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SECURITIES AND EXCHANGE COMMISSION

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Industry Classification
Company Type Stock Corporation

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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, 2014
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 19,039,850,421.57</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 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 [] No []

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

Yes [] 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, 2013 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. The Group does not expect to implement and adopt PFRS 9 until its effective date. In addition, management is currently assessing the impact of PFRS 9 on the financial statements of the Group and its plans to conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

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. The Group has evaluated the various facts and circumstances related to its interest in other entities and has determined that the adoption of the foregoing standards, revisions and amendments had no material impact on the amounts recognize in the financial statements.

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 qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32. The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria and amounts related to a financial collateral. These disclosures allow financial statement users to evaluate the effect or potential effect of netting arrangement. This amendment did not have a significant impact on the Group's financial statements as the Group is not setting off financial instruments in accordance with PAS 32 and does not have relevant offsetting arrangements.

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 has evaluated the various facts and circumstances related to its interest in other entities and has determined that the adoption of the foregoing standards, revisions and amendments had no material impact on the amounts recognize in the financial statements.

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. Other than additional disclosures presented in Note 6.02 of the Group 2013 Audited Financial Statements, the application of this standard had no significant impact on the amounts recognized and disclosures presented in the financial statements of the Group.

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

	September 30, 2014	(Audited) December 31, 2013	September 30, 2013
ASSETS			
Cash and Cash Equivalents	229.3	138.0	317.3
Available-for-Sale Investments	2,312.7	2,093.5	2,083.9
Loans & Other Receivables - net			
Finance Lease Receivables			
Finance lease receivables	10,373.3	9,823.4	8,655.3
Residual value of leased assets	4,096.0	3,782.6	3,560.4
Unearned lease income	(1,138.2)	(1,137.2)	(1,033.3)
	13,331.0	12,468.7	11,182.4
Loans and Receivables Financed			
Loans and receivables financed	10,426.8	8,864.4	7,656.2
Unearned finance income	(88.6)	(97.7)	(116.7)
Clients' Equity	(37.7)	(34.1)	(29.0)
	10,300.5	8,732.6	7,510.5
	23,631.4	21,201.3	18,692.9
Other Receivables			
Accounts Receivable	16.0	8.7	11.0
Sales Contract Receivable	16.2	18.2	13.6
Dividends Receivable	12.6	51.4	37.4
Accrued Interest Receivable	91.4	88.2	72.9
Accrued Rental Receivable	0.1	4.0	0.5
	136.2	170.4	135.4
Allowance for loan losses	(467.9)	(393.7)	(379.1)
Allowance for losses - misc. receivables	(3.0)	(3.0)	(3.0)
	(470.9)	(396.8)	(382.1)
	23,296.7	20,975.0	18,446.1
Property, Plant and Equipment - net	1,741.4	1,424.2	1,166.7
Investment Properties - net	126.8	145.7	362.2
Other Assets - net	640.2	560.8	466.8
	28,347.1	25,337.2	22,843.1
LIABILITIES AND STOCKHOLDERS' EQUITY			
Bills Payable	19,019.5	16,448.5	14,303.1
Accounts Payable, Accrued Interest and Other Liabilities	411.2	300.7	261.9
Lease Deposits	4,122.8	3,817.1	3,597.1
	23,553.3	20,566.3	18,162.1
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	2,039.6	1,986.2	1,863.8
Unrealized gain/(loss) on available-for-sale investments	81.5	112.2	102.7
OCI - Actuarial Gain/(Loss)	(41.9)	(41.9)	
Treasury Stock	(81.8)	(81.8)	(81.8)
	4,793.7	4,771.0	4,681.0
	28,347.1	25,337.2	22,843.1

