

HIGHLIGHTS OF ACCOMPLISHMENTS
(PERFORMANCE UNDER THE STRATEGIC INITIATIVES)
January – December 2020

I. OPERATIONAL HIGHLIGHTS

1. Portfolio Management

A. Core Business

a. Corporate / Priority Sectors / MSMEs

Expand credit guarantee support to key sectors of the economy through partner banks and Financial Institutions:

Priority Sectors

- Continuous building up of portfolio along the areas of manufacturing, export, infrastructure, renewable energy and energy efficiency projects, commercial agri projects and other related programs for MSMEs.
- Launched a credit guarantee program for Medium to Large Enterprises (MLEs) with maximum coverage of up to PhP 300 Million. To date, there were 5 accounts in the pipeline with total loans amounting to PhP 1.0 Billion.

MSME – Portfolio Guarantee Facilities

- Launched 2 credit guarantee programs:
 1. SME Credit Guarantee Facility (SCGF) – to provide credit guarantee to banks providing SME loans.
 2. MSME Credit Guarantee Program (MCGP) - on April 2020, the PHILGUARANTEE Board approved the MCGP, which is a subset of SCGF and intended to cover up to PhP120.0 Billion worth of loans by Covid-19 affected businesses.
- As of end-December 2020, the programs were able to accomplished the following:
 - 48 Banks applied for accreditation;
 - 32 Banks approved for accreditation (9 UKBs/KBs, 8 TBs, 29 RBs and 2 NBFIs) with PhP37.73 Billion total approved line/facilities;
 - 16 Banks are in-process for accreditation with a total applications amounting to PhP 4.21 Billion;
 - Booked a total of PhP 207.22 Million guaranteed loans which benefitted 2,948 new MSMEs, generating a total earnings of PhP 1.036 Million in guarantee fees;
 - Accounts under process totaled 8,836 with total loan amount of PhP 440.18 Million.

- On April 29, 2020, PHILGUARANTEE's Board of Directors (BOD) has approved the recommendation for the Agency to accept the role as Program Manager of the World Bank's (WB) funded-projects: **Philippine Renewable Energy Development Project (PHRED)** and the existing **Electric Cooperative Partial Credit Guarantee Program (ECPCG)**. However, PHRED did not push through due to relevant matters still to be resolved with WB while the transfers of ECPCG to PHILGUARANTEE has been effected with P623 Million portfolio for a total of 16 ECs.
- In August 2020, PHILGUARANTEE has signed separate guarantee agreements with six banks, namely: the Bank of the Philippine Islands, Union Bank of the Philippines, Malayan Bank, BPI Direct Banko, New Rural Bank of San Leonardo, Inc. and the Bangko Kabayan, Inc. providing MSME loans. A total of P10.2 Billion of these loans to MSMEs will provide cushion to small businesses affected by the COVID-19 pandemic while at the same time provide partial guarantee against credit losses of these lending banks in the event of non-payment of MSME loans.

b. Housing Business

The Agency's housing guarantee program managed to deliver its services to promote homeownership and maintain a sustainable housing finance program in the country through its strong partnership with banks and developers:

- As of end-December 2020 a total of 72 Financial Institutions (FIs) were accredited composed of 10 Universal Banks, 3 Commercial Banks, 28 Rural Banks, 11 Thrift Banks, 1 Cooperative Bank, 10 Housing Developers, 2 Building and Loan Associations (BLAs), 1 Government Financial Institution (SSS), and 6 private Financing, Lending and Insurance Companies.
- New enrollment for the year 2020 under housing guarantee facilities amounted to Php 19.93 Billion, reaching a total number of 11,281 in terms of beneficiaries/shelter. It has exceeded its target by almost 200% in terms of targeted amount and 274% with respect to beneficiaries, respectively.
- The Corporation approved Php 612.80 Billion worth of guarantee lines with a total loan availment of Php 501.34Billion.
- Outstanding guarantees is at Php 175.71 Billion representing 138,811 shelter units. This is 109.7% in excess of its target in terms of amount and 121% in terms of shelter units. Availments to Retail Loan Guarantee make up 98.01% of the Outstanding Guarantees; Guarantee for Microfinancing / Small Loans, 0.96%; and for Securitization Scheme. 0.02%.
- Total guarantee premiums earnings reached Php 1.51 Billion, exceeding its target by 111%. Earnings from the Retail Loan Guarantee Program make up 98.87% of the total housing guarantee earnings.
- On February 26, 2020, PHILGUARANTEE held an awarding ceremony for its top 10 most notable partners in appreciation of their invaluable contribution to housing finance in 2019. These are BPI Family Savings Bank, Inc.; BDO Unibank, Inc.; Philippine Savings Bank; Security Bank Corporation; RCBC Savings Bank; Asia United Bank Corporation; China Banking Corporation; PNB Savings Bank; EastWest Banking Corporation; and the lone developer, Cityland Group. Together, they have

contributed a total of P49.98 Billion worth of guarantee enrollments for housing loans for the said period.

c. Agriculture (AGFP) Business

As the administrator of the Agricultural Guarantee Fund Pool (AGFP), PHILGUARANTEE is able to encourage partner institutions to lend to Small Farmers and Fisherfolks (SFFs) or their organizations. It also implemented policy enhancements to facilitate service delivery. For the year 2020, the following were its major contributions:

- Approved Php 5.139 Billion worth of guarantee lines to its 41 Partner Lending Institutions (PLIs), composed of 35 Banks, 5 Cooperatives and 1 Farmer's Organization (FO)/Micro-finance Institution (MFI).
- Guaranteed Loans to PLIs amounted to Php 4.247 Billion while Outstanding Guaranteed Loans ending December 2020 totaled Php401.576 Million benefitting 48,038 Agri-based workers/beneficiaries.
- Guarantee fees earned for the year amounted to Php 37.19 Million vis-a-vis its target of Php 21 Million.
- To allow some flexibility in the filing of guarantee claims given the different triggering conditions of default, AGFP implemented the following policy enhancements:
 - filing of guarantee claims;
 - implementation of New Codified and Approving and Signing Authority for guarantee line and extension;
 - modification on the Manual of Operations for Guarantee Claim Processing, Approval and Payment; and
 - clarification on the word "claim batch" as provided under Item 4.10.2 © of the Revised Implementing Rules and Regulations (DA Administrative Order No. 04, s. 2018) which shall refer to the consolidated claims request from the PLI received by the PHILGUARANTEE-AGFP within a particular month.

B. Risk Management

As part of the Agency's effort to strengthen Risk Management implementation and be at par with the Risk Rating System of the banks and other government agencies, the following initiatives were undertaken during the year:

- Approval by the PHILGUARANTEE Board of the following:
 - Operational Risk Management Framework (ORMF);
 - Risk Control Self-Assessment (RCSA) guidelines;
 - Business Continuity Plan (BCP).
- Reviewed and revised Credit Policy Memoranda (CPMs).
- Reviewed Credit Risk Rating/Scoring models/credit evaluation, risk-based pricing.

- On-going study of credit guarantee policies to be compliant with BSP requirements.

II. OTHER KEY HIGHLIGHTS

2. Process Enhancement

A. Governance and Standards

In its efforts to attain a high level of corporate governance, PHILGUARANTEE continues to update and put into practice the set of rules and controls in its system thru the following:

- ISO surveillance audit completed in Dec 2020 with TUV Rheinland; Certification issued
- Compliance to Anti-Money Laundering Council (AMLC) reporting
- Completed/Updated the following:
 - Data Privacy Manual and ALM Manual
 - Unified Anti-Red Tape Authority (ARTA) in compliance to RA No. 11032 (Section 6)
 - Citizen's Charter and Freedom of Information (FOI) Manual
 - Mission-critical special assignments of OCS tasked by PCEO and the Alternate Chairperson
- Strong Board-Management engagement thru Board Secretariat affairs/administration, timely submissions of compliance reports
- Compliance to Regulatory Requirements and Initiatives:
 - Completed the Customer Satisfaction Survey for 2020, giving the Agency an overall customer satisfaction rating of 4.3 or 95% positive rating (excellent). It aims to look into the quality of services provided by PHILGUARANTEE officers and employees to its clients particularly, the guarantee program.
 - Completed and submitted the Agency's Performance Evaluation System (PES) for CY 2020 and 2021 to Governance Commission for Government-Owned or Controlled Corporations (GCG). The Agency's PES for CY 2020 has been approved by the GCG while on December 21, 2020, a Technical Panel Meeting (TPM) with GCG and PHILGUARANTEE's Senior Officers was held for the Agency's 2021 PES.
 - Conducted Operations Audit in Building and Loan Associations (BLAs)
 - Ongoing resolutions to various COA audits/disallowances/NS, to include appeals with COA Central Office;
 - Completed 2019 audit examination, with appeal for AAR before COA central office.
 - Completed and submitted the Agency's Records Disposition Plan to the National Archives of the Philippines (NAP) for final approval.

B. Post Merger Process

- **New Visual Identity**

As part of the rebranding process in view of the full implementation of EO 58, the new visual identity has been implemented which includes the following:

- New Logo (Unified) - that comprise elements from the merged/consolidated programs and agencies (see below):



- Website Enhancements/Updating - includes updating of information in the Integrated Corporate Reporting System web portal of the GCG, maintaining updated information of Agency's corporate governance seal and transparency seal on its website, posting of PHILGUARANTEE news articles, updating of the different Guarantee Programs, updating of Helpdesks/Inquiry page and Management Contact Information.
- **Staffing Pattern/Personnel Placement**
 - Execution of Organizational Structure and Staffing Pattern (OSSP) as approved by the Governance Commission for GOCCs (GCG) with the placement and integration of all personnel effective February 1, 2020.
 - Plantilla positions approved totaled 328, of which 166 have been filled and 162 vacant.
 - A total of 150 Contract of Service (COS) personnel were hired to augment the 166 regular employees. Hiring of COS is also a strategy being employed by the Agency in developing the skills, knowledge and competencies of the contractual employees to prepare them for possible hiring as regular employee.
- **System Integration**
 - Ongoing integration of financial accounting processes between existing systems of the former PhilEXIM (FIS) and HGC;
 - Ongoing works on ICT Modernization as part of the Digital Transformation pursuit;
 - Approval of DICT of the Agency's Information Systems Strategic Plan (ISSP);
 - Electronic/online facilitation of meetings with the Board, Senior Management Committee, and Business Groups.
- **Harmonized Disposition Guidelines and re-constituted the Asset Disposal Committee (ADC).**
- **Records Management Improvement Committee (RMIC)**

- On Nov. 4, 2020, submitted to the National Archives of the Philippines (NAP) the revised/amended Records Disposition System (RDS) of the then Philippine Export-Import Credit Agency (PhilEXIM). Once approved by the Records Management Evaluation Committee (RMEC) of the NAP, a Reconstitution of the RMIC will be made to prepare the Supplemental/s to the approved RDS.
- As of Dec. 31, 2020, the RDS is still for final review and approval of the RMEC/NAP.

3. People Development

- Approval of the Qualification Standards (QS) was by the Civil Service Commission (CSC);
- Re-calibration of functions of Groups, Departments, and other Operating Units;
- Several officers and staff were sent to various on-line training programs/webinars such as mandatory continuing legal education, credit guarantee and investment facility, country/sovereign risk analysis, corporate governance, gender and development, and other related seminars. More than 70 employees attended trainings in 2020;
- Development/Establishment of PHILGUARANTEE's Competency Framework and Competency Catalogue with Operational Definitions. With the completion and implementation of the Competency Framework in 2021, it is expected that the PHILGUARANTEE will have a unified competency program that aims to strengthen human resource capability and constant nurturing of skills and abilities.

