

November 14, 2012


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 17Q of BDO Leasing and Finance, Inc.(BDOLF) for the quarter ending September 30, 2012.

Thank you very much.


RODOLFO M. CARLOS JR.
Compliance Officer

BDO Leasing & Finance, Inc.
BDO Leasing Centre
Corinthian Gardens, Ortigas Avenue
Quezon City, Philippines
Tel +63(2) 635 6416
Fax +63(2) 635 5811, 635 5805, 635 3898



111142012001319



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Information

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Industry Classification
Company Type Stock Corporation

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COVER SHEET

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S.E.C. Registration Number

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

(Company's Full Name)

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

840-7000 loc 65158

Company Telephone Number

1	2
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Month

3	1
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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
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Dept. Requiring this Doc

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Amended Articles Number / Sec.

1,203

Total No. of Stockholders

Total Amount of Borrowings

Php13,791,825,366.38

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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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, 2012
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 12,374,434,916.81</u>

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, 2011 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 2011. 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, 2011. 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.

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

	September 30 2012	(Audited) December 31, 2011	September 30 2011
ASSETS			
Cash and Cash Equivalents	74.57	87.70	120.63
Available-for-Sale Investments	3,257.12	2,043.10	2,025.98
Loans & Other Receivables - net			
Finance Lease Receivables			
Finance lease receivables	6,084.37	5,042.50	4,986.98
Residual value of leased assets	2,754.53	2,367.00	2,366.54
Unearned lease income	(799.96)	(681.60)	(692.65)
	<u>8,038.93</u>	<u>6,727.90</u>	<u>6,660.87</u>
Loans and Receivables Financed			
Loans and receivables financed	9,112.37	8,210.10	7,906.32
Unearned finance income	(192.97)	(236.90)	(253.01)
Clients' Equity	(36.32)	(53.30)	(41.88)
	<u>8,883.08</u>	<u>7,919.90</u>	<u>7,611.42</u>
Other Receivables			
Accounts Receivable	10.11	26.20	22.59
Sales Contract Receivable	24.13	23.00	21.56
Dividends Receivable	36.58	73.50	59.50
Accrued Interest Receivable	148.56	83.60	68.09
Accrued Rental Receivable	-	2.30	-
	<u>219.38</u>	<u>208.60</u>	<u>171.74</u>
Allowance for loan losses	(328.71)	(281.70)	(337.42)
Allowance for losses - misc. receivables	(3.03)	(3.40)	(3.63)
	<u>(331.74)</u>	<u>(285.10)</u>	<u>(341.05)</u>
	<u>16,809.65</u>	<u>14,571.30</u>	<u>14,102.98</u>
Property, Plant and Equipment - net	626.68	503.20	833.22
Investment Properties - net	378.37	428.90	749.41
Other Assets - net	343.44	215.10	217.95
	<u>21,489.83</u>	<u>17,849.30</u>	<u>18,050.17</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Bills Payable	13,791.83	10,582.60	10,604.71
Accounts Payable, Accrued Interest and Other			
Liabilities	408.78	479.80	236.66
Lease Deposits	2,801.10	2,425.90	2,734.53
	<u>17,001.71</u>	<u>13,488.30</u>	<u>13,575.90</u>
Stockholders' Equity			
Capital Stock	2,225.17	2,225.20	2,225.17
Additional Paid-In Capital	571.10	571.10	571.10
Retained Earnings	1,773.59	1,584.50	1,714.46
Unrealized gain/(loss) on available-for-sale invest	0.05	62.00	45.32
Treasury Stock	(81.78)	(81.80)	(81.78)
	<u>4,488.12</u>	<u>4,361.00</u>	<u>4,474.27</u>
	<u>21,489.83</u>	<u>17,849.30</u>	<u>18,050.17</u>

