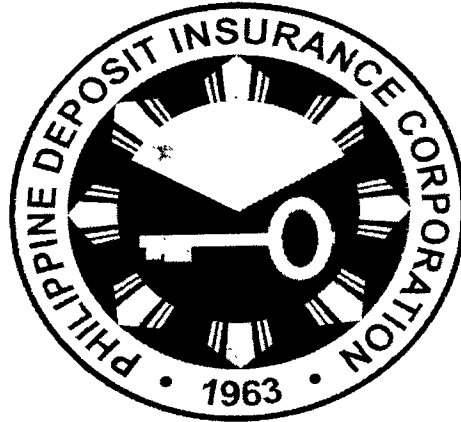


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Annual Report



Philippine Deposit Insurance Corporation

PDIC Resource Center



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PHILIPPINE DEPOSIT INSURANCE CORPORATION
MAKATI, METRO MANILA

March 31, 1988

Her Excellency
President Corazon C. Aquino
Malacanang, Manila

Dear Madam:

I have the honor to submit this Annual Report of the Philippine Deposit Insurance Corporation (PDIC) for the year 1987, pursuant to the provisions of Section 15 of Republic Act No. 3591, as amended.

Very truly yours,

EUGENIO NIERRAS, JR.
Acting President



PHILIPPINE DEPOSIT INSURANCE CORPORATION
MAKATI, METRO MANILA

March 31, 1988

Honorable Jovito R. Salonga
President, Senate of the Philippines
Congress of the Philippines
Manila

Dear Sir:

I have the honor to submit this Annual Report of the Philippine Deposit Insurance Corporation (PDIC) for the year 1987, pursuant to the provisions of Section 15 of Republic Act No. 3591, as amended.

Very truly yours,

EUGENIO NIERRAS, JR.
Acting President



PHILIPPINE DEPOSIT INSURANCE CORPORATION
MAKATI, METRO MANILA

March 31, 1988

Honorable Ramon V. Mitra, Jr.
Speaker of the House of Representatives
Congress of the Philippines
Quezon City

Dear Sir:

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Very truly yours,

EUGENIO NIERRAS, JR.
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THE PRESIDENT'S REPORT

The year 1987 was another banner year in the operations of the Philippine Deposit Insurance Corporation. Total payment of insured deposits in that year amounted to P642.00 million, to 156,101 depositors in 91 closed banks. This payment was second only to that made in 1985 amounting to P1,218.00 million. Moreover, the Corporation realized a net income of P5.19 million during the year.

The Central Bank of the Philippines closed twenty-nine (29) banking institutions during the past year. This compares with the twenty-five (25) rural bank closures in 1986. The estimated deposit liabilities of the closed banks in 1987 amounted to P2,142.32 million. One (1) universal bank together with a medium-sized development bank was closed during the year. All these closures put a heavy pressure on the resources of the Corporation.

Pursuant to R.A. No. 3591, as amended, the Corporation disbursed a total of P2,490.68

million in 219 banks which were closed from 1970 to 1987. Over 993,000 individual depositors had been extended insurance protection.

As of December 31, 1987, there were 994 member banks covered by PDIC deposit insurance.

Based on latest statistics, total deposits held by the banking system amounted to P179.73 billion. About 33 percent or P59.89 billion was protected by the P40,000 maximum insurance for each depositor. The total number of accounts reached 18.01 million. Of this number, 96 percent had balances not exceeding P40,000.

Through consultation with the monetary authorities, the PDIC was able to obtain a credit line of P1.02 billion from the Central Bank for the payoff operations of closed banks during the year. In addition, authority was secured to deputize some examiners of the Central Bank to render services in connection with the payment of insured deposits in The Manila Banking

Corporation and PISO Development Bank.

To assist parents of schoolchildren in solving their enrollment problems in June 1987, it was decided that PDIC undertake an accelerated payoff operation. This entailed an initial payment of P10,000 per depositor, even prior to the completion of the reports covering the deposit liabilities of the closed banks. This payoff was conducted for both depositors of PISO Development Bank and The Manila Banking Corporation.

The Corporation collected a total of P140.66 million in assessment fees during 1987 — P138.57 million as regular assessment for the year and P2.09 million representing assessment deficiencies for previous years.

The programs for 1988 will be heavily influenced by the outcome of the various proposals in Congress, particularly the increase in insurance coverage, increase in assessment rate of member banks, additional PDIC capitalization, and

he changes in the composition of the Board of Directors of the Corporation.

Operationally, the program for 1988 will cover the servicing of all the remaining banks closed in 1987. It is anticipated that the number of financial institutions that may be closed in 1988 would decline in view of the improving economic conditions in the country. Moreover, it is not expected that a big commercial bank would be closed during the year.

The PDIC has been undertaking liquidation activities in six (6) rural banks since 1981 pursuant to M.B. Resolution No. 459 dated March 13, 1981. However, due to numerous bank closures and the massive manpower requirements for the payoff, the PDIC Board of Directors decided to return to the Central Bank the responsibility for the liquidation of these rural banks. This was approved by the Monetary Board under Resolution No. 113 dated November 6, 1987.

For the past several years, the Corporation has given

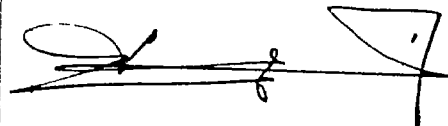
emphasis to the program of improving systems and procedures and training of personnel to achieve maximum efficiency. An improved and simplified accounting system was recently implemented.

The Corporation likewise has organized and conducted various training programs designed to upgrade employees' skill and performance and boost morale. Courses on electronic data processing and signature verification were conducted during the year with over fifty (50) employees benefiting from the training. The Corporation also sent employees to seminars and conferences conducted by other government agencies.

The aggregate assets of the Corporation reached a level of P4,455.88 million at the end of 1987. This represented an improvement of 16 percent over the previous year's level. Net income registered P5.19 million for the year, an increase of about 37 percent from the level in 1986. In view of the increased payoff operations, expenses for personal

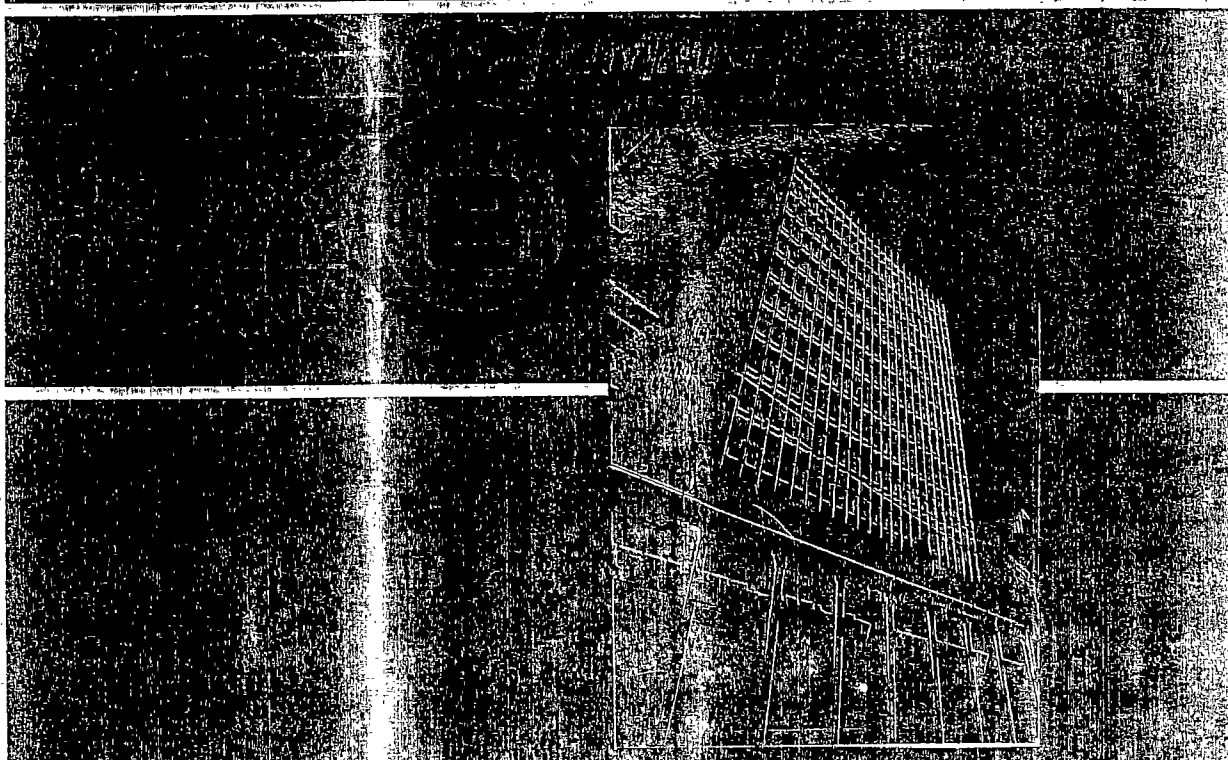
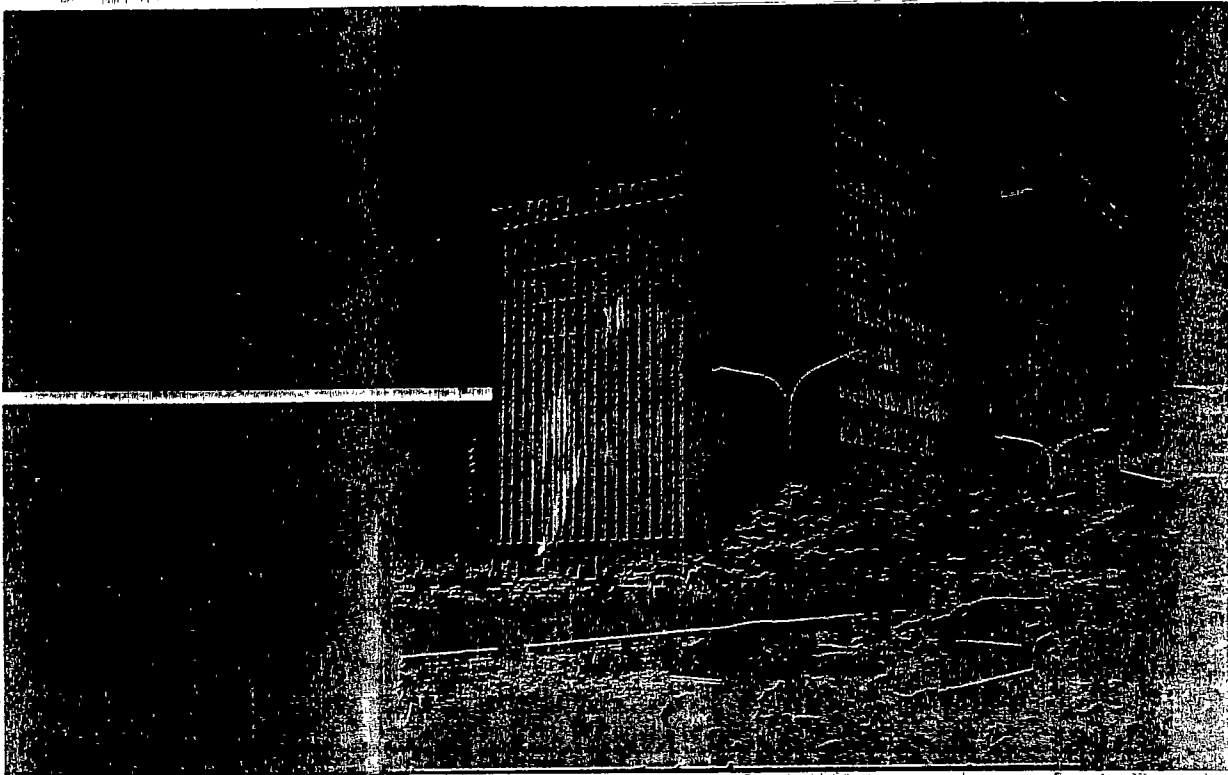
services amounted to P11.16 million. Travel expenditures increased to P2.73 million from P0.96 million in 1986. However, total expenses contracted by P8.68 million to amount to P157.93 million for the entire year. Outstanding balances of borrowings from the Central Bank increased from P920.00 million in 1986 to P1,540.00 million in 1987.

