, Atlas Consolidated Mining and Development Corporation and DFNN, Inc.

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.

He is also Corporate Secretary and counsel of the prominent financial industry organizations, such as the Bankers Association of the Philippines, Philippines Payments Management, Inc. and the PDS Group.

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.

MELANIE S. BELEN, 63, Filipino, 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 & Asset Recovery 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 Chairperson/Director 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, 59, Filipino, was elected to the Board of Directors of the Company on April 20, 2022. She is the Senior Vice President and Head of BDO Remittance-Transaction Banking Group of BDO Unibank, Inc. She is also the concurrent director of BDO Network Bank, Inc., BDO Remit International Holdings B.V., BDO Remit (UK) Ltd., BDO Remit (Canada) Ltd., BDO Remit (Japan) Ltd., BDO Remit Limited, BDO Remit (USA), inc. and BDO Remit (Macau) Limited. Ms. Gloria's banking career spans more than three decades, with 25 years of experience in the remittance business. Her expertise encompasses business development, operations, project management, marketing, as well as both local and foreign remittance. Ms. Gloria gained a deep understanding of the overseas Filipino market during her five-year tenure as an expatriate, where she operated remittance subsidiaries. Under Ms. Gloria's leadership, BDO Unibank, Inc. consistently received the BSP's "Commercial Bank that Generated the Largest Overseas Filipino Remittances" Award from 2008-2010 and 2013-2019. She also supported various government projects for the overseas Filipinos. In 2014, Ms. Gloria and her team launched a grassroots marketing campaign across the country, alongside financial literacy programs for clients overseas. The on-ground activities and digital outreach strengthened the bank's commitment to financial inclusion. Ms. Gloria received her Bachelor of Science degree in Business Administration from the University of the Philippines.

LAZARO JEROME C. GUEVARRA, 57, Filipino, 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., BDO Remit (USA), Inc. and BDO Insurance Brokers, 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.

REBECCA S. TORRES, 71, Filipino, 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 was a Director and currently an Adviser to the Board of the Association of Bank Compliance Officers of the Philippines. 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.

EXECUTIVE DIRECTORS

JOHN EMMANUEL M. LIZARES, 60, Filipino, was elected to the Board of Directors of the Company on August 1, 2023. He is concurrently the President/Director of BDO Finance Corporation and BDO Rental, Inc. He is Senior Vice President and was previously the Unit Head of Institutional Banking Group-Commercial Banking East C since July 2016. He has more than 30 years of experience in credit lending. Prior to joining BDO in July 2001, Mr. Lizares was with the Retail Banking of Far East Bank & Trust Company and later joined the Corporate Banking Division of the Bank of the Philippine Islands after the merger. He holds a Bachelor of Science degree in Business Economics from the University of the Philippines.

LUIS S. REYES, JR., 66, Filipino, 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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

Preliminary Information Statement

Definitive Information Statement

2. Name of Registrant as specified in its charter:

DOMINION HOLDINGS, INC.
(formerly, BDO Leasing and Finance, Inc.)

3. Country of Incorporation: **Philippines**

4. SEC Identification Number: **97869**

5. BIR Tax Identification Code: **000-486-050-000**

6. Address of Principal Office: **No. 12 ADB Avenue, Ortigas Avenue
Ortigas Center, Mandaluyong City 1554**

7. Registrant's Telephone Number, Including Area Code: **(632) 8840-7000**

8. Date, time and place of the annual meeting of the security holders:

Date - **April 12, 2024 (Friday)**

Time - **03:00 p.m.**

Place - **N/A.**

The meeting will be conducted virtually and participation will be via remote communication. The livestreaming link will be sent to verified stockholders of record.

9. Approximate date on which the Information Statement is first to be sent or given to security holders:

on or before March 13, 2024

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA:

	<u>Subscribed and Outstanding</u>	
<u>Title of each Class</u>	<u>No. of Shares</u>	<u>Amount in Pesos</u>
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 registrant's securities listed on a Stock Exchange?

Yes () No () Philippine Stock Exchange,
Common Shares only
(not commercial papers)

<p>WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.</p>

DOMINION HOLDINGS, INC.
(formerly, BDO Leasing and Finance, Inc.)

INFORMATION STATEMENT

THIS INFORMATION STATEMENT IS BEING FURNISHED TO STOCKHOLDERS OF RECORD OF DOMINION HOLDINGS, INC. AS OF **MARCH 8, 2024** IN CONNECTION WITH THE ANNUAL STOCKHOLDERS' MEETING. COPIES OF THE INFORMATION STATEMENT WILL BE FIRST SENT OR GIVEN TO SECURITY HOLDERS ON OR BEFORE MARCH 13, 2024.

A. GENERAL INFORMATION

ITEM 1. DATE, TIME AND PLACE OF ANNUAL MEETING OF SECURITY HOLDERS

- (a) Date : **April 12, 2024 (Friday)**
- Time : **3:00 p.m.**
- Place : **N/A**
The meeting will be conducted virtually and participation will be via remote communication. The livestreaming link will be sent to verified stockholders of record.
- Mailing Address: **39th Floor, BDO Corporate Center Ortigas
No. 12 ADB Avenue, Ortigas Avenue
Ortigas Center, Mandaluyong City 1554**

1. Approximate date on which the Information Statement is first to be sent or given to security holders: **March 13, 2024**

This complies with Section 49 of the Revised Corporation Code of the Philippines (the "**Corporation Code**") and SEC Memorandum Circular No. 3, series 2020 which requires distribution of notice of regular meetings to stockholders of record at least twenty-one (21) calendar days prior to the date of the meeting.

ITEM 2. DISSENTER'S RIGHT OF APPRAISAL

Dominion Holdings, Inc. (the "**Company**" or the "**Issuer**") respects the inherent rights of shareholders in accordance with law. 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 By-laws of the Company provides that all shares of each class should carry the same rights, and any changes in the voting rights shall be approved by them.

When a proposed corporate action would involve a substantial and fundamental change in the Company in the cases provided by law, a stockholder may exercise his appraisal rights. Pursuant to Section 80 of the Revised Corporation Code, a stockholder may exercise his appraisal right by dissenting on any of the following corporate actions and demanding payment of the fair value of his shares:

- (1) amendment to the articles of incorporation that has the effect of changing or restricting the rights of any stockholder or class of shares, or;
- (2) amendment to the articles of incorporation that has the effect of authorizing preferences in any

- (3) respect superior to those of outstanding shares of any class;
- (3) amendment to the articles of incorporation that either extends or shortens the term of corporate existence;
- (4) in case of lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code;
- (5) in case of merger or consolidation; or
- (6) in case of investment of corporate funds for any purpose other than the primary purpose of the Company.

The procedure for the exercise of a stockholder's appraisal right is as follows:

- (1) A stockholder shall have dissented to such corporate action;
- (2) Within thirty (30) days after the date on which the vote was taken, the dissenting stockholder shall make a written demand on the Company for payment of the fair value of his shares.

Failure to make the demand within such period shall be deemed a waiver of the appraisal right.

- (3) Within ten (10) days after demanding payment for his shares, the dissenting stockholder shall submit to the Company the certificate(s) of stock representing his shares for notation thereon that such shares are dissenting shares. His failure to do so shall, at the option of the Company, terminate his appraisal rights.
- (4) No demand for payment as aforesaid may be withdrawn by the dissenting stockholder unless the Company consents thereto.
- (5) If the corporate action is implemented or effected, the Company shall pay to such dissenting stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of a merger if such be the corporate action involved.
- (6) If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the dissenting stockholder and the Company cannot agree on the fair value of the shares, it shall be appraised and determined by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company, and the third by the two (2) thus chosen.
- (7) The findings of a majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.
- (8) Upon payment of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

For this meeting, there are no matters to be discussed which would give rise to the right of dissenters to exercise their appraisal right.

ITEM 3. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

- (a) No director or officer of the Company since the beginning of the last fiscal year has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon at the meeting.

- (b) No director of the Company has informed in writing that he intends to oppose any action to be taken by the Company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

- (a) Voting securities entitled to be voted at the meeting:

Title of Each Class	Number of Shares	Number of Votes Outstanding
Common Shares	2,162,475,312	One (1) vote per share

- (b) Record date

Only stockholders of record in the books of the Company as of the close of business on **March 8, 2024** are entitled to notice of, and to vote at, the annual meeting.

- (c) Cumulative voting rights

Each common share of the Company as of March 8, 2024 is entitled to one (1) vote (each, a Voting Share/s) for each agenda item presented for stockholder approval, except in the election of directors where one (1) share is entitled to as many votes as there are directors to be elected. Each stockholder may cast the vote to which the number of shares he owns entitles him, for as many persons as there are to be elected as directors, or he may accumulate or give to one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. Thus, if there are eleven (11) directors to be elected, each Voting Share is entitled to eleven (11) votes.

Stockholders may nominate directors, subject to pre-qualification by the Nomination Committee, within the period of nomination set forth in the Company’s By-laws and relevant regulations. Stockholders as of Record Date may then vote for nominees in accordance with the above rule.

For this year’s meeting, the Board of Directors has adopted a resolution allowing stockholders to exercise their right to vote *in absentia*, the procedures for which are detailed in the “***Guidelines for Participation via Remote Communication and Voting in Absentia***” appended to this Information Statement.

Stockholder must notify the Office of the Corporate Secretary of their intention to participate in the ASM via remote communication or to exercise their right to vote *in absentia* by sending the documentary requirements with transmittal letter addressed to the Office of the Corporate Secretary, 21st Floor, BDO Towers Valero, 8741 Paseo de Roxas, Salcedo Village, Makati City VIA COURIER/PERSONAL DELIVERY OR scanned copies of these documents by EMAIL to <natividad.josephjason@bdo.com.ph> with return-receipt no later than April 02, 2024.

- (d) Security ownership of certain record and beneficial owners and management:

1. Security ownership of certain record/beneficial owners

As of March 8, 2024, 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, address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares Held	Percent
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”) 29 th Floor BDO Equitable Tower, 8751 Paseo de Roxas, Makati City 1226 <i>PCD has no relationship with the Issuer except as stockholder.</i> <i>PCD, being a nominee corporation, only holds legal title, not beneficial ownership of the lodged shares.</i>	Various stockholders No stockholder owns more than 5% of the Company’s voting securities through PCD	Filipino	247,875,736	11.140%
			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 March 8, 2024, the following stockholders own more than 5% of BDO Unibank:

Title of Class	Name, address of Record Owner and relationship with BDO Unibank	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent
Common and Preferred	SM Investments Corporation 10th Floor, One E-com Center, Harbour Drive, Mall of Asia Complex, CBP-I-A, Pasay City / Parent Company	Sy Family (Substantial stockholders)	Filipino	2,292,936,778	38.95%
Common	PCD Nominee Corp. (Foreign) 29/F BDO Equitable Tower, 8751 Paseo de Roxas, Makati City/ Various stockholders	Various stockholders	Foreign	1,523,905,565	25.89%
Common and Preferred	Sybase Equity Investments Corporation (SEIC) 10 th Floor L.V. Locsin Building 6752 Ayala Avenue, Makati City/ Stockholder	Various stockholders	Filipino	752,392,350*	12.78%
Common	PCD Nominee Corp. (Filipino) 29/F BDO Equitable Tower, 8751	Various corporate	Filipino	721,293,254**	12.25%

	Paseo de Roxas, Makati City/ Various stockholders	stockholders			
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*	5.94%
TOTAL (COMMON & PREFERRED)				5,640,343,590	95.81%

* Inclusive of PCD-lodged shares of SEIC

** Exclusive of PCD-lodged shares of SEIC

The persons authorized to vote the shares of (i) SM Investment Corporation; (ii) Sybase Equity Investments Corporation; and (iii) Multi-Realty Development Corporation are: Ms. Teresita T. Sy and/or Mr. Henry T. Sy, Jr. and/or Mr. Harley T. Sy respectively.

Security ownership of Management

As of March 8, 2024, 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	Citizenship	No. of Shares	Percentage
Common	Elmer B. Serrano	Chairman	Filipino	100 (D)	0.0000046%
Common	John Emmanuel M. Lizares	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. Guevarra	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.

2. Voting Trust

There are no voting trust shares or shares issued pursuant to a Voting Trust Agreement registered with the Company.

3. Changes in Control

There has been no change in control of the Company since the beginning of the last fiscal year to date.

ITEM 5. DIRECTORS AND EXECUTIVE 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 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:

ELMER B. SERRANO

Chairman

56 years old, Filipino

Atty. Serrano was elected as Chairman of the Board of Directors of the Company on 20 April 2022. He is also the Corporate Information Officer of BDO Unibank, Inc. and serves as the corporate secretary of bank’s subsidiaries and affiliates.

He also sits as an Independent Director of Benguet Corporation and Philippine Telegraph and Telephone Corporation, and a director of EEI Corporation. He is also the Corporate Secretary of SM Investments Corporation, SM Prime Holdings, Inc., Premium Leisure Corporation, Atlas Consolidated Mining and Development Corporation and DFNN, Inc.

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.

He is also Corporate Secretary and counsel of the prominent financial industry organizations, such as the Bankers Association of the Philippines, Philippines Payments Management, Inc. and the PDS Group.

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.

JOHN EMMANUEL M. LIZARES

Director & President

60 years old, Filipino

Mr. Lizares was elected to the Board of Directors of the Company on August 1, 2023. He is concurrently the President/Director of BDO Finance Corporation and BDO Rental, Inc. He is Senior Vice President and was previously the Unit Head of Institutional Banking Group-Commercial Banking East C since July 2016. He has more than 30 years of experience in credit lending. Prior to joining BDO in July 2001, Mr. Lizares was with the Retail Banking of Far East Bank & Trust Company and later joined the Corporate Banking Division of the Bank of the Philippine Islands after the merger. He holds a Bachelor of Science degree in Business Economics from the University of the Philippines.

LUIS S. REYES, JR.

Director & Treasurer

66 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

57 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., BDO Remit (USA), Inc. and BDO Insurance Brokers, 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

63 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 & Asset Recovery 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 Chairperson/Director 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

59 years old, Filipino

Ms. Gloria was elected to the Board of Directors of the Company on April 20, 2022. She is the Senior Vice President and Head of BDO Remittance-Transaction Banking Group of BDO Unibank, Inc. She is also the concurrent director of BDO Network Bank, Inc., BDO Remit International Holdings B.V., BDO Remit (UK) Ltd., BDO Remit (Canada) Ltd., BDO Remit (Japan) Ltd., BDO Remit Limited, BDO Remit (USA), inc. and BDO Remit (Macau) Limited. Ms. Gloria's banking career spans more

than three decades, with 25 years of experience in the remittance business. Her expertise encompasses business development, operations, project management, marketing, as well as both local and foreign remittance. Ms. Gloria gained a deep understanding of the overseas Filipino market during her five-year tenure as an expatriate, where she operated remittance subsidiaries. Under Ms. Gloria's leadership, BDO Unibank, Inc. consistently received the BSP's "Commercial Bank that Generated the Largest Overseas Filipino Remittances" Award from 2008-2010 and 2013-2019. She also supported various government projects for the overseas Filipinos. In 2014, Ms. Gloria and her team launched a grassroots marketing campaign across the country, alongside financial literacy programs for clients overseas. The on-ground activities and digital outreach strengthened the bank's commitment to financial inclusion. Ms. Gloria received her Bachelor of Science degree in Business Administration from the University of the Philippines.

