



CHANGING HORIZONS

2017 ANNUAL REPORT

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C O V E R S T O R Y

Like a sailboat navigating at the break of dawn, the Philippine Deposit Insurance Corporation faced the year 2017 filled with zeal to continue working towards depositor protection and financial stability.

The Annual Report theme, “Changing Horizons”, signifies PDIC’s readiness to fully embrace the positive changes brought about by the Corporation’s new leadership and the development of its corporate brand that resonates an efficient, effective, responsive and caring public sector institution. The vast horizon and the wide ocean depicted in the cover image symbolize the wide reach of PDIC stakeholders, while the illuminating light represents the positive impact of PDIC’s services not just to the individual lives of stakeholders, but to nation-building in general.

As such, the Annual Report 2017 chronicles PDIC’s accomplishments as a protector of depositors, partner of banks, an efficient liquidator, a champion of governance, and a nurturer of committed civil servants.

C O R P O R A T E P R O F I L E

Vision

We will be a world-class organization in depositor protection.

Our:



CUSTOMERS

Delighted by responsive and easily accessible services aligned with global standards. Empowered by information.



PEOPLE

Mission-driven and highly competent. Serving with passion. Inspired by leaders who grow leaders.



STRATEGY

Mission-focused, creative and collaborative. Adaptive to changing industry conditions.



STRUCTURE AND SYSTEMS

Evolving with technology. Continually improving to optimize performance.



SHARED VALUES

A culture committed to serve, and to make a difference in the lives of others.

Mission

We exist to promote and safeguard the interests of the depositing public by providing insurance coverage on insured bank deposits to maintain faith and confidence in the country's banking system.

We shall ensure

- prompt settlement of deposit insurance claims;
- expeditious liquidation of closed banks; and
- effective mitigation of risks to the deposit insurance system.

As we carry out our purpose, we shall be guided by the values of integrity, professionalism, excellence, teamwork, and respect for all people.

Quality Policy

We commit to deliver world-class service to the depositing public.

To achieve this, we shall:

- Implement a quality management system aligned with international standards;
- Satisfy all applicable requirements relevant to the business;
- Provide adequate resources to maintain the quality management system;
- Promote quality culture, good governance and employee empowerment at all levels of the organization;
- Ensure employee competence;
- Innovate and continuously improve services for the benefit of customers and other stakeholders; and
- Establish programs to maintain continual improvement of services, systems and processes.

"Quality is our standard. Public service is our commitment."

CUSTOMER SERVICE PHILOSOPHY

"Committed to Serve"

PHILIPPINE DEPOSIT INSURANCE SYSTEM

A T A G L A N C E

The Philippine Deposit Insurance Corporation (PDIC) is a government instrumentality created on 22 June 1963 by Republic Act 3591 entitled, An Act Establishing the Philippine Deposit Insurance Corporation (PDIC), Defining Its Powers and Duties and for Other Purposes.

PUBLIC POLICY OBJECTIVES

PDIC was established to promote and safeguard the interests of the depositing public by way of providing insurance coverage on all insured deposits. PDIC also aims to strengthen the mandatory deposit insurance coverage system to generate, preserve, and maintain faith and confidence in the country's banking system, and protect it from illegal schemes and machinations.

MANDATES

Consistent with its public policy objectives, the PDIC has the following core mandates:

- I. **Deposit Insurance.** PDIC provides a maximum deposit insurance coverage of PhP500,000 per depositor per bank. To pay claims on insured deposits, PDIC builds up the Deposit Insurance Fund (DIF) primarily through assessments of banks at an annual flat rate of 1/5 of 1% of their total deposit liabilities.
- II. **Receivership of Closed Banks.** PDIC proceeds with the liquidation process upon order of the Monetary Board of the Bangko Sentral ng Pilipinas (BSP). The assets of the closed bank are managed and eventually disposed of to settle claims of creditors in accordance with the preference and concurrence of credits as provided by the Civil Code of the Philippines.

MEMBERSHIP

Membership with PDIC is mandatory for all banks licensed by the BSP to operate in the Philippines:

- Banks incorporated under Philippine laws, such as commercial banks, savings banks, mortgage banks, stock savings and loan associations, development banks, cooperative banks, and rural banks
- Domestic branches of foreign banks

As of 31 December 2017, there are 587 banks in the Philippine banking system. These consist of 43 commercial banks (including branches of foreign banks), 55 thrift banks (savings banks, mortgage banks, stock savings and loan associations, and development banks), and 489 rural banks (including cooperative banks).

SCOPE OF DEPOSIT INSURANCE PROTECTION

PDIC provides a maximum deposit insurance coverage of PhP500,000 per depositor per bank. It covers all types of bank deposits in banks whether denominated in local or foreign currencies. All deposit accounts of a depositor in a closed bank maintained in the same right and capacity shall be added together. A joint account shall be insured separately from any individually-owned deposit account.

As of 31 December 2017, 57.1 million accounts in 587 banks are covered by deposit insurance. Of the total number of accounts, 96.3% are with balances not exceeding the maximum deposit insurance coverage of PhP500,000 per depositor per bank. For the same period, total deposits in the Philippine banking system amounted to PhP11.7 trillion, of which 20.8% is covered by deposit insurance.



PHILIPPINE DEPOSIT INSURANCE CORPORATION

3 September 2018

PRESIDENT RODRIGO ROA DUTERTE
Malacañan Palace, Manila


Through: **SECRETARY CARLOS G. DOMINGUEZ**
Department of Finance
Chairman, PDIC Board of Directors

Dear Mr. President:

It is my honor to present the Annual Report of the Philippine Deposit Insurance Corporation (PDIC) for the year 2017. The Report highlights PDIC's accomplishments in fulfilling its core mandates of deposit insurance and receivership of closed banks.

On behalf of the Board of Directors, management and staff, I affirm PDIC's commitment to protect the depositing public, promote financial stability and continue to champion good governance as a financial safety net player.

Very truly yours,



ROBERTO B. TAN
President & CEO



PHILIPPINE DEPOSIT INSURANCE CORPORATION

3 September 2018

SENATOR VICENTE C. SOTTO III
President of the Philippine Senate

REPRESENTATIVE GLORIA MACAPAGAL-ARROYO
Speaker of the House of Representatives

Through: **SECRETARY CARLOS G. DOMINGUEZ**
Department of Finance
Chairman, PDIC Board of Directors

4 Dear Senate President Sotto and House Speaker Arroyo:

It is my honor to present the Annual Report of the Philippine Deposit Insurance Corporation (PDIC) for the year 2017. The Report highlights PDIC's accomplishments in pursuit of its public policy objectives to protect the depositing public and help promote financial stability.

On behalf of the PDIC Board of Directors, Management and staff, I thank the Senate and the House of Representatives for their steadfast support for PDIC as deposit insurer and receiver of closed banks.

Very truly yours,

A handwritten signature in black ink, appearing to read "Roberto B. Tan", is written over a large, stylized, light-colored graphic element that resembles a large, open book or a stylized letter 'R'.

ROBERTO B. TAN
President & CEO



PHILIPPINE DEPOSIT INSURANCE CORPORATION

3 September 2018

CHAIRMAN SAMUEL G. DAGPIN, JR.

Governance Commission for Government-Owned
or -Controlled Corporations (GCG)
3/F Citibank Centre, Citibank Plaza
Paseo de Roxas cor. Villar St., Makati City


Dear Chairman Dagpin:

It is my honor to transmit the Annual Report of the Philippine Deposit Insurance Corporation (PDIC) for the year 2017 that presents PDIC's accomplishments in responding to its public policy objectives of protecting the depositing public and helping promote financial stability.

The Award of Excellence bestowed by the GCG and the Institute of Corporate Directors to PDIC in 2017 for topping the Corporate Governance Scorecard among GOCCs in the bureaucracy shall inspire us to continue being a role model for GOCCs and other public and private institutions in terms of governance, accountability and transparency.

On behalf of the PDIC Board of Directors, Management and staff, I affirm our commitment to faithfully adhere to the principles of good corporate governance and to pursue efficiency, effectiveness and responsiveness in public service.

Very truly yours,



ROBERTO B. TAN
President & CEO



// There is more the PDIC can do. It can help mentor other public agencies and infect them with the same passion for excellence that has kept your governance ratings high. //

Setting the bar for governance

I have no doubt
the PDIC will
continue to
maintain its
standards of
governance and its
quality of service
delivery.

The Philippine Deposit Insurance Corporation (PDIC) sets the bar for other government-owned and controlled corporations (GOCCs). For the second year running, the Governance Commission for GOCCs (GCG) and the Institute of Corporate Directors (ICD) recognized the PDIC for being the top scorer of 99.5% in the Corporate Governance Scorecard.

The quality of corporate governance the PDIC has achieved is important for its corporate mission. This agency exists to reassure small depositors that their hard-earned money is protected and, when things fail, the agency will be prompt in its payments.

I am aware that the quality of governance the PDIC achieved is the product of hard work and dedicated public service. The Corporation has been unyielding in the constant improvement of its organization and its procedures. It helps, of course, that our banking system is among the strongest there is and failures are few and far in between.

I have no doubt the PDIC will continue to maintain its standards of governance and its quality of service delivery. In doing so, the agency reassures small depositors and helps in broadening the base of the nation's savers. This is the key to achieving inclusive growth we all aspire for.

There is more the PDIC can do. It can help mentor other public agencies and infect them with the same passion for excellence that has kept your governance ratings high.

Congratulations and keep up the good work.



CARLOS G. DOMINGUEZ
Secretary of Finance and
Chairman, PDIC Board of Directors

Soaring high, staying grounded

PDIC is the country's
sole deposit insurer,
and we should embrace
this uniqueness and
remain resolute to our
commitment to the
public that we serve.

At the start of the year 2017, I assumed leadership of the Philippine Deposit Insurance Corporation (PDIC) with high expectations noting the significant accolades that the Corporation has received since its inception in 1963. Being recognized as a champion of good governance among GOCCs for two consecutive years, and as the Deposit Insurance Organization (DIO) of the Year by the International Association of Deposit Insurers (IADI) – is no mean feat and a clear testament to the collaborative efforts and team spirit of the dedicated men and women of PDIC who served the public for more than five decades.

The Corporation is such a dynamic organization, exhibiting a level of maturity in its core operations yet nimbly adapting to change as it navigates through the shifting socio-

economic and financial landscape. The challenges posed by fast-paced information and technological advancements may seem daunting, but we need to gear up for the future. As we continue to forge our core processes through rigorous scrutiny by international standard-setters, so should we leverage them on the technological innovations that best work for us.

Our perspectives are being reshaped by circumstances giving rise to new challenges for the Corporation, but if we focus on our mission we will be serving our stakeholders from a position of strength. PDIC is the country's sole deposit insurer, and we should embrace this uniqueness and remain resolute to our commitment to the public that we serve.

// Our perspectives are being reshaped by circumstances giving rise to new challenges for the Corporation, but if we focus on our mission we will be serving our stakeholders from a position of strength. //



P R E S I D E N T ' S R E P O R T

From Deposit Insurer to Staunch Depositor Protector

PDIC remains committed to provide continuing deposit insurance to the depositing public. In 2017, total deposit insurance payments were made to 32,570 accounts amounting to PhP1.17 billion in seven banks that closed. Including payments for bank closures in prior years, PDIC has paid 2.5 million accounts in the amount of PhP67.76 billion. PDIC settled deposit insurance claims through various modes of payment: (1) through postal money orders (PMOs), (2) payment during Field Operations Claims Settlement (FOCS), and (3) payment at the Home Office Claims Settlement (HOCS). The target turnaround time in the payment of deposit insurance claims was achieved for all settlement modes for all seven banks ordered closed in 2017.

The 7 bank closures in 2017 were remarkably lower than the 22 bank closures in 2016 and this allowed PDIC to review and improve its business processes and systems to make these more efficient and responsive to the depositors and other stakeholders.

Complementing the enhanced claims settlement operations were other initiatives implemented to include measures to protect the personal data of depositors and other closed banks' clients in compliance with the Data Privacy Act of 2012, and

sustained conduct of public awareness activities and financial literacy advocacy through the "Be a Wise Saver" (BAWS) campaign, to help nurture a nation of responsible savers.

Alongside, PDIC intensified efforts against erring bank officials and employees who engage in fraudulent activities to undermine the deposit insurance system. For 2017, the Corporation filed a total of eight criminal cases against 45 former bank directors, officers and employees.

From a Co-Regulator to a Responsive Partner

During the year, PDIC continued to work in partnership with other government agencies and with member banks. PDIC sustained its collaboration with the Philippine Judicial Academy (PHILJA) through the conduct of seminar-workshops for various judicial regions with an objective for the Judiciary to have a better appreciation of PDIC's mandates and enhanced authorities under its amended Charter. PDIC is confident that this collaboration with PHILJA will result to the resolution of the liquidation proceedings of closed banks in an expedient manner. Together with the Bangko Sentral ng Pilipinas (BSP) and Land Bank of the Philippines (LBP), PDIC re-launched its Consolidation Program for Rural Banks (CPRB), an incentive program to encourage mergers and consolidations,





and acquisitions of banks to promote banks' long-term viability, strengthen management and governance, and expand market reach. CPRB's Program Guidelines were revised to provide more flexibility thereby encouraging higher participation.

Finally, PDIC issued a regulatory issuance (RI) on Regular Assessment of Banks (2017-01) effective 27 May 2017 to govern the payment of regular assessment by banks.

From Statutory Receiver to Efficient Liquidator

An efficient Liquidation process is key to recovery by creditors of their funds and investments from closed banks. The process of liquidation primarily benefits closed banks' creditors and uninsured depositors. An expedited liquidation also contributes to economic development as funds in closed banks are plowed back into the economy for productive use.

PDIC distributes the assets of closed banks according to the Rules on Concurrence and Preference of Credits of the Civil Code of the Philippines.

In 2017, PDIC took over seven banks ordered closed by the Monetary Board consisting of six rural banks and one thrift bank with 24 banking units combined. These closed banks were placed under liquidation in accordance with the amended PDIC Charter that provided for seamless transition from bank closure to liquidation. To date, the total number of closed banks under liquidation is at 371. By end of the year, PDIC's deliberate and expedited preparation of closed banks' asset distribution plans (ADPs) resulted in the filing of 40 ADPs with various Liquidation Courts (LCs) nationwide. The approval by the LCs of these ADPs will allow partial or final settlement of creditors' claims.

In 2017, PDIC settled the claims of 308 creditors of 37 closed banks amounting to PhP647.00 million.

During the year, a major initiative undertaken by the Corporation was the accelerated disposal of assets program to optimize recoveries through aggressive marketing campaigns, sustained media presence in the provincial urban centers, and proactive meetings with business and bank groups.

As part of the program, a total of 10 public biddings of real properties was undertaken during the year and complemented by negotiated sales offered to interested parties year-round for assets not sold during public biddings. These asset disposal activities resulted in the sale of 220 properties for a record high of PhP1.6 billion, of which PhP45.6 million represented the premium against the aggregate minimum disposal price of PhP1.57 billion. Combined collections of lease rentals, dividends, and prior-year sales of closed banks properties amounting to PhP510.0 million added to the proceeds of the liquidator. For the loan portfolio, a total of 835 corporate and closed bank loan accounts amounting to PhP373.7 million were resolved via compromise settlement, to benefit closed banks' creditors.

P R E S I D E N T ' S R E P O R T

From Government Employees to Committed Public Servants

PDIC's most valued resource – the 598-strong PDIC workforce continues to be empowered through a competency journey which is monitored to continuously boost the capability and competency of each and every employee. These initiatives in the form of capacity-building programs, seminars, and trainings both local and foreign are in line with the corporate thrust to ensure a pool of highly competent and committed public servants.

From a GOCC to a Champion of Governance

The Corporation continued to chalk up some brownie points in the housekeeping front. Based on its Performance Scorecard with the GCG, PDIC achieved all its commitments in 2017. For four consecutive years since 2014, the Commission on Audit has rendered an unqualified opinion on the financial statements of the Corporation. This underscores the assessment of the Board Audit Committee that internal controls in various areas/processes/systems audited during the year are adequate and effectively working in responding to risks within the organization's governance,

operations, and information systems. The Corporation will continue to benefit from an improved synergy of resource and data-sharing through the integrated Governance, Risk and Compliance framework that it is currently adopting, to make sure that these 'seals of good housekeeping' are maintained.

Forming an integral part of this framework is prudent management of financial resources. PDIC manages its Deposit Insurance Fund (DIF) through prudent investment management strategies. Accurate and prompt payment of assessments by banks contributes to the build-up of the DIF over the years. As of the year-end, the ratio of the DIF to the Estimated Insured Deposits (EID) averaged at 6.11%, higher than the target of 5.5% for the year, and the baseline of 5.8% recorded in 2016. This ratio represents coverage of its risks in the banking system.

Fruits of Good Governance and Strong Partnership

In 2017, the Corporation's Quality Management Systems (QMS) was periodically audited and reviewed against established ISO standards by a third party certifying body. To date,

three of PDIC's frontline services are certified to ISO standards namely: (1) Loans Management (LM), (2) Assessment of Member Banks (AMB), and (3) Claims Settlement Operations (CSO). PDIC was recognized by the Government Quality Management Committee (GQMC) during its 5th Recognition Ceremony for Government Organizations with ISO-certified QMS on 11 October 2017.

The Bangko Sentral ng Pilipinas (BSP) named PDIC as its Outstanding Financial Inclusion Partner during the 2017 BSP Stakeholders Awards in July 2017. A plaque of appreciation was also given by the Philippine Postal

Corporation (PHLPost) to PDIC for its partnership in delivering payments to depositors through postal money orders. The Corporation also bagged two Silver Anvil Awards given by the Public Relations Society of the Philippines (PRSP) following a Silver Anvil and an Award of Merit in the previous years.

The Award of Excellence for topping the Corporate Governance Scorecard for GOCCs jointly awarded by the GCG and the Institute of Corporate Directors (ICD) to PDIC inspires the Corporation to set the bar for public service delivery and be an exemplar for other public service institutions.



PDIC on the New Horizon

Amidst challenges and disruptions, PDIC remains steadfast in its commitment to public service. Soaring high and building on its past and recent achievements, PDIC will stay grounded as a premier government institution, a responsive partner in nation-building.



ROBERTO B. TAN
President and CEO



Economy and Banking

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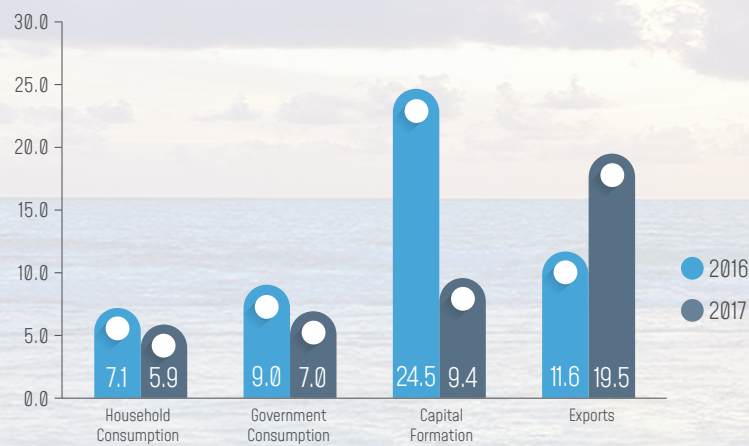
The economy grew
by 6.7%, one of
the fastest in Asia.

Gross Domestic Product (GDP)

The Philippine economy continued to perform remarkably as it sustained output expansion, growing by 6.7% in 2017. The growth is one of the fastest in Asia, after China's 6.9% and Vietnam's 6.8%. The strong macroeconomic fundamentals as well as the response of the market to government reforms and policies translated to solid economic performance.

Growth remained broad-based, but it was fueled by rising exports by 19.5% in 2017 as against the 11.6% growth in 2016. The favorable external conditions and strong demand from the Philippines' major trading partners provided the impetus for the growth of the export sector. The spending components, household and government consumption, accelerated but at a slower pace.

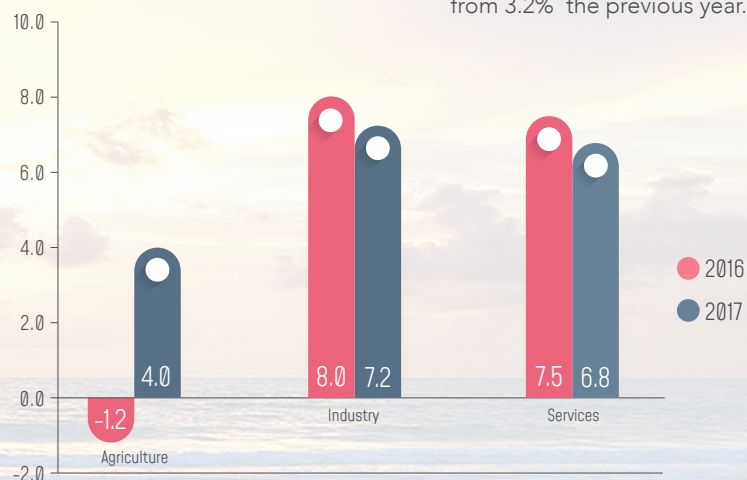
GDP Growth by Expenditure Shares (in %) 2017 vs. 2016



Source: Philippine Statistics Authority

On the production side, agriculture rebounded from a negative growth last year, growing by 4.0% from negative 1.2%. Industry and services continued to post strong growth rates albeit slower.

GDP Growth by Industry Sources (in %)



Source: Philippine Statistics Authority

The manufacturing and mining and quarrying sub-sectors helped propel overall growth by posting strong performance, which exceeded last year's growth levels. Manufacturing grew by 8.4% compared with the 7.1% growth last year. On the other hand, mining and quarrying improved to 3.7% from 3.2% the previous year.

Prices and interest rates

The average headline inflation for 2017 increased to 3.2% from 1.8% in 2016. This was still within the National Government's target range of 2.0% to 4.0 % for 2017. The higher inflation was due mainly to upward adjustments in the prices of food and

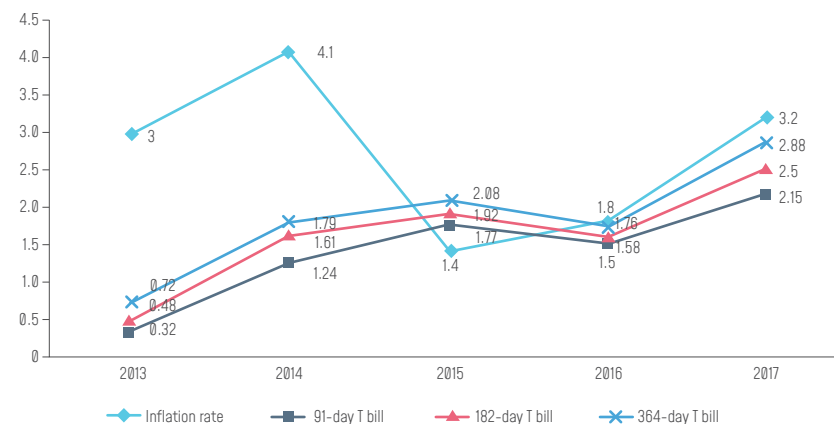
non-alcoholic beverages; alcoholic beverages and tobacco; transport; restaurant and miscellaneous services; furnishing, household equipment and routine maintenance of the house; and communication. The indices of food saw the high annual increments in fish, fruits and meat products. Higher costs of transport, fuel and electricity caused the rise in prices of consumer products.

Bangko Sentral ng Pilipinas' (BSP) key policy rates remained unchanged at 3.0% for the overnight reverse repurchase (RRP) facility. Meanwhile, the corresponding interest rates on the overnight lending and deposit facilities were also retained at 3.5% and 2.5%,

respectively. The maintenance of the policy settings was based on overall outlook for inflation which was "broadly unchanged" and hence allowed room for greater economic activities that sustained economic growth.

The primary markets across all maturities - the 91-day, 182-day and 364-day Treasury bills (T-bill) - went up, breaching the 2.0% mark. The bellwether 91-day averaged 2.15% from 1.50% last year while the 182-day increased to 2.50% from 1.48 in 2016. The 364-day tenor was at 2.88% from 1.76% the previous year. The rates were due to inflation pressures and expectation of rate hikes.

Inflation Rates and Treasury Bills



Sources: Bureau of the Treasury, Philippine Statistics Authority

CORPORATE OPERATING ENVIRONMENT

Total deposits amounted to PhP11.7 trillion, an increase of 11.6% from the previous year.

Year	Average Peso per US Dollar	Appreciation/Depreciation (in %)
2013	42.45	-0.51
2014	44.40	-4.39
2015	45.50	-2.43
2016	47.49	-4.19
2017	50.40	-5.78

Peso per US dollar rate

The peso depreciated by 5.8% to an average of PhP50.40 in 2017 from PhP47.49 the previous year. The weakening of the peso partly supported the strong performance of the export sector even as receipts from exports were expected to prop up international reserves. The depreciation was attributed to the US Fed rate hike and expectation of more rate increases in 2018.

The enactment of the Tax Reform Acceleration and Inclusion (TRAIN) law in December provided a strong finish for the economy. The law helped boost the stock market gaining 25.0% during the year after declining the last two years with the index ending at an all time high at 8,558.42, upgraded the country's credit ratings and brought positive investor sentiments. The TRAIN law is also expected to provide adequate revenue resources to support the government's massive infrastructure programs even as the law likewise provides resources for social protection.

Overall, the year 2017 was brimming with solid performance across key economic indicators, and this is expected to ensure sustained economic growth in the medium-term.

The Banking System

The value of banking institutions' services to the Philippine economy grew by 9.4% in 2017 – the fastest among subsectors of financial intermediation services. Positive developments in asset quality, liquidity, earnings and capital adequacy generally showed that the banking system remained in a sound financial position during the year.

Bank movements

The number of banks totaled 587 in 2017, down by 15 from last year. While one foreign commercial bank and two rural banks launched operations during the year, 18 banks exited the banking system as a result of seven closures, merger or consolidation involving 10 banks, and surrender/revocation of one banking license. By year-end, the banking system comprised 43 commercial banks (KBs), 55 thrift banks (TBs), and 489 rural banks (RBs).

In spite of the reduction in the number of banks, there was, however, a 6.0% expansion in the number of banking offices to reach 11,609 in 2017 from 10,952 in 2016. The growth was largely due to the opening of new banks/branches in five regions, namely: National Capital Region (148), Central Visayas (82), CALABARZON (78), Ilocos Region (68), and Central Luzon

(65). As of 2017, there were still 554 unbanked municipalities or cities in the Philippines, but this was an improvement from the 582 recorded in 2016. The number of new banked municipalities or cities was highest in Central Visayas and the Bicol Region.

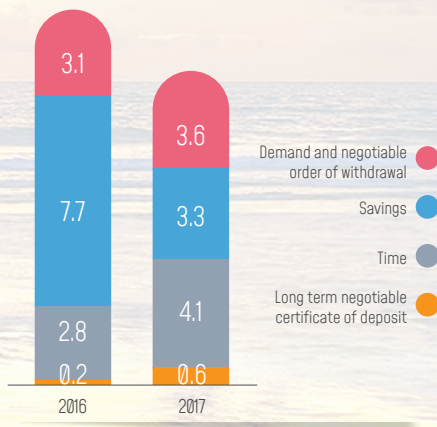
Financial trends

The total resources of the banking system reached PhP15.2 trillion during the year, up by PhP1.6 trillion representing an annual growth of 11.6%. The share of gross loans to total assets continued to increase at 58.5%, while that of quick assets decreased further to 36.6%. Asset quality of the banking system improved in 2017 with lower than last year's non-performing loans (NPL) and non-performing assets (NPA) ratios of 1.7% and 1.7% respectively. The loan loss provision was at PhP1.21 per peso of NPL in 2017, same as the rate a year ago.

Total deposits amounted to PhP11.7 trillion, an increase of 11.6% from the previous year. The growth in time deposits at 15.0% contributed the biggest to the growth in total deposits at 4.1 percentage points. Savings deposits only expanded by 6.6% at year-end and shared 3.3% to total deposit growth. Demand and negotiable order of withdrawal (NOW) account deposits and long

term negotiable certificate of deposits (LTNCD) grew faster than last year resulting to increased contributions to deposit growth at 3.6% and 0.6%, respectively. By bank type, total deposits grew the fastest among commercial banks at the rate of 11.9% from the previous year, followed by rural banks by 10.7% and thrift banks by 8.1%. There were 57.1 million deposit accounts in the banking system at year-end, 5.8% higher than last year. The expansion in total deposit amount could be attributed to the increase in deposit accounts.

Contribution to Growth in Total Deposits (in %)



Non-deposit liabilities increased by 10.4%, driven by the growth in total borrowings and other liabilities of 11.9% and 10.2%, respectively.

With the slowdown in quick assets growth from 7.8% last year to 5.0% in 2017, the quick assets to total deposits ratio declined to 47.3% after 14 years of maintaining a ratio above 50.0%. There was PhP0.76 gross loans for every peso of total deposits, the highest since 2001 due to sustained faster growth in gross loans than total deposits except in 2013.

The industry earned PhP168.0 billion after tax during the year, an 8.7% improvement over 2016. The increase was predominantly due to the 15.4% increase in interest income, specifically from loans and discounts, and, to a lesser extent, the 25.8% decline in provision and 24.8% increase in the share in the profit of unconsolidated subsidiaries, associates, or joint ventures. Profitability was pervasive with four out of five banks, or 83.1%,

reporting positive earnings after tax. Earnings were higher than last year for every three out of five banks.

The return on assets at 1.2% was the same as last year. The return on equities, however, slid to 9.6% from 9.8% a year ago.

Capital widened by 12.5% in 2017 to get to PhP1.9 trillion. Retained earnings funded 6.3 percentage points of the growth, followed by the increased share from additional paid-in capital and paid-in capital stock of 3.7 percentage points and 1.5 percentage points, respectively. The capital growth dampened the ratio of gross problematic assets to capital (including unsecured DOSRI¹ and total allowance for losses on loans and other risk assets) to 14.6% – a record low.

The risk-based capital adequacy ratio (CAR) of the banking system declined marginally from 14.7% to 14.6%, the lowest in the past decade. RBs

registered the highest CAR at 18.8%, marginally higher than 18.0% in the previous year. KBs maintained a CAR of 14.4% as in the previous year while TBs' CAR in 2017 was at 16.5%, slightly lower compared to last year's 16.7%. All these ratios, however, were still well over the regulatory threshold of 10%, suggesting that the banking system remained adequately capitalized to seize opportunities for further expansion in assets and deposits.

Outlook

The banking system is seen to benefit from the optimism for 2018 over the tax reform and focus on infrastructure development of the government that will promote further economic growth. Consensus forecast suggests that the Philippines can at least match its 2017 GDP growth in 2018. Favorable credit ratings towards the Philippines affirm that the economy shall continue to make headway and become more resilient against headwinds expected in the coming years.

¹Dealing of a bank with any of its Directors, Officers, Stockholders and their Related Interests

Ensuring Effective Governance

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The Board Governance Committee oversees the performance of governance functions in support of PDIC's goals and strategies, and assists the Board of Directors in ensuring adherence to the principles and standards of good corporate governance to promote transparency and accountability.

PDIC is committed to institutionalize the principles of good corporate governance in the entire organization. Good governance is essential to the achievement of PDIC's goal as an active partner of the government in national development. This is carried out through safeguarding the interest of the depositing public and contributing to the promotion of financial stability in the economy. As such, the Board of Directors, Management and employees of PDIC equally commit to the PDIC's Code of Corporate Governance and acknowledge that this Code serves as a guide in the achievement of its corporate objectives.

PDIC's Integrated Governance, Risk and Compliance (GRC) Framework embodies the synergy among the various core and support functions in ensuring effective governance, risk management, and compliance processes. The GRC Framework shows the process through which these functions are coordinated to maximize performance and avoid overlaps

across governance, risk management, compliance and control for more efficient and effective information-sharing and reporting activities.

Governance

The Board Governance Committee (BGC) oversees the performance of governance functions in support of PDIC's goals and strategies, and assists the Board of Directors in ensuring adherence to the principles and standards of good corporate governance to promote transparency and accountability. The BGC also monitors the implementation of the PDIC Code of Ethical Behavior, PDIC Code of Corporate Governance and the Integrity Management Program; and recommends approval of the guidelines on norms of conduct and ethical behavior for PDIC employees, directors, consultants and agents.

The BGC is supported by the Corporate Governance Office which manages the monitoring of laws, rules and regulations affecting or relevant to



The Board Audit Committee supports the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, system of internal control, audit process, and PDIC's process for monitoring compliance with laws and regulations and the Code of Ethics.

the Corporation, reports significant governance issues, and ensures submission of the required reports to regulatory agencies.

On 20 December 2017, the PDIC Board of Directors approved the revisions to the PDIC Code of Corporate Governance and BGC Charter to reflect the significant changes in the amendments to the PDIC Charter brought about by Republic Act No. 10846. Such revisions include provisions on the composition of the Board, number of Appointive Directors, manner of appointment of Board members, term of office, reappointment, qualifications and appointment of the PDIC President, and functions and composition of the different Board Committees.

The Integrity Management Program (IMP), a joint project of the Office of the President and the Office of the Ombudsman, is a preventive anti-corruption measure of the government which aims to establish a systematic approach in building, improving, reinforcing and sustaining a culture of integrity in public sector institutions.

In 2017, workshops facilitated by the Office of the Ombudsman were undertaken to assist owners of

processes deemed critical for integrity assessment in accomplishing several templates such as the Process Matrix, Corruption Risk Register, Formulation of Integrity Measures and Assessment Report, all of which were sent to the Office of the Ombudsman for review.

All projects, programs and activities of the Corporation are posted in the PDIC website as part of PDIC's objectives to ensure continued transparency, integrity and accountability in public service, and promote better stakeholder engagement. Such promotion and strengthening of public partnership is further displayed in the provision of an accessible, efficient and reliable feedback mechanism. This is embodied in the Corporation's Whistleblowing Policy which provides feedback channels for any individual to report (anonymously if so desired) and testify on matters involving actions or omissions of all covered personnel that violate good governance principles, or are illegal, unethical, and against public policy and morals, promote unsound and unhealthy business practices, and are grossly disadvantageous to the PDIC and/or the environment.

The collective performance of the Board and individual Board members is evaluated through a performance

evaluation system that includes self-assessment and peer assessment to review strengths and weaknesses. The Board members likewise attended orientation programs on corporate governance and various programs of the International Association of Deposit Insurers (IADI) focusing on deposit insurance fund and resolution activities.

Audit

The Board Audit Committee (Board AC) supports the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, system of internal control, audit process, and PDIC's process for monitoring compliance with laws and regulations and the Code of Ethics. The Board AC works closely with the Internal Audit Group which conducts separate monitoring and evaluation of the effectiveness of management controls to achieve operations objectives, reliability of reporting, and adherence to laws, rules and regulations and the Corporation's policies, guidelines and procedures.

The Board noted that the internal controls are adequate and effective in responding to risks within the organization's governance, operations, and information systems.

INSTITUTIONAL GOVERNANCE FRAMEWORK

20 > The Board of Directors through the Risk Management Committee exercises oversight function to the Corporation to ensure that key risks are identified and managed consistent with its risk management policy.

Risk Management

The Board of Directors through the Risk Management Committee (BRMC) exercises oversight function to the Corporation to ensure that key risks are identified and managed consistent with its risk management policy. The BRMC also oversees the implementation and continuing improvement of the

Enterprise Risk Management (ERM) Framework which was developed in 2014. The ERM Framework defines the responsibilities of the various units in the effective and efficient identification, assessment and treatment of risks in the performance of their functions, programs or action plans ensuring the accomplishment of its objectives.



The Risk Management Office (RMO) provides advice and technical assistance to the Board, Executive Committee and all other units across the Corporation to help manage risks, thereby strengthening management practices, decision-making and resource allocation. The RMO collects, reviews and monitors risks submitted by risk process owners through an internally developed ERM System (ERMS) for review, evaluation and approval by their respective group and sector heads. The ERMS serves as the database of all the risk information of the Corporation and is a useful source or reference for top management in their planning and decision-making processes.

The RMO also coordinates the activities of the Corporation to implement the ERM Framework. It initiated an enterprise-wide review and updating of risk registers during the year through small group discussions with risk analysts from the various units using an enhanced approach in the identification, assessment and treatment of risks. The initiative was not only to operationalize a more dynamic and relevant risk management process but to rationalize and manage these risks after a thorough analysis of the present context and evaluation of the consequences of the risks on the organization's objectives.

Compliance With Commitments To The GCG

Pursuant to the Performance Evaluation System for GOCCs, PDIC achieved all its strategic objectives stated in the Corporation's Performance Agreement with the Governance Commission for GOCCs (GCG) during the year. These accomplishments reflect PDIC's commitment to better serve all its stakeholders.

1. Continuous Build-up of the Deposit Insurance Fund (DIF)

The ratio of the DIF to Estimated Insured Deposits (EID) averaged at 6.11%, higher than the target of 5.5% for the year and the baseline of 5.8% recorded in 2016. As the staunch protector of depositors and financial safety net player, the continuous build-up of the DIF is a manifestation of PDIC's readiness to deliver prompt response to insurance calls which in turn maintains depositor confidence in any event of bank closure.

2. Sustaining Client Satisfaction

The service quality index (SQI) in 2017 improved to 4.73% with a corresponding adjectival rating of 'Very Satisfactory', exceeding the baseline rating of 4.69% in 2016. The rating affirms PDIC's initiative to give responsive public service

to its clients. During the year, PDIC's public awareness campaign continued to extend financial literacy to target groups. More than 8,000 pre-retirees, students and government workers learned about the value of saving and practice of safe and responsible banking habits.

