

**SMALL BUSINESS CORPORATION (SBC)
2017 Performance Scorecard Evaluation**

	Component				SBC Submission		GCG Validation		Supporting Documents	GCG Remarks	
	Objective/Measure	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual			Rating
SOCIAL IMPACT	SO 1 Improved Access to Finance by Unserved MSMEs										
	SM 1	Total Financing Portfolio	Year-end earning loan portfolio ¹	15%	Above ₱3.90 Billion = 15% ₱2.61 Billion to ₱3.90 Billion = 10% ₱2.43 Billion to ₱2.60 Billion = 5% Below ₱2.43 Billion = 0%	₱3.90 Billion	₱2.99 Billion	10%	₱2,987,599,918	10.00%	<ul style="list-style-type: none"> Breakdown of the Total Financing Portfolio General Ledger Report on Equity Ventures Program COA Annual Audit Report
SM 2	Total Number of MSMEs Served	Absolute count ²	10%	(Actual / Target) x Weight	2,400	17,103	10%	17,103 MSMEs Availed of the Portfolio Guarantee Facility, Credit Risk Guarantee Fund, and Regular Credit Guarantee Programs, Retail Lending, and	10.00%	<ul style="list-style-type: none"> Certification on Total Number of MSMEs Assisted³ List of Active Borrowers List of P3 Retail Accounts List of Active Guarantee Accounts Guarantee Subcontracts 	Acceptable. The substantial increase in the number of MSMEs served in 2017 is due to the difference in the formula. Unlike in 2016, the formula for 2017 includes all MSMEs served regardless of the program they were enrolled in. Also, the implementation of the P3

¹ Includes wholesale, MF wholesale, retail regular, retail-ERF, equity financing, P3.

² Active retail lending and all ERF and equity financing clients, P3.

³ Under Portfolio Guarantee Facility, Credit Risk Guarantee Fund, and Regular Credit Guarantee.

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							P3 Retail Programs of the SBC		of Sampled Banks	program was rolled-out in the same year.
SM 3	Partially-Secured Financing Ratio (Not More Than 50% Secured)	Number of unsecured borrowers / Total number of borrowers – retail lending and equity financing ⁴	5%	All or Nothing	75% - 81%	92%	5%	91.24%	5.00%	<ul style="list-style-type: none"> List of Partially Secured Loans based on Credit Approvals for 2017 on Retail Lending, ERF, and P3 Loan Approval Memorandum of Sampled Retail Accounts <p>Upon validation, the Governance Commission found that the partially-secured financing ratio for 2017 is 91.24%. The difference is due to the double counting of three borrowers as presented in the supporting documents submitted. Despite the difference, SBC still exceeded its target.</p>
SM 4	First Time Borrowers Ratio	Number of first time borrowers ⁵ / Total number of borrowers – retail lending and equity financing, ERF, P3-retail ⁶	5%	Above 61% = 5% 42% - 61% = 3% Below 42% = 0%	42%	68%	5%	67.53%	5.00%	<ul style="list-style-type: none"> List of Borrowers classified as New and Renewed for 2017 on Retail Lending, ERF, and P3 Approval Letter of Sampled <p>Upon validation, there were 732 first time borrowers in 2017 out of the 1,084 total approved borrowers of the SBC. Of the 732 first time borrowers, 410 are under its retail lending program and 322 are from the P3 program. As such, the</p>

⁴ Based on approved borrowers within the year inclusive of credit line renewals; count inclusive of ERF, retail, P3-retail.

⁵ With no prior borrowing from banks.

⁶ Based on approved borrowers within the year inclusive of credit line renewals.

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										Retail and P3 Accounts	first time borrowers ratio for 2017 is 67.53%. The difference between the reported score and validated rating is due to the double counting of two MSMEs; still, SBC exceeded its target.	
SO 2 Mainstreamed MSME-Finance thru the Banking Sector												
	SM 5	MSME Loan Portfolio of Banks Supported by SBCorp Credit Guarantee	Loans guaranteed within the year	5%	(Actual / Target) x Weight	₱1 Billion	₱1.129 Billion	5%	₱1.129 Billion	5.00%	<ul style="list-style-type: none"> List of Active Guarantee Contracts Guarantee Subcontracts of Sampled Banks 	Acceptable. SBC exceeded its target.
			Sub-total	40%				35%		35.00%		
SO 3 Sustained Operating Income												
FINANCIAL	SM 6	Operational Self-Sufficiency Ratio	Core revenues / Total expenses ⁷	10%	Above 82% = 10% 80% - 82% = 8% 75% - 79.99% = 5%	80%	89%	10%	84.17%	10%	<ul style="list-style-type: none"> SBC's Computation of Net Operating Income and Operational Self-Sufficiency Ratio 	Actual score was revised using COA Audited Financial Statements (FS) and using the formula provided under the GCG-modified Performance Scorecard. Based on the COA Audited FS, core

