



# 1969

## Annual Report



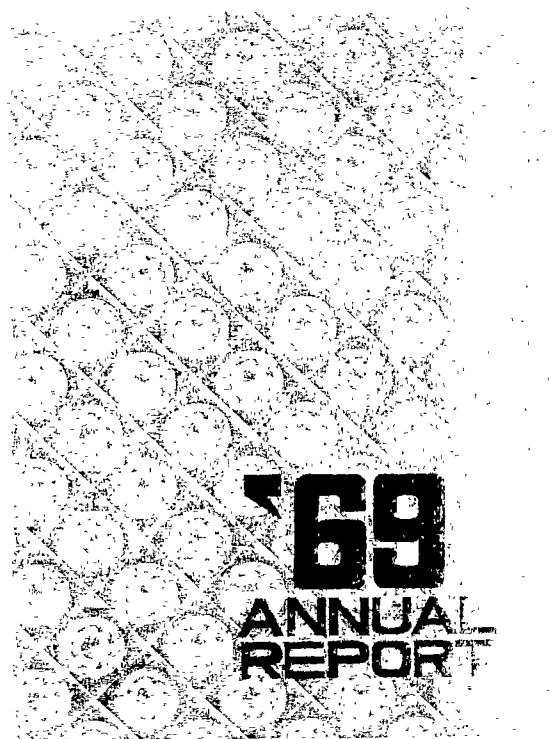
Philippine Deposit Insurance Corporation

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# 1969 ANNUAL REPORT



PHILIPPINE DEPOSIT INSURANCE CORPORATION

PHILIPPINE DEPOSIT INSURANCE CORPORATION  
Manila, Philippines


February 16, 1970

His Excellency  
The President of the Republic  
of the Philippines  
Malacañang, Manila

S i r :

Pursuant to the provision of Section 15 of Republic Act 3591, as amended, I have the honor to submit herewith the report for 1969 of the Philippine Deposit Insurance Corporation.

Very respectfully,

  
LUIS TIRSO RIVILLA  
Chairman of the Board



PHILIPPINE DEPOSIT INSURANCE CORPORATION  
Manila, Philippines


February 16, 1970

The Honorable  
President of the Senate  
Congress of the Philippines  
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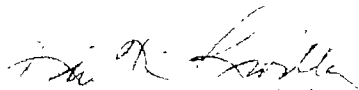
February 16, 1970

The Honorable  
Speaker of the House of Representatives  
Congress of the Philippines  
M a n i l a

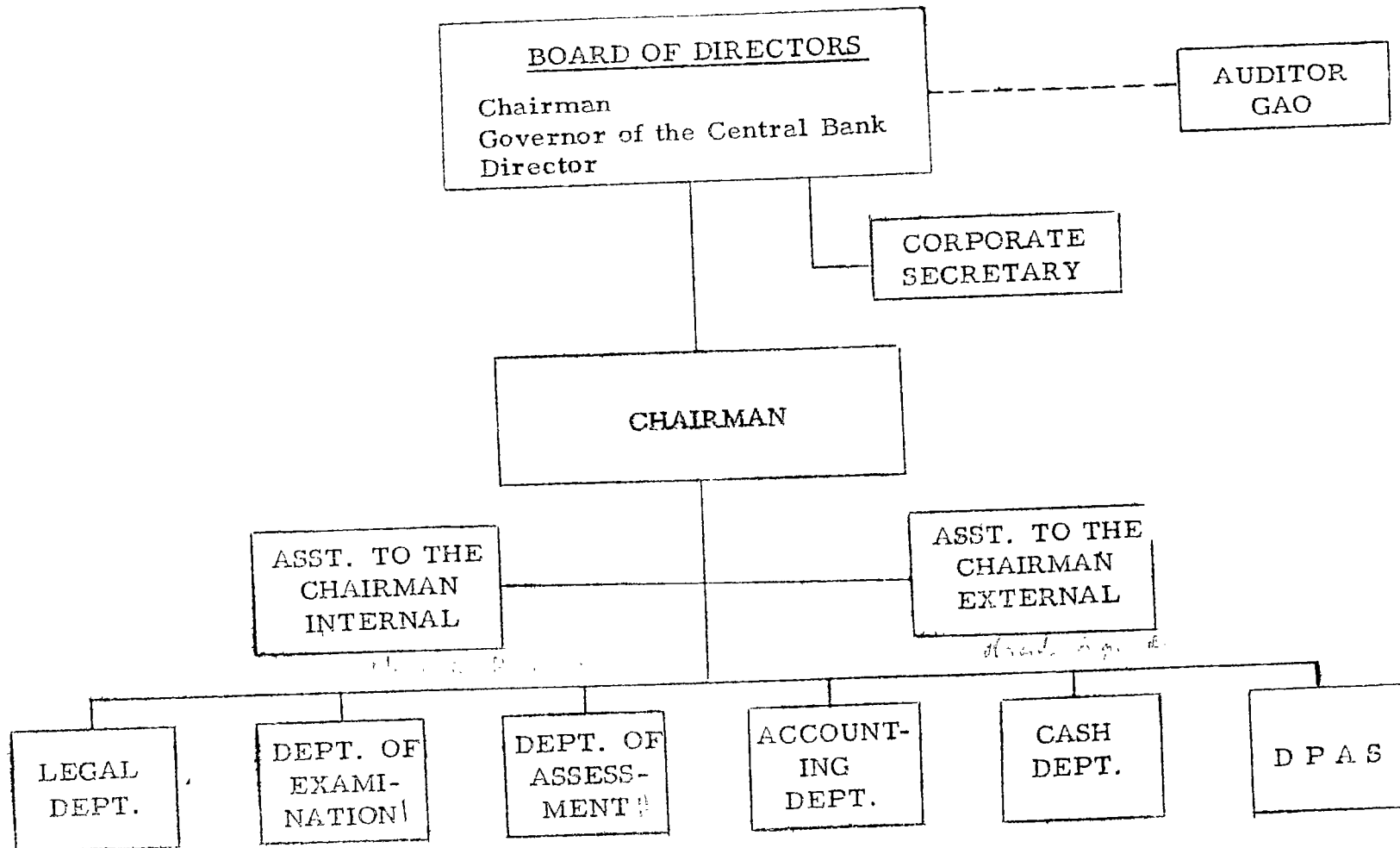
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Chairman of the Board

PHILIPPINE DEPOSIT INSURANCE CORPORATION  
CHART OF ORGANIZATION



PHILIPPINE DEPOSIT INSURANCE CORPORATION

OFFICERS OF THE CORPORATION

Board of Directors

Chairman of the Board	- LUIS TIRSO RIVILLA
Governor of the Central Bank	- ALFONSO CALALANG
Director	- BASILIO ESTANISLAO

Executive Officers

Chairman of the Board	- LUIS TIRSO RIVILLA
Assistant to the Chairman Internal Affairs	- DANILO S. URSUA
Assistant to the Chairman External Affairs	- JESUS L. EVANGELISTA
Acting Secretary of the Board	- ALBERTO R. ENRIQUEZ
Acting Chief Cashier	- JOSE C. TIRONA
Chief Cashier Designate	- VIRGINIA A. DIMALANTA
Manager, Department of Examination	- DOMINADORA C. SUÑGA
Manager, Assessment Department	- SANTOS G. ESTACIO
Manager, Department of Personnel & Administrative Services	- EDUARDO S. MARTINEZ <i>Juan Llanas</i>
<i>Acting</i> Acting Auditor	- GUILLERMO S. NIEVA

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## PHILIPPINE DEPOSIT INSURANCE CORPORATION

### HIGHLIGHTS OF 1969

- \* The Board of Directors approved the By-Laws of the Corporation setting up the organization and defining the powers and responsibilities of each department.
- \* The Board of Directors approved the Rules and Regulations to implement Republic Act 3591. The Rules and Regulations limit insurance coverage to demand, savings and time deposits and trust funds and set the assessment rate at 1/18 of 1% per annum.
- \* Congress passed Republic Act 6037 making membership compulsory for all banks in the Philippines, enabling PDIC to float bonds and to use its resources to aid banks undergoing difficulties.
- \* Congress passed Republic Act 5517 establishing a fund of ₱15 million from out of the accumulated profits of the Central Bank to pay off thru the PDIC the deposit claims of 104,000 depositors of banks forbidden to do business by the Monetary Board. As of December 31, 1969, PDIC has paid ₱13 million to 24,761 depositors. The Board hired 110 personnel to man the payoff operations.
- \* PDIC sent circulars to all banks requesting them to advertise their insurance coverage pursuant to Section 16(a) of Republic Act 3591.
- \* The Board of Directors approved the appointments of bank examiners and other personnel to form a skeletal force to replace the CB employees who were recalled by their respective offices.

BANKING DEVELOPMENTS

- \* Economic & Financial  
Development
- \* Bank Performance in 1969

## ECONOMIC AND FINANCIAL DEVELOPMENTS

A certain degree of improvement was noted in the performance of the Philippine economy in 1969. The gross national product (GNP) at constant 1955 prices grew at the rate of 6.3 percent from ₱17,692 million in 1968 to ₱18,792 million in 1969. The corresponding national income representing the aggregate earnings of the factors of production amounted to ₱15,626 million in 1969 compared to ₱14,808 million in 1968. Real per capita GNP and per capita national income were ₱506 and ₱421, respectively.

Impressive expansions in growth rates were noted in agriculture, fishery and forestry, 6.9 percent; mining and quarrying, 6.7 percent; manufacturing, 5.6 percent; and services, 5.0 percent.

The trend in the movement of money supply towards the end of the year was predominantly upwards. The government's intensified development efforts coupled with heavy expenditures as elections drew near had definitely influenced this trend. Parallel rise in prices was noted, as indicated by the consumer price index for the country. The consumer price index for all items rose by 7.5 percent from the average level of 154.1 in 1968 to 165.7 in December, 1969. On the other hand, general wholesale prices for all items in Manila went up only very slightly. From a level of 170.7 for 1968 it rose to 171.9, representing a net rise of only 0.7 per-



cent over the preceding year.

While the Philippine economy on the overall sustained a positive rate of growth, the year 1969 also saw the country experiencing the worst foreign exchange predicament brought about by the excessive demand for foreign exchange for imports, travel, etc. This resulted in the rapid decline of the international reserves which threatened the stability of the peso and consequently the health and growth of the economy.

International reserves, made up of the gold and foreign exchange assets of the Central Bank ~~and commercial banks~~, dropped to a new low of ~~122~~ \$120.7 million during the period ending December 31, 1969. The reserves registered a decrease of \$40.7 million from the level of ~~\$184.2~~ million in 1968.

To dampen heavy demands and pressures on the economy, corrective measures were taken by the Central Bank among which were the raising of the basic rediscount rate from 7-1/2 percent to 8 percent, the limitations on dollar disbursements for travel, and the order to the commercial banks for the freezing of foreign exchange applications. Special time deposits on imports and ceilings on domestic credits were also imposed. These measures of restraint brought about financial difficulties on business and the financial sectors of the economy.

## BANKING DEVELOPMENTS

At the end of 1969, there were in existence a total of 92 banking institutions (excluding rural banks) with a network of 654 branches and agencies. Of this total, commercial banks accounted for 38 head offices and 542 branches and agencies; savings and mortgage banks, 13 head offices and 38 branches and agencies; development banks, 30 head offices and 50 branches and agencies; building and loan associations, 7 head offices; other banking institutions, 4 head offices and 24 branches and agencies.

As of September 30, 1969, all the existing banks had total assets of ₦14,437 million, total network of ₦1,787 million, total deposits of ₦7,408 million, and total investments of ₦1,808 million. The total loan portfolio of the banks as of the same period came to ₦9,800 million representing over 67.8 percent of total resources. Commercial and savings banks' credits amounted to ₦4,828 million and ₦270 million, respectively.

Rural banks at year-end 1969 reached 452 units distributed throughout the country. The total resources of all these banks as of April 30, 1969 expanded to ₦478.8 million while total deposits amounted to ₦178.2 million.

A significant development in the banking scene in 1969 was the raising of the interest on bank deposits to a maximum of 6 percent (up 1/4 percent) for savings and 6-1/2 percent for 180-day and 7 percent for 360-day time

(as against 6 percent previously).

The increase in interest on bank deposits was designed to attract a greater volume of deposits into the banking system as part of the program of stimulating domestic savings for economic development.

TABLE 1. GROSS NATIONAL PRODUCT (GNP)  
AT CURRENT AND CONSTANT PRICES  
1965-1969

(In Million Pesos)

GNP/YEAR	1965 <sup>1/</sup>	1966 <sup>2/</sup>	1967 <sup>2/</sup>	1968 <sup>2/</sup>	1969 <sup>3/</sup>
Current Prices	21,070	23,251	25,803	28,376	31,100
Constant (1955=100) Prices	14,734	15,633	16,602	17,672	18,792

<sup>1/</sup> Revised estimates as of August 30, 1968.

<sup>2/</sup> Revised estimates as of April 15, 1969.

<sup>3/</sup> Advance estimates as of December 15, 1969.

SOURCES: The Statistical Reporter, Vol. XIII, No. 2 and OSCAS NEC Records.

TABLE 2. NATIONAL INCOME ACCOUNTS BY  
SECTOR FOR 1968 & 1969

INDUSTRIAL SECTOR/ Y E A R	<u>1/</u> 1 9 6 8		<u>2/</u> 1 9 6 9	
	CURRENT	CONSTANT (1955=100)	CURRENT	CONSTANT (1955=100)
Agriculture, Fishery & Forestry	8,245	4,712	9,290	5,040
Mining & Quarrying	427	283	450	302
Manufacturing	4,147	2,596	4,482	2,741
Construction	871	561	833	531
Transportation, Com- munication, Sto- rage & Utilities	1,003	692	1,069	724
Commerce	3,455	2,206	3,676	2,301
Services	5,800	3,978	6,263	4,179
TOTAL: Net Domes- tic Product	23,958	15,028	26,063	15,818
NATIONAL INCOME	23,575	14,808	25,724	15,626

1/ Revised estimates as of April 15, 1969.

2/ Advance estimates as of December 15, 1969.

SOURCES: The Statistical Reporter, Vol. XIII, No. 2 & OSCAS NEC Records.

TABLE 3. THE LEVEL OF INTERNATIONAL RESERVES  
FOR 1968 & 1969, BY MONTH  
(In Million U. S. Dollars)

MONTH/ YEAR	1 9 6 8	1 9 6 9
January	184.2	144.1
February	178.9	147.3
March	182.6	174.9
April	189.0	153.4
May	178.0	132.2
June	187.3	138.0
July	177.0	134.1
August	162.3	126.5
September	169.8	129.2
October	172.0	130.0
November	150.0	125.3
December	161.4	120.7

SOURCE: Central Bank of the Philippines.

TABLE 4. CONSUMER PRICE INDEX FOR THE  
PHILIPPINES  
1968-1969

(1957=100)						
PERIOD/ ITEM	ALL ITEMS	FOOD	CLOTHING	RENT & REPAIRS	FUEL & LIGHT	MISCELLANEOUS
1968	154.1	179.9	155.7	114.3	123.1	125.7
1969	156.7	181.0	160.2	115.3	124.2	130.4
January	153.3	176.0	157.5	114.9	123.7	128.5
February	151.9	172.4	157.2	114.9	123.5	129.2
March	152.1	172.4	157.7	114.8	123.7	129.1
April	152.5	173.3	158.1	114.8	123.4	129.2
May	153.4	175.6	158.5	114.8	123.4	128.3
June	155.4	178.7	158.8	114.8	123.2	129.7
July	156.0	179.7	160.0	115.7	123.3	130.6
August	159.1	186.0	160.1	115.7	123.6	130.6
September	159.3	186.4	160.0	115.7	123.6	130.6
October	160.2	188.0	160.2	115.7	123.7	131.0
November	161.7	189.2	164.0	115.9	126.4	132.1
December	165.7	194.5	170.1	116.1	128.7	134.5

SOURCE: Department of Economic Research, Central Bank of the Philippines.

TABLE 5. GENERAL WHOLESALE PRICE INDEX  
FOR MANILA  
1968 & 1969

PERIOD/	ALL	BEVERAGES	CRUDE MA-	TERIALS, IN-	MINERAL	OILS &	ANIMAL	MANUFAC-	MACHINE-	MISC. MAN-
ITEM	ITEMS	FOOD & TOBACCO	EDIBLE	FUELS	FAT	CALS	GOODS	TURED	RY &	UFACTURED
									EQPT.	N. E. S.
1968	170.7	175.9	138.2	223.3	147.6	267.8	147.0	147.3	196.0	132.6
1969	171.9	178.3	138.8	218.8	149.2	234.4	147.8	151.2	202.1	133.5

SOURCE: Department of Economic Research, Central Bank of the Philippines.



III.

OPERATIONS OF THE CORPORATION

\* Payoff Operations

\* Finances

## PAYOFF OPERATIONS

As of 1968, around ₱ 115.8 million deposits of 105,066 depositors in three big metropolitan banks and six rural banks were frozen. Since the distressed banks were not insured with PDIC, a special law - R. A. No. 5517 was passed to provide redress to the depositors.

R. A. No. 5517 creates a fund of ₱ 15 million from out of the profits of the Central Bank to pay through the PDIC the depositors of the banks forbidden to do business by the Monetary Board. The law provides that payment should not exceed ₱ 10,000.00 per individual depositor.

To implement the law, the Corporation hired 110 temporary employees and established seven (7) field units. The field units were all located in the respective offices of the distressed banks. Three of the units are in the City of Manila. The other units are in Baguio City, Zamboanga City, Lucena City and a roving unit to cover Pangasinan, Bohol, Surigao and Bulacan. Each unit is a compact one; composed of one Claim Agent-in-Charge, claim agents, disbursing officers, signature verifiers, receiving clerks and information clerks. The number of personnel varied depending on the number of depositors to be served. The procedures of the payoff were simplified and made to approximate the ordinary withdrawal procedures of a bank.

The payoff was formally launched at the Central Bank by President Marcos assisted by Central Bank and PDIC officials on August 13, 1969. As of December 31, 1969, the Corporation has paid ₱ 13.04 million to 24,773 depositors. The total number of depositors paid may seem small. The Cor-

poration expects that only around 25,000 of the 105,000 depositors would actually claim payments. A statistical analysis of the claims of the depositors affected disclosed that out of 105,000 depositors, only 11,000 depositors have deposits of above ₱100.00. Of the 94,000 depositors having less than ₱100.00 in deposits, around 66,000 have deposits of below ₱5.00. Only 2,336 or barely 4% of these small depositors filed their claims. Because the amount involved is small enough to warrant attention and efforts, the Corporation believes that these small depositors may not at all be interested in claiming payments.

Of the 11,000 depositors, 9,100 have been paid their claims. Though these claimants represent 83% of the total, the Corporation expects the others not to file their claims. Some of them are debtors of the distressed banks and may have preferred that their deposits to be offset against their obligations. The others are bank stockholders, directors, and officers to whom payments were withheld, pending realization of the assets and liquidation of the debts of the banks by the Central Bank, the appointed receiver.

The total amount paid to these 24,422 depositors reached ₱10,112,632 on December 31, 1969. This is 84% of ₱12,036,629, the total amount payable by the Corporation.

A problem arose concerning the "unrecorded" deposits with the Island Savings Bank and Overseas Bank of Manila. The Board of Directors decided to pay these depositors up to ₱10,000.00 each following the opinion of the Secretary of Justice recognizing the "unrecorded" deposits as banks liabilities.

As of year-end, the Corporation has paid P2, 889, 990 to 299 depositors with "unrecorded" deposits. The Corporation is still processing claims aggregating P1.2 Million filed by 345 depositors.

As of December 31, 1969, all of the field units have been recalled to the PDIC Home Office. Payoff, however, still continues until all claims filed by February 13, 1970, have been settled.

TABLE 6.

