



23 May 2022

**MS. CECILIA C. BORROMELO**

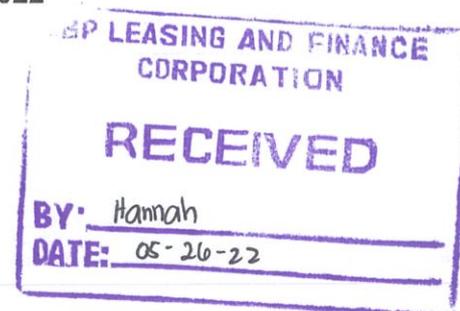
Chairperson

**MR. MICHAEL P. ARAÑAS**

President and CEO (PCEO)

**LBP LEASING AND FINANCE CORPORATION (LLFC)**

15/F SyCip Law Center, 105 Paseo de Roxas St.,  
 Makati City



**RE : TRANSMITTAL OF 2022 PERFORMANCE SCORECARD**

Dear Chairperson Borrromeo and PCEO Arañas,

This is to formally transmit the 2022 Charter Statement and Strategy Map (**Annex A**) and 2022 Performance Scorecard (**Annex B**) of LLFC. The same is to be posted on LLFC's website, in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07.<sup>1</sup>

The LLFC proposed Charter Statement, Strategy Map, and Performance Scorecard submitted through a letter dated 28 October 2021<sup>2</sup> were **MODIFIED** based on the discussions made during the Technical Panel Meeting (TPM) held on 09 November 2021, and the evaluation of revised documents submitted through a letter dated 09 December 2021.<sup>3</sup>

We take this opportunity to inform LLFC that Item 5 of GCG Memorandum Circular (M.C.) No. 2017-02<sup>4</sup> mandates GOCCs to submit Quarterly Monitoring Reports and upload the same to the GOCC's website within thirty (30) calendar days from the close of each quarter. LLFC is requested to submit its revised Quarterly Targets based on the attached scorecard upon submission of its Quarterly Monitoring Report for 2022.

Finally, under GCG M.C. No. 2017-02, GOCCs can no longer renegotiate the targets set in their Performance Scorecards for the current year. Thus, any request for modification in the 2022 Performance Scorecard will instead be considered during the validation of the reported annual accomplishments.

**FOR LLFC'S INFORMATION AND COMPLIANCE**

Very truly yours,

Digitally signed by:  
**CHAIRMAN SAMUEL G. DAGPIN, JR.**

*NOTED/RECD*  
*TU: PLLG*

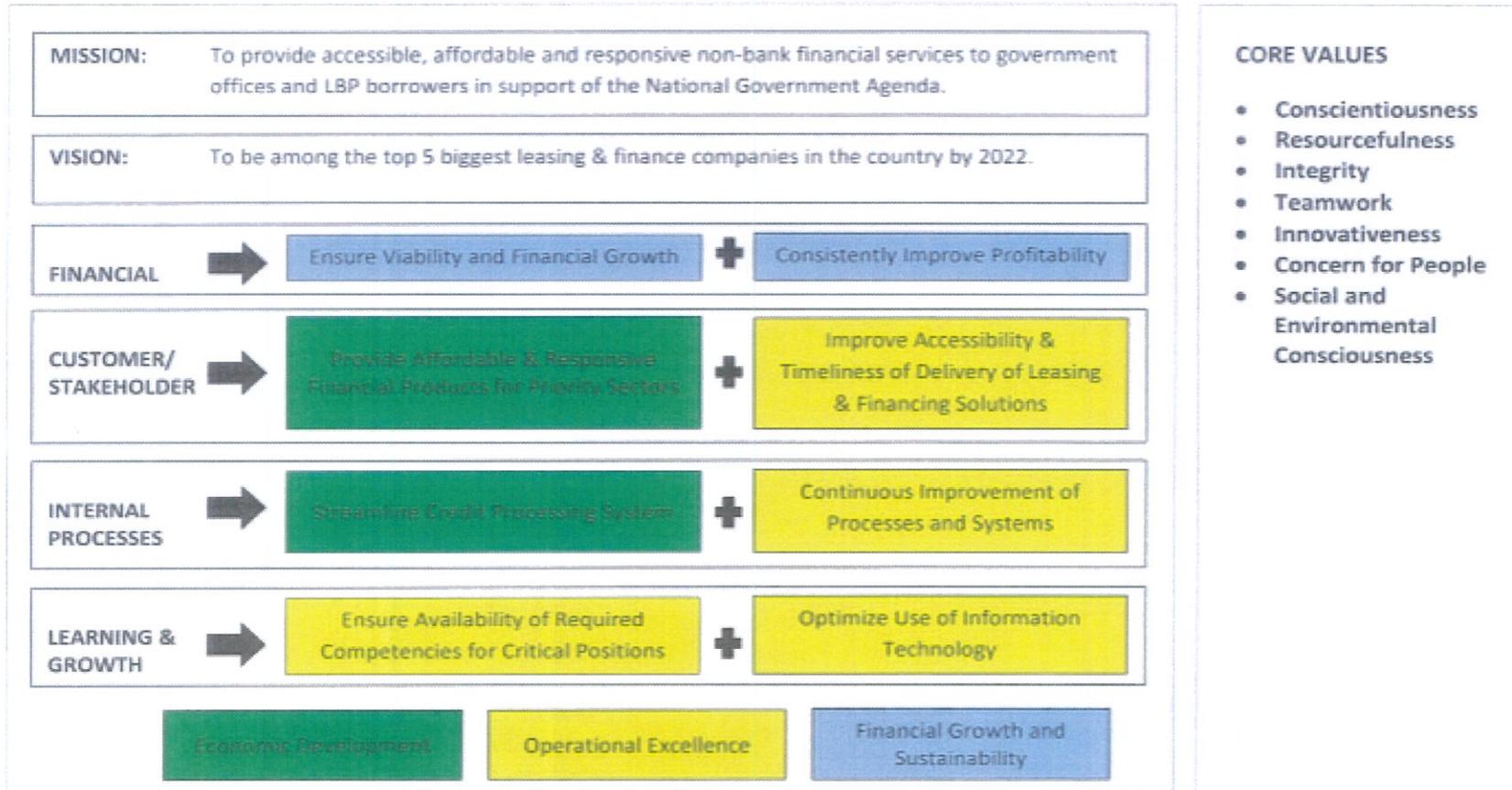
Digitally signed by:  
**OIC-COMMISSIONER\* JAYPEE O. ABESAMIS**

