

RBAP 67th ANNUAL NATIONAL CONVENTION

“2020: EMBRACING A NEW DECADE OF DIGITALIZATION”

A. Brief Profile of PHILGUARANTEE

B. Relief Measures adopted by PhilGuarantee to assist MSMEs adversely affected by the Covid-19 Pandemic

C. Credit Guarantee Programs for Rural Banks

D. Summary Of PhilGuarantee’s Relationship with Rural Banks

Alberto E. Pascual
President and CEO
June 26, 2020



A. Brief Profile of PHILGUARANTEE



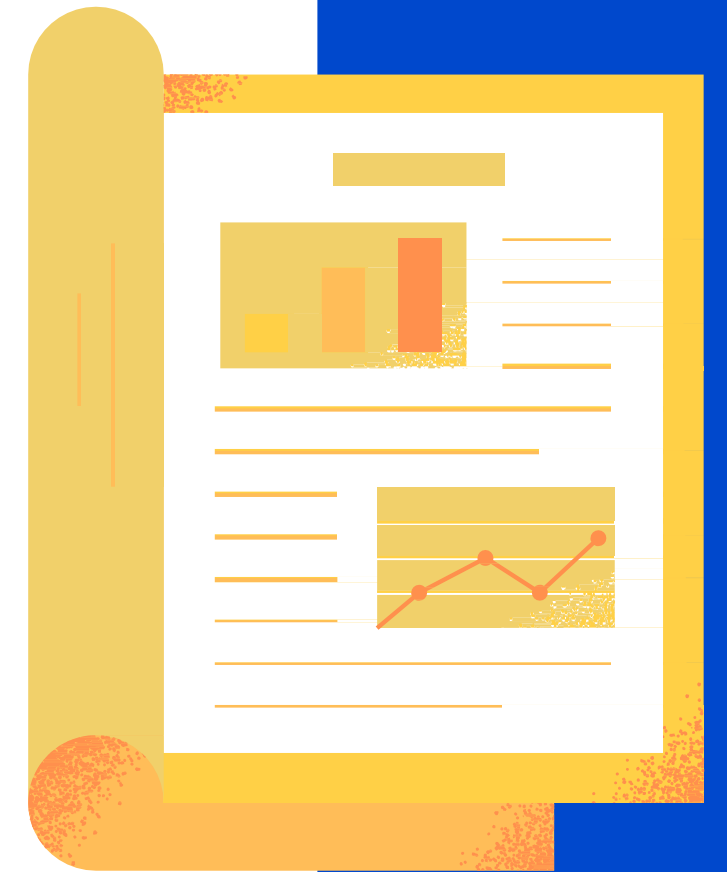
 **PHILGUARANTEE**
Philippine Guarantee Corporation



- Created under Executive Order No. 58, s 2018
- Merger of Philippine Export-Import Credit Agency (PhilEXIM) and Home Guaranty Corporation (HGC)
- Transfer of guarantee functions and funds of Small Business Corporation (SBC)
- Transfer of the administration of the Agricultural Guarantee Fund Pool (AGFP)
- Transfer of Guarantee Funds of the Industrial Guarantee Loan Fund (IGLF)

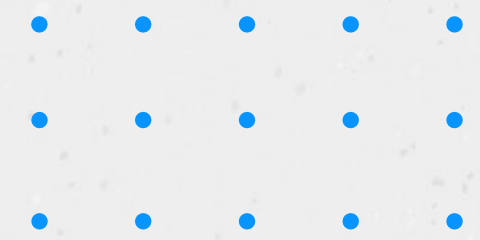


- PhilEXIM is the surviving entity, renamed Philippine Guarantee Corporation (PHILGUARANTEE)
- Merger/consolidation completed August 31, 2019; started consolidated operations September 1, 2019
- A Government-Owned-and-Controlled Corporation (GOCC), attached to the Department of Finance; a Non-Bank Supervised Financial Institution (NBSFI) regulated by BSP



Merger of Guarantee Programs and Agencies

E.O. 58 S' 2018 dated July 23, 2018



Board of Directors



Chairman

Carlos G. Dominguez III
*Department of Finance
Secretary*



Alternate:

