

LGU GUARANTEE CORPORATION

Operating Highlights

1998

LGU Guarantee Corporation (LGUGC) was formally incorporated on March 2, 1998 with a total paid-up capital of P216MM. This was the culmination of more than one year of planning and preparation. Then Development Bank of the Philippines (DBP) Chairman Mr. Alfredo C. Antonio invited the Bankers Association of the Philippines (BAP) to join hands and form a guarantee corporation primarily to encourage private banks to lend to local government units (LGUs).

Considered as a pioneering institution, LGUGC was the first to introduce a guarantee mechanism for LGU borrowings in the Philippines and the first private corporation to go into the guarantee business in the country. The company's vision was to provide a viable alternative to local government financing. Its operations were in keeping with the provision for fiscal autonomy specified in the Local Government Code of 1991, which expanded the local governments' fiscal authority by allowing them to borrow from private financial institutions or float debt instruments even without prior approval from the Department of Finance.

LGUGC was expected to accelerate the competitive access of LGUs to financial markets and ultimately to pave the way for further development and growth opportunities for both the government and the private banking sector.

1999

In its first year of operation, LGUGC institutionalized the systems and procedures for an effective guarantee mechanism. It extended its guarantees to the City of Urdaneta and the Province of Aklan for bond issues of P25MM and P40MM, respectively. Four (4) financial institutions and a financial advisor were involved in the bond issues. The internal LGU Credit Screening and Rating System (LCSRS) was pilot-tested on these two accounts.

Extensive advocacy work was done on LGU Leagues, NGOs, multilateral agencies, and the Department of Interior and Local Government (DILG), and a pro-active marketing stance was developed to hurdle institutional challenges. In September, the US Agency for International Development (USAID)/ Development Credit Authority (DCA) signed an agreement with LGUGC where DCA undertook to co-guarantee 30% of the risk of qualified borrowers up to an aggregate exposure of \$8.55MM.

With these efforts, LGUGC laid the groundwork for the development of a municipal bond market in line with its vision of an active capital market for LGU debts.

2000

In less than three years, LGUGC hit the PIB mark in guarantee portfolio, with a total of P940MM bond issuances guaranteed for the Puerto Princesa "Green" Bonds and the Caloocan City "Katipunan" Bonds during the year. Two financial advisors submitted a total of five projects for evaluation during the year and the number of involved financial institutions increased from four to five.

To sustain its growth in portfolio and the achievements during its early years of operations, LGUGC worked on the following: (1) extension of financial advisory and credit

LGU GUARANTEE CORPORATION

Operating Highlights

rating services, (2) completed the pilot-testing of its internal LCSRS, (3) institutionalization of a Project Monitoring Board for each guaranteed LGU bond issue, (4) entered into escrow arrangement with DBP-Trust to ring-fence a guarantee fund that may be used only for payment of claims, and (4) started negotiations for equity infusion with various BAP member banks and bilateral/multilateral institutions. Recognizing LGUGC's thrusts and achievements, the USAID Regional Urban Development Office for South and Southeast Asia chose LGUGC as a model of public-private sector partnership for other Asian developing economies.

2001

Despite the local elections, LGUGC guaranteed the bond issuances of Tagaytay City for P220MM and of Iloilo City for P130MM. LGUGC took advantage of the lull in guarantee activities to review its internal policies and procedures. Work towards the computerization of its LCSRS and Portfolio Monitoring System (PMS) began with technical assistance from the Philippines-Australia Governance Facility (PAGF) of Australian Aid. USAID, on the other hand, approved a technical assistance for the expansion of the LCSRS database from 120 to 500. LGUGC likewise participated in various presentations, seminars and forums of the Department of Finance, DILG, DBM and FINEX. Management's efforts to make LGU bonds attractive investment instruments resulted to two BSP circulars making LGU debts eligible alternative agri-agra compliance and reducing LGUGC-guaranteed LGU bonds' risk weight from 100% to 50%

The company evaluated a total of four project feasibility studies during the year, worked with two financial advisors and maintained its close relationship with its existing partner financial institutions.

2002

Total guarantee portfolio stood at P1.231 billion by yearend with two deals aggregating P117MM booked for the bond issuances of the municipalities of Daraga and Bayambang for a public market and reconstruction of a dry goods market, respectively. Ten feasibility studies were actually evaluated. The company worked with five private financial advisors and added an investment house to its pool of active partner financial institutions.

LGUGC continued to advocate for a policy environment conducive to LGU debt market advancement through the development of strong ties with national government agencies and private financial sectors. LGUGC signed MOAs with DOF/BLGF as well as with individual GFIs on information exchange regarding LGU debts. LGUGC had a wider pool of private sector partners – six financial advisors, seven lead and participating underwriters and two trustees. Complementing these partnerships was the completion of the computerization of the LGU rating and portfolio management systems through the PAGF technical assistance.

Noteworthy were the various recognitions accorded to LGUGC: cited by the USAID as one of the Successful Development Models for the 21st Century, and as one of the Six Best Practices of USAID's-Development Credit Authority (DCA).

LGU GUARANTEE CORPORATION

Operating Highlights

2003

2003 marked the fifth year of LGUGC as a credit enhancer for LGU debts. LGUGC capped the year with two bond issues of P205MM and P390MM for an academic center in Leyte and a commercial complex in San Juan, respectively.

LGUGC advocacy initiatives included: (1) tapping insurance companies for possible partnerships which resulted to the Insurance Commission's acceptance of LGUGC-guaranteed bonds as reserve investments of insurance companies, (2) hosting a consultative meeting among technical representatives of national government agencies involved in LGU bonds, (3) conducting an orientation on the mandate and services of LGUGC to the NEDA Regional Development Officers, (4) participating in the nationwide advocacy campaigns of FINEX on alternative LGU fund sourcing, and (5) a meeting with Japan Bank for International Cooperation. Moreover, USAID support remained evident with a technical assistance obtained on portfolio risk management and determination of actuarially-sound leveraging ratio and the expansion of LGU database from 120 to 500 LGUs and publication of the screening results of said LGUs.

A total of six project feasibility studies were submitted and evaluated. The company added two new financial advisors to its pool of seven and increased the number of its active partner financial institutions from six to eight.

2004

2004 marked the beginning of a new milestone for LGUGC with its new service offering - program management. World Bank, with the full backing of the Dept. of Finance, tapped LGUGC as its Guarantee Program Manager for the US\$10 million Electric Cooperative System Loss Reduction- Partial Credit Guarantee Program (EC-PCG) to be conducted through the Department of Energy.