DISBURSEMENTS OF PDIC UNDER R. A. NO. 5517  
AUGUST 13, 1969 TO DECEMBER 31, 1969

NAME OF BANK	DATE : CLOSED	NO. OF DEPOS- ITORS	AMOUNT OF DEPOSITS	AMOUNT PAY- ABLE BY PDIC : UNDER R. A. : 5517	NO. OF DE- POSITORS : PAID	AMOUNT OF DEPOSITS : PAID	UN- REPOS- ERS	BALANCE OF AMOUNT PAY- ABLE BY PDIC UNDER R. A. 5517
Overseas Bank of Manila	8- 2-68	13,061	₱49,353,773.34	₱ 4,112,035.95	5,939	₱ 3,156,923.46	2	₱ 955,112.49
Island Savings Bank	6-14-68	40,692	5,613,414.87	3,170,828.38	6,810	2,882,979.89	32	287,848.49
Fidelity Savings & Mort. Bank	2-18-69	19,733	11,819,499.42	2,425,313.31	3,833	2,203,627.93	90	221,685.38
Rural Bank of Lucena, Inc.	3-23-63	28,707	2,744,554.62	2,280,032.35	7,755	1,851,704.51	952	428,327.84
Rural Bank of Tayug, Inc.	2- 2-68	673	32,094.61	32,094.61	57	15,887.87	616	16,206.74
Rural Bank of San Uldelasio, Inc.	12-19-67	95	792.70	792.70	7	476.66	88	316.04
Rural Bank of Urdaneta, Inc.	7- 9-68	780	10,608.35	10,608.35	12	818.90	768	9,769.20
Rural Bank of Trinidad, Inc.	4- 4-69	61	654.68	654.68	-	-	61	654.68
Surigao Dev. Bank, Inc.	9-21-69	364	4,269.28	4,269.28	9	213.19	355	4,072.50
TOTAL .....		104,166	₱69,579,661.87	₱12,036,629.61	24,422	₱10,112,632.41	79,744	₱1,923,993.36

Percentage of number of depositors paid to total number of depositors affected (23%)

Percentage of deposits paid to total amount payable by PDIC under R. A. No. 5517..... (84%)

Note: This table does not include payments for unrecorded deposits of the Overseas Bank of Manila &amp; Island Sav

Monitoring Checklist

Name of Bank

Cut-off Date

TABLE 7.      DISBURSEMENTS OF PDIC UNDER  
R. A. NO. 5517 FOR  
UNRECORDED DEPOSITS  
AUGUST 13, 1969 TO DECEMBER 31, 1969

Name of Bank	No. of Depositors	Amount of Deposits	Amount Payable by PDIC Under R. A. 5517	No. of Depositors Paid	Amount of Deposits Paid	No. of Unpaid Depositors	Amount of Unpaid Deposits
1. Island Savings Bank	270	₱11,247,778.50	₱1,959,795.70	129	₱1,190,918.60	141	₱ 768,877.10
2. Overseas Bank of Manila	<u>374</u>	<u>35,115,080.00</u>	<u>2,150,071.81</u>	<u>170</u>	<u>1,699,071.81</u>	<u>204</u>	<u>451,000.00</u>
TOTAL.....	<u>644</u>	<u>₱46,362,858.50</u>	<u>₱4,109,867.51</u>	<u>299</u>	<u>₱2,889,990.41</u>	<u>345</u>	<u>₱1,219,877.10</u>

Percentage of number of depositors paid to total number of  
depositors affected ..... (46%)

Percentage of amount of deposits paid to total amount of deposits payable by  
PDIC under R. A. 5517 ..... (70%)

CLAIMS LIQUIDATION FUND  
BALANCE SHEET  
December 31, 1969

A S S E T S

Cash in Bank	P1,588,316.06
Other Assets	<u>162,130.53</u>
Total Assets	<u><u>P1,750,446.59</u></u>

LIABILITIES & NETWORTH

Accounts Payable	P 127.70
Fund Balance	<u>1,750,318.89</u>
Total Liabilities and Networth	<u><u>P1,750,446.59</u></u>

CLAIMS LIQUIDATION FUND  
STATEMENT OF FUND BALANCE  
FOR THE PERIOD OF AUGUST 12, 1969 TO DECEMBER 31, 1969

Fund Appropriated		P15,150,000.00
Deduct:		
Depositors' Claims Paid	P13,042,762.72	
Liquidation Expenses	<u>356,918.39</u>	<u>13,399,681.11</u>
Fund Balance - December 31, 1969		<u><u>1,750,318.89</u></u>

## FINANCES OF THE CORPORATION

From 1965 to early part of 1969, the PDIC was staffed mainly by officers and employees of the Central Bank who were detailed with the Corporation. They all drew their salaries from the Central Bank. Most of these employees, however, were recalled to their respective offices during 1969. The Corporation has to start building up its own staff in preparation for the examination, assessment and supervision of all banks. Due to this, the salaries and cost of living allowances amounted to ₱167,195.52 in 1969.

During the early part of 1969, when the hopes for the passage of R. A. No. 6037 were still dim, the Corporation waged a campaign for membership among banks, spending ₱89,042.20 in the process.

Though R. A. No. 6037 making insurance membership compulsory for all banks operating in the Philippines was approved in August, 1969, no assessments were made on the banks. The banks enjoyed a long premium holiday until December 31, 1969. The earnings of the Corporation of ₱911,522.38 were derived solely from interest on Philippine Government obligations. The investments had to be shifted from PW & ED Bonds to higher income yielding Treasury Bills and DBP Progress Bonds to generate more earnings.



# STATEMENT OF INCOME & EXPENSES

January 1 - December 31, 1969

## INCOME

P911,522.38

## EXPENSES:

Salaries	P107,195.52
Cost of Living Allowance	53,213.35
Representation Allowance	20,800.00
Transportation Allowance	22,113.29
Bonus and Cash Gift	43,201.00
Retainer's' Fees	14,960.97
Overtime Pay	6,815.25
Directors' Fees	850.00
Life Insurance Premiums - GSIS	4,432.95
Retirement Premiums - GSIS	9,604.94
Supplies and Materials	9,963.79
Provision for Depreciation - Equipment	5,001.86
Provision for Depreciation - Furniture & Fixtures	2,257.93
Newspapers, Books and Periodicals	5,377.05
Telephone, Telegrams and Cable	6,848.54
Advertising and Promotion	89,042.20
Discretionary Expenses	24,812.00
Building Expenses	9,261.65
Rental - Office Space	102,900.00
Light and Water	8,566.00
Travel - Local	10,701.83
Travel - Foreign	27,822.31
Repairs and Maintenance	630.50
Postage and Expressage	899.95
Miscellaneous	<u>1,687.52</u>

648,960.40

## NET INCOME

P262,661.98

BALANCE SHEET  
As of December 31, 1969

A S S E T S

Cash in Bank		P	34,686.81
Accounts Receivable - Advertising			1,320.00
Due from Central Bank			23,696.98
Petty Cash Fund			200.00
Cash Advance			2,700.00
Accrued Interest Receivable on Philippine Government Obligations			77,447.24
Prepaid Telephone, Telegram & Cable			500.00
Inventory of Supplies and Materials			4,420.40
Philippine Government Obligations			5,740,874.25
Furniture and Fixtures	P	37,091.66	
Less: Allowance for Depreciation - Furniture & Fixtures		2,493.60	34,598.06
Equipment	P	79,408.07	
Less: Allowance for Depreciation - Equipment		6,002.63	73,405.44
<b>TOTAL ASSETS</b>			<b><u><u>P5,993,849.18</u></u></b>

LIABILITIES & DEPOSIT INSURANCE  
F U N D

Accounts Payable		P	64,585.57
Life Insurance Premiums Payable - GSIS			3,698.40
Retirement Premiums Payable - GSIS			5,987.01
Salary Loans Payable - GSIS			429.69
Policy Loans Payable - GSIS			10.00
Income Tax Withheld			3,372.60
Taxes Withheld - Supplies and Materials			65.90
Bidders Bond			350.00
Deferred Assessment Income			40.64
Deposit Insurance Fund	P	5,000,000.00	
Earned Surplus		914,309.37	5,914,309.37
<b>TOTAL LIABILITIES &amp; DEPOSIT INSURANCE FUND</b>			<b><u><u>P5,993,849.18</u></u></b>

#### IV.

\* LEGISLATIONS

\* BY-LAWS

\* RULES AND REGULATIONS

\* CIRCULARS

\* MEMORANDA

## LEGISLATIONS, REGULATIONS, CIRCULARS AND MEMORANDA

The first few months of the year were spent in the promulgation of the rules and regulations to implement R. A. No. 3591. Under the rules and regulations, the insurance coverage is limited to demand, savings and time deposits and the assessment rate is established at 1/18 of 1% per annum.

Under R. A. No. 3591, the insurance coverage of banks is voluntary. The campaign for membership yielded applications from very few big banks. Hence, the Corporation sought amendments to its enabling law. In August, 1969, Congress passed R. A. 6037 making insurance coverage compulsory for all banks operating in the Philippines. The amendments allow the Corporation to use its resources to help distressed banks. In view of the amendments, the by-laws and the rules and regulations are to be revised in early 1970.

In August, 1969, R. A. 5517 authorizing the creation of a fund of P15 million from out of the profits of the Central Bank to pay up to P10,000.00 per individual depositor through the PDIC, the depositors of banks forbidden to do business by the Monetary Board was approved. Since the intention of legislation was similar to that of R. A. No. 3591, the provisions of the rules and regulations governing the various types of deposits and guide for determining the status of the depositors' claims were adopted. The implement-

ing rules and regulations of R. A. No. 6037 further provide for the subrogation to the Fund of the depositor to the extent of the amount paid.

The Corporation sent to the member banks circulars and memoranda urging them to advertise their memberships in the PDIC and to submit copies of the reports they normally submit to the Department of Supervision and Examination of the Central Bank.

REPUBLIC ACT NO. 3271

AN ACT ESTABLISHING THE PHILIPPINE DEPOSIT INSURANCE CORPORATION, DEFINING ITS POWERS AND DUTIES AND FOR OTHER PURPOSES.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. There is hereby created a Philippine Deposit Insurance Corporation hereinafter referred to as the "Corporation" which shall insure, as herein provided, the deposits of all banks which are entitled to the benefits of insurance under this Act, and which shall have the powers hereinafter granted.

SECTION 2. The powers and functions of the Corporation shall be vested in a Board of Directors consisting of three (3) members one of whom shall be the Governor of the Central Bank of the Philippines and two of whom shall be citizens of the Republic of the Philippines to be appointed by the President

of the Philippines with the advice and consent of the Commission on Appointments. One of the appointive members shall be the Chairman of the Board of Directors of the Corporation who shall be appointed on a full time basis for a term of six (6) years at an annual salary of twenty four thousand pesos (P24,000.00). The other appointive member, who shall be appointed for a term of four (4) years and the Governor of the Central Bank shall each receive a per diem of not exceeding fifty pesos (P50.00) for each day of meeting actually attended by them but in no case shall each of them receive more than five hundred pesos (P500.00) a month. In the event of a vacancy in the Office of the Governor of the Central Bank of the Philippines, and pending the appointment of his successor or during the absence of the Governor, the Acting Governor of the Central Bank of the Philippines shall act as member of the Board of Directors. In the event of a vacancy in the Office of the Chairman of the Board of Directors and pending the appointment of his successor, the Governor of the Central Bank of the Philippines shall act as Chairman. The members of the Board of Directors shall be ineligible during the time they are in office and for a period of two years thereafter to hold any office, position or employment in any insured bank, except that this restriction shall not apply to any member who has served the full term for which he was appointed. No member of the Board of Directors shall be an officer or director of any insured bank; and before entering upon his duties as member of the Board of Directors he shall certify under oath that

he has complied with this requirement and such certification shall be filed with the Secretary of the Board of Directors. Any vacancy in the Board created by the death, resignation, or removal of an appointive member shall be filled by the appointment of new member to complete the unexpired period of the term of the member concerned.

The Board of Directors shall have the authority:

1. To prepare and issue rules and regulations as it considers necessary for the effective discharge of its responsibilities;

2. To direct the management, operations and administration of the Corporation;

3. To appoint, fix the remunerations and remove all officers and employees of the Corporation, subject to the Civil Service Law; and

4. To authorize such expenditures by the Corporation as are in the interest of the effective administration and operation of the Corporation.

#### SECTION 3. As used in this Act -

(a) The term "Board of Directors" means the Board of Directors of the Corporation.

(b) The term "Bank" and "Banking Institution" shall be synonymous and interchangeable and shall include banks, commercial banks, savings banks, mortgage banks, rural banks, development banks, cooperative banks, trust companies, branches and agencies in the Philippines of foreign banks and other companies, corporations, partnerships performing banking functions in the Philippines.

(c) The term "receiver" includes a receiver, liquidating agent, conservator, commission, person, or other agency charged by law with the duty of winding up the affairs of a bank.

(d) The term "insured bank" means any bank the deposits of which are insured in accordance with the provisions of this Act;

(e) The term "non-insured bank" means any bank the deposits of which are not insured.

(f) The term "deposit" means the unpaid balance of money or its equivalent received by a bank in the usual course of business and for which it has given or is obliged to give credit to a commercial, checking, savings, time or thrift account or which is evidenced by its certificate of deposit, and trust funds held by such bank whether retained or deposited in any department of such bank or deposited in another bank, together with such other obligations of a bank as the Board of Directors shall find and shall prescribe by regulations to be deposit liabilities of the bank: Provided, That any obligation of a bank which is payable at the office of the bank located outside of the Philippines shall not be a deposit for any of the purposes of this Act or included as part of the total deposits or of the insured deposit: Provided, further, That any insured bank which is incorporated under the laws of the Philippines which maintains a branch outside the Philippines may elect to include for insurance its deposit obligation payable only at such branch.

(g) The term "insured deposit" means the net amount due to any depositor for deposits in an insured bank (after deducting offsets) less any part



thereof which is in excess of \$10,000. Such net amount shall be determined according to such regulations as the Board of Directors may prescribe and in determining the amount due to any depositor there shall be added together all deposits in the bank maintained in the same capacity and the same right for his benefit or his own name or in the names of others.

(h) The term "transfer deposit" means a deposit in an insured bank made available to a depositor by the Corporation as payment of insured deposit of such depositor in a closed bank and assumed by another insured bank.

(i) The term "trust funds" means funds held by an insured bank in a fiduciary capacity and includes without being limited to, funds held as trustee, executor, administrator, guardian or agent.

SECTION 4. Any bank or banking institution which is engaged in the business of receiving deposits as herein defined on the effective date of this Act, or which thereafter may engage in the business of receiving deposits, may insure its deposit liabilities with the Corporation. Before approving the application of such bank to become an insured bank, the Board of Directors shall give consideration to the factors enumerated in Section 5 and shall determine upon the basis of a thorough examination of such bank, that its assets in excess of its capital requirements are adequate to enable it to meet all its liabilities to depositors and other creditors as shown by the books of the bank.

SECTION 5. The factors to be considered by the Board of Directors under the preceding section shall be the following: the financial history and condition of the Bank, the adequacy of its capital structure, its future earning prospects, the general character of its management, the convenience and needs of the community to be served by the Bank and whether or not its corporate powers are consistent with the purposes of this Act.

SECTION 6. (a) The assessment rate shall be determined by the Board of Directors: Provided, That the assessment rate shall not exceed one-twelfth of one per centum per annum. The semiannual assessment for each insured bank shall be in the amount of the product of one-half ( $1/2$ ) the assessment rate multiplied by the assessment base. The assessment base shall be the amount of liability of the bank for deposits, according to the definition of the term "deposit" in and pursuant to subsection (f) of the Section 3 without any deduction for indebtedness of depositors: Provided, further, That the Bank -

(1) may deduct (i) from the deposit balance due to an insured bank the deposit balance due from such insured bank (other than trust funds deposited by it in such bank) which is subject to an immediate withdrawal; and (ii) cash items as determined by either of the following methods, at the option of the bank: (aa) by multiplying by 2 the total of the cash items forwarded for collection on the assessment base days (being the days on which the average deposits are computed) and cash items held for clearings at the close

of business on said days, which are in the process of collection and which the bank has paid in the regular course of business or credited to deposit accounts; or (bb) by deducting the total of cash items forwarded for collection on the assessment base days and cash items held for clearings at the close of business on said days, which are in the process of collection and which the bank has paid in the regular course of business or credited to deposit accounts, plus such uncollected items paid or credited on preceding days which are in the process of collection: Provided, that the Board of Directors may define the terms "cash items", "process of collection", and "uncollected such items" and shall fix the maximum period for which any such item may be deducted; and

(2) may exclude from its assessment base (i) drafts drawn by it on deposit accounts in other banks which are issued in the regular course of business; and the amount of advices or authorizations issued by it for cash letters received, directing that its deposit account in the sending bank be charged with the amount thereof; and (ii) cash funds which are received and held solely for the purpose of securing a liability to the bank but not in an amount in excess of such liability, and which are not subject to withdrawal by the obligor and are carried in a special non-interest bearing account designated to properly show their purpose.

Each insured bank, as a condition to the right to make any such deduction or exclusion in determining its assessment base, shall maintain such records as will readily permit verification of the correctness thereof. The semiannual assessment base for one semiannual period shall be the average of the assessment base of the bank as of the close of business on March thirty-one and June thirty, and the semiannual assessment base for the other semiannual period shall be the average of the assessment base of the bank as of the close of business on September thirty and December thirty-one: Provided, That when any of said days is a nonbusiness day or a legal holiday, either National or Provincial, the preceding business day shall be used. The certified statements required to be filed with the Corporation under subsections (b) and (c) of this section shall be in such form and set forth such supporting information as the Board of Directors shall prescribe. The assessment payments required from insured banks under subsection (b) and (c) of this section shall be made in such manner and at such time or times as the Board of Directors shall prescribe, provided the time or times so prescribed shall not be later than sixty days after filing the certified statement setting forth the amount of assessment.

(b) On or before the 15th of July of each year, each insured bank shall file with the Corporation a certified statement showing for the six months ending on the preceding June thirty the amount of the assessment base and the amount of the semiannual assessment due to the Corporation for the period

ding on the following December thirty-one, determined in accordance with subsection (a) of this section, which shall contain or be verified by a written declaration that it is made under the penalties of perjury. Each insured bank shall pay to the Corporation the amount of the semiannual assessment it is required to certify. On or before the 15th day of January of each year, each insured bank shall file with the Corporation a similar certified statement for the six months ending on the preceding December thirty-one and shall pay to the Corporation the amount of the semiannual assessment for the period ending on the following June thirty which it is required to certify.

(c) Each bank which becomes an insured bank shall not be required to file any certified statement or pay any assessment for the semiannual period in which it becomes an insured bank. On the expiration of such period, each such bank shall comply with the provisions of subsection (b) of this section except that the semiannual assessment base for its first certified statement shall be the assessment base of the bank as of the close of business on the preceding June thirty or December thirty-one, whichever is applicable, determined in accordance with subsection (a) of this section. If such bank has assumed the liabilities for deposits of another bank or banks, it shall include such liabilities in its assessment base. The first certified statement shall show as the amount of the first semiannual assessment due to the Corporation, an amount equal to the product of one half of the annual assessment rate multiplied by such assessment base.

December thirty-one of each calendar year thereafter, the Corporation shall transfer 40 per centum of its net assessment income to its capital account and the balance of the net assessment income shall be credited pro rata to the insured banks based upon the assessment of each bank becoming due during said calendar year. Each year such credit shall be applied by the Corporation toward the payment of the total assessment becoming due for the semi-annual assessment period beginning the next ensuing July 1 and any excess credit shall be applied upon the assessment next becoming due. The term "net assessment income" as used therein means the total assessments which become due during the calendar year less (1) the operating costs and expenses of the Corporation for the calendar year; (2) additions to reserve to provide for insurance losses during the calendar year, except that any adjustments to reserve which result in a reduction of such reserve shall be added; and (3) the insurance losses sustained in said calendar year plus losses from any preceding years in excess of such reserves. If the above deductions exceed in amount the total assessments which become due during the calendar year, the amount of such excess shall be restored by deduction from total assessments becoming due in subsequent years.