With congressional support and the continued cooperation of the monetary authorities, PDIC looks forward to an improved financial condition and a more efficient operation for the year 1988.



EUGENIO NIERRAS, JR.
Acting President

REVIEW OF OPERATIONS



PDIC MEMBER BANKS

The number of offices in the Philippine banking system declined in 1987 despite the opening of some banking units all over the country. Additionally, the banking industry offered reverses in 1987.

A total of 29 banks was closed by the Central Bank. Among these were The Manila Banking Corporation and SO Development Bank together with their branches in Metro Manila and the provinces. The Manila Banking Corporation was the first universal bank closed by the Central Bank. It had 72 banking offices, 40 of which were in Metro Manila and 32 in the

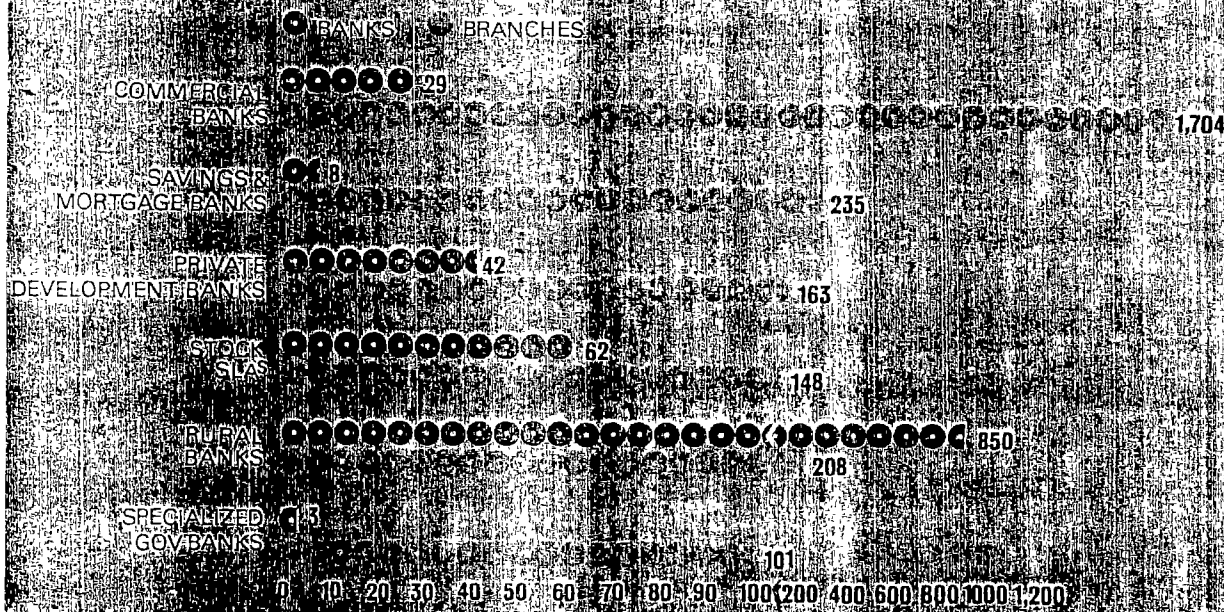
provinces. Also closed were two (2) stock SLAs (Mayon Savings and Loan Bank, Inc. and Matatag SLA, Inc.) and 25 rural banks.

The merger of Talisay Public SLA, Inc. with the Rural Bank of Mactan, Inc. and the Rural Bank of Cordova, Inc. was consummated in the early part of 1987. In this merger, Talisay SLA retained its corporate name. Other mergers reported to PDIC were those of Country Development Bank with Planters Development Bank, on March 17, 1986; and Community Rural Bank of Quezon City, Inc. with

Premiere Development Bank, on August 16, 1986. The conversion of Asian Savings Bank from a stock SLA into a full-pledged savings and mortgage bank likewise occurred in 1987.

As of the end of the year, PDIC member banks stood at 994, comprising of 29 commercial banks, 8 savings and mortgage banks, 42 private development banks, 62 stock SLAs, 850 rural banks, and 3 specialized government banks. These banks had a network of 2,559 branches compared to 2,590 at the end of 1986.

PDIC MEMBER BANKS, 1987



PDIC RISK EXPOSURE

On September 30, 1987, some 649 reporting banks of the Philippine banking system held deposits amounting to P179.73 billion. About 33 percent or P59.89 billion of these deposits was protected by the P40,000 maximum insurance for each depositor. The total number of accounts reached 18.01 million at the end of the period. Of this, 17.38 million or 96 percent had balances not exceeding P40,000.

The Corporation's exposure or potential liabilities on deposits by type of bank is shown in the next table.

Bank Group	No. of Banks	NUMBER OF ACCOUNTS		% of Accounts Up to P40,000
		Total	Up to P40,000	
Commercial Banks	31	10,730,334	10,163,022	94.71
Savings Banks	7	1,660,040	1,627,427	98.01
Development Banks				
Private DBs	42	707,887	697,692	98.56
DBP	1	86,509	85,065	98.33
Stock SLAs	163	2,041,198	2,031,606	99.53
Rural Banks	505	2,787,566	2,776,605	99.61
ALL BANKS	649	18,013,534	17,381,417	96.49

Bank Group	No. of Banks	DEPOSITS (in million pesos)		% of Deposits Insured
		Total Deposits	Insured Deposits	
Commercial Banks	31	163,976	49,539	30.21
Savings Banks	7	7,187	4,579	63.71
Development Banks				
Private DBs	42	2,280	342	15.86
DBP	1	636	184	28.93
Stock SLAs	163	2,639	1,838	69.65
Rural Banks	505	3,016	2,409	79.87
ALL BANKS	649	179,734	59,891	33.32

Includes two specialized government banks (Land Bank of the Philippines and Philippine Amanah Bank) reporting rural banks only.

PDIC PAYMENTS OF INSURED DEPOSITS IN CLOSED BANKS

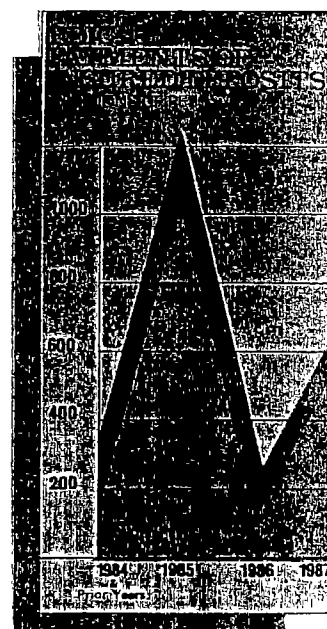
The Corporation faced formidable challenges in 1987 when 29 banks were closed by the monetary authorities.

Two (2) of the closed banks were the biggest in their respective industry classification — PISO Development Bank (closed February 4, 1987) and The Manila Banking Corporation (closed May 25, 1987), with estimated deposits respectively of P206.27 million and P1,905.21 million. The other banks closed were two (2) stock SLAs and 25 rural banks, with estimated aggregate deposits of P30.85 million.

Starting the middle of June

1987, the Corporation embarked on an accelerated pay-off operation in both Manila-bank and PISO Development Bank. This consisted in the payments for insured deposits of the first P10,000 for each depositor of the total P40,000 covered by PDIC insurance. This accelerated payoff operation was designed to help the parents meet the educational expenses of their children. PDIC again availed of the services of bank examiners from the Central Bank of the Philippines to assist in its payoff operation.

By the end of the year, 141,843 depositors of Manila-



bank were serviced by PDIC, involving payments of insured deposits of P502.72 million in 72 offices. Depositors in 111 branches of PISO Development Bank were paid P46.80 million representing 1163 accounts. The Corporation did not undertake payoff

in the two (2) stock SLAs and 25 rural banks closed during the year, although it paid an additional P92.47 million for the insured deposits of 89 banks closed in 1986 and prior years. All these payments are summarized below.

Pursuant to its major responsibility under R.A. No. 3591, as amended, the Corporation has disbursed a total of P2.49 billion for the insured deposits in 219 banks closed from 1970 to 1987. The promptness with which PDIC was able to satisfy the claims of some 993,000 depositors underscored its role in helping promote stability in the banking system.

