

August 14, 2013

THE DISCLOSURE DEPARTMENT
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: MS.JANET A. ENCARNACION
Head, Disclosure Department

Gentlemen:

Please find the SEC Form 17-Q of BDO Leasing and Finance, Inc.(BDOLF) for the quarter ending June 30, 2013.

Thank you very much.


RODOLFO M. CARLOS JR.
Compliance Officer

BDO Leasing & Finance, Inc.
BDO Leasing Centre
Corinthian Gardens, Ortigas Avenue
Quezon City, Philippines
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108072013002694



SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Company Type Stock Corporation

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

(Company's Full Name)

B D O L E A S I N G C E N T R E , C O R I N T H I A N
G A R D E N S O R T I G A S A V E . Q . C . M . M .

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

GEORGIANA A. GAMBOA
Contact Person

840-7000 LOC 65158
Company Telephone Number

1 2 3 1
Month 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
Dept. Requiring this Doc

Amended Articles Number / Sec.

1,186
Total No. of Stockholders

Total Amount of Borrowings
13,156,233,333.50
Domestic

-
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

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 June 30, 2013
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 BDO Leasing Centre, Corinthian Gardens, Ortigas Ave., Q. C. 1100
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 and amount of debt outstanding</u>
<u>Common Stock, P1.00 par value</u>	<u>2,162,475,312 / P 13,156,233,333.50</u>

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

Yes [] 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 17of 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, 2012 were consistently applied in the interim financial reports.

Adoption of New Interpretations, Revisions and Amendments to PFRS

There are new PFRS, revisions, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2012. Management has initially determined the following pronouncement, which the Company will apply in accordance with their transitional provisions, to be relevant to its financial statements.

PFRS 9, *Financial Instruments* (effective from January 1, 2015). PAS 39 will be replaced by PFRS 9 in its entirety which is being issued in phases. The main phases are (with a separate project dealing with derecognition):

Phase 1: Classification and Measurement

Phase 2: Impairment Methodology

Phase 3: Hedge Accounting

To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning January 1, 2015. Other chapters dealing with impairment methodology and hedge accounting are still being developed. Management conducted a study on the impact of an early adoption of PFRS 9 on our financial statements. Our assessment was based on the Company's Audited Financial data as of December 31, 2012. The Company also conducted evaluation on the possible financial impact of PFRS 9. The Group does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published.

PAS 27 (Amendment), *Separate Financial Statements* – applicable

This revised standard now covers the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision. The Group is currently reviewing the impact on its financial statements of this amendment which will be effective from January 1, 2013.

PAS 28 (Amendment), *Investments in Associate and Joint Venture* – not applicable

PFRS 1, *First-time Adoption of PFRS on Government loans* – not applicable

PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets* – applicable

The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Group did not transfer any financial asset involving this type of arrangement; hence, the amendment did not result in any significant change in the Group's disclosures in its financial statements.

PFRS 10, *Consolidated Financial Statements* – applicable

This standard builds on existing principles of consolidation by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard also provides additional guidance to assist in determining control where this is difficult to assess. The Group is currently reviewing the impact on its financial statements of this amendment which will be effective from January 1, 2013.

PFRS 11, *Joint Arrangements* - not applicable

PFRS 12, *Disclosure of Interest in Other Entities* – not applicable

PFRS 13, *Fair Value Measurement* (effective from January 1, 2013) – applicable

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to assess the impact of the new standard on the Group's financial statements.