3. Settlement of valid deposit insurance claims

During the year, about PhP1.2 billion in deposit insurance was paid to depositors of seven closed banks within turnaround time (TAT). This involved payments thru postal money order (PMOs) in the amount of PhP182.6 million for 28,079 accounts with valid deposit balances of up to PhP100,000 and payment either onsite or through home office settlement of PhP984.0 million for 4,491 accounts with valid deposit balances of more than PhP100,000. Payments to depositors were made within the target turnaround time for claims settlement.

4. Receivership and liquidation of closed banks

As of year-end, PDIC met the target to complete the filing of 40 Asset Distribution Plans (ADPs) of closed banks with the liquidation courts.

5. Cases filed against erring bank officials and employee

A total of eight criminal cases were filed by PDIC against 45 former bank directors, officers and employees within an average 17 days from approval by Management, exceeding the target average of 30 days.

6. ISO Certifications. The Corporation's quality management system (QMS) on Loans Management received recommendation for certification under ISO 9001:2008 standards on 22 December 2017. The QMS on Claims Settlement Operations (CSO) and assessment of member-banks (AMB) maintained its certifications under the same standards.

7. Sustaining employee competency

The continuous initiative of the Corporation in guiding a competent workforce was manifested by the conduct of Core Competency Build-Up Program and other trainings during the year. Around 50 to 80 employees attended the Information, Education and Communication (IEC) campaign strategy conducted during the flag ceremonies and was complemented by a classroom training attended by 77 employees.



Efficiency

From Deposit Insurer to Staunch Depositor Protector



As the state Deposit Insurer, PDIC's primary goal is to promptly settle deposit insurance claims of depositors in closed banks. But the call to be a staunch depositor protector has become louder. This requires a steadfast campaign for depositor education to instill market discipline and literacy that can protect or enable the public to protect themselves against financial pitfalls.

Claims Settlement Operations

In keeping with the commitment to protect the depositing public, PDIC rationalized the turnaround time (TAT) in the completion of claims settlement operations (CSO) by changing the basis for TAT from number of banking units to number of deposit accounts, the latter being one of the critical factors

in determining the completion date of successful takeover and deposit insurance operations. This strategic change facilitated early completion of CSO especially for those closed banks with fewer deposit accounts.

Payment of Valid Deposits with Balances of PhP100,000 and Below

As of 31 December 2017, a total of PhP182.6 million involving 28,079 accounts with valid deposit balances of up to PhP100,000 were paid to depositors of seven banks ordered closed by the Monetary Board (MB) during the year. Payments to these depositors were made thru Postal Money Orders (PMOs) issued by the Philippine Postal Corporation (PHLPost) which may be encashed either with local postal offices or any branch of the Land Bank of the Philippines (LBP).

Depositors with valid deposit balances of PhP100,000 and below, who have no loans with the bank, have updated and complete mailing address, and are not business entities are entitled to outright deposit insurance payment via the PMO scheme. This mode of settlement not only enables the depositors to have quick access to their savings but also provides convenience as they are not required to proceed to the CSO site to file claims for deposit insurance.



THE PDIC STORY

Under the PMO scheme, the Corporation successfully achieved its targets for 2017.

Insured Deposits Paid Thru PMO

Banks by Number of Deposit Accounts	No. of Closed Banks	Target	Actual Performance
		100% of valid deposits paid within the indicated TAT from takeover date	100% of valid deposits paid within the following TAT from takeover date
Banks with accounts 3,000 and below	2	7 working days (WDs)	4 to 6 WDs
Banks with accounts >3,000 to 10,000	3	10 WDs	8 WDs
Banks with accounts >10,000 to 25,000	2	15 WDs	13 WDs
Banks with >25,000 accounts	0	22 WDs	N/A
Total	7		

Settlement of Claims Thru HOCS

Depositors who are unable to come on their appointment schedule, or whose claims are found to be document deficient, or who failed to file their claims, may file their claims or comply with the documentary requirements either personally or by mail. These claims will be processed under the Home Office Claims Settlement (HOCS) scheme and, if approved, shall be paid either at PDIC or by checks sent thru registered mail.

Total payments under FOCS and HOCS for the seven banks ordered closed amounted to PhP984.0 million involving 4,491 accounts.

Settlement of Claims for Accounts with Balances Above PhP100,000

Depositors with account balances of more than PhP100,000 up to the maximum deposit insurance coverage (MDIC) of PhP500,000 and those who did not qualify for the PMO scheme, are serviced by PDIC through Field Operations Claims Settlement (FOCS). Under FOCS, PDIC issues appointment slips to depositors indicating their schedule to file their claims and documentary requirements in designated payout sites.

Notwithstanding operational issues and challenges encountered by PDIC, it successfully and effectively carried out FOCS in the seven banks closed within the target TAT.

Insured Deposits Paid Thru FOCS

Banks by Number of Deposit Accounts	No. of Closed Banks	Target	Actual Performance
		100% of valid deposits settled within the indicated TAT from takeover date	100% of valid deposits settled within the following TAT from takeover date
Banks with accounts 3,000 and below	2	12 working days (WDs)	12 WDs
Banks with accounts >3,000 to 10,000	3	15 WDs	13 to 15 WDs
Banks with accounts >10,000 to 25,000	2	25 WDs	19 to 25 WDs
Banks with >25,000 accounts	0	42 WDs	N/A
Total	7		

As of year-end total payments for insured deposits (PMO, FOCS and HOCS combined) in banks closed in 2017 amounted to PhP1.2 billion for 32,570 deposit accounts.

The Case of Rural Bank of Barotac Viejo (Iloilo), Inc.

The major challenge encountered by PDIC during the year in the exercise of its mandate as Deposit Insurer came from a Temporary Restraining Order (TRO) and/or Status Quo Ante Order (SQAQO) issued by the court on 13 March 2017 resulting from a case filed by the owners of the Rural Bank of Barotac Viejo (Iloilo), Inc. (RB Barotac Viejo) which questioned the bank's closure. The TRO/SQAQO directed PDIC to desist from taking over and liquidating the closed bank ordered closed by the MB on 23 February 2017. The TRO/SQAQO also suspended the claims and liquidation operations which included accepting claims and releasing payments to depositors.

The TRO/SQAQO, however, had affected only a few depositors as PMO payments for depositors with balances of PhP100,000 and below were already dispatched to local post offices prior

to the issuance by the court, allowing a large number of depositors to receive their deposit insurance payments and have access to their savings two weeks after the bank's closure. PDIC also had concluded the servicing of claims under FOCS when the TRO/SQAQO was issued.

Some depositors who were unable to file their claims on time were nevertheless inconvenienced by the TRO/SQAQO. In response to the court order, the

Corporation filed a motion to lift the TRO/SQAQO to be able to continue public service at the soonest possible time including settlement of deposit insurance claims thru HOCS and receivership and liquidation activities. Following the expiration of the TRO/SQAQO on 20 May 2017 and with further court action not forthcoming, PDIC immediately resumed deposit insurance payment and liquidation operations in the closed RB Barotac Viejo.





THE PDIC STORY

To hasten the claims processing activities and align existing procedures with the provisions of the amended PDIC Charter, the PDIC Claim Form was revised and the documentary requirements for Unregistered Associations were simplified. The Procedures on Request for Reconsideration (RFR) on Denied Claims were likewise revisited and amendments were introduced for better operational efficiency in the resolution of RFRs. The RFR provided a clear mechanism for depositors to seek reconsideration on their denied deposit insurance claims.

Protection of Depositors' Personal Data

Recognizing that the integrity of personal data must always be upheld, PDIC introduced interim measures to protect the personal data of depositors and other closed banks' clients during Project Management Team (PMT) Takeover and Claims Operations. These measures encapsulate the privacy and protection protocol that needs to be observed in connection with the storage, access, transfer and disposal of personal data acquired and processed on field. This initiative is in compliance with the Data Privacy Act

of 2012 and its Implementing Rules and Regulations.

Specific directives and procedures were drawn up to ensure consistency in the application of the work instruction and to put in place necessary controls to safeguard personal data during PMT operations. The approved work instructions were first implemented in the PMT operations in the closed World Partners Bank (A Thrift Bank), Inc. which was ordered closed by the Monetary Board and taken over by PDIC on 11 August 2017.

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Insured Deposit Payments

(As of December 31, 2017)

Bank	Banking Units	Deposit Liabilities		Estimated Insured Deposits		Paid Thru PMO		Paid Thru FOCS		Paid Thru HOCS		Total Payments	
		Accounts	Amount (in PhP)	Accounts	Amount (in PhP)	Accounts	Amount (in PhP)	Accounts	Amount (in PhP)	Accounts	Amount (in PhP)	Accounts	Amount (in PhP)
A. Banks Closed During the Year	24	45,857	1,578,220,075.06	45,857	1,218,750,582.53	28,079	182,600,455.27	3,929	861,923,579.64	562	122,067,434.47	32,570	1,166,591,469.38
1. Countryside Cooperative Rural Bank of Batangas, Inc.	5	10,536	178,783,696.73	10,536	150,074,115.12	3,983	14,136,772.84	562	111,723,661.69	72	18,118,969.47	4,617	143,979,404.00
2. Rural Bank of Barotac Viejo (Iloilo), Inc.	2	3,807	140,914,042.15	3,807	114,276,551.11	2,658	30,459,037.00	572	76,615,417.54	15	2,642,412.54	3,245	109,716,867.08
3. Rural Bank of Goa (Camarines Sur), Inc.	2	2,791	174,646,585.07	2,791	147,653,532.26	1,582	3,430,402.36	280	69,371,126.12	247	59,539,065.70	2,109	142,340,594.18
4. Rural Bank of Iligan City, Inc.	1	396	28,144,264.03	396	13,482,459.37	301	3,872,515.88	43	5,766,169.65	10	2,503,707.38	354	12,142,392.91
5. Rural Bank of Ragay (Camarines Sur), Inc.	2	9,990	173,348,957.23	9,990	160,230,049.03	7,124	42,127,732.83	640	104,971,637.77	59	8,224,040.76	7,823	155,323,411.36
6. World Partners Bank (A Thrift Bank), Inc.	5	14,385	589,162,738.01	14,385	380,455,091.22	9,973	45,289,722.86	1,027	292,747,243.63	117	23,111,507.17	11,117	361,148,473.66
7. Cabanatuan City Rural Bank (Nueva Ecija), Inc.	7	3,952	293,219,791.84	3,952	252,578,784.42	2,458	33,284,271.50	805	200,728,323.24	42	7,927,731.45	3,305	241,940,326.19
B. Banks Closed in Prior Years	1,989	7,058,696	117,593,014,172.44	3,402,847	69,411,643,892.07	514,077	1,283,614,330.87	150,629	18,745,504,904.62	1,805,758	46,561,873,177.71	2,470,464	66,590,992,413.20
TOTAL (as of end-2017)	2,013	7,104,553	119,171,234,247.50	3,448,704	70,630,394,474.60	542,156	1,466,214,786.14	154,558	19,607,428,484.26	1,806,320	46,683,940,612.18	2,503,034	67,757,583,882.58

PMO - Postal Money Order

FOCS - Field Operations Claims Settlement

HOCS - Home Office Claims Settlement

Raising Public Awareness

Providing access to timely and accurate information is an additional layer of protection provided by PDIC to the depositing public. In times of bank closures, PDIC promptly conducts forums and issues a series of public announcements and press releases to inform the depositors, borrowers and creditors of the closed bank about the closure and the steps they need to take.

PDIC also reaches out to the depositing public through various forms of media – on ground (field work), on print (newspapers), on air (radio and TV

guestings), and online (social media platforms).

PDIC conducts Depositors-Borrowers Forums (DBFs) within two weeks from takeover date of a closed bank. It is during the DBF where PDIC advises the depositors and borrowers on the schedule, requirements and procedures for filing deposit insurance claims and settling loan obligations with closed banks. Closed bank clients are also given an opportunity to seek clarification or ask questions about their transactions. PDIC also distributes appointment slips during DBFs to facilitate an orderly conduct of CSO operations.

During the year, a total of 18 DBFs were held for seven banks with combined 24 banking units in strategic locations within the scheduled TAT.

To ensure maximum reach of the information, PDIC also partnered with the Philippine Information Agency (PIA) for an SMS-based information campaign where PIA regional offices send text blasts to reach stakeholders nationwide, especially those in rural areas.

Financial Literacy Roadshows

The Be a Wise Saver (BAWS) campaign continued to rollout in 2017. The BAWS is a PDIC campaign aimed at helping

individuals and organizations learn the value of saving and practice safe and responsible banking habits. The BAWS lectures were conducted during the in-house information seminars in partnership with the Social Security System (SSS) and during the pre-retirement briefings in partnership with the Government Service Insurance System (GSIS). Separate BAWS lectures were also held during the year for academic institutions and government agencies which requested for it. There were over 6,000 individuals reached by PDIC during these activities.

PDIC likewise participated in the Financial Sector Forum–Financial Education (FSF–FinEd) Expos together with financial regulators Bangko Sentral ng Pilipinas, Securities and Exchange Commission, and the Insurance Commission. More than 2,000 government workers and students from the following provinces participated in the program: Calapan, Oriental Mindoro; Taguig City; Maasin, Southern Leyte; Victorias City, Negros Occidental; Siquijor; and San Fernando City, La Union.

Post-lecture survey indicated that participants registered as much as 91% awareness of the maximum deposit insurance coverage after the BAWS lectures with SSS and GSIS and more than 80% after the FSF briefings.



THE PDIC STORY



The Be A Wise Saver is a campaign aimed at helping individuals and organizations learn the value of saving and practice safe and responsible banking habits.

Assessment of Banks

The continued build-up of the Deposit Insurance Fund (DIF) to a level sufficient to meet the expected demands for deposit insurance is a critical task of PDIC to promote and safeguard the interests of the depositing public and to help maintain a sound and stable banking system.

The DIF is largely funded by the Permanent Insurance Fund (PIF) of PhP3.0 billion and the assessments

collected from banks on a semi-annual basis at an annual flat rate of 1/5 of 1% of their total deposit liabilities.

Total assessments collected from banks during the year amounted to PhP21.0 billion. Almost 90% of total assessments or PhP18.7 billion were generated from 17 commercial and three thrift banks. Prudent management and sound investment strategies allowed the DIF to grow to PhP147.2 billion, 13.4% higher than the end 2016 level of PhP129.8 billion.

Banks remit their assessment payments either through Real Time Gross Settlement (RTGS) or through the online collection facility of the Land Bank of the Philippines (LBP).

PDIC Regulatory Issuance (RI) 2017-01 on the revised Rules and Regulations on Regular Assessment was published during the year. The RI was cascaded to banks via roadshows in Luzon and the Visayas. Major revisions to the RI included the provision of an excel template for ease of bank preparation, electronic submission of the certified statements and supporting schedules which are requirements for banks to pay assessment thru RTGS or thru LBP's online collection facility and the specification of a 15-day window to pay deficiency assessment without interest.

ISO Certification for Assessment of Member-Banks (AMB)

Assessment of Member-Banks (AMB) is PDIC's second quality management system (QMS) to be certified under ISO 9001:2008 standards by TÜV Rheinland Philippines, Inc. in 2016. The certification was the basis for PDIC's recognition by the Government Quality Management Committee (QMC)

during its 5th Recognition Ceremony for Government Organizations with ISO-certified Quality Management Systems on 11 October 2017 at the Development Academy of the Philippines. The QMS on AMB was re-certified following the successful conduct of the first surveillance audit on 4-5 December 2017.





THE PDIC STORY

The PDIC actively pursued the investigation of fraud, irregularities and anomalies committed in banks and the filing of cases against erring directors, officers and employees of various closed banks with the courts and/or other appropriate offices.

Filing of Cases against Erring Bank Officials and Employees

Critical to pursuing depositor protection and financial stability is the ability of the PDIC to protect the deposit insurance system from illegal schemes and machinations. Cognizant of this, the PDIC actively pursued the investigation of fraud, irregularities and anomalies committed in banks and the filing of cases against erring directors, officers and employees of various closed banks with the courts and/or other appropriate offices.

During the year, PDIC filed eight criminal cases against 45 erring former bank directors, officers and employees, involving an aggregate amount of PhP268.4 million.

More than 96% of these cases involving PhP260 million were fraud-related and pertained to deposit-taking activities of the banks. Case respondents involved the Bank Chairman/President down to the Bookkeeper/Teller who were charged for crimes under the Revised Penal Code (e.g., Estafa; Syndicated Estafa; Falsification of Commercial Documents; Qualified Theft) and the penal provisions of the PDIC Charter (e.g., Conducting Business in an Unsafe and Unsound Manner; Creation of Fictitious Loans; Fraudulent Concealment of Any Asset, Property or Liability of a Closed Bank under Receivership; Splitting of Deposits).

In addition to legal cases, PDIC also sought with the Secretary of Justice the issuance of Immigration Look-out Bulletins against accused bankers to assure their presence in the criminal proceedings against them. Criminal cases also involved the action for the recovery of the monies they took from, and damages they caused to, their respective banks.

PDIC initiated administrative cases before the Bangko Sentral ng Pilipinas (BSP) to permanently disqualify the accused bank directors and officers from being involved with any bank or institution supervised by the BSP. Also, PDIC referred the criminal charges against the bankers to the Anti-Money Laundering Council (AMLC) and the Bureau of Internal Revenue (BIR) for determination of possible violation of laws under their respective jurisdictions.

Depositor Protection through Information Dissemination



Depositor protection goes beyond providing deposit insurance in times of bank closures. Recognizing that financial education is important in further enabling the depositing public to make informed financial decisions, the PDIC led the nation's observance of the 15th Depositor Protection and Awareness Week (DPAW) on 16-22 June 2017 with the theme, "Protect Your Future: Be a Wise Saver."

Highlighting the year's observance was the intensified PDIC campaign against various forms of financial scams that aimed to steal money or anything of

value from unsuspecting individuals or groups by any means possible, often through deceit. In support of this, PDIC released advisories urging the public to be vigilant, cautious and discerning in making investment decisions to avoid falling victims to scams and other financial pitfalls and to protect their hard-earned funds. These advisories served as a quick guide on how to identify scams by exposing their modus operandi so that the public can avoid being victimized. To reach as many stakeholders as possible, the advisories were issued to media, posted on PDIC's website, and uploaded on the Corporation's official social media accounts.

Raffle Scams

Target victims receive calls about their so-called cash prizes from non-existent raffle draws. The perpetrators demand a certain amount which the target victim must pay via a remittance agency for "purposes of PDIC insurance". To avoid scams, the PDIC reminds the public that only deposits in banks are being insured by PDIC and that PDIC is not involved in any raffle contest with other organizations.

Sponsorship Scams

Sponsorship scams involve fraudulent callers claiming to be officers of PDIC and soliciting sponsorships for alleged activities of the Corporation. The public is advised to never entertain such scams and immediately report these misrepresentations to PDIC.

Deposit Insurance Claim Scams

This is carried out by individuals who represent themselves either as officers of PDIC and related government agencies, or as persons who can facilitate payment/settlement of deposit insurance claims. These fraudulent

individuals target depositors of closed banks and trick them into believing that claims for deposit insurance could be prioritized, or that depositors could be paid even beyond the maximum deposit insurance coverage of PHP500,000, for a certain fee which the depositor must pay to the scammer. PDIC urges closed banks' depositors to transact only with its authorized personnel and be informed about the limitations of deposit insurance.

The depositor protection campaign during DPAW complements the regular conduct of PDIC's public awareness and financial literacy advocacy through the Be a Wise Saver (BAWS) campaign which advocates the 7 Habits of a Wise Saver. PDIC also works closely with the members of the Financial Sector Forum¹ for the conduct of nationwide lectures on financial education aimed at various stakeholders including students, working sector, local government units (LGUs), and senior citizens.

¹The Financial Sector forum is composed of the Bangko Sentral ng Pilipinas, Securities and Exchange Commission, Insurance Commission and PDIC.



Effectiveness

From a Co-Regulator to a Responsive Partner

Banks are critical stakeholders of PDIC because they are the Corporation's partners in helping maintain financial stability and in promoting financial inclusion by providing access to formal financial services. More than being a financial Co-Regulator, PDIC aims to be a responsive partner of banks by providing bank strengthening programs and constructive examination reports. At the end of the day, the partnership between PDIC and banks benefits the depositing public and the banking system as a whole.

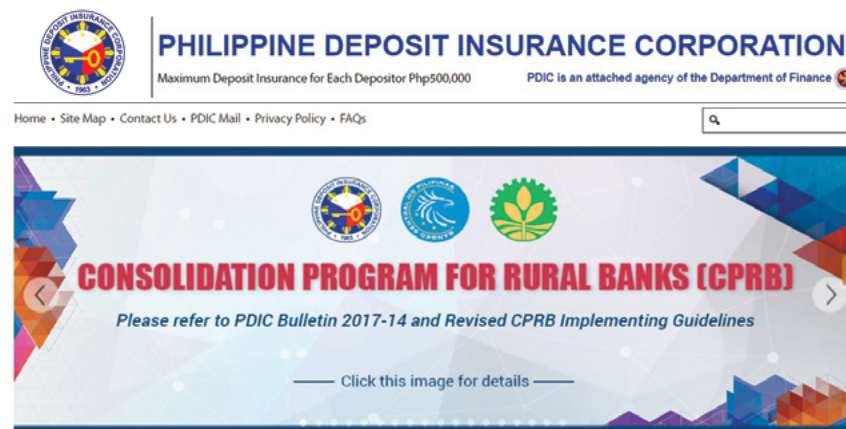
Re-Launch of the Consolidation Program for Rural Banks

In October 2017, the PDIC, Bangko Sentral ng Pilipinas (BSP) and the Land

Bank of the Philippines (LBP) approved the re-launch of the Consolidation Program for Rural Banks (CPRB) through enhancements to the Program's guidelines.

The CPRB, originally launched in 2015 with funding support from the Countryside Financial Institutions Enhancement Program (CFIEP)², aims to

bring about more resilient rural banks hence, a stronger banking system. Under CPRB, rural banks are given an opportunity to improve their financial strength, enhance viability, strengthen their management and governance, generate synergies and economies of scale; and expand their market reach by encouraging them to merge or consolidate.



²The CFIEP is a tripartite undertaking among the PDIC, Bangko Sentral ng Pilipinas and Land Bank of the Philippines to encourage business combinations among rural banks.



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With the relaxed eligibility requirement and improved incentives under the re-launched CPRB, PDIC looks forward to increased interest in the Program as banks pursue their consolidation plans.

The re-launched CPRB, which is available for a period of two years from 26 October 2017 to 26 October 2019, relaxed the implementing guidelines for easier compliance of banks. The revised guidelines now allow less than five proponent banks (prior to the enhancement of the guidelines, the minimum was five) to avail of the Program provided the resulting bank will have a capital adequacy ratio (CAR) of at least 12% and a combined unimpaired capital of at least PhP100 million. In the event that the resulting bank's CAR falls below the required 12% but is at least 10%, the resulting bank may avail of LBP's Equity Investment Facility to bring the CAR to 12%.

The list of possible financial advisers has likewise been expanded to include audit firms listed in the Business World Top 1,000 Corporations and investment houses that are members of the Investment House Association of the Philippines, provided they are not subsidiaries or affiliates of, or do not belong to the same business group as, any local or foreign bank. The audit firms and investment houses should have the capability to undertake due diligence and valuation services as provided in the enhanced CPRB guidelines.

The proponent banks were also given the flexibility to determine the scope of service of their chosen financial adviser taking into consideration the cost of engagement. In addition, the cost of the financial advisory and business process improvement services, inclusive of applicable taxes, shall be shared by the CFIEP and the proponent banks or resulting bank, subject to subsidy limits set by the CFIEP.

Since the CPRB was launched, three groups of banks involving 13 rural banks have availed of the CPRB financial advisory support. One group involving five rural banks has already advanced to the next phase after obtaining PDIC's prior consent on the proposed consolidation.

With the relaxed eligibility requirement and improved incentives under the re-launched CPRB, PDIC looks forward to increased interest in the Program as banks pursue their consolidation plans. PDIC continues to accommodate the requests of rural banks that have expressed willingness to merge or consolidate or are currently negotiating with an investor for presentations or consultations regarding the Program.

Conduct of Bank Examinations

Consistent with PDIC's mandate to protect depositors and help promote financial stability in the banking system, PDIC constantly coordinates with BSP to ensure the effective supervision of banks. Quarterly meetings with the BSP's Supervision and Examination Sector were conducted during the year to discuss salient issues and updates on banks that are scheduled for joint examination with the BSP, and to identify possible additional banks for examination. For examinations jointly undertaken with the BSP, PDIC focused on banks' deposit operations and compliance with PDIC Regulatory Issuances.

During the year, PDIC jointly examined with the BSP a total of 23 banks consisting of two thrift banks and 21 rural banks with aggregate estimated insured deposits of PhP4.3 billion. A commercial bank under financial assistance, on the other hand, was examined independently.

To ensure prompt implementation of corrective action by banks examined, directives were transmitted to the respective banks' Board of Directors. During the year, transmittal to banks was within an average of three days from the PDIC Board's approval of the Bank Examination Report, more expedient than the target turnaround time of five days.

Banks examined were directed to execute and submit a Deed of Undertaking (DOU), approved by their respective Boards, to ensure compliance with directives in addressing the examination findings. Consistent with PDIC's Bank Risk Monitoring and Mitigation Framework, banks' commitment and undertakings were validated to ensure compliance and to determine the necessary enforcement action, especially in the case of finding of Unsafe and/or Unsound (U&U) banking practices. Onsite validation³ found that three banks with U&U practices have stopped such practices and have substantially addressed other adverse examination findings and exceptions.

The examination and validation processes were opportunities for PDIC to educate the banks on safe and sound deposit practices and to provide valuable inputs and guidance in the bank's implementation of corrective actions.

Successful Matches from the Investor-Investee Helpdesk

Primarily developed in line with PDIC's mandate of promoting a sound and stable banking system by encouraging mergers and consolidations of banks, the PDIC Investor-Investee Helpdesk (Helpdesk) is a facility whereby investor banks and non-bank financial institutions looking for banks to acquire, merge or consolidate with, or invest in, may be introduced to banks seeking interested acquirers/investors.

Since its inception in 2010, the Helpdesk has received 116 registrants – 55 investors and 61 investee banks. As of year-end, the Helpdesk has enabled five business combinations – three equity acquisitions, one consolidation, and one merger – involving 10 banks. The investee banks in these successful matches had 81,859 in combined

deposit accounts and estimated insured deposits of PhP2.5 billion.

Consultations and Dialogues with Banks

PDIC continues to actively engage banks through collaboration and dialogues. PDIC took part in consultation meetings and dialogues with banks in different cities nationwide as part of roadshows for the CFIEP with the BSP and LBP.

During these dialogues, PDIC officers provided an update on PDIC's role and mandates in the financial system and discussed with them the Revised Rules and Regulations on Assessment of Member Banks that became effective in May 2017. Briefings on the same set of Revised Rules and Regulations were also conducted in PDIC for rural banks located in Metro Manila and nearby provinces.

PDIC officers also participated in a certification training program for bank compliance officers organized jointly by the Association of Bank Compliance Officers of the Philippines and De La Salle University in April, July and November 2017. The program allowed PDIC to share with the compliance officers from banks recent updates about PDIC and on regulatory issuances that are relevant to their operations.

PDIC continues to actively engage banks through collaboration and dialogues.



³A post-examination process which entails onsite assessment of a bank's compliance with PDIC directives and the bank's own commitments under the DOU.

Efficient Liquidator

PDIC's performance of its mandate as Statutory Receiver of closed banks ultimately benefits closed banks' creditors. Having gone through the inconvenience of being caught in between bank closures, creditors may find an ally in PDIC, as the Corporation works tirelessly to help creditors maximize their recovery from the assets of closed banks.

As Statutory Receiver, PDIC takes over banks ordered closed by the Monetary Board (MB). Upon takeover, the Corporation manages the closed banks' remaining assets and eventually disposes these to settle claims of creditors.

Administration of Assets of Closed Banks

As of end-2017, a total of 371 banks are under PDIC liquidation. Consistent with its goal to be an efficient liquidator for the benefit of closed banks' creditors, PDIC stepped up its asset disposal initiatives during the year to hasten the liquidation of banks.

The aggressive marketing campaign to dispose real and other properties acquired (ROPA) was sustained during the year. A new strategy introduced to drum up interest and reach prospective bidders was the onsite conduct of promotion and marketing activities prior to the public bidding schedule. These include guestings in both national and local radio and TV stations and meetings with business groups and bank groups, which complement news releases and public bidding announcements in newspapers and on the PDIC website and social media platforms.

While more properties were sold in 2016, proceeds generated amounting to PhP1.6 billion was higher in 2017.



A new strategy introduced to drum up interest and reach prospective bidders was the onsite conduct of promotion and marketing activities prior to the public bidding schedule.

Ten public biddings⁴ of real properties were held during the year at the PDIC Office in Makati City and in various provincial locations, more than the six public biddings undertaken in 2016. Aside from public biddings, the PDIC ROPA Disposal Committee, on a regular basis, decides on negotiated offers. Combined, these resulted in the sale of 220 properties for PhP1.6 billion with PhP45.6 million generated as premium against the aggregate minimum disposal price (MDP) of the assets, as shown in the table below.

While more properties were sold last year, proceeds generated amounting to PhP1.6 billion in 2017 was 621% higher than the PhP224.8 million generated in

2016. The variance in the total proceeds was attributed to the sale of big ticket properties in 2017.

In addition, cash amounting to PhP510.0 million was collected during the year representing lease rentals, dividends and sales in prior years.

Loans Management

By way of compromise settlement or foreclosure, loan accounts in closed banks were resolved and converted to a more redistributable form that benefited closed banks' creditors. During the year, a total of 835 corporate and closed bank loan accounts amounting to PhP373.7 million were approved via compromised settlement.

Asset Disposal by Mode

Mode of Disposal	Closed Banks			Corporate			Total			
	No. of Properties	In Million PhP		No. of Properties	In Million PhP		No. of Properties	In Million PhP		
		MDP	Offer Price		MDP	Offer Price		MDP	Offer Price	Premium
Public Bidding	67	192.44	249.78	10	3.73	4.07	77	196.17	253.85	57.68
Right of First Refusal (RFR)	5	4.72	4.78	-	-	-	5	4.72	4.78	0.06
Negotiated Sale	124	1,280	1,270	14	92.60	84.71	138	1,370	1,360	-12.15
Total	196	1,480	1,530	24	96.33	88.78	220	1,570	1,620	45.49

⁴Including three Right of First Refusal Sales

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Compromise Settlement of Loans in 2017

	Closed Banks	Corporate	Total
Number of Accounts	803	32	835
	Compromise Amount (in Million PhP)		Total (in Million PhP)
Principal Balance	192.74	34.57	227.31
Unbooked interest and penalty charges	142.03	4.37	146.40
	334.77	38.94	373.71

Overall, principal recovery from loans was higher in 2017 by 42% or 246 accounts compared to 589 accounts in 2016. In terms of amount, the recovery of PhP227.3 million was 36% or PhP60.3 million higher than the PhP167.0 million recovered in 2016.

Critical to the resolution of loans was the implementation of the quality management system for loans management that was certified by TÜV Rheinland as compliant with ISO 9001:2008 standards after the certifying body's audit in December 2017.

Receivership and Bank Management

PDIC took over seven banks – six rural banks and one thrift bank – ordered closed by the MB during the year with aggregate banking units of 24. As of year-end, these closed banks were under liquidation in accordance with the amended PDIC Charter that provided for the seamless transition of a closed bank to liquidation. This brings to 371 the total number of closed banks under liquidation as of year-end.



The clean-up or termination of closed banks under liquidation was targeted over the medium-term. As such, preparation of closed banks' asset distribution plans (ADP) was hastened resulting in the filing of 40 ADPs with various Liquidation Courts nationwide by year-end. Of the 40, 28 were final ADPs involving 27 rural banks and a thrift bank; and 12 were partial, consisting of 11 rural banks and a thrift bank.

Banks Ordered Closed in 2017

	Bank	Date of MB Resolution	Number of Units
1	Countryside Cooperative Rural Bank of Batangas	12 Jan 17	5
2	Rural Bank of Barotac Viejo (Iloilo), Inc.	23 Feb 17	2
3	Rural Bank of Goa (Camarines Sur), Inc.	16 Mar 17	2
4	Rural Bank of Iligan City, Inc.	20 Apr 17	1
5	Rural Bank of Ragay (Camarines Sur), Inc.	20 Apr 17	2
6	World Partners Bank (A Thrift Bank), Inc.	11 Aug 17	5
7	Cabanatuan City Rural Bank, Inc.	28 Sep 17	7
	TOTAL		24

As of end-2017, a total of 371 closed banks were under PDIC liquidation.

Banks with Asset Distribution Plans (ADPs) Filed with Liquidation Courts in 2017

	Bank	Date Filed
A. Final ADPs		
1	Bangko Rural ng Minalabac (Camarines Sur), Inc.	6 Dec 17
2	Bank of Calape (Savings and Mortgage Bank)	5 Dec 17
3	Cooperative Bank of Davao Oriental, Inc.	21 Dec 17
4	Easern Visayas Dvelopment Bank (Tacloban), Inc.	14 Dec 17
5	Growers Rural Bank, Inc.	4 Sep 17
6	Harvest Rural Bank (Daraga, Albay), Inc.	13 Dec 17
7	Municipal Rural Bank of Del Gallego, Inc.	21 Nov 17
8	Rural Bank of Alangalang (Leyte), Inc.	12 Dec 17
9	Rural Bank of Bacacay (Albay), Inc.	5 Sep 17
10	Rural Bank of Badiangan (Iloilo), Inc.	11 Sep 17
11	Rural Bank of Bangued (Abra), Inc.	5 Dec 17
12	Rural Bank of Bislig (Surigao del Sur), Inc.	27 Oct 17
13	Rural Bank of Buenavista (Agusan del Norte), Inc.	4 Sep 17
14	Rural Bank of Gasan (Marinduque), Inc.	14 Dec 17
15	Rural Bank of Hagonoy (Davao del Sur), Inc.	14 Dec 17
16	Rural Bank of Impasug-ong (Bukidnon), Inc.	14 Dec 17
17	Rural Bank of Javier (Leyte), Inc.	29 May 17
18	Rural Bank of Jordan (Iloilo), Inc.	21 Nov 17
19	Rural Bank of Lao-ang (Northern Samar), Inc.	31 Aug 17
20	Rural Bank of Sablayan (Occidental Mindoro), Inc.	20 Dec 17
21	Rural Bank of Santiago (Agusan Del Norte), Inc.	10 Oct 17
22	Rural Bank of Sison (Pangasinan), Inc.	27 Oct 17
23	Rural Bank of Sta. Cruz (Davao del Sur), Inc.	3 Nov 17
24	Rural Bank of Sta. Teresita (Batangas), Inc.	14 Dec 17
25	Rural Bank of Talisay (Camarines Norte), Inc.	10 Oct 17
26	Rural Bank of Tinambac (Camarines Sur), Inc.	28 Jul 17
27	Rural Bank of Toledo (Cebu), Inc.	23 May 17
28	Second Bulacan Development Bank	22 Dec 17

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	Bank	Date Filed
B. Partial ADPs		
1	Admiral United Savings Bank	22 Dec 17
2	Cooperative Bank of Nueva Ecija	14 Dec 17
3	La Consolacion Rural Bank, Inc.	28 Nov 17
4	Rural Bank of General Aguinaldo (Cavite), Inc.	12 Dec 17
5	Rural Bank of Labrador (Pangasinan), Inc.	20 Dec 17
6	Rural Bank of Lobo (Batangas), Inc.	14 Dec 17
7	Rural Bank of Mabini (Batangas), Inc.	22 Dec 17
8	Rural Bank of Magsingal (Ilocos Sur), Inc.	14 Dec 17
9	Rural Bank of Rizal (Occidental Mindoro), Inc.	28 Nov 17
10	Rural Bank of San Ildefonso (Bulacan), Inc.	14 Aug 17
11	Rural Bank of Tagudin (Ilocos Sur), Inc.	20 Dec 17
12	Sto. Rosario Rural Bank (Batangas), Inc.	28 Nov 17

transactions of closed banks would be more efficiently addressed. Under a Memorandum Circular issued on 6 November 2017, the BIR Commissioner directed the transfer of filing of ITRs and tax payments of closed banks from various Revenue District Offices (RDOs) nationwide to a single RDO, the RDO No. 48 in Makati City. This initiative would ensure convenience, consistency of treatment, and efficiency in liquidation. The Memorandum Circular would also prevent closed banks from incurring unnecessary administrative expenses, as well as ensure these banks would not have open tax-related cases in the BIR system.

As Receiver, PDIC is also mandated to implement the Liquidation Court-approved ADP by promptly notifying concerned closed banks' creditors and ensuring complete distribution of the assets within three years from their approval.

Filing of Income Tax Returns (ITRs) for individual closed banks is also a responsibility of PDIC, as Receiver. During the year, PDIC collaborated with the Bureau of Internal Revenue (BIR) to help ensure that tax-related



Distribution of Closed Bank Assets to Creditors

PDIC distributes the assets of closed banks according to the Rules on Concurrence and Preference of Credits of the Civil Code of the Philippines. In 2017, PDIC settled the claims of 308 creditors of 37 closed banks amounting to PhP647.0 million. Payments to BSP and other government agencies amounted to PhP80.0 million while PDIC received PhP405.4 million for subrogated deposits and reimbursement of receivership and liquidation expenses. A total of PhP161.6 million was paid to other creditors.

Asset Distribution to Creditors

Creditors	Nature of Claims	Amount in PhP Million
PDIC	Receivership & Liquidation Expenses	106.31
	Subrogated Claims	299.05
BSP	Rediscounting Emergency Loans, Penalties, Fees	29.80
Other Government Agencies	Central Bank - Board of Liquidators	38.19
	Bureau of Internal Revenue & Other Gov't Agencies	12.06
Other Creditors	Uninsured Deposits, Labor Claims, etc.	161.59
TOTAL		647.00

Continued PDIC-PHILJA Partnership and Conduct of Seminar-Workshop

The Judiciary plays a critical role in ensuring that PDIC efficiently carries out its mandate as Statutory Receiver of closed banks by working towards the immediate distribution of the assets to creditors and termination of liquidation proceedings of closed banks.