Digitally signed by:  
**COMMISSIONER MARITES C. DORAL**

<sup>1</sup> Code of Corporate Governance for GOCCs dated 28 November 2012.  
<sup>2</sup> Officially received by the Governance Commission on 29 October 2021.  
<sup>3</sup> Officially received by the Governance Commission on 09 December 2021.  
<sup>4</sup> INTERIM PES FOR THE GOCC SECTOR, dated 30 June 2017.  
 \*By virtue of the Memorandum from the Executive Secretary dated 21 March 2021

## 2022 CHARTER STATEMENT AND STRATEGY MAP (Annex A)

### LBP LEASING AND FINANCE CORPORATION (LLFC)



2022 PERFORMANCE SCORECARD (Annex B)

LBP LEASING AND FINANCE CORPORATION (LLFC)

Component					Baseline Data		Target		
	Objective/Measure	Formula	Wt.	Rating System	2019	2020	2021	2022	
FINANCIAL	SO 1	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	₱4.325 Billion	₱4.392 Billion	₱4.8 Billion	₱5.160 Billion
	SM 2	Lower Net Past Due Rate	Total Past Due at the end of the period - Deferred Leasing income, Unearned Credits, and Specific Loan Loss Provision over Total Portfolio	10%	{1-(Actual-Target)/Target} x weight	9.43%	1.98%	8.0%	6.0%
	SM 3	Increase Asset Size	Absolute amount of Total Assets by end of December	5%	(Actual / Target) x Weight	₱5.275 Billion	₱5.04 Billion	₱5.40 Billion	₱5.40 Billion
	SO 2	Consistently Improve Profitability							
SM 4	Increase Net Income After Tax	Total Revenues Less Total Expenses	15%	(Actual / Target) x Weight	₱18.52 Million	₱339.56Million	₱25.0 Million	₱40.0 Million	

Component					Baseline Data		Target		
	Objective/Measure	Formula	Wt.	Rating System	2019	2020	2021	2022	
	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	N/A	N/A	N/A	90%
			<b>Sub-total</b>	<b>50%</b>					
CUSTOMER/STAKEHOLDER	SO 3	<b>Provide Affordable &amp; Responsive Financial Products for Priority Sectors</b>							
	SM 6	Percentage of Portfolio Level allocated to priority sectors	Total amount of portfolio allocated to the priority sector over the Total portfolio at the end of the year	15%	Below 75% = 0%; 75% to less than 85% = 7.5%; 85% and above = 15%	87.69%	86.51%	80%	85%
	SO 4	<b>Improve Accessibility &amp; Timeliness of Delivery of Leasing &amp; Financing Solutions</b>							
	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%	97%	100%	95%	95%
			<b>Sub-total</b>	<b>20%</b>					

Component					Baseline Data		Target		
Objective/Measure	Formula	Wt.	Rating System	2019	2020	2021	2022		
INTERNAL PROCESSES	SO 5	<b>Streamline Credit Processing System</b>							
	SM 8	Percentage of Credit approval Processed within 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%	87.88%	100%	100% of credit applications processed within the applicable processing time	100% of credit applications processed within the applicable processing time <sup>1</sup>
	SO 6	<b>Continuous Improvement of Processes and Systems</b>							
	SM 9	Implement Quality Management System	Actual accomplishment	5%	All or nothing	ISO 9001:2015 Certified	Maintained ISO 9001:2015 Certification	Maintain ISO 9001: 2015 Certificate	Re-certification of ISO 9001:2015
			<b>Sub-total</b>	<b>20%</b>					
LEARNIN	SO 7	<b>Ensure Availability of Required Competencies for Critical Positions</b>							
	SM 10	Percentage of Employees	Competency Baseline <sup>2</sup> 2022 –	5%	(Actual / Target) x Weight	30%	Overall Organization	Improvement on the competency level based on the	Improvement on the competency level

<sup>1</sup> Applicable processing time will be based on LLFC's compliance with Republic Act No. 11032.

<sup>2</sup> The competency baseline of the organization shall pertain to the average percentage of required competencies met which can be computed using the following formula:

$$\frac{\sum_{a=1}^A \left( \frac{\text{Actual Competency Level}}{\text{Required Competency Level}} \right)_a}{B}$$

where: a = Competency required, A = Total number of competencies required of position, b = Personnel profiled, B = Total number of personnel profiled

Component					Baseline Data		Target	
Objective/Measure	Formula	Wt.	Rating System	2019	2020	2021	2022	
Meeting Required Competencies	Competency Baseline 2021				Competency declined by 0.54%	2020 year-end assessment	based on the 2021 year-end assessment	
<b>SO 8</b>	<b>Optimize Use of Information Technology</b>							
SM 11	Implementation of IT Projects	Actual accomplishment	5%	All or nothing	Accomplished and Implemented 61.54% of ISSP Projects planned for 2019	Completed 57% of ISSP Projects Planned for 2020	100% completion of ISSP projects planned for 2021 including the Remaining Projects due for 2020	100% completion of 2022 target ISSP Project based on Board-approved or DICT endorsed ISSP
		<b>Sub-total</b>	<b>10%</b>					
		<b>TOTAL</b>	<b>100%</b>					



29 OCTOBER 2021

**EDWARD JOHN T. REYES**  
 EVP/Officer-in-Charge  
**LBP LEASING AND FINANCE CORPORATION (LBP-LFC)**  
 15/F Sycip Law Center, 105 Paseo de Roxas,  
 Legaspi Village, Makati City

**ACKNOWLEDGEMENT RECEIPT**

LETTER DATE: **28 OCTOBER 2021**

RE: **[E] LETTER FROM LBP-LFC TO GCG RE  
 SUBMISSION OF THE CY 2022 PERFORMANCE  
 EVALUATION SYSTEM (PES) SCORECARD**

The said document was officially received by the Governance Commission on 29 October 2021 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: **0-0221-29-10-2021-016803**.

