



17 December 2018

MR. ALEXANDER V. BUENAVENTURA

Acting Chairperson

MR. MANUEL H. LOPEZ JR.

President & CEO (PCEO)

LBP-LEASING AND FINANCE CORPORATION (LBP-LFC)

15/F SyCip Law Center, 105 Paseo de Roxas,

Legaspi Village, Makati City

LBP-LEASING AND FINANCE
CORPORATION

RECEIVED

BY: *AKA*

DATE: *12-20-2018* '10:04

RE : **VALIDATION RESULT OF 2017 PERFORMANCE SCORECARD**

Dear Chairperson Buenaventura and PCEO Lopez,

This is to formally transmit the validation result of LBP-LFC's 2017 Performance Scorecard. Based on the Governance Commission's validation of documentary submissions, the LBP-LFC gained an over-all score of **51.03%** (see **Annex A**). The same is to be posted in LBP-LFC's website, in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07¹.

We note that LBP-LFC did not submit its application for the grant of 2017 PBB to its eligible officers and employees. Be it as it may, LBP-LFC fails to satisfy the requirements of **GCG MEMORANDUM CIRCULAR (M.C.) No. 2018-01²** and the *Checklist of Documents to be submitted by GOCCs to Qualify for the 2017 Performance-Based Bonus (PBB)*, particularly the achievement of a weighted-average score of at least 90% in its 2017 Performance Scorecard. In this regard, the Board is reminded that any unilateral action to release the PBB will be considered as a violation of the Board's fiduciary duty to protect the assets of the GOCC as provided under Section 19 of Republic Act No. 10149³.

Consequently, pursuant to GCG M.C. No. 2016-01⁴, failure to qualify for the PBB means that the Appointive Members of the Governing Board of LBP-LFC shall not be qualified to receive the Performance-Based Incentive (PBI).

FOR YOUR INFORMATION AND GUIDANCE.

Very truly yours,

SAMUEL G. DAGPIN, JR.

Chairman

MICHAEL P. CLORIBEL

Commissioner 1-6

MARITES C. DORAL

Commissioner

cc: COA Chairman **MICHAEL G. AGUINALDO**
COA Resident Auditor - LBP-LFC

¹ Code of Corporate Governance for GOCCs dated 28 November 2012.

² Interim Performance-Based Bonus, dated 09 June 2017.

³ GOCC Governance Act of 2011.

⁴ Compensation Framework for Members of the GOCC Governing Boards, dated 10 May 2016.

LBP LEASING AND FINANCE CORPORATION (LBP-LFC)
VALIDATED 2017 PERFORMANCE SCORECARD

	Component				Target	LBP-LFC Submission		GCG Validation		Supporting Document	Remarks
	Objective/Measure	Formula	Wt.	Rating System	2017	Actual	Score	Actual	Score		
FINANCIAL	SO 1	Ensure Viability and Financial Growth									
	SM 1	Average Monthly Total Portfolio	Absolute Amount	15%	Below ₱3.5 Billion = 0% ₱3.50 Billion - ₱3.6 Billion = 5% ₱3.61 Billion - ₱3.75 Billion = 10% ₱3.76 Billion and Above = 15%	₱3.75 Billion	₱3.535 Billion	5%	₱3.535 Billion	5%	Monthly Portfolio Total Portfolio for 2017 Reported actual is acceptable.
	SM 2	Net Past Due Rate	Total PD less Deferred Leasing Income/Unearned Credits & Specific Loan Loss Provision over Total Portfolio	10%	Greater than 4% = 0%; 3.1% - 3.9% = 5%; 3% and lower = 10%	3.50%	3.08%	10%	3.08%	10%	Total Portfolio for 2017 Past due Account Balance Sheet (Prudential) Acceptable.
	SO 2	Consistently Improve Profitability									
	SM 3	Net Income After Tax	Absolute Number	15%	Lower than ₱109.5 Million=0%	₱135 Million	₱108.411 Million	0%	₱114 Million	5%	COA Audited Financial GCG validated actual per

