

DEVELOPMENT BANK OF THE PHILIPPINES

ATTY. PERLA MELANIE C. CARAAN

Chief Governance Officer
Development Bank of the Philippines

Pacific Region Investment Conference

Session Topic:

DEVELOPMENT FINANCE INSTITUTIONS FOR CORPORATE GOVERNANCE

1 December 2016



Outline

- Profile of the Development Bank of the Philippines
- Vision
- Mission
- Developmental Mandate
- Strategy Map
- Organizational Structure
- DBP Good Governance Program
- Corporate Governance Policies and Initiatives
- Civil Service Commission (Anti Red Tape Act)
- Role of Governance Commission for GOCCs (GCG)
- Adoption of Private Sector Best Practices
- Corporate Governance Awards
- Financial Performance

Profile of the DBP

- DBP is a Government Owned and Controlled Corporation (GOCC) - - 100% owned by the National Government
- Created in 1947 under R.A. No. 85 as amended by R.A. 8523 (An Act Strengthening DBP, amending for the purpose E.O. 81 series 1986)
- ...to provide banking services principally to service the medium and long term needs of agricultural and industrial enterprises, particularly in the countryside and preferably for small and medium scale enterprises. (Sec. 2, E.O. 81,s. 86 as amended by RA 8523)
- *“DBP is the government financing institution charged with providing principally medium and long term credit facilities for agriculture, industry, export development and the government sector” (Preamble, E.O. 81,s. 86 as amended by RA 8523)*

Vision

By 2020, a regionally-recognized development financial institution serving as a catalyst for a progressive and more prosperous Philippines.

Mission

- We will work for raising the level of competitiveness of the economy for sustainable growth.
- We will support infrastructure development, responsible entrepreneurship, efficient social services and protection of the environment.
- We will promote and maintain the highest standards of service and corporate governance.

Developmental Mandate

Forerunner in providing various financing facilities to different priority sectors to promote a more inclusive growth for the Philippine economy

Development Thrusts	Development Programs
Infrastructure & Logistics: Transport, Logistics and Tourism	<ul style="list-style-type: none"> ▪ <u>C</u>onnecting <u>R</u>ural and <u>U</u>rban <u>I</u>ntermodal <u>S</u>ystems <u>E</u>fficiently (CRUISE) ▪ Financing Utilities for Sustainable Energy Development (FUSED) ▪ <u>W</u>ater for <u>E</u>very <u>R</u>esident (WATER)
Environmental	<ul style="list-style-type: none"> ▪ <u>G</u>reen <u>F</u>inancing <u>P</u>rogram (GFP)
Social Services	<ul style="list-style-type: none"> ▪ <u>S</u>ustainable <u>H</u>ealth <u>C</u>are <u>I</u>ntermodal <u>S</u>ystems <u>E</u>fficiently (SCHIP) ▪ <u>D</u>BP <u>E</u>ducational <u>F</u>und <u>P</u>rogram (DEFP) ▪ <u>R</u>eal <u>E</u>state <u>F</u>inancing <u>P</u>rogram (REFP)
MSME + Agribusiness	<ul style="list-style-type: none"> ▪ <u>S</u>ustainable <u>E</u>ntrepreneurship <u>E</u>nhancement and <u>D</u>evelopment Program (SEED) ▪ <u>S</u>ustainable <u>A</u>gribusiness <u>F</u>inancing <u>P</u>rogram (SAFP) ▪ <u>T</u>ree <u>P</u>lantation and <u>F</u>inancing <u>P</u>rogram (TPFP)

Developmental Mandate

Forerunner in providing various financing facilities to different priority sectors to promote a more inclusive growth for the Philippine economy

Other Priority Areas:

- Agriculture and Agribusiness
- Hotels and Restaurants
- Manufacturing
- Wholesale and Retail Trade
- Construction
- Overseas Filipino Workers
- Financial Intermediation
- Mining and Quarrying
- Public Administration and Defense
- Real Estate, Renting, and Business Activities
- Education



VISION: By 2020, a regionally-recognized development financial institution serving as a catalyst for a progressive and more prosperous Philippines.

