

**ANNEX “D”**



**LBP LEASING AND FINANCE CORPORATION**

*(A Land Bank Subsidiary)*

**DIRECTOR'S KIT**

# ANNEX “D”

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# LBP LEASING AND FINANCE CORPORATION

## **DIRECTORS' BRIEFING PRESENTATION**



# PRESENTATION OUTLINE

1. Company Profile
2. Organizational Structure
3. Management and Board Committees
4. Products and Services
5. Marketing Plan
6. Operational and Financial Targets
7. Directors' Duties and Responsibilities and Compensation Structure



# COMPANY PROFILE



# HISTORY

- March 17, 1983. – Registration with the Securities and Exchange Commission (SEC) as LBP Leasing Corporation (LLC)
- March 18, 1983 - Granted by SEC secondary license to operate as a finance company
- March 6, 1998 - Increase in capitalization to P500.0 Million approved by SEC
- November 3, 2015 - SEC approval of Amended Articles of Incorporation and By-Laws (*change of name to LBP Leasing and Finance Corporation, Power to write-off accounts, Board Committees, etc.*)



# VISION/MISSION

- **VISION**

By 2025, LLFC will be among the country's top 5 bank affiliated leasing and finance companies in terms of total assets.

- **MISSION**

To provide broad spectrum of leasing and financial products and services to government agencies, LBP borrowers, and clients in the priority sectors that support the National Economic agenda.



# PRIMARY PURPOSE

- Engage in leasing of all kinds of equipment, machines, vehicles, facilities, appliances and all other types of personal and real properties
- Engage in financing of merchandise in all their various forms
- Extend credit facilities to industrial, commercial, agricultural and other enterprises
- Raise funds for the operations through borrowings and issuance of debt instruments and/or securitization of its assets.

# RANKING AMONG BANK AFFILIATED LEASING COMPANIES



Based on 2021 Audited Financial Statement

2021 INDUSTRY STANDING								
COMPANY NAME	Total Assets		Lease and Loans Receivables		Equity		NIAT	
	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount
ORIX METRO LEASING AND FINANCE CORP.	1	37,132,700,905	1	21,247,639,996	1	9,305,817,907	2	164,152,947
RCBC LEASING AND FINANCE CORP	2	12,809,256,586	3	6,600,543,767	2	2,235,781,970	3	154,203,800
BDO FINANCE CORP	3	8,106,411,971	2	7,467,715,233	4	1,140,619,448	1	204,737,079
<b>LBP LEASING AND FINANCE CORP</b>	<b>4</b>	<b>4,967,329,336</b>	<b>4</b>	<b>4,498,991,454</b>	<b>3</b>	<b>1,620,534,256</b>	<b>4</b>	<b>29,715,437</b>
DBP LEASING CORP	5	2,804,949,311	6	1,270,137,635	5	992,031,697	7	(81,446,355)
SBM LEASING, INC.	6	1,808,129,890	5	1,462,345,215	6	509,833,261	5	10,002,672
BPI CENTURY TOKYO LEASE AND FINANCE CORPORATION	7	9,296,707	7	3,650,315	7	3,125,089	6	282,274

Notes:

*The report did not include two bank affiliated leasing and finance companies (1) UCPB Leasing and Finance Corporation and (2) Japan-PNB Leasing.*

*There is also a change in the business structure of some of the leasing companies such as BDO Finance and BPI Century Tokyo Lease and Finance Corporation.*



