



Philippine Economy: Paving the Way to Robust Economic Growth

General Membership Meeting of the Chamber of Thrift Banks

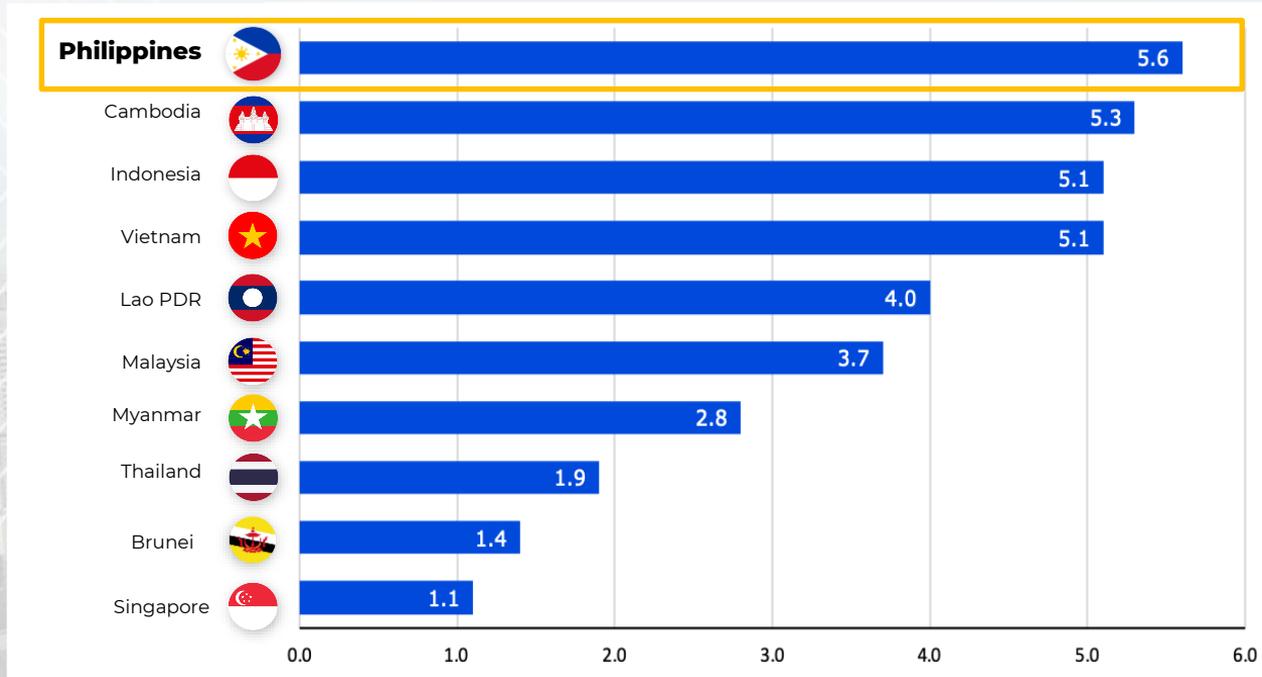
EUFROCINIO M. BERNABE JR.

Assistant Secretary

22 March 2024

The Philippines is the fastest-growing economy in ASEAN

Actual GDP Growth Performance of ASEAN in 2023 (in percent)



Multilateral organizations is projecting the Philippine economy to be a frontrunner in ASEAN in 2024

