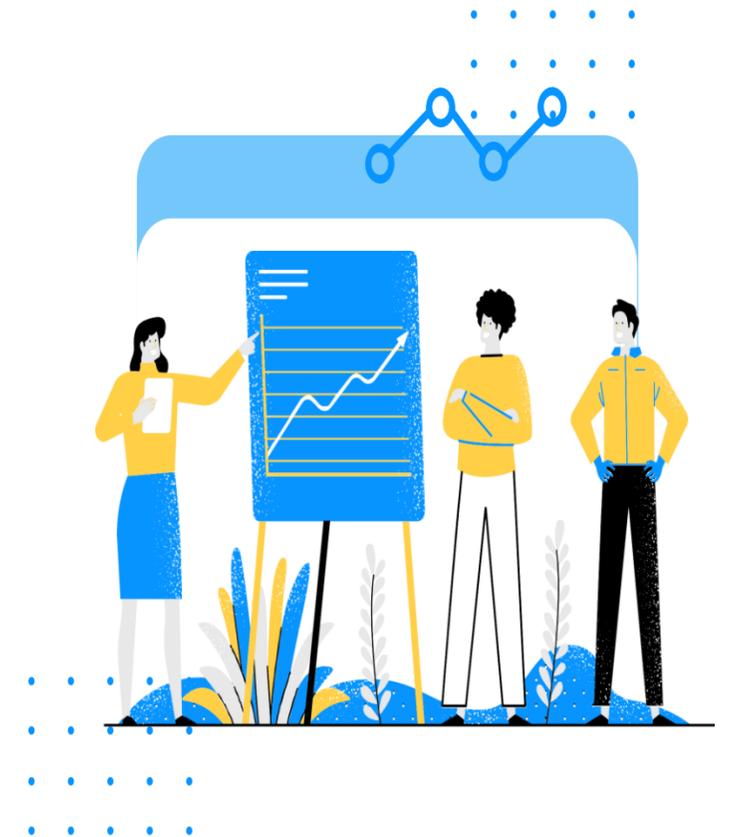
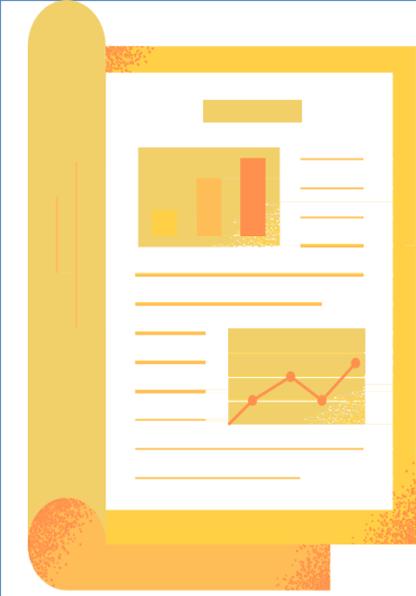


**CHAMBER OF THRIFT BANKS 2020 VIRTUAL CONVENTION**  
**“THRIFT BANKING IN THE NEW DECADE”**  
**PHILGUARANTEE Credit Guarantee Program for Thrift Banks**

- A. Brief Profile of PHILGUARANTEE*
- B. Relief Measures adopted by PhilGuarantee to assist borrowers adversely affected by the Covid-19 Pandemic*
- C. Credit Guarantee Programs for Thrift Banks*
- D. Summary Of PhilGuarantee’s Relationship with Thrift Banks*

**Alberto E. Pascual**  
President and CEO  
October 14, 2020

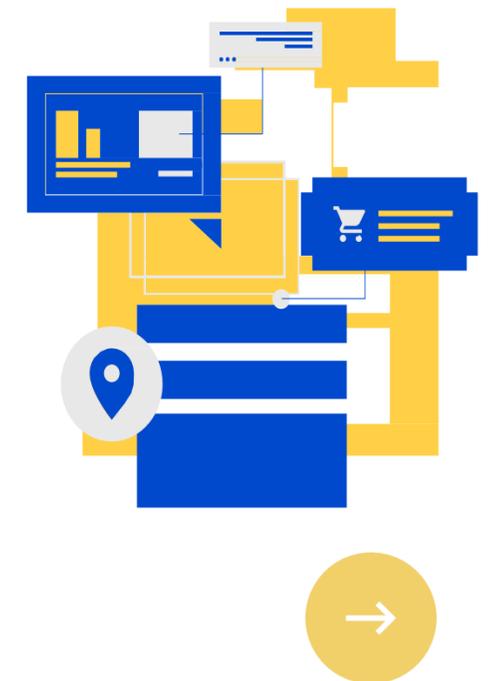




# A. Brief Profile of PHILGUARANTEE



- 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)

