

November 13, 2013

THE DISCLOSURE DEPARTMENT
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: MS.JANET A. ENCARNACION
Head, Disclosure Department

Gentlemen:

Please find the SEC Form 17-Q of BDO Leasing and Finance, Inc.(BDOLF) for the quarter ending September 30, 2013.

Thank you very much.


RODOLFO M. CARLOS JR.
Compliance Officer

BDO Leasing & Finance, Inc.
BDO Leasing Centre
Corinthian Gardens, Ortigas Avenue
Quezon City, Philippines
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111132013000266



SECURITIES AND EXCHANGE COMMISSION

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Industry Classification
Company Type Stock Corporation

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

(Company's Full Name)

B D O L E A S I N G C E N T R E , C O R I N T H I A N
G A R D E N S O R T I G A S A V E . Q . C . M . M .

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

GEORGIANA A. GAMBOA
Contact Person

635-64-16 / 840-7000
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

SEC FORM 17- Q
FORM TYPE

any day in April of every
year as determined by the
BOD
Annual Meeting

n/a
Secondary License Type, If Applicable

C F D
Dept. Requiring this Doc

Amended Articles Number / Sec.

1,183
Total No. of Stockholders

Total Amount of Borrowings
PHP 14,303,132,351.80
Domestic

-
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended September 30, 2013
2. Commission identification number 097869
3. BIR Tax Identification No. 000-486-050-000
4. Exact name of issuer as specified in its charter BDO LEASING & FINANCE, INC.
5. Province, country or other jurisdiction of incorporation or organization Philippines
6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office BDO Leasing Centre, Corinthian Gardens, Ortigas Ave., Q. C. 1100
Postal Code
8. Issuer's telephone number, including area code 632/ 635-6416, 635-5817, 840-7000
9. Former name, former address and former fiscal year, if changed since last report N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code,
or Sections 4 and 8 of the RSA N/A

<u>Title of each Class</u>	<u>Number of shares of common stock outstanding and amount of debt outstanding</u>
<u>Common Stock, P1.00 par value</u>	<u>2,162,475,312 / P 14,303,132,351.80</u>

11. Are any or all of the securities listed on a Stock Exchange?

Yes [] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange, Inc.

Common stock

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a) – 1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [] No []

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

Yes [] No []

PART I--FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

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

The accounting policies and methods of computation used in the audited financial statements as of and for the year ended December 31, 2012 were consistently applied in the interim financial reports.

Adoption of New Interpretations, Revisions and Amendments to PFRS

There are new PFRS, revisions, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2012. Management has initially determined the following pronouncement, which the Company will apply in accordance with their transitional provisions, to be relevant to its financial statements.

PFRS 9, *Financial Instruments* (effective from January 1, 2015). PAS 39 will be replaced by PFRS 9 in its entirety which is being issued in phases. The main phases are (with a separate project dealing with derecognition):

- Phase 1: Classification and Measurement
- Phase 2: Impairment Methodology
- Phase 3: Hedge Accounting

To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning January 1, 2015. Other chapters dealing with impairment methodology and hedge accounting are still being developed. Management conducted a study on the impact of an early adoption of PFRS 9 on our financial statements. Our assessment was based on the Company's Audited Financial data as of December 31, 2012. The Company also conducted evaluation on the possible financial impact of PFRS 9. The Group does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published.

PAS 27 (Amendment), *Separate Financial Statements* – applicable

This revised standard now covers the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision. The Group is currently reviewing the impact on its financial statements of this amendment which will be effective from January 1, 2013.

PAS 28 (Amendment), *Investments in Associate and Joint Venture* – not applicable

PFRS 1, *First-time Adoption of PFRS on Government loans* – not applicable

PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets* – applicable

The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Group did not transfer any financial asset involving this type of arrangement; hence, the amendment did not result in any significant change in the Group's disclosures in its financial statements.

PFRS 10, *Consolidated Financial Statements* – applicable

This standard builds on existing principles of consolidation by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard also provides additional guidance to assist in determining control where this is difficult to assess. The Group is currently reviewing the impact on its financial statements of this amendment which will be effective from January 1, 2013.