	No. of Accounts	Amount Paid
25 banks closed in 1987 and prior years	4,709	P 11.38M
42 banks closed in 1986	26,822	64.29M
22 banks closed in 1985	7,570	16.80M
2 banks closed in 1984	117,006	549.52M
91 Banks Served	156,101	P641.99M

RECEIVERSHIP/LIQUIDATION ACTIVITIES

Liquidation of Six Rural Banks

The Corporation has been undertaking liquidation activities in six rural banks since 1981 pursuant to M.B. Resolution No. 459 dated March 3, 1981. The rural banks involved are:

1. Obando (Bulacan) Rural Bank, Inc.
2. Rural Bank of Lucena (Quezon), Inc.
3. Rural Bank of Natividad (Pangasinan), Inc.
4. Rural Bank of Tuguegarao (Cagayan), Inc.
5. Rural Bank of Villasis (Pangasinan), Inc.
6. Tayug (Pangasinan) Rural Bank, Inc.

The Corporation has been able to collect some of the outstanding loan accounts of these rural banks, conduct appraisal of assets required, and dispose of certain assets.

However, due to recent bank closings and the large manpower requirement of the payoff operation, the PDIC Board of Directors decided to return to the Central Bank the responsibility for the liquidation of the banks concerned. Under Resolution No. 1113 dated November 6, 1987, the Monetary Board approved the return of the rural banks to the Central Bank.

PDIC Claims for Subrogated Deposits in Banks Under Liquidation

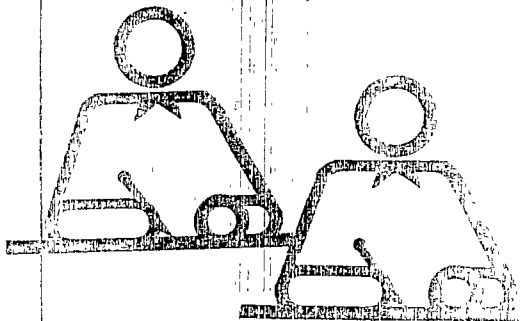
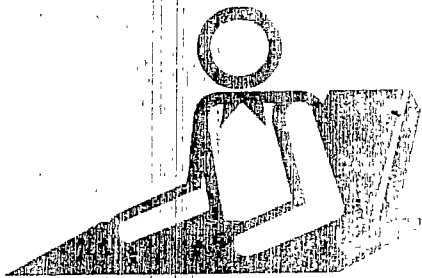
The exposure of the PDIC for the insured deposits in closed banks may be recovered when the banks are liquidated. During 1987, the Corporation filed claims for the recovery of subrogated deposits aggregating P421.86 million in the following closed banks under liquidation.

Closed Bank	Subrogated Deposits (in millions)
1. Development Bank of Rizal	P 35.726
2. Daily Savings Bank	96.620
3. First Paso SLA, Inc.	118.631
4. Interim SLA, Inc.	15.070
5. International SLA, Inc.	12.841
6. Permanent SLA, Inc.	50.083
7. Solid Homes SLA, Inc.	20.395
8. Pioneer SLA, Inc.	21.086
9. RB of Masagaya (Occ. Mindoro), Inc.	010.47
10. RB of Marag (Bukidnon), Inc.	00.365
TOTAL	P421.864

Claims still pending with PDIC for the payment of insured deposits in the above closed banks totalled P32.85 million. Since these claims were filed by depositors before the prescriptive periods, PDIC may be liable for payment of the same. Accordingly, PDIC may be filing additional claims against the closed banks for the recovery of these payments.

ASSESSMENT AND EXAMINATION

A number of personnel of the Assessment and Examination Department were assigned to assist in the payoff operation during 1987. This constrained the examination work of the department in view of



the more urgent payoff operation undertaken by the Corporation.

Of the 126 certified statements of selected commercial banks, savings banks and other banks scheduled for field verification in 1987, only 48 were accomplished. However, 1,102 statements were verified in desk audit work out of 1,500 planned for the year. Total assessments collected during the year amounted to P140.66 million, consisting of P138.57 million regular assessment for 1987 and P2.09 million assessment deficiencies for previous years. Dialogues and discussions with bank officers were conducted to verify audit findings and resolve assessment problems. Such meetings have proven to be mutually beneficial leading to a more harmonious relation and closer coordination between the Corporation and the member banks.

As a result of closer coordination between the Central Bank and the PDIC in monitoring the operations of banks, directors and officers of a stock SLA were fined by the Corporation pursuant to Section 16(f) of the Charter for engaging in unsound or questionable transactions.

The Corporation evaluated the request of Talisay SLA for a written consent to merge with Rural Bank of Mactan and Rural Bank of Cordova which was submitted in compliance with the provision of Section 16(c) of the PDIC Charter. A written consent to such merger was issued by the Corporation.

LEGAL DEVELOPMENTS

Successive payoff operations during the year in many closed banks including one commercial bank exposed many problems in the determination and payment of insured deposit. These problems were due either to the absence, incompleteness or irregularity of bank records, or to the insufficiency of proofs presented by claimants to establish the validity of their claims. Among the significant issues resolved were:

- Whether or not the loan collections which were temporarily credited to the savings deposits of depositor-borrowers are deposits within the contemplation of R.A. 3591, as amended.
- Payment of deposit liabilities of a closed bank inspite of its unsettled obligation with PDIC.
- Cutoff date for PDIC purposes of deposit liabilities in Rural Bank of Guinayangan (Quezon), Inc.
- Payment of insured deposits to a depositor who has reached the age of majority pending guardianship proceedings.
- Judgment debt against Rural Bank of Tayug (Pangasinan), Inc.
- Insurability of a government trust fund maintained under a demand deposit account with PVB-Naga Branch.
- Insurability of government deposits.
- Non-insurability of Manila-

bank's Trust Investment Program and Short Term Investment Certificate.

- Setoff of foreign currency deposits against loans with Banco Filipino.
- Offset of deposits against unmatured loans with Manilabank, Ormoc Branch.
- Insurability of deposits made after cutoff date.
- Ownership of numbered deposit accounts.
- ITF accounts maintained for the benefit of person/s indicated on the records for whom the deposits rightfully pertain pursuant to Section 3(g) of R.A. 3591.
- Submission of PCGG clearance and/or authority allowing a sequestered corporation to receive payment of its insured deposits.
- Separate insurance payment for a different "and/or" deposit combination.
- Servicing of registered and unregistered Bearer CTDs issued by Manilabank.
- Unrecorded deposits in Rural Bank of Sta. Cruz (Laguna), Inc.
- Assignment of deposits after bank closure.
- Insurability of escheated deposits ordered reactivated by the Bureau of Treasury.
- Insurability of accrued interests on time deposits.
- Garnishment/assignment of deposits to BIR.

As regards non-payoff matters, the Assessment and Examination Department sought legal advice on the termination of the insured status of fourteen (14) rural banks which were delinquent in the

payment of their assessment premiums.

The Legal Department handled twenty-six (26) civil cases in various courts involving complex issues of facts and law. Twenty-three (23) cases are still pending as of year's end while three (3) cases have been

terminated after a compromise agreement with the parties. As mandated by law, PDIC lawyers collaborate with those of the Office of the Government Corporate Counsel in the handling of cases in various courts.

OTHER DEVELOPMENTS

A. PROPOSALS FOR PDIC REVITALIZATION

The inter-agency ad hoc committee which was created by the Board of Directors on December 4, 1986 has completed its work and submitted its proposals on March 26, 1987, designed to reorganize the PDIC and strengthen its financial structure. Among the recommendations were:

• Corporate Structure

The composition of the board of directors shall be increased to five members, three of whom must come from the private sector to be appointed by the President for a term of six years. The Secretary of Finance and the Governor of the Central Bank shall be ex-officio members, with the former acting as the chairman of the board.

One of the appointive members shall serve as President of the Corporation on a full-time basis for a term of six years.

The members of the board shall be ineligible during their tenure and for one year thereafter to hold office or employment in an insured bank.

• Corporate Functions

a. The power of the Corpo-

ration under Section 8 to make examination of banks shall be exercised whenever deemed necessary by management, as when a bank is reportedly engaged in unsafe or unsound banking practices. The Corporation shall also be authorized to institute actions against an insured bank which is unable to correct its unsafe or unsound banking practice within 60 days or such shorter period of time as the Central Bank of the Philippines may determine.

b. The authority granted to the Corporation under Section 12(c) to make loans to, or purchase the assets of, or make deposits in, an insured bank shall not be limited to the purpose of preventing bank closures but should also be exercised under the following circumstances:

- 1) If such action will restore a closed insured bank to normal operations; and
- 2) If, when severe financial conditions exist which threaten the stability of a number of banks, such action is necessary to lessen the risk to the Corporation posed by an insured bank under such threat

of instability.

- **Payoff Functions**

- a. Bearer certificates of deposits, numbered or coded deposit accounts, or such deposit instruments which do not bear the name(s) of the depositor(s) must be registered in the books of the issuing or receiving bank. The Corporation shall not be obliged to pay the holder of such accounts who failed to comply with this requirement of registration.

- b. All payments by the Corporation of the insured deposits in closed banks partake of the nature of public funds and accordingly must be considered as preferred credit in the order of preference, classified similarly as accrued taxes and accrued wages.

- c. Payoff shall be intensified by hiring additional employees particularly Certified Public Accountants.

- **Assessment Powers and Functions**

- a. The maximum assessment rate which the Corporation charges member banks for deposit insurance shall be increased from 1/12 to 1/5 of one percent per annum and the minimum semi-annual assessment due from an insured bank shall be raised to P500.

- b. The coverage of assessable deposits under Section 3(f) of the PDIC Law shall be expanded to include the liabilities of the bank for cashier's, manager's and other officer's checks; demand drafts; telegraphic transfers; and other payment orders deemed payable.

- c. The assessment rate shall be applied to the gross assessment base without any exclusions or deductions.

- d. Interest shall be charged on all unpaid assessments computed from the date such assessments become due and payable.

B. PENDING LEGISLATIONS ON DEPOSIT INSURANCE

Following the rash of bank closures that hit the country over the past years, bills have been filed in both houses of Congress seeking to amend certain provisions of the PDIC Law in order to make the Corporation more effective in protecting bank depositors.

In the House of Representatives, bills filed by Rep. Ma. Consuelo Puyat-Reyes and Rep. Mario Serra Ty would raise PDIC's coverage of deposits from the present P40,000 to P80,000 per depositor. Reyes' bill also sought the increase in the Corporation's permanent insurance fund to P5 billion.

