



REPUBLIC OF THE PHILIPPINES
Securities and Exchange Commission

CERTIFICATE OF PERMIT TO OFFER SECURITIES FOR SALE

THE ISSUANCE OF THIS CERTIFICATE OF PERMIT IS PERMISSIVE ONLY AND DOES NOT
CONSTITUTE A RECOMMENDATION OR ENDORSEMENT OF THE SECURITIES PERMITTED TO BE ISSUED

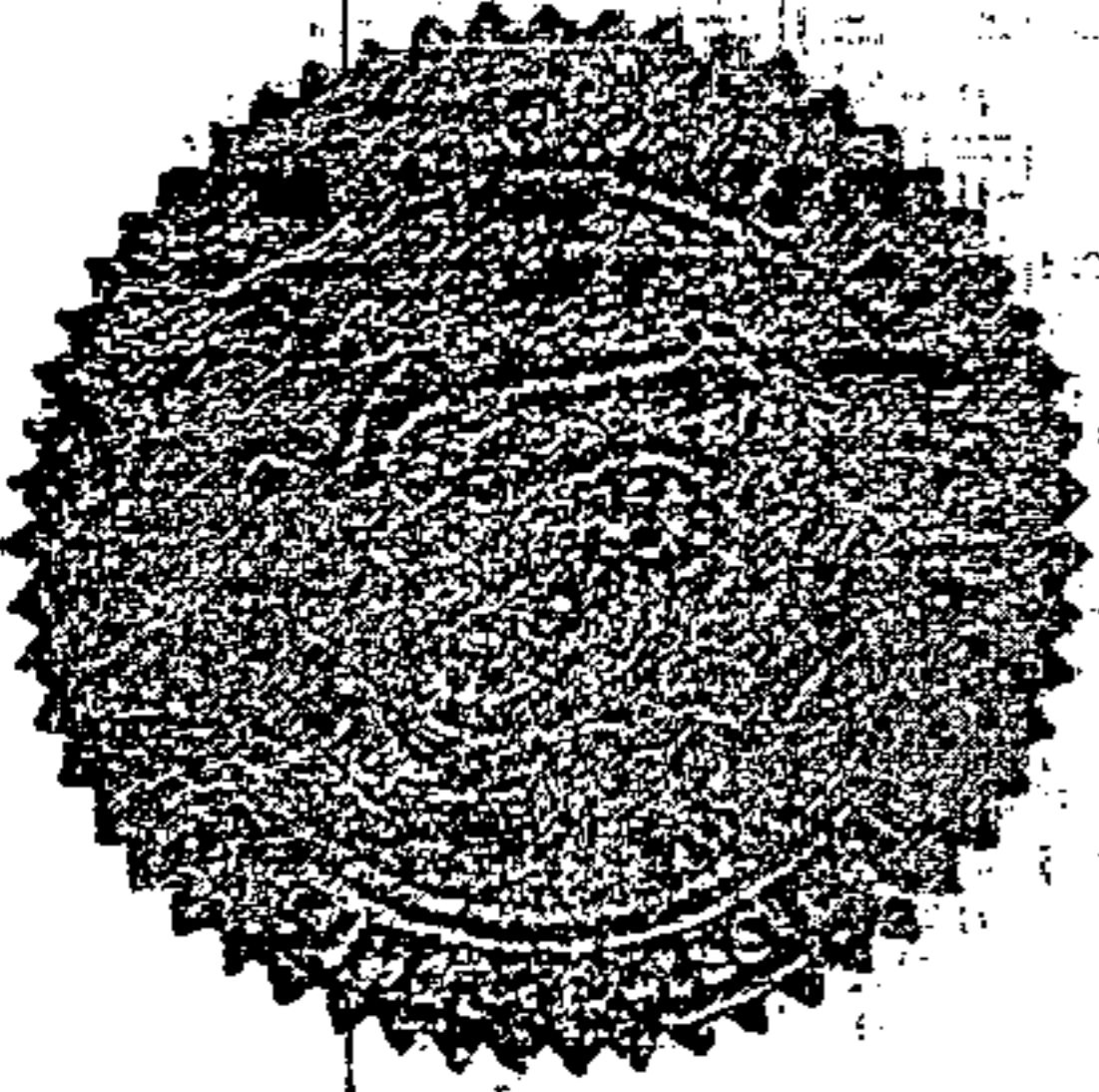
THIS IS TO CERTIFY that the securities of

BDO LEASING AND FINANCE, INC.

consisting of FIFTEEN BILLION PESOS (15,000,000,000.00) worth of Short-Term Commercial Papers under SEC MSRD Order No. 80,
Series of 2015 have been registered and may now be offered for sale or sold to the public subject to full compliance with the provisions
of the Securities Regulation Code and its Amended Implementing Rules and Regulations, Revised Code of Corporate Governance and
other applicable laws and orders as may be issued by the Commission.

Issued at Mandaluyong City, Philippines this 11th day of December Two Thousand and Fifteen.


VICENTE GRACIANO P. FEDIZAMENIO, JR.
Director



BDO LEASING AND FINANCE

FINAL PROSPECTUS

**PHP 15.00 Billion
SEC-REGISTERED COMMERCIAL PAPERS**

SECURITIES AND EXCHANGE
COMMISSION
DEC 10 2015
REGULATION DEPT.
BY MARKET REGULATION DEPT.

EXCLUSIVE SELLING AGENT:

BDO CAPITAL & INVESTMENT CORPORATION

(BDO Capital and Investment Corporation is 100% owned by BDO Unibank
BDO Leasing and Finance Inc is 87.43% owned by BDO Unibank, Inc and 1.11% owned by BDO Capital
Both BDO Capital and BDO Leasing are subsidiaries of BDO Unibank, Inc)

The date of this Final Prospectus is 09 December 2015

**ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL
INFORMATION CONTAINED HEREIN IS TRUE AND CURRENT.**

ROBERTO E. LAPID
President and Vice Chairman

SUBSCRIBED AND SWORN to before me this _____ day of DEC 09 2015 2015, affiant
exhibiting before me her TIN No. 108-159-915

Doc No. 420
Page No. 95
Book No. CG III
Series No. 2015

KIM BRIGUERA-DACARA
NOTARY PUBLIC FOR AND IN
PASIG CITY, TAGUIG, PATEROS, SAN JUAN, METRO M.A.
UNTIL DEC. 31, 2016
APPT NO. 34 (2015-2016)
IBP NO. 977437 (11/20/2016) (FOR 2015)
PTR NO. 8348322 PASIG CITY 11/20/2015
161A FLR., JMT BLDG., ADB AVE.,
ORTIGAS CTR., PASIG CITY

¹ Ownership of BDO Capital with BDO Leasing and Finance Inc is an equity investment of BDO Capital

SEC Number 097869

File Number _____

BDO LEASING AND FINANCE, INC.
(Company's Full Name)

Corporate Center Ortigas, 12ADB Avenue
Ortigas Center, Mandaluyong City

(Company's Address)

635-5416

(Telephone Number)

December 31, 2014

(Fiscal Year Ending)
(month & day)

AMENDED PROSPECTUS

Form Type

N.A.

Amendment Designation (If applicable)

September 30, 2015

Period Ended Date

N.A.

(Secondary License Type and File Number)

No dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Prospectus in connection with the offer contained herein and, if given or made, such information or representation must not be relied on as having been authorized by the Company or any of the Underwriters and Selling Agents.

This Prospectus does not constitute an offer to sell or a solicitation of any offer to buy any security other than the Offered STCP, nor does it constitute an offer to sell or a solicitation of any offer to buy the Offered STCP by anyone in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstance, create any implication that the information herein is correct as of any time subsequent to the date hereof.

The information contained in this Prospectus has been supplied by the Company, which hereby accepts full responsibility for the accuracy of the information herein and confirms that, to the best of its knowledge and belief, there are no facts the omission or addition of which would make any statement in this Prospectus misleading. The Lead Selling Agent has exerted reasonable efforts to verify the information contained herein but it does not make any representation as to the accuracy or completeness of the materials contained herein.

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE, ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

Republic of the Philippines

Department of Trade and Industry
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Mandaluyong, Metro Manila

REGISTRATION STATEMENT
(Initial Application)
Securities Regulation Code

BDO LEASING AND FINANCE, INC.

(Exact Name of Registrant as specified in the Articles of incorporation and Registered name, if any.)

Corporate Center Ortigas, 12 ADB Avenue, Ortigas Center, Mandaluyong City 635-6416

Principal Office

Telephone Number

BDO CAPITAL & INVESTMENT CORPORATION

878-4550

20th Floor, South Tower, BDO Corporate Tower, 7899 Makati Avenue, Makati City, Metro Manila

(Name, Address and Telephone Number of Selling Agent to whom SEC and Legal Summons may be serviced)

Existing Authority to Issue Commercial Papers:

SEC-CFD Order No.	:	204
Expiry Date	:	---
Approved Debt Ceiling	:	P 25,000,000,000.00

Filed by:

<u>ROBERTO E. LAPID</u>	<u>Vice Chairman & President</u>	<u>635-5817</u>
Name	Position	Tel. No.

BDO Leasing Centre, Corinthian Gardens, Ortigas Avenue, Quezon City

Address

To be filled up by S.E.C. only:

FILING FEE	:	_____
UPLR FUND	:	_____
TOTAL	:	_____

Approved for payment.

(Print Name and Signature)

(Position)

(Date)

BDO LEASING AND FINANCE, INC.
(A subsidiary of BDO Unibank)

Total Commercial Paper License applied for is Php 15.00 Billion.

The Php 15.00 Billion will be discharged as follows:

Payment for Maturing Obligation	Php 13,282,900,000.00
Other Expenses of Issuance and Distribution	Php 10,214,625.00
For Relending	Php 1,706,885,375.00

The Commercial Paper is issued directly to the end-user.

**Outstanding Obligations
(as of September 30, 2015)**

Short-Term CPs	13,282,900,000.00	2.350%-2.550%	10.02.2015-03.28.2016
Short-Term PNs	6,150,030,899.61	2.200%-3.000%	10.01.2015-02.03.2016
Long-Term PNs	1,336,375,000.00	3.250%	06.30.2016-07.22.2017

Selling Agent's Fees

In consideration for the commitment and undertaking and other services of the Selling Agent as provided herein, the Issuer shall pay selling commissions/fees equivalent to:

Over and above normal trading margins for CPs sourced by the Selling Agent, one-fortieth of one percent (1/40% per annum), based on the full term and principal of each CP sold during a given month.

Dividends Policy

Dividends declared by the Company on its shares of stocks are payable in cash or in additional shares of stock. The payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Corporation and other factors.

There are no restrictions that will limit the ability to pay dividends on common equity. The company and its subsidiary, BDO Rental Inc, has no established dividends policy as of the moment.

Dividends

On February 25, 2014, the Company's Board of Directors approved the declaration of cash dividends at P0.15 per share in favor of stockholders of record as of March 13, 2014 paid on March 31, 2014. Total dividends in 2014 amounted to Php 324.37 million.

On April 17, 2013, the BOD approved the declaration of cash dividends at P0.15 per share amounting to P324.4. The dividends were declared in favor of stockholders of record as of May 17, 2013 and were paid subsequently on June 13, 2013.

On April 8, 2012, the BOD approved the declaration of cash dividends at P0.05 per share amounting to P108.1. The dividends were declared in favor of stockholders of record as of May 31, 2012 and were paid subsequently on June 27, 2012.

Local and Foreign Ownership as of August 31, 2015:

Foreign Shares :	0
Local Shares :	2,162,475,312
Total Shares :	2,162,475,312

The Company is a subsidiary of BDO Unibank. Its principal office is located at Corporate Center Ortigas, 12 ADB Avenue, Ortigas Center, Mandaluyong City. Its telephone number is (632) 635-6416.