PFRS 11, *Joint Arrangements* - not applicable

PFRS 12, *Disclosure of Interest in Other Entities* – not applicable

PFRS 13, *Fair Value Measurement (effective from January 1, 2013)* – applicable

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to assess the impact of the new standard on the Group's financial statements.

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

	September 30, 2013	(Audited) December 31, 2012	September 30, 2012
ASSETS			
Cash and Cash Equivalents	317.3	69.4	74.6
Available-for-Sale Investments	2,083.9	2,022.0	3,257.1
Loans & Other Receivables - net			
Finance Lease Receivables			
Finance lease receivables	8,655.3	7,279.0	6,084.4
Residual value of leased assets	3,560.4	3,128.8	2,754.5
Unearned lease income	(1,033.3)	(919.5)	(800.0)
	11,182.4	9,488.3	8,038.9
Loans and Receivables Financed			
Loans and receivables financed	7,656.2	8,086.4	9,112.4
Unearned finance income	(116.7)	(168.2)	(193.0)
Clients' Equity	(29.0)	(35.3)	(36.3)
	7,510.5	7,882.9	8,883.1
	18,692.9	17,371.2	16,922.0
Other Receivables			
Accounts Receivable	11.0	12.3	10.1
Sales Contract Receivable	13.6	16.5	24.1
Dividends Receivable	37.4	51.4	36.6
Accrued Interest Receivable	72.9	102.9	148.6
Accrued Rental Receivable	0.5	2.2	3.0
	135.4	185.3	222.4
Allowance for loan losses	(379.1)	(308.5)	(328.7)
Allowance for losses - misc. receivables	(3.0)	(3.0)	(3.0)
	(382.1)	(311.5)	(331.7)
	18,446.1	17,245.0	16,812.7
Property, Plant and Equipment - net	1,166.7	643.7	626.7
Investment Properties - net	362.2	379.5	378.4
Other Assets - net	466.8	375.9	340.4
	22,843.1	20,735.5	21,489.8
LIABILITIES AND STOCKHOLDERS' EQUITY			
Bills Payable	14,303.1	12,697.0	13,791.8
Accounts Payable, Accrued Interest and Other Liabilities	261.9	233.0	408.8
Lease Deposits	3,597.1	3,171.2	2,801.1
	18,162.1	16,101.2	17,001.7
Stockholders' Equity			
Capital Stock	2,225.2	2,225.2	2,225.2
Additional Paid-in Capital	571.1	571.1	571.1
Retained Earnings	1,863.8	1,878.7	1,773.6
Unrealized gain/(loss) on available-for-sale investr	102.7	41.1	-
Treasury Stock	(81.8)	(81.8)	(81.8)
	4,681.0	4,634.3	4,488.1
	22,843.1	20,735.5	21,489.8

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

For the nine months ended	September 30,	September 30,
	2013	2012
INCOME		
Interest and discounts	951.8	943.0
Rent	259.1	153.8
Service fees & other income	180.3	182.5
	<u>1,391.2</u>	<u>1,279.3</u>
EXPENSES		
Interest and financing charges	318.6	343.6
Occupancy and equipment-related expenses	249.9	161.3
Compensation and fringe benefits	139.7	125.2
Taxes and licenses	113.6	97.2
Provision for impairment and credit losses	79.0	74.0
Litigation/assets acquired expenses	19.7	36.9
Management & Other Fees	14.3	13.2
Entertainment, Amusement and Recreation	15.4	14.4
Traveling & transportation expenses	13.2	12.4
Postage, Telephone & Telegraph	5.6	4.5
Information & Technology expenses	0.2	0.2
Others	19.0	20.6
	<u>988.2</u>	<u>903.5</u>
INCOME BEFORE INCOME TAX	403.0	375.8
PROVISION FOR INCOME TAX	93.2	78.5
NET INCOME	<u>309.8</u>	<u>297.3</u>
OTHER COMPREHENSIVE INCOME		
Unrealized Fair Value Gain/(Loss) on AFS-net	61.6	(62.0)
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u>371.4</u>	<u>235.3</u>
BASIC EARNINGS PER SHARE**	<u>0.14</u>	<u>0.14</u>
DILUTED EARNINGS PER SHARE**	<u>0.14</u>	<u>0.14</u>