⁷ Core revenues = Interest income from financing programs + Credit guarantee and venture capital; Total expenses = Administrative expenses + Finance cost + Credit risk cost excluding capacity building cost.

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				70% - 74.99% = 3% Below 70% = 0%						<ul style="list-style-type: none"> COA Annual Audit Report 	<p>revenues amounted to ₱256.60 Million while total expenses amounted to ₱304.86 Million.</p> <p>Despite this, SBC still exceed its target.</p>
Sub-total			10%				10%		10.00%		
SO 4 Customer Satisfaction											
CUSTOMERS											
	SM 7	Customer Satisfaction Survey	Number of respondents who gave a Satisfactory rating or higher / Total number of respondents	10%	All or Nothing	90% of Respondents gave a Rating of Satisfactory or Higher	100% of Respondents Satisfied with the Program of P3, Nine out of Ten Being Definitely Satisfied with the Program	10%	Customer Satisfaction Survey conducted for P3 Clients Only	0.00%	<ul style="list-style-type: none"> Report on the Customer Satisfaction Survey among Clients of SBC who Experienced P3 from a Third Party (Market Relevance Corporation) Terms of Reference for the Procurement of a Third Party Consultant to Conduct and Assess the Customer Satisfaction Survey to P3 Clients

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											may not translate to the satisfaction of its clients availing of the other products and services of the SBC. Further, the Governance Commission finds that the explanation presented by the SBC on the non-inclusion of other clients submitted through a letter dated 16 August 2018 run counter to the purpose of rolling-out the satisfaction survey. Conducting the survey once to determine the satisfaction of its clients for a particular program will not ensure that quality service is consistently provided by the SBC to all its stakeholders. It merely assesses the program of the corporation and not the service provided by the SBC.
SM 8	Number of Capacity Building Participants	Absolute number ⁸	5%	(Actual / Target) x Weight	300	343	5%	-	1.57%	<ul style="list-style-type: none"> List of Financial Institutions with Capacity Building Participants on Risk-Based 	Based on the submission of new evidentiary documents, the Governance Commission was able to validate that as of yearend 2017, the

⁸ Cumulative count which includes RBL, SME-AO, EEPro and MSME clues under other capacity building services.

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										SME Lending Strategy • Certification of MSME Attendees of the Enterprise Enhancement Program • List of Graduates of the SME Business Specialist Certification Program • Certification of MSMEs that Completed the Financial Management for MSMEs Training • Copies of Reports from Consultant • Copies of Purchase Orders • Copies of Memoranda on the Endorsement of Consultant • Copies of Technical	SBC was able to provide capacity building programs to 94 participants. The validated number of participants include only those who have successfully completed the capacity building course as of yearend 2017. Specifically, for the Risk Based SME Lending Strategy Program and the Enterprise Enhancement Program, the validated number of participants were based on the final report of the consultant. Hence, MSMEs or financial institutions reported by the consultant to have completed the two programs were considered as accomplishment. On the other hand, the submitted additional supporting documents proving the attendance of the participants on the SME Business Specialist Certification Program and Financial Management