Unless otherwise stated, the information contained in this document have been supplied by the Company, which accepts full responsibility for the accuracy of the information and confirms, after having made all reasonable inquiries, that to the best of its knowledge and belief, there are no material facts, the omission of which would make any statement in this document misleading in any material respect. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

No dealer, salesman or other person has been authorized by the Company to issue any advertisement or to give any information or make any representation in connection with the sale of the Short-Term Commercial Papers other than those contained in this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorized by the Company.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 12-1

REGISTRATION STATEMENT UNDER THE SECURITIES REGULATION CODE

1. SEC Identification Number 97869

2. BDO Leasing and Finance, Inc.


Exact name of Registrant as specified in its charter
Metro Manila, Philippines

320-000-486-050

3. Province, country or other jurisdiction of incorporation or organization
Leasing and Financing

4. BIR Tax Identification

5. General character of business of registrant

6. Industry Classification Code:  (SEC Use Only)

BDO Leasing Centre, Corinthian Gardens, Ortigas Avenue, Quezon City 1100
Tel: (032) 635-6416 Fax: (032) 633-7736

Address, including postal code, telephone number, FAX number including area code of registrant's principal offices
Not Applicable

8. If registrant is not resident in the Philippines, or its principal business is outside the Philippines, state name and address including postal code, telephone number and FAX number, including area code, and email address of resident agent in the Philippines.
December 31, 2014

9. Fiscal Year Ending Date (Month and Day):

COMPUTATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed Maximum offering price per unit	Proposed Maximum aggregate offering price	Amount of registration fee
Commercial Papers	Php 15,000,000,000.00	Php 100,000,000.00	Php 10,000,000,000.00	Php4,355,625.00

GLOSSARY

In this Offering Prospectus, unless the context requires otherwise, the following expressions have the following meanings:

“Articles”	.....	The Articles of Incorporation of the Company
“BAP”	.....	The Bankers Association of the Philippines
“BDO”	.....	Banco De Oro Unibank, Inc., the parent company
“Board”	.....	Board of Directors of the Company
“BSP”	.....	Bangko Sentral ng Pilipinas, the Philippines’ central monetary authority
“PhilRatings	.....	PhilRatings
“CPs”	.....	Commercial Papers
“Common Shares” or “Shares”	.....	The common shares of par value Php 1.00 each in the capital of the Company
“Company” or “BDOLFI” or or “BDO Leasing”	.....	BDO Leasing and Finance, Inc.
“Corporation Code	.....	The Corporation Code of the Philippines (Cabinet Bill No. 3)
“Directors”	.....	The directors of the Company holding office as of the date of this Offering Prospectus and as listed in the section of this Offering Prospectus headed “Directors and Senior Management”
“DOSRI”	.....	Directors, Officers, Stockholders and Related Interests
“FASB”	.....	The Financial Accounting Standards Board
“financing company”	.....	A company organized under the Financing Company Act (Republic Act No. 5980), and primarily engaged in the extension of lease and financing
“GDP”	.....	Gross Domestic Product
“GRT”	.....	Gross receipts tax
“Gross Income”	.....	Refers to the Company’s gross income or revenues
“Investors”	.....	Those person or entities who are invited to subscribe to or purchase the Offer Shares subject to and in accordance with the Offering
“Lead Underwriter”	.....	BDO Capital & Investment Corporation
“LTCPs”	.....	Long-term Commercial Papers
“Manual”	.....	The Manual of regulations for Banks and Other Financial Institutions
“market share”	.....	Unless otherwise stated, market share refers to the percentage contribution relative to the industry’s outstanding net leasing and financing receivables as estimated by the Philippine SEC
“NSO”	.....	National Statistics Office
“Philippine SEC”	.....	The Securities and Exchange Commission of the Philippines
“Philippine Stock Exchange” or	.....	Philippine Stock Exchange, Inc.
“PSE”	.....
“RCIT”	.....	Regular Corporate Income Tax

“Republic Act No. 337” or the “General Banking Act”	.....	The law pertaining to the power of the Monetary Board of the BSP to regulate and supervise financial institutions in general
“Republic Act No. 5980”, as amended by RA No. 8556, or the “Financing Company Act”	.....	The primary law regulating the organization and operation of financing companies
“Residual Value”	.....	The estimated value of a leased equipment at the end of the lease period
“SBL”	.....	Single Borrower’s Limit
“SMEs”	.....	Small- and medium-sized enterprises with total assets ranging from P1.50 Million to P60.0 Million
“SFAS No. 23”	.....	Accounting standard relating to deferred income tax accounting
“Shares”	.....	Common shares of par value Php 1.00 each in the capital of the Company
“SRC”	.....	Securities Regulation Code
“STCPs”	.....	Short-term commercial papers
“universal banks”	.....	Banking institutions with expanded commercial banking authorities
“VAT”	.....	Value-Added Tax

SUMMARY INFORMATION

THE COMPANY

BDO LEASING AND FINANCE, INC. (the “Company”), is a domestic corporation incorporated with the Philippine Securities and Exchange Commission (SEC) in 1981 under Republic Act No. 8556 (the “Financing Company Act”), and listed with the Philippine Stock Exchange (PSE) on January 6, 1997. The Company is eighty-five percent (85%)-owned by BDO Unibank, Inc. (“BDO” or the “Parent Company”), a company incorporated and domiciled in the Philippines. The Company is the principal business unit of BDO engaged in leasing and financing.

The Company became a subsidiary of BDO when BDO and Equitable PCI Bank, Inc. entered into a merger effective May 31, 2007, with BDO as the surviving entity. BDO is presently engaged in the banking business as a universal bank.

BDO Rental, Inc. (formerly Equitable Pentad Rental, Inc. or “BDO Rental”), a wholly-owned subsidiary of the Company, is licensed by the SEC to engage in renting and leasing of equipment. It started its commercial operations on June 30, 2005.

The Company and BDO Rental continue their respective operations up to present. The Company and BDO Rental are not under bankruptcy, receivership or similar proceedings, and have not undertaken any material reclassification, consolidation or purchase or a sale of a significant amount of assets not in the ordinary course of their respective businesses.

RISK OF INVESTING

Investors should prudently assess all attendant risks, as well as other considerations associated with an investment in this Offer. Such risks include those arising from credit risk, market risk, liquidity risk and operational risk. These are discussed under “Risk Factors” on page 7.

SUMMARY FINANCIAL INFORMATION

The following selected information was derived from the audited financial statements as of December 31, 2014 and for the years ended December 31, 2013 and 2012. The audited financial statements were audited by Punongbayan & Araullo, in accordance with the Generally Accepted Accounting Principles in the Philippines. The information should be read in conjunction with, and is qualified in its entirety by reference to such financial statements and related notes thereto and “Management’s Discussion and Analysis or Plan of Operation”.

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

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2014 and 2013

(Amounts in Millions of Philippine Pesos, Except Per Share Data)

		<u>Group</u>		<u>Parent Company</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
REVENUES					
Interest and discounts	Php	1,450.9	1,297.8	1450.7	1,297.7
Rent		613.1	380.8	-	1.2
Service fees and other income		209.6	224.3	240.3	197.4
		<u>2,273.6</u>	<u>1,902.9</u>	<u>1,691.0</u>	<u>1,496.3</u>
OPERATING COSTS AND EXPENSES					
Interest an Financing Charges		467.9	418.6	431.1	400.2
Occupancy and equipment related expenses		534.3	352.2	56.0	61.1
Employee Benefits		161.4	183.4	161.4	183.4
Impairment and credit losses		100.0	126.0	100.0	126.0
Tax and licenses		179.3	148.7	170.4	144.0
Litigation/assets acquired expenses		24.9	17.0	24.6	17.0
Others		91.7	91.2	91.7	88.9
		<u>1,559.5</u>	<u>1,337.1</u>	<u>1,035.2</u>	<u>1,020.6</u>
PROFIT BEFORE TAX		714.1	565.8	655.8	475.7
TAX EXPENSE		210.1	145.5	179.5	118.2
NET PROFIT	Php	504.0	420.3	476.3	357.5
OTHER COMPREHENSIVE INCOME		35.2	86.3	35.2	86.3
TOTAL COMPREHENSIVE INCOME		539.2	506.6	511.5	443.8
EARNINGS PER SHARE	Php	<u>0.23</u>	<u>0.19</u>	<u>0.22</u>	<u>0.17</u>

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

STATEMENTS OF FINANCIAL POSITION
For the years ended December 31, 2014 and 2013
(Amounts in Millions of Philippine Pesos)

		<u>Group</u>		<u>Parent Company</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
ASSETS					
Cash & cash equivalents	Php	417.7	138.0	360.3	129.1
Available-for-sale Financial Assets		2,373.3	2,093.5	2,373.3	2,093.5
Loans & Other Receivables – Net		23,646.6	20,975.0	23,672.5	20,971.2
Property and equipment – Net		2,012.6	1,424.2	4.3	7.5
Investment properties - Net		320.6	145.7	320.6	145.7
Other assets – Net		479.1	561.0	477.8	720.8
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	Php	29,249.9	25,337.4	27,208.8	24,067.8
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND EQUITIES					
Bills payable	Php	19,653.0	16,448.5	17,993.0	15,517.4
Accounts payable and other liabilities		340.8	258.1	266.8	196.5
Dividends Payable		-	-	-	-
Income Tax Payable		36.4	27.5	36.4	27.5
Deferred Tax Liability – Net		40.0	15.2	40.0	15.2
Lease deposits		4,193.9	3,817.1	4,148.9	3,774.6
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES		24,264.1	20,566.4	22,485.1	19,531.2
		<hr/>	<hr/>	<hr/>	<hr/>
Capital stock		2,225.2	2,225.2	2,225.2	2,225.2
Additional paid-in capital		571.1	571.1	571.1	571.1
Treasury shares		(81.8)	(81.8)	(81.8)	(81.8)
Retained Earnings		2,165.8	1,986.2	1,903.7	1,751.8
Unrealized Fair Value Loss on AFS securities		140.6	112.2	140.6	112.2
Net Accumulated Actuarial Losses		(35.1)	(41.9)	(35.1)	41.9
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EQUITY		4,985.8	4,771.0	4,723.7	4,536.6
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY	Php	29,249.9	25,337.4	27,208.8	24,067.8
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

GENERAL RISK WARNING

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance. There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities.

An investor deals in a range of investments each of which may carry a different level of risk.

PRUDENCE REQUIRED

This risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. An investor should undertake his or her own research and study on the trading of securities before commencing any trading activity. He/She may request information on the securities and issuer thereof from the Commission which are available to the public.

PROFESSIONAL ADVICE

An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risk involved in trading of securities specially those high risk securities.

RISK FACTORS

Portfolio Concentration Risks

As of December 31, 2014, 60% of the Company's leasing and financing portfolio consisted of exposure in firms in the following sectors: transportation, construction, real estate, mining and consumer products. The Company maintains a general policy of avoiding excessive exposure in any particular sector of the Philippine Economy. The Company actively seeks to increase its exposure in industry sectors which it believes possess attractive growth opportunities. Conversely, it actively seeks to reduce its exposure in industry sectors where growth potential is minimal. Although the Company's leasing and financing portfolio is composed of transactions with a wide variety of businesses, the results of operations and financial condition of the Company may be adversely affected by any downturn in these sectors as well as in the Philippine economy in general.

The Company is exposed to a variety of financial risk which results from both its operating and investing activities. The Company's risk management is coordinated in close cooperation with the Board of Directors, and focuses on actively securing the Company's short-to-medium-term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below.

Risk Management

Risk management of the Company's credit, market, liquidity, and operational risks is an essential part of 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 risk, including risk policies and risk philosophy of the Company.

Foreign Currency Sensitivity

Most of the Company's transactions are carried out in the Philippine peso, its functional currency. Exposures to currency exchange rate on financial assets arise from an insignificant portion of the Company's leasing and financing portfolio, cash and cash equivalents and lease deposits which are denominated in US dollars.

Interest Rate Risk

The Company follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. The current composition of the Company's assets and liabilities results in significant negative gap positions for repricing periods under one year. Consequently, the Company may be vulnerable to increases in market interest rates. However, in consideration of the substantial net interest margins between the Company's marginal funding cost and its interest-earning assets; and favorable lease and financing terms which allow the Company to reprice annually, and to reprice at anytime in response to extraordinary fluctuations in interest rates, the Company believes that the adverse impact of any interest rate increase would be limited. In addition, during periods of declining interest rates, the existence of a negative gap position favorably impacts the Company.

Credit Risk

The Company manages credit risk by setting limits for individual borrowers, and groups of borrowers and industry segments. The Company maintains a general policy of avoiding excessive exposure in any particular sector of the Philippine economy.

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location.

Liquidity Risk

The primary business of financing companies entails the borrowing and re-lending of funds. Consequently, financing companies are subjected to substantial leverage, and may therefore be exposed to the potential financial risks that accompany borrowing.