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

For the three months ended	September 30, September 30,	
	2013	2012
INCOME		
Interest and discounts	315.6	322.3
Rent	100.5	51.9
Service fees & other income	59.0	57.2
	<u>475.1</u>	<u>431.4</u>
EXPENSES		
Interest and financing charges	96.4	121.5
Occupancy and equipment-related expenses	93.7	58.4
Compensation and fringe benefits	47.0	43.8
Taxes and licenses	39.9	31.6
Provision for impairment and credit losses	29.0	16.7
Litigation/assets acquired expenses	6.1	15.8
Management & Other Fees	4.2	3.6
Entertainment, Amusement and Recreation	5.5	5.6
Traveling & transportation expenses	5.0	4.7
Postage, Telephone & Telegraph	1.4	1.5
Information & Technology expenses	-	0.2
Others	6.2	5.1
	<u>334.4</u>	<u>308.5</u>
INCOME BEFORE INCOME TAX	140.7	122.9
PROVISION FOR INCOME TAX	34.9	24.6
NET INCOME	<u>105.8</u>	<u>98.3</u>
OTHER COMPREHENSIVE INCOME		
Unrealized Fair Value Gain/(Loss) on AFS-net	(61.7)	18.9
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u>44.1</u>	<u>117.2</u>
BASIC EARNINGS PER SHARE**	<u>0.05</u>	<u>0.05</u>
DILUTED EARNINGS PER SHARE**	<u>0.05</u>	<u>0.05</u>

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

NET INCOME	105.8	98.3
DIVIDED BY OUTSTANDING SHARES	2,162.5	2,162.5
EPS(Basic and Diluted)	0.05	0.05

BDO LEASING AND FINANCE, INC. AND SUBSIDIARY
(A Subsidiary of BDO Unibank, Inc.)
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
In Millions

	Capital Stock	Additional Paid-in Capital	Treasury Stock, at Cost	Retained Earnings	Unrealized Fair Value Gain(Loss) on Available for Sale Financial Assets	Net Equity
Balance as of Jan 1, 2013						
Total Comprehensive Income (loss)	2,225.2	571.1	(81.8)	1,878.4	41.1	4,634.0
Cash Dividends				309.8	61.6	371.4
				(324.4)		(324.4)
Balance as of September 30, 2013	2,225.2	571.1	(81.8)	1,863.8	102.7	4,681.0
Balance as of Jan 1, 2012						
Total Comprehensive Income (loss)	2,225.2	571.1	(81.8)	1,584.4	62.0	4,360.9
Cash Dividends				297.3	(62.0)	235.3
				(108.1)		(108.1)
Balance as of September 30, 2012	2,225.2	571.1	(81.8)	1,773.6	-	4,488.1

Preferred - P100 par value
Authorized and unissued - 200,000 shares
Common - P1 par value
Authorized - 3,400,000,000 shares
Issued - 2,225,169,030 shares

BDO LEASING AND FINANCE, INC. AND SUBSIDIARY

(A Subsidiary of BDO Unibank, Inc.)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
In Millions

For the three months ended _____

	Capital Stock	Additional Paid-in Capital	Treasury Stock, at Cost	Retained Earnings	Unrealized Fair Value Gain(loss) on Available for Sale Financial Assets	Net Equity
Balance at the beginning of the quarter						
Total Comprehensive Income (loss)	2,225.2	571.1	(81.8)	1,758.0	164.4	4,636.9
Cash Dividends				105.8	(61.7)	44.1
				0.0		0.0
Balance September 30, 2013	2,225.2	571.1	(81.8)	1,863.8	102.7	4,681.0
Balance at the beginning of the quarter						
Total Comprehensive Income (loss)	2,225.2	571.1	(81.8)	1,675.3	(18.9)	4,370.9
Cash Dividends				98.3	18.9	117.2
				0.0		0.0
Balance September 30, 2012	2,225.2	571.1	(81.8)	1,773.6	-	4,488.1

