



TAKING THE HELM, ONWARD TO A NEW HORIZON

2019 ANNUAL REPORT



CONTENTS

01	Corporate Profile
02	The Philippine Deposit Insurance System
03	Transmittal Letters
06	Chairman's Message
08	President's Report
15	Corporate Operating Environment
18	Institutional Governance Framework
22	Strengthening Depositor Protection
36	Ensuring Good Governance
50	Promoting Financial Stability
68	Financial Performance
74	Corporate Direction for 2020
78	Board of Directors
86	Executive Committee
87	Group Heads
90	Officers
94	Employees
96	Organizational Chart
97	List of Banks
102	GRI Content Index



ABOUT THE COVER

Titled “Taking the Helm, Onward to a New Horizon”, the 2019 Annual Report wraps up another trilogy of PDIC annual reports, from “Changing Horizons” in 2017 and “A New Horizon” in 2018. The horizon, represented by the ever-evolving financial landscape that PDIC navigates, is full of challenges, and the Corporation continues to face it head on. The PDIC is undeterred by the currents and is committed to create ripples of positive change in the service of its clients and stakeholders.

The organization's readiness and earnest desire to serve is communicated through this year's cover design – young professionals take determined strides towards the rising sun, embodying confidence that the PDIC is in the right direction to accomplish its Vision to be a leading institution in depositor protection recognized for its operational excellence that is responsive to the changing times.

To reflect that the protection the PDIC provides through deposit insurance encompasses all depositors, the setting presents a backdrop of both the rural and urban landscapes. This embodies the range of the clients and stakeholders the PDIC serves – from the commonfolk to the sophisticated and financially savvy depositors.

More than just a theme, “Taking the Helm, Onward to a New Horizon” is both a pledge and a prelude to an even stronger and more responsive deposit insurance system for the country.

VISION

By 2023, PDIC will be a leading institution in depositor protection, recognized for its operational excellence that is responsive to changing times.

MISSION

We protect the depositing public while promoting confidence and stability in the banking system.

CORE VALUES

Teamwork, Respect for All, Integrity, Professionalism,
Love of Country, Excellence

CORPORATE TAGLINE

Bank deposit mo, protektado!

INSURANCE STATEMENT

Deposits are insured by PDIC up to P500,000 per depositor

QUALITY POLICY

We commit to deliver world-class service to the depositing public¹.

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."



¹ As of year-end 2019.

THE PHILIPPINE DEPOSIT INSURANCE SYSTEM AT A GLANCE

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, Defining Its Powers and Duties and for Other Purposes*.

PUBLIC POLICY OBJECTIVES

The PDIC was established to promote and safeguard the interests of the depositing public by way of providing insurance coverage on all insured deposits. The 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.** The PDIC provides a maximum deposit insurance coverage of P500,000 per depositor per bank. To pay claims on insured deposits, the 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.** The 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 Rules on Concurrence and Preference of Credits under the Civil Code of the Philippines.

MEMBERSHIP

Membership with the 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 2019, there are 547 banks in the Philippine banking system. These consist of 46 commercial banks (including universal banks and branches of foreign banks), 50 thrift banks (savings banks, mortgage banks, stock savings and loan associations, and development banks), and 451 rural banks (including cooperative banks).

SCOPE OF DEPOSIT INSURANCE PROTECTION

The PDIC provides a maximum deposit insurance coverage of P500,000 per depositor per bank. It covers all types of bank deposits in banks whether denominated in local or foreign currencies. For insurance purposes, all deposit accounts of a depositor in a closed bank maintained in the same right and capacity shall be added together. Joint accounts shall be insured separately from any individually-owned deposit accounts.

As of 31 December 2019, 73.7 million accounts in 547 banks are covered by deposit insurance. Of the total number of accounts, 96.6% are with balances not exceeding the maximum deposit insurance coverage of P500,000 per depositor per bank. For the same period, total deposits in the Philippine banking system amounted to P13.6 trillion, of which 20.9% is covered by deposit insurance.



20 November 2020

PRESIDENT RODRIGO ROA DUTERTE
Malacañan Palace, Manila

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

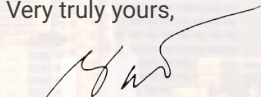
Dear **Mr. President:**

It is my honor to present the Annual Report of the Philippine Deposit Insurance Corporation (PDIC) for the year 2019.

The Report highlights the PDIC's accomplishments and service in line with its public policy objectives to protect the depositing public and help promote financial stability.

On behalf of the Board of Directors, Management and staff, I affirm the PDIC's commitment to uphold exemplary public service through depositor protection, good governance and financial stability.

Very truly yours,



ROBERTO B. TAN
President and CEO



20 November 2020

SENATOR VICENTE C. SOTTO III

President of the Philippine Senate

REPRESENTATIVE LORD ALLAN JAY Q. VELASCO

Speaker of the House of Representatives

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

Dear **Senate President Sotto** and **House Speaker Velasco**:

It is my honor to present the Annual Report of the Philippine Deposit Insurance Corporation (PDIC) for the year 2019. The Report highlights the PDIC's accomplishments in line with 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 unwavering support for the PDIC as deposit insurer and receiver of closed banks.

Very truly yours,

ROBERTO B. TAN
President and CEO



20 November 2020

CHAIRMAN SAMUEL G. DAGPIN, JR.

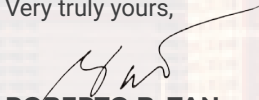
Governance Commission for Government-Owned
or Controlled Corporations (GCG)
3/F Citibank Centre, Citibank Plaza
Paseo de Roxas Avenue, Makati City

Dear **Chairman Dagpin**:

It is my honor to transmit the Annual Report of the Philippine Deposit Insurance Corporation (PDIC) for the year 2019 that chronicles the PDIC's accomplishments in line with its public policy objectives of protecting the depositing public and helping promote financial stability.

On behalf of the PDIC Board of Directors, Management and staff, I affirm our commitment to continuously uphold the highest standards of good corporate governance in our public service delivery.

Very truly yours,



ROBERTO B. TAN
President and CEO

CHAIRMAN'S MESSAGE

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Consistently rated as one of the best-run government institutions by the Governance Commission for GOCCs (GCG), the Philippine Deposit Insurance Corporation (PDIC) had not rested on its laurels. In 2019, the corporation continued improving on its internal processes and systems to better serve our insured depositors.

More efficient delivery of services is critical to the PDIC's mission. The corporation exists to assure small depositors of the safety of their hard-earned money. That assurance helps build a more inclusive banking system. A broad base of depositors will help us build a strong financial system.

Looking ahead, the PDIC's roadmap towards operational excellence will be challenged by the changing banking landscape and the

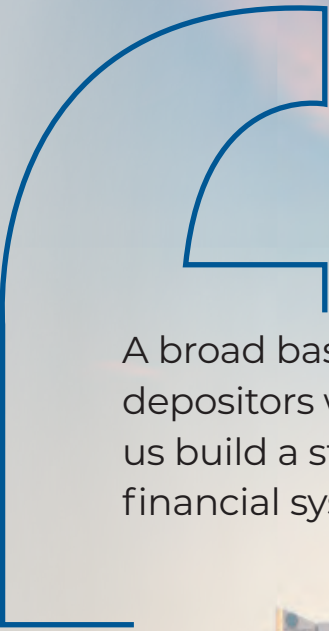
proliferation of unfamiliar risks to the deposit insurance system. I encourage the PDIC to further improve its cybersecurity system to better protect its clients.

I am confident that the men and women of the PDIC will continue to set the highest benchmarks for all government-owned and -controlled corporations.




CARLOS G. DOMINGUEZ

Secretary of Finance
Chairman, PDIC Board of Directors



A broad base of
depositors will help
us build a strong
financial system.



A man in a dark grey suit, white shirt, and orange patterned tie stands with his hands clasped in front of him. He is smiling and looking towards the camera. He is positioned in front of a large, multi-paned window that looks out onto a modern building and greenery. A blue graphic element, resembling a stylized 'L' or a corner bracket, is positioned to the left of the text.

We remained committed
to providing clients —
depositors of closed banks
and member banks — with
first-rate frontline services.

CHARTING THE COURSE TOWARDS A NEW HORIZON

PRESIDENT'S REPORT

The operating environment for the Philippine Deposit Insurance Corporation (PDIC) in 2019 was characterized by a robust banking system propelled by a strong regulatory regime, sustained branch expansion and thriving shift to digitalization. The horizon was dynamic given the reported number of mergers, consolidations, acquisitions and even closures among member banking institutions. Yet, it remained stable and collectively, banks recorded healthy levels of earnings, asset quality, liquidity and capital adequacy.

The PDIC seized this opportunity by enhancing its processes and systems, and building on its resources and capacities to better perform its roles as insurer of bank deposits and liquidator of closed banks. Fully aware that it had to be equipped and prepared to manage new and unfamiliar risks; and providing no room for complacency, the Corporation pursued courses of action towards strengthening depositor protection, improving corporate governance and promoting financial stability.

STRENGTHENING DEPOSITOR PROTECTION

The Corporation's role to insure bank deposits, and its advocacy to promote financial literacy have the same overriding goal – to protect the depositing public. Thus, every decision and action we take, whether it is a program, project or activity must be aligned to support this goal. We are committed to strengthen this protection amid the challenges of the new horizon.

Using the seals of protection. To complete the process of inaugurating the new corporate brand, PDIC's seal of protection, the introduction of the new PDIC logo and new insurance statement the previous year, we held consultations with partners and bank groups. By the end of the year, we started distributing complimentary copies of the new decal and standee to member banks nationwide.

Enhancing claims settlement. In 2019, we faced simultaneous and successive bank closures with limited resources and labor force constraints. With innovation and resourcefulness, we were able to pay deposit insurance claims totaling P1.2 billion within

the target turnaround time for depositors of 10 of the 11 banks ordered closed by the Monetary Board (MB).

Claims settlement operations did not commence within the year in the case of one closed bank. Our takeover and deposit insurance operations in the bank were suspended until year-end by virtue of a 60-day Temporary Restraining Order (TRO) issued by the Court of Appeals (CA) in response to the petition filed by the bank's stockholders. As the PDIC asked the CA to lift and dissolve the TRO to continue performing its mandate, advisories were being issued to the bank's clients to provide updates and help address their concerns.

Bringing core services closer to stakeholders.

As part of our customer-focused initiatives, we observed the 17th Depositor Protection and Awareness Week (DPAW) by launching the PDIC Caravan or *Abot-Lingkod* Program. It was the perfect opportunity to bring our core services closer to regional stakeholders and promote the corporate brand that embodies professional, responsive and committed service.



We inaugurated the Caravan during the KABISIG Government Expo and Trade Fair held in Davao City, a regional hub, major city and accessible from points in the region. PDIC personnel were on hand to address clients' inquiries on deposit insurance claims, claims against assets of closed banks, loan obligations, and available properties for sale. We also used the Caravan as a platform to roll out our Assets for Sale microsite and Facebook page, the new decal and standee for display in bank premises, and the new module for our *Be A Wise Saver* campaign.

Raising the bar in customer satisfaction. We have been making continuous improvements to further enhance the quality of our services to stakeholders. This is being done through personnel development and process innovations.

This is how seriously we take our commitment to provide clients – depositors of closed banks and member banks – with first-rate frontline services. Results of our customer satisfaction survey revealed that 97.61% of our clients gave

us a rating of Satisfactory to Very Satisfactory. PDIC's customer service excellence reflects the professionalism, and diligence of its workforce composed of highly dedicated and responsive public servants.

Managing service touchpoints. Adapting and changing with the times meant expanding and making sure that our service touchpoints are responsive to the needs of our clients. Thus, we have a Customer Handling System in place to handle queries, requests and complaints (QRCs). These QRCs, received through our Public Assistance Center, call center, letters, e-mails, and social media are closely monitored to ensure these are appropriately and promptly addressed.

A unique service touchpoint after a bank closure is the Depositors-Borrowers Forum (DBF) that we organize for clients of the bank. During the DBF, we respond to questions related to the closure and their accounts, and clients are briefed about procedures and requirements in filing deposit insurance claims and settling loans.

Introducing innovations in client servicing. Our aim to constantly improve systems and processes to enhance service delivery to clients led to innovative initiatives during the year. Harnessing technology to offer convenience and streamlined transactions, efforts to introduce an e-filing system for deposit insurance claims were ongoing as of year-end. This will make claims filing easy and available 24/7 no matter where the client is located. In addition, Cash Cards were made available as payment option as of year-end for depositors of closed banks

who have no other bank accounts. Cash Cards will enable these depositors to receive their insured deposits and withdraw their money at any Bancnet, Expresstet or Megalink Automated Teller Machine (ATM). We are also exploring deposit insurance payment through fund transfer platforms including Instapay for individual depositors. Meanwhile, the implementation of the Pesonet facility through the WeAccess portal of Land Bank of the Philippines was ongoing as of year-end. Deposit insurance payment via Pesonet will cater to corporate clients and bulk transactions.

An e-collect payment facility scheme that will allow clients to remit payment to PDIC online as well as an updated QRC monitoring system will also be developed.

ENSURING GOOD GOVERNANCE

Since its founding in 1963, integrity remains topmost in PDIC as an institution dedicated to public service. The Corporation has always been committed to the highest operational standards embraced by its professional and highly skilled workforce. Thus, for us in the PDIC, good governance is a fundamental part of carrying out our core mandates as deposit insurer and liquidator of closed banks.

Championing good governance. In 2019, the PDIC was again recognized by the Governance Commission for Government-Owned and/or -Controlled Corporations (GCG) and the Institute of Corporate Directors (ICD) as one of the top 10 best-governed Government-Owned and/or -Controlled Corporations (GOCC), taking

the second spot in 2017, with a score of 99%, and the fourth spot in 2018, with a score of 95%, out of 82 GOCCs based on the Corporate Governance Scorecard. The Corporation was notably cited for its policies and practices in the areas of disclosure and transparency, stakeholder relations, and responsibilities of the Board of Directors.

The PDIC likewise revised its Citizen's Charter to simplify processes and requirements for core services, in compliance with the requirements of Republic Act 11032: An Act Promoting Ease of Doing Business and Efficient Delivery of Government Services.

Sustaining international standards for frontline services. We ensured that PDIC's systems and processes continued to adhere to international best practices. Our Quality Management System (QMS) for three frontline services, Claims Settlement Operations (CSO), Assessment of Member Banks, and Loans Management Systems were recertified as compliant under ISO 9001:2015 standards. Our QMS for Real Property Disposal (RPD) was the latest process added to our frontline services with ISO certification this year.

These certifications are testament to the pursuit of our vision to be a leading institution in depositor protection, ensuring the highest standards in delivery of services to stakeholders.

Advancing gender and development. The PDIC supports empowerment, equal rights and access to opportunities for internal and external stakeholders regardless of gender. In 2019, the Corporation advanced its journey in being a gender responsive organization. The Gender and Development (GAD) Agenda 2020-2025, GAD Strategic Framework, and GAD Strategic Plan were approved, based on PDIC's GAD Focal Point System and policies issued by the Philippine Commission on Women.

Charting the PDIC journey. Earlier, I mentioned the inauguration of the new PDIC brand, through the launch of our new logo in 2018. Protecting the logo meant making sure it was trademarked and used appropriately and legally. Our



information materials now bear the new logo and the tagline, ***"Bank deposit mo, protektado!"*** as a constant reminder to the depositing public of PDIC's pledge of protection. But more than just a visual representation of the Corporation, the logo and tagline also convey the PDIC's traits as a professional, committed and responsive institution.

Setting baseline data for public awareness. We started the year with the first ever nationwide public awareness survey to help us gauge the level of public awareness on PDIC and on deposit insurance. We are pleased to note that according to the survey results, average Filipinos with no bank accounts showed an inclination toward putting their savings in banks if resources were made available to them. Moreover, the survey results disclosed that the public has a positive perception of the Corporation. The PDIC is seen as a trustworthy organization that is committed to national welfare and development. We aim to build on this and step up our public awareness campaign, grow our mindshare and reach out to a greater number of the saving public; educate them about the benefits of deposit insurance; and encourage them to have more confidence about saving in banks.

To this end, we developed our Strategic Communications Plan to be more client-focused and responsive in order to connect to more stakeholders more effectively via multiple channels.

Ensuring responsive service through a highly competent workforce. The PDIC values its people and has continued to conduct competency-based assessment that began the previous year to establish employees' baseline competency. Our Competency Assessment Survey System helps us design learning, development and coaching opportunities, as well as recruitment and succession programs, to ensure better organizational performance and optimum delivery of services to stakeholders.

PROMOTING FINANCIAL STABILITY

The PDIC assures depositors of the security of their deposits and thus, builds public confidence in the financial system. It contributes in instilling market discipline among member banks, and when necessary, pursues legal actions against those who undermine the deposit insurance scheme. As receiver of closed banks, the Corporation pursues strategic initiatives to further enhance its receivership and liquidation operations that help sustain economic activities despite bank failures.

To promote financial stability, it is crucial that the PDIC collaborates with co-regulators in protecting the financial system from both internal and external shocks. Cooperation is extended as well to peers in the international community to access resources and learn best practices that can enhance in-house capacities to better perform mandated roles.

Safeguarding the interest of closed bank creditors. As part of the PDIC's continuous efforts to expedite settlement of claims of closed bank creditors, and despite operational challenges, we filed 34 Asset Distribution Plans (ADPs) of closed banks with the liquidation courts in 2019, 85% of the total ADPs targeted for filing for the year. ADPs refer to the plan of distribution of the assets of a closed bank to its creditors. These allow partial or final settlement of creditors' claims once approved by the liquidation courts. We distributed P564.8 million in closed banks' assets to various creditors.

Managing and expediting assets disposal. The PDIC's asset portfolio has been expanding with each bank closure. As liquidator of closed banks, the PDIC prudently manages the affairs and assets of these banks to promptly settle creditors' claims, and to terminate the liquidation of closed banks. In 2019, we disposed of 1,467 corporate and closed banks' Real and Other Properties Acquired (ROPA) through public biddings and negotiated sale, nearly four times more than the 383 ROPA disposed of the previous year. Cash collection from disposal of properties amounted to P425.2 million, 94.3% of which was generated from the sale of closed bank's assets while 5.7% was from the sale of corporate acquired assets. The PDIC also collected an additional P155.2 million from lease of properties, dividends, and sale of furniture, fixtures and equipment; and transportation equipment.

Collecting and resolving loans of borrowers in closed banks. A major part of managing closed bank's asset portfolio is the prudent collection and resolution of loans. We resolved loan accounts in closed banks totaling P1.5 billion, which exceeded our target of P1.1 billion, while cash collections yielded a total of P862.3 million, higher than the target of P496 million.

Pursuing justice by instilling market discipline. As a safety net, and in line with the PDIC's mandate to protect the deposit insurance system from illegal schemes and machinations, we filed before the Department of Justice (DOJ) Task Force on Financial Fraud criminal cases against former directors and officers of a closed bank for violating Republic Act No. 3591, as amended, or the PDIC Charter, for conducting business in an unsafe or unsound manner. We also secured a court conviction against erring bank officers for falsification, as well as seven favorable resolutions from the DOJ resulting in criminal indictments of former bank officers and employees from various closed banks. We want to send a strong message to the public that PDIC will not tolerate acts that put the depositing public and the banking system at risk.

Enhancing bank examination and promoting mergers, consolidations and acquisitions. The PDIC contributes to the health of the domestic banking sector by mitigating risks in various ways. Examination of banks is one

of these ways. To update and streamline our examination according to the PDIC Charter and recently issued Regulatory Issuances, we updated internal guidelines and developed the Deposit Operations Rating System to evaluate banks based on their compliance with pertinent laws, regulations and policies in relation to their deposit operations. We conducted joint examinations with the Bangko Sentral ng Pilipinas (BSP) on 18 rural banks and a thrift bank with total estimated insured deposits of P1.7 billion. We also continued our quarterly meetings with the BSP to discuss and update each other on issues regarding monitored banks.

Banks that were found to have unsafe and unsound deposit-related practices were subjected to onsite validation to verify if these banks have complied or were complying with PDIC directives to either stop or address such practices.

Promoting mergers, consolidations and acquisitions was another way the PDIC helps in keeping the banking industry healthy. During the year, the Corporation reduced processing time for mergers, consolidations and acquisitions (MCA) from 17 to 10 business days for nine MCA applications that involved 22 banks with insured deposits totaling P626 billion.

Maintaining a health fund ratio. We remained well equipped to respond to potential insurance calls in 2019 by prudently managing the main funding source for insurance deposit payouts,

the Deposit Insurance Fund (DIF), growing it to P196.5 billion from P176.9 billion the previous year. This brought the average 12-month ratio of the DIF to estimated insured deposits to 6.58%, exceeding the minimum policy target of 5.5%. This reflects the PDIC's ability to adequately meet the risks associated with bank closures and maintain depositor confidence in the banking system.

Collaborating with other financial regulators and supervisors. We participated in a number of initiatives of the Financial Sector Forum (FSF), aimed at enhancing the Forum members' supervisory powers, including the risk assessment of financial conglomerates; regulatory approach to financial technology; compliance with international standards on financial sector stability, which prompted activities that would lead to the development of a financial sector roadmap; and sense of responsible and responsive conduct through the launch of the Customer-Centricity campaign.

As a member of the Financial Stability Coordination Council (FSCC), the Corporation contributes to the monitoring and mitigation of systemic risk build-up in the financial system. This year, the BSP's Office of Systemic Risk Management (OSRM), in its new role as Secretariat to the FSCC, provided technical support through the formulation of micro-financial models, market surveillance and assessment, policy recommendation and development of information, education and

communication initiatives. Efforts by the FSCC to educate the public on the concept of financial stability led to the launch of a Financial Stability Primer. The FSCC's main communication tool, the Financial Stability Report (FSR), was also issued to inform the public about financial stability and systemic risk issues.

Cooperating with international peers and partners. We also strengthened networking and knowledge-sharing activities with our foreign counterparts through the International Association of Deposit Insurers (IADI). And as the Association's elected Treasurer, I provided oversight over its financial affairs and delivered my first report on IADI's financial performance for fiscal year ending in March 2019 at the 18th IADI Annual General Meeting held in Istanbul, Turkey.

We likewise participated in IADI conferences, adding to the international body of knowledge and insight on deposit insurance, and improving cooperation with other deposit insurance agencies (DIAs). We also joined study visits and knowledge-sharing sessions hosted by other DIAs. In addition, the Corporation contributed to regional information exchange and monitoring of critical developments to the IADI Asia-Pacific Regional Committee (APRC).

The PDIC was also invited by the Alliance for Financial Inclusion (AFI) to be one of the technical advisors on deposit insurance for its Global Standards Proportionality Working Group. We also joined, upon invitation from the BSP, the Executives' Meeting of East Asia-

Pacific Central Banks (EMEAP) to prepare for the proposed Asia crisis simulation exercise to practice crisis management, cross-border cooperation and information-sharing in the event of a failure and resolution of a regional cross-border banking institution.

Indeed, the Corporation went through an eventful journey in 2019. While challenges were met along the way, we were able to overcome because of the PDIC's committed and professional men and women. We have charted the course through a new horizon, proceeding with firm strides, and looking forward to a future that is bright for the depositing public and the banking community.

As we continue with our journey, the prospects may pose new risks and threats. Nevertheless, the PDIC is prepared and guided by its refocused vision set until the year 2023: ***"PDIC will be a leading institution in depositor protection, recognized for its operational excellence that is responsive to changing times."*** With a simplified mission statement, a reinforced set of core values, and redefined strategic objectives, the PDIC is geared to deliver value-added services to its stakeholders and carry to fulfillment its core mandates with operational excellence.




ROBERTO B. TAN
 President and CEO

CORPORATE OPERATING ENVIRONMENT

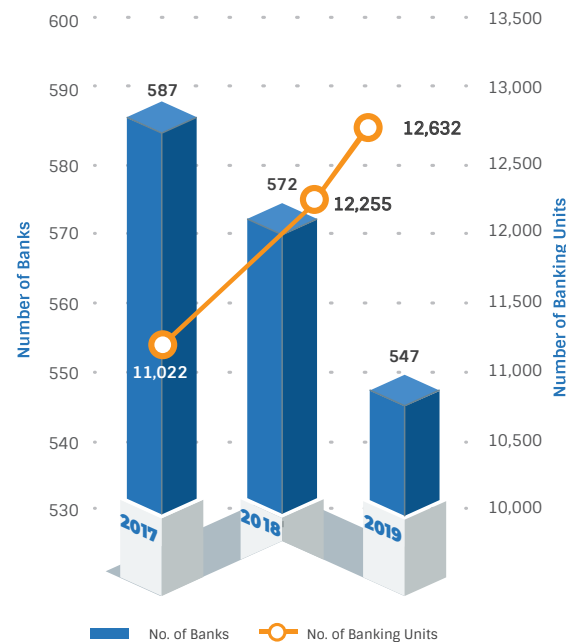
The Philippine banking system continued to strengthen through more mergers and consolidations during the year. Banks collectively registered a robust financial performance against a backdrop of a strong regulatory regime, digital transformation, and branch expansion. These developments further strengthened the industry with record growth in earnings, and healthy levels of asset quality, liquidity, and capital adequacy.

Expanding Branch Network

The number of industry players in 2019 was at 547, comprised mainly of rural banks at 451 (82.4%), thrift banks at 50 (9.1%), and commercial banks at 46 (8.4%). Relative to the 572 banks recorded a year ago, there was a net decrease of 25 banks accounted for by the entry of one foreign commercial bank and the exit of 26. The reduction was brought about by 13 merger transactions involving 19 banks, 11 closures, one purchase of assets and assumption of liabilities, and one voluntary surrender of banking license to the Bangko Sentral ng Pilipinas (BSP).

NUMBER OF BANKS AND BANKING UNITS, 2017-2019

FIGURE 1



Despite this reduction, the availability of banking services was not compromised, as banks continued to increase their banking units, which include the head office, branches, branch-lite units and other banking offices. As of year-end, the total banking units grew to 12,632, higher by 377 or 3.1% from last year's 12,255. Commercial banks registered the highest expansion of banking units in 2019.

Moreover, this expansion reached unbanked municipalities, the number of which was further reduced by 26 to 510 in 2019 from 536 a year ago. A total of 32 municipalities gained banking presence during the year, mostly in the Visayas, due to the opening of branch-lite units. Meanwhile, three municipalities became unbanked as financial institutions in these areas where barred to operate by the BSP.

Increasing Deposit Accounts and Amounts

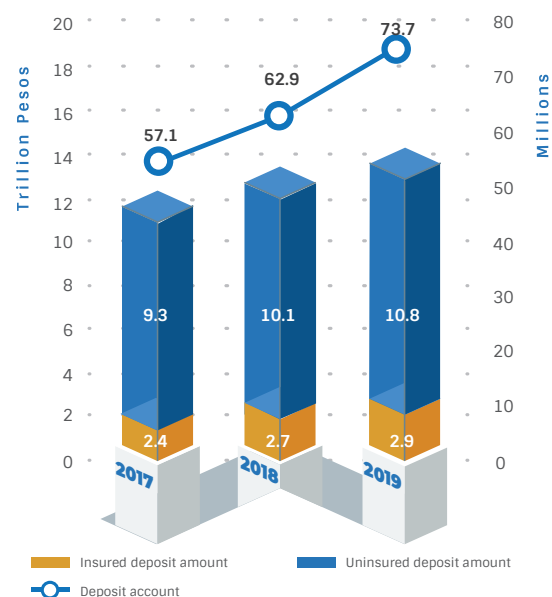
Total deposits² in the banking system reached P13.6 trillion in 2019, up by 7.0% from P12.7 trillion in 2018. The growth in deposits could be partially attributed to the expansion in number of deposit accounts by 17.2% during the reference period. The most significant increase was among those with balances of less than P100,000 by year-end 2019 at 18.5% with a corresponding growth in deposits by 9.1%. Deposit accounts with balances from P100,000 to P500,000 recorded an increase in terms of accounts and amounts by 5.4% and 5.3%, respectively. Deposit balances greater than P500,000 rose moderately by 6.5% although their collective deposits grew at 7.1%.

