



REPUBLIC OF THE PHILIPPINES

OFFICE OF THE PRESIDENT

HOME GUARANTY CORPORATION

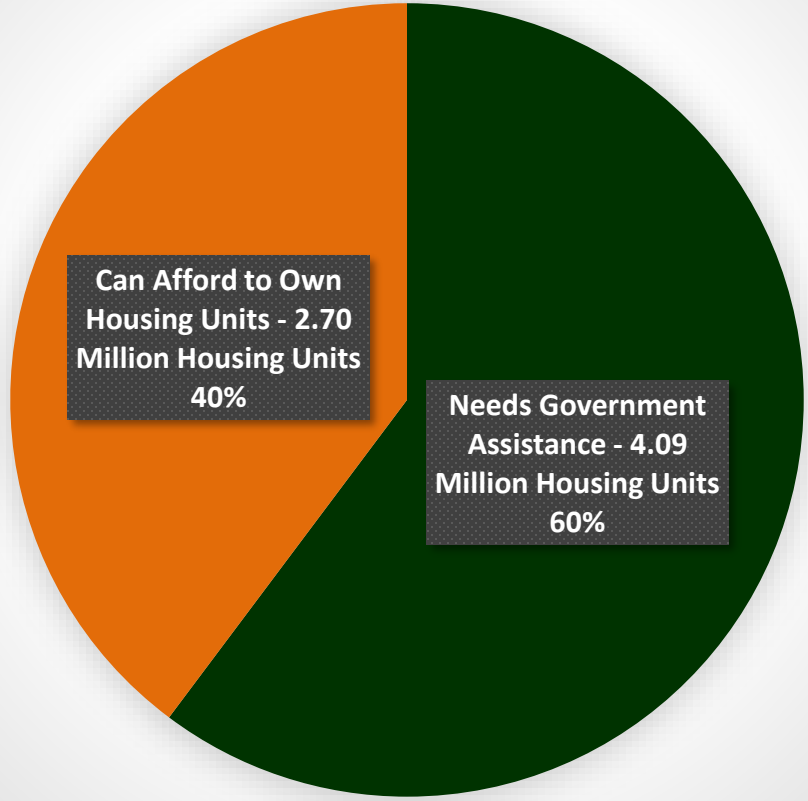
**RBAP'S 65th ANNUAL
NATIONAL CONVENTION
AND GENERAL MEMBERSHIP
MEETING**





TOTAL HOUSING NEEDS

6.79 Million Total Housing Needs (2017-2022) for 6 years



Source: Housing and Urban Development Coordinating Council



Housing and Urban Development Coordinating Council * Administrative supervision, program and policy coordination




Key Housing Agencies:



Housing and Land Use Regulatory Board

- Regulatory
- Quasi-judicial
- Issues License to Sell



National Housing Authority

- Direct shelter production for those affected by natural calamities and by government projects



Home Guaranty Corporation

- Credit Risk Guarantee housing loans receivables and securitization programs
- Development of Secondary Mortgage Market



National Home Mortgage Finance Corporation

- Secondary Mortgage institution
- Mandated to operate Secondary Mortgage Market



Social Housing & Finance Corporation

- Develop & administer social housing program schemes to sectors in the low income bracket
- CMP



