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07 NOVEMBER 2022

MICHAEL P. ARANAS

President/CEO

LBP LEASING AND FINANCE CORPORATION (LBP-LFC)

15/F Syciplaw Center, No. 105, Paseo De Roxas Makati City

ACKNOWLEDGEMENT RECEIPT

LETTER 04 NOVEMBER 2022

DATE: _____

RE: [E] LETTER FROM LLFC TO GCG RE
SUBMISSION OF 3RD QUARTER MONITORING
REPORT FOR CY 2022

The said document was officially received by the Governance Commission on 07 November 2022 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) 5328-2030 or (02) 5318-1000. Please cite the GCG Document Management System (DMS) Barcode Number: **0-0908-07-11-2022-018540.**

THIS RECEIPT IS COMPUTER GENERATED AND DOES NOT REQUIRE SIGNATURE.

Received by:

Signature over Printed Name

Date and Time

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LBP LEASING AND FINANCE CORPORATION

(A LANDBANK SUBSIDIARY)

04 November 2022

Chairperson Alex L. Quiroz

Governance Commission for GOCCs

3rd Flr., Citibank Plaza,

8741 Paseo de Roxas St.,

Makati City

RE: LBP-LFC PES QUARTERLY MONITORING REPORT – 3rd QUARTER CY 2022

Dear **Chairperson Quiroz**:

As required, we are submitting herewith, LBP Leasing and Finance Corporation's Quarterly Monitoring Report for the 3rd Quarter of 2022. Also attached are the following supporting documents:

- 1. Accomplished PES Form 4 for the 3rd Quarter of 2022**
- 2. SM 1: Increase in Total Portfolio**
 - a. Schedule of Total Portfolio as of September 30, 2022
 - b. Reported Asset Quality as of September 30, 2022
- 3. SM 2: Lower Net Past Due Rate**
 - a. Net Past Due Rate Computation as of September 30, 2022
 - b. Total Past Due Leases and Loans as of September 30, 2022
 - c. Schedule of Specific Loan Loss Provision as of September 30, 2022
 - d. Schedule of Total Portfolio as of September 30, 2022
- 4. SM 3: Increase in Asset Size and SM 4: Increase in Net Income After Tax**
 - a. Reported Results of Operations as of September 30, 2022
 - b. Prudential Balance Sheet as of September 30, 2022
 - c. Prudential Income Statement as of September 30, 2022
- 5. SM 5: Efficient Utilization of Corporate Operating Budget**
 - a. Budget Utilization Report as of September 30, 2022
- 6. SM 6: Percentage of Total Portfolio allocated to Priority Sector**
 - a. Priority Sector Portfolio Computation as of September 30, 2022
 - b. List of Account Balances included in Priority Sector
- 7. SM 8: Average Processing Time of Credit Approvals**
 - a. Credit Approvals Monitoring Sheet – 3rd Quarter 2022
 - b. Account Monitoring Sheets

We hope these submissions satisfactorily meet your requirements.

Thank you.

Very truly yours,

MICHAEL P. ARAÑAS
President and CEO

	COMPONENTS					2022 Modified Target	3rd Quarter 2022 (July to September)		
		Objective/Measure	Formula	Weight	Rating System		3rd Quarter	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	P5.160 B	P4.950 B	P5.263 B	P0.313 B
	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%	$(1 - [(Actual - Target) / Target]) \times Weight$	6.00%	6.00%	4.95%	1.05%
	SM 3	Increase Asset Size	Absolute amount of Total Assets by end of December	5%	(Actual / Target) x Weight	P5.400 B	P5.350 B	P5.498 B	P0.148 B
	SO 2	Consistently Improve Profitability							
	SM 4	Increase Net Income After Tax	Total Revenues Less Total Expenses	15%	(Actual / Target) x Weight	P40.0 M	P10 M	P4.10 M	(P5.90 M)
	SM 5	Efficient Utilization of Corporate Operating Budget	Total Disbursement / Board - Approved Corporate Operating Budget (both net of PS cost)	5%	(Actual / Target) x Weight	90%	90%	58.16%	(31.84%)
		SUB-TOTAL		50%					
CUSTOMER/ STAKEHOLDERS	SO 3	Provide Affordable & Responsive Financial Products for Priority Sectors							
	SM 6	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%	85%	85%	96.27%	11.27%
	SO 4	Improve Accessibility & Timeliness of Delivery of Leasing & Financing Solutions							
	SM 7	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
		SUB-TOTAL		20%					
INTERNAL PROCESSES	SO 5	Streamline Credit Processing System							
	SM 8	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	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%	-
	SO 6	Continuous Improvement of Processes and Systems							
	SM 9	Implement Quality Management System	Actual accomplishment	5%	All or nothing	Re-certification of ISO 9001:2015	N/A	N/A	N/A
		SUB-TOTAL		20%					

	COMPONENTS					2022 Modified Target	3rd Quarter 2022 (July to September)		
		Objective/Measure	Formula	Weight	Rating System		3rd Quarter	Actual	Over(Under)
LEARNING AND GROWTH	SO 7	Ensure Availability of Required Competencies for Critical Positions							
	SM 10	Percentage of Employees Meeting Required Competencies	Competency Baseline 2021 - Competency Baseline 2020	5%	(Actual/Target) x Weight	Improvement on the Competency Level of the Organization based on the 2021 year-end assessment	N/A	N/A	N/A
	SO 8	Optimize Use of Information Technology							
	SM 11	Implementation of IT Projects	Actual accomplishment	5%	All or nothing	100% completion of 2022 target ISSP Projects based on BOD approved or DICT endorsed ISSP	N/A	N/A	N/A
		SUB-TOTAL		10%					
		TOTAL		100%					

Prepared by:

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VP/ Head - Corporate Services Group

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OIC - Account Management Group

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