



# 2019

## Annual Report

**Our Way Forward:**  
Innovating the Community Mortgage Program

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# Our Vision

By 2022, SHFC shall have provided 530,000 organized homeless and low-income families with Flexible, Affordable, Innovative, and Responsive (FAIR) shelter solutions to their housing needs

# Our Mission

We empower and uplift the living conditions of underprivileged communities by Building Adequate Livable Affordable and Inclusive (BALAI) Filipino Communities through the provision of FAIR shelter solutions in strong partnerships with the national and local government, as well as civil society organizations and the private sector to support underprivileged communities

# Our Core Values

- **Servant Leadership**  
Institutionalizing a culture of leadership that recognizes the role of government employees as public servants
- **Integrity**  
Keeping high ethical standards at the corporate and individual level
- **Professionalism**  
Promoting the highest standards for individual and corporate performance
- **Stewardship**  
Putting premium to sustainability and the judicious and proper use of internal resources
- **Accountability**  
Setting and implementing performance standards that are clear and understandable to the public
- **Excellence**  
Upholding the virtue of excellence in every activity



In these changing times, we will remain steadfast in our commitment to provide decent homes and build vibrant communities for underprivileged families.



## Message from the President

The challenge of providing socialized shelter for low-income families is getting more and more complex. That is why, after having strengthened our corporate fundamentals in the previous years, Social Housing Finance Corporation (SHFC) switched gears to quickly meet the fast-evolving realities.

We believe that the ability to innovate fast is key to addressing the surging demand for safe, resilient, and sustainable housing. As such, SHFC introduced trailblazing financing programs with the launch of the new modalities of our flagship initiative, the Community Mortgage Program (CMP). These variants, such as Vertical CMP wherein a community of informal settler families are accommodated in multistory buildings, are already being implemented with significant results.

In November, we turned over Ciudad de Strike 2 in Bacoor City, a P648-million Vertical CMP project featuring 20 three-story buildings for 1,500 families who were previously living along waterways and danger areas in Las Piñas and Parañaque cities. In the same month, we released funds for the Sulangon Heights Homeowners Association project in Dapitan City – our first Vertical CMP endeavor in Mindanao – that stands to benefit more than 600 families.



In light of the rising threat of natural catastrophes, we provide immediate assistance in terms of disaster-resilient housing projects and site development through the Post-Disaster Recovery and Rehabilitation CMP. Just before the year ended, our maiden initiative under this modality, the Guadalupe Homeowners Association, broke ground in Coron, Palawan. This project will benefit about 150 families who were rendered homeless by Typhoon Yolanda.

Other CMP modalities that will ensure the progressive realization of our mandate are Onsite and Site Upgrading/Development, Special/National Government Agency Projects, Local Government Unit, Sectoral, Farm Lot, Industrial Workers, Housing for Peace Process and Nation Building, Culturally Sensitive, Mixed-Use, and Turnkey.

The impact of the new modalities will be significantly felt if they reach more communities. Hence, we opened more branches this year, increasing to 20 our number of offices nationwide.

Our expanded presence, along with ingenious strategies, agile workforce, and strategic partnerships with local governments, resulted in financial breakthroughs. Through more than P2.5 billion in loan assistance, we provided security of tenure to about 32,000 partner-homeowners for the entire year, which is 134 percent higher than our 2018 accomplishment and 31 percent more than our 2019 corporate target of 25,000 informal settler families.

We also intensified our collection efforts to boost our reflows, which will be used to fund more housing projects. Collections in 2019 reached P1.12 billion, up nearly 7 percent from the previous year. This marks the second-straight year that collections exceeded P1 billion. Our current collection efficiency rating jumped to 82.38 percent from 69.05 percent in 2018.

These milestones keep us inspired to push our boundaries for next year when SHFC celebrates its 16th anniversary and the CMP turns 31. We will continue to embrace innovation to stay relevant in changing times and will remain steadfast in our commitment to provide decent homes and build vibrant communities for Filipino families who need them most.



