

**NATIONAL HOME MORTGAGE FINANCE CORPORATION (NHMFC)  
2017 Performance Scorecard Evaluation**

		Component			NHMFC Submission		GCG Evaluation		Supporting Documents	GCG Remarks		
Objective/Measure	Formula	Weight	Rating System	Target	Actual	Rating	Score	Rating				
<b>SOCIAL IMPACT</b>	<b>SO 1</b>	<b>Contributing to the Reduction of the Housing Backlog by Sustaining the Liquidity of the Housing Sector through the Strengthening of the Secondary Mortgage Market</b>										
	SM 1	Value of Funds Provided to Originators to be Recycled to Housing through Securitization	Absolute value of funds provided to originators to be recycled to housing through securitization	20%	Below ₱709 Million = 0% ₱709 Million to ₱1.07 Billion = 5% ₱1.08 Billion to ₱1.44 Billion = 10% ₱1.45 Billion to ₱1.80 Billion = 15% Above ₱1.80 Billion = 20%	₱1.80 Billion	₱1.81 Billion	20.00%	₱250 Million	0.00%	<ul style="list-style-type: none"> <li>• Purchased Accounts under the Housing Loan Receivables Purchase Program (HLRPP)</li> <li>• List of Originators per Account</li> <li>• Copies of Credit Committee Resolutions</li> <li>• Copies of Receipts from Originators</li> <li>• Copies of Checks Issued by NHMFC</li> </ul>	While we note the position of the NHMFC Management that the approval of the NHMFC Credit Committee of housing loan accounts is an accomplishment in itself as it would already obligate the NHMFC to pay the originator of the housing loan account, the Governance Commission maintains that the reported accomplishment runs counter to the measure itself as "recycling of funds" should entail the actual release of funds. In view of this, the request for reconsideration is denied, the zero rating awarded to this measure is retained.
		<b>Sub-total</b>			<b>20.00%</b>				<b>20.00%</b>		<b>0.00%</b>	