4. Positive Returns

A. Portfolio Fund/Investments

Total Investments covering the period January – December 2020 stood at Php 22.824 Billion, broken down as follows:

Banks	Amount (In Billion PHP)	% Share
LBP	Php 12.09	53
DBP	Php 10.51	46
PVB	Php 0.23	1

B. Guarantee Claims

The consolidated guarantee claims performance of the Housing and Agriculture guarantee programs reached Php1,089.09 Million, to wit:

Particulars (In Million Php)	Housing	Agriculture	Total
Paid	3.79	168.34	167.13
For payment	20.83	132.73	153.56

Under Evaluation	59.82	703.58	763.40
Total	84.44	1,004.65	1,089.09

C. Collection on Housing Accounts

PHILGUARANTEE was able to collect a total of Php 262.3 Million from the lease and sale of acquired assets. Collection effort was also affected by the COVID-19 pandemic but still managed to surpass its target of Php 271.49 Million which resulted to a collection efficiency rate of 96.61%.

D. Asset Disposition

- A total of 10 lots. and 12 Houses and Lots were sold representing an aggregate Book Value of Php10.61 Million and with a Sales Value of Php 35.02 Million. This resulted into a Cash Inflow of Php 7.97 Million.
- Resolved and disposed big ticket non-performing assets and settle long outstanding guaranty payables through compromise settlement.

III. Key Financial Highlights:

CY 2020 (Tentative)

Particulars	Amount
Total Revenues	2,271.83
Total Expenses	1,955.75
Net Operating Income	316.08
Net Income	221.79
Total Assets	57,832.39
Total Liabilities	33,877.76
Equity	23,954.63

IV. COVID-19 KEY ACCOMPLISHMENTS

A. Business Groups

Program	Initiatives	Impact/Benefits to Affected MSMEs / Institutions
Housing	Implementation of 60-d grace period for payment of premium on renewal of guarantee	<ul style="list-style-type: none"> • 13 AFIs availed of the 60-d grace period for renewal of guarantee coverage of 4,717 housing loans

	coverage	worth P7.2 Billion • P2.78 Million waived penalties
Agriculture	60-d grace period for the payment of all existing, current and outstanding loans	3,527 beneficiary small farmers and fisherfolks
MSMEs	Launched the MSME Credit Guarantee Program	• P207 Million Approved Guarantee Lines • 2,948 MSMEs
Asset Management	Implementation of 60-d grace period to all existing, current and outstanding borrowers under the housing programs and restructured accounts	191 borrowers availed of the program

- The Agency continues to assure its support towards the agriculture sector as part of its mandate and key assistance role during the COVID-19 pandemic through the following initiatives:
 - The PHILGUARANTEE Governing Board approved the reduction of the rate of guarantee fee from 1% to 0.5% and the increase of the guarantee coverage from 85% to 90% of the loan amount. The above measures were effective from April 15 to July 15, 2020 and applied to loans granted to palay farmers; and
 - The zero risk weighting provision has been afforded to PLIs beginning May 15, 2020, in accordance with BSP Circular 1084, Series 2020.
 - PHILGUARANTEE continues to take part in the government's implementation of Republic Act (RA) No. 11469 or the "Bayanihan to Heal As One Act," with its deferment of statutory deadlines and timelines for payments and other charges by waiving all housing program-related penalties covering the period from March 16 to May 31, 2020.

**B. Housing Group Assistance Measures Relative to Bayanihan I and II
As of 31 December 2020**

- PHILGUARANTEE continues to take part in the government's implementation of Republic Act (RA) No. 11469 or the "Bayanihan to Heal As One Act," with its deferment of statutory deadlines and timelines for payments and other charges by waiving all housing program-related penalties covering the period from March 16 to May 31, 2020.

