



## **Highlights of Accomplishments/Performance of the Corporation CY 2018**

### **1. Business Direction for 2018 guided by new leadership**

Effective June 01, 2018, PhilEXIM is faced with a new business direction under the new leadership of Mr. Emmanuel G. Herbosa, a 30-year banking veteran. As part of the Business Approach for 2018-2019, the vision is to steer the Corporation towards respectable gains in its role as a catalyst of development, particularly in the area of continued market confidence and generating momentum for its business opportunities. The revenue teams of PhilEXIM have re-embarked on originating business with a volume of P15 Billion to be generated from strategic sectors, consistent with the economic agenda of the national government.

It is to be noted that over a period of three years (August 1, 2015- May 31, 2018), the Corporation was guided by the efforts of its Senior Management, with Officers-in-Charge at the helm providing day-to-day administrative and operational management.

### **2. Executive Order (E.O.) No. 58**

Pursuant to the efforts of the national government towards a unified and central guarantee agency, Executive Order No. 58 was signed by President Rodrigo R. Duterte in July 2018, paving the way for the merger of Philippine Guarantee Programs and Agencies (PGPAs).

Specifically, the issuance provided for the merger of the Home Guarantee Corporation and PhilEXIM, with PhilEXIM as the surviving entity, and transferring of the guarantee functions, programs and funds of the Small Business Corporation (SBC), and administration of the Agricultural Guarantee Fund (AGFP) and Industrial Guarantee and Loan Fund (IGLF), and renaming PhilEXIM as the Philippine Guarantee Corporation.

Through EO 58, an organizational restructuring as well as the components of the merger of the PGPAs has been put in place, transitioning within a one-year period. It is expected that the merger will achieve for the government operational efficiency, better management of risks and a one-stop shop mechanism for all state guarantee products. This will redound to more economic opportunities especially on the agriculture, business, housing and SME sectors.

### **3. Strengthening of the Balance Sheet**

- **Equity Infusion**

There is a P500 million additional equity infusion for PhilEXIM from the National Government (NG) that was recorded as of 31 December 2018 based on the booking made by the Bureau of Treasury (BTr), as part of the institutional strengthening of the Corporation, particularly on its balance sheet. The said amount was remitted to the agency in August 2018.

- **Proposal to the Bangko Sentral on PhilEXIM's Capital Adequacy Measurement relative to regulation**

Acknowledged by Bangko Sentral Governor Nestor A. Espenilla that PhilEXIM should be unique in its measurement on capital adequacy by virtue of its nature as a development financing institution, PhilEXIM continues to take steps in proposing an alternative capital adequacy measure in line with this principle. Through a series of consultative activities

with institutional partners and its counterparts in the region, it will be poised to propose to the Bangko Sentral its measure of capital adequacy. At present, it is measured based on the bank's capital benchmarks and with Basel fundamental.

Consultative meetings with various institutional partners such as the Association of Development Financing in Asia and the Pacific (ADFIAP), Export-Import Bank of India (EXIM-India), Bank of Negara Malaysia, and Asian Development Bank (ADB) as well as the Insurance Commission (IC) was organized as part of the study on the alternative CAR metric for PhilEXIM.

The Management was able to secure a temporary relief from compliance to 7% capital adequacy ratio and 5% minimum Tier 1 requirements until 31 July 2019 from BSP-Monetary Board (MB).

- **Marketing Campaigns**

The Business Revenue Groups continue to touch-base with financial institutions and business organizations, including prospective clients with the objective of strengthening business relationship. PhilEXIM participated and provided support through sponsorships to various trade exhibits and fora.

- **Economic Briefing**

A NEDA economic briefing was organized by PhilEXIM, which was given by Socio-Economic Undersecretary Rosemarie Edillon. Her topics ranged from the latest Philippine economic performance hinged on Ambisyon 2040, as well as prospects for the Philippine economy including possible industries and sectors that are emerging and for which, are primed for growth.

#### **4. Networking and Linkages**

New alliances with business partners locally and regionally, have been strengthened during the year. PhilEXIM network with relevant counterparts like Eximbanks during the 24<sup>th</sup> Annual Meeting of the Asian Exim Banks Forums on November 14-16, 2018 at Phuket, Thailand. The meeting served as a venue for PhilEXIM in articulating the new direction of the Agency as well as the direction of the Philippine Government aligned to Executive Order No. 58.

PhilEXIM also was an active participant in various study programs and field visits requested by the Association of Development Financing Institutions In Asia and the Pacific (ADFIAP), including the IDF International Study Program on Development Bank Practices in September 2018.

#### **5. Good Corporate Governance**

- **Corporate Compliance Program**

Aligned with best practices, PhilEXIM continues to observe compliance activities and standards as part of its responsibility. As part of continuing improvements, departmental manuals of procedures and a corporate policy manual are being reviewed and instituted accordingly.

- **E-Freedom of Information**

PhilEXIM has been awarded a Seal and Certificate of Compliance from Assistant Secretary Kristian Ablan of the Presidential Communications Office, in Malacanang Palace last May 18, 2018. The award was in recognition of the Agency's efforts to implement its Freedom of Information Manual, pursuant to OP M.C. No. 2017-01.

