

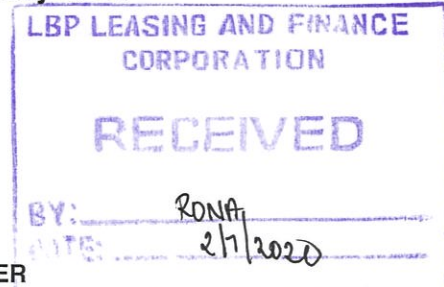


Office of the President of the Philippines
GOVERNANCE COMMISSION
FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS
3/F, Citibank Center, 8741 Paseo De Roxas, Makati City, Philippines 1226



for PCEO
03 February 2020

MR. FRANCISCO J. LEONOR, JR.
President and Chief Executive Officer (PCEO)
LBP LEASING AND FINANCE CORPORATION (LBP-LFC)
15/F SycipLaw Center, No. 105 Paseo de Roxas,
Makati City



**RE : REQUEST FOR EXTENSION TO SUBMIT 4TH QUARTER
MONITORING REPORT AND YEAR-END 2019
PERFORMANCE SCORECARD**

Dear PCEO Leonor,

This refers to your letter dated 30 January 2020¹ requesting for extension until 28 February 2020 to submit the quarterly monitoring report and Year-end 2019 Performance Scorecard in compliance to Item 5 of GCG Memorandum Circular No. 2017-02². The request was made considering that the next meeting of the LBP-LFC Board of Directors is scheduled on 27 February 2020 and the complete data are not yet available during the 23 January 2020 Board of Directors meeting thus the 4th quarter 2019 and Year-end 2019 Performance Scorecard has not been presented.

Foregoing considered, the Governance Commission hereby **APPROVES** the request to submit the quarterly monitoring report and Year-end 2019 Performance Scorecard until **28 February 2020**. The report will constitute the full year 2019 accomplishment of LBP-LFC and should include the relevant supporting documents identified during the Technical Panel Meeting for the 2019 Performance Scorecard, as follows:

Strategic Measures	Supporting Documents
SM 1: Increase Total Portfolio	<ul style="list-style-type: none">• Certified List of Balances of Accounts (system-generated);• Unaudited Financial Statements as submitted to COA or COA Audited Financial Statements; and• Reported Year-End Total Portfolio as presented to the Board.
SM 2: Lower Net Past Due Rate	<ul style="list-style-type: none">• System generated total past due (loans and lease); and• Unaudited Financial Statements as submitted to COA or COA Audited Financial Statements.

¹ Officially received by the Governance Commission on 31 January 2020.

² Interim Performance Evaluation System (PES) for the GOCC Sector, dated 30 June 2017.

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Strategic Measures	Supporting Documents
SM 3: Increase Asset Size	<ul style="list-style-type: none"> • Unaudited Financial Statements as submitted to COA or COA Audited Financial Statements.
SM 4: Increase Net Income After Tax	<ul style="list-style-type: none"> • Unaudited Financial Statements as submitted to COA or COA Audited Financial Statements.
SM 5: Percentage of Portfolio Level Allocated to Priority Sectors	<ul style="list-style-type: none"> • System generated report based on the industry for the total portfolio; and • List of accounts included in the priority sectors.
SM 6: Percentage of Satisfied Customers	<ul style="list-style-type: none"> • Report from Third Party Consultant; and • Actual Survey Questionnaire.
SM 7: Percentage of Credit Approval Processed within Applicable Time	<ul style="list-style-type: none"> • Account Monitoring Sheet; • Sample application forms; and • Board Resolution on Approving Credit Facilities.
SM 8: Implement Quality Management System	<ul style="list-style-type: none"> • Copy of ISO Certificate; and • Surveillance Audit Report.
SM 9: Percentage of Employees Meeting Required Competencies	<ul style="list-style-type: none"> • Employee Assessment Forms (prior year and current year).
SM 10: Implementation of IT Projects	<ul style="list-style-type: none"> • Board Approved ISSP; • Procurement documents for Infra-related items in ISSP (NOA, NTP. Invoices); and • Conduct of on-site validation, if necessary.

FOR YOUR INFORMATION AND COMPLIANCE.

Very truly yours,

SAMUEL G. DAGPIN, JR.
Chairman


MICHAEL P. CLORIBEL
Commissioner


MARITES C. DORAL
Commissioner

LBP LEASING and FINANCE CORPORATION

	COMPONENT					2019 Target	4th QTR 2019		
		Objective/Measure	Formula	Weight	Rating System		Target	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 0% = If less than P3 Billion	P4.125 B	P4.125 B	P4.348B	P0.223B
	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 0% = If Above 3.08%	2.50%	2.50%	8.66%	(6.16%)
	SM 3	Increase Asset Size	Absolute amount	5%	(Actual / Target) x Weight	P5.360 B	P5.360 B	P5.354B	(P.006B)
	SO 2	Consistently Improve Profitability							
	SM 4	Increase Net Income After Tax	Total Revenues Less Total Expenses	15%	(Actual / Target) x Weight 0% = If Below 108.41 Million	P126.000 M	P32.000 M	(P8.353M)	(P23.647M)
		SUB-TOTAL		45%					

	COMPONENT					2019 Target	4th QTR 2019		
		Objective/Measure	Formula	Weight	Rating System		Target	Actual	Over (Under)
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% 75% - 79.9% = 7% 80% and above = 15%	80%	80.00%	87.73%	7.73%
	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 0% = If below 80%	95%	95%	97%	2%
		SUB-TOTAL		20%					
INTERNAL PROCESSES	SO 5	Streamline Credit Processing System							
	SM 7	Percentage of Credit Approval Processed within the Applicable Time	Total Number of Credit Approval for existing and new clients Processed within Applicable Time / Total Number of Credit Approvals	20%	(Actual/Target) x Weight 0% = if less than 80%	100% of credit applications processed within the applicable processing time*	100%	90.91%	(9.09%)
	SO 6	Continuous Improvement of Processes and Systems							
	SM 8	Implement Quality Management System	Actual accomplishment	5%	All or nothing	ISO QMS Certification	ISO QMS Certification	ISO Certified	ISO Certified
		SUB-TOTAL		25%					

	COMPONENT					2019 Target	4th QTR 2019		
		Objective/Measure	Formula	Weight	Rating System		Target	Actual	Over (Under)
LEARNING AND GROWTH	SO 7	Ensure Availability of Required Competencies for Critical Positions							
	SM 9	Percentage of Employees Meeting Required Competencies	Number of employees meeting required competency/Total number of employees as identified by LBP-LFC	5%	(Actual/Target) x Weight	Address and close competency gaps of 100% of employees based on 2018 YE assessment	Address and close competency gaps of 100% of employees based on 2018 YE assessment	Gaps of 30% of employees with identified competency gaps as of YE 2018 was addressed and closed during the year	(70%)
	SO 8	Optimize Use of Information Technology							
	SM 10	Number of IT Projects Implemented	Actual accomplishment	5%	All or nothing	100% completion of ISSP projects planned for 2019	Secure DICT approval for ISSP & commence ISSP implementation	70% complete	(30%)
		SUB-TOTAL		10%					
		TOTAL		100%					

*Applicable processing time based on LBP-LFC's compliance with RA 11032 or Ease of Doing Business Act of 2018