BDO LEASING & FINANCE, INC. AND SUBSIDIARY
(A Subsidiary of BDO Unibank, Inc.)
BALANCE SHEETS
In Millions

	June 30, 2013	(Audited) December 31, 2012	June 30, 2012
ASSETS			
Cash and Cash Equivalents	82.7	69.4	77.9
Available-for-Sale Investments	2,145.9	2,022.0	1,961.8
Loans & Other Receivables - net			
Finance Lease Receivables			
Finance lease receivables	7,970.6	7,279.0	5,609.1
Residual value of leased assets	3,358.3	3,128.8	2,628.1
Unearned lease income	(940.5)	(919.5)	(725.0)
	<u>10,388.3</u>	<u>9,488.3</u>	<u>7,512.2</u>
Loans and Receivables Financed			
Loans and receivables financed	7,318.5	8,086.4	9,176.7
Unearned finance income	(136.7)	(168.2)	(207.8)
Clients' Equity	(31.5)	(35.3)	(39.6)
	<u>7,150.3</u>	<u>7,882.9</u>	<u>8,929.3</u>
Other Receivables			
Accounts Receivable	10.7	12.3	14.9
Sales Contract Receivable	14.3	16.5	43.0
Dividends Receivable	51.4	51.4	73.5
Accrued Interest Receivable	79.5	102.9	107.5
Accrued Rental Receivable	1.0	2.2	2.4
	<u>156.9</u>	<u>185.3</u>	<u>241.3</u>
Allowance for loan losses	(350.1)	(308.5)	(339.0)
Allowance for losses - misc. receivables	(3.0)	(3.0)	(3.0)
	<u>(353.1)</u>	<u>(311.5)</u>	<u>(342.0)</u>
	<u>17,342.3</u>	<u>17,245.0</u>	<u>16,340.8</u>
Property, Plant and Equipment - net	1,014.4	643.7	548.5
Investment Properties - net	376.7	379.5	427.4
Other Assets - net	409.1	375.9	341.7
	<u>21,371.2</u>	<u>20,735.5</u>	<u>19,698.0</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Bills Payable	13,156.2	12,697.0	12,374.4
Accounts Payable, Accrued Interest and Other Liabilities	182.0	233.0	276.6
Lease Deposits	3,396.1	3,171.2	2,676.0
	<u>16,734.4</u>	<u>16,101.2</u>	<u>15,327.0</u>
Stockholders' Equity			
Capital Stock	2,225.2	2,225.2	2,225.2
Additional Paid-in Capital	571.1	571.1	571.1
Retained Earnings	1,758.0	1,878.7	1,675.3
Unrealized gain/(loss) on available-for-sale investr	164.4	41.1	(18.8)
Treasury Stock	(81.8)	(81.8)	(81.8)
	<u>4,636.9</u>	<u>4,634.3</u>	<u>4,371.0</u>
	<u>21,371.2</u>	<u>20,735.5</u>	<u>19,698.0</u>

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

For the six months ended	June 30, 2013	June 30, 2012
INCOME		
Interest and discounts	636.2	620.7
Rent	158.6	101.9
Service fees & other income	121.3	125.3
	916.1	847.9
EXPENSES		
Interest and financing charges	222.2	222.1
Occupancy and equipment-related expenses	156.2	102.9
Compensation and fringe benefits	92.7	81.4
Taxes and licenses	73.7	65.6
Provision for impairment and credit losses	50.0	57.3
Litigation/assets acquired expenses	13.6	21.1
Management & Other Fees	10.1	9.6
Entertainment, Amusement and Recreation	9.9	8.8
Traveling & transportation expenses	8.2	7.7
Postage, Telephone & Telegraph	4.2	3.0
Information & Technology expenses	0.2	-
Others	12.8	15.5
	653.8	595.0
INCOME BEFORE INCOME TAX	262.3	252.9
PROVISION FOR INCOME TAX	58.3	53.9
NET INCOME	204.0	199.0
OTHER COMPREHENSIVE INCOME		
Unrealized Fair Value Gain/(Loss) on AFS-net	123.3	(80.9)
TOTAL COMPREHENSIVE INCOME/(LOSS)	327.3	118.1
BASIC EARNINGS PER SHARE**	0.09	0.09
DILUTED EARNINGS PER SHARE**	0.09	0.09

