

COVER SHEET

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S.E.C. Registration Number

B	D	O		L	E	A	S	I	N	G		A	N	D		F	I	N	A	N	C	E	,	I	N	C	.		

(Company's Full Name)

1	2		A	D	B		A	V	E	N	U	E	,		O	R	T	I	G	A	S		C	E	N	T	E	R	,
M	A	N	D	A	L	U	Y	O	N	G		C	I	T	Y														

(Business Address : No. Street City / Town / Provinces

MANUEL Z. LOCSIN JR

Contact Person

840-7000 loc 45422

Company Telephone Number

0	9
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Month

3	0
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Day

Fiscal Year

SEC FORM 17- Q

FORM TYPE

any day in April of every year as determined by the BOD

Annual Meeting

n/a

Secondary License Type, If Applicable

C	F	D
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Dept. Requiring this Doc

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Amended Articles Number / Sec.

1,103

Total No. of Stockholders

Total Amount of Borrowings

PhP0.00

Domestic

-

Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended September 30, 2021
2. Commission identification number 097869
3. BIR Tax Identification No. 000-486-050-000
4. Exact name of issuer as specified in its charter BDO LEASING & FINANCE, INC.
5. Province, country or other jurisdiction of incorporation or organization Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office 39/F, BDO Corporate Center Ortigas, 12 ADB Ave, Ortigas Center, Mandaluyong City 1550
Postal Code
8. Issuer's telephone number, including area code 632/ 635-6416, 635-5817, 840-7000
9. Former name, former address and former fiscal year, if changed since last report N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code,
or Sections 4 and 8 of the RSA N/A

<u>Title of each Class</u>	<u>Number of shares of common stock outstanding</u>
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<u>Common Stock, P1.00 par value</u>	<u>2,162,475,312</u>
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11. Are any or all of the securities listed on a Stock Exchange?
Yes [**X**] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange, Inc.

Common stock

12. Indicate by check mark whether the registrant:

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

Yes [**X**] No []

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

Yes [**X**] No []

PART I--FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

The financial statements of BDO Leasing & Finance, Inc. and Subsidiary are prepared and presented in accordance with Philippine Financial Reporting Framework.

The accounting policies and methods of computation used in the audited financial statements as of and for the year ended December 31, 2020 were consistently applied in the interim financial reports.

Adoption of New Interpretations, Revisions and Amendments to PFRS

There are amendments and annual improvements to existing standards effective for the annual periods subsequent to 2020, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have expected to have significant impact on the Company's financial statement. These include:

PAS 37 (Amendments), Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract (effective January 1, 2022) - the amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

PAS 1 (Amendments), Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (effective January 1, 2023) - the amendments aim to promote consistency in applying the requirements by helping entities determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (i.e., due or potentially due to be settled within one year) or non-current.

BDO LEASING & FINANCE, INC.
(A Subsidiary of BDO Unibank, Inc.)
STATEMENTS OF FINANCIAL POSITION
In Millions

	September 30, 2021	(Audited) December 31, 2020	September 30, 2020
ASSETS			
Cash and Cash Equivalents	23.5	116.0	662.2
Financial Assets at Fair Value through Other Comprehensive Income (OCI)		-	617.5
Financial Assets at Fair Value through Profit/(Loss)	5,867.7	5,752.7	
Loans & Other Receivables - net			
Finance Lease Receivables			
Finance lease receivables	-	-	2,144.3
Residual value of leased assets	-	-	802.1
Unearned lease income	-	-	(221.9)
	-	-	2,724.5
Loans and Receivables Financed			
Loans and receivables financed	-	-	8,178.0
Unearned finance income	-	-	(4.6)
Clients' Equity	-	-	(32.0)
	-	-	8,141.4
	-	-	10,865.9
Other Receivables			
Accounts Receivable	128.0	127.3	259.3
Sales Contract Receivable	-	-	15.2
Dividends Receivable	-	-	11.3
Accrued Interest Receivable	-	-	104.1
Accrued Rental Receivable	-	-	-
	128.0	127.3	389.8
Allowance for probable losses	-	-	(427.1)
	-	-	(427.1)
	128.0	127.3	10,828.6
Property, Plant and Equipment - net	-	-	1,503.1
Investment Properties - net	-	-	432.9
Other Assets - net	2.6	-	248.1
	6,021.8	5,996.0	14,292.5
LIABILITIES AND STOCKHOLDERS' EQUITY			
Bills Payable	-	-	7,002.8
Accounts Payable, and Other Liabilities	13.6	27.5	600.5
Lease Deposits	-	-	894.4
	13.6	27.5	8,497.7
Stockholders' Equity			
Capital Stock	2,225.2	2,225.2	2,225.2
Additional Paid-in Capital	571.1	571.1	571.1
Treasury Stock	(81.8)	(81.8)	(81.8)
OCI - Actuarial Gain/(Loss)	-	-	(72.0)
Net Unrealized Fair Value Gains/(Losses on Financial Asset at Fair Value through OCI)	-	-	15.5
Retained Earnings	3,293.8	3,254.0	3,136.8
	6,008.2	5,968.5	5,794.8
	6,021.8	5,996.0	14,292.5

