

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 March 31, 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 18,294,899,480.84</u>

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 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

	March 31, 2014	(Audited) December 31, 2013	March 31, 2013
ASSETS			
Cash and Cash Equivalents	362.2	138.0	65.9
Available-for-Sale Investments	2,136.0	2,093.5	2,016.2
Loans & Other Receivables - net			
Finance Lease Receivables			
Finance lease receivables	10,078.6	9,823.4	7,748.5
Residual value of leased assets	3,759.9	3,782.6	3,257.3
Unearned lease income	(1,153.7)	(1,137.2)	(928.9)
	<u>12,684.8</u>	<u>12,468.7</u>	<u>10,076.9</u>
Loans and Receivables Financed			
Loans and receivables financed	9,996.5	8,864.4	7,034.3
Unearned finance income	(79.3)	(97.7)	(151.0)
Clients' Equity	(41.3)	(34.1)	(28.5)
	<u>9,875.9</u>	<u>8,732.6</u>	<u>6,854.8</u>
	<u>22,560.7</u>	<u>21,201.3</u>	<u>16,931.7</u>
Other Receivables			
Accounts Receivable	11.6	8.7	20.4
Sales Contract Receivable	16.4	18.2	15.0
Dividends Receivable	37.4	51.4	37.4
Accrued Interest Receivable	89.1	88.2	73.4
Accrued Rental Receivable	0.3	4.0	0.4
	<u>154.8</u>	<u>170.4</u>	<u>146.6</u>
Allowance for loan losses	(418.7)	(393.7)	(333.5)
Allowance for losses - misc. receivables	(3.0)	(3.0)	(3.0)
	<u>(421.7)</u>	<u>(396.8)</u>	<u>(336.5)</u>
	<u>22,293.8</u>	<u>20,975.0</u>	<u>16,741.8</u>
Property, Plant and Equipment - net	1,499.9	1,424.2	861.8
Investment Properties - net	143.7	145.7	380.2
Other Assets - net	636.9	561.0	436.2
	<u>27,072.5</u>	<u>25,337.4</u>	<u>20,502.1</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Bills Payable	18,268.8	16,448.5	12,177.0
Accounts Payable, Accrued Interest and Other Liabilities	401.7	300.8	284.6
Lease Deposits	3,791.7	3,817.1	3,297.6
	<u>22,462.1</u>	<u>20,566.4</u>	<u>15,759.2</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	1,783.2	1,986.2	1,993.1
Unrealized gain/(loss) on available-for-sale investments	154.5	112.2	35.3
OCI - Actuarial Gain/(Loss)	(41.9)	(41.9)	(81.8)
Treasury Stock	(81.8)	(81.8)	(81.8)
	<u>4,610.3</u>	<u>4,771.0</u>	<u>4,742.9</u>
	<u>27,072.5</u>	<u>25,337.4</u>	<u>20,502.1</u>

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

For the three months ended	March 31, 2014	March 31, 2013
INCOME		
Interest and discounts	355.1	334.9
Rent	132.4	64.2
Service fees & other income	46.3	72.2
	533.8	471.3
EXPENSES		
Interest and financing charges	105.3	116.3
Occupancy and equipment-related expenses	117.9	71.7
Compensation and fringe benefits	43.6	44.6
Taxes and licenses	42.1	39.1
Provision for impairment and credit losses	25.0	25.0
Litigation/assets acquired expenses	4.5	5.2
Management & Other Fees	3.1	5.1
Entertainment, Amusement and Recreation	4.5	4.9
Traveling & transportation expenses	3.6	3.9
Postage, Telephone & Telegraph	2.3	2.4
Information & Technology expenses	0.3	0.1
Others	6.1	5.4
	358.3	323.7
INCOME BEFORE INCOME TAX	175.5	147.6
PROVISION FOR INCOME TAX	54.1	32.9
NET INCOME	121.4	114.7
OTHER COMPREHENSIVE INCOME		
Unrealized Fair Value Gain/(Loss) on AFS-net	42.3	(5.8)
TOTAL COMPREHENSIVE INCOME/(LOSS)	163.7	108.9
BASIC EARNINGS PER SHARE**	0.06	0.05
DILUTED EARNINGS PER SHARE**	0.06	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	OCI - Actuarial Gain/(Loss)	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, 2014	2,225.2	571.1	(81.8)	1,986.2	112.2	(41.90)	4,771.0
Total Comprehensive Income (loss)				121.4	42.3		163.7
Cash Dividends				(324.4)			(324.4)
Prior Period Adjustment							
Balance as of March 31, 2014	2,225.2	571.1	(81.8)	1,783.2	154.5	(41.9)	4,610.3
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)				114.7	(5.8)		108.9
Cash Dividends							0.0
Balance as of March 31, 2013	2,225.2	571.1	(81.8)	1,993.1	35.3		4,742.9