- **ISO-aligned Quality Management System (QMS)**

As part of the implementation of the ISO-aligned QMS, the Committee on Manual of Procedures continues to conduct its review of the updated Manual of Procedures (MOP) of the support groups for its approval and endorsement to the Board of Directors (BOD). To date, all MOPs of the revenue and other support groups have been approved by the BOD as endorsed by the Committee.

**6. Gender and Development (GAD)**

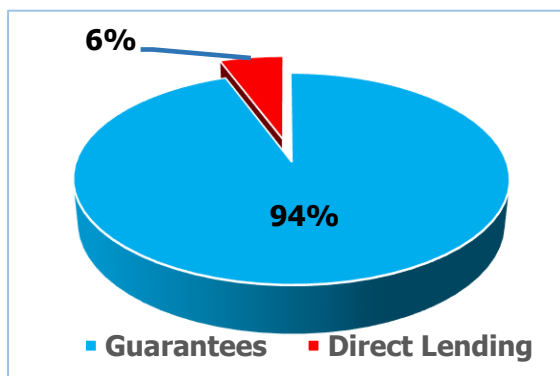
Continuous upholding of the national policies on GAD through the provision of gender responsive program such as:

- Participation in the 2018 National Women’s Month Celebration held last March 01-31, 2018 through the film showing of GAD-related movie.
- Attendance to trainings conducted by the Department of Finance (DOF) and the Philippine Commission on Women (PCW) initiated training activities.
- Support to the Celebration of the 18-Day Campaign to End Violence Against Women;
- Outreach Activity (Missionaries of Charity-Home of Joy) through giving of grocery items, personal hygiene necessities, clothes and toys.
- Wearing of Corporate T-shirt as part of the Corporation’s branding with GAD-related advocacy theme

**Results of Operations:**

**PhilEXIM’s Credit Portfolio:**

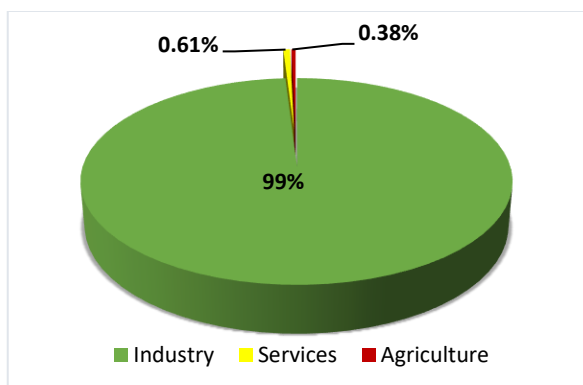
- **Program allocation**



Program	Amount	% Share
Guarantees	P 8,852.95	94
DLP	530.24	6
<b>TOTAL</b>	<b>P 9,383.19</b>	<b>100%</b>

The biggest part of the credit portfolio was in Guarantee Program amounting to Php 8,853 Billion or 94% of the total portfolio. This is a result of the shift in business concentration which is guarantee, led by large accounts thereby leaving the Direct Lending Program with Php 530 Million in exposure which is equivalent to 6% of the total portfolio. With the issuance of EO 58, the lending portfolio of PhilEXIM is expected to wind down and be taken over by the banking institutions.

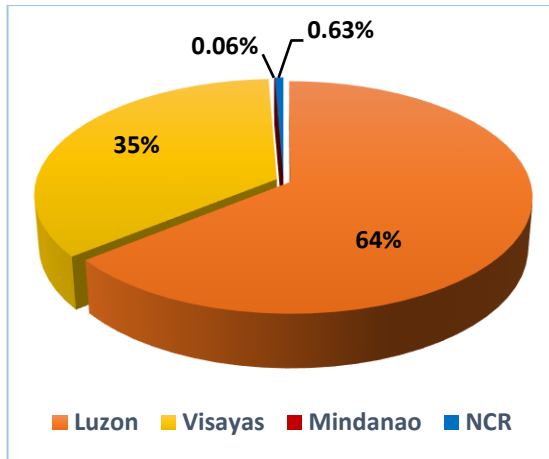
- **Sectoral Distribution**



Sector	Amount	% Share
Industry	9,290.82	99.01
Services	57.03	0.61
Agriculture	35.34	0.38
<b>Total</b>	<b>9,383.19</b>	<b>100%</b>

- The bulk of the Agency's credit portfolio went to the Industry sector
- Services sector represented by projects involving Information, Manpower and Tourism, and Agriculture follow with a share of 0.61% and 0.38%, respectively.

▪ **Regional Access to Financing**



Sector	Amount	% Share
<b>NCR</b>	59.27	0.63
<b>Luzon</b>	6,026.71	64.23
<b>Visayas</b>	3,292.02	35.08
<b>Mindanao</b>	5.19	0.06
<b>Total</b>	<b>9,383.19</b>	<b>100%</b>

- A total of 64% of the whole credit portfolio rests in the Luzon area
- Visayas is at 35.08%, NCR and Mindanao with less than 1%, respectively.