Annex A

# HOME DEVELOPMENT MUTUAL FUND (Pag-IBIG) Performance Scorecard Evaluation

		Component Dbjective / Measure Formula Wt.			Rating	Target	Submis	sion	GCG Vali	dation	Supporting	
	Objectiv	ve / Measure	Formula	Wt.	Scale	2016	Actual	Rating	Score	Rating	Documents	Remarks
	SO 1	Increase and Su	ustain Member	ship								
CUSTOMER	SM 1	Increase in Membership Coverage	Covered Local and OFW Employees	12%	Actual / Target x Weight	17,589,634 (12,689,971: 76% of Local & 4,899,663:10 0% of OFW)	17,252,834	11.77	Local: 12,496,703 OFW: 4,756,131 Total: 17,252,834	11.73%	<ul> <li>Report on the active membership level per area and branch, as approved by the Department Manager and submitted to COA</li> </ul>	Pag-IBIG's active membership level as of 31 December 2016 is 17,252,834, which is lower to the set target of 17,589,634. While Pag-IBIG failed to hit its target, the membership level for 2016 is 8.6% higher than the 2015 level. 2016 total active members comprised of 12,496,703 (72.4%) local members and 4,756,131 (27.6%) OFW members. Local members posted an 8.49% increase from previous year this is also the same for OFW members with + 8.8% growth rate. While the submitted accomplishment was accepted, the computed score for the measure differs from the submission. Pag- IBIG computed the actual accomplishment using the total accomplishment against total target registering a score of 11.77% (17,252,834 / 17,589,634). However, to be consistent with the aim of the measure, the GCG computed the score using the actual accomplishment against target per customer segment: Local: 12,496,703 / 12,689,971 x 6% = 5.91% OFW: 4,756,131 / 4,899,663 x 6% = 5.82% Total: 11.73%

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	Component			Rating	Target	Submis	sion	GCG Val	idation	Supporting	Domosius
Objectiv	ve / Measure	Formula	Wt.	Scale	2016	Actual	Rating	Score	Rating	Documents	Remarks
SO 2	Provide Afforda	ble Housing									
SM 2	Percent of LTS from Socialized and Low-cost Housing	LTS less of NHA and SHFC	15%	Actual / Target x Weight	70.5% (88% for the vision year 2020)	75,609	15%	71.97%	15%	<ul> <li>Report on the retail home lending program per area and branch, as approved by the Department Manager and submitted to COA</li> <li>License to Sell (LTS) data from Housing and Land Use Regulatory Board as of December 2014</li> <li>Projection and computation of LTS and Market Deliverable Units</li> </ul>	Pag-IBIG represented that it will tak approximately 2 years to develo subdivisions and 4 years for condominiums, hence for purposes of PES, the computation for the measur shall be based on the number of housin units issued with LTS in 2014. According to Pag-IBIG's addition supporting documents submission last 0 May 2017 for the LTS projection Socialized and Condominiums and assumed as market of NHA and SHFO Per representation, 24,983 units were financed by the Corporation for Socialized Housing while 50,626 units were financed by the Corporation for Low-Cost (of Economic) Housing. Since the measur and accomplishment covered box socialized and low-cost segments, the computation of the target 2016 coverab LTS should be as follows: Housing units issued with LTS in 2014 Low-cost (Economic) – 63,398 Socialized – 16,876 Compliance – 24,787 <i>Total – 105,061</i> Financing thru Pag-IBIG in 2016: Low-cost - 50,626

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	Component			Rating	Target	Submis	sion	GCG Vali	dation	Supporting	
Objectiv	/e / Measure	Formula	Wt.	Scale	2016	Actual	Rating	Score	Rating	Documents	Remarks
											Socialized – 24,983
											Total - 75,609
											Percentage: 75,609 / 105,061 = 71.97%
											Given the absence of reliable data to provide the total number of housing units, issued with LTS in 2014, readily available for loan take out, the reported accomplishment was validated using the LTS report as of end 2014 and total housing units provided with home financing by Pag-IBIG in 2016. With this, Pag-IBIG had exceeded its target of 70.5% with an actual accomplishment of 71.97%.
											In its letter dated 29 June 2016, Pag-IBIG requested to revise the target for the vision year from 88% to 86.41%. However, in an information provided by Pag-IBIG for the negotiation of its 2017 targets, the operational vision was already revised to "(T)o sustain membership growth and retention that would result to an average year-on-year growth rate of 5% in members' savings collection until 2020, and provide affordable home financing to low income earner, capturing 88% of LTS from socialized and low-cost housing segments by 2020". Considering that the revised operational vision is still consistent with the previous one as far as provision of house financing is concerned, the request is hereby DENIED.