The Company expects that its continued asset expansion will result in the higher funding requirements in the future. Like most financing companies in the Philippines, the Group does not have a license to engage in quasi-banking function, and as such, is precluded from engaging in deposit-taking activities. In addition, it is precluded under the General Banking Act from incurring borrowings from more than nineteen (19) lenders at any one time, which to some extent, restricts its access to the public debt markets.

The Company believes that it currently has adequate debt funding from banks, other financial institutions, and through the issuance of Short Term Commercial Papers (STCPs). The Company has a license from the SEC to issue P15 billion STCPs. In December 2014, it obtained authorization to issue additional Php10B STCPs, to bring its total authorization to Php25B.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflow due in a day-to-day business.

TAXATION

Relevant Tax Regulations

Among the significant provisions of the National Internal Revenue Code (NIRC) that apply to the Group are the following:

- a. The regular corporate income tax (RCIT) of 30% (effective January 1, 2009) is imposed on taxable income net of applicable deductions
- b. Fringe benefits tax of 32% is imposed on the grossed-up value of the benefits given by employers to their managerial and supervisory employees (this is a final tax to be paid by the employer);
- c. Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid at the end of the year starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT. On October 19, 2007, the BIR issued Revenue Regulation (RR) No. 12-2007 which requires the quarterly computation and payment of the MCIT beginning on the income tax return for the fiscal quarter ending September 30, 2007. This amended certain provisions of RR No. 9-98 which specifically provides for the computation of the MCIT

at end of each taxable year. Thus, in the computation of the tax due for the taxable quarter, if the computed quarterly MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly corporate income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter.

d. Net operating loss carryover (NOLCO) can be claimed as deduction against taxable income within three years after NOLCO is incurred;

e. Effective July 2008, Republic Act 9504 was approved giving corporate taxpayers an option to claim itemized deduction or optional standard deduction (ODS) equivalent to 40% of gross sales. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made;

f. The amount of interest expense allowed as income tax deduction is reduced by an amount equal to 33% of the interest income subjected to final tax.

g. October 2012, the BIR prescribed the rules on deductibility of depreciation expenses as it relates to purchase of vehicles and other related thereto, and input taxes allowed thereto through RR No. 12-2012. Revenue Memorandum Circular No. 2-2013 was issued on December 28, 2012 clarifying certain provisions on the deductibility of depreciation expense as it relates to purchase of vehicles and other related thereto, and the Input Taxes allowed;

h. Effective November 2012, the BIR issued RR No. 14-2012 for proper tax treatment of interest income earnings on Financial Instrument and other related transaction. Subsequently, the BIR also issued RMO No. 27-2012 for the creation of alphanumeric tax code and RMO No. 84-2012 for the clarification on tax treatment of interest income earnings on loans that are not securitized, assigned or participated out; and

i. RR No. 18-2012 was issued for the Processing of Authority to Print Official Receipts, Sales Invoices, and Other Commercial Invoices using the On-line ATP System and providing for the Additional Requirements in the Printing thereof.

j. RR No. 9-2013 was issued May 10, 2013 amending certain provisions of RR No. 30-2002 relative to the payment of the amount offered as compromise settlement. Under Section 6 of the National Internal Revenue Code "The compromise offer shall be paid by the taxpayer upon filing of the application of compromise settlement. No application for compromise settlement shall be processed without the full settlement of the offered amount. In case of disapproval of the application for compromise settlement, the amount paid upon filing of the aforesaid application shall be deducted from the total outstanding liabilities.

k. Effective June 01, 2013, BIR issued RR No. 10-2013 amends further pertinent provisions of RR No. 2-98, as last amended by RR No. 30-2003, providing for the inclusion of Real Estate Service Practitioners (RESP's), (i.e. real estate consultants, real estate appraisers, and real estate brokers) who passed the licensure examination given by the Real Estate Service pursuant to RA 9646 "The Real Estate Service Act of the Philippines" among those professionals falling under Sec. 2.57.2 (A)(I) of RR No. 2-98, as amended subject to the 10% and 15% creditable (expanded) withholding tax and to amend Section 2.57.2 (G) of RR 14-2002 to include real estate practitioners who did not pass or did not take up licensure examinations given by the Real Estate Service. These regulations shall cover income payments to be paid or payable starting June 01, 2013 which are required to be remitted within the month of July 2013.

l. Beginning of the calendar year 2013, RR No. 11-2013 prescribes the filing/submission of hard copy of the Certificate of Compensation Payment / Tax Withheld (BIR Form 2316) covering employees who are qualified for substituted filing thereby amending RR No. 2-98 as last amended by RR No. 010-08. In cases covered by substituted filing, the employer shall furnish each employee with the original copy of BIR

Form 2316 and file/submit to the BIR the duplicate copy not later than February 28 following the close of the calendar year.

m. RR No. 12-2013 issued last July 12, 2013 amends Section 2.58.5 of RR no. 2-98, as amended, Relative to the Requirements for deductibility of Certain Income Payments. No deduction will be allowed notwithstanding payments of withholding tax at the time of audit investigation or reinvestigation / reconsideration in cases where no withholding of tax was made in accordance with Secs. 57 and 58 of the NIRC.

n. On September 17 , 2013, the BIR issued RR No. 17-2013, prescribes the guidelines on the preservation of Books of Accounts and other accounting records. Under Section 2 all taxpayers are required to preserve their books of accounts, including subsidiary books of accounts and other accounting records, for a period of ten (10) years reckoned from the day following the deadline from the date of the filing of the return, for taxable year when the last entry was made in the books of accounts.

o. RR No. 18-2013 which was issued November 28,2013 amends certain sections of RR No. 12-99 relative to the due process requirement in the issuance of Deficiency Tax Assessment. RR 18-2013 introduced New Assessment Phase which removes requirement for issuance of informal conference, mandates issuance of FAN 15 days from receipt of reply to PAN and if Taxpayer fails to reply to PAN within 15 days, he is in default and FAN issued right away. In terms of protesting and administrative appeal it requires indication of which kind of protest whether reinvestigation or reconsideration otherwise void. Other changes imposed by RR 18-2013 is the imposition of 20% delinquency interest, in addition to the 20% deficiency interest.

p. RR No. 1-2014 was issued on December 17, 2013 amending the Provisions of Revenue Regulations (RR) No. 2-98, as further amended by RR No. 10-2008, specifically on the submission of alphabetical list of employees/payees of income payments. These Regulations were issued for purposes of ensuring the information on all income payments paid by employers/payors, whether or not subject to the withholding tax except on cases prescribed under existing international agreements, treaties, laws and revenue regulations, regardless on the number of employees and/or payees, are monitored by and captured in the taxpayer database of BIR, with the end in view of establishing simulation model, formulating analytical framework for policy analysis, and institutionalizing appropriate enforcement activities, and

q. On January 24,2014, the BIR issued RR No. 2-2014 to prescribe new BIR forms that will be used for income tax returns (ITRs) filing covering and starting the taxable year ended December 31,2013.

r. On April 25, 2014, BIR issued RMC No. 46-2014 to clarify taxability of Financial Lease for the purpose of Documentary Stamp Tax (DST).

Gross Receipts Tax (GRT) / VAT

Beginning January 1, 2003, the imposition of VAT on banks and financial institutions became effective pursuant to the provisions of Republic Act No. 9010. The Company became subject to VAT based on their gross receipts, in lieu of the GRT under Sections 121 and 122 of the Tax Code, which was imposed on banks, non-banks financial intermediaries and finance companies in prior years.

On January 29, 2004, Republic Act No. 9238 reverted to the imposition of GRT on banks and financial institutions. This law is retroactive to January 1, 2004. The Company complied with the transitional guidelines provided by the BIR on the final disposition of the uncollected Output VAT as of December 31, 2004.

On May 24, 2005, the amendments to the Tax Code under Republic Act No. 9337 was approved amending, among others, the gross receipts tax on royalties, rentals of property, real or personal, profits from exchange and on net trading gains within the taxable year of foreign currency, debt securities, derivatives and other similar financial instruments from 5% to 7% effective November 1, 2005.

Supplementary Information Required Under Revenue Regulations (RR) 15-2010 and 19-2011

The BIR issued RR Nos. 15-2010 and 19-2011 which required certain supplementary information to be disclosed as part of the notes to financial statements. The supplementary information is, however, not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards; it is neither a required disclosure under the SEC rules and regulations covering the form and content of financial statements under Securities Regulation Code Rule 68.

MARKET INFORMATION FOR SECURITIES OTHER THAN COMMON EQUITY
 CPs has no established public trading market from which market information for CPs can be obtained.

USE OF PROCEEDS

The principal purpose for the which the net proceeds from the sale of the Php 15.00 Billion Commercial Papers (“CP”) Issue will be used as payment of maturing obligations and relending.

Computation of net proceeds for the sale of Php 15.00 Billion will use these formulas.

$$\text{Proceeds} = \text{Discount} + \text{Credit Withholding Tax}$$

$$\text{Discount} = \frac{(\text{Face Value} \times 360)}{((\text{Rate} \times \text{Term}) + 360)}$$

$$\text{Gross Interest} = \text{Face Value} - \text{Discount}$$

$$\text{CWT} = \text{Gross Interest} \times 20\%$$

Net Proceeds for Commercial Papers sold will vary depending on the following factors :

1. Face Value
2. Term
3. Agreed upon yield or rate. Rates given to clients vary from 2.350% – 2.550%

Total Commercial Paper License applied for is Php 15.00 Billion.

The order of priority for the use of proceeds are as follows.

1. Retire the following debt.

<u>Lenders</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>
(as of September 30, 2015) Short Term CPs	13,282,900,000.00	2.350%- 2.550%	10.02.2015-03.28.2016

Outstanding Obligations (as of September 30,2015)

<u>Maturity Within 6 Months</u>	Amount	Rate	Maturity Date
Short-term Commercial Paper	12,282,900,000.00	2.350%-2.550%	10.02.2015-03.17.2016
Short-Term PN	6,150,030,899.61	2.200%-3.000%	10.01.2015-02.03.2016
Long-Term PN	-	-	-
 <u>Maturity 6Months to 1Year</u>	 Amount	 Rate	 Maturity Date
Short-term Commercial Paper	1,000,000,000.00	2.500%	03.28.2016
Short-Term PN	-	-	-
Long-Term PN	306,375,000.00	3.250%	06.30.2016
 <u>Maturity Over 1 Year</u>	 Amount	 Rate	 Maturity Date
Short-term Commercial Paper	-	-	-
Short-Term PN	-	-	-
Long-Term PN	1,030,000,000.00	3.250%	07.22.2017
 <u>Past due</u>	 Amount	 Rate	 Maturity Date
Short-term Commercial Paper	-	-	-
Short-Term PN	-	-	-
Long-Term PN	-	-	-

2. For payment of other expenses of issuance and distribution with the ff breakdown Php 10,214,625.00

<u>Particular</u>	<u>Amount</u>
PhilRating	2,016,000.00
SEC Fees	4,355,625.00
Selling Agent Fees	3,750,000.00 (maximum estimate amount for the year)
Publication	50,000.00
Printing	40,000.00
Binding	3,000.00

3. Remaining amount of Php 1,706,885,375.00 will be used for re-lending for future marketing requirements of the company

No material amount of proceeds is to be used to acquire assets or finance the acquisition of other businesses.

No proceeds are to be used to reimburse any officer, director, employee or shareholder for service rendered, assets previously transferred, money loaned or advance or otherwise.

In the event of any deviation/adjustment in the planned use of proceeds, the Company shall inform its stockholders and SEC at least thirty (30) days prior to its implementation.

DETERMINATION OF THE OFFERING PRICE

The Maturity Value is One Hundred Percent of the face value.

The Offering Price is determined at the time of issuance of the CPs. The interest rates are based on prevailing market rates at the time of issue.

OFFERING PERIOD

The offering period will commence upon approval of the SEC of the CPs and will end upon the expiry of the license of the CPs.

PLAN OF DISTRIBUTION

BDOLF has appointed BDO Capital & Investment Corporation as its Exclusive Selling Agent.

Amount to be Underwritten: **Fifteen Billion Pesos Only**
(Php 15,000,000,000.00)

BDO Capital & Investment Corporation, the sole underwriter of its CPs, is a wholly-owned subsidiary of Banco de Oro and is an affiliate of the Company.

BDO Capital, licensed by the Commission to engage in underwriting or distribution of securities to the public and as selling agent, shall sell the commercial papers of BDO Leasing and Finance, Inc. only to end-users, i.e. institutions who by the very nature of their functions do not sell nor trade debt instruments in the secondary market. This shall automatically exclude investment houses, securities dealers and brokers.