Home Development Mutual Fund

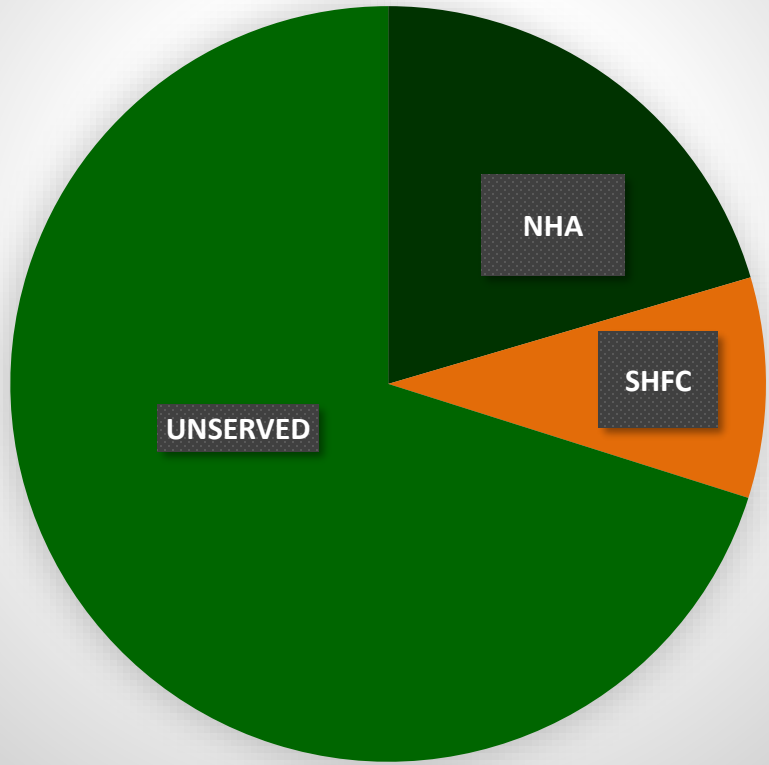
- Homebuyer and Developmental Lending
- Provident Fund for Housing for the Government and Private Sectors



GOVERNMENT ASSISTANCE

NHA : 837,000 UNITS (21%)
SHFC : 386,000 UNITS (9%)
UNSERVED : 2.87 M UNITS (70%)

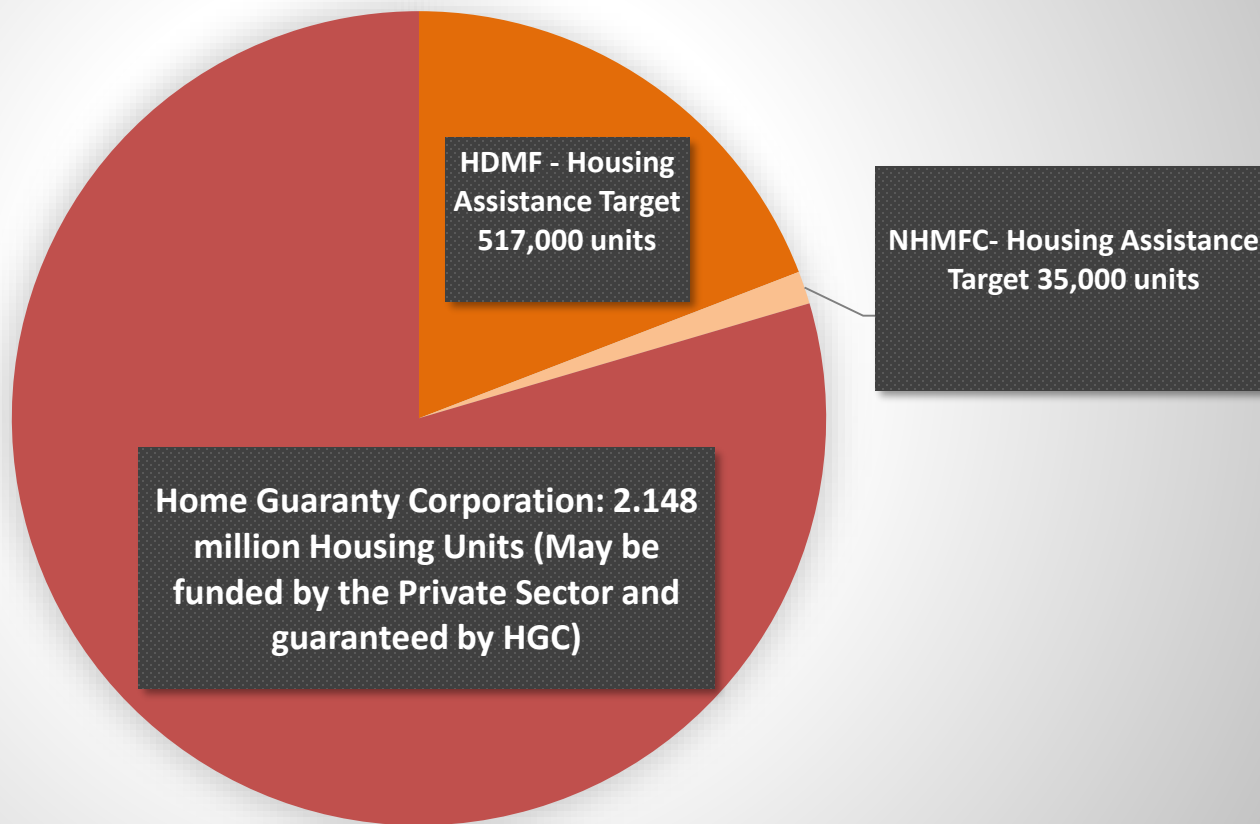
4.09 Million Housing Units or 60% of the Total Housing Needs (*Needs Government Assistance*)