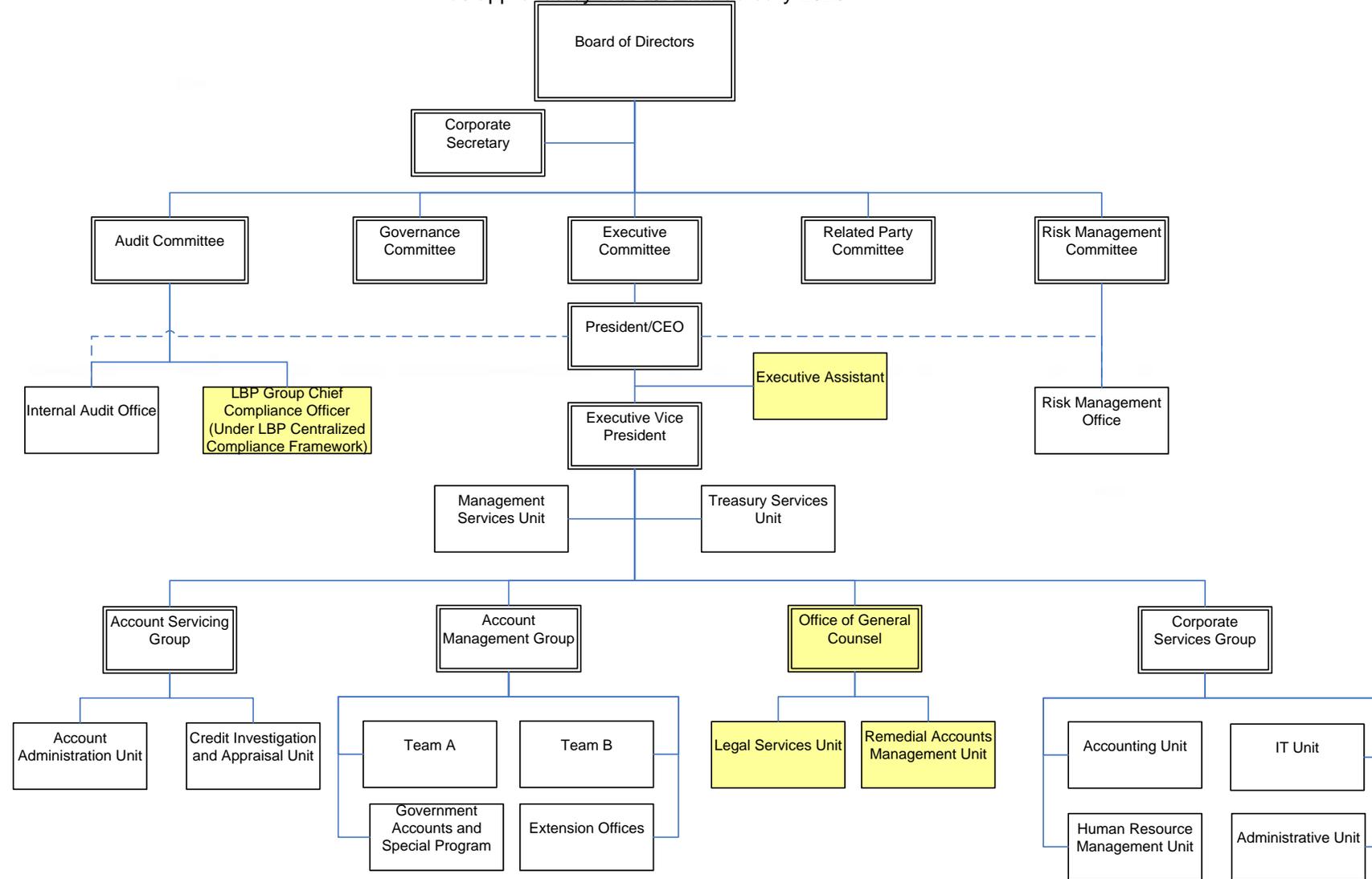
# **ORGANIZATIONAL STRUCTURE**



# LBP LEASING AND FINANCE CORPORATION

## REVISED TABLE OF ORGANIZATION

as approved by the BOD in February 2023



# OFFICE OF THE PRESIDENT



## Management Services Unit

- Assist in the facilitation of Board of Directors and Board Committee meetings
- Monitor and facilitate review of Service Level Agreement (SLA) with LBP
- Handle corporate performance monitoring and reporting particularly with respect to GCG requirements
- Provide assistance in ensuring LLFC's compliance to ISO 9001:2015 (Quality Management System) requirements
- Assist in Corporate Planning Activities and other Management activities
- Facilitate BOD compliance to Corporate Governance requirements.

## Treasury Unit

- Undertake the sourcing and management of corporate funds
- Receive and deposit collections from various sources which are due to the Corporation
- Prepare and release check/fund transfer for credit related transactions and payment of corporate obligations
- Act as custodian of securities, evidence of indebtedness and other corporate documents

# OFFICE OF THE GENERAL COUNSEL



## **Legal Services Unit**

- Preparation, revision, review of loan documents
- Legal Sufficiency Assessment of Loan Documents
- Legal Documentation of Other Corporate Transactions
- Legal Research and Opinions
- Legal Evaluation, Action and Representation on Collection Cases, Defensive Suits and Other Claims

## **Remedial Accounts Management Unit**

- Focused Collection Efforts on Problem Accounts
  - Problem Accounts Review and Analysis
  - Preparation and Implementation of Action Plan for all Problem Accounts
  - Preparation of Restructuring/Other Proposals
- Documentations of Restructuring, Payment Arrangement, Compromise Agreements and Others
- Monitoring of Restructured and Legal Accounts
- Internal Credit Rating, Classifications and Allowance for Losses Recommendation
- Account Write-offs



# ACCOUNT MANAGEMENT GROUP

- Sources/markets/originates credit accounts.
- Analyzes, evaluates and packages credit applications.
- Prepares credit proposals and presents the same to the appropriate approving authority.
- Implements and documents approved credit accounts.
- Monitors and supervises all outstanding credit accounts.
- Ensures collection of outstanding credit accounts at monthly due dates and maturities.
- Coordinates with the Account Servicing Group and other units of the Corporation in the implementation, monitoring and supervision of accounts, including resolution of problematic accounts.
- Undertakes measures to detect potential problem accounts.

# ACCOUNT SERVICING GROUP



## **Account Administration Unit**

- Review and check documentation of accounts for implementation to ensure completeness, correctness and compliance to the approved terms and conditions
- Holds custody of Security Files
- Monitor the renewal of insurance coverages and LTO registration (for LBP accounts)
- ROPA Management to include ROPA Administration, Marketing and Disposal

## **Credit Investigation, Inspection and Appraisal Unit**

- Conduct credit investigation
- Handle inspection and/or appraisal of equipment/property
- Coordinate with LBP PVCID and the different credit bureau on matters relating to exchange of credit information

# CORPORATE SERVICES GROUP



## **Accounting Unit**

- Processes and records all financial transactions of the Corporation that include payment processing, billings and recording of collections.
- Maintains the book of accounts and other financial records of the Corporation
- Handles budget preparation and monitoring
- Prepares and submits financial statements, tax returns, remittance schedule and other similar reports required by management and other government regulatory bodies.

## **Administrative Unit**

- Maintains and secures all properties/facilities belonging to the Corporation.
- Takes charge of asset procurement and disposal.
- Handles chauffeuring and repairs and maintenance for the lease facility with LANDBANK.
- Handles dispatch of driver and messengerial functions for the Corporation
- Manages office supplies

# CORPORATE SERVICES GROUP



## **Human Resource Unit**

- Facilitate personnel recruitment
- Handles all matters pertaining to personnel administration.
- Administers timekeeping for payroll preparation and remittances to regulatory agencies.
- Facilitate conduct of training, performance evaluation and other personnel development activities

## **Information Technology Unit**

- Handles activities for Network and System Administration
- Handles IT Helpdesk Support required by users to ensure efficient day to day operations
- Designs/develops, implements and maintains computerized systems of the Corporation
- Monitors and maintains website of the Corporation
- Implements various IT related projects in accordance with the approved Information System Strategic Plan.



# OVERSIGHT OFFICES

## **Internal Audit Office**

- Conducts financial and management/credit process audit, evaluation of existing internal control system of the various units of the Corporation.
- Develops financial procedures/policies and formulates audit plans and programs.
- Reviews whether operations were carried out with maximum effectiveness and economy in compliance with laws/rules/regulations and the company policies and procedures.
- Develops corrective measures to improve operational performance.
- Prepares/integrates technical reports and statistics on the operations incorporating findings gathered in the evaluation and analysis.