REBECCA S. TORRES

Director

71 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 was a Director and currently an Adviser to the Board of the Association of Bank Compliance Officers of the Philippines. 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

65 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.L.B.) from the University of the Philippines.

ISMAEL G. ESTELA, JR.

Independent Director
67 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 and Country Builders Bank. He serves as Chairman of the Board of Directors of Blue Plate Exalt Foods Corp. 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
51 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. He is also Board Secretary of the Private Education Retirement Annuity Association (PERAA), a retirement fund administrator of private schools. Atty. Natividad is currently a Partner of the Factoran & Natividad Law Offices. He has been in law practice for more than 25 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.

MA. CECILIA SALAZAR-SANTOS

Assistant Corporate Secretary
58 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. In 2023, she was included in the GC Powerlist Philippines 2023–Legal 500. 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).

COSME S. TRINIDAD, JR.

Compliance and Corporate Governance Officer

59 years old, Filipino

Mr. Trinidad was appointed as Compliance and Corporate Governance Officer of the Company on February 1, 2024. He is concurrently the Risk and Compliance Officer, Data Protection Officer, Corporate Governance and Information Security Officer of BDO Finance Corp. and BDO Rental, Inc. He is First Vice President and was the Team Head of Institutional Banking Group-Commercial Banking Central Luzon since August 2020. He was formerly Unit Head of Marketing-Luzon in BDO Leasing and Finance, Inc. for 8 years. He joined BDO Risk Management Group in 2008 handling credit policy and portfolio review. He holds a Masters Degree in Business Administration from De La Salle University and graduated Magna Cum Laude with a degree in Bachelor of Science in Fisheries major in Business Management from the University of the Philippines.

Nomination of Directors

The procedure for nomination of directors shall be as follows:

- All nominations for directors shall be submitted in writing to the Corporate Secretary of the Company from February 10 to 20, 2024. Nominations that are not submitted within such nomination period shall not be valid. Only a stockholder of record entitled to notice of and to vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated and elected as a director of the Company.
- All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees in accordance with Rule 38 of the SRC.
- Nominations received from February 10 to 20, 2024 shall be submitted to the Company's Nomination Committee, which shall determine the qualifications of the nominees for directors and independent directors.
- The Nomination Committee meets at least once a year to (a) open the nomination period for the submission of nominations for directors, (b) pre-screen and check the qualifications of all persons nominated to be elected to the Board from the pool of candidates submitted by the nominating stockholders, and (c) approve the final list of nominees for presentation and approval by the shareholders of the Company.

- The Nomination Committee shall pre-screen the nominees based on their qualifications as provided in the Company’s Manual of Good Corporate Governance and Rule 38 of the SRC.
- The Nomination Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for directors and independent directors. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as either independent or regular directors. No other nomination shall be entertained after the expiration of the period for the submission of nominations. No further nomination shall be entertained or allowed on the floor during the actual meeting of the stockholders (Section 8, Article III, By- laws).

The Nomination Committee is composed of the following members:

1. Luis Ma. G. Uranza (Independent Director) – Chairman
2. Rebecca S. Torres (Director) – Member
3. Ismael G. Estela Jr. (Independent Director) – Member

All newly-elected directors are required to undergo an orientation program within three (3) months from date of election. This is intended to familiarize the new directors on their statutory/fiduciary roles and responsibilities in the Board and Committees, the Company’s strategic plans, enterprise risks, group structures, business activities, compliance programs, and Corporate Governance Manual. All directors are also encouraged to participate in continuing education programs.

For 2024-2025, below is the final list of nominees for election to the Board of Directors, including nominees for independent directors:

Elmer B. Serrano
 Lazaro Jerome C. Guevarra
 Geneva T. Gloria
 Melanie S. Belen
 Rebecca S. Torres
 Luis S. Reyes, Jr.
 John Emmanuel M. Lizares
 Luis Ma. G. Uranza (Independent)
 Ismael G. Estela Jr. (Independent)

The profiles of the nominees are appended to this Preliminary Information Statement, including the respective Certifications on the Qualifications and Disqualifications of Independent Directors of nominated independent directors.

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 Registrant to become directors or executive officers.

Involvement of Directors and Executive Officers in Certain Legal Proceedings

To the Company’s knowledge, none of its 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 last 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 (2) 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.

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 an 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.

Disagreement with a Director

No director has resigned or declined to stand for re-election to the Board since the date of the last annual shareholders' meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

There are no other employees who are not Executive Officers who are expected by the Company to make a significant contribution to its business.

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

A. Compensation of Directors

Each director is entitled to receive *per diem* allowance for attending board and committee meetings. The Board approves all compensation and remuneration schemes for the senior officers of the Company. 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 2023:

Name of Director	Amount
1. Elmer B. Serrano	P 500,000.00
2. John Emmanuel M. Lizares	0.00
3. Melanie S. Belen	0.00
4. Ismael G. Estela, Jr.	591,111.10
5. Geneva T. Gloria	0.00
6. Lazaro Jerome C. Guevarra	0.00
7. Rebecca S. Torres	500,000.00
8. Luis R. Reyes, Jr.	0.00
9. Luis Ma. G. Uranza	591,111.10
Total	P 2,182,222.20

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.

B. Executive Compensation

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**

	Year	Annual Compensation (in Million Pesos)	Other Compensation
President and four most highly compensated executive officers	2024 (estimate)	None*	None*
	2023	none*	none*
	2022	none*	none*
	2021	none	none

* Except for the Corporate Secretary, all the other officers namely the 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.

There are no actions to be taken with regard to election, any compensatory plan, contract, or arrangement, bonus or profit-sharing, change in pension/ retirement plan, granting of or extension of any options, warrants or rights to purchase any securities.

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

The present external auditor of the Company, the accountancy and auditing firm of **P&A Grant Thornton (“P&A”)**, is recommended for re-appointment as the external auditor of DHI for 2024. P&A has been the Company’s Independent Public Accountants for the past five (5) years. P&A was first appointed external auditor of the Company in 2007 and has not resigned, been dismissed, or its services ceased since its appointment. 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 or procedure.

Representatives of P&A will be present during the annual meeting and will be given the opportunity to make a statement if they desire to do so. They are also expected to respond to appropriate questions if needed.

The Company engaged Mr. Romualdo V. Murcia III, Partner of P&A, for the examination of the Company’s financial statements starting year 2019 up to 2023. Previously, the Company engaged Mr. Leonardo D. Cuaresma, Jr., Partner of P&A , for the examination of the Company’s 2018 financial statements. The Company is compliant with the rotation requirement of its external auditor’s certifying partner as required under Revised SRC Rule 68 (3)(b)(ix).

The Audit Committee approves and proposes for management and Board approval the appointment and removal of the Company’s internal and external auditor.

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 P0.144 Million for the year 2023 and P0.189 Million for the year 2022. 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 2023 and 2022.

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 2023 and 2022.

It is the policy of the Company that all audit findings are presented to the Board Audit Committee which reviews and makes recommendations to the Board on actions to be taken thereon. The Board passes upon and approves the Audit Committee’s recommendations.

The members of the Audit Committee of the Company are as follows:

1. Ismael G. Estela Jr. (Independent Director) – Chairperson
2. Rebecca S. Torres (Director) – Member
3. Luis Ma. G. Uianza (Independent Director) – Member

ITEM 8. COMPENSATION PLANS

No action will be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

ITEM 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE

No action will be presented for shareholders’ approval at this annual meeting which involves authorization or issuance of any securities.

ITEM 10. MODIFICATION OR EXCHANGE OF SECURITIES

No action will be presented for shareholders’ approval at this annual meeting which involves the modification of any class of the Company’s securities, or the issuance of one class of the Company’s securities in exchange for outstanding securities of another class.

ITEM 11. FINANCIAL AND OTHER INFORMATION

The Financial Statements of the Company and the Management Report, incorporating the Management’s Discussion & Analysis, are attached as Annexes “A” and “B”.

Representatives of the Company’s external auditor, P&A, are expected to be present at the meeting, and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions from the shareholders. The Company has no material disagreement with P&A on any matter of accounting principle or practices or disclosures in its financial statements.

ITEM 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

No action will be presented for shareholders’ approval which involves a merger, consolidation, acquisition, or similar matters.

ITEM 13. ACQUISITION OR DISPOSITION OF PROPERTY

No action involving the acquisition or disposition of property of the Company will be presented for shareholders’ approval at this annual meeting.

ITEM 14. RESTATEMENT OF ACCOUNTS

No action which involves the restatement of any of the Company's assets, capital or surplus account will be presented for shareholders' approval at this annual meeting.

D. OTHER MATTERS

ITEM 15. ACTION WITH RESPECT TO REPORTS

The following matters with respect to minutes of stockholders of the Company and resolutions adopted by its Board of Directors, will be presented for approval during the stockholders' meeting:

- (a) Minutes of the annual meeting of stockholders held on 12 April 2023.
- (b) General ratification of the acts of the Board of Directors and the Management during their term commencing from the date of the last annual stockholders' meeting up to the date of this year's meeting except those already ratified by shareholders during the last special stockholders' meeting.

THESE ACTS COVERED BY RESOLUTIONS DULY ADOPTED BY THE BOARD IN THE NORMAL COURSE OF BUSINESS PERTAINING TO CREDIT TRANSACTIONS, APPROVING AUTHORITIES, DESIGNATION OF CORPORATE SIGNATORIES, REGULATORY COMPLIANCES, AND SIMILAR MATTERS SHALL BE SUBMITTED TO THE STOCKHOLDERS FOR THEIR RATIFICATION. THESE ACTS AND PROCEEDINGS ARE DESCRIBED IN THE MINUTES OF THE BOARD MEETINGS WHICH ARE AVAILABLE FOR INSPECTION AT REASONABLE HOURS ON ANY BUSINESS DAY. SIGNIFICANT ACTS AND TRANSACTIONS ARE LIKEWISE COVERED BY APPROPRIATE DISCLOSURES WITH THE SEC AND THE PSE.

Appended to this Information Statement are the abovementioned minutes of the Annual Stockholders' Meeting of the Company held on 12 April 2023, which fully reflect the proceedings during the meeting in accordance with Section 49 of the Revised Corporation Code, including:

1. a description of the voting and vote tabulation procedures used in the previous meeting, including the engagement and presence of external auditor P&A, which was especially engaged as third-party validator for the meetings;
2. a description of the opportunity given to stockholders to ask questions and a record of the questions asked and answers given; and
3. the list of directors and officers and a description of stockholders who participated in the meeting, duly certified to by the Corporate Secretary, verified by the Company's Stock Transfer Agent, BDO Stock Transfer, and validated by P&A. The office of the Corporate Secretary has in its custody the full list and names of stockholders who participated in the 2023 Annual Stockholders' Meeting.

These minutes were posted in the Company's website within twenty-four (24) hours from adjournment of the meetings.

For the period ended December 31, 2023, there were no self-dealings or related party transactions by any director which require disclosure.

There is likewise no material information on the current stockholders and their voting rights requiring disclosure.

All stockholders as of Record Date are entitled to vote *in absentia* for this meeting by registering and voting

through the Company's secure online voting facility. For the detailed discussion of stockholders' voting rights and voting procedures, please refer to Item 19 (Voting Procedures) and the "*Guidelines for Participation via Remote Communication and Voting in Absentia*" appended to this Information Statement.

ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

ITEM 17. AMENDMENTS OF CHARTER, BY-LAWS OR OTHER DOCUMENTS

Stockholders have the right to approve or disapprove any proposed amendment to the Articles of Incorporation and By-laws of the Company. Dissenting stockholders may exercise their appraisal rights as set forth in Item 2. There are no amendments to be taken at the meeting.

ITEM 18. OTHER PROPOSED ACTION

Other than the matters indicated in the Notice and Agenda included in this Information Statement, there are no other actions proposed to be taken at the meeting.

ITEM 19. VOTING PROCEDURES

Except as otherwise provided by law, each stockholder of record shall be entitled at every meeting of stockholders to one vote for each share of stock standing in his name on the stock books of this Company, which vote may be given personally or by attorney or authorized in writing. In accordance with the process on proxy validation, the instrument authorizing an attorney or proxy to act shall be exhibited to the Corporate Secretary if he shall so request. A majority vote of the shares present and constituting a quorum shall decide any matter submitted to the shareholders at the meeting, except in those cases where the law requires a greater number.

There is no manner of voting prescribed in the By-laws of the Company.

As discussed in Item 4, for this year's meeting, the Board of Directors has adopted a resolution allowing stockholders to exercise their right to vote *in absentia*. Each common share of the Company is entitled to one (1) vote (each, a Voting Share/s) for each agenda item presented for stockholder approval, except in the election of directors where one (1) share is entitled to as many votes as there are directors to be elected. Each stockholder may cast the vote to which the number of shares he owns entitles him, for as many persons as there are to be elected as directors, or he may accumulate or give to one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

The Corporate Secretary will be principally responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Meeting of the Stockholders. BDO Unibank – Trust and Investments Group, the Company's stock transfer agent, in conjunction with P&A, the Company's external auditor, both independent parties, are tasked to count votes on any matter properly brought to the vote of the shareholders, including the election of directors.

For this year’s meeting, the Board of Directors approved the authority of stockholders to vote *in absentia*, the procedures for which are detailed in the “*Guidelines for Participation via Remote Communication and Voting in Absentia*” appended to this Information Statement.

BDO Stock Transfer, the Company’s stock transfer agent, and P&A, specifically engaged for this meeting as third-party tabulator, will be present during the meeting. P&A, an independent party, is tasked to count and tabulate votes on any matter properly brought to the vote of stockholders during the meeting.

ITEM 20. MARKET FOR REGISTRANT’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The principal market for the Company’s common equity is the Philippine Stock Exchange.

The market prices of the Company’s share are as follows:

<u>2020</u>	<u>High</u>	<u>Low</u>	<u>2019</u>	<u>High</u>	<u>Low</u>
January 24, 2020 (Last trading date)	3.35	3.00	1st quarter	2.29	2.22
			2nd quarter	2.42	2.32
			3rd quarter	2.02	2.00
			4th quarter	2.02	1.84
<u>2018</u>	<u>High</u>	<u>Low</u>	<u>2017</u>	<u>High</u>	<u>Low</u>
1st quarter	3.21	2.23	1st quarter	3.96	3.95
2nd quarter	2.84	2.83	2nd quarter	4.05	3.90
3rd quarter	2.58	2.57	3rd quarter	4.08	4.05
4th quarter	2.20	2.19	4th 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 by the SEC in light of the change of the Company’s primary business from a leasing to a holding company, as the SEC ruled that the Company’s Registration Statement as a leasing and financing company was no longer true and accurate. The SEC ordered the suspension and required the filing of an Amended Registration Statement. The Company filed a request for reconsideration of the Order on 25 February 2020, primarily on the basis that the conversion of the Company is not yet approved by the SEC and hence not yet effective, noting also that it has been transparent and timely with reporting material transactions.