² Total deposits refers to deposits in banks located in the Philippines excluding Islamic deposits.

The vast majority of deposits at 92.1% remained to be in commercial banks, then in thrift banks and rural banks with 6.5% and 1.4% shares, respectively.

TREND OF DEPOSIT ACCOUNTS and AMOUNTS, 2017-2019

FIGURE 2

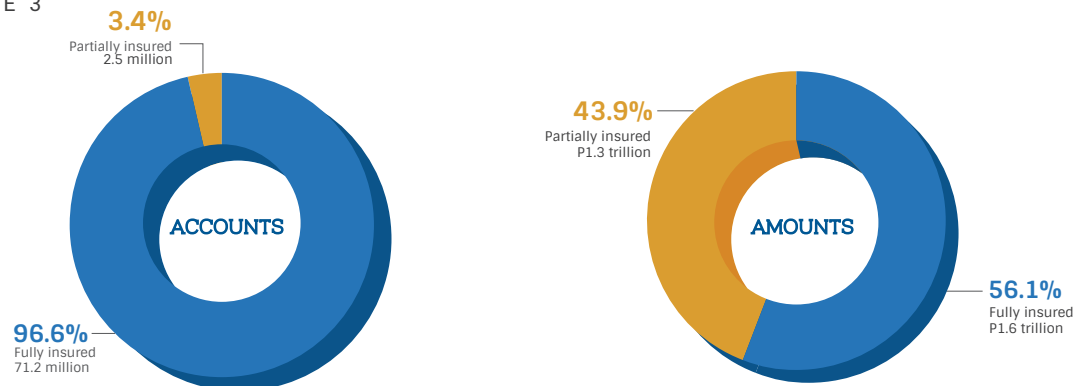


Savings accounts and long-term negotiable certificate of deposit (LTNCD) accounts showed slashed shares to total deposits from 47.2% to 45.4% and 1.9% to 1.7%, respectively. Meanwhile, time deposit accounts and demand and negotiable order of withdrawal (NOW) accounts saw their allocations to total deposits increase from 28.0% to 28.2% and 22.9% to 24.8%, respectively.

Of the total deposit accounts, 96.6% are fully insured by deposit insurance with aggregate insured deposits

ESTIMATED INSURED DEPOSITS IN TERMS OF ACCOUNTS AND AMOUNTS

FIGURE 3



amounting to P1.6 trillion in 2019. Those not fully covered by deposit insurance comprise 3.4% of total deposit accounts but their insured deposits amount to P1.3 trillion during the year. The estimated insured deposits was calculated at P2.9 trillion in 2019, representing 20.9% of the domestic deposits and grew by 6.5% from P2.7 trillion in 2018.

Deposits chiefly funded the growth of aggregate resources of the banking system, contributing 5.3 percentage points to the 8.4% year-on-year growth in total assets to P18.3 trillion in 2019. Other drivers of the growth in total assets were other liabilities and capital, sharing 2.1 percentage points and 1.4 percentage points, respectively. Total borrowings of the banking system contracted 7.3% in 2019.

Improving Financial Performance

In 2019, the banking system crushed profit growth record in the past nine years due to strong lending despite the deterioration in the quality of assets. This development helped banks to become more capitalized to deal with unexpected losses.

Asset quality

Asset quality slipped during the year, as indicated by the increase in the ratio of non-performing loans (NPL) to gross loans (from 1.8% to 2.0%) and ratio of non-performing assets (NPA) to total assets (from 1.7% to 1.8%). These ratios were driven by the dramatic rise of NPLs to 26.2% in 2019 from 16.5% in 2018. Loans to manufacturing, trading, individuals (primarily for household consumption), real estate, and transportation contributed the most to the climb in the NPL.

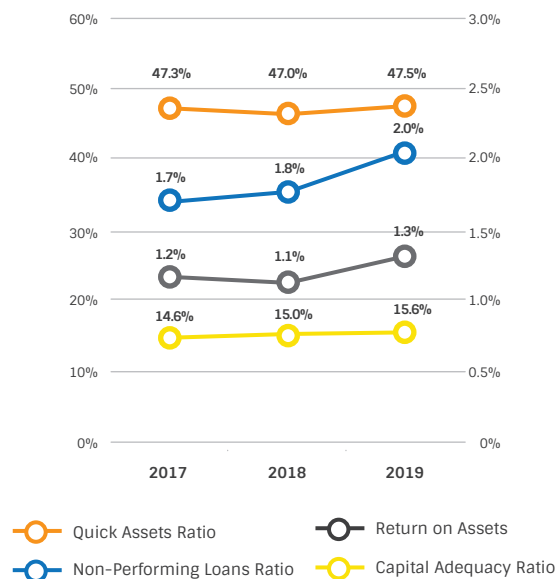
Despite these increases, the NPL and NPA ratios were at par with past years' values. The surge in NPL, its sharpest since expanding in 2015, outpaced the 10.9% increase in loan loss provision during the year, resulting in NPL coverage of less than 100%, at 92.8% from 105.7% last year, but exceeding still the 88.1% coverage during the global financial crisis in 2008.

Liquidity

The ratio of quick assets to deposits settled at 47.5% in 2019, ending its downward trend that began in 2014. The reversal was the result of the faster

SELECTED FINANCIAL PERFORMANCE INDICATORS, 2017-2019

FIGURE 4



growth of quick assets relative to deposits. The quick assets ratio has surpassed the 20%³ minimum acceptable rate, indicating greater ability of banks to pay deposit liabilities on demand. However, the ratio of gross loans to total deposits, which was at 80.2% in 2019, maintained its rising streak as cuts in the reserve requirement from banks allowed more funds available for lending.

Earnings

The combined earnings of the banking system grew by 28.4% in 2019, the fastest year-on-year growth in the past nine years. This growth was accounted for by the equally strong growth in non-interest income at 25.2% and interest income at 25.1%. The impressive non-interest income was driven by gains from sale/

de-recognition of non-trading financial assets and liabilities, gains on financial assets and liabilities held for trading, and fee-based income. On the other hand, the rise in interest income was mainly derived from loans and financial assets.

The decline in the cost to income ratio from 64.7% to 60.7% in 2019 implied that banks have managed their costs well and consistent with the escalation of earnings. About eight in every 10 banks, equivalent to 475 banks, reported profits in 2019. Majority of these banks (59.6%, representing 283 banks) posted accelerating profits.

The record profit growth reversed the downward movement in the return on equities (ROE) and return on assets (ROA) last year. In 2019, the ROE increased to 9.8% from 8.8%, while the ROA inched up to 1.3% from 1.1%.

Capital adequacy

The risk-based capital adequacy ratio (RBCAR) improved from its figure last year, as the total risk-weighted assets recorded slower growth than the total qualifying capital, to 15.6% in 2019. The higher RBCAR meant greater ability for the Philippine banking system to endure unanticipated losses, as the level of capital grew double-digit during the year. The upsurge in earnings mostly launched the capital level of the banking system to expand 10.6% from the past year to reach P2.5 trillion in 2019. The 13.2% increase in retained earnings accounted for close to half of the capital growth or at 4.9 percentage points. Improvements in undivided profits and other comprehensive income (mainly net unrealized gains on available for sale financial assets) jointly contributed 3.2 percentage points to capital growth.

The enhanced capital adequacy was followed by the increase in paid-in capital stock by 2.1 percentage points, as fresh capital were infused in

compliance with the November 2019 deadline for the minimum capitalization requirement provided for by BSP Circular No. 854. The BSP issued this capital requirement five years ago, primarily to further strengthen the Philippine banking system and ensure that banks stand on a strong capital base to support a threshold scale of operations in order to operate viably and service effectively the needs of their clients. The PDIC stands to benefit from this development given that well capitalized banks contribute to the preservation of the Deposit Insurance Fund (DIF).

The ratio of gross problematic assets to capital (together with unsecured Directors, Officers, Stockholders, and their Related Interests or DOSRI and total allowance for losses on loans and other risk assets) ended its downward trend to settle at 14.0%, but the figure remained faint relative to historical values.

Implications to PDIC

With a dynamic banking system characterized by fewer but stronger banks, the PDIC was able to enhance its capability and resources to handle deposit insurance and liquidation operations despite the closure of 11 banks in 2019. Existing processes and systems were reviewed and updated, coupled with continuing building of personnel capacities to meet the demands of the times. The higher assessment collection based on deposits and prudent investment management contributed to the strengthening of the DIF to a record high of 6.9% of the estimated insured deposits, indicating greater potential to weather stresses in the financial system.

The horizon appears to be calm as risks in the banking system have been managed well. Nevertheless, the PDIC remains steadfast in closely monitoring developments and preparing for the challenges that may arise from the rapidly changing financial landscape.

³ Based on Section 145 of the BSP Manual of Regulations for Banks as of 31 December 2018.

INSTITUTIONAL GOVERNANCE FRAMEWORK

Driving Synergy in Governance, Risk Management and Compliance

The PDIC is committed to institutionalize the principles of good corporate governance in the performance of its public policy objectives to safeguard the interests of the depositing public and help maintain a sound and stable banking system. As such, the Board of Directors, management and employees of the PDIC equally commit to the principles contained in the PDIC's Code of Corporate Governance and acknowledge that this Code serves as a guide in the achievement of its corporate goals.

The 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 identifies 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.

Ensuring Effective Governance

The Board Governance Committee (BGC) assists the Board of Directors in fulfilling its corporate governance responsibilities and ensuring adherence to the principles and standards of good corporate governance. These include defining the institutional framework for sound corporate governance; adopting policies and procedures consistent with good governance standards; and ensuring the availability of an effective system for monitoring compliance with laws, rules, regulations and policies.

Status of corporate compliance with various regulatory agencies was regularly presented to the BGC by the Corporate Governance Office (CGO) which monitors laws, rules and regulations affecting or relevant to the Corporation. CGO also reports significant governance issues and ensures submission of the required reports to regulatory agencies. Among the significant actions in this regard was the List of Services Classified as Simple, Complex or Highly Technical submitted to the Anti-Red Tape Authority (ARTA), and the monitoring reports on compliance with the PDIC's targets submitted to the Governance Commission for GOCCs (GCG).

The BGC also reviews governance structures and processes, and corporate guidelines and policies. Since the BGC exercises the functions of a Nomination and Remuneration Committee, personnel movements were likewise reported to the BGC and acted upon.

In 2019, the PDIC Board of Directors approved revisions to the PDIC No Gift Policy which consolidated the rules pertaining to the subject matter, clarified the exceptions to the prohibition on acceptance and giving of gifts, and included additional legal basis.

The PDIC Board likewise approved the revisions to the PDIC Code of Corporate Governance. Specifically, additional provisions were made on the qualifications of Board Members as expressed in the Fit and Proper Rule and on the specific functions of the PDIC Board. The revised PDIC Vision, Mission and Quality Policy were also incorporated in the Code.

The Corporation's projects, programs and activities continued to be posted in the PDIC website to promote transparency and better stakeholder engagement. Such promotion and strengthening of public partnership were further displayed in the provision of an accessible, efficient and reliable feedback mechanism as embodied in the Corporation's Whistleblowing Policy. This policy provides feedback channels for any individual to report, anonymously if so desired, and testify on matters involving actions or omissions of all covered personnel who 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 were evaluated during the year through a performance evaluation system that included self-

assessment and peer assessment. All members of the Board Committees likewise responded to an assessment form to evaluate their performance and identify strengths and opportunities for improvement.

Managing Risks

The Board of Directors through the Board Risk Management Committee (BRMC) exercises oversight function over the Corporation to ensure that key risks are identified and managed consistent with its risk management policy. The Enterprise Risk Management Committee (ERMC) supports the Board and the BRMC by providing a strategic role in establishing the Corporate direction with regard to embedding risk management in all work contexts and levels.

The Enterprise Risk Management (ERM) Framework developed in 2014 governs the risk management of the Corporation. The 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; and in ensuring the accomplishment of its objectives.

The Risk Management Office (RMO) provides advice and technical assistance to the Board, Senior Executives 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 Group Risk Analysts through an ERM System (ERMS) for review, evaluation and approval by their respective Group and Sector Heads. The ERMS serves as the database of all corporate risk information and is a

valuable resource for top Management in its planning and decision-making processes.

For 2019, the RMO continued to improve the implementation of the ERM Framework with the development of criteria and guidelines for assessing the effectiveness of action plans to address the risks or opportunities.

The RMO further strengthened risk awareness and capacity of personnel through the conduct of orientations and briefings on the ERM Framework enhancements in support of the compliance by the units and transition of quality management systems to ISO 9001:2015 standards. Action plans were updated periodically at the latter part of the year in preparation for the review and re-assessment of the risks in the first quarter of 2020.

Heightened monitoring and reporting of risks were implemented with the submission of the Risk Management Plan to the BRMC, a report that consolidates the risks of the Corporation as well as the action plans identified by the various units.

Key risks and other risk-related matters were updated, monitored and reported quarterly to the ERMC and the BRMC for discussion as evaluated by the concerned units and the RMO. These reports assist top Management and the Board Committees in recommending actions to the Board. Regular reporting to the Board on the actions taken and planned mitigation measures provides assurance of Management's commitment to address risks.

Evaluating Internal Controls

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 process for monitoring compliance with laws and regulations and the Code of Ethics. The Board AC works closely with the Internal Audit Group (IAG) which, as part of the Corporation's internal control systems, conducts separate monitoring and evaluation of the effectiveness of governance, risk management and internal control systems.

Regular reporting to the Board, Board AC and Management is in place. To ensure timely reporting, the IAG strengthened its monitoring process with the implementation of an Audit Finding Monitoring System and timely collaboration with Management including the RMO and CGO through sharing of information in line with the GRC Framework.

The Board noted that the internal controls in various areas/processes/systems audited during the year are generally adequate and effectively working in responding to risks within the organization's governance, operations, and information systems. The PDIC Management commits to the further strengthening of governance and risk management processes and the implementation of effective internal controls to ensure relevant risks are addressed on processes/systems where key or significant audit findings were noted.

Complying with Commitments to the GCG

Based on the Performance Scorecard of the Corporation with GCG, the PDIC was able to achieve an overall rating of 95.95% subject to validation by the GCG. Six of the eight strategic measures (SMs) and targets were achieved, while two SMs (SM 5 and SM 7) were substantially achieved. The matrix of accomplishments is as follows:

REPORT ON CORPORATE PERFORMANCE

AS OF 31 DECEMBER 2019

	Strategic Objectives/Measures		Weight (%)	Rating System	Target for 2019	Accomplishment as of 31 December 2019	Rating
	Description	Formula					
CUSTOMERS / STAKEHOLDERS	SO 1. To sustain client satisfaction level						
	SM 1. Percentage of Satisfied Customers	Number of respondents who gave rating of at least satisfactory / Total number of survey respondents	10%	(Actual/Target) x Weight 0% = If less than 80%	95%	97.61% ⁴	10%
	Sub-total		10%				10%
FINANCIAL	SO 2. To maintain the Deposit Insurance Fund (DIF) to adequately cover deposit insurance						
	SM 2. Adequate capital against deposit insurance costs	12 month average DIF / 12-month average EID	10%	All or nothing	Minimum of 5.5%	6.58% ⁵	10%
	Sub-total		10%				10%
INTERNAL PROCESS	SO 3. To settle valid deposit insurance claims promptly						
	SM 3. Settlement of Valid Deposits Promptly within Turn-around Time (TAT) – For Accounts with Less than or Equal to P100,000 balances ⁶	Number of valid deposits paid within TAT / Total number of valid deposits for Accounts with Less than or Equal to P100,000 balances	15%	(Actual/Target) x Weight 0% = If less than 95%	100% of claims processed within the applicable processing time ⁶	100% ⁸	15%
	SM 4. Settlement of Valid Claims Promptly within TAT – For accounts with More than P100,000 Balances, of Business Entities or Matched with Loans ⁷	Number of valid claims settled within TAT / Total number of valid claims filed	15%	(Actual/Target) x Weight 0% = If less than 95%	100% of claims processed within the applicable processing time ⁷	100% ⁸	15%
	SO 4. To immediately distribute assets to creditors and terminate liquidation of closed banks						
	SM 5. Number of Asset Distribution Plan (ADP) filed with the Liquidation Court ⁹	Absolute number	20%	(Actual/Target) x Weight 0% = If less than 33	40	34 ADPs filed	17%
	SO 5. To protect the Deposit Insurance Fund from illegal schemes and machinations						
	SM 6. Percentage of Cases Filed Against Erring Bank Officials from Approval of the Appropriate Approving Authority (AAA) within TAT	Number of cases filed within 25 Working Days (WDs) / Total number of cases filed	10%	All or nothing	100% of cases filed within the applicable time	100% (1 case filed within 10 WDs)	10%
	Sub-total		60%				57%

	Strategic Objectives/Measures		Weight (%)	Rating System	Target for 2019	Accomplishment as of 31 December 2019	Rating
	Description	Formula					
STAKEHOLDERS	SO 6. To continuously develop a committed and competent workforce to deliver responsive public service						
	SM 7. Percentage of Employees Meeting Required Competencies	1. Number of employees assessed / Total number of employees for competency assessment $\frac{\sum_{b=1}^B \left[\frac{\sum_{a=1}^A (\text{Actual Competency } L_a)}{\text{Required Competency } U_a} \right]}{B}$ where: a = Competency required, A = Total number of competencies required of position, b = Personnel profiled, B = Total number of personnel profiled	10%	(Actual/Target) x Weight	Complete competency assessment for remaining employees to determine the competency baseline of the organization Improvement in the Competency Baseline of Employees Assessed in 201810	79% or 201 employees completed the assessment out of the target 256 42% of reassessed employees who attended learning and development interventions showed an average improvement of 7% in their competency level.	3.95% 5%
	SM 8. ISO Certification	Actual Accomplishment	10%	All or nothing	Maintain ISO certification for Assessment of Member Banks (AMB), Claims Settlement Operations (CSO), and Loans Management System (LM) Attain Certification for Real Property Disposal (RPD) Process 9001:2015 standards	CSO and AMB re-certified under ISO 9001:2015 last 15 May 2019 by SOCOTEC Certification Phils., Inc. LM passed the 2nd Surveillance Audit conducted by TUV Rheinland on 19 November 2019 and maintained the ISO 9001:2015 certification. RPD passed the Stages 1 and 2 Certification audits conducted by TUV Rheinland on 30 October and 18 November 2019, respectively. Certification/validity period is from 27 December 2019 to 26 December 2022.	10%
	Sub-total		20%				18.95%
	TOTAL		100%				95.95%

4 - Percent satisfied pertains to respondents who gave a rating of Very Satisfied and Satisfied

5 - Based on a 12-month average

6 - Banks with 1 to 3,000 number of accounts - within 7 WDs; Banks with 3,001 to 10,000 number of accounts - within 10 WDs; Banks with 10,001 to 25,000 number of accounts - within 15 WDs; Banks with more than 25,000 number of accounts - within 22 WDs. However, the final TAT shall be subject to PDIC's compliance with the Ease of Doing Business And Efficient Government Service Delivery Act of 2018 (Republic Act No. 11032).

7 - Banks with 1 to 3,000 number of accounts - within 12 WDs; Banks with 3,001 to 10,000 number of accounts - within 15 WDs; Banks with 10,001 to 25,000 number of accounts - within 25 WDs; Banks with more than 25,000 number of accounts - within 42 WDs. However, the TAT submitted to the EODB shall be considered as the final TAT for SM 4, and that validation documents may change.

8 - Instead of PPC / Field Operations Claims Settlement, the Receive, Process and Mail (RPM) mode of CSO which required all depositors to file claims through mail, was adopted in one rural bank closed in January 2019 in view of the unfavorable security conditions. In another rural bank closed in November 2019, no outright payment thru PPC/FOCS yet as PDIC was prevented from completing the takeover and claims settlement operations due to the refusal of the bank officers/employees to account for, surrender and turn over the bank records to PDIC. Moreover, a TRO was issued by the Court of Appeals which prohibited the BSP and PDIC from further implementing the closure order of said bank.

9 - Based on the Board-approved Clean-up Plan for Asset Distribution Plan (ADPs) under Board Resolution No. 2017-12-172.

10 - Improvement in the competency baseline of the employees assessed shall pertain to the average percentage of required competencies met.

PHILIPPINE DEPOSIT INSURANCE CORPORATION

STRENGTHENING DEPOSITOR PROTECTION

.....
The PDIC Story 2019



The PDIC brand is synonymous with depositor protection. The Corporation's role to insure bank deposits, and its advocacy to promote financial literacy have the same ultimate objective: to protect the depositing public. Thus, every decision, every action made by the Corporation, is driven by this goal, whether it is a new regulation on the use of the PDIC seal by member banks, or a new initiative that brings PDIC's core services closer to stakeholders across the country.

The PDIC's total commitment to its mandate guarantees that depositors will always have a safety net, thereby maintaining public confidence in the banking system.

USING THE SEALS OF PROTECTION

Following the launch of the new PDIC seal and the approval of the new official insurance statement and official signs, the Corporation released Regulatory Issuance (RI) No. 2019-01 (Revised Rules and Regulations on the Use of PDIC Seal and Advertisement of PDIC Membership and Deposit Insurance

Coverage under Republic Act No. 3591, as amended). This RI was drafted after a series of consultations with stakeholders such as the Chamber of Thrift Banks (CTB), Rural Bankers Association of the Philippines (RBAP) and the BSP. It was published in the Manila Bulletin on 31 October 2019 and took effect on 15 November 2019.



REGULATORY ISSUANCE NO. 2019-01

TO : All Banks

SUBJECT : Revised Rules and Regulations on the Use of PDIC Seal and Advertisement of PDIC Membership and Deposit Insurance Coverage under Republic Act No. 3591, as amended.

Pursuant to its authority under Sections 3 (b) and 9 (Tenth) of the PDIC Charter (Republic Act No. 3591, as amended), the Board of Directors of the Philippine Deposit Insurance Corporation issued Board Resolution No. 2019-09-130 dated October 1, 2019, approving the issuance of these Revised Rules and Regulations on the Use of PDIC Seal and Advertisement of PDIC Membership and Deposit Insurance Coverage under Republic Act No. 3591, as amended, implementing Sections 9 and 26 (a) of the PDIC Charter.

The PDIC's total commitment to its mandate guarantees that depositors will always have a safety net, thereby maintaining public confidence in the banking system.

RI 2019-01 prescribes the guidelines, procedures and standards on the use, display requirements, and procurement of the PDIC seal, official insurance statement and official signs such as the decal/sticker, desktop standee, and the electronic/digital image for Automated Teller Machines (ATMs).

The RI requires that decal/stickers be prominently and continuously posted at the entrance of a bank's head office, branches/branch-lite units. The desktop standee/s shall be displayed at the bank's counter/s or window/s where deposits are received, while the electronic/digital image of the PDIC official sign shall be electronically/digitally exhibited on the ATM screens.



The RI likewise grants the PDIC the authority to order the removal and/or discontinuance of the use of the PDIC seal, official insurance statement, and PDIC official signs if found inconsistent or in violation with the provisions of the said regulation. The erring bank and/or its officials, employees or agents shall be subject to administrative fines, and may also be liable for civil and criminal actions as provided for in the PDIC Charter (Republic Act No. 3591, as amended).

As of year-end, the PDIC commenced the distribution of the complimentary copies of the new decals and standees to all the offices/branches of member banks nationwide.

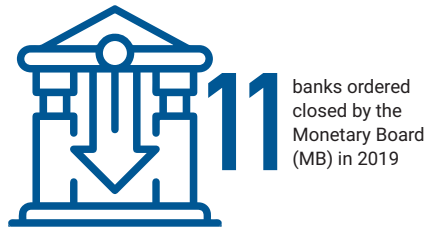
ENHANCING CLAIMS SETTLEMENT

The year 2019 was another notable year as robust measures continued to benefit depositors of closed banks such as introducing improvements in the systems and processes in claims settlement and maintaining the speed of deposit insurance payment within the set turnaround time (TAT).



As of year-end, the PDIC commenced the distribution of the complimentary copies of the new decals and standees to all the offices/branches of member banks nationwide.

Payment of deposit insurance for valid deposits during the year was not without challenges. Due to extraordinary circumstances, of the 11 banks ordered closed by the Monetary Board (MB) in 2019, the PDIC was able to pay deposit insurance for depositors in 10 of these closed banks – nine through conventional modes of payment and one via an alternative payment scheme (Please see page 29 for the related story).



Deposit insurance is paid through various conventional modes – postal money orders (PMOs) dispatched by the Philippine Postal Corporation (PPC) and directly sent to depositors; Field Office Claims Settlement (FOCS) for payment onsite; and Home Office Claims Settlement (HOCS), where deposit insurance is settled at the Public Assistance Center (PAC) at the PDIC Home Office.





Of these nine banks, where conventional modes of payment were adopted, 100% of deposits qualified for outright payment were reimbursed to depositors through PMOs. These are depositors whose accounts are with balances of P100,000 and below, without outstanding obligations with the closed bank, have updated and complete postal address, and are not business entities. They are not required to file

deposit insurance claims. Payment via PMOs provides ease for depositors as these may be encashed with the local post office or with any branch of Land Bank of the Philippines (LBP).

Payment through PMOs were made within TAT during the year for a total of P208.7 million covering 45,994 accounts of depositors of banks closed in 2019, as follows:



Payment thru PPC of Valid Deposits with ≤ P100,000 balances			
Particulars	No. of 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	5	7 working days (WDs)	5 to 7 WDs
Banks with accounts > 3,000 to 10,000	2	10 WDs	10 WDs
Bank with accounts > 10,000 to 25,000	1	15 WDs	15 WDs
Banks with >25,000 accounts	1	22 WDs	20 WDs
Total	9		

For depositors whose deposits have balances of more than P100,000 up to the maximum deposit insurance coverage (MDIC) of P500,000, servicing of claims is done through the FOCS scheme. Under this arrangement, depositors are required to file their claims and submit the required documents at the designated payout site on the date specified in the PDIC-issued appointment slip. The Notice to Depositors on the schedule of FOCS is published in a newspaper of local or general circulation and posted in the PDIC website.

Despite being confronted with challenges such as personnel constraints, limited resources, and a spate of multi-unit bank closures during the year, the Corporation still managed to meet its target to settle 100% of all valid claims filed during FOCS within TAT, as follows:

Settlement of Valid Claims thru FOCS			
Particulars	No. of Banks	Target	Actual Performance
		100% of valid claims settled within the indicated TAT from takeover date:	100% of valid claims settled within the following TAT from takeover date:
Banks with accounts 3,000 and below	5	12 WDs	9 to 12 WDs
Banks with accounts > 3,000 to 10,000	2	15 WDs	14 to 15 WDs
Bank with accounts > 10,000 to 25,000	1	25 WDs	25 WDs
Banks with >25,000 accounts	1	42 WDs	35 WDs
Total	9		

Meanwhile, depositors who are unable to file their claims during FOCS have two years from takeover date to file their claims, either directly at the PDIC's PAC or thru mail. These claims are processed under the HOCS scheme where upon approval of claims, depositors are issued checks as payment for insured deposits either thru over-the-counter at the PAC or via registered mail.

As of year-end, the aggregate amount of deposit insurance payments via FOCS and HOCS for banks closed during the year reached P967.4 million, comprising 5,284 deposit accounts.

Settlement Scheme	Insured Deposit Payments	
	Accounts	Amount (in Million Pesos)
FOCS	4,650	872.26
HOCS	634	95.13
Total	5,284	967.39

Meanwhile, the PDIC was unable to conduct claims settlement operations in the closed AMA Rural Bank of Mandaluyong, Inc. (AMA Bank) by end of the year. Payment to *bona fide* depositors continued to be delayed as of year-end in view of the temporary restraining order (TRO) issued by the Court of Appeals on 25 November 2019. The 60-day TRO prohibited the PDIC from pursuing its deposits insurance and takeover operations in the Bank. The TRO was still in effect as of year-end. (Please see page 53 for full story on AMA Bank).