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

In Millions

For the nine months ended	September 30,	September 30,
	2014	2013
INCOME		
Interest and discounts	1,080.0	951.8
Rent	436.8	259.1
Service fees & other income	163.6	180.3
	<u>1,680.4</u>	<u>1,391.2</u>
EXPENSES		
Interest and financing charges	338.3	318.6
Occupancy and equipment-related expenses	377.8	249.9
Compensation and fringe benefits	130.0	139.7
Taxes and licenses	136.3	113.6
Provision for impairment and credit losses	75.0	79.0
Litigation/assets acquired expenses	8.0	19.7
Management & Other Fees	8.2	14.3
Entertainment, Amusement and Recreation	14.8	15.4
Traveling & transportation expenses	11.3	13.2
Postage, Telephone & Telegraph	5.7	5.6
Information & Technology expenses	0.4	0.2
Others	23.7	19.0
	<u>1,129.5</u>	<u>988.2</u>
INCOME BEFORE INCOME TAX	550.9	403.0
PROVISION FOR INCOME TAX	173.1	93.2
NET INCOME	<u>377.8</u>	<u>309.8</u>
OTHER COMPREHENSIVE INCOME		
Unrealized Fair Value Gain/(Loss) on AFS-net	(30.7)	61.6
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u>347.1</u>	<u>371.4</u>
BASIC EARNINGS PER SHARE**	<u>0.17</u>	<u>0.14</u>
DILUTED EARNINGS PER SHARE**	<u>0.17</u>	<u>0.14</u>

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

NET INCOME	377.8	309.8
DIVIDED BY OUTSTANDING SHARES	2,162.5	2,162.5
EPS(Basic and Diluted)	0.17	0.14

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

For the three months ended	September 30, September 30,	
	2014	2013
INCOME		
Interest and discounts	362.4	315.6
Rent	159.7	100.5
Service fees & other income	49.0	59.0
	<u>571.1</u>	<u>475.1</u>
EXPENSES		
Interest and financing charges	119.8	96.4
Occupancy and equipment-related expenses	134.8	93.7
Compensation and fringe benefits	42.5	47.0
Taxes and licenses	44.2	39.9
Provision for impairment and credit losses	25.0	29.0
Litigation/assets acquired expenses	(0.2)	6.1
Management & Other Fees	1.1	4.2
Entertainment, Amusement and Recreation	5.0	5.5
Traveling & transportation expenses	4.1	5.0
Postage, Telephone & Telegraph	1.5	1.4
Information & Technology expenses	-	-
Others	7.9	6.2
	<u>385.7</u>	<u>334.4</u>
INCOME BEFORE INCOME TAX	185.4	140.7
PROVISION FOR INCOME TAX	58.4	34.9
NET INCOME	<u>127.0</u>	<u>105.8</u>
OTHER COMPREHENSIVE INCOME		
Unrealized Fair Value Gain/(Loss) on AFS-net	59.9	(61.7)
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u>186.9</u>	<u>44.1</u>
BASIC EARNINGS PER SHARE**	<u>0.06</u>	<u>0.05</u>
DILUTED EARNINGS PER SHARE**	<u>0.06</u>	<u>0.05</u>

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	OCI - Actuarial Gain/(Loss)	Net Equity
Balance as of Jan 1, 2014	2,225.2	571.1	(81.8)	1,986.2	112.2	(41.90)	4,771.0
Total Comprehensive Income (loss)				377.8	(30.7)		347.1
Cash Dividends				(324.4)			(324.4)
Prior Period Adjustment							
Balance as of September 30, 2014	2,225.2	571.1	(81.8)	2,039.6	81.5	(41.9)	4,793.7
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)				309.8	61.6		371.4
Cash Dividends				(324.4)			(324.4)
Balance as of September 30, 2013	2,225.2	571.1	(81.8)	1,863.8	102.7	-	4,681.0

Preferred - P100 par value
Authorized and unissued - 200,000 shares
Common - P1 par value
Authorized - 3,400,000,000 shares
Issued - 2,225,169,030 shares

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	OCI - Actuarial Gain/(Loss)	Net Equity
	Preferred - P100 par value Authorized and unissued - 200,000 shares Common - P1 par value Authorized - 3,400,000,000 shares Issued - 2,225,169,030 shares		62,693,718 shares				
Balance at the beginning of the quarter	2,225.2	571.1	(81.8)	1,912.6	21.6	(41.9)	4,606.8
Total Comprehensive Income (loss)				127.0	59.9	0.0	186.9
Cash Dividends				-			0.0
Balance September 30, 2014	2,225.2	571.1	(81.8)	2,039.6	81.5	(41.9)	4,793.7
Balance at the beginning of the quarter	2,225.2	571.1	(81.8)	1,758.0	164.4		4,636.9
Total Comprehensive Income (loss)				105.8	(61.7)		44.1
Cash Dividends				0.0			0.0
Balance September 30, 2013	2,225.2	571.1	(81.8)	1,863.8	102.7	-	4,681.0