While the Company's request for reconsideration remains pending resolution by the SEC, the Company decided to comply with the directive of the SEC and took the opportunity upon approval by the SEC of its conversion to a holding company on 18 July 2022. Subject to review and approval of the SEC, DHI filed an amended Registration Statement last 29 June 2023 in compliance with the requirements of the SEC for the lifting of its Order of Suspension against the Company dated 13 February 2020 (Order).

As of December 31, 2023, 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.

In view of the trading suspension by PSE, the total number of stockholders of the Company as of March 8, 2024 is one thousand one hundred (1,100). Common shares outstanding in turn, totaled 2,162,475,312.

In the last two (2) years, the Company did not declare any dividends. No restriction exists that limits the payment of dividend on common shares.

Holders

The Company's common stockholders, with their respective shareholdings as of March 8, 2024 are as follows:

Name	No. of Shares Held	% to Total
BDO Unibank, Inc.	1,914,711,807	88.542597%
Various Stockholders (Public)	247,763,505	11.457403%
	2,162,475,312	100.000000%

The top 20 stockholders of the Company as of March 8, 2024 are as follows:

Name of Stockholders	Securities	Shares Held	Total Outstanding
BDO Unibank, Inc./Banco De Oro Unibank Inc.*	Common	1,914,711,807	88.542597%
PCD Nominee Corporation (Filipino)	Common	247,875,736	11.140%
PCI Leasing & Finance, Inc.	Common	62,693,705	2.817%
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%

<i>Name of Stockholders</i>	<i>Securities</i>	<i>Shares Held</i>	<i>Total Outstanding</i>
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%
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, 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	247,859,686	11.139%
PCI Leasing & Finance, Inc.	Common	62,693,705	2.817%
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%
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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

There were no recent sales of unregistered or exempt securities including recent issuance of securities

constituting an exempt transaction.

ITEM 21. CORPORATE GOVERNANCE

Corporate Governance

Corporate governance in DHI is about effective oversight, strict compliance with regulations, and sustainable value creation to promote the best interest of its various stakeholders. Dominion Holdings, Inc. 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 market 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. 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, 2023.

Governance Structure

Board of Directors

Responsibility for good governance lies with the Board. It is responsible for providing effective leadership and overall direction to foster the long-term success of the Company. It oversees the business affairs of the Company, reviews the strategic plans and performance targets, financial plans and budgets, key operational initiatives, capital expenditures, acquisitions and divestments, annual and interim financial statements, and corporate governance practices. It also periodically reviews the Company's corporate mission and vision and ensures their continuous alignment with the Company's strategic plans. It oversees management performance, the enterprise risk management, internal control systems, financial reporting and compliance, related party transactions, continuing director education, and succession plans for the Board, the Chief Executive Officer (CEO), and senior management officers. It considers sustainability issues related to the environment, social, and governance factors as part of its sustainable company practices.

Board Composition

The Board is composed of eleven (11) members with two (2) vacancies. It is led by a Non-Executive Chairperson with two (2) Independent Directors, four (4) Non-Executive Directors, and two (2) Executive Directors who are the President and Treasurer.

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 (4) of 11 Board seats occupied by independent directors, the Company goes beyond the 1/3 minimum requirement of the Securities and Exchange Commission. Independent directors chair four (4) of six (6) board-level committees, namely Board Audit, Corporate Governance, Related Party Transactions, and Nominations. This provides independent, objective, and balanced judgment on significant corporate matters and ensures that key issues

and strategies are objectively reviewed, constructively challenged, thoroughly discussed and rigorously examined.

Screening of Directors

The Board is responsible for the screening of new directors through the Nominations Committee. It leads the process of identifying and evaluating the nominees for directors. Using the Company's Board Diversity Policy as primary reference, the Nominations Committee evaluates the balance, skills, knowledge and experience of the existing Board membership and the requirements of the Company before the Annual Stockholders' Meeting. The result of the evaluation determines the role and key attributes an incoming director should have. The Nominations Committee receives recommendations for potential candidates and uses, to the extent possible, external search firms or external databases (i.e., ICD List of Members) in selecting the pool of candidates for the new members of the Board. The Nominations Committee recommends the most suitable candidate to the Board for appointment or election as director.

For reelection of incumbent directors, the Nominations Committee also considers the results of the most recent annual evaluation of the performance of the Board and Board-level Committees facilitated by an independent third-party evaluator, attendance record in meetings, participation in Board activities and overall contribution to the functioning of the Board.

Board Diversity

The Company adopted the Board Diversity Policy of its parent bank BDO Unibank, Inc. that sets out approaches to promote diversity in the membership of the Board of Directors and recognizes that diversity in skills, experience, gender, sexual orientation or preference, age, education, race, religion, business and other related expertise among its directors will foster critical discussion and promote balanced decision by the Board. It views diversity as an essential element in maintaining strong corporate governance through a strong and effective Board.

The Board commits to continually promote and observe diversity in its membership. As a whole, the Board, through its members, should possess all of the necessary skills, experience and functional expertise to oversee the strategic direction of the Company. In determining the optimum composition of the Board and in filling vacancies, the Nominations Committee should consider all aspects of diversity in its Diversity Policy in order to maintain an appropriate balance of skills, background, experience, and knowledge in the Board composition, as well as the important role of women with appropriate and relevant skills and experience.

In evaluating the suitability of an individual board member and promoting diversity in the composition of the Board, the Nominations Committee annually reviews the Board and Board-level Committee composition to ensure appropriate balance of skills, competencies, experience in its membership, and diversity to assure alignment with the new regulations. The Committee recommends to the Board of Directors the slate of candidates nominated by the stockholders for election to the Board of Directors during the Company's annual stockholders' meeting. The Committee takes into account the relevant qualifications of every candidate nominated for election, with competence and integrity as the primary factors.

The present members of the Board have extensive experiences in strategic planning and business strategy, investment management, accounting and finance, legal and compliance entrepreneurship, asset management, taxation, human resource management, sustainability, risk management and corporate governance.

Considering the growth, complexity and scope of the Company's business, the Board believes that its current size and composition provide sufficient diversity among its directors and enable it to bring about effective leadership and maintain strong corporate governance.

Selection and Appointment of Senior Executive Management

The Board is also responsible for approving the selection and appointment of a competent executive management led by the President including the heads of units who exercise control functions i.e. Compliance Officer. Fit and proper standards are applied in the selection of key officers and utmost consideration is given to their integrity, technical expertise, and relevant experience.

Review of Company's Mission, Vision, and Strategic Plans

The Board, being the highest governance body, is responsible for approving and updating the Company's mission, vision, objectives and strategies on a continuing basis and in overseeing management's implementation thereof, taking into account the Company's long-term financial interests, its level of risk tolerance, and ability to manage risks effectively. It is actively engaged in the affairs of the Company, keeps up with material changes in the Company's business and regulatory environment and ensures that the Company has beneficial influence on the economy. The Board similarly oversees the implementation of policies governing major areas of the Company's operations and holds special meetings to discuss strategic matters and critical concerns.

During the year, the Board approved, reviewed, and oversaw the Company's financial budget and capital funding, business targets and strategies, and the release of the 2022 audited financial statements which were disclosed to the public on March 3, 2023, 62 days from year end, following the SEC Code of Corporate Governance for Publicly Listed Companies' recommendation of within 90 days from year-end. Its oversight functions include the review of operational and financial performance of senior management and works of the various committees in accordance with their Terms of Reference.

Sustainability Initiatives

The Board also oversaw matters related to sustainability. As a subsidiary of BDO Unibank, Inc., the Company takes part in the Bank's Environmental and Social Risk Management System (ESRMS) which provides guidance to identify, assess, and manage E&S risks and opportunities associated with the Company's operations.

Improving Board Effectiveness

Board Performance

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 who are required to complete them and explain the rationale of their response. The results are independently tabulated, assessed and reported to the Board.

The 2022 performance evaluation of the Board in terms of board responsibilities, composition, conduct, interaction and communication, administration and process, strategic board meeting session, and board oversight of risks were rated strong. Based on the responses, the Board's strength lies in the composition of its members, which is perceived to be of the right size, with sufficient diversity, experience and credentials, as well as its interaction and communication process and oversight of risks. Skills deemed essential for Directors such as corporate governance, strategic planning and business strategy, risk

management, legal and compliance, and sustainability, were deemed exhibited in the current Board. The Directors rated the Board Committees high in terms of their understanding of their respective roles and effectiveness in performing their functions. The results further indicate that the Chairperson and President demonstrated strong leadership in their respective roles. Majority of the Directors considered themselves sufficiently trained in 2022.

For 2023, the Board Effectiveness Evaluation will be conducted by an external facilitator.

Senior Management and Employee Performance

The Board approves and monitors appropriate key performance indicators for senior management, which are aligned with the Company's strategic plan, and oversees management's conduct of the Company's business and intervenes as needed. Using an approved set of questionnaires, the Board reviewed Senior Management's performance against established criteria, for purposes of assessing its effectiveness and as a tool in its efforts to enhance its structure, composition, and procedures. The results of the assessment reveal that the Board generally perceives the Senior Management as strong especially in areas of qualifications, financial performance, strategy, and leadership.

The measurable standards for each employee established by the Company every year is the Key Result Areas (**KRA**) Plan. The KRA specifies the focus area of performance and the results expected that are aligned with the strategy of the Company. The KRA Plan is the effective performance management framework adopted to ensure that individual performance is tracked versus standards set by Management and Board. The fulfillment of these standards is the basis of the yearly appraisal rating of employees. For the heads of control functions, their annual performances are assessed by the Board-level Committees that oversee them. Their performances are measured against the regulatory expectations for their roles.

Continuing Education for Directors and Senior Management

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.

Directors of DHI complied with the annual corporate governance training requirement of four (4) hours in 2023. All nine (9) directors of DHI, along with other directors and members of the senior management and key officers of entities in the BDO Group, attended its in-house corporate governance seminar held on August 2, 2023. Gartner, Inc., a global research and consulting firm, provided insights on global trends in banking technology and how BDO is fairing against these trends. They emphasized the importance of understanding the needs of customers through contextual engagement, as well as the increasing adoption of the "phygital (physical and digital) strategy" and generative artificial intelligence (AI) in enhancing customer experience. On the other hand, Boston Consulting Group (BCG), another global consulting firm, shared their insights about Generative AI and its disruptive impact in businesses. They examined the risks posed by generative AI and highlighted the crucial role of people in transforming the business.

Succession Planning

Succession planning for the Board and senior management is an important part of the governance process. The Board adopts a policy on retirement for directors and officers, as part of the succession plan, to promote dynamism. The Board, through the Corporate Governance Committee, reviews the succession framework/policy and leadership development plans for the Board and senior management. The Nominations Committee, on the other hand, leads the process for identifying and makes recommendations

to the Board on, candidates for appointment as Directors of the Company as well as management positions requiring appointment by the Board, giving full consideration to succession planning and the leadership needs of the Company.

In the Board level, succession planning is always a conscious effort to the Board to assess every year the nominees for Board members. At such time, the remaining term of each independent director is also noted to allow the Board sufficient time to scout for successors. The Board, through the Nominations Committee, shortlists the candidates nominated by the stockholders by pre-screening and checking the qualifications of candidates. Also, the Board has adopted the nine-year term limit of independent directors as a way to refresh the Board membership progressively and in an orderly manner.

In the Management level, the implementation of succession planning within BDO Groups and its subsidiaries is driven by the respective group heads in partnership with Human Resources Group (**HRG**) and shall cover critical leadership or individual contributor roles to ensure business continuity. This is achieved through a systematic and integrated process in the identification, assessment, development and retention of talents.

The Succession Planning Policy shall cover the steps involved in the (a) identification and development of talents, and (b) assessment and building of succession bench strength to ensure that potential successor is ready to transition to the next key leadership/position in the Company.

Remuneration of Directors and Senior Management

Our Remuneration policy is geared towards attracting, retaining, and motivating employees and members of the Board.

The remuneration framework for senior management includes fixed pay and bonuses as a long term incentive program. It is linked to corporate and individual performance, based on an appraisal of senior management. The five most highly compensated officers are the President and four Executive Officers. All qualified employees may be entitled to an annual merit increase in salary, based on their performance for the immediately preceding year. This has a long-term and compounding effect to the fixed pay, which serves as basis for their retirement benefit. With the conversion of DHI to a Holding Company in October 2020, only five (5) Corporate Officers were retained in the Company. 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 receive 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. Non-Executive Directors receive per diem for attending board and committee meetings. In addition, the Company grants director fees, other than per diem, in accordance with law to ensure that the remuneration is commensurate with the effort, time spent, and responsibilities of NEDs. There is no distinction on the director's fee for a committee chairman or member. The total remuneration of each member of the Board is disclosed in the Company's Definitive Information Statement and SEC Form 17-A (Annual Report).

Related Party Transactions

The Company has established policies and procedures on related party transactions (RPT) in accordance with 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. In 2023, with limited operations, no transaction qualified under the materiality threshold as defined in SEC Memorandum Circular No. 10 (Series of 2019) or the Rules on Material Related Party Transactions for Publicly-Listed Companies.

The full version of the Related Party Transactions Policy is published on our corporate website.

Chairperson of the Board

The Chairperson is primarily responsible for leading the Board and ensuring its effectiveness. He provides leadership to the Board, fosters constructive relationships with the directors, promotes an open environment for critical discussions and constructive debate on key issues and strategic matters, and ensures that the Board of Directors exercises strong oversight over the Company's business and performance of senior management. He takes a lead role in ensuring that the Board provides effective governance of the Company and continues to operate at a very high standard of independence with the full support of the directors.

Independent and Non-Executive Directors' Meeting

Regular meetings are held by Independent and Non-Executive Directors (INED) with the heads of the control functions as well as the external auditor, without the presence of management or any Company executive, to discuss various matters or issues outside the Board Audit Committee and Risk Management Committee meetings. The INED also meet with the heads of business and operating units to understand further and engage in deeper discussions with the Company management. The meetings are chaired by the Lead Independent Director.

In light of the cessation of the Company's leasing and financing operations in 2020, no executive sessions were held by Non-Executive Directors in 2023 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.

Board-level Committees

The Board has established six (6) committees to help in discharging its duties and responsibilities. These committees derive their authority from and report directly to the Board. Their mandates and scopes of responsibility are set forth in their respective Terms of Reference, which are subjected to annual review and may be updated or changed in order to meet the Board's needs or for regulatory compliance. The number and membership composition of committees may be increased or decreased by the Board as it deems appropriate, consistent with applicable laws or regulations specifically on the majority membership and chairmanship of independent directors in various committees. As of December 31, 2023, four (4) of six (6) board-level committees are chaired by Independent Directors.

The standing committees of the Board are as follows:

Executive Committee

Chairperson:

Lazaro Jerome C. Guevarra

Members:

Manuel Z. Locsin, Jr.

Member until May 31, 2023

Rosario C. Crisostomo

Member beginning June 1, 2023 until July 31, 2023

John Emmanuel M. Lizares

Member beginning August 1, 2023

Melanie S. Belen

FUNCTIONS:

- Exercises the power of the Board in the management and direction of the affairs of the Company.
- Acts as the main approving body for investments, advances or commitments and property-related proposals.
- Exercises oversight over the Company's sustainability program.

Board Audit Committee

Chairman:

Ismael G. Estela, Jr.

