

## SMALL BUSINESS CORPORATION

Component					Baseline (if applicable)		Target	
Objective/Measure	Formula	Weight	Rating System	2013	2014	2015		
SOCIAL IMPACT	SO 1	<b>Improved Access to Finance by Underserved Micro, Small and Medium Enterprises (mSMEs)</b>						
	SM 1	Partially-secured loan ratio (not more than 50% secured)	Number of unsecured borrowers (not more than 50% secured) / Total number of borrowers - Retail and Credit Guarantee (Universe is approved accounts for the year)	5%	(Actual/Target) x Weight	75%	78%	81%
	SM 2	Young enterprises ratio	Number of borrowers not more than 5 years in business / Total number of borrowers - Retail and Venture Capital (Universe is approved accounts for the year)	5%	(Actual/Target) x Weight	13%	19%	25%
	SM 3	Enterprise rehabilitation financing for MSMEs damaged by calamity	Cumulative term loans or equity released in million PHP - Retail and Equity Financing	5%	(Actual/Target) x Weight	N/A	₱275 Million	₱700 Million
	SO 2	<b>Mainstreamed mSME Finance in the Banking Sector</b>						
SM 4	Average guarantee contingent liability	Monthly average	5%	(Actual/Target) x Weight	₱130.6 Million	₱180 Million	₱250 Million	

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SOCIAL IMPACT	SO 3	<b>MSME Finance-Friendly Policy Architecture Established</b>						
	SM 5	Policy endorsements	Absolute	5%	All or nothing (2.5% weight for each target)	N/A	N/A	1) Signed resolution adopting the industry roadmap for MSME Finance by end-January 2016 2) Congressional Oversight Committee (COC) Resolution on Magna Carta
				<b>25%</b>				
FINANCE	SO 4	<b>Increased Earning Loan Portfolio</b>						
	SM 6	Total earning loan portfolio plus total ERF portfolio and equity financing portfolio	Total earning loan portfolio plus ERF portfolio and equity financing portfolio (year-end outstanding balance)	10%	(Actual/Target) x Weight	₱2,734 Million	₱2.8 Billion	₱3.2 Billion
	SO 5	<b>Sustained Operating Income</b>						
	SM 7	Net Operating Income	Total Operating Income less Operating Expenses	2.50%	(Actual/Target) x Weight	₱3.88 Million		₱22.4 Million
	SM 8	Operational Self-Sufficiency Ratio	Core Operating Income / Total Expenses	2.50%	(Actual/Target) x Weight	68%		78%
				<b>15%</b>				

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CUSTOMER / STAKEHOLDER	<b>SO 6</b>	<b>Customer Satisfaction Leading to Increased Client Base</b>						
	SM 9	Customer Satisfaction Survey	Absolute	5%	All or nothing	N/A	N/A	Satisfactory
	SM 10	No. of direct MSME clients	Absolute count, retail lending, equity financing and credit guarantee	10%	(Actual/Target) x Weight	0	983	1,560
	<b>SO 7</b>	<b>Increased Competencies of Financial Institutions (FIs) in Risk-Based MSME Lending</b>						
	SM 11	No. of RBL FI graduates	Cumulative	5%	(Actual/Target) x Weight	23	35	50
	SM 12	No. of SME-oriented AO graduated leading to certification	Absolute count (may include SBCorp loan officers, 12 sessions by end 2016)	5%	(Actual/Target) x Weight	N/A	N/A	25
	<b>SO 8</b>	<b>Improved Financial Literacy of Financed MSMEs</b>						
	SM 13	No. of EEPro graduates	Cumulative, inclusive of enrollees finishing at least their business plan	5%	(Actual/Target) x Weight	N/A	N/A	60
	<b>SO 9</b>	<b>Stakeholder Satisfaction Leading to Increased Financial Support to SBC</b>						
	SM 14	Level of new NG funding received and/or of low cost borrowings	Cumulative	0%	(Actual/Target) x Weight	N/A	₱100 Million	₱150 Million
				<b>30%</b>				

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INTERNAL PROCESS	<b>SO 10</b>	<b>Improved Service Delivery by Increasing Processing Velocity</b>						
	SM 15	Processing velocity	Number of clients/ Number of total employees	5%	(Actual/Target) x Weight	5.5	7.2	10.4
	<b>SO 11</b>	<b>Refocused Resource Management by Rebalancing Portfolio to More Direct MSME Financing</b>						
	SM 16	Share of direct financing to total portfolio	Sum of retail lending + venture capital portfolios divided by total portfolios	5%	(Actual/Target) x Weight	N/A	33%	47%
	<b>SO 12</b>	<b>Improved Resource Management thru Risk Management</b>						
	SM 17	Sustainability rate of MSME borrowers	Percent BRR 1 to 6 / Total number of risk-rated borrowers as of beginning of year under retail lending, excluding ERF	5%	(Actual/Target) x Weight	85%	86%	87%
			<b>15%</b>					
LEARNING AND GROWTH	<b>SO 13</b>	<b>Aligned Organization and Competencies to Support Risk-Based MSME Lending</b>						
	SM 18	Increased number of field officers competent on RBL MSME lending	No. of normal-risk AOs and of DOs by first quarter of the year, trained by year-end under SBC SME Finance capacity building program	2.50%	(Actual/Target) x Weight	N/A	N/A	42 by third quarter
	SM 19	Competency Framework	Approved and adopted by the Board	2.50%	All or nothing	N/A	N/A	Established competency framework

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<b>LEARNING AND GROWTH</b>	<b>SO 14</b>	<b>Established Quality Management System</b>						
	SM 20	Automation capabilities	As internally audited	5%	All or nothing	N/A	Fully automated cash to loans receivable process	Fully automated loans receivable to cash process
	SM 21	ISO Certification	Certification granted to SBC	5%	All or nothing	N/A	N/A	ISO Certification
				<b>15%</b>				
				<b>100%</b>				