

26 **G) Results of Updated Stress Testing Based on Various Possible**
27 **Scenarios due to ECQ / COVID-19**
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29 The Vice President for Finance Group, Ms. Yolanda C. Villatura (VP
30 Villatura), was recognized and made her presentation (*attached hereto as*
31 *Annexes "10" to "10-G" are the materials for the readers' reference and perusal*).
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33 Regarding the Capital Adequacy Ratio (CAR), CEO Moti added and
34 informed the Board that Pag-IBIG is looking at a minimum CAR of 12.5%.
35 However, the crisis might trigger the setting up of a buffer of an additional 2.5%,
36 that is why the Fund is considering a CAR of 15%.
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38 CEO Moti further said that the Bangko Sentral ng Pilipinas (BSP) intends
39 to lower the CAR threshold to which the Fund is closely monitoring if they would
40 bring it down from 12.5% to maybe 10.5%. Even at 12.5% CAR, it would still be
41 up to the Board on what dividend payout would it declare and what CAR
42 threshold would it maintain next year.
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44 VP Villatura proceeded with her report.
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46 She highlighted that for the worst-case scenario, the Fund would have a
47 funding gap of Php 37.2 Billion with the assumption of maintaining the Php 32
48 Billion investment level. Every three years, the borrowings would balloon to Php
49 56.87 Billion by 2023, Php 109 Billion by 2026. It would be as high as Php 215.35
50 Billion, an indication that Pag-IBIG needs to borrow to be able to finance
51 repayment of loans every three years.
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1 CEO Moti remarked that these borrowings are in the assumption that Pag-
2 IBIG would not push through with the increase in Members' Savings in 2021 and
3 2023.

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5 For the most likely scenario for borrowings, VP Villatura reported that the
6 Fund would only borrow around Php 11 Billion this year. For the best-case
7 scenario, the Fund would be required to borrow around Php 13 Billion.

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9 CEO Moti informed the Board that the Fund is currently coordinating with
10 the Bureau of Treasury (BTr) with the help of DOF OIC-Director Eduardo
11 Anthony G. Mariño (DOF OIC-Dir. Mariño) to reposition the Fund's Php 32 Billion
12 Government Securities (GS) that are supposed to mature in 2040.

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14 He said that if the GS would be repositioned, it could cover this year's
15 projected borrowing of Php 10.76 Billion for the most likely scenario. Also, the
16 remaining balance would be spread to 2021 and 2022.

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18 VP Villatura continued with her report.

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20 **NOTED.**

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