PDIC sustained a collaborative partnership with the Philippine Judicial Academy (PHILJA)⁵ since 2009 through the conduct of a series of seminar-workshops that provides a venue to update the members of the Judiciary on applicable laws and jurisprudence



on banking laws, deposit insurance, and bank conservatorship and liquidation. More importantly, the initiative aims to provide the Judiciary with a better understanding of the cases involving closed banks, as well as the conduct of liquidation proceedings.

The year 2017 marked the conduct of the 9th Seminar-Workshop on Deposit Insurance, Banking Practices, and Bank Conservatorship and Liquidation which was held from 15-16 August 2017 at the Bayview Park Hotel, Manila, with 44 Regional Trial Court Judges from Judicial Regions 1 to 3, who mostly handle Petitions for Assistance in the Liquidation (PAL) of closed banks and/or civil and criminal cases involving closed banks, in attendance. An overview of the amended PDIC Charter and discussions of unsafe and unsound (U & U) banking practices; bank fraud, irregularities and anomalies (FIA); and, bank conservatorship and liquidation were taken up during the seminar-workshop.

With the amendments to the PDIC Charter under Republic Act No. 10846⁶, the seminar-workshop provided an opportunity for PDIC to present the amended Charter for the Judiciary's better appreciation of PDIC's mandates including its enhanced authorities in strengthening depositor protection, resolving problem banks, and hastening the liquidation of closed banks.

Through the continued conduct and co-sponsorship of these seminar-workshops, PDIC hopes to assist the Judiciary in the speedy and judicious disposition of PAL cases and cases involving FIA. The expedient resolution of PAL and FIA cases will result in the immediate distribution of the assets to creditors and termination of liquidation proceedings of closed banks, ultimately benefiting the closed banks' creditors and uninsured depositors.

⁵PHILJA, which serves as the training school of the Judiciary, conducts seminars, workshops and other training programs to upgrade legal knowledge, moral fitness, probity, efficiency, and capability of justices, court personnel, lawyers and aspirants to judicial posts.

⁶RA 10846 took effect on 11 June 2016



Responsiveness

From a GOCC to a

Champion of Governance



PDIC is a government-owned or -controlled corporation (GOCC) and an attached agency of the Department of Finance. More than being a government instrumentality mandated to protect depositors and promote financial stability, PDIC also strives to be a champion of governance by upholding best practices at par with both the public and private sectors.

Top GOCC for the 2015 Corporate Governance Scorecard

PDIC's efforts for exemplary corporate governance resulted in the ultimate recognition in 2017 when the Corporation received the Award of Excellence from the Governance

Commission for GOCCs (GCG) and the Institute of Corporate Directors (ICD). The Award was given to PDIC for garnering the top score of 99.5% in the 2015 Corporate Governance Scorecard jointly implemented by the GCG and ICD.

Committed to the principle of continual innovation and pursuit of improved service delivery, PDIC also conducts periodic efficiency reviews or time and motion studies, formulates new and revises existing Standard Operating Guidelines and Instructions (SOGIs), and reviews its Citizen's Charter.



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Automation is likewise being explored to hasten claims settlement and provide convenience to depositors such as providing an online facility for filing claims.

Conduct of Time and Motion Study

Efficiency Review or Time and Motion Study (TMS) is undertaken to enhance operational efficiency and ensure compliance with applicable laws and government rules and regulations. Adoption of recommended improvements to processes minimizes attendant risks for non-compliance. During the year, a TMS on claims settlement operations (CSO) was initiated to review the average handling time (AHT) required to process and settle deposit insurance claims for banks ordered closed in 2016 and 2017. It was a follow-through of the initial TMS conducted in 2012 for CSO, which resulted in the setting of AHT for claims processing during Field Operations Claims Settlement (FOCS) and for Home Office Claims Settlement (HOCS) as well as enabled the implementation of the Project Management (PM) approach for CSO and takeover operations.

During the year, the TMS validated the actual AHT of processing claims against the AHT set in 2012. The results of the study indicated that actual AHT in the banks observed was 6.50 minutes per regular claim for an average output of 67 claims per day per Assisting Claims Examiner (ACE). The AHT of 6.50 minutes was slower compared to

the 6.05 minutes per regular claims recorded in 2012. The daily output of 67 claims was also lower compared to the daily output of 71 claims posted in 2012.

Various factors which contributed to the longer AHT time and decreased outputs were noted during the TMS. About 2% to 26% of activities observed were document deficient claims; 9% to 11% of the claims required amendment of account names or account numbers, while about 5% to 7% of the activities observed required the validation of discrepancies in the deposit account balance. These activities contributed to 20% to 40% of services provided by the ACE in the sampled banks. On the average, these three activities took 9.5 to 11.5 minutes to handle.

To shorten the handling time and increase outputs, recommendations were made to adjust the manpower complement for deployment and/or number of days for the conduct of the CSO. Automation is likewise being explored to hasten claims settlement and provide convenience to depositors such as providing an online facility for filing claims. Strengthening the pool of personnel who can be tapped to assist in the CSO through capability-building is also being undertaken periodically.

Revisit of Deposit-Related Regulatory Issuances (RIs)

Consistent with its commitment to protect the Deposit Insurance Fund (DIF) from illegal schemes and machinations and to align with the provisions of the amended PDIC Charter, the Corporation reviewed all deposit-related Regulatory Issuances (RIs) such as the RI on (1) Record Keeping of Bank Deposits; (2) Determination of Beneficial Ownership of Legitimate Deposits; and (3) Transactions Excluded from the Coverage of Deposit Insurance. The goal was to propose amendments and issue more responsive regulations.

Updating of Standard Operating Guidelines and Instructions (SOGIs)

To ensure that documented processes are updated, PDIC continuously formulates or makes revisions to SOGIs. Formulation of SOGIs takes into consideration existing relevant laws and policies and these are continuously revisited to consider recent developments and best practices.

During the year, 20 SOGIs directly related to PDIC's mandate as Deposit Insurer and Liquidator of closed banks and some on support services were revised. These SOGIs included: (1) Assessment of Member Banks, (2) Management and Disposal of

PDIC periodically reviews its Citizen's Charter to improve public service.

Furniture, Fixtures and Equipment, and Transportation Equipment, (3) Loans Management, (4) Implementation of Final Project of Distribution, Termination of Liquidation and Winding Up of Affairs of Closed Banks, and (5) Accreditation, Engagement and Delisting of External Counsel for Closed Banks. SOGs related to support services were on: (1) Management of Insurance Claims Records, (2) Physical Security of PDIC and Closed Banks, (3) Corporate Operating Budget, (4) Management and Administration of Supplies, and (5) Data Backup and Restoration. Quality Procedures used in PDIC's Quality Management System were also updated in preparation for complete transition next year to ISO 9001:2015 standards.

Review of Citizen's Charter

PDIC periodically reviews its Citizen's Charter to improve public service, keeping in mind the need to improve convenience and further simplify requirements and procedures for the benefit of the transacting public. The formulation of a Citizen's Charter is mandated under Republic Act No. 9845, or the Anti-Red Tape Act of 2007, aimed at improving efficiency in

the delivery of government service to the public by eliminating bureaucratic red tape and preventing graft and corruption.

Following directives from the National Government to further streamline frontline services, the Citizen's Charter was revised to require simplified documentary requirements for loan payment of borrowers, and for the remittance of assessment due from banks. The latter can be conveniently done through Real Time Gross Settlement (RTGS) which is the default mode for remittance of assessment due from banks. The time to complete the remittance of assessment due from banks was also reduced from five to three days. Also, in filing deposit insurance claims, clients could now present just one valid ID instead of two.

The Citizen's Charter provides for a feedback mechanism for the client to either give suggestions/comments/commendation or file complaints. All information on how to access PDIC such as mailing address, telephone, fax numbers and e-mail address, among others, are made available in the Citizen's Charter.

Improvement in Quality Management Systems (QMS)

During the year, the Corporation continuously improved its QMS to be at par with global quality standards and practices. The QMS for CSO, which has been certified since 2010, passed the first surveillance audit conducted by TÜV Rheinland Philippines, Inc. on 19 June 2017. Likewise, the assessment of member-banks (AMB)⁷ maintained its certification under ISO 9001:2008 standards following the first surveillance ISO audit on 4 December 2017.

As part of PDIC's continuing effort to improve its processes and systems, PDIC committed to the ISO certification of additional frontline service.

The Corporation's QMS on Loans Management underwent the rigorous ISO 9001:2008 certification process and received recommendation for certification on 22 December 2017.⁸

The ISO certifications and the award given by GQMC clearly validate the Corporation's commitment to enhance the implementation of its mandates, initiatives and public policy objectives.

⁷PDIC's ISO certification on the process for AMB was recognized during the Government Quality Management Committee's (GQMC) 5th Recognition Ceremony for Government Organizations with ISO-certified Quality Management Systems on 11 October 2017.

⁸Actual certification received on 10 January 2018.

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PDIC is BSP's Outstanding Financial Inclusion Partner

PDIC was named Outstanding Financial Inclusion Partner by the Bangko Sentral ng Pilipinas (BSP) in recognition of the Corporation's continuous contribution to the BSP's work to promote financial inclusion through policy regulation, capacity-building and consumer protection. The award was given during the BSP Stakeholders Awards on 11 July 2017.

The BSP honors institutional partners who have shown exceptional support to its mandates and advocacy programs. PDIC was awarded in recognition of its active participation and promotion to implement the Philippines' National Strategy for Financial Inclusion (NSFI), as well as the effective delivery of the Corporation's functions, mandates and public policy objectives. PDIC and BSP are among the partner-agencies implementing the NSFI which aims to enhance and expand Filipinos' access to formal financial services.

Consistent with the NSFI is PDIC's sustained conduct of the "Be A Wise Saver" (BAWS) campaign. The campaign which started in 2009 promotes the values of wise saving and responsible banking among students, members of the labor sector and members of the financially vulnerable sector through lectures. In partnership with the Government Service Insurance System (GSIS) and Social Security System (SSS), PDIC was able to reach pre-retirees in government and the public sector through the BAWS campaign.





PDIC is PHLPost's Government Partner in Public Service

The Corporation was awarded a plaque of appreciation for its continued trust and support for the Philippine Postal Corporation (PHLPost) in carrying out its deposit insurance mandate for the benefit of the depositing public. The plaque was awarded during the commemoration of PHLPost's 250th anniversary celebration on 24 November 2017. Since 2011, PHLPost has been delivering postal money orders (PMO) to depositors

as deposit insurance payment on behalf of PDIC. PMOs are sent to eligible depositors with valid deposit balances of PHP100,000 or less and who are no longer required to file claims. The Corporation and PHLPost have been working together for the past seven years and the award is a fitting tribute to a stronger and long-term partnership. The arrangement also made a significant impact to the value of public service shown by the Corporation as it assured depositors' immediate access to their trapped funds every time there is a bank closure.

Double Citation for Effective Communication

The year 2017 was a remarkable one for PDIC's public relations tools as the Corporation received two Anvil awards from the Public Relations Society of the Philippines (PRSP). The PDIC's 2015 Annual Report and its hosting of the 14th Annual Meeting and International Conference of the Asia-Pacific Regional Committee of the International Association of Deposit Insurers each received a Silver Anvil Award during the PRSP's 52nd Anvil Awards' Gabi ng Parangal on 10 March 2017.

The 2015 Annual Report, with the theme "Stretching the Wings of Service", was recognized for depicting PDIC's commitment to further spread its wings to attain new heights in terms

of public service. The Report was also commended for chronicling the accomplishments PDIC gained along the way in its pursuit of more effective public service.

Meanwhile, PDIC's hosting of the International Conference, with the theme "Raising Public Awareness on Depositor Protection", was awarded for bringing together for the first time communication experts in the field of advertising and public relations to interact with practitioners from deposit insurance agencies.

This is the second straight year that the PDIC won the much-coveted Anvil Award after its official

newsletter, Intercom, won in 2016 a Silver Anvil Award in recognition of its achievements in showcasing a memento of the milestones achieved together by the PDIC workforce. In 2014, PDIC's financial literacy guidebook, *Usapang Pera: Mga Dapat Alamin*, won an Anvil Award of Merit in recognition of its excellence as a public relations tool in promoting financial literacy in the country.

The Anvil recognitions are a testament to PDIC's steadily growing credibility in the field of public relations. PDIC constantly strives to sustain this winning tradition to improve its various communication strategies and channels targeting a diverse set of stakeholders.



Promoting Transparency through Freedom of Information



The PDIC's Freedom of Information (FOI) Manual provides the guidelines and procedures for requesting access to public records of the Corporation, disposition of such requests, appeal from a denial for access to information, and applicable forms.

The requirements for request for information are:

- Notarized written request or Request Form
- Valid government-issued proof of identification with photo and signature
- Notarized authorization and additional information/documents may also be required, as applicable.

Fees related to printing, reproduction and other actual costs in the search, retrieval or delivery of requested information may also be charged, subject to assessment. The requesting party may expect delivery of service 15 working days from receipt of request.

In case the initial request for information is denied, the requesting party may file an administrative appeal, which requires a notarized written appeal or Appeal Form and a copy of the Notice of Denial. Similarly, fees related to printing, reproduction and other actual costs in the search, retrieval or delivery of requested information may also be charged, subject to assessment. The public may expect delivery of service 30 working days from filing of written appeal.

The Public Assistance
Department of PDIC
serves as the quick
response action center
for Queries/Requests/
Complaints (QRCs)
received from clients.

Provision of Freedom of Information (FOI) Guidelines

Consistent with the Freedom of Information (FOI) Act, PDIC also provided an avenue for requests of information through the Corporation's FOI Manual which was formulated and posted in the PDIC website to guide the public on the procedures for requesting access to public records of the Corporation. Uploaded last year, the manual is in line with the Corporation's FOI guidelines and Extended Order (EO) No. 02 issued in 2016 operationalizing the People's Constitutional Right to Information and the State Policies of Full Public Disclosure and Transparency in the Public Service. PDIC, as of year-end, was the 156th agency onboard the Freedom of Information Portal (eFOI). Through the portal, the public may request any information about PDIC's transactions and operations deemed necessary and relevant by policies of the Corporation and not included in the inventory of exceptions prepared by the Department of Justice and the Office of the Solicitor General.

PDIC has likewise submitted to the Presidential Communications Operations Office (PCOO) the FOI Registry, FOI Summary, and Agency Information Inventory in compliance with the directive of the PCOO as part of the implementation of EO No. 02.

Public Assistance in Action

To ensure that PDIC's services are relevant and responsive to the needs of its stakeholders, the Corporation consistently observes good corporate governance. As such, PDIC implements various systems to reach out to stakeholders and respond to their concerns; measures client satisfaction on PDIC services; gathers feedback from stakeholders to identify opportunities for improvement; and ensures that stakeholders' data privacy is upheld and protected at all times.



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The Public Assistance Department (PAD) of PDIC serves as the quick response action center for Queries/Requests/Complaints (QRCs) received from clients. During the year, a total of 23,885 QRCs were received via the Call Center, Emails/Letters/Facebook and the Public Assistance Center (PAC). These QRCs were responded or referred to proper units for appropriate action within three working days in accordance with the Citizen's Charter.

PAD also monitors actions taken by units concerned on QRCs endorsed by the 8888 Citizens' Complaint Hotline. The 8888 hotline was established through EO No. 06 dated 14 October 2016 to serve as a mechanism where citizens may report their complaints and grievances on acts of red tape and/or graft and corruption.

In January 2017, the Board approved the creation of the Complaints Evaluation Committee tasked primarily to evaluate complaints referred by the Presidential Action Center, the 8888 Citizen's Complaint Center and the Contact Center ng Bayan of the Civil Service Commission, and to recommend the filing of disciplinary actions when warranted. This was supplemented in May 2017 by the issuance of the Protocol on Complaints referred by the aforesaid action centers to provide for the procedures and identify responsible units to address complaints. These measures ensured the prompt disposition of complaints from stakeholders. During the year, PDIC received a total of 26 referrals from the 8888 hotline, all of which were resolved and considered closed as of year-end.

Moreover, for effective monitoring and systematic handling of QRCs from receipt to final resolution, the existing SOGI on Customer Handling was enhanced and implemented accordingly during the year.

Moving forward and to provide additional venue for QRCs, the Corporation aims to explore the use of the SMS facility to enable customers to inquire, give feedback, and make their concerns known to PDIC through text messages. Compliance with data privacy is a concern being looked into to implement this additional access to PDIC.

Moving forward and to provide additional venue for QRCs, the Corporation aims to explore the use of the SMS facility to enable customers to inquire, give feedback, and make their concerns known to PDIC through text messages.

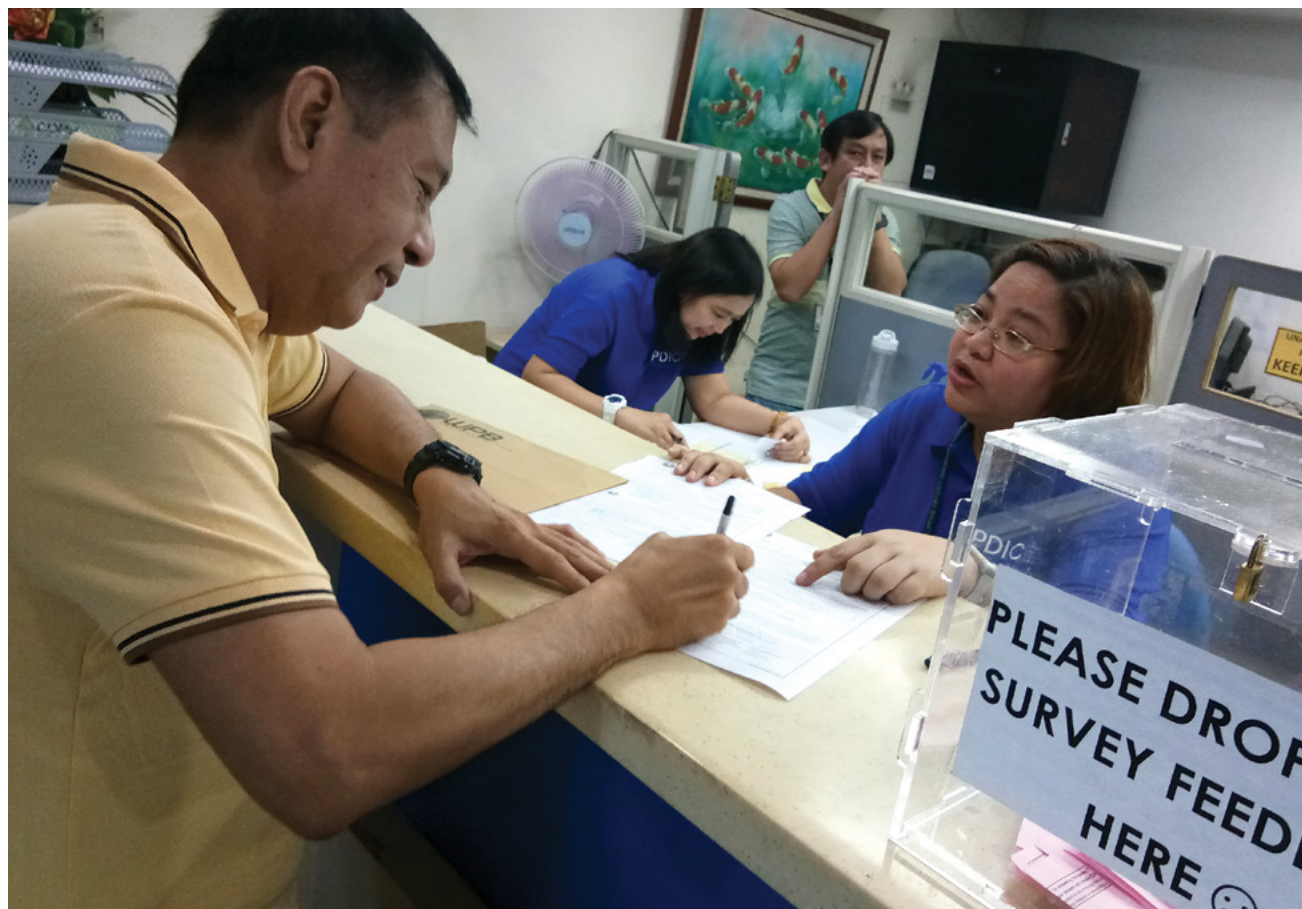
Conduct of Client Satisfaction Surveys

In keeping with the ISO principle of continual improvement, PDIC administers the Service Quality Feedback Survey to measure client satisfaction. This tool enables the Corporation to determine clients' assessment of various service dimensions and areas for improvement.

The survey is administered both at the PAC and on field, during the conduct of the Field Operations Claims Settlement (FOCS).

For the year, average customer satisfaction rating of PDIC's frontline services, both at the PAC and during FOCS, improved to 4.73 (Very Satisfactory or VS) from 4.69 (VS) in 2016. Response rate was registered at 83.3% with 11,577 clients responding to the survey out of 13,901 survey forms distributed.

Client satisfaction for other core services is also measured. Average client satisfaction ratings involving receivership and liquidation transactions such as loan-related (4.73), ROPA-related transactions (4.76), cancellation of mortgage (4.80) and claims of closed bank creditors (4.75), were all equivalent to VS.



THE PDIC STORY

Being a critical stakeholder of PDIC, banks were also provided an opportunity to rate PDIC's services. During the year, PDIC administered a survey to monitor and measure banks' satisfaction on the process of paying assessment dues. Electronic survey forms were sent to banks three months after the payment deadline for assessments for the reference semester. With response rate of 30%, average client satisfaction rating was recorded at 4.42 based on a 5-point scale.

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The positive feedback of customers and stakeholders on PDIC's frontline services is a testament to the Corporation's continuing pursuit of service excellence.

Upholding Data Privacy

In 2017, compliance with the Data Privacy Law was undertaken by the Corporation with the issuance of the Interim Measures for the Protection of Personal Data (Interim Measures) in PDIC. The Interim Measures formulated by the Data Privacy Committee (DPC) constituted in 2016 was a timely response to the urgent call by the Government through the National Privacy Commission to protect personal identifiable information. Work Instructions for the Project



Management Team were prepared by the Deposit Insurance Sector, Receivership and Liquidation Sector and the Information Technology Group (ITG) to operationalize and supplement the Interim Measures in the Takeover and Claims Settlement Operations in order to ensure protection of personal data on field. In addition, several batches of training on Data Privacy including data inventory workshops were conducted by the Technical Working Group of the DPC to increase employee awareness on data privacy and to collate information on the Corporation's personal data resources.

In September 2017, Ms. Maria Belinda San Jose, Vice President of the ITG and Atty. Jaromme Zeus Kristoffer C. Castillo, Officer-in-Charge of the Risk Management Office were appointed as PDIC's Data Protection Officer (DPO) and Deputy DPO, respectively. Through the appointed DPOs, the Corporation participates in various fora and trainings on data privacy and undertakes activities to comply with the Data Privacy Law and its implementing rules and regulations.

Still the Best-Governed GOCC



For the second time in a row, PDIC received the Award of Excellence from the Governance Commission for GOCCs (GCG) and the Institute of Corporate Directors (ICD) for garnering the top score of 99.5% in the 2015

Corporate Governance Scorecard jointly implemented by the GCG and ICD. PDIC received the award during the Corporate Governance Scorecard Awards ceremony on 24 November 2017.

From over 80 GOCCs, the GCG and ICD cited the PDIC for its perfect score in stakeholder relations and almost perfect score in Board responsibilities. PDIC was also acknowledged for its best practice in providing newly-appointed Board Directors of a Director's Kit, as well as briefings on corporate operations, strategic plans and objectives; and other matters that may be requested by the Directors. PDIC Directors are likewise regularly updated of applicable laws, rules and regulations and informed of relevant forthcoming trainings and seminars.

The GCG adopted the Corporate Governance Scorecard for GOCCs to raise the standards of corporate governance practices of GOCCs and be at par with the ASEAN state-owned enterprises. The Scorecard was patterned after the ASEAN Corporate Governance Scorecard and was based on the Principles of Corporate Governance for State-owned Enterprises by the Organisation for Economic Cooperation and Development (OECD).

More than the recognition it brings to the Corporation, the Award of Excellence is a source of inspiration for the whole PDIC workforce to continue providing efficient, effective and responsive service, cognizant that the depositing public deserves no less.



From Government Employees to

Committed Public Servants

Our mission was kept alive with the ardent commitment of our people – the organization's best and most important resource – to serve the depositing public.

Through the years, the Corporation has honed its workforce to achieving its vision of world class and efficient brand of service, while deepening its commitment to protect the depositing public. With the dawning of the new leadership in the Corporation, priorities were refocused on PDIC's core mandates – deposit insurance and liquidation of closed banks. Correspondingly, PDIC conducted capability-building programs, activities and projects to support our personnel, ably and committedly responding to these changes.

Our People

Our mission was kept alive with the ardent commitment of our people – the organization's best and most important resource – to serve the depositing

public. As of year-end, PDIC had a total of 598 personnel, of which 382 or 64% were female and 216 or 36% were male. Officers comprised 35% of the workforce at 210 while 65% or 388 were rank and file employees. Almost three-fourths or 73% of total employees were between the ages of 36 and 55.

Manpower Complement

As of 31 December 2017

Status	Officer		Rank and File		Total
	Male	Female	Male	Female	
Permanent	80	125	129	254	588
Cotermious	3	2	4	1	10
Subtotal	83	127	133	255	598
Grand Total		210		388	

THE PDIC STORY

Continuing Build-up of the Culture of Competency

On the third year of the competency journey, the groundwork was almost complete to put in place the holistic, integrated and competency-based human resource system. The competency profiling of almost two-thirds of the identified 353 positions across the Corporation was completed during the year. More than half of the competency-based job descriptions (CBJDs) were prepared and reported to the PDIC Board. These CBJDs would later become the basis of a more focused assessment, hiring and promotion, performance management and recognition of employees' contribution. The results of the assessment could serve as inputs for various learning and development initiatives like training, seminar, and coaching.

Building on the results of the initial competency assessment conducted the previous year, the Corporation drew and implemented an information, education and communication program to strengthen employees' understanding and engagement in depositor protection. Information campaigns on deposit insurance were conducted during the flag ceremonies in the latter part of the year complemented by classroom training.

Strengthening Competencies

Learning is a continuing priority of the Corporation and employees continued to imbibe the premium placed by PDIC on constant improvement by affirming such value in their competency self-assessment. Development programs were held to strengthen leadership and supervisory capabilities of officers and senior staff who were regarded as the

prime movers of people and results. These supervisory and leadership programs facilitated personal effectiveness, strengthened workplace relationships and resulted in enhanced capabilities to deliver quality results. Concepts and skills focus for this year were coaching, with sessions attended by officers from all levels.

With the aim of enhancing service delivery to the public and ably exercising the mandates embodied in the recently-amended PDIC Charter, a total of 37 in-house development programs with 95 runs were undertaken for the year. For areas of PDIC operations constantly interfacing with the public, project team heads attended the project management training which eventually led to series of exchanges between them and their members to effectively and efficiently manage bank takeovers and claims operations. Batches of employees attended seminars on customer handling to ensure that the public's concerns are dealt with promptly.

The Corporation pursued relentlessly the long-term standardization of work processes as an integral part of responsive public service. Several learning events were arranged to prepare the organization in transitioning from ISO 9001:2008 to ISO 9001:2015 standards for claims settlement, assessment of member-banks and loans management. The team of internal auditors was beefed up with the training of new ones and reinforcing the skills set of incumbents.

PDIC also held various training programs aimed at enhancing the workforce's technical skills. Taking off from the strengthened authority of the Corporation to actively run after bank directors, officers and employees involved in unsafe and unsound banking practices, a session on fraud was opened to all officers and employees. Learning sessions tackling anti-red tape; turnaround time in replying to public requests; protocol for handling referred complaints from the public contact and action centers; procurement process; and the takeover and receivership processes were also conducted during the year. An intensive internal technical training on Advance Business Application Programming (ABAP) language was conducted specifically for the information technology team. Externally, PDIC hosted a financial stability seminar for regulators, which delved into financial stability and financial crisis and highlighted the need for an integrated, proactive and system-wide risk monitoring and management to avoid a national scale financial crisis.

Gender and development seminars particularly on gender sensitivity, gender fair language and workplace diversity continued to be conducted with the goal of mainstreaming these concepts and practices in the day-to-day life of the organization, especially in its service delivery.

Alongside the internal run of development programs, publicly-run





programs offered by learning providers including foreign seminars addressed the training needs of our people that cannot be solely responded to by in-house training. A total of 377 employees attended 142 local programs covering leadership and behavioral areas such as developing talent, managing change, emotional quotient, public corporate governance; and issues and crisis management. Trainings on technical areas as well as internal audit, information technology security, and value added tax were also undertaken during the year.

Six foreign training programs offered by partner institutions such as the APEC-Financial Regulators Training Institute, Federal Deposit Insurance Corporation of the United States of America, Bangko Sentral ng Pilipinas, Mongolian Sustainable Finance Initiative and ASEAN Banking Council benefitted

22 personnel. Subject matters taken up included crisis management with a macroprudential focus, liquidity risk management, deposit insurance, bank supervision and resolution, and bank fraud detection.

Across sectors and positions, 98% of PDIC employees attended at least one learning and development intervention during the year.

International Involvement

PDIC bolstered its presence and enhanced its contributions through expertise-sharing in the global arena of deposit insurance by participating in the various fora and conferences of the International Association of Deposit Insurers (IADI) in 2017.

PDIC President Roberto Tan attended the IADI Executive Council Meetings in 2017 to help set and implement the

strategic programs of the international standard-setting organization.

To enrich the insights and deepen the knowledge of deposit insurance practitioners on various issues they face, PDIC took part in the international conferences and workshops organized by IADI either as resource speaker or workshop moderator. President Tan was a resource speaker in the IADI European Regional Committee International Conference and Technical Assistance Workshop in Italy. Other PDIC officers were also invited as Resource Speakers in the IADI Africa Regional Committee and Middle East and North Africa Regional Committee Technical Assistance Seminar in the area of Deposit Insurance Fund management held in Morocco, and as workshop moderator in the 15th IADI Asia Pacific Regional Committee Regional Workshop and International Conference in Indonesia.

Benchmarking with international best practices, PDIC, represented by Director Rogelio Guadalquivir, participated in the Meeting of Early Supervisory Intervention, Resolution and Deposit Insurance organized by IADI and the Financial Stability Institute in Switzerland. A delegation of PDIC officers, on the other hand, attended the International Seminar on Recovery and Resolution Plans of Systemically Important Financial Institutions.

In addition, the Corporation's in-house experts joined the research undertaking of IADI to enhance the effectiveness of deposit insurance systems. PDIC chairs the technical research committee on Deposit Insurance Fund Target Ratio and is a member of the following technical research committees: financial inclusion and innovation, public policy objectives, purchase and assumption, recoveries from assets of failed banks, and contingency planning and system-wide crisis preparedness management.



THE PDIC STORY

Capacity-Building

Various training workshops were conducted during the year aimed at strengthening employee skills and developing a competent workplace. One of them was focused on the Project Management Team (PMT) approach on takeover and claims settlement operations. Guthrie-Jensen Consultants, Inc. conducted the “Effective Project Management” seminar on 3-4 July 2017 where participants from across sectors were taught techniques and were provided the necessary tools and knowledge to

better manage their projects. This was a welcome addition to the PMT Learning Session regularly undertaken by Project Management Teams to share their experiences; narrate the challenges they encountered during project implementation and the resolutions they adopted; identify the lessons learned and promote awareness on how to prevent and/or manage these hurdles, and to celebrate milestones and successes. Three PMT Learning Sessions were conducted in August, October and December.

Life Learning Sessions for Employees

As PDIC celebrated its 54th anniversary, it continuously strengthened its initiatives to build the capability of the Corporation’s most important resource –its employees. The Corporation invited sought-after motivational speakers and bestselling book authors as resource speakers for its Financial Literacy Learning Sessions for PDIC Employees. The Financial Literacy Learning Session, now on its third year, provides practical know-how on saving and spending money wisely and creates opportunities



for employees' professional and personal growth to empower them with values and life skills. Two sessions were conducted where the topics, "Teaching Financial Responsibility to Children" and "Financial Management for Couples" geared especially for families. Through the Financial Literacy Learning Session, the Corporation fulfills its goal to empower and inspire not only the depositing public but also employees in making sound and informed financial decisions.

In line with the current administration's drive against drug addiction, PDIC also organized a corporate-wide orientation on ensuring a drug-free workplace and home. In addition, a course on occupational first aid and basic life support was rolled out to batches of employees in support of the PDIC Business Continuity Plan (BCP) and to ascertain that employees were equipped to handle emergency situations especially as they serve internal and external clients in the home office and on field. At the end of the course, 100 employees were given the "First Aider" certification by the Philippine Red Cross valid for two years.

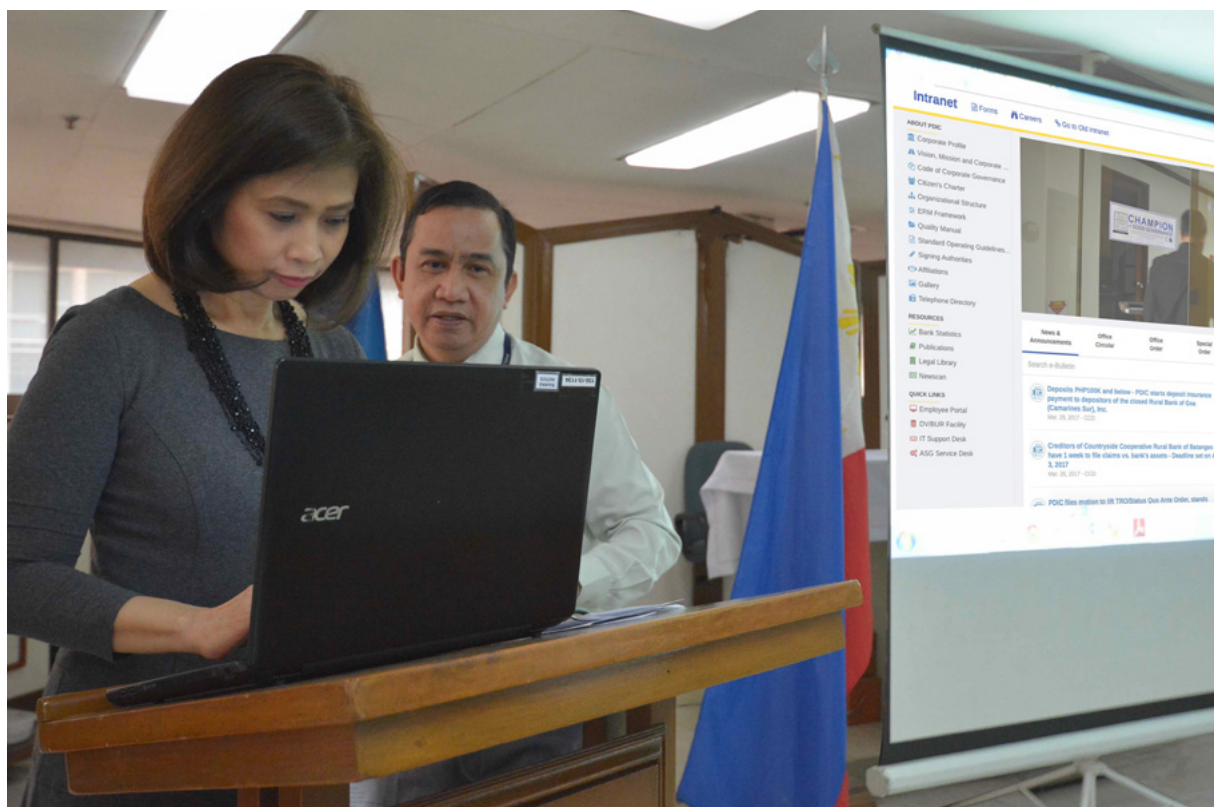
Engaging Our People

Recognizing the importance of working together, PDIC closely coordinates with employee organizations to address internal and external concerns. These groups are valuable links of management to the rest of the employees in cascading new directives pertaining to employee welfare as well as corporate outreach programs.

Employee groups provide avenues for feedback from employees to management, facilitating open communication and strengthening collaborations. Management and the employee union, in particular, renewed during the year the Collective Negotiation Agreement (CNA) containing areas of partnership and cooperation in the next three years.



The contents of the redesigned Intranet were now more organized and grouped according to functions.



Enhancing Operational Efficiency through the Intranet

The PDIC Intranet is an internal one-stop information portal containing all pertinent updates about PDIC operations and support processes. In January 2017, the enhanced Intranet which featured a simpler yet cleaner layout and easier navigation was launched to the workforce. The enhancements were aimed at facilitating navigation and retrieval of internal information for operational efficiency.

The contents of the redesigned Intranet were now more organized and grouped according to functions. It also included new features such as a dynamic rotator for banner images on pertinent announcements, corporate calendar, a gallery for photos during corporate events, and a President's Corner containing the President's speeches and messages, among others. News and announcements were also regularly updated in the Intranet for information of personnel. Employment-related forms and pro-forma documents for day-to-day use of personnel were likewise uploaded for easy accessibility.

Financial Literacy Survey for Employees

Alongside PDIC's financial literacy campaign for its external stakeholders is the continuous education of PDIC

personnel through financial literacy seminars. To gauge the financial literacy of personnel, PDIC administered a survey to 243 selected personnel. This is 72.3% of the total 336 randomly selected personnel stratified by job level, gender, and sectoral grouping.