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Component			Rating	Target	Submiss	sion	GCG Valida	ation	Supporting		
Objectiv	/e / Measure	Formula	Wt.	Scale	2016	Actual	Rating	Score	Rating	Documents	Remarks
	Number of Units	Total Housing Units Taken-Out (excludes NHA and SHFC)	0%	-	63,676	76,247	0%	76,247	0%		For information purposes only. These are the total units and loan amount that Pag-
	Loan Amount (in Php Billions)	Total Amount of Loans Taken-Out (excludes NHA and SHFC)	0%	-	50,562	57,313	0%	57,313	0%		IBIG was able to finance in 2016, including medium cost and open market.
SM 3	Co-financing program for Socialized and Low-cost Housing	-	5%	-	Board- Approved Program (2017: Pilot Project)	Approved 13 December 2016	5%	Approved revised guidelines on the Pag-IBIG Group Housing Loan Program	5%	<ul> <li>Resolution providing the implementation of the revised guidelines on the Pag-IBIG Group Housing Loan Program approved by the CEO and Senior Management</li> <li>HDMF Circular 293 - Guidelines on the Pag-IBIG Group Housing Loan Program issued last 2011</li> </ul>	Pag-IBIG reported the accomplishment of the target by submitting the approved revised guidelines on the GHLP. Pag-IBIG Circular No. 371 dated 27 December 2016 included additional specific policies for Local Government Units to focus in catering housing needs of the unserved/underserved Pag-IBIG Fund members in the area, and the interest rate shall be based on the rates under the applicable retail housing loan programs, among others.

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	Componen	t		Rating	Target	Submis	sion	GCG Vali	dation	Supporting	Damada
Objective /	/ Measure	Formula	Wt.	Scale	2016	Actual	Rating	Score	Rating	Documents	Remarks
										HDMF Circular 371 - Revised Guidelines on the Pag-IBIG Group Housing Loan Program issued last 27 December 2016	
										<ul> <li>Minutes of the Board meeting where the proposed guidelines on the Group Housing Loan Program was discussed, signed by the Corporate Secretary.</li> </ul>	
										<ul> <li>Secretary's Certificate for Resolution No. 2861, s 2011 Proposed Guidelines on the Pag-IBIG Group Housing Loan Program, notarized last 2015</li> </ul>	

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	Compone	nt		Rating	Target	Submis	sion	GCG Valid	ation	Supporting	
Objectiv	ve / Measure	Formula	Wt.	Scale	2016	Actual	Rating	Score	Rating	Documents	Remarks
SO 3	Improve Acces	s and Delivery	of Prod	lucts and Sei	rvices to Enhand	ce Customer S	Satisfactio	n			
SM 4	Third Party Survey Rating	Survey Rating	10%	Actual / Target x Weight	2015 result + 5 percentage points (but not below satisfactory)	+80 Excellent	9.412%	80% of those who have availed of any Pag-IBIG Fund service are satisfied	9.412%	• Certificate from SWS on the results of Pag-IBIG's Customer Satisfaction Survey	For 2016, SWS was tapped again by Pag- IBIG for the conduct of its Customer Satisfaction Survey. Based on the certificate issued by SWS last 10 November 2016, Pag-IBIG has improved in terms of net satisfaction rating from +70 in 2015 to +72 in 2016 (both has an adjectival rating of Excellent). However, the percent of satisfied members who availed Pag-IBIG's services remained the same at 80%. The difference in the net satisfaction rating was due to the 2% drop in dissatisfied respondents. In 29 June 2016, Pag-IBIG requested to revise the target and use adjectival rating instead of numerical rating for its performance assessment. In another request dated 21 December 2016, Pag- IBIG requested to revise the target to "Adjectival rating of not below satisfactory" and the rating system of the measure: 1.Exclusive of ARTA Satisfactory Rating or higher: 10%. Neutral: 6% Unsatisfactory: 4%. Very Unsatisfactory: 0%. 2.Inclusive of ARTA Satisfactory Rating or higher: 13%. Neutral: 8%. Unsatisfactory: 5%. Very Unsatisfactory: 0%.
1.0											Adjectival rating is a good indicator for the general perception of the stakeholders to the organization. However, a specific adjectival rating can cover a vast range of

