



25 November 2022

MS. CECILIA C. BORROMELO

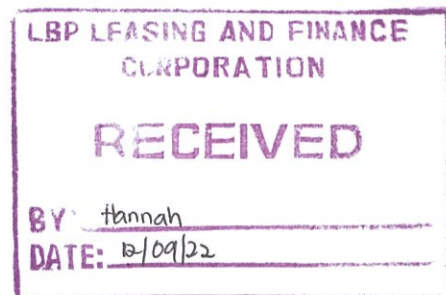
Chairperson

MR. MICHAEL P. ARAÑAS

President and CEO (PCEO)

LBP LEASING AND FINANCE CORPORATION (LLFC)

15/F SycipLaw Center, 105 Paseo de Roxas,
Makati City



**RE: VALIDATION RESULT OF 2021 PERFORMANCE
SCORECARD OF LLFC**

Dear Chairperson Borrromeo and PCEO Arañas,

This is to formally transmit the validation result of LLFC's 2021 Performance Scorecard. Based on the Governance Commission's validation of the GOCC's documentary submissions, LLFC garnered an overall score of **98.78%** (See **Annex A**). The same is to be posted on LLFC's website, in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07.¹

In relation to the grant of the 2021 Performance-Based Bonus (PBB) to eligible officers and employees, LLFC can grant such an incentive only upon receipt of a confirmation letter from the Governance Commission. 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. 10149.²

FOR LLFC'S INFORMATION AND GUIDANCE.

Very truly yours,

Justice ALEX L. QUIROZ (Ret.)
Chairperson

ATTY. GIDEON D.V. MORTEL, D.C.L.
Commissioner

ATTY. GERALDINE MARIE B. BERBERABE-MARTINEZ
Commissioner

cc: COA Resident Auditor – LLFC

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

² GOCC Governance Act of 2011.

LBP LEASING AND FINANCE CORPORATION (LLFC)
Validation Result of 2021 Performance Scorecard

Component						LLFC Submission		GCG Validation		Supporting Documents	Remarks		
	Objective/Measure		Formula	Wt.	Rating System	Target	Actual	Rating	Actual			Rating	
FINANCIAL	SO 1	Ensure Viability and Financial Growth											
	SM 1	Increase Portfolio	Total	Absolute amount of outstanding portfolio by end of December	15%	(Actual/Target) x Weight 0% = if less than ₱3 Billion	₱4.8 Billion	₱4.748 Billion	14.84%	₱4.746 Billion	14.83%	<ul style="list-style-type: none">• Loan/Lease Portfolio;• Memorandum on the Asset Quality Report as of 31 December 2021; and• COA Annual Audit Report	Acceptable. Total Portfolio includes Loans and Lease Receivables, Deferred Leasing Income, and Equipment and Other Property for Lease less the Deposit on the Lease Contract. Validated accomplishment based on COA Audit Report.
	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	8.0%	2.84%	15%	2.42%	10%	<ul style="list-style-type: none">• Net Past Due Rate Computation;• Past Due Accounts;• Schedule of Loss Provision• Total Loan Portfolio as of 31 December 2021; and• COA Annual Audit Report	Acceptable. Past due receivables, past due – restructured accounts, and items in litigation were taken from the COA Annual Audit Report.

Component						LLFC Submission		GCG Validation		Supporting Documents	Remarks	
	Objective/Measure		Formula	Wt.	Rating System	Target	Actual	Rating	Actual			Rating
	SM 3	Increase Asset Size	Absolute Amount of Total Assets by end of December	5%	(Actual/Target) x Weight	₱5.40 Billion	₱5.007 Billion	9.27%	₱4.967 Billion	4.60%	<ul style="list-style-type: none">Memorandum to the Board of Directors on the Results of Operations for December 2021; andCOA Annual Audit Report	Target not met. Validated accomplishment based on COA Report.
	SO 2	Consistently Improve Profitability										
	SM 4	Increase Net Income After Tax	Total Revenues Less Total Expenses	15%	(Actual/Target) x Weight	₱25.0 Million	₱33.37 Million	15%	₱29.92 Million	15%	<ul style="list-style-type: none">Memorandum to the Board of Directors on the Results of Operations for December 2021; andCOA Annual Audit Report	Acceptable. Reported accomplishment based on COA Report.
		Sub-total		45%				54.11%		44.43%		
CUSTOMER/STAKEHOLDERS	SO 3	Provide Affordable & Responsive Financial Products for Priority Sectors										
	SM 5	Percentage of Portfolio 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%	85.43%	15%	85.43%	15%	<ul style="list-style-type: none">Summary Report on the Portfolio Allocation in Priority Sectors; andCOA Annual Audit Report	Target exceeded. Total loan portfolio allocated to priority sectors amounted ₱4,054.99 Million or the total loan portfolio ₱4,746.71 Million.

