

PHILIPPINE GUARANTEE CORPORATION

HIGHLIGHTS OF ACCOMPLISHMENTS JANUARY TO DECEMBER 2022

The year 2022 was a period of transition growth, following the successful merger of the Corporation that began its journey in 2018. The strong economic performance of the Philippines was buoyed by great opportunities and changes that arose from the advent of a new government under President Ferdinand R. Marcos, Jr., and his administration's transformative economic goals and priorities. The government's 8-pt Socio-economic Agenda provided the impetus to achieve for the country a robust, inclusive and resilient society.

On the part of the Philippine Guarantee Corporation (PHILGUARANTEE), with by the steadfast guidance of Finance Secretary Benjamin E. Diokno and PHILGUARANTEE Board Alternate Chairperson and National Treasurer Rosalia V. De Leon, and under the leadership of President and CEO Alberto E. Pascual, it continues with its mandate fulfillment through its Strategic Pillars (4Ps), serving as its cornerstone in its developmental role through the provision of credit guarantees in support of trade and investments, exports, infrastructure, energy, tourism, agricultural business/modernization, housing, MSMEs and other priority sectors of the economy.

In support of the achievement of the four strategic pillars – *portfolio management*, *process enhancement*, *people development* and *positive returns* – the Corporation set out to fulfill its mandate through its five key pursuits, namely:

1. Core Business and Asset Management
2. Technology and Service Delivery
3. Financial Results
4. Organizational and Workforce Productivity
5. Risk Management and Governance
6. Socio-economic Inclusivity



The Governing Board of PHILGUARANTEE approved the Corporation's Updated Strategic Direction (2022-2025) with its four-year Roadmap Framework, to support the agency's overall thrust of contributing to inclusive growth and spurring regional development. This is with the end in view of fulfilling mandate and achieving sustainability, pushing innovation and service delivery results, attaining a responsible and digital-centric organization, and realize meaningful results.

I. Portfolio Management

Portfolio growth anchored on supporting housing, agriculture, MSMEs and other priority sector areas

2022 Plans	Status as of December 31, 2022
1. Expand Credit Guarantee Support to Key Economic Sectors	SUBSTANTIALLY ACHIEVED
<ul style="list-style-type: none"> Priority Sector Guarantee Group (PSGG) 	<ul style="list-style-type: none"> As of December 31, 2022, PSGG processed a total of ₱1.36 Bn volume of business versus its

<ul style="list-style-type: none"> • Housing Guarantee Group (HGG) • Agriculture Guarantee Group (AGG) 	<p>annual target of ₱4.40 Bn Of the total volume of business generated, 41% or ₱559.44 Mn came from regions outside Luzon benefitting 3,544 MSMEs.</p> <ul style="list-style-type: none"> - Volume of business amounted to ₱237.71 Bn (cumulative) which is 104% over its target of ₱229.07 Bn (cumulative) for CY 2022. - Registered a total amount of ₱53.69 Bn new enrollments - Volume of business is at ₱4.83 Bn with guarantee coverage/ enrollments of ₱4.102 Bn. The value of gross loans guaranteed for the year is 1.25% of it 2022 target of ₱3.86 Bn - Reached a total of 39,811 small farmers and fishers who benefitted from the program
<p>2. Established strong business relationship with partner Financial Institutions (FIs)</p>	<p>SUBSTANTIALLY ACHIEVED</p> <ul style="list-style-type: none"> - Conducted marketing calls and meetings with different electric cooperatives which were previously and currently guaranteed under the Electric-Cooperative Partial Credit Guarantee Facility. - A Memorandum of Agreement (MOA) between PHILGUARANTEE and National Electrification Administration (NEA) to continue the co-financing agreement between LGUGC and NEA is for final confirmation.
<p>3. Key assistance pursuits aligned with government initiatives</p> <ul style="list-style-type: none"> • Made available credit guarantee programs - Continue establishing contacts with partner Financial Institutions (FIs) 	<p>SUBSTANTIALLY ACHIEVED</p> <ul style="list-style-type: none"> - PSGG conducted marketing roadshows to promote financing for the MSME sector and large enterprises in coordination with the other Guarantee Groups. Business fora were conducted in the cities of Cebu City, Davao City, Baguio City, Iloilo City, Legaspi City, Gen Santos City, and Bacolod City. From the list of attendees, there were twenty one (21) Banks that signified interest to avail of the MSME Credit Guarantee Facility and Medium and Large Enterprises Credit Guarantee Facility (MLE-CGF). Continuous coordination with these banks is being done by the PSGG for possible accreditation with PHILGUARANTEE application for guarantee cover

