

DBP LEASING CORPORATION (DBP-LC)
Revalidation of 2017 Performance Scorecard

Component					DBP-LC Submission		GCG Validation		Supporting Documents	GCG Remarks		
Objective/Measure	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating				
SO 1 Support the Government's Economic Development Priorities through the Provision of Leasing and Other Asset-Based Financing Services												
SOCIAL IMPACT	SM 1	Total Loan and Lease Portfolio (Net as per Balance Sheet)	Absolute Amount	20%	0% = lower than ₱1.8 Billion 10% = ₱1.8 Billion – ₱2.3 Billion 15% = more than ₱2.3 Billion – ₱2.5B 20% = above ₱2.5 Billion	₱2.5 Billion	₱2.614 Billion	20%	₱2.61 Billion	20%	2017 COA Audited Financial Statements Lease and Loan Portfolio Report as of 31 December 2017 Schedule and Computation	Reported accomplishment is acceptable. DBP-LC exceeded the target.
	SM 2	Ranking in the Finance/ Leasing Industry (in terms of Total Loans & Lease Portfolio)	Ranking from Philippine Finance Association	5%	2.5% - maintain 10 th Rank 5% - improvement in ranking	10 th	10 th	5%	10 th	2.5%	Philippine Finance Association (PFA) Certification	Revised allocated weight corresponding to the rating scale.
	Sub-Total			25%				25.00%		22.50%		

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	SO 2	Achieve Expected Return on Shareholder Investment by Maximizing Revenues and Minimizing Expenses										
FINANCIAL	SM 3	ROE – Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	EBITDA / Average Net Worth	10%	(Actual/Target) x Weight	13.50%	13.52%	10%	12.75%	9.44%	2017 COA Audited Financial Statements Schedule and Computation	Revised score to exclude impairment loss in the computation of EBITDA.
	SM 4	ROE – Net Income without Tax Savings	Net Income without Tax Savings / Average Net Worth	10%	(Actual/Target) x Weight	6.60%	5.46%	8.27%	5.46%	8.27%	2017 COA Audited Financial Statements Schedule and Computation	The reported actual accomplishment is acceptable. DBP-LC's request ⁴ to modify the target is DENIED . The 6.60% target is already reasonable as the growth rate of the actual accomplishment in 2016 is already at 150%, while only a 57% growth rate was targeted in 2017 with the 6.60% ROE. Moreover, the request ⁵ to increase weight allocation is DENIED . The provision of equal

⁴ DBP-LC letter dated 18 May 2018 which was officially received by the Governance Commission on 21 May 2018.

⁵ *Ibid.*

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		Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating			
											weight for SMs 4 and 12 indicates the strategic importance of both measures in ensuring the realization of DBP-LC's vision.	
Sub-Total			20%				18.27%		17.71%			
STAKEHOLDERS	SO 3 Achieve a High-Level of Customer Satisfaction in the Delivery of Financing Services											
	SM 5	Satisfaction Rating (Conducted by Third Party Provider)	-	5%	All or Nothing	90% of Respondents Rated Quite Satisfactory or Higher	69% Rated Quite Satisfactory (100% Rated Satisfactory)	0%	76%	0%	Final Report on the 2017 Customer Satisfaction Survey conducted by Market Relevance Corp.	The request for reconsideration is APPROVED WITH MODIFICATION to correct the actual accomplishment of DBP-LC per GCG's validation.
	SO 4 Access of DBP Priority Sectors to Financial Leases and Other Relevant Financing Services											
	SM 6	Percent of Credit Portfolio-Public Sector and SMEs	Credit Portfolio-Public Sector/ Total Credit Portfolio	5%	(Actual/Target) x Weight	30%	26.84%	4.47%	26.84%	4.47%	2017 COA Audited Financial Statements; Lease and Loan Portfolio Report as of 31 December 2017; Computation of the Reported	Reported actual accomplishment was maintained and acceptable despite the difference in the reported portfolio amounts based on the GCG's validation using the COA audit FS. Validated total credit portfolio stands at P2,613.52 Million, while the validated combined