LIKELY TO AFFORD HOUSING

2.7 Million Housing Units or 40% of the Total Housing Needs
(Can Afford to Own Housing Units)





HOUSING SUPPLY AND LENDING

Housing Needs 2017-2022 (Units)	Likely to Afford Housing 2017-2022 (Units)	Housing Needs that may be Financed by the Banking Sector 2017-2022 (Units)
6,700,000	2,700,000	2,100,000

Pag-IBIG (HDMF)	517,000 Units
NHMFC	35,000 Units



HOUSING SUPPLY AND LENDING

Housing Needs that may be Financed by the Banking Sector 2017-2022 (Units)	Average per year (Units)	Average Housing Unit Cost (PhP)	Total Amount that may be Financed by the Banking Sector (PhP)	Rural Banks Share (10%) in PhP
2,100,000	350,000	2,000,000.00	700,000,000,000.00	70,000,000,000.00

Total Number of Rural Banks (as per BSP May 2018)	Per Rural Bank (PhP)
461	151,843,817.79



How Can HGC Support Home Lending of Rural Banks?



Guaranty in a NUTSHELL

- Guaranty Lines are extended to lenders of individual housing loans (i.e. Rural Banks);
- In the event of default, HGC pays the rural bank in cash or debenture bonds;
- The collateral or mortgaged property is assigned by the rural bank to HGC; and
- HGC recovers its money by selling these properties.



Benefits of the HGC Guaranty

Risk Cover

100% on outstanding principal obligation

+

interest and yields up to 11%



**Exemption from BSP
Capital Requirement for
Credit Risk**

**Guaranteed Loans are Zero-Risk (BSP
Circular 280 s.2001)**



Exemption from BSP Requirements on Real Estate Loans

- 1. Limit on REL (Sec. 1. c. BSP Circular 600 s. 2008)**
- 2. SBL (Sec. 1.E BSP Circular 425 s. 2004)**



Easing of Administrative Burden

**Collection, Foreclosure & TCT Transfer
are shifted to HGC**



Tax exemption

on interests and yields earned on
guaranteed loans

Up to 11%



Tax Exemption and Maximum LCR

Housing Package	Tax Exemption and Guaranteed Interest	Maximum LCR (BSP Cir. 343)
Socialized (Up to P450,000)	11%	90%
Low Cost Housing (Above P450,000 to P3M)	10%	90%
Medium Cost (Above P3M to P4M)	9.5%	80%
Open (Above P4M)	8.5%	70%