**ATTY. ARNOLFO RICARDO B. CABLING**  
**President**

## 2019 in NUMBERS

(Data includes takeout and LOG)

### LOANS RELEASED

#### SHFC Community-Driven Shelter Programs

	COMMUNITY MORTGAGE PROGRAM	HIGH DENSITY HOUSING PROGRAM
Number of Projects	132	5
Number of Informal Settler Families (ISFs) Assisted	29,718	1,140
Amount Released	PhP 1,627,349,287.09	PhP 897,501,880.58
Total number of projects	137	
Total number of ISFs assisted	30,858	
Total amount released (PhP)	2,524,851,167.67	

#### Projects approved by the SHFC Board of Directors, ExeCom, and CreCom

COMMUNITY MORTGAGE PROGRAM			
	Board-approved <i>Above PhP15M</i>	ExeCom <i>PhP10M - PhP15M</i>	CreCom <i>Below PhP10M</i>
Number of Projects	57	20	30
Number of Informal Settler Families (ISFs) Assisted	22,268	2,518	2,031
Loan Value	PhP 1,826,540,899.76	PhP 176,501,363.60	PhP 108,024,019.64
Total number of projects	107		
Total number of ISFs assisted	26,817		
Total loan value (PhP)	2,111,066,283.00		

\*No new approval for High Density Housing for 2019



## 2020 Outlook & Targets

Perspective	Targets	Weight
SOCIAL IMPACT		
SM 1	35,000 ISFs Utilization of Housing Subsidies for the Provision of Shelter Security and Improved Housing Quality	40%
STAKEHOLDERS		
SM 2	90% Percentage of Satisfied Customers	10%
FINANCE		
SM 3	73% Improve Collection Efficiency	5%
SM 4	PhP165 Million Increase Net Operating Income (Before Taxes and Subsidy)	10%
SM 5	Not less than 90% Improve Budget Utilization Rate	10%
INTERNAL PROCESS		
SM 6	Check prepared within 20 days Turnaround Time (in relation to Ease of Doing Business)	5%
SM 7	Implementation of Phase III of the ISSP	5%
LEARNING & GROWTH		
SM 8	Attain Quality Management Certification	10%
SM 9	Improve Competency Base of the Organization	5%
TOTAL		100%

# STATEMENTS OF CASH FLOWS

As of December 31, 2019  
(In Philippine Peso)

CASH FLOWS FROM OPERATING ACTIVITIES	2019	2018
<b>Cash Inflows</b>		
Collection of Income/Revenue	1,102,825,824.98	1,034,710,227.01
Receipt of Assistance/Subsidy	752,827,898.00	-
Collection of Receivables	7,585,309.00	6,488,000.41
Receipt of Inter-Agency Fund Transfers	5,152,208.83	3,855,524,281.00
Trust Receipts	51,862,733.24	93,551,354.79
Other Receipts	10,703,940.76	2,041,177.80
<b>Total Cash Inflows</b>	<b>1,930,957,914.81</b>	<b>4,992,315,041.01</b>
<b>Cash Outflows</b>		
Payment of Expenses	473,705,357.83	341,057,418.52
Purchase of Inventories	15,583,982.97	6,344,182.25
Grant of Cash Advances	13,508,589.56	13,434,962.96
Prepayments	73,477,661.04	61,105,050.95
Refund of Deposits	178,479,327.70	83,916,945.35
Remittance of Personnel Benefit Contributions and Mandatory Deductions	99,918,899.78	105,080,524.63
Release of Inter-Agency Fund Transfers	10,014,352.57	26,005,020.66
Other Disbursements	2,201,445,101.00	1,805,693,662.34
<b>Total Cash Outflows</b>	<b>3,066,133,272.45</b>	<b>2,442,637,767.66</b>
<b>Net cash provided by operating activities</b>	<b>(875,527,948.54)</b>	<b>2,672,011,454.70</b>

CASH FLOWS FROM INVESTING ACTIVITIES	2019	2018
<b>Cash Inflows</b>		
Receipt of Interest Earned	192,483,337.31	118,756,216.19
Proceeds from Matured Investments/Redemption of Long-term Investments/Return on Investments	9,660,189,249.28	3,744,817,869.26
<b>Total Cash Inflows</b>	<b>9,852,672,586.59</b>	<b>3,863,574,085.45</b>