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**THIS RECEIPT IS COMPUTER GENERATED AND DOES NOT REQUIRE SIGNATURE.**

Received by:

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Signature over Printed Name

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Date and Time

**PRIVACY NOTICE:** Any or all personal data you provided will only be used to process your transaction with the GCG and for other compatible purposes. All collected data will be kept secure and confidential, unless otherwise authorized by law. They will be disposed of as soon as the purpose for their use has been achieved. Only aggregate or anonymized data shall be subject to further processing. We respect your rights under the Data Privacy Act. Should you wish to invoke any such rights in relation to our processing of your personal data, or have questions or clarifications relative to privacy and data protection, you may contact the GCG – Data Privacy Team at [privacy@gcg.gov.ph](mailto:privacy@gcg.gov.ph). You may lodge your complaint or submit an incident report form in the same email address.





## **LBP LEASING AND FINANCE CORPORATION**

(A LANDBANK SUBSIDIARY)

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28 October 2021

**Chairman Samuel G. Dagpin, Jr.**  
Governance Commission for GOCCs  
3<sup>rd</sup> Flr., Citibank Plaza,  
8741 Paseo de Roxas St.,  
Makati City

Dear **Chairman Dagpin**:

As required for the CY2022 Performance Evaluation System (PES), we are submitting herewith the following:

1. Updated Charter Statement and Strategy Map (PES Form 1);
2. Proposed Performance Scorecard (PES Forms 2 and 2a);
3. Measure Profiles for each of the measures (PES Form 2b);
4. Strategic Initiatives Profiles (PES Form3);
5. Briefer on the rationale of the CY 2022 targets; and
6. Corporate Operating Budget (COB) for CY 2022.

The Proposed Performance Scorecard was approved by the LBP-LFC Board of Directors in its meeting on 28 October 2021. As such, the Board Resolution on its approval is not yet available as of now. It will be submitted to GCG as soon as it becomes available.

Please note that the Corporate Operating Budget (COB) for CY2022 is only an indicative/tentative budget. The LBP-LFC annual budget for the following year is prepared for approval of the Board every November of the current year. Please note also that LBP-LFC is not required to submit its COB to DBM.

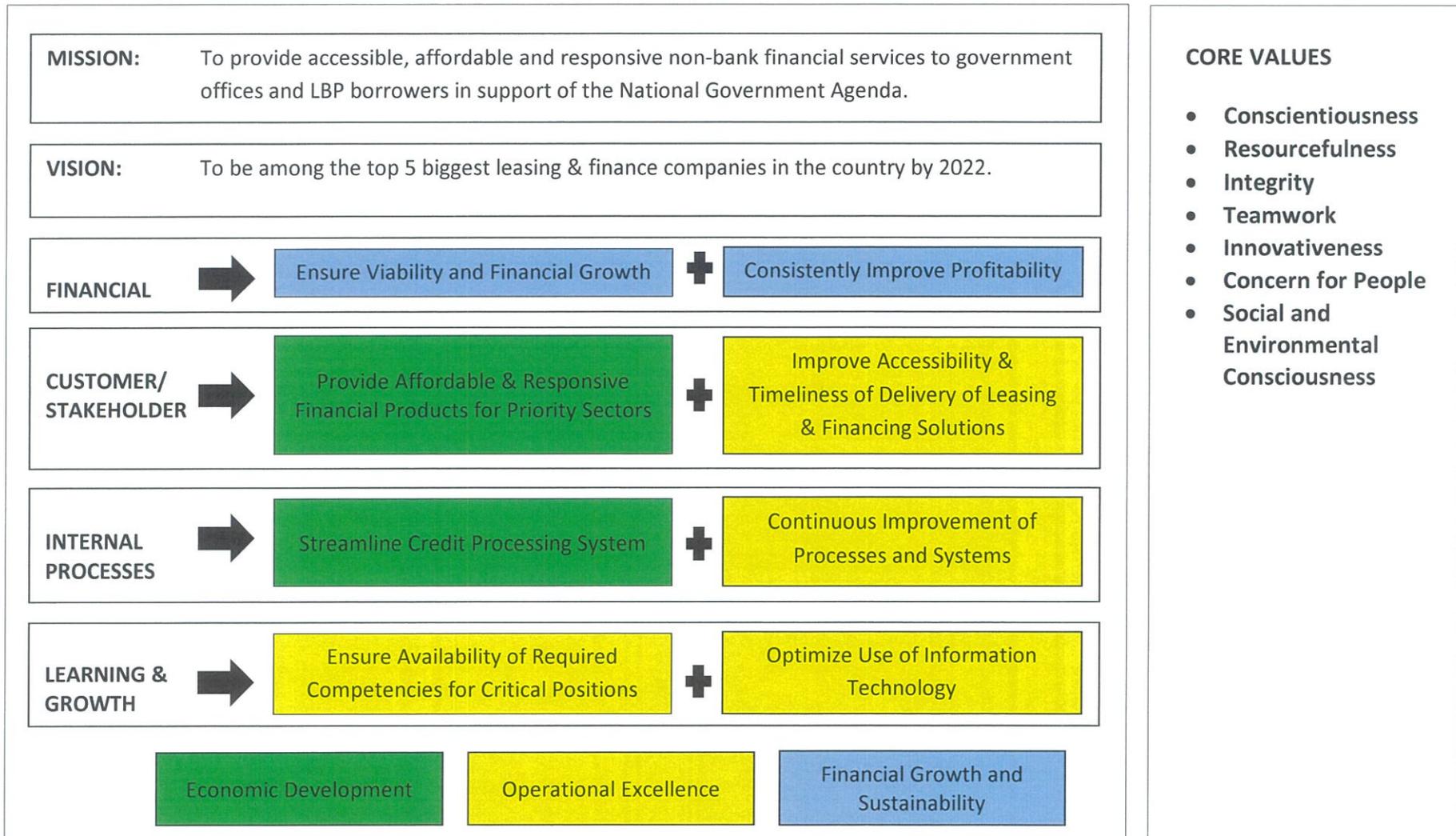
We hope these submissions satisfactorily meet your requirements.

Thank you.