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

For the three months ended	June 30,	June 30,
	2013	2012
INCOME		
Interest and discounts	301.3	317.1
Rent	94.4	50.7
Service fees & other income	49.1	65.0
	<u>444.8</u>	<u>432.8</u>
EXPENSES		
Interest and financing charges	105.9	114.1
Occupancy and equipment-related expenses	84.5	43.3
Compensation and fringe benefits	48.1	43.1
Taxes and licenses	34.6	32.9
Provision for impairment and credit losses	25.0	32.3
Litigation/assets acquired expenses	8.4	12.7
Management & Other Fees	5.0	4.7
Entertainment, Amusement and Recreation	5.0	4.9
Traveling & transportation expenses	4.3	4.3
Postage, Telephone & Telegraph	1.8	1.3
Information & Technology expenses	0.1	-
Others	7.4	6.1
	<u>330.1</u>	<u>299.7</u>
INCOME BEFORE INCOME TAX	114.7	133.1
PROVISION FOR INCOME TAX	25.4	29.9
NET INCOME	89.3	103.2
OTHER COMPREHENSIVE INCOME		
Unrealized Fair Value Gain/(Loss) on AFS-net	129.1	(42.2)
TOTAL COMPREHENSIVE INCOME/(LOSS)	218.4	61.0
BASIC EARNINGS PER SHARE**	0.04	0.05
DILUTED EARNINGS PER SHARE**	0.04	0.05

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

NET INCOME	89.3	103.2
DIVIDED BY OUTSTANDING SHARES	2,162.5	2,162.5
EPS(Basic and Diluted)	0.04	0.05

BDO LEASING AND FINANCE, INC. AND SUBSIDIARY
(A Subsidiary of BDO Unibank, Inc.)
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
In Millions

	Capital Stock	Additional Paid- in Capital	Treasury Stock, at Cost	Retained Earnings	Unrealized Fair Value Gain(loss) on Available for Sale Financial Assets	Net Equity
	Preferred - P100 par value Authorized and unissued - 200,000 shares		62,693,718 shares			
	Common - P1 par value Authorized - 3,400,000,000 shares Issued - 2,225,169,030 shares					
Balance as of Jan 1, 2013	2,225.2	571.1	(81.8)	1,878.4	41.1	4,634.0
Total Comprehensive Income (loss)				204	123.3	327.3
Cash Dividends				(324.4)		(324.4)
Balance as of June 30, 2013	2,225.2	571.1	(81.8)	1,758.0	164.4	4,636.9
Balance as of Jan 1, 2012	2,225.2	571.1	(81.8)	1,584.4	62.0	4,360.9
Total Comprehensive Income (loss)				199.0	(80.9)	118.1
Cash Dividends				(108.1)		(108.1)
Balance as of June 30, 2012	2,225.2	571.1	(81.8)	1,675.3	(18.9)	4,370.9

BDO LEASING AND FINANCE, INC. AND SUBSIDIARY
(A Subsidiary of BDO Unibank, Inc.)
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
In Millions

For the three months ended

	Capital Stock	Additional Paid- in Capital	Treasury Stock, at Cost	Retained Earnings	Unrealized Fair Value Gain(loss) on Available for Sale Financial Assets	Net Equity
	Preferred - P100 par value Authorized and unissued - 200,000 shares		62,693,718 shares			
	Common - P1 par value Authorized - 3,400,000,000 shares Issued - 2,225,169,030 shares					
Balance as of Jan 1, 2013	2,225.2	571.1	(81.8)	1,878.4	41.1	4,634.0
Total Comprehensive Income (loss)				89.3	129.1	218.4
Cash Dividends				(324.4)		(324.4)
Balance June 30, 2013	2,225.2	571.1	(81.8)	1,643.3	170.2	4,528.0
Balance as of Jan 1, 2012	2,225.2	571.1	(81.8)	1,584.4	62.0	4,360.9
Total Comprehensive Income (loss)				103.2	(42.2)	61.0
Cash Dividends				(108.1)		(108.1)
Balance June 30, 2012	2,225.2	571.1	(81.8)	1,579.5	19.8	4,313.8

