

2011 and first quarter of 2012

Pag-IBIG FUND: Game Changer

Accomplishment Report

Reforms, innovations and new programs. These are the hallmarks of 2011 for the Pag-IBIG Fund.

Ever mindful of its legal mandate, duty to public service and under the dynamic leadership of its Chairman, Vice President Jejomar Binay, Pag-IBIG Fund grew dramatically in 2011 and further enabled itself to better respond to the needs of its members and other stakeholders.

It was a challenging year. It was a fruitful year. It was a year of changes, of growth, of action. The things accomplished took courage, commitment, and hard work from the entire Pag-IBIG Fund family. Some of the reforms adopted were met with a degree of anxiety by some, but welcomed by most. The Fund took a risk, and changed the rules midway, out of necessity, out of more paramount interest, which is the long term viability of the Fund. The agency deemed it a necessary evil but it should prove more beneficial in the long haul, regain members' trust, and ensure better protection of the Fund.

In 2011, Pag-IBIG Fund chose to become ***Game Changers.***



I. FINANCIAL MILESTONES

Total Assets Grow ₱24 Billion

In 2011, Pag-IBIG Fund once again asserted its position as one of the country's strongest and most profitable Government Financial Institution (GFI). Profitability has always been a Pag-IBIG Fund trademark, making it one of the best performing financial institutions in the country today, be it in the private or government sector. The Pag-IBIG Fund remains as the single biggest source of home financing in the country. The agency provides 46.3 % of the aggregate residential mortgages, eclipsing the 8% involvement of all other GFIs and Key Shelter Agencies and out sizing the market share of all private banks combined.

Amidst the economic slowdown felt the world over, Pag-IBIG Fund's financial accomplishments for 2011 reached record level highs, and it stood proud as an institution with more than **₱302,847,411,890 in assets** at the end of the fiscal year.

As of March 2012, the Fund's total assets reached ₱307 billion, higher by ₱24 billion compared to the ₱283 billion-assets a year ago. This was boosted by the 11% growth in members' equity at ₱220 billion from ₱198 billion in 2011 and by a 10% decline in its financial obligations.

A. Net Profit Reaches ₱12 Billion

For 2011, Pag-IBIG Fund earned **₱24,797,006,540** in gross income, up by ₱2,401,319,817 or 11% higher than 2010 end of year figures. **Net profit** was also at an **all time high**, with the Fund earning **₱11,959,229,479** compared to the ₱11,101,591,443 of the previous year.

