

**PHILIPPINE EXPORT-IMPORT CREDIT AGENCY
VALIDATED 2016 PERFORMANCE SCORECARD**

		Component			Target	PhilEXIM Submission		GCG Validation		Supporting Documents	Remarks
		Objective/Measure	Rating Scale	Weight	2016	Score	Rating	Score	Rating		
STAKEHOLDERS	SO 1	Sustain Financing of Priority/Strategic Enterprises									
	SM 1	Volume of Guarantee	Actual/Target x Weight	25%	P15 Billion	P9.045 Billion	19%	P9.045 Billion	15.08%	List of Guarantee and Loan Accounts	In 2016, PhilEXIM's guarantee accounts totaled only to P9.045 Billion. PhilEXIM's guarantee programs are concentrated in Luzon with 67.99% of its total guarantee accounts. In terms of sector, guarantees were provided mostly to companies from the infrastructure sector. The 2016 Performance Scorecard as submitted by PhilEXIM split the SM to two measures, namely: SM 1: Volume of Guarantee with a weight of 15% and SM 2: Volume of Direct Lending Program with a weight of 10%. PhilEXIM did not provide a reason or justification for splitting SM 1 into two measures. Moreover, it should be noted that PhilEXIM represented that the Board directed the winding down of its direct lending program. Hence, the original measure is retained.

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	SM 2	Access to Financing of Firms Outside NCR	Actual/Target x Weight	5%	85%	24%	4%	82.14%	4.83%	List of Guarantee and Loan Accounts	<p>PhilEXIM reported an accomplishment of 24% for total reported loan amounting to P635.87 Million. However, the supporting document submitted shows that based on amount, PhilEXIM was able to extend loans to clients outside NCR amounting to P564.54 Million corresponding to 88.68% of the total amount of P636.60 Million. The direct loan was extended to a total of 32 different SMEs of which 26 or 82.14% is outside NCR.</p> <p>In the submitted scorecard, PhilEXIM increased the weight of the measure to 10% from 5% and to lower the target from 85% to 61% due to lower business volume in adherence to BSP regulation on capital adequacy ratio (CAR). However, the GCG finds that the revision to substantially decrease the target but increasing the weight allocation is without basis and justification. The CAR requirement of the BSP which affected the volume of business transactions of the PhilEXIM is a regulatory requirement and should not be used as a basis on why PhilEXIM was unable to realize its target. As a regulatory requirement, the CAR serves as a safety net</p>

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											within which PhilEXIM can conduct its business within the limits and bounds of its financial position. Furthermore, the target pertains to the number of beneficiaries outside NCR against the total number of beneficiaries and not on the total amount of loan granted. PhilEXIM may be able to realize the target while adhering to the CAR requirement. In view of this, the GCG retains the original weight of this measure.
	SM 3	Number of Capacity-Building Forums or Briefings Conducted	Actual/Target x Weight	5%	15	15	5%	15	5.00%	Capacity Building 2016 (List of Projects/Program/ Activity)	PhilEXIM conducted 15 capacity-building forums or briefings from 24 February to 9 December 2016 in various locations in NCR, Davao, Palawan, Dumaguete, Bacolod and Bataan.
	SM 4	Number of Institutions Tapped for Financing	Actual/Target x Weight	5%	10	3	2%	3	1.50%	Summary of Credit Committee Actions on Accounts	PhilEXIM was only able to tap 3 new or renewing financial institutions in 2016. The 3 financial institutions were Nueva Segovia Consortium Cooperatives, Pandan Multi-Purpose Cooperative and PR Savings Bank (Amulong Farmers Cooperative).
	SM 5	Number of Financing Beneficiaries	Actual/Target x Weight	5%	150	1,669	10%	308	5.00%	List of Beneficiaries	In its submitted document, PhilEXIM reported that it was able to extend ₱9.045 Billion of guarantees and ₱636.603 Million of direct loans. In terms of beneficiaries, it reported an