BDO LEASING AND FINANCE, INC. AND SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR THE COMPARATIVE PERIOD AS INDICATED

	<u>September 30, 2014</u>	<u>September 30, 2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	550,983,045	402,954,868.20
Adjustments to reconcile income before income tax		
Interest received	1,061,476,141	981,701,626.18
Interest income	(1,079,974,010)	(953,903,409.94)
Interest and financing charges paid	(352,166,094)	(333,548,740.20)
Interest and financing charges	342,513,044	322,786,000.19
Depreciation and amortization	352,086,983	230,185,322.55
Impairment and credit losses	74,188,601	78,999,999.97
Gain on sale of property and equipment and investment properties	(26,634,881)	(30,978,251.57)
Day one loss (gain)	3,039,406	526,271.08
Operating profit before changes in operating assets and liabilities	925,512,235	698,723,686.46
Increase in loans and other receivables	(2,392,551,187)	(1,301,933,599.59)
Increase in other assets	(80,213,262)	(81,668,208.45)
Increase (decrease) in accounts payable and other liabilities	53,755,943	91,264,709.32
Increase in lease deposits	302,261,335	423,139,213.04
Net cash provided by (used in) operations	(1,191,234,937)	(170,474,199.22)
Income taxes paid	(71,994,651)	(123,658,931.74)
Net cash provided by (used in) operating activities	(1,263,229,588)	(294,133,131)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net disposal (acquisition) of investment properties	64,231,234	(15,307,580.15)
Proceeds from disposal of property and equipment	(164,850,859)	(7,989,639.93)
Net acquisition of available for sale investment	(250,000,000)	
Net acquisitions of property and equipment	(555,299,388)	(686,510,264.23)
Net cash used in investing activities	(905,919,013)	(709,807,484)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments of bills payable	2,584,783,624	1,576,591,424.50
Cash dividends paid	(324,371,297)	(324,371,296.80)
Acquisition of Treasury Stocks	-	0.00
Net cash provided by (used in) financing activities	2,260,412,327	1,252,220,128
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	91,263,726	248,279,512
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	138,001,464	69,192,632.45
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	229,265,190	317,472,145

BDO LEASING AND FINANCE, INC. AND SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD

	<u>September 30, 2014</u>	<u>September 30, 2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	185,538,737	140,685,472
Adjustments to reconcile income before income tax		
Interest received	369,046,879	322,130,443
Interest income	(362,336,358)	(316,426,721)
Interest and financing charges paid	(133,389,472)	(102,457,734)
Interest and financing charges	119,777,108	96,370,878
Depreciation and amortization	126,303,465	87,017,370
Impairment and credit losses	24,188,601	29,000,000
Gain on sale of property and equipment and investment properties	(4,367,535)	(13,839,991)
Day one loss (gain)	77,774	366,810
Operating profit before changes in operating assets and liabilities	324,839,199	242,846,527.19
Increase in loans and other receivables	(1,537,637,605)	(1,147,817,211)
Increase in other assets	(1,894,392)	(40,765,184)
Increase (decrease) in accounts payable and other liabilities	(66,984,368)	82,890,056
Increase in lease deposits	187,509,790	201,491,196
Net cash provided by (used in) operations	(1,094,167,376)	(661,354,616.04)
Income taxes paid	(22,336,551)	(15,829,624)
Net cash provided by (used in) operating activities	(1,116,503,927)	(677,184,240)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net disposal (acquisition) of investment properties	71,028	10,148,130
Proceeds from disposal of property and equipment	(106,297,723)	19,612,509
Net acquisition of available for sale investment	(250,000,000)	-
Net acquisitions of property and equipment	(86,961,472)	(227,507,248)
Net cash used in investing activities	(443,188,167)	(197,746,608)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments of bills payable	1,410,240,367	1,109,470,899
Acquisition of Treasury Stocks	-	0.00
Net cash provided by (used in) financing activities	1,410,240,367	1,109,470,899
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(149,451,727)	234,540,051
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER	378,716,918	82,932,093.40
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	229,265,190	317,472,145

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

September 2014 Compared to September 2013

The company registered a 22% increase in net income to P377.8 million for the 9-months ending September 2014 as compared to P309.8 million for the same period in 2013.

