

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)

1 2 A D B A V E N U E , O R T I G A S C E N T E R ,
M A N D A L U Y O N G C I T Y _____

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

ROBERTO E. LAPID
Contact Person

840-7000 loc 45422
Company Telephone Number

0 6 3 0
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.

1,103
Total No. of Stockholders

Total Amount of Borrowings
Php16,002,231,050.00
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended June 30, 2020
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 39/F, BDO Corporate Center Ortigas, 12 ADB Ave, Ortigas Center, Mandaluyong City 1550
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 16,002,231,050.00</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 [**X**] No []

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

Yes [**X**] No []

PART I--FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

The financial statements of BDO Leasing & Finance, Inc. and Subsidiary are prepared and presented in accordance with Philippine Financial Reporting Framework.

The accounting policies and methods of computation used in the audited financial statements as of and for the year ended December 31, 2019 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 became effective in 2020. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise state, none of these are expected to have significant impact on the Company's financial statement. These include:

PAS 1 (Amendments), Presentation of Financial Statements and PAS 8 (Amendments), Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material (effective from January 1, 2020). The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other standards that contain definition of material or refer to the term 'material' to ensure consistency.

Revised Conceptual Framework for Financial Reporting (effective from January 1, 2020). The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes will be made to any of the current accounting standards. However, entities that rely on the framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised framework.

PFRS 10 (Amendments), Consolidated Financial Statements, and PAS 28 (Amendments), Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale or contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

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

	June 30, 2020	(Audited) December 31, 2019	June 30, 2019
ASSETS			
Cash and Cash Equivalents	202.2	130.0	144.0
Financial Assets at Fair Value through Other Comprehensive Income (OCI)	2,101.4	3,190.9	3,732.4
Loans & Other Receivables - net			
Finance Lease Receivables			
Finance lease receivables	9,431.4	10,375.9	12,116.1
Residual value of leased assets	4,463.8	4,648.6	5,367.9
Unearned lease income	(1,038.5)	(1,253.3)	(1,373.8)
	<u>12,856.7</u>	<u>13,771.2</u>	<u>16,110.2</u>
Loans and Receivables Financed			
Loans and receivables financed	9,696.2	11,485.3	12,809.6
Unearned finance income	(8.6)	(19.6)	(25.4)
Clients' Equity	(32.8)	(37.7)	(26.3)
	<u>9,654.8</u>	<u>11,428.0</u>	<u>12,757.9</u>
	<u>22,511.5</u>	<u>25,199.2</u>	<u>28,868.1</u>
Other Receivables			
Accounts Receivable	261.8	264.3	242.0
Sales Contract Receivable	16.8	18.6	28.0
Dividends Receivable	16.5	16.5	32.1
Accrued Interest Receivable	148.5	56.4	55.2
Accrued Rental Receivable	-	17.4	15.7
	<u>443.6</u>	<u>373.2</u>	<u>373.0</u>
Allowance for probable losses	(740.6)	(594.7)	(515.0)
	<u>(740.6)</u>	<u>(594.7)</u>	<u>(515.0)</u>
	<u>22,214.5</u>	<u>24,977.7</u>	<u>28,726.1</u>
Property, Plant and Equipment - net	1,575.8	1,873.6	2,065.4
Investment Properties - net	408.7	393.8	369.2
Other Assets - net	363.8	381.9	637.8
	<u>26,866.4</u>	<u>30,947.9</u>	<u>35,674.9</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Bills Payable	16,056.3	20,137.8	24,274.9
Accounts Payable, and Other Liabilities	500.0	459.6	521.0
Lease Deposits	4,556.7	4,736.2	5,424.3
	<u>21,113.0</u>	<u>25,333.6</u>	<u>30,220.2</u>
Stockholders' Equity			
Capital Stock	2,225.2	2,225.2	2,225.2
Additional Paid-in Capital	571.1	571.1	571.1
Treasury Stock	(81.8)	(81.8)	(81.8)
OCI - Actuarial Gain/(Loss)	(72.0)	(72.0)	(60.8)
Net Unrealized Fair Value Gains/(Losses on Financial Asset at Fair Value through OCI)	99.4	41.1	(54.4)
Accum Share in Other Comprehensive Income of Associate	-	-	0.4
Retained Earnings	3,011.5	2,930.7	2,855.1
	<u>5,753.4</u>	<u>5,614.3</u>	<u>5,454.8</u>
	<u>26,866.4</u>	<u>30,947.9</u>	<u>35,674.9</u>