DEVELOPMENT BANK OF THE PHILIPPINES STRATEGY MAP 2016

MISSION

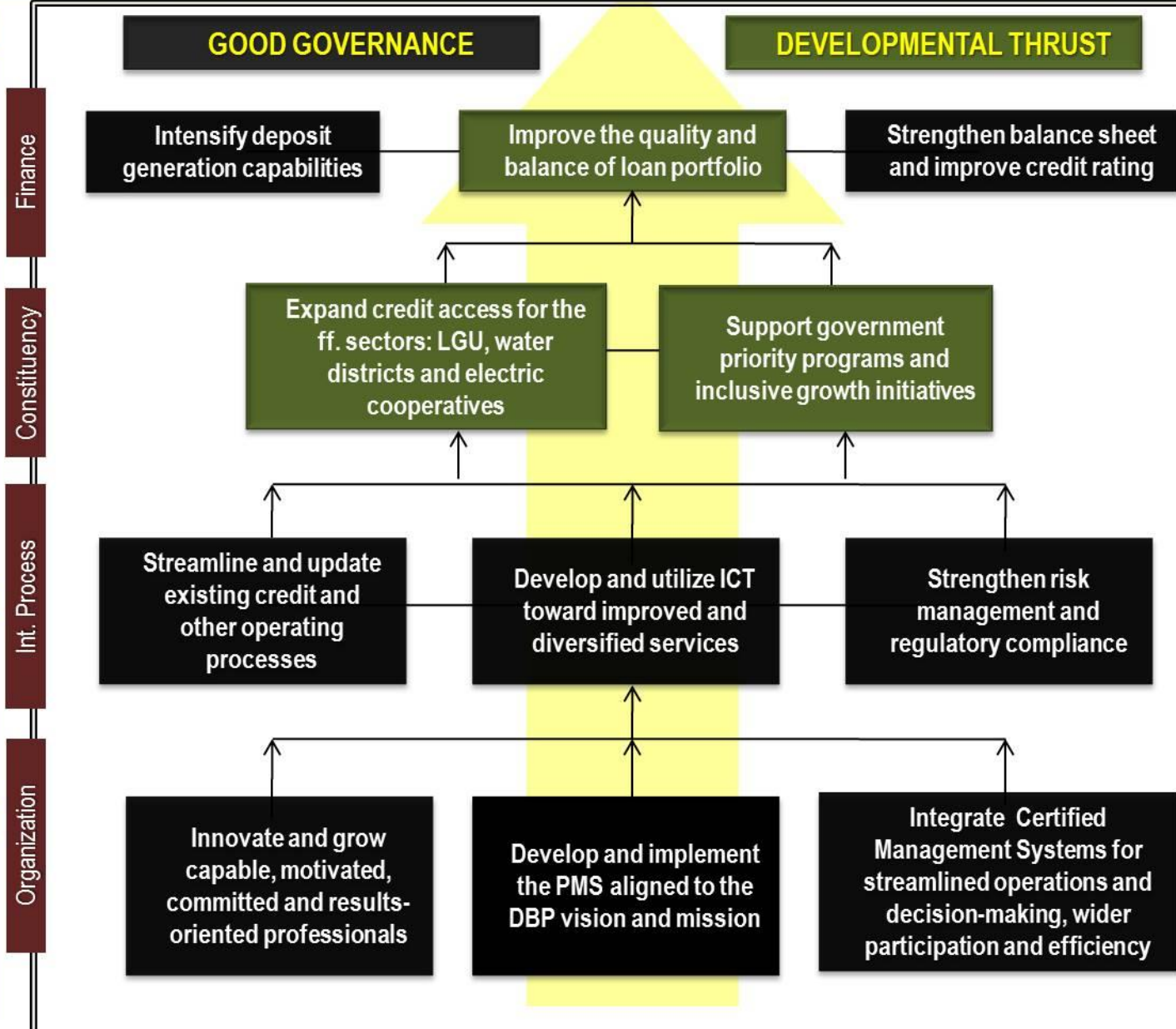
- To raise the level of competitiveness of the economy for sustainable growth
- To support infrastructure development, responsible entrepreneurship, efficient social services and protection of the environment
- To promote and maintain the highest standards of service and corporate governance among its customer constituencies