Philippines' 2024 GDP Growth Forecasts of Various Multilateral Organizations

6.3%



**ASEAN+3
Macroeconomic
Research Office
(AMRO)**

6.2%



**Asian Development
Bank**

6.0%



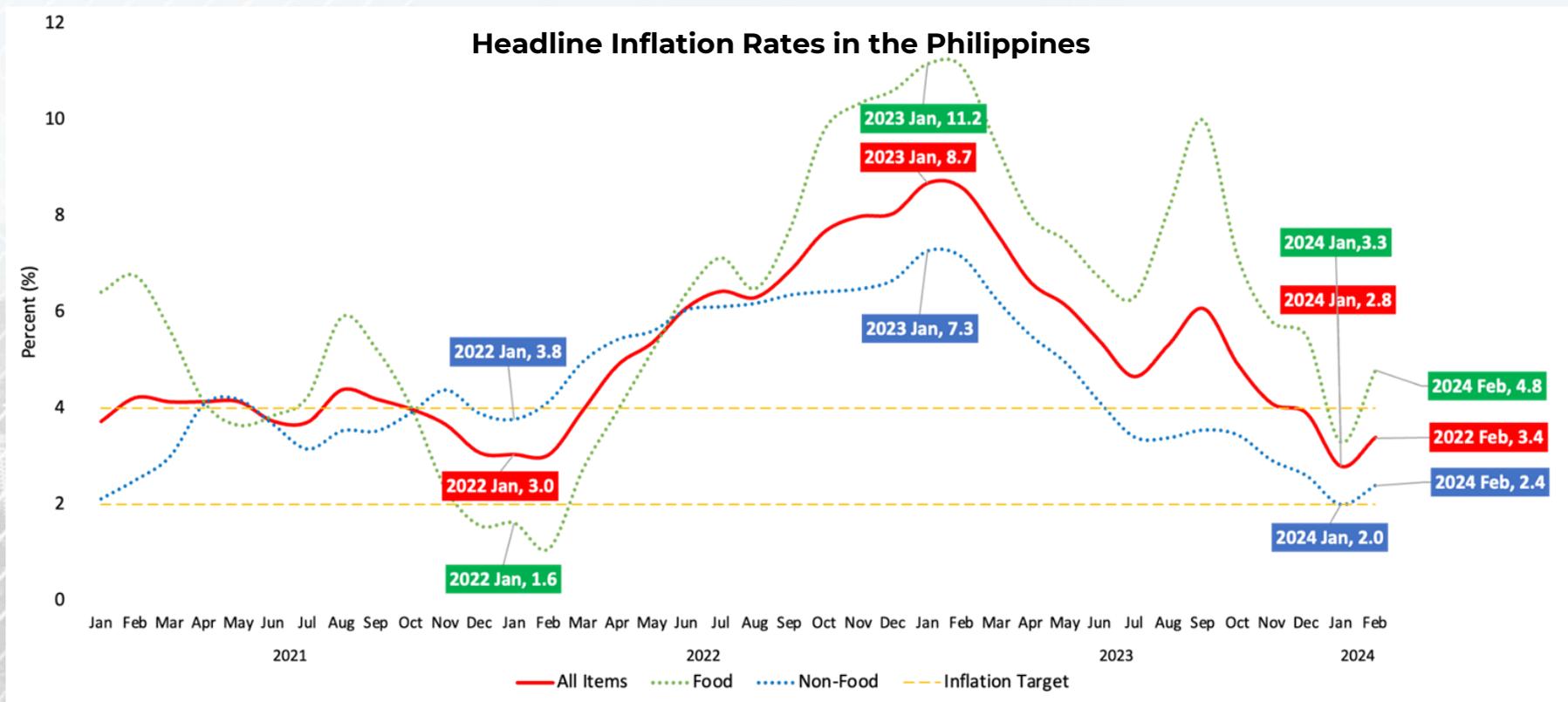
**International
Monetary Fund**

5.8%



The World Bank

Inflation rate is well under control, further dropping to 3.4% in February 2024



The Philippines boasts a vibrant labor market

January 2024 Employment Situation (YoY)



