

DEVELOPMENT BANK OF THE PHILIPPINES
Performance Scorecard CY 2015

		Component		Target	Accomplishment		CGO A Validation		Supporting Data	Remarks	
		Objective / Measures	Weight	Rating Scale	2015	Actual	Rating	Actual	Rating		
CONSTITUENCY (STAKEHOLDERS)	SO 1	Support Government Priority Programs and Inclusive Growth Initiatives									
	SM 1	Percentage Growth of Loan Portfolio to: 1a. <u>Priority Areas</u> Infrastructure & Logistics, Social Services, MSMEs, Environmental Protection	12.5%	Actual / Target x Weight	₱104,598 Mn	₱96,902 Mn	11.58%	₱96,902 Mn	11.58%	Reports from the Middle Market Group (MMG), Corporate Banking Sector (CBS), Development Sector (DS), and Branch Banking Sector (BBS)	<ul style="list-style-type: none"> • Despite not achieving target on both measures, total loans to priority and other priority areas grew by 8% from last year's outstanding balance. • Loans to priority areas (not including other priority areas) grew by 4% and equivalent to amount terms of ₱4 Bn. • Remarkable in 2015 is the 34% increase in loans of the DS and 27% increase in BBS loans. Other lending groups grew by single digit. • 65% of the total loans is generated by the CBS.
		1b. <u>Other Priority Areas</u> Manufacturing, Construction, Real Estate Renting, Wholesale and Retail Trade, Agribusiness, Financial Intermediation	12.5%	Actual / Target x Weight	₱60,000 Mn	₱59,703 Mn	12.44%	₱59,703 Mn	12.44%		
SM 2	Percentage of Satisfactory Customer Rating	5%	Actual / Target x Weight	90% average bankwide rating using existing internal customer survey system	94.6% bankwide average client rating using existing internal customer survey system	3.00%	94.6% bankwide average client rating using existing internal customer survey system	3.00%	<ul style="list-style-type: none"> • Report from the Chief Marketing Officer submitted to the Head of the Strategic Planning & • DBP conducted its customer satisfaction survey in-house. • The target was renegotiated as original target is a survey conducted by a third 		

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CONSTITUENCY (STAKEHOLDERS)	SO 2	Expand Credit Access for the Following Sectors: LGUs, Water Districts and Electric Cooperatives									
	SM 3	Total Loan Approvals for LGUs, Water Districts And Electric Cooperatives	11%	Actual / Target x Weight	₱20,000 Mn	₱20,953 Mn	11.00%	₱20,953 Mn	11.00%	Accomplishment report of the BBS submitted to the Head of the Strategic Planning Group (SPG)	<ul style="list-style-type: none"> This is a breakthrough goal and was determined by DBP under the theme "Development Powered by Governance". Considering that ICRRS for those identified sectors are unique due to the nature of their operations, DBP enhanced the risk rating to those sectors. In 2014, DBP targeted to approve loans to LGUs, WDs and ECs amounting to ₱60.0 Bn over three years, i.e. 2014 to 2016. Total of loans released as of end-2015 is ₱48.12 Bn; based on the ₱60.00 Bn target, ₱11.88 Bn is still for release in 2016.
	Sub-Total Weight		41%				38.02%		38.02%		
FINANCE	SO 3	Intensify Deposit Generation Capabilities									
	SM 4	Percent Increase in Total CASA Deposits	10%	Actual / Target x Weight	20%	30%	10%	30%	10%	Accomplishment report of the BBS submitted to the Head of	<ul style="list-style-type: none"> CASA deposits comprise 63% of the total deposits. The other 37% are term loans.

