

PHILIPPINE DEPOSIT INSURANCE CORPORATION
 REPORT ON ACCOMPLISHMENTS OF STRATEGIC OBJECTIVES (SO)
 FOR THE FIRST SEMESTER OF 2015

FOR THE FIRST SEMESTER OF 2015						
Strategic Objective (SO)/ Strategic Measure (SM)		Formula	Weight	Baseline (2014)	2015	
					Target	Actual (as of 30 June)
SO 1. To maintain the Deposit Insurance Fund (DIF) to adequately cover deposit insurance and bank resolution						
SM 1	Ratio of DIF to Estimated Insured Deposits (EID) (based on a 12- month average)	(DIF/EID) x 100%	20.0%	5.4% (based on a 12-month average)	5.0%	5.6% ¹
		Range of Target DIF to EID Ratio	Equivalent Weight			
		5.0% and above	20%			
		4.75% - 4.99%	18%			
		4.5% - 4.74%	16%			
		Below 4.50 %	0.0%			
SO 2. To Sustain Client Satisfaction Level						
SM 2	Establishment of a Baseline rating on Customer/Stakeholder Satisfaction based on a survey designed and verified by an independent third party	Actual Accomplishment	5.0%	n/a	Establish baseline Not lower than Satisfactory	Contract/Service Agreement with the Development Academy of the Philippines (DAP) for final review
SO 3. To settle valid deposit insurance claims promptly						
SM 3	For accounts w/ balances of ≤ P50,000: % of valid ² deposits paid within TAT ³ Banks w/ ≤ 20 branches Banks w/ > 20 branches Multi-unit bank w/ conditions ⁴	(Number of valid deposits paid within TAT)/ (Number of valid deposits eligible for outright payment)	12.5%	n/a	90% 12 working days (WD) 19 WD 22 WD	100% ⁵ --- ---
SM 4	For accounts w/ balances of > P50,000: % of valid ² claims settled within TAT ³ Banks w/ ≤ 20 branches Banks w/ > 20 branches Multi-unit bank w/ conditions ⁴	(Number of valid claims settled within TAT)/ (Number of valid filed claims)	12.5%		90% 19 WD 44 WD 50 WD	100% ⁶ --- ---

Strategic Objective (SO)/ Strategic Measure (SM)	Formula	Weight	Baseline (2011)	2015		
				Target	Actual (as of 30 June)	
SO 4. To protect the depositors in the banking system						
SM 5	Average number of days from exit conference or last day of examination, whichever is later, to submission of PDIC Directives to the Examined Bank's Board	Average number of days	20.0%	n/a	45 WD	32 WD ⁷
SO 5. To immediately distribute assets to creditors and terminate liquidation of closed banks						
SM 6	Number of closed banks with liquidation terminated	Absolute number	10.0%	92 closed banks (vs. target of 85 closed banks)	28 closed banks of which 11 with LC-approved FPODs prior to 2012 and 17 with LC-approved FPODs in 2012	12 closed banks
SM 7	Number of Projects of Distribution (PODs) filed with the Liquidation Court based on the number of closed banks	Absolute number	10.0%	n/a	40	16 ⁸
SO 6. To Ensure Processes and Systems are Efficient/Effective and Consistent with Policies, External Regulations and Internationally-accepted Standards Using Available Technology						
SM 8	Enterprise Risk Management (ERM)	Actual Accomplishment	4.0%	n/a	Risk mitigation measures	Top Risks Management Dashboard prototype has been developed.
SM 9	Memorandum of Understanding (MOU) on Cross Border Agreements with other deposit insurance Agencies (DIA)/ Signed Agreement	Actual Accomplishment	2.0%	n/a	Signed MOU with at least 1 Deposit Insurance Agency (DIA)	MOU on cross border cooperation with Financial Services Compensation Scheme (FSCS) Limited of the United Kingdom signed on 11 March 2015 in Bogota, Colombia

Strategic Objective (SO)/ Strategic Measure (SM)	Formula	Weight	Baseline (20)	2015	
				Target	Actual (as of 30 June)
SO 7. To Deliver Quality Public Service Through Highly Competent Workforce					
SM 10 Establish a Competency Framework	Actual Accomplishment	4.0%	n/a	Board-Approved Competency Framework	Procurement for the services of a consultant ongoing
Total		100.0%			

¹ based on a 6-month average

² Valid claims refer to claims for deposit accounts examined to be legitimate and eligible for deposit insurance. To be considered valid, claims must be filed with complete supporting evidences/documents that are acceptable to PDIC or with complete address and with no outstanding loans with closed bank for deposit balances of P50,000 and below.