At the same time, LGUGC enhanced the bond floatation of three (3) LGUs for infrastructure projects worth P697MM. These were extended to the Municipalities of Carmona and Imus and City of Pasay for middle-income housing subdivision, slaughterhouse and the construction of a two-storey modern public market and commercial center, respectively. Nine project feasibility studies were submitted and evaluated during the year. The company held extensive discussions with ten financial advisors and eight financial institutions for various prospective LGU projects

The institution remained unwavering in its advocacy to obtain an open declaration of national government support for the LGU bond market development in the country. The effort to liberalize the trusteeship of LGU bonds then limited only to government banks finally paid off. BSP approved the proposal and allowed PFIs to serve as trustee agents of any mortgage or bond issuances by LGUs and issued a circular containing the guidelines for PFI eligibility as trustee of LGU debt instruments.

Another milestone in 2004 is the signing of Memorandum of Agreement among USAID, JBIC, DBP and LGUGC to pilot a financing scheme for water projects, referred to as the Municipal Water Loan Financing Initiative (MWLFI). The MWLFI was aimed at testing the possibility of blending official development assistance (ODA - from JBIC via DBP) funds with private resources (PFIs loan co-guaranteed by LGUGC and USAID) to make it affordable to water service providers, which otherwise cannot meet pure private sector credit finance terms.

LGU GUARANTEE CORPORATION

Operating Highlights

The MWLFI was eventually pilot tested through Metro Iloilo Water District in 2006. The MWLFI was the precursor of the Philippine Water Revolving Fund (PWRF) that will be proposed by JBIC and USAID in 2006.

2005

The company successfully completed negotiations for additional capital infusion by Asian Development Bank. A subscription agreement was entered into between Asian Development Bank (ADB) and the Company, whereby ADB formally expressed its desire to subscribe shares equivalent to 25% of the outstanding capital stock of the Company, fully diluted. This further enhanced LGUGC's financial position as a credit guarantee institution in the eyes of the various stakeholders it serves.

LGUGC continued to actively pursue a policy environment conducive to the development of the LGU bond market through its various advocacies and involvement in both government and private sector –led forums concerning LGU financing. The advocacy activities included: 1) eligibility of PFIs as LGU depository bank, 2) Adoption of LGUGC FA accreditation system, 3) LGU credit rating as a pre-requisite for bond issuance, 4) amendment of the local government accounting system to introduce separate record-keeping for each economic enterprise, and 5) review and implementation of the 1996 DOF LGU Financing Policy Framework.

In late 2005, LGUGC management also reviewed its corporate vision, mission and strategies to maintain its competitive edge. The company expanded its guarantee coverage to include water districts, and opened its services to include direct loans and not just bond issuances. It likewise implemented a more aggressive direct marketing strategy.

A total of five project feasibility studies were evaluated for possible bond floatation but nothing materialized. One account was disapproved by the Board. At this time, partner financial advisors cannot get mandates from LGUs primarily due to relatively cheaper cost of funds in loans over bonds.

2006

LGUGC continued to pursue an active marketing campaign in accordance with its revised strategies. This resulted in two closed deals aggregating P89MM, one of which is a water district direct loan guarantee. Towards the second half of the year, LGUGC rationalized its organizational structure and enhanced its marketing unit. The effectiveness of these moves were apparent in the rise in number of projects submitted for guarantee and the approval of applications of the two more water districts, Metro Cebu Water District for P250MM and Meycauayan Water District for P180MM. The year also saw LGUGC sign two more guarantee program management agreements for 1) CBRED-Loan Guarantee Fund Program and 2) RPP-Loan Guarantee Fund for Photovoltaic System Loans. Moreover, the company further expanded its guarantee coverage to include electric cooperatives (ECs), renewable energy technology providers, and state universities and colleges (SUCs).

During the fourth quarter of 2006, management started its aggressive marketing campaign particularly among private banks. Advocacy with PFIs was a strategy implemented to allow LGUGC to piggy back on PFI's branch networks. While a total of

LGU GUARANTEE CORPORATION

Operating Highlights

11 financial institutions participated in the past 15 projects of LGUGC only PNB, Allied and Maybank were still actively marketing the LGUGC guarantee. As a result of initial presentations to PFIs, BPI, MetroBank and Union Bank committed to market the LGUGC guarantee.

LGUGC continued to coordinate with its pool of FAs (currently at 10) though only 3 had live mandates for potential LGUGC guarantee extension. Three projects were being reviewed as of year-end, all of which came from LGUGC direct marketing efforts with an LGU and water districts.

In 2006, LGUGC was made a member of the PWRF Steering Committee which was constituted to design the Philippine Water Revolving Fund. The PWRF Steering Committee was formed in 2005 by the Department of Finance (DOF), National Economic and Development Authority (NEDA), BAP, JBIC and USAID. The Steering Committee and its Technical Working Group have been working to explore options and modalities for such a water revolving fund.

With LGUGC's continued advocacy, PFIs' interest on water sector financing grew as evidenced by their attendance in several PWRF consultation meetings. In February 2006, five PFIs indicated interest to fund the second water project to be reviewed by LGUGC. Given the profile of accounts in the pipeline, it is anticipated that substantial portion of LGUGC's new guarantees for 2007 shall be from water projects.

LGUGC management did not slow down on its advocacies for the development of the LGU debt market. Recent advocacy activities included (1) Proposal to BSP for the application of the 50% risk weight applied on LGU bonds also to LGU loans under the same conditions, with LGUGC guarantee and covered by a deed of assignment of IRA of the LGU, (2) Insurance Commission approval of the request to make LGU bonds guaranteed by LGUGC as automatic reserve eligible for insurance companies, and (3) Proposal to the Office of the President for an Executive Order declaring LGU bonds as a core developmental concern of the National Government.

2007

2007 being an election year, the management implemented a shift in strategy and focused its marketing efforts on water districts (WDs), with encouraging results. It made landmark deals on water projects with eight water district loans totaling P1.046 Billion approved for 85% guarantee cover during the year. Booked guarantees were, however, only at P385MM or 64% of the P600MM target due primarily to some borrowers' decision to delay loan availments to 2008. The loans approved for guarantee were for efficiency improvement, water supply improvement, and expansion projects.

To further assist the water sector, LGUGC entered into a Memorandum of Agreement with the Local Water Utilities Administration (LWUA) where LWUA agrees to co-finance loans to WDs with LGUGC accredited banks, provide a standby liquidity guarantee to co-lender after the latter's maximum loan term expires to allow loan terms to stretch to as long as 25 years, and take over the management and policy making functions of defaulting WDs on behalf of LGUGC and its partner accredited bank.

