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30 JANUARY 2019

**MANUEL H. LOPEZ**

*President*

**LBP LEASING AND FINANCE CORPORATION (LBP-LFC)**

15th Flr., SycipLaw Center Bldg

105 Paseo de Roxas St., Makati City

## ACKNOWLEDGEMENT RECEIPT

LETTER 29 JANUARY 2019

DATE:

RE: **SUBMISSION OF LBP-LFC'S QUARTERLY MONITORING REPORT FOR THE 4TH QUARTER CY 2018**

The said document was officially received by the Governance Commission on 30 January 2019 and has been forwarded to the responsible GCG Officer for appropriate action.

To follow-up for further action on the document, you may contact us through telephone numbers (02) 328-2030 or (02) 318-1000. Please cite the GCG Document Management System (DMS) Barcode Number: **0-0459-28-01-2019-001174**.

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## **LBP LEASING AND FINANCE CORPORATION**

(A LANDBANK SUBSIDIARY)

29 January 2019

**HON. SAMUEL G. DAGPIN JR**  
**CHAIRMAN**

Governance Commission for GOCCs  
3rd Flr., Citibank Centre,  
Citibank Plaza,  
8741 Paseo de Roxas St.,  
Makati City



Dear Chairman Dagpin:

As required, we are submitting herewith, LBP Leasing and Finance Corporation's Quarterly Monitoring Report for the 4<sup>th</sup> Quarter CY 2018.

We hope this submission satisfactorily meets your requirement.

Thank you.

Very truly yours,

  
**MANUEL H. LOPEZ**  
President

**LBP LEASING and FINANCE CORPORATION**

|                        | COMPONENT |   |  |        | 2018 Targets per Quarter                                    |                  |                  |                  | 1st QTR 2018     |                     | 2nd QTR 2018      |                     | 3rd QTR 2018        |                     | 4th QTR 2018         |                     |                      |
|------------------------|-----------|---|--|--------|---|------------------|------------------|------------------|------------------|---------------------|-------------------|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------|
|                        |           | Objective/Measure   | Formula  | Weight | Rating System   | 1st Qtr.         | 2nd Qtr.         | 3rd Qtr.         | 4th Qtr.         | Actual              | Over (Under)      | Actual              | Over (Under)        | Actual              | Over (Under)         | Actual              | Over (Under)         |
| FINANCIAL              | SO1       | Ensure Viability and Financial Growth   |  |        |   |                  |                  |                  |                  |                     |                   |                     |                     |                     |                      |                     |                      |
|                        | SM 1      | Increase Total Portfolio  | Absolute amount of outstanding portfolio by end of December  | 15%    | (Actual / Target) x Weight<br>0% = If less than P3 Billion  | P3.75 B          | P3.75 B          | P3.75 B          | P3.75 B          | P3.84 B             | P0.09 B           | P3.59 B             | (P0.16 B)           | P3.796              | P0.046               | P3.951 B            | P0.201B              |
|                        | SM 2      | 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<br>0% = If Above 3.08% | 3.00%            | 2.90%            | 2.75%            | 2.50%            | 3.21%               | (0.21%)           | 5.49%               | (2.59%)             | 4.32%               | (1.57%)              | 3.07%               | (0.57)               |
|                        | SM 3      | Increase Asset Size   | Absolute amount  | 5%     | (Actual / Target) x Weight                                  |                  |                  |                  | P5.108 M         |                     |                   | P4.489B*            |                     | P4.660B             |                      | P4.815B             | (P0.293B)            |
|                        | SM 4      | Increase Net Income After Tax   | Total Revenues Less Total Expenses   | 15%    | (Actual / Target) x Weight;<br>0% = If Below 108.41 Million | P30.00 M         | P30.00 M         | P30.00 M         | P30.00 M         | P27.640 M           | (P2.360 M)        | P23.784 M           | (P6.216)            | P16.270 M           | (P13.73)             | P42.669M            | P12.669M             |
|                        | SO 2      | Consistently Improve Profitability  |  |        |   |                  |                  |                  |                  |                     |                   |                     |                     |                     |                      |                     |                      |
|                        | SUB-TOTAL |   |  | 45%    |   |                  |                  |                  |                  |                     |                   |                     |                     |                     |                      |                     |                      |
| CUSTOMER/ STAKEHOLDERS | SO 3      | Provide Affordable & Responsive Financial Products for Priority Sectors         |  |        |   |                  |                  |                  |                  |                     |                   |                     |                     |                     |                      |                     |                      |
|                        | SM 5      | 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%<br>75% - 79.9% = 7%<br>80% and above = 15%   | 75.00%           | 75.00%           | 80.00%           | 80.00%           | 81.00%              | 6.00%             | 78.20%              | 3.20%               | 78.14%              | (1.86%)              | 80.04%              | 0.04%                |
|                        | SO 4      | Improve Accessibility & Timeliness of Delivery of Leasing & Financing Solutions |  |        |   |                  |                  |                  |                  |                     |                   |                     |                     |                     |                      |                     |                      |
|                        | SM 6      | Percentage of Satisfied Customers   | Number of respondents who gave a rating of at least Satisfactory/Total number of respondents   | 5%     | (Actual / Target) x Weight<br>0% = If below 80%             | N.A.             | N.A.             | N.A.             | 95%              | N.A.                | N.A.              | N.A.                | N.A.                | N.A.                | N.A.                 | NIL                 | NIL                  |
|                        |           | SUB-TOTAL   |  |        | 20%   |                  |                  |                  |                  |                     |                   |                     |                     |                     |                      |                     |                      |
|                        | SO 5      | Streamline Credit Processing System   |  |        |   |                  |                  |                  |                  |                     |                   |                     |                     |                     |                      |                     |                      |
|                        | SM 7      | Average Processing Time of Credit Approval for New Clients                      | Total Actual No. of processing days for All Application of New Clients from Receipt of Complete Documents over Total No. of Applications Processed or Approved | 10.0%  | (1 – (Actual-Target)/Target) x Weight                       | 40 calendar days | 40 calendar days | 40 calendar days | 40 calendar days | 41 calendar days    | (1 calendar day)  | 28.50 calendar days | 11.50 calendar days | 32.40 calendar days | 7.6 calendar days    | 38.38 calendar days | 1.62 calendar days   |
|                        | SM 8      | Average Processing Time of Credit Approval for Existing Client                  | Total Actual No. of Days for all Applications of Existing Clients from receipt of Complete Documents over Total No. of Applications Processed/Approved         | 10.0%  | (1 – (Actual-Target)/Target) x Weight                       | 30 calendar days | 30 calendar days | 30 calendar days | 30 calendar days | 27.40 calendar days | 2.6 calendar days | 25.36 calendar days | 4.64 calendar days  | 31.48 calendar days | (1.48) calendar days | 30.72 calendar days | (0.72) calendar days |