Very truly yours,

  
**EDWARD JOHN T. REYES**  
EVP/Officer-In-Charge 

**LBP LEASING AND FINANCE CORPORATION**



**CORE VALUES**

- **Conscientiousness**
- **Resourcefulness**
- **Integrity**
- **Teamwork**
- **Innovativeness**
- **Concern for People**
- **Social and Environmental Consciousness**



COMPONENTS					BASELINE DATA					2021 Approved Target	2022 Proposed Target	
	Objective/Measure	Formula	Weight	Rating System	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Actual 2020			
INTERNAL PROCESSES	SO 5	Streamline Credit Processing System										
	SM 7	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	20%	(Actual / Target) x Weight; 0% = If below 80%	NA	81.92%	68.97%	87.88%	84.80%	100% of credit applications processed within the applicable processing time*	100% of credit applications processed within the applicable processing time*
	SO 6	Continuous Improvement of Processes and Systems		20%								
	SM 8	Implement Quality Management System	Actual accomplishment	5%	All or nothing	NA	NIL	Completed Trainings & workshops on ISO QMS Requirements & Documentation: 1. Orientation on ISO 9001:2015 QMS	ISO QMS Certified	ISO QMS Certified	Maintain ISO 9001:2015 Certification	Re-certification of ISO 9001:2015
	SUB-TOTAL			25%								
LEARNING AND GROWTH	SO 7	Ensure Availability of Required Competencies for Critical Positions										
	SM 9	Percentage of Employees Meeting Required Competencies	Competency Baseline 2021 - Competency Baseline 2020	5%	(Actual/Target) x Weight	Improvement to 25.64% from baseline for 39 employees only	44% of employees assessed have no competency gaps	77%	Gaps of 30% of employees with identified competency gaps as of YE 2018 was addressed and closed during the year	Improved competency based on 2019 YE assessment	Improvement on the competency level based on 2020 year-end assessment	Improvement on the competency level based on 2021 year-end assessment
	SO 8	Optimize Use of Information Technology										
	SM 10	Implementation of IT Projects	Actual accomplishment	5%	All or nothing	30% complete DMS; 100% Completion of FMS	1 (Document Management System)	Submitted Board-approved ISSP to DICT	Only 61.54% of projects targeted for the year were accomplished and implemented	50% completed ISSP projects planned for 2020	100% completion of ISSP projects planned for 2021 including the remaining projects due for 2020	100% completion of 2022 target ISSP Projects based on BOD approved or DICT endorsed ISSP
	SUB-TOTAL			10%								
	TOTAL			100%								

\* Processing time for NEW clients is 40 calendar days and 30 calendar days for EXISTING clients

	COMPONENTS				2022 Proposed Target	2022 Proposed Target per Quarter				
	Objective/Measure	Formula	Weight	Rating System		1st Quarter	2nd Quarter	3rd Quarter	4th Qtr.	
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	P5.040 B	P4.800 B	P4.850 B	P4.950 B	P5.040 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	15%	(1-[(Actual - Target) / Target])x Weight	6.00%	6.00%	6.00%	6.00%	6.00%
	SM 3	Increase Asset Size	Absolute amount of Total Assets by end of December	10%	(Actual / Target) x Weight	P5.400 B	P5.200 B	P5.275 B	P5.350 B	P5.400 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	P10 M	P10 M	P10 M
	SUB-TOTAL			55%						
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%	85%	85%	85%	85%	85%
	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%	NA	NA	NA	95%
	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	10%	(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% of credit applications processed within the applicable processing time	100% of credit applications processed within the applicable processing time	100% of credit applications processed within the applicable processing time
	SO 6	Continuous Improvement of Processes and Systems								
	SM 8	Implement Quality Management System	Actual accomplishment	5%	All or nothing	Re-certification of ISO 9001:2015	NA	NA	NA	Re-certification of ISO 9001:2015
	SUB-TOTAL			15%						

	COMPONENTS				2022 Proposed Target	2022 Proposed Target per Quarter				
	Objective/Measure	Formula	Weight	Rating System		1st Quarter	2nd Quarter	3rd Quarter	4th Qtr.	
LEARNING AND GROWTH	SO 7	Ensure Availability of Required Competencies for Critical Positions								
	SM 9	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	NA	NA	NA	Improvement on the Competency Level of the Organization based on the 2021 year-end assessment
	SO 8	Optimize Use of Information Technology								
	SM 10	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	NA	NA	NA	100% completion of 2022 target ISSP Projects based on BOD approved or DICT endorsed ISSP
	SUB-TOTAL			10%						
	TOTAL			100%						

**LBP LEASING AND FINANCE CORPORATION**

**What is the objective?** Ensure Viability and Financial Growth

**What is the measure?** SM1 - Increase Total Portfolio

**What is the reason behind choosing this measure?** The measure is reflective of the volume of business generated.

**How often is the measure updated/ calculated?** At the end of every month, within each quarter and within each year.

**What is the unit of measure used?** Absolute amount of outstanding portfolio by end of December

**How is the measure calculated?** Total outstanding financing and leasing portfolio (based on Net Exposure) by end of December

**What data is required in calculating the measure?** Total Portfolio is the summation of all outstanding financing and leasing accounts (based on Net Exposure) as of the end of the reckoning period

**Where/how is it acquired?** Lease and Loan Accounts Subsidiary Ledger (net of accounts that are deducted to arrive at the net exposure which represents the recoverable component of each account) maintained by Accounting Unit

**Is information about the measure available?**

Currently available  
With minor changes  
Still to be formulated

**When will this info be available?**

Information is available at each month end upon closing of the books

**Who is responsible for setting targets?** The Accounts Management Group and the Management Committee

**Who is accountable for targets?** The Accounts Management Group

**Who is responsible for tracking & reporting targets?** The Management Services Unit with inputs from the Accounting Unit.

BASELINE			TARGETS		
2018	2019	2020	2021	2022	2023
P3.950B	P4.325B	P4.417B	P4.800B	P5.040B	P5.300B

**LBP LEASING AND FINANCE CORPORATION**

**What is the objective?** Ensure Viability and Financial Growth

**What is the measure?** SM2 – Lower Net Past Due Rate

**What is the reason behind choosing this measure?** The measure indicates the quality of the Portfolio.

**How often is the measure updated/ calculated?** At the end of every month, each quarter and each year.

**What is the unit of measure used?** Total Past Due at the end of the period less Deferred Leasing Income, Unearned Credits & Specific Loan Loss Provision over Total Portfolio

**How is the measure calculated? Clarify the terms in the formula:** The Total Past Due at the end the period minus the Deferred Leasing Income, the Unearned Credits & the Specific Loan Loss Provision is divided by the Total Portfolio to get the Net Past Due Rate (%)

**What data is required in calculating the measure?** Total Portfolio; Total Past Due; Deferred Leasing Income; Unearned Credits; Specific Loan Loss Provision at the period