LGU GUARANTEE CORPORATION

Operating Highlights

The year also saw the Company venturing into development sectors such as the renewable energy sector and the e-laboratory projects of state universities and colleges, with one project each approved for guarantee aggregating P55MM.

Despite its shift in market focus, LGUGC management continued to keep an eye on opportunities among the LGUs. As of year-end, the guarantee applications of three LGUs were being processed.

Due to its aggressive marketing campaign among private banks to avail of its guarantee, LGUGC ended the year 2007 with a total of 12 accredited financial institutions. Advocacy to private financial institutions (PFIs) was a strategy implemented to allow LGUGC to piggy back on the PFIs' branch networks.

LGUGC continues to have the support of the USAID through its co-guarantee agreement with USAID-Development Credit Authority. This partnership has been extended 5 times since the agreement first expired in September 2004, the latest expiry date being September 30, 2008. (In March 2008, LGUGC and USAID finalized the renewal of the agreement for another five years.)

LGUGC is likewise the recipient of two types of technical assistance from USAID. The first is the study on the methodology for pricing its guarantee, and the second, the formulation of a credit rating framework for water districts. Both studies are targeted for delivery to LGUGC by the end of March 2008.

The year 2007 saw a major shift in the marketing strategy of LGUGC for the EC-PCG Program. Additional services were made available to electric cooperatives (ECs) such as: assistance in completing the requirements of lenders, the Energy Regulatory Board (ERC) and other regulatory agencies; grant for feasibility study on capital expenditures as prescribed by ERC; and grant for tariff rate increase study. The new marketing strategy paid off with six electric cooperatives signing the memorandum of understanding (MOU) to show their commitment to avail of the program before full due diligence is initiated.

In 2007, LGUGC established its RPP-LGF program management office (PMO) and worked closely with the Department of Energy in developing the market base for RPP-LGF. The PMO touched base with a number of network organizations in the microfinance industry to develop linkages and pave the way for partnerships with photovoltaic system providers. As of year-end, three MFIs were accredited under the program.

LGUGC management attached the program management office (PMO) of CBRED-LGF to its Relationship Marketing Department (RMD). LGUGC actively promoted the program to financial institutions (FIs) and encouraged FIs to integrate the program in their regular product lines. As of year-end, the CBRED-LGF had 14 accredited financial institutions and two approved renewable energy projects.

2008

In line with its vision to be the recognized private sector link in public-private partnerships for local development financing, the company continued to focus its efforts toward ensuring that private resources are channeled to more local development projects in 2008. LGUGC's marketing efforts were concentrated on water districts and local government units, specifically for projects involving the improvement of water quality and supply, and

LGU GUARANTEE CORPORATION

Operating Highlights

efficiency in the delivery of services in the countryside. These resulted to the approval of 6 projects, 4 for water districts and 2 for LGUs, aggregating P782.48 million in loan amount. LGUGC booked P645 million worth of guarantees against its target of P605 million.

LGUGC management continued to keep an eye on opportunities among the LGUs and other eligible markets. As of year-end, the guarantee applications of 3 LGUs, 2 WDs, 1 electric cooperative and 1 BOT proponent for a public market were being processed. LGUGC likewise increased its number of partner financial institutions from 12 in 2007 to 15 in 2008.

LGUGC likewise continued to enjoy the support of the United States Agency for International Development (USAID) through its co-guarantee agreement with USAID-DCA Credit Authority. In September 2008, a new five-year agreement was signed by LGUGC and USAID, specifically for water projects of LGUs, water districts and private water suppliers.

LGUGC remained an active participant of the Philippine Water Revolving Fund (PWRF), a collaborative effort of the USAID, JICA (formerly JBIC), the Department of Finance, Municipal Development Fund Office (MDFO), the Development Bank of the Philippines and LGUGC.

LGUGC continued to advocate for policy reforms and innovative undertakings in support of local development financing. The MDFO Policy Governing Board approval of the LGUGC-proposed terms and conditions for a standby credit facility for LGU water project deals under the PWRF is a major breakthrough as it allows PFI loans to LGU water projects to be amortized for 15 years. The approval carries with it an MDFO commitment to take out the PFI loan at the end of 10 years or when the interest rate reaches a pre-agreed cap, at the same terms and conditions as the PFI loan. This makes it possible for PFIs to compete for LGU water project business.

LGUGC was invited to the Philippines Development Forum Sub Working Group on Water Supply and Sanitation, specifically on Financing and Infrastructure Development, in recognition of its important role in the development of the water sector. The main function of the sub-working group is to serve as the forum of the Philippine government to apprise all stakeholders in the guiding principles and policies for the water supply and sanitation sector's development agenda.

Exploratory discussions were conducted with Asia Clean Energy Accelerator for potential collaboration via guarantee of renewable energy projects beyond the CBRED-LGF cap of P20MM per project, and the Department of Environment and Natural Resources (DENR) regarding referral of potential renewable energy proponents with viable projects.

LGUGC was invited by the International Resources Group (IRG) – Philippines to be its fund manager partner in its bid for consulting services to the Chiller Project. The IRG is an international professional services firm that specializes in all renewable energy fields, energy efficiency, environmental management and greenhouse gas mitigation. The 7-year chiller project will assist the country replace inefficient CFC Chillers with new non-CFC, energy efficient and cost effective chillers. We are currently waiting for the result of the project evaluation being conducted by the DENR and World Bank.

LGU GUARANTEE CORPORATION

Operating Highlights

2009

LGUGC achieved its guarantee volume target, booking P647 million from approved guarantees of P1.496 billion as of yearend against projection of P620 million, making 2009 another fruitful year. Its operating income covered total expenses by 155%, much higher than the 130% target. LGUGC maintained its zero default record, with a Contingent Liability of P2.025 Billion as of year-end 2009 for a leverage ratio of 4.3x against the Net Worth.

In keeping with its vision to be the recognized private sector link in public-private partnerships for local development financing, the company focused its efforts toward ensuring that private resources are channeled to more local development projects in 2009 by: 1) maintaining close linkages with partner financial institutions, financial advisors, associations of target markets, and institutional partners, 2) improving guarantee evaluation and processing system and timeline, and 3) expanding guarantee coverage to include renewable energy (RE) proponents and private water service providers.