## **Risk Management Office**

- Develops and enhance processes, methodologies and a common language to identify, assess and manage risk within the organization.
- Builds risk awareness culture within the organization.
- Provides assistance to all units for their risk management activities.
- Facilitates an improved understanding of risk information in key decision and governance processes.
- Conduct evaluation of the effectiveness of risk controls and make the necessary corrective actions.
- Ensures that the Corporation's risk exposures are monitored and reported to management and to the Risk Management Committee



# OVERSIGHT UNITS

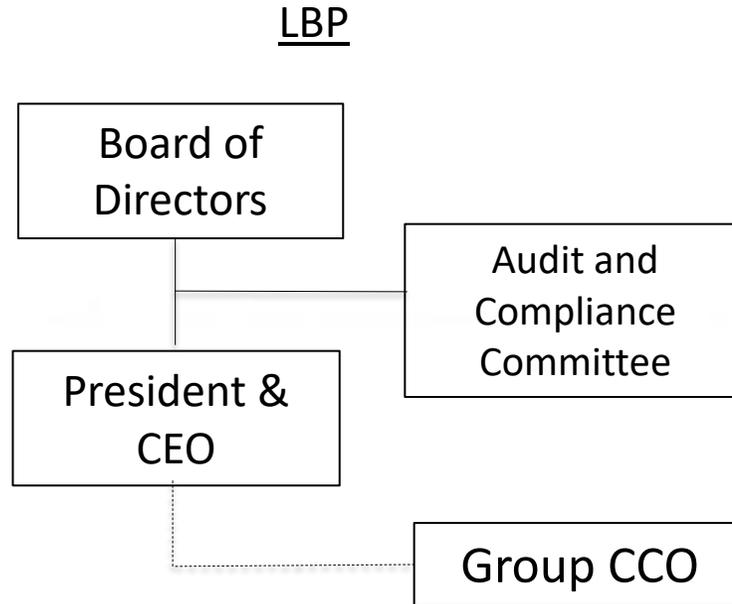
## **Compliance Office**

- Identification, measurement and assessment of compliance risk.
- Oversee and coordinate the implementation of the compliance system.
- Advise senior management on compliance laws, rules and standards, including keeping them informed on developments in the compliance area.
- Assess the appropriateness of the Corporation's compliance procedures and guidelines, promptly follow-up any deficiencies and where necessary, formulate proposal for amendments.



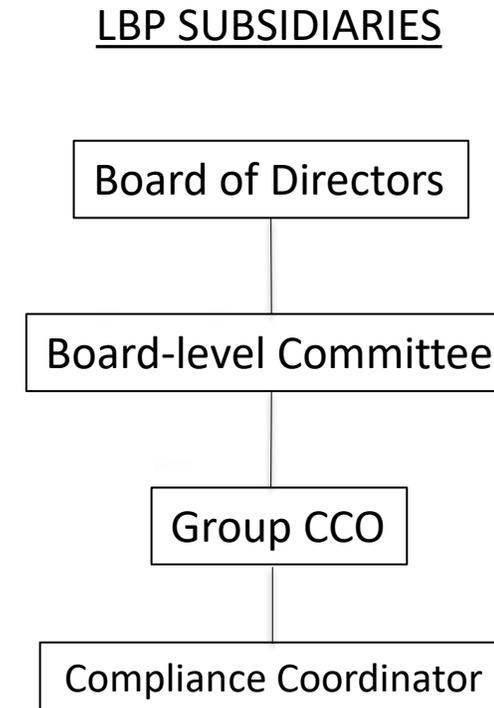
# LBP GROUP CCM FRAMEWORK

Fig. 1



— Direct functional reporting  
---- Administrative reporting

Fig. 2



Under the LBP Group CCM Framework, the compliance management functions of LBP and its subsidiaries are centralized in LBP-CMG and the Head of LBP-CMG is the designated LBP Group CCO and AML Compliance Officer.



# **MANAGEMENT AND BOARD COMMITTEES**

# MANAGEMENT COMMITTEES



Board Committee	Role	Frequency of Meeting
Management Committee	<ul style="list-style-type: none"><li>Facilitate implementation of corporate plans and programs consistent with the Strategic Plans and Directions; Recommend approval of policies and operational matters; recommends corporate operating budgets; organizational structure; staffing pattern and plantilla of positions prior to endorsement to the appropriate Board Committees and/or Board of Directors.</li></ul>	Twice a Month
Credit Committee	<ul style="list-style-type: none"><li>Review, recommend and/or approve credit related transactions within the scope of its authority as provided in the Codified Approving and Signing Authorities (CASA)</li><li>Review credit policies and procedures and recommend appropriate changes thereof</li></ul>	Twice a Month
Bids and Awards Committee on Procurement and Disposal	<ul style="list-style-type: none"><li>Act on the acquisitions by the Corporation in accordance with the procurement law</li><li>Act on the disposition of corporate assets in accordance with applicable rules and guidelines.</li></ul>	As needed

# MANAGEMENT COMMITTEES



Committee	Role	Frequency of Meeting
Performance Management Team	<ul style="list-style-type: none"><li>Primarily responsible for the implementation of the SPMS including formulation / enhancement of SPMS policies and guidelines</li></ul>	As needed
Investigation Committee / Accountability Assessment Committee	<ul style="list-style-type: none"><li>Tasked with the conduct of a thorough investigation on complaints involving punishable offenses against an employee of LLFC</li></ul>	As needed
Business Continuity Committee	<ul style="list-style-type: none"><li>A group of employees organized to be responsible in implementing the BCP and ensure continuity of delivery of services during and after disaster or risk event.</li></ul>	As needed



# BOARD COMMITTEES

Board Committee	Role	Frequency of Meeting
Executive Committee	<ul style="list-style-type: none"><li>• Evaluate, approve and/or recommend to the Board lease/credit transactions and restructuring proposals based on CASA</li><li>• Formulate and recommend credit policies for Board consideration and approval</li></ul>	Monthly
Audit Committee	<ul style="list-style-type: none"><li>• Assist the board in the performance of its oversight responsibilities for the financial reporting process, system of internal controls, audit process and monitoring of compliance with applicable laws, rules and regulations.</li></ul>	Quarterly
Corporate Governance Committee	<ul style="list-style-type: none"><li>• Ensure the Board's effectiveness and its observance of corporate governance principles and guidelines</li><li>• Establish a formal and transparent procedure for developing policy on remuneration of corporate officers and directors</li></ul>	Quarterly



# BOARD COMMITTEES

Board Committee	Role	Frequency of Meeting
Risk Management Committee	<ul style="list-style-type: none"><li>• Responsible for the development and oversight of the risk management program of the Corporation</li><li>• Review and assess the likelihood and magnitude of the impact of material events and recommend measures, responses or solution to avoid or reduce risks or exposures</li></ul>	Quarterly
Related Party Transaction Committee	<ul style="list-style-type: none"><li>• Responsible for the evaluation and monitoring of transactions or dealings with Related Parties</li><li>• Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties are captured.</li></ul>	Quarterly