Rosalia V. de la Cruz
Treasurer, Bureau of Treasury

Atty. William A. Beluso, Jr.
Director of Legal Services, Bureau of Treasury



Vice Chairman

Alberto E. Pascual
*Philippine Guarantee Corporation
President and CEO*



Member

Ramon M. Lopez
*Department of Trade and Industry
Secretary*

Alternate:

Abdulgani M. Macatoman
Undersecretary, DTI



Member

Benjamin E. Diokno
*Bangko Sentral ng Pilipinas
Governor*

Alternate:

Maria Almasara Cyd N. Tuaño-Amador
Deputy Governor, BSP



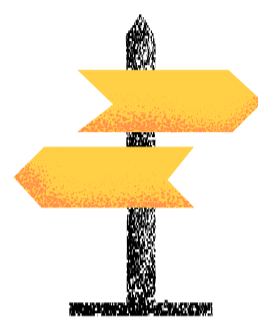
Member

Karl Hendrick Chua
NEDA Acting Director

Independent Directors:
Stephen A. Antig
Tomasa H. Lipana



E.O. 58 resulted in the following:



Direction of the government to consolidate state guarantee functions for efficiency in managing resources, operations and risk absorptive capacity



UNIFIED CREDIT GUARANTEE INSTITUTION in the country– a significant tool for economic development, to promote growth with operations consistent with national development policies and programs



STRONGER CAPITAL BASE – Authorized Capital: PhP50 Billion

E.O. 58 resulted in the following:

As of December 2019

Total Assets Php 56 Billion



Total Equity Php 23.2 Billion



Total Personnel 328 (Plantilla)

Guarantee Capacity

Subscribed Capital Php 270 Billion



Unimpaired Capital Php 22.6 Billion
Capital Adequacy Ratio (CAR) of 7%

Outstanding Guarantee Portfolio Php 207 Billion



Guarantee Mandate

Extend credit
guarantee to the
following sectors:



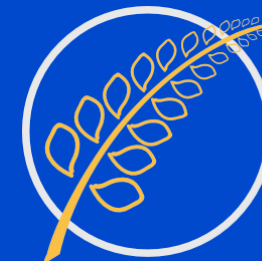
PRIORITY SECTORS
UNDER BOI-IPP



MANUFACTURING



HOUSING



AGRICULTURE

PHILGUARANTEE



Guarantee Mandate

Extend credit
guarantee to the
following sectors:



TOURISM



ENERGY



HEALTH CARE



EDUCATION

PHILGUARANTEE



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Philippine Guarantee Corporation



CORPORATE/MSME

medium to large enterprises (MLEs),
micro and small Enterprises (MSEs)