The distribution and sale of the commercial papers and the compliance by BDO Leasing with this agreement will not conflict with or constitute a breach of any agreement, contract or other instrument, its Articles of Incorporation, By-Laws or any resolution of the Board of Directors of the Issuer or any right of the stockholders of the Issuer.

In consideration for the commitment and undertaking and other services of the Selling Agent as provided herein, the Issuer shall pay selling commissions/fees equivalent to:

Over and above normal trading margins for CPs sourced by the Selling Agent, one-fortieth of one percent (1/40% per annum), based on the full term and principal of each CP sold during a given month.

The Issuer shall be answerable for and/or reimburse the Selling Agent, upon billing, the cost of documentary stamp taxes, legal and notarial fees incurred by the Selling Agent arising from or in connection with this Agreement, the offering and distribution of the CPs.

Selling Agents Commitment and Undertaking on the CP Issue - On the basis of the representations, warranties, and covenants of the Issuer, the Selling Agent hereby agrees with the Issuer as follows:

- a) **Selling Agent's Commitment** - The Selling Agent's Commitment and undertaking to sell the commercial paper issue of the Issuer shall be up to **PESOS: TWENTY FIVE BILLION ONLY** (Php 25,000,000,000.00).
- b) **Term** - The Selling Agent's commitment, unless a cease and desist order is issued by the SEC, shall be conterminous with the validity period of the Issuer's authority to issue CP.
- c) **Termination or Cancellation** - Notice of termination or cancellation of the agreement whether unilaterally or mutually agreed upon by the contracting parties should be made with SEC.
- d) **Conditions To Selling Agent's Commitment** - The Selling Agent's Commitment is premised on: i) the accuracy of the Issuer's representations and warranties herein; and ii) the performance by the Issuer of its obligations herein.
- e) **Selling Agent's Fees** - The maximum estimate amount for the year of Selling Agent fees is Php 3,750,000.00.

The responsibilities of the Selling Agent as follows:

A. Reportorial requirements in the prescribed form:

1. Quarterly reports on CP transactions accompanied by interim quarterly financial statements to be submitted within thirty (30) calendar days following the end of the reference quarter.

B. Notify the SEC and BSP on the following matters:

1. When the Issuer is unable to provide the information necessary to meet reportorial requirements, the Selling Agent shall, not later than two (2) working days prior to due date, make notice of such fact to the Commission.
2. When the Issuer fails to pay in full any CP upon demand at stated maturity date, the Selling Agent shall, on the next working day, notify the SEC and the SEC will issue a cease and desist order enjoining the Issuer and the Selling Agent to stop the further sale of CPs.

C. Conditions in the issuance of BDOLF P15.000 Billion CP Authority by the Bangko Sentral ng Pilipinas.

1. BDOLFI shall limit its borrowings, including the issuance/sale of its SEC registered papers (CPs) to nineteen (19) or less lenders/purchasers at all times.
2. BDOLFI shall sell its commercial papers (CPs) only to end-users, i.e., institutions who by the very nature of their functions do not sell nor trade debt instruments in the secondary market. This shall automatically exclude investment houses, securities dealers and brokers.
3. BDOLFI shall submit to BSP-DTBNBFI a quarterly report of all buyers of BDOLFI's commercial papers including a list of its borrowings/lenders in the prescribed format **THIRTY (30) CALENDAR DAYS** from end of reference month.
4. BDOLFI shall inform in writing its selling agent and all CP buyers that (a) BDOLFI is a non-bank financial institution not authorized to engage in quasi-banking functions and therefore, not allowed to borrow from more than 19 at all times; and (b) they shall not sell BDOLFI's commercial papers in the secondary market without the prior consent of BDOLFI except when the sale is made to an existing creditor of BDOLFI. The selling agent and CP buyers shall affix their conforme in the letter advise.
5. BDOLFI shall not hire the services of a paying agent. Liquidation of the CP once matured will be made by BDOLFI to the CP buyer.
6. BDOLFI's failure to comply with the foregoing conditions shall cause BSP to recommend to SEC the suspension of its CP authority.



UNDERWRITERS REPRESENTATIVE ON THE BOARD OF DIRECTORS

There is no arrangement whereby the underwriter has the right to designate or nominate a member/s of the board of directors of the Registrant.

INTERESTS OF NAMED EXPERTS AND COUNSELS

The audited financial statements of the Company as of and for the years ended December 31, 2013 and 2012, together with notes thereto, were audited by Punongbayan & Araullo, independent public accountants, as indicated in their reports which are included herein.

Direct or Indirect Interest in Registrant

The above-named experts and counsels will not receive a direct or indirect interest in the registrant nor was such expert and counsels are a promoter, underwriter, voting trustee, director, officer or employee of the registrant.

DESCRIPTION OF REGISTRANT'S SECURITIES

- A. Amount :** Php 15.000 Billion
- B. Expiry Date of License:** Three hundred sixty five (365) from the date of approval by the Securities and Exchange Commission
- C. Interest Rate :** Prevailing money market rates
- D. Minimum Purchase :** The minimum maturity value of each registered commercial instrument shall not be lower than THREE HUNDRED THOUSAND PESOS (Php300,000.00)
- E. Manner of Purchase :** The above mentioned commercial papers will be available for sale from the selling agent, subject to the minimum purchase amount with interest rate and maturity terms based on prevailing market conditions.
- F. Delivery of CP :** Delivery of the commercial paper will be made upon full payment of any purchase from the selling agent.
- G. Taxation :** The purchase of the above commercial papers will be subject to taxation rules and regulations of the Bureau of Internal Revenues pertaining to such purchase.
- H. Liabilities :** BDOLF as Commercial Paper Issuer is liable and responsible for any obligations arising from the sale of its commercial papers as provided for under pertinent sections of the Negotiable Instruments Law and the Securities Regulation Code. In addition, the Issuer is jointly responsible with the Selling Agent for complying with all reportorial requirements of the SEC and the Central Bank in connection with the commercial paper issue.
- I. Rights of Debt holders :** Debt holders shall not sell BDOLFI's commercial papers in the secondary market without prior consent of BDOLFI except when the sale is made to an existing creditor of BDOLFI. The selling agent and CP buyers shall affix their conforme in the letter advise.
- J. Debt Securities :** There are no debt securities to be disclosed. Also, there is no trustee(s) designated by the indenture.
- K. Credit Ratings :** BDOLFI's has a rating of PRS 2, as presently assigned by Philratings. Philratings sighted that BDOLF continues to be in a favorable position in a competitive market.
- L. Interest of Named Experts:** No experts or counsels will receive a direct or indirect interest in the registrant or was such expert and counsels are a promoter, underwriter, voting trustee, director, officer or employee of the registrant.

INFORMATION WITH RESPECT TO THE REGISTRANT

1. Business of Issuer

BDO LEASING AND FINANCE, INC. (the "Company"), is a domestic corporation incorporated with the Philippine Securities and Exchange Commission (SEC) in 1981 under Republic Act No. 8556 (the "Financing Company Act"), and listed with the Philippine Stock Exchange (PSE) on January 6, 1997. The Company is eighty-five percent (85%)-owned by BDO Unibank, Inc. ("BDO" or the "Parent Company"), a company incorporated and domiciled in the Philippines. The Company is the principal business unit of BDO engaged in leasing and financing.

The Company became a subsidiary of BDO Unibank after the merger of BDO Unibank and Equitable PCI Bank, Inc. which took effect on May 31, 2007, with BDO Unibank as the surviving entity. BDO Unibank is presently engaged in the banking business as a universal bank.

BDO Rental, Inc. (formerly Equitable Pentad Rental, Inc. or "BDO Rental"), a wholly-owned subsidiary of the Company, is licensed by the SEC to engage in renting and leasing of equipment. It started its commercial operations on June 30, 2005.

The Company and BDO Rental continue their respective operations up to present. The Company and BDO Rental are not under bankruptcy, receivership or similar proceedings, and have not undertaken any material reclassification, consolidation or purchase or a sale of a significant amount of assets not in the ordinary course of their respective businesses.

2. Principal Products/Services

The Company's principal business is providing leasing & financing products to individual and corporate clients.

The Company's leasing products include direct leases, sale-leaseback arrangements, and operating leases. The Company's financing products include commercial and retail loans, installment paper purchases, factoring of receivables and floor stock financing. Loan availments of clients are used to finance the purchase of automobiles, trucks, office equipment, industrial, agricultural and office machinery, real property, and financial assets such as receivables and inventories.

Following is a general description of the Company's leasing and financing products:

Leasing Products:

Finance Lease – A source of medium term financing for the acquisition of capital equipment and is ideal if you plan to keep the asset up to the end of the term. With just a low upfront cost, you can use the asset immediately.

Operating Lease – This refers to a short-term lease that does not permit the recovery of the investment by the lessor during the initial period of lease. It is an off-balance sheet transaction where rentals are recorded in the lessee's book as expense. The operating lease product is being offered by BDO Rental.

Direct Lease - The Company purchases an asset selected by a client from a supplier and leases it to the client. Through this lease arrangement, the client overcomes budgetary constraints, enhances efficiency in cash flow management through rental payments, and minimizes the required equity contribution for asset acquisition.

Sale-Leaseback - The Company purchases an asset from a client based on appraised value. The Company then "leases back" the asset to the client. This type of lease arrangement simultaneously provides liquidity to the client and continued use of the asset.

Financing Products:

Commercial Loan - The Company provides financing to a commercial client through a loan secured by a mortgage on the latter's equipment or real property. The client is able to avail of longer amortization terms as compared to unsecured loans. A commercial loan addresses a client's capital expenditure or permanent working capital need.

Retail Loan - The Company provides financing to an individual client through a loan secured by a mortgage on the latter's personal or real property. A consumer loan addresses an individual client's financing requirements.

Installment Paper Purchase - The Company purchases on a "with recourse basis" the installment sales contracts of a client usually engaged in motor vehicle, appliance, or equipment dealership at a stipulated discount, thereby providing liquidity to the same client.

Factoring of Receivable - As a variation of the receivables discounting product, the Company's purchase of a client's short-term receivables is on a "with or without recourse basis", with the Company directly collecting payment from the client's debtors. The client gains immediate liquidity, and transfers responsibility of the collection process to the Company.

Variations of each leasing or financing products are offered, depending on the nature of a client's business, preferences and financial position.

As of December 31, 2014, the Company's leasing and financing products contributed 60.26% and 30.07% to its gross revenues, respectively, vis-a-vis 2013 projected ratios of forty three percent (43%) and forty three percent (43%), respectively.

New Product or Services

There were no publicly announced new products or services.

Sales Contracts

The Company's business is not dependent upon a single customer or a few customers, the loss of any or more of which would have a material adverse effect on the Company and its subsidiaries taken as a whole.

None of the Company's customers account for, or based upon existing orders will account for, thirty percent (30%) or more of the Company's sales, and the Company has no existing major sales contracts.

Government Approval

Under the Financing Company Act, only corporations for which a license to engage in the business of a financing company granted by the SEC may engage in both leasing and financing activities. Apart from the foregoing requirement, no other government approval is needed for the Company's and its subsidiary's principal products and services.

Market Position

The Company occupies a dominant position in the leasing and financing industry.

Marketing of Products/Services

The Company markets its products through its Head Office located in ADB Ave. Ortigas Center, Mandaluyong City (Business address Ortigas, Quezon City) and its branch network nationwide. The Company has an extensive branch network in the leasing and financing industry, with six (6) branches, located in Cagayan de Oro City (Misamis Oriental), Cebu City (Cebu), Davao City (Davao), Iloilo City (Iloilo), San Fernando (Pampanga) and Makati City (Metro Manila).

The company has a wholly-owned subsidiary, BDO Rental, Inc. is licensed by the SEC to engage in renting and leasing of equipment. BDO Rental started its commercial operations on June 30, 2005.

As part of the BDO Group, the Company enables to gain name recognition and marketing referrals provided by its parent company, BDO Unibank, via the latter's nationwide branches and institutional banking group. The Parent Company's well-established presence throughout the country helps the Company in understanding the local business environment and finding potential clients.

Competition

The SEC's licensing requirements allow financing companies to engage in both leasing and financing activities. As a matter of practice, financing companies are classified based on their product specializations and target markets.