**Where/how is it acquired?** Accounting records handled by the Accounting Unit

**Is information about the measure available?**

Currently available  
With minor changes  
Still to be formulated

**When will this info be available?**

Information is available at each month end upon closing of the books

**Who is responsible for setting targets?** The Accounts Management Group and the Management Committee

**Who is accountable for targets?** The Accounts Management Group

**Who is responsible for tracking & reporting targets?** The Management Services Unit with inputs from the Accounting Unit

**BASELINE**

2018	2019	2020
3.07%	9.43%	1.51%

**TARGETS**

2021	2022	2023
8.00%	6.00%	4.00%

**LBP LEASING AND FINANCE CORPORATION**

**What is the objective?** Ensure Viability and Financial Growth  
**What is the measure?** SM3 – Increase Asset Size  
**What is the reason behind choosing this measure?** The increase in asset size will show the capacity of the Corporation to grow and acquire more assets for better viability of its operations

**How often is the measure updated/ calculated?** At the end of every month, each quarter and each year.

**What is the unit of measure used?** Absolute amount of Total Assets by end of December

**How is the measure calculated? Clarify the terms in the formula:** The Total Assets as reported in the monthly and annual Balance Sheets

**What data is required in calculating the measure?** Total Assets at the end of the year.

**Where/how is it acquired?** Accounting records handled by the Accounting Unit

**Is information about the measure available?**

Currently available  
 With minor changes  
 Still to be formulated

**When will this info be available?**

Information is available at each month end upon closing of the books

**Who is responsible for setting targets?** The Management Committee  
**Who is accountable for targets?** The Accounts Management Group and the Management Committee  
**Who is responsible for tracking & reporting targets?** The Accounting Unit-Corporate Services Group

BASELINE			TARGETS		
2018	2019	2020	2021	2022	2023
P4.814B	P5.275B	P5.138B	P5.400B	P5.400B	P5.600B

**LBP LEASING AND FINANCE CORPORATION**

**What is the objective?** Consistently Improve Viability

**What is the measure?** SM4 – Increase Net Income after Tax

**What is the reason behind choosing this measure?** The measure shows the profitability of the Corporation

**How often is the measure updated/ calculated?** At the end of every month, each quarter and each year.

**What is the unit of measure used?** Total amount of Net Income after Tax

**How is the measure calculated? Clarify the terms in the formula:** The Net Income after Tax as reported in the monthly and annual Income Statements

**What data is required in calculating the measure?** Revenues; Expenses; Taxes

**Where/how is it acquired?** Accounting records handled by Accounting Unit

**Is information about the measure available?**

Currently available  
With minor changes  
Still to be formulated

**When will this info be available?**

Information is available at each month end upon closing of the books

**Who is responsible for setting targets?** The Management Committee  
**Who is accountable for targets?** The Accounts Management Group and the Management Committee  
**Who is responsible for tracking & reporting targets?** The Accounting Unit-Corporate Services Group

BASELINE			TARGETS		
2018	2019	2020	2021	2022	2023
P110.36M	P18.52M	P339.84M	P25.0M	P40.0M	P60.0M

**LBP LEASING AND FINANCE CORPORATION**

**What is the objective?** Provide Affordable & Responsive Financial Products for Priority Sectors  
**What is the measure?** SM5 - Percentage of Portfolio Allocated to Priority Sectors  
**What is the reason behind choosing this measure?** The measure shows the volume of resources of the Corporation that is applied to the businesses of clients belonging to the priority sectors

**How often is the measure updated/ calculated?** At the end of each quarter and each year.

**What is the unit of measure used?** Total amount of portfolio allocated to priority sectors over Total Portfolio at the end of the year

**How is the measure calculated? Clarify the terms in the formula:** The total amount of portfolio of the clients belonging to the priority sectors is divided by the Total Portfolio at the end of the period

**What data is required in calculating the measure?** List of clients belonging to the priority sectors; their lease/loan account balances at the end of the period; Total Portfolio

**Where/how is it acquired?** Account Management Group with inputs from Accounting Unit

**Is information about the measure available?**

Currently available  
With minor changes  
Still to be formulated

**When will this info be available?**

Information is available at each quarter-end upon closing of the books

**Who is responsible for setting targets?** The Accounts Management Group and the Management Committee

**Who is accountable for targets?** The Accounts Management Group

**Who is responsible for tracking & reporting targets?** The Accounts Management Group

BASELINE			TARGETS		
2018	2019	2020	2021	2022	2023
80.04%	87.73%	87%	80.0%	85.0%	85.0%

**LBP LEASING AND FINANCE CORPORATION**

**What is the objective?** Improve Accessibility & Timeliness of Delivery of Leasing & Financing Solutions

**What is the measure?** SM6 – Percentage of Satisfied Customers

**What is the reason behind choosing this measure?** The measure reflects the quality of service being rendered by the Corporation to its clients

**How often is the measure updated/ calculated?** At the end of each year.

**What is the unit of measure used?** Number of Respondents who gave a rating of at least Satisfactory

**How is the measure calculated? Clarify the terms in the formula:** The GCG-prescribed Customer Satisfaction Survey Guidelines shall be observed in conducting and interpreting the Survey to be conducted by a 3<sup>rd</sup> party service provider

**What data is required in calculating the measure?** The ratings given by the respondents

**Where/how is it acquired?** The gathering of the responses shall be done by a 3<sup>rd</sup> party in accordance with the guidelines issued by GCG

**Is information about the measure available?**

Currently available  
With minor changes  
Still to be formulated

**When will this info be available?**

Information will be available as interviews are conducted and tabulated / interpreted

**Who is responsible for setting targets?** The Management Committee

**Who is accountable for targets?** The Accounts Management Group

**Who is responsible for tracking & reporting targets?** The Management Services Unit

**BASELINE**

2018	2019	2020
NA	97.0%	100%

**TARGETS**

2021	2022	2023
95.0%	95.0%	95.0%

**LBP LEASING AND FINANCE CORPORATION**

**What is the objective?** Streamline Credit Processing Time

➤ **What is the measure?** **SM7 - Percentage of Credit Approvals Processed within the Applicable Time** (New Clients=40 cds; Existing Clients=30 cds)

**What is the reason behind choosing this measure?** The measure assesses the efficiency of the Corporation's credit process and its personnel.