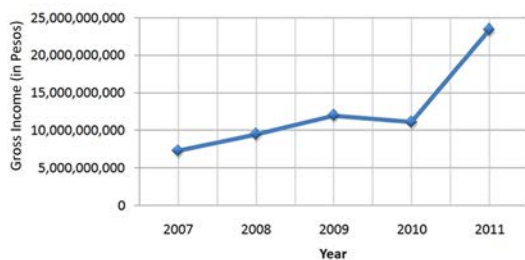


Figure 1: Gross Income 2007-2011

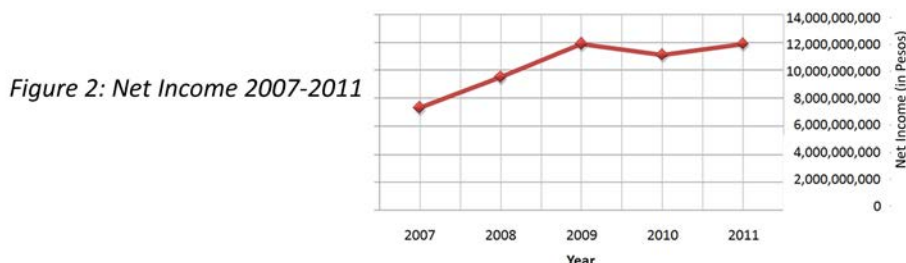


Figure 2: Net Income 2007-2011

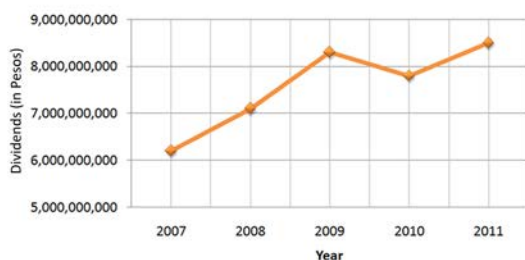


Figure 3: Dividends 2007-2011

The Pag-IBIG Fund now has **₱307 billion in total assets**. This represents an increase of **₱24 billion** compared to **₱283 billion-assets** last year.

In 2011, Pag-IBIG Fund set new records in its financial performance:

- ✓ **₱24,797,006,540** in gross profits
- ✓ **₱11,959,229,479** in net profits
- ✓ **₱8,491,052,930** in dividends



Pag-IBIG Fund members will once again reap the lion's share of the agency's outstanding financial performance as at least 70% of its net income is distributed to members' savings accounts in the form of dividends. The Fund has already credited **₱8,491,052,930 in dividends** to member accounts.

The Fund's gross income of ₱6.28 billion during the first quarter of 2012 is the highest gross income level compared to the same period for the past five years. This amount is ₱0.26 billion more than the ₱6.02 billion gross income recorded in March last year.

Net income for the first three months is the highest on record since the past five years. Posted at ₱3.34 billion, this is higher by 14% or ₱0.40 billion more than the net income in March 2011. Pag-IBIG Fund **surpassed its net income target of ₱2.61 billion by 28%** due to savings in operating expenses brought about by improvements in systems and procedures and by a more efficient human resource.

This was accomplished, notwithstanding the Fund's move to follow globally accepted accounting standards such as impairment provisioning, to capture the real worth of assets, and notwithstanding the changes implemented due to the extraordinary external challenge by an errant developer.

B. ₱ 100 Billion in Collections

Collections for 2011 totalled to a record breaking **₱100.866 billion**, up by ₱7.8 billion from the previous year's figures. Of this figure, ₱21.9 billion came from members' contributions, ₱48.6 billion from short term loan collections, and ₱30.4 billion from housing loan operations.

Collections for the first quarter aggregated to **₱26.1 billion**, higher by ₱923.8 million from our total collections a year ago. Of this amount, ₱5.9 billion came from members' contributions, ₱12.2 billion from short-term loan collections, and almost ₱8.0 billion from housing loan operations.

C. Over 55,000 New Homes Approved for Financing, ₱45.4 Billion Disbursed in Short Term Loans, and ₱5.3 Billion Paid in Provident Claims

Total **disbursements** in 2011 amounted to more than **₱82.7 billion**. **Short-term loan** releases of over **₱45.4 billion** surpassed the original allocation of ₱40 billion by 13% and benefitted some 2.303 million members worldwide.

A total of **₱38.3 billion** was also approved for disbursement to finance **55,631 new homes** for Pag-IBIG Fund members across the country. The Fund also paid out a total of ₱5.4 billion in provident benefits to 130,959 of its members. The amount represents a modest six percent jump from 2010 figures.

Total **disbursements** in the first quarter amounted to **₱20.3 billion**. Availment of short-term loans rose by eight percent from ₱10.38 billion last year compared to ₱11.21 billion during the first three months of 2012.

₱100.9 billion
in collections:

- ✓ **₱21.9 billion** from members' contributions
- ✓ **₱48.6 billion** from short term loans
- ✓ **₱30.4 billion** from housing loan operations

Fund releases:

- ✓ **₱45.4 billion** in short term loans to 2.3 million members
- ✓ **₱38.3 billion** in housing loans to finance 55,631 new homes
- ✓ **₱5.4 billion** in provident benefits to 130,959 members



For the first quarter, **₱15.3 billion** was also approved for disbursement to finance **21,945 new homes** for Pag-IBIG Fund members across the country.

