

SMALL BUSINESS CORPORATION
Interim Performance Scorecard

2014

Performance Measures				SBC Submission			CGO-A Validation		Supporting Documents	Remarks
Description	Formula	Weight	Rating System	Targets	Actual	Rating	Score	Rating		
MFO 1 – Financing Services										
Performance Indicator Set 1 : Financing Exposure										
Financial 1 : Average earning loan portfolio balance	Monthly average	10%	(Actual/T arget) x Weight	₱2,800 Million	₱2,332.87 Million	8.33%	₱2,367.633 Million	8.46%	Schedule of Monthly Average Earning Loan Portfolio Balance (net of past due) for the period January to December 2014 (sourced from SBC Resource Management Sector) and SBC Unaudited Statement of Financial Position as of end 2014.	<ul style="list-style-type: none"> • 2014 Actual is lower than 2014 target by 15% and 2013 actual (₱2,735.34 Million) by 13%; • Average portfolio balance for: (1) SME Wholesale – ₱525.897 Million (2) Micro Wholesale – ₱1,257.750 Million (3) MSME Retail – ₱466.516 Million and (4) Enterprise Rehabilitation Financing (ERF) – ₱117.470 Million. Thus, total average earning loan portfolio balance is ₱2,367.633 Million. • The indicator accounts for earning portfolio which are: (1) SME Wholesale (2) Micro Wholesale (3) Retail Lending-MSME and the (4) ERF. Based on Unaudited Financial Position of SBC, Due from Financing Institutions totaled ₱1,910.514 Million and Loans and Receivables totaled ₱756 Million. • Notably, monthly portfolio balances (except for the ERF) has been declining on an average of 2.29%. It is observed that SBC

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										reported lower loan releases in CY 2014 than in previous years (CYs 2012 to 2013).
Financial 2 : Average guarantee contingent liability balance	Monthly average	5%	(Actual/Target) x Weight	₱180 Million	₱175.23 Million	4.87%	₱175.23 Million	4.87%	Average Guarantee Contingent Liability Balance for the period January to December 2014 (sourced from SBC MSME Development and Credit Guaranty Group)	<ul style="list-style-type: none"> 2014 Actual is lower than 2014 target by 3% but is higher than 2013 actual (₱130.5 Million) by 34%; Total contingent liability as of end 2014: For regular accounts - ₱47 Million (covering 22 enterprises and borrowers) and Portfolio accounts - ₱162 Million (covering 97 enterprises and borrowers); SBC's Guarantee Program encourages partner Financial Institutions to lend to MSMEs through credit risk-sharing. The guarantee coverage of SBC to the loan amount which will form part of its guarantee contingent liability may include: (1) the entire loan or (2) limited to the unsecured portion (uncollateralized) of the loan.
Financial 3 : Amount of Venture Capital investment	Absolute amount	5%	(Actual/Target) x Weight	₱30 Million	₱22.31 Million	3.72%	₱22.31 Million	3.72%	Schedule of Equity Venture Capital Investment (sourced from SBC Resource Management Sector); SBC CY 2014 Unaudited Statement of Financial Position.	<ul style="list-style-type: none"> Actual is lower than 2014 target by 26% but higher than 2013 actual (₱14.42 Million) by 35%; Actual accounts for cost of original investment. As of end 2014, Investment in equity totaled ₱16.817 Million (including