(Independent Director)

Members:

Rebecca S. Torres

Luis Ma. G. Uianza

(Independent Director)

FUNCTIONS:

- 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 publicly 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 their implementation 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 internal and external auditors, remuneration, approval of terms of audit engagement and payment of fees. It reviews non-audit work of external auditors, if any, ensuring that it would not conflict with their duties nor 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. Annually, it evaluates the performance of the Chief Internal Auditor and the internal and external audit functions.
- On compliance, it recommends the approval of the Compliance Charter and reviews annually the performance of the Compliance Officer and the compliance function. It also reviews the annual plans of the Compliance Unit and evaluates the effectiveness of the regulatory compliance framework 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:

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. It endorsed for approval of the Board the Company's audited financial statements as of December 31, 2022 including the Notes to the Financial Statements. This was approved by the Board on February 22, 2023 and disclosed to the public on March 3, 2023, 62 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 and compliance with accounting standards were likewise reviewed.

In overseeing the internal audit function, it reviewed and approved the 2023 Internal Audit Policy Statement and the 2023 and 2024 Internal Audit risk-based audit plans after a thorough review of their scope, as well as changes to the plan, audit methodology, manpower resources and the appointments/assignments of key audit officers 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 also assessed the performance of the Chief Internal Auditor and the internal audit function

On external audit, it reviewed and approved the 2023 Audit Plans of the external auditor to ensure the adequacy of its scope and coverage and appropriateness of the timelines. On February 22, 2023, it approved and endorsed for approval of the Board the engagement with the Company's external auditor for its non-audit role as Board of Canvassers in the voting in the Company's Annual Stockholders Meeting on April 12, 2023. It reviewed and discussed the content of the engagement letter, scope of work, composition of engagement team among others, prior to the commencement of the non-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 reviewed and approved the annual compliance plans. It monitored the progress and reviewed the status of the annual compliance plans and timely submission of

regulatory and prudential reports. It also conducted the annual appraisal of the performance of the Compliance Officer for 2022. The Committee is satisfied that the compliance function was able to effectively carry out its plans and programs and fulfill its role as the central point of contact of regulators.

As part of its commitment to excellent corporate governance, the Committee conducted a self-assessment for its 2022 performance based on its Terms of Reference. The BAC likewise evaluated the performance of Internal Audit and Compliance, 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.

Corporate Governance Committee

Chairperson:

Luis Ma. G. Uranza

(Independent Director)

Members:

Rebecca S. Torres

Ismael G. Estela, Jr.

(Independent Director)

FUNCTIONS:

- 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 oversees 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 on to enhance effectiveness.
- Reviews and assesses the adequacy of the Company's policies and practices on corporate governance including the Corporate Governance Manual and Interlocking Policy and recommends changes for approval of the Board.
- Oversees the continuing education program for directors and key officers and proposes relevant training for them.
- Oversees the Sustainability initiatives of the Company, particularly key processes, standards and strategies designed to manage environmental and social impact and governance.

During the year, the Corporate Governance Committee achieved the following:

a. Annual Continuing Education of Directors

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 global trends in banking technology and how BDO is fairing against these trends, as well as generative artificial intelligence and its disruptive impact in businesses.

b. Adherence to Corporate Governance Standards

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 2022 Integrated Annual Corporate Governance Report to the Securities and Exchange Commission (SEC), which documents Company's compliance with the SEC Code of Corporate Governance. It also approved the Company's self-assessment on its compliance with the principles of the ASEAN Corporate Governance Standards (ACGS).

As a testament to its continuing commitment to the practice of good corporate governance, the Company received a 1-Golden Arrow award from the Institute of Corporate Directors during the 2023 ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Recognition ceremonies held at Okada Manila Hotel in Pasay City last September 28, 2023. This award is for its 2022 corporate governance practices based on the ACGS Scorecard.

c. Board Effectiveness Evaluation

The Committee also spearheaded the annual Board evaluation self-assessment by Board members covering the performance in 2022 of the Board of Directors, Board-level Committees, senior management and each director. The 2022 performance evaluation of the Board in terms of board responsibilities, composition, conduct, interaction and communication, administration and process, strategic board meeting session, and board oversight of risks were rated strong. Skills deemed essential for Directors such as corporate governance, strategic planning and business strategy, risk management, legal and compliance, and sustainability, were deemed exhibited in the current Board. The Directors rated the Board Committees high in terms of their understanding of their respective roles and effectiveness in performing their functions. The results further indicate that the Chairperson and President demonstrated strong leadership in their respective roles. Majority of the Directors considered themselves sufficiently trained in 2022.

Risk Management Committee

Chairman:
Rebecca S. Torres

Members:
Luis Ma. G. Uranza
(Independent Director)

Ismael G. Estela, Jr.
(Independent Director)

FUNCTIONS:

- Is responsible for the oversight of the enterprise risk management program of the Company.
- Is responsible for approving the enterprise risk management framework and risk management plan developed by management, defining the policies, limits, and strategies for managing and controlling the major risks of the Company.
- Oversees the implementation and review of the risk management plan, including the system of limits of discretionary authority delegated by the Board of Directors to management under its purview and ensures that immediate corrective actions are taken whenever limits are breached.

- Is responsible for ensuring that there is periodic review of the effectiveness of the risk management systems and recovery plans, and that corrective actions are promptly implemented to address risk management concerns.
- Is responsible for conducting regular discussions with management on the current and emerging risk exposures, based on regular management reports, and direct concerned units on how to reduce these risks.
- Is also responsible for the appointment/selection, remuneration, approval and assessment of interlocking positions held, performance evaluation, and dismissal of the Chief Risk Officer, for ensuring that the risk management function has adequate resources and for effectively overseeing the risk-taking activities of the Company.
- Works with the Audit Committee in certifying in the Annual Report the adequacy of the Company's risk management systems and controls.

In accordance with its mandate, the Committee conducted regular discussions on the Company's exposures to various risks as a holding company, including mitigation strategies, where necessary and applicable. The Committee also approved the results of the annual performance appraisal of the Chief Risk Officer.

Nominations Committee

Chairman:

Luis Ma. G. Uranza
(Independent Director)

Members:

Rebecca S. Torres

Ismael G. Estela, Jr.

(Independent Director)

FUNCTIONS:

- Leads the process of identifying candidates for election and appointment of Directors and all other positions requiring appointment of the Board of Directors, giving full consideration to succession planning and the leadership needs of the group. In particular, this process includes the profiling of the skills and competencies of the currently serving directors, the gaps in skills and competencies identified and the search for candidates who are aligned with the Company's directions to fill the gaps. It makes use of external database, e.g. Institute of Corporate Directors, or professional search, to the extent possible. It then makes appropriate recommendations to the Board.
- Makes recommendations to the Board on the composition and chairmanship of the various committees.
- Keeps under review the structure, size and composition of the Board, including the balance of skills, knowledge and experience and the independence of the Non-Executive Directors, and makes recommendations to the Board with regard to any changes.
- Reviews and approves the interlocking positions of Directors in other entities and ensure its compliance with the Company's Interlocking Policy.

After reviewing the composition of the Board and Board-level Committees, it approved the nominations of the regular and independent directors on February 22, 2023, 2023 in accordance with the criteria set forth in the By-laws of DHI, as well as pertinent regulations of the Securities and Exchange Commission and Philippine Stock Exchange. After due deliberations on the nominees, it recommended to the Board the appointment, reappointment or election of the Chairperson, Corporate Officers, and memberships in Board-level Committees. On June 30, 2023, it recommended to the Board the appointment of John

Emmanuel M. Lizares as Director, President and member of the Executive Committee of DHI effective August 1, 2023. The Committee also reviewed/approved the interlocking directorship and officership positions of the nominees to the Board in other entities.

Related Party Transactions Committee

Chairman:

Luis Ma. G. Uranza
(Independent Director)

Members:

Ismael G. Estela, Jr
(Independent Director)

Geneva T. Gloria

FUNCTIONS:

- Assists the Board in its oversight of the conduct of all Related Party Transactions (RPTs) to protect the interests of the Company and its stakeholders.
- Ensures proper disclosure of all approved RPTs in accordance with applicable legal and regulatory requirements and confirmation by majority vote at the Annual Stockholders' meeting of the Company's significant transactions with related parties.

Independent Control Functions

Compliance

DHI's Compliance, through the Compliance Officer (CO) of BDO Finance Corporation, oversees the design of the Company's compliance system and the overall compliance framework executed through a Compliance Program, and promotes their effective implementation. DHI Compliance reports to and is under the direct supervision of the Board Audit Committee. It is responsible for overseeing, coordinating, monitoring and ensuring compliance of the Company with existing laws, rules and regulations through the implementation of the overall compliance system and program in accordance with the requirements of the regulatory agencies, including but not limited to the identification and control of compliance risks, prudential reporting obligations as well as compliance training. The Compliance System forms the processes, people, policies and other components that, as an integral unit, ultimately drive the DHI's initiatives to conform to industry laws, regulations and standards. In line with DHI's initiatives is its commitment to ensure that activities of the Company and its personnel are conducted in accordance with all applicable laws and regulations and industry standards, and this commitment to compliance serves to protect the Company and its stakeholders. DHI's Compliance, as provided in its Charter, conducts independent compliance tests and reports to the Board Audit Committee any significant compliance issues or breaches.

The Compliance Department and its compliance program endeavors to protect the Company's franchise, manage compliance risks and simultaneously support the business goals and growth of the institution by providing appropriate compliance insights and regulatory guidance to safeguard the Company and its stakeholders.

Internal Audit

The Internal Audit Group reports functionally to the BAC of the Parent Bank and respective subsidiaries. It provides independent, objective, reliable and valued assurance and consulting services, over the

effectiveness of governance, risk management and control processes of the BDO Group. It operates under the Internal Audit Policy Statement (Internal Audit Charter) that is reviewed and approved annually by the BAC. It seeks BAC approval for the annual audit plan and any changes thereto, provides updates on accomplishments, reports results of audit conducted and tracks resolution of audit findings. In its year-end closing report, Internal Audit attests to the fulfillment of its mandated responsibilities and provides overall assurance on the effectiveness of internal control, risk management and governance processes.

Internal Audit generally conforms with standards such as the ISPPIA (International Standard for the Professional Practice of Internal Auditing) and the Code of Ethics, as confirmed by the results of its External Quality Assessment Review (**EQAR**). Internal Audit also adheres to the principles under COSO Internal Control Integrated Framework, COBIT (Control Objectives for Information and Related Technology), and other governing regulations. It is independent of the activities audited, and from the day to day internal control processes. With free access to all records, properties and personnel, it is able to report audit results, findings, opinions, and other information through clear reporting line.

It promotes continuous professional development of its auditors, especially in areas requiring specialized areas of knowledge and technical expertise, auditing techniques, and relevant changes in regulations.

Consumer Protection Practices

DHI's financial consumer protection framework is anchored on disclosure and transparency, protection of client information, equitable fair treatment, timely handling and redress of complaints, protection of consumer assets against fraud and misuse, and data privacy and protection. 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 Company's consumer protection policies and programs. Senior management implements the Board-approved strategy and ensures that control mechanisms are in place.

Consumer protection practices are embedded in the operations and business units are required to identify, measure, monitor, and control consumer protection risks inherent in its operations.

DHI's commitment is that customers are treated fairly, honestly, and professionally at all stages of their relationship with the Company. The Company 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.

Whistleblowing

DHI believes that the key to long-term sustainability and success largely depends on having a good name and solid reputation in the market place. To achieve this, the Company is committed to the highest standards of ethical values, integrity, honesty, accountability and transparency in the conduct of its business.

The Company's Policy on Disclosure of Sensitive/Confidential Matters to Management covers the tipping off of any incident, situation, circumstance or problem involving fraud and/or violation of policies for further investigation which may result in or resulted in monetary loss and/or negative impact to the image of the Company.

Reporting may be done thru any available means such as but not limited to SMS text, letter, email or phone call directly to the Office of the President (**OP**) or the appropriate Head of the Unit concerned. For concerns directly involving the President and the other Executive Directors, the report should be addressed to the Board of Directors thru the Office of the Chairperson. For RPT-related concerns, the report should be addressed to the Chairman of Related Party Transactions Committee.

Engagement with Stakeholders

DHI employs a multi-pronged communications strategy to actively engage with its various stakeholders and promote transparency, awareness, and visibility about the Company.

Communication with the core audience is handled by the following: Investor Relations and Corporate Planning Group by BDO Unibank for institutional investors, analysts, credit rating agencies, and other external stakeholders; the Corporate Secretary's office (**CorSec**) for retail investors and other shareholders; and both IR and **CorSec** for the board members and senior management. Additionally, communications requiring media involvement are done in conjunction with BDO Unibank's Marketing Communications Group.

The Company provides material and relevant information through official disclosures via PSE EDGE, the company website and media.

Compliance with the SEC Code of Corporate Governance

Publicly-listed companies are advised to disclose in their Annual Report the company's compliance with the Code of Corporate Governance and where there is non-compliance, to identify and explain the reason for such issue. We confirm that as of December 31, 2023, the Company has substantially complied with the recommendations of the Code except for the following: 1) Policy on retirement age of directors and 2) Disclosure of executive remuneration on an individual basis.

On the retirement age of directors, the Board recognizes the fact that chronological 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 advices and opinions and will continue to utilize them for the benefit of all its stakeholders. Age discrimination is discouraged by law, as once a director has been elected, removal due solely to age is prohibited. 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.

On the disclosure of the remuneration on an individual basis for executive officers, this information is no longer disclosed. 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 is an external counsel retained by BDO Unibank, which directly pays for his compensation.

Looking Ahead

DHI, as a holding company, recognizes the importance of addressing climate change and supporting the country's transition towards a low-carbon economy. Through its Board, its Parent Company and Senior Management, the Company 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.

UNDERTAKING TO PROVIDE WITHOUT CHARGE A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A

THE COMPANY WILL PROVIDE WITHOUT CHARGE A COPY OF THE COMPANY'S ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2023 (SEC FORM 17-A) TO ITS STOCKHOLDERS UPON RECEIPT OF A WRITTEN REQUEST ADDRESSED TO THE CORPORATE SECRETARY, 21ST FLOOR, BDO TOWERS VALERO, 8741 PASEO DE ROXAS, SALCEDO VILLAGE, MAKATI CITY

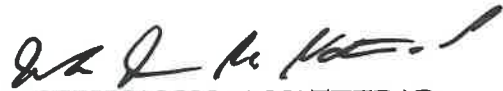
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E. SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on MAR 14 2024.

DOMINION HOLDINGS, INC.

By:



JOSEPH JASON M. NATIVIDAD
Corporate Secretary

DOMINION HOLDINGS, INC.
ANNUAL STOCKHOLDERS' MEETING
April 12, 2024 at 3:00 p.m.

Guidelines for Participating via Remote Communication and Voting *in Absentia*

The 2024 virtual Annual Stockholders' Meeting (**ASM**) of Dominion Holdings, Inc. (**DHI**) is scheduled on **April 12, 2024 (Friday) at 3:00 p.m.** with the end of trading hours of the Philippine Stock Exchange on **March 8, 2024 (Record Date)** as the record date set by the Board of Directors for the determination of stockholders entitled to the notice of, to attend, and to vote at such meeting and any adjournment thereof.

The ASM will be broadcasted via livestreaming accessible to registered participants. Stockholders will be allowed to register, attend, participate and vote via remote communication or *in absentia* pursuant to Sections 23 and 57 of the Revised Corporation Code of the Philippines.