MGT PHILOSOPHY

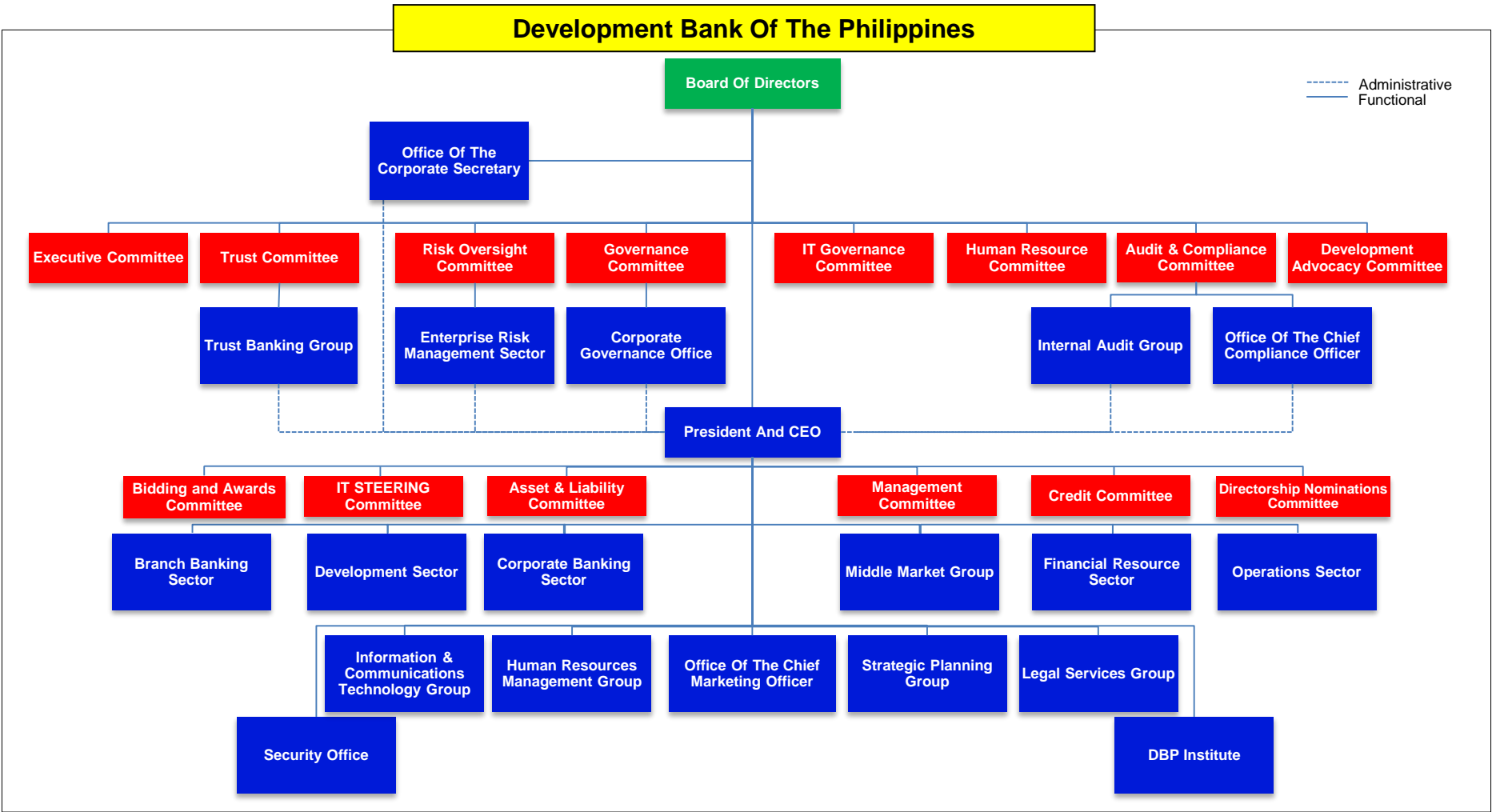
- Participative Management
- Good Governance
- Transparency
- People Development