The electronic financial literacy survey (FLS) was conducted on 27-28 November 2017 at the PDIC office in Makati City. The 55-item questionnaire used in the survey was developed by the Bangko Sentral ng Pilipinas (BSP) consistent with the 2015 version of the Organisation for Economic Cooperation and Development (OECD)/International Network on Financial Education (INFE) Toolkit for Measuring Financial Literacy and Financial Inclusion. The conduct of the FLS in 2017 was proposed by the Financial Sector Forum – Consumer Protection and Education Committee (FSF-CPEC).

PDIC continues to pursue technological innovations to further improve the workforce's efficiency and effectiveness and the quality of service it provides to the depositing public.

The questionnaire was divided into several categories to measure the personnel's level of knowledge and awareness on different financial concepts. The survey also included questions on budgeting, saving, financial goals, financial products, financial decision-making, and financial knowledge.

The results of this year's FLS will be used to design interventions to improve the financial literacy of PDIC employees and deepen their commitment to depositor protection.

As champions of financial literacy, PDIC aims to further improve the financial literacy of its own personnel as "stewards of information" who are expected to create a rippling effect not only by teaching others about financial concepts but, more importantly, to consistently practice these concepts.

Information Technology Innovations

Guided by its Vision element to have structure and systems that are evolving with technology and are continually improving to optimize performance, PDIC implemented initiatives to further strengthen the Corporation's information technology functions including development of new systems aimed at improving the workforce's efficiency and effectiveness.

The Audit Findings Monitoring System tracks various audit findings and recommendations (AFR) reported to and approved by the Board Audit Committee. These AFRs arise from results of both internal and external audit engagements of the Corporation. The enhanced PDIC Intranet was also launched during the year as a one-stop corporate information portal. Both the Audit Findings Monitoring System and the enhanced PDIC Intranet were developed in-house and at no additional cost to the Corporation.

Meanwhile, to ensure that the employees' technical and computer-related problems are resolved efficiently, the Technical Support Department (TSD) Quality Service Survey (TQSS) was implemented in January 2017. Under the TQSS, employees who reported technical problems via the IT Support Desk may provide feedback on the overall quality of service rendered. The survey helps ensure that the reports are attended to within the soonest possible time to avoid work interruption. Based on the survey results during the year, the baseline satisfaction rating was set at 90%.

PDIC continues to pursue technological innovations to further improve the workforce's efficiency and effectiveness and the quality of service it provides to the depositing public.

THE PDIC STORY

Laying the groundwork for the PDIC homecoming

Being a world-class organization in depositor protection entails having world-class facilities to help increase work efficiency and boost employees' productivity. Towards this end, the PDIC started the groundwork for the renovation of its building along Chino Roces Avenue, Makati City – the Corporation's original headquarters before moving to its current office at the SSS Building along Ayala Avenue, Makati City in 2003.

During the year, PDIC engaged the services of a design and consultancy firm to prepare the plans, scope of work and specifications for the proposed renovation of the PDIC Building. It likewise tapped a specialty contractor for the building's structural retrofitting and soil stabilization. These preliminary steps are essential in ensuring the structural integrity of the 45-year-old PDIC Building and compliance with the 2015 International Building Code. To oversee the renovation process from inception to completion, the PDIC

Building Committee was constituted in January 2017.

Once completed, the renovated PDIC Building will have better facilities, modular system for efficiency and enhanced storage, and amenities for employees such as a wellness gym, day care center, lactation area, and a cafeteria.

PDIC's homecoming to its original headquarters targeted in 2019 will support efficient, effective and responsive services which would benefit the Corporation's internal and external stakeholders.

Advancing employee wellness

The personnel's generosity is likewise evident in other corporate activities. Advancing employee wellness while strengthening linkages with other government and non-government entities, employees participated in fun runs sponsored by government and private organizations for various causes.

PDIC also took part in a blood banking campaign of a children's hospital and was awarded with Gawad Mapagkawanggawa for being its active partner for the past 15 years. An employee was recognized for being a consistent blood donor for 14 years and was awarded Pearl 2017 Blood Galloners, the highest honor given by the hospital to blood donors.



PDIC is Gawad Mapagkawangga Awardee for voluntary employee bloodletting campaign

For the past 15 years, PDIC has been an active partner of the Philippine Children's Medical Center in its blood donation campaign for its Pediatric Blood Center. Time and again, PDIC employees have responded to the call for help and the opportunity to give the gift of life by donating blood.

An average of 25 employees joins the bloodletting campaign for PCMC yearly. For 2017, a total of 41 employees heeded the call.

By joining the bloodletting program, a blood donor is not only able to help save lives but also reap benefits for themselves like improved heart health, enhanced production of new blood cells, burned calories, or simply yet profoundly, being able to bring joy to many.

For an employee who was a PCMC Pearl awardee for 2017, the reason for donating blood is a way of helping those who are in need. He believes that helping may not be in the financial form, yet by doing so, is able to contribute to prolonging others' quality of life. He has been participating in this noble cause for the last 14 years and hopes to continue bloodletting for as long as he qualifies as a donor.

Blood cannot be manufactured. It can only be sourced through the generosity of donors. For PDIC, the mission of saving lives through blood donation continues, year after year.



THE PDIC STORY

Promoting Corporate Social Responsibility

The Corporation continued its initiative as an advocate of environment protection and community development most especially during times of disaster and emergencies. During the year, the Corporation's culture of volunteerism and service was once again put to test and successfully touched the lives of other people.

Tabangan Ta An Catanduanes

Barangay Balangay, Bato, Catanduanes was one of the towns adversely hit by Typhoon Nina in December 2016. The strongest typhoon to hit the Bicol Region in 10 years, Nina affected many communities. Through the help of employee representatives from the PDIC Officer's Club and PDIC Employees Organization (Phildiceo), the Corporation was able to assist the

affected communities in Barangay Balangay. In January 2017, PDIC representatives turned over tarpaulins to the residents which were used as temporary shelters while their houses undergo repair and restoration. Through the municipal government, sacks of rice were distributed to the residents during the relief operations.

PDIC Para sa Marawi

In coordination with the Philippine Red Cross, PDIC spearheaded "PDIC Para sa Marawi," a fund drive to support the rehabilitation efforts for Marawi after armed conflict gravely affected families and properties.

PDIC employees participated in this fundraising initiative and donations generated were turned over to the Philippine Red Cross on 7 August 2017. Proceeds of the fundraising drive were used to help 15 evacuation centers with 2,782 families consisting of 12,010 individuals in Marawi City, Saguieran, and other localities outside the city. These also augmented the relief operations of the government which included distribution of water and medical supplies to hospitals and psycho-social support to help affected evacuees recover quickly.



#ShareAShirt Campaign

The upcycling campaign was launched on 17 April 2017 and undertaken in partnership with Gifts and Graces Fair Trade Foundation, Inc. PDIC employees were asked to donate their retired PDIC field uniforms. With the assistance of a livelihood community, the field uniforms were upcycled into repurposed products like purses, coffee sleeves and coasters.

PDIC exceeded its target of 500 field uniforms within a two-week collection period. During the turnover ceremony held on 3 May 2017, the shirts were turned over to Gifts and Graces in the presence of the women handcraft workers from the target beneficiary community, the Lingap Community of Biñan, Laguna. Products made from the field shirts were sold to raise funds for the benefit of the community.

Aside from touching base with the beneficiaries of the campaign, PDIC personnel were also taught the basics of upcycling during the one-day immersion at Lingap Community. They were given the opportunity to experience firsthand the intricate work of handcrafting.



Products made from the PDIC field shirts were sold to raise funds for the benefit of the partner community.

Financial Performance

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ASSETS

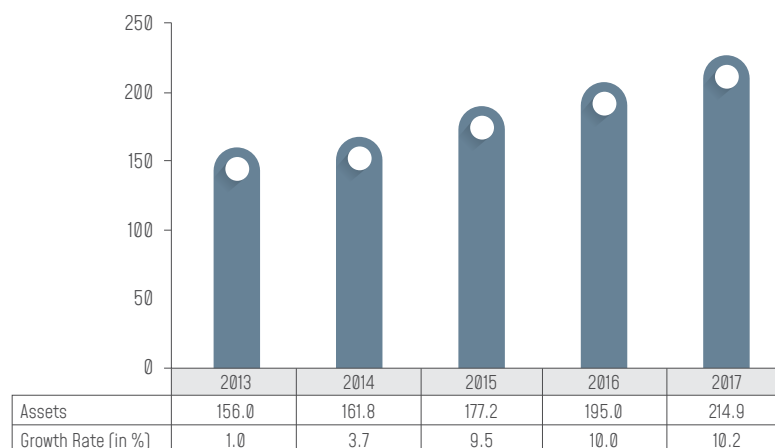
The resources of the Corporation further grew by PhP19.9 billion or 10.2% to PhP214.9 billion during the year compared to the growth in assets at 10% which leveled at PhP195.0 billion in 2016.

Assets rose mainly due to the increase in assessment collections from banks by 13.2% and investment income by 8.5%. The decrease in the amount of deposit insurance claims payout expense during the year by 39.3% also contributed to asset expansion. Lower payout expense was attributed to fewer bank closures at seven compared to 22 in 2016.

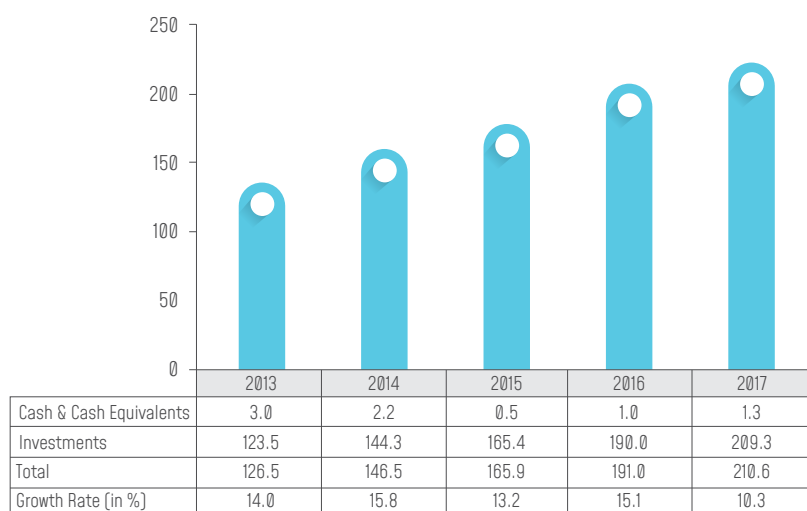
Cash and Investments

The cash and investment holdings of the Corporation, the main component of assets, remained robust as it grew by PhP19.6 billion or 10.3% to PhP210.6 billion during the year from PhP191.0 billion in 2016.

Assets (In Billion PhP)



Cash and Investments (In Billion PhP)



Investments comprised 97.4% of the total financial assets of the Corporation broken down into long-term regular placements of PhP164.1 billion and other investments representing sinking funds amounting to PhP45.2 billion. These sinking funds are earmarked for the repayment of loans payable to the Bangko Sentral ng Pilipinas (BSP).

The expansion in investments was attributed to higher assessment collections this year totaling PhP21.0 billion or an increase of 13.2% compared to collections amounting PhP18.5 billion in 2016. The Corporation's liquidity position was further boosted by additional cash collections from payment of subrogated claims and receivership and liquidation receivables by closed banks amounting to PhP306.7 million, loan collections of PhP187.6 million, and income from financial assistance of PhP84.1 million.

To maximize earnings, available funds are invested in risk-free government securities. The investment yield of 4.1% as of year-end was slightly lower compared to 4.3% in 2016 as new placements fetched lesser investment returns due to bearish market interest rates during the year. To partially counter and mitigate the downward drag in interest rates, the Corporation increased its investments in higher yielding long-term government securities resulting in a short-term to long-term portfolio mix

of 7% : 93%. This brought the average tenor of investments to 6.47 years by the end of the year, shorter compared to 6.86 years in 2016.

The net long-term investments in equity securities consisted of the preferred shares of PhP11.4 million involving the equity component of the financial assistance granted to a rural bank under the Strengthening Program for Rural Banks Plus (SPRB Plus).

Funds intended for deposit insurance payout and other operational requirements are placed in short-term Special Savings Account to ensure immediate availability of funds when required.

Receivables

The receivables of the Corporation amounting to PhP2.1 billion consisted of financial assistance to banks in the form of loans, subrogated claims and accounts receivable from closed banks, inter-agency receivables, accrued interest receivables, and assigned loan receivables from banks.

Loans and receivables amounting to PhP1.2 billion were composed of notes receivable on account of financial assistance extended to three banks equivalent to PhP1.1 billion and loans receivables assigned to the Corporation from banks with financial assistance and closed banks amounting to

PhP129.9 million. Loans and receivables increased by PhP22.4 million or 1.9% over the year mainly due to the grant of financial assistance through direct loan amounting to PhP56.1 million to a rural bank under SPRB Plus. Additional loans receivable assigned to the Corporation by closed banks amounted to PhP35.6 million and accrual of interest on notes receivables amounted to PhP72.9 million. These increases were reduced by the early repayment by a rural bank of its loan amounting to PhP142.0 million in the first quarter of the year.

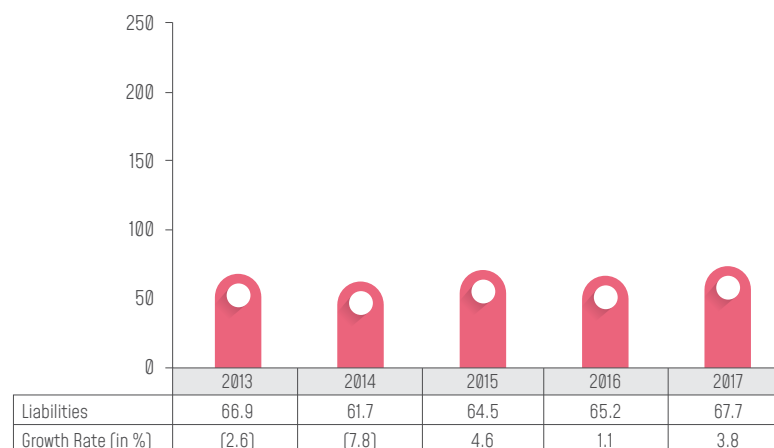
The Corporation booked PhP1.3 billion in deposit insurance payments under Subrogated Claims Receivables (SCR) for the year, involving 37,471 depositors with 33,203 accounts mainly due to seven bank closures with 24 units. Meanwhile, Accounts Receivable amounting to PhP224.8 million representing advances for Receivership and Liquidation (AR-RL) operations were extended to closed banks during the year. A total of PhP1.7 billion SCR and PhP30.0 million AR-RL involving 192 closed banks were also written-off from the Corporation's books due to the improbability of collecting these receivables from closed banks whose liquidation proceedings had been terminated.

LIABILITIES

Total liabilities increased by PhP2.5 billion or 3.8% to PhP67.7 billion during the year from PhP65.2 billion in 2016 mainly due to the interest of PhP2.6 billion accrued on the outstanding long-term loans amounting to PhP51.6 billion. The accrual of PhP2.8 billion dividends for the year payable to the National Government (NG) next year was offset by the remittance in March this year of dividends amounting to PhP2.7 billion which were declared in 2016. The remaining unpaid insured deposits of PhP181.0 million were also accrued at year-end.

Financial liabilities during the year amounted to PhP64.5 billion while payables totaled to PhP3.2 billion consisting of PhP2.8 billion in dividends payable and PhP350.0 million in various liabilities and inter-agency payables. Out of the financial liabilities of PhP64.5 billion, 95% of these pertained to the long-term loans and interest payable to BSP which were used in the financial assistance operations of PDIC in coordination with the BSP. The PDIC Charter authorizes the Corporation to extend financial assistance to banks either in the form of loans, purchase

Liabilities (In Billion PhP)



of assets, assumption of liabilities or placement of deposits. The financial assistance may be granted to: 1) a bank in danger of closing, upon its acquisition by a qualified investor; or 2) a qualified investor, upon its purchase of all assets and assumption of all liabilities of a bank in danger of closing; or 3) a surviving or consolidated institution that has merged or consolidated with a bank in danger of closing. Conditions of the financial assistance are subject to the terms and conditions prescribed by the PDIC Board of Directors, and shall be granted only if the resolution option is essential to provide adequate banking service in the community or maintain financial stability in the economy.

The 50% share of the BSP on the loan extended to a rural bank under SPRB Plus amounting to PhP79.4 million has been repaid in view of the corresponding repayment made by an assisted bank in March of this year. Also, loans from the BSP which funded the financial assistance to two commercial banks in the principal amount of PhP9.7 billion due to mature during the year were extended with BSP in accordance with the loan terms and conditions.

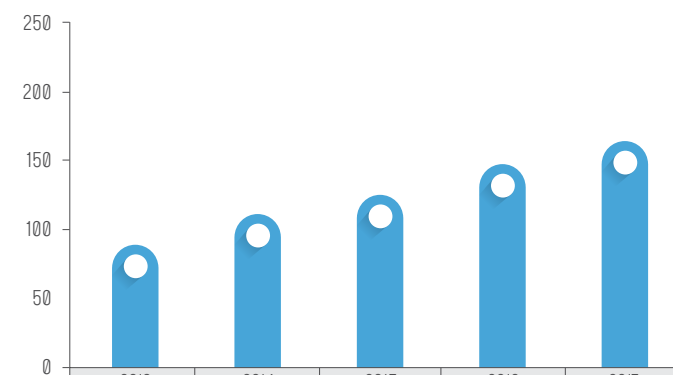
The outstanding insured deposit claims payable representing validated but unpaid insured deposits dropped to PhP181.0 million during the year compared to PhP293.7 million in

2016, lower by 38.4% or by PhP112.8 million. This was after insured deposits amounting PhP1.2 billion was paid during the year. The decline was primarily due to fewer bank closures at seven during the year compared to 22 bank closures in 2016. Estimated insured deposits of PhP1.2 billion paid during the year was 40% lower than the total estimated insured deposits of PhP2.0 billion paid in 2016. Out of the outstanding insured deposits claims payable of PhP181.0 million, only PhP63.0 million or 34.8% were from seven banks closed during the year. The bulk of PhP102.4 million or 56.6% were from 22 banks closed in 2016 and the remaining balance of PhP15.6 million or 8.6% were from previous year's closures, which remained outstanding pending resolution or submission of required documents by concerned depositors.

DEPOSIT INSURANCE FUND (DIF)

The DIF of PhP147.2 billion, the Corporation's capital, consisted of the Permanent Insurance Fund of PhP3.0 billion, reserves for insurance losses of PhP114.0 billion and retained earnings of PhP30.2 billion. The DIF expanded by PhP17.4 billion or 13.4% to PhP147.2 billion from PhP129.8 billion in the previous year due to higher assessment collections and income from investments.

Deposit Insurance Fund (In Billion PhP)



	2013	2014	2015	2016	2017
Permanent Insurance Fund	3.0	3.0	3.0	3.0	3.0
Reserves for Insurance Losses	63.9	69.7	80.1	94.7	114.0
Retained Earnings	22.1	27.4	29.6	32.1	30.2
Deposit Insurance Fund (DIF)	89.0	100.1	112.7	129.8	147.2
Estimated Insured Deposit (EID)	1,793.1	1,888.6	2,072.3	2,255.3	2,431.5
Growth Rate of DIF (in %)	3.9	12.4	12.6	15.1	13.4
DIF/EID Ratio (in %)	5.0	5.3	5.4	5.8	6.1

Increment to the DIF were additions to reserves for insurance losses during the year in the amount of PhP19.3 billion or 20.4% to PhP114.0 billion from PhP94.7 billion in the previous year plus the net income for the year of PhP5.7 billion, net of dividends declared to the NG. On the other hand, retained earnings for the year decreased to PhP30.1 billion, lower by PhP2.0 billion or 6.1% from PhP32.1 billion in 2016. This is due to

the charging of PhP4.8 billion initial payment of dividend assessments for the years 2004-2015 as provided under the Memorandum of Agreement (MOA)⁸ between the Department of Finance (DOF) and PDIC, accrual of dividends for 2017 amounting to PhP2.8 billion, and VAT settlement of PhP200.0 million for 2009 with the Bureau of Internal Revenue.

⁸MOA between DOF and PDIC dated 21 December 2017

During the year, PDIC adopted a fund target ratio with a range of 5.5% to 8%. The ratio represented the Corporation's ability to cover risks in the banking system to enable it to promptly respond to insurance calls and maintain depositor confidence. The lower limit was based on an updated estimation using the formula drawn by an expert engaged through the World Bank in 2012, which covers PDIC's anticipated losses and unanticipated losses under normal circumstances. The upper target, on the other hand, covers the anticipated risks and unanticipated risks with possible contagion effects in the banking system.

The ratio of the Corporation's DIF to estimated insured deposit as of year-end stood at 6.1%. Consistent with the policy of the State to generate, preserve, maintain faith and confidence in the country's banking system, the Corporation continues to build-up the DIF according to the target level set by the PDIC Board of Directors.

DIVIDENDS TO THE NG

The Corporation declared PhP2.84 billion in dividends to the NG for the year based on 50% of net income from other sources mainly investment income, net of interest on borrowings, which enabled the Corporation to partly generate investment income and

unearned or non-cash income. This was higher by PhP183.1 million or 6.9% compared to the remittance of PhP2.66 billion for 2016. This brought the total dividends paid for the year to the NG to PhP7.46 billion including the PhP4.8 billion dividend payments under the MOA between DOF and PDIC. Section 18 of the amended PDIC Charter exempts PDIC from Republic Act 7656 or the Dividends Law. Under the amended PDIC Charter, assessment collections are not subject to dividends and PDIC may remit dividends to the NG only if the

lower target DIF level set by the Board of Directors for the applicable year has been reached.

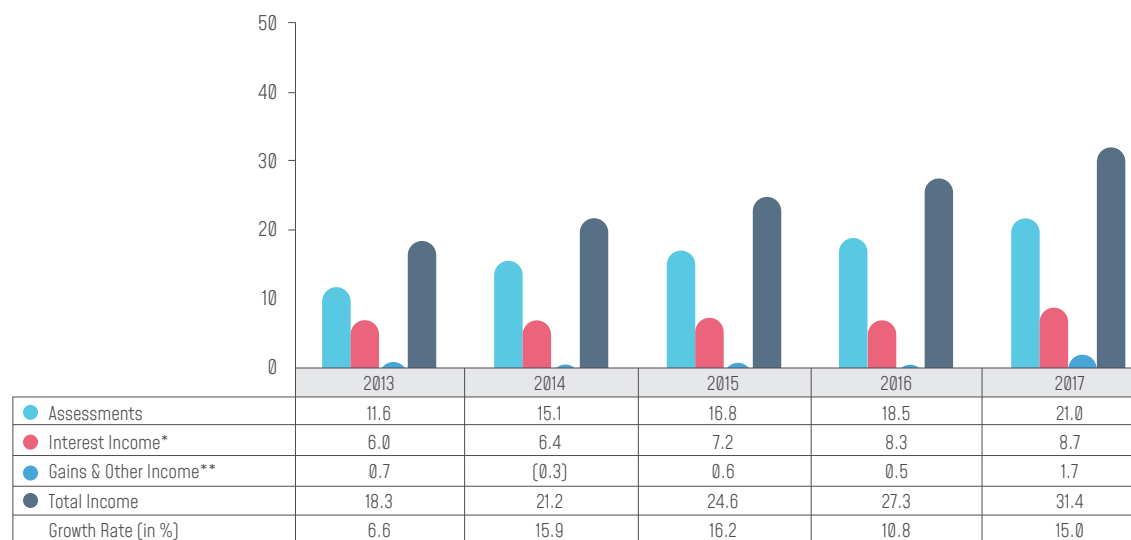
Income

The results of operations of the Corporation improved by PhP366.2 million or 6.9%, to PhP5.7 billion from PhP5.3 billion in 2016. For the past five years, net income continued to improve and posted an average of PhP5.5 billion or at a growth rate of 17.0% which has contributed to the build-up of the DIF.

Gross Income

Gross income of PhP31.4 billion exceeded the previous year's income of PhP27.3 billion by PhP4.1 billion or 15.0%. Contributing to the growth were the assessment collections from banks which rose by PhP2.5 billion or 13.2% to PhP21.0 billion from PhP18.5 billion in 2016. This is consistent with the growth of deposits in the banking system, which accelerated by PhP1.2 trillion or 11.6% to PhP11.7 trillion this year from PhP10.5 trillion in 2016.

Gross Income (In Billion PhP)



* Includes interest income from investments and from financial assistance

** Includes gains on sale of assets, other business income such as rent income, service income, etc.; and other non-operating income

Interest income amounting to PhP8.7 billion during the year consisted mainly of interest income from investments of PhP8.6 billion and from financial assistance of PhP78.2 million. Income from investment rose by PhP693.2 million or 8.7% to PhP8.6 billion in 2017 from PhP8.0 billion in 2016 because of the larger investment base of PhP209.3 billion in the current year from PhP190.0 billion in 2016. PDIC is only allowed to invest in obligations of the Republic of the Philippines (ROP) or in obligations guaranteed as to principal and interest by the ROP.

Other income, gains and non-operating income totaling PhP1.6 billion this year were higher by PhP1.2 billion from PhP452.74 million in 2016. The items which mainly contributed to the increase were the recognition of non-cash income of PhP648.4 million day 1 gain from restructuring of BSP loans that funded the financial assistance of two commercial banks, service fees charged in the receivership and liquidation of closed banks, amounting to PhP282.1 million, and appraisal adjustments on acquired assets in the amount of PhP223.3 million. Cash and property recoveries from assets acquired from closed banks in the amount of PhP388.5 million also contributed to the increase.

Expenses and Charges

Total expenses and charges in the year totaling PhP25.7 billion were higher by PhP3.7 billion or 16.9%, from PhP22.0 billion in 2016.

Insurance and financial assistance losses are expenses incurred in relation to activities to carry out the Corporation's mandate as deposit insurer and liquidator of closed banks. The Corporation incurred lower deposit insurance claims expenses of PhP1.2 billion during the year due to seven bank closures involving 24 banking units, compared to PhP1.9 billion in 2016 for closures of 22 banks with combined 64 banking units.

Less bank closures during the year enabled the Corporation to continue in building up its DIF through additions to reserves for insurance losses amounting to PhP19.4 billion. This is PhP4.8 billion or 32.6% more than the addition of PhP14.6 billion in 2016.

The receivership and liquidation-related expenses of PhP253.8 million during the year was slightly lower compared to PhP258.1 million in 2016 likewise due to fewer bank closures during the year.

PDIC also incurred interest expense of PhP3.6 billion in 2017 compared to PhP3.4 billion in 2016, for its borrowings from BSP with a principal amount of PhP51.6 billion. These loans were used

in its financial assistance operations to rehabilitate some banks under certain terms and conditions.

The Corporation continued to keep operating expenses to essentials. It ensures that expenses are lawful, valid and proper at all times. Operating expenses is composed of personnel services and maintenance and other operating expenses. Operating expenses to gross income was registered at 4.3% in 2017, lower compared to 4.9% in 2016, or at an average of 5.7% in the past five years.

The DIF remains adequate and viable in relation to the risk exposure of the Corporation as PDIC management continues to exercise prudence and close supervision of its operations, complemented by the strict oversight of its Board of Directors. PDIC remains dedicated towards building a strong DIF to maintain depositor confidence and help promote financial stability.

2018 Corporate Direction

The PDIC's strategic direction is anchored mainly on the effective pursuit of its core mandates in depositor insurance and liquidation of banks. These involve banks which are prohibited by the Monetary Board from doing business in the Philippines and designating PDIC as a receiver of closed banks and directing PDIC to proceed with the takeover and liquidation of bank.

72 Deposit insurance as a protection to depositors reinforces faith and confidence in the banking system that ultimately contributes to financial stability. PDIC ensures that funds are adequate to cover deposit insurance requirements and facilitates prompt reimbursement of claims of depositors in the event of a bank failure. Giving depositors immediate access to their deposit insurance would allow them to meet their immediate financial needs or reinvest for economic and productive purposes. Prompt reimbursement has been a priority of the Corporation together with process enhancements to make it at par with international best practices. Essential Criterion 1 of Core Principle 15 of the International Association of Deposit Insurers (IADI) Core Principles for Effective Deposit Insurance Systems prescribes reimbursement of most insured depositors within seven working days. In 2017, depositors were serviced with

an actual average turnaround time (TAT) of 9 working days from PDIC takeover of seven closed banks for accounts with balances of PhP100,000 and below. This type of accounts constituted 86.2% of the total accounts paid during the year.

Under Section 30 of the New Central Bank Act, after the Monetary Board has placed a closed bank under liquidation, PDIC proceeds with the liquidation of a closed bank's assets. The major components of the liquidation process include the management of acquired assets, disposal of assets, and distribution of assets to creditors and uninsured depositors according to the preference and concurrence of credits as provided for by the Civil Code of the Philippines. Being able to distribute the claims to creditors within reasonable time would allow the return of the funds or assets back into the economic and financial mainstream.

Strategic initiatives will continue to support the effective pursuit of the mandates. PDIC will adopt alternative options for prompt settlement of deposit insurance claims, and aggressive disposal of real and other properties acquired (ROPA) and collection of loans.

The Corporation will pursue cases relentlessly against erring bank officials and personnel who engage in unsafe and unsound banking practices that will put depositors, creditors and the Deposit Insurance Fund (DIF) at risk and compromise the stability of the banking system. PDIC will be unwavering in its pursuit of human resource strengthening programs through the sustained implementation of the medium-term plan on Competency-Based Human Resource System (CBHRS 2015-2020). This should ensure PDIC employees to be more responsive to the challenges faced by the Corporation and better attuned to evolving customer needs.

PDIC has committed to bring its Quality Management Systems to transition to ISO 9001:2015 standards. The processes involved are in the areas of claims settlement operations, assessment of member-banks and loans management, including all support processes. The transition will ensure more efficient and responsive servicing of depositor claims, loan transactions and assessment of

member-banks. Through the risk-based thinking approach adopted by the ISO 9001: 2015, PDIC takes a pro-active stance by constantly taking actions to address issues before any problem arises and exploiting opportunities at the onset leading to continuous enhancement of PDIC's quality systems, processes and service deliveries. As needs and expectations of PDIC's customers are consistently met, customer satisfaction is therefore enhanced.

Providing quality public service and customer satisfaction remains a priority strategic objective. To sustain service quality, PDIC aims to continuously measure the level of client satisfaction as a basis in determining operational area/s for improvement.

The PDIC's mandates and corresponding strategies for their attainment form part of the annual Performance Scorecard (PS). The PS outlines the specific strategic objectives (SOs) to be pursued based on the Balanced Scorecard perspectives, namely, customers/stakeholders, financial, internal processes, and learning and growth.

For 2018, PDIC's major commitments based on the PS agreed with Governance Commission for GOCCs (GCG) are, as follows:

Customers/Stakeholders Perspective

Strategic Objective 1: **To sustain client satisfaction level**

Strategic Measure 1: **Percentage of satisfied customers**

For 2018, PDIC targets 95% of its satisfied customer-respondents to give a rating of at least Satisfactory. In 2017, the average customer satisfaction rating remained at a Very Satisfactory level.

Financial Perspective

Strategic Objective 2: **To maintain the Deposit Insurance Fund (DIF) to adequately cover deposit insurance**

Strategic Measure 2: **Adequate capital against deposit insurance costs**

For 2018, the PDIC has retained its target ratio range of 5.5% to 8.0%.

Internal Process Perspective

Strategic Objective 3: **To settle valid deposit insurance claims promptly**

Strategic Measure 3: **Settlement of valid deposits promptly within turnaround time (TAT): For accounts with less than or equal to PhP100,000 balances**

Strategic Measure 4: **Settlement of valid deposits promptly within TAT: For accounts with more than PhP100,000 balances, of business entities or matched with loans**

For 2018, PDIC is maintaining its target at 100% of valid deposits paid/claims settled within TAT, as follows:

Number of Deposit Accounts	TAT in Working Days	
	Accounts with balances of PhP100,000 and below	Accounts with balances greater than PhP100,000
3,000 and below	7	12
3,001 to 10,000	10	15
10,001 to 25,000	15	25
Greater than 25,000	22	42

Strategic Objective 4: **To immediately distribute assets to creditors and terminate liquidation of closed banks**

Strategic Measure 5: **Number of Asset Distribution Plan (ADP) filed with the Liquidation Court**

For 2018, PDIC has targeted 40 ADPs for filing with the liquidation courts.

Strategic Objective 5: **To protect the DIF from illegal schemes and machinations**

Strategic Measure 6: **Percentage of cases filed against erring bank officials from approval of the appropriate approving authority (AAA) within TAT**

For 2018, PDIC has targeted 100% of the total number of cases filed within 28 working days from the time that the PDIC Management approves of its filing. This is an improvement from the target of 30 working days in 2017.

Learning and Growth Perspective

Strategic Objective 6: **To continuously develop a committed and competent workforce to deliver responsive public service**

Strategic Measure 7: **Percentage of employees meeting required competencies**

For 2018, the goal is that 100% of employees will have complete competency baseline assessment that will enable the Corporation to establish a baseline designed to evaluate the following: 1) competencies required for each identified position, 2) current competency levels of incumbents/candidates, and 3) gaps between required and actual competencies.

Strategic Measure 8: **ISO Certification of Frontline Services**

For 2018, the Corporation's target is to transition the Quality Management System to the ISO 9001:2015 standards, namely, Claims Settlement Operations (CSO), Assessment of Member-Banks (AMB), and Loans Management (LM), including all support processes.

B O A R D O F D I R E C T O R S

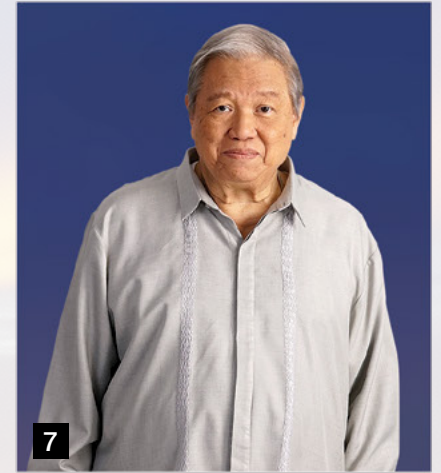
(As of December 31, 2017)

1. **Carlos G. Dominguez**
Chairman
2. **Roberto B. Tan**
Vice Chairman
3. **Nestor A. Espenilla, Jr.**
Member
4. **Rogelio M. Guadalquiver**
Member/Private Sector
Representative
5. **Eduardo M. Pangan**
Member/Private Sector
Representative



6. **Anita Linda R. Aquino**
Member/Private Sector
Representative
7. **Reynaldo F. Tansioco**
Member/Private Sector
Representative
8. **Bayani H. Agabin**
Alternate Member (DOF)
9. **Chuchi G. Fonacier**
Alternate Member (BSP)
10. **Maria Teresa S. Habitan**
Second Alternate Member (DOF)





PROFILES

CARLOS G. DOMINGUEZ

Age: 72

Department of Finance

Secretary (June 2016 – Present)

Philippine Deposit Insurance Corporation

Chairman, Board of Directors
Date of Oath of Office: 30 June 2016
Chairman, Board Governance Committee
Member, Board Risk Management Committee

Philippine Tobacco Flue-Curing and Redrying Corp.

President (1992 - 2016)

Philippine Associated Smelting and Refining Corp.

Chairman and President (1999 – 2002)

Philippine Airlines

Chief Executive Officer (1993 – 1995)
Member of the Board of Directors (1993-1995)

Department of Agriculture

Secretary (1987 – 1990)

Ministry of Natural Resources

Minister (1986 – 1987)

BPI Agricultural Development Bank

President (1984 – 1986)

Bank of the Philippine Islands

Vice President (1983 – 1986)

Davao Fruits Corp.

Hijo Plantation Inc.

Twin River Plantation Inc.

Tagum Plastics Inc.

Reyna Transit Inc.

Madaum Arrastre Inc.

Chief Operating Officer (1975-1983)

Membership in Board of Directors/Trustees and Inter-agency Bodies

[Current]

Member, Monetary Board – Bangko Sentral ng Pilipinas

Governor for the Philippines,
Asian Development Bank
Governor for the Philippines,
The World Bank Group
Governor for the Philippines,
Asian Infrastructure Investment Bank

Alternate Governor for the Philippines,
International Monetary Fund
Chair, Economic Development Cluster,
Presidential Cabinet

Chairman, Land Bank of the Philippines
Chairman, Power Sector Assets and Liabilities
Management Corporation

Chairman, National Power Corporation
Chairman, National Transmission Corporation
Chairman, Philippine Export Import Credit
Agency

Chairman, Home Guaranty Corporation
Chairman, Privatization Council

[Previous]

Chairman, RCBC Capital Corp.
Chairman, Republic Planters Bank
Director, Manila Electric Corp.
Director, Land Bank of the Philippines
Director, Northern Mindanao Power Corp.

