

May 14, 2010

THE DISCLOSURE DEPARTMENT
4/F The Philippine Stock Exchange, Inc.
PSE Center, Exchange Road
Ortigas Center, Pasig City

Attention: Ms. Janet A. Encarnacion,
Head, Disclosure Department

Dear Ma'am:

Please find enclosed SEC Form 17-Q of BDO Leasing and Finance, Inc.

Thank you very much.

Very truly yours,



Antonell S. Interino
AVP/Compliance Officer

BDO Leasing & Finance, Inc.
BDO Leasing Centre
Corinthian Gardens, Ortigas Avenue
Quezon City, Philippines
Tel +63(2) 635 6416
Fax +63(2) 635 5811, 635 5805, 635 3898

COVER SHEET

0 9 7 8 6 9
S.E.C. Registration Number

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

ROBERTO E. LAPID
Contact Person

635-64-16
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.

1,258
Total No. of Stockholders

Total Amount of Borrowings
PhP 6,409,642,125.49
Domestic

-
Foreign

To be accomplished by SEC Personnel concerned

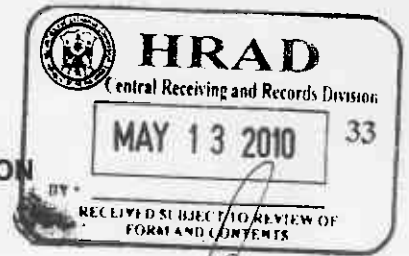
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SECURITIES AND EXCHANGE COMMISSION

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 March 31, 2010
2. Commission identification number 097869 3.BIR Tax Identification No. 000-486-050-000
3. BDO LEASING & FINANCE, INC.
4. Exact name of issuer as specified in its charter
5. Philippines
6. Province, country or other jurisdiction of incorporation or organization
7. Industry Classification Code: (SEC Use Only)
8. BDO Leasing Centre, Corinthian Gardens, Ortigas Ave., Q. C. 1100
9. Address of issuer's principal office Postal Code
10. 632/ 635-64-16, 635-58-11, 635-58-05, 635-38-98
11. Issuer's telephone number, including area code
12. N/A
13. Former name, former address and former fiscal year, if changed since last report
14. N/A
15. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class

Number of shares of common stock outstanding and amount of debt outstanding

Common Stock, P1.00 par value 2,162,475,312 / P 6,409,642,125.49.

16. 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 company follows the generally accepted accounting principles in the preparation of its interim financial statements. Also, the accounting policies and methods of computation used in the audited financial statements as of and for the year ended December 31, 2009 were consistently applied in the interim financial reports.

Accounting transactions emanating from a financing company are constant in nature. Interim operation does not change a lot if compared to a previous interim cycle.

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

March 2010 Compared to March 2009

Gross revenues for the 1st quarter amounted to P583.6 million, increasing by 24.5% from P468.9 million in the same period last year. Interest, discounts, rent and service fees, which represent 92% of gross revenues, rose by 19% to P535.8 million in 2010, from P450.2 million last year. This was primarily due to the increase in gross loans receivable from P8.8 billion in March 2009 to P12.4 billion in March 2010. Other income also increased 2.5 times versus last year due to the income from investments in SMC preferred shares.

Interest and financing charges for the first quarter of 2010 amounted to P80.2 million, consisting of financing charges on borrowings for P66.7 million and interest expense on leased deposits for P13.4 million. Financing charges increased by P0.8 million versus March 2009's P81 million due to the increase in Bills Payable from P4.1 billion in March, 2009 to P6.4 billion in March 2010 to fund business growth. Cost fo borrowings, however, decreased from 5.6% to 7.4% in March 2009 against 4.3% to 4.6% in March 2010.

As of March, 2010 and 2009, total provision for credit losses amounted to P50.0 and P15.0 million, respectively.

Taxes and licenses expenses were P27.2 million for the current quarter, an increase of P2.6 million as compared to P24.6 million in 2009, mainly due to GRT of P3.7 million.

