

09 March 2016

**HON. ALBERTO A. LIM**

*Chairman*

**HON. DANILO T. REYES**

*President*

**DBP LEASING CORPORATION (DBP-LC)**

4/F DBP Bldg. Cor Makati Ave.,

Sen. Gil J. Puyat Ave, Makati City, 1227



**RE : TRANSMITTAL OF PERFORMANCE AGREEMENT**

Dear Chairman Lim and President Reyes,

This is to formally transmit 2 original copies of the Performance Agreement for 2015-2016, which embodies the agreements reached during our Technical Working Group meeting last 22 September 2015.

*Ex Officio* alternates, if any, may also sign the agreement on behalf of their respective principals.

For any clarifications, please email Director Clarence G. Pascual of Corporate Governance Office A at [cggpascual@gcg.gov.ph](mailto:cggpascual@gcg.gov.ph). DBP-LC shall send back to the Commission one copy of the agreement initialed on every page and signed at the end.

**FOR YOUR APPROPRIATE ACTION.**

Very truly yours,

**CESAR L. VILLANUEVA**  
*Chairman*



**LEASINGCORP.**  
A Subsidiary of the Development Bank of the Philippines

## PERFORMANCE AGREEMENT

This Performance Agreement has been executed pursuant to the PERFORMANCE EVALUATION SYSTEM FOR THE GOCC SECTOR (GCG MC No. 2013-02 [Re-Issued]) between the –

**GOVERNANCE COMMISSION FOR GOCCs (GCG)**

- and -

**DBP LEASING CORPORATION  
(DBP-LC)**

**WHEREAS**, the Parties above entered into a Performance Agreement covering CY 2016;

**WITNESSETH: THAT –**

The Parties agree to the following terms:

- 1. Renegotiation.** – DBP-LC's Performance Scorecard in its 2015 Performance Agreement is hereby amended pursuant to the attached **Renegotiated Performance Scorecard**. All other conditions in the Performance Agreement covering CY 2015 shall remain effective.
- 2. Mission and Vision.** – DBP-LC's Mission, Vision and target breakthrough results for its vision year are as follows:  
**Mission:** To provide public and private enterprises access to relevant leasing and related financing services for the acquisition of machineries, equipment and other assets in support of government priorities and nationwide development.  
**Vision :** By 2020, DBP-LC shall be a major provider of leasing and other asset-based financing services to the public and private sectors to bring about nationwide development in support of the government's priorities.  
The agreed Strategy Map for achieving the vision is attached hereto as **Annex A**.
- 3. Measurement of Performance.** – Performance for 2015-2016 shall be measured based on the Performance Scorecard attached hereto as **Annex B**. It is understood that the GOCC must achieve a weighted-average of at least 90% based on the agreed targets for 2016 to be eligible to grant any Performance-Based Bonus.
- 4. Quarterly Submission of Performance Monitoring.** – DBP-LC shall submit a quarterly monitoring report to the GCG within thirty (30) calendar days from the close of each quarter.

5. **Good Governance Conditions.** – In addition to the covered portions of the Performance Scorecard, the GOCC must fully comply with the Good Governance Conditions enumerated under GCG MC No. 2013-02 (Re-Issued), GCG MC No. 2014-02, and GCG MC No. 2014-03 namely:

5.1. *Conditions Common to National Government Agencies and GOCCs:*

- (a) Transparency Seal;
- (b) PhilGEPS Posting;
- (c) Cash Advance Liquidation;
- (d) Citizen's Charter or its equivalent; and
- (e) Compliance with the submission and review requirements covering Statement of Assets, Liabilities and Networth (SALN);

