Office of the President of the Philippines
GOVERNANCE COMMISSION
FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS
3/F, BDO Towers Paseo, 8741 Paseo De Roxas, Makati City, Philippines 1226

27 February 2023

MS. CECILIA C. BORROMEO
Chairperson
MS. LEILA C. MARTIN
President and CEO (PCEO)
OVERSEAS FILIPINO BANK (OFBANK)
OFBANK Center, Liwasang Bonifacio
Manila

RE : <u>RESULT OF THE 2ND REVALIDATION OF THE 2020 PERFORMANCE SCORECARD OF OFBANK</u>

Dear Chairperson Borromeo and PCEO Martin,

This refers to OFBANK's letter dated 22 November 2022[1] requesting for a second reconsideration on the validation of SM 3: Increase Total Outstanding Deposit Amount of OFWs and Beneficiaries.

Review and evaluation of OFBANK's request, including additional documents, are summarized in the *"Result of the 2nd Revalidation of 2020 Performance Scorecard"* attached as ***Annex A***. Foregoing considered, OFBANK's revalidated score is hereby <u>INCREASED</u> from 87.59% to **93.58%**. The same is to be posted on OFBank's website in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07.[2]

Further, the Governance Commission formally transmits the Results of the Validation of Good Governance Conditions (GGCs), Support to Operations (STOs), General Administration and Support Services (GASS), and Other Cross-Cutting Requirements provided by the Inter-Agency Task Force (IATF) of the Harmonization of National Government Performance Monitoring, Information and Reporting Systems ***(Annex B)*** which enumerates the final Non-Compliant agencies who failed to meet the IATF requirements for the grant of the 2020 Performance-Based Bonus (PBB).

Based on the List of Non-Compliant GOCCs covered by the Republic Act (R.A.) No. 10149[3], OFBank was found to be non-compliant with the following:

Good Governance Conditions	• Transparency Seal • ISO-QMS Requirement
Procurement Requirement	• FY 2019 APCPI Submission • Posting of Indicative FY 2021 APP Non-CSE • FY 2021 APP CSE Submission • Conduct of Early procurement
Other Cross-Cutting Requirements	• Posting of Systems of Rating and Ranking • Freedom of Information Compliance

[1] Officially received by the Governance Commission on 9 December 2022.
[2] Code of Corporate Governance of GOCCs, dated 28 November 2012.
[3] GOCC Governance Act of 2011.

In view of the foregoing, OFBank remains to be ineligible for the grant of the 2020 Performance-Based Bonus (PBB) to its officers and employees. 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 R.A. No. 10149.

FOR OFBANK's INFORMATION AND GUIDANCE.

Very truly yours,

Justice ALEX L. QUIROZ (ret.)
Chairperson

MAR 06 2023
1:36pm

cc: COA Resident Auditor - OFBANK

OVERSEAS FILIPINO BANK (OFBANK)
2nd Revalidation of the 2020 Performance Scorecard

	Component						OFBANK Submission		GCG Validation		Supporting Documents	Remarks
	Objective/Measure		Formula	Wt.	Rating System	Target	Actual	Rating	Actual	Rating		
SOCIO-ECONOMIC IMPACT	SO 1	Support the Programs for the OFWs in partnership with OWWA, POEA, and DOLE										
	SM 1	Number of Signed Memorandum of Agreement with Partner Agencies	Actual Accomplishment	15%	(Actual / Target) x Weight	1 (Deposit based)	With OFBANK's move towards a branchless digital banking structure, concern on the lack of touchpoints was raised by stakeholders, among which are the DOLE, OWWA, and POEA. The concern was addressed with the Cash Agency Agreement (MOA) with Land Bank on the acceptance of deposit transactions of OFBANK accountees over-the-counter in any of the branches of LANDBANK without any service charge/cost to the accountees. Said Agreement was presented to the Bangko Sentral ng Pilipinas and approved by the Monetary Board on April 27, 2020.	15%	Cash Agency Agreement with LandBank	15%	• MOA with LandBank • Letter to OWWA • Draft MOA with OWWA	The request to revise the target from 2 to 1 is **APPROVED**. The agreement with OWWA was targeted for implementation in June 2020. However, the outbreak of the COVID-19 pandemic necessitated the suspension of subject implementation. The OWWA prioritized the repatriation program for OFWs and the agreement with OFBANK to facilitate the OFW e-card, and OFW Loan Facilities was archived.

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	Component						OFBANK Submission		GCG Validation		Supporting Documents	Remarks
	Objective/Measure		Formula	Wt.	Rating System	Target	Actual	Rating	Actual	Rating		
		Sub-Total		***15%***				***15%***		***15%***		
FINANCIAL	**SO 2**	**Maintain Status Quo in the Capital Structure of OFBANK**										
	SM 2	Minimize Net Loss	Actual Accomplishment	15%	(1- ((Actual – Target)/ Target)) x Weight	Not more than ₱233.06 Million	Net Loss as of December 31, 2020 – ₱126.43 Million	15%	₱(126.43) Million	15%	COA Annual Audit Report	Acceptable.
	SO 3	**Increase Deposit Base of OFWs**										
	SM 3	Increase Total Outstanding Deposit Amount of OFWs and Beneficiaries	Actual Accomplishment	20%	(Actual / Target) x Weight	Additional ₱160 Million of Deposits from OFWs	As of Dec. 2020, total deposits made to OFBANK accounts was ₱467 Million ₱150.363 Million in Savings maintained in the name of OFWs and Beneficiaries Note: Includes P40.723 Million in deposits locked in for 1 year under the Premyo Bonds Program	20%	<u>₱145.276 Million</u>	<u>18.16%</u>	• COA Annual Audit Report • Breakdown of the Deposit Liabilities • Savings Trial Balance	The request for reconsideration is <u>**ACCEPTED.**</u>