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

	March 31, 2014	March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	175,511,788	147,638,403
Adjustments to reconcile income before income tax		
Interest received	352,119,880	699,801,027
Interest income	(355,141,483)	(335,490,106)
Interest and financing charges paid	(111,810,885)	(119,804,071)
Interest and financing charges	109,490,401	120,445,755
Depreciation and amortization	108,937,064	64,988,607
Impairment and credit losses	25,000,000	25,000,000
Gain on sale of property and equipment and investment properties	(1,168,763)	(13,336,095)
Day one loss (gain)	(2,589,318)	(1,873,532)
Operating profit before changes in operating assets and liabilities	300,348,684	587,369,988
Increase in loans and other receivables	(1,340,737,781)	114,211,168
Increase in other assets	(77,471,181)	(70,844,931)
Increase (decrease) in accounts payable and other liabilities	47,023,546	8,173,410
Increase in lease deposits	(26,926,514)	126,399,618
Net cash provided by (used in) operations	(1,097,763,245)	755,309,253
Income taxes paid	(561,352)	(13,774,117)
Net cash provided by (used in) operating activities	(1,098,324,597)	751,535,136
CASH FLOWS FROM INVESTING ACTIVITIES		
Net disposal (acquisition) of investment properties	1,258,265	(2,684,635)
Proceeds from disposal of property and equipment	2,460,964	17,435,948
Net acquisition of available for sale investment		
Net acquisitions of property and equipment	(183,607,517)	(278,173,570)
Net cash used in investing activities	(179,888,288)	(263,422,257)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments of bills payable	1,826,825,223	(491,358,264)
Cash dividends paid	(324,371,297)	-
Acquisition of Treasury Stocks	-	-
Net cash provided by (used in) financing activities	1,502,453,926	(491,358,264)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	224,241,041	(3,245,385)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	138,001,464	69,192,632
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	362,242,505	65,947,247

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

March 2014 Compared to March 2013

The company registered a net income of P121.4 million for the quarter ending March 2014 as compared to P114.7 million for the same period in 2013.

Gross revenues for the quarter amounted P533.8 million, an increase by 13% from P471.3 million last year. This was primarily due to the increase in Rental Income from in BDORI's bookings.

Interest and financing charges for March 2014 amounted to P105.3 million, consisting of financing charges on borrowings of P104.4 million and interest expense on leased deposits of P0.9 million. Despite the increase in Bills Payable to P18.3 billion in March 2014, financing charges decreased by P10.8 million year-on-year owing to the decline in interest rates from 4% in 2013 to 2.5% in 2014. The increased level of bills payable resulted in higher taxes & licenses of P42.1 million, of which P22.2 million is attributable to related documentary stamp taxes.

Provision for Impairment & Credit Losses stood at P25.0M

Occupancy and equipment related expenses as of March 2014 amounted to P117.9 million, an increase of P46.2 million from 2013's P71.7 million. The increase of 64% is attributable to new booked leases of BDORI for the first quarter of 2014 compared to same period of last year.

Litigation/assets acquired expenses decreased by P0.7 million in 2014 owing to lower maintenance expenses on acquired assets.

Other expenses showed an increase of 13% from P5.4 million in 2013 to P6.1 million in 2014, consistent with a larger volume of new bookings year-on-year.