CORE VALUES

- Integrity
- Love for the Filipino
- Excellence
- Teamwork
- Service to others



Overview of the Bank Organizational Structure

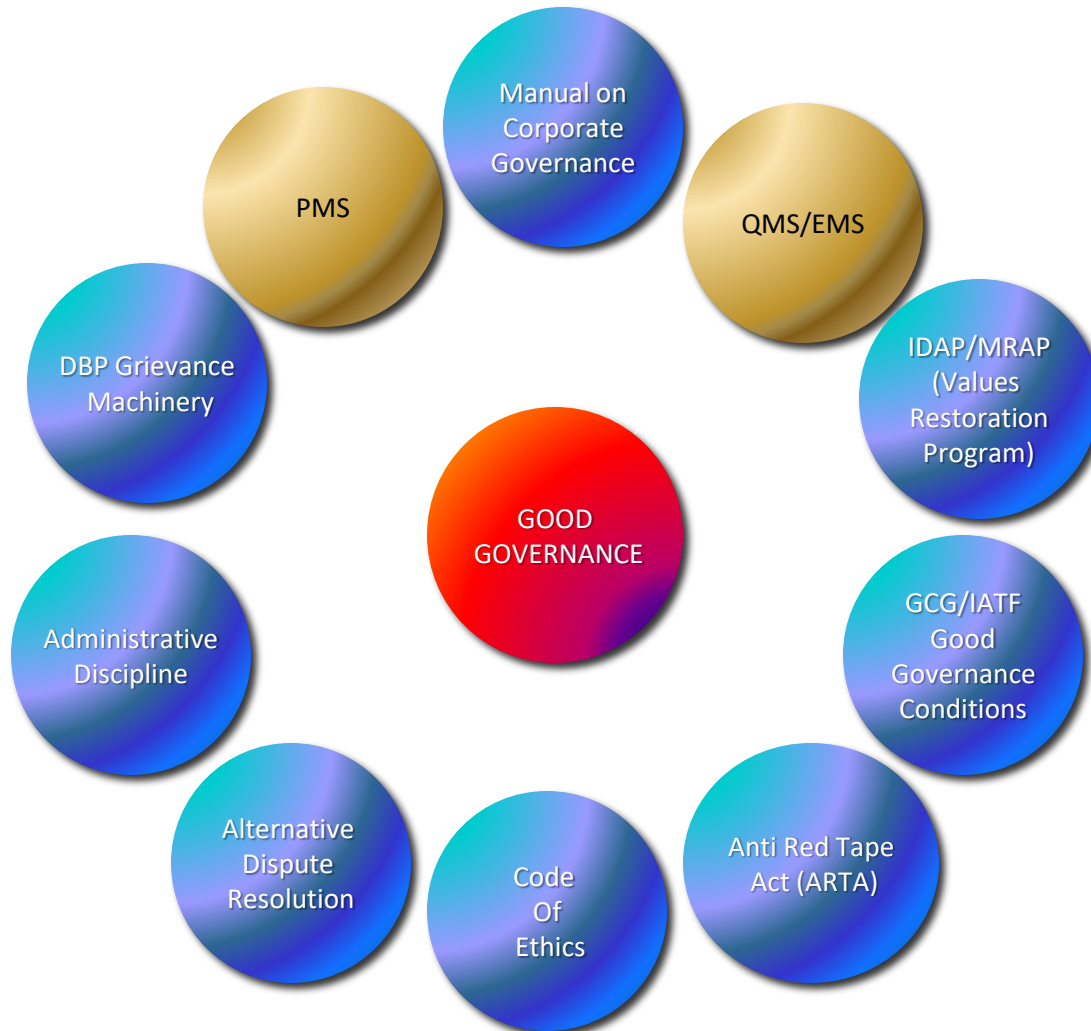


DBP GOOD GOVERNANCE PROGRAM

To reinforce core ethical values critical to corporate governance – the values that dictate how the Bank deals with stakeholders including the National Government, clients, subsidiaries, regulatory agencies, and its own officials and employees.

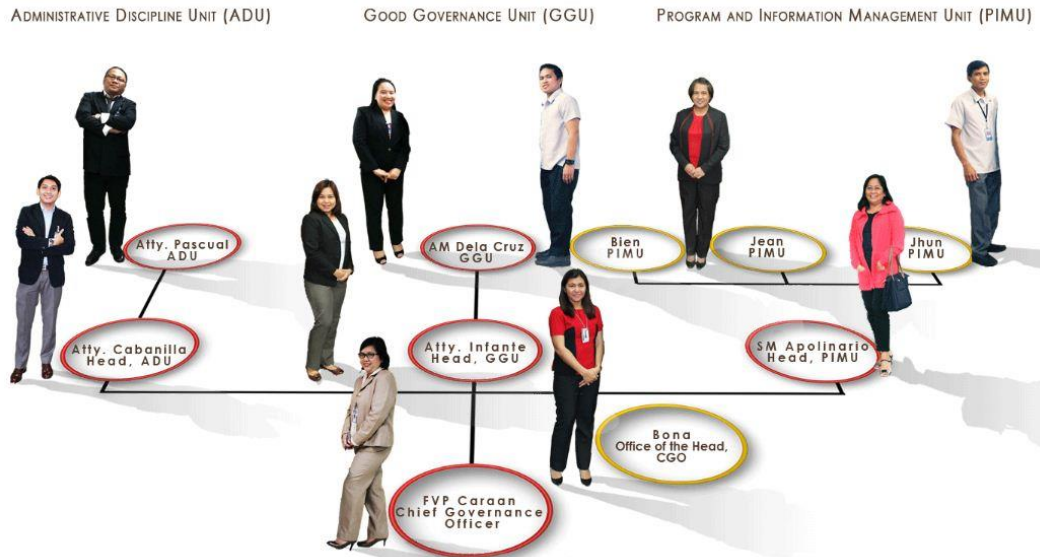


DBP GOOD GOVERNANCE PROGRAM



CREATION OF CORPORATE GOVERNANCE OFFICE (CGO)

