

25 July 2023

**MS. BLESILA A. LANTAYONA**

*Undersecretary, Department of Trade and Industry (DTI)  
and SBC Acting Chairperson*

**MR. ROBERT C. BASTILLO**

*President and CEO (PCEO)*

**SMALL BUSINESS CORPORATION**

17<sup>th</sup> and 18<sup>th</sup> Floors, 139 Corporate Center  
139 Valero Street, Salcedo Village, Makati City

**RE: VALIDATION RESULT OF SBC's 2022  
PERFORMANCE SCORECARD**

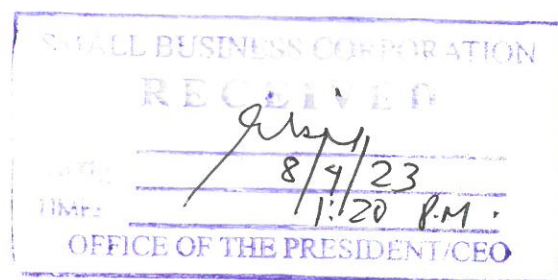
Dear Undersecretary Lantayona and PCEO Bastillo,

We respectfully furnish you with the validation result of SBC's 2022 Performance Scorecard (**Annex A**), where SBC obtained an over-all score of **84.70%**.

Very truly yours,

  
**Justice ALEX L. QUIROZ (ret.)**  
*Chairperson*

cc: COA Resident Auditor - SBC



**SMALL BUSINESS CORPORATION (SBC)**  
**Validation Result of 2022 Performance Scorecard**

	Component				SBC Submission		GCG Validation		Supporting Documents	Remarks	
	Objective/Measure	Formula	Wt.	Rating System	Target	Actual	Rating	Actual			Rating
SOCIAL IMPACT	<b>SO 1</b>	<b>Catalyze Increased Allocation and Accelerated Delivery of Financing Resources to MSME Segments Traditionally Considered Unfinanceable</b>									
	SM 1	Increase Total Financing Portfolio	Year-End Gross Amount of Loan Portfolio	15%	(Actual / Target) x Weight	<u>₱12.32 Billion</u>	₱12.343 Billion	15%	₱12.350 Billion	15%	<ul style="list-style-type: none"> <li>COA Audited Notes to Financial Statements</li> </ul> <p>Request for revision of target is <b>APPROVED</b>. The reduction is to account for the slow uptake of the tourism sector of the RISE UP TOURISMO loan program.</p> <p>Validated actual based on COA AAR.</p>
	SM 2	Increase the Number of Micro, Small and Medium Enterprise (MSME) Borrowers	Number of Active MSME Borrowers (with Loan Release) during the Year relative to Prior Year	10%	(Actual / Target) x Weight	Additional 68,754	81,406	10%	64,618	9.40%	<ul style="list-style-type: none"> <li>New MSME Database</li> <li>Conduit Reports</li> <li>Promissory Notes</li> <li>Oracle Account Management System (AMS) / Bayanihan Cares Online System (BCOS) Dashboard</li> </ul> <p>New MSMEs with loan releases were considered as accomplishment.</p>

Component					SBC Submission		GCG Validation		Supporting Documents	Remarks	
Objective/Measure	Formula	Wt.	Rating System	Target	Actual	Rating	Actual	Rating			
SM 3	Number of Provinces Provided with Access Financing to	Number of Provinces with Loan Releases during the Year	10%	All or Nothing	85 Provinces	85 Provinces	10%	85 Provinces	10%	<ul style="list-style-type: none"> <li>List of Loan Releases</li> <li>Conduit Reports</li> <li>Promissory Notes</li> <li>Oracle / AMS / BCOS Dashboard</li> </ul>	The figure of 85 includes the four districts of the National Capital Region.
<b>Sub-Total</b>		<b>35%</b>				<b>35%</b>		<b>34.40%</b>			
<b>SO 2</b>	<b>Sustain Good Governance and Cost Efficiency in the Management of Stakeholders' Investments, Observing both Financial and Social Returns</b>										
SM 4	Improve Return on Equity	<u>Adjusted profit (loss) after tax<sup>1</sup> / Average Equity</u>	15%	All or Nothing	At least positive ROE and Not lower than 2021 ROE	Initial: 12.95% (NOI with P3 Subsidy but exclusive of Credit Cost/Average Equity) (P1,998,882,190.73 / 15,432,197,537.12)	15%	1.24%	15%	<ul style="list-style-type: none"> <li>COA Audited Statement of Comprehensive Income (SOI) and Notes</li> </ul>	Request for the revision of formula is <b>APPROVED</b> .  GCG computed the 2021 ROE to be (1.16%) which makes SBC's 2022 accomplishment greater than that of the prior year.
						Final: 16.12% (NOI with P3 Subsidy but exclusive of Credit Cost/Average Equity) (P2,475,776,449.83 / 15,356,789,858.07)					