(e) The Corporation (1) may refund to an insured bank any payment of assessment in excess of the amount due to the Corporation or (2) may credit such excess toward the payment of the assessment next becoming due

from such bank and upon succeeding assessments until the credit is exhausted.

(f) Any insured bank which fails to file any certified statement required to be filed by it in connection with determining the amount of any assessment payable by the bank to the Corporation may be compelled to file such statement by mandatory injunction as other appropriate remedy in a suit brought for such purpose by the Corporation against the bank and any officer or officers thereof in any court of the Philippines of competent jurisdiction in which such bank is located.

(g) The Corporation, in a suit brought in any court of competent jurisdiction, shall be entitled to recover from any insured bank the amount of any unpaid assessment lawfully payable by such insured bank to the Corporation, whether or not such bank shall have filed any such certified statement and whether or not suit shall have been brought to compel the bank to file any such statement. No action or proceeding shall be brought for recovery of any assessment due to the Corporation for the recovering of any amount paid to the Corporation in excess of the amount due to it, unless such action or proceeding shall have been brought within five years after the right accrued for which the claim is made, except where the insured bank has made or filed with the Corporation is false or fraudulent certified statement with the intent to evade, in whole or in part, the payment of assessment, in which case the claim shall not have been deemed to have accrued until the discovery by the Corporation that certified statement is false or fraudulent.

(h) Should any insured bank fail or refuse to pay any assessment required to be paid by such bank under any provision of this Act, and should the bank not correct such failure or refusal within thirty days after written notice has been given by the Corporation to an officer of the bank, citing this subsection, and stating that the bank has failed or refused to pay as required by law the insured status of such bank shall be terminated by the Board of Directors. The remedies provided in this subsection and in the two preceding subsections shall not be construed as limiting any other remedies against an insured bank but shall be in addition thereto.

(i) Trust funds held by an insured bank in a fiduciary capacity whether held in trust or deposited in any other department or in another bank shall be insured like other forms of deposits, in an amount not to exceed \$10,000 for each trust estate, and when deposited by the fiduciary bank in another insured bank such trust fund shall be similarly insured to the fiduciary bank according to the trust estates represented. Notwithstanding any other provision of this Act, such insurance shall be separate from and additional to that covering other deposits of the owners of such trust funds or the beneficiaries of such estates: Provided, That where the fiduciary bank deposits any of such trust funds in other insured banks, the amount so held by other insured banks on deposit shall not for the purpose of any certified statement required under subsections (b) and (c) of this section be considered to be a deposit liability of the fiduciary bank, but shall be considered to be a deposit liability



lity of the bank in which such funds are so deposited by such fiduciary bank.

The Board of Directors shall have the power by regulation to prescribe the manner of reporting and of depositing such trust funds.

SECTION 7. (a) Any insured bank may upon not less than ninety days' written notice to the Corporation, and to the Development Bank of the Philippines if it owns or holds as pledges any preferred stock, capital notes, or debentures of such bank, terminate its status as an insured bank. Whenever the Board of Directors shall find that an insured bank or its directors or trustees have continued unsafe or unsound practices in conducting the business of the bank or which have knowingly or negligently permitted any of its officers or agents to violate any provisions of any law or regulation to which the insured bank is subject, the Board of Directors shall first give to the Central Bank of the Philippines a statement with respect to such practices or violations for the purpose of securing the correction thereof and shall give a copy thereof to the bank. Unless such correction shall be made within one hundred twenty days or such shorter period of time as the Central Bank of the Philippines shall require, the Board of Directors, if it shall determine to proceed further, shall give to the bank not less than thirty days' written notice of intention to determine the status of the bank as an insured bank, and shall fix a time and place for a hearing before the Board of Directors or before a person designated by it to conduct such hearing, at which evidence may be produced, and upon such evidence the Board of Directors

shall make written findings which shall be conclusive. Unless the bank shall appear at the hearing by a duly authorized representative, it shall be deemed to have consented to the termination of its status as an insured bank. If the Board of Directors shall find that any unsafe or unsound practice or violation specified in such notice has been established and has not been corrected within the time above prescribed in which to make such correction, the Board of Directors may order that the insured status of the bank be terminated on a date subsequent to such finding and to the expiration of the time specified in such notice of intention. The Corporation may publish notice of such termination and the bank shall give notice of such termination to each of the depositors at his last address of record on the books of the bank, in such a manner and at such a time as the Board of Directors may find to be necessary and may order for the protection of the depositors. After the termination of the insured status of any bank under the provisions of this subsection, the insured deposits of each depositor in the bank on the date of such termination, less all subsequent withdrawals from any deposits of such depositor, shall continue for a period of two years to be insured, and the bank shall continue to pay to the Corporation assessments as in the case of an insured bank during such period. No additions to any such deposits and no new deposits in such bank made after the date of such termination shall be insured by the Corporation, and the bank shall not advertise or hold itself out as having insured deposits unless in the same connection it shall also state with equal

prominence that such additions to deposits and new deposits made after such date are not so insured. Such bank shall, in all other respects, be subject to the duties and obligations of an insured bank for the period of two years from the date of such termination, and in the event that such bank shall be closed on account of insolvency within such period of two years, the Corporation shall have the same powers and rights with respect to such/as in case of an insured bank.

(b) Notwithstanding any other provision of law, whenever the Board of Directors shall determine that an insured banking institution is not engaged in the business of receiving deposits, the Corporation shall notify the banking institution that its insured status will terminate at the expiration of the first full semiannual assessment period following such notice. A finding by the Board of Directors that a banking institution is not engaged in the business of receiving deposits shall be conclusive. The Board of Directors shall prescribe the notice to be given by the banking institution of such termination and the Corporation may publish notice thereof. Upon the termination of the insured status of any such banking institution, its deposits shall thereupon cease to be insured and the banking institution shall thereafter be relieved of all future obligations to the Corporation, including the obligation to pay future assessments.

(c) Whenever the liabilities of an insured bank for deposits shall have been assumed by another insured bank or banks, the insured status of the

bank whose liabilities are so assumed shall terminate on the date of receipt by the Corporation of satisfactory evidence of such assumption with like effect as if its insured status had been terminated on said date by the Board of Directors after proceedings under subsection (a) of this Section: Provided, That if the bank whose liabilities are so assumed gives to its depositors notice of such assumption within thirty days after such assumption takes effect, by publication or by any reasonable means, in accordance with regulations to be prescribed by the Board of Directors, the insurance of its deposits shall terminate at the end of six months from the date such assumption takes effect. Such bank shall be subject to the duties and obligations of an insured bank for the period its deposits are insured: Provided, further, That if the deposits are assumed by a newly insured bank, the bank whose deposits are assumed shall not be required to pay any assessment upon the deposits which have been so assumed after the semiannual period in which the assumption takes effect.

SECTION 8. The Corporation as a corporate body shall have the power -

First. - To adopt and use a corporate seal.

Second. - To have succession until dissolved by an Act of Congress.

Third. - To make contracts.

Fourth. - To sue and be sued, complain and defend, in any court of law in the Philippines. All suits of a civil nature to which the Corporation shall be a part shall be deemed to arise under the laws of the Philippines. No at-

attachment or execution shall be issued against the Corporation or its property before final judgment in any suit, action, or proceeding in any court. The Board of Directors shall designate an agent upon whom service of process may be made in any province or city or jurisdiction in which any insured bank is located.

Fifth. - To appoint by its Board of Directors such officers and employees as are not otherwise provided for in this Act, to define their duties, fix their compensation, require bonds of them and fix penalty thereof and to dismiss such officers and employees for cause.

Sixth. - To prescribe, by its Board of Directors, by-laws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

Seventh. - To exercise by its Board of Directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this Act, and such incidental powers as shall be necessary to carry on the powers so granted.

Eighth. - To make examinations of and to require information and reports from banks, as provided in this Act.

Ninth. - To act as receiver.

Tenth. - To prescribe by its Board of Directors such rules and regulations as it may deem necessary to carry out the provisions of this Act.

SECTION 9. (a) The Board of Directors shall administer the affairs

of the Corporation fairly and impartially and without discrimination. The Corporation shall be entitled to the free use of Philippine mails in the same manner as the other offices of the national government.

(b) The Board of Directors shall appoint examiners who shall have power on behalf of the Corporation to examine any insured bank or any bank making application to become an insured bank, whenever in the judgment of the Board of Directors an examination of the bank is necessary. Each such examiner shall have power to make a thorough examination of all the affairs of the bank and in doing so he shall have power to administer oaths and to examine and take and preserve the testimony of any of the officers and agents thereof, and shall make a full and detailed report of the condition of the bank to the Corporation. The Board of Directors in like manner shall appoint claim agents who shall have power to investigate and examine all claims for insured deposits and transferred deposits. Each claim agent shall have power to administer oaths and to examine under oath and take and preserve the testimony of any person relating to such claims.

(c) Each insured bank shall make to the Corporation reports of condition in such form and at such times as the Board of Directors may require such reports to be published in such manner, not inconsistent with any applicable law, as it may direct. Every such bank which fails to make or publish any such report within such time, not less than five days, as the Board of Directors may require, shall be subject to a penalty of not more

than ₱100 for each day of such failure recoverable by the Corporation for its use.

(d) The Corporation shall have access to reports of examination made by, and reports of condition made to the Superintendent of Banks of the Governor of the Central Bank of the Philippines, and the Superintendent of Banks or the Governor of the Central Bank of the Philippines shall also have access to reports of examination made on behalf of, and reports of condition made to the Corporation.

(e) The members of the Board of Directors and the officers and employees of the Corporation are prohibited from revealing any information relating to the condition or business of any insured bank and any member of the Board of Directors, officer or employee of the Corporation violating this provision shall be held liable for any loss or injury suffered by the Corporation.

SECTION 10. (a) A permanent insurance fund in the amount of ₱5,000,000.00 to be appropriated from the General Fund is hereby created to be used by the Corporation to carry out the purposes of this Act: Provided, That the maximum amount of the insured deposit of any depositor shall be ₱10,000.00.

(b) For the purposes of this Act an insured Bank shall be deemed to have been closed on account of insolvency in any case in which it has been closed for the purpose of liquidation without adequate provision being made for payment of its depositors.

(c) Whenever an insured bank shall have been closed on account of insolvency, payment of the insured deposits in such bank shall be made by the Corporation as soon as possible either (1) by cash or (2) by making available to each depositor a transferred deposit in another insured bank in an amount equal to the insured deposit of such depositor: Provided, That the Corporation, in its discretion, may require proof of claims to be filed before paying the insured deposits, and that in any case where the Corporation is not satisfied as to the validity of a claim for an insured deposit, it may require the final determination of a court of competent jurisdiction before paying such claim.

(d) The Corporation, upon the payment of any depositor as provided for in subsection (c) of this section shall be subrogated to all rights of the depositor against the closed bank to the extent of such payment. Such subrogation shall include the right on the part of the Corporation to receive the same dividends from the proceeds of the assets of such closed bank and recoveries on account of stockholders' liability as would have been payable to the depositor on a claim for the insured deposit, but such depositor shall retain his claim for any uninsured portion of his deposit.

SECTION 11. (a) Payment of an insured deposit to any person by the Corporation shall discharge the Corporation, and payment of transferred deposit to any person by the new bank or by an insured bank in which a transferred deposit has been made available shall discharge the Corporation and



such new bank or other insured bank, to the same extent that payment to such person by the closed bank would have discharged it from liability for the insured deposit.

(b) Except as otherwise prescribed by the Board of Directors, neither the Corporation nor such other insured bank shall be required to recognize as the owner of any portion of a deposit appearing on the records of the closed bank under a name other than that of the claimant, any person whose name or interest as such owner is not disclosed on the records of such closed bank as part owner of said deposit, if such recognition would increase the aggregate amount of the insured deposits in such closed bank.

(c) The Corporation may withhold payment of such portion of the insured deposit of any depositor in a closed bank as may be required to provide for the payment of any liability of such depositor as a stockholder of the closed bank, or of any liability of such depositor to the closed bank or its receiver, which is not offset against a claim due from such bank, pending the determination and payment of such liability by such depositor or any other person liable therefor.

(d) If, after the Corporation shall have given at least three months notice to the depositor by mailing a copy thereof to his last-known address appearing on the records of the closed bank, any depositor in the closed bank shall fail to claim his insured deposit from the Corporation within eighteen months after the Monetary Board of the Central Bank of the Philippines or

the proper court shall have ordered the conversion of the assets of such closed bank into money, all rights of the depositor against the Corporation with respect to the insured deposit shall be barred, and all rights of the depositor against the closed bank and its shareholders or the receivership estate to which the Corporation may have become subrogated, shall thereupon revert to the depositor.

SECTION 12. (a) Money of the Corporation not otherwise employed shall be invested in obligations of the Republic of the Philippines or in obligations guaranteed as to principal and interest by the Republic of the Philippines: Provided, That the Corporation shall not sell or purchase any such obligations for its own account and in its own right and interest, at any one time aggregating in excess of ₱100,000, without the approval of the Insurance Commissioner: And Provided, further, That the Insurance Commissioner may waive the requirement of his approval with respect to any transaction or classes of transactions subject to the provisions of this subsection for such period of time and under such conditions as he may determine.

(b) The banking or checking accounts of the Corporation shall be kept with the Central Bank of the Philippines, with the Philippine National Bank, or with any other bank designated as depository or fiscal agent of the Philippine Government.

(c) When the Corporation has determined that an insured bank is in

danger of closing, in order to prevent such closing, the Corporation, in the discretion of its Board of Directors is authorized to make loans to, or purchase the assets of, or make deposits in, such insured bank, upon such terms and conditions as the Board of Directors may prescribe, when in the opinion of the Board of Directors the continued operation of such bank is essential to provide adequate banking service in the community. Such loans and deposits may be in subordination to the rights of depositors and other creditors.

SECTION 13. The Corporation is authorized to borrow from the Central Bank of the Philippines and the Central Bank is authorized and directed to loan the Corporation on such terms as may be fixed by the Corporation and the Central Bank, such funds as in the judgment of the Board of Directors of the Corporation are from time to time required for insurance purposes not exceeding in the aggregate of one hundred million pesos outstanding at any one time: Provided, That the rate of interest to be charged in connection with any loan made pursuant to this section shall not be less than the current average rate on outstanding marketable and nonmarketable obligations of the Republic of the Philippines as of the last day of the month preceding the making of such loan. Any such loan shall be used by the Corporation solely in carrying out its function with respect to such insurance.

SECTION 14. All notes, debentures, bonds, or such obligations issued by the Corporation shall be exempt from taxation.

SECTION 15. (a) The Corporation shall annually make a report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

(b) The financial transactions of the Corporation shall be audited by the General Auditing Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may prescribed by the Auditor General. The audit shall be conducted at the place or places where accounts of the Corporation are normally kept. The representatives of the General Auditing Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Corporation pertaining to its financial transactions and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Corporation shall remain in possession and custody of the Corporation.

(c) A report of the Audit for each fiscal year ending on June 30 shall be made by the Auditor General to the Congress not later than January 15 following the close of such fiscal year. On or before December 15 following such fiscal year the Auditor General shall furnish the Corporation a short form report showing the financial position of the Corporation at the close of fiscal year. The report to the Congress shall set forth the scope of the audit and

shall include a statement of assets and liabilities and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expenses; a statement of sources and application of funds and such comments and information as may be deemed necessary to inform Congress of the financial operations and condition of the Corporation, together with such recommendations with respect thereto as the Auditor General may deem advisable. The report shall also show specifically any program, expenditure, or other financial transactions or undertaking observed in the course of the audit, which in the opinion of the Auditor General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President of the Philippines, to the Governor of the Central Bank of the Philippines, and to the Corporation at the time submitted to the Congress.

SECTION 16. (a) Every insured bank shall display at each place of business maintained by it a sign or signs, and shall include a statement to the effect that its deposits are insured by the Corporation in all of its advertisements: Provided, That the Board of Directors may exempt from this requirement advertisements which do not relate to deposits or when it is impractical to include such statement therein. The Board of Directors shall prescribe by regulation the forms of such signs and the manner of display and the substance of such statements and the manner of use. For each day an insured bank continues to violate any provisions of this subsection or any lawful provisions of said regulations, it shall be subject to a penalty of not

more than ₱100, which the Corporation may recover for its use.

(b) No insured bank shall pay any dividends on its capital stock or interest on its capital notes or debentures (if such interest is required to be paid only out of net profits) or distribute any of its capital assets while it remains in default in the payment of any assessment due to the Corporation; and any director or officer of any insured bank who participates in the declaration or payment of any such dividend or interest or in any such distribution shall, upon conviction, be fined not more than ₱1,000 or imprisoned not more than one year, or both: Provided, That if such default is due to a dispute between the insured bank and the Corporation over the amount of such assessment, this subsection shall not apply, if such bank shall deposit security satisfactory to the Corporation for payment upon final determination of the issue.

(c) Without prior written consent by the Corporation, no insured bank shall (1) merge or consolidate with any noninsured bank or institution or convert into a noninsured bank or institution or (2) assume liability to pay any deposits made in, or similar liabilities of, any noninsured bank or institution or (3) transfer assets to any noninsured bank or institution in consideration of the assumption of liabilities for any portion of the deposits made in such insured bank.

(d) The Corporation may require any insured bank to provide protection and indemnity against burglary, defalcation, and other similar insu-

rable losses. Whenever any insured bank refuses to comply with any such requirement the Corporation may contract for such protection and indemnity and add the cost thereof to the assessment otherwise payable by such bank.

(e) Any insured bank which willfully fails or refuses to file any certified statement or pay any assessment required under this Act shall be subject to a penalty of not more than ₦100 for each day that such violations continue, which penalty the Corporation may recover for its use: Provided, That this subsection shall not be applicable under the circumstances stated in the provisions of subsection (b) of this section.

SECTION 17. Except with the written consent of the Corporation, no person shall serve as a director, officer, or employee of an insured bank who has been convicted, or who is hereafter convicted, of any criminal offense involving dishonesty or a breach of trust. For each willful violation of this prohibition, the bank involved shall be subject to a penalty of not more than ₦100 for each day this prohibition is violated, which the Corporation may recover for its use.

SECTION 18. If any provision or section of this Act or the application thereof to any person or circumstance is held invalid, the other provisions or sections of this Act, in the application of such provisions or section to other persons or circumstances, shall not be affected thereby.

SECTION 19. All acts or parts of Acts and executive orders, administrative orders, or parts thereof which are inconsistent with the provisions

of this Act are hereby repealed.

SECTION 20. This Act shall take effect upon approval. The Philippine Deposit Insurance Corporation shall commence business upon organization of the Board of Directors and certification by the Treasurer of the Philippines that the Permanent Insurance Fund has been appropriated.

APPROVED, June 22, 1963.