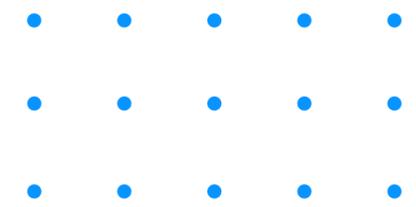


- PhilEXIM is the surviving entity, renamed Philippine Guarantee Corporation (PHILGUARANTEE)
- Merger/consolidation completed August 31,2019; started consolidated operations September 1,2019
- A Government-Owned-and-Controlled Corporation (GOCC), attached to the Department of Finance; a Non-Bank Supervised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



# Merger of Guarantee Programs and Agencies

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



**Agricultural Guarantee Fund Pool (IGLF)**



# Board of Directors



**Chairman**  
**Carlos G. Dominguez III**  
Department of Finance Secretary



**Alternate:**  
**Rosalia V. De Leon**  
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

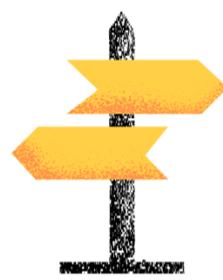
**Alternate:**  
Maria Almasara Cyd N. Tuaño-Amador  
Deputy Governor, BSP



**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 31, 2019**

**Total Assets** Php 53 Billion



**Total Equity** Php 23 Billion



**Guarantee Capacity** Php 270 Billion

**Outstanding  
Guarantee Portfolio** Php 207 Billion



# Guarantee Mandate

Extend credit  
guarantee to the  
following sectors:



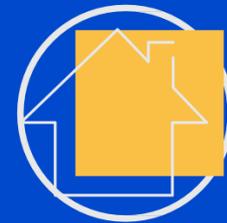
**PHILGUARANTEE**



**PRIORITY SECTORS  
UNDER BOI-IPP**



**MANUFACTURING**



**HOUSING**



**AGRICULTURE**

# Guarantee Mandate

Extend credit  
guarantee to the  
following sectors:



TOURISM



ENERGY



HEALTH CARE



EDUCATION

PHILGUARANTEE



# Eligible Borrowers



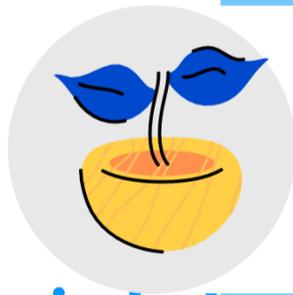
## CORPORATE/MSME

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



## AGRICULTURE

small farmers and fisherfolk;  
commercial-size agri projects

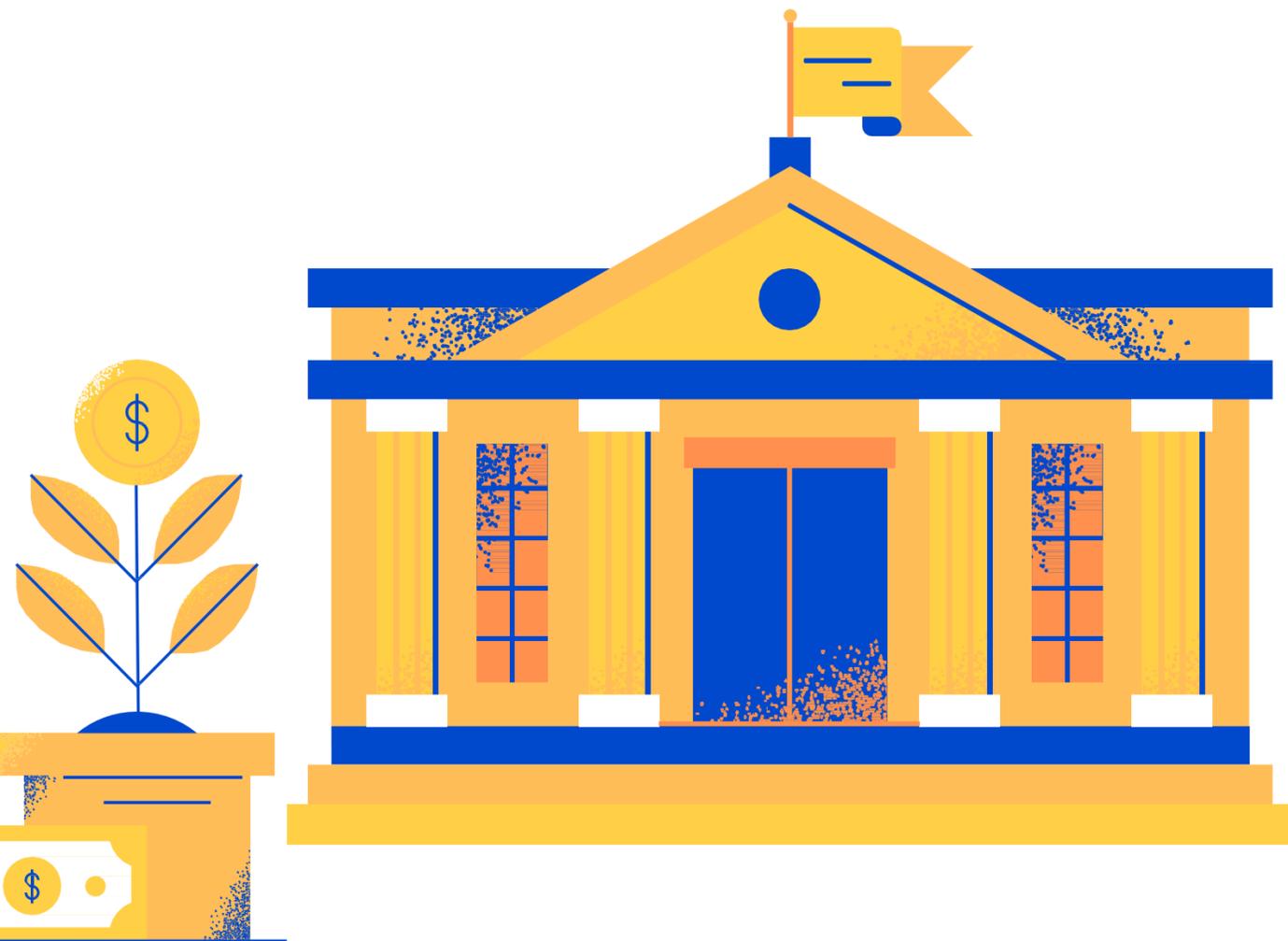


## HOUSING

socialized, low-cost, medium cost and  
open housing



# Eligible Lenders



Universal Banks

Commerical Banks

Thrift / Development Banks

Rural Banks

Farmer's Cooperatives\*

NGO's\*

\*FOR AGFP ONLY



B. Relief Measures  
adopted by  
PhilGuarantee to  
assist small farmer, MSMEs  
and housing loan borrowers  
adversely affected  
by the Covid-19  
Pandemic



**PHILGUARANTEE**  
Philippine Guarantee Corporation



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

Objective	PHILGUARANTEE Initiatives
<ul style="list-style-type: none"> <li>• For Small Farmers and Fisherfolks</li> </ul>	<ul style="list-style-type: none"> <li>• Grant of 60-day extension period to all AGFP Guarantee Lines</li> <li>• Grant of 30-day extension period to AGFP guarantee claims;</li> <li>• Grant of 60-day extension period to all AGFP Guarantee Lines;</li> <li>• Provided more relaxed guarantee terms in the avilment of the agricultural (AGFP) guarantee lines (for small palay farmers) which included reduction of guarantee rate to 0.5% and increase of coverage to 90% of the loan amount.</li> </ul>
<ul style="list-style-type: none"> <li>• For low-cost and affordable housing</li> </ul>	<ul style="list-style-type: none"> <li>• Waiver of all housing program-related penalties;</li> <li>• Lifting of 30-day period to file housing claims;</li> <li>• Two-month moratorium on monthly amortization payments for Housing (HGC-related), Long and Short-Term Rentals and those covered under Joint Venture Agreements (JVAs);</li> <li>• Moratorium for the payment of loan amortization and lease rentals for restructured loan and lessees of acquired properties. No additional interest and penalty shall be incurred during the said period.</li> <li>• Extension of guarantee coverage to restructured housing loans up to 25 years</li> <li>• Waiver of 0.25% additional fee for enrollment of restructured loans.</li> </ul>