Education

Bachelor of Arts in Economics, Ateneo de
Manila University
Masters in Business Management, Ateneo de
Manila University
Executive Program, Stanford University

ROBERTO B. TAN

Age: 63

Philippine Deposit Insurance Corporation

President and CEO

Date of Oath of Office: 3 February 2017
Vice Chairman, Board of Directors
Member, Board Risk Management Committee
Member, Board Governance Committee

Department of Finance

Treasurer of the Philippines, Bureau of the
Treasury (2008-2012, 2015-2017)
Undersecretary, International Finance Group
(2005-2008, 2015-2016)
Assistant Secretary, International Finance
Group (1999-2005)
Director, International Finance Group (1991-1995)

The World Bank Group (World Bank,

International Finance Corporation,
Multilateral Guarantee Agency)
Executive Director, Board of Directors
(2012–2015)

Asian Development Bank

Advisor to the Executive Director, Board of
Directors (1995-1998)

Newark Redevelopment and Housing Authority/ New Jersey Transit

Senior Financial and Marketing Analyst/
Consultant

Bankard (Subsidiary of former PCI Bank)

Finance and Treasury Manager

Carlos J. Vales and Co., CPAs

Consultant, Management Services Division

Membership in Board of Directors/Trustees and Inter-Agency Bodies

[Current]

Adviser to the Board, United Coconut
Planters Bank

[Previous]

Alternate Member, Monetary Board-Bangko
Sentral ng Pilipinas
Board Member (representing government
shares), Manila North Tollways Corporation,
Tollways Management Corporation, South
Luzon Tollway Corporation

Alternate Board Chairman/Member of
Government Financial Institutions, Land
Bank of the Philippines, Home Development
Mutual Fund and other government
financial institutions

Alternate Chairman/Member, Municipal
Development Fund, NEDA Investment
Coordinating Committee, Capital Market
Development Council, Foundation for the
Philippine Environment

Education

Bachelor of Arts in Economics, Ateneo de
Manila University
Master of Business Administration, Ateneo
de Manila University
Master of Arts in Economics, Fordham
University New York, U.S.A.
Doctorate Studies in Economics
Fordham University, New York, U.S.A.

NESTOR A. ESPENILLA, JR.

Age: 59

Philippine Deposit Insurance Corporation

Director, Board of Directors
Date of Oath of Office: 3 July 2017
Member, Board Audit Committee
Member, Board Governance Committee
Member, Board Risk Management Committee

Bangko Sentral ng Pilipinas

Chairman of the Monetary Board and Governor (3 July 2017 – Present)

International Monetary Fund

Governor (3 July 2017 – Present)

The World Bank

Alternate Governor (3 July 2017 – Present)

Asian Development Bank

Alternate Governor (3 July 2017 – Present)

Membership in Board of Directors/Trustees and Inter-Agency Bodies

[Current]
Chairman, Anti-Money Laundering Council (AMLC), Financial Stability Coordination Council, Financial Sector Forum and Philippine International Convention Center

Education

Bachelor of Science in Business Economics, University of the Philippines
Masters in Business Administration, University of the Philippines
Master of Science in Policy Science, Graduate Institute of Policy Science (GRIPS), Tokyo, Japan

ROGELIO M. GUADALQUIVER

Age: 75

Philippine Deposit Insurance Corporation

Director Representing the Private Sector
Date of Oath of Office: 2 December 2016
Chairman, Board Audit Committee
Member, Board Governance Committee
Member, Board Risk Management Committee

Constantino Guadalquiver & Co.

Chairman and Chief Executive Officer
(2000 – Present)

Sycip Gorres Velayo & Co. (SGV & Co.)

Senior Partner (1980 – 1998)
Staff to Manager (1968 – 1979)

CJ Valdes & Co.

Auditor (1966–1967)

Membership in Board of Directors/Trustees and Inter-Agency Bodies

[Current]
Director, Fruitas Group of Companies
Director and Chief Finance Officer, Riverfalls Group of Companies

[Previous]

Director and Corporate Secretary, Makati Sports Club
Board Member, South Bank, Inc.
Board Member and President, PNOC-Shipping
Vice Chairman and Chief Finance Officer, Simifru Philippines Corp.
Vice Chairman, Davao Fruits Corporation
Vice Chairman, AJMR Group of Companies

Education

Bachelor of Science in Accountancy, University of San Jose Recoletos
Master in Management, Asian Institute of Management

Trainings Attended

Corporate Governance Orientation Program for GOCCs (Institute of Corporate Directors), 8 February 2017
IADI FSI Meeting on Early Supervisory Intervention and Deposit Insurance (International Association of Deposit Insurers and Financial Stability Institute), Basel, Switzerland, 12-13 September 2017

EDUARDO M. PANGAN

Age: 55

Philippine Deposit Insurance Corporation

Director Representing the Private Sector
Date of Oath of Office: 21 December 2016
Chairman, Board Risk Management Committee
Member, Board Governance Committee
Member, Board Audit Committee

Mendoza & Pangan

Partner (2010 – Present)

Membership in Board of Directors/Trustees

[Current]
Director, Beam Suntory Philippines, Inc.
Director, NHK Spring Philippines, Inc.
Director, Fumakilla Vape Philippines Corp.
Director, Sansyu Precision Lipa, Inc.
Director, Santen Philippines, Inc.
Trustee, Kasagana-ka Development Center, Inc.

Education

Bachelor of Arts in Philosophy, Ateneo de Manila University
Bachelor of Laws, Ateneo Law School

Trainings Attended

Corporate Governance Orientation Program for GOCCs (Institute of Corporate Directors), 8 February 2017
15th IADI Asia Pacific Regional Committee Meeting, Regional Workshop and International Conference (International Association of Deposit Insurers and Indonesia Deposit Insurance Corporation), Yogyakarta, Indonesia, 16-20 July 2017
Seminar on BSP Circular No. 706 as Amended by BSP Circular No. 950, AMLA Law and AML Risk Rating System for Board of Directors (Bankers Institute of the Philippines), 8 September 2017

ANITA LINDA R. AQUINO

Age: 53

Philippine Deposit Insurance Corporation*Director Representing the Private Sector**Date of Oath of Office: 7 February 2017**Vice Chairperson, Board Governance Committee**Vice Chairperson, Board Risk Management Committee**Member, Board Audit Committee**Consultant**Various Institutions (January 2016 – Present)***Standard Chartered Bank, Manila, Philippines***Financial Markets Sales Head (Corporates and Financial Institutions), Philippines (2012-2015)***Rizal Commercial Banking Corporation,***Manila, Philippines**Head of Global Distribution and Advisory (2010-2012)***Citicorp Investment Bank (Singapore), Limited, Singapore***Global Markets Regional Trading Business Manager for Asia (2008-2010)***Citibank, N.A., Manila, Philippines (1993-2008)***Co-Head, Corporate Sales and Structuring (2006-2008)**Head, Commercial FX Sales (2000-2005)***Charles A. Dana Foundation, New York, U.S.A.***Finance Associate***Citibank, N.A., New York, U.S.A.***Intern, Office of Corporate Finance***Far East Bank and Trust Company, Manila, Philippines***Credit Analyst***Education***Bachelor of Arts in Economics, Ateneo de Manila University**Accounting and Finance, Marymount Manhattan College, New York, U.S.A.**Master of Arts in Economics, Fordham University, New York, U.S.A.***Trainings Attended***Corporate Governance Orientation Program for GOCCs (Institute of Corporate Directors), 22 March 2017**IADI European Regional Committee International Technical Assistance Workshop and International Conference (International Association of Deposit Insurers and Interbank Deposit Protection Fund (FITD), Bari, Italy, 4-8 April 2017**Standard Chartered Economic Briefing and the Singapore Regional Business Forum (Standard Chartered), Singapore, 13-15 August 2017**Philippine Economic Briefing: Japan and China, 25-30 September 2017**Philippine Economic Briefing: 2017 Annual Meetings of the Board of Governors of the World Bank and the International Monetary Fund and Associated Events (World Bank and International Monetary Fund), New York and Washington, D.C., USA, 10-15 October 2017***REYNALDO F. TANSIOCO**

Age: 73

Philippine Deposit Insurance Corporation*Director Representing the Private Sector**Date of Oath of Office: 24 March 2017**Vice Chairman, Board Audit Committee Member, Board Governance Committee**Member, Board Risk Management Committee***Oriental Port & Allied Services Corp.***Legal Consultant (2015 – Present)***Office of the Government Corporate Counsel***Assistant Corporate Counsel (1999 – 2009)***SIDCOR***Legal Officer (1987 – 1999)***Philippine National Bank***Branch Attorney (1978 – 1987)***National Bureau of Investigation***Agent (1970 – 1972)***General Auditing Office (COA)***Auditing Examiner (1969 – 1970)***Atlantic Gulf & Pacific Corp. Inc.***Billing Clerk (1964 – 1965)***Education***Bachelor of Science in Commerce, University of the East**Bachelor of Laws, San Beda College**Master in Senior Management, Ateneo de Manila Graduate School***Trainings Attended***Orientation-Seminar on Public Corporate Governance (Development Academy of the Philippines), 3-4 April 2017**Seminar on BSP Circular No. 706 as Amended by BSP Circular No. 950, AMLA Law and AML Risk Rating System for Board of Directors (Bankers Institute of the Philippines), 8 September 2017**16th IADI Annual General Meeting and Annual Conference (International Association of Deposit Insurers), Quebec, Canada, 8-13 October 2017***BAYANI H. AGABIN**

Age: 49

Philippine Deposit Insurance Corporation*Alternate Member (Department of Finance)**Date of Designation: 29 September 2016**Alternate Member, Board Governance Committee**Alternate Member, Board Risk Management Committee***Department of Finance***Undersecretary (2016 – Present)***Tolosa Romulo Agabin & Flores Law Office***Partner (2005 – 2016)***Rapu-Rapu Mining, Inc.***Senior Vice-President and Legal & Corporate Secretary (2006 – 2008)***University of the Philippines - Office of Legal Affairs***University Legal Counsel (2002 – 2004)***Agabin & Associates Law Office***Managing Partner (2001 - 2005)***Philippine Associated Smelting and Refining Corporation***Assistant Vice President and Legal & Deputy Counsel (1999 – 2001)***Eastern Telecommunications Philippines, Inc.***Manager, Legal Services Department, Contract and Industry Relations (1998 – 1999)***Sycip Salazar Hernandez & Gatmaitan Law Office***Associate (1994-1998)*

Membership in Board of Directors/Trustees and Inter-Agency Bodies

[Current]

Chairman (Alternate), National Power Corporation (NPC)
Chairman (Alternate), Power Sector Assets and Liabilities Management Corporation (PSALM)
Chairman (Alternate), National Transmission Corporation (TRANSCO)
Chairman (Alternate), Mining Industry Coordinating Council (MICC)
Focal Person and Chair, PH-Extractive Industries Transparency Initiative (PH-EITI)
Member, National Security Council (NSC)
Member, National Cybersecurity Inter-Agency Committee (NCIC)
Member, National Law Enforcement Coordinating Committee (NALECC)
Member, National Intelligence Board (NIB)
Director, Philippine Mining Development Corporation (PMDC)
Director, Natural Resources Development Corporation (NRDC)
DOF Representative, National Biofuel Board (NBB)
DOF Representative, Access to Sustainable Energy Programme (ASEP)
DOF Representative, Anti-Terrorism Council (ATC)
DOF Representative, National Task Force for the West Philippine Sea (NTF-WPS)
DOF Representative, Inter-Agency Anti-Graft Coordination Council (IAAGCC)
DOF Representative, Energy Investment Coordinating Council (EICC)
DOF Representative, Dangerous Drug Board (DDB)

Education

Bachelor of Science in Economics, University of the Philippines
Bachelor of Laws, UP College of Law

CHUCHI G. FONACIER

Age: 57

Philippine Deposit Insurance Corporation

Alternate Member (Bangko Sentral ng Pilipinas)
Date of Designation: 11 August 2017
Alternate Member, Board Audit Committee
Alternate Member, Board Governance Committee
Alternate Member, Board Risk Management Committee

Bangko Sentral ng Pilipinas

Deputy Governor, Financial Supervision Sector (then Supervision and Examination Sector) (27 July 2017 – Present)
Assistant Governor, Supervision and Examination Sub-sector II (31 March 2017 – 26 July 2017)
Assistant Governor, Supervision and Examination Sub-sector I (19 January 2017 – 31 March 2017)
Managing Director, Supervision and Examination Sub-sector I (16 January 2016 – 18 January 2017)
Managing Director, Supervision and Examination Sub-sector III (1 January 2014 – 15 January 2016)
Managing Director, Supervision and Examination Sub-sector II (25 October 2011 – 31 December 2013)
Director, Integrated Supervision Department II (8 July 2008 – 24 October 2011)
Deputy Director, Integrated Supervision Department II (1 January 2007 – 7 July 2008)

Education

Bachelor of Science in Commerce, La Salle College - Bacolod
Master of Business Administration, Ateneo de Manila Graduate School of Business

MARIA TERESA S. HABITAN

Age: 60

Philippine Deposit Insurance Corporation

Second Alternate Member (Department of Finance)
Date of Designation: 23 March 2017
Second Alternate Member, Board Governance Committee
Second Alternate Member, Board Risk Management Committee

Department of Finance

Assistant Secretary (2009 – Present)
Director IV, Fiscal Policy and Planning Office (June 2004 – November 2009; 1995 – February 2003)
Acting Assistant Secretary, Domestic Finance Group (June 2003 – May 2004)
Assistant Director, Fiscal Policy and Planning Office (March 1993 – September 1995)
Planning Officer IV, Fiscal Planning Division, Fiscal Policy and Planning Office (September 1987 – March 1993)
Assistant Planning Officer, Planning Service (July 1983 – August 1987)
Senior Financial Economist, Foreign Loans Division (December 1981 – March 1983)
Fiscal Economist, Foreign Loans Division (1979 – 1981)
Market Analyst, Foreign Loans Division (July 1978 – July 1979)
Loan Examiner, Foreign Loans Division (June 1977 – 1978)

Synergeia Foundation

Consultant (10 May 2016 – 25 October 2016)

World Bank

Alternate Executive Director, Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname, and Trinidad & Tobago (November 2002-January 2003)
Advisor, Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname, and Trinidad & Tobago (April 2001 – October 2002)

Membership in Board of Directors/Trustees and Inter-Agency Bodies

[Current]

Alternate Focal, PH-Extractive Industries Transparency Initiative (PH-EITI)
Alternate Chair, PH-EITI Multistakeholder Group (July 2013-April 2016; November 2017-Present)

[Previous]

Alternate Chairperson, National Power Corporation, Power Sector Assets and Liabilities Management Corporation, National Transmission Corporation, Home Guaranty Corporation
Director, National Home Mortgage and Finance Corporation, Philippine Mining Development Corporation, National Development Company, Light Rail Transit Authority
Trustee, Metropolitan Waterworks and Sewerage System, Philippine Economic Society

Education

Bachelor of Science in Business Economics, University of the Philippines
Master in Development Studies, Institute of Social Studies, The Hague, The Netherlands

E X E C U T I V E C O M M I T T E E

(As of December 31, 2017)

1. **ROBERTO B. TAN**
President and CEO
Officer-in-Charge,
Corporate Services Sector
2. **MA. ANA CARMELA L. VILLEGAS**
Executive Vice President,
Examination and Resolution Sector
Officer-in-Charge, Receivership and
Liquidation Sector
3. **SANDRA A. DIAZ**
Senior Vice President
Management Services Sector
4. **ROMEO M. MENDOZA, JR.**
Senior Vice President
Deposit Insurance Sector
5. **MA. ANTONETTE I.
BRILLANTES-BOLIVAR**
General Counsel

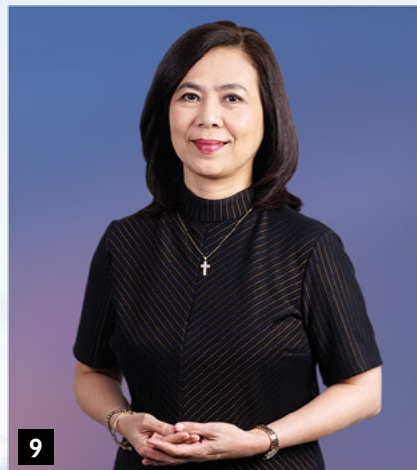


G R O U P H E A D S

(As of December 31, 2017)

1. **ELIZABETH E. OLLER**
First Vice President, Claims Group
2. **JOSEFINA J. VELILLA**
First Vice President, Examination
Group II
Officer-in-Charge, Examination and
Resolution Support Group
3. **IRENE D.L. ARROYO**
Vice President, Treasury Group
4. **ADALZON P. BANOOGON**
Vice President
Loans Management Group
5. **EDEN TITA J. DIZON**
Vice President, Resolution Group
6. **SHIRLEY G. FELIX**
Vice President, Examination Group I
7. **CYRUS T. GALANG**
Vice President, Comptrollership Group





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- 8. **TERESA H. GARCIA**
Vice President, Receivership and Liquidation Support Group
 - 9. **MA. ESTER D. HANOPOL**
Vice President
Corporate Planning Group
 - 10. **NINA NOREEN A. JACINTO**
Vice President
Administrative Services Group
 - 11. **NILO ALDRIN M. LUCINARIO**
Vice President, Receivership and Bank Management Group
 - 12. **CYNTHIA B. MARCELO**
Vice President
Human Resource Group
 - 13. **FELY D. REYES**
Vice President, Internal Audit Group
 - 14. **NANCY L. SEVILLA-SAMSON**
Vice President, Legal Services Group

15. MARIA BELINDA C. SAN JOSE

Vice President
Information Technology Group

16. MA. BERNADETTE R. SANCHEZ

Vice President, Asset Management
and Disposal Group

17. JOSE G. VILLARET, JR.

Vice President
Corporate Affairs Group

**18. JAROMME ZEUS KRISTOFFER C.
CASTILLO I**

Officer-in-Charge
Risk Management Office

19. DELILAH GRACE V. MAGTOLIS

Officer-in-Charge
Corporate Governance Office

20. EVANGELINE R. PANTALUNAN

Officer-in-Charge, Insurance Group

21. MYLENE F. PASAMBA

Officer-in-Charge, Litigation and
Investigation Group



O F F I C E R S

(As of December 31, 2017)

OFFICE OF THE PRESIDENT

ROBERTO B. TAN
President and CEO

MARIA VICTORIA T. CRUZ
Executive Assistant V

CORINNE ZOE G. BALANSAG
Executive Assistant IV

MARK ANTHONY L. DELLOSA
Executive Assistant IV

OFFICE OF THE MEMBERS OF THE BOARD FROM THE PRIVATE SECTOR

GRISELDA C. BAROT
Executive Assistant IV

BENJAMIN C. DE JESUS, JR.
Executive Assistant IV

VAN DENVER R. VIZCARRA
Executive Assistant IV

RISK MANAGEMENT OFFICE

JAROMME ZEUS KRISTOFFER C. CASTILLO I
Assistant Department Manager II / Officer-in-Charge

JENNETTE C. REBADAVIA
Corporate Executive Officer I

CORPORATE GOVERNANCE OFFICE

DELILAH GRACE V. MAGTOLIS
Department Manager III / Officer-in-Charge

MICHELLE LD E. ESTOR
Corporate Executive Officer II

INTERNAL AUDIT GROUP

FELY D. REYES
Vice President

Internal Audit Department I

JOSIE JANE C. ABLIR
Department Manager III

ETHEL ALMIRA M. GOMEZ
Corporate Executive Officer II

JEROME B. MACASPAC
Corporate Executive Officer I

Internal Audit Department II

ALEXANDER N. DOJILLO
Assistant Department Manager II / Officer-in-Charge

ROMAILA S. VERGARA
Corporate Executive Officer II

RICHARD T. ONESA
Corporate Executive Officer I

Information Technology Audit Department

NANCY M. MENDOZA
Department Manager III

LUDIVINA P. CARLOS
Assistant Department Manager II

VIOLETA D. TUNGOL
Corporate Executive Officer II

OFFICE OF THE CORPORATE SECRETARY

PAMELA ANGELI S. TY
Department Manager III

MARIA THERESA VIVIAN V. PUGEDA
Legal Officer V

CORPORATE AFFAIRS GROUP

JOSE G. VILLARET, JR.
Vice President

ROMERO F. LOPEZ
Corporate Executive Officer II

Corporate Communications Department

AURAMAR D. CALBARIO
Department Manager III

MARIA AURORA A. MENDOZA
Assistant Department Manager II

CATHERINE C. SAN JOSE
Corporate Executive Officer I

Institutional Relations Department

JOSE G. VILLARET, JR.
Vice President / Officer-in-Charge

ISABEL P. GAVIOLA
Corporate Executive Officer II

INFORMATION TECHNOLOGY GROUP

MARIA BELINDA C. SAN JOSE
Vice President

GREG B. ALBA
Corporate Executive Officer II

Systems Development Department

JOSE ALEX P. MERCADO
Assistant Department Manager II / Officer-in-Charge

RAUL FILOMENO C. CABOTAGE
Assistant Department Manager II

IBELIO B. RETES
Assistant Department Manager II

HERMIL P. DE VERA
Corporate Executive Officer II

XANDREX FIDELIS A. LIQUIGAN
Corporate Executive Officer II

Technical Support Department

RENAR M. GONZALES
Department Manager III

MADELAINE BARBARA M. FERNANDEZ
Assistant Department Manager II

JOSE P. MIANO
Assistant Department Manager II

EXAMINATION AND RESOLUTION SECTOR

MA. ANA CARMELA L. VILLEGAS
Executive Vice President

ROSALYN M. GO
Assistant Department Manager II

EXAMINATION GROUP I

SHIRLEY G. FELIX
Vice President

Examination Department I

FLORDELIS M. DATU
Department Manager III

ERICKZON M. JANDA
Corporate Executive Officer I

Examination Department II

MARLOWE F. MIKIN
Department Manager III

RUBEN C. CORDERO
Corporate Executive Officer II

EXAMINATION GROUP II

JOSEFINA J. VELILLA
First Vice President

Examination Department III

DENNIS Y. ABIERA
Department Manager III

IRENE MERCEDES D. EVANGELISTA
Corporate Executive Officer I

Examination Department IV

ANGEL B. OBRERO
Department Manager III

BERNADETTE P. COMON
Corporate Executive Officer I

RESOLUTION GROUP

EDEN TITA J. DIZON
Vice President

Resolution Department I

NIÑO RAY L. VILLALUNA
Assistant Department Manager II /
Officer-in-Charge

MA. CECILIA C. SUMAWANG
Corporate Executive Officer I

Resolution Department II

FREDY S. GALOSMO
Department Manager III

MAILEEN M. MALOLES
Assistant Department Manager II

MADELINE T. VILLENO
Corporate Executive Officer I

EXAMINATION AND RESOLUTION SUPPORT GROUP

JOSEFINA J. VELILLA
First Vice President / Officer-in-Charge

Bank Statistics Department

FLORDELIS M. DATU
Department Manager III / Officer-in-Charge

JACKSON L. UBIAS
Corporate Executive Officer II

CARLOTA S. POLICARPIO
Corporate Executive Officer I

Examination and Resolution Support Department

ELIZABETH R. PADOLINA
Department Manager III

LAWRENCE C. GATDULA
Corporate Executive Officer I

RECEIVERSHIP AND LIQUIDATION SECTOR

MA. ANA CARMELA L. VILLEGAS
Executive Vice President / Officer-in-Charge

RHEA S. AUSTRIA
Assistant Department Manager II

RECEIVERSHIP AND BANK MANAGEMENT GROUP

NILO ALDRIN M. LUCINARIO
Vice President

Receivership and Bank Management Department I

ANA ROSA E. VIRAY
Department Manager III

IMELDA A. BARRO
Corporate Executive Officer II

Receivership and Bank Management Department II

RONALD C. ANGELES
Department Manager III

FERNANDO S. BOÑULA
Assistant Department Manager II

KRISTIANNE LARIDOR M. SIPIN
Corporate Executive Officer II

OLIVER R. ILETO
Corporate Executive Officer I

Receivership and Bank Management Department III

IMELDA R. SALGADO
Department Manager III

NOELA C. MIÑOZA
Assistant Department Manager II

LEONOR S. SAMONTE
Corporate Executive Officer II

MAELYN S. FAMULARCANO
Corporate Executive Officer I

AIRENE V. MAGCASE
Corporate Executive Officer I

Receivership and Bank Management Department IV

TEODORO JOSE D. HIRANG
Assistant Vice President

FLORANTE D. LUCOS
Corporate Executive Officer II

EDZEL D. AURELIA
Corporate Executive Officer I

Bank Termination Department

BENEFICO M. MAGDAY
Assistant Vice President

ROSALINA G. MORALES
Assistant Department Manager II

SUSANA R. CAROLINO
Corporate Executive Officer II

ASSET MANAGEMENT AND DISPOSAL GROUP

MA. BERNADETTE R. SANCHEZ
Vice President

Asset Management and Disposal Department I

FERDINAND M. BELUAN
Department Manager III

ARIEL M. ALCOPA
Corporate Executive Officer II

DOMINADOR V. RODULFO, JR.
Corporate Executive Officer I

Asset Management and Disposal Department II

FERNAN REAGAN P. ZAFRANCO
Assistant Department Manager II / Officer-in-Charge

APOLONIO M. MATABANG
Corporate Executive Officer II

ARLENE FLORENCE E. FIRMEZA
Corporate Executive Officer I

Asset Management and Disposal Department III

JOSETTE SONIA H. MARCILLA
Assistant Vice President

MA. JOZZENNE CLAIRE M. BELTRAN-CARANDANG
Assistant Department Manager II

MA. NENITA N. GAYLA
Corporate Executive Officer II

VENUS P. MANZALA
Corporate Executive Officer I

LOANS MANAGEMENT GROUP

ADALZON P. BANOGON
Vice President

ARNEL F. LOPEZ
Corporate Executive Officer II

Loans Management Department I

MARY ANN C. CRISOSTOMO
Assistant Department Manager II / Officer-in-Charge

DEMOCRITO L. BITANG
Corporate Executive Officer II

Loans Management Department II

JOSEFINA R. FAJARDO
Department Manager III

JOSEFINA S. SAN PEDRO
Corporate Executive Officer II

FORTUNATO A. NICOLAS
Corporate Executive Officer I

Loans Management Department III

MADELEINE C. RIBAY
Department Manager III

TRINIDAD F. MAGSAKAY
Corporate Executive Officer II

THELMA C. CALLEJA
Corporate Executive Officer I

O F F I C E R S

RECEIVERSHIP AND LIQUIDATION SUPPORT GROUP

TERESA H. GARCIA
Vice President

Records Control and Logistics Department

POLO L. PANTALEON, JR.
Department Manager III

EDITHA D. TUMANG
Assistant Department Manager II

JOSEFINA J. SAMBOLAWAN
Corporate Executive Officer II

MARIA JOSELYN S. VALLADA
Corporate Executive Officer I

Asset Administrative Services Department

MARIE HAZEL V. CIRIACO
Department Manager III

THELMA A. PEÑA
Corporate Executive Officer II

MARYMER D. BUISING
Corporate Executive Officer I

Financial Control and MIS Department

DOROTHY C. EAMILAO
Department Manager III

JOSEFINA B. PEREZ
Corporate Executive Officer II

ELISA T. SAURA
Corporate Executive Officer II

DEPOSIT INSURANCE SECTOR

ROMEO M. MENDOZA, JR.
Senior Vice President

MA. SADDY MILA ENA B. RILLORTA
Assistant Department Manager II

CLAIMS GROUP

ELIZABETH E. OLLER
First Vice President

Presettlement Examination Department

MA. THERESA B. SALCOR
Assistant Vice President

MONINA J. CORNISTA
Assistant Department Manager II

NERILYN O. ABOGADO
Corporate Executive Officer II

WILFREDO B. RAFALES
Corporate Executive Officer II

LENIN D. AGABAO
Corporate Executive Officer I

Claims Processing Department
LUISITO M. CARREON
Assistant Vice President

MILA O. TAMAYO
Assistant Department Manager II

NAPOLEON D. JOSE
Corporate Executive Officer II

YASMIN CORAZON B. FELIX
Corporate Executive Officer I

ALICIA J. MAAN
Corporate Executive Officer I

TREASURY GROUP

IRENE D.L. ARROYO
Vice President

Claims Settlement Department

MERLIE M. CAÑAVERAL
Department Manager III

ROSENDA L. BARRIL
Assistant Department Manager II

ELOIDA B. INDORTE
Corporate Executive Officer II

RAUL C. REYES
Corporate Executive Officer I

Treasury Department

PETER NOEL P. HERRERA
Assistant Vice President

ROSITA R. ARELLANO
Assistant Department Manager II

ESTELITA R. DATINGALING
Assistant Department Manager II

INSURANCE GROUP

EVANGELINE R. PANTALUNAN
Department Manager III / Officer-in-Charge

Insurance Department

EVANGELINE R. PANTALUNAN
Department Manager III

DAISY ANN T. ALAGOS
Assistant Department Manager II

SALUD E. MARGAJAY
Corporate Executive Officer II

Insurance Support Department

ELAINE B. DETICIO
Assistant Vice President

EMERSON M. LOMIO
Assistant Department Manager II

LYN D. BAGNES
Corporate Executive Officer II

RAFAEL D. DE LEON
Corporate Executive Officer I

Public Assistance Department

JOAN S. DE LEON
Department Manager III

ANTONIO ERROL B. YBAÑEZ, JR.
Assistant Department Manager II

NATHANAEL A. TUMBOKON
Corporate Executive Officer I

LEGAL AFFAIRS SECTOR

MA. ANTONETTE I. BRILLANTES-BOLIVAR
General Counsel

JOAN MARIVIC A. OZO
Assistant Department Manager II

CASILDA G. MATAQUEL
Corporate Executive Officer I

LITIGATION AND INVESTIGATION GROUP

MYLENE F. PASAMBA
Department Manager III / Officer-in-Charge

Litigation Department

MILDRED J. MARQUEZ
Department Manager III

ROMEL M. BARRERA
Assistant Department Manager II

RAYMOND C. DE LEMOS
Assistant Department Manager II

ARLENE R. HERNANDO
Assistant Department Manager II

MICHAEL ALLAN M. ANDRES
Legal Officer V

MAE KIRSTEN R. VELASQUEZ
Legal Officer V

Investigation Department

MANUEL C. TAN
Assistant Vice President

NELSON G. PORTACIO
Assistant Department Manager II / Officer-in-Charge

ARISTON P. AGANON
Assistant Department Manager II

MARY ROSARY D. LAGMAN
Legal Officer V

External Counsel Department

VERONICA T. IGOT
Assistant Department Manager II / Officer-in-Charge

JOHANNES ANGELO L. BRUAL
Legal Officer V

REY B. PULICAY
Legal Officer V

LEGAL SERVICES GROUP

NANCY L. SEVILLA-SAMSON
Vice President

Legal Services Department I

FERNANDO S. ABADILLA
Assistant Vice President

AILEEN LOU C. ACOSTA
Assistant Department Manager II

LUISITO Z. MENDOZA
Assistant Department Manager II

JOSE MARI C. GANA
Legal Officer V

NORMINA H. TADIFA
Legal Officer V

Legal Services Department II

JOSELITO S. MENDOZA
Assistant Department Manager II / Officer-in-Charge

GEODERICK E. CARBONELL
Assistant Department Manager II

MA. POLA S. LUANZON
Assistant Department Manager II

Legal Services Department III

FERNANDO S. ABADILLA
Assistant Vice President / Officer-in-Charge

MA. FRECELYN M. HAW
Assistant Department Manager II

MANAGEMENT SERVICES SECTOR

SANDRA A. DIAZ
Senior Vice President

CORPORATE PLANNING GROUP

MA. ESTER D. HANOPOL
Vice President

Planning Department

NAPOLEON P. MICU
Department Manager III

JOSE M. MULATO
Assistant Department Manager II

JOSEFINA MAY G. TATU
Corporate Executive Officer II

FRANCIS RANDY J. HORTELANO
Corporate Executive Officer I

Policy and Systems Department

ANNA LIESE L. ROQUE
Corporate Executive Officer II / Officer-in-Charge

GLENDALE C. ANASTACIO
Corporate Executive Officer I

JOEL O. IGNACIO
Corporate Executive Officer I

COMPTROLLERSHIP GROUP

CYRUS T. GALANG
Vice President

Accounting Department

QURALENE P. PATALINGHUG
Department Manager III

MA. LENITA I. FLORIZA
Assistant Department Manager II

DANILO Q. REGALA
Corporate Executive Officer II

MODESTO Y. FERNANDO, JR.
Corporate Executive Officer I

Budget and Disbursements Department

JANET B. AGUILA
Department Manager III

EMMA F. SALINAS
Corporate Executive Officer II

ABIGAIL E. GATDULA
Corporate Executive Officer I

CORPORATE SERVICES SECTOR

ROBERTO B. TAN
President / Officer-in-Charge

JOSETTE O. RESURRECCION
Assistant Department Manager II

MA. TERESA C. VESTAL
Assistant Department Manager II

HUMAN RESOURCE GROUP

CYNTHIA B. MARCELO
Vice President

MA. CARMEN ROSARIO Z. RECITAS
Assistant Department Manager II

JANUARY F. MAMAUAG
Corporate Executive Officer II

Human Resource Administration Department

ASUNCION S. CALAPAN
Department Manager III

ARLENE T. PANGILINAN
Corporate Executive Officer II

MA. LOURDES R. RELUCIO
Corporate Executive Officer II

Organization Development Department

IRMINA D. SICIO
Department Manager III

ALLAN B. AMPARO
Corporate Executive Officer II

Training Institute

DIVINA F. CAVESTANY
Department Manager III

EUGENE V. BORLONGAN
Assistant Department Manager II

DORIS P. ROMERO
Assistant Department Manager II

ADMINISTRATIVE SERVICES GROUP

NINA NOREEN A. JACINTO
Vice President

CHRISTINE C. MERCADO
Corporate Executive Officer II

Procurement and Property Department

ANALINDA C. LAO
Corporate Executive Officer II / Officer-in-Charge

RICARDO D. ANTONIO
Corporate Executive Officer II

MA. LUZ B. FRANCISCO
Corporate Executive Officer I

General Services Department

JESUS MA. JOSE L. BORJA
Department Manager III

HERNANDO L. CATIGBE
Corporate Executive Officer I

Property Appraisal Department

RECAREDO LEIGHTON A. TAMAYO
Department Manager III

MINVILUZ O. RUBRICO
Assistant Department Manager II

LUIS D. LARESMA
Corporate Executive Officer I

E M P L O Y E E S

(As of December 31, 2017)

A

Abadilla, Fernando S.
Abalos, Gerald V.
Aban, Alexis A.
Abeleda, Sonia A.
Abiera, Dennis Y.
Ablir, Josie Jane C.
Abogado, Nerilyn O.
Abriam, Cheryl S.
Aceret, Erolyn B.
Acosta, Aileen Lou C.
Acosta, Alejandro Jr. S.
Acosta, Bettina N.
Acuña, Myraflor C.
Agabao, Lenin D.
Aganon, Ariston P.
Agnes, Ma. Caridad R.
Aguila, Janet B.
Aguinaldo, Ferdinand M.
Agustin, Christopher A.
Agustin, Jenelyn P.
Alagos, Daisy Ann T.
Alba, Greg B.
Albo, Felma D.
Alcoba, Ariel M.
Aldueza, Anne Krizelle D.
Alejandrino, Lilybeth H.
Alonzo, Reynold P.
Amigle, Noreen R.
Amparo, Allan B.
Anastacio, Glendace C.
Andes, Joan P.
Andrada, Jovy R.
Andres, Michael Allan M.
Ang, Aries M.
Angeles, Ronald C.
Ani, Jacqueline I.
Antonio, Florante Jr. F.
Antonio, Maria Gracia N.
Antonio, Niña M.
Antonio, Ricardo D.
Anyayahan, Noreen F.
Apolinario, Cely E.
Aquino, Ernesto C.
Arellano, Gemma P.
Arellano, Rosita R.
Arizala, Aura Marina R.
Arrieta, Johanna Hazel M.
Arriola, Romeo C.
Arroyo, Irene DL.
Ascaño, Rhoda R.
Asuncion, Jonnah Mae M.
Asuncion, Russielyn B.
Atendido, Jocelyn A.
Atibula, Kenneth T.
Audian, Cristina M.

Aure, Oliver A.

Aurelia, Edzel D.
Austria, Arlene C.
Austria, Rhea S.
Avecilla, Augusto R.
Ayran, Junnifer P.

B

Badenas, Paul Jason J.
Badillo, Rosa Maria V.
Bagaporo, Maria Cristina T.
Bagnes, Lyn D.
Baguio, Godofreda P.
Baguisi, Maria Lourdes A.
Balansag, Corinne Zoe G.
Balasabas, Marilou M.
Baltazar, Ernan L.
Baltazar, Ma. Paz V.
Bandy, Israel A.
Banogon, Adalzon P.
Barot, Griselda C.
Barral, Rosalie F.
Barrera, Romel M.
Barril, Rosenda L.
Barro, Imelda A.
Basilla, Rosalie B.
Bataan, Liz D.
Batalla, Allan Paul G.
Bautista, Grace V.
Baylon, Josielyn S.
Belisario, Karen Gail Y.
Bello, Sherwin Z.
Bello, Virginia D.
Beltran-Carandang, Ma. Jozenne Claire M.
Beluan, Ferdinand M.
Bendaña, Jose A.
Benitez, Frederick B.
Benitez, Reneelyn G.
Bitang, Democrito L.
Bituin, Ida D.
Bodoso, Leen Lynnard D.
Bodoso, Via Bing B.
Bolívar, Ma. Antonette B.
Boñala, Fernando S.
Boone, Aniceta A.
Borja, Jesus Ma. Jose L.
Borjal, Rolly C.
Borlongan, Eugene V.
Brual, Johannes Angelo L.
Bucago, Mae B.
Buenviaje, Cleofe C.
Bugayong, Danilo B.
Buising, Marymer D.
Bulong, Joseph S.
Buna, Lanie A.
Bundalian, Glenda G.