BDO LEASING AND FINANCE, INC. AND SUBSIDIARY
(A Subsidiary of BDO Unibank, Inc.)
STATEMENT OF CASH FLOWS

For the six months ended	JUNE	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	262,269,396	252,895,689
Adjustments to reconcile income before income tax to net cash used in operations:		
Provision for probable losses	50,000,000	57,310,564
Depreciation and amortization	143,167,953	88,660,142
Loss/(Gain) on Sale of property and equipment	(15,851,476)	(1,929,886)
Loss/(gain) on sale of investment properties	(1,086,458)	(4,924,984)
Changes in operating assets and liabilities:		
Decrease (increase) in the amounts of:		
Finance lease receivables and loans and receivables financed	(159,112,990)	(1,779,728,641)
Other assets	(33,325,032)	(173,584,531)
Increase (decrease) in the amounts of:		
Accounts payable and other liabilities	(2,610,471)	6,436,733
Deposits on finance leases	224,921,363	250,057,224
Net cash provided by (used in) operations	468,372,283	(1,304,807,689)
Income taxes paid	(136,178,229)	(54,367,616)
Net cash provided by (used in) operating activities	332,194,054	(1,359,175,305)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net disposal (acquisition) of investment properties	(1,349,516)	902,112
Net acquisition of available for sale investment	-	-
Net acquisitions of property and equipment	(480,792,012)	(126,573,029)
Net cash used in investing activities	(482,141,528)	(125,670,917)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments of bills payable	487,866,736	1,799,393,090
Cash dividends paid	(324,371,297)	(324,371,297)
Acquisition of Treasury Stocks	-	-
Net cash provided by (used in) financing activities	163,495,439	1,475,021,793
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,547,965	(9,824,428)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	69,192,632	87,720,152
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	82,740,597	77,895,724

BDO LEASING AND FINANCE, INC. AND SUBSIDIARY
(A Subsidiary of BDO Unibank, Inc.)
STATEMENT OF CASH FLOWS

For the three months ended	June 30	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	114,630,993	133,091,052
Adjustments to reconcile income before income tax to net cash used in operations:		
Provision for probable losses	25,000,000	32,310,564
Depreciation and amortization	78,179,346	37,026,101
Loss/(Gain) on Sale of property and equipment	(4,028,440)	(1,079,609)
Loss/(gain) on sale of investment properties	(468,667)	5,625,245
Changes in operating assets and liabilities:		
Decrease (increase) in the amounts of:		
Finance lease receivables and loans and receivables financed	(598,572,070)	(716,490,313)
Other assets	(5,525,869)	(163,892,753)
Increase (decrease) in the amounts of:		
Accounts payable and other liabilities	(6,187,066)	3,047,522
Deposits on finance leases	98,521,743	125,939,651
Net cash provided by (used in) operations	(298,450,030)	(544,422,539)
Income taxes paid	(122,404,113)	(54,346,030)
Net cash provided by (used in) operating activities	(420,854,142)	(598,768,569)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net disposal (acquisition) of investment properties	1,335,120	19,205,006
Net acquisition of available for sale investment	-	-
Net acquisitions of property and equipment	(218,541,329)	(76,563,884)
Net cash used in investing activities	(217,206,210)	(57,358,878)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments of bills payable	979,225,000	(1,061,290,047)
Cash dividends paid	(324,371,297)	(108,123,766)
Acquisition of Treasury Stocks	-	1,799,393,090
Net cash provided by (used in) financing activities	654,853,703	629,979,277
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,793,351	(26,148,170)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	65,947,246	104,043,894
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	82,740,597	77,895,724

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

June 2013 Compared to June 2012

The company registered a net income of P204.0 million for the semester ending June 2013 as compared to P199.0 million for the same period in 2012.

