

# ANNUAL REPORT 2016



# VISION

By 2020, LBRDC will be a triple “A” company that will provide LANDBANK, other government agencies and private clients with quality service by using advance technology and innovative processes to be competitive in the delivery of construction and real estate management, property management, property maintenance, manpower and other support services.

# MISSION

## To Our Clients:

We will use advance technology, innovative and environmental safety processes to deliver quality service in construction, real estate management, property maintenance and manpower and other allied services supportive to the goals and objectives of LANDBANK and other clients.

## To Our Employees:

We will train and develop employees to be highly competitive and enhance their capability to strive for excellence in providing quality service to our clients.





## MESSAGE FROM LANDBANK PRESIDENT AND CEO

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We extend our warmest regards to the men and women of the LBP Resources and Development Corporation (LBRDC) as you celebrate another fruitful year of operational growth and development in 2016.

The yearlong challenges you have faced and overcome have resulted in positive growth for your organization, showing higher financial gains as compared to the outcomes of the preceding year. Such accomplishments prove not just your ability to achieve the goals you set, they also signify the value of the services you provide in various industries across the nation.

From ensuring timely construction and supply of necessary infrastructure for the Bank's expansive operations, to the human capital you are able to integrate with LANDBANK as well as other partners and clients, LBRDC continues to deliver on its promise of quality and reliable service.

It is our hope that you remain resilient in trying times and responsive to the needs of your clients. At the same time, develop more opportunities for growth among your own people who have made it possible for LBRDC to succeed throughout the years. LANDBANK is grateful for the strong partnership you have allowed to flourish, helping the Bank fulfil its own commitment to bring excellent products and services throughout the country.

In behalf of LANDBANK, congratulations to everyone at LBP Resources and Development Corporation, and we look forward to your future success.



  
ALEX V. BUENAVENTURA

## MESSAGE FROM LBRDC PRESIDENT AND CEO

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We are happy to report that **LBRDC** delivered excellent results in CY 2016 and was able to achieve and even surpass its targets during the year. Our core business in construction management completed three (3) building construction and thirty five (35) renovation projects.

LBRDC sustained growth in total revenue by increasing 6% to P397.74 million while the net income after tax also increased by 4% to P61.00 million. This was driven by the strong performance in construction, manpower services and property management.

For CY 2016, total resources increased by 7% to P622.77 million with investments reaching P185.73 million which shows the company's healthy financial position. LBRDC was able to declare and remit cash dividend to the government the amount of P30.50 million for the said period. This is the sixth consecutive year that LBRDC remitted cash dividend to the Philippine Government.

Our commitment to continuing financial growth will be accomplished thru effective financial management, sound internal control and good governance. It is our objective to always give our customers high quality service by using advance technology and innovative processes. We will do this by attaining the highest level of professionalism, integrity and the pursuit of excellence that have been LBRDC's core values for the past years.

The progress that we made over the past six (6) years would not have been possible without the commitment, foresight and determination of the different units in the company. I would like to thank our Board of Directors for their unwavering support to all our undertaking and for their contribution to all our strategies and plans that made our work worthwhile. Thank you also to all our management team and the employees for their collective efforts to meet our targets. Finally, I thank LANDBANK, our business allies, and all our stakeholders for their enduring trust and encouragement for LBRDC to unceasingly pursue its mission despite enormous challenges that face the industry and the country as well.

We are proud of the many accomplishments that we achieved, but we acknowledged that we must further develop and exert more effort because we remain committed in ensuring the continued growth of the company in the years ahead.



**SIMEONA S. GUEVARRA**  
President and CEO, LBRDC

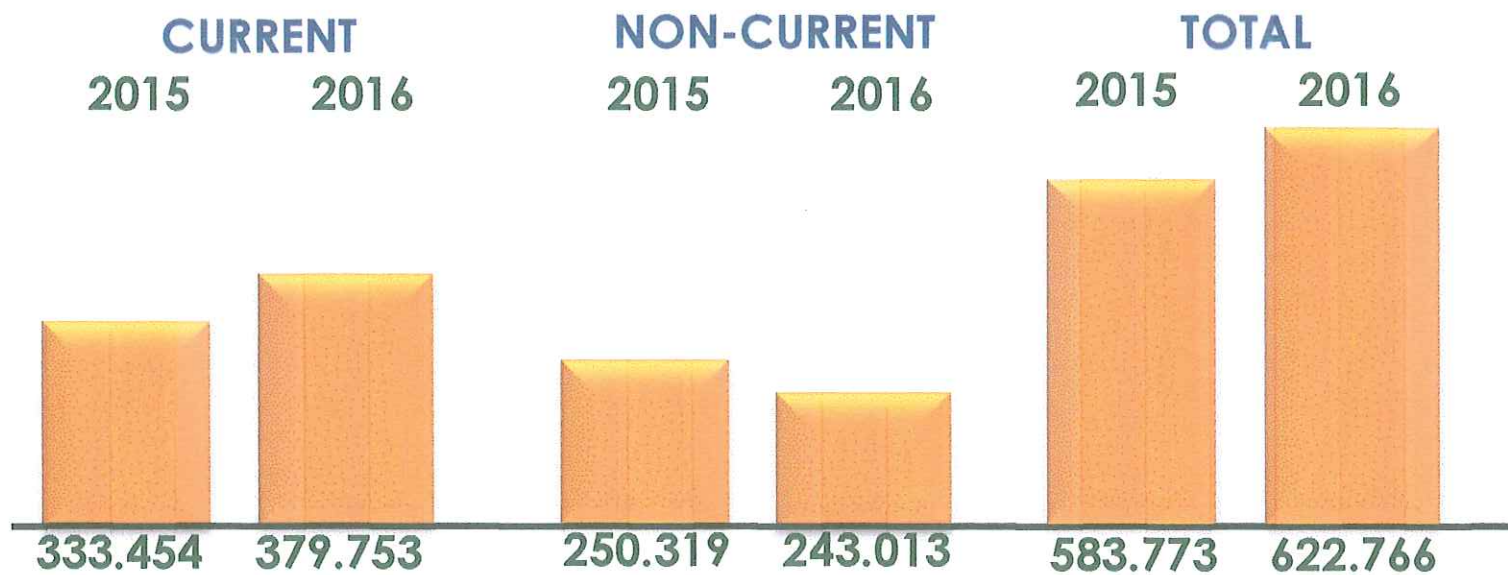


**STATEMENT OF FINANCIAL POSITION**



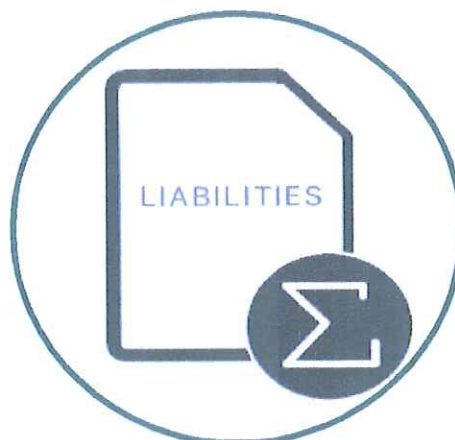
**ASSETS**

(in Million Pesos)



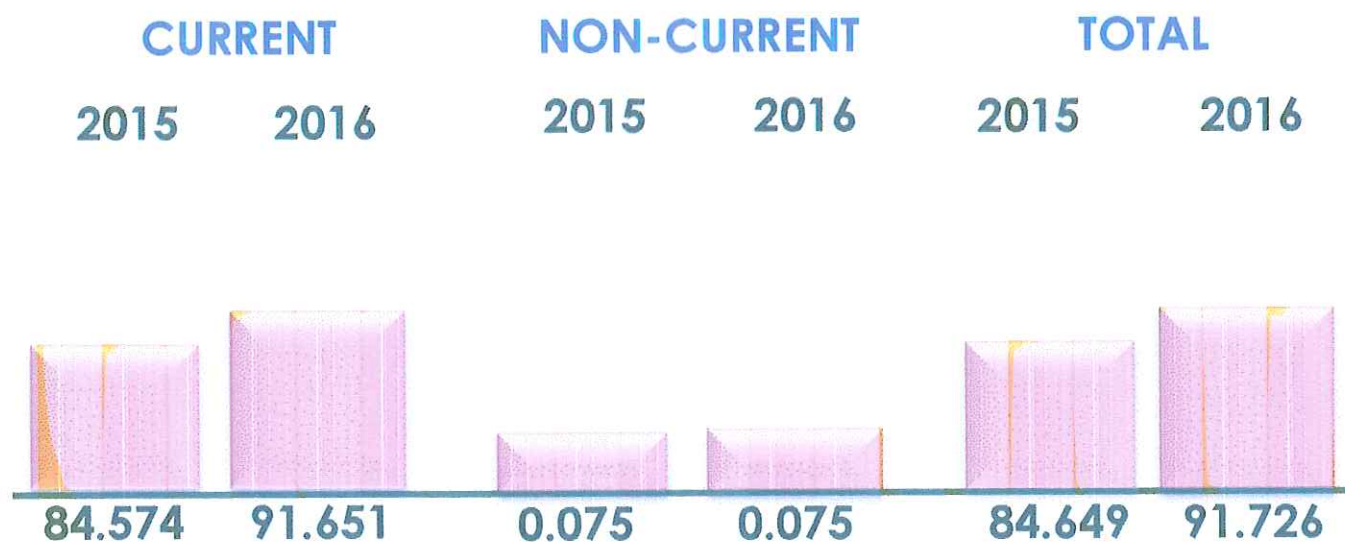


## STATEMENT OF FINANCIAL POSITION



### LIABILITIES

(in Million Pesos)





STATEMENT OF FINANCIAL POSITION



TOTAL STOCKHOLDER'S EQUITY

(in Million Pesos)



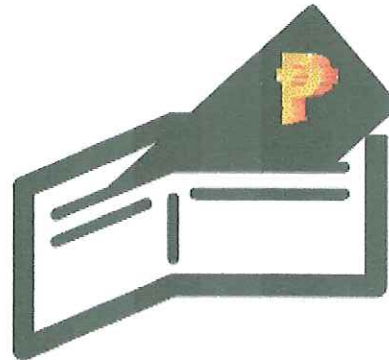
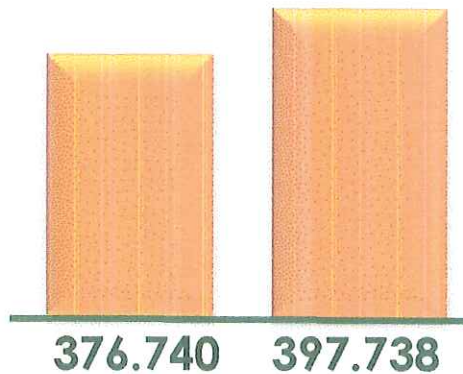


## STATEMENT OF COMPREHENSIVE INCOME



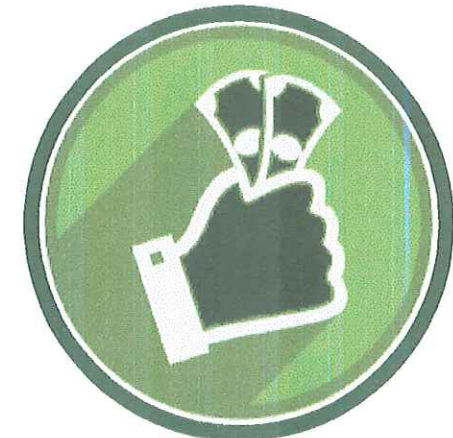
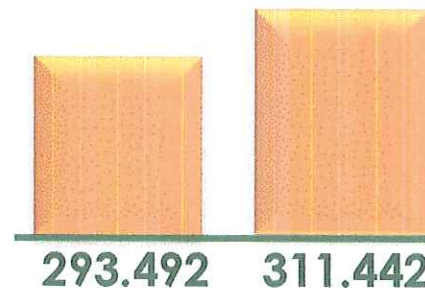
**REVENUES**  
(in Million Pesos)

2015      2016



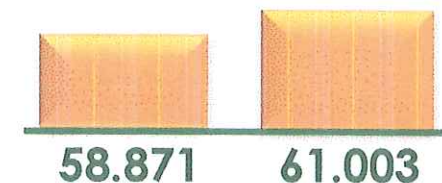
**EXPENSES**  
(in Million Pesos)

2015      2016



**NET INCOME  
AFTER TAX**  
(in Million Pesos)

2015      2016



## OVERVIEW

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LBP Resources and Development Corporation (LBRDC) formerly LANDBANK Realty Development Corporation is a wholly-owned subsidiary of the Land Bank of the Philippines. LBRDC was incorporated in May 1975 as Lumang Bayan Realty Development Corporation with Registration No. 61385 issued by the Securities and Exchange Commission. It was initially created as an investment diversification vehicle for landowners whose properties have been covered by the agrarian reform program on carrying on a general estate business.

In general, LBRDC is mandated to be a LANDBANK partner in the attainment of its corporate goals, especially in the development of infrastructure and similar activities, relative to the realization of its Countryside Development Program and other related projects. One of its missions is to provide LANDBANK, its subsidiaries, its clients and its employees timely and quality construction services at the most reasonable cost.

For the past forty-one (41) years of existence it has acquired extensive experience in the provision of project management services in the design, construction management and implementation thru direct administration of LANDBANK's infrastructure requirements. Its major projects since then were:

1. joint venture with landowners in the development and construction of the Palacio del Gobernador in Intramuros, Manila;
2. the development of the Lumang Bayan Executive Village in Antipolo City;
3. the construction of the 4-storey commercial LBRDC Building in Naga City;
4. the construction of the LB One Condominium in Singalong, Manila;
5. the construction of the Grand Garden Villas in Dasmarinas, Cavite;
6. the construction of LBRDC warehouse in Antipolo City; and
7. the construction of LANDBANK Warehouse in Antipolo City.

LBRDC has expanded its business lines which includes property management and maintenance services, brokering and offers various manpower services such as sanitation, housekeeping, janitorial and messengerial services. Recently,



## OVERVIEW

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LBRDC has ventured into air-conditioning unit (ACU) preventive maintenance services of LANDBANK Branches in NCR and Luzon areas.