LGUGC further strengthened the EC-PCG program by signing a Memorandum of Agreement (MOA) with NEA on June 16, 2009 to co-finance EC capex requirements. With the MOA, the EC-PCG program is expected to finally take off. To date, NEA has referred 18 EC accounts to LGUGC under the co-financing agreement.

The CBRED-LGF program is being marketed aggressively. A new DOE policy directive issued in November 2009 requires proponents to be registered under DOE as RE technology providers before they may qualify for the program.

The RPP-LGF was terminated on June 30, 2009 in accordance with the DOE-World Bank RPP Project Agreement. The company was able to deliver the following under the RPP-LGF: 1) accredited 5 MFIS with P1MM Automatic Guarantee Lines each, 2) a total of 188 PV installations guaranteed, and 3) guaranteed loan portfolio amounting to P1.370MM.

The LGUGC Board and Management continued to advocate for policy reforms in support of local development financing. The company actively participated in conferences, forums and workshops with public-private partnership opportunities as the private sector representative. LGUGC also has a pending proposal with the Bangko Sentral ng Pilipinas for the reduction of the risk weight of LGUGC-guaranteed LGU loans and water district loans and bond issuances from 100% to 50%.

2010

LGUGC achieved another milestone in 2010 by covering all its expenses with guarantee and program management income alone for the first time since its establishment in 1998. Coverage is at 126%. Including interest income on guarantee and program management fees, operating income covered total expenses by as much as 168%. Nine accounts aggregating P748MM were booked against the P612MM target. LGUGC continues to enjoy zero default, ending the year with an outstanding contingent liability of P2.154 billion. It posted leverage ratio of 4.3x against Net Worth, Return on Equity of 6.7% and increase in Total Assets of 7.9%.

LGU GUARANTEE CORPORATION

Operating Highlights

To sustain its growth in portfolio while keeping its focus on infrastructure development, LGUGC extended its guarantee services in the first quarter of 2010 to medium and large enterprises (MLEs) that are into local infrastructure and other developmental projects. Its aggressive marketing in this sector yielded 3 approved accounts aggregating P170MM in loan amount and 10 accounts in the pipeline with potential investment requirement of P800MM.

The EC-PCG Program finally booked 2 accounts with an aggregate loan amount of P228MM. Four approved accounts with loan requirements totalling P448.11MM were in various stages of documentation as of yearend. Through the hard work of LGUGC in moving the EC-PCG program, World Bank approved the request of the Department of Energy for the release of the second GEF tranche of \$5 million for the EC-PCG guarantee fund which will bring the program to its design level of \$10 million.

To cap a memorable year, LGUGC obtained a second-highest rating of PRS “Aa+” (corp.) from the Philippine Rating Services Corporation on November 8, 2010. As a result of the rating, LGUGC received confirmation from the Bangko Sentral ng Pilipinas (BSP) that all LGUGC-guaranteed loans and bonds shall have a risk weight of only 20% pursuant to BSP Circular No. 538.

2011

LGUGC’s audited financial statements as of December 31, 2011 showed Total Revenues of P81.301MM and Net Income of P40.641MM. 22% and 23% higher than year 2010 results of operations, respectively. Total Net Worth rose by 9% to P553.339MM from P509.374MM in 2010. Total Assets increased by 11% to P590.219MM. LGUGC proved its operating profitability in 2011 by covering total expenses with operating income by as much as 176%.

Seventeen accounts aggregating P1.319 billion were booked against the P880.600MM target. LGUGC continues to enjoy zero default, ending the year with an outstanding contingent liability of P2.491 billion. It posted leverage ratio of 4.5x against Net Worth and Return on Equity of 7.6%.

To sustain its growth in portfolio, LGUGC continued to market its guarantee services to LGUs, WDs and MLEs that are into local infrastructure and other developmental projects. In anticipation of the phase out of the Electric Cooperative-Partial Credit Guarantee (EC-PCG) program that LGUGC manages for the World Bank and the Republic of the Philippines (RoP). Management entered into a Memorandum of Agreement with the National Electrification Administration on July 11, 2011 for the co-financing of ECs’ funding requirements with LGUGC partner financial institutions under the regular LGUGC guarantee. These moves yielded 18 approved accounts aggregating P1.390B in loan amount and 21 accounts in the pipeline with potential investment requirement of P1.751B.

LGU GUARANTEE CORPORATION

Operating Highlights

The EC-PCG Program booked 7 accounts with combined principal guarantee coverage of P707.04MM. Four more accounts aggregating P443.97MM in loan requirements have been approved and are in documentation stage as of yearend.

On November 7, 2011, the International Bank for Reconstruction and Development granted a two-year extension to the Electric Cooperative System Loss Reduction Project, including the Partial Credit Guarantee Program, setting December 31, 2013 as the new closing date for the Grant Agreement. The RoP thus extended LGUGC's management of the \$10MM guarantee program up to December 31, 2013 as a result thereof.

The Department of Energy (DOE) likewise indefinitely extended its agreement with LGUGC to manage the \$1.607MM Capacity Building to Remove Barriers to Renewable Energy Development-Loan Guarantee Fund program which has expired on May 31, 2011 and has since been turned over by the United Nations Development Programme to DOE thereafter. The program is now called DOE-Loan Guarantee Fund.

To cap a memorable year, LGUGC maintained its PRS "Aa+" (corp.) issuer credit rating from the Philippine Rating Services Corporation for the period November 2011 to November 2012 which enables LGUGC to maintain the 20% risk weight granted by the Bangko Sentral ng Pilipinas to all LGUGC-guaranteed debts.

2012

LGUGC's interim financial statements as of December 31, 2012 showed Total Revenues of P76.694MM and Net Income of P45.005MM, 12% and 11% higher than year 2011 results of operations, respectively. Total Net Worth rose by 8% to P596.389MM from P553.339MM in 2011. Total Assets increased by 9% to P633.275MM. LGUGC once again showed its operating profitability in 2012 by covering total expenses with operating income by as much as 176%.

LGUGC booked 11 accounts in 2012 aggregating P911.737MM in loan amount and P753.077MM in guarantee coverage, consisting of 3 local government units (LGUs), 4 medium and large enterprises (MLEs) and 4 electric cooperatives (ECs). Of the 11 accounts, 2 were approved in 2011 and 9 in 2012. Philippine Veterans Bank enrolled 1 additional LGU account amounting to P34.077MM under the Automatic Guarantee Line Agreement, increasing the total 2012 new guarantee bookings to P787.154MM. Total contingent liability inclusive of principal and interest as of end 2012 is at 2.4 billion, 4.10x the LGUGC Net Worth and 8.22x its Capital.