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
	2012	2011
INCOME		
Interest and discounts	943.04	863.74
Rent	153.84	199.27
Service fees & other income	182.43	111.10
	<u>1,279.31</u>	<u>1,174.11</u>
EXPENSES		
Interest and financing charges	343.62	279.37
Occupancy and equipment-related expenses	165.79	230.61
Compensation and fringe benefits	125.19	112.06
Taxes and licenses	97.18	89.51
Provision for impairment and credit losses	73.98	124.65
Litigation/assets acquired expenses	36.85	21.26
Management & Other Fees	13.24	6.62
Entertainment, Amusement and Recreation	14.45	9.91
Traveling & transportation expenses	12.38	6.89
Postage, Telephone & Telegraph	4.49	5.13
Information & Technology expenses	0.23	3.90
Others	16.10	7.23
	<u>903.50</u>	<u>897.14</u>
INCOME BEFORE INCOME TAX	375.81	276.97
PROVISION FOR INCOME TAX	78.51	59.50
NET INCOME	<u>297.30</u>	<u>217.47</u>
OTHER COMPREHENSIVE INCOME		
Unrealized Fair Value Gain/(Loss) on AFS-net	(62.20)	(303.00)
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u>235.10</u>	<u>(85.53)</u>
BASIC EARNINGS PER SHARE**	<u>0.14</u>	<u>0.10</u>
DILUTED EARNINGS PER SHARE**	<u>0.14</u>	<u>0.10</u>

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

NET INCOME	297.3	217.5
DIVIDED BY OUTSTANDING SHARES	2,162.5	2,162.5
EPS(Basic and Diluted)	0.14	0.10

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
	2012	2011
INCOME		
Interest and discounts	322.34	301.64
Rent	51.94	47.57
Service fees & other income	57.13	46.20
	<u>431.41</u>	<u>395.41</u>
EXPENSES		
Interest and financing charges	121.52	101.47
Occupancy and equipment-related expenses	60.79	60.81
Compensation and fringe benefits	43.79	39.76
Taxes and licenses	31.68	32.31
Provision for impairment and credit losses	16.68	38.75
Litigation/assets acquired expenses	15.75	3.86
Management & Other Fees	3.64	1.92
Entertainment, Amusement and Recreation	5.65	4.11
Traveling & transportation expenses	4.68	2.89
Postage, Telephone & Telegraph	1.49	2.93
Information & Technology expenses	0.13	0.90
Others	2.71	2.75
	<u>308.51</u>	<u>292.46</u>
INCOME BEFORE INCOME TAX	122.90	102.95
PROVISION FOR INCOME TAX	24.61	21.00
NET INCOME	98.29	81.95
OTHER COMPREHENSIVE INCOME		
Unrealized Fair Value Gain/(Loss) on AFS-net	18.70	(51.10)
TOTAL COMPREHENSIVE INCOME/(LOSS)	116.99	30.85
BASIC EARNINGS PER SHARE**	0.05	0.04
DILUTED EARNINGS PER SHARE**	0.05	0.04

0.01

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

NET INCOME	98.29	81.95
DIVIDED BY OUTSTANDING SHARES	2,162.48	2,162.48
EPS(Basic and Diluted)	0.05	0.04

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
In Millions

	For the nine months ended	
	September 30	September 30
	2012	2011
CAPITAL STOCK		
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	2,225.17	2,225.17
Treasury Stock (at cost) - 62,693,718 shares in 2011 and 2010	(81.78)	(81.78)
ADDITIONAL PAID-IN CAPITAL	571.10	571.10
RETAINED EARNINGS		
Balance at beginning of the year	1,584.40	1,605.11
Net income	297.30	217.47
Cash dividends issued	(108.12)	(108.12)
Balance at end of reporting period	1,773.58	1,714.46
OTHER COMPREHENSIVE INCOME		
Unrealized gain/(loss) on available-for-sale investments	0.05	45.32
	4,488.11	4,474.27

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	
	September 30	September 30
	2012	2011
CAPITAL STOCK		
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	2,225.17	2,225.17
Treasury Stock (at cost) - 62,693,718 shares in 2011 and 2010	(81.78)	(81.78)
ADDITIONAL PAID-IN CAPITAL	571.10	571.10
RETAINED EARNINGS		
Balance at beginning of the quarter	1,675.28	1,740.61
Net income	98.29	81.97
Cash dividends issued	(0.00)	(108.12)
Balance at end of reporting period	1,773.57	1,714.46
OTHER COMPREHENSIVE INCOME		
Unrealized gain/(loss) on available-for-sale investments	0.05	45.32
	4,488.11	4,474.27