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		Componer	ht		Rating	Target	Submis	sion	GCG Vali	dation	Supporting	
E la la	Objectiv	e / Measure	Formula	Wt.	Scale	2016	Actual	Rating	Score	Rating	Documents	Remarks
								Kaung	Score	Kauny		possible results. For example, stakeholders will think that there are no improvements in Pag-IBIG's services if it got a consistent rating of satisfactory for the last 3 years. While the details (numbers/percentages) will show that there were small improvements in terms of numerical rating. A satisfactory adjectival rating can range between 70-80%, and improvements can still be measured using a numerical rating. Further, improvement using adjectival rating will be a lot harder considering that Pag-IBIG already achieved the highest rating which is Excellent. As for the proposed rating scale, the weight allocated for ARTA cannot be transferred to this measure. Instead, the measure corresponding to ARTA and the weight will be removed. Moreover, the proposed rating system is not valid
				1000								because Pag-IBIG cannot be credited with a score for having a satisfaction rating of Neutral or Unsatisfactory, as this is contrary to the main purpose and principle of a Performance Scorecard. Hence, the proposal to revise the target and rating scale are DENIED.
			Sub-total	42%				41.183%		41.142%		

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	Component			Rating	Target	Submis	sion	GCG Vali	dation	Supporting	
Objecti	ve / Measure	Formula	Wt.	Scale	2016	Actual	Rating	Score	Rating	Documents	Remarks
SO 4	Increase in Ass	et Size									
SM 5	Net Financial Asset Level (in Php Billion)	Total Net Financial Assets	7%	Actual / Target x Weight	424.321	420.452	6.936%	420.452	6.936%	• Report on the net financial assets and income level per area and branch, approved by Department Manager of General Accounting and as submitted to COA	For 2016, the Net Financial Asset level Pag-IBIG is P420,451,706,844.03 validated from the COA 2016 Annual A Report. The amount is composed of Ca and Cash Equivalents, Held for Trace investments, Available for S investments, Current and Non-Curr Loans and Receivables. Compared v previous year's level, Net Financial Ass of Pag-IBIG grew by 10.5% driven investments and mortgage/sales contra receivables. As for the request for revision of target 29 June 2016 from P424.321 Billion P418.877 and on 21 December 2016 P422.6 Billion, these are denied due lack of sufficient justifications and m relative to the request.

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	Compone	Rating	Target	Submis	sion	GCG Val	idation	Supporting	Bomorko		
Object	ive / Measure	Formula	Wt.	Scale	2016	Actual	Rating	Score	Rating	Documents	Remarks
SO 5	Improve Asset	Quality									
SM 6	Performing Loans Ratio	Accounts Current to 3 Months / Total Outstanding Balance (exclusive of referred to foreclosure and petition for extrajudicial foreclosure)	7%	Actual / Target x Weight	89%	89.07%	7%	89.07%	7%	• Report on the amount of performing loans to outstanding loan balance, approved by Department Manager of General Accounting and as submitted to COA	Pag-IBIG was able to hit the target with 89.07% Performing Loans Ratio by the end of the year despite the subsequer increase in loan takeout. Based on the outstanding figures, P267 Billion out of 300 Billion are performing loans. This is big improvement from 2015 figure of 80.43%, and signifies great future cass inflows from investment. Pag-IBI members were able to maintain good performing loan status of their account through the continuous adoption of severa strategies, such as email and technotifications to remind borrowers of payment due dates, outsourcing of couries services for delivery of monthly billin statement, tele-collection, an improvement in the availability of payment facilities.

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	Component			Rating	Target	Submis	sion	GCG Val	idation	Supporting	
Objectiv	ve / Measure	Formula	Wt.	Scale	2016	Actual	Rating	Score	Rating	Documents	Remarks
SO 6	Implement Ent	terprise Risk Ma	nagem	ent							
SM 7	Capital Adequacy Ratio	Actual Rate / Target Rate	5%	Actual / Target x Weight	28.05%	24.02%	4.282%	24.02%	4.282%	<ul> <li>Report on the Capital Adequacy Ratio, approved by Department Manager of General Accounting and as submitted to COA</li> </ul>	Pag-IBIG's CAR is computed throu dividing the Free Retained Earnings w the Risk Weighted Assets for crea marking and operational risk provision To compute the Free Retained Earning Retained Earnings in the COA audit report is deducted with those appropriat for transportation vehicles, net incor exclusive of dividends declared for t year and reserve for future claims. As for the request for revision of target la 29 June 2016 and 21 December 2016 fro 28.05% to 26.23%, the proposal is denii due to lack of sufficient justification a merit relative to the request.