Component					Target	LBP-LFC Submission		GCG Validation		Supporting Document	Remarks	
Objective/Measure			Formula	Wt.	Rating System	2017	Actual	Score	Actual	Score		
					₱ 109.6 Million- ₱125 Million=5% ₱125.1 Million- ₱140 Million=10% Above ₱140 Million=15%						Report for 2017	COA Audited FS.
				40%				15%		20%		
STAKEHOLDERS	SO 3 Provide Affordable and Responsive Financial Products for Priority Sectors											
	SM 4	Number of Units under Special Financing/ Leasing Programs	Absolute Number	10%	(Actual / Target) x Weight	100	12	1.20%	12	1.20%	Credit Committee approval Authority to deliver	Reported actual is acceptable.
	SM 5	Percentage of Priority Sectors Portfolio	Amount of portfolio allocated to Priority Sectors/Total Portfolio	10%	70% - 74.9% = 0% 75% - 79.9% = 5% 80% and Above = 10%	80%	81.17%	10%	81.06%	10%	Breakdown of portfolio per account and per sector	The GCG-validated actual was based on the revised submission of supporting documents.

Component					Target	LBP-LFC Submission		GCG Validation		Supporting Document	Remarks
Objective/Measure	Formula	Wt.	Rating System	2017	Actual	Score	Actual	Score			
SO 4	Improve Accessibility and Timeliness of Delivery of Leasing and Financing Solutions										
SM 6	Customer Satisfaction Rating based on In-House Survey	Number of respondents who gave a rating of Very Good to Excellent/ Total Number of Respondents	5%	All or Nothing	95% of respondents gave a rating of Very Good to Excellent	76.62% of respondents gave a rating of Very Good to Excellent	0%	76.62%	0%	Summary of Survey Result Sample Accomplished Questionnaires	Reported actual is acceptable.
SM 7	Number of Branches/ Extension Offices Established	Absolute Number	5%	(Actual / Target) x Weight	3	1	1.67%	0	0%	Certification issued by Accounts Management Group and PCEO Minutes of Board meeting held on 25 November 2015	Submitted supporting document is not valid. During onsite validation, LBP-LFC was requested to submit approval from or agreement with LandBank on the establishment of desk in LandBank lending centers, however LBP-LFC was not able to present

Component					Target	LBP-LFC Submission		GCG Validation		Supporting Document	Remarks	
Objective/Measure	Formula	Wt.	Rating System	2017	Actual	Score	Actual	Score				
		30%				12.87%		11.20%		said document.		
INTERNAL PROCESS	SO 5 Streamline Credit Processing System											
	SM 8	Average Credit Approval Processing Time for New Clients	Total number of processing days for all applications processed from receipt of complete documents/ Total number of Applications Processed	7.5%	(Actual / Target) x Weight	35 Days	51.38 days	3.99%	51.38 days	3.99%	List of applications from new clients	Reported actual is acceptable.
	SM 9	Average Credit Approval Processing Time for Existing Clients	Total number of processing days for all applications from receipt of complete documents/ Total number of Applications Processed	7.50%	(Actual / Target) x Weight	25 Days	30.54 days	5.84%	30.54 days	5.84%	List of applications from new clients	Reported actual is acceptable.
	SO 6 Continuous Improvement of Processes and Systems											
	SM 10	ISO QMS Certification	Actual accomplishment	5%	All or Nothing	Certificate of Readiness for ISO 9001:2015 Certification	N/A	0.00%	N/A	0.00%	None submitted.	No accomplishment

Component					Target	LBP-LFC Submission		GCG Validation		Supporting Document	Remarks
Objective/Measure	Formula	Wt.	Rating System	2017	Actual	Score	Actual	Score			
		20%				9.83%		9.83%			
LEARNING AND GROWTH	SO 7 Ensure Availability of Required Competencies for Critical Positions										
	SM 11	Reduce Competency Gap	Percentage of Reduction in Competency gaps by Year-End	5%	(Actual / Target) x Weight	10% Improvement from past year	44% of employees assessed have no competency gaps	5.00%	44% of employees assessed have no competency gaps	5.00%	Employee Assessment Forms Summary of Employees and Assessment Result Acceptable. LBP-LFC exceeded the target.
	SO 8 Optimize Use of Information Technology										
	SM 12	Number of IT Projects Implemented	Actual Number of IT Projects Implemented	5%	All or Nothing	1 (Document Management System)	1 (Document Management System)	5.00%	1 (Document Management System)	5.00%	Certificate of Completion and Acceptance User Manual Acceptable.
		10%				10.00%		10.00%			
	TOTAL	100%				47.70%		51.03%			