### SERVICES

#### I. CONSTRUCTION AND RENOVATION / PROJECT MANAGEMENT

- Accredited by the Philippine Contractor's Accreditation Board (PCAB) since June 30, 1994 with license number 17950 with principal classification and category as a General Building A contractor, validity period until June 30, 2017
- License limit categorization, Medium A for building and industrial, up to P 100 Million
- Handles the construction and renovation of Land Bank branches, Extension Offices, and other facilities as well as construction of automated teller machine (ATM) booths and LANDBANK Easy-Access Facilities (LEAF)
- Implements the construction/renovation of LBP Subsidiaries – LANDBANK Insurance Brokerage, Inc., LBP Leasing Corp., Masaganang Sakahan, Inc., LANDBANK Countryside Foundation, Inc.
- Implements the construction/renovation of other government agencies and private clients – DOF, BOC, BIR, NLDC, NLSF, Bayan Delinquent, etc.
- Construction and maintenance of subdivision and townhouses.

##### A. Benefits

- Forty one (41) years of construction experience

##### B. Past Projects

- Townhouses, 12 units at Grand Garden Villas in Dasmarinas, Cavite
- LB One Condominium in Singalong, Manila

## OVERVIEW

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- Palacio del Gobernador in Intramuros, Manila
- Four (4) – storey building in Naga City
- Construction of over 55 major branch offices
- Renovation of more than 485 branch offices
- Construction/renovation of over 500 ATM booths
- Construction/Renovation of over 20 Easy-Access Facilities
- Construction/Finish fit-out and maintenance of LBP Plaza in Manila
- Construction of LANDBANK Warehouse in Antipolo City
- Renovation of the offices of the Department of Finance (DOF), Bureau of Customs (BOC), Bayan Delinquent (Deutsche Bank), National Livelihood and Development Corporation (NLDC), LBP Leasing Corp., LBP Insurance Brokerage, Inc., Masaganang Sakahan, Inc., Land Bank Countryside Development Foundation, Inc.
- Construction of LBP Resources & Development Corporation Warehouse in Antipolo City
- Project Management of BIR's new offices in Manila

### **II. PROPERTY MANAGEMENT & MAINTENANCE SERVICES AND BROKERING**

- Property management covering property security, upkeep, lease, and caretakership of foreclosed properties/ROPA's such as provision of security guard and /or caretaker, repairs and maintenance, and payment of real property taxes/utilities/other dues.
- Brokering of real and other properties or acquired assets through lease, rental, or sale for a fee or commission.

### **III. MANPOWER**

- Authorized Job Contractor of the Department of Labor and Employment (DOLE) under D.O. No. 18-A, Series of 2011, numbered NCR-MFO-78101-062315-003-R with validity period until June 22, 2018



## **OVERVIEW**

- Recruitment and selection process that assures our client company that individuals hired are physically and mentally fit, have sound moral character, and equipped with appropriate and proper competencies to meet, if not surpass, our client's qualification specifications and standards
- Administer battery of IQ tests i.e. verbal and non-verbal reasoning, quantitative reasoning, math application, and reading comprehension) Work Place Personality Profile, and Applicant Risk Profiler
- Continuous pooling of applicants for various positions to ensure timely deployment of manpower requirements through participation in job fairs, networking with universities, LGU's PESO, and religious sector, and job posting in newspapers and online career portals, among others
- Strict compliance with the provisions of the labor laws, tax laws, and other codes, ordinances, rules, and regulations in any matter affecting the manpower services operations which are promulgated by the government of the Republic of the Philippines, the Department of Labor and Employment, or any pertinent government agency.

### **A. SERVICES**

#### **Job Contracting**

- Provides sanitation, housekeeping, janitorial and messengerial/courier services including the required basic equipment and implements

#### **Contract and Project Staffing**

- Deploy pre-screened and qualified personnel to your company on a contractual or project based arrangement during prolonged absences/leaves of permanent employees, temporary vacancies or seasonal manpower requirement.

## OVERVIEW

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- Provide replacement of employee who resigns on his own accord, fails to meet our client company's performance standards, or is terminated for just or authorized cause within thirty (30) calendar days from date of hiring

### **B. BENEFITS**

- Relief from the time-consuming and costly processes of recruitment like job-posting, interviewing, testing and background/character checking;
- Relief from the hassle of record-keeping, verifying pre-employment requisites, timekeeping, and payroll processing of contractual personnel;
  - More quality time to devote to the core business;
  - Absence of labor cases since contract workers remain our employees; and
  - Immediate replacement of personnel who fail to meet the clients company's performance standards within thirty (30) days from engagement date.

### **IV. OTHER ALLIED SERVICES**

- Provides preventive maintenance and repair services of air-conditioning units (ACU)



## INSTITUTIONAL VIABILITY

### CORPORATE GOVERNANCE

LBRDC Board and Management are firmly committed to ensuring high standards of corporate governance, which are essential to sustaining the company's business operations. LBRDC's corporate governance structure lay out the governance policies, guidelines, processes and mechanisms that are adopted by the company and clearly establishes the lines of accountability and responsibility coming from the Board of Directors to the officers and staff. The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to heighten awareness within the organization and amongst its stakeholder at every opportunity. The relevant policies on good governance of LBRDC are embodied in the Articles of Incorporation, By-Laws, Manual on Corporate Governance and Code of Conduct for LBRDC Employees. LBRDC strictly adheres full compliance with the Code of Corporate Governance.

In addition to those specified in the Articles of Incorporation and/or By-Laws, the Board shall perform the following functions:

- Meet regularly, ideally at least once every month, to properly discharge its responsibilities, with independent views expressed during such meetings being given due consideration, and that all such meetings shall be properly documented in forms either of Board Resolution or minutes of the meeting;
- Determine the company's purpose and value, as well as adopt strategies and policies, including risk management policies and programs, in order to ensure that the GOCC survives and thrives despite financial crises and that its assets and reputation are adequately protected;
- Monitor and evaluate on a regular basis the implementation of corporate strategies and policies, business plans and operating budgets, as well as Management's over-all performance to ensure optimum results;
- Adopt a competitive selection and promotion process, a professional development program, as well as a succession plan, to ensure that the Officers of the company have the necessary motivation, integrity, competence and professionalism;
- Monitor and manage potential conflicts of interest of Directors, Management, and shareholders, including misuse of corporate assets and abuse in related party transactions;
- Implement a system of internal checks and balances, which may be applied in the first instance to the Board; and ensure that such systems are reviewed and updated on a regular basis;

## INSTITUTIONAL VIABILITY

- Ensure the integrity of the company's accounting and financial reporting systems, including independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards;
- Identify and monitor, and provide appropriate technology and systems for the identification and monitoring of key risks and performance areas;
- Adopt, implement and oversee the process of disclosure and communications;
- Constitute an Audit Committee and such other specialized committees as may be necessary, or required by applicable regulations, to assist the Board in discharging its functions; and
- Conduct and maintain the affairs of the company within the scope of its authority, as prescribed in its Articles of Incorporation, By-laws, and applicable laws, rules and regulations.

### **LBRDC Board of Directors**

The Board is responsible for providing policy directions, monitoring and overseeing Management actions, as articulated in its Articles of Incorporation and other relevant legislation, rules and regulations. The Board is vested directly by law with the legal capacity and authority to exercise all corporate powers, conduct all the business, and to hold all the properties of the company. The Governing Board is primarily responsible for the governance of the company. Consequently, it is the Board and not Management that is primarily accountable to the State for the operations and performance of the company. The Board must ensure that they elect and/or employ only Officers who are fit and proper to hold such offices with due regard to their qualifications, competence, experience and integrity. The Board is therefore obliged to provide an independent check on Management. The Board reviews the risk/internal control of the corporation and ensures that the internal control is in place and consistently implemented. Newly appointed and elected Board of Directors are subject to orientation and briefing on the business operation of the company.

### **Board Composition**

LBRDC Board is composed of eleven (11) members duly appointed by the President of the Philippines from a shortlist submitted by the Governance Commission for Government-Owned and Controlled Corporation (GCG). They have a term of one (1) year and conducts regular meeting once a month. Schedule of the Board and Committee meetings for CY 2016 was approved per Resolution no. 15-12-15 on December 15, 2015. The Board Officers of the company are the Chairman of the Board (who is the highest ranking of the Board Officers), the Vice-Chairman, the Corporate Secretary, and the Compliance Officer, who must all be at least Filipino citizens.



## INSTITUTIONAL VIABILITY

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### **Board Committees**

The creation of Board Committees and other such oversight bodies enables the members of the Governing Board to efficiently manage their time and ensure the proper understanding and resolution of all issues affecting the GOCC and the proper handling of all other concerns, and allows the Board to effectively utilize the expertise of its Directors. LBRDC Board of Directors is well assisted by two (2) Board-level Committees – the Executive, Governance, Nomination and Remuneration Committee and the Audit and Risk Management Committee. The LBRDC Board shall therefore constitute the proper committees to assist them in performing their duties and responsibilities, providing each of the committees with written terms of reference defining the duties, authorities and the composition of the committees constituted. The committees shall report to the entire Board as a collegial body and the minutes of their meetings shall be circulated to all members of the Board. The existence of the committees shall not excuse the Board of Directors/Trustees of its collective responsibility for all matters that are within the primary responsibility and accountability of the Board.

### **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

The Chairman and Chief Executive Officer (CEO) of the Company are separate persons and are not related. Ms. Gilda E. Pico is the Chairman of the Board until she resigned last July 2016. The Chairman post remains vacant until the President of the Philippines, Secretary of the Department of Finance or the President of Land Bank of the Philippines appoints a candidate to fill-up the vacancy. Ms. Simeona S. Guevarra is the current President and CEO of LBRDC. The roles of the Chairman and the CEO are deliberately kept distinct through a clear division of responsibilities to ensure effective oversight, appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The respective Role Statements for the Chairman and CEO have been endorsed by the Board.

The Role Statement for the Chairman sets out that the Chairman is responsible for:

- Providing leadership and upholding the highest standards of integrity and probity;
- Setting the agenda and ensuring that adequate time is available for discussion of all agenda items (in particular, strategic issues);
- Promoting a culture of openness and debate at the Board;
- Constructively determining and approving the Group's strategies, together with the Board;

## **INSTITUTIONAL VIABILITY**

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- Ensuring that Board matters are effectively organized to enable Directors to receive timely and clear information in order to make sound decisions;
- Promoting constructive relations amongst Directors and within Board Committees as well as between Directors and Management;
- Promoting high standards of corporate governance;
- Establishing a relationship of trust with the CEO; and
- Ensuring effective communication with shareholders.

The President is the Chief Executive Officer of the company and shall be charged with the duty of executing and administering the policies of the Board of Directors. As provided for in the By-laws, the CEO shall be elected annually by the members of the Board from among its ranks. The CEO shall be subject to the disciplinary powers of the Board and may be removed by the Board for cause. In addition to the duties imposed on him/her by the Board, the CEO shall:

- Have direct and immediate supervision and control of the operation and active management of the Corporation, according to the orders, laws, resolutions and instructions of the Board of Directors and according to his own discretion whenever and wherever the same is not expressly limited by such orders, resolutions and instruction;
- Exercise general superintendence and direction over all the employees and other subordinate personnel of the corporation, and see to it that their respective duties are properly performed;
- Submit an annual report of the operations of the Corporation to the Board of Directors and such other reports and at such other times as the latter may request, and an annual report thereof to the stockholders at the annual meeting;
- Sign all certificates of stock issued to its registered owners; and
- Exercise such other powers and perform such other duties as the Board of Directors may from time to time fix or delegate by a board resolution not incompatible with the law and the by-laws.

### **DIVIDEND DECLARATION**

In compliance with the Republic Act 7656 or the GOCC Dividend Law, LBRDC declared P 30,501,329.00 cash dividend representing 50% of its CY 2016 earnings. The accumulated cash dividend remittance of the company to the National Government for the past six (6) years is P 103,054,093.07.



## **INSTITUTIONAL VIABILITY**

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### **Composition of the Governing Board**

As provided in the Articles of Incorporation, the Board of Directors shall be composed of eleven (11) members duly appointed by the President of the Philippines, from a shortlist submitted by the GCG pursuant to Republic Act (R.A.) No. 10149. The Directors shall have a term of one (1) year, beginning 01 July and ending 30 June of the succeeding year. The CEO shall be a Member of the Board duly elected by the Members from among its ranks.

### **Meetings of the Board**

The dates of the Board and Board Committee meetings as well as the Annual Stockholders' Meeting for the succeeding year are scheduled before the end of the current financial year. The Board approved the schedule of CY 2016 Board and Board Committee Meetings on December 15, 2015 per Resolution no. 15-12-15. In addition to these scheduled meetings, special meetings are held whenever the Board's or Committee's guidance or approval is required. On May 20, 2016, the Board of Directors met without the President and CEO. The Board allows meetings to be conducted via telephone/video conference or other means of similar communication. Directors who cannot be physically present at any Board or Board Committee Meeting can participate in the meeting via such means.

### **Executive, Governance, Nomination and Remunerations Committee**

The Executive Committee is composed of five (5) members of the Board, with the Chairman of the Executive Committee being elected by the Board. The Executive Committee, in accordance with the authority granted by the Board, or during the absence of the Board, shall act by a vote of at least two-thirds (2/3) of its members on such specific matters within the competence of the Board as may from time to time be delegated to the Executive Committee in accordance with the LBRDC's By-Laws. The ExCom conducts meeting at least once a month.

### **Audit and Risk Management Committee**

The Audit and Risk Management Committee consists of five (5) Directors, with the Chairman having an audit, accounting or finance background. The Committee is responsible for the overseeing, monitoring and evaluating the adequacy and effectiveness of the LBRDC's internal control system. It also engages and provides oversight of the LBRDC's internal and external auditors, and coordinates with the Commission on Audit (COA). The Committee

## **INSTITUTIONAL VIABILITY**

instigated the adequacy of the company's internal controls and risk management system. The Audit Com conducts meeting at least once every quarter.

### **PERFORMANCE INCENTIVE BONUS**

For the past four (4) consecutive years, LBRDC was authorized by the Governance Commission for GOCCs (GCG), through the LBRDC Board of Directors, to grant Performance Based Bonus (PBB) to its qualified officers and employees and Performance Based Incentives (PBI) to the qualified member of the Board. The PBB and PBI is granted to LBRDC if it has achieved at least 90% weighted average in its Performance Scorecard and has completed and submitted documents in compliance with all Good Governance Conditions and all other reportorial documents.