AN ACT AMENDING REPUBLIC ACT NO. 3591

AN ACT TO AMEND CERTAIN SECTIONS OF REPUBLIC ACT NUMBERED THREE THOUSAND FIVE HUNDRED NINETY ONE ENTITLED "AN ACT ESTABLISHING THE PHILIPPINE DEPOSIT INSURANCE CORPORATION, DEFINING ITS POWERS AND DUTIES AND FOR OTHER PURPOSES. "

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 2 of Republic Act Numbered Three thousand five hundred ninety one is hereby amended to read as follows:

"SECTION 2. The powers and functions of the Corporation shall be vested in a Board of Directors consisting of three (3) members one of whom shall be the Governor of the Central Bank of the Philippines and two of whom shall be citizens of the Republic of the Philippines to be appointed by the President of the Philippines with the consent of the Commission on Appointments. One of the appointive members shall be the Chairman of the Board of Directors of the Corporation who shall be appointed on a full time basis for a term of six (6) years at an annual compensation which shall be fixed by the President of the Philippines. The other appointive member, who shall be appointed for a term of four (4) years and the Governor of the Central Bank shall each receive a per diem of not exceeding fifty pesos (P50.00) for each day of meeting actually attended by them but in no case shall each

of them receive more than five hundred pesos (P500.00) a month. In the event of vacancy in the Office of the Governor of the Central Bank of the Philippines, and pending the appointment of his successor or during the absence of the Governor, the Acting Governor of the Central Bank of the Philippines shall act as member of the Board of Directors. In the event of a vacancy in the Office of the Chairman of the Board of Directors and pending the appointment of his successor, the Governor of the Central Bank of the Philippines shall act as Chairman. The members of the Board of Directors shall be ineligible during the time they are in office and for a period of two years thereafter to hold any office, position or employment in any insured bank, except that this restriction shall not apply to any member who has served the full term for which he was appointed. No member of the Board of Directors shall be an officer or director of any insured bank, and before entering upon his duties as member of the Board of Directors, he shall certify under oath that he has complied with this requirement and such certification shall be filed with the Secretary of the Board of Directors. Any vacancy in the Board created by the death, resignation, or removal of an appointive member shall be filled by the appointment of new member to complete the unexpired period of the term of the member concerned.

"The Board of Directors shall have the authority:

"1. To prepare and issue rules and regulations as it considers necessary for the effective discharge of its responsibilities.

"2. To direct the management, operations and administration of the Corporation;

"3. To appoint, fix the remuneration and remove any officer or employee of the Corporation for cause: Provided, however, That officers exercising discretionary powers shall not be subject to the Civil Service Law; and,

"4. To authorize such expenditures by the Corporation as are in the interest of the effective administration and operation of the Corporation."

SECTION 3. Section 4 of the same Act is hereby amended as follows:

"SECTION 4. The deposit liabilities of any bank or banking institution, which is engaged in the business of receiving deposits as herein defined on the effective date of this Act, or which thereafter may engage in the business of receiving deposits, shall be insured with the Corporation."

SECTION 4. Section 5 of the same Act is hereby repealed.

SECTION 5. Section 8 of the same Act is hereby amended to read as follows:

SECTION 8. The Corporation as a corporate body shall have the powers:

"First - To adopt and use a corporate seal;

"Second - To have succession until dissolved by an Act of Congress;

"Third - To make contracts;

"Fourth - To sue and be sued, complain and defend, in any court of law in the Philippines. All suits of a civil nature to which the Corporation shall be a part shall be deemed to arise under the laws of the Philippines. No

attachment or execution shall be issued against the Corporation or its property before final judgment in any suit, action or proceeding in any court. The Board of Directors shall designate an agent upon whom service of process may be made in any province or city of jurisdiction in which the insured bank is located;

"Fifth - To appoint by its Board of Directors such officers and employees as are not otherwise provided for in this Act, to define their duties, fix their compensation, require bonds of them and fix penalty thereof and to dismiss such officers and employees for cause;

"Sixth - To prescribe, by its Board of Directors, by-laws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed;

"Seventh - To exercise, by its Board of Directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this Act, and such incidental powers as shall be necessary to carry on the powers so granted;

"Eighth - To make examinations of and to require information and reports from banks, as provided in this Act: Provided, That any examination shall be made simultaneously with the examination by the Departments of the Central Bank conducting examination on banks;

"Ninth - To act as receiver; and

"Tenth - To prescribe by its Board of Directors such rules and regulations as it may deem necessary to carry out the provisions of this Act."

SECTION 6. Section 12 of the same Act is hereby amended to read as follows:

"SECTION 12. (a) Money of the Corporation not otherwise employed shall be invested in obligations of the Republic of the Philippines or in obligations guaranteed as to principal and interest by the Republic of the Philippines."

"(b) The banking or checking accounts of the Corporation shall be kept with the Central Bank of the Philippines, with the Philippine National Bank, or with any other bank designated as depository or fiscal agent of the Philippine Government.

"(c) When the Corporation has determined that an insured bank is in danger of closing, in order to prevent such closing, the Corporation, in the discretion of its Board of Directors is authorized to make loans to, or purchase the assets of, or make deposits in, such insured bank, upon such terms and conditions as the Board of Directors may prescribe, when in the opinion of the Board of Directors the continued operation of such bank is essential to provide adequate banking service in the community. Such loans and deposits may be in subordination to the rights of depositors and other creditors."

SECTION 7. Section 13 of the same Act is hereby amended to read as follows:

"SECTION 13. The Corporation is authorized to borrow from the Central Bank of the Philippines and the Central Bank is authorized and directed to loan the Corporation on such terms as may be fixed by the Corporation and the Central Bank, such funds as in the judgment of the Board of Directors of the Corporation are from time to time require for insurance purposes including those provided for in section 12 (c) not exceeding in the aggregate of one hundred million pesos at any one time: Provided, That the rate of interest to be charged in connection with any loan made pursuant to this Section shall not be less than the current average rate on outstanding marketable <sup>and</sup> nonmarketable obligations of the Republic of the Philippines as of the last day of the month preceding the making of such loan. Any such loan shall be used by the Corporation solely in carrying out its functions with respect to such insurance."

SECTION 8. Section 14 of the same Act is hereby amended to read as follows:

"SECTION 14. With the approval of the President of the Philippines, to issue bond, debentures, and other obligations whenever its capital or funds are not sufficient to meet its obligations to depositors whose deposits are insured: Provided, That the Board of Directors shall determine the interest rates, maturity, and other requirements of said obligations: Provided, further, That the Corporation shall provide for appropriate reserves for the redemption or retirement of said obligations.

"All notes, debentures, bonds or such obligations issued by the Corporation shall be exempt from taxation."

SECTION 9. Section 16 (a) of the same Act is hereby amended to read as follows:

"SECTION 16 (a) Every insured bank shall display at each place of business maintained by it a sign or signs, and shall include a statement to the effect that its deposits are insured by the Corporation in all of its advertisements: Provided, That the Board of Directors may exempt from this requirement advertisements which do not relate to deposits or when it is impractical to include such statement therein. The Board of Directors shall prescribe by regulation the forms of such signs and the manner of display and the substance of such statements and the manner of use. For each day an insured bank continues to violate any provisions of this subsection or any lawful provisions of said regulations, it shall be subject to a penalty of not more than ₱100.00, which the Corporation may recover for its use: Provided, however, That the penalty of imprisonment for not more than one (1) year or a fine of not exceeding two thousand (₱2,000.00) or both, in the discretion of the court shall be imposed upon:

"1. The directors and officers of any Bank, Corporation, partnership or any other company performing banking functions in the Philippines not insured under the provisions of this Act which shall in any manner advertise or hold itself out as having insured status for the purpose of making it appear

that its deposits are insured with the Corporation.

"2. The directors and officers of a bank whose insured status had already been terminated, if such bank shall continue to advertise in any manner or hold itself out as having insured deposits, unless in the same connection, it shall also state with the same prominence that additional and/or new deposits made after the effective date of termination of its insured status are no longer insured.

"3. Any person, who knowing the purpose for which the official sign, advertising statement and/or emblem, as duly prescribed by the Board of Directors of the Corporation is to be used, reproduces or supplies such official sign, advertising statement and/or emblem or a colorable imitation thereof, for the use of a bank not insured under the provisions of this Act, to enable such bank to fraudulently use the same in connection with the advertising of its services.

"(b) No insured bank shall pay any dividends on its capital stock or interest on its capital notes or debentures (if such interest is required to be paid only out of net profits) or distribute any of its capital assets while it remains in default in the payment of any assessment due to the Corporation; and any director or officer of any insured bank who participates in the declaration or payment of any such dividend or interest or in any such distribution shall, upon conviction, be fined not more than \$1,000 or imprisoned not more than one year, or both: Provided, That if such default is due to



a dispute between the insured bank and the Corporation over the amount of such assessment, this subsection shall not apply, if such bank shall deposit security satisfactory to the Corporation for payment upon final determination of the issue.

"(c) Without prior written consent by the Corporation, no insured bank shall (1) merge or consolidate with any noninsured bank or institution or convert into a noninsured bank or institution or (2) assume liability to pay any deposits made in, or similar liabilities of any noninsured bank or institution or (3) transfer assets to any noninsured bank or institution in consideration of the assumption of liabilities for any portion of the deposits made in such insured bank.

"(d) The Corporation may require any insured bank to provide protection and indemnity against burglary, defalcation, and other similar insurable losses. Whenever any insured bank refuses to comply with any such requirement the Corporation may contact for such protection and indemnity and add the cost thereof to the assessment otherwise payable by such bank.

"(e) Any insured bank which willfully fails or refuses to file any certified statement or pay any assessment required under this Act shall be subject to a penalty of not more than \$100 for each day that such violations continue, which the penalty the Corporation may recover for its use: Provided, That this subsection shall not be applicable under the circumstances stated in the provisions of subsection (b) of this section."

SECTION 10. This Act shall take effect upon its approval.

Approved.

BY-LAWS

OF

THE PHILIPPINE DEPOSIT INSURANCE CORPORATION

ARTICLE I

Office

Section 1. Principal Office. - The principal office of the Philippine Deposit Insurance Corporation shall be in the City of Manila, Philippines.

ARTICLE II

Corporate Seal

Section 1. Corporate Seal. - The name of the Corporation 'PHILIPPINE DEPOSIT INSURANCE CORPORATION' and the year '1965' shall be engraved upon a metallic circular stamp. The seal shall have for its background the shield of the Government of the Republic of the Philippines with three stars at the top, a Philippine sun with eight rays in the middle, and a key positioned prominently across the center of the sun. Such seal as impressed on the margin hereof, is hereby adopted as the corporate seal of the Corporation.

### ARTICLE III

#### Office Hours

Section 1. Office Hours. - Unless otherwise prescribed by the Board of Directors, the office hours of the Philippine Deposit Insurance Corporation are hereby fixed at 8:00 a.m. to 12:00 noon and from 1:00 p.m. to 5:00 p.m. from Monday to Friday.

### ARTICLE IV

#### Directors

Section 1. Board of Directors. - Pursuant to the provisions of Republic Act No. 3591, the Philippine Deposit Insurance Corporation shall be managed by a Board of Directors consisting of three (3) members. Two members shall be appointed by the President of the Philippines with the advice and consent of the Commission on Appointments. The Governor of the Central Bank of the Philippines, by virtue of his Office, shall be the other member.

One of the appointive members shall be the Chairman of the Board of Directors of the Corporation, who shall preside at all its meetings. In the event of a vacancy in the Office of the Chairman, and pending the appointment of his successor, the Governor of the Central Bank of the Philippines shall act as Chairman of the Board of Directors; and he shall then preside over the meetings of the Board.

In the event of a vacancy in the Office of the Governor of the Central Bank and pending the appointment of his successor, or during his absence, the Acting Governor of the Central Bank of the Philippines shall act as member of the Board of Directors.

The Board of Directors as a corporate body shall be responsible for all the duties and shall exercise all the powers vested by law in the Corporation. It may assign certain functions to the several officers, committees, and Departments of the Corporation for the performance of which they shall be held responsible to the Board.

Section 2. Quorum. - A majority of the directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 3. Meetings. - The Board of Directors shall convene as frequently as is necessary to discharge its duties and responsibilities, but shall meet at least once a week. For this purpose, the regular weekly meetings of the Board of Directors shall be held on \_\_\_\_\_  
(day of the week)  
at \_\_\_\_\_, if not a legal holiday; but if a legal holiday,  
(time and place)  
then on the next business day following.

Special meetings of the Board of Directors may be called at any time by the Chairman or in the absence of the Chairman by the Acting Chairman, to

take up urgent<sup>and</sup>/vital matters. Notice of all special meetings of the Board of Directors shall be given at least one day previous to the date fixed for the meeting.

Section 4. Agenda. - The agenda for each meeting of the Board of Directors shall be prepared under the direction of the Chairman or the Acting Chairman. Any member of the Board of Directors may request the Chairman or the Acting Chairman for the inclusion in the agenda of any item.

The agenda should normally be prepared in advance and copies, together with supporting papers, distributed to the members of the Board at least twenty-four (24) hours before the scheduled meetings.

Section 5. Notices. - Notices of both regular and special meetings shall be sent by the Secretary of the Board of Directors to each member not less than twenty-four (24) hours before any such meeting, and notices of special meetings shall state the purpose or purposes thereof. However, no failure or irregularity of notice of any regular or special meeting shall invalidate such meeting or any proceeding thereat.

Section 6. Order of Business. - At any regular or special meeting of the Board of Directors, the order of business shall be:

- 1) Reading and disposal of any unapproved minutes;
- 2) Reports of officers and committees, if any;
- 3) Unfinished business;

4) New business;

5) Adjournment.

## ARTICLE V

### Secretary of the Corporation

Section 1. Duties. - The Secretary of the Corporation shall have the rank of a department head and shall be the chief recording and custodial officer of the Board of Directors and of the Corporation. As such, he shall have legal custody of the seal of the Corporation, and shall be responsible for the maintenance and custody of the minutes and other official records of the Board, and, except as otherwise directed by the Board, the furnishing of notice of matters acted upon by the Board, the certification and ensealing of all resolutions, papers and documents requiring certification on behalf of the Corporation or the affixation of the corporate seal, and the issuance of certificates of membership, or duplicates thereof, to insured banks.

## ARTICLE VI

### Officers, Departments & Committees

Section 1. Executive Officers. - The Chairman of the Board of Directors shall be considered the Chief Executive Officer of the Corporation and he represents the Board of Directors in the management of the Corporation. In his capacity as Chief Executive Officer of the Corporation, he shall --

a) Direct the implementation and administration of the policies ap-

proved by the Board of Directors governing the business of the Corporation;  
and

b) Direct and supervise the operations and administration of the Corporation.

The other executive officers of the Philippine Deposit Insurance Corporation shall be the Assistants to the Chairman, Legal Counsel, Secretary, Chief Cashier, and the respective Managers of the Department of Examination, Assessment Department, Accounting Department, Department of Liquidation, Department of Economic Research and Statistics, and Department of Personnel and Administrative Services.

Section 2. Departments. - The Corporation shall have the following departments:

- a. Legal Department;
- b. Department of Examination;
- c. Assessment Department;
- d. Accounting Department;
- e. Cash Department;
- f. Department of Liquidation;
- g. Department of Economic Research & Statistics;
- h. Department of Personnel & Administrative Services; &
- i. Auditing Department (Under the General Auditing Office).

Section 3. Functions. - Subject to the provisions of law and rules and regulations of the Board of Directors and, subject, further, to such other functions as the Board may hereafter prescribe, the several departments of the Corporation shall have the following functions:

a. Legal Department - The Legal Department headed by the Legal Counsel, shall advise and assist the Board of Directors and the several departments of the Corporation with respect to all legal matters concerning the functions, activities and operations of the Corporation, including all litigations, compromises and settlements in which the Corporation has an interest, correspondence of a legal character, interpretation of the enabling law and other laws applicable to or affecting the Corporation or its activities, and the preparation of rules, regulations, orders, and opinions of a legal character.

b. Department of Examination - The Department of Examination headed by a manager, shall be responsible for the examination of insured banks and banking institutions, banks and banking institutions applying to become insured banks and banking institutions, closed insured banks and banking institutions, and for the special examination of other insured banks and banking institutions. The Department may refer to and make use of reports of examinations made by the Department of Supervision and Examination in the case of commercial banks, savings banks, developments banks, mortgage banks, cooperative banks, trust companies, branches and agencies in the Philippines of foreign banks, and such other banking and financial institutions which are being supervised and examined by the latter Department; reports of examinations of rural banks made by the Department of Rural Banks; and reports of examinations of savings and loan associations made by the De-



partment of Savings and Loan Associations, all of the Central Bank of the Philippines. The Department of Examination shall also advise, assist and make recommendations to, the Board of Directors pertaining to insured banks and banking institutions, including termination of insured status, applications for deposit insurance of existing and proposed banks and banking institutions, the service of bank directors, officers, and employees convicted of certain offenses, the merger or consolidation of insured banks or banking institutions, the conversion of an insured bank or institution into a noninsured bank or institution, the assumption by insured bank or institutions of liability to pay any deposits made in, or similar liabilities of, noninsured banks or institutions.

c. Assessment Department - The Assessment Department headed by a manager, shall be responsible for the administration of the assessment laws and regulations, for the receipt and desk audit of certified statements from insured banks certifying the amount of assessments due, the collection of unpaid assessments and the application of assessment credits, the audit of books and records of insured banks pertaining to certified statements for assessment purposes, the review of field audit reports and adjustment of assessment errors.

d. Accounting Department - The Accounting Department headed by a manager, shall be responsible for the setting-up of the accounts and ade-

quate accounting records of the Corporation, the maintenance and custody of such records, the development of accounting methods and procedures and a system of internal control for a proper accounting of all financial transactions of the Corporation, the preparation of periodic and year-end financial statements and analyses of accounts, and the preparation and administration of the Corporation's budget.

e. Cash Department - The Cash Department headed by a Chief Cashier, shall be responsible for the custody and safekeeping of all undeposited funds and other assets of the Corporation except those for which the Department of Liquidation is responsible. The Department shall receive collections of assessments, interests, and other funds intended for the Corporation and shall be responsible for the deposit of such funds with a designated depository. It shall be accountable for all receipts and disbursements made on behalf of the Corporation; and shall make and keep complete records thereof.

f. Department of Liquidation - The Department of Liquidation headed by a manager, shall supervise and be responsible for, and shall advise, assist, and make recommendations to, the Board of Directors with respect to payments of depositors of closed insured banks for which the Corporation is appointed receiver, the liquidation of closed insured banks for which the Corporation is appointed receiver, the liquidation of closed insured banks for which the Corporation is not a receiver and with respect to loans to, purchases of assets from, or deposits by, the Corporation in open or closed

insured banks and the liquidation of assets acquired thereby.

g. Department of Research and Statistics - The Department of Research and Statistics headed by a manager, shall provide economic counsel to the Board of Directors. It shall supervise, be responsible for, and shall advise and assist the Board of Directors with respect to continuing and special studies pertaining to deposit insurance, banking, finance and economic matters, preparation of analyses, collection, compilation and interpretation of statistical data relating to the condition and operation of banks, and the preparation of the annual report of the Corporation.

h. Department of Personnel and Administrative Services - The Department of Personnel and Administrative Services headed by a manager, shall advise the Board of Directors with respect to procedures for personnel matters, including recruitment, appointment, placement, classification, training, promotion, payroll, leave and retirement, etc., and shall maintain appropriate records pertaining thereto. It shall also be responsible for and shall supervise and advise with respect to the purchase and acquisition of equipment, supplies and materials for the several Departments of the Corporation, and shall be responsible for general maintenance services for the Corporation.

i. Auditing Department (under the General Auditing Office) - Under the provisions of Rep. Act No. 2266, the Auditor General shall be ex-officio

Auditor of the Philippine Deposit Insurance Corporation, and he may designate a representative in this Corporation and appoint the personnel complement needed to assist such representative in discharging his audit functions. The Auditing Department in the Corporation shall be under the supervision of the General Auditing Office, but the cost of operation thereof, including the payment of salaries and allowances of the personnel, the cost of equipment, supplies, etc., shall be borne by the Corporation.

Section 4. Committees. - There is hereby established an Expense Control Committee which shall be composed of the following:

- |   |            |
|---|------------|
| 1) Assistant to the Chairman (Internal)                                   | - Chairman |
| 2) The Manager of the Accounting Department                               | - Member   |
| 3) The Chief Cashier  | - Member   |
| 4) The Manager of the Department of Personnel and Administrative Services | - Member   |

The Expense Control Committee shall discharge the following functions and responsibilities:

1. To analyze the expense accounts with a view to eliminating or reducing to the minimum, consistent with the requirements of the service, the operating expenses of the Corporation;
2. To act upon all requisitions that will involve the purchase of items of furniture and equipment and non-routine expenditures for supplies and ma-

terials and services in excess of ₦500.00;

3. To pass upon all requests for repairs, alterations, additions, and betterments to the PDIC offices;

4. To act as a Committee on Bids; and

5. To perform such other duties as may be assigned to it by the Chairman.

In addition to the Expense Control Committee, the Board of Directors may create such other committees as it may deem necessary.