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

In Millions

For the year ended	June 30, 2020	June 30, 2019
REVENUES		
Interest and discounts	798.1	1,011.9
Rent	398.9	438.3
Service fees & other income	140.9	94.1
	1,337.9	1,544.3
OPERATING COSTS AND EXPENSES		
Interest and financing charges	396.7	835.1
Occupancy and equipment-related expenses	19.9	26.8
Depreciation Expense - Operating Lease	345.6	387.9
Compensation and fringe benefits	109.4	118.5
Taxes and licenses	117.4	154.6
Provision for impairment and credit losses	144.2	(16.2)
Litigation/assets acquired expenses	6.2	3.2
Miscellaneous Expense	33.2	51.7
	1,172.6	1,561.6
INCOME BEFORE INCOME TAX	165.3	(17.3)
PROVISION FOR INCOME TAX	84.5	11.5
NET INCOME/ (LOSS)	80.8	(28.8)
BASIC EARNINGS PER SHARE**	0.04	(0.01)
DILUTED EARNINGS PER SHARE**	0.04	(0.01)

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

NET INCOME	80.8	(28.8)
DIVIDED BY OUTSTANDING SHARES	2,162.5	2,162.5
EPS(Basic and Diluted)	0.04	(0.01)

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

For the three months ended	June 30,	June 30,
	2020	2019
INCOME		
Interest and discounts	360.3	495.1
Rent	192.3	214.9
Service fees & other income	89.2	39.3
	<u>641.8</u>	<u>749.3</u>
EXPENSES		
Interest and financing charges	185.7	398.2
Occupancy and equipment-related expenses	9.8	13.7
Depreciation Expense - Operating Lease	167.5	189.5
Compensation and fringe benefits	53.6	59.9
Taxes and licenses	55.6	75.5
Provision for impairment and credit losses	115.2	(16.2)
Litigation/assets acquired expenses	1.1	1.2
Miscellaneous Expense	14.7	24.8
	<u>603.2</u>	<u>746.6</u>
INCOME BEFORE INCOME TAX	38.6	2.7
PROVISION FOR INCOME TAX	41.1	7.4
NET INCOME	<u>(2.5)</u>	<u>(4.7)</u>
BASIC EARNINGS PER SHARE**	<u>(0.00)</u>	<u>(0.00)</u>
DILUTED EARNINGS PER SHARE**	<u>(0.00)</u>	<u>(0.00)</u>

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

NET INCOME	(2.5)	(4.7)
DIVIDED BY OUTSTANDING SHARES	2,162.5	2,162.5
EPS(Basic and Diluted)	(0.00)	(0.00)

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

For the year ended	June 30,	June 30,
	2020	2019
NET INCOME	80.8	(28.8)
OTHER COMPREHENSIVE INCOME		
Unrealized Fair Value Gain/(Loss) on FA at FVOCI	58.3	140.5
	58.3	140.5
TOTAL COMPREHENSIVE INCOME/(LOSS)	139.1	111.7

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

For the three months ended	June 30,	June 30,
	2020	2019
NET INCOME	(2.5)	(4.7)
OTHER COMPREHENSIVE INCOME		
Unrealized Fair Value Gain/(Loss) on FA at FVOCI	107.4	31.4
	107.4	31.4
TOTAL COMPREHENSIVE INCOME/(LOSS)	104.9	26.7

BDO LEASING AND FINANCE, INC. AND SUBSIDIARY
(A Subsidiary of BDO Unibank, Inc.)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
In Millions

