

HIGHLIGHTS OF DLC'S ACCOMPLISHMENTS FOR 2014

DBP Leasing implemented strategic changes in 2014 that resulted to notable improvements in its performance during the year. Those changes enabled the company, among others, to offer financial products other than finance leases and expand customer base outside of the maritime industry that has been its main focus in the past.

The Account Management team, reinforced by experienced marketing officers who joined the company in April 2014, secured credit approvals in excess of P900 Million for fourteen (14) new institutional clients coming from various industries such as construction, industrial air-conditioning, logistics, trading, public land transport and shipping. Eleven of those 14 clients availed of their approved credits, bringing in total net bookings of P258.50 Million versus only P51.01 Million in 2013. The higher production raised net credit portfolio by 56.85%, ending at P735.48 Million at year-end 2014. Consequently, total assets grew by 22.12% from P987.58 Million in 2013 to P1.21 Billion in 2014.

In tandem with its vigorous account generation and business development activities, the company was no less persistent in reducing its non-performing assets, which consist principally of vessels repossessed from defaulting lessees. The active disposal efforts resulted to four (3 in 2014 and 1 in 2015) of the idle vessels being converted to new finance leases, thus bringing down non-performing assets by 54.48%, from P355.36 Million in 2013 to only P161.76 Million in 2014, net of impairment losses. In addition, three more vessels became revenue-generating assets through their redeployment under bareboat charter contracts, contributing more than 960,000 in monthly gross income.

The company likewise strengthened its collection and remedial accounts management activities. The efforts paid off, with collection attaining 98% efficiency in the second half of 2014. Except for one client that had a past due of P126, 174.10, all accounts were on current status.

Total revenues of P56.20 Million in 2014 was lower than 2013's P75.26 Million mainly on account of non-recurring income of P13.25 Million booked in 2013. But with fewer vessels in its inventory, the company brought down maintenance and operating expenses by 36% or P27 Million. However, because its inventory of remaining idle vessels required further impairment, as mandated by COA, the company booked an impairment loss of P36.36 Million in 2014, in addition to the P71.78 Million impairment recognized in the prior year. As a result, 2014 Profit and Loss showed net loss of P54.19 Million, nonetheless an improvement over the P99.12 Million net loss in 2013.

Meanwhile, additional equity poured in by parent DBP bolstered DBP Leasing's equity, from P622.16 Million to P847.97 Million at the end of 2014.

Despite its negative bottom line, DBP Leasing still earned the trust and confidence of creditors as it was able to secure a total of P950 Million worth of loans and credit line approvals from 4 local banks. The proceeds of these credit accommodations will fund DLC's portfolio growth in 2015.