<sup>1</sup> where adjusted profit (loss) after tax is profit (loss) after tax as shown in the statement of comprehensive income excluding:

Component					SBC Submission		GCG Validation		Supporting Documents	Remarks	
Objective/Measure	Formula	Wt.	Rating System	Target	Actual	Rating	Actual	Rating			
SM 5	Improve Past Due Rate <sup>2</sup>										
5a	COVID-19 Assistance to Restart Enterprises (CARES) Loan Portfolio	Value of Past Due CARES Accounts / Total CARES Financing Portfolio	5%	{1 – [(Actual – Target) / Target]} x Weight	30%	37.96%	3.67%	37.96%	3.67%	<ul style="list-style-type: none"> <li>Past Due Report</li> <li>Account Management System</li> </ul>	Acceptable.
5b	Aggregate of Other Loan Portfolios Outside CARES Program	Value of Past Due Accounts / Total Financing Portfolio (net of CARES Portfolio)	5%	{1 – [(Actual – Target) / Target]} x Weight	16%	24.09%	2.47%	24.11%	2.47%	<ul style="list-style-type: none"> <li>Past Due Report</li> <li>Account Management System</li> </ul>	Acceptable.

- subsidy income
- expenses subsidized as allowed by law
- credit cost or loan loss provisioning and the corresponding income tax benefits

<sup>2</sup> Based on the definition provided by the Bangko Sentral ng Pilipinas

Component					SBC Submission		GCG Validation		Supporting Documents	Remarks	
Objective/Measure	Formula	Wt.	Rating System	Target	Actual	Rating	Actual	Rating			
SM 6	Effective Utilization of Corporate Budget										
SM 6a	Obligations Budget Utilization Rate (BUR)	Total Obligations / DBM-approved Corporate Operating Budget (both net of PS Cost)	5%	All or Nothing	90%	Initial: 98% Final: 53.87%	Initial: 5% Final: 0%	77.34%	0%	<ul style="list-style-type: none"> <li>COA Audited Statement of Comprehensive Income (SOCI) and Executive Summary</li> <li>2022 DBM-approved Corporate Operating Budget (COB)</li> <li>General Ledger working papers</li> </ul>	Validated actual based on COA AAR.
SM 6b	Disbursement BUR	Total Disbursement / Total Obligations (both net of PS Cost)	2.5%	All or Nothing	90%	100%	2.5%	99.98%	2.50%	<ul style="list-style-type: none"> <li>COA Audited Statement of Cash Flow, Statement of Comprehensive Income, and Notes</li> <li>General Ledger working papers</li> </ul>	Acceptable.
		Total Disbursement / Total DBM-approved Corporate Operating Budget (both net of PS Cost)	2.5%	All or Nothing	90%	Initial: 98% Final: 53.75%	Initial: 5% Final: 0%	77.32%	0%	<ul style="list-style-type: none"> <li>COA Audited Statement of Cash Flow, Statement of Comprehensive Income, and Notes</li> <li>2022 DBM-approved COB</li> </ul>	Validated actual based on COA AAR.
<b>Sub-Total</b>			<b>35%</b>				<b>23.64%</b>		<b>23.64%</b>		

Component					SBC Submission		GCG Validation		Supporting Documents	Remarks		
Objective/Measure	Formula	Wt.	Rating System	Target	Actual	Rating	Actual	Rating				
<b>SO 3 Enhance the experience of our clients - throughout their transaction journey with us (our direct borrowers, our conduits, and our other partners)</b>												
<b>CUSTOMERS</b>	SM 7	Percentage of Satisfied Customers	Number of Stakeholders Who Gave a Rating of at Least Satisfactory / Total Number of Respondents	5%	(Actual / Target) x Weight  0% = less than 80%	90%	99%	5%	94%	5%	<ul style="list-style-type: none"> <li>• CSS Report;</li> <li>• Data Quality Control Report;</li> <li>• Database of Responses;</li> <li>• Database of Back-checking and Spot-checking Responses; and</li> <li>• Sample Accomplished Survey Questionnaires.</li> </ul>	Acceptable.
	SM 8	Improve Turn Around Time (TAT) in the Processing of Loan Applications	Number of Applications Processed within Applicable Turnaround Time <sup>3</sup> / Total Number of Applications	5%	(Actual / Target) x Weight	100% of Applications Processed within Prescribed Turnaround Time	88.40%	4.42%	89.32%	4.47%	<ul style="list-style-type: none"> <li>• Loan TAT Database;</li> <li>• Citizen's Charter</li> <li>• BCOS Dashboard;</li> <li>• Promissory Notes;</li> <li>• Loan Executive Summaries and/or Approval Memoranda</li> </ul>	Out of the 11,548 applications, SBC was able to process 10,315 applications within TAT.
	<b>Sub-Total</b>			<b>10%</b>				<b>9.42%</b>		<b>9.47%</b>		