For the year ended, June 30, 2020

	Capital Stock	Additional Paid- in Capital	Treasury Shares, at Cost	Retained Earnings		Unrealized Fair Value Gain(loss) on Financial Asset at Other Comprehensive Income	Accumulated Share in Other Comprehensive Income of Associate	OCI - Actuarial Gain/(Loss)	Net Equity
				Reserves	Free				
	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, 2020	2,225.2	571.1	(81.8)	141.7	2,789.0	41.1		(72.0)	5,614.3
Total Comprehensive Income (loss)					80.8	58.3			139.1
Transfer from Retained Earnings Appropriated				(42.0)	42.0				-
Cash Dividends					-				-
Balance as of June 30, 2020	2,225.2	571.1	(81.8)	99.7	2,911.8	99.4	-	(72.0)	5,753.4
Balance as of Jan 1, 2019	2,225.2	571.1	(81.8)	147.0	2,736.9	(195.0)	0.4	(60.8)	5,343.0
Total Comprehensive Income (loss)					(28.8)	140.5			111.7
Transfer from Retained Earnings Appropriated				(16.5)	16.5				-
Cash Dividends					-				-
Balance as of June 30, 2019	2,225.2	571.1	(81.8)	130.5	2,724.6	(54.5)	0.4	(60.8)	5,454.8

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, June 30, 2020

	Capital Stock	Additional Paid- in Capital	Treasury Stock, at Cost	Retained Earnings Reserves	Free	Unrealized Fair Value Gain(loss) on Available for Sale Financial Assets	Accumulated Share in Other Comprehensive Income of Associate	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 at the beginning of the quarter	2,225.2	571.1	(81.8)	133.4	2,880.6	(8.0)	0.0	(72.0)	5,648.5
Total Comprehensive Income (loss)				0.0	(2.5)	107.4	0.0	0.0	104.9
Transfer from Retained Earnings Appropriated				(33.7)	33.7				-
Cash Dividends									-
Balance June 30, 2020	2,225.2	571.1	(81.8)	99.7	2,911.8	99.4	0.0	(72.0)	5,753.4
Balance at the beginning of the quarter	2,225.2	571.1	(81.8)	147.00	2,712.8	(85.9)	0.40	(60.80)	5,428.0
Total Comprehensive Income (loss)					(4.7)	31.4			26.7
Cash Dividends				(16.50)	16.5				-
Balance June 30, 2019	2,225.2	571.1	(81.8)	130.5	2,724.6	(54.5)	0.4	(60.8)	5,454.7

**BDO LEASING AND FINANCE, INC. AND SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED**

	June 2020	June 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 165,343,145	(P 17,160,827)
Adjustments for:		
Interest and discounts	(798,106,890)	(1,011,943,224)
Interest received	784,767,473	1,015,619,018
Interest and financing charges paid	(399,839,139)	(838,826,946)
Interest and financing charges	396,692,642	835,127,585
Depreciation and amortization	358,768,945	405,361,683
Impairment and credit losses	142,457,673	-
Dividend income	(63,297,900)	(87,492,787)
Gain on sale of property and equipment and investment properties	(23,935,431)	(3,136,368)
Gain on sale of financial assets at fair value through other comprehensive income (FVOCI)	(8,862,126)	-
Day-one gain - net	(34,741)	(939,164)
Equity share in net earnings of a subsidiary and an associate	-	46,970,878
Reversal of impairment losses	-	(16,198,656)
Operating profit before changes in operating assets and liabilities	553,953,651	327,381,192
Decrease in loans and other receivables	2,611,758,866	5,637,000,926
Decrease in other assets	21,358,363	17,686,471
Increase (decrease) in accounts payable and other liabilities	4,602,629	(106,795,626)
Decrease in lease deposits	(179,854,495)	(1,201,339,078)
Cash generated from operations	3,011,819,014	4,673,933,885
Cash paid for income taxes	(22,277,571)	(7,213,169)
Net Cash From Operating Activities	2,989,541,443	4,666,720,716
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at FVOCI	1,156,326,346	-
Acquisition of property and equipment	(113,820,595)	(207,756,936)
Proceeds from disposal of property and equipment and investment properties	79,636,567	25,838,165
Receipt of cash dividends	63,297,900	87,492,787
Addition in investment properties	(19,112,695)	-
Acquisition of other assets	(2,930,865)	-
Net Cash From (Used in) Investing Activities	1,163,396,658	(94,425,984)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of bills payable	(70,386,079,707)	(80,626,198,137)
Availments of bills payable	66,309,325,879	75,923,262,795
Payments on lease liabilities	(4,016,169)	-
Net Cash Used in Financing Activities	(4,080,769,997)	(4,702,935,342)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	72,168,104	(130,640,610)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	129,990,275	274,628,385
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 202,158,379	P 143,987,775

