

AL-AMANAH ISLAMIC INVESTMENT BANK OF THE PHILIPPINES (AAIIBP)
Validation Result of 2020 Performance Scorecard

	Objective/ Measure	Component			AAIIBP Submission		GCG Validation		Supporting Documents	Remarks		
		Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual			Rating	
	SO 1	Maximize Utilization of Loanable Funds										
FINANCIAL	SM 1	Increase of Loan Releases	Actual Accomplishment	15%	(Actual / Target) x Weight	₱558.04 Million	₱73.07 Million	n.d.	<u>Measure Excluded</u>	<u>Measure Excluded</u>	-	<p>The exclusion of the measure is due to representations that the initiative of AAIIBP to sell its unissued shares to secure additional capital did not materialized and was not approved by its Parent Bank.</p> <p>With this initiative denied, AAIIBP's capital is no longer sufficient to cover any loan releases.</p> <p>The Governance Commission notes and highlights that the AAIIBP's financial condition is unstable and its capital adequacy ratio at critical level with Common Equity Tier 1 (CET1) and Total CAR is only at 2.61% and 3.43%, respectively, per the BSP published balance sheet ended 31 December 2020, below the required</p>

Objective/ Measure	Component			AAIIBP Submission		GCG Validation		Supporting Documents	Remarks	
	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual			Rating
									minimum capital ratio of 6% for CET 1 and 10% for Total CAR.	
SO 2	Manage Cost and Expenses									
SM 2	Minimize Net Loss	Total Revenues – Total Expenses	10%	<u>10% = lower than (P84.71 Million)</u> <u>5% = between (P84.71 Million) to (P90 Million)</u> <u>0% = higher than (P90 Million)</u>	P (84.71 Million)	P (83.90 Million)	n.d.	P(86 Million)	5%	COA Annual Audit Report COA Notes to Financial Statement Validated accomplishment based on the COA Annual Audit Report. The rating scale was modified to conform with the target.
SO 3	Grow Funding Base									
SM 3	Increase Deposit Level	Sum of all Deposits from Private and Government Sector	15%	(Actual / Target) x Weight	P685.77Million	P644.28 Million	n.d.	P644.28 Million	14.09%	COA Notes to Financial Statement BSP Published Balance Sheet Validated accomplishment based on the COA Audit Report.
SM 4	Manage Net Non-Performing Loans Ratio	(Non-performing Loans – Specific Loans Loss provision) / Total Loan Portfolio	10%	1-[(Actual - Target) / Target] x Weight 2% and above = 0%	Not exceeding the Philippine Bank standard as of end of the year	0%	n.d.	0%	10%	BSP Published Balance Sheet Acceptable.
		Sub-Total	50%						29.09%	

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	SO 4	Develop Islamic Products and Services										
CUSTOMERS	SM 5	Increase Availment of Deposit Products (Islamic); Pilgrimage Savings Plan (PSP)	Total number of <u>new</u> accounts under PSP	5%	(Actual/Target) x Weight	240	7	n.d.	7	0.14%	Report generated from SavePlus System – Consolidated Balances per Quarter	Acceptable. The formula was corrected to reflect the objective of the target which is to monitor new accounts.
	SM 6	Increase Availment of Financing Products (Islamic) -Al-Murabahah -Al-Bai Bithaman Ajil -Al-Ijarah -Al-	Total number of accounts under the Islamic Financing Products	5%	(Actual/Target) x Weight	70 additional accounts	17	n.d.	17	1.21%	10 sample of loan applications Database for 2020 loan releases	Acceptable.
	SO 5	Attract New Accounts										
	SM 7	Increase Additional Number of Deposit Accounts (Conventional and Islamic net of DSWD Accounts)	Total number of new deposit accounts (Conventional and Islamic) less DSWD accounts	5%	(Actual/Target) x Weight	8,343	8,914	n.d.	7,762	4.65%	Report generated from SavePlus System – Consolidated Balances per Quarter	Only 7,762 out of 8,914 are Conventional and Islamic Accounts.
	SO 6	Ensure Customer Satisfaction										
	SM 8	Percentage of Satisfied Customers	Number of respon-	10%	(Actual / Target) x Weight	95%	96%	n.d.	Report not acceptable	0%	Customer Satisfaction Report	AAIIBP was not able to submit an adequate back-

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			dents who rated AAIIBP service with at least Satisfactory and Very Satisfactory / Total Number of Respondents		0% = if below 80%					Accomplished questionnaire	checking and spot-checking report. The Survey Report was prepared by the Branch Review Unit of AAIIBP, contrary to the GCG'S requirement for a third-party to conduct the analysis and report generation of the survey.	
			Sub-Total	25%					6%			
SO 7	Increased Accessibility (ATM and other distribution channels)											
SM 9	Increase Number of Branches with ATMs installed	Number of Branches with ATMs installed	5%	(Actual / Target) x Weight	3	ATM operation are still suspended. AAIIBP are planning to fully implement the Easy Debit by February 2021	n.d.	<u>Measure Excluded</u>	<u>Measure Excluded</u>	-	Measure excluded considering the financial constraints of AAIIBP.	
SO 8	Implement Process Improvements (Improved TAT, Controls)											
SM 10	Percent of Transactions Processed within	Number of loans transactions processed within prescribed period / Total number of	10%	(Actual / Target) x Weight If below 93% = 0%	100% of loan transactions are processed within the prescribed TAT		99%	n.d.	88%	0%	Database of loan applications processed in 2020 Sample of loan applications	Based on the review of supporting documents, 5 out of 41 total loan applications received were

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	Turnaround Time (TAT) ¹	loan applications with complete documentation									processed beyond the prescribed TAT: FA 2020-009i FA 2019-017MF FA 2019-018MF FA 2021-006MF FA NO. 2020-009I
		Sub-Total	15%				15%		0%		
SO 9	Improve Competencies (Islamic Banking Operations)										
SM 11	Improve Competencies of employees	Competency Baseline 2020 ² – Competency Baseline 2019	10%	All or Nothing	Improvement on the Competency Level of the Organization based on the 2019 year-end assessment	In general, the competency level of the organization for FY2020 have improved	n.d.	3.9%	10%	2019 and 2020 Competency Database Sample of individual competency assessment	AAIIBP's competency level increased from 110.09% in 2019 to 113.99% in 2020.
		Sub-Total	10%						10%		
		TOTAL	100%							45.09% out of 80% or 56.36% out of 100%	

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¹ Applicable Turnaround Time shall be in accordance with AAIIBP's compliance with Republic Act No. 11032 otherwise known as the Ease of Doing Business and Efficient Government Service Delivery Act of 2018.

² Improvement in the competency baseline of the organization shall pertain to the average percentage of required competencies met which can be computed using the following formula:

$$\frac{\sum_{b=1}^B \left[\frac{y^A (\text{Actual Competency Level}) - a + 1 (\text{Required Competency Level})}{A} \right]}{B}$$

where: a = Competency required, A = Total number of competencies required of position, b = Personnel profiled, B = Total number of personnel profiled