

LGUGC

LGU GUARANTEE CORPORATION

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LGU Guarantee Corp. credit rating affirmed

THE LGU Guarantee Corp.'s (LGUGC) issuer credit rating was retained at "PRs Aa plus (corp.)" by Philippine Rating Services Corp. (PhilRatings).

In a statement, PhilRatings said the "PRs Aa plus (corp.)" rating assigned to LGUGC indicated the latter's strong institutional linkages; notable experience and track record of its board members and management; its good asset quality; strong capitalization; ample reserves to cover probable losses; multiple layers of financial flexibility that enhance its

liquidity; and rising profits.

LGUGC, established in March 1998, guarantees local government debt.

A PRs Aa plus (corp.) rating is given to a company with "a strong capacity to meet its financial commitments relative to that of other Philippine corporations."

LGUGC's "significant competitive challenges in terms of expanding and developing new markets on a sustained basis; 'political risk' when dealing with local government units and/or government regulatory agencies;

and fairly untested resilience during a period of severe domestic economic stress given the company's relatively short 13-year history," were the factors considered by PhilRatings in assigning the PRs Aa plus (corp.) rating for the second straight year.

As of October, LGUGC had booked a net income of P31.05 million. Its revenues reached P55.68 million. The company has an investment portfolio amounting to P537.76 million and contingent liabilities, inclusive of interest, of P2.40 billion. — **ARRG**