### **Code of Conduct**

The Code of Conduct provides LBRDC Employees with a general statement of the basic and minimum standards of conduct that the company expects of all employees in the performance of their respective duties and responsibilities. All LBRDC employees shall at all times perform their official duties properly and diligently. It also mandates the employees to commit themselves exclusively to the business and responsibility of their office during working hours unless, otherwise, properly allowed under the existing laws, rules and regulations. In January of every year, LBRDC employees do an annual sign-off that will signify their commitment to the company's Code of Conduct.

### **Whistleblowing Guidelines and Reporting**

It is the policy of LBP Resources and Development Corporation to uphold the highest ethical standards among its officers and employees and to promote good governance at all levels of the organization in accordance to the code of Conduct of the Corporation and similar applicable issuances. These guidelines aim to encourage the employees with creditable information to blow the whistle against graft and corrupt practices and other reportable conditions by providing protection and assistance to employees who voluntarily disclose their knowledge or give evidence about graft and corrupt practices. It shall be the duty of all employees of the Corporation who witness or become aware of any attempted, ongoing or consummated act of graft and corruption and other reportable conditions involving any employee, to report the same at the earliest possible time. The identity of the whistleblower and the matters disclosed shall be kept confidential, except when disclosure thereof is essential to the successful prosecution of a charge arising from the protected disclosure.



## **INSTITUTIONAL VIABILITY**

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### **Employee's Health, Wellness, Safety and Welfare**

LBRDC aims to ensure a safe and healthy working environment for all its employees, outside contractors and visitors. LBRDC shall comply with all relevant local legislation or regulations, and best practice guidelines recommended by national health and safety authorities. The staff should be informed regarding the policies and practices of LBRDC in order to maintain a healthy, safe and enjoyable environment. LBRDC has approved policies which can protect employees from any harm and danger like Drug-Free Workplace Policy and Program, HIV/AIDS Workplace Policy and Program, Sexual Harassment Policies and Procedures and Workplace Policy and Program on Tuberculosis (TB) Prevention and Control to name a few. LBRDC, as part of the LANDBANK Group, is part of its Wellness Program that aims to promote the integration of a healthy work life, employees' physical, mental and emotional facilities are developed and enriched through different kinds of sports like badminton, volleyball, basketball, table tennis, chess and bowling.

### **Human Resources Management Reinforcement**

LBRDC manpower reinforcement continues to rise, organic employees was 31 in 2016 from 29 in 2015 and project employees (janitors, messengers, relievers, drivers, ACU technicians, construction workers) rose from 832 in 2015 to 860 in 2016. In addition with the current workforce, the company hired eleven (11) new employees to suffice the needs of different departments who lack manpower. The Board of Directors also approved sixteen (16) officers and staff promotions that are truly competent, efficient and effective from their current positions.

### **Training Program**

It is also part of the company's policy to develop its employees by providing training and seminars, whether internal or external, related to their field of work. This helps employees to get new information and ideas that can be applied to their respective work, update them to new implementing rules and regulations, policies or guidelines provided by law and enhance their professional and career growth. For CY 2016, 100% of LBRDC's Organic Employees was sent to training. LBRDC also took advantage of the in-house trainings catered by LANDBANK. These trainings are requested thru Employee Relations Department (ERD) for the authorization of LBRDC employees to join their trainings.

## **INSTITUTIONAL VIABILITY**

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### **Responsibility to the Community**

LBRDC strictly abide by the law, rules and regulations, policies and directives as mandated by the governing bodies to promote transparency, widen its clientele, enhance trustworthiness and confidence in the fulfillment of its mandate for the entire citizenry. LBRDC supports legitimate activities and programs of NGO's that safeguards and improves the state of the environment for future generations. LBRDC practice employee volunteerism by participating in the Land Bank of the Philippines' eco-friendly drive, fighting global climate change and ecological awareness for sustainable environment.

### **Responsibility to the Customers**

LBRDC shall operate a highly effective and efficient organization, focused on meeting customer objectives with the aim of providing services which give fair value and consistent quality, reliability and safety in return for the price paid for the same. LBRDC aims to operate policies of continuous improvement, of both processes and the skills of the staff, to take best advantage of advances in all aspect of society in order to ensure that it continues to add value to its customers' businesses. LBRDC shall have clear and strong lines of communication to respond quickly and efficiently to customer and market requirements, as well as the public needs, and for the customers to receive consistent service in order to successfully and consistently deliver what LBRDC is mandated to do.

### **Responsibility to the Environment**

LBRDC shall consider that there are inevitable environmental impacts associated with daily operations. It shall be the goal of LBRDC to minimize harmful effects and consider the development and implementation of environmental standards to achieve this to be of great importance. As such, LBRDC shall strongly encourage 3 R's: "Reduce", "Re-use", and "Recycle".

In the course of the operations of LBRDC, it should identify opportunities to reduce consumption of energy, water and other natural resources. LBRDC shall also strive to re-use and recycle where possible and dispose of non-recyclable items responsibly, thereby minimizing our adverse impact on the environment. In doing so, by adopting simple, environmentally friendly initiatives, LBRDC shall raise awareness among the members of the communities it affects.



## **INSTITUTIONAL VIABILITY**

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### **Board Orientation and Training**

As part of the company's continuing education, Directors are regularly updated on changes in applicable laws, regulations and latest amendments of company policies and procedures. New Directors were given orientation regarding LBRDC's businesses and overview of the operations of the company. Additional trainings of Directors were Risk and Control Assessment and Corporate Governance. No Director holds more than five (5) positions in other GOCCs and public listed companies.

### **Information Technology, Risk and Information Security Management**

LBRDC created the Guidelines on Classification, Handling and Access and Disclosure of Information Assets wherein documents were categorized into Class A (Sensitive), Class B (Confidential), Class C (Private), Class D (Proprietary) and Public (No Label). The guidelines will assist the LBRDC personnel in handling information held by the company on its own behalf and those entrusted to clients. The guidelines establish ownership associated with the responsibility to manage, handle and protect own information. This will also identify responsible units of their authority, accountability and responsibility on information assets.

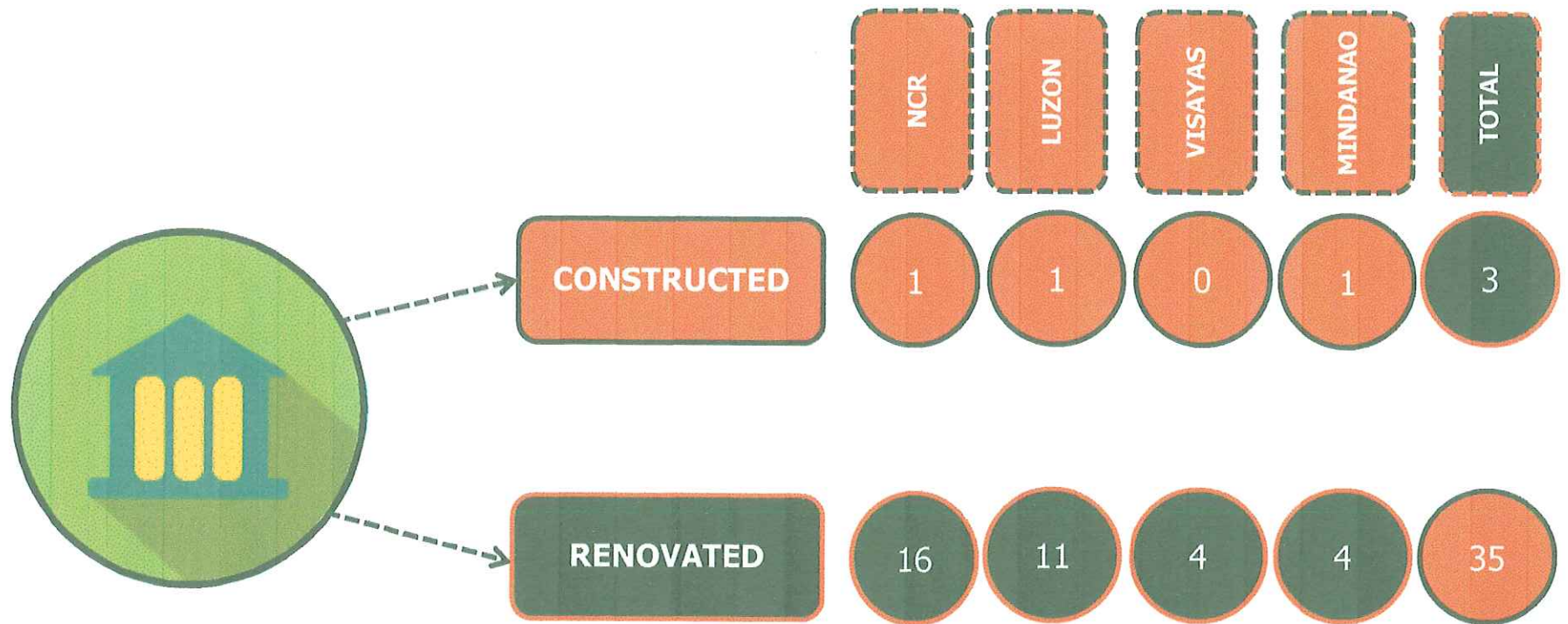
### **Risk Management Policies and Practices**

LANDBANK provides risk management oversight of its subsidiaries including LBRDC. For operations risk, LBRDC accomplished the Risk and Control Assessment (RCSA) template designed by LANDBANK. The RCSA is designed to identify operational risks of the company and assess effectiveness of relevant controls, identify risk awareness for enhanced risk management and motivate the employees to actively involve themselves in managing their own risks.

In 2016, LBRDC employees attended training and seminar on Information Security Assessment conducted by LANDBANK Risk Management Group. The seminar included workshop on the preparation of Risk Assessment Register (RAR) and Risk Treatment Register (RTR).

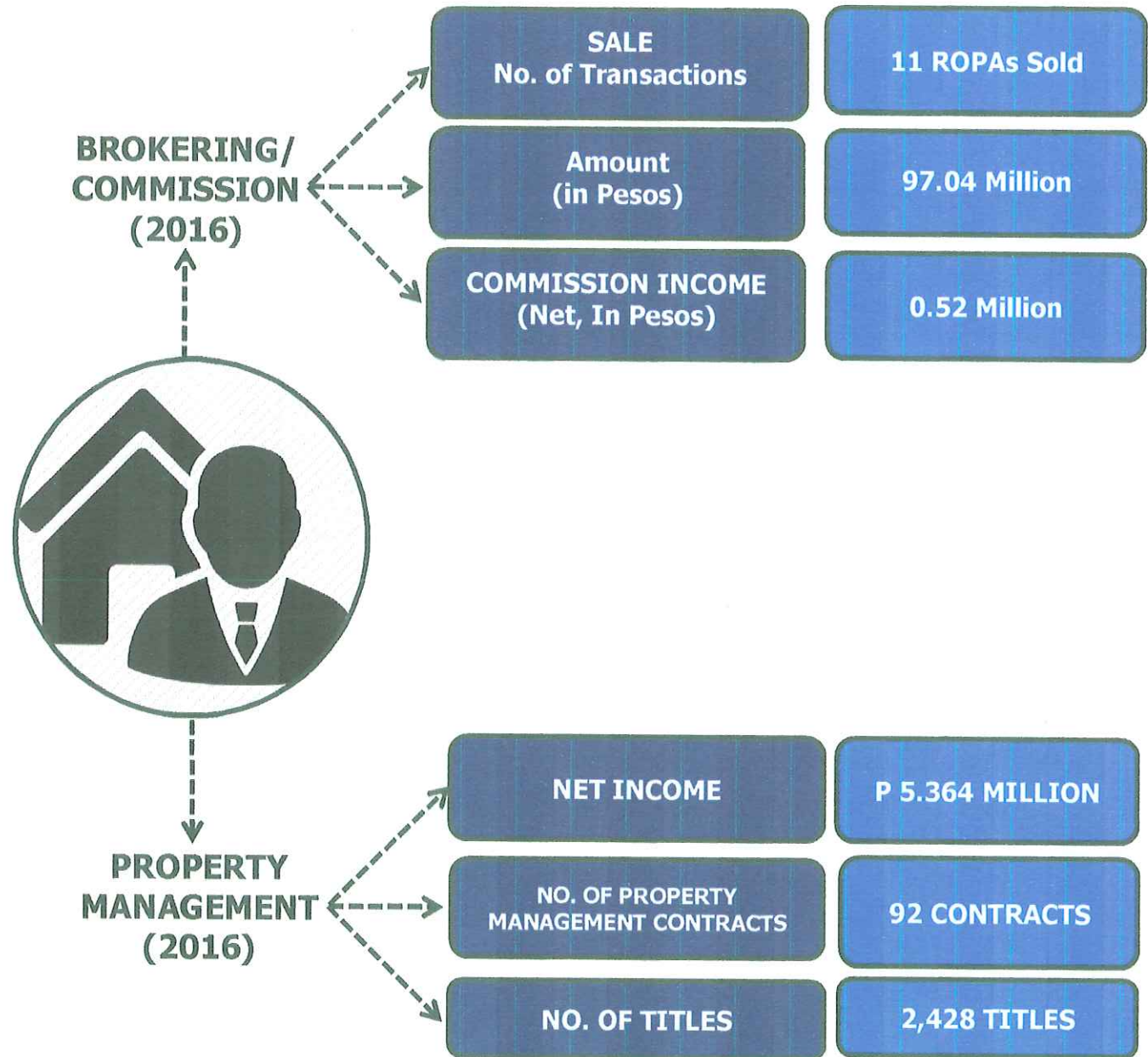
## OPERATIONAL HIGHLIGHTS

### COMPLETED PROJECTS FOR 2016





## OPERATIONAL HIGHLIGHTS

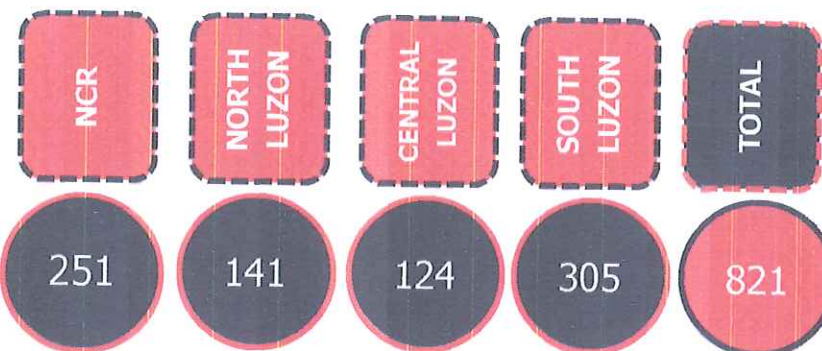


## OPERATIONAL HIGHLIGHTS

### ACU MAINTENANCE FOR CY 2016

#### AIR-CONDITION UNITS SERVICED

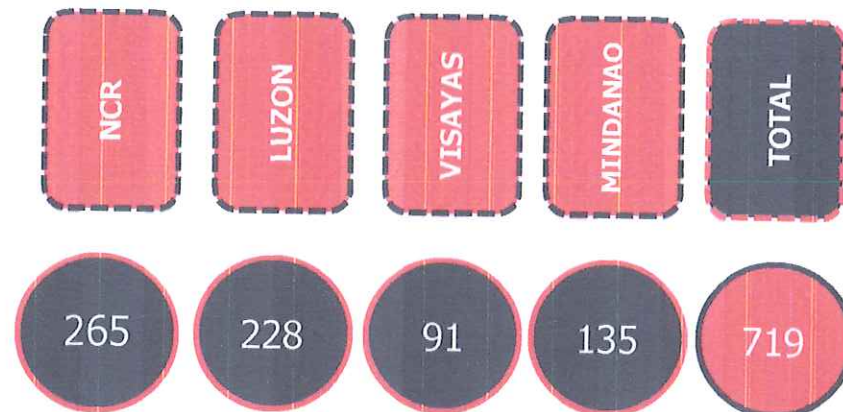
(NCR, North, Central & South Luzon Branches)