BDO LEASING & FINANCE, INC.
(A Subsidiary of BDO Unibank, Inc.)
STATEMENTS OF INCOME
In Millions

For the period ended	September 30, September 30,	
	2021	2020
CONTINUING OPERATIONS		
INCOME		
Unrealized fair value gain on Unit Investment Trust Fund (UTIF)	45.0	
Other Income	2.1	
	47.1	
NET PROFIT FROM CONTINUING OPERATIONS		
EXPENSES		
Compensation and fringe benefits	3.0	
Taxes and licenses	8.3	
Miscellaneous Expense	1.7	
	13.0	
INCOME BEFORE INCOME TAX	34.1	
PROVISION FOR INCOME TAX	(5.70)	
Net Profit from Continuing Operations	39.8	
DISCONTINUED OPERATIONS		
REVENUES		
Interest and discounts		1,083.7
Rent		577.3
Service fees & other income		486.8
		2,147.8
OPERATING COSTS AND EXPENSES		
Interest and financing charges		518.8
Occupancy and equipment-related expenses		32.7
Depreciation Expense - Operating Lease		502.1
Compensation and fringe benefits		155.9
Taxes and licenses		160.1
Provision for impairment and credit losses		449.7
Litigation/assets acquired expenses		7.0
Miscellaneous Expense		54.2
		1,880.4
INCOME BEFORE INCOME TAX		267.4
PROVISION FOR INCOME TAX		132.8
Net Profit from Discontinued Operations		134.6
NET INCOME/ (LOSS)	39.8	134.6

** NET INCOME DIVIDED BY THE TOTAL NUMBER OF OUTSTANDING SHARES AS OF CUT-OFF DATE:

NET INCOME	39.8	134.6
DIVIDED BY OUTSTANDING SHARES	2,162.5	2,162.5
EPS(Basic and Diluted)	0.02	0.06

BDO LEASING & FINANCE, INC.
(A Subsidiary of BDO Unibank, Inc.)
STATEMENTS OF INCOME
In Millions

For the three months ended	September 30, September 30,	
	2021	2020
CONTINUING OPERATIONS		
INCOME		
Unrealized fair value gain on Unit Investment Trust Fund (UTIF)	13.1	-
Other Income	1.2	-
	<u>14.3</u>	<u>-</u>
NET PROFIT FROM CONTINUING OPERATIONS		
EXPENSES		
Compensation and fringe benefits	0.9	-
Taxes and licenses	2.7	-
Miscellaneous Expense	-	-
	<u>3.6</u>	<u>-</u>
INCOME BEFORE INCOME TAX	10.7	-
PROVISION FOR INCOME TAX	-	-
Net Profit from Continuing Operations	10.7	-
DISCONTINUED OPERATIONS		
REVENUES		
Interest and discounts	-	285.6
Rent	-	178.4
Service fees & other income	-	345.9
	<u>-</u>	<u>809.9</u>
OPERATING COSTS AND EXPENSES		
Interest and financing charges	-	122.1
Occupancy and equipment-related expenses	-	12.8
Depreciation Expense - Operating Lease	-	156.5
Compensation and fringe benefits	-	46.5
Taxes and licenses	-	42.7
Provision for impairment and credit losses	-	305.5
Litigation/assets acquired expenses	-	0.8
Miscellaneous Expense	-	21.0
	<u>-</u>	<u>707.8</u>
INCOME BEFORE INCOME TAX	-	102.1
PROVISION FOR INCOME TAX	-	48.3
Net Profit from Discontinued Operations	-	53.8
NET INCOME/ (LOSS)	10.7	53.8
BASIC EARNINGS PER SHARE**	0.00	0.02
DILUTED EARNINGS PER SHARE**	0.00	0.02

** NET INCOME DIVIDED BY THE TOTAL NUMBER OF OUTSTANDING SHARES AS OF CUT-OFF DATE:

NET INCOME	10.7	53.8
DIVIDED BY OUTSTANDING SHARES	2,162.5	2,162.5
EPS(Basic and Diluted)	0.00	0.02

BDO LEASING & FINANCE, INC.
(A Subsidiary of BDO Unibank, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
In Millions

For the period ended	September 30, September 30,	
	2021	2020
CONTINUING OPERATIONS		
Net Profit from continuing operations	39.8	
Other Comprehensive Income	-	
Net comprehensive income from continuing operations	39.8	
DISCONTINUED OPERATIONS		
Net Profit from discontinued operations		134.6
OTHER COMPREHENSIVE INCOME		
Unrealized Fair Value Gain/(Loss) on FA at FVOCI	-	56.9
Realized Fair Value Gain on FA at FVOCI	-	(82.5)
Net comprehensive income from discontinued operations	-	(25.6)
TOTAL COMPREHENSIVE INCOME/(LOSS)	39.8	109.0