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	Component			Rating	Target	Submis	sion	GCG Vali	idation	Supporting	
Objecti	ve / Measure	Formula	Wt.	Scale	2016	Actual	Rating	Score	Rating	Documents	Remarks
SM 8	Expected Loss Rate (Probability of Loss multiplied by Loss given default rate)	Expected Loss Rate (ELR) = Probability of Default (PD) x Loss Given Default (LGD) where PD=1- Collection Efficiency LGD=1- Recovery Rate	5%	Target - (Actual - Target) / Target x Weight	2.84%	0.61%	5%	0.64%	5%	• Report on the Expected Loss Rate, approved by VP of Fund Management Group and as submitted to COA	Based on the 2016 data for accounts that defaulted for all areas, the annualized default average for the years is 4.0348%. As for the LGD, computing the 31-year historical data will yield to a 15.909% LGD for 2016. Using the first two figures will result to a 0.64% ELR for 2016, which is reflective with the recorded accomplishment under SM 6. The accomplishment has exceeded the annual target of 2.84%. Moreover, the request to revise the rating system last 21 December 2016 from Actual ELR/Target ELR to Target ELR less (Actual ELR less Target ELR) / Target ELR is accepted to properly capture the purpose of the measure in achieving a lower loss rate.

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	Componer	nt		Rating	Target	Submis	sion	GCG Vali	idation	Supporting	
Objectiv	/e / Measure	Formula	Wt.	Scale	2016	Actual	Rating	Score	Rating	Documents	Remarks
SO 7	Ensure Financia	al Sustainabilit	y								
SM 9	Targeted Income Level (in Php Billions)	Actual Net Income (Php) / Target Net Income (Php)	11%	Actual / Target x Weight	26.503	25.009	10.38%	25.009	10.38%	<ul> <li>Report on the net financial assets and income level per area and branch, approved by Department Manager of General Accounting and as submitted to COA</li> <li>2016 COA Annual Audit Report</li> </ul>	For 2016, Pag-IBIG's net income level is P25,008,745,002 as validated with th 2016 COA Annual Audit Report. Th accomplishment is below the target I almost P1.5 Billion, but higher than th 2015 figure by almost 22%. Th improvement can be attributed to th increase in interest income from loans an receivables and gains from sale disposal of assets. Pag-IBIG requested to lower down th target to P23 Billion but failed to provid justification and supporting document hence the request is DENIED.
SM 10	Member Savings (in Php Billions)	Actual Year- End MS + MS Upgrade + MS from New Members, to list: a. Local Members b. OFW- New Hires Deployment	12%	Actual / Target x Weight	32.51	32.78	12%	32.47	11.99%	<ul> <li>Report on the Members' Savings per area and branch, approved by the Department Manager and as submitted to COA</li> </ul>	Member's savings level generally h been increasing over the years. The to contribution collection grew by 24% fro 2013 to 2016. The collection level validated from the 2016 COA Annu Audited Report is P32,469,050,84 Growth is primarily attributed to the annu increase in membership coverage, as w as the marketing efforts of Pag-IBIG retain the active membership of members.
		Subtotal	47%				45.598%		45.583%		

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	Component			Rating	Target	Submission		GCG Validation		Supporting		
	Objectiv	/e / Measure	Formula	Wt.	Scale	2016	Actual	Rating	Score	Rating	Documents	Remarks
	SO 8	Instill Principles	of Good Gov	ernance	e and Attain	Performance Exc	ellence					
INTERNAL PROCESS	SM 11	ISO Certification	Percentage of Completion of the Project	3%	Actual / Target x Weight	2016: All other core processes for provident fund (STL availment and provident claims) 2017: All core processes for housing fund (housing loan origination and management)	95.00%	2.850%	95.00%	2.850%	<ul> <li>Status Report on the Project Management Plan for ISO Certification of Provident Fund Core Processes (STL and Provident Claims) and Preparation for Housing Fund</li> <li>Final Gap Assessment conducted by the Management System Consultant last 26 October 2016 and attendance sheets</li> <li>Contract of Service with TUV SUD PSB Philippines, Inc. dated 6</li> </ul>	For 2016, the agreed target is based on a milestone/Work Breakdown Structure (WBS). The target covers certification of Members' Savings Payment, Short-Term Loans and Provident Claims of the Luzon Group, as well as the preparation for certification of Housing Loan Application to Posting of payments. According to the report submitted, Pag-IBIG was able to accomplish 95% of its commitment for 2016. The remaining 5% that it was not able to finish by 2016 is the actual conduct of the certification audit due to revision on the Terms of Reference and re-bidding, the contract with TUV SUD PSB Philippines, Inc. that covers the certification audit of Membership Savings, Short Term Loans and Provident Benefit Claims Processes was only signed last 6 December 2016, thus, the actual audit will be conducted in 2017. A copy of the final gap assessment conducted by a management system consultant was submitted indicating that the QMS of Luzon Regional Branches have met the minimum requirements and are certifiable. Further, Pag-IBIG has also accomplished its targets for the preparation of ISO certification of Housing Loan Application to Posting of payments.