**PHILGUARANTEE**  
Philippine Guarantee Corporation

## C. Credit Guarantee Programs for Thrift Banks



# A. Regular Program

## SME CREDIT GUARANTEE FACILITY (SCGF)

FACILITY

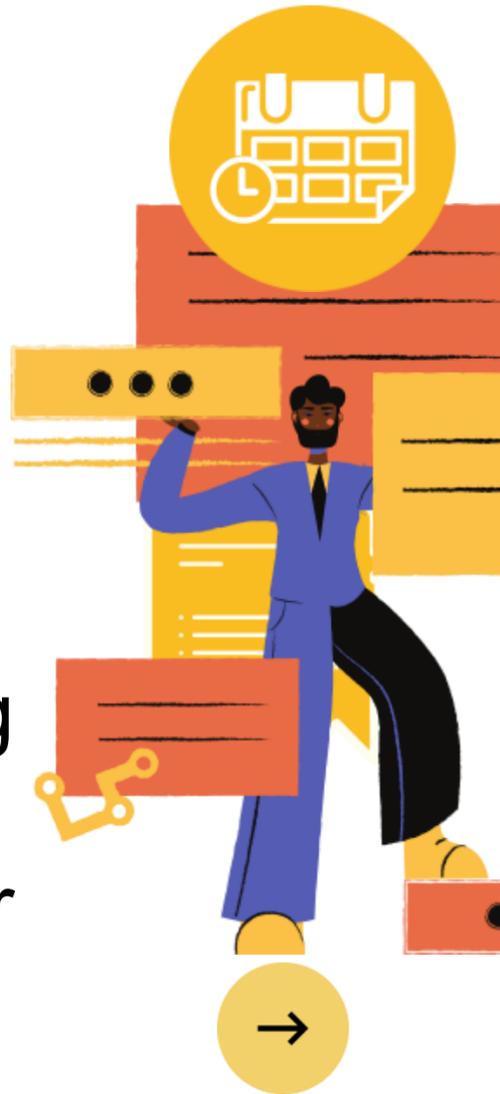
Purpose

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

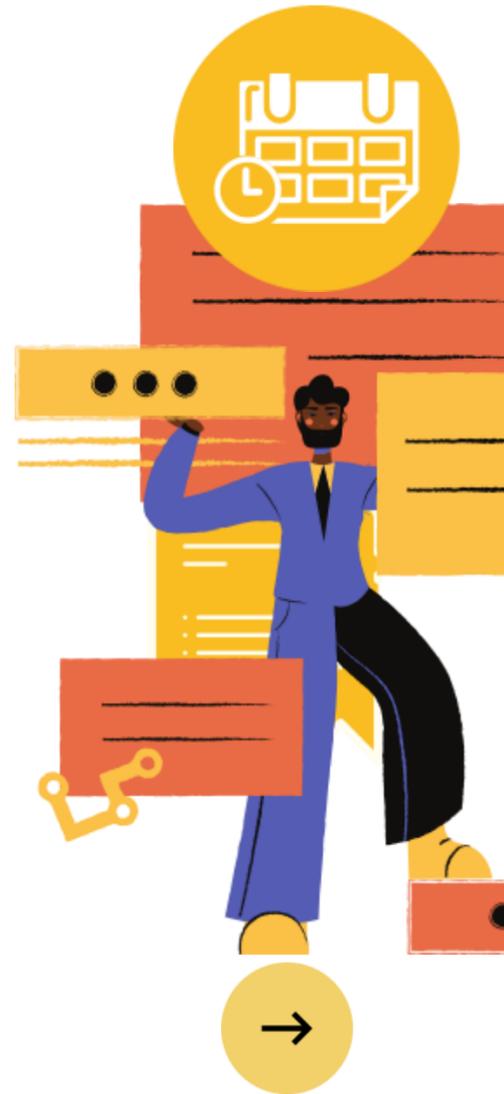


## FACILITY

## SME CREDIT GUARANTEE FACILITY

### 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

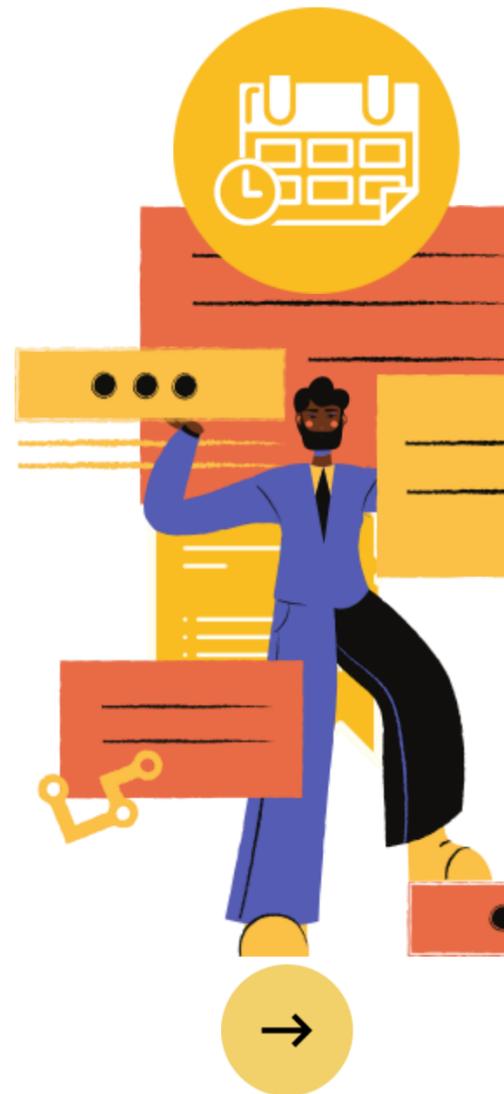
# SME CREDIT GUARANTEE FACILITY (SCGF)