61.1%

Labor force participation rate



13.9%

Underemployment rate



95.5%

Employment rate

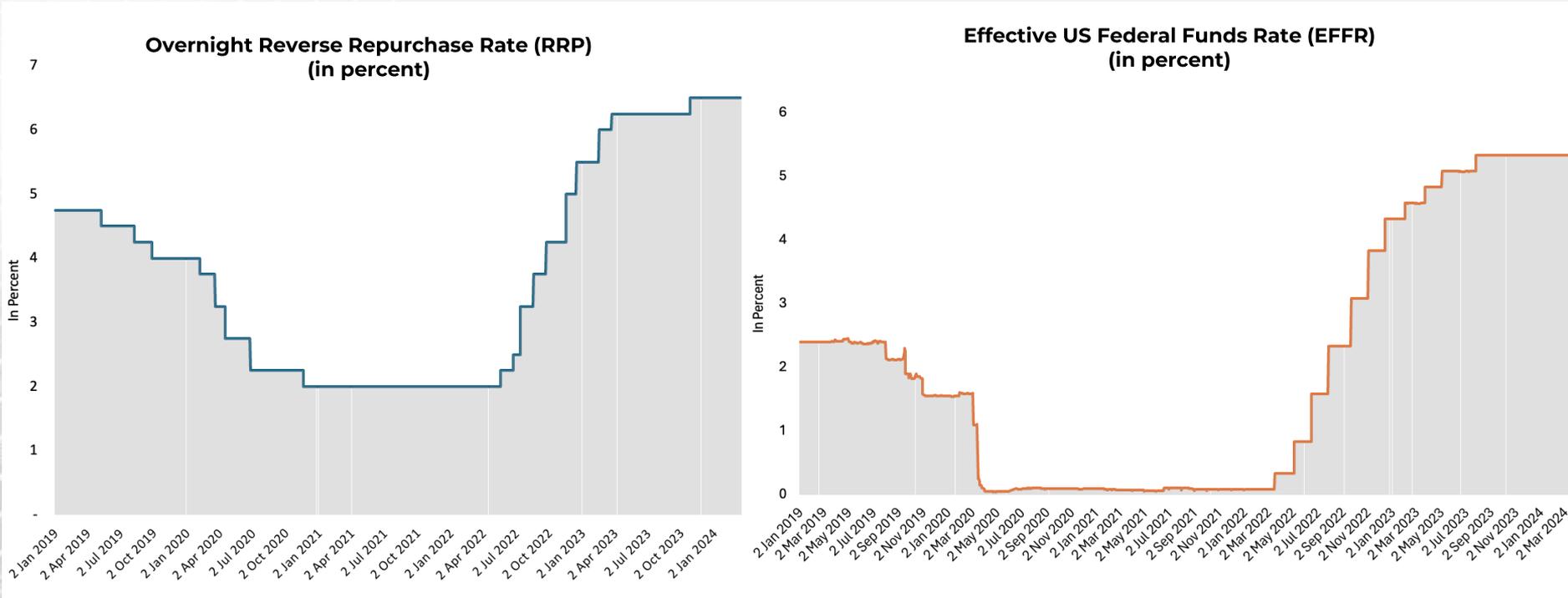


4.5%

Unemployment rate



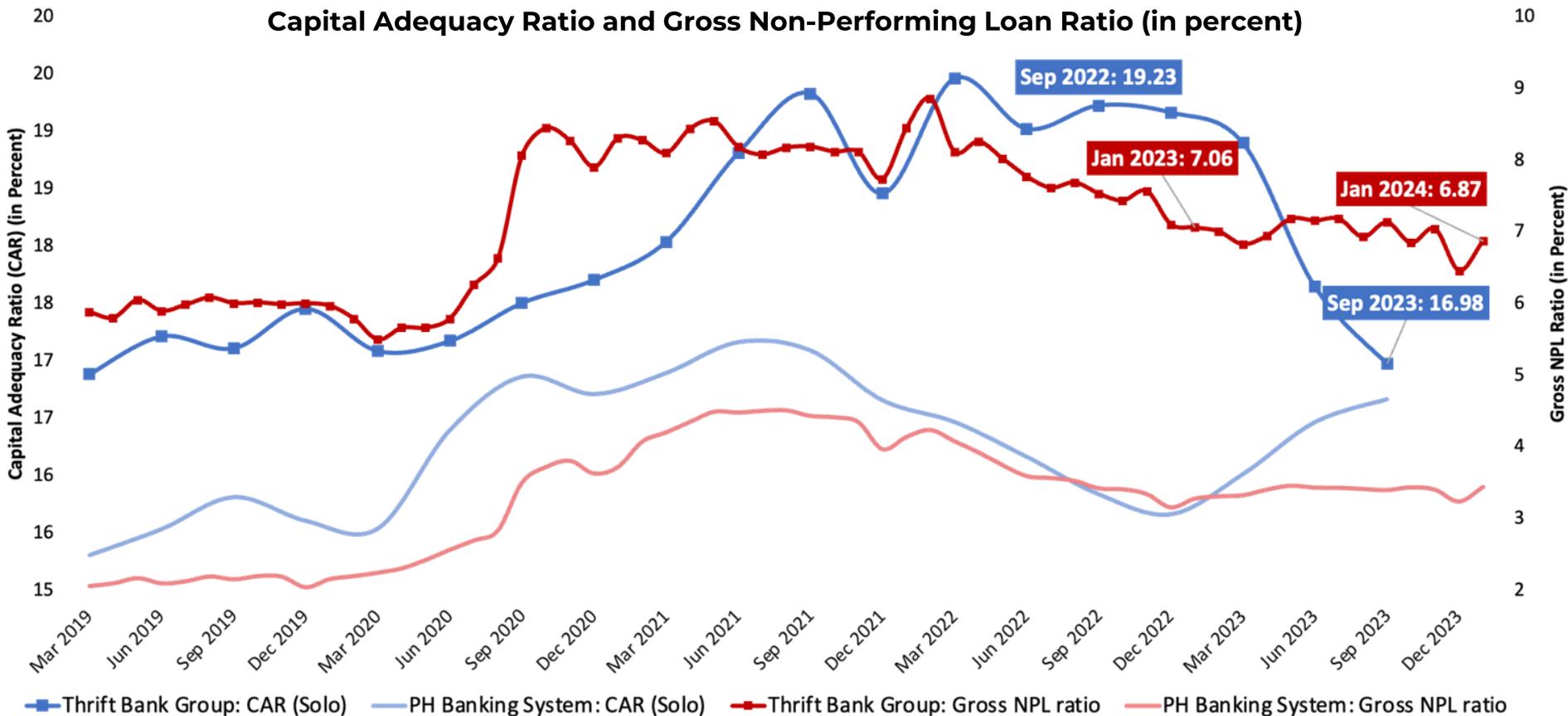
Domestic interest rates have been on an uptrend, similar to global financial market conditions