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

For the nine months ended

	SEPTEMBER 30	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	375,812,960	276,971,134
Adjustments to reconcile income before income tax to net cash provided by (used in) operations:		
Provision for probable losses	73,977,231	124,649,090
Depreciation and amortization	140,404,412	205,639,287
Loss/(Gain) on sale of property and equipment	(2,263,998)	19,623,581
Loss/(gain) on sale of investment properties	(6,434,444)	
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Finance lease receivables and loans and receivables financed	(2,226,988,933)	(2,280,204,331)
Other assets	(213,661,237)	(759,707,749)
Increase (decrease) in:		
Accounts payable, accrued interest and other liabilities	128,425,654	(179,454,697)
Lease Deposits	375,179,502	116,865,557
Net cash generated from (used in) operations	(1,355,548,853)	(2,475,618,128)
Income taxes paid	(75,337,236)	(87,029,577)
Net cash provided by (used in) operating activities	(1,430,886,089)	(2,562,647,705)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (acquisition) of investment properties	47,725,478	(59,394,683)
Net acquisitions of available for sale investment	(1,269,990,000)	
Net acquisitions of property and equipment	(252,413,826)	(164,426,703)
Net cash used in investing activities	(1,474,678,348)	(223,821,386)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of Treasury Stocks	-	-
Payment of cash dividend	(324,371,297)	(108,123,767)
Net (payments) of bills payable	3,216,783,539	2,943,327,578
Net cash provided by (used in) financing activities	2,892,412,242	2,835,203,811
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,152,195)	48,734,720
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	87,720,152	71,899,540
CASH AND CASH EQUIVALENTS AT END OF QUARTER	74,567,957	120,634,260

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

For the three months ended

	SEPTEMBER 30	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	122,917,271	103,009,238
Adjustments to reconcile income before income tax to net cash provided by (used in) operations:		
Provision for probable losses	16,666,667	38,787,565
Depreciation and amortization	51,744,270	53,312,116
Loss/(Gain) on sale of property and equipment	(334,112)	(115,957)
Loss/(gain) on sale of investment properties	(1,509,460)	3,850,186
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Finance lease receivables and loans and receivables financed	(447,260,292)	(206,856,068)
Other assets	(40,076,706)	(677,257,954)
Increase (decrease) in:		
Accounts payable, accrued interest and other liabilities	121,988,921	28,389,440
Lease Deposits	125,122,278	153,277,681
Net cash generated from (used in) operations	(50,741,164)	(503,603,754)
Income taxes paid	(20,969,620)	(38,742,163)
Net cash provided by (used in) operating activities	(71,710,784)	(542,345,917)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (acquisition) of investment properties	46,823,366	(30,306,198)
Net acquisitions of available for sale investment	(1,269,990,000)	-
Net acquisitions of property and equipment	(125,840,797)	(71,973,723)
Net cash used in investing activities	(1,349,007,431)	(102,279,921)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of Treasury Stocks	-	(2,146,293,489)
Payment of cash dividend	-	(108,123,767)
Net (payments) of bills payable	1,417,390,449	2,943,327,578
Net cash provided by (used in) financing activities	1,417,390,449	688,910,322
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,327,767)	44,284,484
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER	77,895,724	76,349,775
CASH AND CASH EQUIVALENTS AT END OF QUARTER	74,567,957	120,634,260

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

September 2012 Compared to September 2011

The company registered a net income of P297.30 million for the quarter ending September 2012 as compared to P217.47 million for the same period in 2011.

Gross revenues for the 3rd Quarter of 2012 amounted P1,279.31 million, an increase by 8.95% from P1,174.11 million last year. This was primarily due to the net impact of the P31.44M increase in dividend income arising from BDOLF's investment in First Gen preferred shares in the second semester of 2011, BDORI's loss on FFE disposal due to pretermination of leased asset last year amounting P19.7M and Income from ROPA sales of P23.3M as of September 2012 and dividend income arising from BDOLF's investment in SMC Preferred Shares 2B & 2C at the end of the third quarter of 2012.