C

Caba, Phedilyn R.
Cabotage, Raul Filomeno C.
Cabrera, Dyane D.
Cacayan, Eunice D.
Cadiz, Hyacinth N.
Calapan, Asuncion S.
Calbario, Auramar D.
Calleja, Ma. Evangelina P.
Calleja, Thelma C.
Calub, Marilou D.
Calvez, Vilma Y.
Canapi, Laarni L.
Cañaverl, Merlie M.
Caneja, Martin E.
Caneja, Mary Kris G.
Canela, Enrico R.
Canosa, Yu Lee B.
Canuza, Cecilia C.
Carraig, Myrna C.
Carbonell, Geoderick E.
Careng, Juana L.
Carlos, Ludivina P.
Carolino, Susana R.
Carreon, Aileen B.
Carreon, Delia A.
Carreon, Luisito M.
Carreon, Ma. Guadalupe C.
Carreon, Marc Jumboe King N.
Carvajal, Josephine M.
Cascolan, Regierex P.
Casem, Jhoanna Pauline B.
Casiño, Ronald S.
Castillo, Jaromme Zeus Kristoffer I C.
Castro, Harry C.
Castro, Ma. Margarita G.
Castro, Ruben S.
Catigbe, Hernando L.
Catome, Mary Jane L.
Cavestany, Divina F.
Centino, Ofelia M.
Ciriaco, Marie Hazel V.
Collo, Niña Jesusita P.
Comon, Bernadette P.
Concepcion, Dennis H.
Conge, Anastacio T.
Conge, Ma. Teresa D.
Cordero, Abeguel S.
Cordero, Ruben C.
Cornista, Elmer R.
Cornista, Monina J.
Corona, Enrico C.
Cortes, Jacinto C.
Cortes, Paolo Angelo J.
Cortez, Enrique M.
Costa, Henry A.

Costorio, Mary Joy L.
Crisostomo, Mary Ann C.
Cruz, Erwin C.
Cruz, Maria Victoria T.
Cuison, Mary Catherine Z.
Custodio, Angelito A.

D

Dabi, Sandra V.
Dacanay, Allan Christopher D.
Dadal, Roselle May R.
Dadpaas, Miriam B.
Dagohoy, Abigail R.
Datingaling, Estelita R.
Datu, Flordelis M.
Datu, Marylyn I.
Dayog, Lily F.
De Guzman-Basañes, Carey F.
De Jesus, Benjamin Jr. C.
De Jesus, Menard B.
De Jesus, Princess L.
De Lemos, Raymond C.
De Leon, Joan S.
De Leon, Rafael D.
De Mesa, Ma. Lourdes G.
De Silva, Deborah C.
De Torres, Trisha Alyssa Anne B.
De Vera, Hermil P.
De Vera, Vince C.
Decena, Marivic R.
Del Rosario, Alejandro S.
Dela Cruz, Amavi Y.
Dela Cruz, Emelina M.
Dela Cruz, Jofrey B.
Dela Cruz, Richard O.
Dela Peña, Maximo Jr. C.
Dela Rosa, Emily D.
Delizo, Rihea L.
Delloso, Clarinda C.
Delloso, Mark Anthony L.
Delos Reyes, Noel Q.
Deticio, Elaine B.
Diaz, Sandra A.
Diloy, Mary Ann D.
Dionisio, Veronica D.
Divino, Danilo P.
Dizon, Carlyle G.
Dizon, Eden Tita J.
Dizon, Francisco N.
Dizon, Rosario E.
Dojillo, Alexander N.
Drilon, Ludovina V.
Dulalia, Rogelio Jr. P.
Dumbrique, Dahlia E.
Durana, Eunice L.

E

Eamilao, Dorothy C.
Echiverri, Aimee G.
Enrico, Melanie L.
Enriquez, Remel R.
Espaldon, Regionald S.
Esteves, Cherrylyn L.
Estor, Michelle LD E.
Estores, Gilda T.
Estrella, Irish R.
Eugenio, Leah P.
Evangelista, Irene Mercedes D.

F

Fabro, Lucybel T.
Fajardo, Darwin E.
Fajardo, Josefina R.
Fajarit, Jonnel S.
Famularcano, Maelyn S.
Farofaldane, Thelma C.
Faune, Lynn N.
Faurillo, Opalyn S.
Felix, Shirley G.
Felix, Yasmin Corazon B.
Fernandez, Madelaine Barbara M.
Fernando, Erwin S.
Fernando, Judalyn L.
Fernando, Modesto Jr. Y.
Ferrerias, Venus V.
Firmeza, Arlene Florence E.
Flores, Elma L.
Flores, Ma. Rosella Luz D.
Floriza, Ma. Lenita I.
Formaran, Lilibeth R.
Francisco, Ma. Luz B.
Franco, Gerardo C.

G

Gabriel, Mark Y.
Galang, Cyrus T.
Galosmo, Fredy S.
Gana, Jose Mari C.
Garcia, Teresa H.
Gatdula, Abigail E.
Gatdula, Lawrence C.
Gatpatan, Edgar G.
Gaviola, Isabel P.
Gayla, Ma. Nenita N.
Gayondato, Divina C.
Gayondato, Loida A.
Geloca, Imelda V.
Gepila, Mary Jane G.
Gianan, Margie L.
Gloriani, Imelda L.
Go, Rosalyn M.

Gomez, Ethel Almira M.
Gonzales, Renar M.
Gonzales, Rommel A.
Granil, Gerardo A.
Guab, Analyn C.
Gualberto, Reiza Joy F.
Guerrero, Napoleon Joey A.
Guico, Ana Liza F.
Guña, Alex L.

H

Hanopol, Ma. Ester D.
Haw, Ma. Frecelyn M.
Hernando, Arlene R.
Herrera, Peter Noel P.
Hirang, Teodoro Jose D.
Hortelano, Francis Randy J.

I

Ibañez, Claribel E.
Ibañez, Risel C.
Ignacio, Joel O.
Igot, Veronica T.
Ileto, Oliver R.
Indorte, Eloida B.
Infante, Shiela Grace M.

J

Jacinto, Nina Noreen A.
Janda, Erickson M.
Jandayan, Mary Rose A.
Jandusay, Joel B.
Jasmin, Ronald Allan B.
Javillo, Jonathan L.
Jose, Jacqueline O.
Jose, Napoleon D.
Juaño, Ada C.
Justo, Jaylord P.

L

Labatorio, Anne M.
Laconsay, Alvin Jay D.
Lacubtan, Renato D.
Ladra, Luisito H.
Lagman, Mary Rosary D.
Lamigo, Melody D.
Lanuevo, Michael C.
Lao, Aileen B.
Lao, Analinda C.
Larang, Ana Lyn E.
Laresma, Luis D.
Lat, Anne Patricia C.
Layno, Jocelyn M.
Lazo, Salvic S.
Legaspi, Lionel N.

Lequigan, Rodney T.
Lesigues, Victoriano C.
Libre, Leizl D.
Linda, Ma. Ysabel F.
Liquigan, Xandrex Fidelis A.
Llana, Maria Flora C.
Lomio, Emerson M.
Lopez, Arnel F.
Lopez, Romero F.
Loyola, Michelle C.
Luanzon, Ma. Pola S.
Lubi, Angelica A.
Lucinario, Nilo Aldrin M.
Lucos, Florante D.
Lumiguen, Janice E.

M

Maan, Alicia J.
Macabebe, Melanie M.
Macadangdang, Glinda R.
Macaspac, Jerome B.
Macaspac, Maricel M.
Magcase, Airene V.
Magday, Benefico M.
Magsakay, Trinidad F.
Magtolis, Delilah Grace V.
Malayao, Janice P.
Mallari, Kelvin Paul S.
Maloles, Maileen M.
Mamaug, January F.
Mana-ay, Lorio G.
Manarpaac, Amor P.
Manlusoc, Ma. Jennifer P.
Mansos, Rodelia R.
Manzala, Venus P.
Marasigan, Samantha Trisha G.
Marcelo, Cynthia B.
Marcelo, Joselita L.
Marcelo, Maricel M.
Marcilla, Josette Sonia H.
Margajay, Salud E.
Marges, Eliezer M.
Marges, Realinda R.
Marquez, Mildred J.
Marquez, Nanete L.
Marquez, Rowena P.
Matabang, Apolonio M.
Mataquel, Casilda G.
Mateo, Arnel G.
Mateo, Carmina V.
Materum, Ivy Joy A.
Matutina, Caroline R.
Mejia, Aaron Christopher P.
Melo, Emily V.
Mendoza, Joselito S.

Mendoza, Luisito Z.
Mendoza, Maria Aurora A.
Mendoza, Mary Ann M.
Mendoza, Nancy M.
Mendoza, Romeo Jr. M.
Mercado, Christine C.
Mercado, Jose Alex P.
Mercado, Regina P.
Miano, Jose P.
Miano, Sergio Jr. B.
Micu, Napoleon P.
Mikin, Marlowe F.
Mindanao, Jorge Jr. M.
Mingo, Cynthia B.
Miñoza, Noela C.
Mones, Emmanuelita R.
Montes, Josefina F.
Montes, Michelle Zyhra S.
Monteverde, Helen Evangeline Q.
Mooc, Jomar E.
Morales, Rosalina G.
Moreno, Lorna C.
Mozar, Ellen M.
Mulato, Jose M.

N

Nadal, Nanita O.
Napala, Jennifer Rynn P.
Natividad, Ma. Theresa D.
Nazareno, Glenn M.
Nicasio, Kristine N.
Nicolas, Fortunato A.

O

Obrero, Angel B.
Ocampo, Sheila Therese P.
Ocava, Larnee B.
Octavo, Winna Fe B.
Olase, Eliza R.
Oldan, Jocelyn Giovanna P.
Oldan, Joven P.
Olea, Karina Loida M.
Oller, Elizabeth E.
Onesa, Richard T.
Ongtangco, Louella H.
Opina, Alvin C.
Orodio, Roselily E.
Ortiz, Amalia T.
Ozo, Joan Marivic A.

P

Pacis, Arnold L.
Padolina, Elizabeth R.
Pagharion, Christi Claire R.
Paneda, Imelda R.

Pangan, Reffie M.
Panganiban, Jovita Nancy M.
Pangilinan, Arlene T.
Panopio, Rose Ann B.
Pantaleon, Artemio J.
Pantaleon, Polo Jr. L.
Pantalunan, Evangeline R.
Parra, Mario D.
Pasamba, Mylene F.
Pasion, Wilhelmina D.
Patalinghug, Quralene P.
Patron, Rosanna A.
Patron, Vafil V.
Payumo, Roseann V.
Pe Benito, Romeo V.
Peña, Thelma A.
Peraja, Marizel B.
Peralta, Arlene A.
Perez, Josefina B.
Periodico, Andrei Dar D.
Pico, Ferdinand V.
Pilarca, Amado Jr. U.
Pineda, Jocelyn D.
Poblete, Rosalia S.
Policarpio, Carlota S.
Portacio, Nelson G.
Prado, Andres Jr. A.
Pulicay, Rey B.
Pulmones, Therese Ann R.
Pumaras, Mellanie A.
Punay, Ma. Teresa N.
Puno, Allan Joseph L.
Putong, Fe H.

Q

Quemada, Jonah A.
Quintano, Ignacio M.

R

Rafales, Wilfredo B.
Ragotero, Maria Salome E.
Ramirez, Joseph Ariel P.
Ramos, Errel Jay B.
Ramos, Julie Anne O.
Rante, Rodolfo Reynaldo B.
Rayela, Helen L.
Raz, Vernesa M.
Rebadavia, Jennette C.
Rebosa, Myra Jehan V.
Recitas, Ma. Carmen Rosario Z.
Reformado, Maria Monita B.
Regala, Danilo Q.
Relucio, Ma. Lourdes R.
Resurreccion, Josette O.
Resuta, Edmund Jerome G.

Retes, Ibelio B.
Reyes, Fely D.
Reyes, Kristine Grace A.
Reyes, Raul C.
Reyes, Rey Michael H.
Ribay, Madeleine C.
Ricerra, Milet S.
Rico, Zenaida R.
Rillorta, Ma. Saddy Mila Ena B.
Rivera, Cecilia C.
Rivera, Cristonick V.
Rivera, Radamis C.
Rodrigo, Ramil B.
Rodriguez, Precious Joy C.
Rodulfo, Dominador Jr. V.
Rollan, Evangeline L.
Rolle, Veronica O.
Romero, Doris P.
Ronquillo, Claire B.
Ronquillo, Wilfredo Jr. E.
Roque, Anna Liese L.
Rubrico, Minviluz O.

S

Sabino, Ma. Divina E.
Sagario, Olivia V.
Sala, Joyce A.
Salamanca, Grace G.
Salamida, Roma P.
Salazar, Jesus Jr. G.
Salceda, Arnel V.
Salcor, Ma. Theresa B.
Salgado, Imelda R.
Saligan, Jocelyn G.
Salinas, Emma F.
Salvo, Ma. Rulina U.
Sambolawan, Josefina J.
Samonte, Leonor S.
Samson, Imelda D.
Samson, Maida G.
San Jose, Catherine C.
San Jose, Maria Belinda C.
San Pedro, Josefina S.
Sanchez, Ma. Bernadette R.
Santos, Julita A.
Saura, Edmundo L.
Saura, Elisa T.
Segovia, Jun Carlo C.
Sena, Benjamin Jr. D.
Seña, Hermienigildo Jr. H.
Sernadilla, Mylene A.
Serrano, Michelle N.
Sese, Joseph Emil G.
Sevilla-Samson, Nancy L.
Siat, Glenn Florentino V.

Sibulangcao, Anarose B.
Sicio, Irmira D.
Sigua, Meliza M.
Simon, Ariel C.
Simplicio, Delhi C.
Sinco, Lerma E.
Sipin, Kristianne Laridor M.
Sison, Mario Jr. A.
Soldevilla, Rosalie L.
Soltura, Nenita A.
Soriano, Lani B.
Sugue, Melinda E.
Suguitan, Lynette L.
Suico, Michael T.
Sumawang, Ma. Cecilia C.
Sy, Emma D.
Sy, Myra S.
Sykimte, Baldwin L.

T

Tablizo, Edwin M.
Tadifa, Normina H.
Tagle, Amabelle L.
Talattad, Brian Allan S.
Tamayo, Mila O.
Tamayo, Recaredo Leighton A.
Tan, Abella M.
Tan, Manuel C.
Tan, Ricky M.
Tan, Roberto B.
Tan, Victor M.
Tan, Victoria D.
Tanieca, Corazon G.
Tapao, Milajoy J.
Tatu, Josefina May G.
Toledo, Jerry D.
Tolentino, Ionie L.
Tongko, Bernardino A.
Torres, Chona H.
Torres, Daisy F.
Torres, Marcelo M.
Tumang, Editha D.
Tumbokon, Nathanael A.
Tungol, Violeta D.
Turgo, Aurora P.
Ty, Pamela Angeli S.

U

Ubias, Jackson L.
Unlayao, Jannel G.

V

Valcos, Teddy F.
Valdezco, Michael R.
Valencia, Reynalisa L.
Vallada, Ma. Joselyn S.
Vallado, Susan Victoria P.
Vargas, Ricky R.
Velasco, Carlota M.
Velasco, Janet L.
Velasquez, Mae Kirsten R.
Velez, Renato P.
Velilla, Josefina J.
Ventajar, Karen DT.
Ventura-Pugeda, Maria Theresa Vivian L.
Vergara, Norman Q.
Vergara, Romaila S.
Vestal, Ma. Teresa C.
Victoria, Genoveva A.
Vidal, Lyra Angela M.
Villaluna, Niño Ray L.
Villanueva, Ma. Theresa S.
Villanueva, Margarita V.
Villanueva, Maria Patricia I.
Villapaña, Jany T.
Villarama, Maria Melanie S.
Villareal, Joval L.
Villaret, Jose Jr. G.
Villegas, Ma. Ana Carmela L.
Villeno, Madeline T.
Viray, Ana Rosa E.
Vizcarra, Van Denver R.

Y

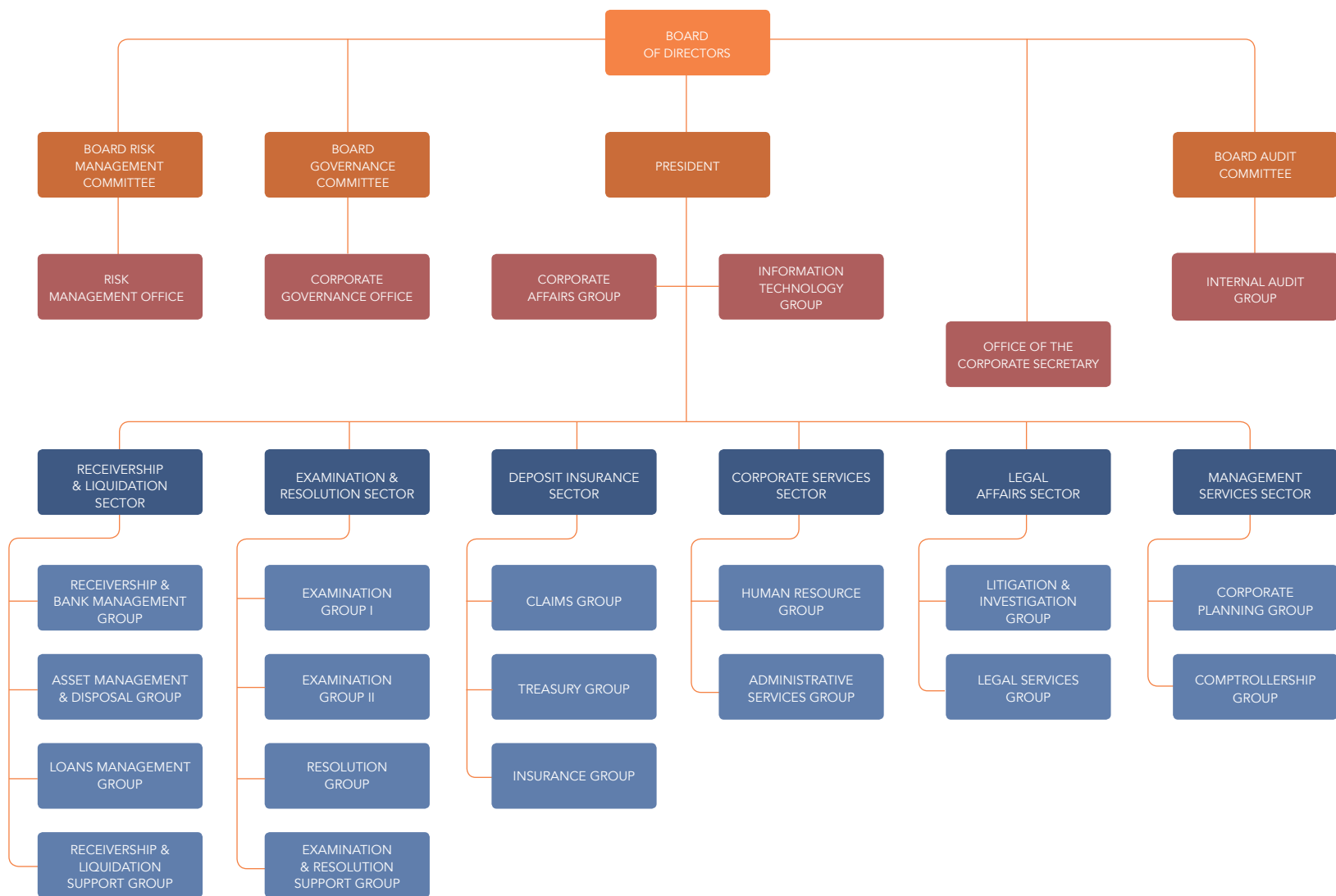
Ybañez, Antonio Errol Jr. B.

Z

Zafranco, Fernan Reagan P.

ORGANIZATIONAL CHART

(As of December 31, 2017)



M E M B E R - B A N K S

(As of December 31, 2017)

COMMERCIAL BANKS

Al-Amanah Islamic Inv. Bank of the Phils.
Asia United Bank Corporation
Australia & New Zealand Banking Grp. Ltd.
Bangkok Bank Public Company Ltd.
Bank of America, N.A.
Bank of China, Ltd. - Manila Branch
Bank of Commerce
Bank of the Philippine Islands
BDO Private Bank, Inc.
BDO Unibank, Inc.
Cathay United Bank Co., Ltd., Manila Branch
China Banking Corporation
Citibank, N.A.
CTBC Bank (Philippines) Corp.
Deutsche Bank AG, Manila Branch
Development Bank of the Philippines
East West Banking Corporation
First Commercial Bank, Ltd., Manila Branch
Hua Nan Commercial Bank, Ltd. - Manila Branch
Industrial Bank of Korea, Manila Branch
ING Bank, N.V.
JPMorgan Chase Bank, N.A.
KEB Hana Bank - Manila Branch
Land Bank of the Philippines
Maybank Phils., Inc.
Mega Int'l. Commercial Bank Co., Ltd.
Metropolitan Bank & Trust Company
Mizuho Bank, Ltd., Manila Branch
Philippine Bank of Communications
Philippine National Bank
Philippine Trust Company
Philippine Veterans Bank
Rizal Commercial Banking Corporation
Robinsons Bank Corporation

Security Bank Corporation
Shinhan Bank - Manila Branch
Standard Chartered Bank
Sumitomo Mitsui Banking Corp., Manila Br.
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
The Hongkong and Shanghai Banking Corporation Limited
Union Bank of the Philippines
United Coconut Planters Bank
United Overseas Bank Limited, Manila Branch

THRIFT BANKS

1st Valley Bank, Inc. A Development Bank
AllBank (A Thrift Bank), Inc.
Bangko Kabayan, Inc. (A Private Development Bank)
Bank of Makati (A Savings Bank), Inc.
Bank One Savings Corporation
Bataan Development Bank
BPI Direct BankO, Inc., A Savings Bank
BPI Family Savings Bank
Business and Consumers Bank "A DevBank"
CARD SME Bank, Inc., A Thrift Bank
Century Savings Bank Corporation
China Bank Savings, Inc.
City Savings Bank
Citystate Savings Bank, Inc.
Cordillera Savings Bank, Inc.
Dumaguete City Development Bank, Inc.
Enterprise Bank, Inc. (A Thrift Bank)
Equicom Savings Bank, Inc.
Farmers Savings & Loan Bank, Inc.
First Consolidated Bank, Inc.
(A Private Development Bank)
Hiyas Banking Corp. (A Thrift Bank)
HSBC Savings Bank (Philippines), Inc.

Inter Asia Development Bank
ISLA Bank (A Thrift Bank), Inc.
Legazpi Savings Bank, Inc.
Lemery Savings & Loan Bank, Inc.
Life Savings Bank, Inc.
Luzon Development Bank
Malasiqui Progressive Savings and Loan Bank, Inc.
Malayan Bank Savings & Mortgage Bank
Maritime Savings Bank Corporation
Maximum Savings Bank, Inc.
Merchants Savings & Loan Association
Metro Cebu Public Savings Bank
Northpoint Development Bank, Inc.
Pacific Ace Savings Bank, Inc.
Pampanga Development Bank
PENBANK, Inc. (A Private Devt. Bank)
Phil Star Development Bank, Inc.
Philippine Business Bank, Inc. A Savings Bank
Philippine Postal Savings Bank, Inc.
Philippine Resources Savings Banking Corporation (PR Savings Bank)
Philippine Savings Bank
PNB Savings Bank
Producers Savings Bank Corporation
Queen City Development Bank
Quezon Coconut Bank, Inc. (A Thrift Bank)
RCBC Savings Bank
Sterling Bank of Asia, Inc. (A Savings Bank)
Sun Savings Bank, Inc.
The Palawan Bank
UCPB Savings Bank, Inc.
University Savings Bank, Inc.
Wealth Development Bank Corporation
Yunta Savings Bank Philippines, Inc.

RURAL BANKS

5 Speed Rural Bank, Inc.
Advantage Bank Corp.
(A Microfinance-Oriented Rural Bank)
Agribusiness Rural Bank, Inc.
Agricom Rural Bank, Inc.
Agricultural Bank of the Philippines, Inc.
Aliaga Farmers Rural Bank, Inc.
AMA Rural Bank of Mandaluyong, Inc.
Anilao Bank (Rural Bank of Anilao (Iloilo), Inc.
ARDCIBank, Inc. - A Rural Bank
Asenso Rural Bank of Bautista, Inc.
Aspac Rural Bank, Inc.
Aurora Bank (A Microfinance-Oriented Rural Bank), Inc.
Badlaran Rural Bank, Inc.
Bagong Bangko Rural ng Malabang (Lanao del Sur), Inc.
Balanga Rural Bank, Inc.
Baliuag Rural Bank, Inc.
Banco Alabang, Inc. (A Rural Bank)
Banco Bakun, Inc. (A Rural Bank)
Banco Cooperativa de Zamboanga
Banco de Arevalo, Inc. (A Rural Bank)
Banco De Calamba, Inc. (A Rural Bank)
Banco de Mindoro, Inc. (A Rural Bank)
Banco Dipolog, Inc. A Rural Bank
Banco Lagawe (Lagawe Highlands Rural Bank)
Banco Laguna, Inc. (A Rural Bank Since 1965)
Banco Maximo, Inc. (A Rural Bank)
Banco Rural de General Tinio (BRGT) Inc.
Banco Rural de Isla Cordova (Cebu), Inc.
Banco San Vicente, Inc. (A Rural Bank)
Banco Santiago de Libon, Inc. (A Rural Bank)
Banco Sual (A Rural Bank), Inc.

Bangko Buena Consolidated, Inc. (A Rural Bank)
 Bangko Carrascal, Inc. (A Rural Bank)
 Bangko Mabuhay (A Rural Bank), Inc.
 Bangko Magsaysay (Isabela), Inc. A Rural Bank
 Bangko Noveleta, Inc., A Rural Bank
 Bangko Nuestra Señora Del Pilar, Inc.
 (A Rural Bank)
 Bangko Pangasinan - A Rural Bank, Inc.
 Bangko Pasig (Rural Bank)
 Bangko Rural ng Magarao (Cam Sur), Inc.
 Bangko Rural ng Pasacao (Cam.Sur), Inc.
 Bangko Rural ng San Teodoro, Inc.
 Bank of Hope, Inc. (A Rural Bank)
 Bank of Ormoc, Inc. (A Rural Bank)
 Banko Zambaleño, Inc. (BZI) (A Rural Bank)
 Bankways, Inc. (A Rural Bank)
 Bannawag Bank, Inc. (A Rural Bank)
 Bataan Cooperative Bank
 Batangas Rural Bank for Cooperatives, Inc.
 Baybank, Inc. (A Rural Bank)
 Benguet Center Bank, Inc. (A Rural Bank)
 BHF Rural Bank, Inc.
 Biñan Rural Bank, Inc.
 Binangonan Rural Bank, Inc.
 BINHI Rural Bank, Inc. (Formerly Rural Bank of
 Balingasag (Misamis Oriental), Inc.)
 BOF, Inc. (A Rural Bank)
 Bolbok Rural Bank, Inc.
 Bridgeway Rural Banking Corporation
 Bukidnon Bank (A Rural Bank), Inc.
 Butuan City Rural Bank, Inc.
 Cagsawa Rural Bank, Inc.
 Camalig Bank, Inc. (A Rural Bank)
 Camiling Rural Bank, Inc.

Cantilan Bank, Inc. (A Rural Bank)
 CARD Bank, Inc. - A Microfinance-Oriented
 Rural Bank
 Caritas Banco ng Masa, Inc.
 (A Microfinance-Oriented Rural Bank)
 Cavite United Rural Bank Corporation
 Cebuana Lhuillier Rural Bank, Inc.
 Century Rural Bank, Inc.
 Citizen's Rural Bank (Cabiao), Inc.
 Classic Rural Bank, Inc.
 Common Wealth Rural Bank, Inc.
 Community Rural Bank of Catmon (Cebu), Inc.
 Community Rural Bank of Dapitan City
 Incorporated
 Community Rural Bank of Medellin Cebu, Inc.
 Community Rural Bank of Romblon
 (Romblon), Inc.
 Community Rural Bank of San Felipe
 (Zambales), Inc.
 Community Rural Bank of San Gabriel
 (La Union), Inc.
 Consolidated Cooperative Bank (CCB)
 Cooperative Bank of Aurora
 Cooperative Bank of Benguet
 Cooperative Bank of Bohol
 Cooperative Bank of Cagayan
 Cooperative Bank of Cebu
 Cooperative Bank of Cotabato
 Cooperative Bank of La Union
 Cooperative Bank of Mountain Province
 Cooperative Bank of Negros Oriental
 Cooperative Bank of Nueva Vizcaya
 Cooperative Bank of Palawan
 Cooperative Bank of Quezon Province

Cooperative Bank of Zambales
 Cordillera Bank (A Rural Bank), Inc.
 Country Builders Bank, Inc. (A Rural Bank)
 Countryside Rural Bank of Palauig (Zambales), Inc.
 Crown Bank, Inc.
 CSFirst Bank, Inc. - A Rural Bank
 Cuyapo Rural Bank, Inc.
 D' Asian Hills Bank, Inc.
 De La O Rural Bank, Inc.
 Diamond Rural Bank, Inc.
 Dumaguete Rural Bank, Inc.
 Dunganon Bank (A Microfinance Rural Bank), Inc.
 East Coast Rural Bank of Hagonoy, Inc.
 East West Rural Bank, Inc.
 Emerald Rural Bank, Inc.
 Empire Rural Bank, Inc.
 Enterprise Capital Bank, Inc. (Taguig Rural Bank)
 Entrepreneur Rural Bank, Inc.
 Far Eastern Bank (A Rural Bank), Inc.
 FARMBANK, Inc. (A Rural Bank)
 FBC First Bank of Calaca, Inc.
 (Rural Bank of Calaca)
 Filidian Rural Bank of Antipolo, Inc.
 First Agro-Industrial Rural Bank, Inc. (FairBank)
 First Community Bank, Inc. (Rural Bank)
 First Integrity Bank, Inc. (Rural Bank of Bailen)
 First Isabela Cooperative Bank (FICOBANK)
 First Midland Rural Bank, Inc.
 First Mindoro Microfinance Rural Bank, Inc.
 First Naga Rural Bank, Inc.
 First State Rural Bank, Inc.
 First Tagum Rural Bank, Inc.
 Front United Farmers Rural Bank, Inc.
 Frontier Rural Bank, Inc.

Gateway Rural Bank, Inc.
 GM Bank of Luzon, Inc. (A Rural Bank)
 Golden Rural Bank of the Philippines, Inc.
 Grand Agri Rural Bank, Inc.
 Guagua Rural Bank, Inc.
 Guagua Savers Bank, A Rural Bank, Inc.
 Highland Rural Bank, Inc.
 Ilocos Consolidated Cooperative Bank
 Imus Rural Bank, Inc.
 Innovative Bank, Inc. (A Rural Bank)
 Insular Savers Bank, Inc. (A Rural Bank)
 Janiuay Rural Bank, Inc.
 Kaluyagan Rural Bank, Inc.
 Katipunan Bank, Inc. "A Rural Bank"
 Key Rural Bank, Inc.
 Laguna Prestige Banking Corporation,
 (A Rural Bank)
 Liberty Bank (A Rural Bank) Inc.
 LifeBank - A Rural Bank
 Limcoma Rural Bank, Inc.
 Lipa Bank, Inc. (A Rural Bank)
 LUDB Bank, Inc. (A Rural Bank)
 Mactan Rural Bank (Lapu-lapu City), Inc.
 Maharlika Rural Bank, Inc.
 Malarayat Rural Bank, Inc.
 Malaybalay Rural Bank, Inc.
 Mallig Plains Rural Bank (Isabela), Inc.
 Manor Bank - A Rural Bank Corp.
 Marayo Bank, Inc. (A Rural Bank)
 Masagana Rural Bank, (Gen. Natividad, N.E.), Inc.
 Masantol Rural Bank, Inc.
 Masuwerte Rural Bank of Bacoor (Cavite), Inc.
 Mega Rural Bank (Lucena City), Inc.
 Metro South Cooperative Bank

Meycauayan Second Rural Bank, Inc.
Mindanao Consolidated Cooperative Bank
Misamis Bank, Inc. A Rural Bank
Money Mall Rural Bank, Inc.
Mount Carmel Rural Bank, Inc.
Mount Makiling Rural Bank, Inc.
Municipal Rural Bank of Libmanan
(Camarines Sur), Inc.
Municipal Rural Bank of Nabua
(Camarines Sur), Inc.
MVSM Bank (A Rural Bank since 1953), Inc.
Naawan Community Rural Bank
(Misamis Oriental), Inc.
National Teachers and Employees Cooperative
Bank (NTECB)
Negros Cooperative Bank
Network Consolidated Cooperative Bank
New Covenant Bank, Inc. (A Rural Bank)
New Rural Bank of Agoncillo, Inc.
New Rural Bank of San Leonardo
(Nueva Ecija), Inc.
North Pacific Banking Corporation
(A Rural Bank of Sta. Maria, Isabela)
Occidental Mindoro Cooperative Bank
Occidental Mindoro Rural Bank, Inc.
One Network Bank, Inc. (A Rural Bank)
Opportunity Kauswagan Bank, Inc.
(A Microfinance Rural Bank)
Oriental Tamaraw Rural Bank of Naujan
(Or. Mdo.), Inc.
Ormon Bank (Rural Bank of Mulanay
[Quezon]), Inc.
Own Bank, The Rural Bank of Cavite City, Inc.
Palm Tree Bank, Inc. (A Rural Bank)

Pangasinan Bank (A Rural Bank), Inc.
Panguil Bay Rural Bank of Ozamiz, Inc.
Partner Rural Bank (Cotabato), Inc.
Peoples Bank of Caraga, Inc. "A Rural Bank"
People's Rural Bank (General Santos City), Inc.
Philippine SME Bank, Inc., A Rural Bank
PlanBank "Rural Bank of Canlubang Planters, Inc."
ProFarmers Rural Banking Corporation
Progressive Bank, Inc. Under name Progressive
a Rural Bank
Progressive Rural Bank, Inc.
Providence Rural Bank, Inc.
Provident Rural Bank of Sta. Cruz (Laguna) Inc.
Quezon Capital Rural Bank, Inc.
RACSO'S Bank, Inc. (A Rural Bank)
Rang-ay Bank (A Rural Bank), Inc.
RBG Imperial Bank, Inc. (A Rural Bank)
RBT Bank, Inc., A Rural Bank
Rizal Bank, Inc., A Microfinance-Oriented Rural
Bank RNG Coastal Bank, Inc. (A Rural Bank)
Rodriguez Rural Bank, Inc.
Rural Bank of Abucay (Bataan), Inc.
Rural Bank of Agoo, Inc.
Rural Bank of Alabel (Sarangani), Inc.
Rural Bank of Alaminos (Pangasinan), Inc.
Rural Bank of Alicia (Isabela), Inc.
Rural Bank of Alimodian (Iloilo), Inc.
Rural Bank of Alitagtag, Inc.
Rural Bank of Altavas (Aklan), Inc.
Rural Bank of Amlan (Negros Oriental), Inc.
Rural Bank of Anda (Pangasinan), Inc.
Rural Bank of Angat (Bulacan), Inc.
Rural Bank of Angeles, Inc.
Rural Bank of Angono, Inc.

Rural Bank of Antipolo, Inc.
Rural Bank of Apalit, Inc.
Rural Bank of Aritao, Inc.
Rural Bank of Atimonan, Inc.
Rural Bank of Bacnotan, Inc.
Rural Bank of Baco (Oriental Mindoro), Inc.
Rural Bank of Bacolod City, Inc.
Rural Bank of Bacong (Negros Oriental), Inc.
Rural Bank of Bagabag (N.V.), Inc.
Rural Bank of Bagac, Bataan, Inc.
Rural Bank of Baguio, Inc.
Rural Bank of Balungao (Pangasinan), Inc.
Rural Bank of Bambang (Nueva Vizcaya), Inc.
Rural Bank of Banga (Aklan), Inc.
Rural Bank of Bansud (Oriental Mindoro), Inc.
Rural Bank of Barili (Cebu), Inc.
Rural Bank of Barotac Nuevo, Inc.
Rural Bank of Basey (Samar), Inc.
Rural Bank of Batac, Inc.
Rural Bank of Bato (Leyte), Inc.
Rural Bank of Bauang, Inc.
Rural Bank of Bay, Inc.
Rural Bank of Bayambang (Pangasinan), Inc.
Rural Bank of Bayombong, Inc.
Rural Bank of Bogo (Cebu), Inc.
Rural Bank of Bolinao (Pang.), Inc.
Rural Bank of Bonifacio (Misamis Occidental), Inc.
Rural Bank of Bontoc (Mountain Province), Inc.
Rural Bank of Brooke's Point (Palawan), Inc.
Rural Bank of Bucay (Abra), Inc.
Rural Bank of Bugasong (Antique), Inc.
Rural Bank of Bustos, Inc.
Rural Bank of Cabangan (Zambales), Inc.
Rural Bank of Cabatuan (Iloilo), Inc.

Rural Bank of Cabugao (Ilocos Sur), Inc.
Rural Bank of Cadiz, Inc.
Rural Bank of Calauan, Inc.
Rural Bank of Calbayog City, Inc.
Rural Bank of Calinog (Iloilo), Inc.
Rural Bank of Caloocan, Inc.
Rural Bank of Candelaria, Inc.
Rural Bank of Capalonga (Camarines Norte), Inc.
Rural Bank of Cardona (Rizal), Inc.
Rural Bank of Casiguran (Aurora), Inc.
Rural Bank of Cauayan, Inc.
Rural Bank of Cavinti (Laguna), Inc.
Rural Bank of Central Pangasinan, Inc.
Rural Bank of Compostela (Davao del Norte)
Rural Bank of Cuartero (Capiz), Inc.
Rural Bank of Cuenca, Inc.
Rural Bank of Cuyo (Palawan), Inc.
Rural Bank of Datu Paglas, Inc.
Rural Bank of Digos, Inc.
Rural Bank of Dolores (Quezon), Inc.
Rural Bank of Doña Remedios Trinidad
(Bulacan), Inc.
Rural Bank of Donsol (Sorsogon), Inc.
Rural Bank of Dulag (Leyte), Inc.
Rural Bank of Dumangas, Inc.
Rural Bank of Dupax (Nueva Vizcaya), Inc.
Rural Bank of El Salvador (Misamis Oriental), Inc.
Rural Bank of Escalante (Neg. Occ.), Inc.
Rural Bank of Galimuyod (Ilocos Sur), Incorporated
Rural Bank of Gandara (Samar), Inc.
Rural Bank of Gattaran, Inc.
Rural Bank of Gen. Trias, Inc.
Rural Bank of General Luna (Quezon), Inc.
Rural Bank of Gingoog, Inc.
Rural Bank of Gitagum (Misamis Oriental), Inc.