BDO LEASING AND FINANCE, INC. AND SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED

		June 2020		June 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	P	38,612,894	P	2,835,483
Adjustments for:				
Interest and discounts	(	360,329,979	(	495,157,376
Interest received		353,152,608		495,157,376
Interest and financing charges paid	(	215,526,060	(	399,553,765
Interest and financing charges		185,644,842		397,641,430
Depreciation and amortization		174,120,562		198,212,748
Impairment and credit losses		113,504,832		-
Dividend income	(	31,648,950	(	43,746,394
Gain on sale of property and equipment and investment properties	(	10,402,363	(	2,865,864
Gain on sale of financial assets at fair value through other comprehensive income (FVOCI)	(	8,862,126		-
Day-one gain - net	(	218,089	(	759,153
Equity share in net earnings of a subsidiary and an associate		-		30,447,675
Reversal of impairment losses		-	(	16,198,656
Operating profit before changes in operating assets and liabilities		238,048,171		166,013,504
Decrease in loans and other receivables		670,837,112		2,237,322,043
Decrease in other assets		16,786,046		17,145,616
Increase (decrease) in accounts payable and other liabilities		88,487,605	(	88,327,776
Increase in lease deposits	(	81,756,750	(	513,734,896
Cash generated from operations		932,402,184		1,818,418,491
Cash paid for income taxes	(	18,677,590	(	3,606,351
Net Cash From Operating Activities		913,724,594		1,814,812,140
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of financial assets at FVOCI		1,156,326,346		-
Acquisition of property and equipment	(	48,514,466	(	127,467,147
Proceeds from disposal of property and equipment and investment properties		47,341,737	(	5,811,685
Receipt of cash dividends		31,648,950		43,746,394
Addition in investment properties	(	11,050,681		-
Acquisition of other assets	(	2,200,146		-
Net Cash From (Used) in Investing Activities		1,173,551,740	(	89,532,438
CASH FLOWS FROM FINANCING ACTIVITIES				
Availments of bills payable		25,921,000,000		48,585,764,148
Payments of bills payable	(	28,132,273,600	(	50,420,646,364
Payments on lease liabilities	(	1,872,714		-
Net Cash Used in Financing Activities	(	2,213,146,314	(	1,834,882,216
NET DECREASE IN CASH AND CASH EQUIVALENTS				
	(	125,869,980	(	109,602,514
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		328,028,359		253,590,289
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	P	202,158,379	P	143,987,775

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

June 2020 Compared to June 2019

The company registered P80.8 million in net income for the semester ending June 2020.

Gross revenues amounted to P1,337.9 million, a decrease of 13% from P1,544.3 million last year. This was due to the lower levels of lease and loans receivables compared to the first semester of 2019. This is a result of the implementation of PFRS 16 in 2019, which required leases to be booked on-balance sheet. As a result, the attractiveness of leasing as a financing option for borrowing clients has declined, as clients have opted to use bank loans instead.

Interest and financing charges went down by 53% to P396.7 million due primarily to the reduced level of bills payable as well as the decrease in funding costs under the current interest rate environment.

The company set aside P144.2 million as provisions for credit and impairment losses in anticipation of an increase in delinquencies as a result of the pandemic.

Occupancy and equipment related expenses decreased 26% to P19.9 million. Depreciation Expense-Operating Lease went down 11% to P345.6 million due to the non-renewal of various Operating Leases.