Gross revenues for the period amounted P1.7 billion, an increase of 21% from P1.4 billion last year. This was due to the increase in operating lease bookings as well as the hike in volumes from financial leases. Overall, Loans & Other Receivable grew by 26% from last year.

Interest and financing charges for year-to-date September 2014 amounted to P338.3 million, mainly from financing charges on borrowings of P335.9 million. Increase was due to higher levels of Bills Payable, which funded the portfolio growth. The increase in bills payable resulted in higher taxes & licenses of P136.3 million, attributable to related documentary stamp taxes.

Provision for Impairment & Credit Losses stood at P75.0M, equal to last year's provision.

Occupancy and equipment related expenses as of September 2014 amounted to P377.8 million, an increase of P127.9 million or 51% from last year. The increase is related to costs from the acquisition of assets under operating leases.

Litigation/assets acquired expenses decreased by P11.7 million in 2014 owing to lower maintenance expenses on acquired assets.

Other expenses showed an increase of 25% from P19.0 million in 2013 to P23.7 million in 2014, consistent with the larger volume of new bookings year-on-year.

Total assets increased 24% year-on-year to P28.3 billion from P22.8 billion, due to the increase in net loans and other receivables. The Company's net lease portfolio went up by 19% or P2.1 billion while net non-lease portfolio increased by 37% or P2.8 billion. Property, Plant and Equipment-net increased by 49% or P574.8 million from P1.2 billion in 2013 as a result of increase in net leased assets of BDORI.

Cash & cash equivalents went down to P229.3 million from P317.3 million in 2013 due to the purchase of additional Available for Sale investment.

Investment properties-net went down to P126.8million in September from P362.2 million for the same period last year, brought about by disposal of acquired assets as well as an accounting reclassification of some assets to Non Current Assets Held for Sale. Available-for-sale investments, went up by 11% from P2.1 billion in September 2013 to P2.3 billion for the same period in 2014 due to purchase of corporate bonds. Other Assets increased by 37% to P640.2 million mainly due to reclassification of some accounts as described above.

Bills Payable increased by 33% to P19.02 billion in September 2014 primarily to finance business growth and the increasing volume of BLF's portfolio.

Accounts Payable, accrued expenses and other liabilities increased by P149.3 million year-on-year due to check payments pending collection by suppliers/dealers.

Lease deposits went up from P3.6 billion in September 2013 to P4.2 billion in September 2014, consistent with growth in volumes.

Stockholders' equity stood at P4.8 billion as of September 2014

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

	<u>September 2014</u>	<u>September 2013</u>
Current Ratio	0.41:1	0.50:1
Quick asset ratio	0.38:1	0.47:1
Debt to Equity Ratio	4.91:1	3.88:1
Net Profit Margin	22.49%	22.27%
Return on Equity	10.63%	9.01%

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 September 30, 2014, December 31, 2013 and September 30, 2013 are as follows:

<u>Related Party Category</u>	Note	<u>Amount of Transaction</u>		
		September 30, 2014	December 31, 2013	September 30, 2013
Ultimate Parent Company (BDO Unibank)				
Interest expense on Bills Payable	(b)	66.7	148.5	124.0
Rent Expense	(d)	8.1	10.7	8.1
Management fees	(e)	1.8	2.4	1.8
Subsidiary (BDO Rental)				
Service fees	(c)	4.6	5.3	3.9
Rent Income	(d)	0.3	0.4	0.3
Management fees	(e)	0.3	0.4	0.3
Affiliate (BDO Capital)				
Service and charges fees	(f)	1.8	2.2	1.7

<u>Related Party Category</u>	Note	<u>Outstanding Balance</u>		
		September 30, 2014	December 31, 2013	September 30, 2013
Parent Company (BDO Unibank)				
Bills Payable	(b)	4,236.2	6,119.8	2,402.2
Key Management Personnel				
Advances employees	(h)	1.7	3.4	1.4

A) The Group maintains savings and demand deposit accounts with BDO Unibank. As of September 30, 2014, December 31, 2013 and September 30, 2013, 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 September 30, 2014, December 31, 2013 and September 30, 2013, is included under Interest and Discounts as part of Revenues in the statements of comprehensive income.