## ARTICLE VII

### Procurement Procedures and Delegation of Authority in Connection Therewith.

Section 1. The approval of requisitions for the procurement of office furniture, equipment, materials, supplies, and for the hiring of labor and special services shall be in accordance with the procedures and delegation of authority stated below:

#### 1) Petty Disbursements -

A petty cash fund in the amount of ₦200.00 shall be established and placed under the custody and administration of the Manager of the Department of Personnel and Administrative Services. For this purpose, the Manager of said Department shall be designated Special Disbursing Officer with the autho-

city to disburse from the said Fund amounts for small purchases of urgently needed equipment, materials, supplies, or services. The Fund shall be replenished at stated intervals or as the need for replenishment arises. Petty cash vouchers covering purchases made out of the Fund shall be audited before replenishment of the Fund may be effected.

2) Approval of Requisition -

a. Requisitions for supplies and materials and for the procurement of office furniture and equipment and the hiring of labor or services shall be addressed to the Department of Personnel and Administrative Services and shall be approved by the Head (or official of equivalent rank) of the Department making the requisition.

3) Authority to Purchase and Incur Obligations -

a. Items of minor and routine expenditures involving amounts of not more than ₦ 500.00 shall be procured under the authority of the Manager of the Department of Personnel and Administrative Services.

b. Requests for authority to purchase or to incur obligations for non-routine expenditures up to ₦ 5,000.00 and for routine expenditures involving amounts above ₦ 500.00 but not exceeding ₦ 5,000.00 shall be approved by the Expense Control Committee.

4) Authority to Conduct Public Bidding -

Requests for authority to conduct public biddings in connection with purchases of supplies, materials, furniture, equipment and/or labor involving amounts in excess of ₱10,000.00 shall be approved by the Chairman.

5) Procurement Procedures -

a. Purchases of office furniture, equipment, supplies, materials, and the hiring of labor or services involving amounts of not more than ₱500.00 shall be made through personal and telephone canvass by the Department of Personnel and Administrative Services.

b. Purchases of office furniture, equipment, supplies, materials, and the hiring of labor or services involving amounts over ₱500.00 but not exceeding ₱10,000.00 shall be made by sealed quotations.

c. Purchases of office furniture, equipment, supplies, materials, and the hiring of labor or services in excess of ₱10,000.00 shall be made through competitive public bidding.

6) Approval of Contracts Through Public Bidding or Sealed Quotations

a. Award of contracts for purchases of office furniture, equipment, supplies, materials, and for the hiring of services or labor involving over ₱5,000.00 but not exceeding ₱50,000.00 shall

be approved by the Chairman.

b. Award of contracts for purchases of office furniture, equipment, supplies, materials, and for the hiring of labor or services involving amounts in excess of ₱50,000.00 shall be approved by the Board of Directors.

7) Approval for Payment -

a. Payment of bills and invoices, and/or vouchers covering all expenditures in amounts not exceeding ₱500.00 shall be approved by the Manager, DPAS, except vouchers covering replenishment of the petty cash fund which shall be approved by the Assistant to the Chairman or other officer designated by the Chairman.

b. Payment of bills and invoices and/or vouchers covering all expenditures in amounts above ₱500.00 but not exceeding ₱10,000.00 shall be approved by the Assistant to the Chairman or other officer designated by the Chairman.

c. Bills, invoices and/or vouchers covering all expenditures in amounts over ₱10,000.00 shall be approved for payment by the Chairman.

ARTICLE VIII

Authorized Signatures

Section 1. Authorized Depositories. - All checks and drafts and all



funds of the Corporation shall be deposited to the credit of the Corporation in banks or banking institutions designated as depositories or fiscal agents of the Philippine Government. The Board of Directors shall, however, determine which of the eligible Government depositories will handle the deposit accounts of the Corporation. It shall also fix the maximum amount that may be deposited with a particular bank.

Section 2. Authorized Signatures. - The opening and/or operation of bank accounts of the Corporation with authorized depositories shall be under the signatures of the officers of the Corporation as indicated below:

1) The initial banking or checking account of the Philippine Deposit Insurance Corporation shall be opened under the signature of the Chairman or the Chief Cashier.

2) Drafts, acceptances, bills of exchange and checks, when endorsed for deposit to the credit of the Philippine Deposit Insurance Corporation require only one (1) signature which may be that of the Chairman or the cashier or the head of either the Accounting Department or the Assessment Department.

3) Checks or drafts drawn against depositories of the Corporation shall be signed by the head of either the Accounting Department or the Assessment Department and countersigned by the Chairman or the Chief Cashier. However, when the amount involved is over ₱ 500.00 the check or draft may only be counter-

signed by the Chairman.

## ARTICLE IX

### Reports and Publications

Section 1. Reports - The several departments of the Corporation shall submit to the Board of Directors at the required time intervals reports of their operations and activities, and such other reports as they may be directed by the Board to submit.

Section 2. Publications - The Corporation shall publish, in addition to its Annual Report to Congress as required under Sec. 15(a) of the Philippine Deposit Insurance Act, such other reports, periodicals, and publications which the Board of Directors may prescribe.

## ARTICLE X

### Miscellaneous Provisions

Section 1(a). Preparation of Official Communications and Documents.  
Except as otherwise provided, the following provisions shall govern the preparation of, and signature on correspondence and documents:

(1) All legal documents shall be prepared by the Legal Counsel for the signature of the Chairman. However, legal opinions requested by other departments may be signed by the Legal Counsel himself.

(2) Communications involving decision or enunciation of policy, or in-

interpretation of law or procedure affecting the operation of the Corporation shall be prepared by the department concerned for the signature of the Chairman.

(3) Communications involving applications for deposit insurance filed by existing commercial banks, rural banks, savings and loan associations, and other financial institutions which are eligible for membership shall be prepared for the signature of the Chairman, or in appropriate cases, for the signature of the department head concerned.

(4) Communications, contracts, or other documents committing or binding the Corporation to deliver, convey or dispose of any of its properties, or which might involve the Corporation in any financial undertaking, shall be prepared for the signature of the Chairman.

✓(5) Official communications addressed to, or intended for, heads of departments, bureaus/officers of the National Government, and to other officials of comparable or higher rank in the Government, shall at all times be prepared for the signature of the Chairman.

(6) All other communications or answers to queries of a nature that do not involve commitment regarding deposit insurance, or enunciation of law, procedure or policy, shall be prepared for the signature of the Head of the department under whose jurisdiction the subject matter falls: Provided, however, that the department concerned shall, if deemed necessary, furnish the Office of the Chairman with copies of such communications for their information.

(b) Handling of Official Communications and Documents. - Extreme care should be taken so that unauthorized persons may not be allowed to read official papers of the Corporation particularly reports of examination and confidential data furnished by banks and other financial institutions. To provide effective control of outgoing official communications of the Corporation, officials and employees shall not be allowed to hand-carry official communications from one office to another and, as much as possible, shall refrain from making personal follow-ups unless the nature of the communication so requires. This prohibition shall not apply to employees performing messengerial work.

Official communications and documents of a rush, urgent and/or highly confidential nature, shall be so clearly classified and marked as such in order that proper handling of the same may be made.

Confidential records and documents may be copied, extracted or reproduced only when duly authorized. The authorization shall clearly indicate the purpose and number of copies to be reproduced which will be accorded the same treatment as the original.

Official records and documents shall be systematically filed and kept in accordance with sound records management practices as to insure facility of location, safety against fires and other hazards, and to preserve the strictly confidential nature of official documents and papers.

Section 2. Forms for Official Action. - The Chairman shall have the

exclusive authority to issue circulars, office or memorandum orders and the like, concerning policies and the conduct of all officials and employees. Such circulars, office memoranda and the like shall be prepared in accordance with the following:

(a) Circulars and/or Memoranda to Insured Banks and Banking Institutions, shall serve to disseminate and/or implement resolutions, directives, policies and procedures promulgated by the Board of Directors on matters related to the business of the Corporation;

(b) Office orders shall cover administrative, management, and personnel matters including work assignments and the creation of committees;

(c) Memorandum Orders shall cover special assignments, authority for officials and employees to attend conventions, conferences, and other similar gatherings sponsored by government or private organizations, and other matters of limited application; and

(d) Memorandum to <sup>all</sup> Heads of Departments/Offices shall contain information or matters which are of general interest to officials and employees of the Corporation.

Heads of departments/offices may issue department/office orders which shall embody regulations or general orders governing the operation of their respective departments/offices and/or the conduct of their personnel.

## ARTICLE XI

### General Provisions

Section 1. The provisions of these by-laws are intended to be complementary to those of Republic Act No. 3591, otherwise known as the Philippine Deposit Insurance Act, and shall, therefore, be so construed.

Section 2. Amendments to these by-laws may be affected by a simple majority vote of the Directors present during any meeting.

Section 3. These by-laws shall take effect upon approval of the Board of Directors of the Corporation.

Approved this 7th day of January, 1969.

## RULES AND REGULATIONS

Pursuant to the provisions of R. A. No. 3591 entitled "AN ACT ESTABLISHING THE PHILIPPINE DEPOSIT INSURANCE CORPORATION, DEFINING ITS POWERS AND DUTIES AND FOR OTHER PURPOSES," the following rules and regulations governing the insurance of deposit liabilities of banks and banking institutions in the Philippines with the Philippine Deposit Insurance Corporation, hereinafter referred to as "PDIC", are hereby promulgated:

### PART I. DEFINITION OF TERMS

#### Sec. 1.01 As used in these Rules and Regulations:

a) Bank and Banking Institution - shall be synonymous and interchangeable and shall include banks, commercial banks, savings banks, mortgage banks, rural banks, development banks, cooperative banks, trust companies, branches and agencies in the Philippines of foreign banks and all other companies, corporations, partnerships performing banking functions in the Philippines. Inasmuch as under the provisions of R. A. No. 3779, as amended, deposits in savings and loan associations are eligible for deposit insurance, such associations shall be considered "banks" for purposes of these Rules and Regulations.

b) Receiver - include a receiver, liquidating agent, conservator, commission, person or other agency charged by law with the duty of winding up the affairs of a bank.

c) Insured Bank - means any bank the deposits of which are insured in accordance with the provisions of R. A. No. 3591.

d) Non-insured Bank - means any bank the deposits of which are not insured.

e) Deposit - means the unpaid balance of money or its equivalent received by a bank in the usual course of business and for which it has given or is obliged to give credit to a commercial, checking, savings, time or thrift account or which is evidenced by its certificate of deposit, and trust funds held by such bank whether retained or deposited in any department of such bank or deposited in another bank, together with such other obligations of a bank as the Board of Directors of PDIC shall find and shall prescribe by regulations to be deposit liabilities of the bank: Provided, That any obligation of a bank which is payable at the office of the bank located outside of the Philippines shall not be a deposit for any of the purposes of R. A. No. 3591 or included as part of the total deposits or of the insured deposit: Provided, further, That any insured bank which is incorporated under the laws of the Philippines which maintains a branch outside the Philippines may elect to include for insurance its deposit obligation payable only at such branch.

f) Insured Deposit - means the net amount due to any depositor for deposits in an insured bank (after deducting offsets) less any part thereof which is in excess of ₱10,000.00. Such net amount shall be determined according to such regulations as the Board of Directors of PDIC



may prescribe and in determining the amount due to any depositor there shall be added together all deposits in the bank maintained in the same capacity and the same right for his benefit or in his own name or in the names of others, except trust funds the insurance of which shall be separate from and additonal to that covering other deposits of the owners or beneficiaries of such trust funds. }

g) Transfer Deposit - means a deposit in an insured bank made available to a depositor by PDIC as payment of insured deposit of such depositor in a closed bank and assumed by another insured bank.

h) Trust Funds - means funds held by an insured bank in a fiduciary capacity and includes without being limited to funds held as trustee, executor, administrator, guardian or agent.

i) Base Day - shall be the period of time from the closing of the books of the bank on the last business day immediately preceding the assessment base day to the closing of the books of the bank on the base day according to its normal practice, i. e. the usual and regular practice of the bank on business days with no deviation therefrom on base days. Holidays and other non-business days intervening between the preceding business day and the base day are a part of the base day.

j) Cash Item - means any instrument providing for the payment of money which the reporting bank in the regular course of business has received and in exchange therefor has given credit to a deposit account

or has issued an instrument evidencing or constituting a deposit as defined in item (e) of this Section, or has paid in the regular course of business by giving cash therefor or credit as a payment on a debt due to the bank, or has received as a collection for public utility service, or in a similar transaction: Provided, That the instrument is in the process of collection and is payable on presentation; and Provided, further, That the payor or drawee of the instrument is not the reporting bank or a branch or office thereof. However, an instrument received by a bank in payment of or arising from the sale or other disposition of any of its assets is not a cash item for the purposes of these Rules and Regulations.

A cash item is deemed to be in the process of collection from the time it is either credited to a deposit account or paid by the reporting bank until the reporting bank has received acceptable payment in the form of cash, credit, draft or officers' check or notice of dishonor: Provided, That an item shall not be considered as in the process of collection if such item has been outstanding for a period in excess of fifteen (15) days from the time it was sent to the drawee bank for payment.

A cash item is deemed to be payable on presentation when the payor or drawee is required to pay it forthwith upon presentation.

k) Cash Item Held For Clearing - This term (as used in the Certified Statements on PDIC Forms Nos. 201 and 202) represents an item: --

(1) which has been received in the usual course of business

on the base day before the closing of the books on that

day;

(2) which is held at the time of said closing for clearance or direct presentment on the next business day in conformity with the normal practice of the reporting bank; and

(3) in which the payor or drawee of the instrument is a bank or person, other than the reporting bank.

1) Cash Item Forwarded For Collection - This term (as used in the Certified Statements on PDIC Forms Nos. 201 and 202) represents an item received on the base day and either sent for collection on the same day or held at the close of business on that day to be sent for collection on the next business day.

m) Uncollected Cash Item In Process of Collection - This term (as used in the Certified Statements on PDIC Forms Nos. 201 and 202) represents cash item paid or credited on days preceding the base day but remaining uncollected as of the close of business on the base day for a period not in excess of fifteen (15) days. This cash item is eligible for deduction only under the (bb) method.

n) Interbranch Item - This is an item which is drawn against a deposit account maintained in the main office or a branch office of the reporting bank, which is received and paid or credited to a deposit account by an office of the reporting bank other than the

office which carries the deposit account against which such item is drawn.

o) Reciprocal Bank Balances - A reciprocal bank balance exists when the reporting bank has a deposit balance due to another bank, and such reporting bank also has a deposit balance due from the same insured bank disregarding, for this purpose, balances representing deposits of trust funds.

## PART II. APPLICATION FOR DEPOSIT INSURANCE

Sec. 2.01 Who may Apply For Deposit Insurance - Any existing or proposed bank may apply for insurance of its deposit liabilities with PDIC. A "proposed bank" for purposes of these Rules and Regulations, is one which has already registered its Articles of Incorporation with the Securities and Exchange Commission but has not yet started operations.

Sec. 2.02 Filing of Application and Procurement of Forms - Existing or proposed banks desiring to insure their deposit liabilities with PDIC should file their applications for deposit insurance with PDIC. Appropriate application forms and instructions for completing the same will be furnished without charge upon request.

Sec. 2.03 Forms and Instructions - The following application forms for deposit insurance and other forms relating thereto are

hereby prescribed, sample copies of which are hereto attached and made integral parts of these Rules and Regulations:

a) Application By Existing Banks

(1) PDIC Form No. 101 - Application for Deposit Insurance by an Existing Bank -- An existing bank shall use this form which must be signed and sworn to by the Bank's President or Vice President and Treasurer or Secretary, and the bank's corporate seal affixed thereto. Two (2) signed copies of the application must be filed with PDIC, and at least one (1) copy kept by the bank in its files. This form must be accompanied by --

- PDIC Form No. 101-A -- Statement of Capital and Capital Required

- PDIC Form No. 103 -- Information Sheet and Statement of Assets and Liabilities, [For each director and officer (from President down to Department Heads)]

- Certified Copy of Articles of Incorporation and By-Laws

b) Application by Proposed Bank

(1) PDIC Form No. 102 - Application for Deposit Insurance by a Proposed Bank -- A proposed bank shall use this form which must be signed and sworn to by the Treasurer or other duly authorized representative of the proposed bank. Two (2) signed copies must be filed with PDIC, and at least one (1) copy kept by the bank.

in its files. The accomplished form submitted to PDIC must be accompanied by a certified copy of the bank's Articles of Incorporation.

(2) PDIC Form No. 102-A - Certificate of Adoption of Resolution -- This form is a certificate attesting to the fact of adoption of a resolution by the Board of Directors of the bank approving the action of the Treasurer or other duly authorized representative of the proposed bank in preparing and presenting the application for deposit insurance on PDIC Form No. 102. This document should be certified and sworn to by the President or Vice President and by the Treasurer or Secretary of the bank.

Final action on the application for deposit insurance of a proposed bank will not be taken unless two (2) properly executed copies of Form No. 102-A (Certificate of Adoption of Resolution) are received by PDIC, accompanied by a copy of the bank's license or authorization to engage in the business of receiving deposits, where such license or authorization is required by law or regulation.

Sec. 2.04 Notice of Disposition of Application for Deposit Insurance - PDIC shall advise the applicant bank of the action taken on its application for deposit insurance.

Sec. 2.05 Effective Date of Insurance - The deposit insurance shall take effect on the date of receipt by the bank of the notice of approval: Pro-

vided, however, That in the case of a proposed bank which has not started operation on the date of receipt of the notice of approval, the insurance shall take effect on the date such bank actually started operation.

### PART III. ASSESSMENTS

Sec. 3.01 Assessment Rate - Each insured bank shall pay to PDIC an assessment on its assessment base at the rate of one-eighteenth ( $1/18$ ) of one percentum per annum. The semi-annual assessment for each insured bank shall be in the amount of the product of one-half ( $1/2$ ) the annual assessment rate multiplied by the assessment base.

Sec. 3.02 Assessment Base - The assessment base shall be the amount of the liability of the bank for deposits according to the definition of the term "deposit" pursuant to Section 3(f) of R. A. 3591 and Sec. 1.01(e) of these Rules and Regulations without any deduction for indebtedness of depositors but subject to the deductions and exclusions authorized in Sec. 6, sub-section (a), (1) and (2), of said Act and Sections 3.03 and 3.05 of these Rules and Regulations. In case a bank which is incorporated under the laws of the Philippines and which maintains a branch outside the Philippines elects to include for insurance its deposit obligations payable only at such branch, it shall include such deposit obligations as part of the "deposits" subject to assessment.

Deposits maintained in foreign currencies in an insured bank shall

form part of the total deposit obligations of said bank. For assessment purposes, such deposits shall be converted to their equivalent amount in pesos on the basis of the legal parity rate obtaining on the applicable base day/s.

Sec. 3.03 Allowable Deductions From Deposit Liabilities - The following items are allowable deductions from reported total deposit liabilities in computing the assessment base:

a) Reciprocal Bank Balances - For assessment purposes, the reporting bank may deduct from the total deposit liabilities the amount due from another insured bank not in excess of the balance due to such insured bank. For the purpose of computing the reciprocal bank balance deduction, the balance used must be subject to immediate withdrawal. This means that items in the process of collection must be excluded from the computation of both the "due to" and "due from" balances as shown on the books of the reporting bank. For instance, any outstanding unpaid draft credited to the "due from" account may be added back to the book balance to show the actual collected balance due from the other insured bank in computing this deduction.

b) Interbranch Item - This item may be deducted in its actual amount if it is not reflected on the books of the reporting bank on the base day as a charge against deposit liabilities.

c) Cash Items - In computing the assessment base, cash items



may be deducted under either of the two alternative methods described in the following section without regard as to whether withdrawal has been made against the credit given to deposit accounts in the normal course of business.