Litigation/assets acquired expenses increased 94% to P6.2 million.

Total assets declined 25% year-on-year to P26.9 billion, mainly due to matured investments and sale of a portion of the company's lower yielding portfolio. This was meant to mitigate the impact of the margin compression as the company's liabilities, which are short-term in nature, adjusted immediately to the rise in interest rates as compared to its lease receivables, which typically carry fixed interest rates for 3-5 years. As a result of this strategy, the company's Loans and Other Receivables decreased 23% but interest margins have improved substantially and created positive operating results in 2020. In June 2020, Property, Plant and Equipment-net also decreased 24% or P489.6 million.

Cash & cash equivalents went up by 40% or P58.2 million. Financial Asset at Fair Value through Other Comprehensive Income went down 44% to P2.1 billion due to maturities and sale of investments.

Net investment properties went up to P408.7 million from P369.2million.

Other Assets decreased year-on-year to P363.8 million from P637.8 million mainly due to the sale of the company's stake in MMPC Auto Financial Services Corp.

Bills Payable decreased to P16.1 billion consistent with the decline in Loans & Other Receivables.

Accounts Payable, accrued expenses and other liabilities decreased to P500.0 million year-on-year mainly due to a decrease in outstanding check payments to supplier/dealers.

Lease deposits went down from P5.4 billion in June 2019 to P4.6 billion, consistent with decline in volumes.

Stockholders' equity was steady at P5.8 billion.

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

	June 2020	June 2019
Current Ratio	0.42:1	0.38:1
Quick asset ratio	0.41:1	0.37:1
Debt to Equity Ratio	3.67:1	5.54:1
Net Profit Margin	6.04%	-1.86%
Return on Equity	2.89%	-1.07%

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 Company enters into transactions with BDO Unibank and other affiliates. Under the Company'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 Company's significant transactions with its related parties in June 30, 2020, December 31, 2019 and June 30, 2019 are in the succeeding page:

<u>Related Party Category</u>	<u>Note</u>	<u>Amount of Transaction</u>		
		June 30, 2020	December 31, 2019	June 30, 2019
Ultimate Parent Company (BDO Unibank)				
Interest Income on savings and demand deposits	(a) P	0.4 P	0.4 P	0.2
Interest expense on Bills Payable	(b)	23.5	58.0	50.6
Interest Expense-Lease Liability	(c)	0.9	2.2	1.2
Depreciation Expense-Right of Use	(c)	6.4	13.0	6.5
Management fees	(d)	4.0	16.0	8.0
Service Charges and fees	(e)		13.4	7.6
Service Fees	(f)	0.1	0.1	0.1
Employee stock option plan		3.4	14.8	7.0
Subsidiary (BDO Rental)				
Rent Income	(c)		0.1	
Management fees	(d)	0.2	0.4	0.2
Under Common Ownership				
Service and charges fees	(g)	0.1	3.7	1.0
Interest expense on Bills Payable	(k)	2.9	203.3	115.6
Insurance Expense	(j)	0.2	0.8	0.3
Operating Lease Income	(m)	26.8	54.6	27.3
Sale of receivable	(n)	1,126.2	232.2	
Income from sale of receivable	(n)	36.0	2.7	

<u>Related Party Category</u>	<u>Note</u>	<u>Outstanding Balance</u>		
		June 30, 2020	December 31, 2019	June 30, 2019
Parent Company (BDO Unibank)				
Savings and demand deposits	(a) P	201.8 P	125.7 P	139.2
Bills Payable	(b)	1,620.0	229.0	1,676.0
Right of Use, net	(c)	22.8	27.0	46.4
Lease Liability	(c)	23.8	27.8	33.9
Employee stock option		3.4		7.0
Subsidiary (BDO Rental)				
Related Party under Common Ownership (BDO Insurance, BDO strategic and BDO Nomura)				
Accounts Receivable	(l)	0.9	0.9	-
Bills Payable	(k)	-	997.1	5,060.1
Key Management Personnel				
Loans to Officers	(h)	6.7	5.9	7.5
Retirement Fund				
Shares of stock	(i)	1.6	1.1	1.3

(a) The Group maintains savings and demand deposit accounts with BDO Unibank. As of June 30, 2020, December 31, 2019 and June 30, 2019, 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 these deposits in June 30, 2020 and June 30, 2019 is included as part of Interest and Discounts under the Revenues account in the statements of income.