To sustain its growth in portfolio, LGUGC continued to be aggressive in marketing its guarantee services to LGUs, water districts (WDs), ECs and MLEs that are into local infrastructure and other developmental projects. This strategy established a pipeline of accounts with potential investment requirement of P500MM.

LGU GUARANTEE CORPORATION

Operating Highlights

LGUGC booked 8 accounts under the managed Electric Cooperative-Partial Credit Guarantee (EC-PCG) program aggregating P1.162 billion in loan amount and P929.303MM in guarantee coverage. Of the 8 accounts, 3 were approved in 2011 and 5 were approved in 2012. Total contingent liability under EC-PCG as of December 31, 2012 is P890.574MM consisting of 13 accounts, for a leverage ratio of 1.4x the EC-PCG Guarantee Reserve and Interest Income Accounts.

In anticipation of the phase out of EC-PCG by yearend 2013, the World Bank is preparing a Philippine Clean Technology Fund (CTF) guarantee program that may replace the former. The CTF will not only cater to ECs but also to private renewable energy developers that have Electricity Sales Agreements with ECs. As the proposed program manager for the CTF, LGUGC developed guarantee design, terms and conditions and presented these to its accredited financial institutions (AFIs) for feedback during a dialogue with AFIs last January 29, 2013. A workshop among LGUGC, Department of Energy (DOE), National Electrification Administration (NEA) and EC-PCG AFIs was sponsored by the World Bank last February 5, 2013 for further discussions and enhancement of the guidelines and procedures of the CTF guarantee program.

Another milestone of LGUGC in 2012 was the P7.5MM capital infusion of East West Bank Corporation through subscription of 50,000 common shares from new and unissued shares of LGUGC. With the proven track record of LGUGC, East West Bank trusts that the bank will now be able to actively participate in funding developmental projects.

LGUGC has proven and continues to prove its strong presence in the industry. In its fourteen years of operation, it has booked 59 accounts nationwide amounting to P7.184 billion in loan amount, consisting of developmental projects of LGUs, WDs, MLEs and ECs which include, but are not limited to, construction of water supply system, reduction in non-revenue water, public markets, slaughterhouses, public terminals, commercial centers, tertiary hospitals and system loss reduction projects of ECs. LGUGC's strong affiliation with its AFIs greatly contributed to its continuing volume growth. To date, LGUGC has 12 AFIs consisting of 2 government banks and 10 private financial institutions which have aggressively referred accounts to LGUGC. LGUGC will definitely further strengthen this effective alliance in years to come.

Finally, LGUGC maintained its PRS "Aa+" (corp.) issuer credit rating from the Philippine Rating Services Corporation for the period November 2012 to November 2013 for the third consecutive year. This allows its AFIs to maintain the 20% risk weight granted by the Bangko Sentral ng Pilipinas to all LGUGC-guaranteed debts.

LGU GUARANTEE CORPORATION

Operating Highlights

2013

LGUGC's audited financial statements as of December 31, 2013 showed Total Revenues of P149.910MM and Net Income of P83.623MM, 64% and 81% higher than year 2012 results of operations, respectively, due primarily to the sale of investments to realize trading gains. Total Assets increased by 11% to P657.726MM from P590.219MM in 2012. LGUGC once again showed its operating profitability in 2013 by covering total expenses with operating income by as much as 189%.

To sustain its portfolio growth, LGUGC continued to be aggressive in marketing its guarantee services to LGUs, WDs, ECs and MLEs that are into local infrastructure and other developmental projects. This strategy resulted in the increase in year-end contingent liability to P2.49 billion from P2.44 billion in 2012 despite 5 maturing accounts and 2 accounts taken-out, equivalent to 4.98x the LGUGC Net Worth and 8.15x its Capital. A pipeline of accounts with potential investment requirement of P1.5 billion was also established.

LGUGC booked 6 accounts under the managed ECPCG program aggregating P917.740MM in loan amount and P734.192MM in guarantee coverage. Total contingent liability under ECPCG as of December 31, 2013 is P1.453B consisting of 18 accounts, for a leverage ratio of 2.3x the ECPCG Guarantee Reserve and Interest Income Accounts fund balances.

The ECPCG program under the World Bank (WB) expired last December 31, 2013. However, the Republic of the Philippines (RoP), through the Department of Finance, has informed the World Bank of its intent to utilize the proceeds of the \$10MM grant in escrow to continue the implementation of the ECPCG program, with LGUGC being retained as the Guarantee Program Manager. This is, however, a transitory arrangement pending RoP approval of the WB-proposed Philippine Renewable Energy Development Project (PHRED) where an additional U\$40MM will be made available by the WB for the expansion of the ECPCG Program using Clean Technology Funds (CTF), for the financing of electric power distribution system upgrades, including the purchase of sub-transmission assets and emergency capital expenditure requirements of electric cooperatives. Also eligible under the PHRED are renewable energy projects of electric cooperatives (ECs) and renewable energy technology providers with ECs as joint venture partners or oftakers.

On December 2, 2013, the Asian Development Bank (ADB) decided to exercise its option to redeem its LGUGC shares under its Subscription Agreement with LGUGC. ADB believed that its developmental objective has been met which is to provide funding for a period of time until LGUGC achieved commercial stability and growth. The redemption price shall be paid by LGUGC to ADB in 14 semi-annual principal installments plus interest equivalent to the "91-day t-bill peso rate" plus 2.5% points in accordance with the terms and conditions set out in the Repayment Agreement. LGUGC Net Worth declined by 16.4% to P499.377MM from 597.651MM in 2012 as a result of the ADB redemption. However, the share redemption will not have a significant impact

LGU GUARANTEE CORPORATION

Operating Highlights

on LGUGC's credit rating which remain at PRS Aa plus (corp.) as assessed by the Philippine Ratings Services Corporation (PhilRatings). LGUGC will also retain its assigned 20% risk-weight on LGUGC-guaranteed loans.

LGUGC welcomed a new member to its family, Robinsons Banking Corporation (Robinsons Bank), which made a capital infusion of P7.5MM through subscription of 50,000 common shares from new and unissued shares of LGUGC.