- Oversees the implementation of the Good Governance Program
- Headed by the Chief Governance Officer
- Ensures overall compliance of the Bank with the corporate governance rules of regulatory bodies and bankwide enforcement of administrative discipline.





Manual of Corporate Governance

(articulating duties and responsibilities and the Bank's commitments to its key stakeholders)

CODE OF



Promotion of high standard of ethics in public service

DBP “No Gift Policy”



**Development Bank
of the Philippines**

enjoins strict compliance with

“NO GIFT POLICY”

(Per DBP Circular No. 26, s. 2014)



All employees of DBP and members of its Board of Directors shall not solicit, demand or accept, directly or indirectly, any gift from any person, group, association or juridical entity, whether from the public or private sector, at any time, on or off the work premises, where such gift is either: (1) given in the course of their official duties or in connection with any transaction which may be affected by the functions of their office; (2) illegal or in violation of laws; (3) part of an attempt or agreement to do anything in return; (4) given to influence the actions of directors or employees; or (5) creates the appearance of a conflict of interest. (In compliance with GCG MC No. 2012-07, s. 2012)

Any violation of this policy may be reported to the Corporate Governance Office at Tel. Nos. 816-2825, 818-9511/9611 to 20 local 1114 or E-mail at cgo@dbp.ph.

DBP Whistleblower Protection Policy



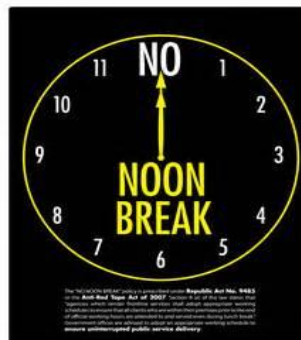
- Provides protection for DBP employees, officers and members of the Board of Directors who will report an Illegal Activity
- Provides protection against Retaliation, Interference and other forms of retribution

ANTI-RED TAPE ACT



Republic Act No. 9485

AN ACT TO IMPROVE EFFICIENCY IN THE DELIVERY OF GOVERNMENT SERVICE TO THE PUBLIC BY REDUCING BUREAUCRATIC RED TAPE, PREVENTING GRAFT AND CORRUPTION, AND PROVIDING PENALTIES THEREOF



MAY REKLAMO KA BA?

Mag-text sa
0908-8816565

Tumawag sa
1-6565*

*P5.00 + VAT per call anywhere in the Philippines via PLDT, Smart and Digital landlines

Mag log on sa
www.contactcenterngbayan.gov.ph

ANG SUMBANGAN NG BAYAN

CCB contact center sa bayan

Maaaring idulog ang mga sumusunod:

- Pakikipagsabwatan sa fixer
- Tigil serbisyo tuing lunch break
- Walang tao sa Public Assistance and Complaints Desk
- Walang Citizen's Charter sa ahensya
- Pagdagdag ng bayarin o requirements na hindi nakasaad sa Citizen's Charter
- Hindi magalang na pakikitungo sa kliyente
- Walang "special lane" para sa nakatatanda, buntis at may kapansanan
- Walang official receipt
- Hindi pagtugon/walang maayos na paliwanag sa kliyente
- At iba pang gawaing sagabal sa mahusay na serbisyo

Tumawag o mag-text mula Lunes hanggang Biyernes, 8 am - 5 pm. May CCB Agent na tatanggap ng inyong mensahe at magbibigay ng impormasyon o tutugon sa inyong reklamo.