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

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

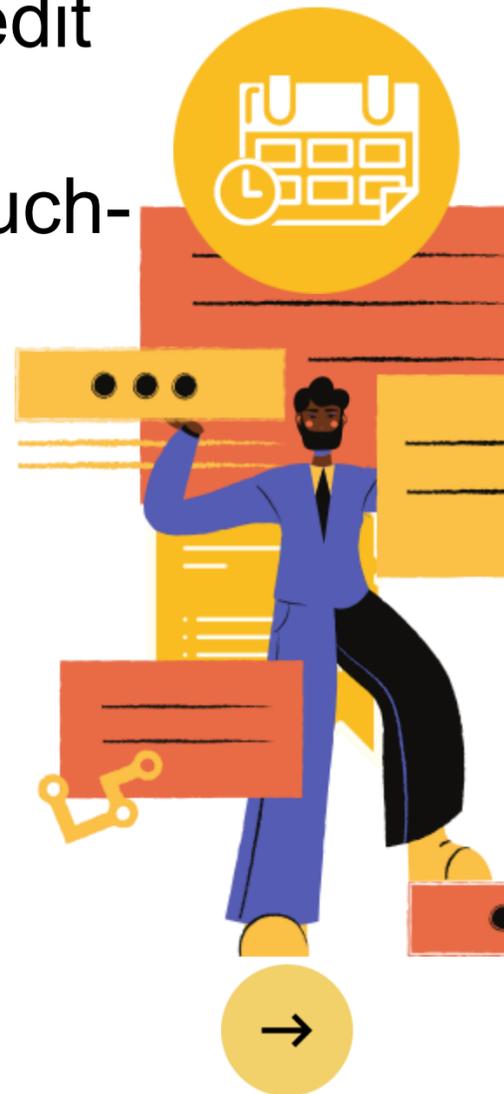
50% of the principal amount of loan

### Guarantee Fee Rate

1% per annum plus GRT\*  
\*for guarantees approved until December 2020

### Eligible Borrowers

- Sole Proprietorship, Partnership or Corporation

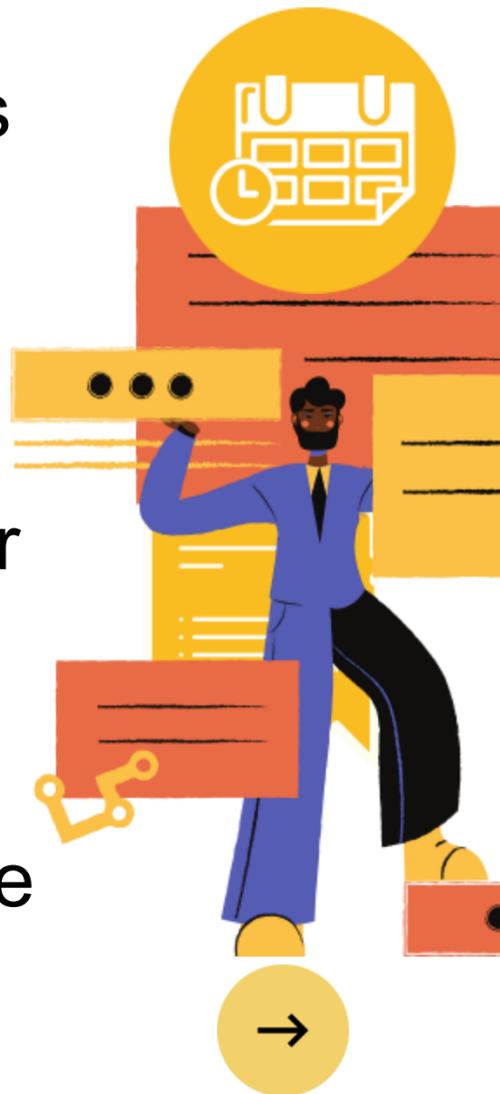


# FACILITY

## MSME CREDIT GUARANTEE PROGRAM (MCGP)

### Eligible Borrowers

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



## FACILITY

Loan Amount Per Borrower

Eligible Loan Purpose

Availability

## MSME CREDIT GUARANTEE PROGRAM (MCGP)

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