Preferred - P100 par value
 Authorized and unissued - 200,000 shares
 Common - P1 par value
 Authorized - 3,400,000,000 shares
 Issued - 2,225,169,030 shares

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

For the nine months ended

	SEPTEMBER 30	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	402,954,868.2	375,812,959.6
Adjustments to reconcile income before income tax to net cash used in operations:		
Provision for probable losses	79,000,000.0	73,977,230.9
Depreciation and amortization	230,185,322.6	140,404,412.5
Loss/(Gain) on Sale of property and equipment	(16,268,320.7)	(2,263,998.2)
Loss/(gain) on sale of investment properties	(1,540,187.5)	(6,434,444.0)
Changes in operating assets and liabilities:		
Decrease (increase) in the amounts of:		
Finance lease receivables and loans and receivables financed	(1,321,838,138.4)	(2,226,988,932.9)
Other assets	(66,758,754.9)	(213,661,236.5)
Increase (decrease) in the amounts of:		
Accounts payable and other liabilities	73,124,387.3	128,425,653.6
Deposits on finance leases	425,909,533.1	375,179,502.3
Net cash provided by (used in) operations	(195,231,290.3)	(1,355,548,852.8)
Income taxes paid	(166,614,273.3)	(75,337,235.5)
Net cash provided by (used in) operating activities	(361,845,563.6)	(1,430,886,089.3)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net disposal (acquisition) of investment properties	11,214,237.7	47,725,477.9
Net acquisition of available for sale investment		(1,269,990,000.0)
Net acquisitions of property and equipment	(711,662,851.7)	(252,413,825.9)
Net cash used in investing activities	(700,448,614.1)	(1,474,678,348.0)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments of bills payable	1,634,765,754.3	3,216,783,539.4
Cash dividends paid	(324,371,297.1)	(324,371,296.7)
Acquisition of Treasury Stocks		
Net cash provided by (used in) financing activities	1,310,394,457.3	2,892,412,242.7
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	248,100,279.6	(13,152,194.6)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	69,192,632.5	87,720,152.1
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	317,292,912.0	74,567,957.5

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

For the three months ended

	SEPTEMBER 30	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	140,685,472	122,917,271
Adjustments to reconcile income before income tax to net cash used in operations:		
Provision for probable losses	29,000,000	16,656,667
Depreciation and amortization	87,017,370	51,744,270
Loss/(Gain) on Sale of property and equipment	(416,845)	(334,112)
Loss/(gain) on sale of investment properties	(453,730)	(1,509,460)
Changes in operating assets and liabilities:		
Decrease (increase) in the amounts of:		
Finance lease receivables and loans and receivables financed	(1,162,725,148)	(447,260,292)
Other assets	(33,433,723)	(40,076,706)
Increase (decrease) in the amounts of:		
Accounts payable and other liabilities	75,734,859	121,988,921
Deposits on finance leases	200,988,172	125,122,278
Net cash provided by (used in) operations	(663,603,574)	(50,741,165)
Income taxes paid	(30,436,044)	(20,969,620)
Net cash provided by (used in) operating activities	(694,039,618)	(71,710,785)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net disposal (acquisition) of investment properties	12,563,753	46,823,366
Net acquisition of available for sale investment	-	(1,269,990,000)
Net acquisitions of property and equipment	(230,870,839)	(125,840,797)
Net cash used in investing activities	(218,307,086)	(1,349,007,431)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments of bills payable	1,146,899,018	1,417,390,449
Cash dividends paid	-	-
Acquisition of Treasury Stocks	-	-
Net cash provided by (used in) financing activities	1,146,899,018	1,417,390,449
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	234,552,315	(3,327,767)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	82,740,597	77,895,724
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	317,292,912	74,567,957

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

September 2013 Compared to September 2012

The company registered a net income of P309.8 million for the quarter ending September 2013 as compared to P297.3 million for the same period in 2012.

Gross revenues for the quarter amounted P1,391.2 million, an increase by 8.75% from P1,279.3 million last year. This was primarily due to the increase in Rental Income.