Some financing companies may focus on consumer leasing and financing, while others, like the Company, concentrate on commercial leasing and financing clients. Among financing companies targeting commercial clients, there are differences in the market segment being served, with certain financing companies focusing on established prime companies, and others focusing on smaller clients.

The Company competes with other financing company affiliated with other banks, independent financing companies, and other financing companies affiliated with diversified financial services firms. However, its key competitors are those firms engaged in servicing the leasing or financing requirements of commercial clients in the broader "Top 5,000" Philippine companies which include small-and medium-enterprises (SMEs).

The principal competitors of Company are Orix Metro Leasing & Finance Corporation, BPI Leasing Corporation, LBP Leasing Corporation, Japan PNB Leasing & Finance Corporation, UCPB Leasing and Finance Corporation, First Malayan Leasing and Finance, Allied Leasing and Toyota Financial. The market strengths of our competitors are their competitive pricing of interest rates and fast turn around time. However, the company believes it can effectively compete with other companies by its wide branch network, wherein each branch offers the same leasing and financing product lines as the head office.

Sources and Availability of Raw Materials

The Company is not dependent upon one or limited number of suppliers/dealers for essential raw materials, equipment, energy or other items.

Employees

As of September 30, 2015, the Company had 191 employees – 21 senior officers, 74 junior officers and 96 rank & file employees. Of the total personnel, Executive Office is composed of two (2) employees; one hundred twenty seven (127) under the Marketing group; fifty seven (57) under the Operations group (Comptrollership and Operations, Risk Management, HR & Admin); three (3) under Treasury; and two (2) under the Company's subsidiary, BDO Rental. In 2015, the Company anticipates nineteen (19) additional employees. The Company believes that it has maintained good relationship with its employees. Rank & file employees receive benefits similar to those granted to the rank & file employees of BDO, under the terms of a Collective Bargaining Agreement (CBA) between the BDO Unibank and NUBE-BDO, a legitimate labor organization duly registered with the Department of Labor and Employment. The CBA expires on October 31, 2015. Coverage of the CBA includes wage increases, allowances, bonuses, loans and other benefits. There has been no threat or occurrence of a strike from the Company's employees for the past 3 years.

Related Party Transactions

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 the Company's related parties include BDO, affiliates, key management personnel and the retirement benefit fund as described below.

The summary of the Group's significant transactions with its related parties in 2014, 2013 and 2012 are as follows:

<u>Related Party Category</u>	<u>Notes</u>	<u>Amount of Transaction</u>		
		<u>2014</u>	<u>2013</u>	<u>2012</u>
Ultimate Parent Company (BDO)				
Interest income on savings and demand deposits	(a) P	0.5 P	0.2 P	0.3
Interest expense on bills payable	(b)	94.6	148.5	98.3
Rent expense	(d)	10.5	10.7	11.0
Management fees	(e)	2.4	2.4	2.4
Subsidiary (BDO Rental)				
Interest income on loans	(b)	-	-	0.7
Service fees	(c)	6.3	5.3	8.4
Rent income	(d)	0.4	0.4	0.4
Management fees	(e)	0.4	0.4	0.8
Dividend Income		43.8	-	-
Affiliate (BDO Capital)				
Professional fees	(f)	3.5	2.2	2.8
Key management personnel				
Short-term benefits	(g)	57.6	61.7	57.7
Post-employment benefits	(g)	-	-	17.0
Advances to officer	(g)	0.3	0.9	1.7

<i>Outstanding Balance</i>					
<i>Related Party Category</i>	<i>Notes</i>		<i>2014</i>		<i>2013</i>
Parent Company					
(BDO Unibank)					
Savings and demand deposits	(a)	P	409.2	P	119.2
Bills payable	(b)		4,387.2		6,119.8
Subsidiary					
(BDO Rental)					
Dividend Receivable	(j)	P	28.5	P	-
Key management personnel					
Advances employees	(h)		1.9		2.2
Retirement benefit fund					
Loans to officers and employees	(h)		2.0		3.4
Loans to members and beneficiaries	(h)		-		2.4
Shares of stock	(i)		1.1		0.9

- The Group maintains savings and demand deposit accounts with BDO. As of December 31, 2014 and 2013, savings and demand deposit accounts maintained with BDO are included under Cash and Cash Equivalents account in the statements of financial position. Interest income earned on deposits in 2014, 2013 and 2012 is included under Interest and Discounts as part of Revenues in the statements of comprehensive income.
- The Group obtains short-term, unsecured bills payable from BDO. The amount outstanding from borrowings as of December 31, 2014 and 2013 is presented under Bills Payable account in the statements of financial position. Interest expense incurred on these bills payable in 2014, 2013 and 2012 is included under Interest and financing charges account as part of Operating Costs and Expenses account in the statements of comprehensive income. Also, the Company grants short-term, unsecured loans to BDO Rental. There is no outstanding balance arising from this transaction as of December 31, 2014 and 2013. Total interest income earned by the Company on these loans in 2014, 2013 and 2012 is included under Interest and Discounts as part of Revenues in the statements of comprehensive income.
- On January 4, 2010, the Company and BDO Rental entered into a Service Agreement whereby BDO Rental will handle the collection of certain factored receivables of the Company, for a fee as agreed by the 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 Company all collections made and send monthly statement of accounts to customers. The related expense charged to the Company based on the Service Agreement is included under Other Operating Costs and Expenses in the Company's statements of comprehensive income.

There are no outstanding inter company payable and receivable from this transaction as of December 31, 2014 and 2013.

- The 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 Company and BDO. Related rent expense incurred in 2014, 2013 and 2012 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 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 2014 and 2013.
- In 2013, the Company entered into a service level agreement with BDO wherein BDO will charge the Company for certain management services that the former provides to the latter. Management fees paid by the Company to BDO is shown as part of Other Operating Costs and Expenses in the 2012 statement of comprehensive income. Also, the Company charges BDO Rental for the management services it renders to BDO Rental. This is presented as part of Other Income in the 2012 statement of comprehensive income of the Company. There are no outstanding receivable and payable on these transactions as of the end of 2014 and 2013.
- The Company engaged the services of BDO Capital and Investment Corporation (“**BDO Capital**”), a wholly owned subsidiary of BDO for underwriting services related to the Company’s issuance of bills payable in 2012. Service charges and fees paid by the Company to BDO Capital related to this transaction is included as part of the Other Operating Costs and Expenses in the statement of income. There is no outstanding payable related on this transaction as of the end of 2014 and 2013.
- 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 the 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 incurred post-employment benefit expense related to key management personnel included as part of Employee Benefits under Operating Costs and Expenses. The Group also granted cash advances to an officer.
- The Group maintains a retirement benefit fund with BDO covering all regular full-time employees. In the normal course of business, the retirement benefit fund grants salary and housing loans to certain officers and employees of the Company, and members and beneficiaries of the fund who are also officers of the Company. The housing loans are secured by the mortgage on the property and bear interest at 9% per annum and have terms ranging from 13 to 20 years. The salary loans on the other hand, are unsecured and bear interest ranging from 9% to 10% per annum and have terms ranging from 18 months to 3 years. There is no impairment loss recognized on this loan.
- The retirement fund holds 442,750 shares of stocks of the Company as an investment, which has a market value of P2.00 per share as of December 31, 2014 and 2013.
- In 2014, BDO Rental declared cash dividends amounting to P43.8 million which is presented as part of the Other Income in the Company's 2014 statement of income.

Intellectual Property

As of September 30, 2015, the Company has no existing or expiring patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements.

Governmental Regulation

The Company does not foresee new changes or amendments to the Financing Company Act that would significantly affect the Company's business.

Research and Development

The Company, being in the financing business, does not have research and development activities. In this regard, it does not incur research and development costs and is not affected by any environmental law.

PROPERTIES

The Company leases its head office premises from the Parent Company until its transfer in the BDO Corporate Centre Ortigas. Head office address is No 12 ADB Ave, Ortigas Center, Mandaluyong City (Business Address is at BDO Leasing Centre, Corinthian Gardens, Ortigas Avenue, Quezon City). In 2014 and 2013, the consolidated rent expense amounted to ₱16.5 million and ₱15.7 million, respectively. Cagayan de Oro, Davao, Iloilo, Pampanga and Cebu branches lease their premises from the Parent Company.

These are the details of the branches' office premises:

Cagayan:

- Operates at the 2nd Floor, BDO CDO-Lapasan Branch, Lapasan Highway, Cagayan de Oro City for a period of five years and will expire on January 8, 2019. Gross monthly rental amounts to P18,435 with no escalation clause.

Iloilo:

- Operates at the 2nd Floor, BDO Corporate Center, BDO Valeria Branch, Valeria St., Iloilo City for a period of five years and will expire on November 2018. Monthly rental amounts to P11,500 with no escalation clause.

Davao:

- Operates at the 4th Flr., BDO Davao- Claveria, No. 30 C.M. Recto Ave., Poblacion, Davao City for a period of five years and will expire on May 31, 2018. Gross monthly rental amounts to P14,313 with no escalation clause.

Cebu:

- Operates at the Mezzanine Floor, BDO Cebu – Gorordo Branch Bldg., Gorordo Ave. Lahug, Cebu City for a period of five years and will expire on May 31, 2019. Gross monthly rental amounts to P46,122.00 with no escalation clause.

Pampanga:

- Operates at the 3rd Flr., BDO Angeles- Balibago Branch Bldg., Ramon tang Ave., Diamond Subdivision, Balibago, Angeles City for a period of 5 years and will expire on December 14, 2018. Gross monthly rental amounts to P22,800 with no escalation clause.

Makati:

- Operates at the Ground Floor, Pacific Star Bldg., Sen. Gil Puyat corner Makati Avenue, Makati City for a period of three years and will expire on February 28, 2017. Monthly Rental amounts to P387,178.50 with escalation of 10% per annum beginning on the second year of the lease term.

The Company's facilities, office furniture, fixtures and equipment are in good condition. Distribution of office furniture fixture and equipment are as follows: Head office – ₱24.9 million; Makati – 0.3 million Cebu – ₱1.2 million; Davao – ₱0.6 million; Cagayan – ₱1.1 million; Iloilo – ₱1.0 million; Pampanga – ₱1.3 million.

There is no property the registrant intends to acquire in the next twelve (12) months.

LEGAL PROCEEDINGS

The Company is party to various legal proceedings which arise in the ordinary course of its operations. No such legal proceedings, either individually or in the aggregate, are expected to have a material adverse effect on the Company, its subsidiaries or its consolidated financial condition.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of the calendar year covered by this Report.

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

On July 15, 2003, the Board approved a program to buy-back shares from the stock market. The board authorized the Chairman or Vice-Chairman and the President to determine the amount and the timing of the program. The buy-back program was approved on the rationale that the market prices did not reflect the true value of the shares and therefore remaining shareholders would benefit from a buy-back into treasury. Purchase of shares are covered by guidelines which include buy-back of shares when the share prices is undervalued, the purchase prices shall be at prevailing market prices, and the cash expenditure for the buy-back will not adversely affect the liquidity requirements of the company for its business transactions.

Total treasury shares as of December 31, 2014 was 62,693,718 shares or a total value of ₱81,776,628.

Market Information

Debt Securities: Php 10.000 Billion commercial paper

Equity Securities: Refer to Market Information.

1) Trading Market

The principal market for the Company's common equity is the Philippine Stock Exchange (PSE)

2) Stock Prices

The market prices of the Company's share are as follows:

2015	High	Low
1 st Quarter	₱2.11	₱2.49
2 nd Quarter	₱2.28	₱2.55
3 rd Quarter	₱2.34	₱2.55

2014	High	Low
1 st Quarter	P2.00	P2.00
2 nd Quarter	P2.11	P2.11
3 rd Quarter	P2.20	P2.15
4 th Quarter	P2.15	P2.15
2013	High	Low
1 st Quarter	P2.01	P2.00
2 nd Quarter	P2.02	P2.00
3 rd Quarter	P1.90	P1.87
4 th Quarter	P2.00	P2.00
2012	High	Low
1 st Quarter	P1.65	P1.64
2 nd Quarter	P1.78	P1.78
3 rd Quarter	P2.03	P1.99
4 th Quarter	P2.00	P2.00

As of September 30, 2015 and December 31, 2014, the closing price of the Company's share were at P 2.47. and P 2.15, respectively.