	Component						OFBANK Submission		GCG Validation		Supporting Documents	Remarks
	Objective/Measure		Formula	Wt.	Rating System	Target	Actual	Rating	Actual	Rating		
		Sub-Total		***35%***				***35%***		***33.16%***		
INTERNAL PROCESS	**SO 4**	**Synergize Marketing Efforts**										
	SM 4	No. of Onboarded Alliance/ Partnerships to Internet/ Mobile Banking	Actual Accomplishment	10%	All or Nothing	1	1 (Tie-Up with VISA on the promo of P100 credit to accounts opened during OFW Webinars)	10%	1	10%	• DTI Permit • Promotion Agreement between VISA and OFBANK dated 23 September 2020	Acceptable.
	SO 5	**Streamline Banking Operations through Digital Solutions**										
	SM 5	Total No. of Digital Channels and Services Implemented	Actual Accomplishment	10%	All or Nothing	1 Digital Channel; and 1 Service-Digital On-Boarding System (DOBS) with Artificial Intelligence (AI)	Enhanced OFB Website DOBSAI Launched on June 29, 2020	10%	Enhanced OFB Website DOBSAI Launched on June 29, 2020	10%	• Management Committee Resolution No. 253-2019 • Secretary's Certificate recommending the approval of the Plans, Programs, • Corporate Operating Budget for the year 2020 • Guidelines on the Implementation of Digital Onboarding System with Artificial Intelligence (DOBSAI) or Executive Order No. 12 s. 2020	The request for reconsideration is **APPROVED.** For the implementation of the DOBSAI, OFBANK submitted a copy of E.O. No. 12, which provides that the same shall take effect upon approval of the Board. The Board approved the Guidelines on the Implementation of DOBSAI on 20 May 2020 via Board Resolution No. 2020-029.

	Component					OFBANK Submission		GCG Validation		Supporting Documents	Remarks
	Objective/Measure	Formula	Wt.	Rating System	Target	Actual	Rating	Actual	Rating		
										• Secretary's Certificate stating the Guidelines on the Implementation of DOBSAI was approved by the Board on 29 May 2020 via Board Resolution No. 2020-029 • Systems Development Life Cycle Report on the Development of OFBANK Website	The enhancement of the OFBANK website was accepted and recommended for implementation thru sign-off forms dated 24 June 2020 and 08 August 2020.
SM 6	Set-up Digital Hub	Actual Accomplishment	15%	(Actual / Target) x Weight	Transform former Cash Unit to a Digital Hub (90% Project Accomplishment based on the timetable)	50% Accomplishment of Digital Hub in OFBANK Center 100% Accomplishment of the Digital Hub / Corner in POEA	15%	*Measure Excluded*	-	• Management Committee Resolution No. 253-2019 • Secretary's Certificate recommending the approval of the Plans, Programs, and Corporate Operating Budget for the year 2020 • Proposed Office Furniture for OFBANK – Digital Hub dated 04 November 2021 • Photos of Digital Hub Corner in POEA • Certificate of Completion from LandBank Project Management and Engineering Department	Measure is excluded. The delays encountered were due to the imposition of quarantine and various restrictions.

	Component						OFBANK Submission		GCG Validation		Supporting Documents	Remarks
	Objective/Measure		Formula	Wt.	Rating System	Target	Actual	Rating	Actual	Rating		
LEARNING AND GROWTH	SM 7	Percentage of Applications Processed Within Prescribed Period	Number of Transactions Processed Within the Prescribed Period / Number of Transactions of the Year	5%	(Actual / Target) x Weight	100% of Transactions Processed Within the Prescribed Period[1]	100% of transactions received were processed within the prescribed period	5%	94.19%	4.71%	• Screenshot of DOBSAI statistics on the processed transactions • Production report of DOBSAI on deposit account application/ enrollment	Request for reconsideration **APPROVED.** TOTAL Applications received: 19,899 Applications returned to applicants within 24 hours: 6,499 0 to 1 day: 12,244 Beyond 1 day: 1,156
		Sub-Total		***40%***				***40%***		***24.71%***		
	SO 6	**Establish a Competitive Employment Structure**										
	SM 8	Compliance to BSP Required Trainings	Actual Accomplishment	10%	(Actual / Target) x Weight	100% attendance of the identified employees	Identified employees attended the trainings – with 100% attendance	10%	4 out of 6 BSP Required trainings were attended by 100% of Identified employees:	6.67%	• Attendance sheet on the Seminar on AMLA and Branch Operations • Sample Certificate of Participation on Audit of Outsourced Functions • List of Trainings Attended by OFBANK's employees in 2020 Special Order Nos. 15 and 16 series of 2020	No supporting document was provided for the reported training on Consumer Protection. Only Four (4) employees attended the Security Program Training.

[1] Applicable time should be in compliance with RA 11032 otherwise known as the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 (EODB).

	Component					OFBANK Submission		GCG Validation		Supporting Documents	Remarks
	Objective/Measure	Formula	Wt.	Rating System	Target	Actual	Rating	Actual	Rating		
								1. AML/CFT Training Program (15 out of 15 employees) 2. Business Continuity Risk Assessment and Risk Assessment Register & Risk Treatment Register (13 out of 13 employees) 3. Continuing Training and Education – Audit and Compliance (10 out of 10 employees) 4. Sales and Marketing Personnel Relevant Training - Business Banking (5 out of 5 employees)			
	Sub-Total		***10%***				***10%***		***6.67%***		
	TOTAL		**100%**				**100%**		79.54% out of 85%		
	VALIDATED RATING								**93.58% out of 100%**		