<b>Cash Outflows</b>		
Purchase/Construction of Property, Plant and Equipment	550,446,189.04	42,612,593.69
Purchase of Investments	7,184,321,140.70	7,739,702,249.35
Purchase of Intangible Assets	882,944.00	50,659.00
Grant of Loans	7,700,000.00	3,420,000.00
<b>Total Cash Outflows</b>	<b>7,743,350,273.74</b>	<b>7,785,785,502.04</b>
<b>Net cash used in Investing Activities</b>	<b>2,109,322,312.85</b>	<b>(618,903,470.54)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash Outflows</b>		
Payment of Long-Term Liabilities	12,567,751.28	11,604,577.11
Payment of Interest on Loans and Other Financial Charges	3,187,010.44	4,150,184.61
Payment of Cash Dividends	95,960,626.13	113,452,888.00
<b>Total Cash Outflows</b>	<b>111,715,387.85</b>	<b>129,207,649.72</b>
<b>Net cash used in Financing Activities</b>	<b>(138,033,973.24)</b>	<b>(150,995,866.37)</b>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,095,760,391.07	1,902,112,117.79
Cash and cash equivalents at the beginning of the year	4,043,304,514.62	2,141,192,396.83
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>5,139,064,905.69</b>	<b>4,043,304,514.62</b>

## STATEMENT OF CHANGES IN EQUITY

For the month ended December 31, 2019 and 2018  
(in Philippine Peso)

	<b>Retained Earnings</b>	<b>Share Capital</b>	<b>Total Equity</b>
Balance as of January 1, 2018	5,504,450,088.16	10,000,000.00	5,514,450,088.16
Adjustments:			
Other adjustments	1,667,379.97	-	1,667,379.97
Restated balance as of January 1, 2018	5,506,117,468.13	10,000,000.00	5,516,117,468.13
Comprehensive income for the year	768,174,865.92	-	768,174,865.92
Dividends	(113,452,888.00)	-	(113,452,888.00)
<b>Ending balance as of December 31, 2018</b>	<b>6,160,839,446.05</b>	<b>10,000,000.00</b>	<b>6,170,839,446.05</b>
Balance as of December 31, 2018	6,160,839,446.05	10,000,000.00	6,170,839,446.05
Comprehensive income for the year	928,998,994.09	-	928,998,994.09
Dividends	(206,257,327.78)	-	(206,257,327.78)
Adjustments:			
Other adjustments	(433,934,598.64)	-	(433,934,598.64)
<b>Balance as of December 31, 2019</b>	<b>6,449,646,513.72</b>	<b>10,000,000.00</b>	<b>6,459,646,513.72</b>

# STATEMENTS OF FINANCIAL POSITION

As of December 31, 2019  
(In Philippine Peso)

ASSETS	2019	2018
<b>Current Assets</b>		
Cash and Cash Equivalents	5,139,064,905.69	4,043,304,514.62
Financial Assets	1,603,895,203.02	4,079,763,311.60
Other Investments	-	-
Receivables	102,210,987.76	109,828,542.59
Inventories	5,653,906.10	4,181,476.05
Other Current Assets	518,259,530.76	352,802,343.21
	<b>7,369,084,533.33</b>	<b>8,589,880,188.07</b>
<b>Non-Current Assets</b>		
Receivables	18,253,136,871.01	16,587,080,818.36
Investment Property	1,789,693,558.10	1,405,524,803.10
Property, Plant and Equipment	186,337,681.54	182,338,824.17
Intangible Assets	1,275,023.90	1,351,642.29
Deferred Tax Assets	45,805,281.20	45,034,946.74
Other Non-Current Assets	552,560,105.19	549,873,876.94
	<b>20,828,808,520.94</b>	<b>18,771,204,911.60</b>
<b>TOTAL ASSETS</b>	<b>28,197,893,054.27</b>	<b>27,361,085,099.67</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Financial Liabilities	1,270,124,385.39	1,213,925,013.04
Inter-Agency Payables	27,919,244.75	24,782,248.25
Trust Liabilities	4,715,709.51	4,670,959.51
Deferred Credits/Unearned Income	238,141,935.35	249,636,799.46
Other Payables	1,485,754,782.24	1,399,637,500.08
	<b>3,026,656,057.24</b>	<b>2,892,652,520.34</b>
<b>Non-Current Liabilities</b>		
Financial Liabilities	41,848,223.41	58,547,280.63
Trust Liabilities	18,669,742,259.90	18,239,045,852.65
	<b>18,711,590,483.31</b>	<b>18,297,593,133.28</b>
<b>TOTAL LIABILITIES</b>	<b>21,738,246,540.55</b>	<b>21,190,245,653.62</b>
Retained Earnings/(Deficit)	6,449,646,513.72	6,160,839,446.05
Stockholders' Equity	10,000,000.00	10,000,000.00
<b>TOTAL EQUITY</b>	<b>6,459,646,513.72</b>	<b>6,170,839,446.05</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>28,197,893,054.27</b>	<b>27,361,085,099.67</b>