Para sa karagdagang kaalaman mag-log on sa:
www.contactcenterngbayan.gov.ph

(Providing efficient and effective public service)

THE ROLE OF THE GOVERNANCE COMMISSION FOR GOCCS (GCG) IN PROMOTING GOOD GOVERNANCE IN DBP



GCG REQUIREMENTS



- **Performance Agreement between DBP and GCG**
- **IATF Good Governance Conditions (Common to National Government Agencies)**
- **GCG'S Good Governance Conditions (Specific Conditions to GOCCs covered by RA No. 10149)**

DBP TRANSPARENCY SEAL

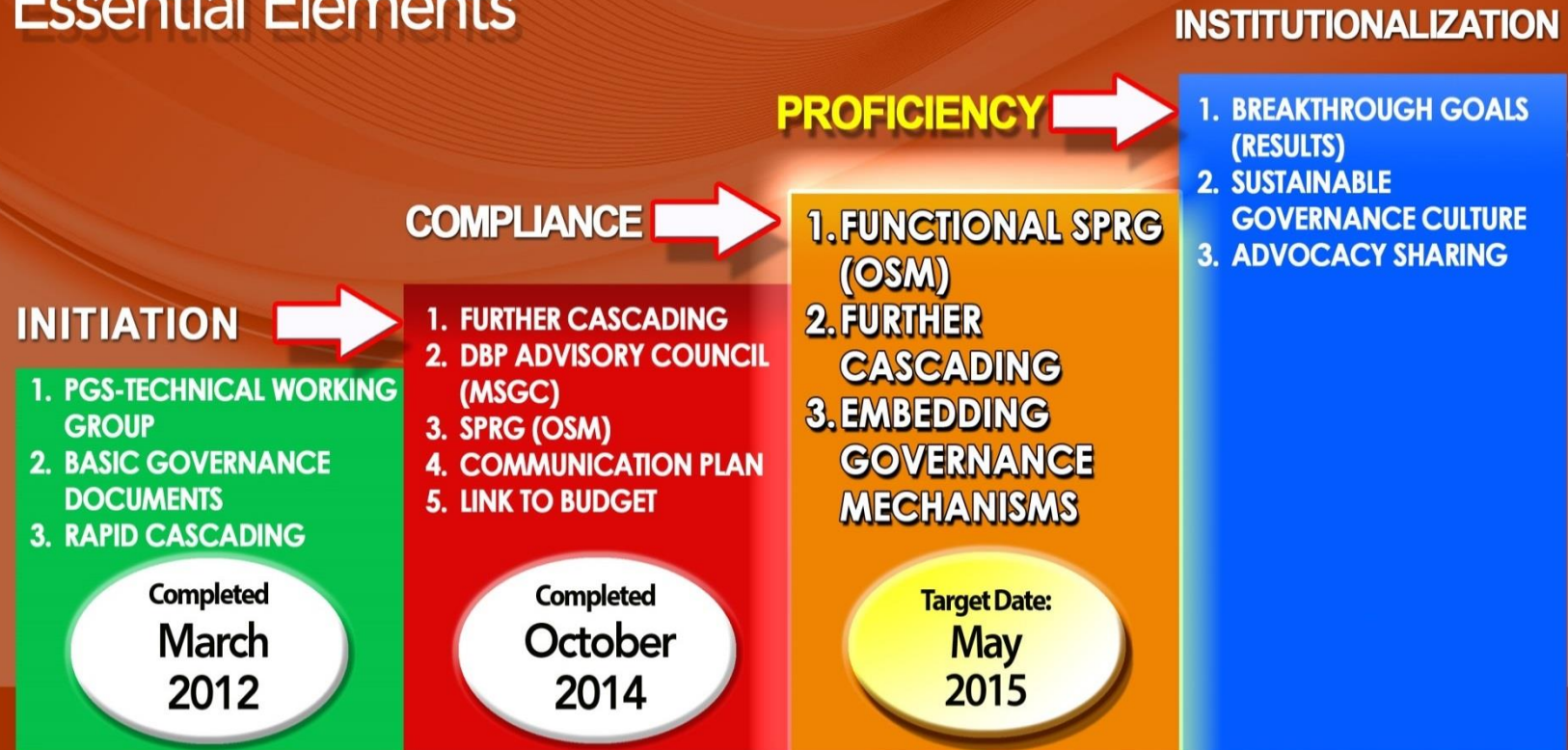


DBP PERFORMANCE GOVERNANCE SYSTEM (DBP PGS)