(b) The Group obtains short-term bills payable from BDO Unibank. The amount outstanding from borrowings as of June 30, 2020, December 31, 2019 and June 30, 2019 is presented under Bills Payable account in the statements of financial position. Interest expense incurred on these bills payable in June 30, 2020 and June 30, 2019 is included as part of Interest and Financing Charges under Operating Costs and Expenses account in the statements of income.

(c) The Parent Company leases its head office premises and certain branch offices from BDO Unibank for terms ranging from three 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. In 2019, due to implementation of PFRS 16, the Parent Company recognizes Right of Use and Accumulated Depreciation-Right of Use which are included as part of Property, Plant and Equipment-net and Lease Liability which is included as part of

Accounts Payable, and Other Liabilities accounts in the Statement of Financial Position. Related Interest Expense on Lease Liability is included as part of Interest and Financing Charges and Depreciation expense-right of use is included as part of Occupancy and equipment-related expenses under Operating Costs and Expenses account in the statements of income.

- (d) In 2013, 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 statements of 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 Parent Company's statements of income. There are no outstanding receivable and payable on these transactions as of the end of June 30, 2020, December 31, 2019 and June 30, 2019.
- (e) The Parent Company sold its portion of its receivables to BDO Unibank in 2019. The Parent Company charged BDO for service charges and fees which are presented as part of Other Income-net in the statements of income. There are no outstanding payable related on this transaction as of the end of June 30, 2020, December 31, 2019 and June 30, 2019.
- (f) In 2018, the Parent Company entered into an agreement with BDO Unibank on stock transfer where BDO Unibank will charge the Parent Company for stock transfer services. Service fees paid by the Parent Company to BDO Unibank are shown as part of Other Expenses account under Operating Costs and Expenses in the statements of income. There are no outstanding payable related on this transaction as of the end of June 30, 2020, December 31, 2019 and June 30, 2019.
- (g) The Parent Company engaged the services of BDO Capital and Investment Corporation (BDO Capital), a wholly owned subsidiary of BDO Unibank as selling agent related to the Parent Company's issuance of short term commercial papers up to 2019 and issuance of short term Promissory Notes starting 2020. Service and charges fees paid by the Parent Company to BDO Capital both for June 30, 2020 and June 30, 2019 is included as part of Other Operating Costs and Expenses in the statements of income. There are no outstanding payable related on this transaction as of the end of June 30, 2020, December 31, 2019 and June 30, 2019.
- (h) Compensation of key management personnel (covering officer positions starting from Assistant Vice President and up) is included as part of Employee Benefits under Operating Costs and Expenses in the statements of comprehensive income of the Group and Parent Company. Short-term employee benefits include salaries, paid annual leave and paid sick leave, profit sharing and bonuses, and non-monetary benefits. The Group also granted loans to officers which are secured by mortgage on the property, bear interest with a range of 7.0% to 9.0% per annum and have terms ranging from 3 to 4 years. Outstanding loans to officers are presented as part of Finance Lease Receivable under Loans and Other Receivables account. The Group assessed that these loans are not impaired as of June 30, 2020, December 31, 2019 and June 30, 2019.