### MANPOWER SERVICES FOR CY 2016

#### NO. OF MANPOWER PERSONNELS DEPLOYED

(Holcim Bulacan – Norzagaray & Calumpit, LBP Plaza, Field Units & Satellite Offices, LIBI, Ajinomoto)





## BOARD AND COMMITTEE ATTENDANCE FOR CY 2016

NO.	BOARD MEMBERS & CORPORATE OFFICERS	BOARD													TOTAL
		JAN. 19	FEB. 16	MAR. 15	APR. 19	MAY 20	JUN. 14	JUL. 19	AUG. 17	SEP. 20	OCT. 18	NOV. 15	DEC. 20		
1	PICO, GILDA E.	1	1	1	1	1	1	N/A	N/A	N/A	N/A	N/A	N/A	6	
2	GUEVARRA, SIMEONA S.	1	1	1	1	NP	1	1	1	1	1	1	1	11	
3	BANAL SR., JORGE L.	1	1	1	1	1	1	1	1	1	1	1	1	12	
4	BAUTISTA, ANNALENE	1	1	1	1	1	1	1	1	1	1	1	1	12	
5	BORNAS, ALAN V.	1	1	1	1	1	1	1	1	1	1	1	1	12	
6	CABREZA, JOCELYN DG.	1	1	1	1	1	1	1	1	1	1	1	1	12	
7	CERVERO, JOSEPHINE	1	1	1	1	1	1	1	1	1	1	1	1	12	
8	FERAREN, RODOLFO S.	1	1	1	1	1	1	1	1	1	1	1	1	12	
9	HUGO, ANTONIO	1	1	1	1	NP	1	1	1	1	1	1	1	11	
10	PICZON, MANUEL C.	1	1	1	1	1	1	1	1	1	1	NP	1	11	
11	VILLAFUERTE, REYNAULD R.	1	1	1	1	1	1	1	1	1	NP	1	1	11	

NO.	BOARD MEMBERS & CORPORATE OFFICERS	EXECUTIVE COMMITTEE															TOTAL
		JAN. 12	FEB. 9	MAR. 8	APR. 12	APR. 22	MAY 11	JUN. 7	JUN. 9	JUL. 12	AUG. 9	SEP. 13	OCT. 11	NOV. 8	DEC. 13	DEC. 17	
1	GUEVARRA, SIMEONA S.	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15
2	BANAL SR., JORGE L.	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15
3	BAUTISTA, ANNALENE	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15
4	FERAREN, RODOLFO S.	1	1	1	1	1	1	1	1	1	1	1	NP	1	1	1	14
5	PICZON, MANUEL C.	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15

NO.	BOARD MEMBERS & CORPORATE OFFICERS	AUDIT COM.					
		MAR. 15	JUN. 30	SEP. 20	DEC. 20		TOTAL
1	BORNAS, ALAN V.	1	1	1	1		4
2	CABREZA, JOCELYN DG.	1	1	1	1		4
3	CERVERO, JOSEPHINE	1	1	1	1		4
4	HUGO, ANTONIO	1	1	1	1		4
5	VILLAFUERTE, REYNAULD R.	1	1	1	1		4

# CORPORATE SOCIAL RESPONSIBILITY

**JUNE 11, 2016**

## **TREE-PLANTING ACTIVITY**

LBRDC held its first ever Tree-Planting Activity last June 11, 2016 in Brgy Dapdap East, Tagaytay City, Cavite. LBRDC Head Office Staff and Officers, with the assistance of the Sangguniang Baranggay ng Brgy Dapdap East, planted 50 guyabano seedlings around the vicinity of the Baranggay Hall.





# CORPORATE SOCIAL RESPONSIBILITY

**NOVEMBER 19, 2016**

## **Manila Bay Clean-Up**

As one of the members of the Manila Bay Socially Responsible and United in Nurturing and Sustaining the Environment (SUNSET) Partnership, LBRDC, together with other LBP Subsidiaries, sponsored the 4<sup>th</sup> Quarter Clean-Up of Manila Bay Catch Basin which happened last November 19, 2016.







## EMPLOYEE HEALTH, SAFETY AND WELLNESS



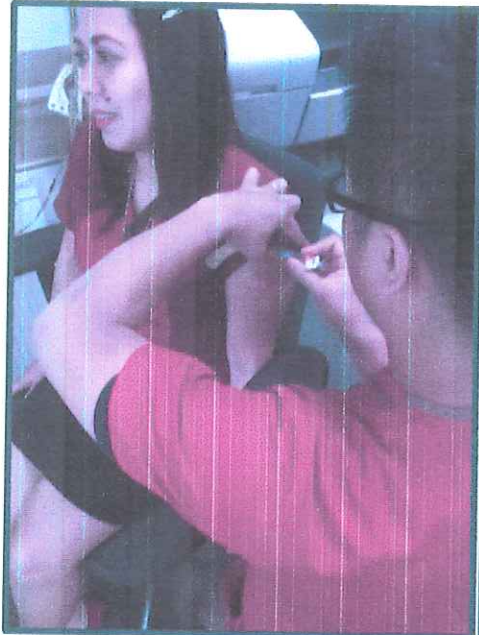
### FIRST AID AND BASIC LIFE SUPPORT TRAINING

As a part of Employee Wellness and Safety, LBRDC engaged the services of the Philippine Red Cross – Manila Chapter to conduct the First Aid and Basic Life Support Seminar on September 17-18, 2016 at the LBP Plaza 10<sup>th</sup> Floor Conference Room. The participants of the training are the employees from the Head Office, Project Sites and Holcim Philippines, Inc. Emergency response and preparedness, cardiopulmonary resuscitation (CPR), first aid bandaging, basic life support and rescue were discussed during training.



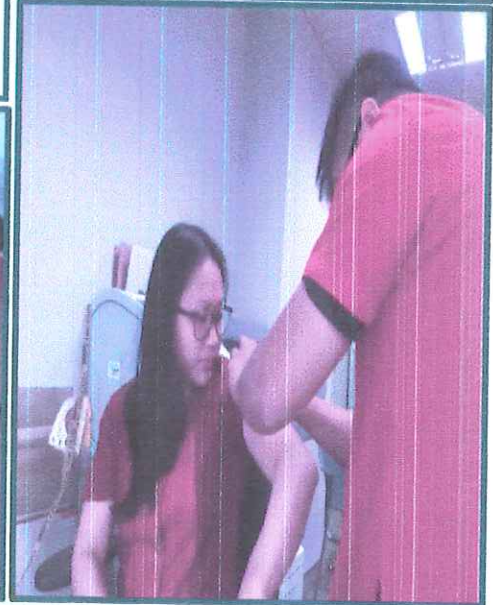
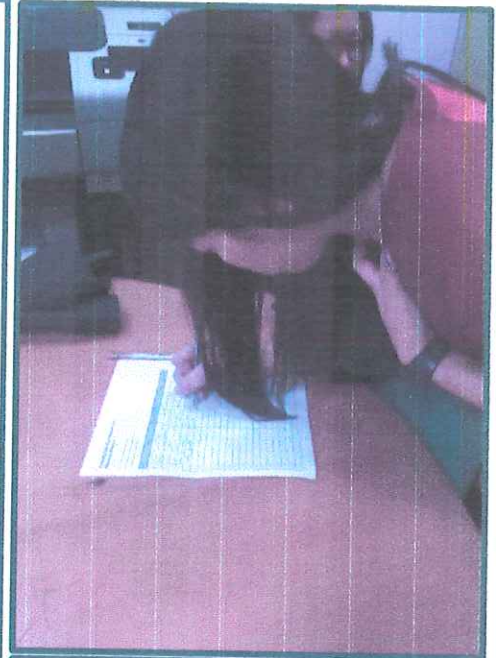
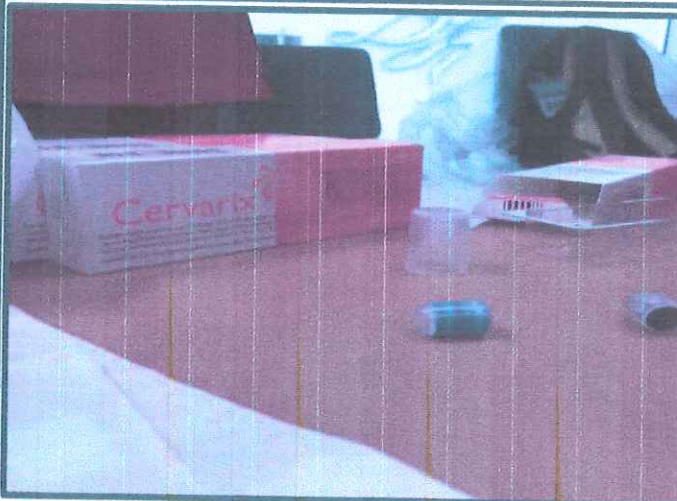


## EMPLOYEE HEALTH, SAFETY AND WELLNESS



### **FLU VACCINATION AND HPV VACCINATION**

LBRDC is committed to the highest standards of health and safety in the workplace. To maintain the health and well-being of its employees, flu vaccination every year is given to prevent contamination of influenza virus, cough and colds. In 2016, LBRDC also included the human papillomavirus (HPV) vaccination to the female permanent employees for protection against cervical cancer and other related diseases. On top of these programs, LBRDC also provide employees medical benefit through enrollment in Health Maintenance Organization (HMO).

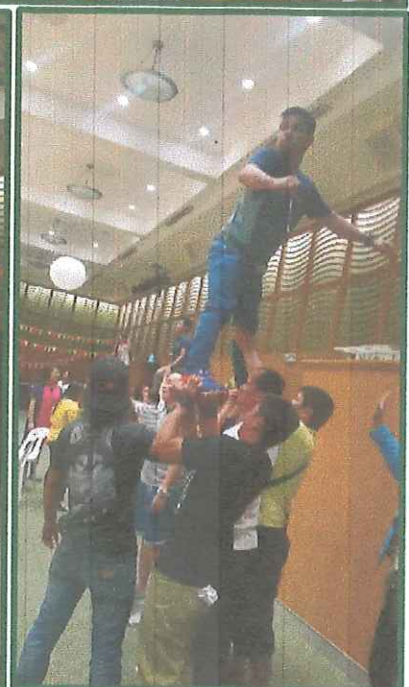
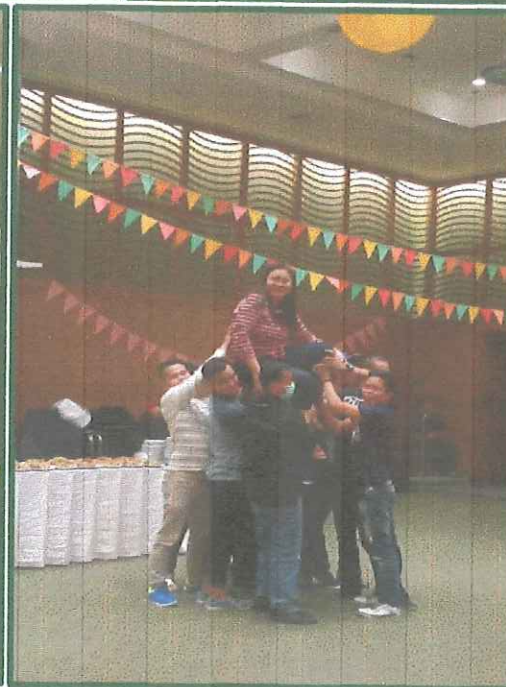




## **EMPLOYEE HEALTH, SAFETY AND WELLNESS**

### **Work Attitude & Values Enhancement Seminar**

Last December 17, 2017, LBRDC conducted Work Attitude & Values Enhancement Seminar at the Diosdado Macapagal Hall in LBP Plaza. For the past four consecutive years, LBRDC conducts training/seminar on workplace etiquettes, safety and health for the project-based employees – construction workers, housekeepers/janitors and messengers to facilitate learning and development.





## **RESIGNATION OF DIR. PICO & DIR. CABREZA**

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Ms. Gilda E. Pico and Ms. Jocelyn DG. Cabreza resigned as Members of the LBRDC Board of Directors on July 15 and December 31, 2016, respectively.

Ms. Gilda E. Pico was appointed as the Chairman of the Board on October 21, 2005. During that time she was also the President and CEO of the Land Bank of the Philippines. For more than ten (10) years as Chairman of LBRDC, she developed the systems and work flow of the company with the support of the Board of Directors, Corporate Officers and employees which contributed to the company's financial growth and effectiveness.