HOUSING

socialized, low-cost, medium cost and
open housing



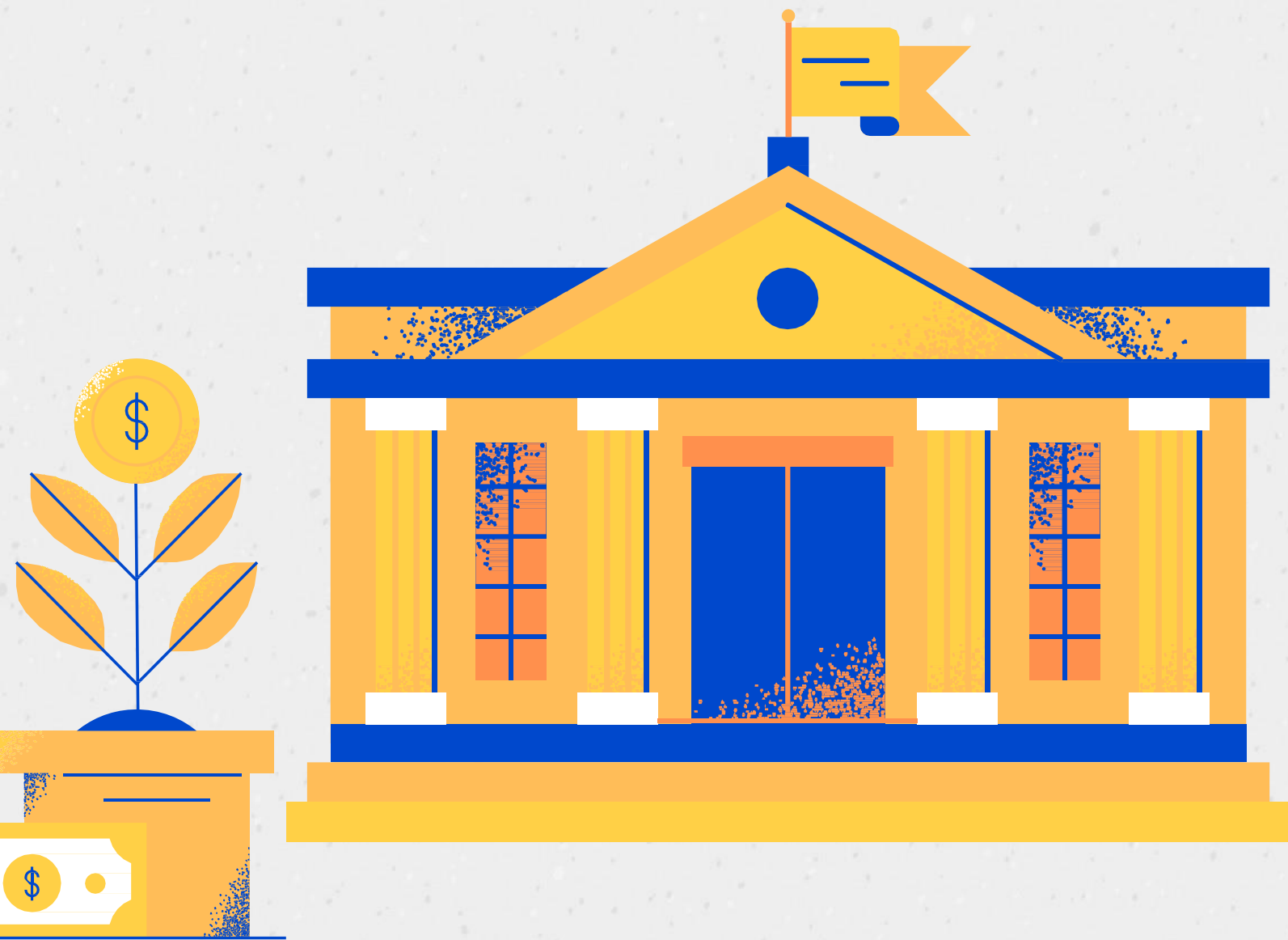
AGRICULTURE

small farmers and fisherfolk;
commercial-size agri projects

Eligible Borrowers



Eligible Lenders



Universal Banks

Commerical Banks

Thrift / Development Banks

Rural Banks

Farmer's Cooperatives*

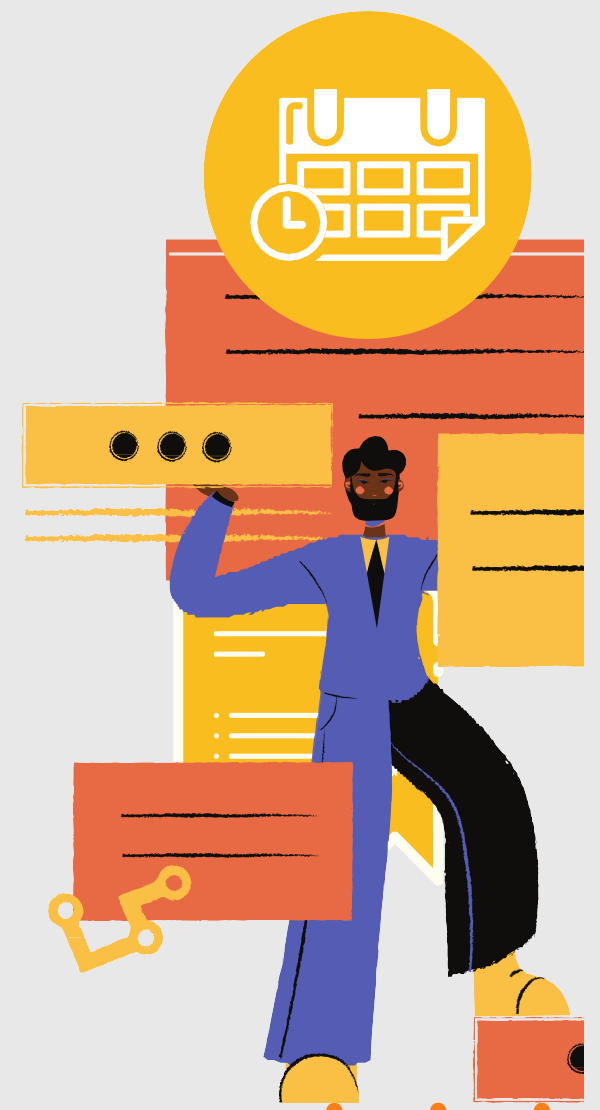
NGO's*

* FOR AGFP ONLY



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Philippine Guarantee Corporation

B. Relief Measures adopted by PhilGuarantee to assist MSMEs adversely affected by the Covid-19 Pandemic



Initiatives to Provide Relief to Guaranteed Accounts in the Agriculture and Housing affected by the COVID-19 Pandemic

Small Farmers and Fisherfolk:

1. Grant of 60-day extension period to all AGFP Guarantee Lines expiring between March 16 and April 30, 2020;
2. Grant of 30-day extension period to AGFP guarantee claims which maturities between March 16 and April 15, 2020;
3. Grant of 60-day extension period to all AGFP Guarantee Lines expiring between May 1 to 30 June 30, 2020;
4. Provided more relaxed guarantee terms in the availment of the agricultural (AGFP) guarantee lines (for small palay farmers) effective from April 15 to July 15, 2020 which included reduction of guarantee rate to 0.5% and increase of coverage to 90% of the loan amount.

Agricultural Crop Production Credit Guarantee



Housing Credit Guarantee



for low-cost and affordable housing:

1. Waiver of all housing program-related penalties from March 16 to May 31, 2020;
2. Lifting of 30-day period to file housing claims before March 16 to May 31, 2020;
3. Two-month moratorium on monthly amortization payments for Housing (HGC-related), Long and Short-Term Rentals and those covered under Joint Venture Agreements (JVAs);
4. Moratorium for the payment of loan amortization and lease rentals for restructured loan and lessees of acquired properties effective March 16 to May 31, 2020. No additional interest and penalty shall be incurred during the said period.



