

RECALIBRATED 2020 PERFORMANCE SCORECARD (Annex A)

DBP LEASING CORPORATION

	Component				Baseline Data		Target		
	Objective/Measure	Formula	Weight	Rating System	2017	2018	2019	2020	
SOCIAL IMPACT	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 ¹	25%	(Actual / Target) x Weight	₱2.614 Billion	₱2.78 Billion	₱3.40 Billion	₱3.10 Billion
		Sub-total		25%					
FINANCIAL	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	6.03%	-4.85%	N/A	<u>2%</u> ²
		Sub-total		20%					
STAKEHOLDER	SO 3	Provide Access of 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	70.57%	69.06%	76%	76%

¹ Net per Balance Sheet is composed of Financial Lease (Principal excluding Interest)/Loan Receivable + Residual Value (Financial Lease)

² Target is based on the revised financial projection for 2020 with Equity expected to reach P1.047 Billion, while NIAT projected to decline to P17.34 Million.

Recalibration of 2020 Performance Scorecard (Annex A)

Component					Baseline Data		Target		
	Objective/Measure	Formula	Weight	Rating System	2017	2018	2019	2020	
INTERNAL PROCESS	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%	Cannot be validated	Cannot be validated	90%	90%
		Sub-total		15%					
	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	10	15	18	<u>5</u>	
SM 6	Ensure Geographical Spread of Credit Accounts	Number of Measures with accomplished targets / Total number of measures ³	5%	(Actual / Target) x Weight ⁴	N/A	N/A	Board-Approved Roadmap ⁵	100% of Targets for 2020 Based on the Board-Approved Roadmap ⁶	

³ See footnote nos. 3 and 5

⁴ 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. 5).

⁵ Should include long-term (end goal) and annual targets in terms of asset distribution (NCR vs Areas Outside NCR; number of accounts and value of accounts, etc.) and programs/products to be developed.

⁶ 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)

Recalibration of 2020 Performance Scorecard (Annex A)

Component					Baseline Data		Target	
Objective/Measure	Formula	Weight	Rating System	2017	2018	2019	2020	
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 ⁷	Total Past Due / Total Portfolio	5%	{1 - [(Actual - Target) / Target]} x Weight	8%	9.88%	≤5%	≤5% ⁸
SM 8	Percentage of Real and Other Properties Acquired (ROPA) to Total Assets	Total ROPA / Total Assets	5%	All or Nothing	0.61%	0.49%	≤1%	≤1% ⁹
SO 7	Streamline Processes based on Industry Best Practices							
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%	No Data	97%	100%	100% ¹⁰
SM 10	Attain Quality Management Certification	Actual Accomplishment	5%	All or Nothing	No Data	No Data	ISO 9001:2015 Certification	Retain ISO 9001:2015 Certification (pass surveillance audit)
	Sub-total		30%					

⁷ 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.

⁸ 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.

⁹ Three-year (2016-2018) validated historical data of the percentage of ROPA to total assets averaged 0.62%.

¹⁰ 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.

Recalibration of 2020 Performance Scorecard (Annex A)

Component					Baseline Data		Target		
	Objective/Measure	Formula	Weight	Rating System	2017	2018	2019	2020	
LEARNING & GROWTH	SO 8	Ensure Personnel Complement Best Fit to Achieve Organizational Objectives							
	SM 11	Improved Competency Level of the Organization	Competency Baseline ¹¹ 2020 – Competency Baseline 2019	5%	All or nothing	No Assessment Conducted and No Competency Level established	31% - Need Intervention 17% - More Opportunities 17% - Approaching the Competency Standard 34% - Met the Competency Standard	Improve Competency Baseline of 80% of employees	Improvement in the Competency Baseline of the Organization
	SO 9	Develop and Implement Complementary Management and Technological Systems to Support Business Operations							
	SM 12	Implementation of Information Systems Strategic Plan (ISSP)	Actual Accomplishment	5%	All or Nothing	Cannot be validated	Account Management System (AMS) awarded to Third-Party Service Provider	Roll-out of the Account Management System (AMS) Board-Approved ISSP 2020-2022 as Submitted to DICT	100% Completion of 2020 Targets Based on ISSP 2020-2024 ¹²
		Sub-total		10%					
	TOTAL		100%						

¹¹ The competency baseline of the organization shall pertain to the average percentage of required competencies met which can be computed using the following formula:

$$\frac{\sum_{a=1}^A \left(\frac{\text{Actual Competency Level}}{\text{Required Competency Level}} \right)_a}{B}$$

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

¹² 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.