Another bill that would similarly increase the insurance coverage was filed in the Senate by Senator Neptali Gonzales. This bill would increase the coverage to P75,000 for each depositor. The Senate committee on banks, financial institutions and currencies chaired by Senator Alberto G. Romulo has already initiated discussion of the Senate measure. In addition, the Committee is considering the following recommendations:

- Increase in the PDIC's capitalization or permanent insurance fund;

- Conversion of PDIC's loan obligation with the Central Bank into government equity; and
- Deposit insurance to cover on a "per account" basis in lieu of "per depositor".

Still another bill that would protect the interests of depositors with accounts in excess of the insured maximum was filed in the House by Rep. Carmencita Reyes. The bill would give depositors the first option to claim the maximum refund of deposits allowable under the PDIC coverage, to convert the excess of his deposit into preferred voting shares, or to convert his total deposits into preferred voting shares.

C. IMPLEMENTATION OF THE NEW ACCOUNTING SYSTEM

The implementation of a new accounting procedure involving the use of special books of accounts was nearly completed in 1987, with the following features fully in place:

- The use of a newly designed disbursement voucher delineating specific responsibilities for its preparation, verification, recommendation, and approval;
- Delineation of signing authority for certain amounts of disbursements, pursuant to the amended by-laws;
- Implementation of detailed procedures on the posting of transactions to the subsidiary ledgers;
- The use of summary reports duly approved by management.

PERSONNEL AND ADMINISTRATION

Personnel Actions

The Corporation issued twelve (12) regular appointments and 73 casual appointments during 1987, building up the total PDIC work force to 220 at the close of the year. This number is exclusive of the three members of the Board of Directors and fifteen Commission on Audit personnel assigned to the Corporation.

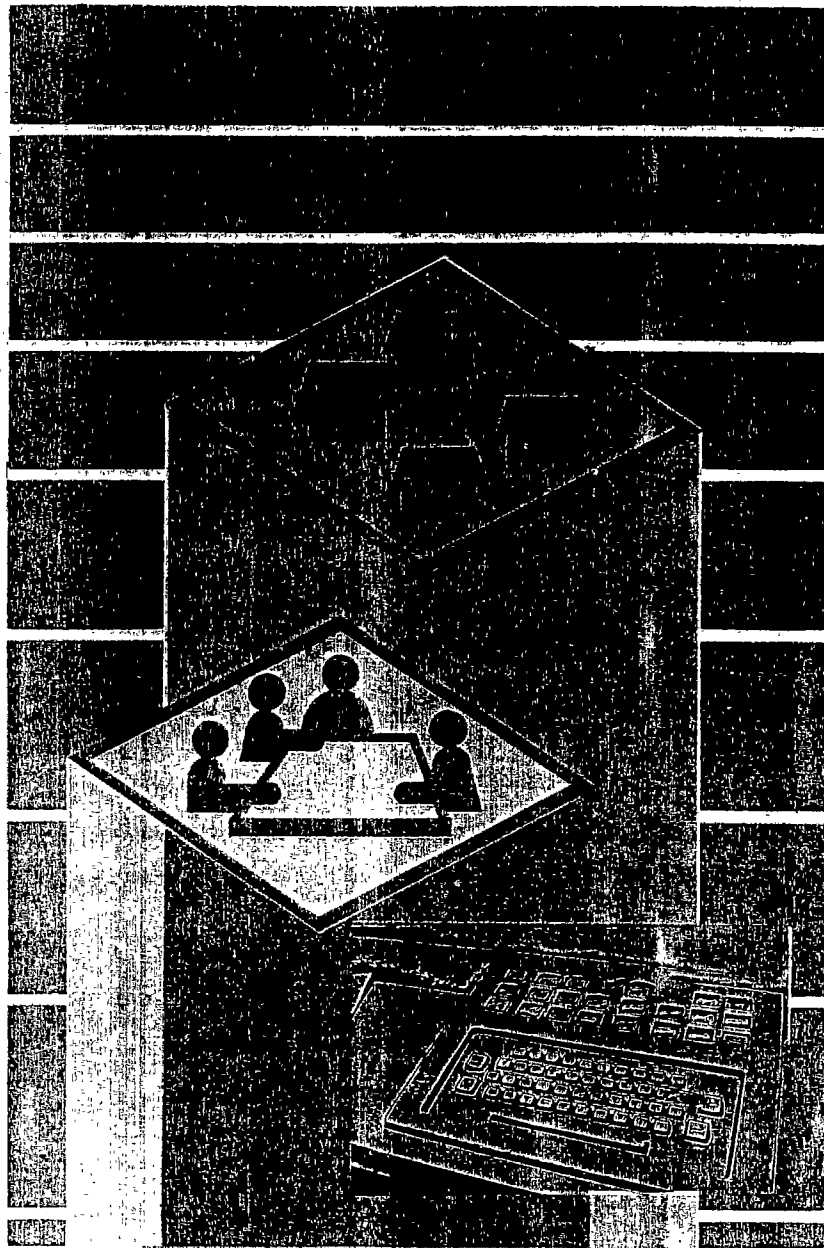
The greater number of the PDIC personnel are assigned as follows: a) Liquidation & Receivership Department – 30, b) Assessment & Examination Department – 22, c) Administrative Department – 35, d) Treasury and e) Accounting departments – 13 each.

During the year, the Board approved the detail to the Corporation of a Central Bank doctor to take the place of the Corporate physician who retired from the government service. At the same time, it also approved the assignment to PDIC of the CBP Coordinating Assistant of the Electronic Data Processing Center to assist the Corporation in setting up its own computer system and training personnel.

Meanwhile, the resignation of Acting PDIC President Eugenio Nierras, Jr. has been accepted by President Aquino on September 18, 1987. However, up to the close of the year, no new appointee has been designated by the President.

Employee Development

The Corporation has always encouraged the holding of training programs at all levels to upgrade employee skills



and performance.

From April 22 to June 11, 1987, the Corporation conducted in-house training on Systems and Programming Development of various computer applications, in cooperation with the Central Bank's EDPC. Eleven (11) employees, chosen beforehand by means of a competitive examination, participated in

the program. They will constitute the core group in the PDIC's computerization program.

Earlier, the Corporation had nominated the Supervising Accounts Officer to attend a seminar-workshop on Certificate of Settlement and Balances held March 2-4, 1987 at the State Ac-

counting and Auditing Center of the Commission on Audit. The course was designed to improve the knowledge and awareness of participants on the audit process and management accountability or responsibility for government funds and property.

The Corporation also completed a two-day crash training program on Signature Verification for Claim Agents and other support personnel who were to be fielded for the current payoff operations in the closed banks. The course was held November 17-18, 1987, and was conducted by the PC Crime Laboratory Services.

Some 75 new employees of the Corporation underwent orientation seminars designed to acquaint them with the duties and responsibilities of their jobs and familiarize them with the Corporation's goals and programs. Most of the new recruits were assigned to the Liquidation Department which needed manpower support for payoff.

In addition, the Corporation sent representatives to meetings conducted by the Training Coordination Committee of the Civil Service Commission which reviews and evaluates government training programs and to meetings of the Compensation Committee of the Financial Institutions Sector which studies and reviews employees compensation and benefits.

Employee Benefits and Programs

The following benefits and

incentives were granted to employees of the Corporation during the year:

- Grant of anniversary cash gift of P600 each to PDIC officers and employees including COA personnel assigned to the Corporation;
- Grant of a Christmas bonus equivalent to one month salary and a cash gift of P1,000 to each officer and employee of the Corporation and COA personnel;
- Grant of P2,000 medical allowance to PDIC officers and employees including COA personnel, pursuant to Executive Order No. 147 dated March 3, 1987;
- Increase in the daily meal allowance of PDIC personnel from P10 to P15 effective March 1, 1987;
- Creation of a Housing Fund to be administered by the PDIC Provident Fund;
- Merit increases for 14 employees who were nominated in 1986 under the PDIC Merit Increase Award System;
- Additional cost-of-living allowances of PDIC personnel for the period June 16, 1984 to May 31, 1985, pursuant to Executive Order No. 985 dated September 18, 1984;

Also implemented during the year were the following:

- Yearly one-step salary adjustments of 38 PDIC officers and employees;
- Two-step salary increase equivalent to 10 percent of basic salary of PDIC officers and employees effective January 1, 1987, pursuant to Executive Order No. 31

dated July 23, 1986;

- Ten percent or two-step salary increase of PDIC officers and employees effective March 1, 1987 pursuant to Memorandum Order No. 87 of the Office of the President dated June 1, 1987;
- In-step readjustments in the one-step salary adjustment of 35 employees.
- Integration of the stabilization allowance into the basic salary of PDIC officers and employees, granted under Resolution No. 72 dated July 5, 1984 and Resolution No. 2 dated February 11, 1986, in implementation of Executive Order No. 951-A and No. 1000; and
- Fixing of the salaries of casual employees on a monthly basis.

A female employee of the Management Services Office was commended by the PDIC Board of Directors led by Central Bank Governor Jose B. Fernandez, Jr. for exemplary service as claim agent and for her vigilance in protecting the interest of the Corporation.

She was cited for courageously exposing anomalous fund transfers in a closed bank and for fearlessly preventing the payment of spurious claims for deposit insurance involving millions of pesos despite threats to her life.

In an appropriate ceremony, the employee received a plaque of commendation and cash award from Acting President Eugenio Nierras, Jr.

PROGRAMS/PROJECTS FOR 1988



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increase in Insurance
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The PDIC is supporting a
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- **Increase in Assessment**

The increased coverage would necessarily require an incremental amount in the permanent insurance fund. The Congressional proposal to increase the assessment rate from 1/12 of one percent to 1/5 of one percent of deposit liabilities will be a good source for this additional funding.