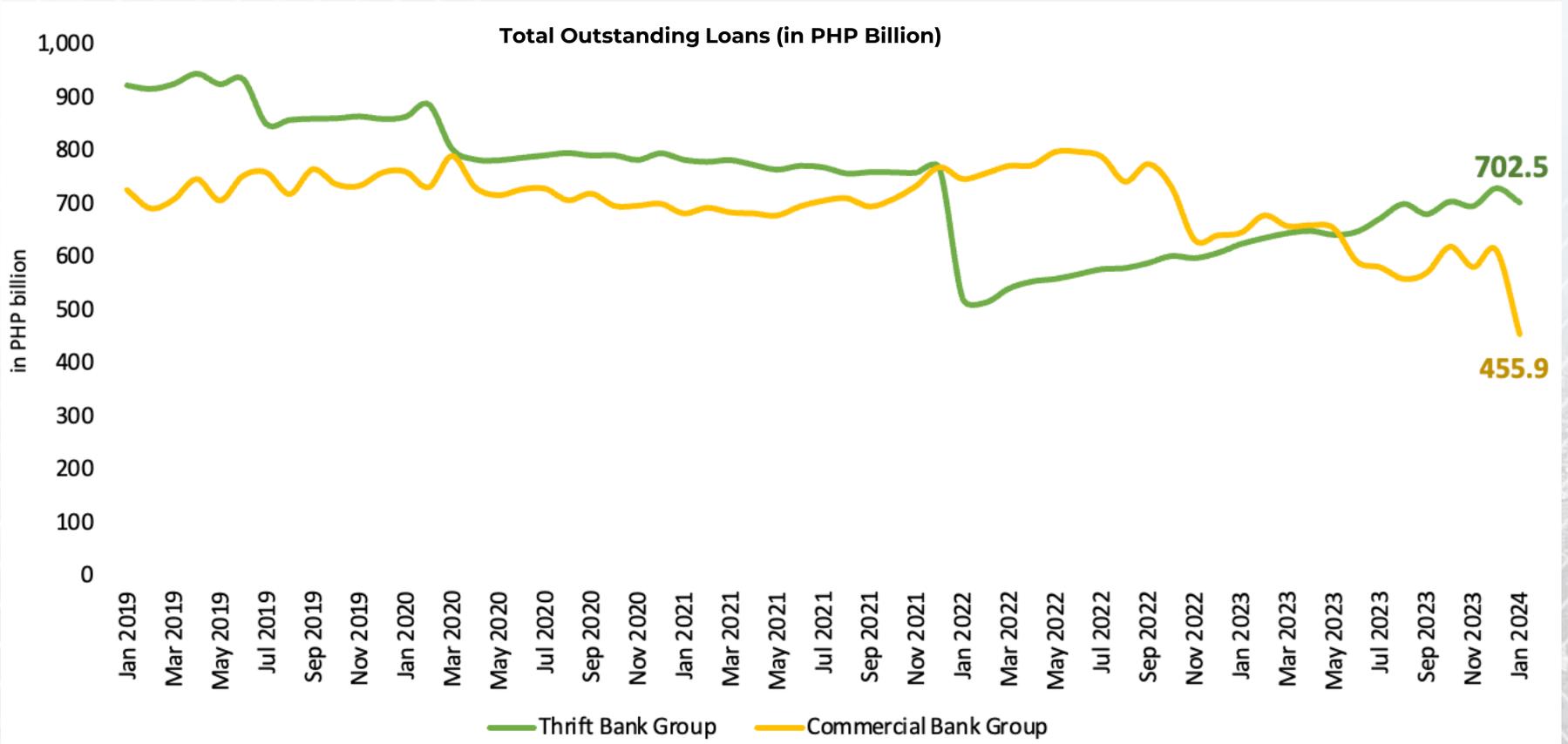
Source: Bangko Sentral ng Pilipinas and Federal Reserve Bank of St. Louis