Assisting the national and local governments in economic development through the funding of local infrastructure projects has been and will be LGUGC's mission. In its fifteen years of operation, it has enhanced 86 projects nationwide amounting to P7.687 billion in loan amount, consisting of developmental projects of LGUs, WDs, MLEs and ECs, which include, but are not limited to, construction of water supply systems, reduction in non-revenue water, public markets, slaughterhouses, public terminals, commercial centers, tertiary hospitals, bulk water supply, water sanitation system and EC system loss reduction projects. LGUGC's strong affiliation with its PFIs greatly contributed to its continuing volume growth. To date, LGUGC has 13 PFIs consisting of 2 government and 11 private financial institutions. LGUGC has likewise maintained its alliance with donor agencies such as USAID and WB, and national government agencies and the Bangko Sentral ng Pilipinas to smoothen the entry of its PFIs in unchartered debt markets.

LGU GUARANTEE CORPORATION

Operating Highlights

2014 Operating Highlights

LGUGC's interim financial statements as of December 31, 2014 showed Total Revenues of P71.863MM and Net Income of P36.023MM, respectively. Total Assets decreased slightly by 1% to P649.185MM from P657.726MM in 2013 due to principal loan repayment to Asian Development Bank for the redeemed Class B Common shares. LGUGC once again showed its operating profitability in 2014 by covering total expenses with operating income by as much as 117%.

To sustain its portfolio growth, LGUGC continued to be aggressive in marketing its guarantee services to local government units (LGUs), water districts (WDs), electric cooperatives (ECs) and medium and large enterprises (MLEs) that are into local infrastructure and other developmental projects. This strategy resulted in the increase in LGUGC's year-end contingent liability to P2.66 billion from P2.49 billion in 2013, equivalent to 5.1x the LGUGC Net Worth. LGUGC booked 16 accounts consisting of 3 LGUs, 3 ECs, 2 WDs and 8 MLEs equivalent to P1.23 billion in new guarantees surpassing its P1 billion 2014 target by 23%. A pipeline of accounts with potential investment requirement of P2.0 billion was also established.

LGUGC enhanced its relationship with existing clients by always being available for free consultation and reacting fast to client's needs and market movements such as lowering guarantee fees and offering flexible terms of payments. For prospective clients, improved terms and conditions, lower guarantee fees, new guarantee product scheme and value-added services are being offered to keep ahead of competition.

Despite the delay in the extension of the implementation of the managed Electric Cooperative Partial Credit Guarantee (ECPCG) program, LGUGC signed 5 accounts under the ECPCG program aggregating P808MM in loan amount and P646MM in guarantee coverage. The program has guaranteed loans totaling P2.83 billion, with contingent liability of P1.45 billion consisting of 21 EC accounts as of December 31, 2014, for a leverage ratio of 2.04x the ECPCG Guarantee Reserve and Interest Income Accounts fund balances.

The Republic of the Philippines (RoP) through the Department of Energy and Department of Finance has committed to continue the successful ECPCG program, increase the fund through the Clean Technology Fund, and expand eligibility to renewable energy projects involving electric cooperatives as full or partial proponent/developer and/or offtaker. The extension is currently undergoing the approval process of the RoP.

In line with LGUGC's vision to be the recognized private sector link in public-private partnerships for local development financing, LGUGC still continues to entertain the EC sector under its regular program to fill the funding gap for the electric cooperatives' system modernization projects which remains at a significant level.

LGU GUARANTEE CORPORATION

Operating Highlights

Assisting the national and local government in economic development through the funding of local infrastructure projects has been and will be LGUGC's continuing mission. In its sixteen years of operations, it has enhanced 71 projects nationwide amounting to P8.672 billion in loan amount consisting of developmental projects of LGUs, WDs, MLEs and ECs, which include, but are not limited to, construction of water supply systems, reduction of non-revenue water, public markets, slaughterhouses, public terminals, commercial centers, tertiary hospitals, bulk water supply, water sanitation system and EC system loss reduction projects. LGUGC's strong affiliation with its partner financial institutions (PFIs) is a major factor to its continuing volume growth. To date, LGUGC has 13 PFIs consisting of 2 government banks and 11 private financial institutions which have aggressively referred accounts to LGUGC. LGUGC has likewise maintained its alliance with donor agencies such as USAID and WB, and national government agencies and the Bangko Sentral ng Pilipinas to smoothen the entry of its PFIs in unchartered debt markets.

Lastly, to maintain its competitive edge, LGUGC further strengthened its portfolio risk management systems and procedures and the due diligence expertise of its personnel in various markets to better manage its risks.

LGU GUARANTEE CORPORATION

Operating Highlights

2015 Operating Highlights

LGU Guarantee Corporation (LGUGC) is a partnership between the Bankers Association of the Philippines (BAP) and Development Bank of the Philippines (DBP). The company was incorporated on March 2, 1998 with the primary objective of opening up the private financial resources to local development financing with LGUGC's credit enhancement. LGUGC is the first private guarantee institution in the country and the pioneer in providing a guarantee mechanism for local government unit (LGU) borrowings in the Philippines. Its mission is to accelerate the competitive access of local government units and other sectors to otherwise limited credit opportunities and financial markets. Initially open to LGU only, it has expanded its guarantee services to water districts (WDs), electric cooperatives (ECs), medium and large enterprises (MLEs), schools and renewable energy technology providers (RETPs).

Having established a credible and efficient track record in the guarantee business, LGUGC was appointed as the Guarantee Program Manager of the WorldBank (WB)-implemented US\$10MM Electric Cooperative System Loss Reduction Project-Partial Credit Guarantee Program (ECPCG) in 2004, the UNDP-implemented US\$1.6MM Capacity Building to Remove Barriers to Renewable Energy Development-Loan Guarantee Fund (CBRED-LGF) in 2006 and WB US\$1MM Rural Power Project-Loan Guarantee Fund (RPP-LGF) also in 2006.

The Company is governed by a Board of Directors consisting of four (4) DBP representatives, four (4) BAP representatives and the LGUGC President/CEO. LGUGC's interim financial statements as of December 31, 2015 showed Total Revenues of P67.134MM and Net Income of P26.701MM, respectively. Total Assets decreased slightly by 2% to P638.934MM from P654.829MM in 2014 due to principal loan repayment to Asian Development Bank for the redeemed Class B Common shares. LGUGC once again showed its operating profitability in 2015 by covering total expenses with operating income by as much as 144%.