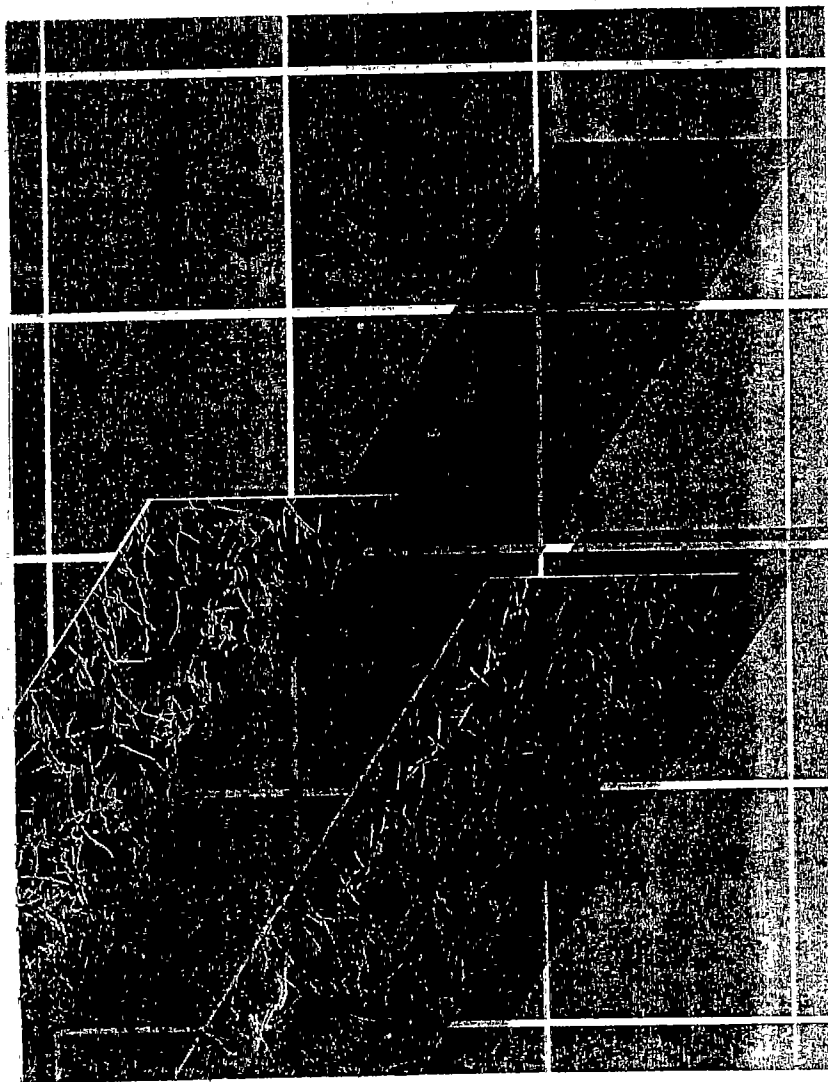
- **Increase in PDIC Capitalization**

The Corporation is proposing an increase in its capitalization from the present P2 billion. The Corporation's deposit insurance fund available for deposit insurance amounted to P2.58 billion at the end of 1987. This amount is very small when compared with the P59.89 billion estimated PDIC risk exposure. PDIC's capitalization was last raised in 1985 by virtue of P.D. 1985, from P20 million to P2 billion.

- While continuing the current payoff operations in Manilabank and other closed banks, the Corporation will also devote its effort to banks closed in 1987. Verification of deposit and loan records and consolidation of accounts will be made preparatory to payoff.
- The new accounting system will further see refinement and implementation to achieve correctness and reliability of all transactions and to make the system an effective tool of internal control. The Management Services Office will be monitoring its implementation to ensure strict compliance thereto.

- Still on procedures, field inspection of closed banks paying off insured deposits will be undertaken and changes introduced to improve controls in the handling, accounting, recording and reporting of payoff funds.
- More intensified in-house training programs for personnel involved in payoff will be organized to equip them with the technical knowledge required in their jobs.

- Improvement of employee welfare benefits will be continuously reviewed to boost morale and productiveness.
- The Corporation is also set to implement an efficient data processing system to process the increasing volume of data and to produce all statistical reports. With computerization, the time lag between the collection of data and publication and/or release of statistical reports will be reduced.



FINANCIAL HIGHLIGHTS

(Peso amounts in thousands)

RESULTS OF OPERATIONS

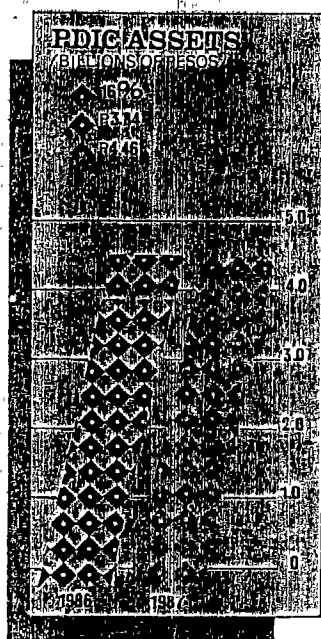
	December 31, 1987	December 31, 1986	Increase/(Decrease)	
			Amount	Percent
Total Income	P 189,125	P 194,851	(P 5,726)	(2.9)
Total Expenses	157,933	166,608	(8,675)	(5.2)
Operating Income Before Provision for Losses	31,192	28,243	2,949	10.4
Less: Provision for Losses	26,000	24,444	1,556	6.4
Net Income	P 5,192	P 3,799	P 1,393	36.7

FINANCIAL CONDITION

Total Assets	P4,455,880	P3,841,381	P614,499	16.0
Current Assets	942,620	855,329	87,291	10.2
Long-Term Investments	32,800	69,270	(36,470)	(52.6)
Assets Acquired in Bank Assistance & Deposit Subrogation Transaction ¹	2,415,383	1,830,353	585,030	31.9
Property and Equipment	3,258	3,473	(215)	(6.2)
Other Assets	1,061,819	1,082,956	(21,137)	(2.0)
Total Liabilities and Deposit Insurance Fund	P4,455,880	P3,841,381	P614,499	16.0
Total Liabilities	P1,874,993	P1,243,481	P631,512	50.8
Current Liabilities	329,945	321,838	8,107	2.5
Long-Term Liabilities	1,540,000	920,000	620,000	67.4
Other Liabilities and Deferred Credits	5,048	1,643	3,405	207.2
Deposit Insurance Fund	P2,580,887	P2,597,900	(P 17,013)	(0.7)
Permanent Insurance Fund	2,000,000	2,000,000	—	—
Retained Earnings	23,588	17,564	6,024	34.3
Reserve for Insurance Losses	557,299	580,336	(23,037)	(4.0)

¹ Net of Reserve for Losses

FINANCIAL PERFORMANCE



Assets Growth

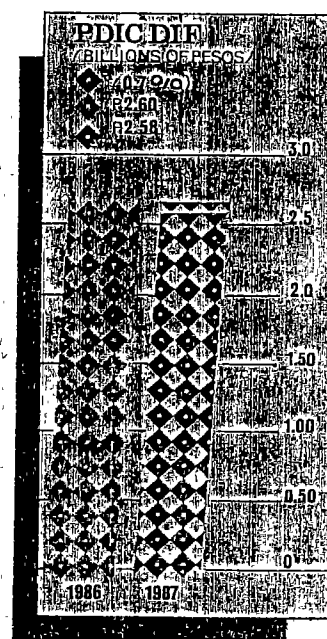
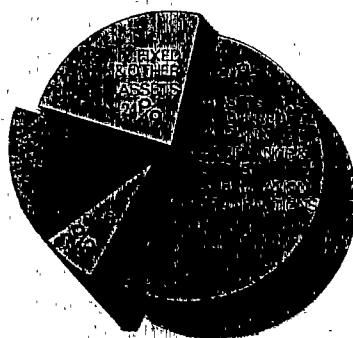
The Corporation's total assets reached a level of P4,455.88 million at the end of 1987. This represented an improvement of 16 percent or P614.50 million over the previous year's level of P3,841.38 million.

Expansion was registered in assets acquired in bank assistance and deposit subrogation transactions from P1,830.35 million to P2,415.38 million, or by 32 percent.

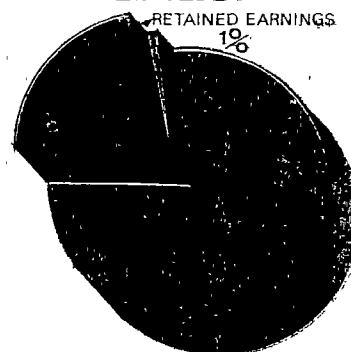
Current assets also registered a rise of 10 percent or P87.29 million, from P855.33 million to P942.62 million. These consisted largely of short-term Philippine government obligations amounting to P262.86 million permanent insurance fund receivable of P325.00 million, and payoff funds of P287.06 million.

A permanent insurance fund balance amounting to P1,055.00 million and long-term investments of P32.80 million were some of the other assets of the Corporation. Long-term investments, however, declined by 53 percent or P36.47 million from P69.27 million recorded in 1986.

DISTRIBUTION OF ASSETS, 1987



DISTRIBUTION OF DIF, 1987



Liabilities

Corporation liabilities amounted to P1,874.99 million, up by a substantial 51 percent or P631.51 million over the previous year's level.

PDIC borrowings from CBP to support the heavier disbursements for payoff was reflected in Notes Payable to CBP which went up from P920.00

million in 1986 to P1,540.00 million at the end of 1987. This constituted over 82 percent of the Corporation's total liabilities as of year-end 1987.

Current liabilities, comprising principally of accrued interest payable to CBP and accounts payable to PNB, amounted to P329.94 million.

PDIC Deposit Insurance Fund

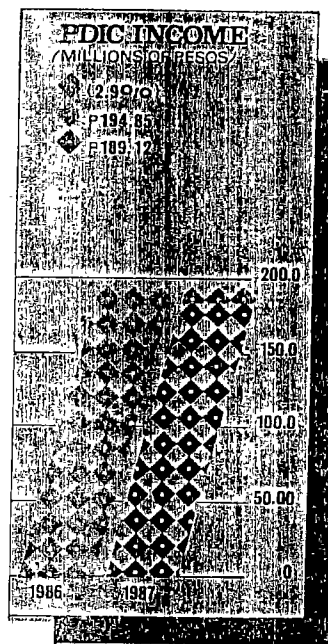
The Corporation's deposit insurance fund (DIF) totalled P2,580.89 million at year's end. This was slightly smaller by 1 percent compared to the previous year's figure of P2,597.9 million. A reduction in Reserve for Insurance Losses from P580.33 million to P557.30 million was mainly responsible for the decline in the DIF's level.