BDO LEASING & FINANCE, INC.
(A Subsidiary of BDO Unibank, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
In Millions

For the three months ended	September 30, September 30,	
	2021	2020
CONTINUING OPERATIONS		
Net Profit from continuing operations	10.7	
Other Comprehensive Income	-	
Net comprehensive income from continuing operations	10.7	-
DISCONTINUED OPERATIONS		
Net Profit from discontinued operations		53.8
OTHER COMPREHENSIVE INCOME		
Unrealized Fair Value Gain/(Loss) on FA at FVOCI	-	(1.4)
Realized Fair Value Gain on FA at FVOCI	-	(82.5)
Net comprehensive income from discontinued operations	-	(83.9)
TOTAL COMPREHENSIVE INCOME/(LOSS)	10.7	(30.1)

BDO LEASING & FINANCE, INC.**(A Subsidiary of BDO Unibank, Inc.)****STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

In Millions

For the period ended

	Capital Stock	Additional Paid-in Capital	Treasury Shares, at Cost	Reserves	Retained Earnings Free	Unrealized Fair Value Gain(loss) on Financial Asset at Other Comprehensive Income	OCI - Actuarial Gain/(Loss)	Net Equity
Preferred - P100 par value			62,693,718 shares					
Authorized and unissued - 200,000 shares								
Common - P1 par value								
Authorized - 3,400,000,000 shares								
Issued - 2,225,169,030 shares								
Balance as of Jan 1, 2021	2,225.2	571.1	(81.8)	-	3,254.0	-	-	5,968.5
Total Comprehensive Income (loss) from continuing operations					39.8	-		39.8
Balance as of September 30, 2021	2,225.2	571.1	(81.8)	-	3,293.8	-	-	6,008.3
Balance as of Jan 1, 2020	2,225.2	571.1	(81.8)	141.7	2,789.0	41.1	(72.0)	5,614.3
Total Comprehensive Income (loss)					134.6	(25.6)		109.0
Transfer from Retained Earnings Appropriated				(101.3)	101.3			-
Realized Gain on sale of FVOCI					71.5			71.5
Balance as of September 30, 2020	2,225.2	571.1	(81.8)	40.4	3,096.4	15.5	(72.0)	5,794.8

BDO LEASING AND FINANCE, INC.

(A Subsidiary of BDO Unibank, Inc.)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

In Millions

For the three months ended, September 30, 2021

				Retained Earnings Reserves	Free	Unrealized Fair Value Gain(loss) on Available for Sale Financial Assets	OCI - Actuarial Gain/(Loss)	Net Equity
	Capital Stock	Additional Paid- in Capital	Treasury Stock, at Cost					
Preferred - P100 par value			62,693,718 shares					
Authorized and unissued - 200,000 shares								
Common - P1 par value								
Authorized - 3,400,000,000 shares								
Issued - 2,225,169,030 shares								
Balance at the beginning of the quarter	2,225.2	571.1	(81.8)	-	3,283.1	-	-	5,997.6
Total Comprehensive Income (loss)					10.7			10.7
Balance September 30, 2021	2,225.2	571.1	(81.8)	0.0	3,293.8	0.0	0.0	6,008.3
Balance at the beginning of the quarter	2,225.2	571.1	(81.8)	99.7	2,911.8	99.4	(72.0)	5,753.4
Total Comprehensive Income (loss)					53.8	(83.9)		(30.1)
Transfer from Retained Earnings Appropriated				(59.3)	59.3			-
Realized Gain on sale of FVOCI					71.5			
Balance September 30, 2020	2,225.2	571.1	(81.8)	40.4	3,096.4	15.5	(72.0)	5,794.8

BDO LEASING AND FINANCE, INC.
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED

	<u>September 2021</u>	<u>September 2020</u>
Cash flows from operating activities		
Profit before tax	34,049,807.00	267,318,954.00
Adjustments for:		
Unrealized fair value gain on unit investment trust fund (UITF)	(44,983,657.00)	-
Interest and discounts	-	(1,083,689,437.00)
Interest received	-	1,035,283,386.00
Interest and financing charges paid	-	(584,292,021.00)
Interest and financing charges	-	520,340,444.00
Depreciation and amortization	-	522,121,074.00
Impairment and credit losses	-	449,701,306.00
Dividend income	-	(80,063,123.00)
Gain on sale of property and equipment and investment properties	-	(34,617,689.00)
Gain on sale of financial assets at fair value through other comprehensive income (FVOCI)	-	(8,862,126.00)
Day-one gain - net	-	(1,152,218.00)
Operating profit (loss) before changes in operating assets and liabilities	(10,933,850.00)	1,002,088,550.00
Decrease in loans and other receivables	5,072,109.00	13,712,945,730.00
Decrease (increase) in other assets	(2,677,696.00)	46,471,665.00
Increase (decrease) in accounts payable and other liabilities	(13,953,900.00)	193,197,271.00
Decrease in lease deposits	-	(3,841,287,906.00)
Cash generated from (used in) operations	(22,493,337.00)	11,113,415,310.00
Cash paid for income and final taxes	(4,957.00)	(56,266,090.00)
Net Cash From (Used in) Operating Activities	(22,498,294.00)	11,057,149,220.00
Cash flows from investing activity		
Placement in UITF	(70,000,000.00)	-
Proceeds from sale of financial assets at FVOCI	-	2,627,982,533.00
Acquisition of property and equipment	-	(215,967,435.00)
Proceeds from disposal of property and equipment and investment properties	-	104,777,882.00
Receipt of cash dividends	-	85,316,203.00
Addition in investment properties	-	(46,021,902.00)
Acquisition of other assets	-	(5,258,274.00)
Net Cash From (Used In) Investing Activities	(70,000,000.00)	2,550,829,007.00
Cash flows from financing activity		
Payments of bills payable	-	(120,522,234,957.00)
Availments of bills payable	-	107,453,675,879.00
Payments on lease liabilities	-	(7,187,920.00)
Net Cash Used in Financing Activities	-	(13,075,746,998.00)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(92,498,294.00)	532,231,229.00
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	115,984,914.00	129,990,275.00
CASH AND CASH EQUIVALENTS AT END OF YEAR	23,486,620.00	662,221,504.00

BDO LEASING AND FINANCE, INC.
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED

	<u>September 2021</u>	<u>September 2020</u>
Cash flows from operating activities		
Profit before tax	10,672,805.00	101,975,809.00
Adjustments for:		
Unrealized fair value gain on unit investment trust fund (UITF)	(13,066,473.00)	-
Interest and discounts	-	(285,582,547.00)
Interest received	-	250,515,913.00
Interest and financing charges paid	-	(184,452,882.00)
Interest and financing charges	-	123,647,802.00
Depreciation and amortization	-	163,352,129.00
Impairment and credit losses	-	305,535,571.00
Dividend income	-	(16,765,223.00)
Gain on sale of property and equipment and investment properties	-	(10,682,258.00)
Gain on sale of financial assets at fair value through other comprehensive income (FVOCI)	-	-
Day-one gain - net	-	(1,117,477.00)
Operating profit (loss) before changes in operating assets and liabilities	(2,393,668.00)	446,426,837.00
Decrease in loans and other receivables	18,500.00	11,102,894,927.00
Decrease in other assets	2,687,351.00	25,113,302.00
Increase (decrease) in accounts payable and other liabilities	(7,688,515.00)	188,594,642.00
Decrease in lease deposits	-	(3,661,433,411.00)
Cash generated from (used in) operations	(7,376,332.00)	8,101,596,297.00
Cash paid for income and final taxes	(1,259.00)	(33,988,519.00)
Net Cash From (Used in) Operating Activities	(7,377,591.00)	8,067,607,778.00
Cash flows from investing activity		
Proceeds from sale of financial assets at FVOCI	-	1,471,656,187.00
Acquisition of property and equipment	-	(102,146,840.00)
Proceeds from disposal of property and equipment and investment properties	-	25,141,315.00
Receipt of cash dividends	-	22,018,303.00
Addition in investment properties	-	(26,909,207.00)
Acquisition of other assets	-	(2,327,409.00)
Net Cash From Investing Activities	-	1,387,432,349.00
Cash flows from financing activity		
Placement in UITF	(40,000,000.00)	-
Payments of bills payable	-	(50,136,155,250.00)
Availments of bills payable	-	41,144,350,000.00
Payments on lease liabilities	-	(3,171,751.00)
Net Cash Used in Financing Activities	(40,000,000.00)	(8,994,977,001.00)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(47,377,591.00)	460,063,126.00
CASH AND CASH EQUIVALENTS AT BEGINNING OF QUARTER	70,864,211.00	202,158,378.00
CASH AND CASH EQUIVALENTS AT END OF YEAR QUARTER	23,486,620.00	662,221,504.00

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

September 2021 Compared to September 2020

The Company registered a net income of P39.8 million for the 9-month period ending September 30, 2021. After the discontinuance of its former operations and sale of all its leasing and loan portfolio 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 P45.9 million. Total expenses, on the other hand, stood at P13.0 million.

Compared to the same period last year, net income dropped by 70% from P134.6 million at the end of third quarter of 2021, as last year's result was still based on a balance sheet prior to the full implementation of the Group's restructuring of its leasing business.