Salaries and employee benefits expense increased to P36.5 million in 2010 as compared to P28.2 million in 2009 due to salary adjustments, commutation of unutilized leave credits and other employee-related benefits. Occupancy and equipment related expenses for the first quarter of 2010 amounted to P280.2 million, an increase of P51.7 million from 2009's P228.5 million. This is primarily due to the increase in depreciation on leased assets of BDO Rental, Inc. amounting to P48.3 million.

Litigation/assets acquired expenses decreased by 3.77% or from P5.3 million in 2009 to P5.1 million in 2010.

Other expenses increased by 9.37% or from P6.4 million in 2009 to P7.0 million as of March, 2010 resulting from increased various business-related expenses.

The Company registered a net income of P69.6 million for the 3 months ended March, 2010 as compared to P53.9 million for the first quarter of 2009. Gross profit margin was at 31.81% as compared to 38.56% in 2009.

Total assets increased by P2.4 billion from March, 2009's P11.1 billion to P13.5 billion as of March, 2010, mainly due the the increase in Net Loans of P2.3 billion. The Company's net lease portfolio went up by P0.3 billion while net non-lease portfolio increased by P2.0 billion. Available-for-sale Investments also increased by P1.3 billion due to investment in SMC preferred shares. Property, Plant and Equipment-net decreased by P800 million as a result of depreciation. Other Assets, including cash and cash equivalents, went down by P382 million from March 2009 to March 2010.

Bills Payable increased by P54.9 million to P6.410 billion in 2010

Accounts Payable and accrued expenses increased by P54.9 million due to a P37.8 million or 57.01% increase in Income Tax Payable

Lease deposits increased from P2.197 billion in 2009 to P2.335 billion in 2010.

Stockholders' equity stood at P4.444 billion as of March, 2010.

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

	March 2010	March 2009
Current Ratio	0.89 : 1	0.91 : 1
Quick Assets Ratio	0.57 : 1	0.88 : 1
Debt to Equity Ratio	2.03 : 1	1.42 : 1
Return on Equity Ratio	6.26%	4.73%
Net Profit Margin	11.92%	11.50%

Formulas used:

Current ratio	=	Current Assets over Current Liabilities
Net profit margin	=	Net income over Gross Revenues
Debt to equity	=	Total liabilities over Total Stockholders' Equity
Return on equity	=	Annualized Net income over Total Stockholders' Equity
Quick assets ratio	=	Quick assets over Current Liabilities
Gross profit margin	=	Total operating income less interest & financing charges less depreciation on leased assets over total operating income

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 on BDO Leasing & Finance's branches, and also use the extensive network of branches of BDO Unibank, Inc. to boost our volume.
- We will aggressively market Factoring not only through our Metro Manila lending units but extend it to our Luzon and Vizmin branches.
- We will look for fixed-term sources of funds to match our medium-term loans and leases.
- We will maximize the issuance of our short-term commercial paper license to lower 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 enhance our IT system to fully address the requirements of new accounting standards. This is in coordination with our Parent Bank's Information Technology group. A new and upgraded Factoring system will be developed to accommodate increasing volumes.

PART II--OTHER INFORMATION

Nothing to report.

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

	March 31 2010	(Audited) December 31, 2008	March 31 2009
ASSETS			
Cash and Cash Equivalents	137.5	232.4	558.5
Available-for-Sale Investments - at market	1,300.7	1,300.9	1.1
Finance Lease Receivables			
Finance lease receivables	3,791.2	3,395.1	3,603.5
Residual value of leased assets	1,971.4	1,919.6	1,810.2
Unearned lease income	(610.5)	(554.4)	(554.1)
Allowance for credit losses	-	-	(4.0)
	5,152.1	4,760.3	4,855.6
Loans and Receivables Financed			
Loans and receivables financed	6,677.1	6,078.0	3,404.3
Unearned finance income	(1,663.7)	(1,466.1)	(483.7)
Allowance for credit losses	(225.6)	(175.6)	(135.2)
Clients' Equity	(132.4)	(137.4)	(129.6)
	4,655.4	4,298.9	2,655.8
Property, Plant and Equipment - net	1,207.7	1,452.5	2,006.4
Investment Properties - net	765.1	767.0	750.4
Other Assets - net	251.7	240.1	227.6
	13,470.2	13,052.1	11,055.4
LIABILITIES AND STOCKHOLDERS' EQUITY			
Bills Payable	6,409.6	6,143.0	4,070.8
Accounts Payable, Accrued Interest and Other Liabilities	280.9	232.4	226.0
Lease Deposits	2,335.3	2,301.9	2,197.4
	9,025.8	8,677.3	6,494.2
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	1,730.2	1,660.6	1,847.0
Unrealized loss on available-for-sale investments	(0.3)	(0.3)	(0.3)
Treasury Stock	(81.8)	(81.8)	(81.8)
	4,444.4	4,374.8	4,561.2
	13,470.2	13,052.1	11,055.4