But thrift banks have remained resilient

Capital Adequacy Ratio and Gross Non-Performing Loan Ratio (in percent)



But thrift banks have remained resilient



Thrift banks are engines of inclusive growth



**Affordable financial services
and credit**



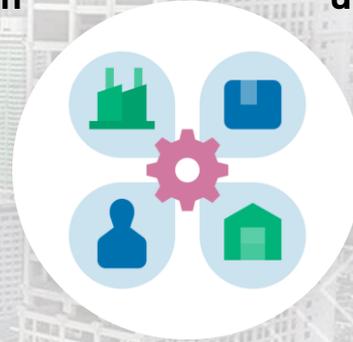
**Facilitates access to finance for
micro, small, and medium
enterprises (MSMEs)**



**Caters to underserved and
underbanked areas**



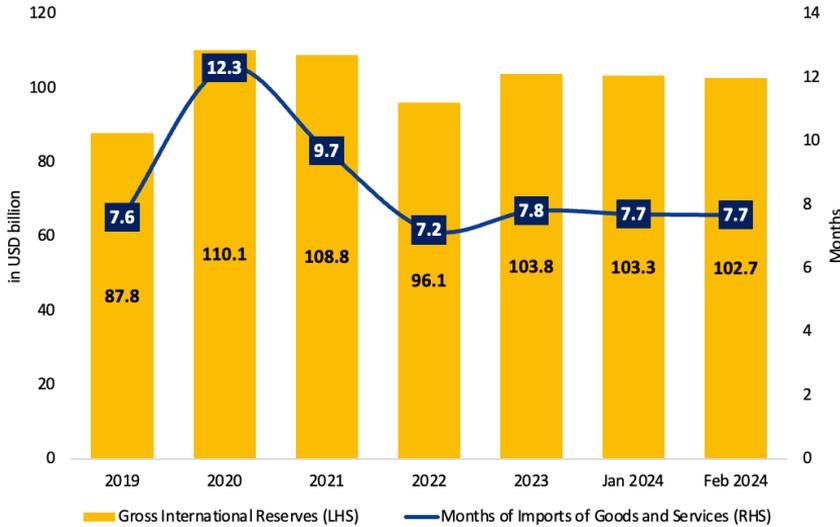
Helps in job creation



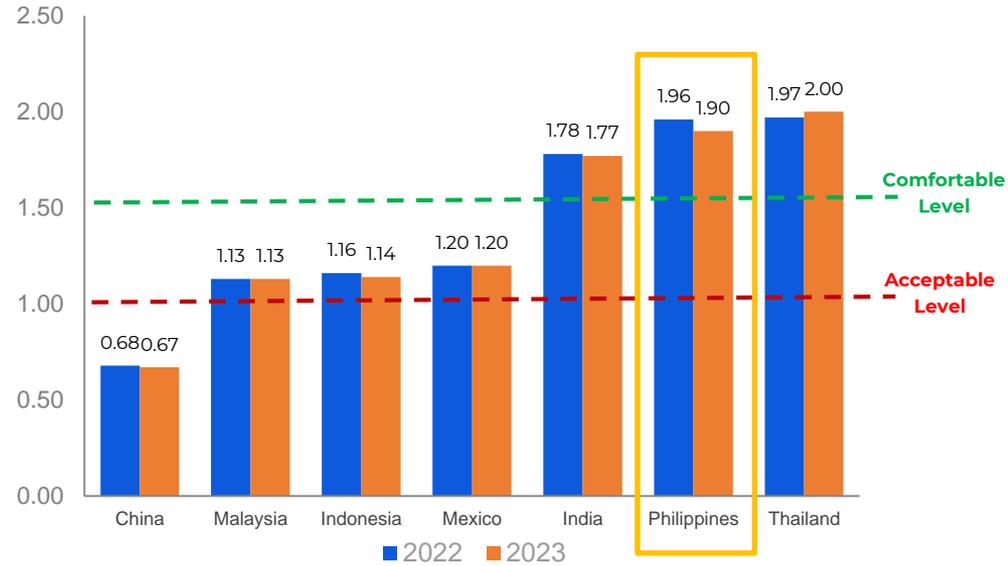
**Extends credit to different
sectors**

The Philippines' external position remains robust and stable, with level of reserves exceeding the recommended level

Philippines' International Reserves (in USD Billion) and Import Cover (in Months)