Total assets contracted by 58% from P14.3 billion as of the third quarter of 2020 to P6.0 billion as of September 30, 2021 following the sale of substantially all assets to BDO Unibank, BDO Life and BDO Finance Corporation as part of the Group's restructuring of its leasing business. Of the P6.0 billion assets as of September 30, 2021, P5.9 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 P13.6 million includes, among others, withholding taxes payable, accrued taxes and other expenses payable.

Stockholders' equity stood at P6.0 billion.

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

	September 2021	September 2020
Current Ratio	444.39:1	0.36:1
Quick asset ratio	444.19:1	0.35:1
Debt to Equity Ratio	0.00:1	1.47:1
Net Profit Margin	84.40%	6.26%
Return on Equity	0.90%	3.17%

Formulas used:

Current ratio	= Current Assets over Current Liabilities
Quick assets ratio	= Quick assets over Current Liabilities
Debt to equity	= Total Liabilities over Total Stockholders' Equity
Net profit margin	= Net income over Gross Revenues
Return on ave. equity	= Annualized Net income over Ave. Stockholders' Equity

Related Party Transactions

(Amounts in Millions of Philippine Pesos)

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

The Company's related parties include BDO Unibank and affiliates as described below.

The summary of the Company's significant transactions with its related parties in September 30, 2021, December 31, 2020 and September 30, 2020 are as follows:

Related Party Category	Notes	Amount of transactions		
		September 30, 2021	December 31, 2020	September 30, 2020
Ultimate parent company (BDO Unibank)				
Interest income on savings and demand deposits	(a)	P - P	1.6 P	0.5
Interest expense on bills payable	(b)	-	34.0	33.5
Interest expense on lease liability	(c)	-	1.4	1.2
Depreciation	(c)	-	11.8	9.6
Gain on pre-termination of lease contracts	(c)	-	1.0	-
Management fees	(d)	-	14.7	12.0
Sale of receivables	(o)	-	14,125.4	10,531.7
Gain on sale of receivables	(o)	-	381.9	310.5
Sale of financial assets under FVOCI	(o)	-	1,138.0	-
Gain on sale of debt securities under FVOCI	(o)	-	8.9	-
Loss on sale of equity securities under FVOCI	(o)	-	(0.6)	-
Service fees	(e)	0.1	0.1	0.1
Employee stock option plan		-	3.5	3.5
UITF placement	(n)	70.0	5,847.0	-
Unrealized fair value gains	(n)	45.0	5.7	-
Gain on redemption of UITF	(n)	-	0.1	-
Sale of foreclosed assets- net	(n)	-	212.8	-
Subsidiary (BDO Rental*)				
Dividend income	(i)	-	200.0	-
Management fees	(d)	-	0.3	0.2
Rent income	(c)	-	0.1	-
Under common ownership				
Service and charges fees	(f), (j)	-	2.1	0.1
Interest expense on bills payable	(k)	-	-	2.9
Operating lease income	(m)	-	40.6	40.6
Insurance expense	(l)	-	0.2	0.2
Sale of receivables	(o), (p)	-	8,946.1	1,270.1
Gain on sale of receivables	(o), (p)	-	128.1	38.6
Sale of financial assets under FVOCI	(o), (p)	-	1,997.5	-
Gain on sale of equity securities under FVOCI	(o), (p)	-	71.6	-

*Only until October 16, 2020

<u>Related Party Category</u>	<u>Notes</u>	<u>Outstanding Balance</u>		
		<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Ultimate parent company (BDO Unibank)				
Savings and demand deposits	(a)	P 23.5	P 116.0	P 662.0
Right-of-use	(c)	-		19.6
Bills payable	(b)	-		1,006.5
Lease liability	(c)	-		20.6
Employee stock option plan		-		3.5
UITF	(p)	5,867.7	5,752.7	-
Under common ownership				
Accounts receivable	(j)	-		-
Accounts payable	(p)		5.2	-
Key management personnel				
Loans to officers	(g)	-	-	5.7
Retirement benefit fund				
Shares of stock	(h)	1.6	1.6	1.6

- (a) The Company maintains savings and demand deposit accounts with BDO Unibank. As of September 30, 2021, December 31, 2020, and September 30, 2020, savings and demand deposit accounts maintained with BDO Unibank are included under Cash and Cash Equivalents account in the statements of financial position. These deposits generally earn interest at annual rates of 0.125% in September 30, 2021, December 31, 2020, and September 30, 2020. Interest income earned on these deposits is included as part of Other Income account under Income from Continuing Operations in September 30, 2021 and as part of Interest and Discounts account under Revenues from Discontinued Operations September 30, 2020 in the statements of income.
- (b) The Company obtained short-term bills payable from BDO Unibank. The amount outstanding from borrowings as of September 2020 is presented under Bills Payable account in the statements of financial position. Interest expense incurred on these bills payable in September 30, 2020 is included as part of Interest and Financing Charges account under Operating Costs and Expenses from Discontinued Operations in the statements of income.
- (c) The Company leased its head office premises and certain branch offices from BDO Unibank for terms ranging from three to five years, renewable for such period and under such terms and conditions as may be agreed upon with the Company and BDO Unibank. Related rent expense incurred is presented as part of Occupancy and Equipment-related Expenses account under Operating Costs and Expenses from Discontinued Operations in the statements of income. On the other hand, the Company charged BDO Rental for the spaces that the latter occupies in the head office premises. Rent charged to BDO Rental is presented as part of Other Income-net account in the Company's statements of income. In 2020, in line with the restructuring process, the Company pre-terminated all its leases with BDO Unibank which resulted in a recognition of gain on pre-termination as part of Miscellaneous Income under Other Income account for the 2020 statement of income. There were no outstanding receivables and payables on these transactions as of the end of September 30, 2021, December 31, 2020, and September 30, 2020.