Step 1. Pre-ASM Registration/Validation/Voting Procedures

Stockholder must notify the Office of the Corporate Secretary of their intention to participate in the ASM via remote communication or to exercise their right to vote *in absentia* by sending the documentary requirements with transmittal letter addressed to the Office of the Corporate Secretary, 21st Floor, BDO Towers Valero, 8741 Paseo de Roxas, Salcedo Village, Makati City VIA COURIER/PERSONAL DELIVERY OR scanned copies of these documents by EMAIL to <natividad.josephjason@bdo.com.ph> with return-receipt.

The following complete/accurate documentary requirements with transmittal letter MUST BE SENT TO AND RECEIVED by the Office of the Corporate Secretary no later than April 02, 2024:

- ***For Certificated Individual Stockholders***
 1. A clear copy of the stockholder's valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address.
 2. Stock certificate number/s.
 3. A valid and active e-mail address and contact number of stockholder.
 4. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from DHI's website <<https://www.bdo.com.ph/dominion/annual-stockholders-meeting>>.

If sending via email, attachments should be clear copies in JPG or PDF format. with each file size no larger than 2MB.

- ***For Certificated Multiple Stockholders or Joint owners***
 1. A clear copy of the ALL stockholders' valid government-issued IDs (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details, preferably with residential address.
 2. Stock certificate number/s.
 3. A valid and active email address and contact number of authorized representative.
 4. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders. (need *not* be notarized)
 5. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from DHI's website. <<https://www.bdo.com.ph/dominion/proxy-form>>.

If sending via email, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

- **For Certificated Corporate/Partnership Stockholders**
 1. Secretary's Certification of Board resolution attesting to the authority of representative to participate by remote communication for, and on behalf of the Corporation/Partnership.
 2. Stock certificate number/s.
 3. A clear copy of the valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) of stockholder's authorized representative showing photo, signature and personal details, preferably with residential address.
 4. A valid and active email address and contact number of authorized representative
 5. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from DHI's website <<https://www.bdo.com.ph/dominion/proxy-form>>.

If sending via email, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

- **For Stockholders with Shares under PCD Participant/Broker Account**
 1. Certification from broker as to the number of shares owned by stockholder.
 2. A clear copy of the stockholder's valid government-issued ID (such as passport, driver's license, or unified multipurpose ID) showing photo, signature and personal details.
 3. Secretary preferably with residential address.
 4. A valid and active email address and contact number of stockholder or proxy.
 5. If appointing a proxy, duly accomplished and signed proxy indicating the votes on the agenda items. Proxy form can be downloaded from DHI's website <<https://www.bdo.com.ph/dominion/proxy-form>>.

If sending via email, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

Stockholders will receive an e-mail reply from DHI's Office of the Corporate as soon as practicable. The Office of the Corporate Secretary's email reply will either confirm successful registration and provide the link/meeting details to DHI's 2024 ASM OR require submission of deficient documents. If you have not received any email reply, please call tel. no. 8840-7694.

Important Reminder: Please refrain from sending duplicate and inconsistent information/documents as this can result in failed registration. All documents/information shall be subject to verification and validation by DHI.

Step 2: Voting in Absentia Procedure

Stockholders who have successfully registered shall be notified via email from the Office of the Corporate Secretary of their log-in credentials for the ASM. Registered stockholders can then cast their votes for specific items in the agenda by accomplishing the DHI's 2024 ASM Ballot Form. The ballot form can be accessed and downloaded from DHI's website <<https://www.bdo.com.ph/dominion/ballot>>.

1. Upon accessing and downloading the ballot, the stockholder can vote on each agenda item on the ballot print-out. A brief description of each item for stockholders' approval are appended as Annex A to the Notice of Meeting.
 - 1.1 A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.
2. Once the stockholder has finalized his vote, he can proceed to submit his ballot by sending in JPG or PDF format to <natividad.josephjason@bdo.com.ph> no later than April 02, 2024.

If sending via email, attachment/s should be clear copies in JPG or PDF format, with each file size no larger than 2MB.

Step 3: Virtual ASM

The ASM will be broadcasted live and stockholders who have successfully registered can participate via remote communication. Details of the meeting will be sent to stockholders in the emails provided by DHI. Instructions on how to access the broadcast will also be posted at <<https://www.bdo.com.ph/dominion/annual-stockholders-meeting>>.

Video recordings of the ASM will be adequately maintained by the Company and will be made available to participating stockholders upon request. Stockholders may access the recorded webcast of the ASM by sending an email request addressed to <natividad.josephjason@bdo.com.ph>.

Open Forum

During the virtual meeting, the Company will have an Open Forum, during which, the meeting's moderator will read and where representatives of the Company shall endeavor to answer as many of the questions and comments received from stockholders as time will allow.

Stockholders may send their questions in advance by sending an email bearing the subject "ASM 2024 Open Forum" to <natividad.josephjason@bdo.com.ph>. A section for stockholder comments/questions or a "chatbox" shall also be provided in the broadcasting platform.

The Company will endeavor to address separately via email those questions/comments received but not entertained during the Open Forum due to time constraints.

For any clarifications, please contact our Office of the Corporate Secretary through <natividad.josephjason@bdo.com.ph>.

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

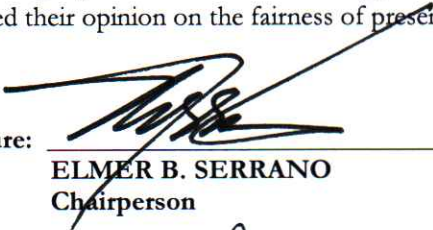
The management of **Dominion Holdings, Inc. (Formerly: BDO Leasing and Finance Inc.)** (the Company) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed 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: 
JOHN EMMANUEL M. LIZARES
President

Signature: 
LUIS S. REYES JR.
Treasurer

Signed this 21st day of February 2024

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

FEB 21 2024

SUBSCRIBED and SWORN to me before this _____ day of _____, 2024 affiant exhibiting to me his/her Social Security Number, as follows:


NAMES

Elmer B. Serrano
John Emmanuel M. Lizares
Luis S. Reyes Jr.

SSS NUMBER



Doc No: 439
Page No: 27
Book No:
Series of: mm


ATTY. MICHAEL IAN F. RODULFO
Notary Public for Mandaluyong City
Appointment No. 0468-24 / Until December 31, 2025
PTR NO. 5421887; 12-14-23; Mandaluyong City
ISP 365467; 10-31-23; Quezon City
Roll No. 60508 / MCLE Compliance No. VI' 0014851



P&A
Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Dominion Holdings, Inc.

December 31, 2023, 2022 and 2021

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, 2023 and 2022, 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, 2023, and the notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 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.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-1S (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2023, 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.

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 12 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 Yusoph A. Maute.

PUNONGBAYAN & ARAULLO


By: **Yusoph A. Maute**
Partner

CPA Reg. No. 0140306
TIN 415-417-641
PTR No. 10076145, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 140306-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-046-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 21, 2024

DOMINION HOLDINGS, INC.
(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes		2023		2022
<u>ASSETS</u>					
CASH AND CASH EQUIVALENTS	6	P	7,785,645	P	14,733,014
MONEY MARKET PLACEMENTS - Net	6		3,941,346,704		5,955,382,215
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)	7		2,306,560,507		-
OTHER ASSETS - Net			127,392,572		127,386,647
TOTAL ASSETS		P	6,383,085,428	P	6,097,501,876
<u>LIABILITIES AND EQUITY</u>					
ACCOUNTS PAYABLE AND OTHER LIABILITIES	8	P	10,655,103	P	16,106,398
DEFERRED TAX LIABILITIES - Net	12		2,530,802		-
Total Liabilities			13,185,905		16,106,398
CAPITAL STOCK	9		2,225,169,030		2,225,169,030
ADDITIONAL PAID-IN CAPITAL			571,095,676		571,095,676
TREASURY SHARES	9	(81,776,628)	(81,776,628)
NET UNREALIZED FAIR VALUE GAINS ON FINANCIAL ASSETS AT FVOCI			11,222,813		-
RETAINED EARNINGS	9		3,644,188,632		3,366,907,400
Total Equity			6,369,899,523		6,081,395,478
TOTAL LIABILITIES AND EQUITY		P	6,383,085,428	P	6,097,501,876

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 YEAR ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
INCOME				
Interests and discounts	6, 7, 11	P 342,674,559	P 63,246,030	P 30,666
Gain on redemption of unit investment trust fund (UITF)	7	1,048,999	62,625,034	-
Unrealized fair value gain on UITF	7	-	-	54,997,429
Other income - net	10	-	954,650	2,069,009
		<u>343,723,558</u>	<u>126,825,714</u>	<u>57,097,104</u>
OPERATING COSTS AND EXPENSES				
Impairment and credit losses	6, 7	6,135,361	2,799,676	-
Trust fees	11	3,591,034	-	-
Director's fees		2,182,222	2,933,333	3,011,111
Taxes and licenses	12	1,630,124	7,665,995	11,388,962
Professional fees		1,068,673	245,456	164,682
Litigation/assets acquired expenses		294,100	-	422,292
Interest expense		-	3,608,580	-
Occupancy and equipment-related expenses		-	794,204	68,000
Other expenses	11	3,211,638	14,331,494	4,200,567
		<u>18,113,152</u>	<u>32,378,738</u>	<u>19,255,614</u>
PROFIT BEFORE TAX		325,610,406	94,446,976	37,841,490
TAX INCOME (EXPENSE)	12	(48,329,174)	(25,183,760)	5,699,928
NET PROFIT		<u>P 277,281,232</u>	<u>P 69,263,216</u>	<u>P 43,541,418</u>
Basic and Diluted Earnings Per Share	13	<u>P 0.13</u>	<u>P 0.03</u>	<u>P 0.02</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, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
NET PROFIT		P 277,281,232	P 69,263,216	P 43,541,418
OTHER COMPREHENSIVE INCOME				
Item that will be reclassified subsequently to profit or loss				
Net unrealized fair value gains on debt investments at FVOCI	7	10,123,209	-	-
Impairment losses on debt investments at FVOCI	7	3,630,406	-	-
Tax expense	12	(2,530,802)	-	-
		11,222,813	-	-
TOTAL COMPREHENSIVE INCOME		P 288,504,045	P 69,263,216	P 43,541,418

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, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	<u>Capital Stock</u>	<u>Additional Paid-in Capital</u>	<u>Treasury Shares, At Cost</u>	<u>Net Unrealized Fair Value Gains on FVOCI</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
Balance at January 1, 2023	P 2,225,169,030	P 571,095,676	(P 81,776,628)	P -	P 3,366,907,400	P 6,081,395,478
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,222,813</u>	<u>277,281,232</u>	<u>288,504,045</u>
Balance at December 31, 2023	<u>P 2,225,169,030</u>	<u>P 571,095,676</u>	<u>(P 81,776,628)</u>	<u>P 11,222,813</u>	<u>P 3,644,188,632</u>	<u>P 6,369,899,523</u>
Balance at January 1, 2022	P 2,225,169,030	P 571,095,676	(P 81,776,628)	P -	P 3,297,644,184	P 6,012,132,262
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,263,216</u>	<u>69,263,216</u>
Balance at December 31, 2022	<u>P 2,225,169,030</u>	<u>P 571,095,676</u>	<u>(P 81,776,628)</u>	<u>P -</u>	<u>P 3,366,907,400</u>	<u>P 6,081,395,478</u>
Balance at January 1, 2021	P 2,225,169,030	P 571,095,676	(P 81,776,628)	P -	P 3,254,102,766	P 5,968,590,844
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,541,418</u>	<u>43,541,418</u>
Balance at December 31, 2021	<u>P 2,225,169,030</u>	<u>P 571,095,676</u>	<u>(P 81,776,628)</u>	<u>P -</u>	<u>P 3,297,644,184</u>	<u>P 6,012,132,262</u>

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, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 325,610,406	P 94,446,976	P 37,841,490
Adjustments for:				
Interests and discounts	6, 7, 11	(342,674,559)	(63,246,030)	(30,666)
Impairment and credit losses	6, 7	<u>6,135,361</u>	<u>2,799,676</u>	<u>-</u>
Operating loss before changes in operating assets and liabilities		(10,928,792)	34,000,622	37,810,824
Decrease (increase) in financial assets at fair value through profit or loss		-	5,877,689,641	(124,997,429)
Decrease (increase) in other assets		(56,045)	(7)	5,727,784
Increase (decrease) in accounts payable and other liabilities		(5,451,295)	7,948,775	(19,347,128)
Cash generated from (used in) operations		(16,436,132)	5,919,639,031	(100,805,949)
Interest received		250,098,951	12,728,422	30,666
Cash paid for final taxes		(48,329,174)	(25,174,213)	(5,574)
Net Cash From (Used in) Operating Activities		<u>185,333,645</u>	<u>5,907,193,240</u>	<u>(100,780,857)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of financial assets at fair value through other comprehensive income (FVOCI)	7	(6,006,005,297)	-	-
Maturities of short-term placements	6	5,907,664,283	-	-
Placement in short-term placements	6	(3,915,550,000)	(5,907,664,283)	-
Proceeds from redemption of financial assets at FVOCI	7	<u>3,821,610,000</u>	<u>-</u>	<u>-</u>
Net Cash Used in Investing Activities		(192,281,014)	(5,907,664,283)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6,947,369)	(471,043)	(100,780,857)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>14,733,014</u>	<u>15,204,057</u>	<u>115,984,914</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>P 7,785,645</u>	<u>P 14,733,014</u>	<u>P 15,204,057</u>

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, 2023 AND 2022
(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. Although the Company is no longer considered a BSP-supervised financial institution, the Company aligns with BSP's regulations, where applicable, as a subsidiary of a bank and as a good corporate governance practice.

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

1.2 Approval of Financial Statements

The accompanying financial statements of the Company for the year ended December 31, 2023 (including the comparative financial statements as of December 31, 2022 and for the years ended December 31, 2022 and 2021) were authorized for issue by the Company's BOD on February 21, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information 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 and Sustainability Reporting Standards Council (FSRSC) 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) *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 2023 that are Relevant to the Company

The Company adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PFRS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements.

- (i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Company's financial statements under Notes 2 and 3.

- (ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Company's financial statements.

(iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

(b) *Effective in 2023 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, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the Company's financial statements.

(c) *Effective Subsequent to 2023 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. 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, 2024)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), *Cash Flow Statements and PFRS 7 (Amendments), Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)

2.3 Financial Instruments

(a) *Classification, Measurement and Reclassification of Financial Assets*

The Company's financial assets include financial assets at amortized cost and at fair value through other comprehensive income.

(i) *Financial Assets at Amortized Cost*

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents and Money Market Placements. 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 placements include short-term investment with original maturity of more than 90 days.

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

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 fair value through profit or loss (FVTPL). The Company has debt securities classified as at FVOCI as at the end of the reporting period.

(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 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 financial instrument. 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 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, the calculation of interest income reverts to 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. 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 (PD) 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). 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, information on how credit risk is mitigated by the Company and detailed ECL measurement, as determined by the management, are disclosed in Note 4.2.