INSURED DEPOSIT PAYMENTS

AS OF 31 DECEMBER 2019

	Bank	Number of Branches	Deposit Liabilities		Insured Deposits		INSURED DEPOSIT PAYMENTS							
							Outright Payment		Paid Thru FOCS ¹¹		Paid Thru HOCS ¹²		Total Payments	
			Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount	Accounts	Amount
I.	Banks Closed During the Year	51	85,084	4,250,218,067.63	85,084	2,607,190,640.87	45,994	208,671,735.06	4,650	872,263,033.42	634	95,133,410.43	51,278	1,176,068,178.91
1	Bagong Bangko Rural ng Malabang (Lanao del Sur), Inc. ¹³	1	1,163	48,438,273.26	1,163	32,056,038.09	-	-	-	-	277	28,360,577.24	277	28,360,577.24
2	Rural Bank of Mabitac (Laguna), Inc. ¹⁴	9	36,806	364,850,171.74	36,806	253,799,083.65	18,932	45,558,834.20	1,142	169,037,525.81	131	20,257,505.87	20,205	234,853,865.88
3	The Palawan Bank (Palawan Development Bank), Inc.	10	23,873	499,359,683.42	23,873	378,952,484.54	18,561	97,467,427.10	1,708	250,308,178.90	75	14,464,376.10	20,344	362,239,982.10
4	Valiant Bank, Inc. (A Rural Bank)	9	6,630	477,492,540.84	6,630	363,942,077.40	3,923	23,711,694.57	915	291,409,510.32	80	20,841,869.55	4,918	335,963,074.44
5	Rural Bank of Basey (Samar), Inc.	1	624	6,898,107.36	624	6,754,818.44	170	1,057,728.27	53	3,564,418.07	5	722,956.75	228	5,345,103.09
6	Rural Bank of Guihulngan (Negros Oriental), Inc.	1	952	5,514,527.80	952	4,881,419.61	355	1,180,902.43	45	2,355,109.72	5	184,562.94	405	3,720,575.09
7	East Coast Rural Bank of Hagonoy (Bulacan), Inc.	1	1,412	124,069,937.56	1,412	106,630,407.78	956	17,362,092.44	347	82,722,439.97	23	4,429,079.03	1,326	104,513,611.44
8	Rural Bank of Larena (Siquijor), Inc.	1	477	12,586,517.66	477	11,865,543.04	206	2,733,365.91	69	6,974,964.41	3	209,877.37	278	9,918,207.69
9	Rural Bank of Lemery, Inc.	1	1,080	65,251,448.03	1,080	59,523,395.89	619	10,709,729.70	198	37,699,837.07	16	1,827,611.87	833	50,237,178.64
10	Maximum Savings Bank, Inc.	4	3,633	1,197,234,282.66	3,633	55,337,454.10	2,272	8,889,960.44	173	28,191,049.15	19	3,834,993.71	2,464	40,916,003.30
11	AMA Rural Bank of Mandaluyong, Inc. ¹⁵	13	8,434	1,448,522,577.30	8,434	1,333,447,918.33	-	-	-	-	-	-	-	-
II.	Banks Closed in Prior Years	2,049	7,162,490	121,259,866,138.09	3,506,641	72,430,831,404.27	582,132	1,745,330,503.21	160,161	20,901,620,756.40	1,807,645	46,916,298,924.26	2,549,938	69,563,250,184
	TOTAL	2,100	7,247,574	125,510,084,205.72	3,591,725	75,038,022,045.14	628,126	1,954,002,238.27	164,811	21,773,883,789.82	1,808,279	47,011,432,334.69	2,601,216	70,739,318,362.78

11 - FOCS - Field Operations Claims Settlement

12 - HOCS - Home Office Claims Settlement

13 - No Outright Payment and FOCS. Instead, the RPM mode of Claims Settlement Operations (CSO) was adopted per memo approved by the President in view of the unfavorable security conditions and deteriorating peace and order situation in the area.

14 - Net of 7 Micro Banking Offices/OBOs

15 - PDIC was prevented from completing the takeover and CSO due to the refusal of bank officers/employees to account for, surrender and turn over to PDIC the records and other accountabilities, despite demand.

Moreover, a Temporary Restraining Order (TRO) was issued by the Court of Appeals on 25 November 2019 which prohibited the PDIC from further implementing the closure order of AMA Bank.

Data on Deposit Liabilities and Insured Deposits are based on Consolidated Report of Deposit Liabilities by Size of Accounts submitted to PDIC as of 30 June 2019

ADOPTING PAYMENT MEASURES SWIFTLY

Extraordinary times call for extraordinary measures. This noted maxim was put to test on 25 January 2019 for the first bank closure for the year, Bagong Bangko Rural ng Malabang, which was based in Lanao del Sur. Faced with a precarious peace and order situation and unfavorable security conditions in neighboring towns, the PDIC quickly adopted the Receive, Process and Mail (RPM) scheme as an alternative deposit insurance payment mode to conveniently settle claims of depositors while ensuring the safety of the PDIC personnel.

RPM requires all depositors, regardless of the amount of their deposits, to file their claims for deposit insurance either through mail or private courier. While personal filing of claims was also an option, this had to be done at the PAC in the PDIC Home Office.

During the year, all claims received from depositors of Bagong Bangko Rural ng Malabang were processed and payment notices or status letters were sent to depositors through the local post offices. The payment notices contained the instructions to depositors on how their claims will be paid.

In the absence of deployed personnel onsite, the Corporation initiated measures to ensure the effective implementation of RPM starting with representation with the local government of Malabang through the Office of the Mayor to



seek assistance in the posting of the notices at the bank premises and other conspicuous places in the town and in the distribution to depositors of claim forms at the Municipal Hall. As payment agent, the LBP, through its Marawi and Cotabato branches, was also immediately put on board to provide the needed assistance for over-the-counter payment of deposit insurance once claims are approved.

Assistance from the local media was also sought to help disseminate information to the depositors and the general public. Dedicated mobile phone numbers were set up to enable the PDIC to respond to queries and concerns of depositors and clients of Bagong Bangko Rural ng Malabang. *(Full story on the takeover of Bagong Bangko Rural ng Malabang on page 52)*

INTRODUCING BREAKTHROUGH INITIATIVES IN CLIENT SERVICING

The Corporation continued to take great strides and find ways to continually improve systems and processes in claims settlement. Among the notable initiatives during the year were as follows:

Claims E-Filing System Project. The e-filing system project intends to make filing of deposit insurance claims convenient for depositors, especially for working individuals and those residing in far-flung areas or abroad. The web-based e-filing system will be accessible 24/7, and will be capable of accepting multiple accounts under one claim, assigning sequential reference number per bank and per claim submitted; auto-viewing of the system

generated claim form; auto generation of acknowledgment receipt; printing and saving; capturing clearly scanned/imaged copy of documents submitted; and various payment options. The design of the system was in progress as of year-end.

Cash Card as alternative mode of payment of deposit insurance claim. The PDIC and LBP signed on 14 October 2019 the Implementing Rules and Regulations and the Security File Transfer Facility agreement for the roll out of the cash card payment option and for implementation as of year-end. Cash Card is a stored value card containing the insured deposit amount up to P100,000 withdrawable from any Expressnet, Megalink and Bancnet ATM. The cash card also functions as a debit card. Payment thru cash card can be availed by depositors who have no existing bank accounts.

Electronic Fund Transfer Scheme. Payment of deposit insurance via Instapay and Pesonet was also explored during the year to determine the applicability of its features and its benefits. The study showed that with its capability to support bulk transactions for corporate clients, Pesonet was a more feasible payment scheme for deposit insurance settlement. As of year-end, the development of the Pesonet facility in the LBP WeAccess portal was ongoing.

E-collect facility payment mode. An e-collect facility is an alternative payment channel that will allow clients to remit payments to PDIC via the Internet. As of year-end, the agreement between PDIC and LBP to implement the payment channel was under review by both parties.

Customer Assistance System. The system is envisioned to further improve the monitoring of queries, requests and complaints (QRCs) from clients. As of year-end, the formulation of the Terms of Reference (TOR) to procure the system was in progress. Meanwhile, to address the urgent requirement to automate the handling of QRCs, the Interim Customer Assistance System (ICAS) was developed and pilot tested in December 2019.

Enhanced Project Monitoring System (PMS). The PMS aims to consolidate the reports of various Project Management Teams (PMTs) deployed to bank closures. The inclusion of a facility to generate progress reports was an enhancement undertaken during the year and parallel tests were completed by year-end for full roll out in 2020.

Claims Data Reporting System (CDRS). The CDRS aims to automate the consolidation of CSO-related data of all closed banks and generate an executive summary report for use of management and other stakeholders.

Parallel tests for the CDRS were conducted and completed as of year-end and ready for implementation in 2020.

Contingency Planning for Multi-unit Bank Closures. The development of a contingency plan to ensure that home office operations/regular activities will not be compromised/disrupted in the event of successive or multi-unit bank closures was initiated during the year by the Deposit Insurance Sector and the Receivership and Liquidation Sector. This is to respond to manpower constraints and limited resources. An assessment of the current capacity of the Corporation was conducted and baseline data was determined to identify different scenarios.

BRINGING PDIC SERVICES CLOSER TO STAKEHOLDERS

A major initiative during the year was the nationwide *Abot-Lingkod* Program (or PDIC Caravan), a mobile helpdesk that will bring the Corporation's core services closer to its stakeholders in collaboration with local government units.

The pilot run of the PDIC Caravan in Davao City in June 2019 ushered in a new era of depositor protection that is more responsive and accessible to stakeholders from various regions nationwide. The pilot run was timed



with the observance of the 17th Depositor Protection and Awareness Week (DPAW) on 16-22 June 2019 and consisted of stationary and roving caravans.

True to its name, the *Abot-Lingkod* Program brought the Corporation's services closer to the public and allowed them to be familiar with the new corporate tagline, "*Bank deposit mo, protektado!*". The new tagline is an assurance of the protection that the PDIC provides through deposit insurance.

The stationary caravan, involving a composite team from the operations sectors, was launched during the KABISIG Government Expo at the Abreeza Mall, Davao City on 18-20 June 2019. Core services were made available in the Caravan such as inquiries on deposit insurance claims, loan obligations, properties for sale, and general information about deposit insurance. Documentary requirements for various transactions were also received at the stationary caravan, helping clients save

True to its name, the *Abot-Lingkod* Program brought the Corporation's services closer to the public and allowed them to be familiar with the new corporate tagline, "*Bank deposit mo, protektado!*".



on mailing or courier fees. Stakeholders from Davao City and nearby municipalities benefited from the services of the three-day Caravan.

The PDIC also partnered with local media and the Philippine Information Agency (PIA) in the dissemination of information on the conduct of the Caravan to the general public and corporate clients.

Towards this end, the Corporation rolled out *PDIC 101 for Local Media*, a media education initiative to engage members of the media to better understand and appreciate PDIC's mandates as well as its services and programs

for the depositing public and other clients. *PDIC 101 for Local Media* was mounted prior to the conduct of PDIC Caravans to generate media support for the core services that will be made available to the public.

The maiden conduct of *PDIC 101 for Local Media*, which was held on 31 May 2020, involved the PIA Regional Office and members of the print, radio, television and online media based in Davao City.





PROMOTING FINANCIAL LITERACY

The commitment of PDIC to inform and educate the public with the values and habits on wise saving and responsible banking yielded encouraging results in 2019 with some 5,000 individuals benefiting from the Corporation's *Be a Wise Saver (BAWS)* financial literacy sessions in Metro Manila, Davao City, and Iloilo City.

Launched in 2009, BAWS is PDIC's financial literacy advocacy that intends to help equip individuals to make informed financial decisions. By teaching the *7 Habits of a Wise Saver*, BAWS also aims to equip individuals

with needed information and insights on responsible saving and banking practices, and to be more discerning against financial scams and frauds.

The PDIC conducted eight financial literacy sessions to colleges and universities, namely: Ateneo de Davao, Assumption College of Davao, Central Philippine University of Iloilo, Wesleyan University (Ma. Aurora Campus), and Polytechnic University of the Philippines Manila. Graduate students from Golden Gate Colleges of Batangas, along with their professors, visited the PDIC office in Makati City for the session.

There were six sessions held with government agencies, three for stakeholders of the Social Security System, and one session each for employees of the Department of Finance (DOF), the City Government of Davao, and the Provincial Government of Iloilo.

MANAGING SERVICE TOUCHPOINTS

Recognizing that the quality of service touchpoints will impact on the reputation of the Corporation in delivering its service commitment, a Customer Handling System is in place to manage queries, requests and complaints (QRCs) from clients and

stakeholders. QRCs are closely monitored to ensure these are responded to within the set turnaround time (TAT) and mitigate reputation risk.

As of 31 December 2019, all 49,256 QRCs received through the Call Center, the Public Assistance Center and other channels such as emails, letters and Facebook posts were acted upon or provided with initial response/ acknowledgment and referred to PDIC units for appropriate action within the set TAT of three working days from date of receipt, as follows:

Volume of QRCs Received		
Channels	Number	Percentage
Call Center	15,275	31%
Emails/ Letters/ Facebook	31,388	64%
PAC	2,593	5%
Total	49,256	100%



In addition, the Corporation conducts the Depositors-Borrowers Forum (DBF) as a service touchpoint when there are bank closures. The DBF provides a venue for depositors and borrowers of closed banks to be informed of the procedures and requirements for filing deposit insurance claims and for settlement of loans. It also allows them the opportunity to ask questions and be clarified.

During the year, a total of 37 DBFs was held in various locations nationwide for 10 bank closures. Due to the peace and order situation

in the locality, the PDIC was unable to conduct a DBF for the closed Bagong Bangko Rural ng Malabang which is based in Lanao del Sur. To complement the DBF, short message service (SMS) or text messaging, posting of notices at conspicuous places, and announcements thru radio and TV are also employed to communicate with closed bank clients. The assistance of the local government units (LGUs) and like-minded socio-civic organizations in the localities are also secured to reach out to closed bank clients.

SETTING A HIGHER BAR FOR CUSTOMER SATISFACTION

The true measure of a job well done is always a validation by those who benefited from it.

Using the prescribed standard survey¹⁶ of the Governance Commission for Government-owned and Controlled Corporations (GCG), the level of satisfaction of depositors of closed banks and member-banks are measured based on PDIC's frontline service attributes, namely: Staff, Regulatory, Claiming Process, Complaints Handling and Records Keeping, Facilities, Information and Communication, Website, and Integrity. The survey also generates feedback to identify opportunities for improvement in delivering services.

For 2019, survey results showed that depositors of closed banks and member banks remained highly satisfied of the frontline services rendered by the PDIC, giving it an overall satisfaction level of 97.61%.

Of the 409 closed bank depositors surveyed, 399 were delighted and gave the PDIC a rating of "Very Satisfied" and "Satisfied". Of the service attributes evaluated, depositors gave the highest rating to Integrity followed by *(Management of) Complaints and Records*



Keeping, and *Staff*. Around 99.0% of the total number of bank depositors surveyed in 2019 rated PDIC at least "Satisfactory".

Meanwhile, around 93.6% of member banks surveyed rated PDIC with a mark of at least "Satisfactory".

Respondent Type	Rating (%)		
	Very Satisfied	Satisfied	Uncertain
Depositors	76.05%	22.98%	0.97%
Count	235	71	3
Member Banks	55.46%	38.18%	6.36%
Count	61	42	7
Overall Satisfaction Rating	97.61%		2.39%

The Development Academy of the Philippines (DAP) was engaged to evaluate the results of the customer satisfaction survey.

¹⁶ Using random sampling, respondents from closed banks are interviewed through the intercept approach; while telephone interview is administered for respondent member banks.

ENSURING GOOD GOVERNANCE

The PDIC Story 2019



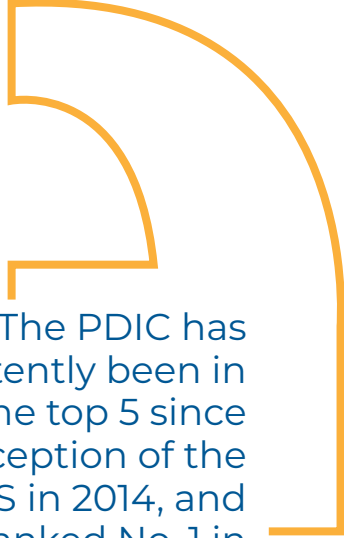
Integrity is at the core of PDIC as a public service institution. This is manifested in the Corporation's performance of its mandates and the recognition it has received as a consistent champion of good governance. Organizational enhancements included corporate-wide initiatives for the continuous improvement of personnel and re-certification of world-class frontline services under the ISO 9001:2015 standards.

ONE OF THE BEST IN CORPORATE GOVERNANCE

The Governance Commission for Government-Owned or Controlled Corporations (GCG), in partnership with the Institute of Corporate Directors (ICD), held the Corporate Governance Scorecard (CGS) Exit Conference for CY 2017 and CY 2018 on 11 December 2019. The GCG previously stated that they were exerting all efforts to timely validate the respective CGS of covered GOCCs and to release the results. Hence, the simultaneous release of the results of the 2017 and 2018 validation.

The CGS assesses the Corporate Governance performance of GOCCs on an annual basis to help identify and evaluate their strengths and weaknesses compared to existing corporate governance provisions, and their adherence to best practices and international standards. GOCCs are assessed in three different areas: *Stakeholder Relationships, Disclosure and Transparency, and Responsibilities of the Board*. Along with the Performance Scorecard of GOCCs, the CGS ensures the improvement in the transparency of corporate governance initiatives and practices.

True to form, the PDIC landed in the top 5 out of 82 GOCCs for both years – second place for 2017, and fourth place for 2018. For both years, the PDIC was strongest in *Disclosure and Transparency*, for which it obtained perfect scores. It likewise obtained bonus points for practicing the Global Reporting Index (GRI) in its annual reports, and for releasing its audited financial statement within 30 days upon receipt from the Commission on Audit. The PDIC obtained a total score of 99% for 2017.



The PDIC has consistently been in the top 5 since the inception of the CGS in 2014, and was ranked No. 1 in 2014 and 2015.

For 2018, it obtained a total score of 95%. The PDIC has consistently been in the top 5 since the inception of the CGS in 2014, and was ranked No. 1 in 2014 and 2015.



SUSTAINING INTERNATIONAL STANDARDS IN OUR FRONTLINE SERVICES

PDIC's Quality Management System (QMS) on claims settlement operations (CSO) and supporting processes was initially certified under ISO 9001:2008 standards in 2010. The QMS, including its other certified processes, successfully transitioned in 2018 to ISO 9001:2015 standards, where risk-based thinking is now an explicit concept. As a result, the periodic review and identification of relevant risks and opportunities to core and support processes are now integral parts of the QMS.

Real Property Disposal, being a frontline service, has been the area of expansion in the Corporation's ISO-certified processes this year, in addition to CSO, Assessment of Member Banks and Loans Management.

PROMOTING PUBLIC SERVICE CONVENIENCE

Republic Act No. 11032 or the Ease of Doing Business and Streamlining of Government Services Act (EODB Act) took effect in June 2018. It aims to improve the country's competitiveness and ease of doing business by simplifying the process for the issuance of permits and licenses, promoting transparency

and eliminating red tape in government. The Implementing Rules and Regulations (IRR) of RA 11032 issued by the Anti-Red Tape Authority (ARTA)¹⁷ were approved on 17 July 2019.

After extensive consultations with and orientation by representatives from ARTA, the Corporation reviewed and revised its Citizen's Charter to comply with RA 11032, its related IRR and prescribed format. The review resulted in an expanded list of external services in the Citizen's Charter. The PDIC continues to review its processes to deliver services to the public as its commitment to continual improvement.

Aside from providing the prescribed processing times of three working days for simple transactions, seven working days for complex transactions and 20 working days for highly technical applications, the EODB Act also calls for the streamlining of procedures for the issuance of local business licenses, clearances, permits or authorizations and securing related fire clearances and certificates. Should an agency fail to approve or disapprove an original application with complete requirements within the prescribed processing time, said application shall automatically be deemed approved.

ACCELERATING THE JOURNEY FOR GENDER AND DEVELOPMENT (GAD)

The journey of the Corporation to being a gender responsive organization further advanced in 2019. Led by PDIC's GAD Focal Point System (GFPS) and guided by policies issued by the Philippine Commission on Women (PCW), the PDIC Management approved during the year the GAD Agenda for 2020-2025, the GAD Strategic Framework and GAD Strategic Plan.

The six-year GAD agenda, which is founded on gender analysis, is oriented towards client and organization-focused outcomes. Client-focused outcomes will result from

GENDER AND DEVELOPMENT AGENDA

PART 1 : GAD STRATEGIC FRAMEWORK

AGENCY:

PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)

MANDATE:

PDIC shall promote and safeguard the interests of the depositing public by providing insurance coverage on all deposits and helping maintain a sound and stable banking system.

GAD VISION:

Empowered men and women equally contributing to and benefitting from financial inclusion through financial literacy and depositor protection.

GAD MISSION:

To promote and provide equal rights, opportunities, and participation among men and women in the prompt settlement of deposit insurance claims, expeditious liquidation of closed banks, and effective mitigation of risks to the depositing public.

GAD GOALS:

1. Equal access of women and men to PDIC services related to deposit insurance, liquidation and programs including financial literacy
2. Gender equality and women empowerment perspective institutionalized in PDIC policies, systems and processes, programs, activities and projects
3. Gender-responsive women and men of PDIC



activities such as (1) conduct of financial literacy seminars, (2) review and revision of existing information materials in various forms to incorporate gender perspective based on feedback and comments of clients, and (3) establishment of a GAD corner in the PDIC website with user interface feature. As prescribed by the PCW, organization-focused outcomes will cover the following areas: policy, people, enabling mechanisms; and programs, activities and projects.

During the year, the President approved the Guidelines on the Use of Gender Fair Language in all Official Documents, Communications and Issuances. Initial efforts had also been started to mainstream GAD in PDIC policies, particularly in the revision of select Standard Operating Guidelines and Instructions (SOGIs).

One key step made in 2019 was the analysis of the gender responsiveness of PDIC's two flagship programs – Project Management Team (PMT) Approach to Bank Takeover, and Financial Literacy Campaign using the Harmonized GAD Guidelines (HG DG). The conduct of the gender analysis of said programs enabled the Corporation to comply with Republic Act No. 9710 (Magna Carta of Women) particularly on the provision of allocating at least 5% of the Corporation's annual operating budget for the implementation of GAD programs.

The first PCW-endorsed PDIC GAD Accomplishment Report for 2017 and the approval of corporate GAD Plan and Budget for 2019 capped the GAD-related accomplishments for the year.

CHARTING THE PDIC BRAND JOURNEY

From the launch of the new PDIC logo in 2018, the Corporation's journey to a strengthened corporate brand was sustained in 2019. On 25 January 2019, the Intellectual Property Office of the Philippines (IPOPhil) signed and issued Certificate of Registration No. 4/2018/00008711 dated 30 December 2018 that approved the trademark application for the new PDIC logo. This registration gave PDIC the exclusive right to use the logo and prevent others from using the same or similar marks on identical or related goods and services.

The new PDIC logo embodies the PDIC brand and, as such, it is imperative that utmost protection is exercised in its usage. PDIC's corporate collaterals also transitioned during


the year to the new logo by bearing their new designs incorporating the logo and the PDIC tagline, *"Bank deposit mo, protektado!"*.

The PDIC's brand journey further advanced through the conduct of branding workshops among Management Committee members and cascading sessions for employees to instill in them the values of the brand and make them appreciate and embrace their respective roles in the bigger picture which is the PDIC brand of service.

During these workshops, PDIC's brand traits and brand meanings were identified which are honed by its culture and history for more than five decades. The brand traits are characteristics that are unique to PDIC. These are concrete ideas or qualities that stakeholders should associate with PDIC and its services. Moreover, the brand meanings help define the brand traits and explain how

exactly these traits apply to PDIC. Through the brand traits and brand meanings, the idea of PDIC as an organization takes a definite shape in the minds of clients, which helps them gain a better understanding of PDIC's roles, not just

for their benefit as individual depositors, but also for the welfare of the country's financial system as a whole. Collectively, PDIC's brand traits and brand meanings encapsulate the PDIC brand footprint.

Brand Traits		Brand Meanings
	Professional The characteristic of professionalism assures the public that the efficiency standards are met.	Depositor Protection As deposit insurer, receiver of closed banks, and financial literacy advocate, the PDIC's goal is to provide protection to the depositing public.
		Good Governance With integrity at the core of all its services, the PDIC has become a consistent champion of good governance, delivering exemplary public service to its stakeholders.
		Financial Stability Through deposit insurance, the PDIC builds depositor confidence in banks, and contributes to the stability of the financial system.



SETTING THE BASELINES OF PUBLIC AWARENESS

During the year, the PDIC conducted its first ever nationwide Public Awareness Survey that aims to measure public awareness and perception of the PDIC and deposit insurance. The Corporation engaged the services of Kantar Philippines, Inc. to conduct the survey, establish baseline public awareness data, and identify stakeholders' sources and channels of information. The results will equip the PDIC in developing efficient, effective and responsive communication programs and campaigns, moving forward. The survey covered 1,500 respondents randomly selected nationwide.

Results were presented to the PDIC Management in April 2019 and among the highlights were as follows:

90%

of adult Filipinos surveyed have heard, read, or watched anything about PDIC

15.6%

were able to correctly associate the PDIC with its role in depositor protection



The PDIC has a fairly good reputation among the survey respondents, anchored on the public's trust and belief in its competence



Main sources of information were banks, TV, radio, website/social media and newspapers

RAISING PUBLIC AWARENESS AND STRENGTHENING STAKEHOLDER AFFINITY

Based on the results of the Public Awareness Survey, the PDIC developed its Strategic Communications Plan (SCP) to serve as the overall guidance in the Corporation's way of communicating with both its internal and external stakeholders. The SCP was approved by the PDIC Board of Directors in December 2019.

The SCP aims to raise public awareness on PDIC and deposit insurance and to strengthen the affinity of stakeholders towards the Corporation, the fulfillment of which will be measured by the succeeding conduct of a public awareness survey.

The SCP likewise determined the PDIC programs that need to be pursued to attain the objectives set. These included the need to maximize opportunities for public awareness such as the observance of the Depositor Protection and Awareness Week every June and the Economic and Financial Literacy Week in November; enhancement of advertisements and media engagement; strengthening of social media campaign; adoption of appropriate communications technology; brand alignment of communication activities and information materials; and enhancement of the *Be a Wise Saver* campaign. These programs are aimed at helping the public better

understand and appreciate the PDIC's role in depositor protection and financial stability.

PURSUING CONTINUAL IMPROVEMENT IN SERVICES

The Corporation remains committed to the principle of continual improvement. As such, it pursued the conduct of efficiency reviews, formulation and revision of Standard Operating Guidelines and Instructions (SOGIs), and review and revision of the PDIC Citizen's Charter to promote efficiency in the delivery of its services and to continue to be responsive to the needs of PDIC clients and the public. The Corporation also added another frontline service, Real Property Disposal, to its roster of ISO-certified processes.

Efficiency Review of Management of the Provident Fund

The Corporation conducts an efficiency review to enhance operational efficiency, ensure compliance with applicable laws, government rules and regulations, and through the recommended improvements, minimize attendant risks for non-compliance.

The results of the efficiency review are also used as inputs in the development and/or procurement of computerized systems to support the specific unit's administration processes which during the year, was in the area of the Provident Fund.

The efficiency review on the Management of the Provident Fund resulted in recommendations focused on addressing major observations, namely: streamlining the processing of loan applications, monitoring, and reformatting of loan forms.

