

**DBP LEASING CORPORATION (DBP-LC)  
Validation Result of 2020 Performance Scorecard**

Objective/Measure	Component			DBP-LC Submission <sup>1</sup>		GCG Validation		Supporting Documents	GCG Remarks		
	Formula	Weight	Rating Scale	Actual	Rating <sup>2</sup>	Actual	Rating				
<b>SOCIAL IMPACT</b>											
SO 1	Support the Government's Economic Development Priorities by Providing Leasing and Other Asset-Based Financing Services to Various Industries										
SM 1	Increase Total Loan and Lease Portfolio (Net as per Balance Sheet)	Absolute Amount <sup>3</sup>	25%	(Actual / Target) x Weight	₱3.10 Billion	₱2.929 Billion	23.62%	₱2.928 Billion	23.61%	2020 COA Annual Audit Report	Target not met.  The validated accomplishment is computed by adding the Lease Receivables (Net) (₱1.564 Billion) and Loans Receivables – Others (Net) (₱1.363 Billion).
	<b>Sub-total</b>		<b>25%</b>				<b>23.62%</b>		<b>23.61%</b>		
<b>FINANCIAL</b>											
SO 2	Achieve Expected Return on Shareholder Investment by Growing Revenues through the Expansion of Credit Portfolio and by Efficient Management of Resources										
SM 2	Maintain Return on Equity-Net Income After Tax (ROE-NIAT)	Net Income After Tax / Average Net Worth	20%	(Actual / Target) x Weight	2% <sup>4</sup>	1.55%	15.50%	1.51%	15.10%	2020 COA Annual Audit Report	Target not met.  The validated actual accomplishment is computed based on a NIAT of ₱16.47 Million and average net worth of ₱1.087 Billion.
	<b>Sub-total</b>		<b>20%</b>				<b>15.50%</b>		<b>15.10%</b>		

<sup>1</sup> Based on DBP-LC's submission dated 23 June 2021. Officially received by the Governance Commission on 23 June 2021.

<sup>2</sup> The rating for the measure was computed by the Governance Commission based on the reported accomplishment as there were no self-ratings provided in the Quarter Monitoring Report.

<sup>3</sup> Net per Balance Sheet is composed of Financial Lease (Principal excluding Interest)/Loan Receivable + Residual Value (Financial Lease)

<sup>4</sup> Target is based on the revised financial projection for 2020 with Equity expected to reach ₱1.047 Billion, while NIAT projected to decline to ₱17.34 Million.

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<b>STAKEHOLDERS</b>										
SO 3	Provide Access to DBP Priority Sectors and SMEs to DBP-LC Financing Services									
SM 3	Increase the Percentage of Clients within the DBP Priority Sector and SMEs	Number of Clients within the DBP Priority Sector and SMEs / Total Number of Clients	10%	(Actual / Target) x Weight	76%	10%	26.09%	3.43%	Summary of Loan and Lease Portfolio List of SME Clients Balance Sheets of SMEs Basis of DBP Priority Sectors (DBP Website)	Validated actual covers 18 SME clients out of the reported 69 clients.  The supporting document submitted were insufficient to objectively validate the reported accomplishment since these do not categorize the clients per sector.  The Governance Commission requested for submission of additional documents, but DBP-LC did not submit any despite follow-ups made on 08, 10, and 11 January 2022.
SO 4	Achieve a Satisfactory Rating from Customers in the Delivery of Financing Services									
SM 4	Percentage of Satisfied Customers	Number of Respondents who Gave At Least Satisfactory Rating / Total Number of Respondents	5%	(Actual / Target) x Weight If Less Than 80% = 0%	90%	5%	100%	5%	2020 CSS Final Report Data Collection Quality Control Report Sample of Accomplished Survey Forms	Target exceeded.
		<b>Sub-total</b>	<b>15%</b>			<b>15%</b>		<b>8.43%</b>		

