



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2022
2. Commission identification number 097869
3. BIR Tax Identification No. 000-486-050-000
4. Exact name of issuer as specified in its charter BDO LEASING & FINANCE, INC.
5. Province, country or other jurisdiction of incorporation or organization Philippines
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office 39/F, BDO Corporate Center Ortigas, 12 ADB Ave, Ortigas Center, Mandaluyong City 1550  
Postal Code
8. Issuer's telephone number, including area code 632/ 635-6416, 635-5817, 840-7000
9. Former name, former address and former fiscal year, if changed since last report N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code,  
or Sections 4 and 8 of the RSA N/A

**Title of each Class**                      **Number of shares of common stock outstanding**

**Common Stock, P1.00 par value**                      **2,162,475,312**

11. Are any or all of the securities listed on a Stock Exchange?  
Yes [ **X** ] 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, 2020 were consistently applied in the interim financial reports.

### ***Adoption of New Interpretations, Revisions and Amendments to PFRS***

There are amendments and annual improvements to existing standards effective for the annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have expected to have significant impact on the Company's financial statement. Discussed below are the relevant information about amendments to existing standards subsequent to 2021 which were not adopted early.

- (a) PAS 37 (Amendments), Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract (effective January 1, 2022)
- (b) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, only PFRS 9 (Amendments), Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities which are effective from January 1, 2022, is relevant to the Company
- (c) PAS 1 (Amendments), Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (effective January 1, 2023)
- (d) PAS 1 (Amendments), Presentation of Financial Statements – Disclosure of Accounting Policies (effective January 1, 2023)
- (e) PAS 8 (Amendments), Accounting Estimates – Definition of Accounting Estimates (January 1, 2023)



**BDO LEASING & FINANCE, INC.**  
**(A Subsidiary of BDO Unibank, Inc.)**  
**STATEMENTS OF FINANCIAL POSITION**

	March 31, 2022	(Audited) December 31, 2021	March 31, 2021
<b>ASSETS</b>			
Cash and Cash Equivalents	9,726,542	15,204,057	59,805,651
Financial Assets at Fair Value through Profit/(Loss)	5,891,167,494	5,877,689,641	5,796,326,497
Loans & Other Receivables - net			
Accounts Receivable	127,393,692	127,392,155	122,475,530
	<u>127,393,692</u>	<u>127,392,155</u>	<u>122,475,530</u>
Other Assets - net	615,254	4,032	8,066,085
	<u>6,028,902,982</u>	<u>6,020,289,885</u>	<u>5,986,673,763</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Accounts Payable, and Other Liabilities	8,127,438	8,157,623	8,777,796
	<u>8,127,438</u>	<u>8,157,623</u>	<u>8,777,796</u>
Stockholders' Equity			
Capital Stock	2,225,169,030	2,225,169,030	2,225,169,030
Additional Paid-in Capital	571,095,676	571,095,676	571,095,676
Treasury Stock	(81,776,628)	(81,776,628)	(81,776,628)
Retained Earnings	3,306,287,466	3,297,644,184	3,263,407,889
	<u>6,020,775,544</u>	<u>6,012,132,262</u>	<u>5,977,895,967</u>
	<u>6,028,902,982</u>	<u>6,020,289,885</u>	<u>5,986,673,763</u>

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

<b>For the period ended</b>	<b>March 31,</b>	<b>March 31,</b>
	<b>2022</b>	<b>2021</b>
<b>INCOME</b>		
Unrealized fair value gain on Unit Investment		
Trust Fund (UTIF)	13,477,853	13,634,285
Other Income	1,884	415,068
	<u>13,479,737</u>	<u>14,049,353</u>
<b>EXPENSES</b>		
Taxes and licenses	1,336,799	2,936,946
Directors' Fee	1,188,889	775,000
Litigation Expense	-	121,405
Miscellaneous Expense	2,310,406	696,589
	<u>4,836,094</u>	<u>4,529,940</u>
<b>INCOME BEFORE INCOME TAX</b>	<u>8,643,643</u>	<u>9,519,413</u>
<b>PROVISION FOR INCOME TAX</b>	<u>361</u>	<u>1,911</u>
<b>NET INCOME/ (LOSS)</b>	<u>8,643,282</u>	<u>9,517,502</u>

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

NET INCOME	8,643,282	9,517,502
DIVIDED BY OUTSTANDING SHARES	2,162,475,312	2,162,475,312
EPS(Basic and Diluted)	0	0