B) The Group obtains short-term borrowings from BDO Unibank. The amount outstanding from borrowings as of June 30, 2014, December 31, 2013 and June 30, 2013 is presented under Bills Payable account in the statements of financial position. Interest expense incurred on these bills payable in September 30, 2014, December 31, 2013 and September 30, 2013, is included under Interest and financing charges account as part of Operating Costs and Expenses account 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 September 30, 2014, December 31, 2013 and September 30, 2013,.

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 between the Parent Company and BDO Unibank. Related rent expense incurred in September 30, 2014, December 31, 2013 and September 30, 2013, 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 2014 and 2013 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 September 30, 2014, December 31, 2013 and September 30, 2013,.

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 September 30, 2014, December 31, 2013 and September 30, 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 September 2014 and 2013 statement of comprehensive income. There is no outstanding payable related on this transaction as of the end of September 30, 2014, December 31, 2013 and September 30, 2013.

G) The Group also granted cash advances to an officer in 2013 and 2014.

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 of BDO Unibank, Inc. will be pursued to boost referrals and ultimately our business volumes.
- We will continue to 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; the company is currently applying for an additional P10B Short Term Commercial Paper License with the SEC.
- Control over operating expenses shall also be continuously pursued to ensure that these remain at a level which is compatible with business.
- We will continue to pursue process improvements to improve our services to our various stakeholders. The company will launch a new automated Leasing System by the first quarter of 2015.
- We will aggressively tap the existing corporate accounts of the 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 third quarter of 2014, the Company has issued bills payable amounting to P25,389.0M and made total payments on its bills payable amounting to P25,383.9M.

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

On February 26, 2014, the BOD approved the declaration of cash dividends at P0.15 per share, amounting to P324.4 million. The dividends were declared in favor of stockholders of record as of March 13, 2014 and said dividends were paid subsequently on March 31, 2014.

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.*

Purchase of New Leasing System. Funds will come from normal course of business.

- 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 nine months ended September 30, 2014
(in millions)

	Leasing	Financing	Others	Total
<u>Gross income</u>	1,000.8	508.5	171.0	1,680.3
Segment revenues	1,000.8	508.5	171.0	1,680.3
Segment expenses	672.7	341.8	114.9	1,129.4
<u>Segment results</u>	328.2	166.7	56.1	551.0
Income tax expense				173.1
Net Income				377.8
Segment assets - net	14,833.8	10,065.9	-	24,899.7
Unallocated assets				3,447.4
Total Assets				28,347.1
Segment liabilities	13,082.8	10,059.5	-	23,142.3
Unallocated liabilities				411.1
Total Liabilities				23,553.4

Segment expenses are allocated on the basis of gross income.

Net segment assets are comprised of the following:

	Leasing	Financing
Receivables	10,373.3	10,426.8
Equipment under lease	1,736.1	
Residual value of leased assets	4,096.0	-
	16,205.4	10,426.8
Unearned income	(1,138.2)	(88.6)
Allowance for probable losses	(233.4)	(234.6)
Clients' equity	-	(37.7)
	14,833.8	10,065.9