Interest and financing charges for September 2013 amounted to P318.6 million, consisting of financing charges on borrowings of P315.41 million and interest expense on leased deposits of P3.19 million. Financing charges on borrowings decreased by P0.25 million compared to September 2012's P340.11 million, despite the increase in Bills Payable from P13.811 billion in September 2012 to P14.314 billion in September 2013 due to the decrease in interest rate from 4% in 2012 to 2.5% in 2013. The increased level of bills payable resulted in higher taxes & licenses of P113.60 million, of which P56.63 million is attributable to related documentary stamp taxes.

Provision for Impairment & Credit Losses increased from last year by P5.02 million or 6.79%.

Occupancy and equipment related expenses as of September 2013 amounted to P249.9 million, an increase of P88.60 million from 2012's P161.30 million. The increase is attributable to the P74.86 million increase in the depreciation on leased assets from new booked leases for the third quarter of 2013 compared to same period of last year and depreciation expense from ROPA-chattels amounting P17.64M.

Litigation/assets acquired expenses decreased by P17.1 million in 2013 against 2012 primarily due to the bidding fee related to the sale of a mortgaged property in 2012.

There is no material movement in Management and other fees.

Other expenses showed a decrease of 7.77% from P20.6 million in 2012 to P19.0 million in 2013. This came from a P4.9 million decrease in fair value loss on residual value of leased equipment from new bookings last year.

Total assets increased by P1.353 billion from last year's P21.490 billion to P22.843 billion this year, mainly due to the increase in net loans and other receivables of P1.633 billion. The Company's net lease portfolio went up by P3.143 billion while net non-lease portfolio decreased by P1.373 billion. Property, Plant and Equipment-net increased to P1,166.7 million from P626.7 million in 2012 as a result of increases in net leased assets of BDO Rental. Cash & cash equivalents went up to P317.3 million from P74.6 million in 2012. Investment properties-net went down to P362.2 million in September 2013 from P378.4 million, same period last year. The 4.28% decline in net investment property is mainly brought about by the sale of repossessed real estate properties from October 2012 to September 2013. Available-for-sale investments, went down from a total of P3.257 billion in September 2012 to P2.084 billion for the same period in 2013. Other Assets increased by P126.42 million from last year's P340.4 million to this year's P466.8 million due to

booking of various ROPA-chattel, increase of Prepaid VAT and set up of Prepaid Interest on Bills Payable.

Bills Payable increased by P511.33 million from P13.792 billion to P14.303 billion in 2013 primarily to finance business growth and the increasing volume of BLF's portfolio.

Accounts Payable, accrued expenses and other liabilities decreased by P35.94 million mainly due to lower miscellaneous liabilities in 2013 from RMU accounts.

Lease deposits went up from P2.801 billion in 2012 to P3.597 billion in 2013.

Stockholders' equity stood at P4.681 billion as of September 2013.

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

	<u>September 2013</u>	<u>September 2012</u>
Current Ratio	0.50:1	0.42:1
Quick asset ratio	0.47:1	0.40:1
Debt to Equity Ratio	3.88:1	3.79:1
Net Profit Margin	22.27%	23.24%
Return on Equity	9.01%	8.83%

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

For other Financial Ratios, please see Attachment 1.

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, 2013, December 31, 2012 and September 30, 2012 are as follows:

<u>Related Party Category</u>	Note	<u>Amount of Transaction</u>		
		September 30, 2013	December 31, 2012	September 30, 2012
Ultimate Parent Company (BDO Unibank)				
Interest expense on Bills Payable	(b)	124.0	98.3	62.7
Rent Expense	(d)	8.1	11.0	8.32
Management fees	(e)	1.8	2.4	1.2

<u>Related Party Category</u>	Note	<u>Outstanding Balance</u>		
		September 30, 2013	December 31, 2012	September 30, 2012
Parent Company (BDO Unibank)				
Bills Payable	(b)	2,402.2	6,731.7	3,599.4
Subsidiary (BDO Rental)				
Loans Receivable		-	-	85.0
Key Management Personnel				
Advances employees	(h)	1.4	1.6	

A) The Group maintains savings and demand deposit accounts with BDO Unibank. As of September 30, 2013, December 31, 2012 and September 30, 2012, 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, 2013, December 31, 2012 and September 30, 2012 is included under Interest and Discounts as part of Revenues in the statements of comprehensive income.