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Philippine Guarantee Corporation

C. Credit Guarantee Programs for Rural Banks



A. Regular Program

FACILITY

SME CREDIT GUARANTEE FACILITY (SCGF)

Purpose

To support expansion of SME portfolio of accredited banks by utilizing the sovereign rating and zero-risk weight feature of PhilGuarantee's credit guarantee

Guarantee Limit/Coverage

Pro-rata risk sharing guarantee of :

- a. Fifty percent (50%) for short term working capital loans
- b. Fifty to eighty percent (50%-80%) for secured term loan



FACILITY

SME CREDIT GUARANTEE FACILITY (SCGF)

Eligible Borrowers

1. Sole Proprietorship, Partnership or Corporation
2. SMEs engaged in:
 - a. export trade; b. manufacturing; c. import substitutes; d. trading activities; e. industries in the list of Investment Priorities Plan (IPP) of the Board of Investments (BOI)
3. SMEs with satisfactory credit rating for the past one (1) year
4. Must be in business operation for at least three (3) years at the time of guarantee application.



FACILITY

SME CREDIT GUARANTEE FACILITY (SCGF)

Loan Amount per Borrower

From PhP 500,000.0 up to PhP 50.0 Million per Borrower; loans over P50.0 Million on case-to-case basis

Eligible Loan Purpose

1. Working Capital, such as but not limited to:
 - a. Receivables financing; b. Inventory financing
2. Capital Expenditure, such as but not limited to:
 - a. Purchase of machinery and/or equipment; b. Factory building construction, renovation or improvement; c. Acquisition of land to be used for expansion or increase production capacity
3. Project Financing on case- to- case-basis



B. Special Program

In response to the plight of the MSMEs affected by the ECQ due to the Covid-19 pandemic, a special program, the MSME Credit Guarantee Program (MCGP), is available:

FACILITY

MSME CREDIT GUARANTEE PROGRAM (MCGP)