Interest and financing charges for September 2012 amounted to P343.62 million, consisting of financing charges on borrowings of P340.11 million and interest expense on leased deposits of P3.51 million. Financing charges on borrowings increased by P70.91 million versus September 2011's P269.20 million mainly due to the increase in Bills Payable level from P10.605 billion in September 2011 to P13.792 billion in September 2012 to fund the growth in leveling portfolio. The increased level of bills payable also resulted in higher taxes & licenses of P7.67 million, wherein P6.37 million is attributable to related documentary stamp taxes.

In 2011, the Company undertook to build up its general loan loss provisioning. This is the reason why provision for credit losses dropped in 2012 when compared with 2011 figures. Provision for impairment and credit losses for 2012 is 40.65% lower than last year's P124.65 million balance.

Occupancy and equipment related expenses as of September 2012 amounted to P165.79 million, a decrease of P64.82 million from 2011's P230.61 million. This is attributable to the P36.45 million decline in the depreciation on leased assets of BDORI from several matured accounts as of third quarter of 2012 compared to same period last year. The 28.11% decline in occupancy and equipment related expenses is also a result of the closing of P16.5 million depreciation expense-other assets balance related to reclassification of other assets-chattel mortgage to non-current assets held-for-sale.

Litigation/assets acquired expenses increased to P36.85 million in 2012 from 2011's P21.26 million primarily due to a P3.7M bidding fee related to sale of mortgaged property, insurance premium of newly booked ROPA of P3.72M and various expenses for newly booked ROPA P5.90M

Management and other fees went up to P13.24 million as of September 2012 from P6.62 million as of the September 2011. The 99.92% increase is primarily the result of the P1.2 million expense accrual for the service level agreement of the company with BDO Unibank, selling fees of P1.6M with BDO Capital & Investment Corporation and increase of P0.4M in Credit Rating Agency in 2012

Other expenses showed a net increase of 45.50% from P11.2 million in 2011 to P16.3 million in 2012. This is mainly resulting from a P6.0 million increase in fair value loss on residual value of leased equipment from new bookings as of September 2012.

Total assets increased by P3.440 billion from September 2011's P18.050 billion to P21.490 billion as of September 2012, mainly due to the increase in net loans and other receivables by P2.707 billion, from 2011's P14.103 billion to P16.810 billion this year. The Company's net lease portfolio went up by P1.378 billion while net non-lease portfolio also increased by P1.272 billion. Property, Plant and Equipment-net decreased to P206.5 million from P833.2 million in 2011 as a result of lower net leased assets of BDO Rental. Cash & cash equivalents went down to P74.6 million from P120.6 million in 2012. Investment properties-net went down to P378.4 million in September 2012 from P749.4 million, same period last year. The 49.51% decline in net investment property is mainly brought about by a P303.2M sale of repossessed real estate mortgage property in December 2011. Other Assets, including available-for-sale investments, went up from a total of P2.244 billion in September 2011 to P3.601 billion for the same period in 2012. Increase in other assets is mainly due to the increase in net investment in available-for-sale securities amounting P1.231 billion.

Bills Payable increased by P3.187 billion from P10.605 billion to P13.792 billion in 2012 primarily to finance business growth and increasing volume of portfolio.

Accounts Payable, accrued expenses and other liabilities increased by P171.98 million mainly due to increased miscellaneous liabilities in 2012 from RMU accounts, reaching P108.7 million as of September 2012

Lease deposits went up from P2.735 billion in 2011 to P2.801 billion in 2012.

Stockholders' equity stood at P4.488 billion as of September 2012.

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

	September 2012	September 2011
Current Ratio	0.42:1	0.42:1
Quick asset ratio	0.40:1	0.41:1
Debt to Equity Ratio	3.79:1	3.03:1
Return on Equity	8.83%	6.48%
Net Profit Margin	23.24%	18.52%

Formulas used:

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

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.

