

May 2, 2011

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 enclosed SEC Form 17-Q of BDO Leasing and Finance, Inc., for the quarter ended March 31, 2011.

Thank you very much.

Very truly yours,



SERGIO M. CENIZA
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

COVER SHEET

0 9 7 8 6 9
S.E.C. Registration Number

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

(Company's Full Name)

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

Company Telephone Number

1 2

Month

Fiscal Year

3 1

Day

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.

1,239

Total No. of Stockholders

Total Amount of Borrowings

PhP 9,018,600,322.05

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 March 31, 2011
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/ 635-64-16, 635-58-11, 635-58-05, 635-38-98
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

<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 9,018,600,322.05.</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 [X] No []

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

Yes [X] No []

PART I--FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

The company follows the generally accepted accounting principles in the preparation of its interim financial statements. Also, the accounting policies and methods of computation used in the audited financial statements as of and for the year ended December 31, 2009 were consistently applied in the interim financial reports.

Accounting transactions emanating from a financing company are constant in nature. Interim operation does not change a lot if compared to a previous interim cycle.

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

March 2011 Compared to March 2010

The company registered a net income of P70.7 million for the 1st quarter ending March 2011 as compared to P69.6 million for the 1st quarter ending March 2010.

Gross revenues for the 1st quarter 2011 amounted to 412.1 million, a decrease by 29.39% from P583.6 million from the same period last year. This was primarily due to the decline in rental income from BDO Rental, Inc., a subsidiary of BDO Leasing. Other income also went down to P42.5 million versus last year's P48.7 million due to net impact of decrease in recovery of charged off assets (from various sales in 2010), lower dividend income (due to sale of SMC preferred shares in April 2010) and increase in miscellaneous income from application of payments of accounts under remedial management.

Interest and financing charges for March 2011 amounted to P82.3 million, consisting of financing charges on borrowings of P78.0 million and interest expense on leased deposits of P4.3 million. Financing charges increased by P2.1 million versus March 2010's P80.2 million mainly due to the increase in Bills Payable level from P6.41 billion in March 2010 to P9.02 billion in March 2011 to fund the growth in leveling portfolio.

Occupancy and equipment related expenses for the 1st quarter of 2011 amounted to P110.4 million, a decrease of P169.8 million from P2010's P280.2 million. This is attributable to the decline in the depreciation on leased assets of BDO Rental, Inc from several maturing accounts during the 1st quarter of 2011 and corresponds with the decline in rental income during the year.

Litigation/assets acquired expenses increased to P11.2 million in 2011 from 2010's P5.1 million primarily due to additional legal filing and docket fees resulted from management's mandate to recover more from delinquent accounts.

Other expenses showed a net increase of 24.5% from P10.2 million in 2010 to P12.7 million in 2011.

Total assets increased by P2.8 billion from March 2010's P13.4 billion to P16.2 billion as of March 2011, mainly due the the increase in net loans and other receivables by P3.2 billion from 2010's P9.9 billion to P13.1 billion this year. The Company's net lease portfolio went up by P1.1 billion while net non-lease portfolio also increased by P3.7 billion. The net decrease of P13.4 million in Available-for-sale Investments is attributable to the sale of P30.0 million worth of preferred shares of San Miguel Corporation and the accumulated loss due to monthly revaluation amounting P58.4M as of March 2011. Property, Plant and Equipment-net decreased to P800.9 million from P1.2 billion in 2010 as a result of the decreasing balance of the net leased assets of BDO Rental. Other Assets, including cash and cash equivalents, went up by P28.4 million from a total of P1.014 billion March 2010 to P1.043 billion for the same period in 2011. Increase in other assets is mainly due to net effect of the increase in non-current assets held-for-sale amounting to P85.3 million and the decline in cash and cash equivalents of P59.4 million.

Bills Payable increased by P2.609 billion from P6.410 billion to P9.019 billion in 2011.

Accounts Payable and accrued expenses decreased by P40.5 million mainly due to a P59.9 million decrease in Income Tax Payable.

Lease deposits increased from P2.335 billion in 2010 to P2.576 billion in 2011.

Stockholders' equity stood at P4.401 billion as of March 2011.

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

	March 2011	March 2010
Current Ratio	0.49:1	0.60:1
Quick asset ratio	0.48:1	0.58:1
Debt to Equity Ratio	2.69:1	2.05:1
Return on Equity	6.43%	6.32%
Net Profit Margin	17.16%	11.92%

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 equity	=	Annualized Net income over Total Stockholders' Equity
Quick assets ratio	=	Quick assets over Current Liabilities

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 on BDO Leasing & Finance's branches, and also use the extensive network of branches of BDO Unibank, Inc. to boost our business volume.
- We will aggressively market Factoring product not only through our Metro Manila lending units but extend it to our Luzon and Vizmin branches.
- 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 enhance our IT system to fully address the requirements of new accounting standards. This is in coordination with our Parent Bank's Information Technology group.