<ul style="list-style-type: none"> - Marketing of MLEs in coordination with the partner Financial Institutions (FIs) - Conversion of MLE accounts referred by partner Financial Institutions (FIs) - Establish tie-up with Nat'l Electrification Adm. (NEA) on possible co-financing arrangement for the CAPEX requirement of Electric Coops - Establish contacts with various electric cooperatives (ECs) that may qualify under the ECPCG program 	<ul style="list-style-type: none"> - PSGG conducted marketing roadshows, clients calls and meetings with different partner Banks to present/promote the Medium and Large Credit Guarantee Facility of PHILGUARANTEE. An aggregate amount of Php 650.0 Million MLE accounts in the power and energy industry is in process. - There are four (4) MLE accounts that submitted LOI and initially evaluated by the PSGG, namely, Infinite Power Systems, Inc., AMN Bio-Energy Corp., Power Serve Inc., and Mica by the Sea. - The draft Memorandum of Agreement (MOA) between PHILGUARANTEE and National Electrification Administration (NEA) to continue the co-financing agreement between LGUGC and NEA was reviewed by the legal department of both parties. The copy of the reviewed MOA will be forwarded to NEA for their final confirmation of the provisions. - PSGG sent-out marketing letters, conducted marketing calls and meetings with different electric cooperatives (ECs) which were previously & currently guaranteed under the ECPCG.
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II. Process Enhancement

2022 Plans	Status as of December 31, 2022
4. Digital transformation leading towards the future state of technology in the organization	<p>SUBSTANTIALLY ACHIEVED</p> <ul style="list-style-type: none"> - ICT Modernization Implementation <ul style="list-style-type: none"> o Created a Technical Working Group to review the implementation of the recommendation of the ICT Modernization Study for PHILGUARANTEE under Information Systems Strategic Plan 2022-2024, i.e., Enterprise Resource Planning (ERP), Loan Guarantee Management System (LGMS), Human Resource Information System (HRIS) and Document Management System (DMS). o Ongoing procurement and provisioning of ICT support services to the new PHILGUARANTEE Headquarters, BPI-PHILAM Building (90% complete). o Ongoing implementation of GFI Shared

	<p>CyberSecurity Project</p> <ul style="list-style-type: none"> ○ Use of Cloud Storage through Google Workspace as part of business continuity project. ○ Conducted capacity building activities with the Consultant of ICT Modernization Study <ul style="list-style-type: none"> - Full implementation of online payment through digital platforms (i.e. GCash, Bayad Center) - On-going integration of the Financial Information System (FIS) - Monthly transmittal of Official Receipts to clients are now in digitized forms. - Launched automated Claims Evaluation and Approval Systems and Database for Agriculture Guarantee Claims Department (AGCD) ; Pilot testing ongoing - Developed automated borrower's ledger to facilitate recording and monitoring of remittances per borrower and computation of penalties - Implemented the FIS integration for receipt of payments and check/LOI preparation in the Jade office. - Secured Board approval of the updated/amended CASA on the designation of the authorized signatory/ies and amount limits - Entered into a MOA with LBP Resources and Development Corporation (LBRDC) for updating of appraised values of accounts, and availed the online services of LGUs on property tax assessment for quicker TAT
5. Implementation of Quality Management and Information Security Management Standards	<p>ACHIEVED</p> <ul style="list-style-type: none"> - Successfully passed the Re-Certification Audit and was awarded by TUV Rheinland Philippines with the following certificates: <ol style="list-style-type: none"> 1. ISO 9001:2015, valid from August 2022 – July 2025 2. ISO/IEC 27001:2013 Integrated Management System, valid from August 2022- August 2025
6. Enterprise-Wide Risk Control	SUBSTANTIALLY ACHIEVED