(d) Classification and Measurement of Financial Liabilities

Financial liabilities pertain to accounts payable and other liabilities (except tax-related payables). All interest-related charges are included as part of Interest and Financing Charges under Operating Costs and Expenses in the statement of income.

2.4 Other Income and Expense Recognition

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.

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.

(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 solely payments of principal and interest (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.

3.2 Key Source of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the 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 and debt instruments classified as financial assets at FVOCI 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) *Fair Value Measurement for Financial Instruments*

The Company holds debt securities presented as Financial Assets at FVOCI whose fair values are based on quoted market prices.

The carrying values of the Company's financial assets at FVOCI and the amounts of fair value changes recognized during the year on those assets are disclosed in Note 7.

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.

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.

4.1 Interest Rate Risk

On December 31, 2023 and 2022, the Company has no material exposure to changes in interest rates since all financial assets and financial liabilities have fixed rates.

4.2 Credit Risk

As of December 31, 2023, the Company's financial assets that are subject to credit risk are related only to cash and cash equivalents, short-term investments presented as Money Market Placement and debt securities presented as Financial Assets at FVOCI. In general, the Company regularly monitors the credit quality of these financial assets and incorporates this information into its credit risk controls and policies.

4.2.1 Credit Quality Analysis

In 2023 and 2022, the Company has no financial instruments that are purchased or originated credit impaired assets.

As of December 31, 2023 and 2022, the Company held Cash and cash equivalents, Money market placements and Financial assets at FVOCI which are all in Stage 1 (see Notes 6 and 7).

The credit risk for Company's financial assets are presented in Note 4.2.3(c).

4.2.2 Concentrations of Credit Risk

The Company monitors concentrations of credit risk by sector and by geographic location which are all in the financial sector in the Philippines. The Company's concentrations of credit risk (net of allowance) at the reporting date pertains to cash and cash equivalents and money market placement amounting to P7,785,645 and P3,941,346,704, respectively, in 2023, and P14,733,014 and P5,955,382,215, respectively, in 2022, and debt investment securities at FVOCI amounting to P2,306,560,507 in 2023.

4.2.3 Amounts Arising from Expected Credit Losses

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired (referred to as Stage 1 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, loss given default (LGD) and exposure at default (EAD).

(a) *Significant Increase in Credit Risk*

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.

The Company's financial assets at FVOCI are graded BBB+ to BBB- as of December 31, 2023.

(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) 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, inflation rate, foreign exchange rates, stock market index, oil prices and interest rates.

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.

(c) 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 adopted the foundation internal ratings-based approach wherein senior claims on sovereigns, banks, securities firms and other financial institutions that are not secured by recognized collateral will be assigned a 45% LGD.

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 Company 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.

The following table sets out the gross carrying amounts and allowance for ECL of the exposures to credit risk on financial assets with low credit risk measured at amortized cost and debt securities at FVOCI as of December 31:

	Notes	2023	2022
Cash and cash equivalents	6	P 7,796,103	P 14,740,093
Allowance for ECL	6	(10,458)	(7,079)
		<u>P 7,785,645</u>	<u>P 14,733,014</u>
Money market placement	6	P 3,946,640,877	P 5,958,174,812
Allowance for ECL	6	(5,294,173)	(2,792,597)
		<u>P 3,941,346,704</u>	<u>P 5,955,382,215</u>
Debt securities at FVOCI	7	P 2,310,190,913	P -
Allowance for ECL (OCI)	7	(3,630,406)	-
		<u>P 2,306,560,507</u>	<u>P -</u>

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, 2023 and 2022 analyzed according to when these are expected to be recovered or settled.

	<u>One to Three Months</u>	<u>Three Months to One Year</u>	<u>Total</u>
<u>2023</u>			
Financial assets			
Cash and cash equivalents	P 7,785,645	P -	P 7,785,645
Money market placements	2,130,892,960	1,810,453,744	3,941,346,704
Financial assets at FVOCI	<u>1,206,901,967</u>	<u>1,099,658,540</u>	<u>2,306,560,507</u>
	<u>P 3,345,580,572</u>	<u>P 2,910,112,284</u>	<u>P 6,255,692,856</u>
Financial liabilities			
Accounts payable and other liabilities	<u>P 10,522,280</u>	<u>P -</u>	<u>P 10,522,280</u>
<u>2022</u>			
Financial assets			
Cash and cash equivalents	P 14,733,014	P -	P 14,733,014
Money market placements	<u>5,955,382,215</u>	<u>-</u>	<u>5,955,382,215</u>
	<u>P 5,970,115,229</u>	<u>P -</u>	<u>P 5,970,115,229</u>
Financial liabilities			
Accounts payable and other liabilities	<u>P 9,657,685</u>	<u>P -</u>	<u>P 9,657,685</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

In 2022, the Company redeemed all of its investment in unit investment trust fund (UITF). As of December 31, 2023, the Company is not exposed to equity securities price risk since the Company holds no investments in equity securities classified as financial assets at FVTPL or financial assets at FVOCI.

The following table sets forth the sensitivity of the Company's other comprehensive income in 2023 to reasonable possible changes in quoted prices of financial assets at FVOCI with all other variables held constant:

Change in interest rates (in basis points)	+100	-100
Net unrealized fair value gains (losses) on debt securities at FVOCI	P 23,000,000	(P 23,000,000)
Total impact on other comprehensive income	P 23,000,000	(P 23,000,000)

The sensitivity is calculated by revaluing financial assets at FVOCI at the reporting date for the effects of the assumed changes in quoted prices.

5. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.1 Carrying Amounts and Fair Values by Category

In 2023, the Company has financial assets at FVOCI which have fair values equal to its carrying amounts as at December 31, 2023. The Company has no other financial assets carried at fair value.

For the Company's financial assets and financial liabilities carried at amortized cost as at December 31, 2023 and 2022, management has determined that their carrying amounts are equal to or approximately their fair values.

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

(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 FVOCI*

The fair value of financial assets at FVOCI which is related to corporate bonds is determined by direct reference to published price quoted in the Philippine Dealing and Exchange Corporation.

(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 Company acquired fixed rate bonds classified as financial assets at FVOCI as of December 31, 2023 and are carried at Level 1. The fair value of financial assets at FVOCI which is related to corporate bonds is determined by direct reference to published price quoted in the Philippine Dealing and Exchange Corporation.

The Company has no financial instruments measured at fair value as of December 31, 2022.

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 3</u>	<u>Total</u>
<u>December 31, 2023</u>				
Financial assets:				
Cash and cash equivalents	6	P 7,785,645	P -	P 7,785,645
Money market placement	6	<u>3,941,346,704</u>	<u>-</u>	<u>3,941,346,704</u>
		<u>P 3,949,132,349</u>	<u>P -</u>	<u>P 3,949,132,349</u>
Financial liabilities –				
Accounts payable and other liabilities	8	<u>P -</u>	<u>P 10,522,280</u>	<u>P 10,522,280</u>
<u>December 31, 2022</u>				
Financial assets:				
Cash and cash equivalents	6	P 14,733,014	P -	P 14,733,014
Money market placement	6	<u>5,955,382,215</u>	<u>-</u>	<u>5,955,382,215</u>
		<u>P 5,970,115,229</u>	<u>P -</u>	<u>P 5,970,115,229</u>
Financial liabilities –				
Accounts payable and other liabilities	8	<u>P -</u>	<u>P 9,657,685</u>	<u>P 9,657,685</u>

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

Summarized below 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. Money market placements include short-term investments with original maturity of more than 90 days. Carrying amounts approximate the fair values given the relatively short-term maturities of these instruments.

(b) *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, 2023 and 2022, the Company's non-financial asset pertains to creditable withholding taxes 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, 2023 and 2022, the Company has no financial assets and liabilities with offsetting arrangement.

6. CASH AND CASH EQUIVALENTS AND MONEY MARKET PLACEMENTS

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

	Note	<u>2023</u>	<u>2022</u>
Cash in banks	11(a)	P 1,488,858	P 4,657,774
Short-term placements	11(a)	<u>6,307,245</u>	<u>10,082,319</u>
		7,796,103	14,740,093
Allowance for ECL		<u>(10,458)</u>	<u>(7,079)</u>
		<u>P 7,785,645</u>	<u>P 14,733,014</u>

Cash in banks earn interest at rates based on daily bank deposit rate of 0.06% in 2023, 2022 and 2021.

Short-term placements are made for varying periods of 31 days to 143 days in 2023, 67 days to 97 days in 2022 and nil in 2021, and earn interest at annual rate of 5.75% to 6.40% in 2023, 4.75% in 2022 and nil in 2021 (see Note 11).

Interest receivables amounting to P31,098,122 and P50,564,515 as of December 31, 2023 and 2022, respectively, is presented as part of Cash and Cash Equivalents and Money Market Placement in the statements of financial position.

The total interest income earned from cash in banks and short-term placements amounted to P117,609,860, P63,246,030 and P30,666 in 2023, 2022 and 2021, respectively, in the Company's statements of income.

The Company recognized impairment loss on cash and cash equivalents amounting to P3,379, P7,079 and nil in 2023, 2022 and 2021, respectively, which is presented as part of Impairment and credit losses account under Operating Costs and Expenses in the statements of income.

Short-term placements as of December 31, 2023 and 2022 are presented in the statements of financial position as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents:		
Gross carrying amount	P 6,307,245	P 10,082,319
Allowance for ECL	(8,461)	(4,896)
	<u>6,298,784</u>	<u>10,077,423</u>
Money market placements:		
Gross carrying amount	3,946,640,877	5,958,174,812
Allowance for ECL	(5,294,173)	(2,792,597)
	<u>3,941,346,704</u>	<u>5,955,382,215</u>
	<u>P 3,947,645,488</u>	<u>P 5,965,459,638</u>

The reconciliation of the carrying amounts of the money market placements are as follows:

	<u>2023</u>	<u>2022</u>
Balance at the beginning of year	P 5,955,382,215	P -
Maturities	(5,907,664,283)	-
Placements	3,915,550,000	5,907,664,283
Collections of accrued interest income	(50,510,529)	-
Accrued interest income	31,090,877	50,510,529
Impairment loss	(2,501,576)	(2,792,597)
	<u>P 3,941,346,704</u>	<u>P 5,955,382,215</u>

The Company recognized impairment loss on money market placements amounting to P2,501,576, P2,792,597 and nil in 2023, 2022 and 2021, respectively, which is presented as part of Impairment and credit losses account under Operating Costs and Expenses in the statements of income.

7. FINANCIAL ASSETS AT FVTPL AND FVOCI

In 2021, the Company purchased P70,000,000 worth of UITF securities from BDO Unibank's Trust & Investment Group (BDO TIG) which were classified as financial assets as at FVTPL. Unrealized fair value gain on UITF amounted to P54,997,429 for the year ended 2021 and is presented under Income in the 2021 statement of income.

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 (see Note 11).

In 2023, the Company invested P6,020,004,237 in UITF with a term of one day and was redeemed resulting in a gain on redemption of P1,048,999 presented under Income in the 2023 statement of income. The proceeds were reinvested in various debt securities (bonds) at a discount amounting to P6,006,005,297 and were classified as FVOCI.

On September 30, 2023 and December 9, 2023, Rizal Commercial Banking Corporation (RCBC) and Union Bank of the Philippines Fixed Rate Bonds matured amounting to P2,021,610,000 and P1,800,000,000, respectively, at face value.

The composition of financial assets at FVOCI (debt securities) of the Company as of December 31, 2023 pertains to the following:

Security Bank Corporation fixed rate bonds	P 1,200,000,000
RCBC fixed rate bonds	<u>1,100,000,000</u>
	2,300,000,000
Unamortized discount	(13,405,342)
Unrealized fair value gains	10,123,209
Accrued interest receivable	<u>9,842,640</u>
	<u>P 2,306,560,507</u>

A reconciliation of the carrying amounts of financial assets at FVOCI in 2023 is as follows:

Acquisitions	P 6,006,005,297
Disposals	(3,821,610,000)
Amortization of discount	102,199,361
Unrealized fair value gains	10,123,209
Accrued interest income	<u>9,842,640</u>
	<u>P 2,306,560,507</u>

Financial assets at FVOCI earn interest at fixed rates of 2.75% to 3.74% in 2023 with an original term of 1.5 to 3 years. The total interest income earned amounted to P225,064,699 in 2023 in the Company's statement of income.

The Company recognized fair value gains on financial assets at FVOCI amounting to P10,123,209 in 2023. The fair values of these financial assets have been determined based on quoted prices in active markets (see Note 5).

In 2023, the Company recognized impairment loss on financial assets at FVOCI amounting to P3,630,406, which is presented as part of Impairment and credit losses account under Operating Costs and Expenses in the 2023 statement of income and is added to the fair value gains on debt instruments at FVOCI under items that are reclassified subsequently to profit or loss in the 2023 statement of comprehensive income.

In 2023, the Company reclassified its cash flows from placements and redemptions of UITF from investing activities to operating activities in the 2022 and 2021 statements of cash flows following the change in its business purpose to a holding company in 2022.

8. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities consist of the following:

	<u>2023</u>	<u>2022</u>
Accounts payable	P 10,522,280	P 9,657,685
Withholding taxes payable	132,823	85,362
Accrued taxes and other expenses	<u>-</u>	<u>6,363,351</u>
	<u>P 10,655,103</u>	<u>P 16,106,398</u>

Accrued taxes pertains to accrual of taxes on interest income earned on short-term placements.

9. EQUITY

9.1 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, 2023 and 2022 are shown below.

	<u>2023</u>	<u>2022</u>
Total equity	P 6,369,899,523	P 6,081,395,478
Cash and cash equivalents	(7,785,645)	(14,733,014)
Money market placements - net	(3,941,346,704)	(5,955,382,215)
Net capital	<u>P 2,420,767,174</u>	<u>P 111,280,249</u>
Overall financing (total equity)	<u>P 6,369,899,523</u>	<u>P 6,081,395,478</u>
Capital-to-overall financing ratio	<u>0.38 : 1.00</u>	<u>0.02 : 1.00</u>

As of December 31, 2023 and 2022, the Company complies with this minimum paid-up capital requirement.

9.2 Preferred Shares

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

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

None of these authorized preferred shares have been issued as of December 31, 2023 and 2022.

9.3 Common Shares

As of December 31, 2023 and 2022, 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.

9.4 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.

As at December 31, 2023 and 2022, the Company's unappropriated retained earnings exceeded its paid-in capital. Relative to this, the Company plans to declare dividends in 2024 subject to approval of the BOD.

9.5 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, 2023, 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 P3.16 in 2020.

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, 2023, 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 2023 financial statements.

10. 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 11), and miscellaneous income amounting to P207,358. There were no similar transactions in 2023.

11. RELATED PARTY TRANSACTIONS

The Company's related parties are BDO Unibank, BDO TIG and BDO Finance Corporation (BDOFC) as described below.