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<b>INTERNAL PROCESS</b>											
SO 5	Diversify Industry Exposure with Expanded Market Coverage and Product Offerings										
SM 5	Increase the Number of New Accounts Approved	Absolute Number	5%	(Actual / Target) x Weight	5	3	3%	3	3%	List of 2020 Approved Accounts Copies of Credit Approval Forms and Application Documents	Target not met.
SM 6	Ensure Geographical Spread of Credit Accounts	Number of Measures accomplished with Targets / Total Number of Measures <sup>5</sup>	5%	(Actual / Target) x Weight <sup>6</sup>	100% of Targets for 2020 Based on the Board-Approved Roadmap <sup>7</sup>	100%	5%	Cannot Be validated	0%	Board-Approved Revised Roadmap List of 2020 Approved Accounts	The Governance Commission was unable to validate the reported accomplishment due to insufficient documentation. The validation of the Governance Commission is provided in <b>Appendix 1</b> .
SO 6	Achieve High Quality Portfolio Through Adoption of Best Practices in Account Management and Credit Risk Due Diligence										
SM 7	Improve Past Due Rate <sup>8</sup>	Total Past Due / Total Portfolio	5%	{1 - [(Actual - Target) / Target]} x Weight	≤5% <sup>9</sup>	6.28%	3.72%	7.54%	2.46%	2020 COA Annual Audit Report	Target not met.  The validated accomplishment was based on a total past due receivable amounting to ₱220.83 Million and total loan and lease portfolio of ₱2.928 Billion.

<sup>5</sup> See footnote number 7 and 8.

<sup>6</sup> Actual will be based on the accomplishment of the target for each measure in DBP-LC's Roadmap for Geographical Spread of Credit Accounts (See footnote no. 7).

<sup>7</sup> Revision of the target is subject to the presentation of the Board-approved revised Roadmap. Per the original performance scorecard, DBP-LC's Roadmap for Geographical Spread of Credit Accounts: Percentage of Assets Outside NCR = 26%; Number of Clients Outside NCR = 12; Number of New Products/ Programs for SMEs = 1 (roll-out)

<sup>8</sup> The 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.

<sup>9</sup> Revision of the target will be based on DBP-LC's application, or not, of Bangko Sentral ng Pilipinas' relief under Memorandum Nos. 2020-008, 032, and 061.

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SM 8 Percentage of Real and Other Properties Acquired (ROPA) to Total Assets	Total ROPA / Total Assets	5%	All or Nothing	≤1% <sup>10</sup>	0.29%	5%	0.35%	5%	2020 COA Annual Audit Report	Target met.  The validated accomplishment is computed based on a total ROPA of ₱12.39 Million and total assets of ₱3.553 Billion.
<b>SO 7</b>	<b>Streamline Processes based on Industry Best Practices</b>									
SM 9 Percentage of Applications Processed Within Prescribed Period from Receipt of Complete Requirements	Number of Applications Processed within Prescribed Period / Total Number of Applications with Complete Documents	5%	(Actual / Target) x Weight If Less Than 95% = 0%	100% <sup>11</sup>	100%	5%	Cannot Be Validated	0%	List of 2020 Approved Accounts indicating the Turnaround Time  Copies of Approved Credit Application Forms  Copies of Application Documents of Each Account  Copies of Last Documents Submitted by the Applicant	The DBP-LC has two (2) versions of its Citizen's Charter posted on its website. The first version provides a turnaround time of a minimum of twelve (12) working days and a maximum of twenty (20) working days. The said version did not indicate the effectivity date. The second version provides a processing time of minimum of 45 working days and was effective by June 2015.  The Governance Commission requested clarifications from the DBP-LC but was not provided any. Reported accomplishment is unverifiable absent clear and valid basis to determine the applicable processing time.

<sup>10</sup> Three-year (2016-2018) validated historical data of the percentage of ROPA to total assets averaged 0.62%.

<sup>11</sup> Prescribed period based on DBP-LC's compliance with Republic Act No. 11032 otherwise known as the Ease of Doing Business and Efficient Government Service Delivery Act of 2018.