Standard Operating Guidelines and Instructions

To ensure that documented processes are updated, the PDIC continuously formulates or updates Standard Operating Guidelines and Instructions (SOGIs). Formulation of SOGIs takes into consideration relevant laws and policies while existing SOGIs are continuously revisited to consider recent developments and best practices.

In 2019, three SOGIs related to PDIC's mandate as deposit insurer were revised. These included: 1) Claims Processing, 2) Claims Settlement, and 3) Bank Examination. Three SOGIs on select support services were revised: 1) Allocation, Accountability, Responsibility and Liability for Corporate Property and Equipment, 2) Opening, Maintenance and Closing of Deposit Accounts, and 3) Financial Assistance Administration. Two SOGIs related to employee welfare and relations were also revised: 1) Monetization of Vacation Leave/ Sick Leave Credits and 2) Expressions of Sympathy. In addition, the Quality Manual



and Procedures for Internal Quality Audit were revised to reflect the inclusion of Real Property Disposal in the scope of the Quality Manual, and to document the Corporation's commitment to continual improvement under the updated ISO 9001:2015 standards on Quality Management System.

The PDIC continues to review existing SOGIs and formulate new ones to enhance responsiveness in the delivery of the Corporation's services.

BOOSTING PUBLIC INTERCONNECTIVITY

Aiming to further improve total customer experience, the Corporation installed free wifi at its Public Assistance Center (PAC) in March 2019 to help improve clients' access to information during the course of their transactions at the PAC.

The free public wi-fi helped clients stay connected to the Internet for urgent concerns on research, contacting families and friends, and even for doing online and other digital transaction while they await their turn to be serviced.

The wi-fi access is an additional free service to the staple provision of complimentary water, coffee, candies and newspapers at the PAC - all aimed at providing a convenient, hassle-free and efficient service to the depositing public.

KEEPING THE MATURITY LEVEL OF HRM SYSTEMS

The PDIC adopted the Civil Service Commission's (CSC) enhanced Program to Institutionalize Meritocracy and Excellence in Human Resource Management (PRIME-HRM) to pursue continuous human resource (HR)

excellence. PRIME-HRM is a mechanism that aims to empower government institutions to develop their HR management competencies, systems and practices.

In February, the CSC recognized the PDIC's HRM systems for Maturity Level 2. Maturity Level 2 (Process-Defined HRM) is attained when processes are guided by a set of defined and documented standard operating procedures responsive to the agency's unique needs, and automation is being used to a certain extent. The Corporation was likewise a candidate for the CSC's Bronze Award as of year-end.

Continued Implementation of the Competency-Based Human Resource System (CBHRS)

During the year, results of the competency assessment survey (CAS) held in 2018 were processed and used as integral inputs in the Learning and Development (L&D) Plan for 2019. Competency-based job descriptions (CBJDs) were also completed within the year that helped customize CAS questionnaires for each position.

A significant milestone reached in 2019 was the creation of the Competency Assessment Survey System (CASS), an online assessment facility that helped employees complete their baseline assessment data. Assessment will be continuously conducted to contribute valuable information to implement other HRM systems such as the learning and development plan for 2020, screening process for recruitment, selection and placement; determination of competency status and gaps for candidates in the succession planning program; and coaching opportunities for performance management.

Implementation of Competency-Based Recruitment, Selection and Placement (CBRSP) System

With the implementation of the competency-based recruitment, selection and placement system, the Corporation continued to strengthen its hiring process. The system guides the organization particularly, members



of the Human Resource Merit Promotion and Selection Boards (HRMPSB), on the elements of the behavioral event interview (BEI), crafting of BEI questions, and simulating a BEI interview. These new guidelines and process were applied to new hires and newly-promoted employees in 2019.

Establishing the PDIC Competency-Based Succession Planning Program

The PDIC initiated work for the competency-based Succession Planning Program (SPP) during the year. The Program aims to ensure leadership continuity in key/critical positions of the Corporation through talent development which will provide opportunities for employees' advancement and employee retention. The first phase of the SPP was expected to be completed by the first semester of 2020.



Personnel empowerment through Competency-Based Learning and Development (L&D) Interventions

Ensuring a holistic growth for employees, the PDIC implemented an L&D Plan to enhance employee capabilities and address competency gaps. The plan covered the development of all employees from hiring date to separation from service in PDIC.

Internal and external training during the year provided capability-building opportunities for 537 out of 542 personnel. The data showed

that 99% of the employees attended at least one in-house or offsite development program for the year. All 537 employees attended internally-organized learning programs.

In support of the roll out of in-house programs to enhance employee capabilities and address competency gaps, 246 personnel or 45% of PDIC personnel participated in 179 external training programs which built employee core, leadership/managerial and technical competencies.



Capability-building interventions were conducted during the year to continuously develop a committed and competent workforce. These included a series of Skills Retooling Course/Capacity Building on Claims Settlement and Public Assistance administered in four batches. Five PMT Learning Sessions were also held during the year to help promote awareness on field operations. The learning sessions also provided opportunities to PMT members

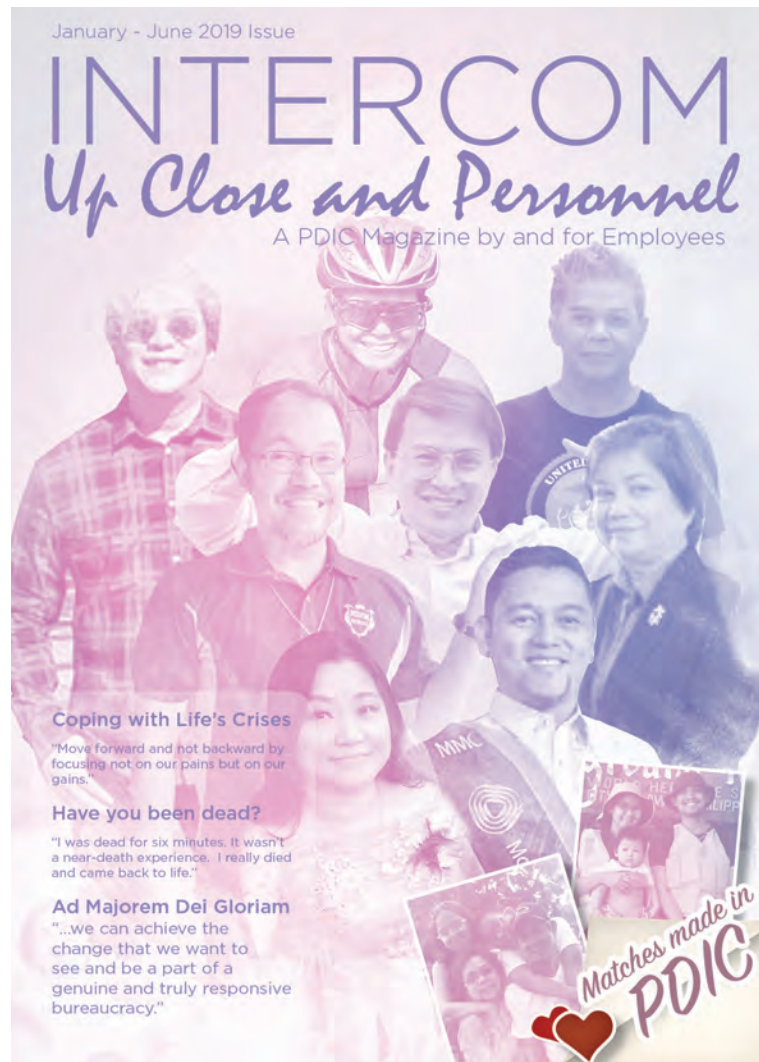


to share learning experiences, challenges encountered on field and the measures or strategies executed to resolve these operational issues.

A total of 185 employees or 34% of the total workforce attended training programs focused on developing gender-sensitive and responsive PDIC women and men such as gender fair language, gender and wellness, financial literacy for women, diversity in the

workplace-inclusive policies and practices, and entrepreneurial spirit toward women empowerment.

With an increased number of retirees for the past years, the conduct of retirement planning was also included in the learning and development program for 2019 in recognition of the advancing age of majority of PDIC's personnel.



CONTINUOUSLY ENGAGING THE PDIC PERSONNEL

Intercom, the official PDIC newsletter, has been a part of the Corporation's culture and identity since its first publication in 1994. In 2019, to complement the newsletter, a magazine-style, publication *Intercom: Up Close and Personnel*, was born.

Intercom: Up Close and Personnel was designed to be a PDIC magazine for employees and by employees. From the name itself, *Intercom: Up Close and Personnel* takes a closer look at the lives of PDIC personnel beyond their official duties and responsibilities. Personnel were also asked to contribute stories and literary works to enable them to share their creativity and other pursuits for personal and professional development and inspire fellow employees.

For its maiden issue, *Intercom: Up Close and Personnel* featured topics on leadership, personal reflections, health and fitness, travel and style, personal recipes, collection and hobbies, brain teasers, and even Matches Made in PDIC – a section on married couples who met during their employment in PDIC. An Alumni Corner is in place to pay tribute to those who have retired from the PDIC and to provide a glimpse of life after retirement. The innovation that was *Intercom: Up Close and Personnel* was received with positive feedback from personnel.



LAYING THE GROUND FOR THE NEW PDIC BUILDING

The PDIC covered substantial ground this year for its much-awaited homecoming to the renovated Chino Roces building in 2020. Partnering with an experienced building contractor, the contract signing between the

PDIC and EM Cuerpo Inc. (EMCI) was held on 7 August 2019. EMCI has been operating for 19 years and has completed building projects such as the Clark International Airport, Basco Batanes Airport, Batasan Hospital, Maritime Industry Authority (MARINA) building, and the design, site development and construction of 1,000 socialized housing in Rizal.

The groundbreaking ceremonies were held on 16 August 2019 and attended by PDIC's top executives, counterparts from EMCI, and the design consultants of PDIC. It also signaled the PDIC renovation project going full blast.

The PDIC was able to secure the building permit for the renovation of the building on 11 December 2019 which paved the way for the start of the restoration and refurbishing of the corporate property. The PDIC also entered into an agreement with the DPWH - Unified Project Management Office for the technical, advisory and review services during the implementation until completion and acceptance of the PDIC Building Renovation Project.

The PDIC Building is envisioned to be equipped with state-of-the-art facilities and will be furnished using modular office equipment. Conducive work environment promoting employee well-being and productivity, and total customer experience are the primary considerations in the design, layout and choice of facilities of the building.



The PDIC building is envisioned to be equipped with state-of-the-art facilities and will be furnished using modular office equipment.

PHILIPPINE DEPOSIT INSURANCE CORPORATION

PROMOTING FINANCIAL STABILITY

.....
The PDIC Story 2019



Depositor protection and financial stability go hand in hand. As deposit insurer, the PDIC assures depositors of the safety of their deposits and thus, contributes to a sound financial system. In managing the risks to the Deposit Insurance Fund, PDIC instills market discipline among players in the banking system and pursues legal actions against those who undermine the deposit insurance scheme through their unsafe and unsound banking practices. As receiver of closed banks, the Corporation pursues strategic initiatives to further enhance its receivership and liquidation operations. As a financial regulator, the PDIC collaborates with co-regulators in promoting financial education and in protecting the financial system from both external and internal disruptions, thereby supporting development and inclusive growth.

TAKING OVER THE AFFAIRS OF CLOSED BANKS

The PDIC, as the statutory Receiver of closed banks, is mandated to terminate the liquidation of banks within a reasonable period from date of closure by the Monetary Board (MB). In line with this directive and guided by its five-year medium-term plan, the PDIC undertook its receivership functions with renewed purpose and vigor in 2019.



During the year, PDIC took over the assets, records and affairs of 11 banks, with a total of 51 banking units, within the next business day from receipt of the MB Resolution prohibiting said banks from doing business in the Philippines.

While the number of banks ordered closed fell slightly below the historical average of about 17 bank closures per year, issues encountered in the servicing of the notice of closure and in taking over certain banks proved to be just as challenging. Scenarios of these closures

BANKS CLOSED IN 2019

TABLE 1

	Bank	Number of Branches	MB Resolution No.	Date of MB Resolution	Takeover Date
1	Bagong Bangko Rural ng Malabang (Lanao del Sur), Inc.	1	159	24 Jan 2019	25 Jan 2019
2	Rural Bank of Mabitac (Laguna), Inc.	9	270.A	21 Feb 2019	22 Feb 2019
3	The Palawan Bank (Palawan Development Bank), Inc.	10	660.A	2 May 2019	6 May 2019
4	Valiant Bank, Inc. (A Rural Bank)	9	725.A	16 May 2019	17 May 2019
5	Rural Bank of Basey (Samar), Inc.	1	724.B	16 May 2019	17 May 2019
6	Rural Bank of Guihulngan (Negros Oriental), Inc.	1	754.A	23 May 2019	24 May 2019
7	East Coast Rural Bank of Hagonoy, Inc.	1	802.B	30 May 2019	31 May 2019
8	Rural Bank of Larena (Siquijor), Inc.	1	1570.A	10 Oct 2019	11 Oct 2019
9	Rural Bank of Lemery, Inc.	1	1660.A	31 Oct 2019	4 Nov 2019
10	AMA Rural Bank of Mandaluyong, Inc.	13	1705.D	7 Nov 2019	8 Nov 2019
11	Maximum Savings Bank, Inc.	4	1704.C	7 Nov 2019	8 Nov 2019
	Total Number of Branches	51			

differed considerably from established procedures which compelled the use of more innovative solutions.

Five of these 11 banks were ordered closed within the month of May, where two banks were simultaneously ordered closed, while the other two were multi-unit banks. These successive and simultaneous closures involving multi-unit banks stretched the resources in the Receivership and Liquidation Sector (RLS) and required the activation of the Employee Takeover Pool, a group of trained officers and staff from other sectors in the Corporation ready and available to be tapped to augment a Project Management Team (PMT) as needed.

THE PECULIAR CASES OF TWO RURAL BANK CLOSURES

Adopting Alternative Bank Takeover Model

The unfavorable security conditions and precarious peace and order situation in the locality and neighboring towns of Lanao del Sur prevented the PDIC to deploy personnel for the takeover of Bagong Bangko Rural ng Malabang (Lanao del Sur). Because of this, the Notice of Closure was served and confirmed via electronic mail by the Bank's compliance officer on 25 January 2019. Through teleconferences, arrangements were made with the officers of the Bank to facilitate the pull out of bank records from the bank premises to commence examination and validation by the PDIC.





Due to the heightened security concerns to the Bank's depositors and employees, and to the PDIC PMT, receivership activities prerequisite to deposit insurance payout were carried out at the PDIC Office instead of the bank premises in Lanao del Sur.

Confronting Adversities of Bank Closure: The AMA Bank Case

AMA Rural Bank of Mandaluyong, Inc. (AMA Bank) was ordered closed by the Monetary Board on 7 November 2019. The PDIC's takeover of the closed AMA Bank on 8 November 2019 was equally challenging from Day 1. Foremost of these challenges was the refusal of bank officers/employees to

cooperate with PDIC. The demand to account for, surrender and turn over to the PDIC the bank's records and other accountabilities fell on deaf ears despite making it known to accountable personnel that it is their responsibility to properly turn over the records and that these were critical to immediately pay depositors' claims for insured deposits.

A media briefing was conducted to reach out to the Bank's depositors and clients and to explain the difficulties being faced by the Corporation. A series of meetings with depositors and borrowers of the closed bank was undertaken as well to assure them that their interest was of primary importance to



the PDIC. In said meetings, the Corporation provided updates and informed depositors and borrowers of the challenges the PDIC is confronted with and the subsequent delay these pose in the settlement of their deposit insurance and in their loan transactions.

Recognizing the futility of the situation, the Corporation adopted alternative methods to obtain the necessary bank records and documents as a recourse. The PDIC conducted the records and inventory-taking in the presence of a third-party person-in-authority.

The delay in the records turnover and payment processes was further aggravated when a 60-day temporary restraining order (TRO) was issued by the Court of Appeals on 25 November 2019 that prohibited the PDIC from further undertaking its receivership and deposit insurance operations in AMA Bank. The TRO arose from the petition filed by the majority stockholders of AMA Bank that questioned the closure of the Bank. The PDIC and the BSP resolutely opposed this petition and sought the lifting of the TRO. The decision of the Court of Appeals on the case was still pending and the TRO was still in effect as of year-end¹⁸, effectively stalling the PDIC's deposit payout and liquidation functions to the detriment of the Bank's depositors and clients.

SAFEGUARDING THE INTEREST OF CLOSED BANK CREDITORS

In addition to the contingent task of leading the takeover of banks declared closed by the MB, the PDIC filed 34 asset distribution plans (ADPs) with the Liquidation Courts during the year. Prior to the filing of ADPs with the

Liquidation Courts, collaborative activities of groups within the RLS and the Legal Affairs Sector were undertaken. Approval of ADPs paves the way for the fulfillment of the corporate objective to distribute assets to creditors and expeditiously terminate liquidation of closed banks.

ASSETS DISTRIBUTED TO CREDITORS IN 2019

(In Million Pesos)

TABLE 2

Creditors	Nature of Claim	Total Claims/ Payable	Assets Distributed		
			Cash	Kind	Total
PDIC	Receivership and Liquidation Expenses	120.59	106.75	3.63	110.38
	Subrogated Claims	1,739.17	266.25	20.52	286.77
	Surplus / Financial Assistance/ Assessment Fee	1.96	1.96	0	1.96
	Sub-Total	1,861.72	374.96	24.15	399.11
BSP/CB-BOL	Rediscounting Emergency Loans, Penalties, Fees	679.37	7.55	48.76	56.31
Other Government Agencies	Bureau of the Treasury	0.77	0.71	0	0.71
	BIR & Other Gov't Agencies	252.40	2.10	43.81	45.91
	Sub-Total	253.17	2.81	43.81	46.62
Other Creditors	Uninsured Deposits, Labor Claims, etc.	789.37	61.59	1.19	62.78
TOTAL		3,583.62	446.91	117.91	564.82

¹⁸ On 24 January 2020, the Court of Appeals issued a writ of preliminary injunction that further suspended the takeover and deposit insurance operations of the PDIC in the closed AMA Bank. The PDIC and the BSP jointly filed a petition that sought to expedite the resolution of the case.

Pursuant to Liquidation Court-approved ADPs, a total of P564.8 million in closed bank assets was distributed to various creditors of closed banks in 2019. Such distribution followed the order of priority under the concurrence and preference of credits provisions of the Civil Code.

EXPEDITIOUSLY MANAGING AND DISPOSING ASSETS

The PDIC administers corporate assets acquired from financially-assisted banks and the assets of closed banks under liquidation through preservation, income-generation and disposal. These assets are generally offered for sale at least once through public bidding, then under negotiated sale if unsold, before being lined up for distribution to creditors.

To this end, these properties' readiness for sale is evaluated by determining their existence, ownership and value. These assets are aggressively marketed to increase the chances of disposal. These efforts resulted in the disposal of 1,467 ROPA during the year, nearly four times more than the 383 ROPA

PROCEEDS FROM ASSET MANAGEMENT AND DISPOSAL

(In Million Pesos)

TABLE 3

	CORPORATE		CLOSED BANKS		TOTAL	
	No. of Properties	Collection (in Million Pesos)	No. of Properties	Collection (in Million Pesos)	No. of Properties	Collection (in Million Pesos)
Sale of ROPA	717	24.44	750	400.75	1,467	425.19
Bidding	0	0	571	275.46	571	275.46
Negotiated Sale	717	24.44	179	125.29	896	149.73
Sale of FFE / TEs	0			10.99		10.99
FFE	0			4.67		4.67
TEs	0			6.32		6.32
Other Collections		34.33		109.83		144.16
Lease		4.45		55.60		60.05
Dividends and other income		29.66		43.17		72.83
Collection from installment sales		0.21		11.06		11.27
Collections - Corporation and Closed Banks		58.77		521.57		580.34



sold in 2018. A total of P425.2 million was generated for the Corporation and closed banks from these sales.

An additional P155.2 million was collected from the sale of furniture, fixtures and equipment (FFE) and transportation equipment (TE); lease of properties and dividends.

PRUDENTLY RESOLVING AND COLLECTING LOANS

Through various modes, loan receivables of closed banks and loans assigned to the Corporation are resolved through offset of loans against borrowers' deposits, compromise settlement, foreclosure and write-off, among others. However, the preferred mode of resolution is through compromise settlement as repayment of loans generates inflow of funds.

A total of P352.3 million was approved for compromise settlement for closed bank and corporate loan accounts during the year. However, at P1.0 billion, the setting up of provisions for impairment losses was the mode with the biggest impact in terms of amount. The application of payments temporarily booked as accounts payable accounted for P44.7 million.

A total of P862.3 million in cash was collected for the same period for compromise settlements approved in prior years. Bulk of these collections or P799.2 million were from closed banks' accounts.

LOAN RESOLUTION AND COLLECTION

(In Million Pesos)

TABLE 4

Mode	Corporate	Closed Banks	TOTAL
Compromise Settlement	20.28	332.03	352.31
Reclassification to ROPA	0	1.25	1.25
Foreclosure and <i>Dacion en Pago</i>	5.34	0	5.34
Application of Payments Temporarily Booked as Accounts Payable	0	44.74	44.74
Net Out of Deposit	0	12.55	12.55
Setting up of Provision for Impairment Losses	0	1,050.00	1,050.00
Derecognition of Booked Principal	0	4.23	4.23
Total Resolution	25.62	1,444.80	1,470.42
Total Collections	63.07	799.20	862.27

Activities essential to better borrower response rate involved the sending out of demand and loan confirmation letters and the issuance of Statements of Account (SOA). All demand letters scheduled for mailing during the year, including follow-up letters, were sent out as scheduled.

To collectively clean up the books of closed banks and extract more loan payments, proposals for loan portfolio sale and service engagement of collection agents were studied. Exploratory meetings with prospective service providers were conducted during the year to clarify these proposals.

INITIATING STRATEGIC INITIATIVES TO ENHANCE RECEIVERSHIP AND LIQUIDATION OPERATIONS

To further improve receivership and liquidation processes and systems, a number of thrusts were pursued in 2019 including the creation of an inter-sector Task Force to formulate contingency plans for big-bank, simultaneous or successive closures. This initiative was prompted by big and consecutive closures in recent years and the spate of bank closures in the month of May. The framework for the formulation of the contingency plan was agreed upon by the Task Force and baseline capacities of the various groups involved in the takeover and claims settlement operations have been identified as essential inputs to finalize the contingency plan in 2020.

During the year, two frontline services in receivership and liquidation, namely, Real Property Disposal and Loans Management, attained and maintained ISO 9001:2015 certifications, respectively. Independent ISO certifying bodies conducted audits on the PDIC's quality management systems in relation to these frontline services and affirmed the compliance of both services with the standards.

The outsourcing of qualified service providers to assist in the preparation of ADPs from 2020 onwards was likewise explored in 2019 and an audit firm was engaged to provide reconciliation and bookkeeping services for a set of closed banks. Depending on the result of said engagement, expanding this outsourcing arrangement may be considered moving forward.

The Corporation recognizes that people are its most valuable resource and efforts to improve the ranks have been constant. In conjunction with the strategic initiative to tap a human resource consultant to review the corporate organizational structure, best practice will be applied to this ongoing study with the end in view of developing the personnel structure, staffing, plantilla, qualifications, and succession planning for RLS.

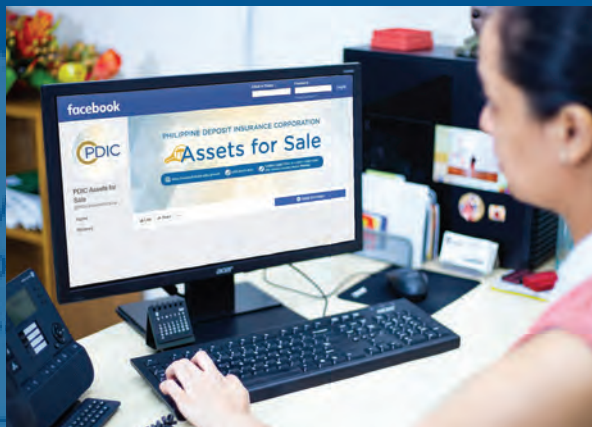
The development of systems for the convenience of clients such as the electronic filing of creditors' claims and payment of obligations to closed banks' creditors was likewise initiated during the year. The marketing strategy for assets was also enhanced with the launch of the Assets for Sale microsite and the creation of a dedicated Facebook page.



The Corporation recognizes that people are its most valuable resource and efforts to improve the ranks have been constant.

Leveraging on Technology to Manage Asset Disposal: Assets for Sale Microsite

The PDIC launched its Assets for Sale Microsite on 19 June 2019 among members of the Chamber of Real Estate and Builders' Association (CREBA) in Davao City as part of the activities lined up for the pilot run of the PDIC Caravan (*Abot-Lingkod* Program). The microsite, accessible through <http://assetsforsale.pdic.gov.ph>, or through a click-on "Assets for Sale" icon on the PDIC website (www.pdic.gov.ph), is PDIC's first web-based tool that specifically caters to the Corporation's intensified asset disposal and marketing initiatives.



To help fully appreciate the microsite and all its features, the PDIC walked the real estate brokers' group through a video tutorial on how to use and navigate the site. A user-friendly tool with comprehensive and regularly updated contents, the microsite has several features including the Property Finder menu which allows customized searching such as type of property, location, size, or price. The search results will then show the available properties that match the requirements of the user.

The microsite also houses a section on Frequently Asked Questions (FAQs) which provides an overview of the Corporation's asset disposal initiatives. Its drop-down format lets users read the questions and answers without leaving the microsite's homepage.

The online calendar, which shows the schedules of PDIC's public bidding activities, is also an important feature of the microsite.

It also has a section on the requirements and procedures for purchasing properties through public bidding and negotiated sale. The Message Box section enables potential buyers to send inquiries directly to the PDIC.

To reach a wider population in promoting asset sale, the microsite is complemented by PDIC's Assets for Sale Facebook page. Initiated in April 2019, the Facebook page allows interested buyers to send queries directly to the PDIC. With the Facebook posts on PDIC's asset disposal activities, like-minded agencies can readily share posts and announcements on public bidding schedules and properties for sale in their social media network.

The Assets for Sale microsite and Facebook page enhanced marketing efforts for properties and complemented public engagement activities of asset marketing officers such as personal visits and meetings.

PURSUING JUSTICE TO INSTILL MARKET DISCIPLINE

The PDIC has been consistent in its relentless pursuit of bank directors, officers, and employees who engage in fraudulent, irregular and anomalous acts inimical to the interest of depositors, as well as to the Deposit Insurance Fund. This is in keeping with the Corporation's mandates of maintaining a sound and stable banking system and protecting the system from illegal schemes and machinations. To fulfill these mandates, the PDIC files legal actions against erring bank directors, officers, and employees to instill discipline in the banking industry and to deter the commission of fraudulent, irregular, and anomalous acts. Filing of the cases sends a strong message to the public that PDIC does not tolerate violations and deals with such transgressions to the fullest extent of the law.

In 2019, the PDIC filed before the Department of Justice (DOJ) Task Force on Financial Fraud a criminal case against the Chairman/President and 15 former directors and officers of the closed Banco Filipino Savings and Mortgage Bank, Inc. (Banco Filipino) for conducting business in an unsafe or unsound manner in violation of Republic Act No. 3591, as amended, or the PDIC Charter, which caused losses to the bank in the total amount of P789.46 million.

During the takeover operations in Banco Filipino, the PDIC discovered that the Bank paid legal fees to several law firms for a total amount of P789.46 million without any supporting documents or written contracts. The payments were likewise made without the required "pass upon" review of the then Comptroller from the BSP. Moreover, a partner of the law firm which was paid the amount of P225.87 million was also a director of the Bank. In its Complaint, the PDIC stated that the disbursements of legal fees without written contract and the BSP Comptroller's "pass upon" review are contrary to the duties and diligence required from directors and officers of a banking institution and constituted

"conducting business in an unsafe or unsound manner". The PDIC Charter punishes "conducting business in an unsafe or unsound manner" with imprisonment of not less than six years but not more than 12 years, or a fine of not less than P50,000 but not more than P10.0 million, or both, at the discretion of the court.