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											<p>accomplishment of 1,669 including individual beneficiaries of the direct financing program of PhilEXIM.</p> <p>Validation of the document shows that of the total beneficiaries, 1,358 were from PR Savings Bank (Amulong Farmers Cooperative) of which they were able to lend P70.74 Million. PhilEXIM also granted a wholesale lending to Nueva Segovia Consortium of Cooperatives, in which 308 of its members and 3 from Pandan MPC, benefited from the program.</p> <p>To ensure the validity of the reported actual, the GCG cross-referred the submitted list of beneficiaries to the submitted Accounts Classification as of 31 December 2016, which shows the amount of direct lending and guarantees granted by PhilEXIM per account type. However, only the Nueva Segovia Consortium of Cooperatives were reflected in the Accounts Classification. In view of this, only the 308 beneficiaries will be considered. Even so, PhilEXIM was able to exceed the target for the measure, hence earning the full weight of 5%.</p>

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											However, it should be noted that in its submission, PhilEXIM increased the weight from 5% to 10% and decreased the target from 150 to 75. As such, the GCG retains the original weight of this measure.
	SO 2	Customer Satisfaction									
	SM 6	Customer Satisfaction Rating	All or Nothing	10%	85% Satisfactory Rating (Conducted by 3rd party)	Conducted in-house Survey Established TOR for 3rd party consultant	0%	Accomplishment not valid	0%	- Customer Satisfaction Survey Form -List of Respondents	In 2016, PhilEXIM was not able to hire a third-party for the Customer Satisfaction Survey (CSS). Based on the reported accomplishment, PhilEXIM conducted an in-house Customer Satisfaction Survey. Given that the target is specific achievement of a score based on the survey conducted by a third-party consultant, the reported accomplishment is not given merit, hence a score of 0%. In its submitted scorecard, PhilEXIM reduced the weight to 7% from 10%. The non-accomplishment of the target cannot be used as a basis in reducing the weight of a measure. Hence, the original weight is retained.
		Sub-Total		55%			40%		31.41%		
FINANCE	SO 3	Portfolio Quality									
	SM 7	NPL Ratio (Net) Loans (Large Entities & SMEs)	Below 9% = 5% score 9.01 - 15% = 2.5% score Above 15% = 0% score	5%	9%	84%	0%	84%	0%	COA 2016 Annual Audit Report	For 2016, the target was set at 9%. However, based on the reported score, NPL ratio (net) for the year registered at 84%. The actual ratio, which is 9 times more than the set target,

	Component Objective/Measure	Rating Scale	Weight	Target 2016	PhilEXIM Submission		GCG Validation		Supporting Documents	Remarks
					Score	Rating	Score	Rating		
										reflects that PhilEXIM's credit risk management is not effective. 84% NPL shows that the lending functions of PhilEXIM is not operating properly and that the company failed to employ sound business judgement and risk management were not put into proper practice. For this measure, PhilEXIM is given 0%.
SM 8	Guarantee Claims Ratio (Large Entities & SMEs)	0%-0.50% = 5% score 0.51% -1% = 3.5% score 1.01%-2% =2% score Above 2% = 0% score	5%	0.5%	0%	5%	0%	5%	List of Guarantee and Loan Accounts	Out of the ₱9.045 Billion total guarantee, there were no claims in 2016 hence the ratio of 0% and the full weight of 5% for this measure.
SO 4	Maintain Profitability									
SM 9	Ratio of Operating Expenses (net of Bad Debts Expense) to Operating Revenue	If 37% and below = 5% score If above 37% = $(1-(\text{Actual-Target})/\text{Target}) \times \text{Weight}$	5%	37%	-	-	84.77%	0%	COA 2016 Annual Audit Report	PhilEXIM's operation in 2016 resulted to an OER net of Bad Debts Expense of 84.77% with computation below. ₱145.08 Million / ₱171.14 Million = 84.77% Under its submitted Performance Scorecard, this measure was not included and instead a measure on "EBITDA Margin" was included by PhilEXIM as a substitute measure. The reason for the revision was not provided.