- (i) The retirement fund holds, as an investment, 519,915 shares of stock of the Parent Company in 2020 and 2019, respectively, which has a market value of P3.16 and P2.28 per share as of June 30, 2020 and 2019, respectively. The retirement fund does not hold any shares of stock of BDO Unibank.
- (j) The Parent Company earned from BDO Insurance Brokers, Inc. (BDO Insurance) service charges and fees for accounts referred and are included as part of Service Fees and other Income. This resulted to the outstanding receivable of the Parent Company from BDO Insurance in 2020 and 2019, which is recorded as part of Accounts receivables under Loans, and Other Receivables account in the statements of financial position. These are receivable in cash and normally collectible within 12 months after reporting period. The Group assessed that such receivable is not impaired.
- (k) In 2017, the Parent Company obtained short-term bills payable from BDO Strategic Holdings Inc. and SM Prime Holdings, Inc. The amount outstanding from borrowings from borrowings is presented under Bills Payable account in the statement of financial position in December 2019 and June 2019. Interest expense incurred on these bills payable is included as part of Interest and Financing Charges account under Operating Costs and Expenses in the June 30, 2020 and 2019.
- (l) The Parent Company paid BDO Life Assurance Company, Inc for Group Life Insurance of the Parent Company's employees. Insurance paid by Parent Company is presented as part of Occupancy and Equipment Related Expense under Operating Costs and Expenses in June 30, 2020 and 2019 statement of income.
- (m) BDO Rental, entered into Operating Lease Agreement with BDO Nomura Securities, Inc. (BDO Nomura), SM Prime Holdings, Inc. and Alfamart Trading Philippines, Inc. Operating lease income earned from these transactions is presented as part of Rent account in the Group's statement of income. No outstanding receivable on this transaction as of the end of June 30, 2020, December 31, 2019 and June 30, 2019.
- (n) In 2019, the Parent Company sold portion of its receivable to BDO Life. The related gain on sale of receivables is included as part of Other Income-net account under Revenues in the statement of income. There are no outstanding payable related on this transaction as of the end of June 30, 2020, December 31, 2019 and June 30, 2019.

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 recent 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 operations 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 lease/finance vehicles and equipment on a selective basis for borrowers/lessees who are engaged in selling essential products and/or providing essential services allowed during ECQ/MECG/GCQ.
- We will aggressively tap the existing corporate accounts of the BDO Institutional Banking Group for possible lease requirements.
- We will continue to develop equipment vendor/supplier tie-ups to expand our market presence and clientèle base.
- We will continue to expand and optimize our sources of funds to match our asset growth and help manage our funding costs.
- We will continue to control operating expenses to ensure that these remain at a level, which is attuned with our business volumes.
- We will continue to pursue process improvements to improve our services to our various stakeholders.
- We will wait for developments from the Philippine Competition Commission (PCC) on the sale of BDOLF as a listed entity to third parties, and the subsequent continuation of BDO Unibank's leasing business under a privately-held entity, BDO Finance Corporation, as disclosed last January 24, 2020.

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 is 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;

None.

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

None.

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.*

The Company is still assessing the potential impact of the Enhanced Community Quarantine (ECQ) on business volumes for the coming quarters.

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

None

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

None

BDO LEASING & FINANCE, INC. AND SUBSIDIARY
 SEGMENT INFORMATION
 For the six months ended June 30, 2020
 (in millions)

	Leasing	Financing	Others	Eliminations	Total
Gross income	778.9	414.7	144.3		1,337.9
Segment revenues					
External	778.9	414.7	144.3		1,337.9
Inter-segment			(15.9)	15.9	-
	778.9	414.7	128.4	15.9	1,337.9
Segment expenses					
External	682.7	363.5	126.4		1,172.6
Inter-segment			0.2	(0.2)	-
	682.7	363.5	126.6	(0.2)	1,172.6
Segment results	96.2	51.2	1.8	16.1	165.3
Income tax expense					84.5
Net Income					80.8
Segment assets - net	13,996.7	9,352.6	-		23,349.3
Unallocated assets					3,517.1
Total Assets					26,866.4
Segment liabilities	11,965.6	8,647.4	-		20,613.0
Unallocated liabilities					500.0
Total Liabilities					21,113.0

Segment expenses are allocated on the basis of gross income.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report (June 2020 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


LUIS S REYES, JR.
TREASURER

July 20, 2020
Date

BDO Leasing and Finance, Inc. and Subsidiary
Financial Ratios
June 30, 2020 and 2019
(Amounts in Millions of Philippine Pesos)

