



18 November 2022

MR. CYR C. GONESTO

Chairperson

MS. JESS G. ESTOESTA

President and CEO (PCEO)

DBP LEASING CORPORATION (DBP-LC)

2/F, Pacific Star Building, Sen. Gil Puyat Avenue

Corner Makati Avenue, Makati City

**RE: VALIDATION RESULT OF 2021 PERFORMANCE
SCORECARD OF DBP-LC**

Dear Chairperson Gonesto and PCEO Estoesta,

This is to formally transmit the validation result of DBP-LC's 2021 Performance Scorecard. Based on the Governance Commission's validation of the GOCC's documentary submissions, DBP-LC garnered an overall score of **38.91%** (See **Annex A**). The same is to be posted on DBP-LC's website, in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07.¹

In relation to the grant of the 2021 Performance-Based Bonus (PBB) to eligible officers and employees, DBP-LC failed to satisfy the requirements of GCG M.C. No. 2019-02,² particularly the achievement of a weighted-average score of at least 90% in its 2021 Performance Scorecard. In this regard, the Board is reminded that any unilateral action to release the PBB will be considered as a violation of the Board's fiduciary duty to protect the assets of the GOCC as provided under Section 19 of Republic Act No. 10149.³

Consequently, pursuant to GCG M.C. No. 2021-01,⁴ failure to qualify for the PBB means that the Appointive Members of the Governing Board of DBP-LC shall not be qualified to receive the Performance-Based Incentive (PBI).

FOR DBP-LC'S INFORMATION AND GUIDANCE.

Very truly yours,

Justice ALEX L. QUIROZ (ret.)

Chairperson

Atty. GIDEON D.V. MORTEL, D.C.L.

Commissioner

**Atty. GERALDINE MARIE
BERBERABE-MARTINEZ**

Commissioner

cc: COA Resident Auditor – DBP-LC

¹ Code of Corporate Governance for GOCCs, dated 28 November 2012.

² Interim Performance-Based Bonus (PBB) dated 25 July 2019.

³ GOCC Governance Act of 2011.

⁴ Interim Performance-Based Incentive (PBI) System for Appointive Directors of GOCCs covered by GCG for 2020 and for the Years Thereafter.

“Upholding a Transparent and Responsive GOCC Sector for the Filipino People”

DBP LEASING AND FINANCE CORPORATION (DBP-LC)
Validation Result of 2021 Performance Scorecard

Component					DBP-LC Submission		GCG Validation		Supporting Documents	Remarks		
Objective/Measure	Formula	Wt	Rating System	Target	Actual	Rating	Actual	Rating				
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	30%	(Actual/Target) x Weight If less Than 2018 Actual = 0%	₱3 Billion	₱2.43 Billion	-	₱2.410 Billion	24.10%	<ul style="list-style-type: none"> Summary of Lease and Loan Portfolio as of 31 December 2021; and COA Annual Audit Report 	Target not met. The reported accomplishment fell short by ₱0.57 billion.
	Sub-total			30%								
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 If less Than 2020 Actual = 0%	0.80%	-7.84%	-	-7.84%	0%	COA Annual Audit Report	Target not met. Accomplishment is less than the previous year's validated ROE-NIAT.
	Sub-total			20%								
STAKEHOLDERS	SO 3	Provide DBP Priority Sectors and SMEs Access to DBP-LC Financing Services										
	SM 3	Increase the Percentage of Clients within the DBP Priority Sectors and SMEs	Number of Clients within the DBP Priority Sector and SMEs / Total Number of Clients	10%	(Actual/Target) x Weight	80%	78.46%	-	78.46%	9.81%	<ul style="list-style-type: none"> Summary of Loan and Lease Portfolio (Detailed/Dis aggregated per Sector) 	Target not met.

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

Validation Result of 2021 Performance Scorecard

Component						DBP-LC Submission		GCG Validation		Supporting Documents	Remarks	
Objective/Measure	Formula	Wt	Rating System	Target	Actual	Rating	Actual	Rating				
										<ul style="list-style-type: none"> Account Monitoring Report; and Five (5) Sample Loan/Lease Application Forms with Credit Approval. 		
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 a rating of at least Satisfactory Rating / Total number of respondents	5%	(Actual/Target) x Weight If Less Than 80% = 0	90%	No Accomplishment	-	No Accomplishment	0%	-	DBP-LC was not able to conduct a Customer Satisfaction Survey.	
	Sub-total		15%									
SO 5	Diversify Industry Exposure with Expanded Market Coverage and Product Offerings											
INTERNAL PROCESS	SM 5	Increase Number of New Accounts Approved	Absolute Number	5%	(Actual/Target) x Weight If Less Than 5 = 0%	15	2	-	2	0%	<ul style="list-style-type: none"> Credit Application; and Approval Forms 	Target not met. Validated accomplishment is below the minimum requirement.

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Validation Result of 2021 Performance Scorecard

Component					DBP-LC Submission		GCG Validation		Supporting Documents	Remarks	
Objective/Measure	Formula	Wt	Rating System	Target	Actual	Rating	Actual	Rating			
SO 6	Achieve High-Quality Portfolio Through Adoption of Best Practices in Account Management and Credit Risk Due Diligence										
SM 6	Improve Past Due Rate	Total Past Due / Total Portfolio	5%	{1 - [(Actual - Target) / Target]} x Weight If More Than 8% = 0%	≤ 6.5%	9.71%	-	9.92%	0%	COA Annual Audit Report	Target not met.
SM 7	Percentage of real and Other Properties Acquired (ROPA) to Total Assets	Total ROPA/ Total Assets	5%	All or Nothing	≤ 1%	0.22%	-	0.38%	5%	COA Annual Audit Report	Acceptable.
SO 7	Streamline Processes Based on Industry Best Practices										
SM 8	Percentage of Applications Processed Within 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%	100%	100%	-	Unverifiable	0%	<ul style="list-style-type: none"> Summary report detailing the start and end dates of processing per account Copies of application documents and credit approvals 	More than 50% of the accounts in the database have discrepancies.
SM 9	Attain Quality Management Certification	Actual Accomplishment	5%	All or Nothing	Retain ISO 9001:2015 Certification (Pass Surveillance Audit)	No Accomplishment	-	No Accomplishment	0%	-	DBP-LC failed to complete the recertification process.
Sub-total			25%								

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Component					DBP-LC Submission		GCG Validation		Supporting Documents	Remarks		
Objective/Measure	Formula	Wt	Rating System	Target	Actual	Rating	Actual	Rating				
LEARNING & GROWTH	SO 8	Ensure Personnel Complement Best Fit to Achieve Organizational Objectives										
	SM 10	Improvement Competency Level of the organization	Competency Baseline 2021-Competency Baseline 2020	5%	All or Nothing	Improvement on the Competency Level of the Organization	No Accomplishment	-	No Accomplishment	0%	-	The conduct of employee assessment was not implemented.
	SO 9	Develop and Implement Complementary Management and Technological Systems to Support Business Operations										
	SM 11	Implementation of Information Systems Strategic Plan (ISSP)	Actual Accomplishment	5%	All or Nothing	100% Attainment of 2021 Deliverables Based on the Revised ISSP 2020-2024	No Accomplishment	-	No Accomplishment	0%	-	DBP-LC did not report any accomplishment for this measure.
	Sub-total		10%				-		0%			
	Grand Total		100%				-		38.91%			

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