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

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<b>For the period ended</b>	<b>March 31,</b>	<b>March 31,</b>
	<b>2022</b>	<b>2021</b>
<b>NET INCOME</b>	8,643,281.7	9,517,502.4
<b>OTHER COMPREHENSIVE INCOME</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>	8,643,281.7	9,517,502.4

**BDO LEASING & FINANCE, INC.**  
**(A Subsidiary of BDO Unibank, Inc.)**

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

**For the period ended**

	<b>Capital Stock</b>	<b>Additional Paid-in Capital</b>	<b>Treasury Shares, at Cost</b>	<b>Retained Earnings</b>	<b>Net Equity</b>
Preferred - P100 par value Authorized and unissued - 200,000 shares			62,693,718 shares		
Common - P1 par value Authorized - 3,400,000,000 shares Issued - 2,225,169,030 shares					
Balance as of Jan 1, 2022	2,225,169,030	571,095,676	(81,776,628)	3,297,644,184	6,012,132,262
Total Comprehensive Income (loss)				8,643,282	8,643,282
<b>Balance as of March 31, 2022</b>	<b>2,225,169,030</b>	<b>571,095,676</b>	<b>(81,776,628)</b>	<b>3,306,287,466</b>	<b>6,020,775,544</b>
Balance as of Jan 1, 2021	2,225,169,030	571,095,676	(81,776,628)	3,253,890,387	5,968,378,465
Total Comprehensive Income (loss)				9,517,502	9,517,502
<b>Balance as of March 31, 2021</b>	<b>2,225,169,030</b>	<b>571,095,676</b>	<b>(81,776,628)</b>	<b>3,263,407,889</b>	<b>5,977,895,967</b>

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

	March 2022	March 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	P 8,643,643	P 9,519,413
Adjustment on unrealized fair value gain on unit investment trust fund (UITF)	( 13,477,853 )	( 13,634,285 )
Operating profit before changes in operating assets and liabilities	( 4,834,210 )	( 4,114,872 )
Decrease (increase) in loans and other receivables	( 1,537 )	4,869,944
Increase in other assets	( 611,222 )	( 8,052,398 )
Increase in accounts payable and other liabilities	( 30,184 )	( 18,880,026 )
Cash generated from operations	( 5,477,153 )	( 26,177,352 )
Cash paid for final tax	( 362 )	( 1,911 )
 Cash From Operating Activities	 ( 5,477,515 )	 ( 26,179,263 )
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Placement in UITF	-	( 30,000,000 )
 Cash Used in Investing Activity	 -	 ( 30,000,000 )
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	( 5,477,515 )	( 56,179,263 )
 <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	 <u>15,204,057</u>	 <u>115,984,914</u>
 <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	 <u>P 9,726,542</u>	 <u>P 59,805,651</u>



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

### **March 2022 Compared to March 2021**

The Company registered net income of P8.6 million for the first quarter of 2022, a slight decline of 9% from last year's net income of P9.5 million. The Company's income represents fair value gain on its investment on Unit Investment Trust Fund (UITF) of P13.5 million while total expenses stood at P4.8 million.

Total assets remained steady at P6.0 billion. Of the P6.0 billion total assets, P5.8 billion is invested in unit investment trust funds (UITFs) which has a P5.9 billion fair value as of March 2022. Other receivables balance amounting P127.4 million are mainly from Creditable withholding to be applied to future income tax payments.

The remaining balance of Accounts Payable and Other Liabilities account amounting P8.1 million includes, among others, withholding taxes payable, and other accounts payable.

Stockholders' equity stood at P6.0 billion.

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

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Current Ratio	741.8:1	682.0:1
Quick asset ratio	741.7:1	681.1:1
Debt to Equity Ratio	0.00:1	0.00:1
Net Profit Margin	64.12%	67.74%
Return on Equity	0.58%	0.65%

#### Formulas used:

Current ratio	= Current Assets over Current Liabilities
Quick assets ratio	= Quick assets over Current Liabilities
Debt to equity	= Total Liabilities over Total Stockholders' Equity
Net profit margin	= Net income over Gross Revenues
Return on ave. equity	= Annualized Net income over Ave. Stockholders' Equity

## Related Party Transactions

(Amounts in Philippine Pesos)

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

The Company's related party is BDO Unibank as described below.