In 2019, the PDIC secured a court conviction against two erring bank officers for falsification. Aside from the conviction, the PDIC was successful in securing seven favorable resolutions from the DOJ leading to criminal indictments of former bank officers and employees, as follows:

PDIC Cases	DOJ Resolution
PDIC files qualified theft vs. former employees of the closed Rural Bank of Caba	Criminal Information filed in RTC San Fernando, La Union
PDIC files case vs. former employees of Xavier-Punla Rural Bank, Inc.	Criminal Information filed in RTC Malaybalay, Bukidnon
Former stockholder of closed Winbank, Inc. faces estafa charges	Criminal Information filed in RTC Malolos, Bulacan
Ex-officials of closed Accord Savings Bank, Philippine Farmers Bank face criminal charges	Criminal Information filed in RTC Makati City
PDIC files qualified theft vs. former President, 5 officers of Peñafrancia Rural Bank of Calabanga, Inc.	Criminal Information filed in RTC Camarines Sur
PDIC files estafa case vs. closed G7 Bank ex-branch manager, account officer	Criminal Information filed in RTC Naga City
Owner, 2 former officers of closed Dynamic Bank face P5.3 billion case	Criminal Information filed in RTC Batangas City

ENHANCING BANK EXAMINATION

Though it may appear that PDIC only enters into the picture when a bank is ordered closed, the reality is that the Corporation is just as present in operating banks. As Deposit Insurer, part of its function is to mitigate risks in the banking system to help protect the depositing public. The PDIC fulfills this by way of bank examinations which determine banks' financial health and their adherence to rules and regulations on banking and deposit insurance. Toward this end, the Corporation updated the Standard Operating Guidelines and Instructions on Bank Examination to consider the new provisions of the amended PDIC Charter and newly-issued PDIC Regulatory Issuances; and to streamline the examination process. It also developed and adopted the Deposit Operations Rating System to classify an examined bank's deposit operations after evaluation of the reliability of deposit balances and records. The ratings are determined based on the bank's compliance with pertinent banking laws, rules and regulations, and the adequacy and implementation of policies, procedures and internal controls on its deposit operations.

The PDIC likewise introduced a feedback mechanism to assess the Corporation's examination function and to solicit comments from the examined banks. The feedback will support the PDIC's efforts to continuously enhance its onsite examination process and the performance of its bank examiners.

During the year, the PDIC and the Bangko Sentral ng Pilipinas (BSP) continued to hold quarterly meetings to discuss significant issues and updates on monitored banks. Joint PDIC-BSP onsite examinations proceeded as planned. The PDIC jointly examined with the BSP a total of 18 rural banks and one thrift bank with aggregate estimated insured deposits of P1.7 billion. Directives to address the examination findings were promptly transmitted to the banks within the two-day turnaround time from receipt of the related Board Resolution.

In addition to the joint examinations, the PDIC also conducted onsite validation on banks that were found engaged in unsafe and/or unsound deposit-related practices to verify the banks' compliance with the Corporation's directives to stop or address the said practices. The PDIC was able to verify that

the subject banks indeed complied with said directives and have taken steps to address the unsafe and/or unsound practices.

CONDUCTING MEETINGS AND FORA WITH BANKERS

The Corporation also participated in various fora in collaboration with other financial regulators. A number of PDIC bank examiners were tapped as resource speakers in the PICPA Regulators' Forum held in Metro Manila, Cagayan de Oro, Iloilo and Tagaytay, to talk about the complementary roles of bank supervisors and the External Auditors, the significance of Audit Reports to PDIC, as well as raise PDIC's observations regarding compliance with Auditing Standards and pertinent law and regulations. Moreover, during the Countryside Financial Institutions Enhancement Program (CFIEP) Dialogue and Consultation in Iloilo City, La Union and Rosario, Batangas, PDIC bank examiners used this platform primarily to help raise awareness on the examination function of the PDIC, including common examination observations and discussions on newly promulgated PDIC Regulatory Issuances. Participation in these



collaborative and interactive platforms is among the Corporation's proactive measures to help protect the interests of depositors.

On 19 June 2020, *Convergence* with bankers from the Davao Bankers Association was held at the Marco Polo Hotel to engage them to work together with the PDIC to provide better protection to depositors and promote financial stability. The PDIC walked the bankers through the new seals of depositor protection – the new PDIC logo and tagline which are embodied in the new PDIC decals and standees. Bankers were also informed of the Assets for Sale microsite and the available properties that may benefit their clients and business.

As part of enhancing relationship with banks and promoting awareness of deposit insurance, the PDIC also conducted three briefings for bank compliance officers to provide updates on PDIC Regulatory Issuances and information on deposit insurance mandates including various programs and advocacies. These are part of the Certificate Course in Strategic Compliance in the Banking Industry by the Association of Bank Compliance Officers and the De La Salle University. To support the program on institutional strengthening of banks through consolidation and promote the extension of the CFIEP, the PDIC likewise participated as a resource speaker, along with Land Bank of the Philippines (LBP) and the BSP, in a briefing and dialogue held in Iloilo City in November.

PURSuing STREAMLINED PROCESSES FOR MERGERS, CONSOLIDATIONS AND ACQUISITIONS

Consistent with the Government's thrust of promoting ease of doing business and taking off from the PDIC Board's approval in 2018 of the Revised Criteria, Requirements and Processes for the Grant of PDIC Consent on Merger, Consolidation, and Acquisition (MCA) Proposals without Financial Assistance, the PDIC's processing time for MCA applications improved to 10 working days in 2019 from 17 working days in 2018 (from the receipt of complete requirements).

The shorter turnaround time in 2019 covered the evaluation and grant of consent to nine MCA applications involving 22 banks

(composed of 16 rural banks, three thrift banks, and three commercial banks) with total insured deposits of P626.0 billion. Six of these proposals involving 14 banks have been implemented while the other three transactions are still in process of registration with the Securities and Exchange Commission (SEC) as of year-end.

In step with the same concept of simplifying processes and documentary requirements, the PDIC initiated the scaling up of improvements in evaluating MCA proposals to cover the entire process of MCA approval and registration.

Thus, the PDIC spearheaded a collaborative project with the SEC, the Bangko Sentral ng Pilipinas (BSP), the Philippine Competition Commission (PCC), and the Cooperative Development Authority (CDA) to harmonize the requirements and synchronize the process flow and timelines in the MCA evaluation process. Weekly discussions, brainstorming, and negotiations were led by the PDIC to seek common ground in view of the different mandates of the agencies. A Memorandum of Agreement (MOA) is targeted to be executed by the collaborating agencies in the first half of 2020.

STRENGTHENING COOPERATION WITH FINANCIAL REGULATORS

Financial Sector Forum

Back in 2011, efforts were started to pursue an electronic information sharing (EIS) scheme, where member-agencies of the Financial Sector Forum (FSF)¹⁹ would be given access to a web-based portal to upload and/or view shared reports, information, and data (RID). Accordingly, the FSF MOA on Information Sharing entered into on 19 April 2006 was to be replaced by a new MOA that would capitalize on the use of information technology to bring about a more efficient and seamless exchange of relevant RID, and strengthen confidentiality provisions. The MOA is targeted for signing in 2020.

The new MOA would allow the exchange of relevant RID through the EIS, provide the proper forum to regularly discuss and resolve issues on the process and system by which the said RID are to be shared, and supplement existing bilateral sharing arrangements between and among FSF member-agencies. The shared RID shall allow the development of comprehensive financial system statistics that are indispensable in carrying out each financial regulator's mandate.

The FSF EIS is seen to offer two opportunities for the PDIC. Access to the key performance indicators of the top Philippine corporations will provide an insightful view of industries and the economy, which, in turn, will help in the assessment of risks to the banking system and to the Deposit Insurance Fund. The system will also supplement the existing bilateral sharing arrangements of the PDIC with the BSP and reduce reporting obligations of banks. Hence, will promote a more efficient handling of bank supervisory data.

The FSF member-agencies also participated in an International Monetary Fund (IMF) Technical Assistance mission in the second half of the year. The mission aimed to enhance supervisory powers with regard to conglomerate supervision, specifically on supervising capital availability and quality, and governance structure; and expanding external auditors' responsibilities. The mission included a workshop, led by experts from the IMF and the Federal Deposit Insurance Corporation, that explored a better understanding of risks faced by financial conglomerates, various approaches to improve risk assessment, and how a supervisory college works to ensure coordinated supervisory action among FSF member-agencies.



With the rising concern for cybersecurity, the FSF formed a new committee to focus on financial technology. As an initial exercise, the Financial Technology Committee completed a stock-taking exercise on the state of regulations related to information security to establish a cohesive and consistent regulatory approach to financial technology innovation.

Each FSF member-agency initiated a self-assessment exercise in preparation for the Financial Sector Assessment Program (FSAP) Review, to assess the Philippines' compliance with internationally-recognized standards to contribute to financial sector stability. Member-agencies also participated in the development module of the FSAP

Mission conducted by the World Bank (WB) assessment team in June 2019, which covered the following areas: payment systems and FinTech development, credit reporting, capital markets, insurance, climate change, role of state and financial intermediation. Based on the results of the FSAP Mission, the FSF initiated activities towards the development of a financial sector roadmap through a WB workshop in November 2019.

The FSF also launched a Customer-Centricity Campaign to develop a culture of responsible and responsive business conduct among the supervised financial institutions of the FSF member-agencies. Both the BSP and the PDIC hosted breakout sessions in 2019.

The FSF also launched a Customer-Centricity Campaign to develop a culture of responsible and responsive business conduct

Financial Stability Coordination Council

In 2019, BSP's Office of Systemic Risk Management (OSRM) became the Secretariat of the Financial Stability Coordination Council (FSCC)²⁰ and started providing technical support such as formulating macro-financial models, undertaking market surveillance, continuing assessment of the state of

²⁰ The Financial Stability Coordination Council is composed of the FSF member-agencies and the Department of Finance.



stability, recommending policies as well as developing various information, education and communication initiatives. In terms of organization, there is one working group reporting to the FSCC. This is documented through a revised MOA that was signed on 27 November 2019.

The FSCC launched a Primer to educate the public on the concept of financial stability. The FSCC also issued the Financial Stability Report (FSR), with the objective of conveying financial stability and systemic risk issues to the general public, and identifying and mitigating systemic risks. The FSR acts as the FSCC's main communication tool for financial stability for publication on a semi-annual basis starting in 2020. In addition to the FSR, the FSCC has also prepared a video

on financial stability as an educational tool for the public.

The FSCC also started work on standardizing the scope of the terms “financial stability”, “macroprudential policy,” and “systemic risk management”. In line with this initiative, drafting and review of the paper, “Systemic Risk and the New Financial Stability Agenda: Defining its Perimeter”, was initiated during the year.

Technical Advisor on Deposit Insurance of the Alliance for Financial Inclusion

In 2019, the Alliance for Financial Inclusion (AFI) invited the PDIC to be one of its technical advisors on deposit insurance for AFI's Global Standards Proportionality

Working Group. As one of the technical advisors, the PDIC will assist the working group in the areas of protection of funds in e-money accounts and analysis of effective deposit insurance systems for financial inclusion. Aside from PDIC, other technical advisors included were DIAs and like-minded agencies from Colombia, Kenya, Mexico, Nigeria, Peru, South Korea, and the USA.

In the Philippines, the AFI is directly working with the BSP on proportionate regulation on financial integrity and inclusion to reach the unbanked while keeping the financial system sound and protected.

Contributing to Contingency Planning and Crisis Management Efforts in the Region: Executives' Meeting of East Asia-Pacific Central Banks (EMEAP)

Upon the invitation of the BSP, the PDIC through Resolution Group Vice President Eden Dizon, participated in the interfaces of the Executives' Meeting of East Asia-Pacific Central Banks (EMEAP) particularly on the EMEAP Focused Meeting on Resolution with the Financial Stability Institute in preparation for the proposed Asia crisis simulation exercise.

The focused meeting discussed the need to undertake the crisis simulation exercise to practice crisis management arrangements, cross-border cooperation and information-sharing among participating authorities in

the event of a potential failure and resolution of a regional cross-border banking group.

The proposed crisis simulation was a venue for the relevant authorities to interact and work on a fictional cross-border scenario which may provide the opportunity for the authorities to evaluate their own crisis management and resolution toolkits. The exercise covered, among others, the areas of supervisory intervention and escalation, oversight of and response to the bank's recovery actions, assessment of systemic impact, and coordination of communications.

BENCHMARKING EXCELLENCE WITH GLOBAL PEERS

To anchor business process improvements and public service delivery among best practices in the world, the PDIC continues to learn from its global peers through networking and participation in international platforms that promote effective deposit insurance systems, depositor protection, and financial stability.

Memorandum of Understanding for Cross-Border Cooperation

The PDIC renewed its Memorandum of Understanding with Korea Deposit Insurance Corporation (KDIC) in October 2019 to provide a platform for information-sharing and other beneficial arrangements that will facilitate cross-border cooperation for depositor



protection especially during contingencies such as bank closures.

Under the agreement, apart from information-sharing, the two deposit insurance agencies will benefit from learning and sharing best practices through staff exchange, training and study visits, and bilateral meetings during international conferences. Similar bilateral cooperation agreements were forged in the past few years with other deposit insurance agencies. The PDIC has existing cross-border agreements with deposit insurers from Chinese Taipei, Indonesia, Japan, Korea, Malaysia, Russian Federation, Thailand, United Kingdom, USA, and Vietnam.



Knowledge-Sharing Activities in International Platforms

In line with overall efforts to achieve operational excellence and deliver world-class service to its customers, the PDIC reinforced in 2019 its networking and knowledge-sharing activities with international counterparts through the International Association of Deposit Insurers (IADI).

PDIC participants to the international conferences in 2019 contributed to international body of knowledge and insights on deposit insurance, and enhanced international networking and cooperation with peer DIAs.

PDIC President Roberto B. Tan delivered a presentation in February 2019 on Raising Public Awareness of PDIC during the International Conference on “*Deposit Insurance and the Public: Promoting*

Communication, Financial Literacy and Transparency” in Almaty, Kazakhstan. Executive Vice President Ma. Ana Carmela L. Villegas, on the other hand, participated in the International Conference of the IADI Asia Pacific Regional Committee (APRC) in June 2019 in St. Petersburg, Russian Federation with the theme, “*Deposit Insurance and Liquidation: Standards, Best Practices and Innovation*”. She shared the PDIC’s experience on bank liquidation.

The PDIC likewise joined study visits and knowledge-sharing sessions hosted by other DIAs during the year. Led by Directors Rogelio M. Guadalquiver and Reynaldo F. Tansio, the PDIC took part in the Study Visit on Liquidation and Asset Management by the Deposit Protection Agency of Thailand in Bangkok in August 2019. Meanwhile, officers from the Management Services and Legal Affairs sectors represented the PDIC during the 1st APRC Study Visit on financial stability and financial safety net framework which the

Korea Deposit Insurance Corporation (KDIC) hosted.

The Corporation also actively contributed to information exchange and monitoring of critical developments in the region including the management of *APRC Net*, APRC's semi-annual publication. The PDIC also contributed to efforts to reach out to other start-up DIAs in the region and to promote international cooperation through its work and membership in the APRC Secretariat and

APRC Technical Committees on Research, and Training and Assistance.

After his election as IADI Treasurer for a three-year term in 2018, PDIC President Tan delivered his first report as Treasurer during the 18th IADI Annual General Meeting in Istanbul, Turkey in October 2019 where he reported on the financial performance and financial standing of IADI as of close of the business year ending March 2019.

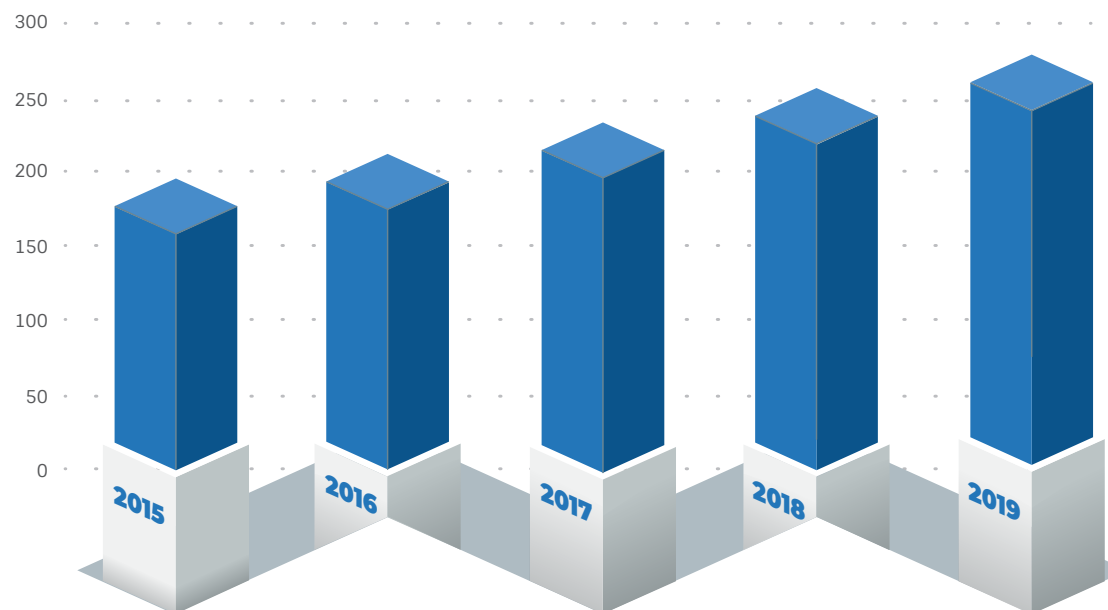


FINANCIAL PERFORMANCE

ASSETS

The total assets of the Corporation sustained its pace of expansion in 2019, growing by P24.3 billion or 9.8% to P273.1 billion from P248.8 billion, slightly higher than the 9.5% level of growth in 2018. The assessment collections from banks in the amount of P25.4 billion, which were channeled to investments, were the primary growth driver in assets during the year. However, while assessment collections still grew, it had been slower in 2019 which registered an increase of P1.8 billion or 7.6% against the P2.6 billion or 12.4% growth in 2018. Interest income of P11.7 billion from additional funds and existing investment portfolio of the Corporation, was 17.8% higher, also by P1.8 billion than the P9.9 billion generated in 2018.

ASSETS (IN BILLION PHP)



Assets	189.2	207.0	227.3	248.8	273.1
Growth Rate (in %)	11.2	9.4	9.5	9.7	9.8

CASH AND INVESTMENTS

(IN BILLION PHP)

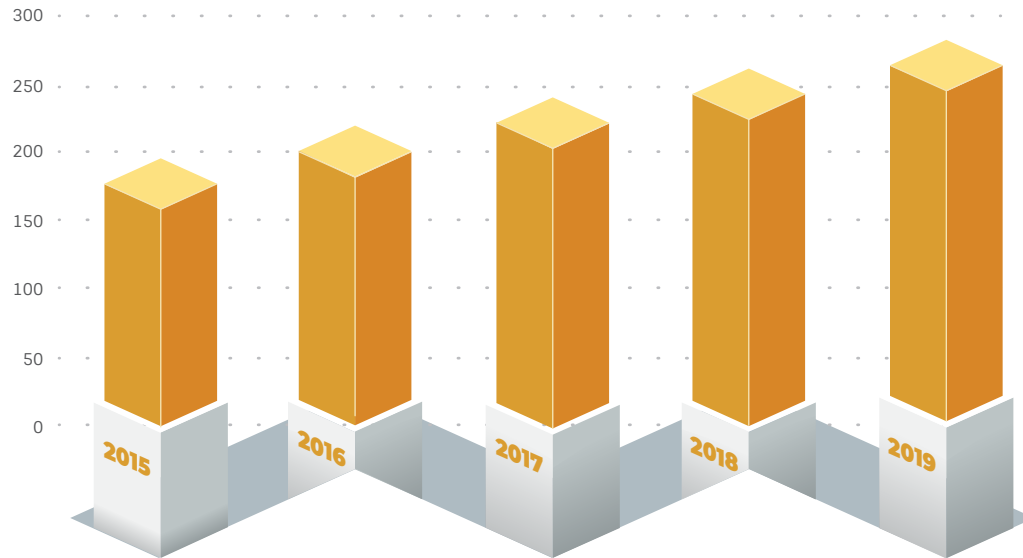
Cash and Investments

Cash and investments comprised 94% of assets, and these continued to grow, posting a double-digit increase of 10.2% or P23.7 billion to P255.6 billion from the P231.9 billion registered in 2018.

Investments consisted of long-term placements amounting to P205.0 billion and earmarked investments of P49.0 billion for the repayment of loans payable to the Bangko Sentral ng Pilipinas (BSP).

The PDIC, as provided in its Charter, 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. Thus, available funds for investments were maintained in risk-free government securities (GS) and short-term Special Savings Deposits (SSD) to maximize earnings. Funds intended for deposit insurance payout and other operational requirements were kept in short-term SSDs and/or Treasury bills to ensure readily available liquidity.

As a result of the improvement in reinvestment rates towards the end of the year, specifically in the 7-10 year tenors, average investment yield rose to 4.67% as of year-end compared to 4.45% last year. The corresponding increase in the proportion of higher-yielding medium to long-term GS investments, from P170.1 billion to P193.3 billion, fueled the higher overall portfolio yield. The average portfolio tenor as of year-end was at 6.06 years.



Adding to the Corporation's liquidity were cash collections from closed banks for subrogated claims and receivership and liquidation receivables amounting to P385.0 million, loan collections of P75.2 million, and income from financial assistance of P36.8 million.

The long-term investments consisted of PDIC's subscription to the Capital Notes issued by a commercial bank in the amount of P12 billion and preferred shares amounting to P102.6 million which represented the equity component of the financial assistance granted to two rural banks under the joint PDIC-BSP Strengthening Program for Rural Banks Plus (SPRB Plus).

Receivables

Total receivables of the Corporation posted an increase of 22.6% or P485.0 million to P2.6 billion compared to the balance of P2.2 billion in 2018. This consists of P2.6 billion loans and receivables and inter-agency receivables and other receivables totaling P63.0 million.

During the year, two rural banks were granted direct loans of P677.9 million under the SPRB Plus. In addition, interest accruals on notes receivables and investments amounted to P102.0 million at year-end. Receivables of closed banks were also additionally assigned to the PDIC amounting to P6.7 million in payment for subrogated claims receivables while accounts receivables-receivership and liquidation, and additional loans from installment sales of acquired assets stood at P3.1 million. Collections of loans and interest receivables amounted to P65.7 million and loan accounts have been reclassified to Investment Property amounting to P27.1 million in view of the foreclosure of the underlying collaterals of some loans.

The Corporation paid P1.2 billion in Subrogated Claims Receivables (SCR) for the year representing insured deposit payments which involved 53,108 deposit insurance claims for 46,416 accounts primarily in 11 closed banks in 2019. Accounts Receivables amounting to P269.1 million representing PDIC fees and advances for Receivership and Liquidation (AR-RL) operations were likewise added during the year. Both the SCR and AR-RL balances were provided with 100% allowance for impairment due to the insolvent status of the banks at closure which may be collected upon approval of the liquidation proceeds of the courts depending on the liquidation proceeds of the realizable assets of closed banks.

LIABILITIES

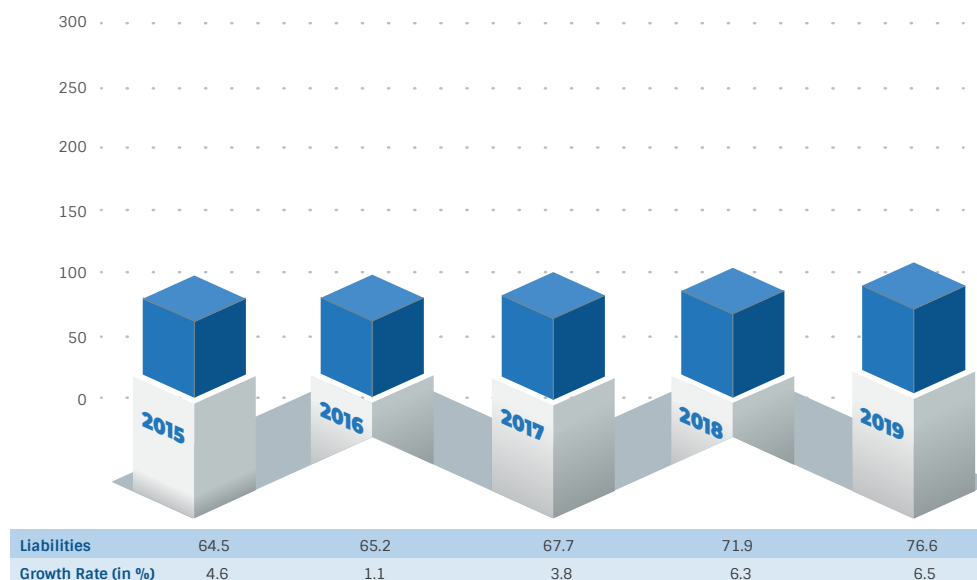
Total liabilities increased by P4.7 billion or 6.5% to P76.6 billion at year-end, compared to the P71.9 billion registered in 2018. This is composed of financial liabilities amounting to P72.0 billion and other liabilities of P4.6 billion.

Long-term loans payable to the BSP amounting to P71.7 billion including accrued interest on the loans comprised 93.6% of the total liabilities of

the Corporation. These loans funded the financial assistance²¹ granted to banks based on certain conditions. Loans payable amounting to P338.9 million represented BSP's share of 50% in the funding of the financial assistance recently granted to two rural banks under SPRB Plus.

Outstanding insured deposit claims payable of P183.1 billion increased by P11.9 million after the

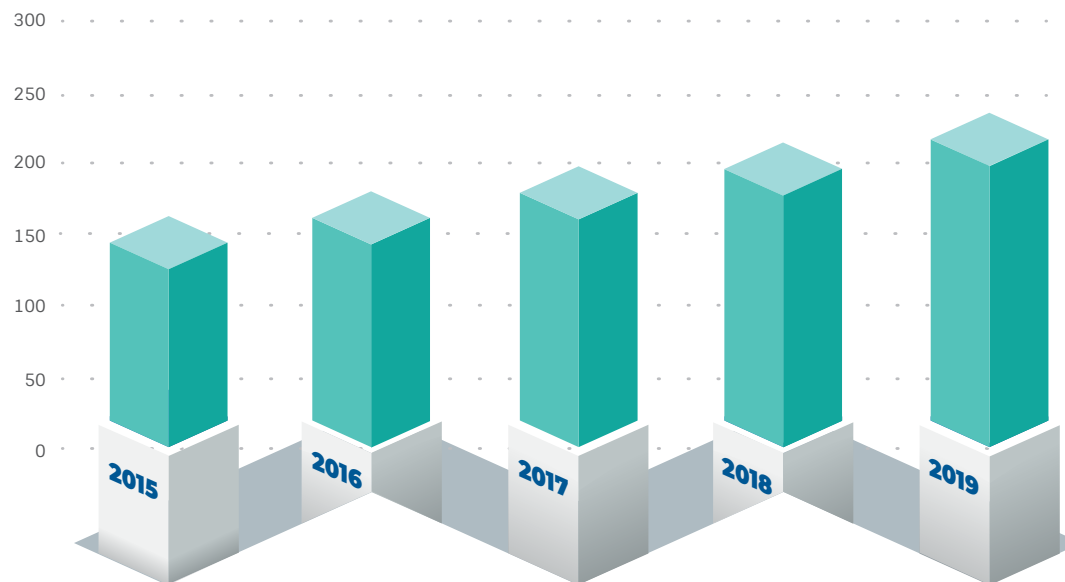
LIABILITIES (IN BILLION PHP)



²¹ Pursuant to Section 22(e) of the PDIC Charter, "...the Corporation is authorized to make loans to, or purchase the assets of, or assume liabilities of, or make deposits in: (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; upon such terms and conditions as the Board of Directors may prescribe, when in the opinion of the Board of Directors, such acquisition, purchase of assets, assumption of liabilities, merger or consolidation, is essential to provide adequate banking service in the community or maintain financial stability in the economy."