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									Evaluation of Consultants • Copies of Capacity Building Account Approval Memo	for MSMEs Training were deemed insufficient. Thus, from an initial score of 0%, the SBC is awarded a rating of 1.57%.		
Sub-total		15%				15%		1.57%				
INTERNAL PROCESS	SO 5 Improved Service Delivery											
	SM 9	Improve Processing Time for All Accounts in Credit Lending	Number of days from CI to issuance of notice of approval	10%	[1 - (Actual / Target)] x Weight	Average of 45 Days	49.175 Days	9%	45.74 Days	9.99%	• Summary of Loan Approval Turn-Around Time (Retail Lending Program, ERF) • Loan Approval Turn-Around Time Matrix	For 2017, the SBC processed 765 loan applications. Upon validation, the processing time averaged 45.74 days. The shortest processing time is within the day while the longest processing time is 515 days.
	SO 6 Improved Resource Management thru Risk Management											
SM 10	Risk Maintenance Rate	Number of risk-rated borrowers with Borrowers Risk Rating (BRR) score 1 to 6 / Total number of risk-related borrowers as	15%	95% and Above = 15% 90% - 94.99% = 10% 85% - 89.99% = 5%	90%	95%	15%	-	0.00%	• Summary of Borrower Sustainability Ratio • Borrower Risk Rating Guidelines • Borrower Risk Rating Scorecard of	Similar to the evaluation of the 2016 Performance Scorecard, the inconsistencies in the submissions of the SBC resulted in the inability of the Governance Commission to properly evaluate the performance of SBC since the validity	

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		of beginning of year ⁹		Below 85% = 0%						Sampled Retail Accounts	and accuracy of documentary evidence presented is under question. Thus, SBC receives zero rating for this measure.	
Sub-total			25%				24%		9.99%			
SO 7 Aligned Organization and Competence to Support Risk-based MSME Financing												
0LEARNING AND GROWTH	SM 11	Competency Level	Number of positions assessed / Total number of positions	5%	All or Nothing	50% of the Competency Areas ¹⁰ with the Highest Gap Addressed	Competency Areas with the Highest Gap Addressed	5%	Identified Competency Areas with the Highest Gap Addressed	5.00%	<ul style="list-style-type: none"> Management Committee Resolution No. 2018-02-087 noting the 2017 Accomplishment Report on the Learning and Development Interventions for the Officers and Employees of SBC Memorandum on SBC's Learning and Development Interventions 	Acceptable.

⁹ Borrowers under retail lending, excluding ERF.

¹⁰ Technical competencies (business regulation, business analysis, and risk management) and core or generic competencies (judgment and decision-making, planning and organizing, and technology orientation).

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										in 2017 as Compliance with the GCG Approved Scorecard • Accomplishment Report as presented by the Human Resource Management and Development Group • List of Learning and Development Interventions provided to SBC Officers and Employees • Copy of Training Certificates	
SO 8 Strengthen Competencies of Employees in the Organization											
SM 12	ISO Certification	Actual accomplishment	5%	Both Maintenance of ISO 9001:2008 and Readiness for ISO 9001:2015	Maintain ISO 9001:2008 and Readiness for ISO 9001:2015 Certification	Passed Surveillance Audit and Conducted Training on Readiness for ISO 9001:2015	5%	Maintain ISO 9001:2008	2.50%	• Audit Report on the ISO 9001:2008 Standard recommending for the Maintenance of Existing Certification	Review of the submitted supporting documents shows that the SBC was able to maintain its ISO 9001:2008 Certification. While the SBC was able to submit a new document (Certificate from a Third Party

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					Certification = 5% Either Maintenance of ISO 9001:2008 or Readiness for ISO 9001:2015 Certification = 2.50%						<ul style="list-style-type: none"> • ISO 9001:2008 Certification from TUV Rheinland • Contract of Service with BCJA Training and Travel Consultancy that the BAC recommended the Award of the Development of an ISO 9001:2015 Certifiable Quality Management System of SBC to the Corporation • Memorandum on the Awarding of Contract, Contract of Service and Awarding of Contract • Roadmap for the Development of an ISO 9001:2015 	Service Provider) to substantiate its reported accomplishment on the target "Readiness for ISO 9001:2015 Certification", the Governance Commission found the submitted certificate insufficient to support the reported accomplishment of the organization. The certificate only states that the corporation underwent a series of activities as part of its readiness to transition to the ISO 9001:2015 standard and does not explicitly stipulate that the SBC is ready to transition to the ISO 9001:2015 standard. In view of the foregoing, the 2.50% score awarded to the measure was retained.

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											Certifiable Quality Management System • Certificate from Third Part Service Provider stating the Activities Conducted as Part of its Readiness to Transition to the ISO 9001:2015 Standard	
Sub-total				10%				10%		7.50%		
TOTAL				100%				93.90%		64.06%		