The Fund also paid out a total of **₱1.5 billion in provident benefits** to **34,389 of its members**.

D. ₱6.1 Billion in Calamity Loans and Maintained One-day Processing for Calamity Loan

For the Filipino worker, the Pag-IBIG Fund stayed loyal to its provident mandate to help members with their finances in their time of greatest need. Pag-IBIG Fund has maintained a one-day processing time for calamity loan applications, keeping in mind the urgent need of its members.

In 2011, the Fund released a total of **₱6.1 billion** to assist **312,286 members** affected by the calamities that plagued the country in 2011. Victims of typhoons *Pedring*, *Quiel* and *Sendong* were also granted a **three-month moratorium** on their **housing loan payments**.

₱6.1 billion for calamity-stricken areas benefitting 312,286 affected members

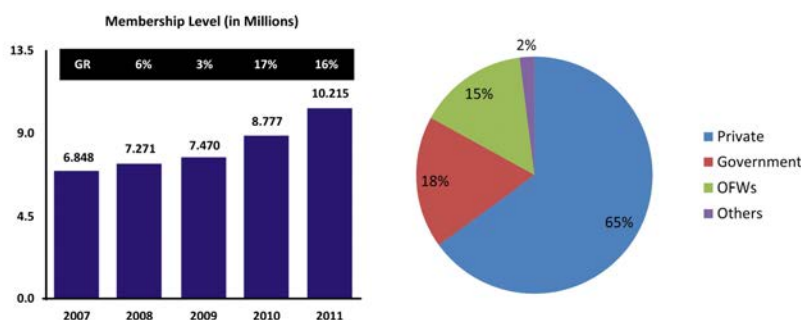
II. GROWING Pag-IBIG FUND MEMBERSHIP

The Home Development Mutual Fund Law of 2009, or Republic Act No. 9679, has made Pag-IBIG Fund even more relevant for the Filipino workers today by expanding the agency’s coverage and including Filipinos employed by foreign-based employers, uniformed personnel and the self employed.

Every Filipino worker earning at least ₱1,000 a month, here or abroad, is now subject to the Fund’s mandatory coverage.

Pag-IBIG Fund has thus opened its doors to every working Filipino earning at least ₱1,000 a month. From the white collar job holders of Makati to the white towel-slinging jeepney drivers, from the biggest names in television to our beloved *kasambahay*, all may now enjoy the benefits of being a Pag-IBIG Fund member.

Since the implementation of expanded mandatory coverage, the Fund attained double-digit growth. The growth is pegged at an average of 10.5% for the last five years.



Fund membership in 2011 grew by 16% and now stands at 10.7 million members.

A. Pag-IBIG Fund is now 10.7 Million Member-strong

With its active campaign to bring as many Filipino workers into the Fund as possible, membership dramatically increased in 2011 and stood at **10.215 million** or 1.438 million up from the previous year’s figures. The increase represents a marked **improvement of 16%**.



Membership across all sectors rose in 2011. Employees from the private sector jumped 10% and continued to dominate the Fund at 65% (6.7 million) of total membership. Government personnel also increased by 5% and constituted 18% (1.8 million) of total Fund membership.

By March 2012, Fund membership has grown by 509,714 members from the 2011 yearend level, bringing the total Pag-IBIG membership to 10.725 million.

B. OFW Membership Nearly Doubled in 2011

OFW membership in the Fund continue to grow by leaps and bounds and **almost doubled** in 2011, at 1.503 million from the previous year's total of 793,000. The sector expanded 89%.

As of March 2012, membership from the OFW sector is recorded at 1.8 million, up by 21% from the previous year's 1,503,339. The increase is equivalent to 3,553 OFWs signing up every day for the last three months.