# **PRODUCTS AND SERVICES AND MARKETING PLAN**

# LLFC PRODUCTS AND SERVICES



## **1. Leasing Facilities**

- 1.1 Finance Lease
- 1.2 Operating Lease

## **2. Financing Facilities**

- 2.1 Credit Lines
- 2.2 Term Loans

## **3. Special Financing Programs**

- 3.1 Special Financing to Support Government Programs
- 3.2 Anchor-Based Financing Programs
- 3.3 Vendor Partnership Financing Programs
- 3.4 Calamity Rehabilitation Support (CARES) Program
- 3.5 Fleet Management Services



# **MARKETING PLAN CY 2023**

Relative to the 2023 GCG Targets of LBP Leasing and Finance Corporation, below are the objectives, strategies, and action plans of the Account Management Group:



**Group Key Result Areas (KRA)**

KRA	2023 Target
1. Total Portfolio	<b>P 5.418 B year-end</b>
2. Increase Net Income After Tax	<b>P 60 M</b>
3. Portfolio Quality (Net Past Due Rate)	<b>5%</b>
4. Total Portfolio are from Priority Sectors	<b>90% of total portfolio</b>
5. New Accounts Generation	<b>35 new accounts</b>
6. Percentage of Credit Approval Processed Within Applicable Time	<b>100% of credit application processed within the applicable processing time</b>

**ACCOUNT MANAGEMENT SET-UP**

The Account Management Group (AMG) is presently composed of six (6) teams with AO-AA tandem per team.

TEAMS	MEMBERS	PORTFOLIO as of 02/28/23	MARKET & AREA TERRITORY (LBP-Counterpart)
Team 1	AO: Katherine D. Reyes, Account Officer AA: Mary Rose Josephine M. Cancino	P 0.993 B	NCR North (SME-MLD 1)
Team 2	AO: Elaine D. San Juan, Assistant Manager AA: Joy Antonette U. Vasquez	0.693 B	NCR South (SME-MLD 2)
Team 3	AO: Jane S. Hernandez, Assistant Manager AA: Ma. Christelyn M. Uy	0.006 B	Northern and Central Luzon (NCLLG)
Team 4	AO: Ma. Nanette R. Reyes, Assistant Manager AA: Karen G. Trinidad	0.637 B	Southern Luzon (SLLG)
Team 5	AO: Erlic C. Canua, Jr., Account Officer AA: Jaime Noel Antonio C. Matoto	1.136 B	Visayas (VLG & Government Accounts)
Team 6	AO: To be hired* AA: Rial Rey T. Abad	-	Mindanao (MLG & Corporate Banking Group)
Others	Peter Paul I. Rigor, OIC-AMG	0.572 B	
	Legal Services Unit	0.106 B	
	Remedial Accounts Management Unit (RAMU)	0.381 B	
	Equipment & Other Properties for Lease (EOPL)	0.232 B	
	<b>Total Portfolio as of February 28, 2023</b>	<b>P 4.758 B</b>	
	<b>2023 GCG Target Total Portfolio</b>	<b>P 5.418 B</b>	
	Ending Portfolio as of December 31, 2022	4.878 B	
	Projected Increment in Year-End Total Portfolio	0.540 B	
	% Projected Portfolio Growth for the Year 2023	11.07%	

\*AO Erlic C. Canua, Jr. is handling Team 6 while the AO position is vacant pending recruitment process.

## TARGET BOOKING AND PROJECTED MTD PORTFOLIO FOR THE YEAR 2023

2023 GCG Target Total Outstanding Financing & Leasing Portfolio: **P 5.418 B**



**CLASS B**

For the Month Ended (CY2023)	Projected Monthly Paydowns	Monthly Booking Target	Actual MTD Bookings	Projected MTD Ending Portfolio	% vs. 2023 GCG Target Portfolio	Variance vs. 2023 GCG Target Total Portfolio
JAN	P 220 M	P 100 M	P 68 M	*P 4.843 B	89.39	₱ (0.575 B)
FEB	114 M	100 M	18 M	*4.758 B	87.81	(0.660 B)
MAR	299 M	100 M	**266 M	4.725 B	87.21	(0.693 B)
APR	124 M	200 M		4.801 B	88.61	(0.617 B)
MAY	98 M	200 M		4.903 B	90.49	(0.515 B)
JUN	193 M	200 M		4.910 B	90.62	(0.508 B)
JUL	102 M	250 M		5.058 B	93.35	(0.360 B)
AUG	89 M	250 M		5.219 B	96.32	(0.199 B)
SEP	98 M	250 M		5.371 B	99.13	(0.047 B)
OCT	83 M	250 M		5.538 B	102.21	0.120 B
NOV	83 M	250 M		5.705 B	105.30	0.290 B
DEC	94 M	250 M		5.861 B	108.17	0.443 B
<b>Total</b>	<b><u>P 1.597 B</u></b>	<b><u>P 2.400 B</u></b>	<b><u>86</u></b>	YTD Feb 2023		

Remarks:

- \*Actual Total Ending Portfolio as of January 31 & February 28, 2023
- \*\*Initial Projected Bookings for the month of March 2023
- Target Booking-to-Portfolio Percentage (P2.40 B / P5.418 B): **44.30%**



## **INCREASE TOTAL PORTFOLIO**

### **1. Develop Long Term Portfolio**

- 1.1. Secure approval of New Property Leases for Government Accounts, including building construction projects, with a tie-up with LBP Resources and Development Corporation (LBRDC), another LBP subsidiary
- 1.2. Provide brand new equipment facilities to other government agencies thru Finance Lease

### **2. Business Development**

- 2.1. Refresh the account referral system
  - Conduct new roadshows to LBP Lending Centers/Branches to update them about the account referral system
  - Meet the various equipment suppliers for accreditation and inform them about the referral incentive program
- 2.2. Send offer letter to prospective clients to generate new accounts from both SME and big-ticket transactions
- 2.3. Expand existing number of marketing teams by hiring additional account officers
- 2.4. Innovate existing LLFC products and services