BDO LEASING AND FINANCE INC.
 AGING OF RECEIVABLES
 As of September 30, 2014

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	218,072,753.51	-	182,358,016.34	-	-	-	-	-	35,716,737.17
Receivables Purchased	1,192,423.00	-	-	-	-	-	-	-	1,192,423.00
Floor Stock Financing	217,820,610.37	22,814,531.78	157,485,333.10	37,420,745.51	-	-	-	-	-
Instalment Paper Purchase	1,008,227,455.34	99,000,785.70	139,268,496.72	197,245,773.56	199,995,546.30	308,229,874.14	62,598,305.78	1,097,996.52	92,378.62
Amortized Commercial Loan	8,983,444,261.73	133,128,554.31	193,805,284.73	402,832,681.16	777,853,795.57	3,594,878,051.46	2,782,396,850.14	1,024,391,774.21	63,957,270.15
Lease Contract Receivables	14,489,219,512.31	661,194,002.00	975,355,855.34	1,404,073,427.39	2,602,059,637.44	6,815,753,878.03	1,725,355,334.37	7,000,000.00	278,427,777.76
Personal Loans Programs	1,148.00	-	-	-	-	-	-	-	1,148.00
TOTAL LOAN PORTFOLIO	24,895,978,164.26	916,837,873.77	1,648,288,786.23	2,041,572,627.60	3,579,908,979.31	10,716,961,403.63	4,570,350,990.28	1,042,689,770.73	379,387,732.70

Less: Allowance For Credit losses 467,923,315.64

Finance Receivables - Net 24,428,054,848.62

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report (September 2014 SEC Form 17-Q Report) to be signed on its behalf by the undersigned thereunto duly authorized.

BDO LEASING & FINANCE, INC.



ROBERTO E. LAPID
PRESIDENT



ROSALISA B. KAPUNO
VICE PRESIDENT/COMPTROLLER

November 3, 2014
Date

BDO Leasing and Finance, Inc. and Subsidiary
 Financial Ratios
 September 30, 2014 and 2013
 (Amounts in Millions of Philippine Pesos)

	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
I. Current/liquidity ratios				
Current ratio				
	<u>Total current assets</u>	<u>8,130.5</u>	<u>7,754.0</u>	
	<u>Total current liabilities</u>	<u>19,808.9</u>	<u>15,443.0</u>	<u>0.41</u>
				<u>0.50</u>
Quick ratio				
	<u>Quick assets</u>	<u>7,495.5</u>	<u>7,307.2</u>	
	<u>Total current liabilities</u>	<u>19,808.9</u>	<u>15,443.0</u>	<u>0.38</u>
				<u>0.47</u>
II. Solvency ratios; debt-to-equity ratios				
Solvency ratio				
	<u>(After tax net profit + Depreciation)</u>	<u>729.3</u>	<u>540.0</u>	
	<u>Total liabilities</u>	<u>23,553.3</u>	<u>18,162.1</u>	<u>0.03</u>
				<u>0.03</u>

Debt-to-equity ratio

Total liabilities
Total equity

2014

2013

2014

2013

23,553.3
4,793.7

18,162.1
4,681.0

4.91

3.88

III. Asset-to-equity ratio

Asset-to-equity ratio

Total assets
Total equity

28,347.1
4,793.7

22,843.0
4,681.0

5.91

4.88

IV. Interest coverage ratio

Interest coverage ratio

Earnings before interest and taxes
Interest expense

889.3
338.3

721.6
318.6

2.63

2.26

V. Profitability ratios

Net profit margin

Net Profit
Interest income + Other operating income

377.8
1,680.3

309.8
1,391.2

22.49%

22.27%

	2014	2013	2014	2013
Return on equity				
Average equity	4,737.4	4,584.6	10.63%	9.01%
Net profit	377.8	309.8		
Return on assets				
Average assets	25,595.1	22,166.4	1.97%	1.86%
Net profit	377.8	309.8		
VI. Others				
Total real estate investments to Assets				
Total investment properties	126.8	362.2	0.45%	1.59%
Total assets	28,347.1	22,843.0		
Loans to Assets				
Total loans and other receivables	23,296.7	18,446.1	82.18%	80.75%
Total assets	28,347.1	22,843.0		

DOSRI to Net worth

Receivables from Directors, Officers

Stakeholders and Related Interests
Total equity

Amount of receivable from a single corporation to
Total receivables

Loan to a single corporation
Total loans and other receivables

	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	1.7	1.4	0.04%	0.03%
	4,793.7	4,681.0		
	1,162.4	1,374.0		
	23,296.7	18,446.1	4.99%	7.45%

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