Measures	<ul style="list-style-type: none"> - Ongoing procurement of consultants for Philippine Financial Reporting Standards (PFRS) 9, Expected Credit Losses (ECLs), Guarantee Reserve Fund (GRF), and Business Impact Analysis (BIA)/ Business Continuity Management System (BCMS). - Presented to the Risk Oversight Committee (ROC) the initial draft of preliminaries, i.e. BCMS policy statement, business continuity organization and structure and BCM Framework. - Secured Board approval of the three (3) major risk management manuals, namely: <ul style="list-style-type: none"> o CRMM o Operational Risk Incident Reporting Guidelines and RCSA Guidelines o Interim BCP - Secured approval of BSP-compliant credit policies (9) - Strengthened internal audit process through establishment of Audit Rating System, and Quality Assurance and Improvement Program - Issued credit policies aligned/compliant with the latest issuances, regulation, circulars/letters of Bangko Sentral ng Pilipinas (BSP) and Manual of Regulations for Non-Bank Financial Institutions (MORNBFi)
7. Satisfactory Experience	Clientele
	ACHIEVED <ul style="list-style-type: none"> - Based on the 2022 Customer Satisfaction Survey, PHILGUARANTEE obtained 98% satisfactory rating
8. Turnaround Time and Collection Efficiency	ACHIEVED <ul style="list-style-type: none"> - Processed/released titles to various acquired assets on the set date of release to clients - Improved turnaround time as a result of the enhancement in the processes of claims (Average TAT: MSME – 15 days; Housing - 9 working days) while collection efficiency rate is at 98%.

III. People Development

2022 Plans	Status as of December 31, 2022
9. Succession Plan Management - Improve Competency Level	ACHIEVED <ul style="list-style-type: none"> - Secured Board approval of the

	<p>PHILGUARANTEE Competency Framework Model, that aims to enhance and strengthen PHILGUARANTEE's human resource capability and constant nurturing of skills and abilities. This includes the Competency Catalogue, Competency Tables, Competency Matrix, Position Profiles and the Competency-Based Job Description and was done through a third-party Consultancy Services for the Organizational Competency requirements.</p> <ul style="list-style-type: none"> - Conducted a series of in-house seminars along competency assessment and competency gap analysis. - On December 21, 2022, the PCEO approved the Baseline Report and Competency-Based Learning and Development (CBLD) Plan based on the result of Competency Assessment and Gap Analysis. The GCG acknowledged on December 22, 2022 its receipt of the Baseline Report and CBLD Plan.
10. Develop Organizational and Human Capital Capabilities	<p>ACHIEVED</p> <ul style="list-style-type: none"> - Conducted external learning and development interventions/specialized trainings – to a total of fifty-three (53) personnel and six (6) members of the Board of Directors - In House Trainings/Briefings (7) – provided to 155 personnel and 15 contractual staff, and online trainings
11. Reputable and Responsive Organization	<p>ACHIEVED</p> <ul style="list-style-type: none"> - Attended the ADFIAP Annual Meeting and participated in the roundtable discussions on sustainable development and financing opportunities aligned with the Sustainable Development Goals (SDGs) Agenda. - Hosted the institutional visit to PHILGUARANTEE of a delegation from the Agricultural and Rural Development Bank (ARDB) of Cambodia as part of the learning and sharing of experiences on sustainable development, specifically in the area of agriculture. - Participated in the 27th Asian Exim Bank Forum (AEBF) Annual Meeting of its members with the theme “EXIM Banks Role in Facilitating Sustainable and Resilient Business Growth and Partnerships Post Pandemic”. The event was hosted by Malaysia Exim Bank (MEXIM). This was attended by the heads of member EXIMs/ECAs from Australia, China, India, Indonesia, Japan, Korea, Thailand, Vietnam,

	<p>Turkey, and Philippines. Also in attendance were Saudi EXIM, International Islamic Trade Finance Corporation (IITFC), and the Asian Development Bank (ADB) as AEBF permanent observer. PHILGUARANTEE was a signatory to the Joint Statement of Financial Support to Green Development, together with its counterpart AEBF member-institutions.</p> <ul style="list-style-type: none"> - Attended the 34th Credit Supplemental Institution Confederation (ACSIC) Conference under the theme “The Great Journey: How to Enhance SME Financing for Resilient and Sustainable Growth”. The event aims to promote the sound development of the credit supplementation system for small business in ASEAN region.
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IV. Positive Returns

2022 Plans	Status as of December 31, 2022
12. Guaranty fees/premiums	<ul style="list-style-type: none"> - Priority Sectors/MSMEs generated a total guarantee fee of Php 4.39 Mn. - Housing generated Php 1.60 Bn of guarantee premium. - Agriculture registered a total guarantee fee of Php 43.46 Mn
13. Collections from Remedial Accounts/Sales of Acquired Assets	<ul style="list-style-type: none"> - ASDD disposed PHILGUARANTEE acquired assets with total sales value of Php 70.44 Mn with 84 unit - RMD collected Php 188.46 Mn out of the Php 566.04 Million target for CY 2022, Said collections is equivalent to 33% of the target Collection Efficiency Rate (CER) of 85%. - Total collection value of Php 652.15 Mn. - Legacy accounts (Agriculture) and prior-year guarantee claims requiring initial or one-time payment were cleared
14. Sustain Overall Positive Results from business generation activities	<ul style="list-style-type: none"> - Total Revenues registered in 2022 was P 2.51 Bn vs. 2021 Total Revenue of P 4.55 Bn - A total core income of Php 1.32 Bn as of December 31, 2022.
15. Optimize Yields on Treasury Investment and Other Assets	<ul style="list-style-type: none"> - As of 31 Dec 2022, the investment mix of all PHILGUARANTEE Investments even improved further to 16%, 50% and 34% for short term, medium and long term, respectively.