Ms. Jocelyn DG. Cabreza was the Chairman of the Audit and Risk Management Committee and was appointed as Member of the LBRDC Board of Directors on May 4, 2011. For more than five (5) years, Ms. Cabreza together with the Audit and Risk Management Committee Members contributed to the improvement of the company's internal control and risk management system.





## BOARD OF DIRECTORS

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### GILDA E. PICO — CHAIRMAN OF THE BOARD



Age: 70

#### Academic & Professional Qualifications

- Bachelor of Science in Commerce (major in Accounting), Magna Cum Laude, College of the Holy Spirit
- Master's in Business Administration, University of the East

#### Civil Service Eligibility

- Certified Public Accountant
- Career Executive Service Officer (CESO)
- Executive Leadership Management Program (CSC)
- Electronic Data Processing Programmer's Eligibility

#### Date First Appointed

October 21, 2005

#### Date Last Re-Elected

May 20, 2016

#### Present Directorships/Other Appointments

##### LANDBANK Group:

- President and CEO, Land Bank of the Philippines
- Chairperson, LBP Leasing and Finance Corporation
- Chairperson, People's Credit and Finance Corporation
- Chairperson, National Livelihood Development Corporation

##### Others:

- Member of Board of Directors/Trustees, Philippine Crop Insurance Corporation

### SIMEONA S. GUEVARRA — PRESIDENT AND CEO



Age: 68

#### Academic & Professional Qualifications

- Bachelor of Science in Commerce (major in Accounting), Cum Laude, University of Santo Tomas
- Master's in Business Administration, Sans Thesis, University of Santo Tomas

#### Civil Service Eligibility

- Certified Public Accountant
- Career Executive Service Officer (CESO)
- Real Estate Tax Broker (6<sup>th</sup> Placer)
- Executive Leadership Management Program (CSC)

#### Date First Appointed

May 4, 2011

#### Date Last Re-Elected

May 20, 2016

#### Present Directorships/Other Appointments

##### LANDBANK Group:

- Member, Executive Committee, LBRDC
- President, LBP Alumni Association

##### Others:

- Member of Board of Directors, GM Bank of Luzon

#### Past Directorship/Other Appointments

- Executive Vice President, Corporate Services Sector, Land Bank of the Philippines
- Member, Board of Directors, Land Bank Insurance and Brokerage, Inc.
- Executive Director, Masaganang Sakahan, Inc.
- Corporate Treasurer, LBP Insurance Brokerage, Inc.

## BOARD OF DIRECTORS

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### MANUEL C. PICZON

Age: 69

#### Academic & Professional Qualifications

- Bachelor of Arts in Philosophy, San Beda College
- Bachelor of Laws, San Beda College

#### Civil Service Eligibility

- Attorney-at-Law

#### Date First Appointed

February 7, 2008

#### Date Last Re-Elected

May 20, 2016

### EXCOM CHAIRMAN

#### Present Directorships/Other Appointments

##### Others:

- Chairman of Board of Directors, ER Piczon Development Corporation

#### Past Directorship/Other Appointments

- Corporate Secretary, LBP Resources and Development Corporation
- Senior Vice President, Legal Services Group, Land Bank of the Philippines



### JOCELYN DG. CABREZA

Age: 60

#### Academic & Professional Qualifications

- Bachelor of Science in Commerce (major in Accounting), University of Nueva Caceres
- Master's in Business Administration, Manuel L. Quezon University
- Master's in Public Administration, Union College Laguna

#### Date First Appointed

May 4, 2011

#### Date Last Re-Elected

May 20, 2016

### AUDIT COM CHAIRMAN

#### Present Directorships/Other Appointments

##### LANDBANK Group:

- Executive Vice President, Branch Banking Sector, Land Bank of the Philippines

#### Civil Service Eligibility

- Certified Public Accountant
- Career Executive Service Officer (CESO)



## BOARD OF DIRECTORS

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### RODOLFO S. FERAREN

Age: 74

#### Academic & Professional Qualifications

- Bachelor of Science in Business Administration, FEATI University
- Masters of Public Administration, Philippine Women University

#### Civil Service Eligibility

- Career Executive Service Officer (CESO II)
- Auditing Examiner
- Cooperative Officer

#### Date First Appointed

September 22, 2004

#### Date Last Re-Elected

May 20, 2016

### MEMBER

#### Present Directorships/Other Appointments

##### LANDBANK Group:

- Member, Executive Committee, LBRDC

##### Others:

- Chairman of Board of Directors, Community Health Education Emergency Rescue Services (CHEERS)

#### Past Directorship/Other Appointments

- Regional Director IV, Department of Local and Interior Government



### JORGE L. BANAL

Age: 77

#### Academic & Professional Qualifications

- Bachelor of Science in Commerce, Far Eastern University

#### Civil Service Eligibility

- Real Estate Broker

#### Date First Appointed

June 1, 2005

#### Date Last Re-Elected

May 20, 2016

### MEMBER

#### Present Directorships/Other Appointments

##### LANDBANK Group:

- Member, Executive Committee, LBRDC

##### Others:

- Director, Board of Director, Poro Point Management Corporation (PMMC)
- Chairman, Public Relations, Boy Scout of the Philippines
- President, Uncle Jaybeez Corporation

#### Past Directorship/Other Appointments

- Director, Board of Director, Bases Conversion Development Corporation
- Director, Board of Director, Fort Bonifacio Development Corporation

## BOARD OF DIRECTORS

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### ALAN V. BORNAS

### MEMBER

Age: 50

#### Academic & Professional Qualifications

- Bachelor of Science in Computer Science, University of the Philippines

#### Civil Service Eligibility

- Career Service Executive Examination
- Civil Service Examination Professional

#### Date First Appointed

December 4, 2015

#### Date Last Re-Elected

May 20, 2016

#### Present Directorships/Other Appointments

##### LANDBANK Group:

- Senior Vice President, Operations Sector, Land Bank of the Philippines
- Member, Audit and Risk Management Committee, LBRDC

##### Past Directorship/Other Appointments

- Member, Board of Directors, LBP Insurance Brokerage, Inc.



### REYNAULD R. VILLAFUERTE

### MEMBER

Age:

#### Academic & Professional Qualifications

- Bachelor of Law, Ateneo de Zamboanga University

#### Civil Service Eligibility

- Attorney-at-Law

#### Date First Appointed

December 4, 2015

#### Date Last Re-Elected

May 20, 2016

#### Present Directorships/Other Appointments

##### LANDBANK Group:

- Member, Audit and Risk Management Committee, LBRDC

##### Past Directorship/Other Appointments

- Senior Vice President, Legal Services Group, Land Bank of the Philippines
- Member, Board of Directors, LBP Insurance Brokerage, Inc.
- Corporate Secretary, LBP Insurance Brokerage, Inc.



## BOARD OF DIRECTORS



### ANTONIO V. HUGO JR.

Age: 57

#### Academic & Professional Qualifications

- Bachelor of Science in Accountancy, Philippine School of Business Administration

#### Date First Appointed

May 5, 2015

#### Date Last Re-Elected

May 20, 2016

### MEMBER

#### Present Directorships/Other Appointments

#### LANDBANK Group:

- First Vice President, Strategic Planning Group
- Member, Audit and Risk Management Committee, LBRDC

#### Civil Service Eligibility

- Certified Public Accountant



### JOSEPHINE G. CERVERO

Age: 57

#### Academic & Professional Qualifications

- Bachelor of Science in Biology, University of the Philippines
- Master's in Business Administration major in Finance, De La Salle Graduate School

#### Date First Appointed

May 5, 2015

#### Date Last Re-Elected

May 20, 2016

### MEMBER

#### Present Directorships/Other Appointments

#### LANDBANK Group:

- First Vice President, Trust Banking Group, Land Bank of the Philippines
- Member, Audit and Risk Management Committee, LBRDC

#### Past Directorship/Other Appointments

- Vice President, Trust Banking Group, Metro Bank

#### Civil Service Eligibility

- Career Executive Service Officer



### ANNALENE M. BAUTISTA

Age: 53

#### Academic & Professional Qualifications

- Bachelor of Science in Accountancy, Polytechnic University of the Philippines
- Masters of Business Administration, Philippine Christian University

#### Date First Appointed

May 5, 2015

#### Date Last Re-Elected

May 20, 2016

### MEMBER

#### Present Directorships/Other Appointments

#### LANDBANK Group:

- First Vice President, Banking Operations Group, Land Bank of the Philippines
- Member, Executive Committee, LBRDC

#### Civil Service Eligibility

- Certified Public Accountant
- Career Executive Service Officer

## CORPORATE OFFICERS

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### KRIDEN F. BALGOMERA

Age: 42

#### Academic & Professional Qualifications

- Master's in Business Administration, Colegio de San Juan De Letran
- Bachelor of Laws, San Beda College
- Bachelor of Arts in Political Science, University of Santo Tomas

#### Civil Service Eligibility

- Attorney-at-Law

#### Date First Appointed

August 27, 2008

#### Date Last Re-Elected

July 1, 2016

### CORPORATE SECRETARY

#### Present Directorships/Other Appointments

#### LANDBANK Group:

- Head, Head Office System and Technology Audit Department (HOSTAD), Land Bank of the Philippines

#### Others:

- Board of Director, Manila IV – Integrated Bar of the Philippines

#### Past Directorship/Other Appointments

- Deputy Collector for Administration, NAIA Customs House, Bureau of Customs



### DAISY U. ENDRACA

Age: 55

#### Academic & Professional Qualifications

- Bachelor of Science in Commerce (major in Accounting), Ateneo de Naga University
- Master's in Business Administration, College of the Holy Spirit - Manila

#### Date First Appointed

August 1, 2014

#### Date Last Re-Elected

July 1, 2016

### CORPORATE TREASURER

#### Present Directorships/Other Appointments

#### LANDBANK Group:

- Audit Manager, IT-Project Management Office, Land Bank of the Philippines

#### Civil Service Eligibility

- Certified Public Accountant



## **EXECUTIVE, GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE**

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(seated, from Left to Right; Mr. Rodolfo Feraren, Member; Ms. Annalene M. Bautista, Member; Atty. Manuel C. Piczon, ExCom Chairman; Ms. Simeona S. Guevarra, Member/President and CEO; Mr. Jorge L. Banal, Member) (standing, from Left to Right; Ms. Selena L. Marasigan, PMMS Manager; Ms. Olive Princess J. Silvano, Internal Auditor I; Mr. Allan G. Redondo, AGSD Manager; Mr. Joey R. Atienza, CMD Manager; Ms. Daisy U. Endraca, Corporate Treasurer; Ms. Rustica P. Locsin, Finance Manager



## AUDIT AND RISK MANAGEMENT COMMITTEE

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(seated, from Left to Right; Mr. Antonio V. Hugo Jr., Member; Ms. Josephine G. Cervero, Member; Ms. Jocelyn DG. Cabreza, Chairman; Atty. Reynauld R. Villafuerte, Member; Mr. Alan V. Bornas, Member) (standing, from Left to Right; Ms. Olive Princess J. Silvano, Internal Auditor I; Ms. Mary Anne A. Lagamia, Junior Internal Auditor)



## OFFICE OF THE PRESIDENT



(seated, from Left to Right; Ms. Neri T. Beley, Executive Assistant; Ms. Simeona S. Guevarra, President and CEO; Ms. Olive Princess J. Silvano, Internal Auditor I; Mr. Louis Anthony Mabeza, Junior Internal Auditor)

The functions of the Office of the President:

1. Provides direct and immediate supervision and control of the operation and active management of the corporation.
2. Implements orders, laws, resolutions, and instructions/ directives of the Board of Directors.
3. Provides general management and direction over all the employees of the corporation and ensures performance of their respective duties.
4. Policy review and formulation and agenda/direction-setting.
5. Manages business development activities.



## **BIDS AND AWARDS COMMITTEE**



The Functions of Bids and Awards Committee:

- (a) Advertise and/or post the invitation to bid/request for expressions of interest;
- (b) Conduct pre-procurement and pre-bid conferences;
- (c) Determine the eligibility of prospective bidders;
- (d) Receive and open bids;
- (e) Conduct the evaluation of bids;
- (f) Undertake post-qualification proceedings;
- (g) Resolve requests for reconsideration;
- (h) Recommend award of contracts to the HoPE or his duly authorized representative:
- (i) Recommend the imposition of sanctions in accordance with Rule XXIII;
- (j) Recommend to the HoPE the use of Alternative Methods of Procurement as provided in Rule XVI hereof;
- k) Conduct any of the Alternative Methods of Procurement;
- l) Conduct periodic assessment of the procurement processes and procedures to streamline procurement activities pursuant to Section 3(c) of this IRR; and
- m) Perform such other related functions as may be necessary, including the creation of a Technical Working Group (TWG) from a pool of technical, financial, and/or legal experts to assist

(seated, from Left to Right; Ms. Olive Princess J. Silvano, Internal Auditor I; Ms. Selena L. Marasigan, Chairman; Ms. Simeona S. Guevarra, Head of Procuring Entity; Ms. Daisy U. Endraca, Member; Ms. Neri T. Beley, Secretariat) (standing, from Left to Right; Mr. Jan Carlo L. Libiran, Secretariat; Mr. Joey R. Atienza, Member; Mr. Allan G. Redondo, Vice Chairman; Atty. Kriden F. Balgomera, Member)



## CONSTRUCTION MANAGEMENT DEPARTMENT



(seated, from Left to Right; Ms. Michelle E. Falcotelo, Cost Engineer I; Mr. Joey R. Atienza, CMD Manager; Ms. Simeona S. Guevarra, President and CEO; Ms. Elma Tubanza, Draftman II; Ms. Heba Tamsilani, Cost Engineer I) (standing, from Left to Right; Mr. Jobert B. Barce, Cost Engineer III; Mr. Osias G. Rellora, Engineer III, Mr. Diosdado G. Gallero, Engineer III; Mr. Tomas R. Tuazon Jr., Engineer III, Mr. John Carlo Agpoon, Cost Engineer; Mr. Christopher P. Dela Cruz, Draftman II; Mr. Agapito A. Mateo, Electrical Engineer; Mr. Eldie P. Ocon, Electrical Engineer)

The functions of the Construction Management Department:

1. Plans, implements, and supervises construction/ renovation projects from endorsements to turn- over and acceptance.
2. Prepares cost estimates of projects, conducts validation of project costs, change orders and additional works.
3. Prepares required architectural and engineering schematic layouts and specifications for project implementation.
4. Marketing of clients both private and government.
5. Ensure that all projects are in accordance with Building Code of the Philippines and other legal requirements.