**How often is the measure updated/ calculated?** At the end of each quarter.

**What is the unit of measure used?** Total Number of Credit Approvals for New and Existing Clients Processed within the Applicable Processing Time / Total Number of Credit Approvals

**How is the measure calculated? Clarify the terms in the formula:** At the end of each quarter, based on the date of receipt of the complete documentary requirements, the actual number of days up to the date of approval of the credit application is calculated as against the total number of credit applications approved

**What data is required in calculating the measure?** Dates of receipt of complete documents; Dates of approval of the credit application; Total number of applications approved

**Where/how is it acquired?** Accounts Management Group records

**Is information about the measure available?**

Currently available  
With minor changes  
Still to be formulated

**When will this info be available?**

Information is available at the end of each quarter

**Who is responsible for setting targets?** The Management Committee

**Who is accountable for targets?** The Accounts Management Group

**Who is responsible for tracking & reporting targets?** Accounts Management Group

BASELINE			TARGETS		
2018	2019	2020	2021	2022	2023
68.97%	87.88%	84.80%	100%	100%	100%

**LBP LEASING AND FINANCE CORPORATION**

**What is the objective?** Continuous Improvement of Processes and Systems  
**What is the measure?** SM8 – Implement Quality Management System (QMS)  
**What is the reason behind choosing this measure?** Implementation of the QMS will ensure the quality of the Corporation's systems and processes which will result to better delivery of services and products

**How often is the measure updated/ calculated?** At the end of the target period  
**What is the unit of measure used?** Activities and outputs of the Management Review to determine and ensure compliance to ISO QMS Quality and Operating Procedures

**How is the measure calculated? Clarify the terms in the formula:**  
 Completion of the ISO Surveillance Audit for the year

**What data is required in calculating the measure?** Document/s that support the actual accomplishment of the activity targeted  
**Where/how is it acquired?** LBP-LFC QMS Organization records on ISO QMS activities and outputs conducted and completed

**Is information about the measure available?**  
 Currently available  
 With minor changes  
 Still to be formulated

**When will this info be available?**  
 Information is available at the end of each year

**Who is responsible for setting targets?** The Management Committee  
**Who is accountable for targets?** The Groups/Units concerned  
**Who is responsible for tracking & reporting targets?**  
 Management Services Unit in coordination with LBP-LFC QMS Organization

BASELINE			TARGETS		
2018	2019	2020	2021	2022	2023
ISO Trainings / Workshops and Documentation Requirements	ISO 9001:2015 Certified	ISO 9001:2015 Certified	Maintenance of ISO QMS Certification	Re-certification of ISO 9001:2015	Maintenance of ISO QMS Certification

**LBP LEASING AND FINANCE CORPORATION**

**What is the objective?** Ensure Availability of Required Competencies for Critical Positions  
**What is the measure?** SM9 – Percentage of employees meeting required competencies  
**What is the reason behind choosing this measure?** The measure indicates the quality of the Corporation's employees and their effectiveness and efficiency in the performance of their tasks

**How often is the measure updated/ calculated?** At the end of each year

**What is the unit of measure used** Improvement on the competency level based on 2020 year-end assessment.

**How is the measure calculated?** At the end of the period, based on the Competency Assessment forms accomplished by the respective Superior Officer for each employee, the employees with competency gaps are determined and their specific gaps. The gaps are to be addressed before the end of the year following the assessment to ensure improvement in competencies.

**What data is required in calculating the measure?** Competency Assessment of each employee at the end of the year  
**Where/how is it acquired?** Competency Assessment Forms duly accomplished by the Superior Officers, collated and tabulated by the Human Resource Unit under Corporate Services Group

**Is information about the measure available?**

Currently available  
With minor changes  
Still to be formulated

**When will this info be available?** Within the 1<sup>st</sup> quarter of the year following the assessment period

**Who is responsible for setting targets?** The Management Committee  
**Who is accountable for targets?** The Corporate Services Group and the Heads of the Groups/Units  
**Who is responsible for tracking & reporting targets?** Management Services Unit in coordination with the Corporate Services Group

BASELINE			TARGETS		
2018	2019	2020	2021	2022	2023
77%	Gaps of 30% of employees with identified competency gaps as of YE 2018 was addressed and closed during the year	Improved competency based on 2019 year-end assessment	Improvement on the competency level based on 2020 year-end assessment	Improvement on the competency level based on 2021 year-end assessment	Improvement on the competency level based on 2022 year-end assessment

**LBP LEASING AND FINANCE CORPORATION**

**What is the objective?** Optimize Use of Information Technology  
**What is the measure?** SM10 – Implementation of IT Projects  
**What is the reason behind choosing this measure?** Optimizing the use of IT is expected to enhance the efficiencies in the operations of the Corporation. The number of IT projects implemented is set as a measure to ensure that the Corporation will regularly enhance operations.

**How often is the measure updated/ calculated?** At the end of each year  
**What is the unit of measure used?** Percentage of Completion of the IT Project identified for implementation during the year based on Board-approved ISSP or as submitted to DICT

**How is the measure calculated? Clarify the terms in the formula:** Actual percentage of completion of the IT project based on the work program set for the year in the ISSP.

**What data is required in calculating the measure?** Approved Work Program; Progress Reports; Actual Outputs per ISSP.  
**Where/how is it acquired?** Records of the IT Unit

**Is information about the measure available?**  
 Currently available  
 With minor changes  
 Still to be formulated

**When will this info be available?**  
 Information within January of the year following the period under review

**Who is responsible for setting targets?** The Management Committee  
**Who is accountable for targets?** The IT Unit  
**Who is responsible for tracking & reporting targets?** Management Services Unit in coordination with IT Unit

BASELINE			TARGETS		
2018	2019	2020	2021	2022	2023
Submitted BOD – approved ISSP to DICT	Only 61.54% of projects targeted for the year were accomplished and implemented	50% completion of ISSP projects planned for 2020	100% completion of ISSP projects planned for 2021 incl. deferred projects in 2020	100% completion of ISSP projects planned for 2022	100% completion of ISSP projects planned for 2023



# LBP LEASING AND FINANCE CORPORATION

(A LANDBANK SUBSIDIARY)

## BRIEFER ON RATIONALE – CY 2022 TARGETS

LBP LEASING AND FINANCE CORPORATION (LBP-LFC) was created by LANDBANK of the Philippines to provide support to the Bank and its clients in the form of financial, lease purchase, and operating leases and other products and services that complement the financial services being offered by the Bank.