### **3. Diversify LLFC's Marketing Portfolio**

- Increase portfolio on the following priority sectors:
  - Agri and Food Chain Enterprises
  - Renewable Energy (i.e. solar power)
  - Logistics
  - Waste Management
  - Manufacturing
  - Continue support on "Build, Build More", the government's infra development program
- Focus on projects related to the following industries:
  - Agriculture and fishing
  - Clothing and accessories
  - Energy and power companies
  - Food service activities
  - Health, emergency and frontline services (i.e. dialysis & chemotherapy centers)
  - Hospitals
  - Manufacturing and supplier of equipment or products for construction works (i.e. cement & steel)
  - Manufacturing of essential goods (i.e. food and non-alcoholic beverage, medicines, vitamins, medical products, feeds, fertilizers)
  - Telecommunication companies (i.e. cable provider)
  - Water-refilling station
  - Water supply, sewerage/sanitation services and waste management services

## IMPROVE LOAN PORTFOLIO QUALITY

- Quick remedial actions on past due accounts

## INCREASE NET INCOME

- Tap more businesses from SMEs with better yield
- Improve the average net interest margin to at least 1.75% while coping with increasing borrowing rates

## STREAMLINE THE ACCOUNT MANAGEMENT PROCESSES

- Continual review of AMG's core processes based on ISO Quality Management System
- Improve the credit approval process thru automation or digitization of application process

## PORTFOLIO IN PRIORITY SECTORS (as of December 31, 2022):

INDUSTRY	NET EXPOSURE	PERCENTAGE
AGRI AND FOOD CHAIN ENTERPRISES	₱ 132,976,547.78	2.73%
GOVERNMENT ACCOUNTS	1,054,377,423.45	21.61%
GOVERNMENT CONTRACTORS AND SUPPLIES	788,492,663.30	16.16%
MANUFACTURING	472,867,879.89	9.69%
MEDICAL AND SOCIAL SERVICES	637,699,697.26	13.07%
SMALL & MEDIUM ENTERPRISE	58,177,550.05	1.19%
SPECIAL FINANCING PROGRAM	47,265,206.33	0.97
TRANSPORTATION	<u>1,190,556,800.94</u>	<u>24.40%</u>
<b>Sub-Total</b>	<b>4,382,413,769.00</b>	<b>89.83%</b>
EQUIPMENT AND OTHER PROPERTIES FOR LEASE	<u>226,382,535.45</u>	<u>4.64%</u>
<b>Sub-Total</b>	<b>4,608,796,304.45</b>	<b>94.47%</b>
NON-PRIORITY INDUSTRY	<u>269,809,859.77</u>	<u>5.53%</u>
<b>TOTAL PORTFOLIO</b>	<b><u>4,878,606,164.22</u></b>	<b><u>100.00%</u></b>





<b>TOTAL PORTFOLIO MIX (as of December 31, 2022)</b>		
Government Accounts	P 1,054,377,423.45	21.61%
Non-Government Accounts:		
Prime	894,015,756.31	18.33%
Non-Prime including SME	2,793,830,449.01	55.42%
Equipment & Other Properties for Lease (EOPL)	226,382,535.45	4.64%
<b>Total Portfolio as of 12/31/22</b>	<b><u>P 4,878,606,164.22</u></b>	<b><u>100.00%</u></b>

<b>PROPOSED PORTFOLIO MIX FOR CY 2023</b>		
Government Accounts	P 1,191,960,000	22.00%
Non-Government Accounts:		
Prime	921,060,000	17.00%
Non-Prime including SME	3,088,260,000	57.00%
Equipment & Other Properties for Lease (EOPL)	216,720,000	4.00%
<b>Total Portfolio as of 12/31/23</b>	<b><u>P 5,418,000,000</u></b>	<b><u>100.00%</u></b>

# INCENTIVE PROGRAM FOR LANDBANK REFERRALS



## ➤ GENERAL FEATURES

1. The referral fee will be equivalent to **5.0% of the interest collected from the account referred** and shall be effective until the account is fully settled. However, if the account turns past due, the referral fee shall also end.
2. Additional or succeeding credit facilities and/or line renewals of the client will still be covered by the incentive program.
3. The referral fees will be processed and credited/remitted to LBP account on a semestral basis (June and December) and shall be net of all applicable taxes, if any.

# SUPPLIER/DEALER – REFERRAL FEES



## ➤ GENERAL FEATURES

1. Referral Fee will be 1% of the Asset Cost.
2. Initially, the referral program shall be open to Suppliers/Dealers of reputable *heavy equipment and cargo handling equipment that has been operational for at least three (3) years. Further, Suppliers/Dealers owned (wholly or partially) by employees, officers, directors of Landbank of the Philippines and LBP Leasing and Finance Corporation shall not be eligible under the program.*
3. The referral fees shall be paid to the Supplier/Dealer company not to individual agents.
4. Accreditation will be approved by the Credit Committee and confirmed by the Executive Committee.
5. The fee to be paid shall be net of all applicable taxes.



# **OPERATIONAL AND FINANCIAL TARGETS**



# **PERFORMANCE SCORECARD CY 2023**



COMPONENTS					2023 Modified Target	1ST QUARTER 2023 (JANUARY TO MARCH)			As of March 31, 2023	% of Accomplishment
	Objective/Measure	Formula	Weight	Rating System		Target	Actual	Over(Under)		
<b>SO1</b>	<b>Sustain Capital and Financial Growth through the effective and efficient use of resources</b>									
<b>SM 1</b>	Increase Total Portfolio	Total Outstanding Financing and Leasing Portfolio (based on Net Exposure) by End of December	15%	(Actual / Target) x Weight; 0% = If less than P3 Billion	P 5.418 B	P5.212 B	P4.826 B	(P0.386 B)	P4.826 B	89.07%
<b>SM 2</b>	Lower Net Past Due Rate	Total Past Due at the end of the period - Deferred Leasing Income, Unearned Credits, & Specific Loan Loss Provision over Total Portfolio	10%	(1-(Actual-Target)/Target) x Weight	5.00%	5.00%	6.83%	(1.83%)	6.83%	86.60%
<b>SM 3</b>	Increase Asset Size	Absolute amount of Total Assets by end of December	5%	(Actual / Target) x Weight	P 5.700 B	P5.486 B	P5.515 B	P0.029 B	P5.515 B	96.75%
<b>SM 4</b>	Increase Net Income After Tax	Total Revenues Less Total Expenses	15%	(Actual / Target) x Weight	P60.0M	P15.0M	P8.6 M	(P6.4 M)	P8.6 M	14.33%
<b>SM 5</b>	Efficient Utilization of Corporate Operating Budget	Total Disbursement / Board - Approved Coporate Operating Budget (both net of PS cost)	5%	(Actual / Target) x Weight	90%	25%	7.72%	(17.28%)	7.72%	8.58%
	<b>SUB-TOTAL</b>		<b>50%</b>							
<b>SO 2</b>	<b>Provide financial products to achieve customer satisfaction and loyalty</b>									
<b>SM 6</b>	Percentage of Portfolio Level allocated to priority sectors	Total amount of portfolio allocated to priority sector over Total portfolio at the end of the year	15%	Below 75% = 0%; 75% to less than 90% = 7.5%; 90% and above = 15%	90%	90%	94.25%	4.25%	94.25%	104.72%
<b>SM 7</b>	Percentage of Satisfied Customers	Number of respondents who gave a rating of at least Satisfactory/Total number of respondents	5%	(Actual / Target) x Weight; 0% = If below 80%	95%	N/A	N/A	N/A	Conduct of 3rd Party CSS is to be scheduled	-
	<b>SUB-TOTAL</b>		<b>20%</b>							
<b>SO 3</b>	<b>Enhance delivery of leasing and financing solutions</b>									
<b>SM 8</b>	Percentage of Credit Approvals Processed within the Applicable Time	Total Number of Credit Approvals for New and Existing Clients Processed within the Applicable Processing Time / Total Number of Credit Approvals	15%	(Actual / Target) x Weight; 0% = If below 80%	100% of credit applications processed within the applicable processing time*	100% of credit applications processed within the applicable processing time*	100%	0	100%	100%