PART II--OTHER INFORMATION

Nothing to report.

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

	March 31, 2011	(Audited) December 31, 2010	(as restated) March 31, 2010
ASSETS			
Cash and Cash Equivalents	78.1	71.9	137.5
Available-for-Sale Investments	1,287.3	1,524.4	1,300.7
Loans & Other Receivables - net			
Finance Lease Receivables			
Finance lease receivables	3,701.3	4,740.3	3,791.2
Residual value of leased assets	2,195.4	2,235.5	1,971.4
Unearned lease income	(658.5)	(699.6)	(610.5)
	6,238.2	6,276.2	5,152.1
Loans and Receivables Financed			
Loans and receivables financed	9,226.5	7,602.5	6,677.1
Unearned finance income	(2,138.8)	(1,695.8)	(1,663.7)
Clients' Equity	(88.7)	(129.5)	(132.4)
	6,999.0	5,777.2	4,881.0
	16,123.2	14,578.3	12,439.7
Other Receivables			
Accounts Receivable	17.5	31.8	30.5
Sales Contract Receivable	59.2	50.8	51.7
Dividends Receivable	24.0	24.0	-
Accrued Interest Receivable	37.0	27.2	24.9
	137.7	133.8	107.1
Allowance for loan losses	(265.7)	(230.6)	(225.6)
Allowance for losses - misc. receivables	(6.1)	(3.6)	(8.6)
	(271.8)	(234.2)	(234.2)
	13,103.1	11,953.0	9,906.0
Property, Plant and Equipment - net	800.9	856.9	1,207.7
Investment Properties - net	723.8	701.3	723.6
Other Assets - net	240.8	180.9	153.2
	16,234.0	15,288.4	13,428.7
LIABILITIES AND STOCKHOLDERS' EQUITY			
Bills Payable	9,018.6	7,666.2	6,409.6
Accounts Payable, Accrued Interest and Other Liabilities	238.7	438.7	279.2
Lease Deposits	2,576.2	2,617.7	2,335.3
	11,833.5	10,722.6	9,024.1
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	1,675.8	1,605.2	1,690.4
Unrealized gain/(loss) on available-for-sale	10.2	246.1	(0.3)
Treasury Stock	(81.8)	(81.8)	(81.8)
	4,400.5	4,565.8	4,404.6
	16,234.0	15,288.4	13,428.7

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

For the three months ended	March 31	March 31
	2011	2010
INCOME		
Interest and discounts, rent	369.6	534.9
Service fees & other income	42.5	48.7
	<u>412.1</u>	<u>583.6</u>
EXPENSES		
Interest and financing charges	82.3	80.2
Taxes and licenses	27.6	27.2
Provision for impairment and credit losses	42.5	50.0
Compensation and fringe benefits	33.9	36.5
Occupancy and equipment-related expenses	110.4	280.2
Litigation/assets acquired expenses	11.2	5.1
Others	12.70	10.20
	<u>320.6</u>	<u>489.4</u>
INCOME BEFORE INCOME TAX	91.5	94.2
PROVISION FOR INCOME TAX	20.8	24.6
NET INCOME	<u>70.7</u>	<u>69.6</u>
BASIC EARNINGS PER SHARE**	<u>0.03</u>	<u>0.03</u>
DILUTED EARNINGS PER SHARE**	<u>0.03</u>	<u>0.03</u>

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

NET INCOME	70.7	69.6
DIVIDED BY OUTSTANDING SHARES	2,162.5	2,162.5
EPS(Basic and Diluted)	0.03	0.03

