

DEVELOPMENT BANK OF THE PHILIPPINES
Result of the 2nd Revalidation of 2019 Performance Scorecard

Component				Target	DBP Submission		GCG Validation		Supporting Document	Remarks		
Objective/Measure	Formula	Wt.	Rating System	2019	Actual	Rating	Actual	Rating				
SOCIO-ECONOMIC IMPACT	SO 1	Participate in the Government's 10-Point Socio-Economic Agenda by supporting Public & Private Participants in Government's Infrastructure Program										
		Increase Loan Portfolio for the following Sectors:										
	SM 1	a. Infrastructure Sector	Summation of Outstanding Principal Balance Extracted from Loan Data Warehouse (LDW) or Central Management Information System (MIS)	10%	(Actual / Target) x Weight	₱115 Billion	₱208.55 Billion	10%	₱ 208.55 Billion	10%	Summary of Loan Portfolio for Infrastructure, Social Services and MSMEs	
		b. Social Service Sector	10%	₱29 Billion		₱27.51 Billion	10%	₱ 27.51 Billion	9.48%			
		c. MSMEs Sector	10%	₱ 21 Billion		₱27.75 Billion	10%	₱ 27.75 Billion	10%			
	<i>Sub-Total</i>		30%			30%		29.48%				
CONSTITUENCY	SO 2	Support Inclusive Growth Initiatives										
	SM 2	Number of Branches/ Branch Lites opened in Unbanked/ Underserved Areas	Actual Number of Branches / Branch Lites opened during the year	5%	(Actual / Target) x Weight	3	3 (DBP Algeria, Cebu Branch lite, DBP Abulog Branch; and DBP Tubod Branch)	5%	3 DBP (Algeria, Cebu Branch lite, DBP Abulog Branch; and DBP Tubod Branch)	5%	BSP Permit to Open branches in specified areas; Notice of Opening of Branches officially transmitted to BSP	Acceptable.
	SM 3	Percentage of Satisfied Customers	No. of Respondents who rated DBP at least "Satisfactory" /	10%	(Actual / Target) x Weight	90%	Completed the Customer Satisfaction Survey with an	10%	Overall satisfaction rating of 93%	10%	Results of the Survey conducted by Third-party;	Acceptable. DBP exceeded the target.

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		Total No. of Respondents ¹		If less than 80% = 0%		overall satisfaction rating of 93%				Sample Survey Questionnaires; Back-checking and Spot-Checking Report		
		<i>Sub-Total</i>	<i>15%</i>				<i>15%</i>		<i>15%</i>			
FINANCIAL	SO 3	Strengthen Balance Sheet through Sustainable, Efficient and Profitable Operations										
	SM 4	Increase Net Income	Total Revenues less Total Expenses	5%	(Actual / Target) x Weight If less than ₱4.90 Billion ² = 0%	₱5.972 Billion	₱6.06 Billion	5%	₱5.604 Billion	4.69%	COA Annual Audit Report	Accomplishment is revised based on the COA Audited FS.
	SM 5	Improve Capital Adequacy Ratio (CAR)	Total Qualifying Capital / Total Risk-Weighted Assets	5%	All or Nothing	Maintain required risk-based capital adequacy ratio at all times ³	BSP (Basel III) CET 1 = 11.92%; BSP (Basel III) Total CAR = 13.90%	5%	CET1 = 11.92%; Tier 1 = 11.92%; CAR = 13.90%	5%	CAR Report from DBP Controller-ship Group; Basel III Capital Adequacy Report as submitted to COA;	Reported accomplishment acceptable. Target met.

¹ Using sample of 1000 or twice of the computed sample size using the GCG-standard methodology, whichever is higher

² Based on the computed 5-year actual average from 2013-2017

³ a. Common Equity Tier 1 must be at least 6.0% of risk weighted assets at all times; b. Tier 1 capital must be at least 7.5% of risk weighted assets at all times; c. Qualifying capital (Tier 1 Capital plus Tier 2 Capital) must be at least 10% of risk weighted assets at all times; and d. Capital conservation buffer of 2.5% comprised of CET 1 capital

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								Conservation Buffer = 5.92%		BSP published Balance Sheet	
SO 4	Grow and Diversify Loan Portfolio and Improve Asset Quality										
SM 6	Improve Portfolio Quality - NPL Ratio (Net)	Outstanding NPL - Specific Allowance for Impairment Loss / Outstanding Gross Loan Portfolio	5%	$\frac{\{1 - [(Actual - Target) / Target]\}}{x Weight}$	Not exceeding the Philippine bank standard as end of the year (1.06% as of December 2019)	1.17%	5%	1.17%	<u>4.48%</u>	Comparative Non-Performing Loans Level, Ratios and Coverage Ratios BSP Published Balance Sheet COA Annual Audit Report	<u>Request for reconsideration is GRANTED.</u>
SO 5	Reduce Cost of Funds										
SM 7	Increase Total CASA Deposits	Sum of All Demand Deposit (CA) and Regular Savings Deposits (SA) Ledger Balances	10%	(Actual / Target) x Weight	₱216 Billion	₱250.23 Billion	10%	₱ 250.23 Billion	10%	Report on the Outstanding Deposit Liabilities; COA Annual Audit Report	Reported Accomplishment is acceptable.
	<i>Sub-Total</i>		25%				25%		<u>24.17%</u>		
INTERNAL PROCESSES	SO 6	Strengthen Risk Management Regulatory Compliance									
SM 8	Implementation of Risk Management Application	Actual Accomplishment vs. Project Timeline	5%	All or Nothing	Full roll-out and Implementation of the Operational	ORIS was launched and implemented	5%	ORIS was launched and implemented on	5%	Office Circular; Project Closure Report; User Manual;	Acceptable.