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										impairment loss of ₱0.725 Million) while Loans Receivable (convertible to equity) totaled ₱5.486 Million.
Quantity 1 : Number of MSMEs financed	Absolute number (Annual)	0%	-	43,858	32,492	-	32,525	-	The following documents were submitted: List of Active Borrowers under Retail Lending, List of Active Venture Capital Accounts, Loan Origination Report, List of Active PFIs, List of SMEs Guaranteed, Schedule of Monthly Average Earning Portfolio	<p>For reporting purposes only.</p> <ul style="list-style-type: none"> • 2014 Actual is lower than 2014 target by 26% and 2013 Actual (38,122) by 15%; • The number of MSMEs financed are as follows: Retail Lending – 1,253; Venture Capital – 4, excluding investments with losses and substandard; Credit Guarantee – 119; SME Wholesale – 106; and Microfinance Wholesale – 31,043*. <p>*Computed based on the portfolio balance divided by average loan size of ₱13,000 divided by 3 cycles in a year; Hence, (₱1.210 Billion / ₱13,000 / 3)</p>
Performance Indicator Set 2 : Access to Finance (Additionality and Directionality of Financing Services)										
Quality 1 : Partially secured loan ratio	Number of unsecured borrowers/ Total number of borrowers	10%	(Actual/Target) x Weight	97%	96%	9.90%	96.17% (1,205/ 1,253)	9.91%	List of Active Borrowers under Retail Lending for CY 2014 with description on Partially secured client, borrowers in rural areas and borrowers under priority industry (source SBC Lending units)	<ul style="list-style-type: none"> • 2014 Actual is lower than 2014 target by 1% but higher than 2013 Actual (95.11% or 623/655) by also 1%; • Borrowers and enterprises financed under Retail Lending program by SBC in CY 2014 totaled 1,253, of which, 1,205 are wholly or partially unsecured or

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										with no collaterals.
Quality 2 : Rural area focus	Ratio of rural to urban (SME National figure is 63:37)	10%	(Actual/Target) x Weight	85%	88%	10.00%	89.55% (1,122/1,253)	10.00%	List of Active Borrowers under Retail Lending for CY 2014 with description on Partially secured client, borrowers in rural areas and borrowers under priority industry (source SBC Lending units)	<ul style="list-style-type: none"> 2014 Actual exceeded 2014 target by 5% and 2013 Actual (83.36% or 546/655) by 7%.
Quality 3 : Priority industry focus	Number of borrowers in priority industries/ Total number of borrowers	0%	-	90%	87%	-	86.99% (1,090/1,253)	-	List of Active Borrowers under Retail Lending for CY 2014 with description on Partially secured client, borrowers in rural areas and borrowers under priority industry (source SBC Lending units)	<ul style="list-style-type: none"> 2014 Actual is lower than 2014 target by 3% and 2013 Actual (88.09% or 577/655) by 1%; For reporting purposes only.
Quality 4 : Sustainability rate of borrowers	Percent BRR 1 to 6/ Total number of risk-weighted borrowers (borrowers more than 1 year with SBC)	10%	(Actual/Target) x Weight	86%	95%	10.00%	96.14% (723/752)	10.00%	Listing of Borrower Risk Rating (BRR) rated Borrowers and Sustainability Ratio under Retail Lending (source SBC Lending units)	<ul style="list-style-type: none"> 2014 Actual is higher than 2014 target by 12% and 2013 Actual (85% or 623/733) by 12.96%; Out of 1,253 borrowers under Retail Lending Program of SBC, 752 borrowers were subjected to BRR risk rating and of which 723 received BRR ratings 1 to 6 (wherein 1 refers to Very low risk and 6 refers to marginal risk). Notably, 21 received BRR rating 7 (or Unsatisfactory, Very high risk), 6 received BRR rating 8 (or Substandard, Very high risk) and 2 received BRR rating 10 (or Expected