COMPONENTS					2023 Modified Target	1ST QUARTER 2023 (JANUARY TO MARCH)			As of March 31, 2023	% of Accomplishment
	Objective/Measure	Formula	Weight	Rating System		Target	Actual	Over(Under)		
<b>SO 4</b>	<b>Improve procedures, systems, and programs on a continuing basis</b>									
<b>SM 9</b>	Implement Quality Management System	Actual accomplishment	5%	All or nothing	Maintenance of ISO 9001:2015 Certification	N/A	N/A	N/A	1st Surveillance Audit is scheduled in November 2023	-
	<b>SUB-TOTAL</b>		<b>20%</b>							
<b>SO 5</b>	<b>Strengthen organizational competencies</b>									
<b>SM 10</b>	Percentage of Employees Meeting Required Competencies	Actual accomplishment	2.5%	All or nothing	Board Approved Revised Competency Framework	N/A	N/A	N/A	Procurement for services of technical consultant to complete the project is ongoing	-
			2.5%		Competency Assessment of all eligible employees**		N/A	N/A		-
<b>SO 6</b>	<b>Optimize Linkages and Use of Information Technology</b>									
<b>SM 11</b>	Implementation of IT Projects	Actual accomplishment	5%	All or nothing	100% completion of 2023 target ISSP Projects based on BOD approved or DICT endorsed ISSP	N/A	N/A	N/A	ISSP Project Implementation in process	-
	<b>SUB-TOTAL</b>		<b>10%</b>							
	<b>TOTAL</b>		<b>100%</b>							

\* Applicable processing time will be based on LLFC's compliance with Republic Act No. 11032

\*\*The competency baseline of the organization shall pertain to the average percentage required competencies met which can be computed using the formula



# **DIRECTORS' DUTIES AND RESPONSIBILITIES AND COMPENSATION STRUCTURE**

# DIRECTORS' DUTIES AND RESPONSIBILITIES



- The board of directors is primarily responsible for defining the LLFC's vision and mission.
- It shall approve and oversee the implementation of strategies to achieve the corporate objectives.
- It shall also approve and oversee the implementation of the risk governance framework and the systems of checks and balances.
- It shall establish a sound corporate governance framework.
- The board of directors shall approve the selection of the CEO and key members of senior management and control functions and oversee their performance.
- Other duties and responsibilities shall be in accordance with the LBP Leasing and Finance Corporation Manual on Corporate Governance.

# BOD REQUIRED DOCUMENTS FOR SUBMISSION AND ACCOMPLISHMENT



Documents	Deadline/Frequency	BSP	CSC	GCG	MALACAÑAN	SEC
1. Latest Biographical Data	20 Days upon appointment	✓				✓
2. Notarized Certification of Compliance with Applicable Qualification and Disqualification	Upon appointment			✓		
3. Oath of Office (if not done in LLFC)	Prior to election as member of BOD			✓		
4. Appointive Directors Data Sheet	Annual (based on GCG notification)			✓		
5. Clearances from: <ul style="list-style-type: none"> <li>• CSC</li> <li>• Ombudsman</li> <li>• NBI</li> <li>• Sandiganbayan</li> </ul>	Annual			✓		
6. Statement of Assets, Liabilities and Net Worth	Annual				✓	
7. Directors Performance Review	Annual (based on GCG notification)			✓		
8. Director's Self-Assessment (Manual of Corporate Governance)	Every January of succeeding year			✓		
9. Board Level Committee Performance Rating System	Every December 30			✓		

# DIRECTORS' COMPENSATION STRUCTURE



<p>GCG Memo Circular No. 2016-01 Section 7</p>	<p>The Compensation Structure for Appointive Directors shall remain limited to the following components:</p> <ul style="list-style-type: none"> <li>• Per Diems subject to the limits provided</li> <li>• Performance Based Incentives (PBI)</li> </ul>
<p>Per Diem for Board Meeting</p>	<p>CLASS C – 18,000 (Chairperson of the Board) – 15,000 (Board Members)</p>
<p>Per Diem for Board Committee</p>	<p>CLASS C – P9,000</p>
<p>Performance-Based Incentives <i>(Based on GCG Memorandum Circular No. 2021-01 –Interim PBI for the Appointive Directors of GOCCs Covered by GCG for CY 2020 and for the Years Thereafter)</i></p>	<p><u>Conditions Precedent to Entitlement to PBI</u> The GOCC where the Appointive Director serves was eligible and granted the Performance-Based Bonus (PBB) to Officers and Employees pursuant to the PBB Circular for the applicable year namely:</p> <p>(a) The GOCC achieved a weighted-average score of at least 90% in its applicable Performance Scorecard; and</p> <p>(b) The GOCC satisfactorily complied with the requirements under the applicable PBB Circular and has therefore been authorized to grant the PBB for a particular year.</p> <ul style="list-style-type: none"> <li>• SPMS</li> <li>• Performance Evaluation for Directors</li> </ul>