Rural Bank of Gloria (Or. Min.), Inc.
 Rural Bank of Guihulngan (Negros Oriental), Inc.
 Rural Bank of Guinobatan, Inc.
 Rural Bank of Guiuan (Eastern Samar), Inc.
 Rural Bank of Hermosa (Bataan), Inc.
 Rural Bank of Hilongos (Leyte), Inc.
 Rural Bank of Hindang (Leyte), Inc.
 Rural Bank of Hinundayan (Southern Leyte), Inc.
 Rural Bank of Ibaday, Inc.
 Rural Bank of Ilog (Negros Occidental), Inc.
 Rural Bank of Iloilo City, Inc.
 Rural Bank of Infanta (Quezon), Inc.
 Rural Bank of Initao (Misamis Oriental), Inc.
 Rural Bank of Irosin (Sorsogon), Inc.
 Rural Bank of Itogon (Benguet), Inc.
 Rural Bank of Jaen, Inc.
 Rural Bank of Jamindan (Capiz), Inc.
 Rural Bank of Jimenez (Mis. Occ.), Inc.
 Rural Bank of Jose Panganiban
 (Camarines Norte), Inc.
 Rural Bank of Kapalong (Davao), Inc.
 Rural Bank of Karomatan, Inc.
 Rural Bank of Kiamba (Sarangani), Inc.
 Rural Bank of Kibawe (Bukidnon), Inc.
 Rural Bank of La Paz, Inc.
 Rural Bank of Labason
 (Zamboanga del Norte), Incorporated
 Rural Bank of Lanuza (Surigao del Sur), Inc.
 Rural Bank of Larena (Siquijor), Inc.
 Rural Bank of Lebak (Sultan Kudarat), Incorporated
 Rural Bank of Leganes (Iloilo), Inc.
 Rural Bank of Lemery, Inc.
 Rural Bank of Liloy (Zamboanga Del Norte), Inc.
 Rural Bank of Limay (Bataan), Inc.

Rural Bank of Lipa City, Inc.
 Rural Bank of Loboc, Inc.
 Rural Bank of Loon (Bohol), Inc.
 Rural Bank of Lopez Jaena
 (Misamis Occidental), Inc.
 Rural Bank of Loreto (Surigao del Norte), Inc.
 Rural Bank of Lucban (Quezon), Inc.
 Rural Bank of Luisiana, Inc.
 Rural Bank of Lumban (Laguna), Inc.
 Rural Bank of Luna (Apayao), Inc.
 Rural Bank of Maasin (Southern Leyte), Inc.
 Rural Bank of Mabalacat, Inc.
 Rural Bank of Mabitac (Laguna), Inc.
 Rural Bank of Maddela (Quirino), Inc.
 Rural Bank of Madridejos (Cebu), Inc.
 Rural Bank of Magdalena (Laguna), Inc.
 Rural Bank of Mahaplag (Leyte), Inc.
 Rural Bank of Maigo (Lanao del Norte), Inc.
 Rural Bank of Makato (Aklan), Inc.
 Rural Bank of Malitbog (Southern Leyte), Inc.
 Rural Bank of Malolos, Inc.
 Rural Bank of Mambusao, Inc.
 Rural Bank of Manapla, Inc.
 Rural Bank of Mandaue, Inc.
 Rural Bank of Mangaldan, Inc.
 Rural Bank of Manolo Fortich (Bukidnon), Inc.
 Rural Bank of Manukan
 (Zamboanga del Norte), Inc.
 Rural Bank of Maragondon, Inc.
 Rural Bank of Maria Aurora (Aurora), Inc.
 Rural Bank of Marilag (Sta. Maria, Laguna), Inc.
 Rural Bank of Matag-ob Leyte, Inc.
 Rural Bank of Mati, Inc.
 Rural Bank of Mauban, Inc.

Rural Bank of Medina (Misamis Oriental), Inc.
 Rural Bank of Mexico, Inc.
 Rural Bank of Miagao (Iloilo), Inc.
 Rural Bank of Midsayap, Inc.
 Rural Bank of Montalban, Inc.
 Rural Bank of Nabunturan (Compostela Valley), Inc.
 Rural Bank of Naic, Inc.
 Rural Bank of New Washington (Aklan), Inc.
 Rural Bank of Norala (S. Cotabato), Inc.
 Rural Bank of Oslob (Cebu), Inc.
 Rural Bank of Oton (Iloilo), Inc.
 Rural Bank of Padre Garcia, Inc.
 Rural Bank of Paete, Inc.
 Rural Bank of Pagadian, Inc.
 Rural Bank of Pagbilao, Inc.
 Rural Bank of Pamplona (Camarines Sur), Inc.
 Rural Bank of Pamplona (Negros Oriental), Inc.
 Rural Bank of Pana-on (Misamis Occidental), Inc.
 Rural Bank of Pandi (Bulacan), Inc.
 Rural Bank of Pangil (Laguna), Inc.
 Rural Bank of Paracale
 (Camarines Norte), Incorporated
 Rural Bank of Pavia (Iloilo), Inc.
 Rural Bank of Pilar (Bataan), Inc.
 Rural Bank of Pilar (Sorsogon), Inc.
 Rural Bank of Pinamlayan, Inc.
 Rural Bank of Placer, Inc.
 Rural Bank of Plaridel, Inc.
 Rural Bank of Pola (Oriental Mindoro), Inc.
 Rural Bank of Polomolok (South Cotabato), Inc.
 Rural Bank of Porac (Pampanga), Inc.
 Rural Bank of Pototan, Inc.
 Rural Bank of Pozorrubio, Inc.
 Rural Bank of President Quirino
 (Sultan Kudarat), Inc.

Rural Bank of Puerto Galera
 (Oriental Mindoro), Inc.
 Rural Bank of Pura (Tarlac), Inc.
 Rural Bank of Quezon (N.E.), Inc.
 Rural Bank of Ramon (Isabela), Inc.
 Rural Bank of Rizal (Kalinga Apayao), Inc.
 Rural Bank of Rizal (Laguna), Inc.
 Rural Bank of Rizal (Zamboanga del Norte), Inc.
 Rural Bank of Ronda, Inc.
 Rural Bank of Rosario (La Union), Inc.
 Rural Bank of Roxas (Or. Min.), Inc.
 Rural Bank of Sagada (Mt. Prov.), Inc.
 Rural Bank of Sagay, Inc.
 Rural Bank of Salcedo (Ilocos Sur), Inc.
 Rural Bank of Salug (Zamboanga del Norte), Inc.
 Rural Bank of Sampaloc (Quezon), Inc.
 Rural Bank of San Agustin (Isabela), Inc.
 Rural Bank of San Antonio, Inc.
 Rural Bank of San Fernando (Camarines Sur), Inc.
 Rural Bank of San Jacinto (Masbate), Inc.
 Rural Bank of San Jose (Camarines Sur), Inc.
 Rural Bank of San Juan (So. Leyte), Inc.
 Rural Bank of San Lorenzo Ruiz (Siniloan), Inc.
 Rural Bank of San Luis (Batangas), Inc.
 Rural Bank of San Luis (Pampanga), Inc.
 Rural Bank of San Manuel (Isabela), Inc.
 Rural Bank of San Marcelino, Inc.
 Rural Bank of San Mateo (Isabela), Inc.
 Rural Bank of San Miguel (Iloilo), Inc.
 Rural Bank of San Narciso, Inc.
 Rural Bank of San Nicolas (Pangasinan), Inc.
 Rural Bank of San Pascual (Obando, Bulacan), Inc.
 Rural Bank of San Quintin, Inc.
 Rural Bank of San Rafael (Bulacan), Inc.
 Rural Bank of Sanchez Mira (Cagayan), Inc.

Rural Bank of Santa Fe (Romblon), Inc.
 Rural Bank of Sasmuan (Pampanga), Inc.
 Rural Bank of Seven Lakes (San Pablo City), Inc.
 Rural Bank of Sibalom, Inc.
 Rural Bank of Silay City, Inc.
 Rural Bank of Siocon (Zamboanga del Norte), Inc.
 Rural Bank of Sipocot (Camarines Sur), Inc.
 Rural Bank of Socorro (Oriental Mindoro), Inc.
 Rural Bank of Solano (Nueva Vizcaya), Inc.
 Rural Bank of Sta. Barbara (Iloilo), Inc.
 Rural Bank of Sta. Catalina, Negros Oriental, Inc.
 Rural Bank of Sta. Elena (Camarines Norte), Inc.
 Rural Bank of Sta. Ignacia, Inc.
 Rural Bank of Sta. Maria (Ilocos Sur), Inc.
 Rural Bank of Sta. Rosa (Laguna), Inc.
 Rural Bank of Sta. Rosa de Lima
 (Paniqui, Tarlac), Inc.
 Rural Bank of Sto. Domingo (N. E.), Inc.
 Rural Bank of Sudipen (La Union), Inc.
 Rural Bank of Taal, Inc.
 Rural Bank of Tabuk (K-A), Inc.
 Rural Bank of Talisay (Batangas), Inc.
 Rural Bank of Talisay (Cebu), Inc.
 Rural Bank of Talugtug (N. E.), Inc.
 Rural Bank of Tandag (Surigao del Sur), Inc.
 Rural Bank of Tangub City, Inc.
 Rural Bank of Tanjay, Inc.
 Rural Bank of Tibiao (Antique), Inc.
 Rural Bank of Tigaon Camarines Sur, Inc.
 Rural Bank of Tigbauan (Iloilo), Inc.
 Rural Bank of Tumaui, Inc.
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Sadiri Rural Bank (San Juan, Ilocos Sur), Inc.
 Salug Valley Rural Bank, Inc.
 San Bartolome Rural Bank, Inc.
 San Fernando Rural Bank, Inc.
 San Francisco del Monte Rural Bank, Inc.
 Saviour Rural Bank, Inc.
 Second Rural Bank of San Luis Pampanga, Inc.
 Second Rural Bank of Valenzuela
 (Metro Manila), Inc.
 Secured Bank, Inc. (A Rural Bank)
 SG Bank - A Rural Bank, Inc.
 Silahis Bank, Inc. (A Rural Bank)
 Smart Bank (Rural Bank), Inc.
 South Bank (A Rural Bank), Inc.
 Southeast Country Bank, Inc. (A Rural Bank)
 St. Michael Rural Bank of Tarlac (Tarlac), Inc.
 Sta. Maria Rural Bank, Inc.
 Sto. Niño Rural Bank (Ternate, Cavite), Inc.
 Sugbuanon Rural Bank, Inc.
 Summit Bank (Rural Bank of Tublay, Inc.)
 Summit Rural Bank of Lipa City, Inc.
 Sunrise Rural Bank (Rosario, Batangas), Inc.
 Talisay Rural Bank, Inc.
 Tamaraw Rural Bank, Inc.
 Tanay Rural Bank, Inc.
 The Country Bank Rural Bank of Bongabong
 Or. Mindoro, Inc.
 Tiaong Rural Bank, Inc.
 Towncall Rural Bank, Inc.
 Turumba Rural Bank of Pakil, Lag. Inc.
 Unilink Bank, Inc. (A Rural Bank)
 United Consumers Rural Bank, Inc.
 United Peoples Rural Bank, Inc.
 Universal Rural Bank of Lopez (Quezon), Inc.

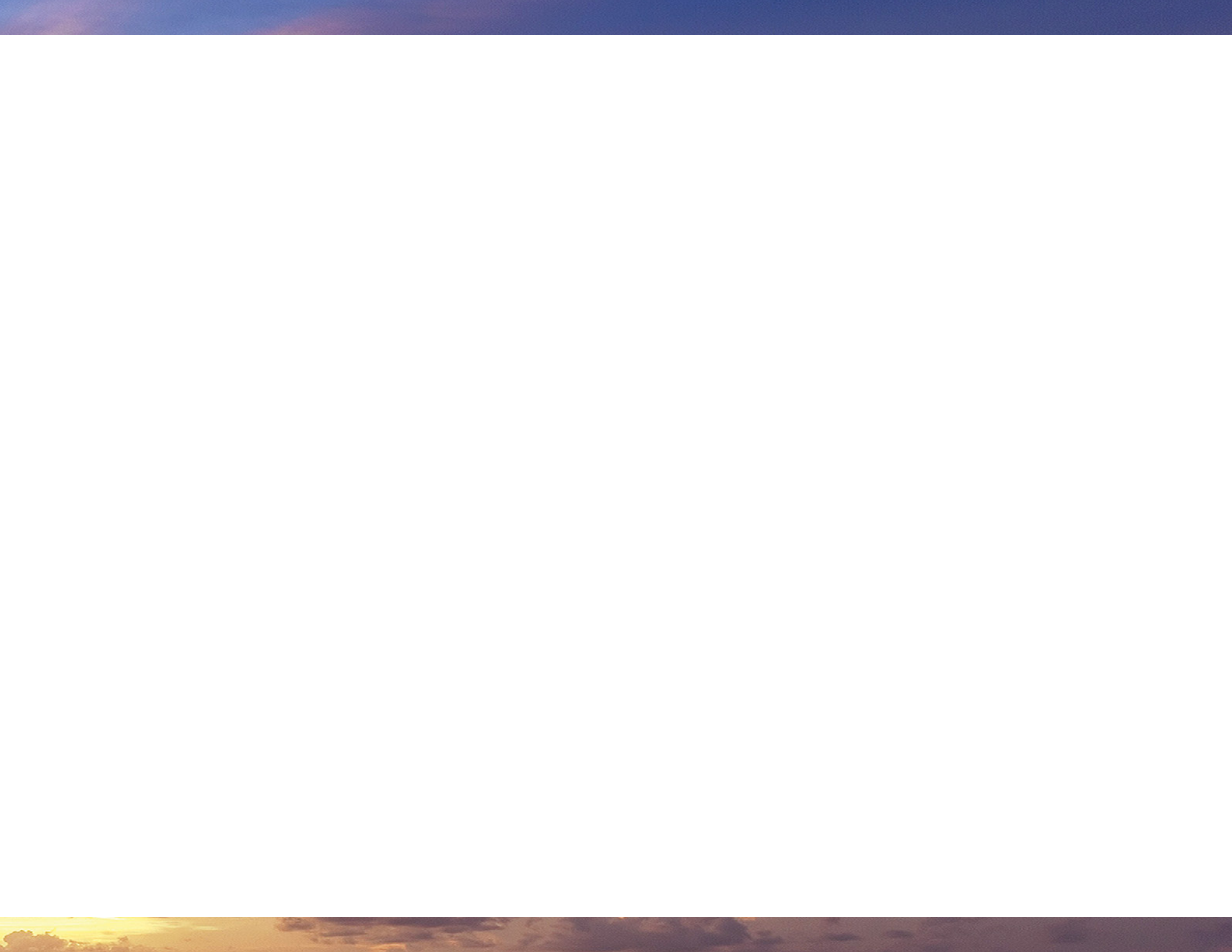
Upland Rural Bank of Dalaguete (Cebu), Inc.
 Utility Bank - A Rural Bank, Inc.
 Valiant Bank, Inc. (A Rural Bank)
 Vigan Banco Rural Incorporada
 Village Bank, Inc. (A Rural Bank)
 Vizcaya Bank, A Rural Bank, Inc.
 Women's Rural Bank, Inc.
 Zambales Rural Bank, Inc.
 Zamboanga City Rural Bank, Inc.
 Zamboanga del Norte Cooperative Bank

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CHANGING HORIZONS

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Philippine Deposit Insurance Corporation is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2017, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board Audit Committee reviews and endorses to the Board of Directors the financial statements for notation. The Board of Directors approves the release of the financial statements to the Commission on Audit and other users.

The Commission on Audit has audited the financial statements of the PDIC in accordance with the International Standards of Supreme Audit Institutions and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.



SANDRA A. DIAZ
Senior Vice President
Management Services Sector



ROBERTO B. TAN
President & CEO



CYRUS T. GALANG
Vice President
Comptrollership Group

June 8, 2018

INDEPENDENT AUDITOR'S REPORT



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Ave., Quezon City
CORPORATE GOVERNMENT SECTOR
CLUSTER 1, BANKING AND CREDIT

THE BOARD OF DIRECTORS
Philippine Deposit Insurance Corporation
Makati City

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Philippine Deposit Insurance Corporation (PDIC), which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the PDIC as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the PDIC in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippine Public

Sector, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 13 to the financial statements which disclosed that Notes Payable to the Bangko Sentral ng Pilipinas (BSP) did not include the principal amount of P1.44 billion and interest of P1.04 billion claimed by BSP due to an unresolved issue on the interpretation of Section 1.02 in relation to Section 1.05 of the Loan Agreement dated November 21, 2002 executed between BSP and PDIC. The matter had been elevated by BSP to the Department of Justice (DOJ) for resolution and adjudication in a letter dated April 30, 2014. As at December 31, 2017, the case is still pending with the DOJ. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the PDIC financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the PDIC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the PDIC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the PDIC's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PDIC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of PDIC. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT

By:



ROSALINDA T. SILAGAN
State Auditor IV
OIC-Supervising Auditor

June 8, 2018

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2017 and 2016

(In Philippine Peso)

	Note	2017	2016 (as restated)
ASSETS			
Current Assets			
Cash and Cash Equivalents	3	1,335,140,091	960,521,762
Financial Assets, net	4	12,254,884,122	13,083,191,517
Other Investments	5	5,347,789,230	4,707,381,967
Receivables	6	15,628,084	2,396,836
Inventories	7	594,411	1,333,960
Assets Held for Sale, net	8	53,510,751	136,872,810
Other Current Assets	12	294,090,091	289,596,103
		19,301,636,780	19,181,294,955
Non-Current Assets			
Financial Assets	4	151,826,004,171	133,378,031,394
Other Investments	5	39,879,422,927	38,881,408,030
Receivables, net	6	2,124,623,020	2,116,630,548
Investment Property, net	9	1,297,877,509	1,018,986,473
Property, Plant and Equipment, net	10	128,696,343	116,083,642
Intangible Assets, net	11	21,697,856	41,707,016
Other Non-Current Assets	12	277,132,483	248,962,405
		195,555,454,309	175,801,809,508
Total Assets		214,857,091,089	194,983,104,463
LIABILITIES			
Current Liabilities			
Financial Liabilities	13	315,522,109	13,224,284,979
Inter-agency Payables	14	42,809,767	233,665,197
Trust Liabilities	15	498,058	2,578,072
Unearned Income	16	2,448,944	519,052
Other Payables	19	2,866,069,098	2,661,674,533
		3,227,347,976	16,122,721,833
Non-Current Liabilities			
Financial Liabilities	13	64,201,722,322	48,847,461,565
Trust Liabilities	15	4,253,780	4,746,437
Unearned Income	16	6,314,414	171,694
Provisions	17	236,719,304	221,367,602
Deferred Tax Liabilities	18	323,196	375,778
Other Payables	19	30,223,598	31,162,693
		64,479,556,614	49,105,285,769
Total Liabilities		67,706,904,590	65,228,007,602
EQUITY			
Government Equity (Permanent Insurance Fund)		3,000,000,000	3,000,000,000
Reserves for Insurance Losses		114,004,494,372	94,653,703,502
Retained Earnings		30,145,692,127	32,101,393,359
Total Equity		147,150,186,499	129,755,096,861
Total Liabilities and Equity		214,857,091,089	194,983,104,463

The notes on pages 8 to 26 form part of these statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2017 and 2016

(In Philippine Peso)

	Note	2017	2016
Income			
Business Income	20	30,014,332,982	27,172,281,245
Gains	21	751,088,358	44,888,183
Other Non-operating Income	22	616,356,608	77,188,370
Total Income		31,381,777,948	27,294,357,798
Expenses			
Personnel Services	23	1,039,513,596	1,014,422,312
Maintenance and Other Operating Expenses	24	306,661,378	317,514,576
Deposit Claims Pay-out Expenses		1,157,016,828	1,906,445,293
Receivership and Liquidation Expenses		253,763,407	258,136,998
Financial Expenses	25	3,559,896,787	3,438,650,740
Non-Cash Expenses	26	19,376,328,417	15,036,738,017
Total Expenses		25,693,180,413	21,971,907,936
Net Income for the Period		5,688,597,535	5,322,449,862
Other Comprehensive Income for the Period		-	-
Total Comprehensive Income		5,688,597,535	5,322,449,862

The notes on pages 8 to 26 form part of these statements.

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2017 and 2016

(In Philippine Peso)

	Note	Permanent Insurance Fund	Reserves for Insurance Losses	Retained Earnings	Total
BALANCE AT JANUARY 1, 2016		3,000,000,000	80,064,284,612	29,640,168,428	112,704,453,040
ADJUSTMENT:					
Add/(Deduct):					
Prior period adjustment	33			(200,000,000)	(200,000,000)
RESTATED BALANCE AT JANUARY 1, 2016		3,000,000,000	80,064,284,612	29,440,168,428	112,504,453,040
CHANGES IN EQUITY FOR 2016					
Add/(Deduct):					
Additional reserves for insurance losses			14,589,418,890		14,589,418,890
Net income for the year				5,322,449,862	5,322,449,862
Declaration of cash dividends	28			(2,661,224,931)	(2,661,224,931)
BALANCE AT DECEMBER 31, 2016		3,000,000,000	94,653,703,502	32,101,393,359	129,755,096,861
CHANGES IN EQUITY FOR 2017					
Add/(Deduct):					
Additional reserves for insurance losses	26		19,350,790,870		19,350,790,870
Net income for the year				5,688,597,535	5,688,597,535
Declaration of cash dividends	28			(7,644,298,767)	(7,644,298,767)
BALANCE AT DECEMBER 31, 2017		3,000,000,000	114,004,494,372	30,145,692,127	147,150,186,499

The notes on pages 8 to 26 form part of these statements.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

(In Philippine Peso)

	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Collections of Income/Revenue		31,130,015,770	28,127,241,275
Collections of Receivables		494,225,706	7,134,117,738
		31,624,241,476	35,261,359,013
Cash Outflows			
Payment of Expenses		(1,593,875,284)	(1,489,558,257)
Payment of Insured Deposits		(1,274,094,070)	(1,967,292,152)
Grant of Cash Advances and Various Receivables		(105,144,830)	(107,051,560)
Payment of Accounts Payable		(69,053,024)	(162,617,217)
Grant of Financial Assistance		(56,100,000)	-
Payments of Receivership and Liquidation Expenses		(9,092,480)	(13,348,849)
Remittance of Taxes Withheld		(66,537)	(63,314)
		(3,107,426,225)	(3,739,931,349)
Net Cash Provided by Operating Activities		28,516,815,251	31,521,427,664
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows			
Proceeds from Matured Investments		88,156,979,710	67,352,257,623
		88,156,979,710	67,352,257,623
Cash Outflows			
Purchase of Investment		(108,728,473,330)	(93,231,402,397)
Purchase/Construction of Property and Equipment		(19,339,171)	(18,671,925)
		(108,747,812,501)	(93,250,074,322)
Net Cash Used In Investing Activities		(20,590,832,791)	(25,897,816,699)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Outflows			
Payment of Cash Dividends		(7,461,224,931)	(2,278,561,051)
Payment of Long-term Liabilities to BSP		(90,036,438)	(2,885,951,218)
		(7,551,261,369)	(5,164,512,269)
Net Cash Used In Financing Activities		(7,551,261,369)	(5,164,512,269)
INCREASE IN CASH AND CASH EQUIVALENTS		374,721,091	459,098,696
Effects of Exchange Rates Changes on Cash and Cash Equivalents		(102,762)	(63,514)
CASH AND CASH EQUIVALENTS, JANUARY 1		960,521,762	501,486,580
CASH AND CASH EQUIVALENTS, DECEMBER 31	3	1,335,140,091	960,521,762

The notes on pages 8 to 26 form part of these statements.

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2017 and 2016

1. GENERAL INFORMATION

The Philippine Deposit Insurance Corporation (PDIC) or the "Corporation" is a government corporation established on June 22, 1963 with the passage of Republic Act No. 3591. The Corporation shall, as a basic policy, promote and safeguard the interests of the depositing public by way of providing permanent and continuing insurance coverage on all insured deposits. It shall also be the policy of the state to strengthen the mandatory deposit insurance coverage system to generate, preserve, maintain faith and confidence in the country's banking system, and protect it from illegal schemes and machinations. PDIC is likewise mandated by law to act as receiver/liquidator of closed banks. The PDIC collaborates with the BSP in promoting stability in the banking system and the economy as a whole.

The Corporation's principal office is located at the SSS Bldg., 6782 Ayala Ave. corner V.A. Rufino St., Makati City.

As at December 31, 2017, PDIC's total manpower¹ complement stood at 598 (210 officers and 388 rank and file employees), 588 of whom are of permanent status and ten are coterminous. Under the PDIC Charter, as amended by RA 10846, the President of the Corporation shall be appointed by the President of the Philippines for a term of six years and shall also serve as Vice Chairman of the PDIC Board of Directors, of which four members are appointed by the President of the Philippines, also to serve for six years, and two are ex-officio, the Secretary of Finance and the Governor of the Bangko Sentral ng Pilipinas.

The financial statements were authorized for issuance by the Board of Directors on February 7, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of financial statements preparation

The Corporation's financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and Standing Interpretations Committee (SIC)/International Financial Reporting Interpretations Committee (IFRIC) interpretations which have been approved by the Financial Reporting Standards Council (FRSC).

The Corporation, as Receiver/Liquidator, is responsible for managing and disposing the assets of closed banks in an orderly and efficient manner. The receivership and liquidation transactions of closed banks are accounted in separate books of accounts to ensure that liquidation proceeds of closed banks assets are distributed properly to their respective creditors in accordance with applicable laws and regulations. Also, the income and expenses attributable to receivership/liquidation are accounted for as transactions of the closed banks, and expenses advanced by the Corporation are billed to the respective closed banks.

The financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through other comprehensive income which are measured at fair value.

The financial statements are presented in Philippine Peso, and all values are rounded to the nearest peso, unless otherwise stated.

¹Excluding externally provided services by 331 personnel

2.2 Use of judgments and estimates

The preparation of the financial statements in accordance with the PFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets, liabilities, fund, income and expenses and disclosure of contingent resources and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. While the estimates are based on the most reliable data available, actual results, in the near term, could differ significantly from those estimates depending upon certain events and uncertainties, including:

- The timing and extent of losses the Corporation incurs as a result of future failures of member banks;
- The extent to which the Corporation will pay insurance claims of depositors of member banks that are closed or extend financial assistance to banks in danger of closing;
- The ability to recover its claims receivable and advances based on the trends and expectations of the liquidation of the closed banks;
- The extent to which the Corporation can maximize the sale and recoveries from the assets it acquires as a way of rehabilitating banks and those received as reimbursement of insurance payments and advances to closed banks; and
- The probability of recovery through successful lawsuits as appropriate against relevant parties.

a. Impairment of investments

The Corporation determines that investments are impaired when there has been a significant or prolonged decline in their fair value below its cost, considering the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

The Corporation classifies non-derivative financial assets with fixed or determinable payments and fixed maturity such as Investment Securities at Amortized Cost. This classification entails judgment in evaluating the intention of the Corporation and its ability to hold such investments to maturity. If the Corporation is no longer consistent with its business model to keep these investments to maturity or has sold government securities exceeding 10 per cent of total portfolio as of the end of the immediately preceding year, it will reassess its business model.

The carrying amount of investments as at December 31, 2017 and 2016 are disclosed in Note 4. There was no impairment loss recognized on investments in 2017 and 2016.

b. Impairment of other financial assets

Financial assets that are measured at amortized cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the

estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- The probability that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss for all financial assets, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written-off against the allowance account subject to required approval. Subsequent recoveries of amounts previously written off and changes in the carrying amount of the allowance account are recognized in profit and loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be traced objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

The carrying amount of loans and receivables as at December 31, 2017 and 2016 are disclosed in Note 6.

c. Impairment of non-financial assets

At each statement of financial position date, the Corporation assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when annual impairment testing for an asset is required, the Corporation makes an estimate of recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The carrying amount of assets held for sale, investment property and property, plant and equipment as at December 31, 2017 and 2016 are disclosed in Notes 8, 9 and 10, respectively.

d. Estimated useful lives of property and equipment

The Corporation uses the government-prescribed estimated useful lives of Property and Equipment account (Note 2.4d).

e. Contingencies

There may be pending cases where the Corporation is impleaded as party defendant. The estimate of possible adverse judgments of these cases will be based on the assessment of the strength of the defense of the Corporation or advisability of a compromise. The Corporation evaluates whether these legal cases will have material adverse effect on its financial position, thus may have material changes in the estimates in the future based on developments or events.

2.3 Changes in accounting policies and disclosures

The Accounting policies adopted are consistent with those used in the previous financial year.

2.3.1. New and amended standards and interpretations

For accounting period beginning on or after January 1, 2017, there are no new amendments and interpretations to the accounting standards which will have a significant impact on the accounting policies, financial condition or performance of the Corporation.

2.3.2. Issued PFRS but are not yet effective

The accounting standards issued but not yet effective up to date of issuance of the Corporation's financial statements are listed herein. The listing consists of accounting standards and interpretations issued, which the Corporation reasonably expects to be applicable at a future date.

- PFRS 9, Financial Instruments (effective January 1, 2018)

PFRS 9 has been completed in stages, with the IASB's phased approach reflected in a number of versions of the standard being issued. The final version of this standard was issued on July 24, 2014 bringing together all the phases of the IASB's project to replace PAS 39 Financial Instruments: Recognition and Measurement and all previous versions of PFRS 9 at its effective date of January 1, 2018 with early adoption permitted.

The IASB structured the project in three phases: Phase 1 - Classification and measurement for financial assets and financial liabilities, Phase 2 - Impairment, and Phase 3 - Hedge Accounting. The Standard carries forward the scope of PAS 39, and adds: a) an option to include certain contracts that would otherwise be subject to the 'own use exemption'; and b) certain loan commitments and contract assets in respect of the impairment requirements. PFRS 9 carries forward from PAS 39 the requirements for recognition and derecognition of financial instruments, with only minor amendments.

The Corporation has adopted Phase 1 of PFRS 9 since its 2013 financial reporting. This affected the classification and measurement of accounts in the Corporation's financial position and performance. The Corporation intends to adopt Phase 2 when it becomes effective in 2018. The impact of the new expected credit loss impairment model in Phase 2 over the existing incurred loss model prescribed by PAS 39 has not been assessed. Phase 3 on Hedge Accounting will not be adopted as it is not applicable to the Corporation.

- PFRS 16, Leases (effective January 1, 2019)

PFRS 16 is effective for accounting periods beginning on or after January 1, 2019. Early adoption is permitted provided PFRS 15 is also applied.

This Standard requires lessees to account for leases 'on-balance sheet' by recognizing a 'right of use' asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods in which extension is 'reasonably certain'. In subsequent periods, the right-of-use asset is accounted for similarly to a purchased asset and depreciated and reviewed for impairment. The lease liability is accounted for similarly to a financial liability using the effective interest method.

The Corporation has yet to assess the financial and presentation impact of this new Standard to the Corporation's financial position and performance. The Corporation intends to adopt this standard when it becomes effective.

2.4 Significant accounting policies

a. Financial assets

Initial recognition

Financial assets are recognized in the Corporation's financial statements when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Corporation's financial assets.

Debt instruments that meet the following conditions are subsequently measured at amortized cost less impairment loss.

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flow; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All recognized financial assets are subsequently measured in their entirety at amortized costs or fair value, depending on the classification of the financial assets.

Classification of financial assets

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments measured subsequently at amortized cost. Interest income is recognized in profit and loss. Financial assets under this category include Investment Securities at Amortized Cost.

Fair Value through Other Comprehensive Income (FVOCI)

On initial recognition, the Corporation can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit and loss on disposal of the investments.

Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit and loss.

On derecognition of financial asset that is classified as FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit and loss, but is reclassified to retained earnings.

b. Assets held for sale

The Corporation is authorized to purchase the non-performing assets of an insured bank as a mode of financial assistance. Acquired assets also include those received from closed banks as payment for Subrogated Claims Receivables and Receivership and Liquidation Expenses. Acquired assets being held for sale and wherein sale is highly probable within a one year period are classified in this account. These are booked at cost with periodic valuation for impairment.

c. Investment property

Included in this account are land or building, or part of a building, or both, held by the Corporation which are awaiting disposal including those under lease agreement. These are initially booked at cost with periodic valuation for impairment.

d. Property, plant and equipment

The Corporation's depreciable properties are stated at cost less accumulated depreciation and amortization. The initial cost of property and equipment consists of its purchase price, including taxes and any directly attributable costs of bringing the asset to its working condition and intended use. Expenditures incurred after items of property and equipment have been put into operation, such as repairs and maintenance are charged against operations in the year in which the costs are incurred. When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is reflected as income or loss in the statement of comprehensive income. Depreciable assets below the capitalization threshold of P15,000 are recognized as expense.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. This is computed at cost less residual value over useful life. The estimated useful life of the respective asset follows:

Building	30 years
Furniture and Fixtures and Machineries and Equipment	10 years
Transportation Equipment	7 years
Information Technology (Integral Part) and Computer	5 years
Office Equipment	5 years
Leased Assets Improvements	3 years

Leased assets improvements are amortized over the shorter of the terms of the covering leases or the estimated useful lives of the improvements.

e. Intangible assets

Intangible assets are stated in the financial statements at cost less accumulated amortization. They comprise of software licenses, among others. The Corporation has adopted the straight-line amortization method for the intangible assets over five years.

f. Financial liabilities and Equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument.

f.1 Financial liabilities

Initial recognition

Financial liabilities are initially recognized at fair value, being their issue proceeds, net of transaction costs incurred. Borrowing costs are recognized as expense in the year in which these costs are incurred.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at fair value through profit or loss are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized costs are determined based on the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts through the expected life of the financial liability, or (when appropriate), a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when the Corporation's obligation are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

f.2 Equity

Deposit insurance fund

The Deposit Insurance Fund (DIF) is the capital/equity account of the Corporation and consist of the following: (a) the permanent insurance fund; (b) reserves for insurance losses; and (c) retained earnings. The DIF shall be maintained at a reasonable level to ensure capital adequacy.

Permanent insurance fund

This is the total capital provided by the National Government by virtue of Republic Act No. 3591, as amended. The full capitalization of P3 billion was reached in 1994 with the conversion of the obligations of PDIC to the Central Bank of the Philippines in the amount of P977.787 million into equity of the National Government.

Reserves for insurance losses

PDIC records reserves for insurance losses to build up the Deposit Insurance Fund target ratio of 5.5% to 8% in relation to the insured deposits in the banking system.

g. Income recognition

Income is recognized to the extent that it is probable that the economic benefits will flow into the Corporation and the income can be reliably measured.

Assessments

Assessment collections from member banks are recognized as income in the year these are received by the Corporation.

Member banks are assessed a maximum rate of one-fifth of one per cent per annum of the assessment base, which is the amount of liability of the bank for deposits as defined under subsection (a) of Section 7 of R.A. 3591, as amended. This shall in no case be less than P5,000 and collected on a semestral basis. The amount of assessment is based on the average of deposit liabilities as at the close of business on March 31 and June 30 for the first semester and as at the close of business on September 30 and December 31 for the second semester. Such assessments are payable by banks not later than July 31 of the current year and January 31 of the ensuing year for the first and second semesters, respectively. Failure or refusal by any member bank to pay any assessment due allows the Corporation to file a collection case against the bank and impose administrative sanctions against its officers who are responsible for non-payment. Late payment of assessment is likewise subject to interest and penalty.

The Board of Directors may establish a risk-based assessment system and impose a risk-based assessment rate which shall not exceed two-fifth of one per cent per annum multiplied by the assessment base (Section 7(a), R.A. 3591, as amended).

Income from investments

Interest on interest-bearing placements and securities are recognized as the interest accrues, taking into account the effective interest rate on such assets.

Income from financial assistance

Interest on loans receivables on account of financial assistance is recognized applying the effective interest using the market rates at initial recognition, as applicable.

h. Dollar-denominated assets

Dollar-denominated assets are initially carried at the equivalent value using Bangko Sentral ng Pilipinas (BSP) reference rate at transaction date and revalued at the end of each month on the same basis.

i. Employee benefits

Provident fund

In accordance with Section 9 (11) of R.A. 3591, as amended, the Corporation has established a Provident Fund, which is a defined contribution plan consisting of contributions made both by its officers and employees and the Corporation. The Fund is administered by its Board of Trustees. Starting December 16, 2009, corporate contribution is vested to the employee based on their length of service in the Corporation, as follows:

Years of Service	Percentage
Less than 1 year	0
1 year but less than 2 years	20
2 years but less than 3 years	30
3 years but less than 4 years	40
4 years but less than 5 years	50
5 years or more	100

Retirement

GSIS retirement benefit under R.A. No. 8291 is available to any qualified employee who is at least 60 years old and with at least 15 years of government service at the time of retirement. R.A. No. 8291 likewise provides for separation benefits.

Separation Benefits

Voluntary or involuntarily separation of employees from service, including payment of separation benefits shall be in accordance with CSC, GSIS and COA rules and regulations and other applicable laws, rules and regulations.