The summary of the Company's significant transactions with its related parties in 2023, 2022 and 2021 are as follows:

<u>Related Party Category</u>	<u>Notes</u>	<u>Amount of Transaction</u>		
		<u>2023</u>	<u>2022</u>	<u>2021</u>
Ultimate parent company				
(BDO Unibank)				
UITF redemption	(c)	P 6,021,053,236	P 5,927,789,668	P -
UITF placement	(c)	6,020,004,237	-	70,000,000
Interest income on short-term placements	(a)	77,869,196	63,241,061	-
Trust fees	(d)	3,591,034	-	-
Realized fair value gains	(c)	1,048,999	62,625,034	-
Service fees	(b)	360,250	302,100	124,900
Interest income on savings and demand deposits	(a)	9,385	4,969	30,666
Unrealized fair value gains	(c)	-	-	54,997,429
Realized gain on dollar-denominated cash deposits	(f)	-	-	310,681
Related party under common				
Ownership (BDOFC)				
Management fees	(e)	336,000	-	-

Below is the summary of the outstanding balances with each related party as of December 31, 2023 and 2022.

<u>Related Party Category</u>	<u>Notes</u>	<u>Outstanding Balance</u>	
		<u>2023</u>	<u>2022</u>
Ultimate parent company			
(BDO Unibank)			
Short-term placements	(a)	P 6,300,000	P 5,917,692,616
Savings and demand deposits	(a)	1,488,858	4,657,774
Accrued interest receivables on short-term placements	(a)	7,245	50,564,515

(a) The Company maintains savings and demand deposit and short-term placement accounts with BDO Unibank. As of December 31, 2023 and 2022, savings and demand deposit and short-term placements accounts maintained with BDO Unibank are included under Cash and Cash Equivalents and Money Market Placement account in the statements of financial position (see Note 6). The savings and demand deposits generally earn interest at annual rate of 0.06% in 2023, 2022 and 2021 and short-term placements earn interest at an effective rate of 5.75% in 2023 and 4.75% in 2022. Interest income earned on these deposits is reported as Interests and discounts account in the statements of income.

- (b) 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 December 31, 2023 and 2022.
- (c) In 2021, the Company purchased UITF amounting to P70,000,000 from BDO TIG and recognized unrealized fair value gain of P54,997,429 presented under Income in the 2021 statement of income. In 2022, the Company redeemed all its remaining UITF resulting in realized fair value gains amounting to P62,625,034. In April 2023, the Company purchased and redeemed UITF amounting to P6,020,004,237 which resulted to a realized fair value gains amounted to P1,048,999. Realized fair value gains are presented under Income in the 2023 statement of income (see Note 7).
- (d) In April 2023, the Company entered into an investment management agreement with BDO TIG for services related to the Company's fund management. Fees paid by the Company to BDO-TIG is reported as Trust Fees account under Operating Costs and Expenses in the 2023 statement of income.
- (e) In May 2023, the Company entered into a service level agreement with BDOFC wherein BDOFC will charge the Company for certain management services that the former provides to the latter. Management fees paid by the Company to BDOFC are shown as part of Other Expenses account under Operating Costs and Expenses in the 2023 statement of income. There was no outstanding payable arising from this transaction in 2023. No similar transaction transpired in 2022 and 2021.
- (f) In 2021, the Company sold dollar-denominated cash deposits amounting to USD 796,619 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 in the 2021 statement of income (see Note 10). No similar transaction transpired in 2023 and 2022.

12. TAXES

12.1 Taxes and Licenses

This account is composed of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Local tax	P 799,002	P 3,457	P 9,961,872
Documentary stamp tax	6,917	149,790	520,470
Gross receipt tax	-	6,672,544	29,089
Others	<u>824,205</u>	<u>840,204</u>	<u>877,531</u>
	<u>P 1,630,124</u>	<u>P 7,665,995</u>	<u>P 11,388,962</u>

12.2 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.

The components of tax expense (income) for the years ended December 31 follow:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in statements of income</i>			
Current tax expense (income):			
Final tax at 20%	P 48,329,174	P 25,174,213	P 5,574
Adjustment in 2020 income taxes due to change in income tax rate	-	-	(5,726,192)
MCIT at 1.5% in 2023; 1% in 2022 and 2021	<u>-</u>	<u>9,547</u>	<u>20,690</u>
	<u>P 48,329,174</u>	<u>P 25,183,760</u>	<u>(P 5,699,928)</u>
<i>Reported in statements of comprehensive income</i>			
Deferred tax expense on –			
Unrealized fair value gains on financial assets at FVOCI	<u>P 2,530,802</u>	<u>P -</u>	<u>P -</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>2023</u>	<u>2022</u>	<u>2021</u>
Tax on pretax profit at 25%	P 81,402,602	P 23,611,744	P 9,460,373
Adjustment for income subjected to lower tax rate	(37,601,716)	(6,293,553)	(2,092)
Adjustment in 2020 income taxes due to change in income tax rate.	-	-	(5,726,192)
Tax effects of:			
Unrecognized deferred tax assets on:			
Net operating loss carry-over (NOLCO)	2,975,581	3,729,610	3,727,677
MCIT	-	9,547	20,690
Non-deductible expense	1,552,707	4,126,412	568,973
Non-taxable income	<u>-</u>	<u>-</u>	<u>(13,749,357)</u>
	<u>P 48,329,174</u>	<u>P 25,183,760</u>	<u>(P 5,699,928)</u>

The Company is subject to MCIT, which is computed at 1.5% of gross income in 2023 and 1% of gross income in 2022 and 2021, as defined under tax regulations or RCIT, whichever is higher. In 2023, 2022 and 2021, the Company claimed itemized deductions in computing for its income tax due.

In 2023 and 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. In 2023, the Company recognized deferred tax liability on unrealized fair value gains on financial assets at FVOCI (see Note 7).

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, *Bayaniban 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>
2023	P 11,902,324	P -	P -	P 11,902,324	2026
2022	14,918,441	-	-	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 214,021,321</u>	<u>P -</u>	<u>P -</u>	<u>P 214,021,321</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>(17,027,786)</u>	<u>-</u>	2023
	<u>P 17,058,023</u>	<u>P -</u>	<u>(P 17,027,786)</u>	<u>P 30,237</u>	

12.3 Supplementary Information Required Under Revenue Regulations (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.

13. EARNINGS PER SHARE

Basic earnings per share were computed as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net profit	P 277,281,232	P 69,263,216	P 43,541,418
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 0.13</u>	<u>P 0.03</u>	<u>P 0.02</u>

* net of treasury shares

There were no outstanding dilutive potential common shares as of December 31, 2023, 2022 and 2021.

14. 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, 2023, management does not anticipate significant losses from these contingencies and commitments that would adversely affect the Company's financial position and results of operations.

15. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Except for the Company's deferred tax liability, all assets and liabilities as of December 31, 2023 and 2022 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
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

We have audited the financial statements of Dominion Holdings, Inc. for the year ended December 31, 2023, on which we have rendered our report thereon dated February 21, 2024. 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: **Yusoph A. Maute**
Partner

CPA Reg. No. 0140306
TIN 415-417-641
PTR No. 10076145, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 140306-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-046-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 21, 2024

DOMINION HOLDINGS, INC.
(Formerly: BDO Leasing and Finance, Inc.)
SEC Supplementary Schedules
December 31, 2023

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Other Required Information

Reconciliation of Company Retained Earnings for Dividend Declaration

Map Showings the Relationship Between the Company and its Related Entities

Schedule of Financial Soundness Indicators

DOMINION HOLDINGS, INC.
(Formerly: BDO Leasing and Finance, Inc.)
(A Subsidiary of BDO Unibank, Inc.)
 Schedule A - Financial Assets
 December 31, 2023
(Amount in Philippine Pesos)

<i>Name of issuing entity and association of each issue</i>	<i>Number of shares or principal amount of bonds or notes</i>	<i>Amount shown on the balance sheet</i>	<i>Valued based on the market quotation at balance sheet date</i>	<i>Income received and accrued</i>
<i><u>Financial assets at fair value through other comprehensive income</u></i>				
Security Bank Corp Fixed Rate Bonds	1,200,000,000	P 1,206,901,967	P 1,206,901,967	P 52,160,395
RCBC Fixed Rate Bonds	1,100,000,000	1,099,658,540	1,099,658,540	47,745,325
<hr/>				
Total Financial Assets at FVOCI		P 2,306,560,507	P 2,306,560,507	P 99,905,720

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, 2023
(Amount in Philippine Pesos)

<i>Name and designation of debtor</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>	
<i>- nothing to report -</i>							

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, 2023
(Amount in Philippine Pesos)

Deductions

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Non-current	Balance at end of period
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- 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, 2023
(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, 2023
(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, 2023
(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
 December 31, 2023
(Amount in Philippine Pesos)

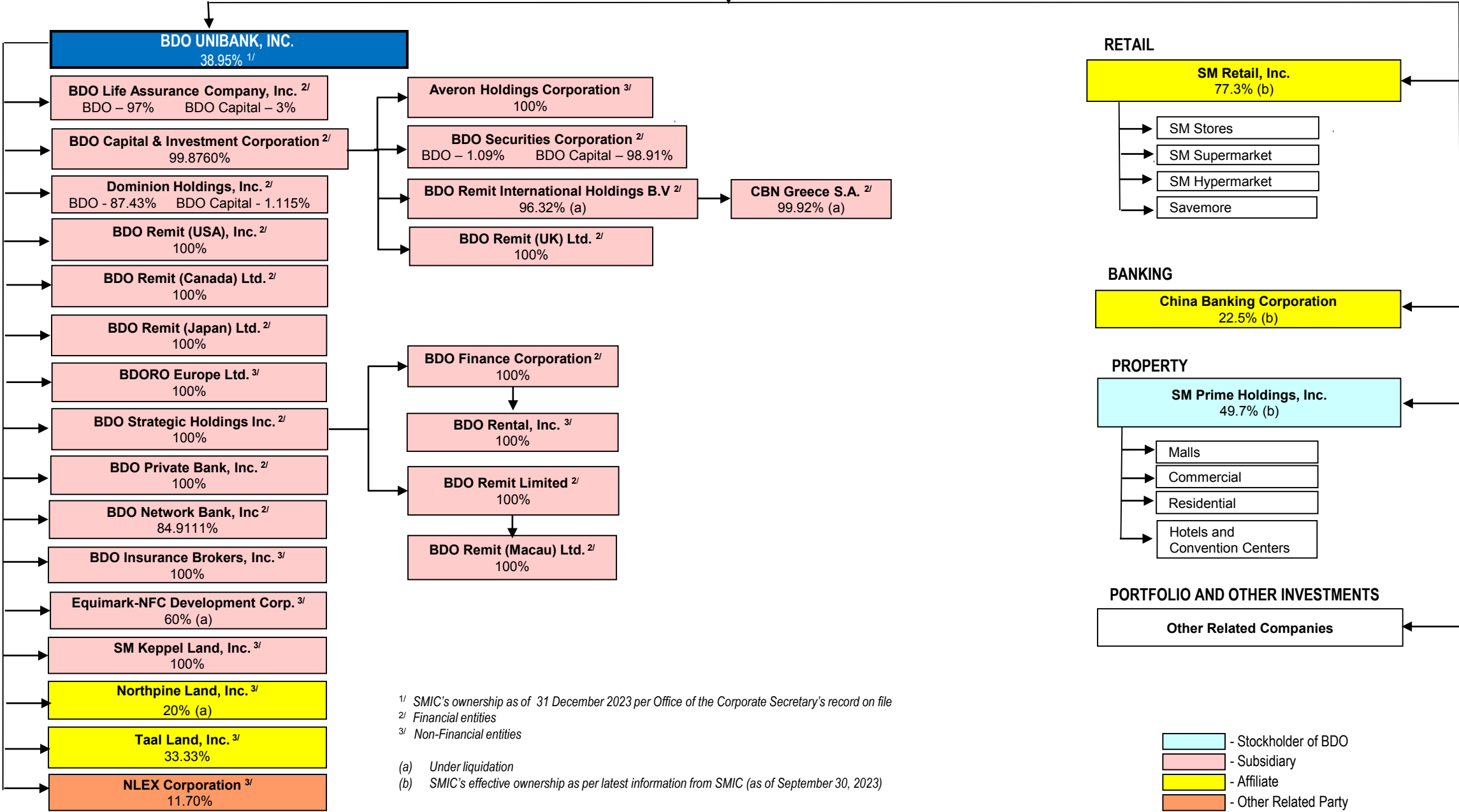
<i>Title of Issue</i>	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related balance sheet caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Number of shares held by</i>		
				<i>Related parties</i>	<i>Directors, 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		
*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.)
BDO Corporate Center Ortigas, 12 ADB Avenue, Ortigas Center, Mandaluyong City
Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2023

Unappropriated Retained Earnings at Beginning of Year	P	3,285,130,772
Net Income for the Current Year		<u>277,281,232</u>
Unappropriated Retained Earnings Available for Dividend Distribution at End of Year	P	<u>3,562,412,004</u>

SY GROUP
Felicidad Sy, Teresita Sy, Elizabeth Sy, Henry Sy Jr., Hans Sy, Herbert Sy, Harley Sy

SM INVESTMENTS CORPORATION (SMIC)



^{1/} SMIC's ownership as of 31 December 2023 per Office of the Corporate Secretary's record on file

^{2/} Financial entities

^{3/} Non-Financial entities

(a) Under liquidation

(b) SMIC's effective ownership as per latest information from SMIC (as of September 30, 2023)

- Stockholder of BDO
- Subsidiary
- Affiliate
- Other Related Party



Report of Independent Auditors on Components of Financial Soundness Indicators

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Dominion Holdings, Inc., for the years ended December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, on which we have rendered our report thereon dated February 21, 2024. 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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO


By: **Yusoph A. Maute**
Partner

CPA Reg. No. 0140306

TIN 415-417-641

PTR No. 10076145, January 3, 2024, Makati City

SEC Group A Accreditation

Partner - No. 140306-SEC (until financial period 2026)

Firm - No. 0002 (until financial period 2024)

BIR AN 08-002551-046-2023 (until Jan. 24, 2026)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 21, 2024

Dominion Holdings, Inc.
(Formerly: BDO Leasing and Finance, Inc.)
Financial Ratios
December 31, 2023 and 2022
(Amounts Philippine Pesos)

	2023	2022	2023	2022
I. Current/liquidity ratios				
Current ratio				
<u>Total current assets</u>	6,383,085,428	6,097,501,876	599.06	378.58
Total current liabilities	10,655,103	16,106,398		
Acid Test Ratio				
<u>Quick assets</u>	6,383,085,428	6,097,501,876	599.06	378.58
Total current liabilities	10,655,103	16,106,398		
II. Solvency ratios; debt-to-equity ratios				
Solvency ratio				
<u>(After tax net profit + Depreciation)</u>	277,281,232	69,263,216	21.03	4.30
Total liabilities	13,185,905	16,106,398		
Debt-to-equity ratio				
<u>Total liabilities</u>	13,185,905	16,106,398	0.00	0.00
Total equity	6,369,899,523	6,081,395,478		
III. Asset-to-equity ratio				
Asset-to-equity ratio				
<u>Total assets</u>	6,383,085,428	6,097,501,876	1.00	1.00
Total equity	6,369,899,523	6,081,395,478		
IV. Interest coverage ratio				
Interest coverage ratio				
<u>Earnings before interest and taxes</u>	325,610,406	98,055,556	0.00	27.17
Interest expense	-	3,608,580		
V. Profitability ratios				
Net profit margin				
<u>Net Profit</u>	277,281,232	69,263,216	80.67%	54.61%
Interest income + Other operating income	343,723,558	126,825,714		
Return on equity				
<u>Net profit</u>	277,281,232	69,263,216	4.45%	1.15%
Average equity	6,225,647,501	6,046,763,870		
Return on assets				
<u>Net profit</u>	277,281,232	69,263,216	4.44%	1.14%
Average assets	6,240,293,652	6,058,895,881		

VI. Others

Total real estate investments to Assets

<u>Total investment properties</u>	<u>-</u>	<u>-</u>	0.00%	0.00%
Total assets	6,383,085,428	6,097,501,876		

Loans to Assets

<u>Total loans and other receivables</u>	<u>-</u>	<u>-</u>	0.00%	0.00%
Total assets	6,383,085,428	6,097,501,876		

DOSRI to Net worth

<u>Receivables from Directors, Officers, Stakeholders and Related Interests</u>	<u>-</u>	<u>-</u>	0.00%	0.00%
Total equity	6,369,899,523	6,081,395,478		

Amount of receivable from a single corporation to
Total receivables

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

ANNEX B

Dominion Holdings, Inc. (formerly: BDO Leasing and Finance, Inc.)