DEPOSIT INSURANCE FUND

(IN BILLION PHP)



Permanent Insurance Fund	3.0	3.0	3.0	3.0	3.0
Reserves for Insurance Losses	92.1	106.7	126.0	146.1	168.7
Retained Earnings	29.6	32.1	30.6	27.8	24.8
DEPOSIT INSURANCE FUND (DIF)	124.7	141.8	159.6	176.9	196.5
Estimated Insured Deposits (EID)					
Growth Rate of DIF (in %)	15.0	13.7	12.6	10.8	11.1
DIF/EID Ratio (in %)	6.0	6.3	6.6	6.6	6.9
EID in Billions	2,072.3	2,255.3	2,431.5	2,676.5	2,851.5

P1.2 billion payouts during the year. These are unclaimed insured deposit balances in 49 closed banks, 10 of which were ordered closed in 2019 and the rest were closures in previous years. The PDIC settles deposit insurance claims within 7-42 days depending on the number of accounts and the quality of bank record-keeping in a closed bank. This is far less than the six-month period within which the Corporation is allowed to settle such claims under its Charter.

Other liabilities of P4.6 billion consisted of P4.3 billion in dividends payable during the year to be remitted in the first quarter of the succeeding year, net of the P3.2 billion dividends declared to the National Government for 2018 which were remitted in March 2019.

DEPOSIT INSURANCE FUND

The Deposit Insurance Fund (DIF), the Corporation's capital, is composed of the Permanent Insurance Fund (PIF) of P3.0 billion, reserves for insurance losses of P168.7 billion and retained earnings of P24.8 billion for a total of P196.5 billion as of year-end. This DIF level represented a growth of P19.6 billion or 11.1% from P176.9 billion in 2018.

Reserves for insurance losses grew to P168.7 billion, or an increase of P22.7 billion or 15.5%, coming from the additions to reserves during the year, compared to the level of P146.1 billion posted in 2018. The retained earnings, totaling P24.8 billion, was lower by P3.0 billion or by 10.9% from the P27.8 billion balance in 2018.

The PDIC continued to adopt a minimum fund target ratio of 5.5% as a measure of the adequacy of the DIF in relation to the estimated insured deposits in the banking system. The ratio represents the Corporation's ability to cover risks and promptly respond to insurance calls to maintain depositor confidence. The target framework was drawn by an expert engaged through the World Bank in 2012. The ratio of the Corporation's DIF to estimated insured deposit is favorably increasing and stood at 6.9% by year-end.

DIVIDENDS TO THE NATIONAL GOVERNMENT

Dividends declared to the National Government (NG) for 2019 amounted to P4.3 billion which is 50% of net income from other sources, mainly from investment income, gains and other non-operating income actually realized, net of interest on borrowings. This was higher by P1.1 billion or 33.1% compared to the amount declared in 2018 amounting to P3.2 billion. The Corporation likewise declared dividends of P6.0 billion and P1.4 billion representing installments of dividends as provided under the Memorandum of Agreement (MOA) on 21 December 2017 and

Supplemental MOA on 14 March 2019, respectively, between the Department of Finance (DOF) and PDIC. Total dividend remittances to the NG during the year amounted to P10.6 billion.

The Department of Justice (DOJ) has been requested by the DOF for an opinion or resolution on the issues contained in the abovementioned MOA relative to the assessment base on which the dividends due shall be computed and remitted to the NG.

Section 18 of the amended PDIC Charter exempts the Corporation from Republic Act 7656 or the Dividends Law. Under the amended PDIC Charter, assessment collections are not subject to dividends. Dividends shall be based on income from other sources mainly composed of interest income from investments. Further, the Charter provides that the Corporation may remit dividends to the NG only if the target DIF level set by the Board of Directors for the applicable year has been reached.

INCOME

The results of operations of the Corporation continued to improve and contributed to the steady growth of the DIF, with net income increasing at 0.2% annually, averaging P6.9 billion annually for the past five years. Net income rose by P2.2 billion or 34.6% to P8.6 billion during the year from the P6.4 billion level in 2018.

Gross Income

Gross income of P37.9 billion exceeded the previous year's income of P34.1 billion by P3.8 billion or 11.3%. Total assessment collections from banks in the amount of P25.4 billion which rose by 7.6% from P23.6 billion last year, is the main source of growth in gross income. This resulted from the continuing quarterly increases in domestic deposits of the Philippine banking system which averaged 12.4% from September 2018 to June 2019.

The banks are currently assessed at the rate of one-fifth (1/5) of one per centum (1%) per annum, paid semi-annually or one-half (1/2) of the assessment rate applied on the assessment base. The assessment base for the semi-annual periods are the average of deposits of a bank as of March 31 and June 30, with assessments payable not later than July 31; and September 30 and December 31, payable not later than January 31 of each year.

Interest income amounted to P11.7 billion during the year consisting mainly of interest income from investments of P11.6 billion and P124.1 million from financial assistance. Interest income from investments grew by P1.7 billion or 17.6% from P9.8 billion in 2018 attributed to the larger investment base of P254.0 billion compared to P227.9 billion last year. Other income, gains and non-operating income, increased to P867.8 million during the year, higher by P300.3 million, from the P567.5 million balance in 2018.

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.

Expenses and Charges

The Corporation kept operating expenses to essentials, consistently ensuring that expenses are lawful, valid and proper.

Operating expenses, composed of personnel services and maintenance expenses, to gross income registered a ratio of 3.6%, lower compared to 4.1% registered in 2018 and five-year average of 4.6%.

Deposit Claims Pay-out Expenses and Receivership and Liquidation Expenses are expenses incurred in relation to activities to carry out the Corporation's mandate as deposit insurer and liquidator of closed banks. Deposit insurance claims expenses decreased by P477.6 million or 27.8% totaling to P1.2 billion compared to P1.7 billion in 2018 due to fewer bank closures in 2019. Receivership and liquidation-related expenses of P269.1 million during the year was slightly higher compared to P258.2 million in 2018.

Interest expenses on borrowings of the Corporation amounted to P3.5 billion in 2019 compared to the amount of P3.8 billion incurred in 2018, on the principal amount of P52.3 billion. All borrowings of the Corporation were drawn from the BSP which funded the financial assistance to some banks subject to certain terms and conditions and in accordance with the mandated powers of the PDIC.

Charges against income were mainly on additions to reserves for insurance losses of P22.7 billion in 2019. The Corporation continues to build up its DIF via additions to reserves in anticipation of possible insurance calls. The amount of P22.7 billion added this year is P2.6 billion or 13.1% more than last year's addition to reserves of P20.1 billion.

The PDIC Management continued to exercise professionalism and prudence in the supervision of the Corporation's operations. This is complemented by the enabling oversight of the Board of Directors towards ensuring that PDIC fulfills its mandates and that resources are adequate, thus enhancing public confidence and contributing to financial stability.

CORPORATE DIRECTION FOR 2020

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The PDIC Board of Directors and Top Management, in collaboration with the Institute of Corporate Directors (ICD)²², revisited the Vision, Mission and Core Values of the Corporation. The revitalized Vision statement, a clearer Mission statement and reinforced set of Core Values, together with the updated strategic objectives for 2020-2023, paved the way for the organization's blueprint for the next four years – the PDIC Strategy Map. The objectives that were established based on the four important perspectives namely, learning and growth, internal processes, customer/stakeholder and finance, will drive the Corporation's performance aimed to add value to PDIC stakeholders.

The Vision statement was revitalized to articulate more accurately the desired transformation and strategic directions of the Corporation aimed at becoming a leading institution in depositor protection recognized for its operational excellence that is responsive to changing times by 2023.

"By 2023, PDIC will be a leading institution in depositor protection, recognized for its operational excellence that is responsive to changing times."

The Vision Year signifies PDIC's intention of continuously achieving its goals, as it progresses towards its 60th year of unwavering pursuit of efficiency and excellence to be a leader in depositor protection.

The Mission was translated into a clearer and simpler statement. It is intended to serve as a new rallying cry for the whole organization - for PDIC officers and staff to perform their work with greater purpose and enthusiasm.

"We protect the depositing public while promoting confidence and stability in the banking system."

The Core Values were enhanced by providing a definition for each to allow for a common appreciation of its meaning to all employees and adding a new core value – "Love of Country". The acronym TRIPLE represents this new set of core values, and it is hoped to provide better recall for employees to consistently practice the PDIC values and beliefs.

TEAMWORK

We are collaborative towards a unified goal with trust, acceptance and openness regardless of individual differences.

RESPECT FOR ALL

We give utmost respect to the rights, ideas and feelings of all people regardless of age, status, position and orientation.

INTEGRITY

We do what is right, just and fair, all the time, at all times.

PROFESSIONALISM

We are independent and objective. We are competent and we observe work ethics.

LOVE OF COUNTRY

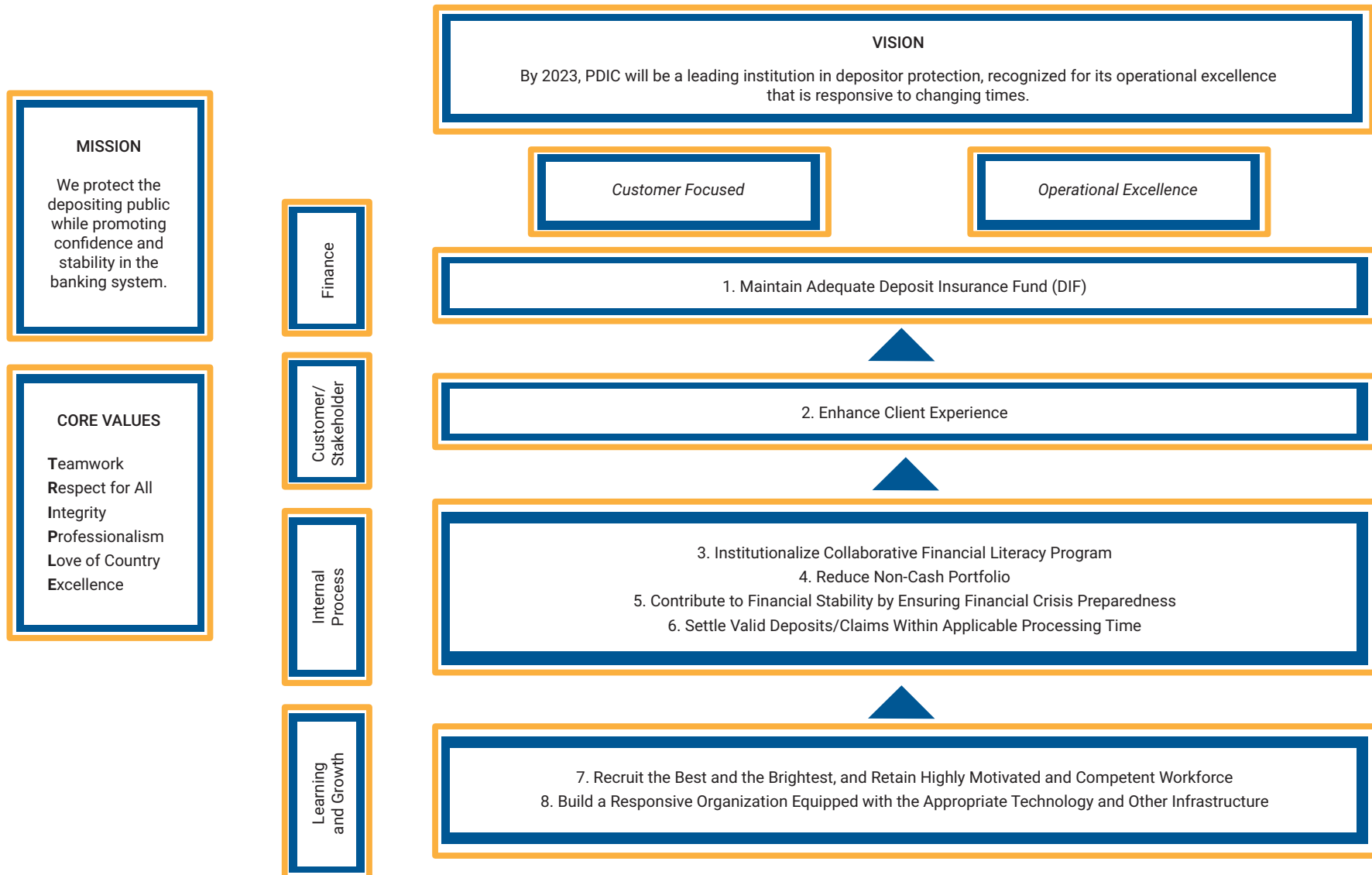
We contribute to nation-building through public service.

EXCELLENCE

We deliver service of highest quality and value within our resources and capacity.

²² The Institute of Corporate Directors (ICD) is a non-stock, non-profit organization dedicated to the professionalization of Philippine corporate directorship as well as raising the level of the country's corporate governance policy and practice to world class standards.

PDIC STRATEGY MAP



The PDIC updated its Strategic Objectives for 2020-2023 by identifying the strategic priorities that it will undertake under each perspective. These objectives are linked together and mutually reinforcing, leading to the attainment of the Vision.

For 2020, the PDIC aims to build a responsive organization through being equipped with appropriate technology and other necessary infrastructure. Providing strong support to the renewed organization will be the hiring of the best and the brightest while retaining a highly motivated and competent workforce. Given this, the PDIC will continue to carry out its mandate and deliver the required services to its clients and stakeholders.

The PDIC will continue to strive for operational excellence that transforms PDIC's internal processes focused on claims settlement, preparedness for a possible financial crisis, reduction of non-cash portfolio, and collaborative financial literacy program.

As deposit insurer, the PDIC will continue to settle valid deposits and claims within turnaround time with the initiative to improve accessibility and convenience for depositors.

As part of the country's financial safety net, the PDIC also aims to contribute to financial stability by implementing programs to ensure financial crisis preparedness.

The PDIC is aiming to reduce the non-cash portfolio in closed banks by 50% by 2023 as part of its mandates as liquidator of closed banks that will bring back much needed funds to the economy.

Being an effective and efficient organization, the PDIC will institutionalize collaborative financial literacy programs to strengthen the trust of the public to the banking sector and hopefully expand the depositing public.

Having a customer-focused mindset, the PDIC will continue to provide prompt and quality service to ensure enhanced client experience. While enhancing its service delivery to clients, the PDIC will continuously measure the level of client satisfaction in order to determine areas for improvement. One of the strategic shifts is expanding the base of survey respondents to include borrowers, in addition to depositors and banks.

To satisfy its clients and stakeholders even more, the PDIC aims to maintain an adequate Deposit Insurance Fund that can cover for future deposit insurance calls and make prompt payout operations. Supported by adequate funds, the PDIC helps sustain depositor protection, prevent bank runs, and build greater public confidence in the banking system that redounds to financial stability.

The aforementioned Strategic Objectives will be accomplished through the pursuit of necessary Strategic Targets and Measures summarized in the Performance Scorecard (PS) 2020 that was negotiated with the Governance Commission for GOCCs (GCG)²³.

The PDIC is prepared to pursue its mandate as it moves forward with a revitalized Vision and a clearer Mission, equipped with a competent and dedicated workforce demonstrating the TRIPLE Core Values and reinforced by a responsive organization equipped with appropriate technology and other infrastructure. All of these are intended to ensure better delivery of services which is rightfully deserved by all stakeholders of the PDIC.

²³ GCG approved PDIC's 2020 Performance Scorecard on 27 January 2020.

Strategic Objectives (SO)/Strategic Measures (SM)		Targets
SO 1. To Maintain Adequate Deposit Insurance Fund (DIF)	SM 1. Adequate Capital against Deposit Insurance Costs: 12- month average DIF / 12-month average EID ²⁴	6%
SO 2. To Enhance Client Experience	SM 2. Percentage of Satisfied Customers: No. of respondents who gave rating of at least satisfactory / Total number of survey respondents	95%
SO 3. To Institutionalize Collaborative Financial Literacy Program	SM 3. No. of Targeted Provinces with Signed Memorandum of Agreement (MOA) on Partnership for Sustainable Program on Increasing Trust to the Banking System	Signed MOA with two (2) Provinces
SO 4. To Reduce Non-cash Portfolio	SM 4. % of Reduction of Loans (cumulative) Based on Baseline Accounts as of 2019 Year-end	5%
	SM 5. % of Reduction of Real Properties (cumulative) Based on Baseline Properties as of 2019 Year-end	5%
SO 5. To Contribute to Financial Stability by Ensuring Financial Crisis Preparedness	SM 6. Readiness Level for Participation in the Conduct of Financial Crisis Simulation	Board-approved - Funding Plan with Integrated Communication Plan
SO 6. To Settle²⁵ Valid²⁶ Deposits/Claims Within Applicable Processing Time	SM 7. Settlement of Valid Claims Promptly within Applicable Turn-Around-Time (TAT in line with EODB) - For Accounts with less than or Equal to P100,000 Balances	100% of claims settled with TAT ²⁷
	SM 8. Settlement of Valid Claims Promptly within Applicable Turn-Around-Time (TAT in line with EODB) - For Accounts with more than P100,000 Balances	100% of claims settled with TAT ²⁷
SO 7. To Recruit the Best and the Brightest, and Retain Highly Motivated and Competent Workforce	SM9. Percentage of Employees Meeting Required Competencies	Improvement on the Competency of the Organization based on the 2019 year-end assessment
SO 8. To Build a Responsive Organization Equipped with the Appropriate Technology and Other Infrastructure	SM 10. Implementation of the Information System Strategic Plan (ISSP)	Board Approved ISSP as submitted to DICT
	SM 11. ISO Certification	Maintain ISO Certification for AMB, CSO, LMS and RPD Process; Attain certification for Additional Frontline Process

²⁴ Capturing period January - December 2020

²⁵ A valid claim is considered settled when it is paid or dispatched to Philippine Postal Corporation (PPC), or offset with an obligation, or in excess of the maximum deposit insurance coverage.

²⁶ Valid claims refer to claims for deposit accounts examined to be legitimate and eligible for deposit insurance. For depositors with valid deposit balances of P100,000 and below, filing of claim is waived for those with updated and complete mailing address, who have no obligations with the closed bank, and have not maintained the account under the name of business entity. All other depositors have to file deposit insurance claims with complete supporting evidences/documents acceptable to PDIC.

²⁷ Applicable TAT shall be subject to PDIC's compliance to RA 11032 and its IRR.

BOARD OF DIRECTORS

AS OF 31 DECEMBER 2019

- 1 **CARLOS G. DOMINGUEZ**
Chairman
- 2 **ROBERTO B. TAN**
Vice Chairman
- 3 **BENJAMIN E. DIOKNO***
Ex-Officio Member
- 4 **ANITA LINDA R. AQUINO**
Director Representing the Private Sector
- 5 **ROGELIO M. GUADALQUIVER**
Director Representing the Private Sector
- 6 **EDUARDO M. PANGAN**
Director Representing the Private Sector
- 7 **REYNALDO F. TANSIOCO**
Director Representing the Private Sector
- 8 **BAYANI H. AGABIN**
Alternate Member (DOF)
- 9 **CHUCHI G. FONACIER**
Alternate Member (BSP)
- 10 **MARIA TERESA S. HABITAN**
Second Alternate Member (DOF)

**Effective 6 March 2019*





CARLOS G. DOMINGUEZ

Age: 74

Department of Finance
Secretary (June 2016 – Present)

Philippine Deposit Insurance Corporation
Chairperson, Board of Directors
 Date of Oath of Office: 30 June 2016
Chairperson, Board Governance Committee
Member, Board Risk Management Committee

Philippine Tobacco Flue-Curing Redrying Corp.
President (1992 – 2016)

Philippine Associated Smelting and Refining Corp.
Chairperson 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
Chairperson, Land Bank of the Philippines
Chairperson, Power Sector Assets and Liabilities Management Corporation
Chairperson, National Power Corporation

Chairperson, National Transmission Corporation
Chairperson, Philippine Guarantee Corporation
Chairperson, Privatization Council
Chairperson, Social Security Commission

[Previous]

Chairperson, RCBC Capital Corp.
Chairperson, 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: 65

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, 2012 – 2015)
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. Valdes and Co., CPAs (affiliate of former Coopers and Lybrand, Pty. Ltd.)
Consultant, Management Services Division

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

[Current]

Adviser to the Board, United Coconut Planters Bank

Member, Financial Sector Forum

Member, Financial Stability Coordination Council

Member, Financial Inclusion Steering Committee

Treasurer, International Association of Deposit Insurers (IADI)

[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, USA

Doctorate Studies in Economics (ABD), Fordham University, New York, USA

BENJAMIN E. DIOKNO

Age: 71

Philippine Deposit Insurance Corporation

Ex-Officio Member, Board of Directors
Date of Oath of Office: 6 March 2019

Member, Board Audit Committee

Member, Board Governance Committee

Member, Board Risk Management Committee

Bangko Sentral ng Pilipinas

Chairman of the Monetary Board and Governor (6 March 2019 – Present)

Department of Budget and Management

Secretary (2016 – 2019, 1998 – 2001)

Undersecretary (1986 – 1991)

Asia United Bank

Independent Director (2012 – 2016)

Office of the Senate President, Senate of the Philippines

Fiscal Adviser (1993 – 1995)

**Philippine National Oil Company
Chairman and Chief Executive Officer**

(1988 – 1991)

**University of the Philippines
Professor Emeritus** (1974 – 2013)

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

[Current]

Chairman, Anti-Money Laundering Council (AMLC), Financial Stability Coordination Council, Financial Sector Forum, Philippine International Convention Center and Financial Inclusion Steering Committee

Vice Chairman, Agricultural Credit Policy Council

Member, Philippine Export-Import Credit Agency, Fertilizer and Pesticide Authority, Philippine Retirement Authority, Capital Market Development Council, Export Development Council, National Food Authority Council, National Law Enforcement Coordinating Committee, Export Development Council, Philippine Exporters Confederation, Inc., National Development Company, National Home Mortgage Finance Corporation, Philippine Halal Export Development and Promotion Board

[Previous]

Chairman, Pamantasan ng Lungsod ng Maynila

Chairman, Local Water Utilities Administration

Education

Bachelor of Arts in Public

Administration, University of the Philippines

Masters in Public Administration,

University of the Philippines

Masters in Economics, University of the Philippines

Masters in Political Economy, John Hopkins University, Maryland, USA

Ph. D. (Economics), Syracuse University, New York, USA

ANITA LINDA R. AQUINO

Age: 55

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,
USA
Finance Associate

Citibank, N.A., New York, USA
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, USA
Master of Arts in Economics, Fordham
University, New York, USA

Trainings Attended

9th Japan-Philippines High Level Joint
Committee Meeting on Infrastructure
Development and Economic
Cooperation, Hakone, Japan, 6
December 2019
International Finance Forum (IFF) 2019
Annual Meeting, Guangzhou, China,
22-24 November 2019
World Bank - IMF Meeting, Washington
DC, USA, 17-19 October 2019
34th ASEAN Summit, Bangkok, Thailand,
22-23 June 2019
25th Nikkei International Conference on
the Future of Asia, Tokyo, Japan, 29
May 2019
Second Belt and Road Forum, Beijing,
China, 25-27 April 2019
2019 Spring Meetings of the World Bank
Group (WBG) and the International
Monetary Fund and Associated
Events, Washington DC, USA, 10-12
April 2019
23rd ASEAN Finance Ministers'
Meeting (AFMM) and the 5th ASEAN
Finance Ministers' and Central
Bank Governors' Meeting (AFMGM)
and Related Meetings, Chiang Rai,
Thailand, 4-6 April 2019

High Level Philippines China Joint
Committee Meeting and Philippine
Economic Briefing, Beijing, 18-20
March 2019
High Level Philippines Japan Joint
Committee Meeting and Philippine
Economic Briefing, Osaka Japan, 21-
22 February 2019

..... ROGELIO M. GUADALQUIVER

Age: 77

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 – 2018)

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]

Chairman and Director, Fruitas Group of
Companies
Director, Riverfalls Group of Companies
Senior Consultant, Jolliville Holdings Inc.
and Subsidiaries
Senior Consultant, Pelaez 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,
Sumifru 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

Study Visit on Liquidation and
Asset Management: International
Experience (International Association
of Deposit Insurers) Bangkok,
Thailand, 28-29 August 2019

EDUARDO M. PANGAN

Age: 57

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**

59th IADI Executive Council Meeting and IADI Conference on Bank Resolution, Crisis Management and Deposit Insurance (International Association of Deposit Insurers) Basel, Switzerland, 2-5 September 2019

Professional Directors Program (Institute of Corporate Directors, Inc.), 9, 16-17, 22-23, March 2019

57th IADI EXCO Meeting and International Conference (International Association of Deposit Insurers) Almaty, Kazakhstan, 25 February - 1 March 2019

Mandatory Continuing Legal Education – 6th Compliance (PDIC - University of the Philippines Law Center – Institute for the Administration of Justice), 18-21 February 2019

REYNALDO F. TANSIOCO

Age: 75

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, Major in Accounting**, University of the East**Bachelor of Laws**, San Beda College**Master in Senior Management with Thesis**, Ateneo de Manila Graduate School**Trainings Attended**

Study Visit on Liquidation and Asset Management: International Experience (International Association of Deposit Insurers) Bangkok, Thailand, 28-29 August 2019

Mandatory Continuing Legal Education – 6th Compliance (PDIC - University of the Philippines Law Center – Institute for the Administration of Justice), 18-21 February 2019

BAYANI H. AGABIN

Age: 51

Philippine Deposit Insurance Corporation**Chairman / Alternate**, (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)

DOF Representative, NICA–Anti Terrorism Council (NICA-ATC)

DOF Representative, National Coast Watch Council, Executive Committee (NCWC)

DOF Representative, National Intelligence Board (NIB)

DOF Representative, National Security Council (NSC)

DOF Representative, NSC-Sub Committee of the National Crisis Management Committee (NSC-SCNCCM)

DOF Representative, NSC-Strategic Trade Management Committee (NSC-STMC)

DOF Representative, National Task Force for the West Philippine Sea (NTF-WPS)

DOF Representative, National Cybersecurity Inter-Agency Committee (NCIAC)

DOF Representative, National Law Enforcement Coordinating Committee (NALECC)

DOF Representative, NALECC-Sub Committee on Organized Crime (NALECC-SCOC)

DOF Representative, NALECC-Sub Committee on Anti-Money Laundering/Combating the Financing of Terrorism (NALECC-AML/CFT)

DOF Representative, National Intelligence Committee – Standing Committee on Economic Intelligence (NIC-SCEI)

DOF Representative, Inter-Agency Task

Force on Federalism (IATF)
DOF Representative, National Task Force to End Local Communist Armed Conflict (NTF-ELCAC) Executive Committee

DOF Representative, Access to Sustainable Energy Programme (ASEP)

DOF Representative, National Renewable Energy Board (NREB)

DOF Representative, National Biofuel Board (NBB)

DOF Representative, DOE Inter-Agency Task Force on Securing Energy Facilities (DOE-IATFSEF)

DOF Representative, Energy Investment Coordinating Council (EICC)

Director, Natural Resources Development Corporation (NRDC)

DOF Representative, Inter-Agency Anti-Graft Coordination Council (IAAGCC)

DOF Representative, Dangerous Drugs Board (DDB)

DOF Representative, Inter-Cabinet Cluster Mechanism on Normalization

DOF Representative, Governance Commission on GOCCs

Education

Bachelor of Science in Economics, University of the Philippines

Bachelor of Laws, UP College of Law

CHUCHI G. FONACIER

Age: 59

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)