Working Capital, such as but not limited to:

- a. Receivables financing;
- b. Inventory financing

Up to December 2020 only





**PHILGUARANTEE**  
Philippine Guarantee Corporation

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

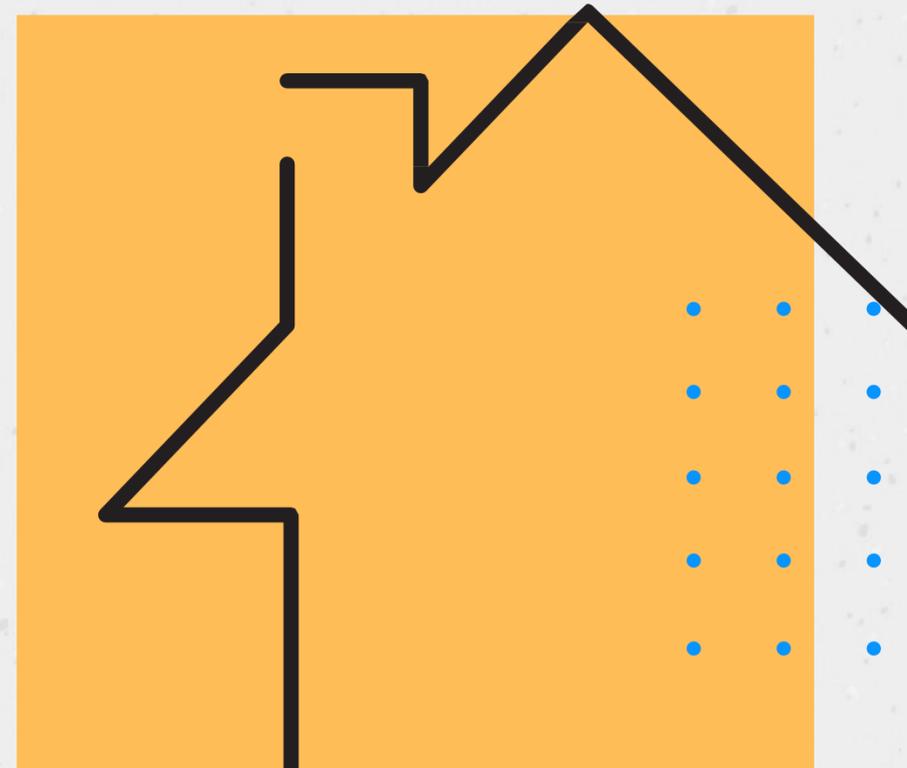
PHILGUARANTEE

# Program Information

## Housing

**GUARANTEE COVERAGE:**

100% of outstanding principal and up to 11% interest (exempt from all taxes)



# Housing Guarantee Program for Thrift Banks

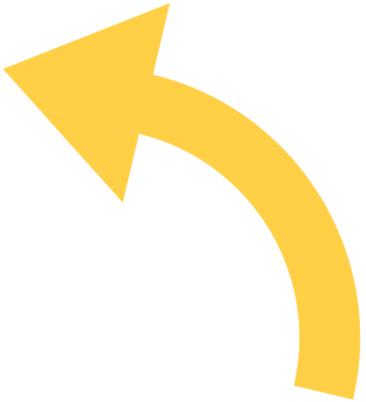


*Loan Borrowers*

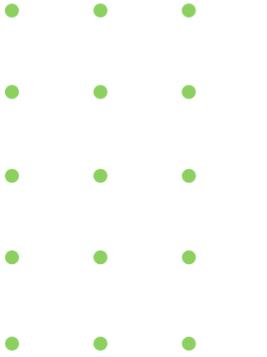
Mortgage Loans/ End-User Financing  
Home-Related Loan Purposes