³ from bank takeover

⁴ Multi-unit bank should meet all the following conditions: (a) >25,000 accounts; (b) < 50% of accounts qualify for waived filing; and (c) > 70% of accounts net of those waived for filing are high risk

⁵ 30,984 depositors of 7 closed banks paid within TAT

⁶ 3,575 valid claims from 6 closed banks settled within TAT. In addition, 207 valid claims from RB Burauen closed on 10 December 2014 were settled within TAT on 7 January 2015)

⁷ for 24 banks with completed bank examination report

⁸ includes the 7 banks as mentioned in the 1st quarter RCP as a footnote

Certified Correct:


MA. ESTER D. HANOPOL

VP, Corporate Planning Group

_____ Date


SANDRA A. DIAZ

SVP, Management Services Sector

_____ Date

Approved by:


CRISTINA Q. ORBETA

President

_____ Date

CESAR V. PURISIMA

Secretary, Department of Finance and
Chairman of the PDIC Board of Directors

_____ Date

PHILIPPINE DEPOSIT INSURANCE CORPORATION
Strategic Initiatives Profile

Strategic Initiative 1

1. **Name of Project:** UNITED COCONUT PLANTERS BANK (UCPB) RECAPITALIZATION
2. **Contact Person/Project Team Head:** Cristina Q. Orbeta, President of PDIC and Member of the Advisory Council, UCPB
3. **Project Description:** Explore strategic options to strengthen UCPB's capital structure to comply with regulatory requirements and eventually pave the way for government exit from UCPB. Aside from having been declared owner of UCPB, the government has P30 billion in deposits in UCPB which was used to purchase Government Securities, while PDIC has P12 billion Capital Notes in the bank eligible as Tier 1 capital, as approved by the Monetary Board.
4. **Project Milestones:**

Activities	Timeline		Budget	Funding Source	Status as of 30 June 2015
	Start	End			
Implementation of UCPB Recapitalization Plan	T (date of issuance of the EO)	+7 months	-	For the account of UCPB	<p>The Privatization Management Office (PMO) has started the process of the recapitalization of the Bank by way of privatization through public bidding, pursuant to EO 179 issued in March 2015.</p> <p>However, the Confederation of Coconut Farmers Organization of the Philippines, which includes the Cocofed (Phil. Coconut Producers Federation), filed a petition dated 17 May 2015 with the Supreme Court (SC), seeking the issuance of Temporary Restraining Order (TRO) on the implementation of EOs 179 and 180. Respondents to the petition are Pres. Benigno Aquino III, the PCGG, GCG and DOJ. As of this cutoff date, SC has yet to act on the petition.¹</p> <p>Given that there was no action on the TRO, PMO proceeded to publish the <i>Invitation to Bid for the Sale of Equity in United Coconut Planters Bank</i> starting on 31 May 2015. The Invitation was published in several local newspapers and in the Wall Street Journal several times during the following two weeks. The Bank gained the interest of 12 local and foreign entities, which submitted the Letter of Intent and Confidentiality Agreement, and paid the Participation Fee. PMO each provided them with the <i>Asset Specific Bidding Rules – Instructions to Prospective Bidders</i> (ASBR1). Pursuant to the ASBR1, the Pre-Qualification Conference for Prospective Bidders was held on 22 June 2015.</p>

¹ The Supreme Court, in an en banc resolution dated 30 June 2015, issued a TRO enjoining respondents from implementing EOs 179 & 180 (PDIC got hold of a copy on 2 July 2015)

Activities	Timeline		Budget	Funding Source	Status as of 30 June 2015
	Start	End			
					In view of the requests received from Prospective Bidders following the Pre-qualification Conference, PMO extended the timeline for the submission of Pre-Qualification Documents to 16 July 2015. It also issued the revised ASBR1 to address comments raised by the Prospective Bidders.

Prepared by:


ROSSANA V. CASTALLA
Head Exec. Assistant

Noted by:


CRISTINA Q. ORBETA
President

Strategic Initiative 2

1. **Name of Project :** PDIC LEGISLATIVE INITIATIVES
2. **Contact Person/Project Team Head :** Cristina Q. Orbeta, President and Chairperson, Committee on Legislative Initiatives (CLI)
3. **Project Description:** The project will: a) propose amendments to existing laws, rules and regulations that hinder the efficient servicing of deposit insurance claims; b) determine how to address, through appropriate legislation, issues and challenges encountered in the expeditious resolution and liquidation of closed banks; c) identify other measures and authorities required to further strengthen PDIC as an institution with a unique mandate; and d) evaluate impact to PDIC of BSP proposed charter amendments. These measures are also intended to enable PDIC to align its authorities with international standards.