Particulars	<u>Bayanihan I</u>	<u>Bayanihan II</u>	TOTAL
Penalties Waived	P47.85 Million	P9.05 Million	P56.9 Million
Number of Loans	49,193	1,891	51,084
Value of Renewal	P64.16 Billion	P3.14 Billion	P67.3 Billion
AFIs availed			30

C. Expanded Credit Guarantee Coverage (Bayanihan II)

- Extending the MSME Credit Guarantee Program until 31 March 2021 to provide on-going support towards affected businesses via available access to working capital loans from banks.
- Availability of the SME Credit Guarantee Facility for small and medium business growth opportunities (loan requirement of less than Php 50 Million).
- Availability of the Medium and Large Enterprises (MLE) Credit Guarantee Facility in response to the provision of Bayanihan Law II to support such entrepreneurs, covering loan requirements above Php 50 Million – Php 300 Million.
- Availability of the Credit Surety Fund in partnership with LGUs and Cooperatives. PHILGUARANTEE to invest equity to guarantee cooperative loans (commitments under IGLF)
- Availability of the Socialized and Low – Cost Housing Guarantee Program, inclusive of a proposed restructured housing loans of up to two years grace period on principal and maximum term of 25 years

D. Agency Response to COVID-19 Pandemic for PHILGUARANTEE Employees

- Implementation of CSC MC No. 10, s. 2020 (working arrangements during state of national emergency)
- COVID-19 rapid testing for personnel
- Personnel reporting to offices are screened, provided with face masks, face shields, reminded to follow protocols, and with shuttle services
- Placement of Health and Safety protocols to stop the spread of Covid-19 (provision of PPEs, decontamination and disinfection of offices, and hiring of safety and health officers).
- PHILGUARANTEE, through Fundraising/Crowd Funding efforts and as part of the Agency's corporate social responsibility, provided financial and relief aid to its employees and personnel under contract of service who were greatly affected by the pandemic:

V. OTHER ACCOMPLISHMENTS

A. Marketing and Promotional Campaign

- The Guarantee Groups continued to touch-base with financial institutions and business organizations, including prospective clients with the objective of strengthening business relationship and to continue building-up of portfolio.
- PHILGUARANTEE participated and provided support through sponsorships and membership to various trade organizations and associations.
- Likewise, the group continuously coordinate with concerned government agencies as part of the group's due diligence on projects at hand and also to keep abreast with the latest industry and market developments.
- The Guarantee Groups continue to promote their programs by way of on-line trainings/workshops with PLIs, one-on-one on-line briefings/re-orientation.
- Participated in various speaking roundtables, fora, public radio programs, conventions and conferences.
- Engaged partnerships with local and regional/ASEAN counterpart credit guarantee institutions and export credit agencies through associations – AEBF, ADFIAP, etc.

B. Gender and Development (GAD)

- Continuous upholding of the national policies on GAD through the provision of gender responsive program such as:
 - Support to the 2020 National Women's Month Celebration for the whole month of March 2020 including attendance to DOF's Kick Off Activities on March 14, 2020.
 - Attendance to on-line trainings conducted by the Department of Finance (DOF) and the Philippine Commission on Women (PCW)
 - Reconstitution of the PHILGUARANTEE Gender And Development Focal Point System (GFPS) on Sept. 21, 2020 per Office Order No. 2020-040.
 - A PHILGUARANTEE-wide support to the 18-Day Campaign to end Violence Against Women (VAW) was conducted for the period Nov. 25 – Dec. 12, 2020 thru the display of Banners to both offices in Jade and CitiTower Bldgs. and posting in the agency website; wearing of Orange T-shirts and orange face masks; joining in the "Orange Your Icon for 18 Days" by decorating both offices with orange colors.
- Creation and Enhancement of GAD page in PHILGUARANTEE's official website, showing efforts of all PHILGUARANTEE units/departments/groups and advocate for the integration of GAD perspective in all the corporation's systems and processes
- Compliance to Section 36 of Republic Act No. 9710 or the Magna Carta of Women (MCW), PCW-NEDA-DBM JC 2012-01, PCW MC 2018-04, PHILGUARANTEE's GAD Plans and Budgets (GPB) for CY 2021 was submitted to PCW thru its GMMS.