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FINANCE										the Strategic Planning Group (SPG)	<ul style="list-style-type: none"> For CASA deposits, branches account for 91% of the total while the Financial Center accounts for the 9%. DBP maintained the same growth of CASA deposits in 2015 as like in the previous year, i.e. 30%. The percentage growth translates to ₱110.10 Bn in amount terms. End-2014 CASA deposit balance is ₱84.65 Bn.
	SM 5	Percent Increase in Total Deposits from the Countryside	10%	Actual / Target x Weight	9%	26%	10%	26%	10%		<ul style="list-style-type: none"> 31 December 2015 countryside deposit balance is ₱111.70 Bn. The 26% growth in 2015 is equivalent to an increase of ₱22.93 Bn. Deposits from the countryside is 34% of the total deposit balance.
	SO 4	Improve the Quality and Balance of Loan Portfolio									
	SM 6	Net Income	5%	Actual / Target x Weight	₱4,500 - if MRTC has not been sold ₱3,600 - if MRTC has been sold	₱4,711 Mn	5%	₱4,711 Mn	5%	Unaudited financial statements for 2015 certified by the Head of Accounting and verified with the uploaded financial	<ul style="list-style-type: none"> Despite a decrease of 11% from NI last year, DBP managed to grow its NI in 2015 by a modest 2.4%. Actual NI is greater than the target by ₱211.00 Mn (MRTC was not sold).

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FINANCE										statements in the DBP website	<ul style="list-style-type: none"> The driver for the increased NI is Forex Gain. Of the ₱4,711 Mn NI, ₱2,341.13 Mn were remitted as dividends to the National Government.
	SM 7	Return on Equity	3%	Actual / Target x Weight	10.60% - if MRTC has not been sold 8.45% - if MRTC has been sold	11.67%	3%	11.67%	3%	Report certified by the Head of Accounting	<ul style="list-style-type: none"> Last year's ROE is 11.11%. Industry average as of December 31, 2015 is 9.80%.
	SM 8	Portfolio Quality - NPL Ratio (Net)	3%	All or nothing	1.50%	1.40%	3%	1.36%	3%		<ul style="list-style-type: none"> DBP maintains enough provision for non-performing loans hence, it manages to lower the percentage for NPL (Net) level Gross NPL (prior to provisions) is 6.61%. Industry average (as of Dec 2015) for NPL are: <ul style="list-style-type: none"> - Gross – 1.60% - Net – 0.38%
	SO 5	Strengthen Balance Sheet and Improve Credit Rating									
SM 9	Maintain Adequate Capital	2%	If below 8.5% = 0 score If 8.5% or above = 2% score	18% (5% above the 12.5% BSP CAR requirement)	16.64%	1.85%	16.64%	2.00%	Report certified by the Head of Accounting	<ul style="list-style-type: none"> Industry average (as of Sept 2015, latest available) is 15.55%. DBP's submitted score of 1.85% is not in accordance with the agreed rating system 	

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											hence, the upward adjustment.
	SM 10	Credit Rating, i.e. S&P & Fitch	1%	All or Nothing	Maintain current rating BBB/BB+	BBB/BB+	1.00%	BBB/BB+	1.00%	Copy of Report extracted from Fitch's/S&P's indicating the Rating Results	<ul style="list-style-type: none"> Fitch rated DBP with BB+ S&P rated DBP with BBB Both rating agencies cited their view that there is an extraordinary government support to the Bank.
	Sub-Total Weight		34%				33.85%		34.00%		
INTERNAL PROCESS	SO 6	Streamline and Update Existing Credit and Other Processes									
	SM 11	TAT in Processing of Loan Applications (above ₱10 Mn)	5%	Actual / Target x Weight	To achieve 44% reduction in TAT based on actual 87.5 working days as baseline	44.8% attained reduction in TAT	5.00%	44.8% attained reduction in TAT	5.00%	Copy of Mancom Resolution No. 0078 on the Project Streamlining Status Update	<ul style="list-style-type: none"> DBP organized the Project Streamlining to study, monitor and improve existing processes aimed at improving the efficiency of processes within the Bank. Average TAT of loans prior to the Project Streamlining is 87.5 banking days. By end-2015, average TAT was reduced to an average of 48.3 banking days.