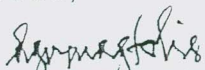
4. **Project Milestones :**

Activities	Timeline		Budget ^a	Funding Source	Status as of 30 June 2015
	Start	End			
Submission of proposed amendments to the PDIC Charter and other related laws (inclusive, but not limited to, the following areas): a) Reform Measures in Bank Resolution and Liquidation; b) Allow depositors quick and immediate access to deposit insurance; and c) Enhance governance and institutional framework.	Q3 2013	Q4 2014 ^b		PDIC	<p>On June 9, 2015, the Committee on Appropriations submitted its report on the substitute bill amending the PDIC Charter ("the House Bill") to the Committee on Banks and Other Financial Intermediaries of the House of Representatives.</p> <p>On June 30, 2015, the House Committee on Banks submitted the House Bill to Deputy Secretary General Arlene Dada-Arnaldo for transmittal to the House Committee on Rules, which shall schedule the House Bill for Second Reading once Congress resumes session on July 27.</p> <p>Continued coordination is being made with the Office of Senator Sergio Osmeña III by sending proposed amendments to Senate Bill (S.B.) No. 2268 and a copy of the House Bill.</p> <p>On June 26, 2015, PDIC met with Hon. Meynard Guevarra, Deputy Executive Secretary Guevarra for Legal Affairs, to brief him on PDIC's legislative initiatives. Hon. Guevarra said that he will be meeting with the Executive side of the Legislative Executive Development Advisory Council (LEDAC) by mid-July, and requested an executive summary of the bills amending the PDIC Charter.</p>


^a The budget is only for estimated cost of meetings to be incurred, and charged to Corporate Business/Policy Development and Enforcement Expense (CBPDEE.)

^b While proposed amendments to the PDIC Charter and other related laws have been submitted to Congress, the CLI continues to monitor the passage of the amendatory bills and present PDIC's position on matters raised by members of Congress and other stakeholders.

Prepared by:


DELILAH GRACE V. MAGTOLIS
DM III – LSD 3

Noted by:


CRISTINA Q. ORBETA
President

Strategic Initiative 3

1. Name of Project : COMPLIANCE TO THE IADI CORE PRINCIPLES FOR EFFECTIVE DEPOSIT INSURANCE SYSTEMS

Contact Person/Project Team Head : Imelda S. Singzon, Chairperson for PDIC IADI-Counterpart Assessment Team and EVP for Examination and Resolution Sector

Project Description : This is to ensure that the organization will be compliant to the 18th IADI Core Principles, namely: Public policy objectives, Mitigating moral hazard, Mandate, Powers, Governance, Relationships with other safety-net participants, Cross-border issues, Membership, Coverage, Transitioning from a blanket guarantee to a limited deposit insurance system, Funding, Public Awareness, Legal Protection, Dealing with Parties at Fault in a Bank Failure, Early Detection and Intervention, Resolution Processes, Reimbursing Depositors, and Recoveries. The initial step is the conduct of self-assessment based on specific essential and additional criteria for each core principle outlined in the Methodology for Compliance Assessment, designed by the IADI, under the Basel Committee on Banking Supervision. The self-assessment shall be reviewed by the External IADI Team. Based on the results of assessment review, gaps in compliance shall be addressed, and for the longer-term continuing compliance shall be ensured.

Project Milestones :

Activities	Timeline		Budget ^b	Funding Source	Status as of 30 June 2015
	Start	End			
Addressing the gaps in compliance based on the recommendation of the IADI Team	Q3 2013	Q4 2014		PDIC	As a result of the IADI Assessment Review by IADI Team conducted in June 2013, the following steps are being undertaken: 1. Legal Initiatives to amend the PDIC Charter (<i>Refer to the Strategic Initiative 2 – PDIC Legislative Initiatives</i>). 2. Formulation of cross border agreements with other deposit insurance agencies: a. MOU on cross border cooperation with Financial Services Compensation Scheme ¹ Limited (FSCS) of the United Kingdom signed on 11 March 2015; b. MOUs with other Deposit Insurance Agencies under negotiation; and c. A study on the cross border arrangements with other deposit insurers is being conducted to address cross border issues. This is to be completed within the year by a PDIC officer under a Graduate Program sponsored by Department of Finance and Asian Institute of Management (AIM).
Ensuring continuing compliance to the IADI core principles	Continuing				
Total					

^a On 24 November 2014, the IADI Core Principles were amended from 18 to 16, as follows: Public Policy Objectives, Mandate and Powers, Governance, Relationships with other Safety-net Participants, Cross-border Issues, Deposit Insurer's Role in Contingency Planning and Crisis Management, Membership, Coverage, Sources and Uses of Funds, Public Awareness, Legal Protection, Dealing with Parties at Fault in a Bank Failure, Early Detection and Timely Intervention, Failure Resolution, Reimbursing Depositors, and Recoveries.