B) The Group obtains short-term, unsecured borrowings from BDO Unibank. The amount outstanding from borrowings as of September 30, 2013, December 31, 2012 and September 30, 2012 is presented under Bills Payable account in the statements of financial position. Interest expense incurred on these bills payable in September 30, 2013, December 31, 2012 and September 30, 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 Parent Company grants short-term, unsecured loans to BDO Rental. There is no outstanding balance

arising from this transaction as of September 30, 2013 and December 31, 2012. Total interest income earned by the Parent Company on these loans in September 30, 2012 is included under Interest and Discounts as part of Revenues in the statements of comprehensive income.

C) On January 4, 2010, the Parent Company and BDO Rental entered into a Service Agreement whereby BDO Rental will handle the collection of certain factored receivables of the Parent Company, for a fee as agreed by the Parent Company and the sellers of the factored receivables. Under the Service Agreement, BDO Rental shall perform the monitoring of the payment due dates of the factored receivables, remit to the Parent Company all collections made and send monthly statement of accounts to customers. The related expense charged to the Parent Company based on the Service Agreement is included under Other Operating Costs and Expenses in the Parent Company's statements of comprehensive income. There is outstanding intercompany payable and receivable from this transaction as of September 30, 2013, December 31, 2012 and September 30, 2012.

D) The Parent Company leases its head office premises and certain branch offices from BDO Unibank for terms ranging from one to five years, renewable for such period and under such terms and conditions as may be agreed upon with the Parent Company and BDO Unibank. Related rent expense incurred in September 30, 2013, December 31, 2012 and September 30, 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 Parent Company charges BDO Rental for the spaces that the latter occupies in the head office premises. Rent charged to BDO Rental in 2013 and 2012 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 September 30, 2013, December 31, 2012 and September 30, 2012.

E) In 2012, the Parent Company entered into a service level agreement with BDO Unibank wherein BDO Unibank will charge the Parent Company for certain management services that the former provides to the latter. Management fees paid by the Parent Company to BDO Unibank is shown as part of Other Operating Costs and Expenses in the 2012 statement of comprehensive income. Also, the Parent Company charges BDO Rental for the management services it renders to BDO Rental. This is presented as part of Other Income in the 2013 statement of comprehensive income of the Parent Company. There are no outstanding receivable and payable on these transactions as of the end of 2013.

F) The Parent Company engaged the services of BDO Capital and Investment Corporation (BDO Capital), a wholly owned subsidiary of BDO Unibank for underwriting services related to the Parent Company's issuance of bills payable in 2013. Professional fees paid by the Parent Company to BDO Capital related to this transaction is included as part of Other Operating Costs and Expenses in the September 2013 and 2012 statement of comprehensive income. There is no outstanding payable related on this transaction as of the end of 2013.

G) The Group also granted cash advances to an officer in 2012 and 2013

Commitments and Contingencies

In the ordinary course of business, the company may incur contingent liabilities and commitments such as guarantees and pending litigation arising from normal business transactions which are not shown in the accompanying financial statements. Management does not anticipate significant losses from these commitments and contingencies that would adversely affect the company's operations.

Economic Events

Management is continuously evaluating the current business climate and the impact of the economic events on the present operations of the company. As the need arises, the company will recognize related effects in the ensuing financial statements.

Risk Factors

We assessed the financial risk exposure of the company and subsidiaries particularly on currency, interest, credit, market and liquidity risks. There were no changes that would materially affect the financial condition and results of operation of the company.

Risk Management of the company's credit risks, market risks, liquidity risks, and operational risks is an essential part of the Company's organizational structure and philosophy. The risk management process is essentially a top-down process that emanates from the Board of Directors. The Board approves the overall institutional tolerance for risk, including risk policies and risk Philosophy of the Company.