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										Loss, Very high risk).
Subtotal		50%				46.82%		46.96%		
MFO 2 – Capacity Building Services										
Performance Indicator Set 1 : Financial Institution (FI) Development										
Quantity 1 : Number of Risk-Based Lending Program (RBL) graduates	Cumulative number	10%	(Actual/Target) x Weight	35	30	8.57%	30	8.57%	List of SBC Capacitated Rural Bank / Financial Institutions on SME Risk Based SME Lending Strategy (sourced from FI Development and MSME Development and Venture Capital Group)	<ul style="list-style-type: none"> 2014 Actual is lower than 2014 target by 17% but higher than 2013 Actual (23) by 26%; and FIs with completed Credit Manuals as of end 2014 are considered as graduates by SBC.
Quality 1 : Number of RBL Program graduates implementing Borrower Risk Rating (BRR) Credit Evaluation	Cumulative number	2.50%	(Actual/Target) x Weight	20	21	2.50%	21	2.50%	List of SBC Capacitated Rural Bank / Financial Institutions on SME Risk Based SME Lending Strategy Implementing the same to SMEs (sourced from FI Development and MSME Development and Venture Capital Group)	<ul style="list-style-type: none"> 2014 Actual is higher than 2014 target by 5% and 2013 Actual (17) by 24%; 4 new FI graduates implemented the RBL strategy to SMES, namely: (1) Mt. Carmel RB (2) RNG Coastal Bank (3) Life Bank and (4) RB Paracale. These FIs have rated at least 25 SMEs each.
Quantity 2 : Number of FI officers with appreciation on RBL principles	Absolute number (Annual)	1%	(Actual/Target) x Weight	200	288	1%	264	1.00%	Summary Report on RBL Seminars and List of Attendees on Broad-based lending in CY 2014 (sourced from FI Development and MSME Development and Venture Capital Group)	<ul style="list-style-type: none"> 2014 Actual is higher than 2014 target by 32% and 2013 Actual (129) by 105%.
Quality 2 : Number of FI borrowers implementing required improvement in	Absolute number, Annual (Population is BRR 5	4%	(Actual/Target) x Weight	35	36	4%	36	4.00%	List of Active PFIs implementing required improvement in Business Processes (sourced from FI Development and MSME	<ul style="list-style-type: none"> 2014 Actual is higher than 2014 target by 3% but lower than 2013 Actual 2013 (39) by 8% Out of 106 Active

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business processes	and 6 FI borrowers which comprise an estimated 40% of active FIs; implementation after 1 year; 20% fall-out)								Development and Venture Capital Group)	borrowers with BRR risk rating under Wholesale lending program, 36 FIs (34%) implemented the required improvement on business processes.
Performance Indicator Set 2 : Micro, Small and Medium Enterprises (MSME) Development										
Quantity 1 : Number of Enterprise Enhancement Program (EEPro) candidates for graduation (at least 12 months in the program)	Cumulative number	10%	(Actual/Target) x Weight	30	27	9.00%	27	9.00%	Certification on EEPro completion dated 15 January 2015 (sourced from/certified by OIC of SBC MSME Development and Credit Guarantee Group/MDCGG and EEPro Consultant)	<ul style="list-style-type: none"> • 2014 Actual is lower than 2014 target by 10% but higher than 2013 Actual (9) by 200%.
Quality 1 : Number of EEPro graduates implementing their business plan and regularly preparing financial statements	Cumulative number	2.50%	(Actual/Target) x Weight	24	27	2.50%	27	2.50%	Certification on EEPro completion dated 15 January 2015 (sourced from/certified by OIC of SBC MSME Development and Credit Guarantee Group/MDCGG and EEPro Consultant)	<ul style="list-style-type: none"> • 2014 Actual is higher than 2014 target by 12.50% and 2013 Actual (9) by 200%; • Notably, all SBC client-enterprises of EEPro which graduated in 2013 and are candidates for graduation in 2015 are confirmed to be actively implementing their respective business plans and are regularly generating financial reports.