*Thrift Bank*



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)*

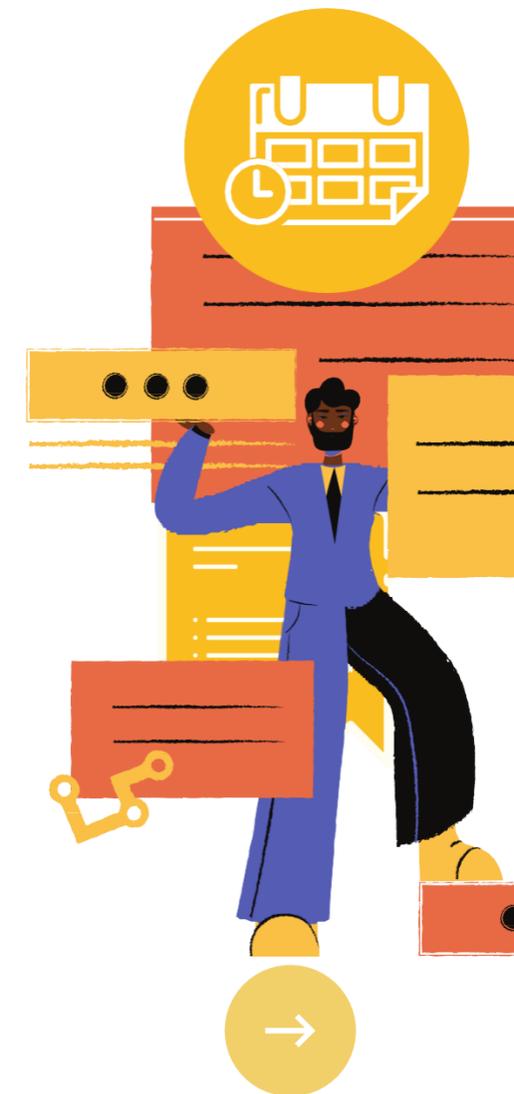
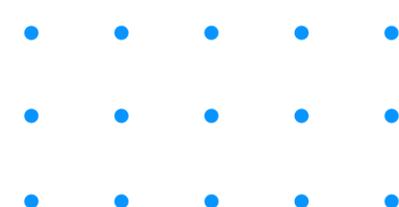
affordable housing for low-income families

*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

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

**PhilGuarantee CREDIT GUARANTEE**  
**A Credit Enhancer and Credit Risk Mitigant**  
**Benefits to Thrift Banks**

# SME LOANS



Sovereign  
Guaranty



50%-80%  
Guaranty  
Coverage



Zero Credit  
Risk Weight

# HOUSING LOANS

Low-cost, Socialized, Medium-Cost  
and Open Housing



Sovereign  
Guaranty



100% Guaranty  
Coverage(Principal  
+ 6 months  
interest)



Zero Credit  
Risk Weight



Tax Exemptions -  
on bank's interest  
earnings up to 11%

# AGRICULTURAL FOOD PRODUCTION LOANS TO SMALL FARMERS AND FISHERFOLK



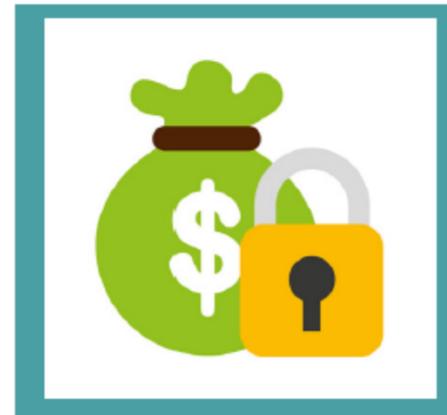
Backed up by  
over Php 6  
billion of  
funds