Purpose

The Program aims to increase availability of credit from the banking sector and at the same time provide means to jumpstart the MSMEs with much-needed working capital

Guarantee Limit/Coverage

50% of the principal amount of loan

Guarantee Fee Rate

1% per annum plus GRT*

*for guarantees approved until December 2020

Eligible Borrowers

1. Sole Proprietorship, Partnership or Corporation



FACILITY

MSME CREDIT GUARANTEE PROGRAM (MCGP)

Eligible Borrowers

2. SMEs engaged in:
 - a. export trade;
 - b. manufacturing;
 - c. import substitutes;
 - d. trading activities;
 - e. industries in the list of IPP of BOI
3. SMEs with satisfactory credit rating for the past one (1) year
4. Must be in operation for at least one (1) year prior to 16 March 2020
5. MSMEs affected by the Covid-19 pandemic
6. Accounts should not be classified prior to the onset of COVID-19 pandemic



FACILITY

MSME CREDIT GUARANTEE PROGRAM (MCGP)

Loan Amount Per Borrower

1. Maximum of Php 50.0 million per borrower;
2. Loans of over Php 50.0 million may be accepted on a case-to-case basis and subject to PGC's regular credit guarantee program guidelines

Eligible Loan Purpose

Working Capital, such as but not limited to:
a. Receivables financing; b. Inventory financing

Availability

Up to December 2020 only





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Socialized	up to PhP 580,000
Low Cost	above PhP 580,000 to PhP 3.0 Million
Medium Cost	above PhP 3.0 Million to PhP 4.0 Million
Open Housing	above PhP 4.0 Million to PhP 5.0 Million

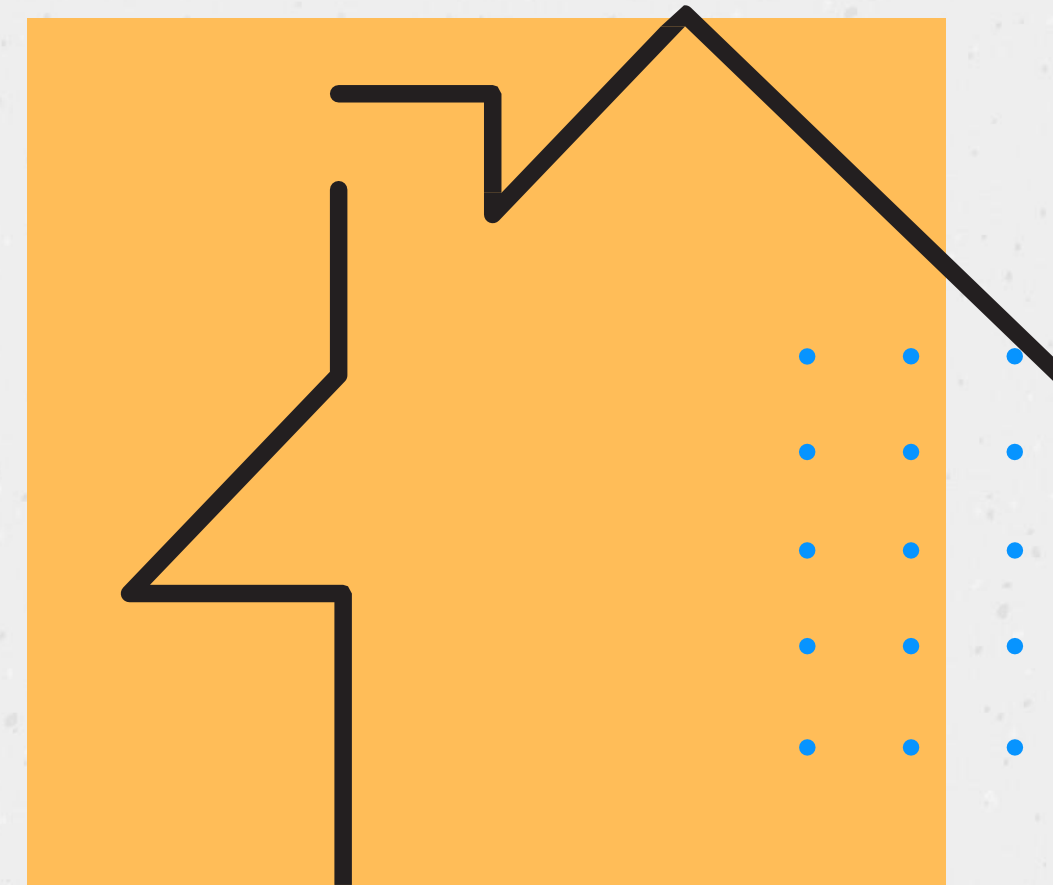
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Program Information