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INTERNAL PROCESS	SO 7	Develop and Utilize ICT Toward Improved and Diversified Services								
	SM 12	Percentage of Completion of Integration of DBP Core Systems	5%	Actual / Target x Weight	<p>Implementation of:</p> <p>a) Credit Appraisal System - shortening of TAT for loan processing</p> <p>b) Integrated Central Disbursement System - shorter processing time and more accurate recording of disbursements</p> <p>c) Centralized Procurement - cost efficiency through bulk purchases</p> <p>d) Signature Verification System -efficient service to clients and allow withdrawals from any branches</p>	<p>100% completed and implemented:</p> <p>a) Integrated Central Disbursement</p> <p>b) Centralized Procurement</p> <p>c) Signature Verification System</p> <p>97% completed:</p> <p>d) Credit Appraisal System</p>	5.00%	<p>100% completed and implemented:</p> <p>a) Integrated Central Disbursement</p> <p>b) Centralized Procurement</p> <p>c) Signature Verification System</p> <p>97% completed:</p> <p>d) Credit Appraisal System</p>	5.00%	<ul style="list-style-type: none"> • Copy of ITSC Resolution No. 123 – DSM – Updates on the iCDS • Copy of ITSC Resolution No. 098 – PSM – Updates on PSM's eRPICAS (Centralized Procurement) • Copy of Mancom Resolution No. 0166 – IT Operations Management Report for the First Sem 2015 • Copy of ITSC Resolution No. 018 – CAM – Status Updates on CAMIS

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INTERNAL PROCESS	SO 8	Strengthen Risk Management and Regulatory Compliance									
	SM 13	Automation of Risk Management System	5%	All or Nothing	Integrate ICRRS into core banking system. Completion of the ICRRS Validation by the third party expert/external consultant and knowledge transfer/training to enable internal ICRRS validation	ICRRS integrated into core banking system 100% completed: ICRRS validation by the third party expert/external consultant Training conducted	4.50%	ICRRS integrated into core banking system 100% completed: ICRRS validation by the third party expert/external consultant Training conducted	4.50%	Report from the head of the Credit Management Group	No further comments.
	Sub-Total Weight		15%				14.50%		14.50%		
ORGANIZATION (LEARNING & COMPETENCE)	SO 9	Innovate and Grow Capable, Motivated, Committed and Results-Oriented Professionals									
	SM 14	Improve Competency Level of Employees	5%	All or Nothing	Develop Competency Framework (rename to Develop a Competency Model)	DBP competency model approved by the DBP PCEO	5.00%	DBP competency model approved by the DBP PCEO	5.00%	Copy of the PCEO's approval of the Competency Framework	DBP completed the Competency Framework for 2015.
	SO 10	Integrate Certified Management Systems For Streamlined Operations And Decision-Making, Wider Participation and Efficiency in Resource Use									
SM 15	Establish QMS/EMS	5%	All or Nothing	Recertification of the Bank's Integrated Management System. Per process	Recertification of the Integrated Management System signifying compliance to ISO9001:2008	5.00%	Recertification of the Integrated Management System signifying compliance to ISO9001:2008	5.00%	Copy of Certificate of Registration for ISO 9001:2008 and 14001:2004 as	No further comment.	

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			Management, certification is done from various process within respective business units.	and ISO 14001:2004 as certified by Certification International Philippines Inc. (CIPI) covering the following 14 Bank processes for the sites: Head Office, 15 RMCs and 96 branches. 1. Corporate Governance 2. Remittance Service Operations 3. Deposit and CASA Account Management 4. Electronic Banking 5. ATM Operations 6. Development Banking 7. Investment Banking 8. Capital Markets 9. Trust Services 10. Asset Management		and ISO 14001:2004 as certified by Certification International Philippines Inc. (CIPI) covering the following 14 Bank processes for the sites: Head Office, 15 RMCs and 96 branches. 1. Corporate Governance 2. Remittance Service Operations 3. Deposit and CASA Account Management 4. Electronic Banking 5. ATM Operations 6. Development Banking 7. Investment Banking 8. Capital Markets 9. Trust Services 10. Asset Management		certified by Certification International Philippines Inc. (CIPI) covering the following 14 Bank processes for the sites: Head Office, 15 RMCs and 96 branches.	

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						11. Treasury Trading Operations 12. Treasury Marketing and Liquidity Management 13. Branch Banking Services 14)Accounting		11. Treasury Trading Operations 12. Treasury Marketing and Liquidity Management 13. Branch Banking Services 14)Accounting			
		Sub-Total Weight	10%				10.00%		10.00%		
		Total Weight	100%				96.37%		96.52%		