On the other hand, retained earnings, another component of the DIF, increased 34 percent or by 6.02 million to 23.59 million.

PDIC Income

Despite the increase in assessment payments by banks, the Corporation's gross income for the year recorded a drop of 3 percent to P189.12 million. Assessments, which constituted the major portion of this income, marked an increase of 3 percent to P140.66 million.

Interest earned on the Corporation's investments in PGO, in bank deposits, and on assessment premiums contributed P30.30 million to the Corporation's income for the year; however, this showed a



decrease of P7.15 million or 19 percent from the 1986 level. Earned discounts also declined 14 percent to P18.14 million.

As in the previous year, an amount of P26 million was deducted from gross income as additional allocation to the Reserve for Insurance Losses. This yearly allocation is necessary to build up the deposit insurance fund.

PDIC Expenses

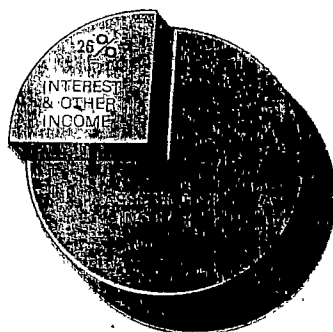
Significantly, the Corporation's operating expenses were reduced to P157.93 million from the previous year's level of P166.61 million.

A decline was registered in interest on CB notes from P152.51 million to P139.69 million, or by 8 percent.

However, administrative expenses including those for personal services rose 18 percent to P15.51 million as a result of increased operations. Expenses for travel likewise increased from P0.96 million to P2.73 million, or by 184 percent.

In relation to the previous year, net income for 1987 was up by over 37 percent to P5.19 million.

DISTRIBUTION OF PDIC INCOME, 1987



FINANCIAL STATEMENTS

(UNAUDITED)

STATEMENT OF CONDITION

As of December 31, 1987 and 1986

ASSETS	1987	1986
CURRENT ASSETS		
Cash, including Time Deposit of P204,540,000 with PNB in 1986	P 31,607,880	P 226,724,726
Payoff Funds (Note 2)	287,062,179	84,628,723
Philippine Government Obligations (Note 3)	262,864,236	5,538,870
Permanent Insurance Fund Receivable (Notes 4 & 8)	325,000,000	500,000,000
Due from Bureau of Internal Revenue		10,387,959
Accounts and Other Receivables (Note 5)	36,045,173	27,712,273
Inventory of Supplies and Materials	31,152	325,303
Prepaid Expenses	8,724	10,714
Total Current Assets	942,619,844	855,328,568
LONG-TERM INVESTMENTS		
Philippine Government Obligations (Note 3)	32,800,000	69,270,000
ASSETS ACQUIRED IN BANK ASSISTANCE AND DEPOSIT SUBROGATION TRANSACTIONS (Notes 1 & 6)	2,415,382,730	1,830,352,994
PROPERTY AND EQUIPMENT (Net) At Cost (Note 7)	3,258,000	3,473,381
OTHER ASSETS (Note 8)	1,061,819,453	1,082,956,428
TOTAL ASSETS	P4,455,880,027	P3,841,381,371

LIABILITIES AND DEPOSIT INSURANCE FUND		1987	1986
CURRENT LIABILITIES			
Accrued Interest Payable — Central Bank (Note 9)	P	314,772,120	P 196,517,306
Accounts Payable — PNB (Note 10)		13,281,679	123,715,446
Accounts Payable — Various		624,101	1,047,228
Due to Officers & Employees		1,235,004	557,724
Due to Payoff Funds		32,085	—
Total Current Liabilities		329,944,989	321,837,704
LONG-TERM LIABILITY			
Notes Payable — Central Bank		1,540,000,000	920,000,000
OTHER LIABILITIES AND DEFERRED CREDITS			
Deferred Assessment Income		43,237	109,030
Unearned Discount		3,837,765	367,601
Accounts Payable — Perpetual Savings Bank		1,000,000	1,000,000
Contingent Liability		167,029	167,029
Total		5,048,031	1,643,660
Total Liabilities		1,874,993,020	1,243,481,364
DEPOSIT INSURANCE FUND			
Permanent Insurance Fund		2,000,000,000	2,000,000,000
Retained Earnings		23,587,831	17,564,326
Reserve for Insurance Losses (Notes 1 & 11)		557,299,176	580,335,681
Total Equity		2,580,887,007	2,597,900,007
TOTAL LIABILITIES AND DEPOSIT INSURANCE FUND		P4,455,880,027	P 3,841,381,371
CONTINGENT ACCOUNT (Note 12)			
Funds Held in Trust under RA 5517	P	13,021,607	P 8,044,187

STATEMENTS OF INCOME AND RETAINED EARNINGS

For the Years Ended December 31, 1987 and 1986

	1987	1986
INCOME		
Assessment Income	P 140,661,108	P 136,179,537
Interest Earned	30,305,067	37,458,661
Earned Discounts	18,141,619	21,201,567
Miscellaneous Income	17,623	11,523
Total Income	P 189,125,417	P 194,851,288
EXPENSES		
Personal Services	P 11,104,536	P 9,311,828
Management Expenses	2,866,510	2,493,980
Property Expenses	806,638	757,339
Communications	290,217	242,256
Interest Expense	139,689,743	152,508,794
Travel — Local	2,730,452	955,855
Taxes	109,060	97,599
Others	275,565	240,102
Total Expenses	P 157,933,321	P 166,607,753
INCOME BEFORE PROVISION FOR INSURANCE LOSSES	P 31,192,096	P 28,243,535
PROVISION FOR INSURANCE LOSSES	P 26,000,000	24,444,000
NET INCOME	P 5,192,096	P 3,799,535
RETAINED EARNINGS, JANUARY 1	P 17,564,326	P 10,993,857
Add: Prior Year's Adjustments	831,409	2,254,027
Contingent Surplus	—	516,906
	18,395,735	13,764,790
RETAINED EARNINGS, DECEMBER 31	P 23,587,831	P 17,564,325

STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Years Ended December 31, 1987 and 1986

WORKING CAPITAL WAS PROVIDED FROM

	1987	1986
Operations		
Net Income—(Inclusive of Prior Year's Adjustments)	P 6,023,505	-P 6,053,562
Add: Items not Requiring Working Capital		
Depreciation	457,067	452,129
Reserve for Insurance Losses	26,000,000	24,444,000
Contingent Surplus	—	516,907
Total from Operations	32,480,572	31,466,598
Collections of Loans/Bank Assistance	713,319	2,435,078
Remittances by the National Treasury	25,000,000	300,000,000
Matured Securities Guaranteed by the Philippine Government	36,470,000	7,720,000
Long-Term Borrowings	20,000,000	—
Decrease in Other Assets	136,974	500,155,244
Increase in Other Liabilities	3,470,164	1,222,491
	605,790,457	811,532,813
Total Working Capital Provided	638,271,029	842,999,411

WORKING CAPITAL WAS USED FOR

Subrogated Claims Paid	334,779,561	346,975,904
Bank Assistance	—	1,500,000
Additions to Property & Equipment	241,685	154,303
Reduction of Long-Term Debt — CB	—	150,000,000
Increase in Other Assets	4,000,000	689,105
Decrease in Other Liabilities	65,791	6,691,004
Total Working Capital Used	339,087,037	506,010,316

INCREASE IN WORKING CAPITAL

P 70,183,992 P 336,989,095

CHANGES IN WORKING CAPITAL ACCOUNTS

	INCREASE/(DECREASE)	
	1987	1986
CURRENT ASSETS		
Cash in Bank	(P 195,116,846)	P 83,379,405
Payoff Funds	202,433,456	26,510,935
Permanent Insurance Fund Receivable	(175,000,000)	500,000,000
Due from Bureau of Internal Revenue	(10,387,959)	—
Accounts and Other Receivables	8,333,300	12,735,860
Philippine Government Obligations	257,325,366	(99,061,130)
Other Current Assets	(296,041)	(44,929)
Increase (Decrease) in Current Assets	87,291,276	523,520,141
CURRENT LIABILITIES		
Accounts Payable & Accrued Expenses	117,751,271	107,286,514
Due to Philippine National Bank	(110,433,768)	83,515,598
Unearned Discounts	—	(4,270,237)
Other Payables	781,781	(829)
Increase (Decrease) in Current Liabilities	8,107,284	186,531,046
INCREASE IN WORKING CAPITAL	P 79,183,992	P 336,989,095

For the Years Ended December 31, 1987 and 1986

NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES

Reserve for Losses on Subrogated Claims Paid/Estimated Insurance Losses — Pursuant to Resolution No. 156 dated December 4, 1986, the Board provided valuation reserve for insurance losses on subrogated claims paid. Depending on the date of closure, 50% of subrogated claims paid shall be distributed over a period from five to ten years.

Reserve for Losses on Subrogated Claims Paid and Estimated Insurance Losses accounts are treated as deductions from Subrogated Claims Paid and Reserve for Insurance Losses accounts, respectively.

NOTE 2 — PAYOFF FUNDS

The account consists of deposits with various banks in cities and municipalities where closed banks are situated for the purpose of paying insured deposits.

The breakdown of this account is shown below.

	1987	1986
Cash in Bank		
Current Account	₱ 40,547,335	₱ 80,785,455
Savings Account	241,642,530	3,792,364
	282,189,865	84,577,819
Cash with Claim Agents	4,872,314	50,904
Total	₱ 287,062,179	₱ 84,628,723

NOTE 3 — PHILIPPINE GOVERNMENT OBLIGATIONS

Investment in government securities consists of the following:

Maturity Year	Description	1987	1986
988	9% DBP Countryside Bills	₱ 4,870,000	₱ 4,870,000
989	9% DBP Countryside Bills	3,000,000	3,000,000
988	14% NMFC Bahayan Mortgage Participating Certificates	61,400,000	61,400,000
988	Treasury Bills	155,188,542	—
989	12% Treasury Notes	29,800,000	—
988	13.125% Treasury Notes	41,405,694	5,538,870
	Total	295,664,236	74,808,870
	Less: Current Portion	262,864,236	5,538,870
	Long Term Investment	₱ 32,800,000	₱ 69,270,000

Investments in DBP Countryside Bills, Treasury Notes and Treasury Bills are stated at maturity value and the difference from cost is amortized monthly until maturity dates.