C. Tie-ups with LGUs, the POEA, and Various Organizations for Membership Generation

Pag-IBIG Fund's new Board of Trustees led by Vice President Jejomar Binay launched a proactive approach to its potential partners. Thus far, the agency has **dialogued** with **228 local government units (LGUs)** on the implementation of the mandatory coverage provisions of RA 9679, with a number of LGUs having already agreed to facilitate registration of new businesses and their respective employees with the Fund.

Similar agreements on Fund membership registration or collection and remittance of contributions have also been signed with the **Philippine Overseas Employment Administration, ABS-CBN Star Magic, Integrated Midwives Association of the Philippines, 14 national transport groups, and four cooperatives.**

III. HOUSING REFORMS

Pag-IBIG Fund Chairman, Vice President Binay led the Public-Private Partnership initiative of the national government by strengthening Pag-IBIG Fund's long-standing PPP Program. The national government extended nearly ₱38 billion in house financing in 2011 for the construction of some 108,276 residential units. More than 83 percent or ₱31.5 billion were financed through Pag-IBIG Fund's End-user Financing Program, of which ₱27 billion was disbursed to construct some 33,764 low-cost housing units and ₱4 billion for some 12,532 socialized housing units.

To ensure the Fund's viability and to allow it to continue performing its vital role in nation building, critical reforms were implemented in the agency's housing loan programs during the first half of 2011. More innovations were crafted and approved during the latter part of the year. As a result of these reforms, performing loans from new takeouts improved dramatically to 96%, owing to strengthened underwriting.

2011: 51% of the total increase in membership came from new OFW members, which grew by 89% in 2011.

2012 1Q: 63% of the total increase in membership came from new OFW members, which grew by 21% in 2012.

Institutional arrangements to maximize Fund coverage:

- ✓ LGUs
- ✓ POEA
- ✓ Professional and Trade Associations
- ✓ Cooperatives

Housing loan programs for public school teachers and other government employees



A. Upholding the Basics of Lending

Pag-IBIG Fund has successfully **overhauled its housing policy**. The changes are simple. **Pag-IBIG Fund went back to basics**. The lender originates the loan, the borrower's capacity to pay is ensured, collection platforms are strengthened, correct appraisal is guaranteed, and the contract to sell (CTS) documentation which entailed cumbersome and impracticable monitoring and legal infirmities will soon be modified.

This is in stark contrast from the previous program which focused on speedy takeout but proved to be prone to abuse.

B. New Borrower Evaluation System

The Fund effectively scrapped its Window 1 express lane that allowed property developers to originate housing loan accounts. The agency took back control in approving individual housing loans and subjected all borrowers and housing units to pre-validation, rather than post-validation, as was the case under Window 1. The Fund also developed and will soon employ its **Borrower Evaluation System (BES)**. The new system is essentially a **credit scoring system that assesses the borrower's capacity to pay and potential for default**. And since buying a home is considered a family affair by the Filipino, the Fund will base the borrower's capacity to pay on the family's gross income instead of individual net disposable income.

C. Pag-IBIG Fund Ties Up with LGUs for Housing

Pag-IBIG Fund also travelled all over the country in order to introduce its housing programs through the **Pabahay Caravan**. Vice President Binay together with CEO Darlene Marie B. Berberabe talked with local government units in the Metro and in all of the regions across the country to introduce the Group Housing Loan Program (GHLP).

Under the GHLP, Pag-IBIG Fund offers its technical insights and an initial P20 million in loans to construct subdivisions or condominium buildings intended for the LGU's eligible constituents. The land should be provided by the LGU as its counterpart. **The Vice President expects the program to further bring down the cost of housing at levels much more affordable for the common Filipino worker.**

As of March 2012, a total 936 LGUs have been briefed by the Fund on its GHLP. Sixteen of which have already signed Memoranda of Understanding (MOU) with the agency. A total of 104 LGUs are in various stages of negotiations with the Fund. These projects will produce about 12,644 potential housing units.