# DIRECTORS' COMPENSATION STRUCTURE



Performance-Based Incentives  
(Based on GCG Memorandum  
Circular No. 2021-01 –Interim  
PBI for the Appointive Directors  
of GOCCs Covered by GCG for  
CY 2020 and for the Years  
Thereafter)

Good Governance Conditions for Individual Appointive Directors

- At least 90% of attendance to Board and Committee Meetings
- At least three (3) months of aggregate service for the year ending 31 December
- Submitted all the required forms for the Directors Performance Review
- Submission of Corporate Operating Budgets
- Compliance with ICRS Submission

Maximum Amount of PBI

CLASS C - P192,000

# DIRECTORS' COMPENSATION STRUCTURE



## **Reimbursable Expenses**

GCG Memo Circular No. 2016-01 Section 10 (consistent with Section 12 of EO 24 S. 2011)

1. All necessary expenses of members of the BOD to attend Board and other meetings and discharge of their official duties shall be paid directly by LLFC.
2. Reimbursements shall only be made when it is due only to the exigency of the service and subject to submission of receipts. It is necessary for the members of the BOD to advance the same and they may be reimbursed only for the following items incurred in the performance of official functions subject to budgeting, accounting and auditing rules and regulations:
  - Transportation expenses in going to and from the place of meetings;
  - Travel expenses during official travel;
  - Communication expenses; and
  - Meals during business meetings.
3. The amount that may be reimbursed per month shall not be higher than the monthly Representation Allowance (RA) and Transportation Allowance (TA) of an Undersecretary as prescribed by the prevailing Department of Budget and Management Circular of RATA. As such, the prescribed limit for reimbursement shall be maximum amount of P22,000 per month subject to presentation of receipts and other required supporting documents. Any balance from the maximum amount shall be non-cumulative.

# GUIDELINES FOR REIMBURSEMENTS OF THE BOARD OF DIRECTORS



**Maximum Amount Per Month** LLFC shall reimburse a maximum amount of P5,000.00 for Communication expenses which shall form part of the P22,000 reimbursable expenses per month.

## Supporting Documents

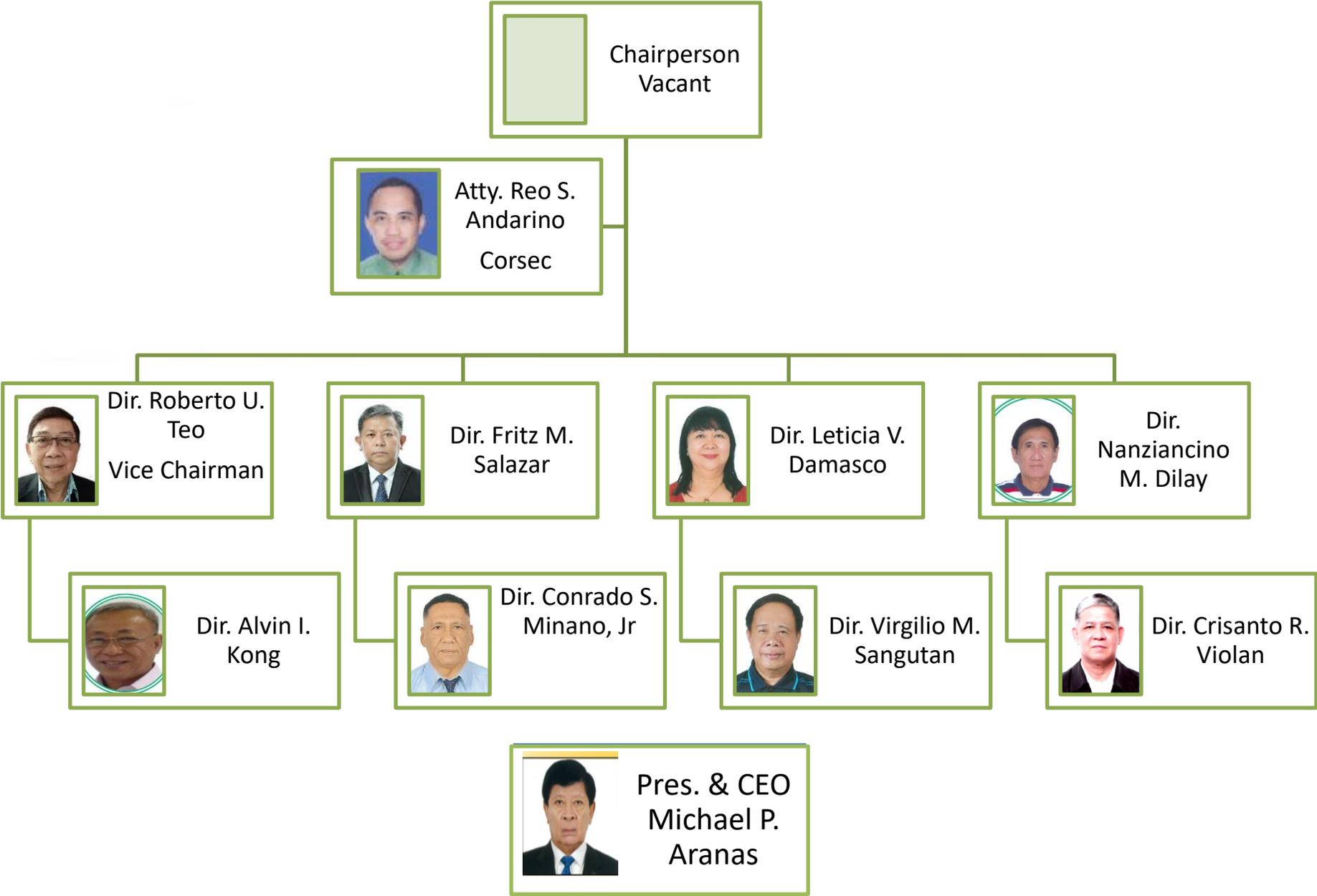
Reimbursable Expenses	Required Supporting Documents
Communication Expenses	<ul style="list-style-type: none"> <li>• Official receipt for plans under the name of the Director</li> <li>• Prepaid Cards with Official Receipt</li> <li>• Proof of Payments thru electronic payment, Bayad Centers, fund transfers, GCash with an indication of the complete details of account name and account numbers</li> </ul>
Meals during BOD, BOD Committee and other official meetings	<ul style="list-style-type: none"> <li>• Official receipt under the name of the Director or LLFC.</li> </ul>
Travel expenses during official travel	<ul style="list-style-type: none"> <li>• Official receipt under the name of the Director or LLFC</li> </ul>
Transportation expenses in going to and from the place of BOD, BOD Committee and other official meetings	<ul style="list-style-type: none"> <li>• Official receipt under the name of the Director or LLFC</li> <li>• Electronic Ticket</li> <li>• Boarding Pass</li> </ul>

# CONTINUING EDUCATION PROGRAM FOR THE BOARD OF DIRECTORS



- On-boarding/orientation program for the first-time directors shall be for at least eight (8) hours and the annual continuing education/training for all directors shall be at least four (4) hours. The training programs should cover topics relevant in carrying out their duties and responsibilities as directors.