Accrued leave pay

This represents the cash value of the accumulated vacation and sick leave credits of employees, 50 per cent of which can be monetized in accordance with CSC Omnibus Rules of Leave and applicable SOGI on monetization of leaves.

j. Operating lease

Leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments made under non-cancellable operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

k. Financial assistance to banks

In accordance with Sec. 22 (e) of R.A. No. 3591, as amended, PDIC may grant financial assistance to a distressed member bank for its rehabilitation to prevent closure, provided such assistance is the least costly alternative. The alternative chosen must not cost more than the estimated cost of actual pay-out of the insured deposits of the bank and liquidation thereof. The financial assistance to a bank may be in the form of a loan, purchase of assets, assumption of liabilities, placements of deposits, equity or quasi-equity. This is upon such terms and conditions as the Board of Directors may prescribe when the grant of financial assistance is essential to provide adequate banking service in the community or maintain financial stability in the economy.

l. Provisions and contingencies

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are renewed at the end of reporting period and adjusted to reflect the current best estimate. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

m. Fair value measurement

The fair value for financial instruments traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations, without any deduction for transaction costs. For all other financial instruments not listed in an active market, the fair value is determined by using the present value technique.

n. Taxes

In accordance with Section 22 (c) of R.A. 3591, as amended, the Corporation shall be exempt from income tax, final withholding tax, value-added tax on assessments collected from member banks, and local taxes starting June 1, 2014. Income from other sources is still subject to value-added tax.

o. Events after the reporting period

Post year-end events that provide additional information about the Corporation's position at the balance sheet date (adjusting event) are reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. CASH AND CASH EQUIVALENTS

This account includes the following:

	2017	2016
Cash on Hand	1,641,867	1,444,702
Cash in Bank – Local Currency	119,336,005	77,997,991
Cash in Bank – Foreign Currency	372,940	273,462
Cash Equivalents	1,213,789,279	880,805,607
	1,335,140,091	960,521,762

Cash on hand includes petty cash funds, checks and other cash items received after the close of banking hours on the last business day of the year.

Cash in bank consists of bank accounts for operating funds, pay-out funds, collections, emergency drawing accounts and BSP current account.

Cash equivalents refer to short term investments classified as cash equivalents having maturities of three months or less from the date of acquisition/ placement.

4. FINANCIAL ASSETS

This account includes the following:

	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Investment Securities at Amortized Cost	12,254,884,122	151,814,599,171	164,069,483,293	13,083,191,517	133,340,226,794	146,423,418,311
Financial Assets at Fair Value Through Other Comprehensive Income	0	11,405,000	11,405,000	0	37,804,600	37,804,600
	12,254,884,122	151,826,004,171	164,080,888,293	13,083,191,517	133,378,031,394	146,461,222,911

In accordance with PFRS 9, investment balances are valued at amortized cost consistent with the business model adopted, which is to hold the financial assets to collect the contractual cash flows rather than to sell the instrument prior to its contractual maturity to realize its fair value changes.

Investment securities at amortized cost consist of special savings and time deposits, treasury bills, notes and bonds. Interest income from investment securities at amortized cost amounted to P8.603 billion and P7.928 billion in 2017 and 2016.

Financial assets at fair value through other comprehensive income (FAFVOCI) consist of the following:

	2017	2016
Preferred shares	11,405,000	37,804,600
Capital notes	12,000,000,000	12,000,000,000
Allowance for impairment	(12,000,000,000)	(12,000,000,000)
	0	0
	11,405,000	37,804,600

Preferred shares represent PDIC's subscription on December 28, 2017 to the preferred shares of stock with par value of P100 per share issued by a rural bank. The subscription to the bank's preferred shares, which are non-voting, cumulative and convertible to common shares, represents the equity component of the financial assistance granted under the Strengthening Program for Rural Bank Plus.

Capital notes represent PDIC's subscription to the Capital Notes issued by a commercial bank in the amount of P12 billion by way of conversion of the latter's outstanding obligations to PDIC on March 31, 2009. The Capital Notes have features consistent with BSP Circular No. 595-2008 on "Interim Tier I Capital for Banks Under Rehabilitation" and are in accordance with the conditions set forth in the Memorandum of Agreement executed for the commercial bank's rehabilitation on July 17 and 25, 2008 and a subsequent amendment thereto on November 21, 2008.

5. OTHER INVESTMENTS

This account includes:

	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Sinking Fund	5,347,789,230	39,879,422,927	45,227,212,157	4,707,381,967	38,881,408,030	43,588,789,997

Sinking fund represents the balance of funds being accumulated to repay PDIC loans upon maturity, a portion of which is being managed by the BSP-Treasury Department.

6. RECEIVABLES

This account includes the following:

	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Loans and Receivable	13,685,101	1,177,720,805	1,191,405,906	2,267,234	1,166,765,678	1,169,032,912
Inter-Agency Receivables	1,500,000	943,568,438	945,068,438	0	937,567,400	937,567,400
Other Receivables	442,983	3,333,777	3,776,760	129,602	12,297,470	12,427,072
	15,628,084	2,124,623,020	2,140,251,104	2,396,836	2,116,630,548	2,119,027,384

Loans and Receivable

This account includes the following:

	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Notes Receivable	5,180,791	1,057,478,200	1,062,658,991	397,205	1,075,310,444	1,075,707,649
Subrogated Claims Receivable	0	62,410,820,399	62,410,820,399	0	63,075,380,457	63,075,380,457
SCR – NG Share	0	(4,871,440,120)	(4,871,440,120)	0	(4,868,106,187)	(4,868,106,187)
Allowance for Impairment	0	(57,539,380,279)	(57,539,380,279)	0	(58,207,274,270)	(58,207,274,270)
Net Value	0	0	0	0	0	0
Assigned Receivables	0	12,300,235,987	12,300,235,987	0	12,679,926,990	12,679,926,990
Allowance for Impairment	0	(12,202,836,199)	(12,202,836,199)	0	(12,597,003,312)	(12,597,003,312)
Net Value	0	97,399,788	97,399,788	0	82,923,678	82,923,678
Loans Receivable – Others	0	2,828,934,408	2,828,934,408	0	2,436,379,761	2,436,379,761
Allowance for Impairment	0	(2,824,340,527)	(2,824,340,527)	0	(2,431,785,880)	(2,431,785,880)
Net Value	0	4,593,881	4,593,881	0	4,593,881	4,593,881
Receivership & Liquidation Receivable	0	2,505,547,139	2,505,547,139	0	2,384,904,552	2,384,904,552
Allowance for Impairment	0	(2,505,547,139)	(2,505,547,139)	0	(2,384,904,552)	(2,384,904,552)
Net Value	0	0	0	0	0	0
Sales Contract Receivable	6,662,468	23,862,784	30,525,252	1,591,978	37,220,491	38,812,469
Allowance for Impairment	0	(5,613,848)	(5,613,848)	0	(33,282,816)	(33,282,816)
Net Value	6,662,468	18,248,936	24,911,404	1,591,978	3,937,675	5,529,653
Interest Receivable	1,841,842	0	1,841,842	278,051	0	278,051
Allowance for Impairment	0	0	0	0	0	0
Net Value	1,841,842	0	1,841,842	278,051	0	278,051
Total	13,685,101	1,177,720,805	1,191,405,906	2,267,234	1,166,765,678	1,169,032,912

Notes receivable represent loans granted to one commercial bank and two rural banks, fully secured by government securities.

Subrogated claims receivable arises from payment by the Corporation of insured deposits where the Corporation is subrogated to all rights of the depositor against a closed bank to the extent of such payment. Such subrogation includes the right on the part of the Corporation to receive the same payments and 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 deposits. However, such depositor shall retain his claim for any uninsured portion of his deposit. In 2017, SCR amounting to P1.653 billion which were previously fully provided with allowance for impairment were approved for write-off.

Subrogated claims receivable – National Government Share account with an accumulated balance of P4.871 billion and P4.868 billion as at December 31, 2017 and 2016, respectively, represent insured deposits paid in excess of the first P250,000 up to P500,000 for each depositor in bank closures from June 1, 2009 to May 31, 2012.

Assigned receivables are non-performing loans acquired from banks as a mode of financial assistance and from closed banks in payment of receivables. Interest income is booked upon collection. No interest income is accrued on these loans owing to their past due status.

Loans receivable – others arises from financial assistance by way of non-interest bearing loans and liquidity assistance to four banks that subsequently closed. It also includes loans granted to two commercial banks pursuant to Section 22 (e) of R.A. 3591, as amended. As of December 31, 2017, delivery of transfer documents for the remaining balance is ongoing. No interest income is accrued on these loans owing to their past due status.

Receivership and liquidation receivable (RLR) pertains to expenses advanced by the Corporation in carrying out its mandate as receiver and liquidator of closed banks. Also, RLR amounting to P28.998 million which were previously provided with allowance for impairment were approved for write-off.

Sales contract receivable are receivables from installment sales of assets acquired from banks as a mode of financial assistance and from closed banks in payment of receivables.

Interests receivable pertains to interest accrued from short-term investments.

Inter-Agency Receivables

	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Bureau of Internal Revenue	0	885,730,142	885,730,142	0	884,034,710	884,034,710
National Government	0	57,838,296	57,838,296	0	53,532,690	53,532,690
DBM-Procurement Service	1,500,000	0	1,500,000	0	0	0
	1,500,000	943,568,438	945,068,438	0	937,567,400	937,567,400

Inter-Agency Receivables are receivables from the following agencies:

Bureau of Internal Revenue pertains to creditable taxes withheld by withholding agents from assessment collections and interests on financial assistance, for refund by the BIR in accordance with the provisions of BIR RR 6-2010.

National Government (NG) pertains to the balance of the share of the NG in insured deposits paid in excess of P250,000 up to P500,000 in bank closures from June 1, 2009 to May 31, 2012.

DBM Procurement Service (DBM-PS) pertains to the revolving fund deposited with DBM-PS for the facility used in the purchase of plane tickets for local travel.

Other Receivables

This includes the following:

	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Due from Officers and Employees	280,467	9,354,735	9,635,202	115,604	7,959,368	8,074,972
Allowance for Impairment	0	(9,354,735)	(9,354,735)	0	(7,882,185)	(7,882,185)
Net Value	280,467	0	280,467	115,604	77,183	192,787
Receivables-Disallowance and Charges	146,700	0	146,700	0	0	0
Other Receivables	15,816	65,718,989	65,734,805	13,998	74,616,957	74,630,955
Allowance for Impairment	0	(62,385,212)	(62,385,212)	0	(62,396,670)	(62,396,670)
Net Value	15,816	3,333,777	3,349,593	13,998	12,220,287	12,234,285
Total	442,983	3,333,777	3,776,760	129,602	12,297,470	12,427,072

Aging/Analysis of Receivables

As at December 31, 2017

Accounts	Gross Amount	Not Past Due	Past Due		
			< 30 days	30-60 days	>60 days
Subrogated Claims Receivables	62,410,820,399	0	0	0	62,410,820,399
Assigned Receivables	12,300,235,987	0	0	0	12,300,235,987
Loans Receivable - Others	2,828,934,408	0	0	0	2,828,934,408
Receivership and Liquidation Receivable	2,505,547,139	0	0	0	2,505,547,139
Notes Receivable	1,062,658,991	1,062,658,991	0	0	0
Inter-Agency Receivables	945,068,438	1,500,000	0	0	943,568,438
Sales Contract Receivables	30,525,252	24,612,947	0	0	5,912,305
Interests Receivable	1,841,842	1,841,842	0	0	0
Other Receivables	75,516,707	2,279,809	254,362	0	72,982,536
	82,161,149,163	1,092,893,589	254,362	0	81,068,001,212

7. INVENTORIES

	2017	2016
Inventories Carried at Cost and Net Realizable Value		
Inventory Held for Sale		
Carrying Amount, January 1	146,592	151,658
Additions/Acquisitions during the year	166,386	165,050
Sold during the year except write-down	(258,034)	(170,116)
Carrying Amount, December 31	54,944	146,592
Inventory Held for Consumption		
Carrying Amount, January 1	1,187,368	1,405,929
Additions/Acquisitions during the year	8,326,406	9,029,046
Expenses during the year except write-down	(8,974,307)	(9,247,607)
Carrying Amount, December 31	539,467	1,187,368
Total Inventories	594,411	1,333,960

Inventory held for sale refers to decals and standees while *Inventory held for consumption* refers to office supplies and materials of the Corporation.

8. ASSETS HELD FOR SALE

This account includes the following:

	2017	2016
Carrying Amount, January 1	136,872,810	220,080,577
Additions/Acquisitions	0	0
Other Changes	(108,649,933)	0
Total	28,222,877	220,080,577
Disposals	(12,007,487)	(17,983,374)
Impairment Loss	0	(65,224,393)
Other Changes	37,295,361	0
Carrying Amount, December 31	53,510,751	136,872,810
Gross Cost	55,616,537	247,524,496
Accumulated Impairment Loss	(2,105,786)	(110,651,686)
Carrying Amount, December 31	53,510,751	136,872,810

These represent real and other properties acquired from financially assisted banks and assigned by closed banks in payment for subrogated deposits and advances for receivership and liquidation expenses. These are being held for sale/disposal within a year.

9. INVESTMENT PROPERTY

This account includes the following:

	2017	2016
Carrying Amount, January 1	1,018,986,473	1,375,624,310
Additions/Acquisitions	67,469,685	138,210,441
Other Changes	108,649,933	0
Total	1,195,106,091	1,513,834,751
Disposals	(53,967,880)	(32,750,563)
Impairment Loss	0	(381,902,496)
Other Changes	156,739,298	(80,195,219)
Carrying Amount, December 31	1,297,877,509	1,018,986,473
Gross Cost	2,546,655,564	2,371,855,508
Accumulated Impairment Loss	(1,248,778,055)	(1,352,869,035)
Carrying Amount, December 31	1,297,877,509	1,018,986,473

These represent real and other properties acquired from financially assisted banks and assigned by closed banks in payment for subrogated deposits and advances for receivership and liquidation expenses, for continuing sale/disposal.

10. PROPERTY, PLANT AND EQUIPMENT

This account includes the following:

Particulars	2017					Total
	Land	Buildings, Construction in Progress	Furniture, Fixtures, Equipment	Transportation Equipment	Leased Assets Improvements	
Cost						
At January 1, 2017	26,206,018	145,317,082	126,926,215	30,155,559	1,532,985	330,137,859
Additions	0	9,316,398	8,886,361	10,436,000	(725,292)	27,913,467
Disposals/adj./amortizations	0	0	(4,950,789)	0	0	(4,950,789)
At December 31, 2017	26,206,018	154,633,480	130,861,787	40,591,559	807,693	353,100,537
Accumulated Depreciation						
At January 1, 2017	0	110,052,545	81,369,048	22,632,623	0	214,054,216
Depreciation/Amortization	0	3,472,402	9,544,947	1,601,494	0	14,618,843
Disposals/adjustments	0	0	(4,268,865)	0	0	(4,268,865)
At December 31, 2017	0	113,524,947	86,645,130	24,234,117	0	224,404,194
Net book value						
At December 31, 2017	26,206,018	41,108,533	44,216,657	16,357,442	807,693	128,696,343

Particulars	2016					Total
	Land	Buildings, Construction in Progress	Furniture, Fixtures, Equipment	Transportation Equipment	Leased Assets Improvements	
Cost						
At January 1, 2016	26,206,018	145,317,082	131,570,868	30,155,559	230,893	333,480,420
Additions	0	0	5,783,828	0	1,500,000	7,283,828
Disposals/adj./amortizations	0	0	(10,428,482)	0	(197,908)	(10,626,390)
At December 31, 2016	26,206,018	145,317,082	126,926,214	30,155,559	1,532,985	330,137,858
Accumulated Depreciation						
At January 1, 2016	0	106,580,143	77,291,244	21,245,001	0	205,116,388
Depreciation/Amortization	0	3,472,402	12,699,784	1,387,622	0	17,559,808
Disposals/adjustments	0	0	(8,621,980)	0	0	(8,621,980)
At December 31, 2016	0	110,052,545	81,369,048	22,632,623	0	214,054,216
Net book value						
At December 31, 2016	26,206,018	35,264,537	45,557,166	7,522,936	1,532,985	116,083,642

This account includes Corporate property located at Chino Roces Avenue, Makati City, with appraised value of P475 million for the land and P71.200 million for the building totaling P546.200 million.

11. INTANGIBLE ASSETS

This account includes cost of computer software. Any software that is an integral part of the hardware is classified under the Property, Plant and Equipment account.

	2017	2016
Carrying Amount, January 1	41,707,016	39,884,387
Additions – Internally Developed	0	15,349,545
Additions - Purchased	27,250	0
Total	41,734,266	55,233,932
Amortization recognition	(10,164,199)	(13,526,916)
Impairment Loss	0	
Other Changes		
Reclassification	(7,379,461)	0
Derecognition due to termination of contract	(2,492,750)	0
Carrying Amount, December 31	21,697,856	41,707,016
Gross Cost	127,398,948	136,232,717
Accumulated Amortization	(105,701,092)	(94,525,701)
Carrying Amount, December 31	21,697,856	41,707,016

12. OTHER ASSETS

This account includes the following:

	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Restricted Fund	283,777,045	0	283,777,045	273,756,193	0	273,756,193
Prepayments	10,309,846	105,137,212	115,447,058	15,687,070	77,561,459	93,248,529
Deposits	0	22,758,494	22,758,494	0	22,258,494	22,258,494
Other Assets	3,200	1,555,299,973	1,555,303,173	152,840	1,557,549,106	1,557,701,946
Accumulated Impairment Loss	0	(1,406,063,196)	(1,406,063,196)	0	(1,408,406,654)	(1,408,406,654)
	0	149,236,777	149,239,977	152,840	149,142,452	149,295,292
	294,090,091	277,132,483	571,222,574	289,596,103	248,962,405	538,558,508

Restricted Fund represents the Legal Liability Indemnification Fund held in trust by LBP to finance legal expenses for possible cases against employees and directors of the Corporation in the performance of their duties.

Prepayments include various expenses paid in advance i.e., fidelity bond premiums, insurance, membership dues, repair and maintenance services and subscriptions to be charged in future periods and creditable input tax.

Deposits include miscellaneous assets such as subscriber's investments and deposits with utility companies (SSS, MERALCO, PLDT, etc.).

Other Assets represent unserviceable assets for disposal, various assets acquired from banks such as chattels, paintings, stocks and club shares, etc. and receivables from the PDIC Provident Fund for advances by the Corporation for the car plan of officers.

13. FINANCIAL LIABILITIES

This account includes the following:

	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Notes Payable	35,617,802	64,201,722,322	64,237,340,124	12,846,375,848	48,847,461,565	61,693,837,413
Insured Deposit Claims Payable	180,954,190	0	180,954,190	293,725,825	0	293,725,825
Accounts Payable	54,821,185	0	54,821,185	62,450,117	0	62,450,117
Due to Officers and Employees	44,128,932	0	44,128,932	21,733,189	0	21,733,189
	315,522,109	64,201,722,322	64,517,244,431	13,224,284,979	48,847,461,565	62,071,746,544

Notes Payable represents outstanding loans and interest payable to the Bangko Sentral ng Pilipinas which were utilized, in accordance with Section 22 of R.A. 3591, as amended, to fund financial assistance to operating banks.

The above balances do not include the amount of principal and interest of P1.44 billion and P1.04 billion, respectively, claimed by BSP due to an unresolved issue on the interpretation of Section 1.02 in relation to Sec. 1.05 of the Loan Agreement between BSP and PDIC dated November 21, 2002. Under Section 1.02 of the Loan Agreement, an interest rate of two per cent lower than the interest charged to the underlying government loan accounts assigned by way of dacion to PDIC, shall be paid at the end of the following month after receipt of payment. Section 1.05 of the Loan Agreement also provides that the repayment of the BSP loan shall be sourced from collections from the underlying government loan accounts, among others. Interest charges on the BSP funding are only recognized and remitted to BSP upon actual collection from the underlying government loan accounts. The matter had been elevated by BSP to the Department of Justice (DOJ) for resolution and adjudication in a letter dated April 30, 2014. As at December 31, 2017, the case is still pending with the DOJ.

Insured Deposit Claims Payable represents balance of unpaid but validated insured deposit claims.

Accounts Payable refers to the amount due to various suppliers/creditors and payable to the PDIC Provident Fund representing corporate and employees contributions and loan payments deducted from salaries of employees.

Due to Officers and Employees are composed of accrued leave credits of employees payable upon monetization, retirement or resignation and unpaid salaries and benefits such as loyalty pay, overtime, performance incentive, rice benefit and tax refunds to be paid in the succeeding year.

14. INTER-AGENCY PAYABLES

This account consists of the following:

	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Due to BIR	31,455,768	0	31,455,768	221,769,974	0	221,769,974
Due to GSIS	10,608,559	0	10,608,559	10,407,014	0	10,407,014
Due to Philhealth	491,250	0	491,250	1,145,261	0	1,145,261
Due to Pag-IBIG	254,190	0	254,190	342,948	0	342,948
	42,809,767	0	42,809,767	233,665,197	0	233,665,197

Due to Bureau of Internal Revenue (BIR) pertains to taxes withheld on compensation, professional fees, rental, contractors, suppliers, fringe benefits taxes, tax assessment and other taxes for remittance to BIR.

Due to Government Service Insurance System (GSIS) pertains to corporate and employees' contributions and loan payments deducted from salaries of employees for remittance to GSIS.

Due to Philhealth pertains to corporate and employees contributions for remittance to the Philippine Health Insurance Corporation.

Due to Pag-IBIG pertains to corporate and employees contributions and loan payments deducted from salaries of employees for remittance to Home Development Mutual Fund.

15. TRUST LIABILITIES

	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Guarantee/Security Deposits Payable	498,058	4,253,780	4,751,838	2,578,072	4,746,437	7,324,509

This account includes security, guarantee deposits and bidders' performance bond payable.

16. UNEARNED INCOME

	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Unearned Income	2,448,944	6,314,414	8,763,358	519,052	171,694	690,746

This account represents unearned interest income on sale of acquired assets on installment basis.

17. PROVISIONS

This account represents accrual of money value of the earned leave credits of PDIC personnel.

18. DEFERRED TAX LIABILITIES

This account represents output tax on sale of real properties on installment plan.

19. OTHER PAYABLES

This account consists of the following:

	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Dividends Payable	2,844,298,768	0	2,844,298,768	2,661,224,931	0	2,661,224,931
Other Payables	21,770,330	30,223,598	51,993,928	449,602	31,162,693	31,612,295
	2,866,069,098	30,223,598	2,896,292,696	2,661,674,533	31,162,693	2,692,837,226

Dividends Payable are cash dividends due to National Government for 2017 income.

Other Payables include overpayment by banks which are creditable to subsequent assessment periods.

20. BUSINESS INCOME

	2017	2016
Assessment Income	20,991,903,023	18,539,981,764
Interest Income	8,740,336,550	8,301,636,500
Dividend Income	26,415,531	73,791,334
Fines and Penalties-Business Income	3,469,367	1,942,462
Rent/Lease Income	2,343,433	5,577,644
Sales Revenue	98,578	80,541
Other Business Income	249,766,500	249,271,000
	30,014,332,982	27,172,281,245

21. GAINS

	2017	2016
Gain on Sale of Investment Property	68,499,233	18,674,706
Gain on Sale of Investments	10,112,875	26,213,477
Other Gains	672,476,250	0
	751,088,358	44,888,183

22. OTHER NON-OPERATING INCOME

	2017	2016
Reversal of Impairment Loss	611,781,036	51,104,667
Gain on Sale of Investments	4,575,572	26,083,703
	616,356,608	77,188,370

23. PERSONNEL SERVICES

	2017	2016
Salaries and Wages	456,886,529	448,142,876
Other Compensation	259,120,202	253,696,413
Personnel Benefit Contributions	264,204,207	253,312,088
Other Personnel Benefits	59,302,658	59,270,935
	1,039,513,596	1,014,422,312

23.1 Other Compensation

	2017	2016
Year-end Bonus	114,617,368	79,335,570
Productivity Incentive Allowances	23,475,141	46,554,959
Representation Allowance	16,872,750	17,368,493
Transportation Allowance	16,599,608	17,014,812
Overtime and Night Differential	5,739,465	5,375,016
Personnel Economic Relief Allowance	3,596,731	3,666,135
Clothing/Uniform Allowance	2,798,393	3,008,929
Longevity Pay	2,249,829	2,147,298
Other Bonuses and Allowances	73,170,917	79,225,201
	259,120,202	253,696,413

23.2 Personnel Benefit Contributions

	2017	2016
Retirement and Life Insurance Premiums	54,312,067	53,990,804
PhilHealth Contributions	2,939,578	2,986,887
Employees Compensation Insurance Premiums	726,430	740,600
Pag-IBIG Contributions	705,769	739,400
Provident/Welfare Fund Contributions	205,520,363	194,854,397
	264,204,207	253,312,088

23.3 Other Personnel Benefits

	2017	2016
Terminal Leave Benefits	33,416,170	32,631,080
Other Personnel Benefits	25,886,488	26,639,855
	59,302,658	59,270,935

24. MAINTENANCE AND OTHER OPERATING EXPENSES

	2017	2016
Travel Expenses	19,227,850	17,546,290
Training Expenses	3,710,496	3,624,331
Supplies and Materials Expenses	10,807,460	11,035,130
Utility Expenses	45,715,784	42,148,987
Communication Expenses	7,539,112	5,759,798
Confidential, Intelligence and Extraordinary Expenses	6,945,563	7,579,565
Professional Services	39,432,601	43,403,112
General Services	27,877,087	28,820,310
Repairs and Maintenance	5,214,312	5,934,627
Taxes, Insurance Premiums and Other Fees	3,636,490	3,910,443
Other Maintenance and Operating Expenses	136,554,623	147,751,983
	306,661,378	317,514,576

24.1 Travel Expenses

	2017	2016
Travel Expenses - Local	11,668,009	13,572,370
Travel Expenses - Foreign	7,559,841	3,973,920
	19,227,850	17,546,290

24.2 Supplies and Materials Expenses

	2017	2016
Office Supplies Expenses	8,974,307	9,200,376
Fuel, Oil and Lubricants Expenses	976,931	1,037,354
Drugs and Medicines Expenses	248,932	225,389
Medical, Dental and Laboratory Supplies	65,445	60,745
Accountable Forms	0	76,000
Other Supplies and Materials	541,845	435,266
	10,807,460	11,035,130

24.3 Utility Expenses

	2017	2016
Electricity Expenses	40,969,722	37,459,365
Water Expenses	4,746,062	4,689,622
	45,715,784	42,148,987

24.4 Communication Expenses

	2017	2016
Telephone Expenses	4,634,388	2,591,412
Postage and Courier Services	1,850,790	2,349,633
Internet Subscription Expenses	1,053,934	818,753
	7,539,112	5,759,798

24.5 Professional Services

	2017	2016
Auditing Services	8,278,589	7,524,402
Consultancy Services	2,634,188	2,058,900
Other Professional Services	28,519,824	33,819,810
	39,432,601	43,403,112

24.6 General Services

	2017	2016
Security Services	16,607,871	17,098,025
Janitorial Services	10,238,012	10,665,148
Other General Services	1,031,204	1,057,137
	27,877,087	28,820,310

24.7 Repairs and Maintenance

	2017	2016
Repairs and Maintenance-Machinery and Equipment	3,925,793	4,765,042
Repairs and Maintenance-Transportation Equipment	568,673	703,447
Repairs and Maintenance-Leased Assets Improvements	388,888	0
Repairs and Maintenance-Buildings and Other Structures	320,069	442,998
Repairs and Maintenance-Furniture and Fixtures	10,889	23,140
	5,214,312	5,934,627

24.8 Taxes, Insurance Premiums and Other Fees

	2017	2016
Fidelity Bond Premiums	2,215,483	2,451,441
Insurance Expenses	1,354,470	1,401,915
Taxes, Duties and Licenses	66,537	57,087
	3,636,490	3,910,443

24.9 Other Maintenance and Operating Expenses

	2017	2016
Rent/Lease Expenses	99,536,004	93,596,361
Litigation/Acquired Assets Expenses	15,117,136	27,284,685
Directors and Committee Members' Fees	6,680,589	9,514,617
Subscription Expenses	5,131,223	4,984,872
Advertising, Promotional and Marketing	1,497,790	1,989,420
Membership Dues and Contributions to Organization	1,100,549	908,892
Printing and Publication Expenses	593,312	1,131,053
Other Maintenance and Operating Expenses	6,898,020	8,342,083
	136,554,623	147,751,983

25. FINANCIAL EXPENSES

	2017	2016
Interest Expenses	3,555,717,646	3,431,862,767
Management Supervision/Trusteeship Fees	287,986	286,975
Bank Charges	34,566	174,212
Other Financial Charges	3,856,589	6,326,786
	3,559,896,787	3,438,650,740

26. NON-CASH EXPENSES

	2017	2016
Provision for Insurance Losses	19,350,790,870	14,589,418,889
Depreciation	15,344,135	17,757,715
Amortization – Intangible Assets	10,164,199	13,526,916
Impairment Loss - Other Receivables	8,275	3,070,895
Losses	20,938	412,963,602
	19,376,328,417	15,036,738,017

26.1 Losses

	2017	2016
Loss Foreign Exchange	20,938	63,405
Rehabilitation Cost	0	412,900,197
	20,938	412,963,602

27. TAXES

The Corporation is exempt from income tax, final withholding tax, value-added tax on assessment collections from member banks and local taxes in accordance with Section 22 c of R.A. 3591, as amended. This is being implemented through BIR Revenue Regulation No. 6-2010 dated June 29, 2010.

The BIR issued the tax clearance in favor of PDIC in view of the Corporation's settlement of BIR's VAT assessment for 2009. Accordingly, CTA Case No. 9114 has been withdrawn upon joint motion of BIR and PDIC.

In compliance with the requirements of the Bureau of Internal Revenue (BIR) in Revenue Regulation No. 15-2010, hereunder are the information on the taxes, duties and license fees paid in 2017 and 2016:

	2017	2016
Withholding Taxes:		
On Compensation and Benefits	145,958,888	151,878,759
Creditable Withholding Taxes	40,513,373	43,864,955
Final Withholding Taxes	343,719	322,689
Value Added Tax (VAT)	15,278,121	46,083,613
BIR Annual Registration Fee	500	500
	202,094,601	242,150,516

In accordance with R.A. 10963 or the Tax Reform for Acceleration and Inclusion (TRAIN) law, PDIC will no longer be exempt from the payment of VAT on assessment collections starting January 1, 2018. However, the same law allows the charging of PDIC's VAT obligations on assessment collections against the Tax Expenditure Fund (TEF) of the government.

28. DIVIDENDS TO THE NATIONAL GOVERNMENT

Dividends to the National Government was declared in the amount of P2.844 billion and P2.661 billion, representing 50 per cent of net income from other sources in 2017 and 2016, respectively.

The Corporation is in the process of resolving the dividend assessment issue of the DOF on PDIC particularly on the allowable deductions from the income subject to dividends. A Memorandum of Agreement (MOA) dated December 21, 2017 was executed between PDIC and DOF where both agreed to fix the amount in question and the initial remittance of P4.8 billion. In view of the differences of the parties on the proper application and interpretation of the Dividend Law and the relevant provisions in the PDIC Charter, the parties agreed to refer to the Department of Justice (DOJ) for opinion/resolution the issue with regard to the basis of the dividends due to the National Government.

29. LEASES

The Corporation leased the premises of the Social Security System at Ayala Avenue, Makati City, which serves as PDIC's principal office for P125.205 million and P113.395 million as at December 31, 2017 and 2016, respectively. The lease is renewable under certain terms and conditions.

30. CONTINGENT LIABILITIES AND OTHER MATTERS

30.1 The following are the pending cases which may result in contingent liabilities as a consequence of adverse judgments that may be rendered:

Claims for deposit insurance

Forty-three (43) cases were filed against the Corporation for payment of deposit insurance in the estimated amount of P81.805 million.

Cases subject matter of which are incapable of pecuniary estimation

There are six cases where the Corporation was impleaded as a respondent or defendant, subject matter of which is incapable of pecuniary estimation. These involve acts of the Corporation in its capacity as Receiver/Liquidator.

The above excludes the items in litigation, which were acquired from the banks that were extended financial assistance.

30.2 Estimated insured deposits

As at December 31, 2017, total insured deposits up to the P500,000 maximum deposit insurance coverage amounted to P2.43 trillion consisting 57.09 million accounts. This is equivalent to 20.76 per cent of the total deposits of P11.71 trillion in the banking industry.

30.3 Banks under receivership and liquidation

After the PDIC Board approved the Reports of Termination of the Liquidation of the Assets and Winding-up Operation of the Affairs of 305 closed banks, remaining banks under liquidation by PDIC as of December 31, 2017 stood at 371 closed banks, including the 7 banks closed in 2017. The total estimated realizable value of assets (ERVA) and liabilities of the 371 closed banks amounted to P33.86 billion and P138.05 billion, respectively. As of December 31, 2016 there were 367 closed banks with ERVA of P39.63 billion and liabilities of P142.99 billion based on their latest available financial statements.

31. RELATED PARTY TRANSACTION

The Corporation does not have dealings with related parties involving transfer of resources and obligations.

32. FINANCIAL RISK AND CAPITAL MANAGEMENT

Financial Risk Factors

The Corporation is exposed to a variety of financial risks such as market risk, credit risk, and liquidity risk.

The financial risks are identified, measured and monitored to assess adequately the market circumstances to avoid adverse financial consequences to the Corporation.

Market risk

The Corporation measures and manages its rate sensitivity position to ensure build-up of its investment portfolio. Special emphasis is placed on the change in net interest income that will result from possible fluctuations in interest rates, changes in portfolio mix and tenor.

Credit risk

Credit risk to the Corporation is the risk that the loans granted to operating banks needing financial assistance will not be paid or collected when due, and when investing activities are not prudently exercised to consider risk/reward relationships of market factors and established parameters.

PDIC exercises prudence in the grant of financial assistance based on the provisions of its Charter and its exposures to credit risks cognizant of its mandate to safeguard the interest of the depositing public and contribute to the promotion of financial stability. This is managed through periodic examination of assisted banks and monitoring of the covenants in the loan agreements.

The Corporation likewise mitigates such risk through the collateral requirements as part of its sources of payment. Moreover, the Corporation is allowed to invest only in obligations of the Republic of the Philippines (ROP) or in obligations guaranteed as to principal and interest by the ROP.

The table below provides the analysis of the maximum exposure to credit risk of the Corporation's Notes Receivables before and after taking into account collateral held or other credit enhancements:

	Maximum Exposure	Fair value of collateral or credit enhancement	Net Exposure
2017			
Notes Receivable	1,062,658,991	1,062,390,862	268,129
2016			
Notes Receivable	1,075,707,649	1,071,707,649	4,000,000

Liquidity risk

The liquidity risk is the adverse situation when the Corporation encounters difficulty in meeting unconditionally the settlement of insurance calls and its obligations at maturity. Prudent liquidity management requires that liquidity risks are identified, measured, monitored and controlled in a comprehensive and timely manner. Liquidity management is a major component of the corporate-wide risk management system. Liquidity planning takes into consideration various possible changes in economic, market, political, regulatory and other external factors that may affect the liquidity position of Corporation.

The liquidity management policy of the Corporation is conservative in maintaining optimal liquid cash funds to ensure capability to adequately finance its mandated activities and other operational requirements at all times. The Corporation's funding requirements is generally met through any or a combination of financial modes allowed by law that would give the most advantageous results. Senior management is actively involved in the Asset Liability Committee headed by the President with most of the Executive Committee as members.

The Corporation is authorized to borrow from the BSP and from designated depository or fiscal agent of the Philippine Government for insurance and financial assistance purposes.

The table below summarizes the maturity profile of the Corporation's financial liabilities as at December 31, 2017.

	On Demand	Up to 3 months	> 3 up to 12 months	> 1 up to 5 years
As at December 31, 2017				
Accounts Payable and Due to Officers and Employees	98,950,117	0	0	0
Insured Deposit Claims Payable	180,954,190	0	0	0
Notes Payable	1,566,036,496		98,449,923	62,467,022,364
	1,845,940,803	0	98,449,923	62,467,022,364
As at December 31, 2016				
Accounts Payable and Due to Officers and Employees	84,183,306	0	0	0
Insured Deposit Claims Payable	293,725,825	0	0	0
Notes Payable	1,581,049,675	0	12,845,343,145	39,245,482,813
	1,958,958,806	0	12,845,343,145	39,245,482,813

	> 5 up to 10 Years	> 10 up to 20 Years	Over 20 Years	Total
As at December 31, 2017				
Accounts Payable and Due to Officers and Employees	0	0	0	98,950,117
Insured Deposit Claims Payable	0	0	0	180,954,190
Notes Payable	0	0	105,831,341	64,237,340,124
	0	0	105,831,341	64,517,244,431
As at December 31, 2016				
Accounts Payable and Due to Officers and Employees	0	0	0	84,183,306
Insured Deposit Claims Payable	0	0	0	293,725,825
Notes Payable	7,922,402,663	0	99,559,117	61,693,837,413
	7,922,402,663	0	99,559,117	62,071,746,544

Capital Management

PDIC aims to maintain a Deposit Insurance Fund (DIF) to Estimated Insured Deposits (EID) ratio of at least five and one half per cent to eight percent (5.5% - 8%) which the Corporation's Board of Directors adopted as a measure of capital adequacy in 2017.

The target ratio range represents the ability of the Corporation to cover anticipated and unanticipated risks in the banking system to promptly respond to possible insurance calls and financial assistance to banks, as may be warranted, towards maintaining the faith and confidence in the Country's banking system.

As of December 31, 2017, DIF stood at P147.15 billion while EID is estimated at P2,431.52 trillion resulting to a DIF/EID ratio of 6.05%.

33. PRIOR PERIOD ADJUSTMENT

In view of the 2009 VAT settlement relative to Court of Tax Appeals Case No. 9114, the beginning balance of retained earnings in 2016 was adjusted by P200 million.

34. RECLASSIFICATION OF ACCOUNTS

Reclassification of accounts was made to conform with the Revised Chart of Accounts prescribed by the Commission on Audit.



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