Tax Savings =

Improvement in Net income by
as much as **P22K**
for every million loan





HOME GUARANTY CORPORATION

TAX SAVINGS SIMULATION

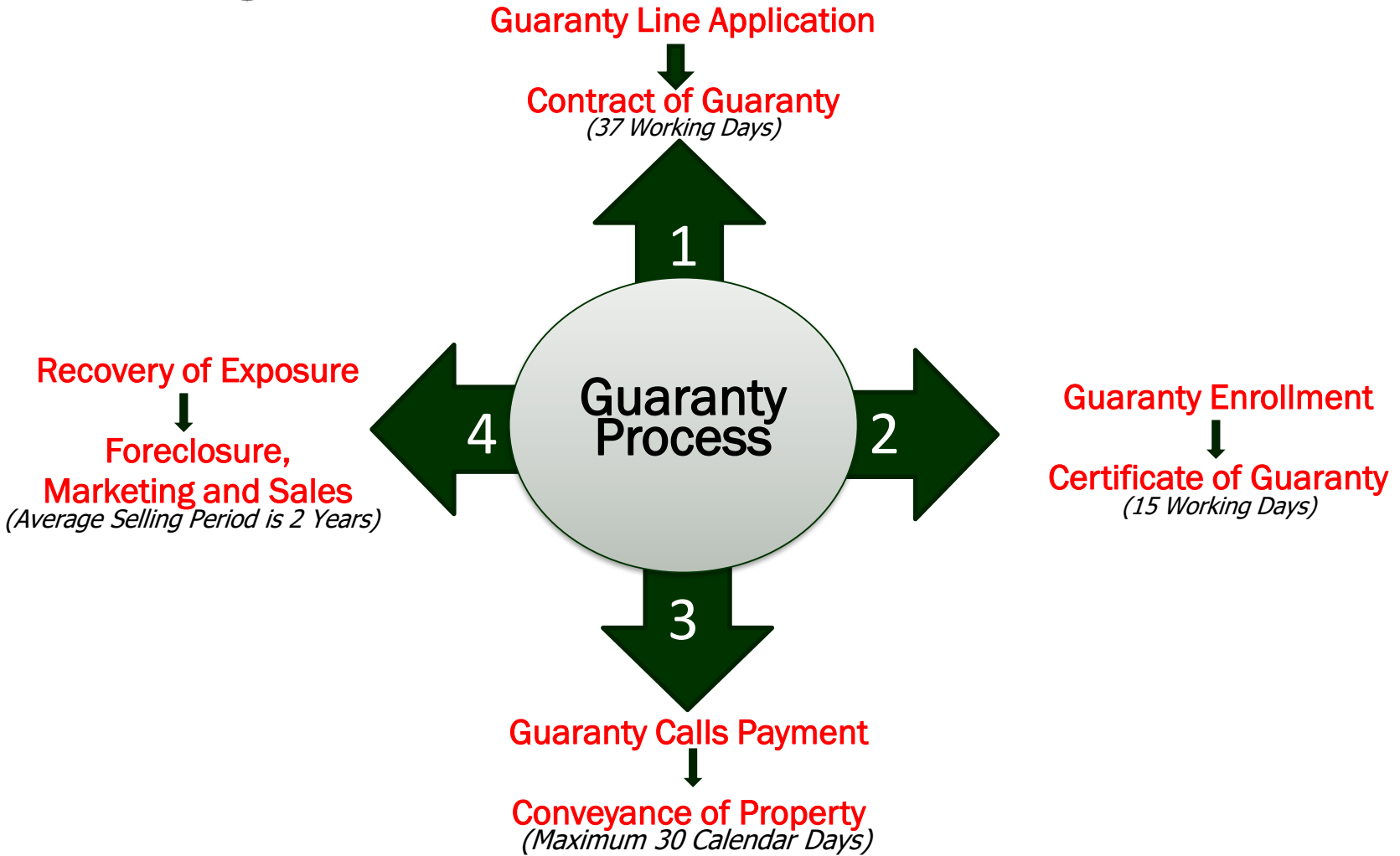
Loan Amount	P	1,000,000.00			
Interest Rate		10%			
			<u>With HGC' Guaranty</u>		<u>No HGC Guaranty</u>
Tax Exemption		10.00%		-	
Premium Fee (Bond Coverage)		1.15%		-	
Interest Income (P1.0m x 10%)	P	100,000.00	10.00%	P	100,000.00 10.00%
Less: Tax Exempt Interest Income		100,000.00	10.00%		- -
Taxable Interest Income	P	-	0.00%	P	100,000.00 10.00%
Less: Deduction/Expenses					
5% Gross Receipt Tax	P	-	0.00% (a)	P	5,000.00 0.50% (b)
Premium Fee		11,500.00	1.15%		- 0.00%
Total		11,500.00	1.15%		5,000.00 0.50%
Interest Income Subj. to Income Tax	P	-	-1.15%	P	95,000.00 9.50%
Less: 30% Income Tax		-		(c)	28,500.00 2.85% (d)
Interest Income Net of Income Tax	P	-	-1.15%	P	66,500.00 6.65%
Add: Tax Exempt Interest Income		100,000.00	10.00%		- -
NET INTEREST INCOME	P	88,500.00	8.85%	P	66,500.00 6.65%