A) As of September 30, 2012, September 30, 2011 and December 31, 2011, total savings and demand deposit accounts maintained with BDO Unibank by the Group amounted to P57.9, P106.0 and P72.9, respectively. Respective periodic interest income earned on deposits amounted to P0.23, P0.67 and P0.76.

B) Total bills payable to BDO Unibank amounted to P3,599.4, P2,280.0, and P2,488.1 as of September 30, 2012, September 30, 2011 and December 31, 2011 respectively. Accrued Interest Payable amounted to P14.82, P3.35 and P7.57 for the same periods. Interest expense incurred on bills payable amounted to P62.70, P59.21 and P86.7 as of September 30, 2012, September 30, 2011 and December 31, 2011 respectively.

C) 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 amounted to P8.32, P8.64 and P11.5 in September 30, 2012, September 30, 2011 and December 31, 2011 respectively

D) As of September 30, 2012, the Parent Company granted short-term unsecured loan amounting P85.0 to BDO Rental, at prevailing market rates. The existing loan's carrying amount is presented as part of Loans and Other Receivables in the Parent Company's statements of financial position.

Total interest income earned by the Parent Company amounted to P0.63 as of September 30, 2012 this loan transaction; and is presented as part of Interest and Discounts in the Parent Company's statements of comprehensive income.

E) In 2012, the Parent Company signed a service level agreement contract with BDO Unibank for various scope of services such as information technology, human resources management, customer contact, corporate secretariat, and others. Accrued expenses on these services, booked under management and other professional fees, amounted P1.2 million as of September 2012.

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 network BDO Unibank, Inc. branches will be pursued in terms of referrals to boost our business volume.
- We will develop equipment vendor/supplier tie-ups to expand market presence and clientele base.
- We will look for fixed-term sources of funds to match our medium-term loans and leases.
- We will maximize the issuance of our short-term commercial paper license to lower 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 aggressively tap the existing corporate accounts of BDO Institutional Banking Group for possible lease requirements.

**BDO LEASING AND FINANCE INC.
AGING OF LOAN PORTFOLIO**

As of September 30, 2012

Account	Total	1 Month	Over 1 Mos to 3 Mos.	Over 3 Mos. to 6 Mos.	Over 6 Mos. to 1 Yr.	Over 1 Yr. to 3 Yrs.	3 to 5 Yrs.	Over 5 Yrs.	Past Due & Litigation
Factored Receivable	331,963,260.25	-	266,259,860.75	-	-	-	-	-	65,703,619.50
Receivables Purchased	3,730,931.13	-	-	-	-	-	-	-	3,730,931.13
Insl. Paper Purch./Fin. Stock Fin.	1,787,552,597.81	147,492,448.31	168,228,816.27	156,540,448.61	192,067,432.56	947,895,497.52	175,436,772.33	-	4,891,182.21
Amortized Commercial Loans	6,988,260,748.22	108,953,303.79	226,716,021.58	325,742,892.71	582,434,682.15	2,494,346,009.65	1,629,339,492.94	1,518,822,209.00	101,906,136.40
ACL - Stock Rights	857,639.90	25,770.99	51,541.98	77,312.97	154,625.93	548,388.03	-	-	-
Lease Contract Receivables	8,838,896,055.55	542,196,140.12	525,257,154.41	719,367,035.92	1,627,303,634.00	4,047,811,242.65	1,105,781,348.36	-	271,179,500.06
Personal Loans Programs	1,148.00	-	-	-	-	-	-	-	1,148.00
	17,951,262,400.86	798,667,663.21	1,186,513,194.99	1,201,727,690.21	2,401,960,374.65	7,485,601,137.86	2,910,557,613.64	1,518,822,209.00	447,412,517.30

Less: Allowance For Credit Losses 328,712,029.03

Finance Receivables - Net 17,622,550,371.83

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 cyclical nature of interim operations;

The Company is not affected by seasonality or cyclical 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.