# The Board of Directors



# THE BOARD OF DIRECTORS



**ROBERTO U. TEO**  
Vice-Chairperson

**Date of Appointment:**  
June 2, 2017

- ❑ *Former Assistant City Administrator for Operations of Davao City, Assistant City Administrator for Admin and Economic Enterprise Manager.*
- ❑ *Former Chief of the Davao City Investments Promotions Center*
- ❑ *Former Board Member of the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) representing the travel and tours enterprises.*
  
- ❑ *BS Chemical Engineering (Dela Salle College)*
- ❑ *Master in Business Management (Asian Institute of Management)*
- ❑ *Program for Executive (Carnegie Mellon University, Penn, U.S.A.)*
- ❑ *Economics, Fall Program (Pennsylvania State University)*



**FRITZ M. SALAZAR**  
Member

**Date of Appointment:**  
March 16, 2017

- ❑ *Former BOO of Metrobank*
  
- ❑ *BS Commerce - Saint Paul Business School of Tacloban (now known as Saint Paul School of Professional Studies)*

# THE BOARD OF DIRECTORS



**LETICIA V. DAMASCO**

Member

**Date of Appointment:**

January 24, 2018

- ❑ *Former Landbank Department Manager*
- ❑ *Former director of Philippine Postal Bank (2017-2018) and Rural Bank of Sta. Rosa – Nueva Ecija (2009 – 2011)*
- ❑ *BS Economics (Philippine Women's University)*
- ❑ *Master of Arts in Psychology (Philippine Statesman College)*



**ALVIN I. KONG**

Member

**Date of Appointment:**

March 30, 2021

- ❑ *Formerly with the Associated Citizen's Bank, Bank of Commerce, Maybank of the Philippines, Philippine National Bank and Al-Amanah Islamic Bank.*
- ❑ *BSBA Economics (University of the East)*
- ❑ *MBA Program (Lyceum of the Philippines and the University of the East)*
- ❑ *Customs Administration (Philippine Maritime Institute).*

# THE BOARD OF DIRECTORS



**NANZIANCINO M.  
DILAY**  
Member

**Date of Appointment:**  
July 15, 2019

- ❑ *Former Director of Philippine Pharma Procurement*
- ❑ *Former SVCOO of the Bureau of Customs*
- ❑ *Former Technical Assistant in the Supreme Court of the Philippines*
- ❑ *AB Political Science (San Sebastian College – Manila)*
- ❑ *Masters in Custom Administration (Phil. Maritime Institute)*



**CONRADO S.  
MIÑANO, JR.**  
Member

**Date of Appointment:**  
June 2, 2017

- ❑ *A retired General of the Philippine National Police*
- ❑ *Former Director of the Communications and Electronics in Camp Crame*
- ❑ *Philippine Military Academy (Class of 1977)*
- ❑ *L.L.B. undergraduate (Jose Rizal University)*



# THE BOARD OF DIRECTORS



**VIRGILIO M.  
SANGUTAN**  
Member

**Date of Appointment:**  
March 21, 2019

- ❑ *A product developer (Invent Food Manufacturing, Inc.)*
- ❑ *President, of Davao Inventors Association.*
- ❑ *Member, Davao City Airshed Governing Board*
- ❑ *BS Commerce Banking and Finance and Economics (Divine Word College of Legaspi)*
- ❑ *A few units in Ateneo de Davao College of law.*



**EDGAR CRISANTO R.  
VIOLAN**  
Member

**Date of Appointment:**  
May 15, 2020

- ❑ *Former member of the Board of Directors of the Philippine Mining Development Corporation*
- ❑ *Former Chief Administrative Officer of DOTC-LTFRB XI.*
- ❑ *BS in Public Administration (University of Southeastern Philippines)*
- ❑ *Bachelor of Laws (Ateneo de Davao University)*
- ❑ *Masters Degree in Economics (Rizal Memorial Colleges)*
- ❑ *Colonel, Philippine Army, Reserve Force,*
- ❑ *Regional Cadre Instructor in the Incident Command System Courses.*

# THE BOARD OF DIRECTORS



**MICHAEL P. ARAÑAS**  
Member

**Date of Appointment:**  
July 15, 2020

**Elected as PCEO:**  
October 28, 2021

- ❑ *Former AVP of Consumer's Bank*
- ❑ *Former AVP of Farmer's Bank*
- ❑ *Former Director of Philippine Sugar Corp.*
- ❑ *AB General (Davao Central Colleges)*
- ❑ *MBA in Ateneo de Davao University.*



## THE BOARD OF DIRECTORS AS OF JUNE 7, 2023

	<b>Position</b>	<b>Name of Incumbent</b>	<b>Date of Appointment</b>	<b>Date of Oath</b>
1	Vice Chairman	Roberto U. Teo	2-Jun-17	21-Jun-17
2	Member	Fritz M. Salazar	16-Mar-17	30-Mar-17
3	Member	Conrado S. Miñano, Jr.	2-Jun-17	17-Jul-17
4	Member	Virgilio M. Sangutan	21-Mar-19	30-May-19
5	Member	Leticia V. Damasco	9-Jan-18	24-Jan-18
6	Member	Nanziancino M. Dilay	15-Jul-19	26-Jul-19
7	Member	Edgar R. Violan	15-May-20	25-Jun-20
8	Pres and CEO	Michael P. Arañas	7/15/2020 (as director)	30-Jul-20
9	Member	Alvin I. Kong	30-Mar-21	29-Apr-21



Thank You and Good Day!