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Component						LLFC Submission		GCG Validation		Supporting Documents	Remarks	
	Objective/Measure	Formula	Wt.	Rating System	Target	Actual	Rating	Actual	Rating			
	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 less than 80%	95%	99%	5%	99%	5%	<ul style="list-style-type: none">• 2021 CSS Final Report from the Third Party;• Sample Accomplished Survey Questionnaire;• Backchecking and Spot-checking Reports; and• Database of Responses.	Target exceeded.
		Sub-total		20%				20%		20%		
A L	SO 5	Streamline Credit Processing System										

Signature

Component							LLFC Submission		GCG Validation		Supporting Documents	Remarks
	Objective/Measure		Formula	Wt.	Rating System	Target	Actual	Rating	Actual	Rating		
	SM 7	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	20%	(Actual/Target) x Weight; 0% = if less than 80%	100% of credit applications processed within the applicable processing time ¹	96.80%	9.68%	96.77%	19.35%	<ul style="list-style-type: none">Database of Application Processed in 2021;Application Monitoring Sheets; andExecutive Committee/ Board Approval of the applications	LLFC was able to process 30 out of 31 applications within the applicable processing time. Details are attached in Appendix 1 .
	SO 6	Continuous Improvement of Processes and Systems										
	SM 8	Implement Quality Management System	Actual Accomplishment	5%	All or Nothing	Maintain ISO 9001:2015 Certificate	Passed	5%	Maintained ISO 9001:2015 Certification	5%	<ul style="list-style-type: none">ISO 9001:2015 Certification; andSurveillance Audit Report	Acceptable.
		Sub-total		25%				14.68%		24.35%		
9	SO 7	Ensure Availability of Required Competencies for Critical Positions										

¹ Applicable processing time based on LLFC's compliance with Republic Act No. 11032.

Component						LLFC Submission		GCG Validation		Supporting Documents	Remarks	
	Objective/Measure		Formula	Wt.	Rating System	Target	Actual	Rating	Actual			Rating
	SM 9	Percentage of Employees Meeting Required Competencies	Competency Baseline ² 2021 – Competency Baseline 2020	5%	(Actual/Target) x Weight	Improvement on the Competency Level of the Organization based on the 2020 year-end assessment	Improved Competency based On 2020 year-end assessment	5%	Improved Competency based on the 2020 year-end assessment	5%	<ul style="list-style-type: none">• Summary of Competency Assessment for 2021;• Competency Assessment Forms; and• Result of the 2020 and 2021 Competency Assessment	Target met. LLFC has improve Competency Level 97.10% in 2020 and 98.19% in 2021.
	SO 8	Optimize the Use of Information Technology										

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

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

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

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Component						LLFC Submission		GCG Validation		Supporting Documents	Remarks	
	Objective/Measure		Formula	Wt.	Rating System	Target	Actual	Rating	Actual			Rating
	SM 10	Number of IT Projects Implemented	Actual Accomplishment	5%	All or Nothing	100% completion of ISSP projects planned for 2021, including the Remaining Projects due for 2020	100% completion of ISSP projects planned for 2021, including the Remaining Projects due for 2020	5%	100% completion of ISSP projects planned for 2021, including the Remaining Projects due for 2020	5%	<ul style="list-style-type: none">• IT Project Work Program;• Inspection and Acceptance Report;• Report on Non-replacement of the Laser Jet Printer and the Uninterruptible Power Supply (UPS);• Memorandum on Procurement of Laptop Units; and• Delivery Receipts and other Procurement Documents.	Acceptable.
		Sub-total		10%				10%		10%		
		Grand Total		100%				98.79%		98.78%		