Total number of stockholders as of September 30, 2015 was one thousand one hundred fifty five (1,155) and as of December 31, 2014 was one thousand one hundred sixty seven (1,167). Common shares outstanding as of September 30,2015 and December 30,2014 totaled 2,162,475,312.

3) Price Information on the Latest Practicable date

The Company's shares were last traded on Dec 8, 2015 at P2.45 per share.

4) Dividends Policy

Dividends declared by the Company on its shares of stocks are payable in cash or in additional shares of stock. The payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Corporation and other factors.

There are no restrictions that will limit the ability to pay dividends on common equity. The company and its subsidiary, BDO Rental Inc, has no established dividends policy as of the moment

5) Dividends

On February 25, 2014, Company's Board of Directors approved the declaration of cash dividends at P0.15 per share in favor of stockholders of record March 13,2014 paid on March 31,2014. Total dividends in 2014 amounted to P324.37 million.

On April 17, 2013, the BOD approved the declaration of cash dividends at P0.15 per share amounting to P324.4. The dividends were declared in favor of stockholders of record as of May 17, 2013 and were paid subsequently on June 13, 2013.

On April 8, 2012, the BOD approved the declaration of cash dividends at P0.05 per share amounting to P108.1. The dividends were declared in favor of stockholders of record as of May 31, 2012 and were paid subsequently on June 27, 2012.

Holders

The Company's common stockholders, with their respective shareholdings, as of September 30, 2015 are as follows:

<u>Name</u>	<u>No. of Shares Held</u>	<u>% to Total</u>
Banco de Oro Unibank, Inc. (Parent Company)	1,840,115,176	85.093003%
Various Stockholders	<u>322,360,136</u>	<u>14.906997%</u>
	<u>2,162,475,312</u>	<u>100.00000%</u>

The top twenty (20) stockholders of the Company as of September 30, 2015 are as follows:

<u>Name</u>	<u>Share Class</u>	<u>No. of Shares Held</u>	<u>% to Total</u>
Banco De Oro Unibank, Inc.	Common	1,840,115,176.00	85.093003%
PCD Nominee Corp (Filipino)	Common	233,260,793.00	10.786749%
Samuel Uy Chua	Common	21,000,000.00	0.971109%
Equitable Computer Services, Inc. A/C Equitable	Common	12,320,000.00	0.569717%
Panfilo Castro Jr.	Common	6,140,000.00	0.283934%
Felly G. Castro	Common	5,100,480.00	0.235863%
Marylen Castro Mateo	Common	3,795,000.00	0.175493%
Jesselen Castro Versoza	Common	3,795,000.00	0.175493%
Samuel Uy Chua	Common	3,011,150.00	0.139246%
Constantino Chua	Common	2,497,200.00	0.115479%
Equitable Computer Services Inc.	Common	2,070,200.00	0.095733%
Victor Barranda	Common	1,157,475.00	0.053525%
Mercury Group of Companies	Common	1,089,165.00	0.050367%
Constantino Chua &/or Willington Chua &/or George W. Chua	Common	1,020,000.00	0.047168%
Nardo R. Leviste	Common	759,000.00	0.035099%
Oscar M. Lopez	Common	683,100.00	0.031589%
Willington/Constantino Chua/ George W. Chua Chua	Common	584,430.00	0.027026%
Willington Chua	Common	508,530.00	0.023516%
Pablo Son Keng Po	Common	455,400.00	0.021059%
Wilson Go	Common	438,625.00	0.020283%

7) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction.

There were no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

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

September 2015 Compared to September 2014

The company registered P387 million in net income for the quarter ending September 2015.

Gross revenues amounted to P1.9 billion, an increase of 13% from P1.7 billion last year. This was due to increased operating lease bookings as well as a hike in volumes from financial leases. Overall, Loans & Other Receivables grew by 14% from last year.

The portfolio growth was primarily funded by an 19% year-on-year increase in Bills Payable. Consequently, interest and financing charges rose 23% to P417 million.

Provision for Impairment & Credit Losses stood at P67 million decrease by 11% from last year's P75 million

Occupancy and equipment related expenses increased 22% to P41 million. Depreciation Expense-Operating Lease went up 37% to P473 million on a larger operating lease portfolio.

Litigation/assets acquired expenses decreased 25% to P6 million owing to lower maintenance expenses on acquired assets.

Total assets expanded 17% year-on-year to P33.2 billion, mainly due to the growth in net loans and other receivables. The Company's net lease portfolio climbed 20% or P2.7 billion while net non-lease portfolio went up by 6% or P650 million. Property, Plant and Equipment-net increased 29% or P502 million as a result of the increase in net leased assets of BDORI.

Cash & cash equivalents dropped 14% to P32 million as free funds were invested in higher-yielding earning assets. Consequently, Available for Sale investments, went up 44% to P1.0 billion.

Net investment properties rose to P228 million from P127 million, brought about by a reclassification of assets from Non Current Assets Held for Sale. Consequently, Other Assets declined year-on-year to P492 million from P640 million.

Bills Payable increased to P22.6 billion to finance the increasing volume of BLFI's portfolio.

Accounts Payable, accrued expenses and other liabilities decreased P21.0 million year-on-year due to a reduction in outstanding check payments to suppliers/dealers.

Lease deposits went up from P4.1 billion in September 2014 to P5.2 billion, consistent with growth in volumes.

Stockholders' equity stood at P5.0 billion.

The Company's five (5) key performance indicators are seen below (in comparison with other leading Leasing Corporations namely Orix, BPI Leasing and Toyota Financial Services)

	BDOLF		ORIX	BPI	TFS
	Sep-15	Sep-14	Sep-14	Dec-14	Mar-15
Current Ratio	0.49:1	0.41:1	1.05:1	0.75:1	0.76:1
Quick asset ratio	0.46:1	0.38:1	1.04:1	0.75:1	0.76:1
Debt to Equity Ratio	5.62:1	4.91:1	4.98:1	3.35:1	9.08:1
Net Profit Margin	20.48%	22.49%	21.50%	27.08%	16.95%
Return on Equity	10.53%	10.63%	21.52%	10.14%	13.70%

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

As of December 31, 2014, the Company raised gross proceeds of approximately P1,451,500,000 from the STCP. After deducting the discounted interest (net of withholding tax), the net proceeds from the STCP amounted to P1,448,083,731. The net proceeds will be used by the Company to further solidify the Company's capital adequacy and financial strength, among others, specifically as follows: (1) Re-lending; (2) Payment of Maturing Obligations; and (3) Rollover of Existing STCP Placements.

Actual Proceeds as at Dec 31,2014

Gross Proceeds 1,451,500,000.00
Net Proceeds 1,448,083,731.00

Expenditures

Rollover 948,182,137.00
Relending 64,863,190.00
PN Payment 435,038,404.00
Balance - Dec 31,2014 23,548,500,000.00

As of Septmeber 30, 2015, the Company raised gross proceeds of approximately P13,282,900,000 from the STCP. After deducting the discounted interest (net of withholding tax), the net proceeds from the STCP amounted to P13,181,753,477.84. The net proceeds will be used by the Company to further solidify the Company's capital adequacy and financial strength, among others, specifically as follows: (1) Re-lending; (2) Payment of Maturing Obligations; and (3) Rollover of Existing STCP Placements.

Actual Proceeds as at Sep 30,2015

Gross Proceeds 13,282,900,000.00
Net Proceeds 13,181,753,477.84

Expenditures

Rollover 9,397,594,058.50
Relending 567,790,497.69
PN Payment 3,216,368,921.65
Balance - Sep 30,2015 11,717,100,000.00

Related Party Transactions
(Amounts in Millions of Philippine Pesos)

In the ordinary course of business, the Group enters into transactions with BDO Unibank and other affiliates. Under the Group's policy, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks.

The Group's and Parent Company's related parties include BDO Unibank and affiliates as described below.

The summary of the Group's significant transactions with its related parties in September 30, 2015, December 31, 2014 and September 30, 2014 are as follows:

<u>Related Party Category</u>	Note	<u>Amount of Transaction</u>		
		September 30, 2015	December 31, 2014	September 30, 2014
Ultimate Parent Company (BDO Unibank)				
Interest expense on Bills Payable	(b)	76.5	94.6	66.7
Rent Expense	(d)	7.4	10.5	8.1
Management fees	(e)	1.8	2.4	1.8
Subsidiary (BDO Rental)				
Service fees	(c)	3.4	6.3	2.9
Rent Income	(d)	0.3	0.4	0.2
Management fees	(e)	0.3	0.4	0.2
Dividend Income			43.8	
Affiliate (BDO Capital)				
Service and charges fees	(f)	3.3	3.5	2.7
Outstanding Balance				
<u>Related Party Category</u>	Note	September 30, 2015	December 31, 2014	September 30, 2014
Parent Company (BDO Unibank)				
Bills Payable	(b)	3,470.2	4,387.2	4,237.6
Key Management Personnel				
Advances employees	(h)	3.6	1.9	1.7

A) The Group maintains savings and demand deposit accounts with BDO Unibank. As of September 30, 2015, December 31, 2014 and September 30, 2014, savings and demand deposit accounts maintained

- with BDO Unibank are included under Cash and Cash Equivalents account in the statements of financial position. Interest income earned on deposits in September 30, 2015, December 31, 2014 and September 30, 2014, 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 September 30, 2015, December 31, 2014 and September 30, 2014 is presented under Bills Payable account in the statements of financial position. Interest expense incurred on these bills payable in September 30, 2015, December 31, 2014 and September 30, 2014, 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 no outstanding intercompany payable or receivable from this transaction as of September 30, 2015, December 31, 2014 and September 30, 2014.
- D) The Parent Company leases its head office premises and certain branch offices from BDO Unibank for terms ranging from one to five years, renewable for such period and under such terms and conditions as may be agreed upon between the Parent Company and BDO Unibank. Related rent expense incurred in September 30, 2015, December 31, 2014 and September 30, 2014, 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 is no outstanding receivable or payable on these transactions as of the end of September 30, 2015, December 31, 2014 and September 30, 2014.
- 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 is no outstanding receivable or payable on these transactions as of the end of September 30, 2015, December 31, 2014 and September 30, 2014.
- F) The Parent Company engaged the services of BDO Capital and Investment Corporation (BDO Capital), a wholly owned subsidiary of BDO Unibank for underwriting services related to the Parent Company's issuance of bills payable in 2013. Professional fees paid by the Parent Company to BDO Capital related to this transaction is included as part of Other Operating Costs and Expenses in the September 2015 and 2014 statement of comprehensive income. There is no outstanding payable related on this transaction as of the end of September 30, 2015, December 31, 2014 and September 30, 2014.
- G) The Group also granted cash advances to an officer in 2015 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.

Internal and External Sources of Liquidity

The Company's internal liquidity comes from the daily collections from various clients. External sources range from credit facilities extended by various banks, corporate and individual placers. The Company is confident to meet its current and long-term obligations as they mature.

Material Commitments for Capital Expenditures

The company has a project for a new computerized Leasing System which was launched last January 2015.

Projections

Total Assets is projected to grow to P35.6 billion or 22% in 2015 with Net Loans and Other Receivables increasing from P23.6 billion in 2014 to P29.2 billion in 2015 or up to 24%. Total Revenue is estimated at P2.7 billion by year-end 2015 while Interest and Financing Charges and Operating Lease-related Depreciation total P600.3 million and P643.2 million, respectively.

Projected Net income is P575 million, an increase of 14% versus the P504.0 million Audited 2014 Performance.

Funding will be mainly sourced from STCP, bank lines and collections. The Company secured an approval in 2014 for P25 Billion worth of STCP.

INFORMATION ON INDEPENDENT ACCOUNTANT

Information on Independent Accountant and Other Related Matters

(1) External Audit Fees and Services

(a) Audit and Audit-Related Fees

The aggregate fees billed for each of the last two (2) fiscal years for professional services rendered by the external auditor was P0.868 million for the year 2014 and P0.888 million for the year 2014. These fees cover services rendered by the external auditor for audit of the financial statements and other services in connection with statutory and regulatory filings for fiscal year 2014 and 2013.

(b) Tax fees and other fees

No other fees were paid to Punongbayan & Araullo (P&A) for the last two fiscal years.

(c) The Board Audit Committee has the oversight responsibility over the audit function and activities of Internal and External auditors. It provides assurance that (a) financial disclosures made by the management as presented in the Internal Auditor's report reasonably reflect the financial condition; the results of operation; and the plans and long-term commitments; and (b) internal controls are operating as intended and whether modifications are necessary.