## PROPERTY MANAGEMENT & MAINTENANCE SERVICES DEPARTMENT



(seated, from Left to Right; Mr. Nicanor A. Barnes, Business Development Specialist; Ms. Simeona S. Guevarra, President and CEO; Ms. Selena L. Marasigan, PMMS Manager; Ms. Lilia M. Quijano, Account Officer III;)

The functions of the Property Management and Maintenance Services Department:

1. Handles the property mgt., brokering, and facility maintenance services (i.e. aircon maintenance, generator, maintenance, and signage cleaning) of the Corp.
2. Scouts/markets for clients' property management and facility maintenance services
3. Handles marketing of Grand Garden and other projects of LBRDC.
4. Prepares policies, systems and procedures for the department.
5. Prepares proposals, status reports, correspondences, and other documents pertaining to property management, brokering, janitorial, and facility maintenance.
6. Ensure that all transactions are in accordance with regulating requirements.



## **ADMINISTRATIVE AND GENERAL SERVICES DEPARTMENT**



(seated, from Left to Right; Ms. Jessaem P. Diaz, HR Assistant Ms. Ariane May Z. Juaño, HR Specialist; Mr. Allan G. Redondo, AGSD Manager; Ms. Ma. Ivina D. Perez, Account Officer I) (standing, from Left to Right; Mr. Norberto A. Colinares, Property Custodian II, Mr. John Dennis P. Abo-abo, Messenger; Mr. Ryan Joseph Y. Diaz, HR Specialist; Mr. Cyril G. Taguba, Administrative Asstistant)

The functions of the Administrative and General Services Department:

1. Provides general management and control over the administrative services such as records, communication, and systems development and logistics such as supplies, property/ equipment, and motor pool,
- 2 Prepares /processes payroll of employees
3. Handles all human resources aspects of the company such as recruitment, personnel action/movement, capability development, and performance evaluation.
4. Handles the procurement of construction materials and other supplies/ inventory maintenance.
5. Ensure that all transactions are in accordance with Dept. of Labor and Employment (DOLE), Civil Service Commission (CSC) and other regulating requirements.



## FINANCE DEPARTMENT



(seated, from Left to Right; Mr. RK John M. Macailling, Account Analyst; Ms. Rustica P. Locsin, Finance Manager; Ms. Elsa G. Gragasin, Accounts Specialist; Mr. Jeffrey Vargas, Account Specialist) (standing, from Left to Right; Ms. Juvy Anne V. Banaag, Accounting Clerk, Ms. Katrina Razon, Accounting Clerk; Ms. Marita R. Atienza, Cashier, Ms. Shiena Marie L. Elizalde, Disbursement Officer III ; Ms. May Tweeny Trixia S. Aranda, Disbursement Officer II, Ms. Airah Grace Catubig, Accounting Clerk; Ms. Kaila Cristel V. Banaag, Account Processor)

The functions of the Finance Department:

1. Provides overall financial planning and management in accordance with approved financial directions by the Board and Management.
2. Prepares annual and supplemental budget of the corporation.
3. Handles the processing of all accounting financial transactions, bookkeeping and generation of periodic financial reports. (i.e Balance sheet, Income Statement, Cash Flow, Cash Position, etc.)
4. Maintains/ safe keeps all documents pertaining to accounting and financial transactions.
5. Ensures compliance to accounting guidelines, policies and procedures (i.e PFRS, COA, etc.) and to statutory requirements (i.e SSS, HDMF, PhilHealth, SEC, BIR etc.)
6. Prepares and processes payroll of all employees, including contractual, project employees, workers and manpower
7. Ensure that all financial transactions are in accordance with auditing, accounting policies.



## STATEMENTS OF FINANCIAL POSITION

**LBP RESOURCES AND DEVELOPMENT CORPORATION**  
(A wholly-owned subsidiary of Land Bank of the Philippines)  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2016 and 2015  
(In Philippine Peso)

	Note	2016	2015
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property and equipment	3	17,758,783	17,398,433
Investment property	4	102,771,396	103,891,380
Investments	5	92,656,449	104,004,502
Available for sale financial assets	6	12,600	12,600
Non-current assets held for sale	7	5,373,204	20,453,619
Installment contract receivable	8	15,237,377	0
Deferred tax asset	9	505,149	505,149
Other assets	10	8,698,024	4,053,647
		243,012,982	250,319,330
<b>Current Assets</b>			
Inventories	11	9,143,428	11,685,701
Receivables	12	242,003,754	236,498,501
Prepaid expenses	13	10,262,280	6,546,014
Cash and cash equivalents	14	118,343,610	78,724,358
		379,753,072	333,454,574
<b>TOTAL ASSETS</b>		<b>622,766,054</b>	<b>583,773,904</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Capital stock (50 million shares authorized at P10 par value per share, 13,321,200 shares issued)	14	133,212,000	133,212,000
Capital in excess of par value		5,162,840	5,162,840
		138,374,840	138,374,840
Revaluation increment in property		61,200,000	61,200,000
		199,574,840	199,574,840
<b>Retained Earnings</b>			
Appropriated		250,000,000	150,000,000
Unappropriated	15	81,465,037	149,549,979
		331,465,037	299,549,979
<b>TOTAL STOCKHOLDERS' EQUITY</b>		<b>531,039,877</b>	<b>499,124,819</b>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
Deferred tax liability	16	75,179	75,179
		75,179	75,179
<b>Current Liabilities</b>			
Accounts payable	17	43,419,207	40,019,631
Other current liabilities	18	48,231,791	44,554,275
		91,650,998	84,573,906
<b>TOTAL LIABILITIES</b>		<b>91,726,177</b>	<b>84,649,085</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>622,766,054</b>	<b>583,773,904</b>

# STATEMENTS OF COMPREHENSIVE INCOME

**LBP RESOURCES AND DEVELOPMENT CORPORATION**  
(A wholly-owned subsidiary of Land Bank of the Philippines)  
**STATEMENTS OF COMPREHENSIVE INCOME**  
For the years ended December 31, 2016 and 2015  
(In Philippine Peso)

	Note	2016	2015
<b>REVENUE</b>			
Construction		194,172,793	202,409,726
Manpower service income		140,576,733	130,390,477
Rental	4	19,278,543	18,490,170
Property management		15,619,029	14,601,124
Sales – Grand Garden Villas		15,500,000	0
Interest Income		6,291,890	6,088,958
ACU Maintenance service income		5,282,187	3,819,274
Commission Income		906,291	824,577
Other income		111,335	115,750
		397,738,801	376,740,056
<b>EXPENSES</b>			
Construction cost		147,623,283	152,974,256
Manpower services cost		119,638,514	114,570,419
Cost of Sales – Grand Garden Villas		15,720,626	0
Property management cost		10,003,387	8,920,869
ACU maintenance service cost		2,591,449	666,147
Commission Expense		135,903	136,094
Compensation and Other operating expenses	20	15,729,078	15,699,848
		311,442,240	293,492,503
<b>NET INCOME BEFORE INCOME TAX</b>			
Provision for income tax	21	86,296,561	83,247,553
		25,293,903	24,376,254
<b>NET INCOME FOR THE YEAR</b>			
<b>OTHER COMPREHENSIVE INCOME</b>		61,002,658	58,871,299
		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			
		61,002,658	58,871,299



## STATEMENTS OF CASH FLOWS

### LBP RESOURCES AND DEVELOPMENT CORPORATION

(A wholly-owned subsidiary of Land Bank of the Philippines)

### STATEMENTS OF CASH FLOWS

For the years ended December 31, 2016 and 2015

(In Philippine Peso)

	Note	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers		353,956,986	290,388,346
Rental income received		18,232,065	18,095,634
Cash payments to suppliers		(169,500,352)	(119,998,318)
Cash payments for other expenses		(157,561,255)	(165,992,143)
Net cash generated from/(used in) operating activities		45,127,44	22,493,519
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Redemption/maturity/placement of investments		21,599,479	-
Interest received		6,342,100	6,136,183
Acquisition of property and equipment		(4,014,171)	(1,381,159)
Net cash provided by investing activities		23,927,408	4,755,024
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Payment of cash dividends	14	(29,435,600)	(16,269,415)
Net cash used in financing activity		(29,435,600)	(16,269,415)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		39,619,252	10,979,128
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		78,724,358	67,745,230
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	118,343,610	78,724,358

## STATEMENTS OF CHANGES IN EQUITY

### LBP RESOURCES AND DEVELOPMENT CORPORATION

(A wholly-owned subsidiary of Land Bank of the Philippines)

### STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2016 and 2015

(In Philippine Peso)

	Capital Stock (Note 14)	Revaluation Increment in Property	Retained Earnings (Note 15)		Total
			Appropriated	Unappropriated	
<b>Balance, December 31, 2014</b>	<b>138,374,840</b>	<b>61,200,000</b>	<b>150,000,000</b>	<b>106,948,095</b>	<b>475,848,984</b>
Cash dividend declared				(16,269,415)	(16,269,415)
Net income for the year				58,871,299	58,871,299
<b>Balance, December 31, 2015</b>	<b>138,374,840</b>	<b>61,200,000</b>	<b>150,000,000</b>	<b>149,549,979</b>	<b>499,124,819</b>
Prior period adjustment				348,000	348,000
Cash dividend declared				(29,435,600)	(29,435,600)
Net income for the year				61,002,658	61,002,658
Appropriation for various projects			100,000,000	(100,000,000)	0
<b>Balance, December 31, 2016</b>	<b>138,374,840</b>	<b>61,200,000</b>	<b>250,000,000</b>	<b>81,465,037</b>	<b>531,039,877</b>



# AUDITED FINANCIAL STATEMENTS

## **LBP RESOURCES AND DEVELOPMENT CORPORATION**

(A wholly-owned subsidiary of Land Bank of the Philippines)

### **NOTES TO FINANCIAL STATEMENTS**

(All amounts in Philippine Peso unless otherwise stated)

#### **1. CORPORATE INFORMATION**

##### **1.1 Incorporation and Operations**

LBP Resources and Development Corporation (LBRDC), formerly LB (Land Bank) Realty Development Corporation, is a wholly-owned subsidiary of Land Bank of the Philippines (LBP) and was created through Securities and Exchange Commission Registration No. 61385 dated May 8, 1975.

The LBRDC was created to build, reconstruct, repair, remodel and renovate, enlarge, alter and improve private houses and dwellings, commercial buildings and government- owned and controlled corporations and establishments (particularly the facilities of LBP, its subsidiaries and affiliates, branches, training centers, field offices, other auxiliary infrastructures, etc.) in support of its role under the Comprehensive Agrarian Reform Program. Also, it was established to engage in, operate and carry on, the business of providing and rendering general manpower services, such as but not limited to management and technical services, janitorial services, maintenance services, clerical messengerial, security services and other allied services.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Basis of financial statements preparation**

The financial statements have been prepared on a historical cost basis basis, except as otherwise stated.

##### **2.2 Statement of compliance**

The financial statements are prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

## AUDITED FINANCIAL STATEMENTS

### 2.3 Adoption of the Philippine Financial Reporting Standards (PFRS)/Philippine Accounting Standards (PAS)

The accounting policies adopted are consistent with those of the previous financial year except that the LBRDC has adopted those new/revised standards mandatory for the financial years beginning on or after January 1, 2005. The LBRDC has adopted the following standards during the year:

PAS 1 – Presentation of Financial Statements, provides a framework within an entity, assesses how to present fairly the transactions and other events, provides the base criteria for classifying assets and liabilities as current or non-current; prohibits the presentation of income from operating activities and extraordinary items as separate line items in statements of income; and specifies the disclosure of estimation, uncertainty and judgments that management has made in the process of applying the Corporation's accounting policies.

PAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, removes the concept of fundamental error and allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior period errors. It defines material omissions or misstatements and describes how to apply the concepts of materiality when applying accounting policies and correcting errors.

PAS 10 – Events after Reporting Date, prescribes the accounting policies and disclosures related to adjusting and non-adjusting subsequent events. Additional disclosures required by the standards were included in the financial statements, principally the date of authorization for release of the financial statements.

PAS 11 – Construction Contracts, prescribes the accounting treatment of revenue and costs associated with construction contracts. Contract revenue and costs are recognized as revenue and expenses by reference to the stage of completion of the contract activity at reporting date. An expected loss is recognized as an expense immediately when it is probable that such a loss will occur. Under the percentage of completion method, contract revenue is recognized as revenue in the accounting periods in which the work is performed. Contract costs are recognized as expense in the accounting periods in which the work to which they relate is performed. The stage of completion of a contract is determined by inspection or survey of work performed by technical personnel.

PAS 12 – Income Taxes, deferred income tax is provided using balance sheet liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available under the deferred income tax assets to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.



## AUDITED FINANCIAL STATEMENTS

PAS 17 – Leases, provides the classification of leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. Finance leases are capitalized in the inception of the lease at the fair value of the leased property or if lower, at the present value of minimum lease payments. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

PAS 19 - Employee Benefits, requires an entity to recognize a liability when an employee has provided service in exchange for employee benefits to be paid in the future; an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

PAS 24 – Related Party Disclosures, provides additional guidance and clarification in the scope of the standard, the definitions and disclosures for related parties. It also requires disclosures of the total compensation of key management personnel and benefit types.

PAS 32 – Financial Instruments: Presentation sets out the required disclosures and presentation of financial instruments to enhance financial statements user understands of the significance of financial instruments to an entity's overall financial position, performance and cash flows. Financial instruments should be classified as equity or debt instruments based on the substance of transaction. PAS 32 includes disclosures about the accounting policy adopted, methods used to apply those policies, the nature of financial instruments held for each class of financial asset, financial liability and equity instruments including significant terms and conditions that may affect the amount, timing and certainty of future cash flows. Fair value information is also required for each class of financial assets and liabilities.

PAS 37 – Provisions, Contingent Liabilities and Contingent Assets, ensures that appropriate recognition and measurement bases are applied to provisions, contingent liabilities and contingent assets and significant information is disclosed resulting from executory contracts, except where the contract is onerous.