Total assets increased 32% to P27.1 billion from last year's P20.5 billion, due to the increase in net loans and other receivables. The Company's net lease portfolio went up by P2.6 billion and net non-lease portfolio increased by P3.0 billion. Property, Plant and Equipment-net increased to P1.5 billion from P861.8 million in 2013 as a result of increase in net leased assets of BDO Rental. Cash & cash equivalents went up to P362.2 million from P65.9 million in 2013. Investment properties-net went down to P143.7 million in March 2014 from P380.2 million for the same period last year, brought about by disposal of acquired assets as well as an accounting reclassification to Non Current Assets Held for Sale. Available-for-sale investments, went up from P2.0 billion in March 2013 to P2.1 billion for the same period in 2014. Other Assets increased by P200.7 million to P636.9 million mainly due to an accounting reclassification from Investment Property to Non Current Assets Held for Sale.

Bills Payable increased 50% to P18.269 billion in March 2014 primarily to finance business growth and the increasing volume of BLF's portfolio.

Accounts Payable, accrued expenses and other liabilities increased by P117.1 million year-on-year.

Lease deposits went up from P3.3 billion in March 2013 to P3.8 billion in March 2014

Stockholders' equity stood at P4.6 billion as of March 2014

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

	<u>March 2014</u>	<u>March 2013</u>
Current Ratio	0.46:1	0.55:1
Quick asset ratio	0.42:1	0.53:1
Debt to Equity Ratio	4.87:1	3.32:1
Net Profit Margin	22.74%	24.34%
Return on Equity	10.38%	10.01%

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 March 31, 2014, December 31, 2013 and March 31, 2013 are as follows:

<u>Related Party Category</u>	Note	<u>Amount of Transaction</u>		
		March 31, 2014	December 31, 2013	March 31, 2013
Ultimate Parent Company (BDO Unibank)				
Interest expense on Bills Payable	(b)	27.9	148.5	55.2
Rent Expense	(d)	2.9	10.7	2.7
Management fees	(e)	0.6	2.4	0.6
Subsidiary (BDO Rental)				
Service fees	(c)	0.5	5.3	1.2
Rent Income	(d)	0.1	0.4	0.1
Management fees	(e)	0.1	0.4	0.1
Affiliate (BDO Capital)				
Professional fees	(f)	0.9	2.2	0.3

<u>Related Party Category</u>	Note	<u>Outstanding Balance</u>		
		March 31, 2014	December 31, 2013	March 31, 2013
Parent Company (BDO Unibank)				
Bills Payable	(b)	3,684.8	6,119.8	5,974.2
Key Management Personnel				
Advances employees	(h)	2.0	3.4	1.5

A) The Group maintains savings and demand deposit accounts with BDO Unibank. As of March 31, 2014, December 31, 2013 and March 31, 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 March 31, 2014, December 31, 2013 and March 31, 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 March 31, 2014, December 31, 2013 and March 31, 2013 is presented under Bills Payable account in the statements of financial position. Interest expense incurred on these bills payable in March 31, 2014, December 31, 2013 and March 31, 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 March 31, 2014, December 31, 2013 and March 31, 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 with the Parent Company and BDO Unibank. Related rent expense incurred in March 31, 2014, December 31, 2013 and March 31, 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 March 31, 2014, December 31, 2013 and March 31, 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 March 31, 2014, December 31, 2013 and March 31, 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 March 2014 and 2013 statement of comprehensive income. There is no outstanding payable related on this transaction as of the end of March 31, 2014, December 31, 2013 and March 31, 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 the 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 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 first quarter of 2014, the Company has issued bills payable amounting to P22,232.0M and made total payments on its bills payable amounting to P19,518.4M.

- 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.*

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 three months ended March 31, 2014
(in millions)

	Leasing	Financing	Others	Total
Gross income	317.3	166.7	49.8	533.8
Segment revenues	317.3	166.7	49.8	533.8
Segment expenses	213.0	111.9	33.5	358.3
Segment results	104.3	54.8	16.4	175.5
Income tax expense				54.1
Net Income				121.4
Segment assets - net	13,967.5	9,667.4	-	23,634.9
Unallocated assets				3,437.5
Total Assets				27,072.4
Segment liabilities	12,428.8	9,631.8	-	22,060.6
Unallocated liabilities				401.6
Total Liabilities				22,462.2

Segment expenses are allocated on the basis of gross income.