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Quantity 2 : Number of entrepreneurs with appreciation of financial statements	Absolute number (Annual)	1%	(Actual/Target) x Weight	300	366	1.00%	364	1.00%	List of Participants on Financial Management Training for SMEs in CY 2014 (sourced from/ certified by OIC of SBC MSME Development and Credit Guarantee Group/MDCGG)	<ul style="list-style-type: none"> 2014 Actual is higher than 2014 target by 21% and 2013 Actual (89) by 309%; Financial Management Trainings for SMEs were conducted in the following municipalities: (1) Lucena (2) Isabela (3) Naga (4) Palawan (5) Laguna and (6) Makati.
Quality 2 : Number of MSME borrowers implementing required improvement in business processes	Absolute number, Annual (Population is BRR 5 and 6 SME borrowers which comprise an estimated 20% of total; implementation after 1 year; 20% fall-out; net of EEPro enrollees)	4%	(Actual/Target) x Weight	102	183	4.00%	170	4.00%	List of Active Borrowers under Retail Lending for CY 2014 with description on Partially secured client, borrowers in rural areas and borrowers under priority industry (source SBC Lending units)	<ul style="list-style-type: none"> 2014 Actual exceeded 2014 target by 67%; Out of 1,253 borrowers under Retail Lending Program, 752 borrowers have been risk rated by SBC and 171 of which have BRR ratings of 5 and 6 or acceptable and marginal ratings, respectively. 170 of these borrowers have implemented the prescribed improvement in business processes.
Subtotal		35%				32.57%		32.57%		
MFO 3 – Policy Advocacy										
Quantity : Number of policy initiatives supporting implementation of critical provisions of RA 9501 relating to	Number of policy papers submitted to oversight	5%	(Actual/Target) x Weight	5	Policy Papers on: (1) Amendments to RA 9501 (2)	5.00%	(1) Proposed Changes to the SBC Charter (2) Financing Policy for	2%	(a) DTI Certification (b) Certifications from Congressmen Rufus B. Rodriguez and Mark A. Villar	<ul style="list-style-type: none"> Policy Initiatives: (1) Amendment of SBC Charter and (2) Financing Policy for Rubber Tree Growers were discussed

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MSME Finance	bodies (For CY 2014, may renegotiate to include number of position papers submitted to oversight bodies)				Increase in capitalization of SBC and SME Guarantee Fund (3) Inclusion of MSME Development plan in the country's Inclusive Financing Framework (4) Industry Development Roadmap for SME Finance and (5) Special Financing Facility for the rubber industry and similar long gestating SME projects		Rubber Tree Growers		(c) Agenda on COC MSME Meeting dated 01 December 2014 (d) 2014 Attendance Sheets on Regional Rubber Industry Forum	during SBC meetings with the DTI and the Congressional Oversight Committee on Micro, Small and Medium Enterprises in FY 2014.
Subtotal		5%				5.00%		2.00%		
General Administrative Services (GAS)										
Quality 1 : Transaction cost to Revenue ratio	(PS+MOOE)/ Gross Revenues	5%	All or nothing	Should not exceed 56.9%	52.2%	5.00%	50.57%	5.00%	Income Statement/ Schedule of Transaction Cost to Revenue Ratio	<ul style="list-style-type: none"> 2014 Actual exceeded 2014 target by 11% and an improvement from 2013 Actual of 54.27%; Computation is as follows; balances as of end 2014: PS and MOOE (P182.741 Million / Gross Revenue (P361.390 Million).

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Quality 2 : Processing velocity	Number of Clients/Number of employees	5%	(Actual/Target) x Weight	7.20	8.8	5.00%	8.99	5.00%	List of Active Borrowers under Retail Lending, Wholesale Lending, Equity Venture Capital Investment and SMEs Guaranteed; List of Risk Based Lending and EEPro graduates; Manpower Distribution. (sourced from SBC Resource Management Sector, MSME Development and Credit Guarantee Group)	<ul style="list-style-type: none"> 2014 Actual represents an improvement from 2013 Actual of 5.5; Computation is as follows: Number of clients (1,538) / Total Personnel (171); wherein: total number of clients breakdown is as follows: Retail (1,253), Venture Capital (4), Guarantee (119), Wholesale (106), and Capacity Building (56). Assumptions used by SBC in Manpower computation: (1) Regular Employees totaled 136 as of end 2014 (2) Contract of Service employees totaled 16 as of end 2014 (3) Agency hired employee is counted as one half, totaled to 19 and (4) COA employees are not included in count.
Subtotal		10%				10.00%		10.00%		
Total Weight:		100%				94.39%		91.53%		