To sustain its portfolio growth, LGUGC continued to be aggressive in marketing its guarantee services to LGUs, WDs, electric cooperatives (ECs), renewable energy technology providers (RETPs) and MLEs that are into local infrastructure and other developmental projects. This strategy resulted in the increase in LGUGC's year-end contingent liability to P3.08 billion from P2.63 billion in 2014, equivalent to 5.8x the LGUGC Net Worth. LGUGC booked 19 accounts consisting of 12 MLEs, 4 LGUs, 1 WD, 1 EC and 1 RETP equivalent to P1.51 billion in new guarantees. A pipeline of accounts with potential investment requirement of P2.44 billion was also established. LGUGC enhanced its relationship with existing clients by providing free consultation and reacting fast to client's needs and market movements such as lowering guarantee fees and offering flexible terms of guarantee fee payments. For prospective clients, LGUGC offers loan tenors that match their cash flow requirements, competitive borrowing cost, new guarantee products and value-added services to keep ahead of competition.

LGU GUARANTEE CORPORATION

Operating Highlights

LGUGC signed additional five EC accounts aggregating P427MM in loan amount and P342MM in guarantee coverage. These accounts will automatically be transferred to the Electric Cooperative Partial Credit Guarantee (ECPCG) program as soon as the program extension is implemented. A total of P2.86 billion in loan amount has been guaranteed under the ECPCG program, with contingent liability of P1.41 billion. These consist of 19 EC accounts, for a leverage ratio of 1.86x the ECPCG Guarantee Reserve and Interest Income Accounts fund balances.

In line with LGUGC's continuing vision to be the recognized private sector link in public-private partnerships for local development financing, LGUGC actively supports the national and local government in economic development through its credit enhancement of local infrastructure projects. In its seventeen years of operations, it has enhanced 99 projects nationwide amounting to P9.696 billion in loan amount consisting of developmental projects of LGUs, WDs, MLEs and ECs and RETPs which include, but are not limited to, construction of water supply systems, reduction of non-revenue water, public markets, slaughterhouses, public terminals, commercial centers, tertiary hospitals, bulk water supply, water sanitation system, EC system loss reduction projects and renewable energy projects. LGUGC's strong affiliation with its partner financial institutions (PFIs) is a major factor to its continuing volume growth. To date, LGUGC has 13 PFIs consisting of 2 government banks and 11 private financial institutions most of which have aggressively referred accounts to LGUGC. LGUGC has likewise maintained its alliance with donor agencies such as USAID and WB, and national government agencies and the Bangko Sentral ng Pilipinas to smoothen the entry of its PFIs in unchartered debt markets.

LGUGC has maintained its PRS Aa+ (corp.) credit rating from the Philippine Rating Services Corporation since November 8, 2010, which enables it to keep the 20% risk weight for its guaranteed debts. EC loans guaranteed under the ECPCG program carry 0% risk weight. LGUGC is also awaiting BSP's confirmation of the application of 0% risk weight for loans guaranteed under the LGUGC-managed DOE-Loan Guarantee Fund program for RETPs.

With its proven track record in program management, LGUGC has recently been appointed as the program manager for the Access to Sustainable Energy Programme (ASEP) by the European Union through the World Bank. The program aims to assist the Republic of the Philippines through the Department of Energy to provide electricity to off-grid areas through rural network solar and photovoltaic mainstreaming. The program promotes the developmental and optimal use of the country's renewable energy resources.

Lastly, to maintain its competitive edge, LGUGC further strengthened its portfolio risk management systems and procedures and the due diligence expertise of its personnel in various markets to efficiently manage its risks.

LGU GUARANTEE CORPORATION

Operating Highlights

2016 Operating Highlights

LGU Guarantee Corporation (LGUGC) is a partnership between the Bankers Association of the Philippines (BAP) and Development Bank of the Philippines (DBP). The company was incorporated on March 2, 1998 with the primary objective of opening up the private financial resources to local development financing with LGUGC's credit enhancement. LGUGC is the first private guarantee institution in the country and the pioneer in providing a guarantee mechanism for local government unit (LGU) borrowings in the Philippines. Its mission is to accelerate the competitive access of local government units and other sectors to otherwise limited credit opportunities and financial markets. Initially open to LGU only, it has expanded its guarantee services to water districts (WDs), electric cooperatives (ECs), medium and large enterprises (MLEs), schools and renewable energy technology providers (RETPs).

Having established a credible and efficient track record in the guarantee business, LGUGC was appointed as the Guarantee Program Manager of the WorldBank (WB)-implemented US\$10MM Electric Cooperative System Loss Reduction Project-Partial Credit Guarantee Program (ECPCG) in 2004, the UNDP-implemented US\$1.6MM Capacity Building to Remove Barriers to Renewable Energy Development-Loan Guarantee Fund (CBRED-LGF) in 2006 and WB US\$1MM Rural Power Project-Loan Guarantee Fund (RPP-LGF) also in 2006.

The Company is governed by a Board of Directors consisting of four (4) DBP representatives, four (4) BAP representatives and the LGUGC President/CEO.

LGUGC's audited financial statements as of December 31, 2016 showed Total Revenues of P58.146MM and Net Income of P14.824MM, respectively. Total Assets decreased slightly by 0.3% to P586.44MM from P588.231MM in 2015 due to principal loan repayment to Asian Development Bank for the redeemed Class B Common shares. However, Total Shareholders' Equity increased by 3% to P505.709MM from P488.997MM in 2015.

To sustain its portfolio growth, LGUGC continued to be aggressive in marketing its guarantee services to LGUs, WDs, electric cooperatives (ECs), renewable energy technology providers (RETPs) and MLEs that are into local infrastructure and other developmental projects. This strategy resulted in the increase in LGUGC's contingent liability as of December 31, 2016 to P3.98 billion from P3.08 billion in 2015, equivalent to 7.54x the LGUGC Net Worth. LGUGC signed 14 accounts consisting of 13 MLEs and 1 RETP equivalent to P1.39 billion in new guarantees. A pipeline of accounts with potential investment requirement of P6.26 billion was also established.

LGUGC enhanced its relationship with existing clients by providing free consultation and reacting fast to client's needs and market movements such as lowering guarantee fees and offering flexible terms of guarantee fee payments. For prospective clients, LGUGC offers loan tenors that match their cash flow requirements, competitive borrowing cost, new guarantee products and value-added services to keep ahead of competition.