VALIDATION RESULT OF SM 7: PERCENTAGE OF CREDIT APPROVAL PROCESSED WITHIN APPLICABLE TIME

No.	CLIENTS/ACCOUNTS	APPROVING BODY	PROCESS START DATE	DATE APPROVED	LLFC COMPUTATION TAT	GCG COMPUTATION TAT
<i>Existing Clients</i>						
1	Land Bank of the Philippines	Board	02/01/2021	02/26/2021	18	17
2	Realiving Design Center Corporation	Board	02/03/2021	02/26/2021	16	15
3	One Sky Stainless and Aluminum Supplies Enterprises	Board	02/08/2021	02/26/2021	13	13
4	Satrap Construction Co., Inc.	Board	05/06/2021	05/27/2021	15	14
5	Meridian Shipping and Container Carrier, Inc.	Board	06/03/2021	06/24/2021	16	15
6	Accent Systems, Inc.	ExCom	05/18/2021	06/16/2021	22	21
7	Ximex Delivery Express	Board	07/13/2021	07/29/2021	13	12
8	ARQ Builders / Sps. Gracelyn and Stephen Arquisola	Board	07/16/2021	07/29/2021	10	9
9	First United Finance and Leasing Corporation	Board	08/09/2021	08/26/2021	14	13
10	Great Wall Machinery and Manufacturing Corporation	Board	08/10/2021	08/26/2021	13	12
11	Rhodium 688 Builders	Board	09/07/2021	09/30/2021	18	17
12	P.E.R.R.C. Construction and Development Corporation	Board	09/14/2021	09/30/2021	13	12
13	Universal Harvester, Inc.	Board	09/06/2021	09/30/2021	19	18
14	Good Morning International Corporation	Board	10/05/2021	10/28/2021	18	17
15	Good Morning Finance Corporation	Board	10/14/2021	10/28/2021	11	10
16	Assurance Controls Technologies Co., Inc.	Board	11/17/2021	12/15/2021	11	18
<i>New Clients</i>						

No.	CLIENTS/ACCOUNTS	APPROVING BODY	PROCESS START DATE	DATE APPROVED	LLFC COMPUTATION TAT	GCG COMPUTATION TAT
17	TotalPower, Inc.	Board	01/05/2021	01/28/2021	18	17
18	Atkins Import & Export Resources, Inc.	Board	01/20/2021	02/26/2021	26	27
19	Rotopack Manufacturing Corporation	Board	03/30/2021	04/29/2021	23	22
20	P.A. Alvarez Properties	Board	04/20/2021	05/27/2021	27	27
21	Rell and Renn Fishing Corporation	Board	04/22/2021	05/27/2021	25	25
22	Esybuild Construction Solution	CreCom	04/25/2021	05/05/2021	7	7
23	Sps. Anna Marlesa T. & Sharif Madzmir A. Hasim doing business under the trade name and style of 2M Construction and Enterprises	ExCom	05/28/2021	06/24/2021	20	19
24	RDF Feed, Livestock and Foods, Inc.	Board	07/07/2021	07/29/2021	17	16
25	Sps. Rica Cielo and Noliberto Santiago	CreCom	08/11/2021	09/01/2021	15	15
26	Easyfund Lending Investor Corporation	CreCom	10/13/2021	10/13/2021	0	0
27	New San Jose Builders Inc./ Diamond Land Resources	Board	10/15/2021	10/28/2021	10	9
28	Pueblo de Panay, Inc.	Board	09/30/2021	10/28/2021	21	20
29	Premier 101 Healthcare Management Inc.	Board	11/10/2021	11/25/2021	12	11
30	Blue Chip Builders, Inc.	Board	11/15/2021	11/25/2021	9	8
31	Prime Gigabuild Construction Corporation	Board	11/16/2020	01/28/2021	21	53