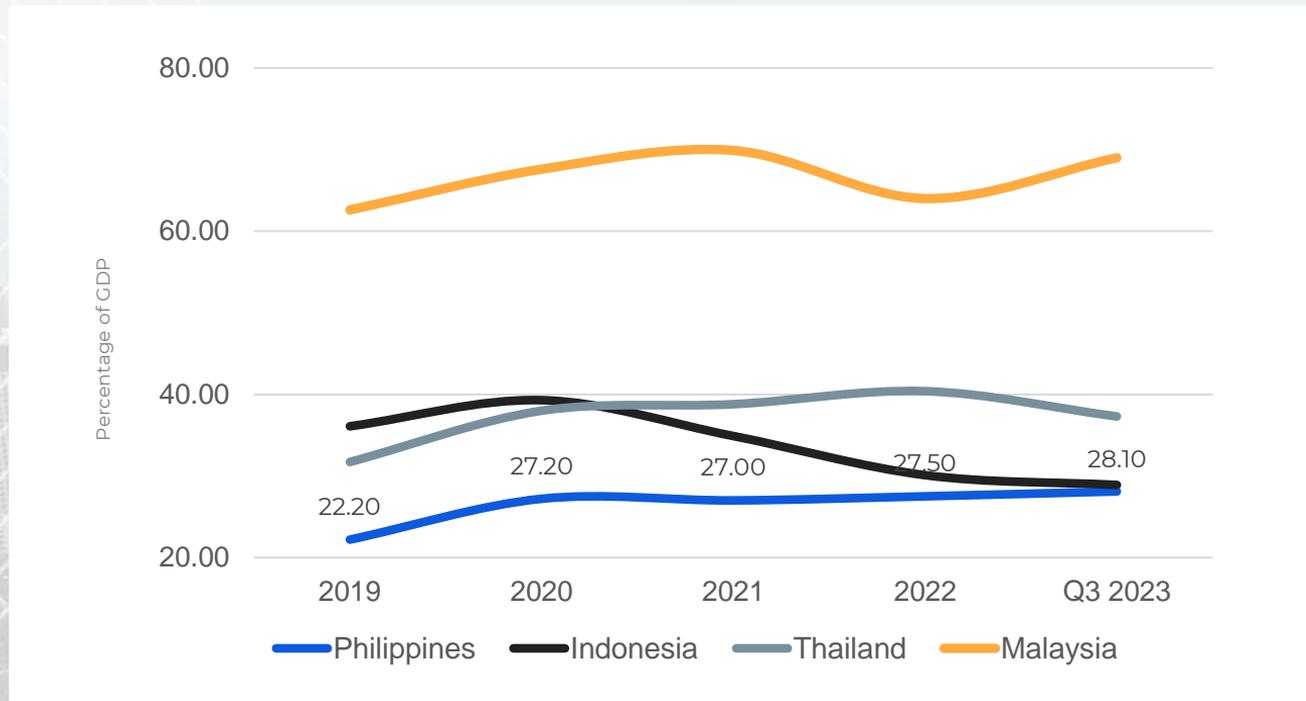


Ratio of Reserve/ Assessing Reserve Adequacy Ratio (ARA) Metric



The Philippines continues to have the lowest external debt-to-GDP among ASEAN-5 countries, making it less vulnerable to external shocks

External Debt Among ASEAN-5 Countries (as percentage of GDP)



The Philippines' fiscal performance remains robust and on track with its fiscal consolidation plan dubbed as the Medium-Term Fiscal Framework (MTFF)