LGU GUARANTEE CORPORATION

Operating Highlights

In line with LGUGC's continuing vision to be the recognized private sector link in public-private partnerships for local development financing, LGUGC actively supports the national and local government in economic development through its credit enhancement of local infrastructure projects. In its eighteen years of operations, it has enhanced over 100 projects nationwide amounting to P11.135 billion in loan amount consisting of developmental projects of LGUs, WDs, MLEs ECs and RETPs which include, but are not limited to, construction of water supply systems, reduction of non-revenue water, public markets, slaughterhouses, public terminals, commercial centers, tertiary hospitals, bulk water supply, water sanitation system, EC system loss reduction and renewable energy projects. LGUGC's strong affiliation with its partner financial institutions (PFIs) is a major factor to its continuing volume growth. To date, LGUGC has 13 PFIs consisting of 2 government banks and 11 private financial institutions most of which have aggressively referred accounts to LGUGC. LGUGC has likewise maintained its alliance with donor agencies such as USAID and WB, national government agencies and the Bangko Sentral ng Pilipinas, to smoothen the entry of its PFIs in unchartered debt markets.

LGUGC has maintained its PRS Aa+ (corp.) credit rating from the Philippine Rating Services Corporation since November 8, 2010, which enables it to keep the 20% risk weight for its guaranteed debts. EC loans guaranteed under the ECPCG program carry 0% risk weight.

With its proven track record in program management, LGUGC was appointed as the program manager for the Access to Sustainable Energy Programme (ASEP) by the European Union through the World Bank. The program aims to assist the Republic of the Philippines through the Department of Energy to provide electricity to off-grid areas through rural network solar and photovoltaic mainstreaming. The program promotes the developmental and optimal use of the country's renewable energy resources. Bidding and installation of the 40,500 solar home systems (SHS) to be distributed under the project will be done in two (2) windows. Window 1 bidding for 10,000 SHS of 4 ECs will commence in mid-April 2017 and completion of installation and verification is estimated to be by February 2018. For Window 2 with 30,500 SHS, the projected timeline is March 2018 to February 2019.

To maintain its competitive edge, ensure its capital protection and efficiently manage its risks, LGUGC further strengthened its portfolio risk management systems and procedures and the due diligence expertise of its personnel in various markets and is re-evaluating its Business Model in the light of the increased share of MLEs in its guarantee portfolio.

In August 2016, BAP officially informed LGUGC regarding the termination of its Memorandum of Agreement with the original shareholder banks, effectively ending BAP's trusteeship of said banks' LGUGC shares. The transfer of shares held by BAP in trust for the banks and the amendment of the Articles of Incorporation and By-Laws of LGUGC to reflect the real bank owners are in process. Consequently, the LGUGC governance structure will change allowing all the shareholders to directly elect the LGUGC Board Directors at its annual stockholders meeting on the second Monday of May. Around 252,000 shares will be needed to hold one Board seat.

LGU GUARANTEE CORPORATION

Operating Highlights

2017 Operating Highlights

LGUGC's audited financial statements as of December 31, 2017 showed Total Revenues of P72.56MM and Net Income of P2.89MM, respectively. Total Assets decreased by 14.3% to P520.77MM from P595.29MM in 2016 due to full payment of the loan from the Asian Development Bank (ADB) for the redeemed Class B Common shares pursuant to the Repayment Agreement between LGUGC and ADB as acknowledged by the Bankers Association of the Philippines (BAP) and Development Bank of the Philippines (DBP). Similarly, Total Shareholders' Equity decreased by 2.5% to P493.18MM from P505.71MM in 2016.

To sustain its portfolio growth, LGUGC continued to be aggressive in marketing its guarantee services to LGUs, WDs and ECs. This strategy resulted in the increase in LGUGC's contingent liability as of December 31, 2017 to P4.72B from P3.98B in 2016, equivalent to 9.31x the LGUGC Net Worth. LGUGC signed 14 accounts aggregating P2.04B in loan amount and P1.73B in guarantee coverage, consisting of 13 MLEs and 1 LGU. A pipeline of accounts with potential investment requirement of P1.22B was also established.

LGUGC enhanced its relationship with existing clients by providing free consultation and responding to client's needs and market movements such as lowering guarantee fees and offering flexible terms of guarantee fee payments. For prospective clients, LGUGC offers loan tenors that match their cash flow requirements, competitive borrowing cost, new guarantee products and value-added services to keep ahead of competition.

In line with LGUGC's continuing vision to be the recognized private sector link in public- private partnerships for local development financing, LGUGC actively supports the national and local government in economic development through its credit enhancement of local infrastructure projects. In its twenty years of operations, LGUGC has enhanced over 100 projects nationwide amounting to P12.932B in loan amount consisting of developmental projects of LGUs, WDs, MLEs, ECs and RETPs which include, but are not limited to, construction of water supply systems, reduction of non-revenue water, public markets, slaughterhouses, public terminals, commercial centers, tertiary hospitals, bulk water supply, water sanitation system, EC system loss reduction and renewable energy projects. It has provided power and water supply to over 530,612 and 38,574 households, respectively, through these guaranteed projects. LGUGC's strong affiliation with its partner financial institutions (PFIs) is a major factor to its continuing volume growth. To date, LGUGC has 13 PFIs consisting of 2 government banks and 11 private financial institutions most of which have aggressively referred accounts to LGUGC. LGUGC has likewise maintained its alliance with donor agencies such as USAID, WB and EU, national government agencies and the Bangko Sentral ng Pilipinas, to smoothen the entry of its PFIs in unchartered debt markets.

LGUGC has maintained its PRS Aa+ (corp.) credit rating from the Philippine Rating Services Corporation since November 8, 2010, which enables it to keep the 20% risk weight for its guaranteed debts.

LGU GUARANTEE CORPORATION

Operating Highlights

With its proven track record in program management, LGUGC has been tapped as the Delivery Organization (DO) for the financial component of the proposed Philippine Solar Rooftop Nationally Appropriate Mitigation Action (NAMA). The project aims to accelerate the integration of grid connected rooftop photovoltaic installations on residential, commercial, industrial and government facilities under the country's net metering program and self-supply options. It has two (2) components: 1) €4MM Technical Assistance to be administered by the Center for Clean Air Policy (CCAP) and the Department of Energy (DOE) and 2) €16MM Financial Component (Partial Credit Guarantee Program) to be implemented by WB and LGUGC.

To maintain its competitive edge, ensure its capital protection and efficiently manage its risks, LGUGC further strengthened its portfolio risk management systems and procedures and the due diligence expertise of its personnel in various markets. LGUGC also updated its Business Model which led to the closure of its MLE window and refocusing its priorities to core markets. LGUGC likewise crafted its Enterprise Risk Management (ERM) Policy Manual as an important tool in assessing the corporation's core management and operations at the same time maintaining and improving its operational policies, processes and control systems.