

**LBP INSURANCE BROKERAGE, INC.  
VALIDATED 2016 PERFORMANCE SCORECARD**

	Component					LIBI Submission		GCG Validation		Supporting Document	Remarks
	Objective/Measure	Formula	Wt.	Rating System	2016 Target	Actual	Rating	Score	Rating		
FINANCIAL	SO 1	Ensure Sustainable Financial Growth									
	SM 1	EBITDA Margin	Absolute Percentage	35%	Actual/Target x Weight	75%	71%	33.13%	70.55%	32.92%	<ul style="list-style-type: none"> <li>COA Annual Audit Report</li> </ul>

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											<p>involvement of international insurance brokers which rendered negative effects in LIBI's overall performance in 2016 are all anticipated and foreseeable events and part of normal course of business. To consider and accept these justifications to lower down the target would be tantamount to recognizing even the inefficiency of LIBI's Board and Management. The Board and Management of GOCCs are primarily held responsible to ensure that risk management systems are properly placed to identify, address, and mitigate risks inherent in the conduct of business and strategies employed.</p> <p>The GCG agrees that the Bangladesh Bank heist was a completely unforeseen event. However, the failure of LIBI to realize its EBITDA Margin target cannot be directly attributed to the decrease in its foreign exchange (FX) trading income. Noticeably, the</p>

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											<p>income from FX trading have been in the decline such that, as communicated to GCG during the 2017 TPM, the Board decided to cease its FX operations starting 2017.</p> <p>Lastly, the ability of LIBI to realize its EBITDA Margin target is not solely dependent on its ability to raise or increase its revenue. As a measure, the EBITDA Margin is arrived at by dividing the EBITDA with revenue, while EBITDA reflects the operating profit of LIBI. Hence, EBITDA Margin is influenced by revenue and operating expenses of the company. While LIBI is unable to hit its revenue targets, it is but wise to maintain its operating expenses at the very minimum. Thereby ensuring that costs incurred are within the limits of the company's ability to generate income. In view of the foregoing, the request to reduce the target is <b>DENIED</b>.</p>

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	<b>Sub-total</b>		<b>35%</b>				<b>33.13%</b>		<b>32.92%</b>			
<b>CUSTOMERS / STAKEHOLDERS</b>	<b>SO 2</b>	<b>Improve Service Delivery</b>										
	SM 2	Customer Satisfaction Survey	85% of respondents rated LIBI "Very Good"	10%	All or Nothing	85% of respondents rated LIBI Very Good	90.70%	10%	90.70%	10%	<ul style="list-style-type: none"> <li>Survey Tally and Result</li> <li>Copy of the Survey Questionnaire</li> </ul>	In 2016, 90.70% or 117 out of 129 respondents rated LIBI at least "Very Good" to "Excellent". LIBI's clients are more satisfied in 2016 with the significant increase by 32.35% in the number of customers who rated LIBI "Very Good". There were also more respondents in 2016 with 129 from 44 in 2015, which means more clients transacted with LIBI in 2016.
	<b>SO 3</b>	<b>Offer Competitive FX Rates</b>										
	SM 3	Accredited Counterparty for FX rate canvassing	Absolute Figure	5%	Actual/Target x Weight	6 (additional 1)	None	0%	None	0%	None	In 2016, LIBI was not able to accredit any counterparty and requested to transfer the weight of 5% to SM 2 Customer Satisfaction Survey. As explained in SM 1, requests for renegotiation may only be considered if the achievement of target is no longer feasible due to unforeseen circumstances. However, the factors presented by LIBI are not due to unforeseeable

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											circumstances but rather as an effect of the delay in the process. Given that the 2016 targets were set before the start of 2016, processing time should have been accounted for by LIBI in order to ensure the achievement of the target. In view of this, the request to delete the measure and target is <b>DENIED</b> .
<b>SO 4</b>	<b>Provide Wider Market Reach for Bancassurance Products for Agricultural Development</b>										
SM 4	Number of Products with Improved Market Access	No. of products developed and sold	10%	50% = products developed 50% = products sold	2	2	10%	2	10%	<ul style="list-style-type: none"> <li>• Copy of Policy on Brown Water Craft</li> <li>• Copy of Policy on High Value Commercial Crop Insurance</li> <li>• Letter to Philippine First Insurance</li> </ul>	LIBI introduced and sold two (2) products with improved market access, the policy on Brown Water Craft and the policy on High-Value Commercial Crop Insurance.
<b>SO 5</b>	<b>Provide Wider Market Reach for Bancassurance Products for Financial Viability</b>										
SM 5	Number of New Products Offered	No. of products developed and sold	10%	50% = products developed	2	2	10%	1	5%	<ul style="list-style-type: none"> <li>• Copy of policies on parametric</li> </ul>	LIBI offered one new product which is the Parametric Insurance for

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				50% = products sold						Insurance for Farmers • Letter to Charter Ping An Insurance Corporation	farmers. The product was sold to two (2) clients both amounting to P25,000.00. The rating is only 5% percent since the accomplishment should be 2 products each sold to a client.
	<b>Sub-total</b>		<b>35%</b>				<b>30%</b>		<b>25%</b>		
<b>INTERNAL PROCESS</b>	<b>SO 6 Improve Efficiency and Quality of Insurance Process</b>										
	SM 6	Average Number of Days to Process Insurance Coverage	Average TAT of every transaction	5%	$(1 - \frac{(A-T)}{T}) \times \text{Weight}$	5 working days	7 working days	3%	Full TAT cannot be determined based on submitted supporting documents	0%	<ul style="list-style-type: none"> <li>List of Transactions</li> <li>Process Workflow for issuance of Quotation and Policy</li> </ul>