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									Actual Accomplishment.	total credit portfolio of both the public sector and SMEs is P701.47 Million.		
SM 7	Percent of Credit Portfolio-Private Priority Sector	Credit Portfolio-Private Priority Sector/ Total Credit Portfolio	5%	(Actual/Target) x Weight	55%	62.45%	5%	62.28%	5%	Lease and Loan Portfolio Report as of 31 December 2017 Computation of the Reported Actual Accomplishment	GCG-validated actual score was based on COA Audited Financial Statements. total credit portfolio of DBP-LC totaled to ₱2,613.52 Million, of which the private sector accounts amounted to ₱1,627.70 Million.	
Sub-Total			15%				9.47%		9.47%			
INTERNAL PROCESS	SO 5 Diversify Industry Exposure with Expanded Market Coverage and Product Offerings											
	SM 8	Number of Industries in Credit Portfolio (4-Digit Level of PSIC Classification)	Absolute Amount	5%	(Actual/Target) x Weight	20	24	5%	24	5%	2009 Philippine Standard Industrial Classification (PSIC) per PSA website	Acceptable.
	SM 9	Number of New Accounts Approved	Absolute Amount	5%	(Actual/Target) x Weight	18	10	2.78%	10	2.78%	Summary of New Accounts Approved in 2017 with TAT Details Credit Application	The request to modify the target from "18" to "12" accounts is DENIED . The historical performance was the basis of the GCG-modified target of 18. The failure of DBP-LC to realize the 2016 target of 20 was the basis of

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										lowering down the target in 2017. However, the modified target, although lower than prior years actual can no longer be lowered down to accommodate the productivity of Account Officers. Historical performance, as well as growth-oriented targets, remains to be the core principle of target setting. Moreover, DBP-LC has not provided documentation on its allegation that its decline in accomplishing the target was due to lack of manpower. Time and Motion Studies were not provided, as well as other proof or documented evaluation as clear justification of their non-accomplishment of the target.	
SO 6	Streamline Processes based on Industry Best Practices										
SM 10	Average TAT of Approval of Applications Upon Receipt of	Total Number of Working Days to Approve Applications /	5%	[1- (Actual-Target/Target) x Weight]	≤ 27.10	26.95	5%	26.95	5%	Summary of New Accounts Approved in 2017 with TAT Details	The request for reconsideration is APPROVED . For 2017, the reported summary of DBP-LC will suffice as a

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	Complete Documentation	Total Number of Applications							Credit Application Turnaround Time Monitoring – 2017 Holidays	supporting document. Moving forward, DBP-LC is recommended to implement procedures to ensure the documentation of processes to allow traceability.	
SO 7 Achieve High Quality Portfolio through Enhanced Credit Risk Evaluation and Account Management											
SM 11	Percent of Real and Other Properties Acquired (ROPA)	Total ROPA/ Total Assets	5%	[1- (Actual-Target/ Target) x Weight]	≤ 1%	0.61%	5%	0.61%	5%	2017 COA Audited Financial Statements Schedule and Computation	Acceptable.
SM 12	Improve Past Due Rate ⁶	Total Past Due and Non-Performing Loan/ Total Portfolio	10%	[1- (Actual-Target/ Target) x Weight]	≤ 5% (modified from ≤ 3%)	8%	0%	8%	4%	2017 COA Audited Financial Statements Schedule and Computation per PFA	Request to modify the target from ≤3% to ≤5% is APPROVED . However, the request of DBP-LC to modify the weight from 10% to 5% is DENIED . This measure was given a “10%” weight in the original scorecard transmitted by the GCG since this plays a crucial role in the operations of DBP-LC as this aims at improving

⁶The BSP Circular No. 941, s. 2017 issued on 20 January 2017 amended the regulatory definitions of past due and non-performing exposures. Under the new definition, the general rule is that an account that does not pay on contractual due date is deemed past due the following day.

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										its portfolio status- being the main business of the corporation.		
Sub-total		30%				17.78%		21.78%				
LEARNING AND GROWTH	SO 8 Ensure Personnel Complement Best Fit to Achieve Organizational Objectives											
	SM 13	Achieve Proficiency Training	Actual Accomplishment	5%	(Actual/Target) x Weight	Assessment and Establish Competency Level of the Organization	25%	1.25%	No Assessment conducted and no Competency Level established	0%	Inception Report Billing Statement Status Report showing the timeline/ date of assessment and establishment of the competency level of the organization (Status Report as of 31 December 2017 and 31 August 2018)	The request for reconsideration is DENIED . The provision of the Actual over Target rating scale is to allow the grant of partial score in the event that only a portion of the employees were assessed (e.g. 20% of the total employees). However, it is not the intention of the rating scale to provide a partial score for actual processes undertaken.
	SO 9 Develop and Implement Complementary Management and Technological Systems to Support Business Operations											
	SM 14	Percent of Compliance with Information Systems	Tasks & Activities Completed for Year/ Tasks &	5%	(Actual/Target) x Weight	50% Completion of Document	90%	5%	90% Completion of Document Manage-	5%	Notice of Award; Notice to Proceed;	The request for reconsideration is APPROVED based on GCG's validation on the

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	Strategic Plan (ISSP)	Activities Planned for the Year			Management and Imaging System			ment and Imaging System		Delivery Receipt; Service Report; and, Workplan Status.	newly submitted additional supporting documents.
Sub-Total			10%				6.25%		5%		
TOTAL			100%				76.77%		76.46%		

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