Plans for the Next Quarter

- We will continue to extensively market our products, especially thru BDO Leasing & Finance's branches. Also, use of the extensive branch network of the BDO Unibank, Inc. will be pursued to boost referrals and ultimately our business volumes.
- We will develop equipment vendor/supplier tie-ups to expand market presence and clientele base.
- We will expand and optimize our sources of funds to match our asset growth and help manage our funding costs.
- Control over operating expenses shall also be continuously pursued to ensure that these remain at a level which is compatible with the level of volume bookings.
- We will continue to pursue process improvements through various initiatives in order to improve our services to our various stakeholders.
- We will aggressively tap the existing corporate accounts of the BDO Institutional Banking Group for possible lease requirements.

PART II--OTHER INFORMATION

Nothing to report.

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

ITEM 1-7

- B. Explanatory comments about the seasonality or cyclicity of interim operations;

The Company is not affected by seasonality or cyclicity factors when it comes to interim financial reporting since there are no products or services that are seasonal.

- C. The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

None.

- D. The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.

None.

- E. Issuances, repurchases, repayments of debt and equity securities;

For the third quarter of 2013, the Company has issued bills payable amounting to P21,706.0M and made total payments on its bills payable amounting to P15,448.1M.

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

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

There were no dividends paid on other shares as the Company only has common shares as outstanding stock.

- G. Segment revenue and segment result for business segments or geographical segments.

Please see attached.

- H. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

None

- I. The effect of changes in the composition of the issuer during the interim period, including business combination, acquisition or disposal of subsidiaries and long term investments.

None

- J. Changes in contingent liabilities or contingent assets.

None

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

None

ITEM 2

Management's Discussion and Analysis (MDA) of Financial Condition and Results of Operations [(Part III, Par. (A)(2)(b)]

3. Discussion and analysis of material event/s and uncertainties known to management that would address the past and would have an impact on future operations of the following:

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

None

- B. *Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;*

None

- C. *All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.*

None

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

None

- E. *Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales / revenues / income from continuing operations.*

None

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

None

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

None

BDO LEASING & FINANCE, INC. AND SUBSIDIARY
SEGMENT INFORMATION
For the nine months ended September 30, 2013
(in millions)

	Leasing	Financing	Others	Total
Gross income	731.2	473.7	186.3	1,391.2
Segment revenues	731.2	473.7	186.3	1,391.2
Segment expenses	519.4	336.5	132.3	988.2
Segment results	211.8	137.2	54.0	403.0
Income tax expense				93.2
Net Income				309.8
Segment assets - net	11,598.8	7,332.6	-	18,931.4
Unallocated assets				3,911.7
Total Assets				22,843.1
Segment liabilities	10,770.3	7,129.9	-	17,900.2
Unallocated liabilities				261.9
Total Liabilities				18,162.1

Segment expenses are allocated on the basis of gross income.

Net segment assets are comprised of the following:

	Leasing	Financing
Receivables	8,655.3	7,656.2
Equipment under lease	617.5	
Residual value of leased assets	3,560.4	-
	12,833.3	7,656.2
Unearned income	(1,033.3)	(116.7)
Allowance for probable losses	(201.2)	(177.9)
Clients' equity	-	(29.0)
	11,598.8	7,332.6

BDO Leasing and Finance, Inc. and Subsidiary
 Financial Ratios
 September 30, 2013 and 2012
 (Amounts in Millions of Philippine Pesos)

	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
I. Current/liquidity ratios				
Current ratio				
	<u>Total current assets</u>	<u>5,857.4</u>	<u>0.50</u>	<u>0.42</u>
	<u>Total current liabilities</u>	<u>13,846.7</u>		
	7,754.0			
	15,443.0			
Quick ratio				
	<u>Quick assets</u>	<u>5,524.4</u>	<u>0.47</u>	<u>0.40</u>
	<u>Total current liabilities</u>	<u>13,846.7</u>		
	7,307.2			
	15,443.0			
II. Solvency ratios; debt-to-equity ratios				
Solvency ratio				
	<u>(After tax net profit + Depreciation)</u>	<u>437.7</u>	<u>0.03</u>	<u>0.03</u>
	<u>Total liabilities</u>	<u>17,001.7</u>		
	540.0			
	18,162.1			