NOTE 4 — PERMANENT INSURANCE FUND RECEIVABLE

The Permanent Insurance Fund (capital) of PDIC was increased from ₱20 million to ₱2.0 billion by virtue of P.D. No. 1985 issued on October 4, 1985. Out of the balance at year-end 1987 of ₱1,380.0 million, ₱325 million is scheduled to be released by the National Treasury in 1988.

NOTE 5 — ACCOUNTS & OTHER RECEIVABLES

The following comprise the account:

	1987	1986
Accounts Receivable	₱ 2,909,650	₱ 191,390
Due from Central Bank	707,566	4,451,077
Cash Advance	8,868	—
Accrued Interest Receivable	32,332,780	22,786,738
Due from Officers & Employees	86,709	283,068
Total	₱ 36,045,573	₱ 27,712,273

Accounts receivable consist mostly of assessment deficiencies collectible from member banks.

The bulk of due from officers and employees account represents the remaining cost recoverable for cars acquired by officers under the PDIC Car Plan.

Accrued interest receivable is composed of uncollected interest on notes receivable, bank deposits and investment in government securities.

NOTE 6 — ASSETS ACQUIRED IN BANK ASSISTANCE & DEPOSIT SUBROGATION TRANSACTIONS

The breakdown of the account is as follows:

Subrogated Claims Paid	₱ 2,427,495,968	₱ 1,792,716,406
Less: Reserve for Losses	89,462,423	40,425,917
Net Subrogated Claims Paid	₱ 2,338,033,545	₱ 1,752,290,489
Add:		
Deposit Assistance	12,000	32,000
Advances to Combank	1,500,000	1,500,000
Notes Receivable	75,837,185	76,530,505
	₱ 77,349,185	₱ 78,062,505
Total	₱ 2,415,382,730	₱ 1,830,352,994

NOTE 7 — PROPERTY AND EQUIPMENT

Property and equipment are carried at cost less accumulated depreciation computed on a straight line basis over the estimated useful life of the property. Ordinary repairs and maintenance are charged against income; major repairs or betterment are capitalized.

Property and equipment consist of the following:

	1987		1986	
Land		₱ 759,000		₱ 759,000
Building	₱ 5,037,224		₱ 4,848,314	
Less: Depreciation	2,901,618	2,135,606	2,623,146	2,225,168
Equipment	1,404,424		1,393,124	
Less: Depreciation	1,106,361	298,063	938,533	454,591
Furniture & Fixtures	395,772		354,297	
Less: Depreciation	330,441	65,331	319,675	34,622
Totals		₱ 3,258,000		₱ 3,473,381

NOTE 8 – OTHER ASSETS

The following accounts comprise Other Assets:

	1987	1986
Permanent Insurance Fund		
Receivable	₱ 1,055,000,000	₱ 1,080,000,000
Loan Receivable-Provident Fund	6,000,000	2,000,000
Deferred Transportation Expenses	64,872	216,230
Subscriber's Investment	33,000	33,000
Deposit with Other Companies	17,705	17,705
Inventory of Standees & Decals	4,600	5,171
Deposit with Bureau of Telecommunications	386	386
Rural Bank of Pacasao, Inc.	16,270	
Contingent Assets	682,620	683,936
Totals	₱ 1,061,819,453	₱ 1,082,956,428

Contingent Assets represent claims for travel which were disallowed in audit under Certificates of Settlement and Balances issued in 1986 and on appeal with the Commission on Audit.

NOTE 9 – ACCRUED INTEREST PAYABLE – CENTRAL BANK

The total interest payable is computed on simple average interest rates on outstanding marketable and non-marketable securities during the preceding month. The loans with Central Bank were released per MB Resolution No. 1150 dated November 8, 1985.

NOTE 10 – ACCOUNTS PAYABLE – PHILIPPINE NATIONAL BANK

The amount represents the difference between the payments made by PNB to Banco Filipino depositors and total advances of ₱550 million made by PDIC together with the applied assessment premium of ₱34 million and partial settlement of ₱100 million.

NOTE 11 – RESERVE FOR INSURANCE LOSSES

In order to build up its permanent insurance fund, PDIC has regularly provided arbitrary annual reserve chargeable against operation from the time it became operational in 1970.

NOTE 12 – CONTINGENT ACCOUNT

The account represents funds appropriated under RA 5517 to pay depositors of closed banks including subrogated deposits collected from rehabilitated banks.

Pursuant to Resolution No. 122 dated August 26, 1986, the balance of ₱5.5 million was transferred to the Assets Recovery Unit with the Assistant Vice President for Corporate Services Group as Administrator.

The total fund as of December 31, 1987 totalling ₱13.02 million is broken down as follows:

Cash in Bank	₱ 6,895
Investment in PGO	8,472,000
Accrued Interest on PGO	140,867
Subrogated Deposits	4,323,895
Office Equipment	77,950
Total	₱ 13,021,607

STATISTICS

NUMBER OF BANKING OFFICES

Bank Group	December 31, 1987	December 31, 1986	Change
Commercial Banks	1,733	1,765	(32)
Head Offices	29	30	(1)
Branches	1,500	1,513	(13)
Sub-Branches	11	12	(1)
Savings Agencies	17	19	(2)
Extension Offices	121	134	(13)
Money Shops/Savings Offices	41	41	0
Representative Offices	14	16	(2)
Saving & Mortgage Banks	243	227	16
Head Offices	18	17	1
Branches	195	180	15
Extension Offices	2	2	0
Money Shops/Savings Offices	7	18	(11)
Savings Agencies	33	32	1
Private Development Banks	205	219	(13)
Head Offices	42	44	(2)
Branches	94	104	(10)
Sub-Branches	1	1	0
Savings Agencies	17	17	0
Extension Offices	49	50	(1)
Money Shops/Savings Offices	2	2	0
Stock Savings & Loan Associations	210	221	(11)
Head Offices	62	65	(3)
Branches	80	88	(8)
Savings Agencies	47	47	0
Money Shops	17	17	0
Extension Offices	4	4	0
Rural Banks	1,058	1,088	(30)
Head Offices	850	880	(30)
Branches	100	107	(7)
Extension Offices	48	50	(2)
Savings Agencies	7	17	(10)
Money Shops	44	44	0
Specialized Government Banks	104	100	4
Head Offices	3	3	0
Branches	76	72	4
Sub-Branches	15	15	0
Savings Agencies	7	7	0
Extension Offices	3	3	0
ALL BANKS	3,553	3,619	(66)
Head Offices	984	1,029	(35)
Branches	2,054	2,064	(10)
Sub-Branches	27	28	(1)
Savings Agencies	128	129	(1)
Extension Offices	225	241	(16)
Money Shops/Savings Offices	111	112	(1)
Representative Offices	14	16	(2)

SOURCE OF DATA: Central Bank of the Philippines

PDIC RISK EXPOSURE ON DEPOSIT LIABILITIES OF THE PHILIPPINE BANKING SYSTEM
As of September 30, 1987

	NO. OF BANKING OFFICES ¹	NUMBER OF ACCOUNTS			PERCENT OF ACCOUNTS	
		Total	Up to P40,000	Over P40,000	Up to P40,000	Over P40,000
Commercial Banks	31 ²	10,730,334	10,163,022	567,312	94.71	5.29
Savings Banks	7	1,660,040	1,627,427	32,613	98.04	1.96
Development Banks:						
Private DBs	42	707,887	697,692	10,195	98.56	1.44
DBP	1	86,509	85,065	1,444	98.33	1.67
Stock SLAs	63	2,041,198	2,031,606	9,592	99.53	0.47
Rural Banks	505 ⁴	2,787,566	2,776,605	10,961	99.61	0.39
TOTAL	649	18,013,534	17,381,417	632,117	96.49	3.51

D E P O S I T S (In millions of pesos)						
	INSURED DEPOSITS		UNINSURED DEPOSITS		PERCENT OF DEPOSITS ³	
	Total Deposits	Up to P40,000	Over P40,000	Insured	Uninsured	
Commercial Banks	163,976	49,539	26,847	22,692	114,437	30.21
Savings Banks	7,187	4,579	3,274	1,305	2,608	63.71
Development Banks:						
Private DBs	2,280	1,342	934	408	938	58.86
DBP	636	184	126	58	452	28.93
Stock SLAs	2,639	1,838	1,454	384	801	69.65
Rural Banks	3,016	2,409	1,970	439	607	79.87
TOTAL	179,734	59,891	34,605	25,286	119,843	33.32

¹Head offices only

²Includes two specialized government banks (Land Bank of the Philippines and Philippine Amanah Bank)

³Percentages were computed before rounding

⁴Reporting rural banks only

BANKS CLOSED BY THE MONETARY BOARD OF THE CENTRAL BANK
January - December, 1987

Name of Closed Bank	Date of CB Takeover	No. of Accounts ¹	Deposits ¹ (In thousands)
Commercial Bank			
1. Manila Banking Corp.	5-25-87	633,614	P1,905,207
Private Development Bank			
2. PISO Development Bank	2-04-87	20,088	206,266
Stock SLAs			
3. Mayon SLB, Inc.	2-09-87	5,219	1,645
4. Matatag SLA, Inc.	5-14-87	2,199	1,873
Rural Banks			
5. RB of St. Bernard (Southern Leyte), Inc.	1-09-87	2,938	196
6. RB of Tanauan (Leyte), Inc.	1-09-87	n/a	667
7. RB of Bokod (Benguet), Inc.	1-19-87	1,113	391
8. RB of Jasaan (Misamis Oriental), Inc.	2-09-87	3,433	1,432
9. RB of Botolan (Zambales), Inc.	2-03-87	3,468	893
10. Cabiao RB (Nueva Ecija), Inc.	3-12-87	3,986	2,096
11. RB of Jovellar (Albay), Inc.	3-16-87	2,575	372
12. RB of Ligao (Albay), Inc.	3-16-87	10,754	1,649
13. RB of Pio Duran (Albay), Inc.	3-16-87	5,783	527
14. RB of Magallanes (Agusan del Norte), Inc.	3-19-87	2,260	573
15. RB of Impasug-ong (Bukidnon), Inc.	3-19-87	1,105	663
16. RB of Murcia (Negros Occidental), Inc.	3-19-87	1,718	436
17. RB of Abuyog (Leyte), Inc.	4-27-87	n/a	1,298
18. San Jose RB (Nueva Ecija), Inc.	5-07-87	304	456
19. RB of Basista (Pangasinan), Inc.	5-13-87	433	397
20. Cagayan de Oro RB, Inc.	6-15-87	14,177	3,001
21. RB of Palo (Leyte), Inc.	5-19-87	n/a	1,210
22. RB of Sagay (Camarines), Inc.	5-21-87	n/a	444
23. RB of Oras (Eastern Samar), Inc.	9-29-87	n/a	446
24. Rizal RB (Nueva Ecija), Inc.	9-25-87	5,219	3,566
25. RB of Ramos (Tarlac), Inc.	10-01-87	325	817
26. RB of San Clemente (Tarlac), Inc.	10-15-87	918	1,213
27. Community RB of Paombong (Bulacan), Inc.	11-05-87	3,167	812
28. RB of Consolacion (Cebu), Inc.	11-26-87	8,134	3,577
29. RB of Giporlos (Eastern Samar), Inc.	12-03-87	952	200
TOTAL		733,882	P2,142,323