|                     |       |   |  |      |                          |  |  |  |  |  |    |    |    |    |    |    |  |         |
|---------------------|-------|---|--|------|--------------------------|--|--|--|--|--|----|----|----|----|----|----|--|---------|
| INTERNAL PROCESSES  | SO 6  | Continuous Improvement of Processes and Systems                     |  |      |                          |  |  |  |  |  |    |    |    |    |    |    |  |         |
|                     | SM 9  | Implement Quality Management System                                 | Actual accomplishment  | 5%   | All or nothing           |  |  |  |  | Completed Trainings & Workshops on ISO QMS Requirements & Documentation:<br>1. Orientation on ISP 9001:2015 QMS<br>2. Training Course on ISO 9001:2015 QMS Requirements and Documentation<br>3. Workshop on Process Mapping and Risk-Based Quality Planning<br>4. Workshop on QMS documentation<br>5. Training Course on Root Cause Analysis and Corrective Action Formulation<br>Submit ISO QMS Requirements and Documentation::<br>1. List of Relevant Interested Parties<br>2. Internal and External Issues Log<br>3. Risk and Opportunities Register<br>4. Schematic Diagram | NA | NA | NA | NA | NA | NA | Completed Trainings & Workshops on ISO QMS Requirements & Documentation:<br>1. Orientation on ISP 9001:2015 QMS<br>2. Training Course on ISO 9001:2015 QMS Requirements and Documentation<br>3. Workshop on Process Mapping and Risk-Based Quality Planning<br>4. Workshop on QMS documentation<br>5. Training Course on Root Cause Analysis and Corrective Action Formulation<br>Submit ISO QMS Requirements and Documentation::<br>1. List of Relevant Interested Parties<br>2. Internal and External Issues Log<br>3. Risk and Opportunities Register<br>4. Schematic | Met     |
|                     |       | SUB-TOTAL   |  | 25%  |                          |  |  |  |  |  |    |    |    |    |    |    |  |         |
| LEARNING AND GROWTH | SO 7  | Ensure Availability of Required Competencies for Critical Positions |  |      |                          |  |  |  |  |  |    |    |    |    |    |    |  |         |
|                     | SM 10 | Percentage of Employees Meeting Required Competencies               | Number of employees meeting required competency/Total number of employees <sup>2</sup> | 5%   | (Actual/Target) x Weight |  |  |  |  | 80%  | NA | NA | NA | NA | NA | NA | 77.00%   | (3.00%) |
|                     | SO 8  | Optimize Use of Information Technology                              |  |      |                          |  |  |  |  |  |    |    |    |    |    |    |  |         |
|                     | SM 11 | Number of IT Projects Implemented                                   | Actual accomplishment  | 5%   | All or nothing           |  |  |  |  | Submit Board Approved ISSP   | NA | NA | NA | NA | NA | NA | Submitted Board-Approved ISSP to DICT  | Met     |
|                     |       | SUB-TOTAL   |  | 10%  |                          |  |  |  |  |  |    |    |    |    |    |    |  |         |
|                     |       | TOTAL   |  | 100% |                          |  |  |  |  |  |    |    |    |    |    |    |  |         |

\*Quarterly Targets have not been set for this measure as it was only included in the Modified Scorecard