	Component				Rating	Target	Submis	sion	GCG Validation		Supporting	Domorius
Obj	ective	e / Measure	Formula	Wt.	Scale	2016	Actual	Rating	Score	Rating	Documents	Remarks
											December 2016	
											<ul> <li>Attendance sheet for the conduct of orientation of QMS to employees last 15 November 2016</li> </ul>	
SM	112	ARTA Survey Rating	Average Survey Rating	3%	Actual / Target x Weight	86% (no failed branch)		0%	Removed	Removed	• Letter from CSC informing Pag-IBIG that they will not be included in the ARTA survey	As a social security institution, Pag-IBIG is expected to provide excellent services to its members. However, in a CSC letter to Pag-IBIG dated 03 November 2016, CSC has officially informed the corporation that Pag-IBIG will not be surveyed for the ARTA Report Card (ARTA-RCS) in 2016 since CSC's priority offices/agencies are local government units, local water districts and state universities and colleges. This was relayed to the GCG by Pag-IBIG thru a letter request for the exclusion of the ARTA measure and target last 21 December 2016. Given that the sudden change in the survey implementation of CSC is beyond the control of Pag-IBIG, the request to exclude the measure is granted. However, the corresponding weight of the measure cannot be transferred to SM 4, rather, it will be removed/deducted from the total weight computation.
			Sub-total	6%				2.850%		2.850%		

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	Component				Rating	Target	Submis	sion	GCG Val	idation	Supporting	
Obj	ective /	Measure	Formula	Wt.	Scale	2016	Actual	Rating	Score	Rating	Documents	Remarks
S	09 D	evelop Compe	tent and Enga	ged En	nployees							
		ompetent /orkforce	Percentage of Completion of the Project	5%	Percentage of completion x Weight	IISP for Provident Fund and STL shall have been fully deployed	WEIGHTED ACTUAL: STLMS 80.71% PFMS 84.47% Total Weighted Actual: 165.18% % Accomp. 82.59%"	4.130%	STLMS: 16.03% PFMS: 32.15%	1.20%	<ul> <li>Status Report on the Project Management Plan for the roll-out of Provident Fund Management System (PFMS) and Short-Term Loans Management Systems (STLMS)</li> <li>Certificate of Acceptance for the Pilot Deployment of PFMS and STLMS in Imus and Cagayan</li> </ul>	Pag-IBIG reported an accomplishment of 80.71% for STLMS and 84.47% for PFMS for 2016. However, upon validation of the milestone accomplishments, the credited percent of accomplishments are only 16.03% for STLMS and 32.15% for PFMS. Based on the submitted documents, Pag- IBIG was only able to completely roll-out the project and go live in Imus and Cagayan branches. Data migration has been started in other branches but were not completed within 2016 so the accomplishment reported for these branches cannot be not considered given the overall weight was already widely distributed under the milestone rating system format. A milestone accomplishment can only be considered if it was completely finished within 2016. Thus, the computation for total rating will be as follows: STLMS: 16.03% x 2.5% = 0.40075 PFMS: 32.15% x 2.5% = 0.40075 Total Rating: 1.2045% In letters to GCG dated 29 June 2016 and 21 December 2016, Pag-IBIG has request to exclude the measure and move the target to 2017 instead, due to several challenges encountered during the data migration and pilot implementation. As reflected in the 2016 Summary of Agreements, Pag-IBIG is expected to finish the roll-out of the IISP by 30 June

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Component			Rating	Rating Target	Submission		GCG Validation		Supporting	
Objective / Measure	Formula	Wt.	Scale	2016	Actual	Rating	Score	Rating	Documents	Remarks
								-		2017, submit the IT-driven Reorganization by 31 December 2017 and Establish the competency framework by 1 July 2018. The proposal is not acceptable because moving the 2016 target to 2017 would further delay the establishment of a competency model, which is the real goal of the measure. Hence, the request is DENIED.
	Subtotal	5%				4.130%		1.205%		
TOTAL 10						93.761%		90.779% over 97%		
Va							93.59%			

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