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FINANCE	SO 2	Maintenance Profitability of NHMFC Operations while Enhancing Inclusiveness of Programs																																							
	SM 2	EBITDA Margin	EBITDA / Total Revenue (excluding subsidy)	15%	Below 31% = 0% 31% to 32% = 5% 33% to 35% = 10% Above 35% = 15%	33.84%	35.23%	15.00%	35.17%	15.00%	<ul style="list-style-type: none"> <li>• COA Audited Financial Statement</li> <li>• NHMFC's EBITDA Margin Computation</li> <li>• Preliminary Assessment Notice</li> <li>• Final Decision on Disputed Assessment</li> </ul>	Following the submission of new documentary evidences, the EBITDA margin for 2017 is adjusted to 35.17% from the initial computation of 30.85%. The details of the computation is shown in the table below.																													
										<table border="1"> <thead> <tr> <th colspan="2">(in Million Pesos)</th> <th></th> </tr> </thead> <tbody> <tr> <td><b>Gross Income</b></td> <td></td> <td><b>811.82</b></td> </tr> <tr> <td>Net Income Before Subsidy</td> <td></td> <td>84.01</td> </tr> <tr> <td>Add:</td> <td></td> <td></td> </tr> <tr> <td>Interest</td> <td></td> <td>110.17</td> </tr> <tr> <td>Tax</td> <td></td> <td>65.42</td> </tr> <tr> <td>Depreciation</td> <td></td> <td>17.23</td> </tr> <tr> <td>Amortization</td> <td></td> <td>8.68</td> </tr> <tr> <td><b>EBITDA</b></td> <td></td> <td><b>285.51</b></td> </tr> <tr> <td><b>EBITDA Margin</b></td> <td></td> <td><b>35.17%</b></td> </tr> </tbody> </table>		(in Million Pesos)			<b>Gross Income</b>		<b>811.82</b>	Net Income Before Subsidy		84.01	Add:			Interest		110.17	Tax		65.42	Depreciation		17.23	Amortization		8.68	<b>EBITDA</b>		<b>285.51</b>	<b>EBITDA Margin</b>		<b>35.17%</b>
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<b>SO 3 Reduction of Non-Performing Loan (NPL) Ratios</b>																						
SM 3	NPL Ratio	NPLs / Total Loan Portfolio	15%	Above 74% = 0% 73% to 74% = 5% 70% to 72% = 10% Below 70% = 15%	70%	69.88%	15.00%	67.44%	15.00%	<ul style="list-style-type: none"> <li>COA Audited Financial Report</li> <li>NHMFC's NPL Ratio Computation</li> </ul> <table border="1"> <thead> <tr> <th>(in Million Pesos)</th> <th>NHMFC</th> <th>COA</th> </tr> </thead> <tbody> <tr> <td>Loan Portfolio</td> <td>16.91</td> <td>16.40</td> </tr> <tr> <td>Non-Performing Loans</td> <td>11.81</td> <td>11.06</td> </tr> <tr> <td><b>NPL Ratio</b></td> <td><b>69.88%</b></td> <td><b>67.44%</b></td> </tr> </tbody> </table>	(in Million Pesos)	NHMFC	COA	Loan Portfolio	16.91	16.40	Non-Performing Loans	11.81	11.06	<b>NPL Ratio</b>	<b>69.88%</b>	<b>67.44%</b>
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<b>Sub-total</b>		<b>30.00%</b>				<b>30.00%</b>		<b>30.00%</b>														
<b>SO 4 Generate Feedback and Address Concerns of the Stakeholders</b>																						
STAKEHOLDERS	SM 4	Satisfaction Rating from the Originators	Number of originators who gave a rating of at least Satisfactory / Total Number of Respondent Originators	10%	(Actual / Target) x Weight	90% of originators gave a Satisfactory or higher rating	88%	9.78%	80%	8.89%	<ul style="list-style-type: none"> <li>Customer Satisfaction Rating Report from the Mortgage Acquisition Department of NHMFC</li> <li>Copies of Answered Survey Questionnaires</li> </ul> <p>Following the General Guidelines for Measuring Customer or Stakeholder Satisfaction (Annex B of the Performance Evaluation System Guidebook), the Governance Commission corrected the formula and target set in the 2017 Performance Scorecard. Instead of considering those originators who gave a rating of Very Satisfactory only, the Governance Commission also considered those originators who gave a rating of Satisfactory.</p> <p>The general practice in gauging the level of satisfaction of stakeholders is through the Overall Satisfaction rating. However, since the NHMFC failed to include such</p>											

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										<p>question in its survey questionnaire, the Governance Commission obtained the average of the identified drivers of satisfaction, particularly on timeliness, ease of access, staff, quality, and outcome, from each survey. A survey of five (5) respondents shows that four (4) or 80% were at least Satisfied with the delivery of service of the NHMFC. This differs from the reported accomplishment of NHMFC of 88% due to the change in methodology, wherein NHMFC computed the overall satisfaction per driver rather than per respondent.</p> <p>Following the rating scale, the NHMFC is awarded a weight of 8.89% for this measure.</p>	
SM 5	Percentage of Complaints Acted upon within 3 Working Days upon Receipt of Complaint	$(\text{Resolved complaints within 3 working days} / \text{Total number of complaints}) \times 100$	10%	$(\text{Actual} / \text{Target}) \times \text{Weight}$	90%	64%	7.11%	65.85%	7.32%	<ul style="list-style-type: none"> <li>• Summary of 8888 Calls in 2017</li> <li>• Samples of Communication regarding 8888</li> </ul>	Based on the review of the supporting documents submitted, 27 out of 41, or 65.85% of all 8888 complaints received by NHMFC were acted upon within 3 working days.
		<b>Sub-total</b>	<b>20.00%</b>				<b>16.89%</b>		<b>16.21%</b>		