	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
I. Current/liquidity ratios				
Current ratio				
<u>Total current assets</u>	7,539.8	10,000.0	0.42	0.38
Total current liabilities	17,951.1	26,508.0		
Acid Test Ratio				
<u>Quick assets</u>	7,434.7	9,858.9	0.41	0.37
Total current liabilities	17,951.1	26,508.0		
II. Solvency ratios, debt-to-equity ratios				
Solvency ratio				
(After tax net profit + Depreciation)	439.7	(21.8)	0.02	(0.00)
Total liabilities	21,113.0	30,220.2		

2020 2019 2020 2019

Debt-to-equity ratio			
	<u>21,113.0</u>	<u>30,220.2</u>	<u>3.67</u>
	5,753.4	5,454.8	5.54

III. Asset-to-equity ratio

Asset-to-equity ratio			
	<u>26,866.4</u>	<u>35,674.9</u>	<u>4.67</u>
	5,753.4	5,454.8	6.54

IV. Interest coverage ratio

Interest coverage ratio			
	<u>562.0</u>	<u>816.8</u>	<u>1.42</u>
	396.7	834.0	0.98

V. Profitability ratios

Net profit margin			
	<u>80.8</u>	<u>(28.8)</u>	<u>6.04%</u>
	1,337.9	1,544.3	-1.86%

	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Return on equity				
<u>Net profit</u>	80.8	<u>(28.8)</u>		
Average equity	5,604.2	5,342.5	2.89%	-1.08%
Return on assets				
<u>Net profit</u>	80.8	<u>(28.8)</u>	0.52%	-0.15%
Average assets	31,270.7	39,076.4		
VI. Others				
Total real estate investments to Assets				
<u>Total investment properties</u>	408.7	<u>369.2</u>	1.52%	1.03%
Total assets	26,866.4	35,674.9		
Loans to Assets				
<u>Total loans and other receivables</u>	22,214.5	<u>28,726.1</u>	82.69%	80.52%
Total assets	26,866.4	35,674.9		

	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
DOSRI to Net worth				
Receivables from Directors, Officers, Stakeholders and Related Interests	<u>6.7</u>	<u>7.5</u>		0.12%
Total equity	5,753.4	5,454.8		0.14%
Amount of receivable from a single corporation to Total receivables				
Loan to a single corporation	<u>496.7</u>	<u>750.6</u>		2.24%
Total loans and other receivables	22,214.5	28,726.1		2.61%

BDO LEASING AND FINANCE INC.
 AGING OF RECEIVABLES
 As of June 30, 2020

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.	Past Due / Litigation
Factored Receivable	169,678,519.52	-	165,135,349.61	-	-	-	-	-	4,543,169.91
Receivables Purchased	56.00	-	-	-	-	-	-	-	56.00
Floor Stock Financing	95,178,972.08	87,740,936.91	7,438,035.18	-	-	-	-	-	-
Installment Paper Purchase	312,366,224.47	54,831,125.74	85,030,045.97	56,684,955.60	30,221,202.77	9,874,829.97	-	-	75,724,064.42
Amortized Commercial Loan	9,118,943,053.34	212,401,480.07	397,351,217.39	545,762,456.15	961,210,069.46	2,624,565,004.01	1,409,032,041.12	2,224,552,739.98	744,068,045.18
Lease Contract Receivables	13,895,213,647.56	794,874,428.27	852,212,424.49	1,258,953,465.28	2,493,194,854.14	6,516,302,517.63	1,189,495,683.73	20,086,324.70	770,093,949.32
Personal Loans Programs	1,148.00	-	-	-	-	-	-	-	1,148.00
Discounting Line	-	-	-	-	-	-	-	-	-
TOTAL LOAN PORTFOLIO	23,591,381,620.97	1,149,847,970.98	1,507,167,072.64	1,861,400,877.03	3,484,626,126.37	9,150,742,351.61	2,598,527,724.84	2,244,639,064.68	1,594,430,432.83

Less: Allowance For Credit losses 710,911,380.75

Finance Receivables - Net 22,880,470,240.22