Gross revenues for the semester amounted P916.1 million, an increase by 8.04% from P847.9 million last year. This was primarily due to the increase in Rental Income from in BDORI's bookings.

Interest and financing charges for June 2013 amounted to P222.2 million, consisting of financing charges on borrowings of P220.10 million and interest expense on leased deposits of P2.12 million. Financing charges on borrowings increased by P0.56 million compared to June 2012's P219.50 million mainly due to the increase in Bills Payable from P12.374 billion in June 2012 to P13.156 billion in June 2013, to fund the growth in portfolio levels. The increased level of bills payable also resulted in higher taxes & licenses of P73.73 million, of which P35.69 million is attributable to related documentary stamp taxes.

Provision for Impairment & Credit Losses decreased from last year by P7.30 million or 12.74%.

Occupancy and equipment related expenses as of June 2013 amounted to P156.2 million, an increase of P53.30 million from 2012's P102.90 million. The increase of is attributable to the P43.10 million increase in the depreciation on leased assets of BDORI from new booked leases for the second quarter of 2013 compared to same period of last year and depreciation expense from ROPA- chattels amounting P12.06M.

Litigation/assets acquired expenses decreased by P7.5 million in 2013 against 2012 primarily due to the bidding fee related to the sale of a mortgaged property in 2012.

There is no material movement in Management and other fees.

Other expenses showed a decrease of 17.42% from P15.5 million in 2012 to P12.8 million in 2013. This came from a P4.9 million decrease in fair value loss on residual value of leased equipment from new bookings of last year.

Total assets increased by P1.641 billion from last year's P16.341 billion to P17.342 billion this year, mainly due to the increase in net loans and other receivables of P1.001 billion. The Company's net lease portfolio went up by P3.092 billion while net non-lease portfolio decreased by P1.779 billion. Property, Plant and Equipment-net increased to P1,014.4 million from P643.7 million in 2012 as a result of increases in net leased assets of BDO Rental. Cash & cash equivalents went up to P82.7 million from P77.9 million in 2012. Investment properties-net went down to P376.7 million in June 2013 from P427.4 million, same period last year. The 11.86% decline in net investment property is mainly brought about by the sale of repossessed real estate properties from July 2012 to June 2013. Available-for-sale investments, went up from a total of P1.962 billion in June 2012 to P2.146 billion for the same period in 2013. Other Assets increased by 67.43 million from last year's 341.7 million to this year's 409.1 million due to booking of various ROPA-chattel, increase of Prepaid VAT and set up of Prepaid Interest on Bills Payable.

Bills Payable increased by P781.83 million from P12.374 billion to P13.156 billion in 2013 primarily to finance business growth and the increasing volume of BLF's portfolio.

Accounts Payable, accrued expenses and other liabilities decreased by P94.59 million mainly due to lower miscellaneous liabilities in 2013 from RMU accounts.

Lease deposits went up from P2.676 billion in 2012 to P3.396 billion in 2013.

Stockholders' equity stood at P4.637 billion as of June 2013.

The Company's five (5) key performance indicators are the following:

	June 2013	June 2012
Current Ratio	0.53:1	0.44:1
Quick asset ratio	0.50:1	0.42:1
Debt to Equity Ratio	3.61:1	3.51:1
Net Profit Margin	22.27%	23.47%
Return on Equity	9.06%	9.11%

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

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

The summary of the Group's significant transactions with its related parties in June 30, 2013, December 31, 2012 and June 30, 2012 are as follows:

<u>Related Party Category</u>	<u>Note</u>	<u>Amount of Transaction</u>		
		June 30, 2013	December 31, 2012	June 30, 2012
Ultimate Parent Company (BDO Unibank)				
Interest expense on Bills Payable	(b)	106.7	98.3	38.5
Rent Expense	(d)	5.4	11.0	5.6
Management fees	(e)	1.2	2.4	