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<b>INTERNAL PROCESS</b>	<b>SO 5 Streamline Policies and Procedures for Core Processes</b>										
SM 6	Percentage of Application for the Provision of Housing Finance Processed within Turnaround Time	Number of applications for housing finance processed with turnaround time / Total number of applications	10%	(Actual Target / Target) x Weight	100% of applications processed within 12 working days	100% of applications processed within 12 working days	10.00%	-	0.00%	<ul style="list-style-type: none"> <li>Housing Loan Receivables Purchase Program Accounts Monitoring</li> <li>Copies of Disbursement Vouchers</li> </ul>	While the Governance Commission acknowledges the submission of additional documentary evidences, the submitted documents were found to be insufficient to prove the validity and accuracy of the presented summary of transactions. In view of this, the request for reconsideration is denied, the 0% score is also retained.
	<b>Sub-total</b>		<b>10.00%</b>				<b>10.00%</b>		<b>0.00%</b>		
<b>LEARNING &amp; GROWTH</b>	<b>SO 6 Quality Public Service of NHMFC Employees by Enhancing their Competencies</b>										
SM 7	Competency Level of the Organization	Improvement from baseline in targeted competencies	10%	All or Nothing	Improvement of targeted competencies for the 40% of employees	Improvement of targeted competencies for the 40% of employees	10.00%	Not all identified competencies addressed	0.00%	<ul style="list-style-type: none"> <li>Copies of Training Certificates</li> </ul>	Submitted supporting document provides evidence on the trainings attended/participated. However, NHMFC was not able to provide documentary evidence that attendance of its employees to the said trainings was effective such that it was able to improve competency levels of identified personnel improved. The Governance Commission deems as an acceptable supporting document the re-assessment of the competency level of the identified employees to determine the effectiveness of the intervention provided.

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SO 7 Develop an ISO Quality Management System										
SM 8	ISO 9001:2008 Recertification for All Processes and Readiness for ISO 9001:2015 Certification	Actual accomplishment	5%	Recertification of ISO 9001:2008 = 2.50% Recertification of ISO 9001:2008 and Readiness for ISO 9001:2015 = 5.00%	Recertification of ISO 9001:2008 and Readiness for ISO 9001:2015	Recertification of ISO 9001:2008 and Readiness for ISO 9001:2015	5.00%	Recertification of ISO 9001:2008	2.50%	<ul style="list-style-type: none"> <li>• Certificate of Compliance issued by the Executive Vice President of the NHMFC</li> <li>• ISO 9001:2008 Certificate</li> <li>• ISO 9001:2015 Certification Readiness from Third Party Service Provider</li> <li>• Special Orders on ISO 9001:2015 Re-Orientation Training</li> <li>• Memorandum on Filling-Up of the Risk and Opportunities Form</li> <li>• Office Order on Feedback Forms</li> <li>• Office Order on the Reconstitution of NHMFC Quality Management</li> </ul> <p>The submitted additional supporting documents were still considered insufficient to substantiate that NHMFC is certifiable under the new standards by 2017. The documents presented are evidence of preparatory activities undertaken but not evidence of accomplishment of outputs required under the new standard. While NHMFC was able to substantiate its claim that preparatory activities were undertaken during 2017, it was not able to provide outputs and evidence to support that by 2017 "the NHMFC has adequately established, implemented, and maintained the needed policies, processes and procedures required by ISO 9001:2015". In view of this, the zero rating for this measure was retained.</p>

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										Core Team for ISO 9001:2015 • Special Order on the Attendance to the ISO 9001:2015 Lead Auditor Training Course	
<b>SO 8</b>		<b>An Effective and Efficient IT-Supported Systems and Procedures</b>									
SM 9	Develop an ISSP for 2017-2020	Actual accomplishment	5%	All or Nothing	Board-Approved ISSP 2017-2020	-	0.00%	No ISSP Developed	0.00%		The NHMFC did not present documentation that the corporation was able to develop and have its Board approve its ISSP for 2017-2020.
		<b>Sub-total</b>	<b>20.00%</b>				<b>15.00%</b>		<b>2.50%</b>		
		<b>TOTAL</b>	<b>100.00%</b>				<b>91.89%</b>		<b>48.71%</b>		

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