Debt-to-equity ratio

Total liabilities
Total equity

18,162.1 17,001.7
4,681.0 4,488.1

3.88 3.79

2013

2012

2013

2012

III. Asset-to-equity ratio

Asset-to-equity ratio

Total assets
Total equity

22,843.0 21,489.8
4,681.0 4,488.1

4.88 4.79

IV. Interest coverage ratio

Interest coverage ratio

Earnings before interest and taxes
Interest expense

721.6 715.9
318.6 340.1

2.26 2.10

V. Profitability ratios

Net profit margin

Net Profit
Gross Revenue

309.8 297.3
1,391.2 1,279.3

22.27% 23.24%

		<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Return on equity					
	<u>Net profit</u>	309.8	297.3	9.01%	8.83%
	Average equity	4,584.6	4,488.1		
Return on assets					
	<u>Net profit</u>	309.8	297.3	1.86%	1.84%
	Average assets	22,166.5	21,489.8		
VI. Others					
Total real estate investments to Assets					
	<u>Total investment properties</u>	362.2	378.4	1.59%	0.02
	Total assets	22,843.0	21,489.8		
Loans to Assets					
	<u>Total loans and other receivables</u>	18,446.1	16,812.7	80.75%	78.24%
	Total assets	22,843.0	21,489.8		

DOSRI to Net worth

Receivables from Directors, Officers

Stakeholders and Related Interests

Total equity

Amount of receivable from a single corporation to
Total receivables

Loan to a single corporation
Total loans and other receivables

	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	1.4	-	0.03%	-
	4,681.0	4,488.1		
	<u>1,374.0</u>	<u>889.4</u>		
	18,446.1	17,849.3	7.45%	4.98%

BDO LEASING AND FINANCE INC
 AGING OF LOAN PORTFOLIO
 As of September 30, 2013

Account	Total	1 Month	Over 1 Mos to 3 Mos	Over 3 Mos to 6 Mos	Over 6 Mos to 1 Yr	Over 1 Yr to 3 Yrs	3 to 5 Yrs	Over 5 Yrs	Non-Performing Loans
Factored Receivable	183,439,247.22	-	145,653,448.54	-	-	-	-	-	37,785,798.68
Receivables Purchased	1,282,423.00	-	-	-	-	-	-	-	1,282,423.00
Floor Stock Financing	123,242,456.24	73,886,359.69	49,356,095.55	-	-	-	-	-	-
Installment Paper Purchase	1,574,643,646.77	92,316,502.94	181,090,063.12	127,984,914.59	914,495,033.82	249,769,907.51	3,057,423.66	1,434,952.02	4,891,249.21
Amortized Commercial Loan	5,773,639,488.21	230,249,244.79	264,880,061.40	429,611,461.19	586,624,857.01	2,196,218,794.45	1,270,879,703.16	722,374,548.29	72,800,417.92
Lease Contract Receivables	12,215,766,632.82	642,203,751.38	776,849,354.13	1,080,987,672.25	2,208,634,866.64	6,008,726,460.59	1,316,326,806.46	2,460,000.00	179,375,701.36
Personal Loans Programs	1,148.00	-	-	-	-	-	-	-	1,148.00
TOTAL LOAN PORTFOLIO	19,872,015,242.26	1,038,657,858.80	1,418,430,423.74	1,536,584,048.02	3,709,955,757.47	8,453,715,182.54	2,590,255,933.18	726,269,300.31	296,136,738.19

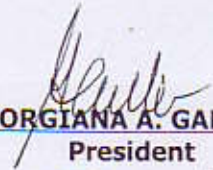
Less: Allowance For Credit Losses 379,118,047.84


Finance Receivables - Net 19,492,897,194.42

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report (September 2013 SEC Form 17-Q Report) to be signed on its behalf by the undersigned thereunto duly authorized.

BDO LEASING & FINANCE, INC.


GEORGIANA A. GAMBOA
President


ROSALISA K. ALINDAHAO
VICE PRESIDENT/COMPTRROLLER

November 6, 2013
Date