Management's Discussion and Analysis or Plan of Operation

2023 Compared to 2022

In 2023, the Company registered a net income of P277.3 Million mainly derived from interest earnings on time deposits and debt securities. The shift of the investment portfolio from unit investment trust fund in 2022 to time deposits and debt securities resulted in the significant increase in net income from P69.3 Million recorded in 2022.

As of December 31, 2023, total assets grew by 4.7% to P6.4 Billion of which P3.9 Billion is invested in time deposits and P2.3 Billion is invested in debt securities. The balance mainly pertains to creditable withholding taxes of P127.4 Million.

Total liabilities amounted to P13.2 Million.

Stockholders' equity rose from P6.1 Billion in 2022 to P6.4 Billion in 2023 as earnings from investments are plowed back to the Company.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current Ratio	599.06:1	378.58:1
Quick asset ratio	599.06:1	378.58:1
Debt to Equity Ratio	0.00:1	0.00:1
Net Profit Margin	80.67%	54.61%
Return on Equity	4.45%	1.15%

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 378.58:1. 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 80.67%. Return on Equity, which is net income over average equity, increased to 4.45% in 2023.

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 were 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. 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 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 practically remain the same at P6.0 billion, of which P5.8 billion was invested in UITFs.

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 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%

Policy on Revenue Recognition – Other Income

Income that are one off 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 Commission.

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.

None of the following are present:

- a. known trends, events or uncertainties that will have any material impact on the Company’s liquidity;
- b. events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation;
- c. material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period;
- d. material commitments for capital expenditures during the year;
- e. 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.
- e. significant elements of income or loss that did not arise from the Company’s continuing operations; and
- f. seasonal aspects that had a material effect on the financial condition or results of operations.

The causes for any material changes from 2022-2023 are explained in pages 1 to 2 of this Management’s Discussion Analysis.

Internal and External Sources of Liquidity

From January to September 2020, the Company relied on revenue from operations and lines from creditor banks for its sources 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 the redemption of the UITFs was placed in short-term time deposits and debt securities.

Financial Statements

The financial statements of the Company included in the 2023 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 P0.144 million for the year 2023 and P0.189 million for the year 2022. 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 years 2023 and 2022.

(b) Tax fees and other fees

Other fees amounting P0.056 million were paid to the auditing firm of Punongbayan & Arullo, CPAs (“P&A”) for the years 2023 and 2022.

(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.

(2) Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

In 2023 and 2022, 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.

**MINUTES OF THE
ANNUAL MEETING OF STOCKHOLDERS OF**

**DOMINION HOLDINGS, INC.
(FORMERLY BDO LEASING AND FINANCE, INC.)**

**HELD ON APRIL 12, 2023, WEDNESDAY, AT 3:00 P.M.
(VIA REMOTE COMMUNICATION)**

NUMBER OF SHARES HELD BY SHAREHOLDERS:

Number of Total Outstanding Shares	-	2,162,475,312
Present In Person or Represented By Proxy, and Participant Brokers	-	1,914,712,207
Percentage of the Total Shares Represented By Proxies & In-Person	-	88.5%

DIRECTORS PRESENT:

Atty. Elmer B. Serrano	Chairman
Mr. Manuel Z. Locsin, Jr.	President
Ms. Luis Ma. G. Uranza	Lead Independent Director
Mr. Ismael G. Estela, Jr.	Independent Director
Ms. Melanie S. Belen	Director
Ms. Geneva T. Gloria	Director
Mr. Lazaro Jerome C. Guevara	Director
Ms. Rebecca S. Torres	Director

ALSO PRESENT:

Atty. Joseph Jason M. Natividad	Corporate Secretary
Atty. Ma. Cecilia S. Santos	Assistant Corporate Secretary
Ms. Katherine U. Resari	Compliance & Corporate Governance Officer
Mr. Roland Raymund P. Rojas	Securities Services, BDO – Trust & Investments Group
Mr. Romualdo V. Murcia III	Partner, P&A Grant Thornton
Mr. Josh Florentino-Suerte Felipe	Audit Manager, P&A Grant Thornton
Mr. Hans Ballera	Audit-in-Charge, P&A Grant Thornton
Mr. Mario Basista	Audit Staff, P&A Grant Thornton
Mr. Steve Climacosa	Audit Staff, P&A Grant Thornton

I. Call to Order

Atty. Elmer B. Serrano, Chairman of the Board, called the Annual Stockholders' Meeting of Dominion Holdings, Inc. (DHI or the "Corporation") to order at 3:00 in the afternoon. On behalf of the Board and Management, he welcomed stockholders and guests, all participating via remote communication (Zoom).

Atty. Joseph Jason M. Natividad, Corporate Secretary, recorded the minutes of the meeting.

II. Certification of Notice and Quorum

The Chairman requested the Corporate Secretary to certify to the sending of notice and existence of quorum.

The Corporate Secretary certified that notice of the meeting together with the Definitive Information Statement and the Corporation’s “Guidelines for Participation via Remote Communication and Voting in Absentia”, were uploaded via PSE EDGE on March 10, 2023, and posted on the Corporation’s website beginning March 10, 2023, in compliance with the rules issued by the Securities and Exchange Commission (SEC). In addition, the notice was published in the Business sections of the Philippine Daily Inquirer and Business World on March 16 and 17, 2023, both in print and online formats.

The Corporate Secretary further certified that based on the record of attendance, stockholders holding a total of 1,914,712,207 shares, equivalent to 88.5% of the total outstanding shares of the Corporation, were present or represented at the meeting. He then certified that there was a quorum present for the transaction of business by the stockholders.

The Corporate Secretary likewise informed stockholders that Punongbayan & Araullo, Grant Thornton (P&A) had been engaged as third-party tabulator of votes cast for the meeting and that P&A’s representatives are also in attendance. He also informed participants that the meeting will be recorded in accordance with SEC rules.

III. Approval of the Minutes of the Annual Stockholders’ Meeting held on April 20, 2022

The next item in the agenda was the reading and approval of the minutes of the last Annual Stockholders’ Meeting held on April 20, 2022. The Corporate Secretary confirmed that copies of the Minutes were included in the Definitive Information Statement provided to stockholders prior to the meeting and were posted on the Corporation’s website soon after the meeting’s adjournment last year.

The Corporate Secretary stated for the record that unqualified votes cast for each item for approval shall be counted in favor of the matter under consideration.

He then announced that shareholders representing 88.5% of the total issued outstanding capital stock of the Corporation voted in favor of the approval of the minutes. Below is the tabulation of votes:

Total Outstanding Shares	Total Votes Cast	Votes in favor	Votes against	Abstentions
2,162,475,312	1,914,712,207	1,914,712,207 (88.5%)	0	0

With the above voting results, the following resolution was passed and adopted:

Stockholders’ Resolution No. 2023-01

RESOLVED, That the Stockholders of Dominion Holdings, Inc. approves the minutes of the Annual Stockholders’ Meeting held on April 20, 2022.

The Chairman of the meeting reminded the Corporate Secretary to ensure that the minutes of the meeting reflect the tabulation of all votes cast, including proxies that have cast their votes for all other matters presented for stockholder approval and to note those who have chosen to abstain, or to vote against, each matter for approval.

IV. President’s Report and Approval of the Audited Financial Statements of the Corporation as of December 31, 2022

The Chairman then gave the floor to the President, Mr. Manuel Z. Locsin, Jr., for the 2022 President’s Report.

Mr. Locsin, President, reported as follows:

“In 2022, Dominion Holdings, Inc. (or DHI, and formerly BDO Leasing & Finance, Inc.) posted a gross income of Php126.8 million, a 122% increase from

Php57.1 million in 2021. The growth was driven by the shift from investment in Unit Investment Trust Fund (UITF) to higher yielding short-term time deposits to take advantage of rising interest rates.

After considering total expenses of Php32.4 million mainly taxes and licenses, DHI registered a net income of Php69.3 million, an increase of 59% from Php43.5 million in 2021.

As of December 31, 2022, total assets remained at Php6.1 billion, of which Php6.0 billion was placed in short-term time deposits. Accounts Payables and Other Liabilities amounted to Php16.1 million. Meanwhile, stockholders' equity stood at Php6.1 billion.

With approvals from its Board of Directors and stockholders, Dominion Holdings has already voluntarily surrendered its secondary license as a financing company to the Securities and Exchange Commission (SEC).

On July 21, 2022, the Company obtained SEC approval dated July 18, 2022 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.

As an investment holding company, Dominion Holdings will have more flexibility in pursuing business opportunities that can enhance shareholder value for its stockholders."

The Chairman thanked Mr. Locsin and requested the Corporate Secretary to announce the voting results.

The Corporate Secretary stated that shareholders representing 88.5% of the total issued outstanding capital stock of the Corporation voted in favor of the approval of the 2022 President's Report and Audited Financial Statements. Below is the tabulation of votes:

Total Outstanding Shares	Total Votes Cast	Votes in favor	Votes against	Abstentions
2,162,475,312	1,914,712,207	1,914,712,207 (88.5%)	0	0

With the above votes in favor of approval, the following resolution was passed and adopted:

Stockholders' Resolution No. 2023-02

RESOLVED, That the Stockholders of Dominion Holdings, Inc. (the "Corporation") approves the 2022 President's Report and the Audited Financial Statements of the Corporation as of December 31, 2022.

V. Approval and Ratification of All Acts and Proceedings of the Board of Directors, the Board Committees and Management during their Respective Terms of Office

The next item in the agenda is the ratification of all acts and resolutions made and adopted by the Board of Directors, the Board Committees, and carried out by Management during their term, or from the date of the last annual stockholders' meeting up to this meeting. The Corporate Secretary discussed that the summary of these acts are found in the published Definitive Information Statement for the meeting.

The Corporate Secretary announced that shareholders representing 88.5% of the total issued outstanding capital stock of the Corporation voted in favor of the ratification. Below is the tabulation of votes:

Total Outstanding Shares	Total Votes Cast	Votes in favor	Votes against	Abstentions
2,162,475,312	1,914,712,207	1,914,712,207 (88.5%)	0	0

With the above voting results, the following resolution was passed and adopted:

Stockholders' Resolution No. 2023-03

RESOLVED, That all the acts of the Board of Directors, Board Committees and Management of Dominion Holdings, Inc. during their term or from the date of the last annual stockholders' meeting up to this meeting are ratified and confirmed.

VI. Election of the Board of Directors for 2023-2024

The next item on the agenda was the election of Directors for 2023-2024. The Chairman requested the Corporate Secretary to read the names of the nominees. The Corporate Secretary discussed that the Nominations Committee has pre-screened and short-listed candidates qualified to be elected to the Board of Directors. He then announced the names of the following nominees to the Board for 2023-2024:

Nominees for Regular Directors

1. Ms. Melanie S. Belen;
2. Ms. Geneva T. Gloria;
3. Mr. Lazaro Jerome C. Guevarra;
4. Mr. Manuel Z. Locsin, Jr.;
5. Mr. Luis S. Reyes, Jr.;
6. Atty. Elmer B. Serrano; and
7. Ms. Rebecca S. Torres.

For Independent Directors:

1. Atty. Luis Ma. G. Uranza; and
2. Mr. Ismael G. Estela, Jr.

The Corporate Secretary then presented the votes received by each of the nominees:

Nominees	Total Outstanding Shares	Votes Received
Luis S. Reyes, Jr.	2,162,475,312	1,914,712,207
Lazaro Jerome C. Guevarra	2,162,475,312	1,914,712,207
Manuel Z. Locsin, Jr.	2,162,475,312	1,914,712,207
Geneva T. Gloria	2,162,475,312	1,914,712,207
Melanie S. Belen	2,162,475,312	1,914,712,207
Elmer B. Serrano	2,162,475,312	1,914,712,207
Rebecca S. Torres	2,162,475,312	1,914,712,207
Luis Ma. G. Uranza	2,162,475,312	1,914,712,207
Ismael G. Estela, Jr.	2,162,475,312	1,914,712,207

The Corporate Secretary explained that since there were only nine (9) nominees and with the votes received, all nominees have obtained sufficient votes for election. The following resolution was thus passed and adopted:

Stockholders' Resolution No. 2023-04

RESOLVED, That the following are hereby elected Directors of Dominion Holdings, Inc. for a period of one (1) year, and to act as such until their successors are duly elected and qualified:

Regular Directors:

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
7. Ms. Rebecca S. Torres

Independent Directors:

1. Atty. Luis Ma. G. Uranza, and
2. Mr. Ismael G. Estela, Jr.

The Chairman congratulated the newly-elected members of the Board.

VII. Appointment of External Auditor

The next item in the agenda was the appointment of the external auditor of Corporation for 2023.

The Chairman requested the Corporate Secretary to briefly discuss the matter. The Corporate Secretary informed the stockholders that the Audit Committee pre-screened and processed nominations for external auditor, and recommended the appointment of Punongbayan & Araullo Grant Thornton (P&A) as external auditor for 2023, as confirmed by the Board.

The Corporate Secretary then announced that shareholders representing 88.5% of the total issued outstanding capital stock of the Corporation voted in favor of the appointment of P&A. Below is the tabulation of votes:

Total Outstanding Shares	Total Votes Cast	Votes in favor	Votes against	Abstentions
2,162,475,312	1,914,712,207	1,914,712,207 (88.5%)	0	0

With the above votes in favor of approval, the following resolution was passed and adopted:

Stockholders' Resolution No. 2023-05

RESOLVED, That the Stockholders of Dominion Holdings, Inc. (the "Corporation") approves the appointment of Punongbayan & Araullo, Grant Thornton (P&A) as the external auditor of the Corporation for 2023.

VIII. Open Forum / Other Matters

The Chairman asked if there are other items in the agenda.

The Corporate Secretary announced that shareholders were given the opportunity to raise their questions and comments in advance via email and through chatbox during this meeting, in accordance with the Guidelines for Participating via Remote Communication and Voting *in Absentia* appended to the published Definitive Information Statement. However, no questions or comments were received. With that, the Corporate Secretary confirmed there were no other matters for the meeting.

IX. Adjournment

There being no further business to transact, the meeting was thereupon adjourned at 3:30 in the afternoon.

JOSEPH JASON M. NATIVIDAD
CORPORATE SECRETARY

ATTESTED:

ELMER B. SERRANO
CHAIRMAN