**Reduce the
fiscal deficit**



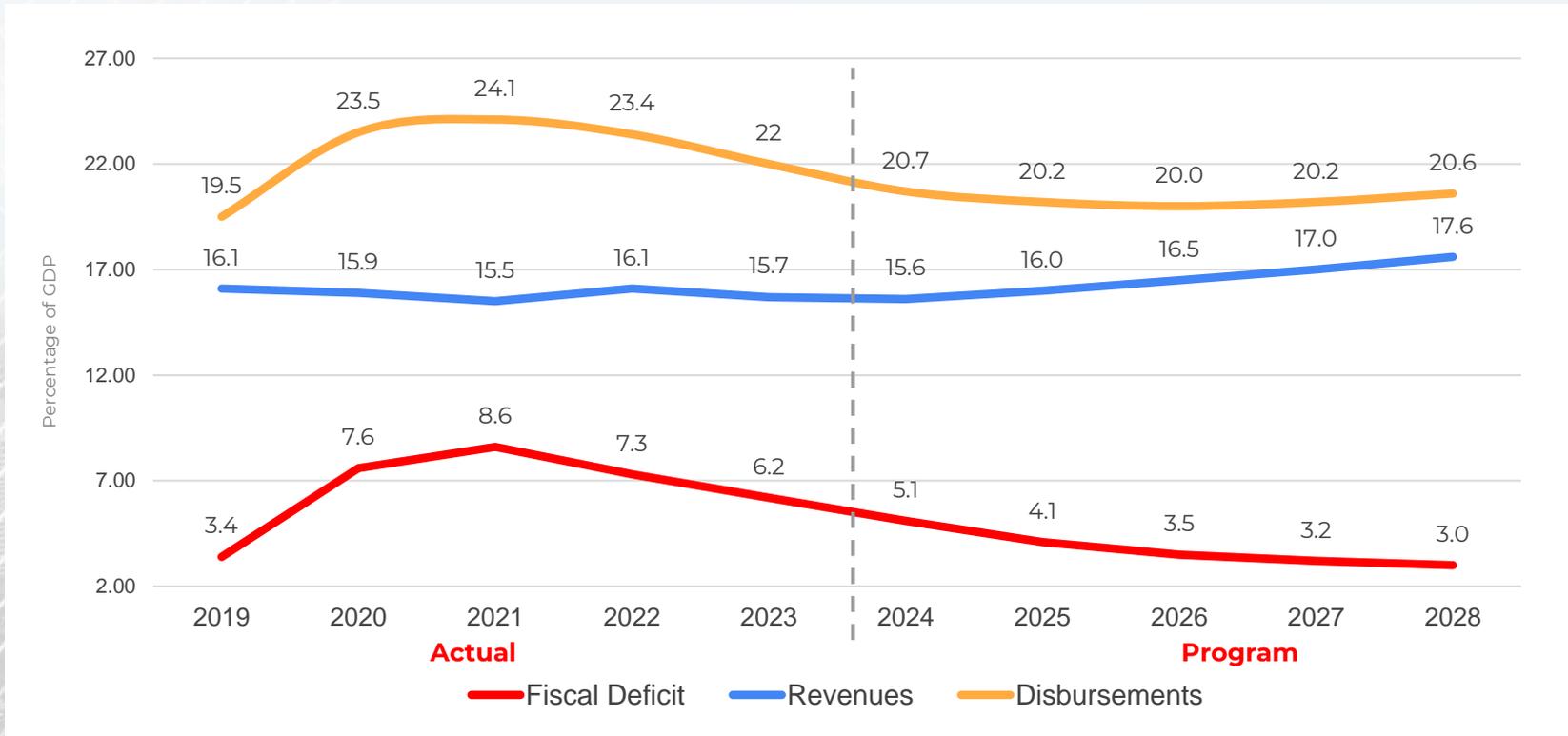
**Promote fiscal
sustainability**



**Enable robust
economic growth**

The fiscal deficit has continued to narrow down from its peak at the height of the pandemic

Fiscal Performance As Percentage of GDP



Along with digitalization to enhance tax administration efficiency, the Philippines is pursuing six tax reform measures to improve revenue mobilization and modernize tax system



VAT on Digital Transactions

Seeks to level the playing field between local and foreign digital service providers by clarifying that services provided by the latter in the country are subject to VAT.



Rationalization of the Mining Fiscal Regime

Provides a simplified and predictable fiscal regime for the extractives sector, while ensuring that the government collects its fair share of revenues.



Excise Tax on Single-Use Plastics

Designed to curb overconsumption of single-use plastics while raising funds for the government.



Real Property Valuation and Assessment Reform

Aims to promote the development of a just, equitable, and efficient real property valuation system that is aligned with global standards to improve revenue collection and mobilization at the local levels.



Passive Income and Financial Intermediaries Taxation

Seeks to redesign financial sector taxation to be simpler, fairer, and more globally competitive, with the end goal of deepening our capital markets.