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

For the three months ended	March 31	March 31
	2010	2009
INCOME		
Interest and discounts, rent and service fees	535.8	450.2
Other income	47.8	18.7
	<u>583.6</u>	<u>468.9</u>
EXPENSES		
Interest and financing charges	80.2	81.0
Taxes and licenses	27.2	24.6
Provision for impairment and credit losses	50.0	15.0
Compensation and fringe benefits	36.6	28.2
Occupancy and equipment-related expenses	280.2	228.5
Traveling expenses	0.7	1.6
Fuel and lubricants	0.2	0.5
Entertainment, Amusement and Recreation	2.2	0.6
Litigation/assets acquired expenses	5.1	5.3
Others	7.0	6.4
	<u>489.4</u>	<u>391.7</u>
INCOME BEFORE INCOME TAX	94.2	77.2
PROVISION FOR INCOME TAX	24.6	23.3
NET INCOME	<u>69.6</u>	<u>53.9</u>
BASIC EARNINGS PER SHARE**	<u>0.03</u>	<u>0.02</u>
DILUTED EARNINGS PER SHARE**	<u>0.03</u>	<u>0.02</u>

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

NET INCOME	70	54
DIVIDED BY OUTSTANDING SHARES	2,163	2,163
EPS(Basic and Diluted)	0.03	0.02

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

For the three months ended

	March 31,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	94,207,685	77,200,433
Adjustments to reconcile income before income tax to net cash provided by (used in) operations:		
Provision for probable losses	50,000,000	15,000,000
Depreciation and amortization	8,910,467	220,121,036
Loss/(Gain) on sale of property and equipment	(10,069)	85,903
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Finance lease receivables and loans and receivables financed	(798,309,852)	166,497,772
Other assets	(10,110,227)	(103,170,269)
Increase (decrease) in:		
Accounts payable, accrued interest and other liabilities	21,538,342	10,055,226
* Lease Deposits	33,314,565	171,890,804
Net cash generated from (used in) operations	(600,459,089)	557,680,905
Income taxes paid	(7,088,193)	(1,444,267)
Net cash provided by (used in) operating activities	(607,547,282)	556,236,638
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (acquisition) of investment properties	273,356	(1,536,133)
Net acquisitions of property and equipment	241,420,791	(571,606,409)
Net cash used in investing activities	241,694,147	(573,142,542)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (payments) of bills payable	270,972,363	389,288,995
Net cash provided by (used in) financing activities	270,972,363	389,288,995
NET DECREASE IN CASH AND CASH EQUIVALENTS	(94,880,772)	372,383,091
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	232,366,329	186,128,464
CASH AND CASH EQUIVALENTS AT END OF QUARTER	137,485,557	558,511,555

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 March 31	
	2010	2009
CAPITAL STOCK		
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	2,225.2	2,225.2
Treasury Stock (62,693,718 shares)	(81.8)	(81.8)
ADDITIONAL PAID-IN CAPITAL	571.1	571.1
RETAINED EARNINGS		
Balance at beginning of the year	1,660.6	1,793.1
Net income	69.6	53.9
Cash dividends Issued	-	-
Balance at end of three months	1,730.2	1,847.0
Unrealized loss on available-for-sale investments	(0.3)	(0.3)
	4,444.4	4,561.2