D. Pag-IBIG Fund Provides Home Financing for Public School Teachers and other Government Employees

The Pag-IBIG Fund also strengthened its partnership with other government agencies and employee organizations. In December 2011, the Fund signed separate agreements with the **Department of Education (DepEd)** and the **Philippine Government Employee Association (PGEA)**, formalizing the agency's commitment to help teachers and other government employees realize their dreams of owning their homes through its "home matching" program.

New housing rules bring security to the Fund

New credit scoring system for better business

Pabahay Caravan:

- ✓ **936 LGUs briefed on the GHLP**
- ✓ **16 LGUs with MOUs**
- ✓ **104 LGUs at various stages of negotiations with the Fund**



IV. BIGGER AND BETTER SERVICE

The Pag-IBIG Fund has always strived for the best quality in its services. In 2011, the Fund's pursuit of excellence has earned the trust of other institutions in the government and private sectors, further cementing Pag-IBIG Fund's position as the **country's premier provident mutual fund and home financing institution**.



CEO Berberabe (center) and other Pag-IBIG officers receive the Fund's ISO Certification from Jen Wen Chia (standing on the CEO's right), General Manager of TUV-SUD PSB Philippines Inc.

A. Pag-IBIG Fund is now ISO Certified

The agency obtained the highly-coveted ISO 9001:2008 certification in record breaking time of 3 months and 19 days. Pag-IBIG Fund is the first among Key Shelter Agencies to get the certification and the fastest among Government Financial Institutions. The certification is a recognition that the Fund's membership registration process is at par with international standards.

B. Pag-IBIG Fund is now More Efficient and Productive

Improvements in systems and procedures were also implemented. **Provident Claims** are now released at a faster rate of 10%, from 4.22 days in 2010 to 3.81 days in 2011. **Multi-Purpose Loans** are now ready in 0.81 days and **Calamity Loans** in 1.05 days, an improvement of 16% and 22% respectively from 2010 levels. **Housing takeouts** also recorded a 9% increase. Lending now takes 10.34 days instead of 11.37 days.

A 20% increase in productivity was also noted by the Fund in 2011. While many accomplishments were at an all time high, operational expenses were kept at minimal levels. Every employee's work output in 2011 produced P5.257 million for the Fund compared to 2010's P4.373 million.

C. Pag-IBIG Fund is now Connected

In keeping abreast with the times and fully cognizant of the needs of its members, Pag-IBIG Fund has embraced current trends to provide better services that are readily available on the internet, on social media and even in shopping malls.

Pag-IBIG Fund gains coveted ISO certification

Improved efficiency and productivity:

- ✓ **Provident Claims: Processed 10% faster**
- ✓ **Multi-Purpose Loans: Processed 16% faster**
- ✓ **Calamity Loans: Processed 22% faster**
- ✓ **Housing Takeouts: Processed 9% faster**
- ✓ **Productivity: 20% increase**



The **services** of Pag-IBIG Fund are completely **in tune with the Filipino's modern lifestyle**. Members can now use their cellphones and the internet to access their account.

The Fund has launched its **Online Membership Registration** for both employers and members. Now, members can check through the agency's website their latest 12 monthly contributions, as well as their Total Accumulated Value (TAV) of savings and billing statement. Borrowers can also check their amortization payments for the last 12 months. Employers can also use the online facility to update their accounts.

For faster transactions, members can use Land Bank's OnLine Collections (**Oncoll**) and **WeAccess** or **Citibank** collection facilities to pay for monthly contributions or loan amortization. Proceeds of short term loans can now be withdrawn from any ATM by using **Land Bank Cash Card**.

For members who have no ready access to the internet, they can use their cell phones to check the status of their registration with the Fund. By simply **texting**: IDSTAT <space> [Registration Tracking Number] <space> [Date of Birth MM/DD/YYYY] to 0917 888 4363 for Globe subscribers and 0918 898 4363 for Smart subscribers, Pag-IBIG Fund will text back the latest status of the member's ID.