	<ul style="list-style-type: none"> - Generated a total gross income from investment of Php 636.716 Mn as of 31 Dec 2022 by ensuring minimal cash balances in low yielding deposits, and timely investment/re-investments of idle funds as reflected in updated comprehensive investment plan and operating requirements schedules. - Processed and documented a total of 109 matured placements, 112 new placements and rollover, and 99 coupon payments from GS placements amounting to Php 19.02 Bn, Php 20.90 Bn, and Php 94.39 Mn, respectively. - Facilitated the opening and transfer of New Escrow Trust account for the ECPCG funds transferred by PNB and needed monthly reconciliation of Investments under Trust with the bank.
16. Disposal of Unserviceable Properties (IT Equipment, Vehicles, EFFs)	<p>Motor Vehicles</p> <ul style="list-style-type: none"> - Conducted two (2) public bidding on 18 May 2022 and 10 June 2022. - Total sales generated from the disposition of unserviceable PPEs amount to Php 2.13 Million - Sale of Unserviceable PPEs and Waste Materials: Php 176,800.00; and - Sale of Unserviceable Motor Vehicles (sold 14 out of 25 units amounting to P1,955,100.99) <p>Property, Plant and Equipment</p> <ul style="list-style-type: none"> - Conducted public bidding for the sale of unserviceable PPEs warehoused at Paco Mall and disposed the waste materials stored at the Pampanga Warehouse, in April 2022. - Total sales value of Php 176,800.00.

KEY FINANCIAL HIGHLIGHTS

As of and for the year ended 31 December 2022
(In Million Pesos)

Particulars	Amount
Total Assets	Php 60,765. 69
Total Liabilities	Php 34,496. 43
Total Equity	Php 26,269. 26

Total Revenues	Php 2,505.01
Total Expenses	Php 966.10
Total Net Income	Php 1,319. 75

SUPPORT GROUPS

- HRODD implemented Alternative Work Arrangement (AWA) policies based on CSC issuances effective June 2022.
- Website visits totaled to **855,501** as of end-December 2022. Continuous Website Enhancements/Updating which 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.
- As of December 31, 2022, Records Disposition Schedule (RDS) is subject to final review and approval of the National Archives of the Philippines' (NAP) based on the communications with the Senior Analyst of the NAP's Records Management Evaluation Committee (RMEC).
- Implemented Compensation and Position Classification System (CPCS) pursuant to EO 150, s. 2021 on July 15, 2022
- Relocation Activities as of December 31, 2022
 - Ongoing transfer from Jade and BDO offices to the BPI-Philam Office.
 - Done with the Fire Safety Clearance from Bureau of Fire Protection (BFP)
 - Awaiting issuance of the occupancy permit from the City Hall of Makati - OBO

GENDER AND DEVELOPMENT

Continuous adherence to policies on GAD through the provision of gender responsive programs:

- 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 2021 GAD Accomplishment Report (GAD AR) was submitted to PCW thru its GMMS on April 13, 2022.
- Support to the 2022 National Women's Month Celebration for the whole month of March 2022 thru the display of streamers to both offices and posting in the agency website; and wearing of Purple T-shirts.
- Attendance to GAD-related on-line trainings/webinars/fora/film showings and other activities conducted by the Department of Finance (DOF), the Philippine Commission on Women (PCW) and other government agencies and private entities.
- 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.

- Partnership with the Department of Environment and Natural Resources (DENR) to participate in the tree planting activity with the theme G4G: Greening for Gender Equality at the La Mesa Water Reservation to improve communal sensibilities.
- Conducted/participated in 13 GAD-related briefings/seminars/trainings.
- Participated in the 18-day Campaign to Eliminate Violence Against Women (VAW) , including the block screening of GAD-relevant movies
- Established the GAD Corner, lactation room and GAD Conference Room in the new BPI-Ayala Office.
- Collated sex-disaggregated data to aid in planning, programming and policy formulation.