<u>Related Party Category</u>	<u>Note</u>	<u>Outstanding Balance</u>		
		June 30, 2013	December 31, 2012	June 30, 2012
Parent Company (BDO Unibank)				
Bills Payable	(b)	5,995.9	6,731.7	2,276.7
Subsidiary (BDO Rental)				
Loans Receivable		-	-	37.7
Key Management Personnel				
Advances employees	(h)	1.4	1.6	

A) The Group maintains savings and demand deposit accounts with BDO Unibank. As of June 30, 2013, December 31, 2012 and June 30, 2012, savings and demand deposit accounts maintained with BDO Unibank are included under Cash and Cash Equivalents account in the statements of financial position. Interest income earned on deposits in June 30, 2013, December 31, 2012 and June 30, 2012 is included under Interest and Discounts as part of Revenues in the statements of comprehensive income.

B) The Group obtains short-term, unsecured borrowings from BDO Unibank. The amount outstanding from borrowings as of June 30, 2013, December 31, 2012 and June 30, 2012 is presented under Bills Payable account in the statements of financial position. Interest expense incurred on these bills payable in June 30, 2013, December 31, 2012 and June 30, 2012 is included under Interest and financing charges account as part of Operating Costs and Expenses account in the statements of comprehensive income. Also, the Parent Company grants short-term, unsecured loans to BDO Rental. There is no outstanding balance arising from this transaction as of June 30, 2013 and December 31, 2012. Total interest income earned by the Parent Company on these loans in June 30, 2012 is included under Interest and Discounts as part of Revenues in the statements of comprehensive income.

C) On January 4, 2010, the Parent Company and BDO Rental entered into a Service Agreement whereby BDO Rental will handle the collection of certain factored receivables of the Parent Company, for a fee as agreed by the Parent Company and the sellers of the factored receivables. Under the Service Agreement, BDO Rental shall perform the monitoring of the payment due dates of the factored receivables, remit to the Parent Company all collections made and send monthly statement of accounts to customers. The related expense charged to the Parent Company based on the Service Agreement is included under Other Operating Costs and Expenses in the Parent Company's statements of comprehensive income. There is outstanding intercompany payable and receivable from this transaction as of June 30, 2013, December 31, 2012 and June 30, 2012.

D) The Parent Company leases its head office premises and certain branch offices from BDO Unibank for terms ranging from one to five years, renewable for such period and under such terms and conditions as may be agreed upon with the Parent Company and BDO Unibank. Related rent expense incurred in June 30, 2013, December 31, 2012 and June 30, 2012 is presented as part of Occupancy and equipment-related expenses under Operating Costs and Expenses account in the statements of comprehensive income. On the other hand, the Parent Company charges BDO Rental for the spaces that the latter occupies in the head office premises. Rent charged to BDO Rental in 2013 and 2012 is presented as part of Other Income in the statements of comprehensive income. There are no outstanding receivable and payable on these transactions as of the end of June 30, 2013, December 31, 2012 and June 30, 2012.

E) In 2012, the Parent Company entered into a service level agreement with BDO Unibank wherein BDO Unibank will charge the Parent Company for certain management services that the former provides to the latter. Management fees paid by the Parent Company to BDO Unibank is shown as part of Other Operating Costs and Expenses in the 2012 statement of comprehensive income. Also, the Parent Company charges BDO Rental for the management services it renders to BDO Rental. This is presented as part of Other Income in the 2013 statement of comprehensive income of the Parent Company. There are no outstanding receivable and payable on these transactions as of the end of 2013.

F) The Parent Company engaged the services of BDO Capital and Investment Corporation (BDO Capital), a wholly owned subsidiary of BDO Unibank for underwriting services related to the Parent Company's issuance of bills payable in 2013. Professional fees paid by the Parent Company to BDO Capital related to this transaction is included as part of Other Operating Costs and Expenses in the June 2013 and 2012 statement of comprehensive income. There is no outstanding payable related on this transaction as of the end of 2013.