Starting 2019, upon adoption of PFRS 16, the Company recognized right-of-use assets which are included as part of Property and Equipment-net, and lease liabilities which is included as part of Accounts Payable and Other Liabilities in the statements of financial position. Related interest expense incurred on lease liability and depreciation are included as part of Interest and Financing Charges and Occupancy and equipment-related expenses, respectively, under Operating Costs and Expenses from Discontinued Operations in the statements of income.

- (d) In 2019, the Company entered into a service level agreement with BDO Unibank wherein BDO Unibank will charge the Company for certain management services that the former provides to the latter. Management fees paid by the Company to BDO Unibank are shown as part of Other Expenses account under Operating Costs and Expenses from Discontinued Operations in the statements of income. Also, the Company charges BDO Rental for the management services it renders to BDO Rental. This is presented as part of Other Income-net account under Revenues from Discontinued Operations in the Company's statements of income. There are no outstanding receivables and payables on these transactions as of the end of September 30, 2020.

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

- (e) Starting 2018, 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 receivables and payables on these transactions as of the end of 2021 and 2020.
- (f) The Company engaged the services of BDO Capital and Investment Corporation (BDO Capital), a wholly owned subsidiary of BDO Unibank for services related to the Company's issuance of short term commercial papers. Service charges and fees paid by the Company to BDO Capital are included as part of Other Expenses account under Operating Costs and Expenses from Discontinued Operations in the statements of income. There were no outstanding payables on this transaction as of the end of 2021 and 2020.
- (g) Compensation of key management personnel (covering officer positions starting from Assistant Vice President and up) is included as part of Employee Benefits under Operating Costs and Expenses in the statements of comprehensive income of the Company. Short-term employee benefits include salaries, paid annual leave and paid sick leave, profit sharing and bonuses, and non-monetary benefits. The Company also granted loans to officers which are secured by mortgage on the property, bear interest with a range of 7.0% to 9.0% per annum and have terms ranging from 3 to 5 years. Outstanding loans to officers are presented as part of Finance Lease Receivable under Loans and Other Receivables account in September 2020. The Company assessed that these loans are not impaired as of June 30, 2020. There were no outstanding loans to officers as of September 30, 2021 and December 31, 2020.
- (h) The retirement fund holds, as an investment, 519,915 shares of stock of the Company as of September 30, 2020, which had a market value of 3.16 per share as of September 30, 2020. The retirement fund does not hold any shares of stock of BDO Unibank. On October 16, 2020, the retirement fund was transferred to BDO Finance.
- (i) In 2020 BDO Rental declared cash dividends amounting to P200.0. As of the end of September 30, 2021 and 2020, there were no outstanding receivables on this transaction.

- (j) Starting 2016, the Company earned from BDO Insurance Brokers, Inc. (BDO Insurance) service charges and fees for accounts referred and are included as part of Miscellaneous under Other Income account from Discontinued Operations in the statements of income. There were no outstanding receivables and payables on these transactions as of the end of 2021 and 2020.
- (k) The Company obtained unsecured, short-term bills payable from BDO Strategic Holdings Inc. and SM Prime Holdings, Inc in 2020. Interest expense incurred on these bills payable is included as part of Interest and Financing Charges account under Operating Costs and Expenses from Discontinued Operations in the statements of income. There were no outstanding payables as of September 30, 2021, December 31, 2020 and September 30, 2020.
- (l) In 2020, the Company paid BDO Life for group life insurance of the Company's employees. Insurance paid by Company is presented as part of Occupancy and Equipment Related Expense under Operating Costs and Expenses from Discontinued Operations in the statements of income. There were no outstanding receivables and payables on this transaction as of the end of 2021 and 2020.
- (m) In 2017, BDO Rental, entered into Operating Lease Agreement with BDO Nomura which commenced in 2018. In 2018, BDO Rental, entered into Operating Lease Agreement with SM Prime Holdings, Inc. and Alfamart Trading Philippines, Inc. Operating lease income earned from these transactions are presented as part of Rent account from Discontinued Operations in the Company's statements of income. There are no outstanding receivables on these transactions as of the end of September 30, 2020.
- (n) On December 7, 2020, the Company purchased P5,847.0 worth of UITF from BDO TIG of which P100.0 was redeemed on December 29, 2020. In 2021, the Company purchased P70.0 worth of UITF from BDO TIG.
- (o) In various dates in 2020, in line with the restructuring of BDO Unibank Group's leasing business to optimize the financial needs of clients in line with PFRS 16, the Company sold its core loans and receivables to BDO Life, BDO Finance and BDO Unibank. The related gain on the sale of loans and receivables is presented under Revenues in the 2020 statement of income. There is no outstanding receivable on these transactions as of the end of 2020.