5.2. *Conditions Specific to GOCCs Covered by R.A. No. 10149:*

- (a) Satisfaction of all statutory liabilities, including the payment of all taxes due to the Government, and declaration and payment of all dividends to the State as cleared by the Department of Finance.
- (b) Submission and execution of concrete and time bound action plans for addressing Notices of Disallowances and Audit Observation Memoranda from the Commission on Audit (COA), if any.
- (c) Adoption of a "*Manual of Corporate Governance*" pursuant to Section 42 of the **CODE OF CORPORATE GOVERNANCE FOR GOCCs (GCG MC No. 2012-07)** that is approved by GCG and uploaded on the GOCC's website.
- (d) Compliance with posting on the GOCC's website the information enumerated under Section 43 of GCG MC No. 2012-07.
- (e) Adoption of a **NO GIFT POLICY** approved by the GCG and uploaded on the GOCC's website pursuant to Section 29 of GCG MC No. 2012-07.
- (f) Compliance with the deadlines and submission of reports through the Integrated Corporate Reporting System (ICRS) pursuant to GCG MC No. 2014-02.
- (g) Compliance by all members of the Governing Board with the submission of all required forms for the Director Performance Review (DPR) pursuant to GCG MC. No. 2014-03 and implementing issuances pursuant thereto.
- (h) Submission of Corporate Operating Budgets (COBs):
  - i. For GOCCs receiving national government budgetary support, COBs shall be submitted to the Department of Budget and Management (DBM) for review and approval on or before the deadline indicated in DBM National Budget Memorandum No. 120 on "Budget Call for FY 2015;"
  - ii. For GOCCs without national government budgetary support, COBs shall be submitted to the Governance Commission using the same deadline as provided in DBM National Budget Memorandum No. 120.

6. DBP-LC shall timely inform GCG of all audit observations and notices of disallowances within seven (7) working days from the time it receives the same from the Commission on Audit (COA) prior to the regular publication of the final annual audit report. Accordingly, DBP-LC shall copy furnish the Governance Commission copies of all written communications between DBP-LC and COA on such matters, inform GCG of the schedule of its exit interview with COA seven (7) working days before the schedule or as soon as practicable, and other efficient means of inter-agency coordination.

Failure to timely disclose such matters to the Governance Commission prior to the same becoming public information or the submission of the application for the Performance-Based Bonus (PBB) or Performance-Based Incentive (PBI) may be considered as non-compliance with the Good Governance Condition of submitting Concrete and Time Bound Action Plans on findings of COA, rendering the Governing Board **INELIGIBLE** to apply for the PBI, without prejudice to a further determination on the impact of the same on the GOCCs PBB application.

7. Nothing herein shall be construed as limiting the authority of GCG to initiate renegotiations and/or revoke Performance Agreements in accordance with existing laws, rules and regulations.

DONE, this 9<sup>th</sup> day of March 2016, in the City of Makati, Philippines.

**GOVERNANCE COMMISSION FOR  
GOCCs**

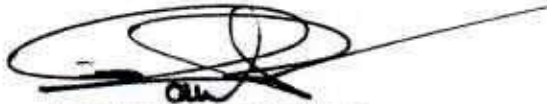
BY AUTHORITY OF THE COMMISSION:



**CESAR L. VILLANUEVA**  
*Chairman*



**MA. ANGELA E. IGNACIO**  
*Commissioner*



**RAINIER B. BUTALID**  
*Commissioner*

**DBP LEASING CORPORATION**

**ALBERTO A. LIM**  
*Chairman*

**DANILO T. REYES**  
*President*

**ANTHONY T. ROBLES**  
*Member*

**JOSE A. NUÑEZ JR.**  
*Member*

**VAUGHN F. MONTES**  
*Member*

**MARIO B. PALOU**  
*Member*

**DENNIS D. DECENA**  
*Member*

## DBP LEASING CORPORATION

		Component	Formula	Weight	Rating System	Baseline 2014	2015	Target 2016
<b>Objective/Measure</b>								
<b>SO 1 Support the Government's Priorities through the Provision of Leasing and Other Asset-based Financing Services</b>								
	SM 1	Total Loan and Lease Portfolio (Principal only)	Absolute Amount	20%	(Actual/Target) x Weight	₱909.85 Million	₱2 Billion	₱2.25 Billion
	SM 2	Ranking in the Finance/Leasing Industry (in terms of total assets)	Ranking from Philippine Finance Association	5%	(Actual/Target) x Weight	14th	9th	12th
			<b>Sub-total</b>	<b>25%</b>				
<b>SO 2 Achieve Expected Return on Shareholder Investment by Maximizing Revenues and Minimizing Expenses</b>								
	SM 3	ROE - Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	EBITDA/ Ave. Net Worth	10%	(Actual/Target) x Weight	3.22%	12%	8%
	SM 4	ROE - Net Income After Taxes (NIAT)	NIAT/ Ave. Net Worth	5%	(Actual/Target) x Weight	-7.37%	3%	3%
			<b>Sub-total</b>	<b>15%</b>				
<b>SO 3 Achieve a High-Level of Customer Satisfaction in the Delivery of Financing Services</b>								
	SM 5	Satisfaction Rating (Third Party)		5%	All or Nothing	83.33% Satisfactory	Satisfactory Rating or its equivalent	Satisfactory Rating
<b>SO 4 Access of DBP Priority Sectors to Leasing Products and Services</b>								
	SM 6	Percent of Credit Portfolio - Public Sector	Credit Portfolio-Public Sector/ Total Credit Portfolio	5%	(Actual/Target) x Weight	21.31%	20%	20%
<b>STAKEHOLDERS</b>								

Objective/Measure	Component	Formula	Weight	Rating System	Target		
					Baseline 2014	2015	2016
SM 7	Percent of Credit Portfolio - Private Priority Sector	Credit Portfolio-Private Sector/ Total Credit Portfolio	3.75%	(Actual/Target) x Weight	78.69%	50%	50%
		Sub-total	13.75%				
SO 5	Diversify Industry Exposure with Expanded Product Offerings						
SM 8	Number of Industries in Credit Portfolio (4-Digit Level of PSIC Classification)	Absolute Number	5%	(Actual/Target) x Weight	8	8	15
SM 9	Number of New Accounts Booked	Absolute Number	7.5%	(Actual/Target) x Weight	14	20	20
SO 6	Streamline Processes based on Industry Best Practices						
SM 10	Average TAT of Approval of Applications Upon Receipt of Complete Documentation (URCP)	Total number of working days to approve applications/ Total number of applications	5%	(1 - ((Actual-Target)/Target)) x Weight	52	45	40
SO 7	Achieve High Quality Portfolio through Enhanced Credit Evaluation, Account and Remedial Management						
SM 11	Percent of Real & Other Properties Acquired (ROPA)	Total ROPA/ Total Assets	8.75%	(Actual/Target) x Weight	13.41%	7%	6%
SM 12	Past Due	Total Past Due/Total Portfolio	10%	(Actual/Target) x Weight	2.132%	<3%	<3%
		Sub-total	36.25%				

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Objective/Measure	Component	Formula	Weight	Rating System	Baseline		Target	
					2014	2015	2016	
<b>LEARNING &amp; GROWTH</b>								
SO 8	Ensure Personnel Complement Best Fit to Achieve Organizational Objectives							
SM 13	Achieve Proficiency Training		5%	All or Nothing	n/a	Competency Framework Approved by DBP-LC Board	Assessment of Competency Level	
SM 14	Percent of Employees Retained	No. of Employees Retained at the end of the year / Total No. Employees at the end of the year	2.5%	(Actual/Target) x Weight	n/a	85%	85%	
SO 9	Develop and Implement Complementary Management and Technological Systems to Support Business Operations							
SM 15	Percent of Compliance with Information Systems Strategic Plan (ISSP)	Tasks & Activities Completed for Year/ Tasks & Activities Planned for the Year	2.5%	(Actual/Target) x Weight	n/a	100% ISSP Completed	100% Compliance with ISSP	
		Sub-total	10%					
		Total	100%					