G) The Group also granted cash advances to an officer in 2012 and 2013

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 the 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 operation 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

- We will continue to extensively market our products, especially thru BDO Leasing & Finance's branches. Also, use of the extensive branch network BDO Unibank, Inc. will be pursued to boost referrals and ultimately our business volumes.
- We will develop equipment vendor/supplier tie-ups to expand market presence and clientele base.
- We will expand and optimize our sources of funds to match our asset growth and help manage our funding costs.
- Control over operating expenses shall also be continuously pursued to ensure that these remain at a level which is compatible with the level of volume bookings.
- We will continue to pursue process improvements through various initiatives in order to improve our services to our various stakeholders.
- We aggressively tap the existing corporate accounts of BDO Institutional Banking Group for possible lease requirements.

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 are unusual because of their nature, size, or incidents.

None.

- 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;

For the second quarter of 2013, the Company has issued bills payable amounting to P5,737.2M and made total payments on its bills payable amounting to P5,412.6M.

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

On April 17, 2013, the BOD approved the declaration of cash dividends at P0.15 per share, amounting to P324.4 million. The April 2013 dividends were declared in favor of stockholders of record as of May 17, 2013 and said dividends were paid subsequently on June 13, 2013.

There were no dividends paid on other shares as the Company only has common shares as outstanding stock.

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

Please see attached.

- 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

BDO LEASING & FINANCE, INC. AND SUBSIDIARY
 SEGMENT INFORMATION
 For the six months ended June 30, 2013
 (in millions)

	Leasing	Financing	Others	Total
Gross income	464.5	325.6	125.9	916.1
Segment revenues	464.5	325.6	125.9	916.1
Segment expenses	331.5	232.4	89.9	653.8
Segment results	133.0	93.2	36.1	262.3
Income tax expense				58.3
Net Income				204.0
Segment assets - net	10,823.3	6,982.7	-	17,806.0
Unallocated assets				3,718.8
Total Assets				21,524.8
Segment liabilities	9,886.3	6,666.1	-	16,552.3
Unallocated liabilities				182.0
Total Liabilities				16,734.3

Segment expenses are allocated on the basis of gross income.

Net segment assets are comprised of the following:

	Leasing	Financing
Receivables	7,970.6	7,318.5
Equipment under lease	617.5	
Residual value of leased assets	3,358.3	-
	11,946.3	7,318.5
Unearned income	(940.5)	(136.7)
Allowance for probable losses	(182.5)	(167.6)
Clients' equity	-	(31.5)
	10,823.3	6,982.7

BDO LEASING AND FINANCE INC.
 AGING OF LOAN PORTFOLIO
 As of June 30, 2013

Account	Total	1 Month	Over 1 Mos. to 3 Mos.	Over 3 Mos. to 6 Mos.	Over 6 Mos. to 1 Yr.	Over 1 Yr. to 3 Yrs.	3 to 5 yrs.	Over 5 Yrs.	Non-Performing Loans
Factored Receivable	199,251,936.81	-	160,466,138.13	-	-	-	-	-	37,785,798.68
Receivables Purchased	1,282,423.00	-	-	-	-	-	-	-	1,282,423.00
Floor Stock Financing	123,562,409.46	57,364,661.28	56,297,748.18	-	-	-	-	-	-
Installment Paper Purchase	1,628,013,455.02	103,140,720.09	120,785,211.72	215,789,393.79	922,341,304.08	258,176,434.01	2,889,142.12	-	4,891,249.21
Amortized Commercial Loan	5,367,277,801.02	218,770,932.17	267,230,882.00	392,185,863.23	686,111,641.23	2,390,245,873.57	894,936,722.48	436,560,915.13	81,234,971.20
Lease Contract Receivables	11,328,822,836.39	732,615,551.56	707,648,029.61	1,028,401,920.46	2,075,289,442.17	5,523,832,086.80	1,075,397,340.75	-	185,438,468.05
Personal Loans Programs	1,148.00	-	-	-	-	-	-	-	1,148.00
TOTAL LOAN PORTFOLIO	18,647,312,011.70	1,121,891,865.11	1,312,628,009.64	1,636,377,177.48	3,683,742,387.47	8,172,254,393.38	1,973,223,205.35	436,560,915.13	310,634,688.14
		<u>1,121,891,865.11</u>		<u>6,632,747,574.60</u>			<u>10,582,036,513.86</u>		