^b The budget is only for estimated cost of meetings to be incurred, and charged to Corporate Business/Policy Development and Enforcement Expense (CBPDEE.)

Prepared by:

ICAT Secretariat

Noted by:


IMELDA S. SINGZON
EVP for Examination and Resolution Sector

Strategic Initiative 4

1. **Name of Project :** DEVELOPMENT AND IMPLEMENTATION OF INTEGRATED IT SYSTEMS
2. **Contact Person:** Maria Belinda C. San Jose, VP - Information Technology Group

Project Team Heads

LMS	Ma. Bernadette R. Sanchez, OIC - Loans Management Group and Ibelio B. Retes, ADM-SDD, ITG
ARMS	Cynthia B. Marcelo, VP- Insurance Group and Raul C. Cabotage, ADM-SDD, ITG
IPPFSS	Nina Noreen A. Jacinto, VP - Administrative Services Group (ASG) and Ibelio Retes, ADM-SDD, ITG
RLFS	No Office Order issued yet to create the Project Team

1. Project Description:

The project will develop and implement various Information Systems that will support PDIC's roadmap.

1.1 Loans Monitoring System (LMS)

The project covers the implementation of an application system that will manage the loan portfolio of closed banks and those acquired by PDIC. Once implemented, the system is expected to improve the monitoring of loan accounts. The system shall be the subsidiary ledgers of the Loans Acquired Assets from Closed Banks and Loans Acquired Assets from Operating Banks Accounts in the GL and shall interface with the existing Integrated Financial System (IFS).

1.2 Assessment & RI Compliance Monitoring System (ARMS)

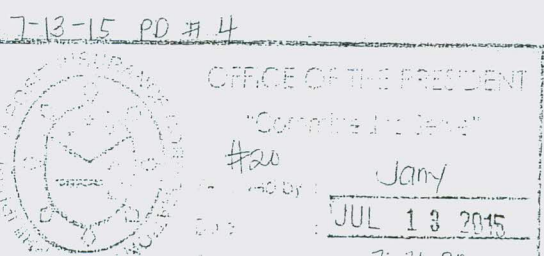
The project covers the in-house development and implementation of an application system that will efficiently monitor payment of assessment due/assessment deficiencies and submission of reportorial requirements in compliance with RI 2010-01 on Revised Rules and Regulations on Assessment of Member-banks. The system shall interface with the IFS and Bank Performance Monitoring System (BPMS).

1.3 Integrated Procurement, Property, Fixed Assets and Supplies System (IPPFSS)

The project covers the implementation of an integrated system that will streamline the procurement process and improve the monitoring and administration of the Corporate's property, fixed assets and supplies. The IPPFSS includes the following module: a) Procurement Monitoring b) Fixed Assets Management and c) Supplies Inventory management. The system shall interface with the IFS, HRIS, DV Portal and Employee Portal.

1.4 Receivership/Liquidation Financial System (RLFS)

Implementation of an application system that will record and monitor the financial affairs of each closed bank under receivership and liquidation. The system shall interface with all system of closed bank such as ROPAMS, LMS, etc.



2. Project Milestones :

Activities	Timeline		Budget Cost	Funding Source	Status as of Q2 2015
	Start	End			
LMS Full Implementation ^a of the System	Q3 2014 ^a	2015	P 9,971,000.00	PDIC	1. Ongoing Data Build-up and System Adjustment (80%) 2. Target for Go Live for corporate accounts, August, 2015
ARMS Development and Implementation of the System	Q2 2014	2015	In-house developed		1. Awaiting final Acceptance. Target Go Live on August, 2015
IPPFSS Full Implementation of the System ^a	Upon issuance of Notice to Proceed (NTP)	Within 6 months from the issuance of NTP		PDIC	2. Opening of Bids on July 3, 2015
RLFS Preparation/ Endorsement of TOR (Terms of Reference) for approval	Q4 2015	Q4 2015	P15,000,000	PDIC	


^a All the modules as specified in the TOR are put into production/implemented.

Prepared by:


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VP- ITG

Confirmed by:


MA. BERNADETTE A. SANCHEZ
PM-LMS


CYNTHIA B. MARCELO
PM-ARMS


NINA NOREEN A. JACINTO
PM - IPPFSS

Approved by:


CRISTINA Q. ORBETA
President