¹As reported in the CB Notice of Closure

**PDIC PAYMENTS OF INSURED DEPOSITS IN CLOSED BANKS
BY TYPE OF BANK
As of December 31, 1987
(Amounts in thousands of pesos)**

Number of Closed Banks	1984 & Prior Years		Year 1985		Year 1986		Year 1987		Total as of December 31, 1987	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
BANKS CLOSED IN 1984 AND PRIOR YEARS										
Commercial Banks	1	56,710	P 45,209	—	—	—	—	—	—	—
Thrift Banks	24	135,140	266,804	80,545	43,941	19,344	99,469	3,654	8,433	238,683
Rural Banks	198	83,989	52,191	8,976	131,183	4,655	11,229	1,068	2,988	98,688
TOTAL	120	275,839	P 364,204	89,521	P 466,124	23,999	P 110,698	4,703	P 11,380	P 394,062
BANKS CLOSED IN 1985										
Commercial Banks	2	—	—	15,043	—	—	—	—	—	—
Thrift Banks	16	—	—	379,974	692,632	31,778	100,621	10,795	37,891	422,547
Rural Banks	36	—	—	5,122	13,627	6,669	27,050	13,741	21,028	25,532
TOTAL	44	—	—	400,139	P 751,872	48,379	P 155,790	26,822	P 64,292	P 475,340
BANKS CLOSED IN 1986										
Commercial Banks	1	—	—	—	—	—	—	—	—	—
Thrift Banks	1	—	—	—	—	—	—	—	—	—
Rural Banks	26	—	—	—	—	—	—	7,570	16,802	7,570
TOTAL	26	—	—	—	—	—	—	7,570	P 16,802	P 16,802
BANKS CLOSED IN 1987										
Commercial Banks	1	—	—	—	—	—	—	—	—	—
Thrift Banks	13	—	—	—	—	—	—	111,843	P 502,717	111,843
Rural Banks	25	—	—	—	—	—	—	5,163	46,801	5,163
TOTAL	29	—	—	—	—	—	—	117,006	P 549,518	P 549,518
GRAND TOTAL	219	275,839	P 364,204	489,660	P 1,217,996	72,378	P 266,488	156,101	P 641,992	P 993,978²

¹ Preliminary figures, net of adjustments on prior years' payments.
² Includes payments to depositors of rehabilitated banks.

**NUMBER OF BANKS CLOSED BY THE CENTRAL BANK AND PDIC PAYMENTS
OF INSURED DEPOSITS, 1970-1987
(Amounts in millions of pesos)**

BANK GROUP	NO. OF BANKS	DEPOSITS ¹		INSURED DEPOSITS PAID	
		No. of Accounts	Amount	No. of Accounts	Amount
Commercial Banks	6	1,213,224	4,447.81	195,795	626.99
Savings & Mortgage Banks	3	2,541,840	1,016.14	437,268	776.27
Private Development Banks	4	137,620	298.40	30,831	164.28
Stock Savings & Loan Assns.	26	996,434	1,581.82	198,294	747.04
Rural Banks	180 ²	721,499	290.88	131,790	176.10
TOTALS	219	5,610,617	7,635.05	993,978	2,480.68

¹ As of closure.
² Excludes RB of Jolo, Inc. which went into voluntary dissolution.

PDIC ASSETS
(In thousands of pesos)

Year (December 31)	Total Assets	Philippine Govt. Obligations	Assets Acquired in Bank Assistance & Deposit Subrogation Transactions	Current Assets	Fixed & Other Assets
1969	5,894	2,741	-	2,141	1,112
1970	9,050	6,275	-	2,235	540
1971	11,757	7,813	602	2,981	961
1972	28,372	19,632	14,632	3,815	273
1973	36,590	15,529	17,868	2,982	211
1974	44,144	20,620	46,729	24,718	5,018
1975	87,135	32,479	46,832	24,294	5,360
1976	108,965	49,332	57,463	7,114	20,748
1977	164,929	66,770	59,426	53,081	20,403
1978	199,680	83,200	47,442	83,905	20,098
1979	234,645	86,770	59,426	102,677	19,806
1980	268,679	146,130	70,950	116,346	20,460
1981	353,886	148,663	133,976	153,437	19,716
1982	455,792	195,890	330,939	41,280	21,716
1983	589,825	181,590	524,738	227,208	1,886,194
1984	3,819,730	24,809	1,830,353	849,790	1,086,429
1985	3,841,381	295,664	2,415,383	679,756	1,065,077
1987	4,455,880	-	-	-	-

Includes short-term PGO deducted from Current Assets.

PDIC DEPOSIT INSURANCE FUND
(In thousands of pesos)

Year (December 31)	Total DIF	Permanent Insurance Fund	Reserve for Insurance Losses	Retained Earnings
1969	5,914	5,000	-	914
1970	8,727	5,000	2,780	947
1971	11,503	5,000	5,380	1,123
1972	14,946	5,000	8,380	1,566
1973	19,253	5,000	12,380	1,873
1974	24,220	5,000	17,305	1,915
1975	32,081	5,000	25,085	1,996
1976	44,187	5,000	36,915	2,272
1977	77,282	20,000	54,700	2,582
1978	108,604	20,000	85,800	2,804
1979	147,782	20,000	124,670	3,112
1980	200,708	20,000	177,317	3,391
1981	267,717	20,000	244,267	3,350
1982	352,581	20,000	328,742	3,839
1983	452,226	20,000	427,749	4,477
1984	572,709	20,000	547,899	4,810
1985	2,607,311	2,000,000	596,317	10,994
1986	2,597,900	2,000,000	580,336	17,564
1987	2,500,887	2,000,000	557,299	23,588

PDIC ASSESSMENT INCOME
(Amounts in thousands of pesos)

Year (December 31)	Assessment Income	Amount	Yearly Change Percent	✓
1970	4,254			
1971	4,868	614	14.43	
1972	5,775	907	18.63	
1973	6,933	1,158	20.05	
1974	9,067	2,134	30.78	
1975	11,733	2,666	29.40	
1976	14,882	3,149	26.84	
1977	21,035	6,153	41.34	
1978	28,236	7,201	34.23	
1979	35,075	6,839	24.22	
1980	44,919	9,844	28.06	
1981	56,099	11,180	24.89	
1982	63,679	7,580	13.51	
1983	77,612	13,933	21.88	
1984	92,488	14,876	19.17	
1985	125,667	33,179	35.87	
1986	136,179	10,512	8.36	
1987	140,661	4,482	3.29	

PDIC OPERATING EXPENSES IN RELATION TO INCOME
(Amounts in thousands of pesos)

Year (December 31)	INCOME			OPERATING EXPENSES		
	Total	Assessment Income	Interest & Other Income	Amount	Percent to Total Income	Percent to Assessment Income
1969	912	-	912	649	71.16	
1970	4,828	4,254	574	1,937	40.12	
1971	5,701	4,868	833	3,006	52.73	45.53
1972	6,861	5,775	1,086	3,446	50.23	61.75
1973	8,372	6,933	1,439	4,059	48.48	59.67
1974	10,995	9,067	1,928	6,034	54.88	66.55
1975	15,378	11,733	3,645	7,466	48.55	63.63
1976	19,853	14,882	4,971	7,611	38.73	51.14
1977	27,075	21,035	6,040	9,003	33.25	42.80
1978	39,454	28,236	11,218	8,088	20.50	28.64
1979	49,206	35,075	14,131	10,070	20.46	28.71
1980	64,024	44,919	19,105	11,077	17.30	24.66
1981	79,384	56,099	23,285	12,029	15.15	21.44
1982	96,372	63,679	32,693	11,694	12.13	18.36
1983	114,588	77,612	36,976	15,234	13.29	19.63
1984	135,767	92,488	43,279	15,282	11.26	16.52
1985	161,098	125,667	35,431	110,345	68.50	87.81
1986	194,851	136,179	58,671	166,608	85.50	122.34
1987	189,125	140,661	48,464	157,933	83.51	112.28

OFFICERS OF THE CORPORATION

BOARD OF DIRECTORS

JOSE B. FERNANDEZ, JR.
Governor, Central Bank of the Philippines
Chairman

VICTOR C. MACALINCAG
Undersecretary of Finance
Member

EUGENIO NIERRAS, JR.
Deputy Governor
Central Bank of the Philippines
Member

EXECUTIVE OFFICERS

EUGENIO NIERRAS, JR.
Acting President

ISAYAS G. PENEYRA
Vice President

CONCEPCION M. RECTO
Assistant Vice President
Operations

EDUARDO P. SANTOS
Assistant Vice President
Corporate Services

GRACIA A. ROSALINAS
Manager, Assessment &
Examination Department

ALBERTO R. ENRIQUEZ
Manager, Administrative
Department

LINDA B. GUSTILO
Manager, Liquidation &
Receivership Department

MA. ELENA E. BIENVENIDA
Manager, Treasury Department

ROSALINDA U. CASIGURAN
Chief Legal Counsel

ERNESTA C. BAROÑA
Manager
Accounting Department

ROBERTO R. GUEVARA
Systems Development Officer

ANNUAL
REPORT
1987

32

PHILIPPINE DEPOSIT INSURANCE CORPORATION