Less: Allowance For Credit Losses 350,118,047.85

Finance Receivables - Net 16,297,193,963.85

	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Debt-to-equity ratio				
	<u>16,734.4</u>	<u>15,327.0</u>	3.61	3.51
	4,636.9	4,371.0		
III. Asset-to-equity ratio				
	<u>21,371.2</u>	<u>19,698.0</u>	4.61	4.51
	4,636.9	4,371.0		
IV. Interest coverage ratio				
	<u>484.5</u>	<u>472.4</u>	2.18	2.15
	222.2	219.5		
V. Profitability ratios				
	<u>204.0</u>	<u>199.0</u>	22.27%	23.47%
	916.1	847.9		

Total liabilities
Total equity

Total assets
Total equity

Earnings before interest and taxes
Interest expense

Net Profit
Interest income + Other operating income

BDO Leasing and Finance, Inc. and Subsidiary
 Financial Ratios
 June 30, 2013 and 2012
 (Amounts in Millions of Philippine Pesos)

I. Current/liquidity ratios

Current ratio

	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Total current assets</u>	7,510.5	5,679.3	0.53	0.44
<u>Total current liabilities</u>	14,283.4	13,048.3		

Quick ratio

<u>Quick assets</u>	7,108.5	5,505.6	0.50	0.42
<u>Total current liabilities</u>	14,283.4	13,048.3		

II. Solvency ratios; debt-to-equity ratios

Solvency ratio

<u>(After tax net profit + Depreciation)</u>	347.2	287.7	0.02	0.02
<u>Total liabilities</u>	16,734.4	15,327.0		

Return on equity

Net profit
Average equity

2013 204.0
4,504.0

2012 199.0
4,371.0

2013 9.06%
2012 9.11%

Return on assets

Net profit
Average assets

2013 204.0
20,534.6

2012 199.0
19,698.0

2013 1.99%
2012 2.02%

VI. Others

Total real estate investments to Assets

Total investment properties
Total assets

2013 376.7
21,371.2

2012 427.4
19,698.0

2013 1.76%
2012 0.02

Loans to Assets

Total loans and other receivables
Total assets

2013 17,342.3
21,371.2

2012 16,340.8
19,698.0

2013 81.15%
2012 82.96%

DOSRI to Net worth

2013

2012

2013

2012

Receivables from Directors, Officers
Stakeholders and Related Interests
 Total equity

1.4

-

0.03%

-

Amount of receivable from a single corporation to
 Total receivables

1,626.6

889.4

9.38%

4.98%

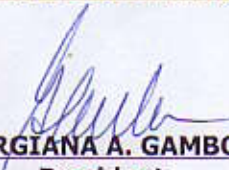
17,342.3

17,849.3

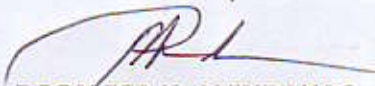
SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report (June 2013 SEC Form 17-Q Report) to be signed on its behalf by the undersigned thereunto duly authorized.

BDO LEASING & FINANCE, INC.



GEORGIANA A. GAMBOA
President



ROSALISA K. ALINDAHAO
VICE PRESIDENT/COMPTROLLER

July 30, 2013
[Signature]

July 30, 2013
Date