<sup>3</sup> The applicable time for the processing of loans should be consistent and in compliance with Republic Act No. 11032, otherwise known as the Ease of Doing Business and Efficient Government Service Delivery Act of 2018

Component					SBC Submission		GCG Validation		Supporting Documents	Remarks	
Objective/Measure	Formula	Wt.	Rating System	Target	Actual	Rating	Actual	Rating			
<b>INTERNAL PROCESS</b>											
SO 4	<b>Create an organizational system that supports analytics-based strategies and impact assessment, agile innovation, and information security</b>										
SM 9	Automate Existing Systems and Processes	Actual Accomplishment	10%	(Actual / Target) x Weight	100% Attainment of 2022 Deliverables (based on DICT-Approved ISSP 2021-2023)	100% Attainment of 2022 Deliverables	10%	71.93% of ISSP projects completed and substantiated with documents.	7.19%	<ul style="list-style-type: none"> <li>User Acceptance Report / Test Sign-Off Form</li> <li>Screenshots of the System</li> <li>Sample Reports</li> <li>2022 ISSP as submitted to the DICT</li> <li>Purchase Orders</li> <li>Billing Statements</li> </ul>	Based on the 2022 ISSP and review of supporting documents on hand, the projects listed in <b>Appendix 1</b> were not completed or had insufficient documentation.
SM 10	Attain ISO 9001:2015 Certification	Actual Accomplishment	5%	(Actual / Target) x Weight	1) Maintain ISO 9001:2015 Certification  2) New certification of fourth Regional Lending Group	Surveillance audit rescheduled and completed in 1 <sup>st</sup> Quarter of 2023; ISO Certification of SB Corporation remained valid.	5%	ISO 9001:2015 Certification for HO, NLG, and MG was maintained; ISO 9001:2015 Certification for Visayas Group was secured	5%	<ul style="list-style-type: none"> <li>Audit Report</li> <li>Correspondence between SBC and third-party auditor</li> </ul>	SBC Cebu (Visayas Group) was included in the audit coverage.
	<b>Sub-total</b>		<b>15%</b>				<b>15%</b>		<b>12.19%</b>		

	Component					SBC Submission		GCG Validation		Supporting Documents	Remarks	
	Objective/Measure	Formula	Wt.	Rating System	Target	Actual	Rating	Actual	Rating			
LEARNING & GROWTH	SO 5	Advance the competencies and corporate culture of SBCorp workforce on responsive finance and on accelerated platformification.										
	SM 11	Improve Competency Baseline of the Organization	Competency Baseline in 2022 <sup>4</sup> – Competency Baseline in 2021	5%	All or Nothing	Improvement in the Competency Baseline of the Organization	Improved rating by 1.2003	5%	0.0144 improvement in the Competency Baseline of the Organization	5%	<ul style="list-style-type: none"> <li>• Computation of 2022 and 2021 Competency Assessment</li> <li>• Sample competency assessment forms</li> </ul>	The 2021 validated competency baseline of SBC is 1.2379. The 2022 validated competency baseline is 1.2523.
		<b>Sub-total</b>		<b>5%</b>				<b>5%</b>		<b>5%</b>		
		<b>Grand Total</b>		<b>100%</b>				<b>88.06%</b>		<b>84.70%</b>		

<sup>4</sup> Improvement in the competency baseline of the organization shall pertain to the average percentage of required competencies met which can be computed using the following formula:

$$\frac{\sum_{a=1}^A \left( \frac{\text{Actual Competency Level}_a}{\text{Required Competency Level}_a} \right)}{B}$$

where: a = Competency required. A = Total number of competencies required of positions. b = Personnel profiled. B = Total number of personnel profiled





## List of ISSP Projects Planned but not Completed in 2022

Project Name	Status	Remarks
e-KYC Module Subscription	Not Completed	SBC to use the DICT e-KYC
Contact Center Solutions	Not Completed	Re-budgeted due to increase in monthly call rates
Call Management System	Not Completed	Did not materialized due to MC 3
Server Rack	Not Completed	For the proposed site in SBC Pampanga
Server	Not Completed	For contingency only
Laptops	Not Completed	Procurement still on progress
Documents Scanner	Not Completed	To replace obsolete scanner
SATA HDD	Not Completed	For contingency/upgrade of disk drivers
ServerRAID Controller	Not Completed	To be used for additional servers
AIO Colored Printer	Not Completed	To replace obsolete scanner
Windows Server OS	Not Completed	For upgrade of server OS
Oracle License	Not Completed	Documents handed over to COA
Domain Name License	Not Completed	The domain names are no longer renewed due to the instructions of the Board
Migration Software DBConvert	Not Completed	One-Time Purchase of License in 2021 but inadvertently included on 2022 budget
Arcserve UDP Backup License	Not Completed	Unrenewed due to existence of HCI Servers
Consultancy and Training	Not Completed	Still on progress