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											Thus, the GCG retains the original measure which is the OER.
		Sub-Total		15%			5%		5%		
	SO 5	Pro-Active Evaluation, Monitoring and Management of the Guarantee Portfolio									
INTERNAL PROCESS											
	SM 10	Percent of Accounts Submitted to the Approving Authorities (45 working days for guarantee; 38 working days for lending)	80%-100% = 5% score 70%-79% = 2.5% score Below 70% = 0% score	5%	80%	Processed 7 applications (with complete documents); 5 accounts approved by Board / CreCom	-	5 out of 7 applications were approved by Board / CreCom but beyond the prescribed TAT	0%	Summary of Credit Committee/Board Actions on Accounts	Based on the submitted supporting documents, PhilEXIM's Credit Committee and Board approved 5 (2 guarantees and 3 loans) out of the total 7 applications. However, the approved applications were beyond the prescribed TAT. In the submitted scorecard, PhilEXIM noted that the number of days to process either guarantee or lending account is no longer achievable owing to certain considerations such as additional imposition of Board requirements. Aside from non-achievement of the target, there were no dates indicated in the supporting documents hence the TAT of the approved applications could not be validated. Thus, GCG recommends a 0% rating for this measure.

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ORGANIZATION	SO 6	Continued Adoption of Key Business and Operating Policies and Controls									
	SM 11	Automation of Processes	All or Nothing	5%	Full Implementation	-	0%	Accomplishment cannot be validated	0%	No supporting document submitted	In 2016, PhilEXIM was not able to fully implement the CLS/LMS. Based on their submission, the proposed system is undergoing enhancements prior to full operationalization. PhilEXIM did not achieve the target and did not provide supporting documents, hence the rating of 0%.
	SM 12	Implementation of Quality Management System	All or nothing	8%	ISO Certification	Complete ISO Aligned QMS	3%	Completed ISO Aligned documents	0%	Copy of QMS Manual on website	In 2016, PhilEXIM completed its ISO aligned QMS Manual. However, it was not able to achieve its target of ISO Certification. Hence, the rating of 0%.
		Sub-Total		18%			3%		0%		
	SO 7	Focused Development of Internal Resource Capabilities									
	SM 13	Improvement in the Average Competency Level	Actual / Target x Weight	7%	Establish baseline for Competency Level	n/a	7%	No baseline established	0%	No supporting document submitted	PhilEXIM already had an existing Competency Framework established in 2013, hence the target for 2016 was to “Set baseline for Competency Level of Employees”. The target of determining the organization’s competency level means that the Board-approved competency model is implemented. Per the reported accomplishment of PhilEXIM, they were not able to conduct a competency assessment to determine the competency

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											baseline of every individual and of the organization. Thus, GCG gives a rating of 0%.
	SO 8	Strengthen Institutional Brand as a Self-Sufficient, Profitable, Socially-Responsive, and Reliable Agency of the Government									
	SM 14	Establish a Brand Strategy/ Roadmap	All or Nothing	5%	Implement a Brand Strategy / Roadmap	Developing the TOR for 3rd party consultant	0%	Developing the TOR for 3rd party consultant	0%	PhilEXIM Logo and Terms of Reference (Brand Strategy Development and Brand Communications Planning)	In 2016, PhilEXIM was not able to achieve the target. Based on the submitted supporting documents, PhilEXIM was still in the process of procuring the services of a third-party consultant for the development of its Brand Roadmap. In its submission, PhilEXIM noted that the engagement with a third-party consultant was deferred pending the approval of a new organization to be approved by GCG and that further refinements had to be undertaken and considered on the proposed reorganization, hence, the branding could not be implemented yet. PhilEXIM also noted that the Management has implemented an initial branding program beginning 2014 with the launch of a new corporate logo which had been used in all promotional paraphernalia and business presentations of the corporation. The need to have an approved new organization should not be used as an excuse or justification of the failure of PhilEXIM to realize its target.

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											The Brand Roadmap depicts the strategy of the PhilEXIM within which it will anchor its business model. The business model as aligned with its strategy, will determine the necessary and required organization for a company to properly execute such strategies. Hence, the need to establish the strategic direction of the company is primarily required. In view of this, PhilEXIM obtains a 0% score.
		Sub-Total		12%			7%		0%		
		Total		100%			54.48%		36.41%		