



# LBP Resources and Development Corporation

Formerly : LB (Land Bank) Realty Development Corporation  
A Subsidiary of the Land Bank of the Philippines

## MEMORANDUM

FOR : THE BOARD OF DIRECTORS  
Land Bank of the Philippines

THRU : GILDA E. PICO  
Chairperson, LBRDC

JULIO D. CLIMACO, JR.  
EVP, Corporate Services Sector

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*Julio D. Climaco Jr.*

FROM : SIMEONA S. GUEVARRA  
President & General Manager

SUBJECT : **PERFORMANCE REPORT CY 2014**

DATE : MARCH 17, 2015

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We are submitting herewith the LBP Resources and Development Corporation Performance Report for CY 2014 in compliance with Land Bank reportorial requirements and for presentation to the Land Bank Board of Directors.

For your information/notation.

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**SIMEONA S. GUEVARRA**

## LBP RESOURCES AND DEVELOPMENT CORPORATION

### I. ACCOMPLISHMENTS – For the period January to December 2014 Comparison with Previous Year (in PhP million)

Key Result Areas	Jan.-Dec. 2014	Jan.-Dec. 2013	Variance	% Inc./Dec.
<b>PURSUIT OF MANDATE</b>				
<b>A. Construction/renovation of LBP Branches and ATM</b>				
<b>1. Construction</b>				
No. of branch offices completed	2	7	(5)	(71)
<b>2. Renovation</b>				
No. of branch offices completed	29	25	4	16
<b>INSTITUTIONAL VIABILITY (In PhP million)</b>				
<b>Revenues</b>	<b>360.02</b>	<b>192.25</b>	<b>167.77</b>	<b>87</b>
Construction	223.64	134.32	89.32	66
Manpower Services	103.35	26.55	76.80	289
Brokering (Commission)	0.96	2.06	(1.10)	(53)
Property Management	12.18	8.88	3.30	37
ACU Maintenance	2.81	2.04	0.77	38
Rental	17.08	18.40	(1.32)	7
<b>Costs</b>	<b>298.82</b>	<b>151.71</b>	<b>147.11</b>	<b>97</b>
Construction Cost *	196.15	117.91	78.24	66
Manpower Service Expense	86.95	21.33	65.62	307
Service Expense	15.72	12.47	3.25	26
<b>Gross Profit</b>	<b>61.20</b>	<b>40.54</b>	<b>20.66</b>	<b>51</b>
<b>Operating Expenses</b>	<b>21.92</b>	<b>16.95</b>	<b>4.97</b>	<b>29</b>
<b>Income from Operations</b>	<b>39.28</b>	<b>23.59</b>	<b>15.69</b>	<b>67</b>
<b>Other Income</b>	<b>6.23</b>	<b>7.75</b>	<b>(1.52)</b>	<b>(20)</b>
Interest	6.05	7.61	(1.56)	(20)
Miscellaneous	0.18	0.14	0.04	29
<b>Net Income Before Tax</b>	<b>45.51</b>	<b>31.34</b>	<b>14.17</b>	<b>45</b>
<b>Net Income After Tax</b>	<b>32.54</b>	<b>22.74</b>	<b>9.80</b>	<b>43</b>

- Total construction revenue for the year ended December 31, 2014 is P 223.64 million or 66% higher compared to P134.32 million reported last year.
- Manpower services income showed positive variance of P76.80 million or 289% increase due to the LBP Field Units housekeeping, janitorial, messengerial and building maintenance services which started in April 2014.
- Commission income decreased by 53% compared to last year due to the decrease in sales of ROPA. Property management income increased by P3.30 million or 37%. This is attributable to the increase in the number of ROPAs from 56 to 80 accounts for property security and upkeep by LBRDC.
- The December 31, 2014 net income after tax (NIAT) increased by 43% from P22.74 million of same period last year to P32.54 million this year. This is mainly due to the 289% increase in manpower services, 37% in property management, income generated from air-conditioning unit (ACU) preventive maintenance and the construction cost ratio (CCR) maintained at 88%.

**Comparison against targets (in PhP million)**

Key Result Areas	Jan.-Dec. 2014	Target for CY 2014	Variance	% Accompl
<b>PURSUIT OF MANDATE</b>				
Construction/renovation of LBP Branches and ATM				
1. Construction				
No. of branch offices completed	2	2	-	100%
2. Renovation				
No. of branch offices completed	29	28	1	104%
<b>INSTITUTIONAL VIABILITY (In PhP million)</b>				
Construction	27.50	21.60	5.90	127
Sales	-	-	-	-
Rental	11.83	12.56	(0.73)	94
Other services (Property Mgt., Brokering Manpower, ACU Maintenance)	21.87	12.51	9.36	175
Total Gross Profit	61.20	46.67	14.53	131
Operating Expenses	21.92	17.78	4.14	123
Income from Operations	39.28	28.89	10.39	136
Other Income	6.23	6.79	0.56	92
Net Income Before Tax	45.51	35.68	9.83	128
Net Income After Tax	32.54	25.90	6.64	126

- Total gross profit of P61.20 million is 131% of the year-end target of P46.67 million
- Other income of P6.23 million is 92% which is below year-end target of P6.79 million due to the decrease in interest rates.
- Our net income after tax (NIAT) of P32.54 million is 126% of the year-end target of P25.90 million

## II. FINANCIAL CONDITION

	As of Dec. 31, 2014 ( in PhP million)	As of Dec. 31, 2013 ( in PhP million)	Increase/(Decrease)	
			Amount	%
Assets	544.46	493.01	51.45	10
Liabilities	104.08	57.66	46.42	81
Equity	440.38	435.35	5.03	1