However, no deductions may be made or claimed --

(1) for cash items after the reporting bank has received payment or notice of dishonor thereof;

(2) for instruments received in payment for cash items previously paid or credited to deposit accounts and forwarded for collection; and

(3) for instruments received in payment of clearings.

Furthermore, an instrument providing for the payment of money which is paid or credited to a deposit account and which is received for the purpose of abnormally increasing deposits or reducing assessments with deductions on any assessment base day is not a cash item as defined in this Part as it is not received in the usual or regular course of business.

No two reporting banks may deduct the same cash items under the (aa) method for computing deductible cash items unless one of the banks normally and in the regular course of business is a collecting and check clearing agent of the other.

d) Trust Funds deposited in other insured banks - Trust funds

deposited in other insured banks may be deducted from the total deposit liabilities: Provided, That --

- (1) The account is maintained in the depository insured bank by the reporting bank as fiduciary and the account is properly noted as such to show that the funds therein are trust funds;
- (2) The funds in such account are used exclusively for their trust purposes by the reporting bank; and
- (3) Records are kept which clearly show that the trust funds have been deposited and maintained in the manner above-stated.

e) Non-assessable items included in the total deposit liabilities -

Items or accounts which are not assessable but which have been included in the total deposit liabilities may be claimed as deductions provided they are explained fully.

Sec. 3.04 Choice of method in computing deductible cash items - An insured bank may at its option compute its deductible cash items by either of the following methods designated (aa) and (bb):

(aa) Method: - Under this method, a bank may deduct twice the amount of the total of the following:

- (1) "cash items held for clearing"

both as defined in Sections 1.01(k) and 1.01 (l), respectively, of these

Rules and Regulations.

(2) "cash items forwarded for collection".

(bb) Method: - Under this method, a bank may deduct the actual amount of the total of the following:

(1) "cash items held for clearing";

(2) "cash items forwarded for collection"; and

(3) "uncollected cash items in process of collection"

all as defined in Sections 1.01 (k) and 1.01(1), and 1.01(m), respectively, of these Rules and Regulations.

The reporting bank may select either of the two alternative methods (aa) or (bb) for claiming deductions for cash items: Provided, That the named method is used for both base days in the semi-annual assessment period.

Sec. 3.05 Exclusions from Deposit Liabilities - For assessment purposes, the following items may be excluded in computing the total deposit liabilities:

a) Deposit accounts held as security for a liability to the bank,

Provided, That the amount that may be excluded shall --

(1) not exceed such liability;

(2) not be subject to withdrawal by the obligor; and

(3) be carried in a special non-interest bearing account designated to properly show their purpose.

b) Deposit liabilities of a bank which are payable at an office of the bank located outside the Philippines unless the insured bank which is in-

incorporated under the laws of the Philippines and which maintains a branch outside the Philippines has elected to include for insurance its deposit obligations payable only at such branch in which case such deposit liabilities should be included as part of the total deposit liabilities.

Sec. 3.06 Maintenance of assessment records - As a condition to the right to make any deduction or exclusion in determining the assessment base, each insured bank shall maintain such records as will readily permit verification of the correctness thereof.

Sec. 3.07 Time of Payment of Assessments - As provided in the next following section, each insured bank shall pay to PDIC the amount of the semiannual assessment due to PDIC as shown on its Certified Statement at the time such statement is filed.

Sec. 3.08 Filing of Certified Statements - The certified statements required to be filed under Section (b) of R. A. No. 3591 shall be in the prescribed forms hereto attached and made integral parts of these Rules and Regulations. Every insured bank shall file a certified statement with PDIC as follows:

a) PDIC Form No. 202 - First Certified Statement - This form shall be accomplished by the newly insured bank and filed with PDIC upon the expiration of the first semiannual period in which it became an insured bank. This form shows, the deposit liabilities less the authorized deductions for only one base day, either June 30 or December 31, whichever date is applicable. When any of said base days is a

non-business day or a holiday, the preceding business day shall be used. It also shows the computation of the assessment base and the amount of the assessment due the PDIC. It must be signed under oath by an authorized officer of the bank and the original copy forwarded to PDIC on or before July 15 or January 15, as the case may be, and a copy or copies retained in the bank's files. Blank forms will be mailed by PDIC to the newly insured banks with appropriate instructions for their preparation.

b) PDIC Form No. 201 - Certified Statement - This form shall be accomplished by every insured bank and filed with PDIC on or before January 15 and July 15 of each year by every insured bank, except newly insured banks which must submit their First Certified Statement on PDIC Form No. 202. PDIC Form No. 201, shows the deposit liabilities less authorized deductions for the two base days in each semiannual period. The base days are March 31 and June 30 for the six (6) month period ending June 30; and September 30 and December 31 for the six (6) month period ending December 31. When any of said base days is a non-business day or a holiday, the preceding business day shall be used. The form shows the computation of the assessment base and the amount of the assessment due the PDIC. It must be signed under oath by an authorized officer of the bank, the original copy forwarded to PDIC, and a copy of copies retained in the

bank's files. Blank forms will be mailed by PDIC to the insured banks with appropriate instructions for their preparation.

Sec. 3.09 Resumption of insured status before the insurance of deposits ceases; filing of Certified Statements - If a bank whose insured status has been terminated under Section 7(a) or (b) of R. A. 3591 made application to PDIC before the insurance of its deposits shall have ceased, to be permitted to continue or to resume its status as an insured bank, and, if the Board of Directors of PDIC grants the application, the Bank will be deemed for assessment purposes to continue as an insured bank and must, thereafter, furnish Certified Statements and pay assessments as though its insured status had not been terminated in the first instance.

Sec. 3.10 Submission of Reports of Condition, etc. - Whenever required by the Board of Directors of PDIC, insured banks shall file reports of condition, reports of earnings and dividends, summaries of deposits, and such other reports as may be required, upon the forms and in the manner and pursuant to the instructions prescribed by the Board of Directors from time to time. The form of such reports and instructions for completing the same will be furnished to all such banks by, or may be obtained upon request from, PDIC.

#### PART IV. PAYMENT OF INSURED DEPOSITS

Sec. 4.01 Payment of Insured Deposits in Closed Banks - Whenever

an insured bank closes on account of insolvency, PDIC shall make payments of insured deposits therein. An insured bank shall be deemed to have been closed on account of insolvency in any case in which it has been closed for the purpose of liquidation without adequate provision being made for payment of its depositors. The Board of Directors of PDIC shall appoint one or more Claim Agents with the power and authority to investigate and examine claims for insured deposits for the purpose of making immediate payment thereof in accordance with the provisions of R. A. No. 3591. Claimants for insured deposits shall submit to such Claim Agents appropriate proof of claims in the form and manner prescribed by law or the Board of Directors of PDIC, deliver any passbook or other record issued by the bank evidencing the insured deposit, assign their claims for insured deposits to PDIC to the extent required by law, and furnish proper identification. In cases where PDIC is not satisfied as to the validity of a claim for insured deposit, it may require the final determination and adjudication of a court of competent jurisdiction before paying such claim.

Sec. 4.02 Form of Payment - PDIC may make payment of the insured deposits either (1) by cash or its equivalent or (2) by making available to each depositor a transferred deposit in another insured bank in an amount equal to the insured deposit of the depositor. Any such transfer deposit would be in the form of a demand deposit. In making such payments, PDIC shall exercise its statutory authority to withhold payment of such portion

of the insured deposit of any depositor as may be required to provide for the payment of any liability of such depositor as a stockholder of the bank, or of any liability of such depositor to the closed bank or its receiver, which is not offset against a claim from the bank pending the determination and payment of such liability by the depositor or any other person liable therefor.

Sec. 4.03 Claim by Fiduciary Bank for insured deposits of Trust

Estates - The claim for insured deposits on a closed insured bank by a fiduciary bank which, in the exercise of its trust powers, had deposited trust funds therein shall be determined as follows:

a) Allocated funds of a trust estate - If trust funds of a particular trust estate are allocated by the fiduciary and deposited, the deposit with respect to such estate will be the amount of its funds allocated and deposited and remaining to the credit of the claimant as fiduciary in the closed insured bank.

b) Interest of a trust estate in unallocated trust funds - If trust funds belonging to two or more trust estates be mingled and deposited in whole or in parts by the fiduciary bank in one or more insured banks to the credit of such fiduciary bank without allocation of specific amounts from each particular trust estate, the deposit with respect to a trust estate in any closed insured bank shall be computed in accordance with the following formula:

$$x = \frac{a}{b} \times c$$



Where x - represents the corresponding deposit of a trust estate in the closed insured bank;

a - represents the entire unallocated trust funds to the credit of the fiduciary bank in the closed insured bank;

b - represents the entire unallocated trust funds for which the fiduciary bank is accountable, including such portions held by it and/or deposited in all depositories; and

c - represents all unallocated trust funds of the trust estate for which the fiduciary bank is accountable.

c) Total insured deposits of a particular trust estate - The total insured deposit of a fiduciary bank with respect to any particular trust estate shall be the sum of the two amounts determined in accordance with paragraphs (a) and (b) above, but shall in no case exceed ₦10,000.00.

Sec. 4.04 Payment not to exceed ₦10,000.00 to each depositor - Each depositor of a closed insured bank shall be entitled to payment covering the net amount due him from such bank for deposits (after deducting offsets) not in excess of ₦10,000.00. In establishing the amount due any depositor, there shall be added together all deposits maintained in the said closed insured bank in the same capacity and in the same right for his benefit either

in his own name or in the name of others, except trust funds the insurance of which shall be separate from and additional to that covering other deposits of the owners or beneficiaries of such trust funds, as provided in subsection (i) of Section 6 of R. A. No. 3591.

Sec. 4.05 Insurance of deposits maintained in currencies other than the Philippine peso - Deposit obligations in foreign currency of any insured bank are eligible for deposit insurance.

Deposit insurance coverage and payment for insured deposits maintained in foreign currencies in a closed insured bank shall be determined in accordance with the following rules:

a) the deposit in foreign currency shall be converted into its equivalent amount in Philippine pesos at the legal parity rate obtaining on the date the bank was closed on account of insolvency, and the insurance coverage shall extend to such computed amount, but in no case to exceed P10,000.00 for each depositor; and

b) the liability of PDIC to each depositor shall be payable in Philippine pesos in the amount of insurance coverage as computed above.

Sec. 4.06 Subrogation of Corporation to all rights of Depositor upon payment of insured deposits - Upon payment of the insured deposit as outlined above, PDIC shall be subrogated to all rights of the depositor against a closed insured bank to the extent of such payment. Such subrogation shall include the right on the part of PDIC to receive the same dividends from the

proceeds of the assets of such closed bank as would have been payable to the depositor on a claim for insured deposit, but such depositor shall retain his claim for any uninsured portion of his unpaid deposit.

PART V. TERMINATION OF INSURED STATUS OF  
INSURED BANKS

Sec. 5.01 Voluntary termination of insured status of insured banks -

Any insured bank may, upon not less than ninety (90) days' written notice to PDIC, and to the Development Bank of the Philippines if it owns or holds as pledges any preferred stock, capital notes, or debentures of such bank, terminate its status as an insured bank in accordance with the following procedures:

a) Adoption of resolution and notice to PDIC - The insured bank shall adopt a resolution stating that its insured status shall terminate on the date specified in the resolution which shall not be earlier than ninety (90) days from the date of the receipt by PDIC of a certified copy of the resolution. The resolution shall likewise state that the president or other authorized officer of the bank is directed to immediately forward a certified copy of the resolution to PDIC, receipt of which shall constitute the prescribed notice of voluntary termination of the bank's insured status. The PDIC, upon receipt of a copy of said resolution, shall promptly advise the bank of the date of such

receipt and confirm the date of the termination of the insured status of the said bank.

b) Notice to depositors - The insured bank shall give notice to its depositors of the termination of its insured status not later than five (5) days after receipt of the confirmation by PDIC of the date of such termination and prior to the termination date. Such notice shall be (1) mailed to each depositor at his last address of record as shown upon the books of the bank, (2) published in not less than two (2) consecutive issues of a local newspaper of general circulation, and (3) shall state that the status of the bank as an insured bank will terminate on the date specified in the notice and that the insured deposits in said bank on the date of termination will continue to be so insured within the limitations prescribed under Sec. 7(a) of R. A. No. 3591. Any additional information or advice which the bank may deem advisable may be included in the notice.

Should the bank concerned propose to pay its depositors by means of a transferred deposit in another insured bank, the notice shall state, additionally, that the deposits may be transferred upon the depositor's direction and upon his acknowledgment in writing of the payment of his deposits by such transfer; or that, in case of a liquidating bank, such transfer may be made upon his failure to claim his deposits within three (3) months from the date of last publication of notice in the newspaper.

c) Documentary proofs of mailing and publication of notice to be furnished PDIC - The bank shall furnish PDIC the following documents:

(1) an affidavit of mailing to be executed by the official of the bank under whose direction the mailing was effected, which affidavit shall state the date of the mailing, the fact that it was mailed to each depositor at his last known address of record appearing in the books of the bank, and that a copy of the notice as mailed is attached; and (2) an affidavit of the publication of the notice to depositors, together with proof of such publication.

d) Additional requirements with respect to liquidating banks. - In addition to the foregoing, a liquidating bank shall accomplish the following:

1) Submission of additional legal documents - The insured bank shall submit to PDIC certified copies of such additional documents or instruments as are required by law to place the bank in liquidation.

2) Notice to PDIC of payment of deposit liabilities - When the deposit liabilities of the liquidating bank shall have been paid in full, the bank shall furnish PDIC an affidavit executed by two of its ranking officers stating the fact that the deposit liabilities of the bank have been paid in full and giving the date of the final payment. It shall be understood that the issuance of a draft or officers' check will not discharge the bank of its liability until the same is finally paid.

3) Disposition of unclaimed deposits - When the liquidating bank has unclaimed deposits (i. e. deposits not claimed within three (3) months from the date of publication of notice as required in subsection (b) above), it shall further state in the affidavit required in the preceding paragraph the amount of such unclaimed deposits and the disposition made of the funds to be held to meet such claims. The transfer of such funds or compensating assets to an insured bank in an amount sufficient to pay the unclaimed and unpaid deposits in consideration of such insured bank assuming payment thereof will be considered as payment of such unclaimed deposits. In this connection, the liquidating bank shall furnish PDIC: (a) an affidavit and proof of publication, and (b) a certified copy of the contract of assumption.

Sec. 5.02 Involuntary termination of insured status of insured banks -

Whenever the Board of Directors of PDIC shall find that the insured bank or its directors or trustees have continued unsafe or unsound practices in conducting the business of the bank or which have knowingly or negligently permitted any of its officers or agents to violate any provision of any law or regulation to which the insured bank is subject, the said Board shall give the Central Bank of the Philippines a statement with respect to such practices or violations for the purpose of securing correction thereof and shall furnish a copy thereof to the insured bank concerned.

The insured status of such an insured bank shall be terminated by PDIC

in accordance with the following procedures:

a) Notice and hearing to determine the status of the insured bank - If the unsafe or unsound practices and/or violations by an insured bank shall not have been corrected within one hundred twenty (120) days or such shorter period of time as the Central Bank of the Philippine shall require, the Board of Directors of PDIC shall give the insured bank not less than thirty (30) days written notice of intention to terminate the insured status of said bank, and shall fix a time and place for hearing before the Board or before a person designated by it to conduct such hearing in accordance with such procedure as the Board may determine at which hearing evidence may be produced and upon which the Board shall make written findings which shall be conclusive. Unless the bank shall appear at the hearing by a duly authorized representative, it shall be deemed to have consented to the termination of its insured status.

b) Publication of notice of termination of insured status - If it has been established during the hearing that the bank has not corrected the unsafe or unsound practice and/or violations specified in the notice of intention to terminate its insured status, the Board of Directors of PDIC may order that the insured status of the bank be terminated on a date subsequent to such finding and to the expiration of the time specified in such notice of intention to terminate. PDIC shall cause to be published notice of such termination in at least two (2) consecutive issues of a local newspaper of general circu-

lation, and the bank shall give notice of such termination to each of the depositors at his last address of record on the books of the bank in such manner and at such a time as the Board of Directors of PDIC may find necessary and may order for the protection of the depositors.

Sec. 5.03 Continuation of insurance of deposits in insured banks after termination of insured status - The insured deposits (less all subsequent withdrawals) of each depositor in a bank whose insured status has been terminated whether voluntarily by the bank concerned (under Sec. 5.01 above) or by action of the Board of Directors of PDIC (under Sec. 5.02 above) shall, from the date of such termination, continue to be insured for a period of two (2) years. The bank shall continue to file certified statements with and pay assessments to PDIC as in the case of an insured bank during the said two-year period. Additions to existing insured deposits and new deposits in such bank made after the date of such termination shall no longer be covered by deposit insurance and the bank shall not advertise or hold itself out as having insured deposits unless in the same connection it shall also state with equal prominence that such additions to deposits and new deposits made after such termination date are no longer insured. The bank whose insured status has been terminated under the provisions of Sec. 7(a) of R. A. No. 3591 (Sec. 5.01 and Sec. 5.02 of these Rules and Regulations) shall, during the two (2) years from the date of such termination, in all other respects be subject to the duties and obligations of an insured bank; and, in the event such bank



shall be closed on account of insolvency, within such period of two years, PDIC shall have the same powers and rights with respect to such bank as in the case of an insured bank.

Sec. 5.04 Termination of insured status of an insured bank not engaged in the business of receiving deposits. - Whenever the Board of Directors of PDIC shall have evidence indicating that an insured bank is not engaged in the business of receiving deposits, it will give notice in writing to the bank of such fact and will direct the bank to show cause why its insured status should not be terminated under the provisions of Sec. 7(b) of R. A.No. 3591.

PDIC shall take the following steps:

a) Notice requiring production of evidence. - The Board of Directors of PDIC shall give the bank a period of at least thirty (30) days from receipt of notice to submit documents or written evidence supporting the fact that it is actually engaged in the business of receiving deposits.

b) Hearing - The Board of Directors may, in its discretion and upon request of the bank, authorize a hearing before it or before any person designated by it for the purpose of receiving and evaluating the evidence presented by the bank.

c) Notice of Termination - If after evaluation of the evidence presented in behalf of the bank, the Board of Directors of PDIC determine that the bank is not engaged in the business of receiving deposits, it shall notify the bank that its insured status and the insurance of its deposits will terminate at the

expiration of the first full semiannual assessment period following such notice. The bank shall then file its final Certified Statement and pay the corresponding assessment for such period.

d) Publication of Notice of Termination - Within thirty (30) days prior to the date of the termination of the insured status of the bank, the said bank shall publish a notice of termination in at least two (2) consecutive issues of a local newspaper of general circulation and shall furnish PDIC with proof of such publication.

The notice shall state that the status of the bank as an insured bank will terminate on the date indicated therein and its deposits shall thereupon cease to be insured. Any pertinent information or advice that the bank may deem desirable may be included in the notice.

Sec. 5.05 Termination of insured status of an insured bank for failure and/or refusal to pay assessment - Should any insured bank fail or refuse to pay any assessment required to be paid by such bank under any provision of R. A. No. 3591 and should the bank not correct such failure or refusal within thirty (30) days after written notice has been given by PDIC to an officer of the bank, citing Sec. 6(h) of said Act, and stating that the bank has failed or refuses to pay as required by law, the insured<sup>status</sup>/of such bank shall thereupon be terminated by the Board of Directors of PDIC.

a) Publication of notice to depositors of insured bank - Upon the termination of the insured status of the bank, PDIC shall cause the publication in

two (2) consecutive issues of a local newspaper of general circulation of notice to the depositors of the delinquent insured bank to the effect that the insurance of their deposits will terminate upon the expiration of the first full semiannual period following the date of the last publication of notice to depositors. The cost of such publication shall be chargeable to the bank.

b) Remedies of PDIC against insured bank - PDIC shall be entitled to recover from any insured bank the amount of any unpaid assessment lawfully payable by such insured bank to PDIC in a suit brought in any court of competent jurisdiction. Any insured bank which fails or refuses to pay the required assessment may be compelled to pay such assessment by mandatory injunction or other appropriate remedy in a suit brought for such purpose by PDIC against the bank and any of its officer or officers thereof in any court of the Philippines of competent jurisdiction in which the bank is located. These remedies provided for in subsection (f) and (g) of Sec. 6 of R. A. No. 3591 shall be in addition to any other legal remedies available to PDIC against the insured bank.