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

In October 2020, the Company agreed to assign, transfer and convey certain foreclosed assets to BDO Unibank with a total carrying value of P212.8 as of September 30, 2020. No gain or loss was recognized in this transaction. There is no outstanding receivable on this transaction as of December 31, 2020.

- (p) On various dates in 2020, the Company disposed of a portion of its core loans and receivables to BDO Finance with aggregate carrying amounts of P7,566.6 resulting to a recognition of gain on sale of loans and receivables totaling 89.5 which is presented separately under Revenues in the statements of income.

On October 12, 2020, the Company sold its 100% ownership interest in BDO Rental to BDO Finance with a total equity value of P308.0 which resulted to a recognition of gain on sale of investment in subsidiary totaling P9.5 as part of Other Income account in the statements of income.

On October 15, 2020, the Company sold its SMC preferred shares classified as FVOCI to BDO Finance with aggregate carrying amounts of P597.5. No gain or loss was recognized on the sale.

On October 16, 2020, the Company agreed to assign irrevocably and absolutely to BDO Finance certain assets and liabilities with total proceeds equal to carrying values of P39.0 and P244.6, respectively. The transaction resulted to an outstanding payable to BDO Finance and is recorded as part of Accounts payable and other liabilities account in the statements of financial position.

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

Assets:

<i>Accounts receivables – net</i>	<i>P</i>	<i>13.7</i>
<i>Prepaid expenses</i>		<i>3.8</i>
<i>Property and equipment – net</i>		<i>6.2</i>
<i>Retirement assets</i>		<i>14.4</i>
<i>Other intangible asset – net</i>		<i>0.8</i>
<i>Other assets</i>		<i>0.1</i>
	<i>P</i>	<i>39.0</i>

Liabilities:

<i>Accounts payable</i>	<i>P</i>	<i>169.1</i>
<i>Accrued other expenses payable</i>		<i>13.7</i>
<i>Unapplied advance payments</i>		<i>15.3</i>
<i>Deferred income tax payable</i>	<i>(</i>	<i>36.1)</i>
<i>Other liabilities</i>		<i>82.6</i>
	<i>P</i>	<i>244.6</i>

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

Commitments and Contingencies

In the ordinary course of business, the company may incur contingent liabilities and commitments such as guarantees and pending litigation arising from normal business transactions which are not shown in the accompanying financial statements. Management does not anticipate significant losses from these commitments and contingencies that would adversely affect the company's operations.

Economic Events

Management is continuously evaluating the current business climate and the impact of recent economic events on the present operations of the company. As the need arises, the company will recognize related effects in the ensuing financial statements.

Risk Factors

We assessed the financial risk exposure of the company and subsidiaries particularly on currency, interest, credit, market and liquidity risks. There were no changes that would materially affect the financial condition and results of operations of the company.

Risk Management of the company's credit risks, market risks, liquidity risks, and operational risks is an essential part of the Company's organizational structure and philosophy. The risk management process is essentially a top-down process that emanates from the Board of Directors. The Board approves the overall institutional tolerance for risk, including risk policies and risk Philosophy of the Company.

Plans for the Next Quarter

With approvals from its Board of Directors and stockholders, BDOLF voluntarily surrendered its secondary license as a financing company to the Securities and Exchange Commission (SEC). Before it accepts the surrender of BDOLF's leasing license, the SEC is requiring BDOLF to first amend its Articles of Incorporation to reflect its new primary purpose as a holding company. Please note, however, that BDOLF already ceased to operate as a leasing company, has not accepted any leasing transaction since October 16, 2020 and has completed the assignment and transfer of its leasing and financing business primarily to an affiliate, BDO Finance Corporation on 19 October 2020.

PART II--OTHER INFORMATION

Nothing to report.

Explanation for each information where disclosure of such is not applicable in our interim financial statements

ITEM 1-7

B. Explanatory comments about the seasonality or cyclicity of interim operations;

The Company is not affected by seasonality or cyclicity factors when it comes to interim financial reporting since there are no products or services that are seasonal.

C. The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidents.

The reduction in the Company's balance sheet is in line with the restructuring of the Group's leasing business, as explained in Item 2, MD&A.