Clients inquire from the Pag-IBIG Desk now found in Robinsons malls.

And in its bid to make its services much more accessible to the public, the Fund has also partnered with **Robinson's Malls** for the provision, free of charge, of a Pag-IBIG Fund service desk inside its 36 shopping malls nationwide.

Enlisting with the Fund becomes easier for new entrepreneurs via the Philippine Business Registry (PBR). With the system in place, companies need not go to the Pag-IBIG Fund office to register their employees and get their company Pag-IBIG ID numbers. The web-based service serves as a one-stop-shop hub for entrepreneurs who need to transact with the Fund, the Department of Trade and Industry, the Bureau of Internal Revenue, the Social Security System, the Philippine Health Insurance Corp. and Securities and Exchange Commission.

D. Pag-IBIG Fund Establishes Good Governance Program

To further ensure its continued viability well into the future, Pag-IBIG Fund in 2011 also adopted **risk management programs** as a component of good

Services are closer to members than ever before



governance. Measures include development and implementation of risk policies such as **Single Borrower's Limit (SBL)**, **Capital Adequacy Framework (CAR)**, **Credit Scoring** and other risk reports. Undergoing finalization are the Fund's **Code of Good Governance** and **Code of Ethics**.

E. Pag-IBIG Fund Takes Over GSIS Housing

In recognition of the Fund's proven expertise in home financing, the GSIS extended a **₱5 Billion credit facility** to the Fund. **Pag-IBIG Fund will now process all housing loans from GSIS members.**

Pag-IBIG Fund has been in this business for 31 years, the agency's mortgage accounts comprise over 46% of the entire industry's loan portfolio, making it the country's premier housing fund. The trust bestowed by GSIS upon Pag-IBIG Fund in helping every Filipino worker own their home a reality is truly humbling.

F. Pag-IBIG Fund Launched Special Financial Assistance Programs to OFWs in Countries in Conflict

The Pag-IBIG Fund did not forget its members working abroad. When the conflicts arose in the **Middle East** and a monstrous tsunami hit **Japan**, the Fund was prompt in giving aid. Displaced OFWs were granted a **six-month moratorium** on their housing loan payments and given the option to **withdraw** their **savings** immediately to help them in their unexpected economic difficulties.

These unforeseen seismic shifts, both natural and man-made, have sent a number of Filipinos working abroad packing and directly crippled the finances of their families in the Philippines. As the country's new heroes, it is but right for the Pag-IBIG Fund to extend them an extra helping hand to alleviate their circumstance.



Vice President Jejomar C. Binay (center), Chairman of Pag-IBIG Fund, awards checks to OFWs displaced by war in Libya. The checks represent the workers' savings in Pag-IBIG Fund which have been withdrawn prior to maturity to help repatriated Filipinos. (from left) Fund Trustee Atty. Jaime Miralles, Pag-IBIG Fund members accountant Belle E. Delfino, mechanic Rowel L. Dacquiwag and midwife Cleofas B. Herda, Pag-IBIG Chief Executive Officer Atty. Darlene Marie B. Berberabe and Trustees Edgardo Lacson, Jesus Varela and Tomas Lopez Jr.

Pag-IBIG Fund gains trust of other government financial institutions

Assistance for distressed OFWs:

- ✓ **Moratorium on housing loan amortization; or**
- ✓ **Withdrawal of savings**



Armed with new found wisdom under its new leadership,

the Pag-IBIG Fund is unrelenting in its quest to better serve every Filipino worker and manage the Fund with utmost integrity.

2011 presented challenges but the Pag-IBIG Fund, from its top management down to its last rank and file employee, persevered and adapted to become the dynamic institution that it is today.

It has chosen to be a game changer, implementing much needed reforms, adopting new approaches, instituting new programs, and the

Pag-IBIG Fund is truly the better for it.