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

For the three months ended

	March 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	91,490,425	94,207,685
Adjustments to reconcile income before income tax to net cash provided by (used in) operations:	-	-
Provision for probable losses	42,500,001	50,000,000
Depreciation and amortization	102,280,747	8,910,467
Loss/(Gain) on sale of property and equipment	(166,857)	(10,069)
Changes in operating assets and liabilities:	-	-
Decrease (increase) in:	-	-
Finance lease receivables and loans and receivables financed	(1,183,729,121)	(798,309,852)
Other assets	(77,243,447)	(10,110,227)
Increase (decrease) in:	-	-
Accounts payable, accrued interest and other liabilities	(223,940,636)	21,538,342
Lease Deposits	(41,499,284)	33,314,565
Net cash generated from (used in) operations	(1,290,308,172)	(600,459,089)
Income taxes paid	1,608,317	(7,088,193)
Net cash provided by (used in) operating activities	(1,288,699,855)	(607,547,282)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (acquisition) of investment properties	(22,948,863)	273,356
Net acquisitions of property and equipment	(36,021,281)	241,420,791
Net cash used in investing activities	(58,970,144)	241,694,147
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (payments) of bills payable	1,353,860,477	270,972,363
Net cash provided by (used in) financing activities	1,353,860,477	270,972,363
NET DECREASE IN CASH AND CASH EQUIVALENTS	6,190,478	(94,880,772)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	71,899,540	232,366,329
CASH AND CASH EQUIVALENTS AT END OF QUARTER	78,090,018	137,485,557

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

	For the Three Months Ended March 31,	
	2011	(as restated) 2010
CAPITAL STOCK		
Preferred - P100 par value		
Authorized and unissued - 200,000 shares		
Common - P1 par value		
Authorized - 3,400,000,000 shares		
Issued - 2,225,169,054 shares	2,225.2	2,225.2
Treasury Stock (at cost) - 62,693,718 shares in 2011 and 2010	(81.8)	(81.8)
ADDITIONAL PAID-IN CAPITAL	571.1	571.1
RETAINED EARNINGS		
Balance at beginning of the year	1,605.1	1,620.8
Net income	70.7	69.6
Cash dividends issued	-	-
Balance at end of twelve months	1,675.8	1,690.4
Unrealized gain/(loss) on available-for-sale investments	10.2	(0.3)
	4,400.5	4,404.6

BDO LEASING AND FINANCE INC.
 AGING OF LOAN PORTFOLIO
 As of MARCH 31, 2010
 (IN THOUSANDS)

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	509,605	-	462,845	-	-	-	-	-	46,760
Receivables Purchased	10,708	-	-	-	-	-	-	-	10,708
Inst. Paper Purch./Ftr/ Stock Fin.	1,512,123	40,046	1,209,385	73,788	98,584	72,696	12,237	-	5,407
Amortized Commercial Loans	7,024,444	97,522	234,029	350,083	631,758	1,862,632	1,885,777	1,775,171	187,471
Amortized Consumer Loans	169,612	9,192	14,675	18,418	28,831	56,130	14,943	811	28,812
Lease Contract Receivables	6,896,679	395,246	418,399	631,299	1,355,466	2,986,910	776,317	55,829	277,411
Personal Loans Programs	1	-	-	-	-	-	-	-	1
	16,123,172	542,007	2,339,334	1,073,989	2,112,420	4,978,388	2,689,274	1,831,811	556,570

Less: Allowance For Credit losses 265,711

Finance Receivables - Net 15,857,461

BDO LEASING & FINANCE, INC. AND SUBSIDIARY
 SEGMENT INFORMATION
 FOR THE THREE MONTHS ENDED MARCH 31, 2011
 (in millions)

	Leasing	Financing	Others	Total
Gross income	212.7	155.5	43.9	412.1
Segment revenues	212.7	155.5	43.9	412.1
Segment expenses	165.5	121.0	34.2	320.6
Segment results	47.2	34.5	9.7	91.5
Income tax expense				20.8
Net Income				70.7
Segment assets - net	6,987.5	6,823.0	-	13,810.5
Unallocated assets				2,423.5
Total Assets				16,234.0
Segment liabilities	7,575.1	4,019.7	-	11,594.8
Unallocated liabilities				238.7
Total Liabilities				11,833.5

Segment expenses are allocated on the basis of gross income.

Net segment assets are comprised of the following:

	Leasing	Financing
Receivables	4,701.3	9,226.5
Equipment under lease	839.0	
Residual value of leased assets	2,195.4	-
	7,735.7	9,226.5
Unearned income	(658.5)	(2,138.8)
Allowance for probable losses	(89.7)	(176.0)
Clients' equity	-	(88.7)
	6,987.5	6,823.0

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

ITEM 1-7

- 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.

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

On December 8, 2010 and May 31, 2010, the BOD approved the declaration of cash dividends at P0.10 per share and P0.05 per share, respectively, amounting to P216.2 and P108.2 or for a total of P324.4 for the year. The December 2010 and May 2010 dividends were declared in favor of stockholders of record as of December 22, 2010 and June 30, 2010, respectively. As of December 31, 2010, the December 2010 dividends are still outstanding and is shown as dividends payable in the statement of financial position.

- 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

- 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 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.

- C. 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.

- D. 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.

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:

- 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.

- 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.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this 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

MAY 2011
Date