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SM 10 Attain Quality Management Certification	Actual Accomplishment	5%	All or Nothing	Retain ISO 9001:2015 Certification (Pass Surveillance Audit)	Passed Surveillance Audit	5%	ISO 9001:2015 Certification Maintained	5%	Copy of Audit Report from TUV Rheinland	Target met.
	<b>Sub-total</b>	<b>30%</b>				<b>26.72%</b>		<b>15.46%</b>		
<b>SO 8 Ensure Personnel Complement Best Fit to Achieve Organizational Objectives</b>										
SM 11 Improved Competency Level of the Organization	Competency Baseline <sup>12</sup> 2020 – Competency Baseline 2019	5%	All or Nothing	Improvement in the Competency Baseline of the Organization	March 2021	0%	Cannot Be Validated	0%		Despite the follow up of the Governance Commission, no documentation was provided by the DBP-LC to properly validate the measure.
<b>SO 9 Develop and Implement Complementary Management and Technological Systems to Support Business Operations</b>										
SM 12 Implementation of Information Systems Strategic Plan (ISSP)	Actual Accomplishment	5%	All or Nothing	100% Completion of 2020 Targets Based on ISSP 2020-2024 <sup>13</sup>	March 2021	0%	Cannot Be Validated	0%		The DBP-LC was unable to provide the necessary documents to validate the accomplishments under this measure.
	<b>Sub-total</b>	<b>10%</b>				<b>0%</b>		<b>0%</b>		
	<b>TOTAL</b>	<b>100%</b>				<b>80.84%</b>		<b>62.60%</b>		

**LEARNING & GROWTH**

<sup>12</sup> The competency baseline of the organization shall pertain to the average percentage of required competencies met which can be computed using the following formula:

$$\frac{\sum_{i=1}^B A_i}{\sum_{i=1}^B A_i} \times 100$$

<sup>13</sup> During the annual validation, the reference document shall be the Board-approved revised ISSP 2020-2024 as submitted to or as approved by the DICT, otherwise, the GCG shall still refer to the Board-Approved ISSP 2020-2024 as submitted to the DICT on 20 December 2019.

## VALIDATION OF SM 6: ENSURE GEOGRAPHICAL SPREAD OF CREDIT ACCOUNTS

MEASURE	TARGET	REPORTED ACCOMPLISHMENT	VALIDATED ACCOMPLISHMENT
Percentage of Assets Outside National Capital Region (NCR)	26%	Taking into account the organizational capabilities and access to its intended market, the DBP-LC has further refined the scope of coverage to 15 <sup>1</sup> provinces out of the 39 major geographical areas outside NCR that have been selected for the planned expansion in market coverage.	Unverifiable.  Based on the Revised Roadmap, the measure aims "to determine the relative share of assets [of the corporations] located/ deployed outside NCR" to ensure that the financing assistance of the corporation is not concentrated in NCR. As such, the formula for the measure is "Number of Assets Deployed Outside NCR / Total Number of Assets Deployed".  Due to the non-submission of documentary evidence indicating the number of assets deployed outside NCR and the total number of assets deployed by the corporation in 2020, the Governance Commission could not verify the relative share of assets of the corporations located/deployed outside NCR.
Number of Clients Outside NCR	12	11 <sup>2</sup>	Unverifiable.  Under the Revised Roadmap, the number of clients outside NCR is determined by the Annual Asset Inspection Plans. However, the said document was not submitted by the DBP-LC to the Governance Commission.
Number of New Products/Programs for SMEs	1 (Roll-Out)	The Coastal and Inland Water Transport Vessel Financing Program was successfully pilot tested and implemented resulting in the approval of 3 accounts prior to the onset of COVID-19 pandemic.	Unverifiable.  The DBP-LC did not submit documents to support/justify the roll-out/implementation of the Coastal and Inland Water Transport Vessel Financing Program.

<sup>1</sup> Albay, Camarines Sur, Sorsogon, Occidental Mindoro, Oriental Mindoro, Benguet, Rizal, Quezon, Cebu, Bohol, Davao del Sur, Misamis Oriental, Bukidnon, Sarangani, and General Santos City.

<sup>2</sup> The reported accomplishment includes the following: Autokid Subic Trading Corporation (Subic), Davao Metro Shuttle, Inc. (Davao), Efren Ramirez Construction and General Services Corporation (Batangas), Spouses Isidro C. Paredes and Concepcion B. Paredes dba ICP-FNET Engineering (Bulacan), Great Swiss Metal Builders Corp. (Batangas), Delta Neo Solutions, Inc. (Cavite), DNS Shuttle Service, Inc (Cavite), Comembo Merchandising Corporation (Laguna), Jam Liner, Inc. (Laguna), Asian Aerospace Corporation (Pampanga), and Promesso Business Solutions Corp. (Antipolo).