# STATEMENTS OF COMPREHENSIVE INCOME

As of December 31, 2019  
(In Philippine Peso)

	2019	2018
<b>Income</b>		
Service and Business Income	660,858,627.03	571,644,715.34
Financial Income	185,150,305.61	146,149,076.04
	846,008,932.64	717,793,791.38
<b>Expenses</b>		
Personnel Services	282,643,329.64	251,714,762.35
Maintenance and Other Operating Expenses	312,369,967.05	238,109,244.07
Financial Expenses	4,748,305.27	5,810,924.42
Non-Cash Expenses	22,043,308.41	17,939,221.65
	621,804,910.37	513,574,152.49
<b>Profit/(Loss) Before Tax</b>	224,204,022.27	204,219,638.89
<b>Income Tax Expense/(Benefit)</b>	22,711,856.91	26,291,956.32
<b>Profit/(Loss) After Tax</b>	201,492,165.36	177,927,682.57
<b>Net Assistance/Subsidy</b>	727,506,828.73	590,247,183.35
<b>Net Income/(Loss)</b>	928,998,994.09	768,174,865.92
<b>Other Comprehensive Income/(Loss) for the Period</b>	-	-
<b>Comprehensive Income/(Loss)</b>	928,998,994.09	768,174,865.92

# CORPORATE PERFORMANCE SCORECARD

Performance Indicator	Weight	2019 Target	Actual Accomplishment	Accomplishment Rate	GCG/ Weighted Rating
<b>SOCIAL IMPACT</b>					
SM 1: Increase Number of ISFS provided with Housing Finance Assistance	35%	25,000 assistance provided to ISFs	31,903 ISFs	127.61%	35%
<b>Sub-Total</b>	<b>35%</b>				<b>35%</b>
<b>STAKEHOLDERS</b>					
SM 2: Percentage of Satisfied Customers	10%	90% of the respondents gave a satisfactory rating	93.36% of the respondents rated satisfied and very satisfied	103.73%	10%
<b>Sub-Total</b>	<b>10%</b>				<b>10%</b>
<b>FINANCE</b>					
SM 3: Improve Collection Efficiency Rate	10%	84% CER	82.38% CER	98.07%	5% (9.81%)
SM 4: Increase Net Operating Income (Before Tax and Subsidy)	10%	Php 140 Million	Php 224.20 Million	160.14%	10%
SM 5: Improve Budget Utilization Rate	10%	Not less than 90 % but not more than 100% of the DBM Approved Corporate Operating Budget	99.71% Budget Utilization Rate	110.79%	10%
<b>Sub-Total</b>	<b>30%</b>				<b>25% (29.81%)</b>
<b>INTERNAL PROCESS</b>					
SM 6: Improve Support Systems for Effective and Efficient Processes	10%	100% Implementation of Phase II of the ISSP	100% Implementation of the ISSP Phase II	100.00%	10%
<b>Sub-Total</b>	<b>10%</b>				<b>10%</b>
<b>LEARNING AND GROWTH</b>					
SM 7: Attain Quality Management Certification	10%	Attain ISO 9001:2015 Recertification	The SHFC ISO 9001:2015 Certification was issued by SOCOTEC Certification Philippines, Inc. last December 19, 2019	100%	10%
SM 8: Percentage of Identified Employees with Competency Gaps Addressed	5%	At Least one (1) competency gap closed for 100% of employees with competency gaps (Based on the 2017 Competency Assessment)	Competency Gap Closed for 134 out of 180 employees	74.44%	3.72%
<b>Sub-Total</b>	<b>15%</b>				<b>13.72%</b>
<b>TOTAL</b>	<b>100%</b>				<b>93.72% (98.53%)</b>





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