PAS 39 – Financial Instruments: Recognition and Measurement, classifies the financial assets at fair value through profit or loss; held to maturity investments; loans and receivables; and available-for-sale financial assets. These categories apply to measurement and profit or loss recognition. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting or settlement date accounting. When a financial asset or financial liability is recognized initially, an entity shall measure it at its fair value plus, in case of financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. After initial recognition, an entity shall measure all financial liabilities at amortized cost using the effective interest method, except for the financial liabilities at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition.

## AUDITED FINANCIAL STATEMENTS

PAS 40 – Investment Property pertains to investment in land and building acquired for capital appreciation are intended to be held for a number of years to generate income and capital gain. These investment properties are classified as non-current investments. Investment properties are measured initially at cost, including transaction costs. Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the year of retirement or disposal.

### 2.4 Use of estimates

Management makes estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based on Management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

### 2.5 Property and equipment

These are carried at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment has been put into operation, such as repairs and maintenance are normally charged to operations in the period in which the cost are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits its originally assessed standard of performance, the cost of replacement are capitalized.

Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of the assets as follows: construction, transportation and other equipment – five years.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset was derecognized.

The asset's residual values, useful lives and methods are reviewed periodically to ensure that the period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.



## AUDITED FINANCIAL STATEMENTS

### 2.6 Investment property

Investment property is measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day to day servicing of an investment property. The LBRDC has been adopting the cost model in recognizing its investment property. However, this was inadvertently stated at "fair value" in prior years.

Depreciation is computed using the straight-line method over the estimated useful lives of the asset. The estimated useful life of investment property for building is 30 years.

### 2.7 Intangible asset

Intangible asset is measured on initial recognition at cost and amortized over the useful economic life beginning on the period the intangible asset was available for use.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful life of five years.

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

### 2.8 Investments

Investment in bonds are classified as held-to-maturity when the Corporation has positive intention and ability to hold the investment to maturity. The cost is computed as the initial amount plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and maturity value. The computation includes all fees paid that are an integral part of the effective interest rate, transaction costs and other premiums and discounts.

In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

### 2.9 Receivables

Trade receivables are recognized and carried at original contract price or invoice amount less any unrealized gain as applicable, and allowance for any collectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable.

## AUDITED FINANCIAL STATEMENTS

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### 2.10 Cash Equivalents

Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

### 2.11 Pensions and other post-employment benefits

The LBRDC offers defined benefit plans mandated by law (Labor Code of the Philippines) that is 50 per cent of the monthly salary at the time of retirement multiplied by the number of years in service.

### 2.12 Leases

The LBRDC as a lessee – operating lease payments are taken up as expense in the statement of comprehensive income on a straight-line basis over the lease term.

The LBRDC as a lessor – retains substantially all the risks and benefits of ownership of the asset classified as operating lease. Rental income is recognized in the statement of comprehensive income on a straight-line basis over the lease term.

### 2.13 Subsequent events

Post year-end events that provide additional information about the LBRDC at balance sheet date are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the financial statements when material.

### 2.14 Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

### 2.15 Revenue and cost recognition

Revenue from construction contracts is recognized using percentage of completion method, measured principally on the basis of estimated physical completion of the contract work, in accordance with PAS 11 on Construction Contracts.



## AUDITED FINANCIAL STATEMENTS

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed the total contract revenue. Changes in contract performance, contract penalty provisions and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes were determined.

Income from sales of substantially completed projects where collection of sales price is reasonably assured is accounted using the accrual method while sales from projects where collection of sales price is not reasonably assured is recognized using the installment method. Realized income on installment sales is computed based on collections multiplied by the gross profit rates of individual sales contract.

Income from investment property is recognized in the income statement on straight-line basis over the lease term.

Management fees from administrative, property management, manpower services and other fees are recognized when earned.

Commission income from brokering services is recognized when earned less commission expenses due to referrers.

Interest income is recognized as it accrues.

### 2.16 Income tax

Deferred income tax is provided using balance sheet liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available under the deferred income tax assets to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

## AUDITED FINANCIAL STATEMENTS

### 3. PROPERTY AND EQUIPMENT

This account consists of the following:

	Building	Office Furniture & Fixtures	Office Equipment	Transportation Equipment	Utilities and Equipment	Library Materials	Construction Equipment	IT Equipment	Total
Cost									
January 1, 2016	9,124,612	912,936	2,539,145	5,158,519	13,121,622	2,345	3,043,132	783,083	34,685,394
Additions	0	0	88,743	2,882,357	90,351	0	307,831	613,548	3,982,660
Adjustments			(320)		(95,957)		(220,412)		(316,689)
<b>December 31, 2016</b>	<b>9,124,612</b>	<b>912,936</b>	<b>2,627,568</b>	<b>8,040,906</b>	<b>13,116,016</b>	<b>2,345</b>	<b>3,130,551</b>	<b>1,396,631</b>	<b>38,351,565</b>
Accumulated depreciation									
January 1, 2016	842,637	327,074	2,166,169	3,828,058	7,791,331	2,341	1,645,414	335,937	16,938,961
Depreciation	328,488	165,065	64,155	113,319	2,186,670	0	596,111	257,272	3,711,060
Adjustments			(72)		(16,341)		(40,846)		(57,259)
<b>December 31, 2016</b>	<b>1,171,125</b>	<b>492,139</b>	<b>2,230,252</b>	<b>3,941,377</b>	<b>9,961,660</b>	<b>2,341</b>	<b>2,200,679</b>	<b>593,209</b>	<b>20,592,782</b>
<b>Net book value, December 31, 2016</b>	<b>7,953,487</b>	<b>420,797</b>	<b>397,316</b>	<b>4,099,529</b>	<b>3,154,356</b>	<b>4</b>	<b>929,872</b>	<b>803,422</b>	<b>17,758,783</b>
<b>Net book value, December 31, 2015</b>	<b>8,281,975</b>	<b>585,862</b>	<b>372,976</b>	<b>982,461</b>	<b>5,330,291</b>	<b>4</b>	<b>1,397,718</b>	<b>447,146</b>	<b>17,398,433</b>

### 4. INVESTMENT PROPERTY

This account consists of the following:

	2015				2014			
	Land	Building <sup>1/</sup>	Condominium Property	Total	Land	Building	Condominium Property	Total
Cost,								
Balance, January 1	66,000,000	43,850,351	37,332,957	147,183,308	66,000,000	43,850,351	37,332,957	147,183,308
Additions	0	0	0	0	0	0	0	0
<b>Balance, December 31</b>	<b>66,000,000</b>	<b>43,850,351</b>	<b>37,332,957</b>	<b>147,183,308</b>	<b>66,000,000</b>	<b>43,850,351</b>	<b>37,332,957</b>	<b>147,183,308</b>
Accumulated Depreciation								
Balance, January 1,		39,465,316	3,826,612	43,291,928		37,390,158	2,706,628	40,096,786
Depreciation			1,119,984	1,119,984		2,075,158	1,119,984	3,195,142
<b>Balance, December 31</b>		<b>39,465,316</b>	<b>4,946,596</b>	<b>44,411,912</b>		<b>39,465,316</b>	<b>3,826,612</b>	<b>43,291,928</b>
<b>Net Book Value, December 31</b>	<b>66,000,000</b>	<b>4,385,035</b>	<b>33,386,361</b>	<b>102,771,396</b>	<b>66,000,000</b>	<b>4,385,035</b>	<b>33,506,345</b>	<b>103,891,380</b>



## AUDITED FINANCIAL STATEMENTS

The aggregate fair value of the LBRDC's investment property amounted to P 116,103,000 as appraised on January 14, 2009

Depreciation expense for the Condominium Property (World Centre) was based on the 30 years estimated useful life. The Condominium Title was originally registered in 1995 therefore the remaining useful life is more than 19 years as at December 31, 2016.

The fair value of the investment property was determined by independent professionally qualified appraisers, LBP-Credit Investigation and Appraisal Department. Fair value represents the amount in terms of money at which the properties would change hands between a willing buyer and a willing seller in the open market, both having a reasonable knowledge of all relevant facts, neither being under compulsion to buy or sell and with equity to both, contemplating the use of the property for the continuation of the operation as part of the business concern. The value of land and building was arrived at using the Market Value Approach. In this approach, the value of the land is based on sales and listings of comparable properties registered within the vicinity.

The investment property is recognized in the books under the cost model. Prior to PFRS 1, the land was revalued based on the appraisal made in 1996 that was carried over at the opening reporting date as deemed cost.

Rental income from investment property amounted to P19,278,543 and P18,490,170 in 2016 and 2015, respectively. Direct operating expenses arising from the investment property amounted to P 4,143,165 and P5,470,786 in CY 2016 and CY 2015, respectively.

### 5. HELD TO MATURITY INVESTMENTS

This account consists of the following:

	2015	2015
Retail Treasury Bonds	92,656,449	92,360,000
Fixed Treasury Notes	0	11,644,502
	<b>92,656,449</b>	<b>104,004,502</b>

## AUDITED FINANCIAL STATEMENTS

### 6. AVAILABLE FOR SALE FINANCIAL ASSETS

This account consists of investment in PLDT stocks amounting to P 12,600 acquired in connection with the subscription for PLDT lines for the Antipolo Warehouse

### 7. NON-CURRENT ASSETS HELD FOR SALE

This pertains to the costs of the three remaining units of the 12 units townhouses in Grand Garden Villas located at Dasmariñas, Cavite, that are held for sale and carried at cost of P 5,373,204 and P 20,453,619, respectively. The other nine units of townhouses were sold and turned-over in 2016 to the buyers who are qualified LBRDC employees

### 8. INSTALLMENT CONTRACT RECEIVABLE

This pertains to the nine housing units located in Grand Garden Villas, Dasmariñas, Cavite, sold to qualified LBRDC employees with the following terms and conditions:

Contract Price	Three-bedroom units – P 1,700,000 and P 1,800,000
Payment Options	Cash, thru Pag-IBIG Loan or thru In-housing Financing
Terms and Conditions:	
Period	Retirement age minus current age of the employees but not more than 30 years
Payment	Deduction from salaries and other benefits
Interest	Four per cent per annum

The total principal amount of the sold units amounted to P 15,500,000 and the total interests to be collected for the buyers for the duration of the payment period amounted to P 9,122,036.36

As of December 31, 2016, the balance of the installment contract receivable amounted to P 15,237,377.

### 9. DEFERRED TAX ASSET

Represents deferred tax on leave credits from 2005 to 2009 of the regular employees amounting to P505,149.



## AUDITED FINANCIAL STATEMENTS

### 10. OTHER ASSETS

This account is composed of the following:

	2016	2015
Contract in Progress/ <sup>1</sup>	4,376,006	1,394,925
Intangible assets/ <sup>2</sup>	1,853,195	232,850
Refundable deposits	1,383,151	1,507,328
Input tax	1,089,672	918,544
	<b>8,698,024</b>	<b>4,053,647</b>

<sup>1</sup>/Contract in progress consists of the purchase cost, labor and other overhead charges (permits, insurances and other miscellaneous) incurred or unfinished projects which have not been billed by the client. The contract in progress was computed using the percentage of completion method multiply by the cost to complete.

<sup>2</sup>/The intangible assets consist of the following:

	2016	2015
Purchasing and Accounting System/ <sup>1</sup>	1,679,334	0
Payroll system/ <sup>2</sup>	94,097	153,086
Computer software/ <sup>3</sup>	79,764	79,764
	<b>1,853,195</b>	<b>232,850</b>

<sup>1</sup>/ Represents initial payment for Oracle License

<sup>2</sup>/ Represents amortized cost of payroll system acquired from Balmori – Version 7.8 Surepay. This was acquired in 2014 and 2015 for a total cost of P 159,111.61 to be amortized for five years. Total amortization recognized as of December 31, 2016 amounted to P 65,014.60.

<sup>3</sup>/ Represents salvage values of software acquired from Beacon Frontline Solutions, Inc. in CY 2005 in the amount of P 1,254,545. It has been amortized for five years starting January 2007.

## AUDITED FINANCIAL STATEMENTS

### 11. INVENTORIES

Inventories held for consumption consist of the following which are measured at purchase cost and recorded based on first-in, first out method

	2016	2015
Construction materials	7,839,518	10,671,752
Janitorial supplies	672,795	564,177
Stationery and supplies	314,427	449,772
Semi-expendable property	316,688	0
	<b>9,143,428</b>	<b>11,685,701</b>

### 12. RECEIVABLES

This account is composed of the following:

	2016	2015
Contract receivable <sup>1/</sup>	113,694,947	136,855,818
Accounts receivable-trade <sup>1/</sup>	86,511,157	54,067,940
Retention receivable	33,988,439	33,550,035
Advances to clients	2,909,664	8,197,867
Accounts receivable – others <sup>1/</sup>	2,422,170	1,191,709
Accrued rent receivable	1,415,212	1,162,278
Accrued interest receivable	687,625	737,835
Advances to contractors	280,900	735,019
Advances to officers and employees	93,640	0
	<b>242,003,754</b>	<b>236,498,501</b>

<sup>1/</sup> Net of allowance for doubtful accounts amounting to P2,651,072.

Contract receivable are amounts billed to LBP under contracts but not paid as of the reporting date.



## AUDITED FINANCIAL STATEMENTS

Accounts receivable – trade arises from contract entered into by LBRDC with LBP and other clients on deployment of janitors/messengers and other services.

Retention receivable pertains to 10 per cent receivable retention fee withheld by client until a contract is completed to answer for the defects that may later on be discovered on the projects, the release of which shall be subject to acceptance of the project evidence by a Certificate of Completion (COC) and Turn Over and Acceptance (TOA) issued by the client.

Advances to clients are advances made by LBRDC for payment of real estate tax and other related fees on LBP ROPA subject to reimbursement.

Advances to contractors' represents 15 per cent mobilization fee from sub-contractor of specialty works.

### 13. PREPAID EXPENSES

This account consists of the following:

	2016	2015
Prepaid income tax	5,600,652	3,208,123
Creditable withholding VAT	3,302,154	2,042,128
Prepaid expenses-various	1,341,974	1,278,263
Prepaid percentage tax	17,500	17,500
	<b>10,262,280</b>	<b>6,546,014</b>

### 14. CASH AND CASH EQUIVALENTS

	2016	2015
Cash in bank – Current Account	24,747,117	3,564,727
Cash in bank – Trust Account	3,522	46,142
Cash in bank – Savings Account (BIR-EPS)	14,165	10,061
Revolving fund	500,000	500,000
Investment in High Yield Savings Account	93,078,806	74,603,428
	<b>118,343,610</b>	<b>78,724,358</b>

## AUDITED FINANCIAL STATEMENTS

Investment in special depository accounts is with maturity periods of 30 to 33 days and rolled over depending on the cash requirements of LBRDC.