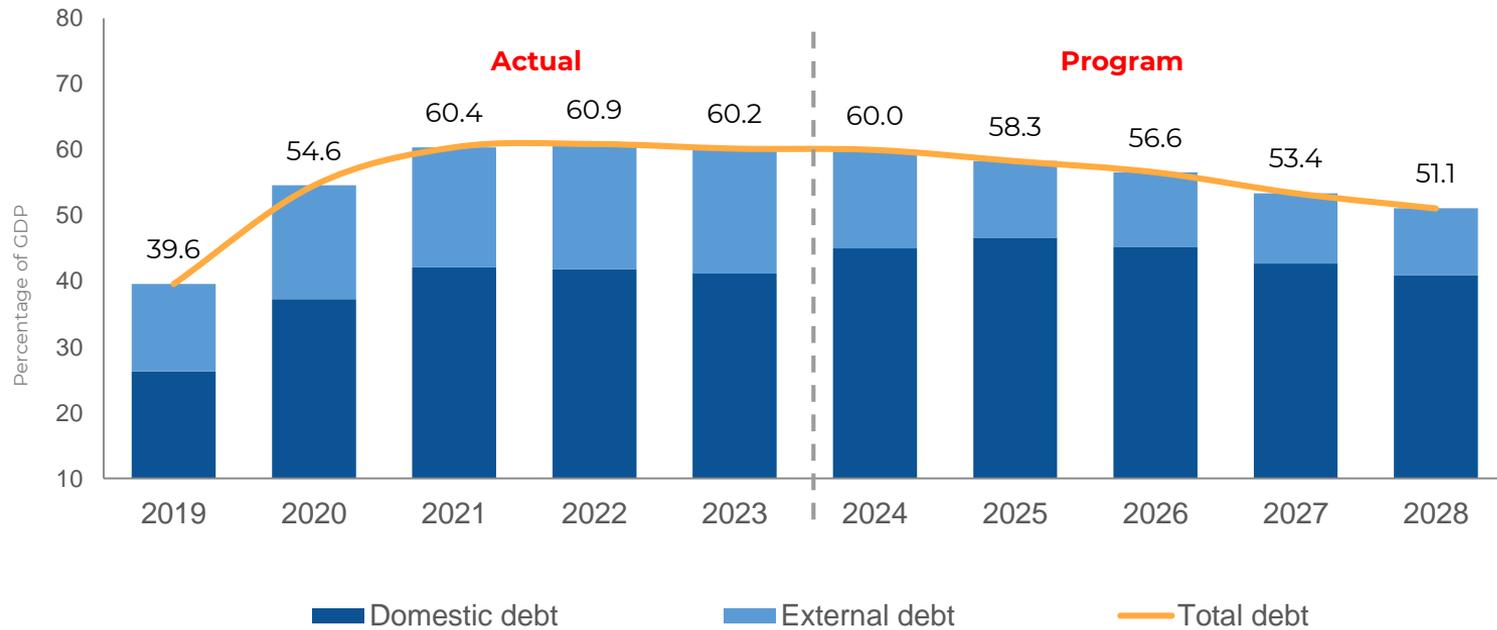


Motor Vehicle User's Charge

Aims to update the rates by introducing a 2-tier taxation scheme applicable to all vehicles to simplify tax administration and lowering compliance cost.

The national government debt is on a downward trend after its peak at the height of the pandemic

National Government Debt As Percentage of GDP



Our adherence to fiscal discipline and prudent debt management allowed us to maintain our high credit ratings amid the sea of downgrades globally



S&P Global Ratings

Affirmation of BBB+, Stable Outlook (November 2023)

Short-term: **A2**

FitchRatings

Fitch Ratings

Affirmation of BBB rating, Stable Outlook (November 2023)

Short-term: **F2**



R&I

Affirmation of BBB+ rating, Revised Outlook from Stable to Positive (August 2023)

Short-term: **BBB+**



Japan Credit Rating Agency

Affirmation of A- rating, Stable Outlook (March 2024)

Short-term: **A2**

MOODY'S

Moody's

Affirmation of Baa2 rating, Stable Outlook (September 2022)

Short-term: **N.R.**



A fiscal stance that adequately supports growth while remaining committed to fiscal consolidation



Effective and efficient execution of the budget to ensure timely delivery of services and programs



Reduction of Emerging Inflation Now (REIN) through proactive management of price pressures

Growth-Enhancing Actions and Resolutions (GEARs)



Infrastructure build up to improve connectivity and enhance resilience



Investment promotion through improvements in regulatory regime and reduction in the cost of doing business and addressing constraints

The Philippines' Build Better More Program features 185 big-ticket infrastructure projects worth USD 163 billion open for PPPs



SCAN TO VIEW
THE LIST OF
PROJECTS



The Philippine government has a strong commitment to foster more robust collaboration with the private sector

THE PUBLIC-PRIVATE PARTNERSHIP CODE OF THE PHILIPPINES

Rolls out a red carpet to investors, offering a stable, predictable, and competitive environment in which high-quality PPP investments can thrive



Leverages over 30 years of experience with the Build-Operate-Transfer Law



Integrates best practices to streamline processes, reduce costs, and enhance ease of doing business for PPPs



IRR is in the final stages and will be released very soon





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