The summary of the Company's significant transactions with its related party in March 31, 2022, December 31, 2021 and March 31, 2021 are as follows:

<u>Related Party Category</u>	<u>Notes</u>	<u>Amount of transactions</u>		
		<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
<b>Ultimate parent company (BDO Unibank)</b>				
Interest income on savings and demand deposits	(a)	<b>P 1,807</b>	P 30,666	P 10,740
Service fees	(b)	<b>31,200</b>	124,900	50,000
UITF placement	(c)	-	70,000,000	30,000,000
Unrealized fair value gains	(c)	<b>13,477,853</b>	54,997,429	13,634,285

<u>Related Party Category</u>	<u>Notes</u>	<u>Outstanding Balance</u>		
		<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
<b>Ultimate parent company (BDO Unibank)</b>				
Savings and demand deposits	(a)	<b>P 9,726,542</b>	P 15,204,057	P 59,805,651
UITF	(c)	<b>5,891,167,494</b>	5,877,689,641	5,796,326,497

- (a) The Company maintains savings and demand deposit accounts with BDO Unibank. As of March 31, 2022, December 31, 2021, and March 31, 2021, savings and demand deposit accounts maintained with BDO Unibank are included under Cash and Cash Equivalents account in the statements of financial position. These deposits generally earn interest at annual rates of 0.06% in March 31, 2022, December 31, 2021, and March 31, 2021. Interest income earned on these deposits is included as part of Other Income account in March 31, 2022 and March 31, 2021 statements of income.
- (b) Starting 2018, the Company entered into an agreement with BDO Unibank on stock transfer services. Service fees paid by the Company to BDO Unibank are shown as part of Other Expenses account under Operating Costs and Expenses in the statements of income. There were no outstanding receivable and payable on these transactions as of the end of 2022 and 2021.
- (c) The Company purchased P30,000,000 and P40,000,000 worth of UITF from BDO TIG in January and August 2021, respectively. No similar transaction in March 2022.



## **Commitments and Contingencies**

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

## **Economic Events**

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

## **Risk Factors**

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

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

## **Plans for the Next Quarter**

With approvals from its Board of Directors and stockholders, BDOLF already voluntarily surrendered its secondary license as a financing company to the Securities and Exchange Commission (SEC). Before it accepts the surrender of BDOLF's leasing license, the SEC is requiring BDOLF to first amend its Articles of Incorporation to reflect its new primary purpose as a holding company. Please note, however, that BDOLF already ceased to operate as a leasing company, has not accepted any leasing transaction since October 16, 2020 and has completed the assignment and transfer of its leasing and financing business primarily to an affiliate, BDO Finance Corporation on 19 October 2020.

## **PART II--OTHER INFORMATION**

Nothing to report.

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

**ITEM 1-7**

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

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

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

***None.***

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

***None.***

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

***None.***

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

***None.***

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

***The Company already ceased its leasing and operations in October 2020.***

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**

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report (March 2022 SEC Form 17-Q Report) to be signed on its behalf by the undersigned thereunto duly authorized.

**BDO LEASING & FINANCE, INC.**



**LUIS S. REYES, JR.**  
**TREASURER**



**MANUEL Z. LOCSIN, JR.**  
**PRESIDENT**

**May 5, 2022**  
**Date**

**BDO LEASING AND FINANCE INC.**  
**AGING OF RECEIVABLES**  
As of March 31, 2022

NONE TO REPORT on Aging of Receivables from Loans and Leases due to the discontinuance of business operations of BDOLF as financing and leasing company effective October 16, 2020, and sale of substantially all of its assets to BDO Unibank Inc., BDO Life, and BDO Finance Corp. as of October 19, 2020. The remaining Accounts Receivables pertain to Creditable Withholding Taxes classified as Accounts Receivables from the BIR.







	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Return on equity				
<u>Net profit</u>	8.6	9.5		
Average equity	5,999.3	5,813.2		
			0.58%	0.65%
Return on assets				
<u>Net profit</u>	8.6	9.5		
Average assets	6,003.7	17,492.5		
			0.58%	0.22%
<b>VI. Others</b>				
Total real estate investments to Assets				
<u>Total investment properties</u>	-	-		
Total assets	6,028.9	5,986.7		
			0.00%	0.00%
Loans to Assets				
<u>Total loans and other receivables</u>	127.4	122.4		
Total assets	6,028.9	5,986.7		
			2.11%	2.04%

DOSRI to Net worth

Receivables from Directors, Officers,

Stakeholders and Related Interests

Total equity

	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	-	-	0.00%	0.00%
	6,020.8	5,977.9		

Amount of receivable from a single corporation to

Total receivables

Loan to a single corporation

Total loans and other receivables

	-	-	0.00%	0.00%
	127.4	122.4		