LBRDC entered into an Investment Management Agreement with Land Bank of the Philippines through its Trust Banking Group as the Investment Manager. The company avails the services of the latter relative to the management and investment of its investible funds/assets. The funds are invested in High Yield Saving Account (HYSA).

### 15. CAPITAL STOCK

The SEC approved the increase in authorized capitalization of LBRDC on February 6, 2012. The increase in the equity of LBP in the amount of P 33,212,000.00 (3,321,200 shares at P10 par value/share) was recognized and the Certification of shares of stock was issued to LBP on February 16, 2012. In accordance with the Deed of Exchange executed by and between LBRDC and LBP on January 5, 2010, the consideration for the increase in equity consisting of a condominium unit and five parking slots at World Center, Makati City, with a value of P33,212,000 was recognized as Investment Property.

In previous years, LBRDC issued stock dividends to the National Government totaling 7,498,857 shares or P 74,988,570.00

### 16. RETAINED EARNINGS

#### *Appropriation of Retained Earnings*

The Retained Earnings - Appropriated amounting to P250,000,000 that was approved in Board Resolution No. 16-06-14 is composed of the following:

<b>Name of Projects</b>	<b>Amount</b>	<b>Timeline</b>
Purchase of lot	100,000,000	2017-2018
Construction of one floor building with provision of 2 <sup>nd</sup> floor (P40,000.00 x 1,000 sq.m.)	70,000,000	2017-2018
Provision for the acquisition of various equipment and system furniture	25,000,000	2017-2018
Provision for retirement	25,000,000	2017-2018
Provision for software/equipment	10,000,000	2017-2018
Provision for liability insurance of directors	10,000,000	2017-2018
	<b>250,000,000</b>	

#### *Dividend declaration to the National Government*

On January 11, 2017, the LBRDC Board of Directors approved the declaration of cash dividends amounting to P30,726,948.61 and its remittance to the National Government under Board Resolution No. 17-01-09.



## AUDITED FINANCIAL STATEMENTS

### *Prior Period Adjustment*

Prior period adjustment refers to unrecorded transportation equipment in CY 2015 in the amount of P348,000, which were donated by LBP Leasing and Finance Corporation (LLFC) on December 2015

### **17. DEFERRED TAX LIABILITY**

This account represents deferred tax on accrual of rent income as of December 31, 2016.

### **18. ACCOUNTS PAYABLE**

This account consists of the following:

	<b>2016</b>	<b>2015</b>
Due to government entities	11,610,947	9,075,660
Advances from clients	7,737,057	3,417,883
Accounts payable-trade	6,018,971	6,108,759
Customers' rental deposit	5,539,323	5,325,909
Accounts payable-others	3,623,746	3,905,533
Retention payable	1,933,490	5,418,923
Contractor's deposit	500,376	524,358
Customers' deposit	143,017	210,913
Miscellaneous liability	6,312,280	6,031,693
	<b>43,419,207</b>	<b>40,019,631</b>

Due to government entities are liabilities to various government agencies on withholding taxes; SSS, PHIC, EC and Pag-IBIG contributions and loans; income taxes; and fringe benefits taxes.

Advances from clients are the fifteen percent mobilization fee based on RA 9184 normally settled through recoupment from the collection.

Accounts payables (Trade and Others) and Retention Payable are the unsecured, non-interest bearing which are due to suppliers on 30 to 90 day terms.

## AUDITED FINANCIAL STATEMENTS

Customer's rental deposits represents amount deposited by the lessee for the units/properties being rented where the unpaid bills or repair to the property will be charged, the balance of which will be charged, the balance of which will be returned to the lessee.

Contractor's deposit represents deposit made by the contractor for the project's plans and specifications, bidder's bond and performance bond.

Customer's deposit represents deposit by customers of real estate developed by LBRDC for sale.

Miscellaneous liability represents accrual of retirement and leave credits of the regular employees.

### 19. OTHER CURRENT LIABILITIES

This account is composed of the following:

	2016	2015
Accrued expenses	25,363,570	24,558,971
Output tax	22,868,221	19,995,304
	<b>48,231,791</b>	<b>44,554,275</b>

The accrued expenses include accrual of construction costs incurred as of year-end.

### 20. COMPENSATION AND FRINGE BENEFITS

This is composed of the following:

	2016	2015
Personal Services		
Salaries, wages and allowances	1,915,203	1,975,265
Employee benefits	2,387,872	2,265,709
Project incentive pay	900,000	800,000
Board per diem	297,810	259,040
Ex-Com/Audit Com per diem	128,835	124,040
SSS, PhilHealth and EC Premiums	92,397	90,043
Directors and corporate officers reimbursement	52,639	43,084
Pag-IBIG fund contribution	6,975	7,013



## AUDITED FINANCIAL STATEMENTS

	2016	2015
Officers' honoraria	7,200	4,800
	<b>5,788,931</b>	<b>5,568,994</b>
Maintenance and Other Operating Expenses		
Taxes and licenses	2,787,928	2,387,639
Depreciation	1,750,080	3,689,793
Rental	1,129,470	412,538
Repairs and maintenance	725,088	350,657
Insurance	704,453	774,137
Business development expense	425,284	418,870
Stationery and supplies	362,593	288,872
Raffle Expense	254,700	130,740
Representation and entertainment	229,069	193,712
Light and water	199,912	187,398
Security and janitorial	184,367	185,519
Audit fee	180,000	274,995
Seminar and training	158,394	46,730
Telephone and postage	157,341	128,871
Interest and bank charges	155,743	289,428
Donations and contributions	135,000	0
Travel and transportation	104,160	66,464
Liquidated damages	58,259	25,444
Amortization expense	55,375	2,411
Membership dues and fees	41,682	64,280
Advertising	26,595	27,555
Gas and oil	25,170	17,689
Professional fee	6,818	17,152
Fines, penalties and other charges	5,666	2,603
Subscription and publication	1,537	1,798
Printing and mimeographing	662	769
Bad debts expense	0	6,576
Miscellaneous expense	74,801	138,214
	9,940,147	10,130,854
	<b>20,351,675</b>	<b>20,351,675</b>

The other operating expenses, which include direct and indirect expenses, were allocated to each of the LBRDC's businesses.

## AUDITED FINANCIAL STATEMENTS

Direct expenses include salaries, benefits, RATA, share in SSS, HDMF and Philhelath contributions, depreciation, insurance and taxes and licenses of personnel directly discharging each business type.

Indirect expenses include other operating expenses of Finance, Administrative and General Services, Audit Unit and Office of the President and other expenses of the corporation.

The indirect expenses were allocated through pro rata distribution based on the peso value of the total revenue and the time allotted by the officers and employees assigned to monitor/discharge the related services:

- a. 55 per cent is distributed to construction business
- b. 35 per cent is distributed to property management and manpower services business
- c. 10 per cent is distributed to other income composed of the following:
  - 10/10 or 1 per cent for brokering/commission
  - 10/10 or 1 per cent for rental
  - 10/10 or 1 per cent for ROPA
  - 70/10 or 7 per cent for ACU

### 21. PROVISION FOR INCOME TAX

Tax liabilities for the current period are measured at the amount expected to be paid to tax authority. Income tax expense comprises of current and final tax. The tax rates and tax law used to compute the amount are those that are enacted or substantively enacted at reporting date. For CYs 2016 and 2015, the provision for income tax was computed as follows:

	2016	2015
Net income before tax	86,296,561	83,247,553
Income subject to final tax	(5,988,429)	(6,088,958)
Fines, penalties and other charges	12,591	0
<b>Net income subject to tax</b>	<b>80,320,723</b>	<b>77,158,595</b>
Current tax expense (30%)	24,096,217	23,147,579
Income tax- final	1,197,686	1,228,675
<b>Income tax expense</b>	<b>25,293,903</b>	<b>24,376,254</b>



## AUDITED FINANCIAL STATEMENTS

### 22. EARNINGS PER SHARE

The basic earnings per share (EPS) is computed by dividing net income for the year attributable to common stockholders by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared.

	2016	2015
Net income	61,002,658	58,871,299
Weighted average no. of common shares	13,321,200	13,321,200
	4.58	4.42

### 23. CONSTRUCTION CONTRACTS

The construction income in CY 2016 is P194.173 million with accumulated cost of P147.623 million and recognized net profit of P46.550 million. Also, the outstanding retention receivables and advances from clients are P33.988million and P7.737 million, respectively.

### 24. RETIREMENT BENEFITS

LBRDC has funded non-contributory defined retirements benefit plan in accordance with the Retirement Pay Law (Republic Act No. 7641) covering all of its qualified regular employees. The benefit is equal to one-half month salary for every year of service, a fraction of at least six (6) months being considered as one whole year. For the purpose of computing the retirement pay, "one -half month salary" shall include fifteen(15) days salary based on the latest basic salary rate, cash equivalent of five (5) days service incentive leave, one-twelfth (1/12) of the 13<sup>th</sup> month pay and other benefit inclusions as may be agreed upon by LBRDC and the employee. The plan provides retirement, separation, disability and death benefits to its members. The fund is being administered and managed by Land Bank of the Philippines – Trust Banking Group. Contributions and costs are determined with the actuarial studies made for the plan. Annual cost is determined using the Accrued Benefit with the Actuarial Cost Method (Projected Unit Credit). The latest actuarial valuation date is January 1, 2012.

LBRDC Board approved the retirement benefit plan on July 30, 2010 per Board Resolution No. 10-068. The retirement benefit plan includes vesting rights for voluntary separation of employees who have at least five years of continuous service. As of December 31, 2016, the vested benefit is P12,090,287. To date, total deposited retirement fund to LBP Trust Department is P8,478,629.

## AUDITED FINANCIAL STATEMENTS

### 25. COMMITMENTS AND CONTINGENCIES

The Corporation has the following operating lease commitments:

#### LBRDC as lessee

LBRDC has entered into commercial leases on the office space occupied in LBP Plaza for five years and systems furniture which expired last May 2013 with renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancelable operating leases which is due within one year as at December 31, 2016 and 2015 are P780,258 and P741,246, respectively. These are lodged under the Rental expense account.

#### LBRDC as lessor

LBRDC has entered into commercial property leases on its investment property portfolio consisting of land and building. These non-cancelable leases have remaining terms of one to fifteen years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

### 26. RELATED PARTY DISCLOSURE

a. The financial statements of LBRDC include transactions, which have been entered into with related parties for the relevant financial year, as follows:

	2016	2015
Investment in HYSABSP-SDA	93,078,806	74,603,428
LBP Branches and Plaza HQ	294,838,919	151,791,689
Investment in RTB	92,656,449	104,004,502
LBP LEAF Projects	0	12,990,389
LBP Naga Branch office rental (monthly rental)	1,792,802	1,464,891
LBRDC Head Office space (monthly rental)	652,021	61,771
	<b>483,018,997</b>	<b>344,916,670</b>

b. The transfer of title for the World Centre Condominium property infused by LBP, the Parent Bank as additional equity, has not yet materialized due to LBRDC's request for the certification/confirmation of a tax-free exchange of the



## AUDITED FINANCIAL STATEMENTS

property. The Management is still waiting for the reply of the Assistant Commissioner for Legal Services, Bureau of Internal Revenue, for the issuance of the certificate that will be presented to the Registry of Deeds for the registrations of the title under the name of LBRDC.

### 27. COMPENSATION OF KEY MANAGEMENT OFFICIALS

The compensation of LBRDC's key management officials, which includes salaries, wages and benefits, amounted to P3,583,671 and P2,661,180 in 2016 and 2015, respectively.

### 28. COMPLIANCE WITH TAX LAWS

In compliance with the requirements set forth by Revenue Regulations 15-2010, hereunder are the information on taxes, dues and license fees paid or accrued during the taxable year.

- a. The LBRDC is VAT-registered with VAT output tax declaration of P44,080,426 for CY 2016.

The LBRDC has no zero-rated/exempt sales.

- b. The amount of VAT input taxes claimed are broken down as follows:

	Amount
Balance, beginning of the year	28,027,867
Current year's purchases:	
i. Goods other than resale or manufacture capital goods	421,209
ii. Goods other than capital goods	8,336,918
iii. Services lodged under other accounts	2,482,434
Balance at end of year	39,268,428

## AUDITED FINANCIAL STATEMENTS

### c. Other Taxes and Licenses

	Amount
<b>Local</b>	
Mayor's permit	2,818,102
Real estate tax	1,266,798
Capital equipment tax	56,908
Community tax	10,500
Professional tax receipt	3,000
Barangay clearance	750
	<b>4,156,058</b>
<b>National</b>	
Documentary stamp tax (increase in capital stock)	333,940
Tax on fringe benefits	56,471
Registration of company vehicle	51,243
Renewal of Certificate of Registration	15,104
Renewal of clearance (Philgeps)	3,000
Registration of PCAB License (renewal)	3,050
Renewal of VAT Registration	500
Renewal of real estate broker license	1,200
	<b>464,508</b>
	<b>4,620,566</b>

### d. The amount of withholding taxes paid/accrued for the year amounted to:

	Amount
Tax on compensation and benefits	2,562,538
Final withholding taxes (Withheld by clients, claimed as tax credits)	4,741,242
Expanded withholding taxes	1,532,357
Withholding percentage taxes	143,470
	<b>6,417,069</b>
Creditable withholding taxes	17,022,789
	<b>26,002,396</b>



## **AUDITED FINANCIAL STATEMENTS**

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### **29. EVENTS AFTER THE REPORTING DATE**

The balances of the certain accounts in the 2015 statement of comprehensive income have changed to conform to the 2016 presentation of balances. The 2016 indirect expenses were allocated to the LBRDC's businesses through a pro rata distribution based on the peso value of the total revenue and the time allotted by the officers and employees assigned to monitor/discharge the related services.

### **30. AUTHORIZATION FOR ISSUE OF THE 2015 FINANCIAL STATEMENTS**

The financial statements of LBRDC for the years ended December 31, 2016 were authorized for issue by the Board of Directors on March 21, 2017 under Board Resolution No. 17-03-11.

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