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				Risk Information System (ORIS)	on December 16, 2019		December 16, 2019		User Acceptance Testing; UAT Result; System Functional Design		
SO 7	Develop and Utilize Latest Information and Communication Technology (ICT) that is at Par with the Best in the Industry and in the Region										
SM 9	Implementation of ICT Projects	No. of Projects Completed / Total Number of Projects	5%	(Actual / Target) x Weight	<p>Full implementation and roll out of the following ICT solutions:</p> <p>1. Audit Management System</p> <p>2. Multiple Network Link Load Manager Appliance</p> <p>3. DNS-DHCP IP Address</p> <p>4. Enhance Firewall</p> <p>5. Sharepoint for the</p>	<p>1. Notice of Go Live was issued on December 20, 2019.</p> <p>2. Security Operations Center started Business-As-Usual on 1 June 2019.</p> <p>3. DNS- DHCP IP Address Tool was fully implemented on 27 December 2019.</p> <p>4. Enhanced HO Network – Proxy Server was completed on 31 August 2019.</p>	5%	<p>1. Audit Management System (AMS)</p> <p>2. DNS-DHCP IP Address</p> <p>3. Sharepoint for the Knowledge Management Portal</p> <p>4. Security Operations Center</p> <p>5. Enhanced HO Network – Proxy Server</p>	3.57%	<p>Various Memoranda on the implementation of ICT Projects</p> <p>Hardware Acceptance Tests</p> <p>User Acceptance Test</p> <p>Board Resolutions</p> <p>Timeline of Events leading to the request for modification</p>	<p>The proposal to abrogate the originally proposed target is DENIED. However, to account for the Bank's accomplishment, the proposed modified targets were added to the original targets of DBP; thus, increasing the target to 7 ICT Projects. DBP was able to accomplish 5 out of 7.</p> <p>The revision is based on the observation of the GCG that the substitute or alternate targets commenced in 2018, yet the DBP did not include these targets in their 2019 original proposal.</p>

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				Knowledge Management Portal							
				6. Security Operations Center							
				7. Enhanced HO Network – Proxy Server							
SO 8 Streamline Existing Credit and Operating Processes to Meet Current and Future Customer Demand											
SM 10	Percentage of Loan Applications Processed within Turnaround Time (TAT)	No. of Loans Processed within TAT/ Total no. of Loans Processed	5%	(Actual / Target) x Weight 0% = If less than 80%	90% loan applications processed within the prescribed TAT	77% (858 out of 1,111 accounts) approved within TAT of 45 working days	4.28%	<u>82% (912 out of 1,111 accounts) approved within TAT of 45 working days</u>	4.56%	Crib Report on Credit Proposals Sample applications to determine stop times	<u>Request to revise the Rating Scale is DENIED. Based on the revalidation of datasets provided and applicable stop time for 50 applications, the validated actual is REVISED.</u>
	<i>Sub-Total</i>		15%				14.28%		13.13%		
SO 9 Empower Personnel for Customer-Centric Decision Making, Wider Participation, and Delivery of Services											
SM 11	Integrated Management System (IMS) Certification	Actual Certificate from Certifying Body (Third-Party)	10%	All or Nothing	Maintain ISO Certification of the Bank's IMS : ISO 9001:2015	Completed the IMS Surveillance Audit on November 27, 2019 which merited the 3 rd	10%	Maintained IMS: ISO 9001:2015 (QMS) and ISO 14001:2015 (EMS)	10%	Copy of Surveillance Audit Report from Certification International, the certifying body of DBP	Acceptable.

ORGANIZATION

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					(QMS) ISO 14001:2015 (EMS) for the 14 Bank processes covering the Head Office, Provincial Lending Groups/Branch Banking Groups and all branches/lending centers	party's recommendation for DBP's continued certification to ISO Standards covering 14 Bank processes in the Head Office, PLGs, BBGs, Branches and Lending Centers					
SO 10	Grow Capable, Motivated and Results-Oriented Professionals with Market-driven Competencies										
SM 12	Percentage of Employees Meeting Required Competencies	No. of Employees meeting the required competency level / Total no. of Employees	5%	(Actual / Target) x Weight	a. Profiling and Gap Assessment establishing competency baseline of 100% of employees under Loans Administration Department (LAD) and Foreign Domestic Settlement and b. Out of 207 AOs, 89% (184 AOs) are meeting	a. Established the competency baseline of 100% of employees under LAD (80/80) and FDSOD (29/29) b. Out of 207 AOs, 75% (156 AOs) are meeting required	5%	Established the competency baseline of 100% of employees under LAD (80/80) and FDSOD (29/29)	5%	Soft copy of the 2019 competency results; Competency matrix; Certificate of Attendance on trainings conducted for the Account Officers, Branch Heads, and Treasury and	Targets met. Validated accomplishment is based on the submitted supporting documents. Validation likewise assumes that an employee met all required competencies in order to be counted as an accomplishment. Thus, each employee should have a score of at least 2 – <i>At Standard</i> , for all the required

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					Operations Department (FDSOD) b. 60% of Account Officers are meeting required competencies c. 50% of Branch Heads and Treasury Officers are meeting required competencies	required competencies. Out of the 37 personnel under the Treasury and Corporate Finance Sector, 70% (26 personnel) are meeting required competencies		competencies) Out of 127 BHS, 76% (96 BHS) are meeting required competencies Out of the 37 personnel under the Treasury and Corporate Finance Sector, 70% (26 personnel) are meeting required competencies		Corporate Finance Sector Officers.	competencies of the position.	
		<i>Sub-Total</i>					15%		15%			
		TOTAL					99.28%		96.78%			