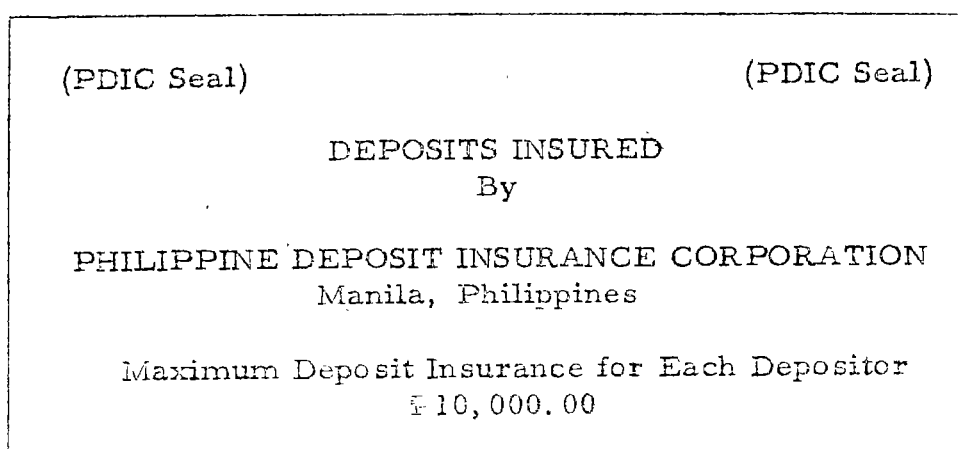
#### PART VI. ADVERTISEMENT OF MEMBERSHIP

Sec. 6.01 Mandatory requirements with regard to the official sign and display -

(a) Insured banks to display official sign - Each insured bank shall continuously display an official sign as hereinafter prescribed at each teller's window or counter where insured deposits are usually and normally received

in its principal place of business and in all its branches. The official sign shall be displayed by an insured bank immediately upon receipt thereof from PDIC.

(b) Official sign - The official sign shall be seven inches by three inches (7" x 3") in size and shall be of the following design:



PDIC shall provide at cost official signs of uniform material which any insured bank may display. No insured bank shall display official signs other than those provided by PDIC.

Sec. 6.02 Mandatory requirements with regard to the official advertising statement and/or emblem and manner of use -

(a) Insured banks to include official advertising statements and/or emblem in all its advertisements - Each insured bank shall not later than thirty days after the first day of operation as an insured bank, include the official advertising statement and/or emblem as hereinafter prescribed, in all of its advertisements.

NOTED DISCREPANCIES IN THE  
1969 ANNUAL REPORT

1. Page 4, paragraph 2, last sentence, should read as follows:

The reserves registered a decrease of \$40.7 million from the level of \$161.4 (not \$184.2) million in 1968.

This is an erratum.

2. Table 3 - The Level of International Reserves, presented on page 9, should be titled -

International Reserve of the Central Bank

3. The first paragraph of page 13 reports 105,086 depositors.

The columns of "No. of Depositors" of Tables 6 & 7, pp. 15 & 16 respectively show a total of 104,810 (104,166 + 644) depositors - the difference of 256 is due to the consolidation of deposit accounts. Consolidation of deposit accounts is authorized under subsection (g) of Section 3 of R.A. 3591, as amended.

4. Page 22, second sentence, should read as follows:

"Under the rules and regulations, the insurance coverage is limited to demand, savings, and time deposits and trust funds and the assessment rate is established at 1/18 of 1% per annum.

An insured bank may be exempted from this requirement only upon prior written approval of the PDIC. In cases where advertising copy not including the official advertising statement and/or emblem is on hand on the date the requirement of this section becomes operative, the insured bank may cause the official advertising statement and/or emblem to be included by use of rubber stamp or otherwise. When an insured bank has billboard advertisements outstanding which are required to include the official advertising statement and/or emblem, it shall cause the official advertising statement and/or emblem to be included therein as soon as it is consistent with its contractual obligations.

(b) Official advertising statement - The official advertising statement shall be in substance as follows: "Member of the Philippine Deposit Insurance Corporation (Maximum Deposit Insurance for Each Depositor - ₱10,000.00)".

(c) The emblem - The emblem shall be of the following design:



(d) Official advertising statement and/or emblem in a dialect or language other than English - The official advertising statement and/or emblem may be translated in any other dialect: Provided, That the translation has had the prior approval of the PDIC.

#### PART VII. PENAL PROVISIONS

Sec. 7.01. Penal Provisions - Violations of any of the provisions of R. A. No. 3591 and/or these rules and regulations shall subject the offender to the penalties imposed under Sections 9(c), 16(a), (b), (e) and 17 of R. A. No. 3591 insofar as the same may be applicable, without prejudice to the right of PDIC to avail itself of other remedies under other existing laws: Provided, That in the case of Sections 9(c), 16(a) and (e), and 17, the Board of Directors of the PDIC shall determine the amount of penalty which shall in no case exceed ₱100.00.

#### REPUBLIC ACT NO. 5517

AN ACT CREATING A FUND FROM WHICH SHALL BE DISBURSED AMOUNTS NECESSARY TO PAY DEPOSITORS, IN AMOUNTS NOT EXCEEDING TEN THOUSAND PESOS (₱ 10,000.00) PER INDIVIDUAL DEPOSITOR, OF BANKS WHICH ARE FORBIDDEN TO DO BUSINESS BY THE CENTRAL BANK PURSUANT TO SECTION TWENTY NINE OF REPUBLIC ACT NUMBERED TWO HUNDRED SIXTY-FIVE.

Be it enacted by the Senate and House of Representatives of the Philippines in

Congress assembled:

SECTION 1. There is hereby created a Fund from which shall be disbursed amounts necessary to pay depositors, in amounts not exceeding Ten thousand pesos (P10,000.00) per individual depositor of the following banks:

- (a) A bank which has been forbidden to do business by the Central Bank pursuant to Republic Act No. 265; and
- (b) Any bank which, between the effective date of this Act and the date the Philippine Deposit Insurance Corporation commence the grant of insurance coverage to banks pursuant to Republic Act No. 3591, may be forbidden to do business by the Central Bank pursuant to Section 29 of Republic Act 265.

The Monetary Board, upon recommendation of the Philippine Deposit Insurance Corporation shall set aside out of the profits of the Central Bank the sum of P15 million, or such amount as may be necessary, to be placed into the funds hereinbefore created to carry out the purposes of this Act, the provisions of Sec. 41 of R. A. No. 265 notwithstanding.

SECTION 2. The fund shall be subrogated in place of the depositors to the extent of the amounts disbursed from the Fund shall be repaid to the extent of the distributions allocable thereto out of the assets of the bank concerned, in the event the said bank is liquidated pursuant to law.

SECTION 3. As soon as the purpose of this Act shall have been accomplished as determined by the Philippine Deposit Insurance Corporation, the



balance of the Fund shall be reverted to the National Treasury.

SECTION 4. The books and records of the banks concerned shall be open to the Philippine Deposit Insurance Corporation, its officers and authorized personnel, and the said Corporation is hereby authorized to perform any and all acts necessary for the implementation of this Act. The Philippine Deposit Insurance Corporation shall promulgate the necessary rules and regulations to implement this Act.

SECTION 5. This Act shall take effect upon its approval.

APPROVED.

#### RULES AND REGULATIONS

Pursuant to the provisions of Section 4 of Republic Act No. 5517 entitled "An Act Creating a Fund From Which Shall Be Disbursed Amounts Necessary to Pay Depositors, in Amounts Not Exceeding Ten Thousand Pesos (P10,000.00) Per Individual Depositor of Banks Which Are Forbidden to Do Business by the Central Bank Pursuant to Section Twenty-Nine of Republic Act Numbered Two Hundred Sixty Five," the Philippine Deposit Insurance Corporation hereby promulgates and prescribes the following implementing Rules and Regulations:

##### Section 1 - Definition of Terms as Used in These Rules and Regulations:

a) Fund - is the amount of cash or its equivalent which has been

set aside and made available to the Philippine Deposit Insurance Corporation out of the profits of the Central Bank of the Philippines by the Monetary Board for the implementation of Republic Act No. 5517.

- b) Deposit - means the unpaid balance of money or its equivalent received by the bank in the usual course of its business and for which it has given or is obliged to give credit to its deposit liability account, whether current or demand, savings or time deposits.
- c) Individual Depositor - refers to a natural or artificial person or persons with a deposit account or accounts in a bank maintained in the same capacity and the same right in the name or names of such person or persons or in the name of another for his/its/their own benefit. In determining the net amount due each individual depositor, there shall be added together all deposits in the bank maintained in the same capacity and the same right for his benefit in his own name or in the name of others. //

Section 2 - Determination of Depositors Entitled to Payment under the Provisions of Republic Act No. 5517.

Only depositors of the following banks are entitled to payment of their deposits:

- (1) A bank which has been forbidden to do business by the Central Bank pursuant to Republic Act No. 265; and

(2) Any bank which, between the effective date of this Act and the date the Philippine Deposit Insurance Corporation commences the grant of insurance coverage to banks pursuant to Republic Act No. 3591, may be forbidden to do business by the Central Bank pursuant to Section 29 of Republic Act No. 265.

For this purpose, the PDIC shall rely upon information officially furnished by the Central Bank on the matter.

Section 3 - Assignment of Claim Agents and/or Authorized PDIC Personnel.

a) There shall be appointed Claim Agents who shall have the power to investigate, examine, verify and pass upon the validity of all claims made by individual depositors of banks pursuant to the provisions of this Act, on the basis of bank records turned over to PDIC by the Central Bank of the Philippines and/or the records of the depositors maintained in good faith and in the regular course of business.

There shall also be hired necessary personnel to assist the Claim Agents in the implementation of the Act.

b) Each Claim Agent shall have the power to administer oath, to examine under oath, and take and preserve the testimony of any person relating to such claims.

Section 4 - Filing of Claims

a) No payment of deposit shall be made by PDIC unless a claim shall have been filed, processed and approved for release of payment.

- b) Claims shall be filed by the depositor or his duly authorized agent at the bank premises on the dates scheduled for payment after claim forms shall have been distributed thereat. The schedules for payment shall be published in at least two newspapers of general circulation and/or posted in a conspicuous place at the bank premises.
- c) If after termination of the payoff operation by PDIC in the bank, any claim for payment of deposits has not been filed, the same shall be filed in the office of the PDIC. No claim, however, shall be entertained by PDIC unless such claim is filed within two months from the date of termination of the said payoff in the bank and the date shall be indicated in notices which shall be published in at least two leading newspapers of general circulation. This rule, however, shall not be construed as a bar to the right of a depositor to claim against the bank or the receiver or the agency charged with the duty of winding up the affairs of the bank as the case may be.

#### Section 5 - Procedure and Mode of Payment

- a) The individual depositor shall surrender and/or submit his/her or its savings passbook, latest statement of current deposits, certificates of time deposits and such other documents and/or records as may be necessary in the investigation, examination and verification of the validity and of the existence and amount of his/her or its deposit claims. When the amount of deposit exceeds ₱10,000.00

- such evidence/evidences shall be returned to the owner after payment of the deposit due the said owner.
- b) The individual depositor shall accomplish a Deed of Assignment to subrogate the Fund in place of such depositor to the extent of the amount paid.
  - c) Payment of claims shall be as follows:
    - 1. Claims from ₱0.01 to ₱500.00 shall be paid in cash.
    - 2. Claims which exceed ₱500.00 and up to ₱10,000.00 shall be paid by checks. ;
  - d) No payment of deposit per individual depositor as defined in Section 1(c) of these Rules and Regulations shall exceed the amount of ₱10,000.00.

Section 6 - Various types of deposits and a guide for determining the status of the depositor's claims.

- a) In determining the amount due to any depositor, there shall be added together all deposits in the bank maintained in the same capacity and the same right for his benefit either in his own name or in the name of others.
- b) A deposit account owned by two or more persons payable upon orders of all the owners is a joint account and the owners are presumed to have equal interest/share in the account. In case any of the owners of the joint account also owns a separate individual deposit, the same

shall be added to his share in the joint account in determining his total deposits.

This same rule shall apply when several accounts are owned jointly by the same combination of persons or names. The interests/shares in all the joint accounts of each co-owner shall be consolidated and added to his individual account maintained by him in his own right and name, and he shall be paid the total of his deposits which shall in no case exceed ₦10,000.00.

- ✓ c) "A deposit account owned by two or more owners payable to either owner i.e., A and/or B or A or B is a joint and several account and such owners shall be treated as a single individual depositor as defined in this Rules and Regulations. ~~Such~~ <sup>xxx</sup> account is owned by the owners in a right different from their individual deposits, and shall be treated as a separate account maintained in a different right and capacity.]

When two or more accounts payable to the order of either owners are owned jointly and severally by the same combination of persons or names, all such accounts shall be added together and paid the equivalent amount but in no case to exceed ₦10,000.00."

- d) When the record of the bank shows that an account is in the name of a natural or artificial person or persons such person or persons shall be considered as the actual owner of the account in the absence

of any evidence or information to the contrary. And if, in addition to the account of such person or persons, another<sup>account</sup>/is maintained in the name of another with a designation or description that the latter is a trustee, administrator, executor or agent of the former, the two accounts shall be added together. For example, an account in the name of A must be added to an account in the name of B, acting as agent of A, to determine the net amount due to A.

- e) An account maintained by a married woman in her own name and in her own right shall be treated independently from that maintained by the husband in his own name and in his own right.
- f) An account maintained by a minor or deposited by another for the minor's account shall be considered as a deposit of such minor and shall not be added to the deposit of his guardian.
- g) A corporation or association with juridical personality which maintains a deposit account in its name, shall be treated as an individual depositor and any deposit account maintained by any member thereof shall be separate and distinct and treated as another individual deposit for the account of the member.
- h) Problems or situations that are not covered or treated in the foregoing paragraphs shall first be submitted by the Claim Agent In-Charge to the Claims Liquidation Committee for consideration and decision, before any payment is made to the depositor whose claim is in question.

CIRCULAR LETTER  
Series of 1969

T O : ALL BANKS AND SAVINGS AND LOAN ASSOCIATIONS

The Philippine Deposit Insurance Corporation created under Republic Act No. 3591, which was approved on June 22, 1963, to provide a system of insurance for deposit liabilities of banks and banking institutions in the Philippines, invites you to take advantage of the timely benefits which membership in the Corporation entitles every insured bank. Specifically stated in the law, these benefits include the Corporation's undertaking to pay insured deposits up to a maximum of ₱ 10,000 for each depositor upon the bank's closure on account of insolvency and, in a proper case, to provide financial assistance to an insured bank in danger of closing, in order to prevent such closing. A more desirable consequence of a bank's becoming an insured bank, however, is the fact that each insured bank inevitably contributes to its own stability, in particular, and that of the banking system, in general. To attain its objective of providing assurance of the safety of bank obligations, the Philippine Deposit Insurance Corporation must necessarily adopt measures for promoting the growth of sound banking operations which, in turn, make for a sound banking system. The confidence of bank depositors in the banking system thus renewed and strengthened by an awareness of deposit insurance benefits will no doubt generate more and more deposits in an insured bank. But the development of deposit insurance as an instrument of econo-



mic and banking stability will be made possible only with the cooperation of the banks and banking institutions which make up the system. The Philippine Deposit Insurance Corporation addresses this appeal to you to share with it the responsibilities and ultimately the success of the operation of the deposit insurance scheme.

For your information and guidance with respect to the operations of the PDIC in relation to the insurance of your deposit liabilities, we are pleased to furnish herewith the following:

1. One (1) copy of Republic Act No. 3591.
2. One (1) copy of a set of the Corporation's rules and regulations which includes the prescribed forms for application for deposit insurance and for assessments, together with instructions for their accomplishment.
3. Three (3) sets of PDIC Forms No. 101, Application for Deposit Insurance, and PDIC Form No. 101-A, Statement of Capital and Capital Required.

A bank desiring to insure its deposit liabilities must file an application therefor with the Philippine Deposit Insurance Corporation. For this purpose we have enclosed for your use three sets of PDIC Forms No. 101 and 101-A. The instructions for filling up the same are incorporated with the rules and regulations. Please note that PDIC Form No. 101 must be accompanied by the appropriate number of PDIC Form No. 103, Information Sheet and Statement of Assets and Liabilities, to be accomplished by each director/officer of your bank. You may reproduce the form in the required number to suit your particular needs.

The original and duplicate of the accomplished PDIC Form No. 101 together with attachments, PDIC Form No. 101-A and Form No. 103 must reach the Corporation not later than April 19, 1969. We deem it necessary to initially set a cut-off date for the receipt of applications to afford every bank and banking institution equal opportunity to be among the first beneficiaries of deposit insurance, with sufficient time for the Corporation to complete the evaluation and consideration of such applications for deposit insurance at the earliest possible date.

We count on your wholehearted cooperation in adopting deposit insurance as a means to strengthen our joint efforts to build and maintain a healthy and sound banking system.

March 17, 1969.

CIRCULAR LETTER  
Series of 1969

TO : ALL BANKS AND SAVINGS AND LOAN ASSOCIATIONS

Re: Amendment of the Rules and Regulations

In connection with the requirement of the Rules and Regulations regarding submission of PDIC Form No. 103 (Information Sheet and Statement of Assets and Liabilities [For each director and officer (from President down to Department Heads)]), the Board of Directors in its meeting of April 22, 1969

decided to amend Sec. 2.03, a) (1) of the Rules and Regulations, to read as follows:

"Sec. 2.03 Forms and Instructions - The following application forms for deposit insurance and other forms relating thereto are hereby prescribed, sample copies of which are hereto attached and made integral parts of these Rules and Regulations:

"a) Application by Existing Banks

"(1) PDIC Form No. 101 - xxx

xxx

"- PDIC Form No. 103 -- Information Sheet and Statement of Assets and Liabilities,  
[For each director and officer  
(from President down to Department Heads)] OR

-LATEST INCOME TAX RETURNS

xxx"

Under this amendment, the latest income tax returns of the officers of the applicant-bank concerned may be submitted in lieu of Form No. 103.

Please be guided accordingly.

April 23, 1969.

CIRCULAR LETTER  
Series of 1969

TO: ALL BANKS AND SAVINGS AND LOAN ASSOCIATIONS

In connection with the cut-off dates for submittal with this Corporation of applications for deposit insurance which was initially set in our Circular Letter dated March 17, 1969, for not later than April 7, 1969 or April 19, 1969, we are pleased to advise you that PDIC will, at all times, accept applications for deposit insurance. This is in consonance with the provisions of Republic Act No. 3591 and the related rules and regulations.

However, please be informed that we would give priority to those that filed their applications on, or closest to, the deadlines originally prescribed, and those that would file at earlier dates from hereon.

Your attention is also invited to our Circular Letter dated April 23, 1969 which amends Sec. 2.03 of our rules and regulations, allowing you to submit together with your application for deposit insurance the latest income tax returns for each director and officer of your Corporation in lieu of the PDIC Form No. 103.

Please be guided accordingly.

May 2, 1969.

MEMORANDUM

TO : ALL MEMBER BANKS

SUBJECT : PDIC OFFICIAL SIGNS AND EMBLEMS  
REGARDING ADVERTISEMENT OF MEMBERSHIP

Pursuant to Section 16(a) of Republic Act No. 3591 a portion of which is

quoted hereunder:

"Section 16(a). Every insured bank shall display at each place of business maintained by it a sign or signs, and shall include a statement to the effect that its deposits are insured by the Corporation in all its advertisements: . . . . ."

we are now distributing to member banks PDIC signs and emblems in the form of Plastic Standees and Decals.