Career Service Eligibility

Career Service Executive Eligibility
 (CSEE), 27 July 2005
 Certified Public Accountant (CPA), 21
 November 1981

Education

Bachelor of Science in Commerce,
 University of St. La Salle Bacolod
 (formerly La Salle College Bacolod)
Master in Business Administration,
 Ateneo de Manila Graduate School of
 Business

MA. TERESA S. HABITAN

Age: 62

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 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

EXECUTIVE COMMITTEE

AS OF 31 DECEMBER 2019

1 ROBERTO B. TAN

President and CEO
Officer-in-Charge, Corporate Services Sector

2 MA. ANA CARMELA L. VILLEGAS

Executive Vice President
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
Officer-in-Charge, Examination and Resolution Sector

5 MA. ANTONETTE I. BRILLANTES-BOLIVAR

General Counsel
Legal Affairs Sector



GROUP HEADS

AS OF 31 DECEMBER 2019

1



2



3



1 JOSEFINA J. VELILLA
First Vice President, Comptrollership Group

2 IRENE DL. ARROYO
Vice President, Examination Group II

3 ADALZON P. BANOCON
Vice President, Treasury Group

4 EDEN TITA J. DIZON
Vice President, Resolution Group

5 SHIRLEY G. FELIX
Vice President, Loans Management Group

6 CYRUS T. GALANG
Vice President, Administrative Services Group

4



5



6



- 7 MA. ESTER D. HANOPOL**
Vice President, Corporate Planning Group
- 8 NILO ALDRIN M. LUCINARIO**
Vice President, Receivership and Bank Management Group
- 9 MYLENE F. PASAMBA**
Vice President, Litigation and Investigation Group
- 10 FELY D. REYES**
Vice President, Internal Audit Group
- 11 NANCY L. SEVILLA-SAMSON**
Vice President, Legal Services Group
- 12 MA. BERNADETTE R. SANCHEZ**
Vice President, Asset Management and Disposal Group
- 13 MARIA BELINDA C. SAN JOSE**
Vice President, Information Technology Group
- 14 JOSE G. VILLARET, JR.**
Vice President, Corporate Affairs Group
- 15 ASUNCION S. CALAPAN**
Officer-in-Charge, Human Resource Group
- 16 JAROMME ZEUS KRISTOFFER C. CASTILLO I**
Officer-in-Charge, Risk Management Office
- 17 ELAINE B. DETICIO**
Officer-in-Charge, Insurance Group
- 18 DOROTHY C. EAMILAO**
Officer-in-Charge, Receivership and Liquidation Support Group
- 19 DELILAH GRACE V. MAGTOLIS**
Officer-in-Charge, Corporate Governance Office
- 20 MA. THERESA B. SALCOR**
Officer-in-Charge, Claims Group





10



11



12



13



17



18



19



20

OFFICERS

AS OF 31 DECEMBER 2019

OFFICE OF THE PRESIDENT

ROBERTO B. TAN
President and CEO

MARIA VICTORIA T. CRUZ
Executive Assistant V

CORINNE ZOE B. RABORAR
Executive Assistant IV

JOHN JEFFREY L. RAMIREZ
Legal Officer V

OFFICE OF THE MEMBERS OF THE BOARD FROM THE PRIVATE SECTOR

GRISELDA C. BAROT
Executive Assistant IV

JULLIAN DIOLINO L. BERNAL
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

Internal Audit Department II

ALEXANDER N. DOJILLO
Department Manager III

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 VENTURA-PUGEDA
Legal Officer V

CORPORATE AFFAIRS GROUP

JOSE G. VILLARET, JR.
Vice President

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

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

MARIA ROSARIO D. RODAVIA
Department Manager III

RAUL FILOMENO C. CABOTAGE
Assistant Department Manager II

JOSE ALEX P. MERCADO
Assistant Department Manager II

IBELIO B. RETES

Assistant Department Manager II

MICHAEL B. BONAGUA
Corporate Executive Officer II

HERMIL P. DE VERA
Corporate Executive Officer II

DANIEL E. BULLEROS
Corporate Executive Officer I

Technical Support Department

RENAR M. GONZALES
Department Manager III

MADELAINE BARBARA M. FERNANDEZ
Assistant Department Manager II

XANDREX FIDELIS A. LIQUIGAN
Assistant Department Manager II

HERMIENIGILDO H. SEÑA, JR.
Corporate Executive Officer I

EXAMINATION AND RESOLUTION SECTOR

ROMEO M. MENDOZA, JR.
Senior Vice President / Officer-in-Charge

EXAMINATION GROUP I

IRENE DL. ARROYO
Vice President / Officer-in-Charge

Examination Department I

ERICKZON M. JANDA
Corporate Executive Officer I

VENUS P. MANZALA
Corporate Executive Officer I

EXAMINATION GROUP II

IRENE DL. ARROYO
Vice President

Examination Department III

DENNIS Y. ABIERA
Department Manager III

IRENE MERCEDES D. EVANGELISTA
Corporate Executive Officer I

Examination Department IV

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

PETER NOEL P. HERRERA
Assistant Vice President

MAILEEN M. MALOLES
Assistant Department Manager II

MADELINE T. VILLENO
Corporate Executive Officer I

EXAMINATION AND RESOLUTION SUPPORT GROUP

IRENE DL. ARROYO
Vice President / Officer-in-Charge

Bank Statistics Department

FLORDELIS M. DATU
Department Manager III

JACKSON L. UBIAS
Assistant Department Manager 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

ROSALYN M. GO
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

FLORANTE D. LUCOS
Corporate Executive Officer II

Receivership and Bank Management Department II

RONALD C. ANGELES
Department Manager III

FERNANDO S. BOÑULA
Assistant Department Manager II

EDZEL D. AURELIA
Corporate Executive Officer I

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

Receivership and Bank Management Department IV

ANGEL B. OBRERO
Department Manager III

RUBEN C. CORDERO
Corporate Executive Officer II

Bank Termination Department

ANGEL B. OBRERO
Department Manager III / Officer-in-Charge

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

AIRENE V. MAGCASE
Corporate Executive Officer II

ASSET MANAGEMENT AND DISPOSAL GROUP

MA. BERNADETTE R. SANCHEZ
Vice President

DOMINADOR V. RODULFO, JR.
Corporate Executive Officer II

Asset Management and Disposal Department I

RHEA S. AUSTRIA
Assistant Department Manager II / Officer-in-Charge

ARIEL M. ALCOBA
Corporate Executive Officer II

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

ARLENE R. HERNANDO
Assistant Department Manager II / Officer-in-Charge

MA. NENITA N. GAYLA
Corporate Executive Officer II

LOANS MANAGEMENT GROUP

SHIRLEY G. FELIX
Vice President

ARNEL F. LOPEZ
Corporate Executive Officer II

Loans Management Department I

FREDY S. GALOSMO
Department Manager III

MARY ANN C. CRISOSTOMO
Assistant Department Manager II

DEMOCRITO L. BITANG
Corporate Executive Officer II

Loans Management Department II

MARLOWE F. MIKIN
Department Manager III

MA. LENITA I. FLORIZA
Assistant Department Manager II

Loans Management Department III

MADELEINE C. RIBAY
Department Manager III

GLEN BENJAMIN B. MAGDAY
Assistant Department Manager II

THELMA C. CALLEJA
Corporate Executive Officer I

FORTUNATO A. NICOLAS
Corporate Executive Officer I

RECEIVERSHIP AND LIQUIDATION SUPPORT GROUP

DOROTHY C. EAMILAO
Department Manager III / Officer-in-Charge

Records Control and Logistics Department

POLO L. PANTALEON, JR.
Department Manager III

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

JOSEFINA B. PEREZ
Assistant Department Manager II /
Officer-in-Charge

ELISA T. SAURA
Corporate Executive Officer II

DEPOSIT INSURANCE SECTOR

ROMEO M. MENDOZA, JR.
Senior Vice President

CLAIMS GROUP

MA. THERESA B. SALCOR
Assistant Vice President / Officer-in-Charge

Presettlement Examination Department

MONINA J. CORNISTA
Assistant Department Manager II /
Officer-in-Charge

NERILYN O. ABOGADO
Corporate Executive Officer II

LENIN D. AGABAO
Corporate Executive Officer II

WILFREDO B. RAFALES
Corporate Executive Officer II

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

ADALZON P. BANOOGON
Vice President

Claims Settlement Department

ROSENDA L. BARRIL
Assistant Department Manager II /
Officer-in-Charge

ELOIDA B. INDORTE
Corporate Executive Officer II

RAUL C. REYES
Corporate Executive Officer I

Treasury Department

MERLIE M. CAÑAVERAL
Department Manager III

ROSITA R. ARELLANO
Assistant Department Manager II

ESTELITA R. DATINGALING
Assistant Department Manager II

INSURANCE GROUP

ELAINE B. DETICIO
Assistant Vice President / 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

EMERSON M. LOMIO
Assistant Department Manager II /
Officer-in-Charge

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 II

LEGAL AFFAIRS SECTOR

MA. ANTONETTE I. BRILLANTES-BOLIVAR
General Counsel

JOAN MARIVIC A. OZO
Assistant Department Manager II

LITIGATION AND INVESTIGATION GROUP

MYLENE F. PASAMBA
Vice President

Litigation Department

RAYMOND C. DE LEMOS
Assistant Department Manager II /
Officer-in-Charge

RAIZULLI M. NOLASCO
Legal Officer V

MAE KIRSTEN R. VELASQUEZ
Legal Officer V

Investigation Department

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

ARISTON P. AGANON
Assistant Department Manager II

MARY ROSARY D. LAGMAN
Legal Officer V

JOSE CARLO H. NIEBRES
Legal Officer V

External Counsel Department

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

GISELLE G. DURANA
Assistant Department Manager II

CASILDA G. MATAQUEL
Legal Officer V

LEGAL SERVICES GROUP

NANCY L. SEVILLA-SAMSON
Vice President

CHRISTIAN D. VILIRAN
Legal Officer V

Legal Services Department I

FERNANDO S. ABADILLA
Assistant Vice President

AILEEN LOU C. ACOSTA
Assistant Department Manager II

JOSE MARI C. GANA
Assistant Department Manager II

LUISITO Z. MENDOZA
Assistant Department Manager II

Legal Services Department II

GEODERICK E. CARBONELL
Assistant Department Manager II

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

Policy and Systems Department

ANNA LIESE L. ROQUE
Assistant Department Manager II /
Officer-in-Charge

GLENDALE C. ANASTACIO
Corporate Executive Officer I

JOEL O. IGNACIO
Corporate Executive Officer I

COMPTROLLERSHIP GROUP

JOSEFINA J. VELILLA
First Vice President

Accounting Department

QURALENE P. PATALINGHUG
Department Manager III

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

HUMAN RESOURCE GROUP

ASUNCION S. CALAPAN
Department Manager III / Officer-in-Charge

Human Resource Administration Department

MA. LOURDES R. RELUCIO
Corporate Executive Officer II /
Officer-in-Charge

JANUARY F. MAMAUAG
Corporate Executive Officer II

Organization Development Department

DORIS P. ROMERO
Assistant Department Manager II /
Officer-in-Charge

Training Institute

EUGENE V. BORLONGAN
Assistant Department Manager II /
Officer-in-Charge

MA. CARMEN ROSARIO Z. RECITAS
Assistant Department Manager II

ALLAN B. AMPARO
Corporate Executive Officer II

Provident Fund Unit

MA. TERESA C. VESTAL
Assistant Department Manager II

ADMINISTRATIVE SERVICES GROUP

CYRUS T. GALANG
Vice President

JEROME B. MACASPAC
Corporate Executive Officer II

Procurement and Property Department

ANALINDA C. LAO
Department Manager III

CHRISTINE C. MERCADO
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

EMPLOYEES

AS OF 31 DECEMBER 2019

A

Abadilla, Fernando S.
Abalos, Gerald V.
Aban, Alexis A.
Abeleda, Sonia A.
Abiera, Dennis Y.
Abli, Josie Jane C.
Abogado, Nerilyn O.
Abriam, Cherryl S.
Aceret, Erolyn B.
Acosta, Aileen Lou C.
Acosta, Alejandro Jr. S.
Acosta, Bettina N.
Agabao, Lenin D.
Aganon, Ariston P.
Agnes, Ma. Caridad R.
Aguila, Janet B.
Aguinaldo, Ferdinand M.
Agustin, Cristopher A.
Agustin, Jenelyn P.
Alagos, Daisy Ann T.
Alba, Greg B.
Albo, Felma D.
Alcoba, Ariel M.
Aldueza, Anne Krizelle D.
Alejandrino, Dean Lui B.
Alejandrino, Lilybeth H.
Allado, Janice L.
Alonzo, Reynold P.
Amigle, Noreen R.
Amparo, Allan B.
Anastacio, Glendale C.
Andes, Joan P.
Andrada, Jovy R.
Ang, Aries M.
Angeles, Ronald C.
Ani, Jacqueline I.
Antonio, Maria Gracia N.
Antonio, Niña M.
Apolinario, Cely E.
Aquino, Ernesto C.
Arellano, Gemma P.
Arellano, Rosita R.
Arizala, Aura Marina R.
Arrieta, Johanna Hazel M.
Arroyo, Irene DI.
Ascaño, Rhoda R.

Astoveza, Azela N.
Asuncion, Jonnah Mae M.
Asuncion, Russielyn B.
Atendido, Jocelyn A.
Atibula, Kenneth T.
Audian, Cristina M.
Aurelia, Edzel D.
Austria, Arlene C.
Austria, Rhea S.
Avecilla, Augusto R.
Ayan, 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.
Balasabas, Marilou M.
Baltazar, Ernan L.
Bandy, Israel A.
Banogon, Adalzon P.
Barot, Griselda C.
Barral, Rosalie F.
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. Jozzenne Claire M.
Bendaña, Jose A.
Benitez, Frederick B.
Benitez, Jany V.
Benitez, Reneelyn G.
Bernal, Jullian Diolino L.
Bitang, Democrito L.
Bituin, Ida D.
Bodoso, Leen Lynnard D.
Bodoso, Via Bing B.
Bolivar, Ma. Antonette B.
Bonagua, Michael B.

Boñula, Fernando S.
Boone, Aniceta A.
Boongaling, Noreen A.
Borja, Jesus Ma. Jose L.
Borjal, Rolly C.
Borlongan, Eugene V.
Bucago, Mae B.
Buenviaje, Cleofe C.
Bugayong, Danilo B.
Busing, Marymer D.
Bulleros, Daniel E.
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.
Caingcoy, Lirio L.
Calapan, Asuncion S.
Calbario, Auramar D.
Calleja, Ma. Evangelina P.
Calleja, Thelma C.
Calub, Marilou D.
Calvez, Vilma Y.
Canapi, Laarni L.
Cañaveral, Merlie M.
Caneja, Martin E.
Caneja, Mary Kris G.
Canela, Enrico R.
Canosa, Yu Lee B.
Canuza, Cecilia C.
Caraig, Myrna C.
Carbonell, Geoderick E.
Careng, Juana L.
Carlos, Ludivina P.
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, Johanna Pauline B.
Casiño, Ronald S.

Castillo, Jaromme Zeus
Kristoffer I C.
Castro, Ma. Margarita G.
Castro, Ruben S.
Catigbe, Hernando L.
Catome, Mary Jane L.
Centino, Ofelia M.
Chanfing, Claire R.
Ciriaco, Marie Hazel V.
Collo, Niña Jesusita P.
Comon, Bernadette P.
Concepcion, Dennis H.
Conge, Ma. Teresa D.
Cordero, Abeguel S.
Cordero, Ruben C.
Cornista, Elmer R.
Cornista, Monina J.
Corona, Enrico C.
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.
Dadal, Roselle May R.
Dadpaas, Miriam B.
Dagohoy, Abigail R.
Datingaling, Estelita R.
Datu, Flordelis M.
Datu, Marylyn I.
Dayog, Lily F.
De Jesus, Benjamin Jr. C.
De Jesus, Menard B.
De Jesus, Princess L.
De La Cruz, Jofrey B.
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, Richard O.
Dela Peña, Maximo Jr. C.
Dela Rosa, Emily D.
Delizo, Rihea L.
Delloso, Clarinda C.
Delloso, Myraflor A.
Delos Reyes, Noel Q.
Diloy, Mary Ann D.
Dionisio, Veronica D.
Divino, Danilo P.
Dizon, Carlyle G.
Dizon, Eden Tita J.
Dizon, Rosario E.
Dojillo, Alexander N.
Drilon, Ludovina V.
Dumbrique, Dahlia E.
Durana, Giselle G.

E

Eamilao, Dorothy C.
Echiverri, Aimee G.
Enrico, Melanie L.
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.
Fajarit, Jonnel S.
Famularcano, Maelyn S.
Farofaldane, Thelma C.
Faurillo, Opalyn S.
Felix, Shirley G.
Felix, Yasmin Corazon B.
Fernandez, Madelaine
Barbara M.
Fernando, Erwin S.
Fernando, Judalyn L.
Fernando, Modesto Jr. Y.

Ferreras, Venus V.
Firmeza, Arlene Florence E.
Flores, Elma L.
Flores, Ma. Rosella Luz D.
Floriza, Ma. Lenita I.
Francisco, Ma. Luz B.
Franco, Gerardo C.

G

Gabriel, Mark Y.
Galang, Cyrus T.
Galosmo, Fredy S.
Gana, Jose Mari C.
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.
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.
Guillang, Francis Ian C.
Guña, Alex L.

H

Hanopol, Ma. Ester D.
Haw, Ma. Freclyn M.
Hernando, Arlene R.
Herrera, Peter Noel P.

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

J

Janda, Erickzon 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 E.
Lanuevo, Michael C.
Lao, Aileen B.
Lao, Analinda C.
Larang, Ana Lyn E.
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.
Loyola, Michelle C.
Lubi, Angelica A.
Lucinario, Nilo Aldrin M.
Lucos, Florante D.

M

Maan, Alicia J.
Macabebe, Melanie M.
Macaspac, Jerome B.
Macaspac, Maricel M.
Magcase, Airene V.
Magday, Glen Benjamin B.
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, Joselita L.
Marcelo, Maricel M.
Margajay, Salud E.
Marges, Eliezer M.
Marges, Realinda R.
Marquez, Nanete L.
Marquez, Rowena P.
Matabang, Apolonio M.
Mataquel, Casilda G.
Mateo, Arnel G.
Matutina, Caroline R.
Mayo, Rowena C.
Mejia, Aaron Christopher P.
Melo, Emily V.
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, 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, Elmer Allan S.
Moreno, Lorna C.
Mulato, Jose M.

N

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

Niebres, Jose Carlo H.
Nolasco, Raizulli M.

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.
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, Ruffie M.
Panganiban, Jovita Nancy M.
Panopio, Rose Ann B.
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.
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.
Pulmones, Therese Ann R.
Pumaras, Mellanie A.
Punay, Ma. Teresa N.

Puno, Allan Joseph L.
Putong, Fe H.

Q

Quintano, Ignacio M.

R

Raborar, Corinne Zoe B.
Rafales, Wilfredo B.
Ragotero, Maria Salome E.
Ramirez, John Jeffrey L.
Ramirez, Joseph Ariel P.
Ramos, Errel Jay B.
Ramos, Jullie 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.
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.
Rodavia, Maria Rosario D.
Rodriguez, Precious Joy C.
Rodulfo, Dominador Jr. V.
Rollan, Evangeline L.
Rolle, Veronica O.
Romero, Doris P.
Ronquillo, Wilfredo Jr. E.
Roque, Anna Liese L.
Rosales, Vina Marie D.
Rubrico, Minviluz O.

S

Sabino, Ma. Divina E.
Sagario, Olivia V.
Sala, Joyce A.
Salamanca, Grace G.
Salamida, Roma D.
Salazar, Jesus Jr. G.

Salceda, Arnel V.
Salcor, Ma. Theresa B.
Salgado, Imelda R.
Saligan, Jocelyn G.
Salinas, Emma F.
Salvo, Maria Rulina U.
Sambolawan, Josefina J.
Samonte, Leonor S.
Samson, Imelda D.
Samson, Maida G.
San Jose, Catherine C.
San Jose, Maria Belinda C.
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.
Sibulangcao, Anarose B.
Sigua, Meliza M.
Simon, Ariel C.
Simplicio, Delhi C.
Sinco, Lerma E.
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.
Tagle, Amabelle L.
Talattad, Brian Allan S.
Tamayo, Mila O.
Tamayo, Recaredo Leighton A.
Tan, Ricky M.
Tan, Roberto B.
Tan, Victor M.
Tan, Victoria D.
Tanieca, Corazon G.

Tapao, Milajoy J.
Tatu, Josefina May G.
Torres, Chona H.
Torres, Daisy F.
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, Maria Joselyn S.
Vallado, Susan Victoria P.
Vargas, Ricky R.
Velasco, Carlota M.
Velasco, Janet L.
Velasquez, Mae Kirsten R.
Velilla, Josefina J.
Ventajar, Karen Dt.
Ventura-Pugeda, Maria Theresa Vivian L.
Vergara, Norman Q.
Vergara, Romaila S.
Vestal, Ma. Teresa C.
Vidal, Lyra Angela M.
Viliran, Christian D.
Villaluna, Niño Ray L.
Villanueva, Ma. Theresa S.
Villanueva, Margarita V.
Villanueva, Maria Patricia 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

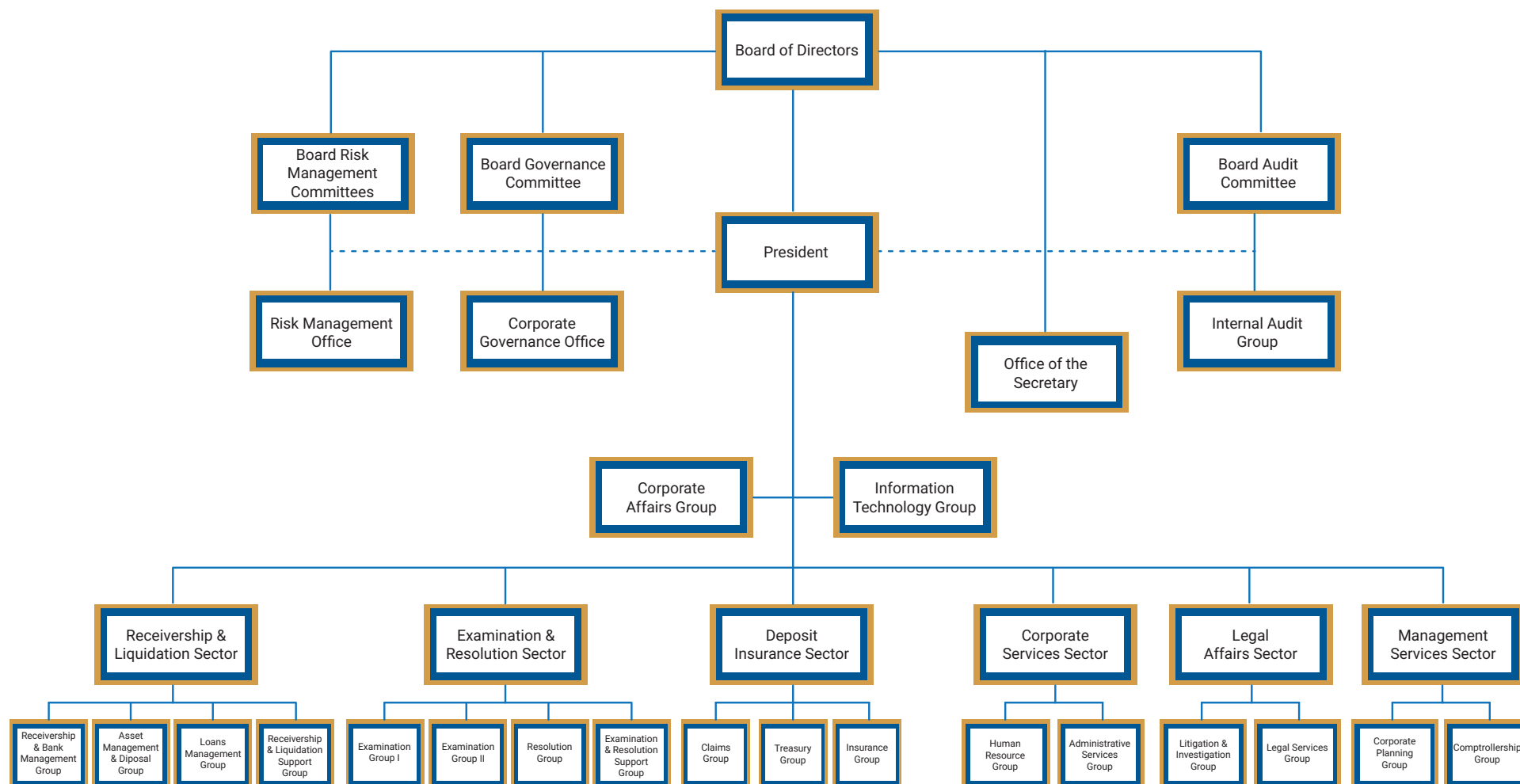
Ybañez, Antonio Errol Jr. B.

Z

Zafranco, Fernan Reagan P.

ORGANIZATIONAL CHART

AS OF 31 DECEMBER 2019



LIST OF BANKS

AS OF 31 DECEMBER 2019

COMMERCIAL BANKS

Al-Amanah Islamic Investment Bank of the Philippines
 Asia United Bank Corporation
 Australia and New Zealand Banking Group Ltd.
 Bangkok Bank Public Co. 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
 Chang Hwa Commercial Bank, Ltd. - Manila Branch
 China Banking Corporation
 CIMB Bank Philippines Inc.
 Citibank, N.A.
 CTBC Bank (Philippines) Corporation
 Deutsche Bank AG
 Development Bank of the Philippines
 East West Banking Corporation
 First Commercial Bank, Ltd. - Manila Branch
 Hua Nan Commercial Bank, Ltd. - Manila Branch
 Industrial and Commercial Bank of China Ltd. - Manila Branch
 Industrial Bank of Korea Manila Branch
 ING Bank N.V.
 JP Morgan Chase Bank, N.A.
 KEB Hana Bank - Manila Branch
 Land Bank of the Philippines
 Maybank Philippines, Incorporated
 Mega International Commercial Bank Co., Ltd.
 Metropolitan Bank and Trust Company
 Mizuho Bank, Ltd. - Manila Branch
 MUFG Bank, Ltd.
 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 Corporation - Manila Branch
 The Hongkong & Shanghai Banking Corporation Ltd.
 Union Bank of the Philippines
 United Coconut Planters Bank
 United Overseas Bank Ltd., 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 BankKO, Inc., A Savings Bank
 BPI Family Savings Bank, Inc.
 CARD SME Bank, Inc. A Thrift Bank
 Century Savings Bank Corporation
 China Bank Savings, Inc.
 City Savings Bank, Inc.
 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 and Loan Bank, Inc.
 First Consolidated Bank, Inc. (A Private Development Bank)

Hiyas Banking Corporation
 HSBC Savings Bank (Phils), Inc.
 Inter-Asia Development Bank
 ISLA Bank (A Thrift Bank), Inc.
 Legazpi Savings Bank, Inc.
 Lemery Savings and Loan Bank, Inc.
 Life Savings Bank, Inc.
 Luzon Development Bank
 Makiling Development Bank Corporation
 Malayan Bank Savings and Mortgage Bank, Inc.
 Maritime Savings Bank Corporation
 Metro Cebu Public Savings Bank
 Northpoint Development Bank, Inc.
 Overseas Filipino Bank, Inc., A Savings Bank of LANDBANK
 Pacific Ace Savings Bank, Inc.
 Pampanga Development Bank
 Penbank, Inc. (A Private Development Bank) (formerly:
 Peninsula Rural Bank, Inc.)
 Phil Star Development Bank, Inc.
 Philippine Business Bank, Inc., A Savings Bank
 Philippine Savings Bank
 PNB Savings Bank
 Producers Savings Bank Corporation
 Queen City Development Bank, Inc. or Queenbank, A Thrift Bank
 Quezon Coconut Bank, Inc. (A Thrift Bank)
 Rizal Microbank, Inc. - A Thrift Bank of RCBC
 Sterling Bank of Asia, Inc. (A Savings Bank)
 Sun Savings Bank, Inc.
 UCPB Savings Bank
 University Savings Bank, Inc.
 Wealth Development Bank Corporation
 Yuanta Savings Bank Philippines, Inc.