Payment of claims  
for all risks, except  
fraud



Zero risk  
weight



Loans must be  
unsecured



**PHILGUARANTEE**  
Philippine Guarantee Corporation

## **D. PhilGuarantee's Relationship with Thrift Banks**





# MSME CREDIT GUARANTEE PROGRAMS

Total Number of Accredited  
Thrift Banks - 4

Total Approved Guarantee  
Facilities for Thrift Banks -  
Php 6.0 billion

Pending Thrift Bank  
Accreditation - 2

## D. Summary of PhilGuarantee's Relationship with Thrift Banks

# AGRICULTURE CREDIT GUARANTEE PROGRAMS (AGFP) as of September 30, 2020

Total Number of Accredited  
Thrift Banks – 3

Total Outstanding Guarantee  
for Thrift Banks – Php 600  
Million



D. Summary of  
PhilGuarantee's  
Relationship with  
Thrift Banks

# HOUSING GUARANTEE PROGRAMS

Total Number of Accredited Thrift Banks – 23

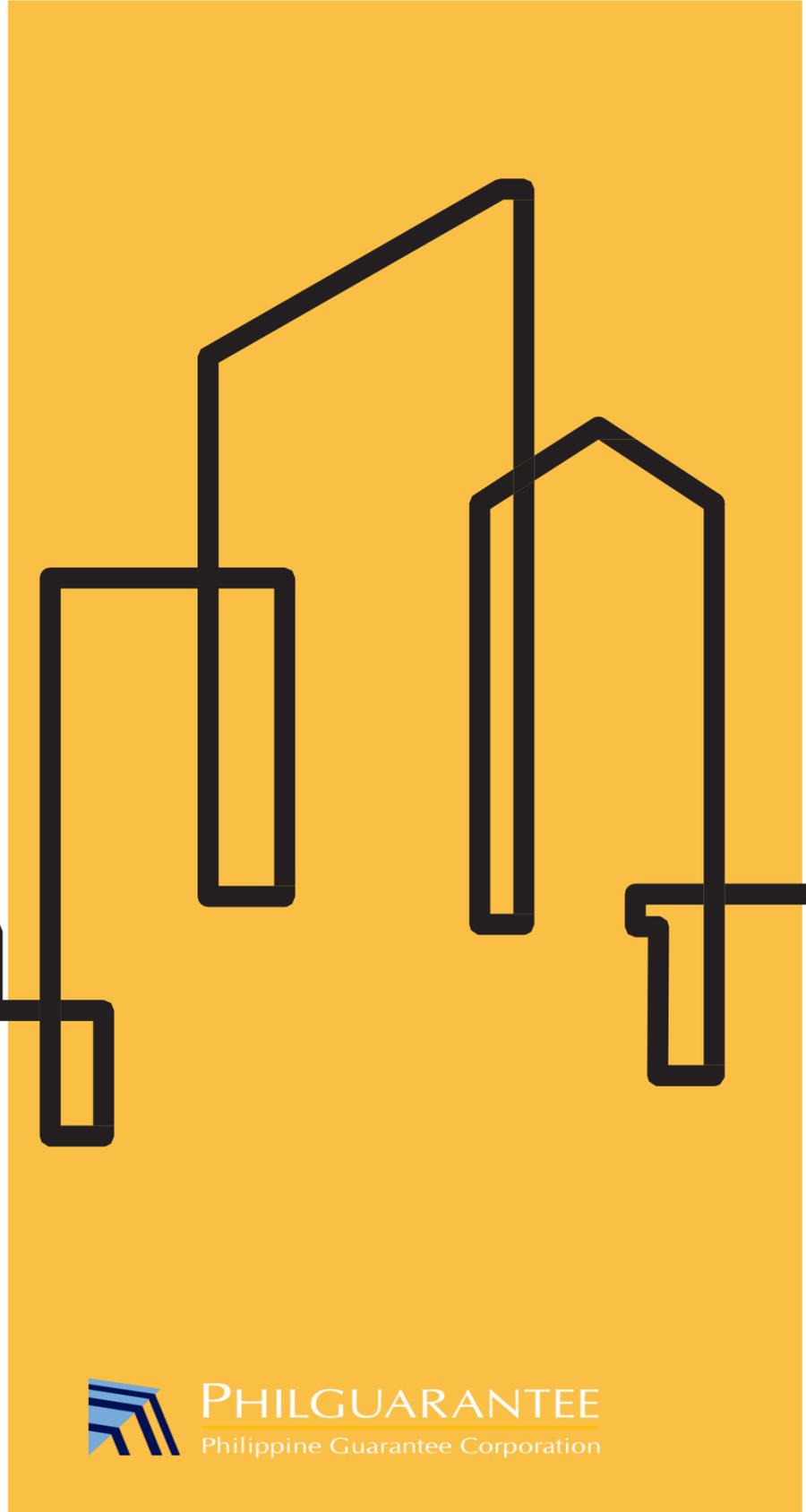
Total Outstanding Guarantee for Thrift Banks  
- Php 90 Billion

D. Summary of PhilGuarantee's Relationship with Thrift Banks



- PhilGuarantee does not grant loans; it provides credit risk guarantee to lending institutions.
- PhilGuarantee may accept all forms of collateral as may be required by the lending bank including movable personal properties.





**PHILGUARANTEE**



## 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](http://www.philguarantee.gov.ph)



Thank you.