Housing

**GUARANTEE
COVERAGE:**

100% of outstanding principal and up to 1% interest (exempt from all taxes)



Housing Guarantee Program for Rural Banks



Loan Borrowers

Mortgage Loans/ End-User Financing
Home-Related Loan Purposes



Retail Guarantee on Individual Housing Loans (Secured)
Retail Guarantee on Small Housing Loans (Unsecured)

Guarantees up to 85% of the outstanding principal loan balance upon maturity.

Guarantees all risks except fraud on the part of the lending institution.

Guarantee Fee per annum - 2% for loans to regular borrower.

Coverage within 60 days from date of loan release.

Payment of guarantee claims within 60 days from receipt of complete documents.

Program Information

Agricultural Guarantee Fund Pool



Eligible Borrowers / Eligible Loans

Small Farmers

a. Crop Production

Tillers of not more than 5 hectares

b. Poultry / Livestock Production

Poultry / Livestock Raiser of:

Up to 2,000 layers or 5,000 broilers

Up to 10sow level or 50 fatteners

Up to 50 heads of goat/sheep

Up to 5 cattle breeders or 10cattle fatteners

Up to 10milking cows

Unsecured loans

Program Information Agricultural Guarantee Fund Pool



Program Information:



Other Managed / Administered Credit Guarantee Funds

Credit Surety Fund (CSF)

credit enhancement scheme developed
by BSP for MSMEs

Abot-Kaya Pabahay Fund (AKPF)

affordable housing for low-income families

Electric Cooperative Partial Credit Guarantee Program (ECPCG)

funded by World Bank

Credit Risk Guarantee Fund (CRGF)

for those affected by typhoon Yolanda



Benefits of PHILGUARANTEE'S Credit Risk Guarantee



1. Sovereign guarantee –full faith and credit of the ROP
2. Zero Risk Weight (capital multiplier)
3. Exemption from 1% General Loan Loss Provisioning
4. Loans may not be provisioned even if classified as long as no guarantee claim has been filed.
5. Exemption from BSP regulatory limits
6. Tax-exempt interest income - for housing credit guarantee



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D. Summary Of PhilGuarantee's Relationship with Rural Banks





D. Summary of PhilGuarantee's Relationship with Rural Banks

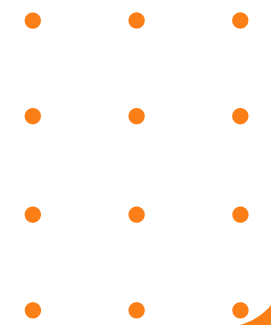
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MSME CREDIT GUARANTEE PROGRAMS

Total Number of Accredited Banks - 22 of which 5 are rural banks

Total Approved Guarantee Facilities - Php 36.5 billion

Pending Accreditation - 8 rural banks





D. Summary of PhilGuarantee's Relationship with Rural Banks

PHILGUARANTEE

AGRICULTURE CREDIT GUARANTEE PROGRAMS (AGFP)