Net segment assets are comprised of the following:

	Leasing	Financing
Receivables	10,078.6	9,996.5
Equipment under lease	1,493.0	
Residual value of leased assets	3,759.9	-
	15,331.4	9,996.5
Unearned income	(1,153.7)	(79.3)
Allowance for probable losses	(210.2)	(208.5)
Clients' equity	-	(41.3)
	13,967.5	9,667.4

BDO LEASING AND FINANCE INC.
AGING OF RECEIVABLE
 As of March 31, 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	227,750,333.23	-	190,364,397.59	-	-	-	-	-	37,385,935.64
Receivables Purchased	1,192,423.00	-	-	-	-	-	-	-	1,192,423.00
Floor Stock Financing	165,812,094.73	\$2,684,209.38	73,127,875.35	-	-	-	-	-	-
Installation Paper Purchase	1,481,526,811.98	65,041,524.34	866,085,640.53	120,758,402.02	180,965,922.13	243,421,606.99	2,392,693.14	1,271,179.62	1,563,893.21
Amortized Commercial Loan	8,120,163,568.83	249,587,595.89	338,443,674.78	508,929,059.28	887,564,192.69	2,326,387,112.64	1,088,311,325.47	2,154,393,180.30	62,567,427.56
Lease Contract Receivables	13,838,439,579.77	630,732,701.80	691,469,882.10	1,226,436,638.66	2,519,964,643.89	6,583,427,952.06	1,771,764,058.90	3,810,828.00	200,832,984.31
Personal Loans Programs	1,148.00	-	-	-	-	-	-	-	1,148.00
TOTAL LOAN PORTFOLIO	23,834,905,949.54	1,038,046,031.41	2,359,471,470.35	1,856,123,999.84	3,588,514,758.95	9,663,236,751.69	2,862,457,977.56	2,163,475,167.92	303,569,791.72

Less: Allowance For Credit Losses 418,734,714.49

Finance Receivables - Net 23,416,171,235.05
 0.00

BDO Leasing and Finance, Inc. and Subsidiary
 Financial Ratios
 March 31, 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>8,978.3</u>	<u>7,397.4</u>	<u>0.46</u>	<u>0.55</u>
	<u>19,671.3</u>	<u>13,333.1</u>		
Quick ratio				
	<u>8,345.8</u>	<u>7,054.0</u>	<u>0.42</u>	<u>0.53</u>
	<u>19,671.3</u>	<u>13,333.1</u>		
II. Solvency ratios; debt-to-equity ratios				
Solvency ratio				
	<u>230.3</u>	<u>179.7</u>	<u>0.01</u>	<u>0.01</u>
	<u>22,462.2</u>	<u>15,759.2</u>		


	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Return on equity				
<u>Net profit</u>	121.4	114.7		
Average equity	4,676.5	4,580.4		
			10.38%	10.01%
Return on assets				
<u>Net profit</u>	121.4	114.7		
Average assets	23,787.3	19,702.4		
			2.04%	2.33%
VI. Others				
Total real estate investments to Assets				
<u>Total investment properties</u>	143.7	380.2		
Total assets	27,072.4	20,502.1		
			0.53%	1.85%
Loans to Assets				
<u>Total loans and other receivables</u>	22,293.8	16,741.8		
Total assets	27,072.4	20,502.1		
			82.35%	81.66%

	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
DOSRI to Net worth				
Receivables from Directors, Officers Stakcholders and Related Interests	<u>2.0</u>	<u>1.5</u>	0.04%	0.03%
Total equity	4,610.1	4,742.9		
Amount of receivable from a single corporation to Total receivables				
<u>Loan to a single corporation</u>	<u>1,280.6</u>	<u>1,312.7</u>	5.74%	7.84%
Total loans and other receivables	22,293.8	16,741.8		

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report (March 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**
OFFICER IN CHARGE


ROSALISA B. KAPUNO
VICE PRESIDENT/COMPTROLLER

APRIL 28, 2014
Date