As a Corporation, LBP-LFC's primary purposes are as follows:

- Engage in leasing of all kinds of equipment
- Extend credit to industrial, commercial, agricultural and other enterprises
- Engage in financing of merchandise in all their various forms

LBP-LFC's eligible clients are as follows:

- Small and Medium Enterprises (SMEs) and rural enterprises
- Government Agencies/Offices/Corporations
- Local Government Units
- Government partners, suppliers and contractors in support of government programs and initiatives
- Countryside Financial Institutions
- Corporate Clients
- Cooperatives
- Institutional Consumer Clients

As a Government-Owned and Controlled Corporation, LBP-LFC has identified the following at its Strategic Perspectives:

- Financial
- Customers and Stakeholders
- Internal Processes
- Learning and Growth

The measures and targets under each Strategic Perspective are as follows:

### FINANCIAL PERSPECTIVE:

#### ➤ Increase Total Portfolio

Under the Strategic Objective: *Ensure Viability and Financial Growth*, Total Portfolio is one of the Strategic Measures. Total Portfolio is reflective of the performance of the Corporation as a leasing and financing organization as it indicates the volume of business and source of revenues.

As of year-end CY2020, the Corporation's Total Portfolio was P4.417 billion. LBP-LFC's Total Portfolio target for CY2021 is P4.800 billion. For CY2022, proposed Total

Portfolio Target is P5.040 billion. The portfolio level supports the Corporation's Net Income after Tax target of P40.000 million.

➤ **Lower Net Past Due Rate**

The Net Past Due Rate is an existing Strategic Measure based on the previous years' Performance Agreements. Actual Net Past Due Rate as of year-end 2020 is 1.51%. However, for 2021 LLFC's NPD rate is projected to increase to 8.0% because of the number of LBP-LFC's clients affected by the pandemic. The CY2022 target is 6.00% showing an improvement over the CY2021 NPD rate.

As one of the means towards the attainment of the Net Past Due Rate target starting in CY2016, LBP-LFC activated/operationalized the Remedial Accounts Management Unit under the Office of the General Counsel of the Corporation. With this structure, delinquent accounts can be given immediate attention and appropriate action can readily be determined and taken. The Corporation is working on improvement of processes particularly for billing and collection for more effective and efficient operations that will eventually translate into higher volume and better quality of accounts.

➤ **Increase Asset Size**

Increase in asset size is a new measure added by GCG starting with LBP-LFC's modified CY2018 Scorecard as asset size indicates a Corporation's capacity to generate revenue, the value of the business and ability to run the business.

As of year-end 2020, the asset size of LBP-LFC was P5.138 billion. The CY2021 asset size target of LBP-LFC is P5.4 billion. For CY2021, proposed asset size target is retained at P5.400 billion considering the Total Portfolio target and the proposed 2021 yearend Portfolio is only P5.0 billion

➤ **Increase Net Income After Tax**

Net Income after Tax (NIAT) is also an existing Measure under the prior years' Performance Agreements. It supports the Strategic Objectives of Ensuring Viability and Financial Growth as well as Consistently Improving Profitability.

In CY2020, based on the Prudential financial statements, LBP-LFC realized as NIAT of P339.84 million inclusive of the gain on sale of BGC property. For CY2021, the NIAT target is P25.00 million while CY2022 proposed NIAT target is P40.000 million.

**CUSTOMERS/STAKEHOLDERS PERSPECTIVE:**

➤ **Percentage of Portfolio Level Allocated to Priority Sectors**

The Percentage of Priority Sectors Portfolio is an existing Strategic Measure under the Strategic Objective: *Provide Affordable & Responsive Financial Products for Priority Sectors.*

It measures LBP-LFC's performance as against its goal of contributing to the Government's development efforts by extending its products and services to:

- *SMEs and rural enterprises to promote their growth and development;*
- *government partners, suppliers and contractors in support of government programs and initiatives; and*
- *government offices to enhance the efficiency of their services,*

as well as to other enterprises belonging to the priority sectors.

CY2021 target for Percentage of Priority Sectors Portfolio is 80% of Total Portfolio. CY2020 baseline is 87.0% while CY2019 baseline is 87.73%.

CY2022 proposed target is at 85% with 15% of the Total Portfolio earmarked for accounts that may not belong to the priority sectors but are existing accounts that need to further access LBP-LFC's products and services to sustain the economies of their operations and continuously improve their facilities for better business opportunities.

#### ➤ **Percentage of Satisfied Customers**

Percentage of Satisfied Customers is also an existing Strategic Measure under the Strategic Objective: *Improve Accessibility & Timeliness of Delivery of Leasing & Financing Solutions*. It gauges the improvement of the Corporation's service delivery. For CY2020, the target was set at 95% of respondents who gave a rating of at least Satisfactory. The target for CY2021 is maintained at 95% of respondents giving a rating of at least Satisfactory.

For CY2021, proposed target is retained at 95% of respondents who gave a rating of at least Satisfactory.

#### **INTERNAL PROCESSES PERSPECTIVE:**

##### ➤ **Percentage of Credit Approvals Processed within the Applicable Time**

Starting CY2019, the Strategic Measures "Average Credit Approval Processing Time for **New** Clients" and "Average Credit Approval Processing Time for **Existing** Clients" were replaced with "Percentage of Credit Approvals Processed within the Applicable Time". CY2020 and 2021 target is 100% of credit applications processed within the applicable processing time. *Applicable processing time, based on prior years' measures, are 40 calendar days for **NEW** clients and 30 calendar days for **EXISTING** clients*. The processing periods are based on the monthly LBP-LFC Executive Committee and Board of Directors meetings where the proposals for leasing and financing facilities are presented for approval.

The CY2021 proposed targets is maintained at 100% of credit applications processed within the applicable processing time.

➤ **Implement Quality Management System (QMS)**

In compliance with the GCG directive to implement Quality Management System (QMS), ISO QMS certification has been included as a Strategic Measure under the Strategic Objective: *Continuous Improvement of Processes and Systems*.

For CY2020, approved QMS target is the maintenance of the ISO 9001:2015 Certification which was achieved by the Corporation. For CY 2021 the QMS target will still is the maintenance of the ISO 9001:2015 Certification. However, for CY 2022 the target will be ISO 9001:2015 Re-certification of the Corporation.

**LEARNING AND GROWTH PERSPECTIVE:**

➤ **Percentage of Employees Meeting Required Competencies**

As a measure under the Strategic Objective: *Ensure Availability of Required Competencies for Critical Positions*, the Corporation has put in place its Competency Framework in CY2015. It has been able to identify the Competency Gaps among its workforce. The reduction of competency gaps recognizes the importance of a highly competent workforce in the attainment of the Corporation's objectives and targets.