The Board Audit Committee has the responsibility to select and recommend to the Board the External Auditors. It reviews the audit coverage of the External Auditors and deliberates on their audit report prior to endorsement to the Board for approval. It reports to the Board audit-related matters requiring the Board's action.

There are no events that will trigger direct or contingent financial obligation that is material to the company including any default or acceleration of an obligation.

There are also no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationship of the company with unconsolidated entities or other persons created during the reporting period.

There is also no material commitments for capital expenditure. No known trends events or uncertainties that have or had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations were noted.

No significant elements of income or loss that did not arise from registrant's continuing operations were identified.

(2) CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

P&A has been appointed as the Company's Independent Public Accountant in 2014. There was no event in the past where P&A and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope and procedures.

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

General Management and overall direction of the Company is being provided by the Board. The following are the eleven (11) members of the Board as of August 2015.

Name	Position	Age
Teresita T. Sy	Chairperson	64
Roberto E Lapid	Vice Chairman & President	58
Antonio N Cotoco	Director	66
Luis S Reyes Jr	Director	57
Nestor V Tan	Director	57
Exequiel P Villacorta Jr	Director	69
Walter C Wassmer	Director	58
Jeci A Lapus	Director	62
Jesse H T Andres	Independent Director	50
Ma Leonora V de Jesus	Independent Director	64
Jesus G Tirona	Independent Director	74
Gerard M Aguirre	First Vice President	60
Agerico Melecio S Verzola	First Vice President & Marketing Head	57
Peter Blair S Agustin	Vice President and Chief Risk and Compliance Officer	45

TERESITA T. SY

CHAIRPERSON

64 YEARS OLD, FILIPINO

Ms. Teresita T. Sy was first elected Director of the Company in September 2005. She was first elected to the board of BDO in 1997 where she now sits as Chairperson. Concurrently, she serves as the Chairperson, Vice Chairperson, and/or Director of various subsidiaries and affiliates of BDO such as BDO Private Bank, BDO Leasing and Finance, Inc., BDO Capital & Investment Corporation, BDO Foundation, Inc., Generali Pilipinas Holding Company, Inc., Generali Pilipinas Life Assurance Company, Inc., and Generali Pilipinas Insurance Co. Ms. Sy is the Vice Chairperson of SM Investment and adviser to the board of SM Prime Holdings, Inc. She also sits as Vice Chairperson and/or Director of such companies as Multi-Realty Development Corporation, Bellshare Holdings, Inc. (formerly SM Commercial Properties, Inc.), SM Mart, Inc. SM Retail, Inc., Prime Metroestate Inc. (formerly Pilipinas Makro, Inc.), and First Asia Realty Development Corp. A graduate of Assumption College, she brings to the Board her varied expertise in banking & finance, retail merchandising, mall and real estate development.

ROBERTO E. LAPID

VICE-CHAIRMAN & PRESIDENT

58 YEARS OLD, FILIPINO

Mr. Roberto E. Lapid was appointed as the Vice Chairman of the Company on December 1, 2010 and President last April 23, 2014. He is concurrently the Vice chairman and President of BDO Rental. He was formerly the President of Equitable Exchange, Inc. and Vice Chairman/Director of EBC Investments, Inc. (now BDO Strategic Holdings Inc.). He holds a Bachelor's degree in Business Administration from the University of the Philippines.

JESSE H.T. ANDRES

INDEPENDENT DIRECTOR
50 YEARS OLD, FILIPINO

Atty. Jesse H.T. Andres was elected as Independent Director of the Company on September 20, 2005, and is presently a member of the Company's Board Audit Committee, Corporate Governance Committee, and Chairman of the Nomination Committee. In September 2004, he was appointed member of the Board of Trustees of the Government Service Insurance System where he also served as the Chairman of the Corporate Governance Committee. Since July 1, 2011, he is the Managing Partner of the Andres Marcelo Padernal Guerrero and Paras Law Offices. He was also a Partner in the PECABAR Law Offices from 1996 to 2003 where he became Co-Head of the Litigation Department in 2001. Previously, he was Senior Manager of the Philippine Exporters' Foundation. Atty. Andres holds a Bachelor of Arts Degree in Economics from the U.P. School of Economics and a Bachelor of Laws degree from the U.P. College of Law.

ANTONIO N. COTOCO

DIRECTOR
66 YEARS OLD, FILIPINO

Mr. Antonio N. Cotoco was elected to the Board of the Company on January 25, 2001. He currently serves as Senior Executive Vice President and a member of the Board Credit Committee of BDO, and Director of BDO Insurance Brokers, Inc., BDO Remit Limited, Express Padala (Hong Kong) Limited, BDO Remit (Macau) Ltd., BDO Remit (USA), Inc., and Express Padala Frankfurt GmbH. He is the Chairman BDO Rental He has been involved in Investment Banking, Corporate Finance, Treasury, Consumer Banking, Credit, Business and Development & Account Management over the past 32 years. He currently also serves as a Director of OAC Realty & Development Corporation. Mr. Cotoco holds a Master's degree in Business Administration from the University of the Philippines.

MA. LEONORA V. DE JESUS

INDEPENDENT DIRECTOR
64 YEARS OLD, FILIPINO

Ms. Ma. Leonora V. De Jesus was elected as Independent Director of the Company on May 12, 2008 and is presently the Chairperson of the Company's Board Audit Committee, and a member of the Nomination Committee. She is also an Independent Director of BDO Capital & Investment Corporation, BDO Elite Savings Bank, Inc. (formerly GE Money Bank, Inc.), and SM Development Corporation. She was formerly Independent Director of Equitable Savings Bank and PCI Capital Corporation. She is a professorial lecturer at the University of the Philippines, Diliman. In addition, she conducts training programs and consultancies on corporate governance best practices for banking institutions and other corporations. Ms. De Jesus was a trustee of the Government Service Insurance System from 1998 until 2004, and was a member of the Cabinet of President Corazon C. Aquino, President Fidel V. Ramos and President Joseph E. Estrada. She holds Bachelor's, Masteral and Doctoral degrees in Psychology from the University of the Philippines.

LUIS S. REYES JR.

DIRECTOR
57 YEARS OLD, FILIPINO

Mr. Luis S. Reyes, Jr. was elected as Director of the Company on April 18, 2012 and is Senior Vice President for Investor Relations and Corporate Planning of BDO. He is currently a Director of BDO Strategic Holdings, Inc. He holds a Bachelor of Science degree in Business Economics from the University

of the Philippines. He was First Vice President of Far East Bank & Trust Company, Trust Banking Group before joining BDO.

NESTOR V. TAN

DIRECTOR

57 YEARS OLD, FILIPINO

Mr. Nestor V. Tan was elected Director of the Company on January 23, 2007. He was elected President of BDO in July 1998. He also concurrently holds vice chairmanships and/or directorships in the following subsidiaries of BDO Unibank, Inc.: BDO Capital & Investment Corporation, BDO Insurance Brokers, Inc., BDO Private Bank, Inc., BDO Remit (USA), Inc. Generali Pilipinas Life Assurance Company, Inc., and SM Keppel Land, Inc. He also concurrently holds the Chairmanship of BDO Strategic Holdings Inc. and Megalink, Inc. He is the Director and Treasurer of Generali Pilipinas Insurance Co., and Trustee of BDO Foundation, Inc. He is also the director of the Bankers Association of the Philippines. Prior to joining the BDO Group, Mr. Tan had a 15-year banking career with the Mellon Bank (now Bank of New York – Mellon) in Pittsburgh PA, the Bankers Trust Company (now Deutsche Bank) in New York, and the Barclays Group in New York and London. He holds a Bachelor's degree in Commerce from De La Salle University and received his MBA from Wharton School, University of Pennsylvania.

JESUS G. TIRONA

INDEPENDENT DIRECTOR

74 YEARS OLD, FILIPINO

Mr. Jesus G. Tirona has been elected Independent Director to the Board of the Company since July 30, 2007 and is currently a member of its Board Audit Committee. He is an Independent Director of BDO Capital & Investment Corp. and Armstrong Securities, Inc., and also formerly of American Express Bank Philippines (A Savings Bank, Inc.) and EBC Investments, Inc. (now BDO Strategic Holdings Inc.). He is a Trustee of the BDO Foundation, Inc. He was formerly the President/CEO of LGU Guarantee Corp. - a private sector led credit guarantee institution jointly owned by the BAP, the DBP the ADB - whose mandate is to provide creditworthy LGUs and the utilities sector access to the capital markets through LGUGC-enhanced local debt instruments. He was also Managing Director/CEO of the Guarantee Fund for SMEs and the BAP Credit Guaranty Corp., - both entities promoting SME development. He has a long extensive experience in banking and finance, having built a career with Citibank as well as with other large domestic financial institutions. He is a scholar of the Asian Productivity Organization in Corporate Social Responsibility and is a Fellow of the Institute of Corporate Directors.

EXEQUIEL P. VILLACORTA, JR.

DIRECTOR

69 YEARS OLD, FILIPINO

Mr. Exequiel P. Villacorta, Jr. was elected Director of the Company on May 24, 2006. He was previously director of Equitable PCI Bank, Inc. from 2005 to 2006, and EBC Insurance Brokerage, Inc., and Maxicare Healthcare Corporation. He was formerly the Chairman of EBC Strategic Holdings Corporation, EBC Investments, Inc. (now BDO Strategic Holdings Inc.), Jardine Equitable Finance Corporation, Strategic Property Holdings, Inc., PCIB Properties, Inc., Equitable Data Center, Inc. and PCI Automation Center, Inc. He was previously President and CEO of Banco De Oro Universal Bank and TA Bank of the Philippines, and was Vice President of Private Development Corporation of the Philippines (PDCP). He was Senior Adviser and BSP Controller of Equitable PCI Bank, Inc. and PBCOM; and Adviser to the Board of PCI Capital Corporation.

WALTER C. WASSMER

DIRECTOR

58 YEARS OLD, FILIPINO

Mr. Walter C. Wassmer was elected Director of the Company on November 17, 1999. He is the Senior Executive Vice President and Head of BDO's Institutional Banking Group. He is currently the Chairman of BDO Elite Savings Bank, Inc. [formerly GE Money Bank, Inc. (A Savings Bank), Inc.]. He also serves as Director of MDB Land, Inc., and Mabuhay Vinyl Corporation. He is also the President of L.P. Wassmer Trading, Inc. and Treasurer of WT & T, Inc.

JECIA A. LAPUS

DIRECTOR

62 YEARS OLD, FILIPINO

Mr Jeci A . Lapus was Director of the Company on April 23, 2014. Prior to being director, he was and Adviser to the Board for BDO Leasing and Finance Co. from 2007 to 2014 and was an Independent Director of PCI Leasing and Finance, Inc. from 2005-2007. He was also part of the House of Representatives from 2007-2013 and held previous high ranking positions in the Philippine National Oil Co and National Agri Business Corp. He also reserved as a Reserved Officer with rank of Lieutenant Colonel in the Philippine Air Force. Mr. Lapus holds a Bachelor of Science Degree in Civil Engineering from the Mapua Institute of Technology and passed the CE Board in 1975.

Independent Directors

The Company has three independent directors namely: Atty. Jesse H.T. Andres, Mr. Jesus G. Tirona and Ms. Ma. Leonora V. De Jesus.

Executive Officers:

The Board of Directors is assisted in its task by the following, which make up the senior management of the Company. The following are the executive officers of BDO Leasing and Finance, Inc. as of June 30, 2015.

ROBERTO E. LAPID

VICE-CHAIRMAN & PRESIDENT

58 YEARS OLD, FILIPINO

Mr. Roberto E. Lapid was appointed as the Vice Chairman of the Company on December 1, 2010. He is concurrently a Director of BDO Rental. He was formerly the President of the Company, BDO Rental and Equitable Exchange, Inc. and Vice Chairman/Director of EBC Investments, Inc. (now BDO Strategic Holdings Inc.). He holds a Bachelor's degree in Business Administration from the University of the Philippines.

GERARD M. AGUIRRE

FIRST VICE-PRESIDENT

60 YEARS OLD, FILIPINO

Mr. Gerard M. Aguirre is currently the First Vice President of BDO Leasing and Finance, Inc. He is responsible for the leasing and loan portfolio of BDO IBG International Desk accounts. He handles the recently established BDOLF Team 9 – International Desks comprised of three (3) personnel. He is also a

Director of BDO Rental. He was the Area Head of BDO (formerly EPCIB) Combank North/Central Luzon before joining the company. Mr. Aguirre earned his BS Degree in Business Management from the Ateneo De Manila University.