DBP-PGS PATHWAY

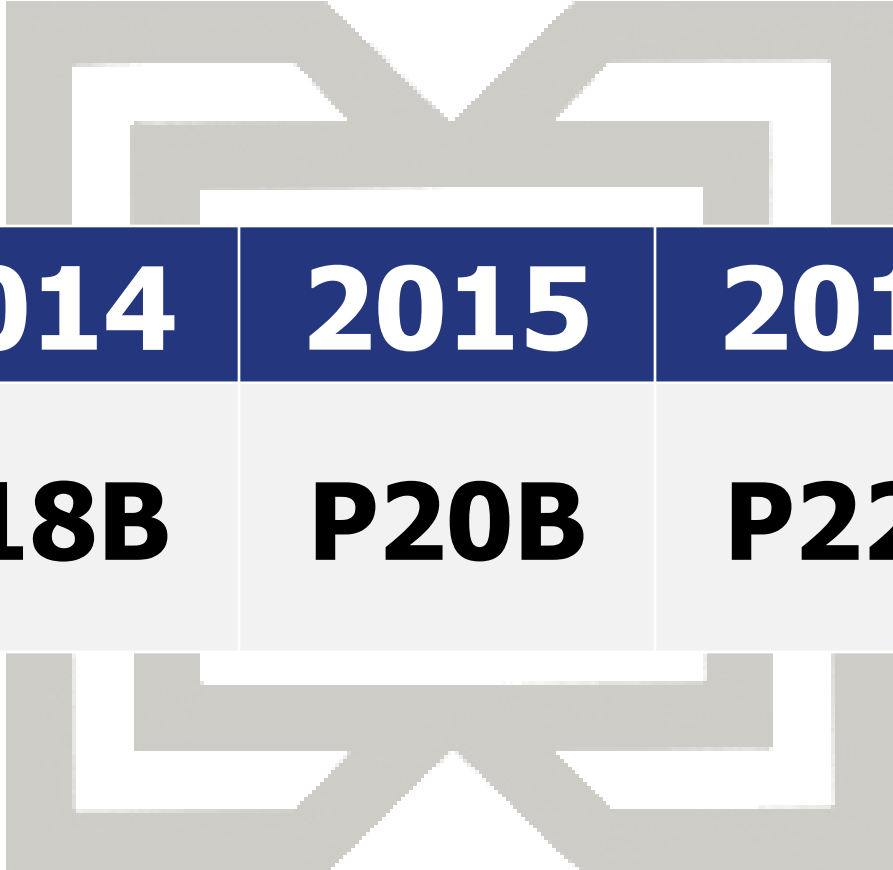
Essential Elements



Performance Governance System

EXPAND ACCESS TO LOANS BY LGUS, WATER DISTRICTS, AND ELECTRIC COOPERATIVES ENABLED BY THE ENHANCED INTERNAL CREDIT RISK RATING SYSTEM: FROM LOAN APPROVALS OF ₱6.9B IN CY 2013 TO LOAN APPROVALS OF ₱60B BY CY 2016

