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BDO Leasing posts ₱81 million Profit in 1H 2020

BDO Leasing and Finance, Inc. (BDO Leasing) registered ₱81 million in net earnings in 1H 2020, a turnaround vs. the ₱29 million loss in the comparative period last year, due to successful measures implemented to address margin compression.

Gross revenues totaled ₱1.3 billion, as lease and loan receivables declined by 23 per cent, partly due to the sale of a portion of the Company's lower yielding portfolio to mitigate the impact of margin compression, and partly to the implementation of IFRS 16 which required leases to be booked on-balance sheet, thus diminishing their attractiveness to corporate borrowers.

Meanwhile, total expenses fell by 25 per cent to ₱1.2 billion, on reduced borrowings and lower interest and financing charges, which were down 53 per cent, given the decline in interest rates.

Earlier this year, BDO Leasing's Parent Company, BDO Unibank, Inc. (BDO) announced that it entered into an agreement to sell a controlling stake in BDO Leasing to a third party as part of the Bank's restructuring of its leasing business. The sale transaction is subject to closing conditions and approval by regulatory authorities.

About BDO Leasing

BDO Leasing and Finance Inc. is the leasing and financing entity of BDO Unibank, Inc. (BDO) which provides its customers direct leases, real estate leases, sale and leaseback arrangements as well as receivables factoring. It likewise provides operating leases through its wholly owned subsidiary BDO Rental Incorporated. BDO Leasing and Finance is among the industry's dominant players in terms of total assets, capitalization and profitability.