- Total Resources increased by 10% or P51.45 million primarily due to increase in Accounts Receivable-Trade, Contracts Receivable and Retention Receivable. This was reduced however, by the decrease in marketable securities and long term investments by P21 million and P12 million respectively.
- Liabilities also increased by 81% or P46.42 million due to the accrual of Dividends payable to the National Government, Output Tax and Other Liabilities.
- Stockholders' Equity increased by 1% or P5.03 million due to the net income generated in 2014.
- Financial Ratios
 

Return on Assets	5.98%	Current Ratio	3: 1
Return on Equity	7.39%	Asset /Capita	P20.17 M
Debt-Equity Ratio	19:81	Net Income/Capita	P1.205 M

## III. OTHER DEVELOPMENTS

- Reviewed/updated/developed and implemented various policies, systems and procedures
- Upgraded personnel skills and capabilities through various seminars and trainings
- Processed employment of about 444 janitors, messengers, utility personnel for placement in LBP Field Units effective April 1, 2014
- Increase the number of LBP ROPA being maintained from 56 accounts last year to 80 accounts this year.
- "Acceptable" rating on the Operations Audit May 2014 by LBP HOSTAD
- Upgraded the "Balmori Sure Pay" payroll system from Version 7.7 to 7.8N
- "Unqualified Opinion" and Certificate of Zero Disallowance issued by COA on LBRDC CY 2013 financial statement's



**Schedule A (List of completed projects)**

- A. Construction (2)
1. Pagadian Bldg.
  2. Malaybalay Bldg.

B. Renovation (29)

	NAME OF PROJECT
1	ATM South Harbor Offsite @ BOQ
2	Intramuros Branch Renov. Phase II
3	Baclaran Branch Renov. Phase II
4	Dinagat Branch Renov.
5	ATM Elliptical Rd. Offsite @BAI
6	FTI Branch Renov
7	LIBI Office Minor Renov
8	Lagawe Branch Renov
9	Apalit Branch Renov
10	Urdaneta Branch Renov
11	LEAF @ Sulop, Davao del Sur
12	ATM Q.C. Circle Br. Offsite @ BJMP
13	LBP SPAD – Repair of Roofing
14	Tacloban Rehab/Tacloban Supplemental Contract
15	EDSA NIA
16	GSIS
17	Tuguegarao AOC 2
18	Batac
19	Tagaytay Branch
20	Dinalupihan
21	Cavite Branch
22	Baliuag
23	LEAF @Sto. Tomas, Davao del Norte
24	Daraga
25	LEAF @Caba, La Union
26	LEAF @San Antonio LGU, Zambales
27	LEAF @Pasuquin LGU, Ilocos Norte
28	LEAF @Pamplona Mun. Hall, Cagayan
29	LEAF @Moncada Mun. Hall, Tarlac

**Schedule B (Comparative Financial Ratios)**

	2014	2013
Return on Assets	5.98%	4.61%
Return on Equity	7.39%	5.22%
Debt-Equity Ratio	19:81	12:88
Current Ratio	3:1	4:1
Asset per capita	P20.17 M	P19.72 M
Net income per capita	P1.205 M	P0.91 M

**Schedule C (Employee Trainings and Seminars)**

NO. OF EMP.	TRAINING /SEMINAR	TRAINING PROVIDER	DATE
2	New SEC Rules on Real Estate companies	Organization of Socialized Housing Dev. Of the Phil., Inc	Feb.26, 2014
2	How to Design and Develop a Competitive Salary Structure	Ariva Academy	Jan. 29, 2014
42	Re-orientation on Environmental Mgt. System	Land Bank of the Phil.	Mar. 29, 2014
150	Orientation of Janitors for LBP Field Units in NCR, NL, CL, SL	LBRDC	Mar. 30, 2014
1	Comprehensive Internal Revenue Taxation	Powermax Consulting Group, Inc.	June 30, 2014
1	Basic Facilities Management and Building Administration	RMP Consultancy	June 30, 2014
6	Basic Incident Command System	Land Bank of the Phil.	June 25-27, 2014
9	Basic Life Support Training	COSHEMAP	July 30, 2014
3	Tax Exemption for Minimum Wage Earners	National Wages & Productivity Commission	July 31, 2014
1	8 <sup>th</sup> HR Congress	Ariva Academy	August 27-28, 2014

1	CPD Lecture Series	Urban Institute of Real Estate	September 1,3, 4, 8 & 9, 2014
120	Company Re-orientation & First Aid Seminar	Red Cross Representative	October 25, 2014
5 00	Values Formation	RLAF Training Group	December 20, 2014
2	Project Management in Construction Industry	UP-NEC	October 8-10, 2014

**Schedule D (Policies Developed/Updated/Implemented)**

	<b>POLICY</b>	<b>STATUS</b>
1	Policy on the Use of Internet	Approved and being implemented
2	Workplace Policy & Program	
	a. HIV/AIDS Workplace Policy Program	Approved and being implemented
	b. Drug Free Workplace Policy Program	Approved and being implemented
	c. Hepatitis B Workplace Policy Program	Approved and being implemented
	d. Tuberculosis Prevention and Control	Approved and being implemented
3	Revised Codified Approving & Signing Authorities (CASA)	Approved and being implemented
4	Guidelines on Classification, Handling, Access and Disclosure of Information Assets	Approved and being implemented
5	Revised Manual on Corporate Governance	Approved and being implemented
6	Policy on Accounts Receivable/Allowance for Doubtful Accounts	Approved and being implemented
7	Revised Guidelines on Cash Advance/Revolving Fund	Approved and being implemented