Breakthrough Goal



2014	2015	2016
P18B	P20B	P22B

Annual Breakdown of Targets

DBP ADVISORY COUNCIL

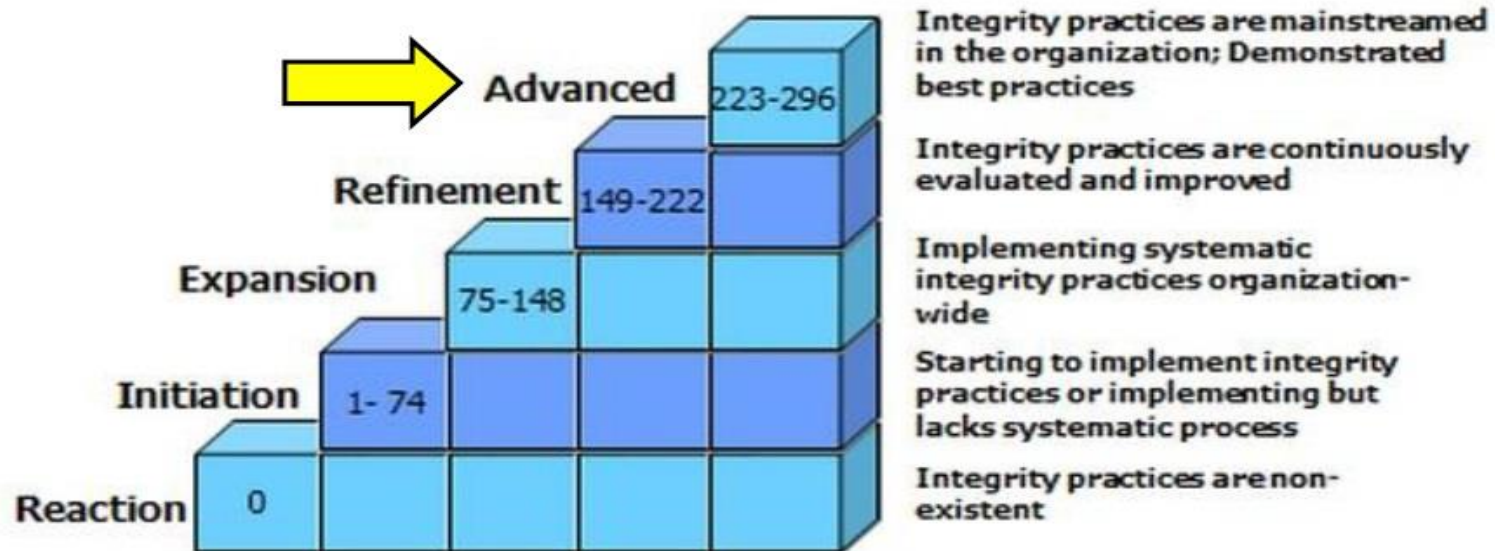
MONITORING/ADVISORY BODY

MULTI-SECTOR GOVERNANCE COALITION



Development Bank of the Philippines Validation Result: 290 points

Levels of Implementation of Organizational Integrity Practices



DBP: 1 OF 6 COMPANIES WITH ADVANCED RATING IN INTEGRITY PRACTICE
3rd INTEGRITY SUMMIT

● ● ●
Integrity Initiative's 3rd Integrity Summit was organized last 19 September 2013 at the Rizal Ballroom, Makati Shangri-la Hotel.

**3rd INTEGRITY
SUMMIT**

AWARDS CITATIONS GOOD GOVERNANCE FORA



CSC CITIZEN'S SATISFACTION CENTER SEAL OF EXCELLENCE AWARD



DBP Achieves Compliance PGS Status, Silver Trailblazer Award

October 2014

**DBP Receives Silver
Governance Trailblazer
Award, Achieves PGS
Proficiency Status**

May 2015

1st DBP GOOD GOVERNANCE FORUM



2nd DBP GOOD GOVERNANCE FORUM

Bulwagan ng Diwang Pilipino

31 July 2014



3rd DBP GOOD GOVERNANCE FORUM

Bulwagan ng Diwang Pilipino

30 July 2015



DBP won ADFIAP Corporate Governance Award held in Vietnam

May 2015



DBP's 3-Year Financial Highlights

Half-Trillion Assets

(Millions)	2013	2014	2015	Change	%
Assets	427,382	497,513	504,058	36,545	7.8%
Loans	116,402	204,669	238,792	34,231	16.7%

“ Proof of its financial strength coming from core income sources, DBP has seen a steady growth in its net income, from P3.68-billion in 2010 to P4.71-billion in 2015. Deposit levels have substantially increased, up by a whopping 148% from P130.7-billion in 2010 to P324-billion in 2015. Total assets also grew 69.5% from the P297.37-billion recorded in 2010 to finally breach the half-trillion mark at P504-billion by end 2015. ”

P21.5 Billion Revenues

(Millions)	2013	2014	2015	2016 Change	2016 %
Revenues					
Interest Income:					
Loans and Receivables	8,098	8,939	19,323	369	3.9%
Financial Assets - Debt Securities	4,342	5,814	6,199	300	6.1%
Deposit with Banks	950	877	1,927	100	17.1%
Inter-bank Loans/Securities	430	423	312	(111)	-26.2%
	14,022	17,053	18,833	900	5.7%
Other Income	4,434	2,573	3,179	900	36.1%
Total Revenues	19,251	19,626	21,509	1,883	9.5%

Sustained Profit Growth

(Billions)	2013	2014	2015	Change	%
Net Income	5,282	4,600	4,711	+0.111	+2.4%

P19 Billion Increase in CASA

ADB	2013	2014	Dec 2015	2016 Change	2016 %
Total Deposits	170,399	255,963	281,046	25,215	9.9%
Current & Savings (CASA)	62,643	84,649	130,793	19,144	21.0%
High Cost (TD)	197,756	171,082	177,293	6,171	3.7%

P30 Billion Deposits Increase

Period End	2013	2014	2015	Change	%
Total Deposits	231,683	283,532	324,905	30,476	10.4%
Current & Savings (CASA)	185,824	201,348	225,118	24,867	12.2%
High Cost (TD)	86,469	92,183	98,192	6,009	6.9%

Deposits ADB growth led by P19 billion CASA increase

Thank you!

**Corporate Governance Office
DEVELOPMENT BANK OF THE PHILIPPINES
DBP Head Office, Makati City
818-9511 local 4105/1113
cgo@dbp.ph
www.dbp.ph**