LBP-LFC has started assessing and addressing the Competency Gaps in CY2016 during which a 25.64% improvement from the baseline was attained through external trainings/seminars and on-the-job coaching. Translated into the **modified** measure of *Percentage of Employees Meeting Required Competencies*, in CY2017, 44% of employees assessed had no competency gap. In CY2018, 77% of employees assessed had no competency gap as against target of 80%.

For 2020 GCG modified the target to Improvement on the competency level based on 2019 year-end assessment. The same target is proposed for CY2021, based on year-end 2020 assessment to include new employees hired in CY2020. For 2022, the same target will be retained with improvement based in year-end 2021 assessment.

➤ **Implementation of IT Projects**

Under LBP-LFC's Strategic Objective of: *Optimize Use of Information Technology*, the Strategic Measure for CY2018 is *Implementation of IT Project*. The measure is meant to broaden the Corporation's use of Information Technology in its day-to-day operations. CY2018 target was the Submission of the Board-approved ISSP to DICT. For CY2020 and 2021, the target is 100% completion of ISSP projects planned for CY2020 and CY2021 based on the Board-approved and DICT approved ISSP, year 2021 target to include deferred projects based on 2020 ISSP.

For CY2022, the target is 100% completion of ISSP projects planned for CY2022 based on the Board-approved or DICT approved ISSP.

**LBP LEASING AND FINANCE CORPORATION**  
**INCOME STATEMENT**  
**Projected Corporate Operating Budget for CY2022**

	<b>Proposed COB CY2022</b>
<b>REVENUES</b>	
<b>Interest Income</b>	
Interest Income on Other Loans/Receivable - FL	143,286,955.46
Interest Income on Other Loans/Receivable - FL LBP	41,825,910.45
Interest Income on Other Loans/Receivable - FL BIR	85,626,950.13
	270,739,816.04
Interest Income on Other Loans/Receivable	226,485,832.83
Income from Deposits in Banks	120,000.00
Interest Income - Investments	0.00
Interest Income - Others	0.00
	120,000.00
<b>Total Interest Income</b>	<b>497,345,648.87</b>
<b>Other Income</b>	
Operating Lease Income	52,533,600.00
Rental- Investment Property	0.00
Profit/(Loss) from Assets Sold/Exchanged	0.00
Fleet Management Service Fee	11,561,520.00
Fleet Management Service Chauffering Fee	139,553,160.00
Recovery on Charged-off Assets	0.00
Miscellaneous Income/(Loss)	7,800,000.00
<b>Total Other Income</b>	<b>211,448,280.00</b>
<b>Total Revenue</b>	<b>708,793,928.87</b>
<b>Less: Direct Expenses</b>	
Interest Expenses	160,088,510.46
Documentary and Science Stamp Used	11,090,613.87
Provision for Probable Losses	50,348,114.16
Depreciation-Eqpt. & Other Prop. for Lease	752,142.96
Compensation and Fringe Benefits - Marketing Operations	48,632,488.53
Transfer Mortgage and Registrations Fees - LBP (FL)	960,000.00
Transfer Mortgage and Registrations Fees - LBP (FMS)	1,800,000.00
Transfer Mortgage and Registrations Fees - OL	240,000.00
Transfer Mortgage and Registrations Fees	120,000.00
Insurance - LBP (FL)	2,400,000.00
Insurance - LBP (FMS)	3,000,000.00
Insurance - Operating Lease	1,200,000.00
Insurance - BIR	2,400,000.00
Repairs and Maintenance - LBP (FL)	3,600,000.00
Repairs and Maintenance - LBP (FMS)	5,400,000.00
Repairs and Maintenance - Operating Lease	4,200,000.00
Security, Msgrl, Janitorial & Contractual Services - LBP (FL)	75,000,000.00
Security, Msgrl, Janitorial & Contractual Services - LBP (FMS)	107,100,000.00
Security, Msgrl, Janitorial & Contractual Services - OL	29,040,000.00
<b>Total Direct Expenses</b>	<b>507,371,869.98</b>
<b>Gross Income</b>	<b>201,422,058.89</b>

**LBP LEASING AND FINANCE CORPORATION**  
**INCOME STATEMENT**  
**Projected Corporate Operating Budget for CY2022**

	<b>Proposed COB CY2022</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	
Taxes and Licenses - FL	9,255,643.30
Taxes and Licenses - FMS	7,555,734.00
Taxes and Licenses - Operating Lease	2,626,680.00
Taxes and Licenses - Loan	11,324,291.64
Taxes and Licenses - BIR	1,276,305.74
Taxes and Licenses	4,597,500.00
Compensation and Fringe Benefits	51,027,097.83
Management and Other Professional Fees	2,185,000.00
Membership Fees and Dues	998,206.20
Insurance	750,000.00
Depreciation-Furn., Fixtures and Eqpt.	4,902,461.53
Depreciation - Building	1,292,663.82
Depreciation - PPE (Ropoa)	351,541.18
Depreciation - Investment Property ROPA	0.00
Amortization of Intangibles	2,162,813.76
Litigation/Assets Acquired Expenses	3,600,000.00
Rent	708,000.00
Power, Light and Water	1,380,000.00
Fuel and Lubricants	720,000.00
Transportation and Travelling	5,150,000.00
Representation and Entertainment	5,000,000.00
Repairs and Maintenance	2,530,951.64
Security, Messengerial, Janitorial & Contractual Services	6,734,322.73
Data Processing Charges	205,133.21
Bank Charges	24,000.00
Postage, Cables, Telephone and Telegram	1,730,000.00
Stationeries and Supplies Issued	1,777,073.08
Information Technology Expense	2,821,000.00
Advertising and Publicity	2,810,000.00
Fines Penalties & Other Charges	52,480.00
Periodicals and Magazines	5,000.00
Miscellaneous Expenses	540,000.00
<b>Total Expenses</b>	<b>136,093,899.65</b>
<b>Net Income Before Income Tax</b>	<b>65,328,159.24</b>
Less: Provision for Income Tax	37,752,025.96
Income Tax Benefit	(12,587,028.54)
<b>Total Income Tax Expenses</b>	<b>25,164,997.42</b>
<b>Net Income After Income Tax</b>	<b>40,163,161.82</b>