AGERICO MELECIO S VERZOLA

FIRST VICE-PRESIDENT & MARKETING HEAD

57 YEARS OLD, FILIPINO

Mr. Agerico Melecio S Verzola was appointed as First Vice President & Marketing Head of BDO Leasing and Finance, Inc. on October 1, 2014. Mr Verzola, has been involved in Credit, Corporate Banking, Commercial Banking, Branch Banking and Branch Lending, and Investment Banking for over 34 years. He graduated with a degree of AB Economics from the University of the Philippines School of Economics, Diliman and finished a 6-month Advance Senior Management Course in AIM.

PETER BLAIR S. AGUSTIN

VICE-PRESIDENT & CHIEF RISK AND COMPLIANCE OFFICER

44 YEARS OLD, FILIPINO

Mr. Peter Blair Agustin is Vice President at BDO Unibank Group and was appointed as Chief Risk and Compliance Officer of BDO Leasing and Finance, Inc. in February 2014. He joined BDO Unibank in November 2005. Mr. Agustin has been involved in commercial banking, remedial accounts and asset management, corporate recovery and credit and risk management over the past 18 years. He also was senior technical and policy officer at the Presidential Management Staff – Office of the President of the Philippines from 1989 to 1996. Mr. Agustin earned his Master's Degree in Business Administration from the Ateneo Graduate School of Business in 1995 (Dean's Lister) and his Bachelor's degree in Economics from the University of Mindanao in 1989 (*Summa Cum Laude* and was chosen as one of The Outstanding Students of the Philippines in 1989).

Significant Employee

There is no person, other than the executive officers, who is expected by the Company to make significant contribution to the business.

Family Relationships

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons nominated or chosen by the Company to become directors or executive officers.

Involvement of Directors and Executive Officers in Certain Legal Proceedings

The Company is not aware of any legal proceedings of the nature required to be disclosed under Part I, paragraph C of "Annex C" of SRC Rule 12 with respect to directors and executive officers.

The company is not aware of any other legal proceedings of the nature required to be disclosed under Part I, paragraph C of "Annex C" of SRC Rule 12 with Respect to directors and executive officers.

The Company is not aware of any bankruptcy proceedings filed by or against any business of which a director or executive officer is a party or of which any of their property is subject.

The Company is not aware of any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, or any of its director or executive officer occurring within the past five (5) years up to January 31, 2015.

The Company is not aware of any order, judgment, or decree not subsequently reversed, superseded, or vacated, by any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting the involvement of a director or executive officer in any type of business, securities, commodities, or banking activities.

The Company is not aware of any findings by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory organization, that any of its director or executive officer, has violated a securities or commodities law.

ITEM 10. EXECUTIVE COMPENSATION

Summary Compensation Table

Named Group

<i>Name and Principal Position (CEO & Executive Officers)</i>	<i>Year</i>	<i>Salary</i>	<i>Bonuses</i>
<i>The President and four most highly compensated executive officers</i>			
<i>2014:</i>			
<i>Roberto E Lapid (President)</i>			
<i>Gerard M. Aguirre (First Vice President)</i>			
<i>Agerico Verzola (First Vice President)</i>			
<i>Rosalisa B. Kapuno (Vice President)</i>			
<i>Jennifer F. So (Vice President)</i>			
<i>2013:</i>			
<i>Georgiana A. Gamboa (President)</i>			
<i>Gerard M. Aguirre (First Vice President)</i>			
<i>Renato G. Oñate (First Vice President)</i>			
<i>Rosalisa B. Kapuno (Vice President)</i>			
<i>Jennifer F. So (Vice President)</i>			
<i>TOTAL SALARY</i>	<i>2015*</i>	Php 17,341,940	Php 8,646,311
	<i>2014</i>	15,765,400	7,860,283
	<i>2013</i>	17,317,125	9,141,000

• Estimate amount for 2014

Unnamed Group

	<i>Year</i>	<i>Salary</i>	<i>Bonus</i>
Directors and all other Officers as a group Unnamed	2015*	Php 83,576,966	Php 21,237,895
	2014	75,979,060	19,307,178
	2013	77,329,191	19,355,430

A. Compensation of Directors

Under the Company's By-laws, the Directors are entitled to an honorarium of Php 1,000.00 for their attendance at each regular or special meeting of the Board.

There were no other arrangements, including consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated; no employment contracts and termination of employment and change-in-control arrangements; no employment contract between the Company and a named executive officer; and no compensatory plan or arrangement, including payments to be received from the Company, with respect to a named executive officer.

B. Outstanding warrants or options held by the registrants CEO, executive officers, and all officers and directors as a group.

There are no outstanding warrants or options held by the Company's chief executive officer, executive officers, and all officers and directors as a group.

C. Any repricing of warrants or options held by such officers or directors in the last completed fiscal year, as well as the basis for each such repricing.

Not Applicable. There are no outstanding warrants or options held by the Company's chief executive officer, executive officers, and all officers and directors as a group.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

(1) September 30, 2015 the Company is 85% owned by the Parent Company and the remaining 15% is owned by various stockholders with only one stockholder having a 5% holding of the outstanding capital stock as of said date.

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percentage
Common	BDO Unibank Inc.* (<i>Philippine Commercial International Bank; Banco De Oro Unibank, Inc.</i>) BDO Corporate Center, 7899 Makati Avenue, Makati City BDO Unibank, Inc. is the		Filipino	1,840,115,176	85.09%

	parent company of the Compan /.				
Common	PCD Nominee Corp G/F Makati Stock Exchange Building, 6767 Ayala Ave., Makati City PCD Nominee has no relationship with the issuer except as stockholder	No stockholder owns more than 5% of the company's voting securities	Filipino	232,260,793	10.79%

Security Ownership of Management as of September 30, 2015:

(2) Following are the securities beneficially owned by directors and executive officers of the Company.

Directors:

Title of Class	Name of Beneficial Owner	Amount and nature of beneficial ownership	Citizenship	Percent of Class
Common	Teresita T. Sy Chairperson	100 (R)	Filipino	0.0000046%
Common	Roberto E. Lapid Vice Chaiman & President	100 (R)	Filipino	0.0000046%
Common	Jeci A. Lapus	100 (R)	Filipino	0.0000046%
Common	Jesse H.T. Andres	100 (R)	Filipino	0.0000046%
Common	Antonio N. Cotoco	115 (R)	Filipino	0.0000053%
Common	Ma.Leonora V. De Jesus	100 (R)	Filipino	0.0000046%
Common	Luis S. Reyes Jr.	100 (R)	Filipino	0.0000046%
Common	Nestor V. Tan	100 (R)	Filipino	0.0000046%
Common	Jesus G. Tirona	100 (R)	Filipino	0.0000046%
Common	Exequiel P. Villacorta Jr.	100 (R)	Filipino	0.0000046%
Common	Walter C. Wassmer	100 (R)	Filipino	0.0000046%
	Total	1,115		0.0000513%

Officers :

Title of Class	Name of Beneficial Owner	Amount and nature of beneficial ownership	Citizenship	Percent of Class
Common	Teresita T. Sy Chairperson	100 (R)	Filipino	0.0000046%
Common	Roberto E. Lapid Vice Chaiman & President	100 (R)	Filipino	0.0000046%
Common	Rosario C. Crisostomo Vice President	106, 260 (R)	Filipino	0.0049138%
	Total	106, 460		0.004923%

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In the ordinary course of business, the Group enters into transactions with BDO Unibank and other affiliates. Under the Group's policy, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks.

The Group's and Parent Company's related parties include BDO Unibank and affiliates as described below.

The summary of the Group's significant transactions with its related parties in September 30, 2015, December 31, 2014 and September 30, 2014 are as follows:

<u>Related Party Category</u>	Note	<u>Amount of Transaction</u>		
		September 30, 2015	December 31, 2014	September 30, 2014
Ultimate Parent Company (BDO Unibank)				
Interest expense on Bills Payable	(b)	76.5	94.6	66.7
Rent Expense	(d)	7.4	10.5	8.1
Management fees	(e)	1.8	2.4	1.8
Subsidiary (BDO Rental)				
Service fees	(c)	3.4	6.3	2.9
Rent Income	(d)	0.3	0.4	0.2
Management fees	(e)	0.3	0.4	0.2
Dividend Income			43.8	
Affiliate (BDO Capital)				
Service and charges fees	(f)	3.3	3.5	2.7
Outstanding Balance				
<u>Related Party Category</u>	Note	September 30, 2015	December 31, 2014	September 30, 2014
Parent Company (BDO Unibank)				
Bills Payable	(b)	3,470.2	4,387.2	4,237.6
Key Management Personnel				
Advances employees	(h)	3.6	1.9	1.7

A. The Group maintains savings and demand deposit accounts with BDO Unibank. As of September 30, 2015, December 31, 2014 and September 30, 2014, savings and demand deposit accounts maintained with BDO Unibank are included under Cash and Cash Equivalents account in the statements of financial position. Interest income earned on deposits in September 30, 2015, December 31, 2014 and September

30, 2014, 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 September 30, 2015, December 31, 2014 and September 30, 2014 is presented under Bills Payable account in the statements of financial position. Interest expense incurred on these bills payable in September 30, 2015, December 31, 2014 and September 30, 2014, 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 no outstanding intercompany payable or receivable from this transaction as of September 30, 2015, December 31, 2014 and September 30, 2014.

D. The Parent Company leases its head office premises and certain branch offices from BDO Unibank for terms ranging from one to five years, renewable for such period and under such terms and conditions as may be agreed upon between the Parent Company and BDO Unibank. Related rent expense incurred in September 30, 2015, December 31, 2014 and September 30, 2014, 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 is no outstanding receivable or payable on these transactions as of the end of September 30, 2015, December 31, 2014 and September 30, 2014.

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 is no outstanding receivable or payable on these transactions as of the end of September 30, 2015, December 31, 2014 and September 30, 2014.

F. The Parent Company engaged the services of BDO Capital and Investment Corporation (BDO Capital), a wholly owned subsidiary of BDO Unibank for underwriting services related to the Parent Company's issuance of bills payable in 2013. Professional fees paid by the Parent Company to BDO Capital related to this transaction is included as part of Other Operating Costs and Expenses in the September 2015 and 2014 statement of comprehensive income. There is no outstanding payable related on this transaction as of the end of September 30, 2015, December 31, 2014 and September 30, 2014.

G. The Group also granted cash advances to an officer in 2015 and 2014.

H. The Group maintains a retirement benefit fund with BDO covering all regular full-time employees. In the normal course of business, the retirement benefit fund grants salary and housing loans to certain

officers and employees of the Company, and members and beneficiaries of the fund who are also officers of the Company. The housing loans are secured by the mortgage on the property and bear interest at 9% per annum and have terms ranging from 13 to 20 years. The salary loans on the other hand, are unsecured and bear interest ranging from 9% to 10% per annum and have terms ranging from 18 months to 3 years.

I. The retirement fund holds 442,750 shares of stocks of the Company as an investment, which has a market value of P2.00 per share as of December 31, 2014 and 2013.

J. In 2014, BDO Rental declared cash dividends amounting to P43.8 million which is presented as part of Other Income in the Company's 2014 statement of income.

2.) The Company, to finance its lending requirements, borrows funds from BDO at prevailing market rates. The Company's credit line with BDO stood at P7.00 billion for the year December 31, 2014 and P7.00 billion for the year ended December 31, 2013 and P7.00 billion for December 31, 2012.

3.) The Company and its two (2) branches maintain current and savings accounts with the Parent Company. Current accounts are non-interest earning while savings accounts earned interest of 0.50% per annum.

The Company entered into a Service Level Agreement with BDO, pursuant to which BDO shall provide the Company with the following information technology (IT) services: Business Continuity Center and telecommunications infrastructure maintenance (including email and network connectivity of BDO Leasing - Head Office and its branches/marketing desks with BDO), internet connectivity, transmission line security and authentication (firewall encryption/decryption facilities, etc.), training of the Company's IT personnel; IT voice and data network design, planning, project management and project implementation assistance; server administration and maintenance; system/application development and maintenance; IT product evaluation and vendor selection. In consideration of said services, the Company pays BDO P200,000 monthly.

4.) Loans to officers NIL as of December 31, 2014.