- D. The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.

None.

- E. Issuances, repurchases, repayments of debt and equity securities;

The Company has fully paid its borrowings as of October 2020.

- F. Dividends paid (aggregate or per share) separately for ordinary shares and other shares.

None.

- G. Segment revenue and segment result for business segments or geographical segments.

Not applicable.

- H. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

None.

- I. The effect of changes in the composition of the issuer during the interim period, including business combination, acquisition or disposal of subsidiaries and long-term investments.

None.

- J. Changes in contingent liabilities or contingent assets.

None

- K. Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.

None

ITEM 2

Management's Discussion and Analysis (MDA) of Financial Condition and Results of Operations [(Part III, Par. (A)(2)(b)]

3. Discussion and analysis of material event/s and uncertainties known to management that would address the past and would have an impact on future operations of the following:

- A. *Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.*

None

- B. *Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;*

None

- C. *All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.*

None

- D. *Any material commitments for capital expenditure, the general purpose of such commitments and the expected sources of funds for such expenditures.*

None

- E. *Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales / revenues / income from continuing operations.*

None

- F. *Any significant elements of income or loss that did not arise from the issuer's continuing operations.*

None

- H. *Any seasonal aspects that had a material effect on the financial condition or results of operations.*

None

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report (September 30, 2021 SEC Form 17-Q Report) to be signed on its behalf by the undersigned thereunto duly authorized.

BDO LEASING & FINANCE, INC.



LUIS S. REYES, JR.
TREASURER



ANGELITA C. TAD-Y
COMPTROLLER

October 26, 2021
Date

BDO LEASING AND FINANCE INC.
AGING OF RECEIVABLES

As of September 30, 2021

NONE TO REPORT on Aging of Receivables from Loans and Leases due to the discontinuance of business operations of BDOLF as financing and leasing company effective October 16, 2020, and sale of substantially all of its assets to BDO Unibank Inc., BDO Life, and BDO Finance Corp. as of October 19, 2020. The remaining Accounts Receivables pertain to Creditable Withholding Taxes classified as Accounts Receivables from the BIR.

BDO Leasing and Finance, Inc.
Financial Ratios
September 30, 2021 and 2020
(Amounts in Millions of Philippine Pesos)

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
I. Current/liquidity ratios				
Current ratio				
<u>Total current assets</u>	<u>6,021.8</u>	<u>2,842.2</u>	444.39	0.36
Total current liabilities	13.6	7,858.4		
Acid Test Ratio				
<u>Quick assets</u>	<u>6,019.2</u>	<u>2,752.3</u>	444.19	0.35
Total current liabilities	13.6	7,858.4		
II. Solvency ratios; debt-to-equity ratios				
Solvency ratio				
<u>(After tax net profit + Depreciation)</u>	<u>39.8</u>	<u>656.6</u>	2.93	0.08
Total liabilities	13.6	8,497.7		

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Debt-to-equity ratio				
<u>Total liabilities</u>	<u>13.6</u>	<u>8,497.7</u>	0.00	1.47
Total equity	6,008.2	5,794.8		
III. Asset-to-equity ratio				
Asset-to-equity ratio				
<u>Total assets</u>	<u>6,021.8</u>	<u>14,292.5</u>	1.00	2.47
Total equity	6,008.2	5,794.8		
IV. Interest coverage ratio				
Interest coverage ratio				
<u>Earnings before interest and taxes</u>	<u>34.1</u>	<u>784.9</u>	-	1.51
Interest expense	-	517.5		
V. Profitability ratios				
Net profit margin				
<u>Net Profit</u>	<u>39.8</u>	<u>134.5</u>	84.41%	6.26%
Interest income + Other operating income	47.1	2,147.7		

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Return on equity				
<u>Net profit</u>	<u>39.8</u>	<u>134.5</u>	0.90%	3.17%
Average equity	5,875.5	5,657.5		

Return on assets				
<u>Net profit</u>	<u>39.8</u>	<u>134.5</u>	0.52%	0.77%
Average assets	10,157.2	23,378.4		

VI. Others

Total real estate investments to Assets				
<u>Total investment properties</u>	<u>-</u>	<u>432.9</u>	0.00%	3.03%
Total assets	6,021.8	14,292.5		

Loans to Assets				
<u>Total loans and other receivables</u>	<u>128.0</u>	<u>10,828.6</u>	2.13%	75.76%
Total assets	6,021.8	14,292.5		

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
DOSRI to Net worth				
Receivables from Directors, Officers, <u>Stakeholders and Related Interests</u>	<u>-</u>	<u>5.7</u>	0.00%	0.10%
Total equity	6,008.2	5,794.8		
Amount of receivable from a single corporation to Total receivables				
<u>Loan to a single corporation</u>	<u>-</u>	<u>366.4</u>	0.00%	3.38%
Total loans and other receivables	128.0	10,828.6		