In this connection, please submit to this office at the earliest time possible your requisition of the number of signs and emblems that your bank needs. In determining the number of PDIC signs and emblems that your offices need, please be guided by the provisions of our Rules and Regulations for the implementation of Republic Act No. 3591 as follows:

"Part VI Advertisement of Membership

Section 6.01 - Mandatory requirements with regard to the official sign and display -

a) Insured banks to display official sign - Each insured bank shall continuously display an official sign as hereinafter prescribed at each teller's window or counter where insured deposits are usually and normally received in its principal place of business and in all its branches. The official sign shall be displayed by an insured bank immediately upon receipt thereof from PDIC (Underscoring supplied).

Section 6.02 - Mandatory requirements with regard to the official advertising statement and/or emblem and manner of use -

a) Insured banks to include official advertising statements and/or emblem in all its advertisements - Each insured bank shall not later than thirty days after the first day of operation as an insured bank, include the official advertising statement and/or emblem as herein-after prescribed, in all of its **advertisements: . . . . .**"

The PDIC signs and emblems shall be billed to member banks at cost upon delivery.

September 2, 1969.

MEMO TO : All Member Banks  
SUBJECT : Submission of Reports

Supplementing our Memorandum to All Member Banks dated August 7, 1969, it is hereby requested that all member banks henceforth submit to the Philippine Deposit Insurance Corporation at least two legible copies of reports being submitted to the Department of Supervision and Examination (DSE) of the Central Bank of the Philippines, per attached list.

Upon representations and suggestions made by some member banks and after consultations with the DSE, the PDIC is adopting, in the meantime, the DSE report forms for your convenience and facility in the preparation of re-

ports containing data required by both the DSE and the PDIC. It is understood that the pertinent reports will be submitted to the PDIC on the dates that they are required to be submitted to the DSE.

Encl: as stated

November 17, 1969.

LIST OF REPORTS REQUIRED TO BE SUBMITTED TO THE  
PHILIPPINE DEPOSIT INSURANCE CORPORATION

DSE Form No.

- |     |  |
|-----|--|
| 1   | Report of Required and Available Reserves Against Deposit Liabilities (Consolidated)   |
| 1-B | Report of Changes in the Composition of Securities Held as Reserves for Deposit Liabilities, submitted in compliance with the requirement of Sec. 1(a) of CB Circular No. 2. |
| 2   | Statement of Condition   |
| 3   | Published Statement of Condition (Consolidated)  |
| 3-B | Published Statement of Condition (Consolidated) <u>a/</u>  |
| 4   | Report of Earnings, Expenses, Surplus and Dividend.  |
| 4-A | Report of Earnings, Expenses and Undivided Profits   |
| 5   | Statement of Condition (Consolidated)  |
| 6   | Report on Holdings of Bonds, Notes, and Securities (Consolidated)  |
| 9-A | Statement of Capital Required and Capital Accounts under Section 30 of Republic Act No. 337 (Consolidated) <u>b/</u>   |
| 12  | Report on Government Deposits (Consolidated)   |

DSE Form No.

13	Report of Extent of Utilization of Loanable Funds (Consolidated) <u>c/</u>
14	Quarterly Report of Subscriptions, Payment on Subscriptions, Stock Dividends, Transfer of Shares of Stock and other Changes Affecting Capital Stock
15	Special Time Deposits and Reserves Against Them <u>d/</u>
16	Statement of Capital Required and Capital Accounts Under Section 22 of Republic Act No. 337 <u>e/</u>
20	Report on Dividends Declared
Unnumbered	Report Required by Section 83 of Republic Act No. 337
Unnumbered	List of Members of Board of Directors and Officers

- a/ Development Bank of the Philippines only.  
b/ Head offices of savings and mortgage banks and private development banks.  
c/ Head offices of private development banks.  
d/ Head offices of domestic commercial banks and Manila offices of foreign banks.  
e/ Head offices of domestic commercial banks.

M E M O R A N D U M

TO : ALL MEMBER BANKS

SUBJECT : PDIC OFFICIAL SIGNS AND EMBLEMS REGARDING ADVERTISEMENT OF MEMBERSHIP

Further to our memo dated September 2, 1969, please be reminded that the PDIC signs and emblems for use by insured banks are now ready for distribution and may be obtained from the office of the PDIC at the 6th floor,



Philippine Banking Corporation Building, Port Area, Manila. These PDIC signs and emblems are in the form of plastic standees and decals and shall cost ₱2.85 and ₱2.35, respectively, per piece.

In this connection, may we invite your attention to the pertinent provisions of Republic Act No. 3591, as amended, which read:

"Section 4. The deposit liabilities of any<sup>bank</sup>/or banking institution, which is engaged in the business of receiving deposits are herein defined on the effective date of this Act (August 4, 1969), or which thereafter may engage in the business of receiving deposits, shall be insured with the Corporation."

"Section 16(a). Every insured bank shall display at each place of business maintained by it a sign or signs, and shall include a statement to the effect that its deposits are insured by the Corporation in all of its advertisements: . . ."

On the number of PDIC signs and emblems which you may need, please be guided by the following provisions of our Rules and Regulations implementing Republic Act No. 3591, as amended, which read as follows:

"Section 6.01 - Mandatory requirement with regard to the signs and display -

a) Insured bank shall continuously display an official sign as hereinafter prescribed at each teller's window or counter where insured deposits are usually and normally received in its principal

place of business and in all its branches. The official sign shall be displayed by an insured bank immediately upon receipt thereof from PDIC (Underscoring supplied). "

Any insured bank which shall violate any of the above quoted provisions of law and regulations shall be subject to a penalty of not more than ₱100.00 for each day while the violation continues, pursuant to Section 16(a) of Republic Act No. 3591, as amended.

November 26, 1969

M E M O R A N D U M

T O : All Member Banks  
S U B J E C T : First Certified Statement

For the implementation of Republic Act No. 3591, as amended by Republic Act No. 6037, you are hereby furnished the forms of First Certified Statement which should be returned to our office duly accomplished together with your remittance on or before January 15, 1970.

To facilitate the preparation of the "First Certified Statement", you are hereby provided the "Instruction for Preparation - PDIC Form 202 - First Certified Statement," Republic Act 3591, as amended, and the Rules and Regulations for the implementation of R. A. No. 3591 for your ready references. Please take note that certain provisions of the Rules and Regu-

lations are no longer applicable in view of the recent amendment of R. A. 3591. However, the provisions concerning the First Certified Statement and the assessment remain in effect.

For your guidnace and compliance.

December 2, 1969.

Encl.: a/s

V.

STATISTICS OF BANKS

- (1) Number of Banks in Operation
- (2) Assets & Liabilities of Banks
- (3) Number of Depositors

## STATISTICS OF BANKS & DEPOSIT INSURANCE

In December, 1968 there were thirty-eight (38) commercial banks, thirteen (13) savings and mortgage banks, twenty-eight (28) development banks, seven (7) building and loan associations and four (4) other banking institutions which include the Land Bank, NACIDA Bank, Philippine National Cooperative Bank and Philippine Veterans Bank. These financial institutions have a total of 620 branches, agencies and extension offices here in the country and abroad.

In 1969, however, the Overseas Bank of Manila and its four (4) branches, one (1) extension office and one representative liaison office in Tokyo ceased operating in compliance with Monetary Board Resolution dated August 2, 1968. The Island Savings Bank with its two (2) extension offices stopped operations because of Monetary Board Resolution dated June 14, 1968. On February 12, 1969, the Monetary Board decreed Fidelity Savings & Mortgage Bank to close its door for business.

In 1969, the commercial banks opened up twenty-one (21) more branches and agencies, the savings and mortgage banks established seven (7) new branches and agencies, and the development banks set up five (5) more branches.

In 1968, there were 4,444,562 depositors with the Savings depositors of 4,211,569 making up the bulk. Data for 1969 are not still available. It is believed though that there has been an increase also in the number of the patrons of the banking system.

As of September 30, 1969, these depositors have kept with the commercial banks, savings banks, development banks, building and loan associations, Philippine National Cooperative Bank and the Philippine Veterans Bank - P5.37 Billion of deposits.

TABLE 8 CONSOLIDATED STATEMENT OF ALL BANKS  
As of September 30, 1969  
(In Thousand Pesos)

	Commercial Banks	Savings Banks*	Development Banks	Other Banking Institutions (PNCB & PVB)	Building And Loan Associations	GRAND TOTAL
<u>ASSETS</u>						
1. Cash	P 184,910	P 13,898	P 3,029	P 7,828	P 8	P 209,673
2. Checks & Other Cash Items	151,608	2,114	660	3,218	24	157,624
3. Due from Central Bank	668,019	279	6,247	16,214	-	690,759
4. Due from Other Banks	380,905	170,870	240,554	4,084	292	796,705
Total Cash	P 1,385,442	P 187,161	P 250,490	P 31,344	P 324	P 1,854,761
5. Loans & Discounts	P 4,827,832	P 270,123	P 1,849,304	P 83,209	P 22,435	P 7,052,903
6. Overdrafts	1,301,771	-	-	16,191	-	1,317,962
7. Bills Purchased	276,974	-	150	2,140	-	279,264
8. Customers Liab. on drafts under LC and/or TR	1,005,248	-	-	24,326	-	1,029,574
9. Customers Liab. for this banks accept outstanding	120,550	-	-	-	-	120,550
Total Loans	P 7,532,375	P 270,123	P 1,849,454	P 125,866	P 22,435	P 9,800,253
10. Investment in bonds/other securities	P 1,371,024	P 82,196	P 285,538	P 68,998	P -	P 1,807,756
11. Due from Head Office	5,764	83	-	-	-	5,847
12. Bank premises, furniture & equip- ment (Net book value)	244,235	13,692	55,201	9,282	1,478	323,886
13. Other property owned or acquired	125,664	9,547	34,839	1,429	335	171,815
14. Other assets	338,081	52,152	73,293	9,074	188	472,788
15. TOTAL ASSETS	P 11,002,585	P 614,954	P 2,548,815	P 245,993	P 24,760	P 14,437,107

# LIABILITIES & CAPITAL ACCOUNTS

## Liabilities:

Deposits:	P 6,509,270	P 462,684	P 283,909	P 152,636	P -	P 7,408,499
a) Demand deposits	1,487,581	-	-	10,452	-	1,498,033
b) Savings deposits	2,793,912	410,807	50,628	26,340	-	3,281,687
c) Time Certificate of Deposits	743,203	35,308	9,323	2,256	-	790,090
d) Deposit of the government, its political subd. or instrumentalities	1,181,858	-	213,449	84,576	-	1,479,883
e) Deposits of banks	302,716	16,569	10,509	19,012	-	358,806
Due to Head Office, Gr./Ags.	104,817	-	5	-	-	104,822
Cashiers, Managers & Certified checks	126,638	-	382	1,215	-	128,235
Outstanding accept. executed by or for the acct. of this bank	166,746	2,919	2	133	-	169,798
Dividends Payable	1,901,272	45,076	1,601,135	19,226	1,353	3,568,062
Marginal deposits on L/Cs	560,990	-	15	12,783	-	573,788
Other Liabilities	383,956	19,619	110,831	10,270	2,597	517,273
Unearned Income & Other deferred credits	139,421	4,709	20,253	4,227	1,147	169,757
<b>TOTAL LIABILITIES</b>	<b>P 9,893,110</b>	<b>P 535,007</b>	<b>P 2,016,532</b>	<b>P 200,490</b>	<b>P 5,097</b>	<b>P 12,650,236</b>

## Capital Accounts

Capital Stocks	P 639,229	P 59,350	P 429,492	P 33,441	P 18,420	P 1,179,932
Surplus	358,525	2,221	84,785	29	-	445,550
Surplus Reserves	58,287	15,547	8,075	2,551	758	85,218
Undivided Profits	53,434	2,839	9,877	9,482	485	76,117



A/B Transfer Acct.	P -	P -	P 54	P -	P -	P 54
TOTAL CAPITAL ACCOUNTS	P 1,109,475	P 79,947	P 532,283	P 45,503	P 19,663	P 1,786,871
Less: War items adjustments accounts	P -	P -	P -	P -	P -	P -
Net Total Capital Accounts	1,109,475	79,947	532,283	45,503	19,663	1,786,871
TOTAL LIABILITIES & CAPITAL ACCOUNTS	P 11,002,585	P 614,954	P 2,548,815	P 245,993	P 24,760	P 14,437,107

\* Includes Philippine Postal Savings Bank

SOURCE: DSE, Central Bank of the Philippines

TABLE 9 . CONSOLIDATED STATEMENT OF ALL BANKS  
AS OF DEC. 31, 1968  
(MILLION PESOS)

ITEMS	COMMERCIAL BANKS	SAVINGS BANKS	POSTAL SAVINGS BANKS	DEVELOPMENT BANKS	RURAL BANKS	GRAND TOT.
<u>ASSETS</u>						
Cash	176.9	15.7	2.4	5.7	8.5	209.2
Cash and other Cash Item	184.4	7.2	-	-	1.5	193.1
Due from C.B.	791.4	-	-	-	-	791.4
Due from banks	498.6	112.1	-	216.6	32.3	859.6
Trust funds with JRP	-	-	75.0	-	-	75.0
Loans and discounts	4799.9	277.1	-	1741.7	390.0	7208.7
Overdrafts	1317.6	-	-	-	-	1317.6
U. S. A. & Unmatured Export bills	1127.0	-	-	-	-	1127.0
Investments	1286.3	33.3	-	284.0	6.8	1610.4
Building, house, furniture and equipment	241.8	12.2	-	46.6	14.4	315.0
Other real and chattel mortgage owned	131.4	4.5	-	8.3	-	144.2
Other assets	355.3	34.7	8.2	43.3	15.1	456.6
<b>TOTAL ASSETS</b>	<b>10910.6</b>	<b>496.8</b>	<b>86.5</b>	<b>2346.2</b>	<b>468.6</b>	<b>14308.7</b>
<u>LIABILITIES &amp; NETWORTH</u>						
Liabilities:						
Deposits	5933.8	343.2	59.1	263.9	167.8	6767.8
a) Demand deposits	1861.6	-	-	-	4.4	1866.0
b) Savings deposits	2762.0	294.4	59.1	-	32.4	3247.9
c) Time deposits	1310.2	48.8	-	-	31.0	1390.0
Due to banks	354.0	9.9	-	-	1.3	365.2
Cashiers and Managers checks	75.9	-	-	-	4	76.3

ITEMS	COMMERCIAL BANKS	SAVINGS BANKS	POSTAL SAVINGS BANKS	DEVELOPMENT BANKS	RURAL BANKS	GRAND TOTAL
1. Dividends Payable	-	-	-	220.1	-	-
2. Loans Payable	-	-	-	931.2	-	220.1
3. Bonds Payable	-	-	-	60.8	-	931.2
4. Bills Payable	1778.3	66.8	-	208.4	82.1	1988.0
5. Other Liabilities	1628.4	8.9	-	-	85.5	1881.2
TOTAL LIABILITIES	9770.4	428.8	59.1	1684.4	287.1	12229.8
Network:						
1. Capital Stock	647.9	61.9	27.4	501.8	134.7	1373.7
2. Surplus Reserves and Undivided Profits	492.3	6.1	-	160.0	46.8	795.2
TOTAL NETWORTH	1140.2	68.0	27.4	661.8	181.5	2078.9
TOTAL LIABILITIES & NETWORTH	10910.6	496.8	86.5	2346.2	468.6	14308.7

Sources: Central Bank

**TABLE 10 . TOTAL NUMBER OF BANKS IN OPERATION  
IN THE PHILIPPINES CLASSIFIED BY TYPE  
AS OF DECEMBER 31, 1969**

<u>TYPE OF BANK</u>	<u>HEAD OFFICES</u>	<u>NUMBER OF BRANCHES, AGENCIES, EXTENSION OFFICES, ETC. 1/</u>	<u>T O T A L</u>
1. Commercial Banks	38 ✓	542	580
2. Savings & Mortgage Banks	13 2	38	51
3. Development Banks	30 2	50	80
4. Building & Loan Ass.	7	-	7
5. Other Banking Insti- tutions (Land Bank, NACIDA Bank, PNCB & PVB)	4	24	28
GRAND TOTAL.....	92	654	746 2/

1/ - Including overseas branches and agencies.

2/ - Note of DSE: Including -

- (a) Seven (7) representative liaison officers abroad which are not considered banking units for supervision and examination purposes (PNB - Hamburg, Hongkong, Tokyo, London, Singapore, Djakarta & TOBM - Tokyo.
- (b) Eleven (11) banking offices which are no longer in normal operation (TOBM and its four (4) branches and one (1) extension office; Fidelity Savings Bank; Island Savings Bank and its two (2) extension offices; NACIDA Bank.

Excluding:

- (a) Banking offices which are winding up its affairs; office located thereat transferred to another site.
- (b) Ten (10) local representative offices of foreign banks.

SOURCE OF BANK DATA: Department of Supervision & Examination  
Central Bank of the Philippines.

TABLE 11.TOTAL NUMBER OF BANKS IN OPERATION  
IN THE PHILIPPINES CLASSIFIED BY TYPE  
AS OF DECEMBER 31, 1968

<u>TYPE OF BANK</u>	<u>HEAD OFFICE</u>	<u>NUMBER OF BRANCHES, AGENCIES, EXTENSION OFFICES, ETC.*</u>	<u>T O T A L</u>
1. Commercial Banks	38	521	559
2. Savings & Mortgage Bank	13	31	44
3. Development Banks	28	45	73
4. Building & Loan Associations	7	-	7
5. Other Banking Ins- titutions	<u>4</u>	<u>23</u>	<u>27</u>
T O T A L .....	<u>90</u>	<u>620</u>	<u>710</u>

\*Includes foreign branches.

SOURCE: Department of Supervision and Examination  
Central Bank of the Philippines.

TABLE 12 . NUMBER OF DEPOSITORS IN COMMERCIAL, SAVINGS AND RURAL BANKS  
1960 - 1969

Year	Grand Total	TOTALS FOR			COMMERCIAL AND SAVINGS BANK					RURAL BANKS		
		Demand Depositors	Savings Depositors	Time Depositors	Total	Demand Depositors	Savings Depositors	Time Depositors	Total	Demand Depositors	Savings Depositors	Time Depositors
1960	1,114,446	72,091	1,039,213	3,142	994,906	72,091	919,673	3,142	119,540	nil	119,540	nil
1961	1,240,196	85,525	1,150,017	4,654	1,080,361	84,782	991,183	4,396	159,835	743	158,834	256
1962	1,535,373	101,079	1,427,582	6,712	1,337,162	100,218	1,230,535	6,409	198,211	861	197,047	303
1963	1,754,562	109,311	1,635,302	9,949	1,543,588	108,243	1,425,834	9,511	210,974	1,068	209,468	438
1964	2,253,097	141,307	2,097,968	13,822	1,986,637	140,031	1,833,365	13,241	266,460	1,276	264,603	581
1965	2,591,168	137,501	2,435,831	16,936	2,270,181	136,061	2,117,084	16,136	320,987	1,440	318,747	800
1966	3,217,696	166,766	3,024,625	25,305	2,842,003	165,197	2,651,703	24,103	375,693	1,569	372,922	1,202
1967	3,812,491	184,938	3,596,350	31,203	3,360,556	183,161	3,147,530	29,865	451,935	1,777	448,820	1,338
1968	4,444,562	194,870	4,211,569	36,522	3,870,618	192,903	3,641,193	36,522	573,944	1,967	570,376	1,601
1969- June	4,569,752	205,832	4,328,696	35,224	3,991,549	203,693	3,754,478	33,378	578,203	2,139	574,218	1,846

\* Due to unavailability of data, figures for 1957 exclude branches and agencies of the PNB.  
Data not available.

SOURCE: Central Bank of the Philippines.

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