In the course of integration of Banco de Oro – EPCI, Inc. (the "Bank") and its subsidiaries, it has been determined based on a review conducted that there is a need to restate the retained earnings of the Company for 2007 and prior years 2005 and 2006. The need arose from overstatement of income in terms of the timing in recognition of revenues.

As of September 30, 2007, adjustments have been made to correct the balance of retained earnings amounting to P237 million. But after final validation, this will be reduced to P228 million of which P91 million pertains to adjustments prior to 2005.

In December 31, 2010, the balance of Retained Earnings and other statement of financial position accounts as of January 1, 2008 have been restated from the amounts previously stated to recognize the additional impairment loss on an investment property based on an appraisal that should have been reflected in the 2006 financial statements, and to adjust the balance of the deferred tax asset based on the balance at the end of 2007 of certain temporary differences relating to impairment losses and retirement liability. The restatements have no effect on the previously reported net profit of the Group and the parent company for the last two years.

- 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.

As explained in item c above, the restatement resulted to a reduction in income recognition for prior years 2005 and 2006 of P37 million and P100 million respectively. However, it resulted to an increase in income of P132 million for year to date September 2007.

There are no changes in estimates of amounts reported in the first quarter of 2012 and there are also no changes in estimates of amounts reported in prior financial years.

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

For the third quarter of 2012, the Company has issued bills payable amounting to P14,714,500M and made total payments on its bills payable amounting to P14,931,100M. The Company also purchased SMC Preferred Share 2B (8,466,600 shares @ P75.00) P634,995,000.00 and 2C (8,466,600 shares @ P75.00) P634,995,000.00.

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

On April 18, 2012, the BOD approved the declaration of cash dividends at P0.05 per share, amounting P108.1 million. The April 2012 dividends were declared in favor of stockholders of record as of May 31, 2012 and said dividends were paid subsequently on June 27, 2012.

There are no dividends paid on other shares as the Company has only common shares as outstanding stocks as of May 31, 2012, the dividends' date of record

- 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.

Not applicable – There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

- 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.

Not applicable – There are no business combination, acquisition or disposal of subsidiary and long term investments since the last interim balance sheet dates.

- J. Changes in contingent liabilities or contingent assets.

Not applicable – There were no changes in contingent liabilities or contingent assets since the last interim balance sheet dates.

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

Not applicable – There were no existing material contingencies and any other events or transactions that would affect the understanding of the current interim period.

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.

Not applicable – There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the company's liquidity.

- 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;

Not applicable. There are no events that will trigger direct or contingent financial obligation that is material to the company.

- 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.

Not applicable. There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

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

Not applicable – There were no material commitments for capital expenditure.

- 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.

Not applicable – There were no 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.

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

Not applicable – There were no significant elements of income or loss that would have surfaced in the company's continuing operations.

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

Not applicable. There are no seasonal aspects that has a material effect on the financial condition or results of operations.

BDO LEASING & FINANCE, INC. AND SUBSIDIARY
 SEGMENT INFORMATION
 For the nine months ended September 30, 2012
 (in millions)

	Leasing	Financing	Others	Total
Gross income	507.60	581.46	190.25	1,279.31
Segment revenues	507.60	581.46	190.25	1,279.31
Segment expenses	358.49	410.65	134.36	903.50
Segment results	149.11	170.81	55.89	375.81
Income tax expense				78.51
Net Income				297.30
Segment assets - net	8,230.51	8,685.97	-	16,916.48
Unallocated assets				4,573.30
Total Assets				21,489.78
Segment liabilities	7,903.74	8,689.19	-	16,592.93
Unallocated liabilities				408.80
Total Liabilities				17,001.7

Segment expenses are allocated on the basis of gross income.

Net segment assets are comprised of the following:

	Leasing	Financing
Receivables	6,084.4	9,112.4
Equipment under lease	323.2	
Residual value of leased assets	2,754.5	-
	9,162.1	9,112.4
Unearned income	(800.0)	(193.0)
Allowance for probable losses	(131.6)	(197.1)
Clients' equity	-	(36.3)
	8,230.5	8,686.0

PART II--OTHER INFORMATION

Nothing to report.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report (September 2012 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/COMPTROLER

November 13, 2012
Date