COMPARISON:

	<u>With HGC Guaranty vs. No HGC Guaranty</u>	
Tax Payment for account with No HGC Gty.	P	33,500.00 3.35%
Tax Payment for account with HGC Gty.	P	- <u>0.00%</u>
TAX SAVINGS	P	33,500.00 3.35%
Improvement(Decline) in Net Income	P	22,000.00 <u>33.08%</u>



Guaranty Process





Guaranty Line Approvals
2011
Rural Bank of Cauayan
1st Macro Bank Inc.
2012
AMA Rural Bank of Mandaluyong, Inc.
Rural Bank of Pagbilao, Inc.
Banco Alabang, Inc.
Rural Bank of Tanza, Inc
Rang-Ay Bank (A Rural Bank), Inc.
Rural Bank of Guinobatan, Inc.'s
Cantilan Bank, Inc. (A Rural Bank)
Rural Bank of Mabitac (Laguna) Inc
Bank of Makati (A Rural Bank), Inc.
Rural Bank of San Jose (Camarines Sur), Inc
Mount Carmel Rural Bank, Inc.
Rural Bank of Rosario (La Union)
2013
Rural Bank of Porac (Pampanga), Inc
Zambales Rural Bank Inc.
GM Bank of Luzon, Inc.
2014
Quezon Capital Rural Bank, Inc.
Rural Bank of Bacolod City, Inc.
Bangko Kabayan (A Rural Bank), Inc.
New Rural Bank of San Leonardo (Nueva Ecija)



2015
Rural Bank of San Antonio
Rural Bank of Bay
Rural Bank of Antipolo
Lipa Bank, Inc (A Rural Bank)
Tiaong Rural Bank, Inc.
BHF Rural Bank, Inc.
Rural Bank of Mangaldan, Inc.
First Community Bank, Inc (Rural Bank)
Rural Bank of Limay (Bataan)
2016
Rural Bank of Lanuza (Surigao Del Sur), Inc
Rural Bank of Solano (Nueva Vizcaya), Inc.
Janiuay Rural Bank, Inc.
Rural Bank of Jaen, Inc.
Malarayat Rural Bank, Inc.
Cebuana Lhuillier Rural Bank, Inc.
Progressive Rural Bank, Inc.
Rural Bank of Bolinao (Pangasinan), Inc.
Gateway Rural Bank, Inc.
2018
Rural Bank of Loboc, Inc.



Performance Indicators

Guaranty Premium Income as of December 2017 P 1.37 B

Outstanding Guaranty as of December 2017 P 164.70 B

Net Income from Operations as of December 2017 P 694.78 M



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THANK YOU