BDO LEASING & FINANCE, INC. AND SUBSIDIARY
SEGMENT INFORMATION
FOR THE THREE MONTHS ENDED MARCH 31, 2010
(In millions)

	Leasing	Financing	Others	Total
Gross Income	372.2	162.1	49.2	583.6
Segment revenues	372.2	162.1	49.2	583.6
Segment expenses	312.1	136.0	41.3	489.4
Segment results	60.1	26.2	7.9	94.2
Income tax expense				24.6
Net Income				69.6
Segment assets - net	5,152.1	4,655.4	-	9,807.5
Unallocated assets				3,662.7
Total Assets				13,470.2
Segment liabilities	1,603.8	2,570.6	-	4,074.3
Unallocated liabilities				4,951.5
Total Liabilities				9,025.8

Segment expenses are allocated on the basis of gross income.

Net segment assets are comprised of the following:

	Leasing	Financing
Receivables	3,791	6,677
Residual value of leased assets	1,971	-
Unearned income	5,763	6,677
Allowance for probable losses	(611)	(1,664)
Clients' equity	-	(132)
	5,152	4,655

Bills payable amounting to P6.4 billion is allocated between the leasing and financing segments based on net-to-close balances of receivables of these segments as of March 31, 2010. Lease deposits amounting to P2.3 billion as of March 31, 2010 is included in the leasing segment.

The products under the leasing segment are the following:

- * Direct leases; and
- * Sale-and-leaseback arrangements

The products under the financing segment are the following:

- * Amortized commercial loans;
- * Amortized retail loans;
- * Floor Stock Financing;
- * Installment paper purchases;
- * Discounting of receivables; and
- * Factoring of receivables

The Company's products and services are marketed by its Head Office in Metro Manila and its 8 branches.

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

ITEM 1-7

- 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.

In the course of integration of Banco de Oro – EPCI, Inc. (the "Bank") and its subsidiaries, it has been determined based on a review conducted that there is a need to restate the retained earnings of the Company for 2007 and prior years 2005 and 2006. The need arose from overstatement of income in terms of the timing in recognition of revenues.

As of September 30, 2007, adjustments have been made to correct the balance of retained earnings amounting to P237 million. But after final validation, this will be reduced to P228 million of which P91 million pertains to adjustments prior to 2005.

- 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.

As explained in item c above, the restatement resulted to a reduction in income recognition for prior years 2005 and 2006 of P37 million and P100 million respectively. However, it resulted to an increase in income of P132 million for year to date September 2007.

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

On May 27, 2009 and November 11, 2009 , the Company's Board of Directors (BOD) approved the declaration of cash dividends at P0.05 per share in favor of stockholders of record as of June 10, 2009 and paid on July 7, 2009 and at P0.16 per share in favor of stockholders of record as of November 25, 2009 which was paid on December 22, 2009. Total dividends in 2009 amounted to P432.50 million.

- 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.

Not applicable – There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

- 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.

Not applicable – There are no business combination, acquisition or disposal of subsidiary and long term investments since the last interim balance sheet dates.

- J. Changes in contingent liabilities or contingent assets.

Not applicable – There were no changes in contingent liabilities or contingent assets since the last interim balance sheet dates.

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

Not applicable – There were no existing material contingencies and any other events or transactions that would affect the understanding of the current interim period.

ITEM 2

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

Not applicable – There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the company's liquidity.

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

Not applicable – There were no material commitments for capital expenditure.

- C. 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.

Not applicable – There were no 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.

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

Not applicable – There were no significant elements of income or loss that would have surfaced in the company's continuing operations.

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:

- 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;

Not applicable. There are no events that will trigger direct or contingent financial obligation that is material to the company.

- 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.

Not applicable. There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

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

Not applicable. There are no seasonal aspects that has a material effect on the financial condition or results of operations.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BDO LEASING & FINANCE, INC.


ROBERTO E. LAPID
President


CORAZON S. CHIU
Assistant Vice President

MAY 20
Date