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											<p>TAT and capture its efficiency in processing transactions from receipt of requests to the time the documents are delivered to Lending Units.</p> <p>LIBI derives its value through the efficient delivery of service – which is the facilitation of insurance coverage of clients. Hence, while it is understandable that the entire process does not rest within the organization alone, the business, being an insurance broker relies on the efficient facilitation and processing of application. Thus, to limit the computation of the processing time within the organization alone defeats the purpose of the measure which aims to capture efficiency of LIBI. In view of this, the request to revise the target is <b><u>DENIED</u></b>.</p> <p>In the evaluation of the reported score, GCG found that the submitted supporting documents does not indicate the dates</p>

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											<p>when the request for quotation and policy was forwarded to and received from insurance companies. Hence, the full processing time of the transactions cannot be determined.</p> <p>GCG requested for the documents that includes the dates of intervention by insurance companies. However, LIBI failed to submit the requested documents. In view of this, LIBI's rating for this measure is 0%.</p>
<b>SO 7 Enhance Existing Processes Comparable with the Industry</b>											
SM 7	Preparation for ISO/GQMSS Certification for Quality Service	Actual Accomplishment vs. Work Program	10%	All or Nothing	Conduct of Internal Quality Audit (IQA) based on Manuals	Note: With renegotiated from Conduct of Internal Quality Manual Audit to Preparation of Risk Management Manual	10%	LIBI was not able to conduct IQA based on manuals.	0%	<ul style="list-style-type: none"> <li>• Copy of Risk Management Manual</li> <li>• Memorandum approving the Risk Mgt. Manual</li> <li>• LIBI ISO-QMS Roadmap</li> </ul>	<p>As reported, LIBI was not able to conduct the IQA in 2016. Per representation, a requisite for the conduct of Internal Quality Audit (IQA) is Internal Quality Audit Training. LIBI wanted to avail of the services of Development Academy of the Philippines (DAP) for the conduct of the IQA training. However, a minimum of 20 participants is required in order for DAP to conduct the training. In order to fill the required number, LIBI</p>

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											<p>planned to undertake the IQA training with the other LandBank subsidiaries. However, given the difficulty in finding available schedules with the other subsidiaries, the IQA training was not pursued.</p> <p>LIBI requested to replace the target of "Conduct of IQA" to "Preparation of Risk Management Manual". Review of the supporting document shows that the manual is patterned after the requirement of the Central Bank and Insurance Commission on the institution of risk management system within their supervised sectors.</p> <p>Considering that the measure pertains to the preparation for the attainment of ISO Certification, the proposed replacement of the measure is <b><u>NOT ACCEPTABLE</u></b>. However, given that the circumstances of LIBI are not within their full control, the measure and</p>

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											corresponding weight is hereby <b>REMOVED</b> .	
	<b>Sub-total</b>		<b>15%</b>				<b>13%</b>		<b>0%</b>			
<b>LEARNING AND GROWTH</b>	<b>SO 8</b>	<b>Develop Strategic Skills &amp; Competence of Officers and Staff</b>										
	SM 8	Competency Level of the Organization	Actual Number of Personnel Trained/Total No. of Personnel	10%	All or Nothing	Board Approved Competency Framework	Approved Competency Framework	10%	Approved Competency Framework	10%	<ul style="list-style-type: none"> <li>• Copy of Competency Framework</li> <li>• Memorandum approving the Competency Framework</li> <li>• Minutes of the Board Meeting</li> </ul>	In 2016, LIBI was able to develop a competency framework and was approved by the Board under Board Resolution No. 2016-011-037. LIBI's competency framework is composed of core and general technical competencies related to performance of roles, technical knowledge application and performance objective accomplishment.
	<b>SO 9</b>	<b>Enhanced IT Infrastructure</b>										
	SM 9	Improvement of Existing Computer System	Actual Accomplishment vs. Work Program	5%	All or Nothing	Develop Transaction Tracking Systems	Note: With Renegotiated from Develop Transaction Tracking Systems to Upgrading of IBS from Version 3.3 to Version 4.0	5%	<b>Upgrading of IBS from Version 3.3 to Version 4.0</b>	5%	<ul style="list-style-type: none"> <li>• IBS Profile</li> <li>• IBS 4.0 Project Workplan and Timeline</li> </ul>	LIBI was not able to develop Transaction Tracking System. In the same letter dated 06 December 2016, LIBI requested to revise the target from Develop Transaction Tracking System to Upgrading of IBS from Version 3.3 to Version 4.0. Per representation, the IBS version 3.3 is developed using the Oracle/Reports 6i which is already

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											declared by Oracle as "End-of-Support" (EDS). This means that Oracle will no longer develop any upgrade nor technical patches for this technology platform leaving LIBI with an obsolete technology and exposing LIBI to high risk exposure that will result to financial loss. The current database platform of IIBS version 3.3 is Oracle 11g Standard Edition One (SE1) which was also declared as "End-of-Life" (EOL) and will eventually be declared as EOS. IIBS version 4.0 is the latest version and a prerequisite to develop a Transaction Tracking System. The justifications presented is deemed reasonable and valid, hence, the request is <b>ACCEPTED</b> .
		<b>Sub-total</b>							<b>15%</b>		
		<b>Total</b>							<b>91.13%</b>		
									<b>72.92% out of 90%</b>		
									<b>81.02%</b>		

*Handwritten mark*