Total Number of Accredited Rural Banks - 32

Total Approved Guarantee Facilities - Php 3.5 billion

Cumulative Availments from 2008 - Php 39.2 billion

Guarantee Claims Paid in 2019 - Php 116.9 million

HOUSING GUARANTEE PROGRAMS

Total Number of Accredited Rural Banks - 39

Total Approved Guarantee Facilities - Php 3.3 billion

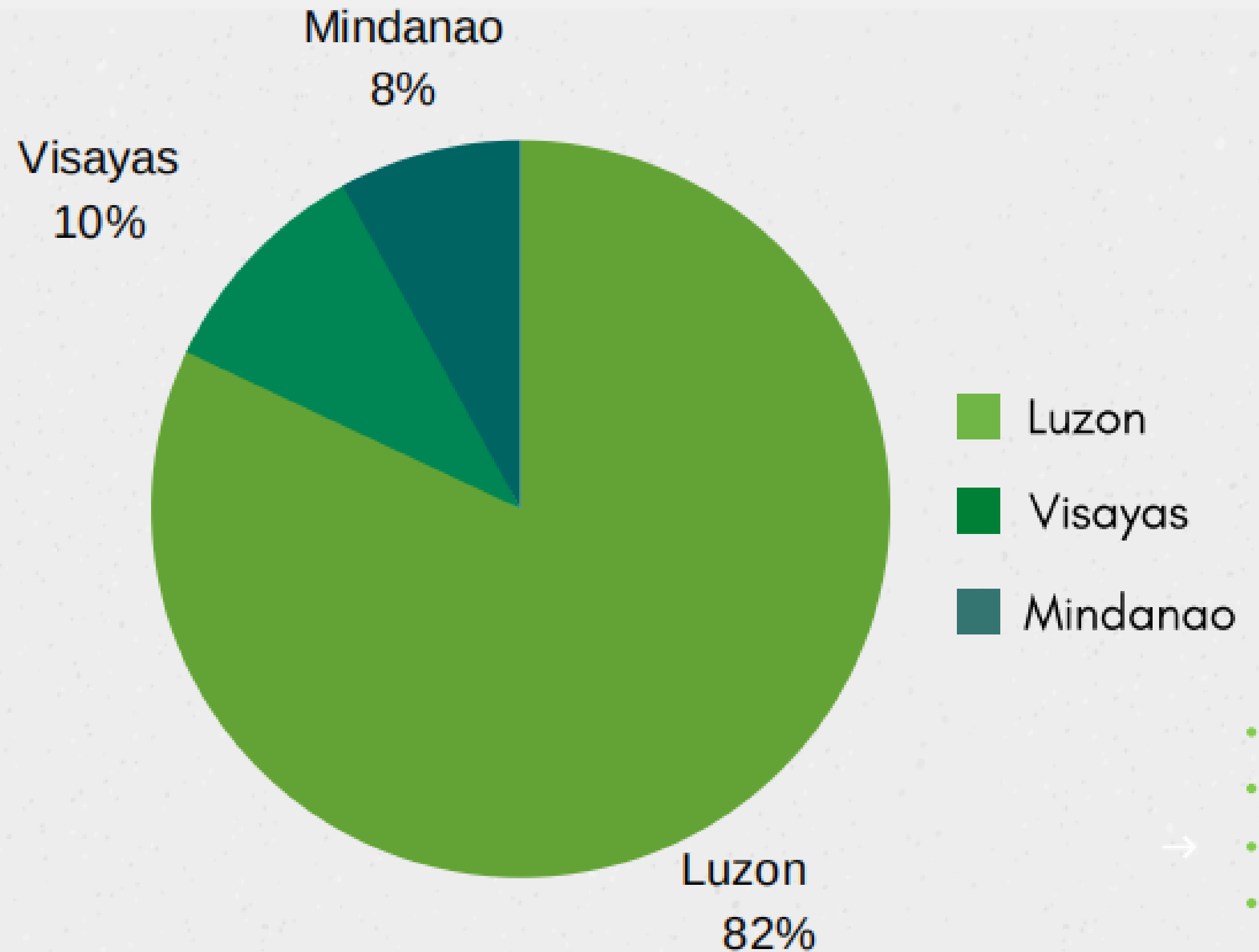


D. Summary of PhilGuarantee's Relationship with Rural Banks



Rural Bank Partners per Major Island Group

	Quantity	Percentage (%)
Luzon	32	82
Visayas	4	10
Mindanao	3	8
Total	39	100



1. PhilGuarantee does not grant loans; it provides credit risk guarantee to lending institutions .

2. PhilGuarantee may accept all forms of collateral as may be required by the lending bank including movable personal properties.





Office Location

Current: 17th floor, Citibank Tower, Valero St., Makati City

Future: 22nd to 24th floors, BPI-Philamlife Building, Ayala Avenue, Makati City.



Website

www.philguarantee.gov.ph



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Philippine Guarantee Corporation

Thank you!



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