RURAL BANKS

Advance Credit Bank (A Rural Bank) Corp.

(Formerly Advantage Bank Corp. - A MFO RB)

Agribusiness Rural Bank, Inc.

Agricultural Bank of the Philippines, Inc.

Aliaga Farmers Rural Bank, 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.

Baclaran Rural Bank, 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 Lagawe (Lagawe Highlands Rural Bank)

Banco Laguna, Inc. (A Rural Bank Since 1965)

Banco Maximo, Inc. (A Rural Bank)

Banco Mexico, 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 Carrascal, Inc. (A Rural Bank)

Bangko Kaisa, Inc. (Formerly Rural Bank of Bugasong
(Antique) Inc.)

Bangko Mabuhay (A Rural Bank), Inc.

Bangko Magsaysay (Isabela), Inc. A Rural Bank

Bangko Montañosa Inc. (A Rural Bank)

Bangko ng Kabuhayan, (A Rural Bank), Inc.

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 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)

BDO Network Bank, Inc. (A Rural Bank)

Benguet Center Bank, Inc., A Rural Bank

BHF Rural Bank, Inc.

Biñan Rural Bank, Inc.

Binangonan Rural Bank, Inc.

BINH 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

CARD MRI Rizal Bank, Inc., A Microfinance-Oriented Rural Bank

Caritas Banco ng Masa, Inc. (A 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

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.

Dungganon Bank (A Microfinance Rural Bank), Inc.

East West Rural Bank, Inc.

Emerald 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. (A Rural Bank)
 First Imperial Business Bank, Inc. (A Rural Bank)
 First Integrity Bank, Inc. (Rural Bank of Bailen)
 First Isabela Cooperative Bank, Inc. (Ficobank)
 First Mindoro Microfinance Rural Bank, Inc.
 First Naga Rural Bank, Inc.
 First State Bank, Inc., A Rural Bank
 First Tagum Rural Bank, Inc.
 First 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
 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)
 Janiway 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.
 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.
 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.
 PBCOM Rural Bank, Inc.
 Peoples Bank of Caraga, Inc. "A Rural Bank"
 People's Rural Bank (General Santos City), Inc.

Philippine SME Bank, Inc., A Rural Bank
 Pioneer Bank (A Rural Bank), Inc.
 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.
 Queen City Rural Bank, Inc.
 Quezon Capital Rural Bank, Inc.
 Racso's Bank, Inc. (A Rural Bank)
 Rang-ay Bank (A Rural Bank), Inc.
 RBT Bank, Inc., A Rural Bank
 RNG Coastal Bank, Inc. (A Rural Bank)
 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 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 (Pangasinan), 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 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 (Bayambang), Inc.
 Rural Bank of Compostela (COMVAL), Inc.
 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 (Cagayan), Inc.
 Rural Bank of General Luna (Quezon), Inc.
 Rural Bank of General Trias, Inc.
 Rural Bank of Gingoog, Inc.
 Rural Bank of Gitagum (Misamis Oriental), Inc.
 Rural Bank of Gloria (Or. Min.), Inc.
 Rural Bank of Guinobatan, Inc.
 Rural Bank of Guiuan (Eastern Samar), Inc.
 Rural Bank of Hermosa (Bataan), Inc.
 Rural Bank of Hilongos, Inc.
 Rural Bank of Hindang (Leyte), Inc.
 Rural Bank of Hinundayan (Southern Leyte), Inc.
 Rural Bank of Ibajay, Inc.
 Rural Bank of Ilog (Negros Occidental), Inc.
 Rural Bank of Iloilo City, Inc.
 Rural Bank of Infanta, Inc.
 Rural Bank of Irosin, Inc.
 Rural Bank of Itogon (Benguet), Inc.
 Rural Bank of Jaen, Inc.
 Rural Bank of Jamindan (Capiz), Inc.
 Rural Bank of Jimenez (Misamis Occidental), Inc.
 Rural Bank of Jose Panganiban (Camarines Norte), Inc.
 Rural Bank of Kapalong (Davao), Inc.
 Rural Bank of Karomatan (Lanao Del Norte), 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), Incorporated

Rural Bank of Lebak (Sultan Kudarat), Incorporated
 Rural Bank of Leganes (Iloilo), Inc.
 Rural Bank of Liloy (Zamboanga Del Norte), Inc.
 Rural Bank of Limay (Bataan), Inc.
 Rural Bank of Lipa City (Batangas), Inc.
 Rural Bank of Loon (Bohol), Inc.
 Rural Bank of Lopez Jaena (Misamis Occidental), Inc.
 Rural Bank of Lucban (Quezon), Inc.
 Rural Bank of Luisiana (Laguna), Inc.
 Rural Bank of Lumban (Laguna), Inc.
 Rural Bank of Maasin (Southern Leyte), Inc.
 Rural Bank of Mabalacat, 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 Makato (Aklan), Inc.
 Rural Bank of Malitbog (Southern Leyte), Inc.
 Rural Bank of Malolos, Inc.
 Rural Bank of Mambusao, Inc.
 Rural Bank of Manapla (Neg. Occ.), Inc.
 Rural Bank of Mandaue, Inc.
 Rural Bank of Mangaldan, Inc. (Bangko Rural Ng Mangaldan, Ink.)
 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 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 Padre Garcia, Inc.
 Rural Bank of Paete, Inc.
 Rural Bank of Pagadian, Inc.
 Rural Bank of Pamplona (Negros Oriental), Inc.
 Rural Bank of Pana-On (Mis. Occ.), Inc.
 Rural Bank of Pangil (Laguna), Inc.
 Rural Bank of Paracale (Camarines Norte), Incorporated
 Rural Bank of Pilar (Bataan), Inc.
 Rural Bank of Pilar (Sorsogon), Inc.
 Rural Bank of Pinamalayan, Inc.
 Rural Bank of Placer (Surigao del Norte), 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 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 (Oriental Mindoro), Inc.
 Rural Bank of Sagada (Mountain Province), 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 Jacinto (Masbate), Inc.
 Rural Bank of San Jose (Camarines Sur), Inc.
 Rural Bank of San Juan (Southern 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), Incorporated
 Rural Bank of Seven Lakes (San Pablo City), 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. 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 Sudipen (La Union), Inc.
 Rural Bank of Taal, 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, (Mis. Occ.) 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 Victoria, Inc.
 Rural Bank of Villaverde (Nueva Vizcaya), Inc.
 Rural Bank of Zarraga (Iloilo), Inc.

Sadiri Rural Bank (San Juan, Ilocos Sur), Inc.
 Salug Valley Rural Bank, Inc.
 San Bartolome Rural Bank, Inc.
 San Fernando 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 (A 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.
 The Country Bank Rural Bank of Bongabong Or. Mindoro, Inc.
 Towncall Rural Bank, Inc.
 TRBank, Inc. (A Rural Bank)
 Turumba Rural Bank of Pakil, Lag. Inc.
 Unilink Bank, Inc. (A Rural Bank)
 United Consumers Rural Bank, Inc.
 United People's Rural Bank, Inc.
 Universal Rural Bank of Lopez (Quezon), Inc.
 Upland Rural Bank of Dalaguete (Cebu), Inc.
 Utility Bank, Inc. (A Rural Bank)
 Vigan Banco Rural, Incorporada
 Village Bank, Inc. (A Rural Bank)
 Vizcaya Bank, A Rural Bank, Inc.
 Zambales Rural Bank, Inc.
 Zamboanga City Rural Bank, Inc.
 Zamboanga Del Norte Cooperative Bank

GRI CONTENT INDEX

GENERAL STANDARD DISCLOSURES

STRATEGY AND ANALYSIS

G4-1	Chairman's statement	Chairman's Message, 6
------	----------------------	-----------------------

ORGANIZATIONAL PROFILE

G4-3	Company name	Philippine Deposit Insurance Corporation
G4-4	List of the company's primary brands, products, and/or services offered	Philippine Deposit Insurance System at a Glance, 2
G4-5	Headquarter location/s	Back Cover
G4-6	Country/ies of operation	Philippines
G4-7	Nature of ownership and legal form	Philippine Deposit Insurance System at a Glance, 2
G4-8	Markets served	Philippine Deposit Insurance System at a Glance, 2 President's Report, 9 List of Banks, 97
G4-9	Scale of the organization	President's Report, 9
G4-10	Scale of the organization	Ensuring Good Governance, 36
G4-11	% of employees under collective bargaining agreements	
G4-12	The company's supply chain	Strengthening Depositor Protection, 22
G4-13	Significant changes in the company	Strengthening Depositor Protection, 22 Ensuring Good Governance, 36 Promoting Financial Stability, 50 Corporate Direction for 2020, 74
G4-14	Precautionary approach or principle	Institutional Governance Framework, 18

G4-15	Adherence to external policies or other initiatives	Institutional Governance Framework, 18
-------	---	--

G4-16	List of associations related to the company	Ensuring Good Governance, 36 Promoting Financial Stability, 22
-------	---	---

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17	Individuals or groups included in consolidated financial statements	2019 Financial Statements (separate publication)
-------	---	--

G4-18	Defining report content	President's Report, 9
-------	-------------------------	-----------------------

G4-19	List of Aspects identified as material	Philippine Deposit Insurance System at a Glance, 2
-------	--	--

G4-20	Aspect materiality within the company	Philippine Deposit Insurance System at a Glance, 2
-------	---------------------------------------	--

G4-21	Aspect materiality outside of the company	Strengthening Depositor Protection, 22 Ensuring Good Governance, 36 Promoting Financial Stability, 50
-------	---	---

G4-22	Restatements of information from previous reports	Promoting Financial Stability, 50 2019 Financial Performance, 68
-------	---	---

G4-23	Changes in Scope and Aspect boundaries	None
-------	--	------

STAKEHOLDER ENGAGEMENT

G4-24	Stakeholder groups whom the company engaged	Strengthening Depositor Protection, 22 Ensuring Good Governance, 36 Promoting Financial Stability, 50
-------	---	---

G4-25	Criteria for stakeholder identification and selection	Strengthening Depositor Protection, 22 Ensuring Good Governance, 36 Promoting Financial Stability, 50
-------	---	---

G4-26	Methods of stakeholder engagement	Strengthening Depositor Protection, 22 Ensuring Good Governance, 36 Promoting Financial Stability, 50
G4-27	Concerns from stakeholder engagement	Strengthening Depositor Protection, 22 Ensuring Good Governance, 36 Promoting Financial Stability, 50
REPORT PROFILE		
G4-28	Year for information provided	January to December 2019
G4-29	If applicable: year of most recent previous report	2019 Annual Report – A New Horizon
G4-30	Whether reporting is done annually, biennially, etc.	Annual reporting
G4-31	Entities to contact for questions	Back Cover
G4-32	GRI Content Index	GRI Content Index, 102
G4-33	External assurance	2019 Financial Statements (separate publication)
GOVERNANCE		
G4-34	The company's governance structure	Institutional Governance Framework, 18 Board of Directors, 78
ETHICS AND INTEGRITY		
G4-56	The company's values, principles, standards, and norms of behavior	Corporate Profile

CATEGORY: ECONOMIC		
ASPECT: ECONOMIC PERFORMANCE		
G4-EC 1	Direct economic value generated and distributed	2019 Financial Performance, 68
G4-EC 4	Financial assistance received from the government	2019 Financial Performance, 68
ASPECT: INDIRECT ECONOMIC IMPACTS		
G4-EC 8	Significant indirect economic impacts, including the extent of impacts	Corporate Operating Environment, 15
CATEGORY: ENVIRONMENTAL		
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age, minority group membership, and other indicators of diversity	Board of Directors, 78 Ensuring Good Governance, 36
ASPECT: INVESTMENT		
G4-HR	Total hours of employee training in human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Ensuring Good Governance, 36
CATEGORY: SOCIETY		
ASPECT: ANTI CORRUPTION		
G4-SO4	Communication and training on anti-corruption policies and procedures	Ensuring Good Governance, 36



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TAKING THE HELM, ONWARD TO A NEW HORIZON

2019 FINANCIAL STATEMENTS



CONTENTS

1	Statement of Management's Responsibility for Financial Statements
2	Independent Auditor's Report
4	Statements of Financial Position
5	Statements of Comprehensive Income
6	Statements of Changes in Equity
7	Statements of Cash Flows
8	Notes to Financial Statements

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, 2019, 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



JOSEFINA J. VELILLA
First Vice President
Comptrollership Group



ROBERTO B. TAN
President and CEO

August 27, 2020

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, 2019 and 2018, 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, 2019 and 2018, 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 audits 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 ₱1.44 billion and interest of ₱1.27 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 was elevated by BSP to the Department of Justice (DOJ) for resolution and adjudication. DOJ issued a Resolution dated October 23, 2019 resolving the issues presented. A Notice of Appeal dated November 8, 2019 was filed by PDIC before the Office of the President of the Philippines. 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 audits were 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
 OIC-Supervising Auditor

August 28, 2020

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019 and 2018
(In Philippine Peso)

	Note	2019	Restated 2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	3	1,535,143,114	4,049,597,889
Financial Assets	4	23,668,900,519	4,792,748,761
Other Investments	5	14,447,013,190	3,747,682,948
Receivables	6	17,198,903	20,521,917
Inventories	7	173,157	161,133
Assets Held for Sale, net	8	0	44,458,783
Other Current Assets	12	376,434,573	332,556,625
		40,044,863,456	12,987,728,056
Non-Current Assets			
Financial Assets	4	193,424,013,032	188,111,804,244
Other Investments	5	34,576,459,798	43,319,924,401
Receivables, net	6	2,613,393,152	2,125,035,122
Investment Property, net	9	1,825,343,796	1,742,190,599
Property, Plant and Equipment, net	10	151,967,981	169,698,418
Intangible Assets, net	11	11,003,350	15,871,445
Other Non-Current Assets, net	12	473,150,623	329,603,815
		233,075,331,732	235,814,128,044
Total Assets		273,120,195,188	248,801,856,100
LIABILITIES			
Current Liabilities			
Financial Liabilities	13	21,250,895,436	357,103,353
Inter-Agency Payables	14	32,731,937	38,777,225
Trust Liabilities	15	3,955,382	4,020,903
Unearned Income	16	2,365,873	2,564,953
Other Payables	19	4,328,490,289	3,229,581,291
		25,618,438,917	3,632,047,725
Non-Current Liabilities			
Financial Liabilities	13	50,736,842,688	68,059,164,893
Trust Liabilities	15	4,083,068	2,532,256
Unearned Income	16	1,114,519	2,997,521
Provisions	17	240,945,007	234,582,104
Deferred Tax Liabilities	18	0	750
		50,982,985,282	68,299,277,524
Total Liabilities		76,601,424,199	71,931,325,249
EQUITY			
Government Equity (Permanent Insurance Fund)		3,000,000,000	3,000,000,000
Reserves for Insurance Losses		168,736,229,639	146,057,190,935
Retained Earnings		24,782,541,350	27,813,339,916
Total Equity		196,518,770,989	176,870,530,851
Total Liabilities and Equity		273,120,195,188	248,801,856,100

The notes on pages 8 to 29 form part of these statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2019 and 2018
(In Philippine Peso)

	Note	2019	2018
Income			
Business Income	20	37,330,911,584	33,750,117,569
Gains	21	28,200,250	11,825,201
Other Non-Operating Income	22	553,443,464	299,295,672
Total Income		37,912,555,298	34,061,238,442
Expenses			
Personnel Services	23	969,066,399	1,061,161,866
Maintenance and Other Operating Expenses	24	387,850,727	336,249,996
Deposit Claims Pay-out Expenses		1,241,238,669	1,718,792,672
Receivership and Liquidation Expenses		269,052,676	258,228,440
Financial Expenses	25	3,471,532,064	3,766,084,624
Non-Cash Expenses	26	22,924,365,177	20,494,378,016
Total Expenses		29,263,105,712	27,634,895,614
Net Income		8,649,449,586	6,426,342,828
Other Comprehensive Income for the Period		0	0
Total Comprehensive Income		8,649,449,586	6,426,342,828

The notes on pages 8 to 29 form part of these statements.

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2019 and 2018
(In Philippine Peso)

	Note	Permanent Insurance Fund	Reserves for Insurance Losses	Retained Earnings	Total
BALANCE AT JANUARY 1, 2018		3,000,000,000	114,004,494,372	30,173,901,629	147,178,396,001
ADJUSTMENT:					
Add: Prior period adjustment	33		12,000,000,000	440,371,624	12,440,371,624
RESTATED BALANCE AT JANUARY 1, 2018		3,000,000,000	126,004,494,372	30,614,273,253	159,618,767,625
CHANGES IN EQUITY FOR 2018					
Add/(Deduct):					
Additional reserves for insurance losses	26		20,052,696,563		20,052,696,563
Net Income for the period				6,426,342,828	6,426,342,828
Declaration of cash dividends	28			(9,227,276,165)	(9,227,276,165)
RESTATED BALANCE AT DECEMBER 31, 2018		3,000,000,000	146,057,190,935	27,813,339,916	176,870,530,851
CHANGES IN EQUITY FOR 2019					
Add/(Deduct):					
Additional reserves for insurance losses	26		22,679,038,704		22,679,038,704
Net Income for the period				8,649,449,586	8,649,449,586
Declaration of cash dividends	28			(11,680,248,152)	(11,680,248,152)
BALANCE AT DECEMBER 31, 2019		3,000,000,000	168,736,229,639	24,782,541,350	196,518,770,989

The notes on pages 8 to 29 form part of these statements.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018
(In Philippine Peso)

	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Collection of Income/Revenue		37,811,592,080	34,745,992,048
Collection of Receivables		467,759,889	337,487,121
		38,279,351,969	35,083,479,169
Cash Outflows			
Payment of Expenses		(1,354,206,417)	(1,393,438,290)
Payment of Insured Deposits		(1,229,283,700)	(1,729,060,159)
Grant of Cash Advances and Various Receivables		(24,232,922)	(38,350,821)
Payment of Accounts Payable		(218,540,702)	(178,382,945)
Grant of Financial Assistance		(677,884,947)	(456,398,934)
Payment of Receivership and Liquidation Expenses		(13,710,538)	(8,061,440)
Remittance of Taxes Withheld		(4,455,933)	(59,499)
		(3,522,315,159)	(3,803,752,088)
Net Cash Provided by Operating Activities		34,757,036,810	31,279,727,081
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows			
Proceeds from Matured Investments		98,114,354,063	116,158,691,862
		98,114,354,063	116,158,691,862
Cash Outflows			
Purchase of Investments		(125,094,570,748)	(136,136,612,151)
Equipment		(34,696,795)	(33,050,005)
		(125,129,267,543)	(136,169,662,156)
Net Cash Used in Investing Activities		(27,014,913,480)	(20,010,970,294)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Inflows			
Proceeds from Long-term Liabilities to BSP		338,942,474	302,767,807
		338,942,474	302,767,807
Cash Outflows			
Payment of Cash Dividends		(10,582,799,524)	(8,844,298,768)
Payment of Long-term Liabilities to BSP		(12,705,628)	(12,844,259)
		(10,595,505,152)	(8,857,143,027)
Net Cash Used in Financing Activities		(10,256,562,678)	(8,554,375,220)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(2,514,439,348)	2,714,381,567
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(15,427)	76,231
CASH AND CASH EQUIVALENTS, JANUARY 1		4,049,597,889	1,335,140,091
CASH AND CASH EQUIVALENTS, DECEMBER 31	3	1,535,143,114	4,049,597,889

The notes on pages 8 to 29 form part of these statements.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

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 Building, 6782 Ayala Avenue corner V.A. Rufino Street, Makati City.

As at December 31, 2019, PDIC's total manpower¹ complement stood at 542 (187 officers and 355 rank and file employees), 533 of whom are of permanent status and 9 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 (6) 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 (6) 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 5, 2020.

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, if any, 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 unless otherwise stated. The financial statements are presented in Philippine Peso which is also the country's functional currency. All values are rounded to the nearest peso unless otherwise stated.

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, capital, 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.

The Corporation classifies financial assets with fixed or determinable payments and fixed maturity 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, 2019 and 2018 are disclosed in Note 4. There was no impairment loss recognized on investments in 2019 and 2018.

a. Impairment of financial assets

The Corporation recognizes impairment for expected credit loss (ECL) based on PFRS 9 on investments in debt instruments, loans and other receivables that are measured at amortized cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments.

The Corporation recognizes lifetime ECL on purchased or credit impaired loans acquired/received from banks under financial assistance or from closed banks in payment of receivables.

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 financial asset 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, 2019 and 2018 are disclosed in Note 6.

b. 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 non-current assets held for sale, investment properties and property, plant and equipment as at December 31, 2019 and 2018 are disclosed in Notes 8, 9 and 10, respectively.

c. Estimated useful lives of property, plant and equipment

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

d. 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

The new amendment to existing Philippine Financial Reporting Standards (PFRS) which became effective for accounting period beginning on or after January 1, 2019 but has no impact on the accounting policies and financial statements' presentation and reporting of the Corporation.

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

Under PFRS 16, a contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

This Standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A right-of-use asset is recognized representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

PFRS 16 does not apply to PDIC since as lessee, the contracts of lease on the rental of the PDIC office, warehouses and others have a lease term of less than 12 months or are of low value.

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 consists of accounting standards and interpretations issued, which the Corporation reasonably expects to be applicable at a future date.

- **PAS 1 and PAS 8, Revised Conceptual Framework for PFRS (effective January 1, 2020)**

The revised Conceptual Framework provides changes to the principles which have implications on how and when assets and liabilities are recognized and derecognized in the financial statements. Some of the concepts in the revised framework are entirely new – such as the 'practical ability' approach to liabilities. Also included in the amendment is the clarification of the definition of 'material', aligning the definition used in the Conceptual Framework and the standards.

The Corporation will 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 if determined to be applicable, 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 an 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, if any.

- 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

Financial Assets	Measurement Category
Cash and Cash Equivalents	Amortized Cost
Investment Securities at Amortized Costs	Amortized Cost
Fair Value through Other Comprehensive Income	FVTOCI
Receivables	Amortized Cost

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 (FVTOCI)

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

Investments in equity instruments at FVTOCI 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 but directly added or charged to retained earnings.

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 FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit and loss, but is charged to retained earnings.

b. Inventories

Inventories are measured at cost upon initial recognition and recognized as an expense when used for consumption in the ordinary course of operations or distributed to insured banks.

c. 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.

d. 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 and subsequently measured at cost net of allowance for impairment.

e. 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 ₱15,000 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
Leasehold Improvements, Buildings	3 years

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

f. Intangible assets

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

g. Financial liabilities and EquityClassification 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.

The Notes Payable of PDIC is measured at amortized cost.

g.1 Financial liabilitiesInitial 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 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.

g.2 EquityDeposit insurance fund

The Deposit Insurance Fund (DIF) is the capital/equity account of the Corporation and consists 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 (NG) by virtue of Republic Act No. 3591, as amended. The full capitalization from the NG of ₱3 billion was reached in 1994 with the conversion of the obligations of PDIC to the Central Bank of the Philippines in the amount of ₱977.787 million into equity of the National Government.

Reserves for insurance losses

PDIC sets aside reserves for insurance losses to build-up the Deposit Insurance Fund target ratio of 5.5% to 8% over the estimated insured deposits in the banking system.

Retained earnings

Refers to the cumulative income of the Corporation net of dividends declared to the NG and any prior year's adjustments.

h. 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 ₱5,000 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.

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.

i. 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.

j. Employee benefitsProvident 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.

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 guidelines on monetization of leaves.

k. Operating lease

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

l. 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. The grant 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.

m. 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.

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. Incomes from other sources are still subject to value-added tax. Effective January 1, 2018, PDIC exemption from payment of VAT on assessments collected from member banks has been repealed under Section 86 (ee) of the Republic Act No. 10963 also known as the Tax Reform for Acceleration and Inclusion (TRAIN) Law. The VAT obligation under such Act shall be chargeable to the Tax Expenditure Fund (TEF) provided for in the annual General Appropriations Act.

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:

	2019	2018
Cash on Hand	2,224,370	1,673,788
Cash in Bank – Local Currency	84,427,795	65,886,450
Cash in Bank – Foreign Currency	320,039	347,947
Cash Equivalents	1,448,170,910	3,981,689,704
	1,535,143,114	4,049,597,889

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:

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Investment Securities at Amortized Cost	23,668,900,519	181,321,383,482	204,990,284,001	4,792,748,761	176,009,174,694	180,801,923,455
Financial Assets at Fair Value Through Other Comprehensive Income - net	0	12,102,629,550	12,102,629,550	0	12,102,629,550	12,102,629,550
	23,668,900,519	193,424,013,032	217,092,913,551	4,792,748,761	188,111,804,244	192,904,553,005

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 ₱11.392 billion and ₱9.692 billion in 2019 and 2018.

Financial assets at fair value through other comprehensive income (FAFVTOCI) consist of Preferred shares and Capital notes.

Preferred shares represent PDIC's subscription to the preferred shares of stock with par value of ₱100 and ₱10 per share issued by two rural banks on December 28, 2017 and September 24, 2018. The subscription to the banks' 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 ₱12 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, and extended up to December 31, 2021. On May 10, 2019, the PDIC Board resolved to exercise its right to convert the Capital Notes into Special Preferred shares (SPS) of the bank at the conversion price. The SPS stock certificates were turned over to PDIC on July 9, 2020.

5. OTHER INVESTMENTS

This account includes:

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Sinking Fund	14,447,013,190	34,576,459,798	49,023,472,988	3,747,682,948	43,319,924,401	47,067,607,349

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:

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Loans and Receivable-net	12,506,415	2,555,054,856	2,567,561,271	15,576,117	2,066,147,097	2,081,723,214
Inter-Agency Receivables-net	4,660,296	58,338,296	62,998,592	4,809,496	58,338,296	63,147,792
Other Receivables-net	32,192	0	32,192	136,304	549,729	686,033
	17,198,903	2,613,393,152	2,630,592,055	20,521,917	2,125,035,122	2,145,557,039

Loans and Receivable

This account includes the following:

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Notes Receivable	2,978,675	1,951,673,084	1,954,651,759	2,738,898	1,454,021,860	1,456,760,758
Subrogated Claims Receivable	0	64,866,996,330	64,866,996,330	0	63,920,662,233	63,920,662,233
Allowance for Impairment	0	(64,866,996,330)	(64,866,996,330)	0	(63,920,662,233)	(63,920,662,233)
Net Value	0	0	0	0	0	0
Assigned Loans Receivables	0	12,622,873,453	12,622,873,453	0	12,629,132,020	12,629,132,020
Allowance for Impairment	0	(12,029,781,687)	(12,029,781,687)	0	(12,030,897,114)	(12,030,897,114)
Net Value	0	593,091,766	593,091,766	0	598,234,906	598,234,906
Loans Receivable – Others	0	2,582,856,581	2,582,856,581	0	2,607,583,224	2,607,583,224
Allowance for Impairment	0	(2,578,262,700)	(2,578,262,700)	0	(2,602,989,342)	(2,602,989,342)
Net Value	0	4,593,881	4,593,881	0	4,593,882	4,593,882
Receivership and Liquidation Receivable	0	2,842,239,383	2,842,239,383	0	2,684,435,974	2,684,435,974
Allowance for Impairment	0	(2,842,239,383)	(2,684,435,974)	0	(2,684,435,974)	(2,684,435,974)
Net Value	0	0	0	0	0	0
Sales Contract Receivable	6,852,289	5,855,883	12,708,172	6,512,605	12,164,707	18,677,312
Allowance for Impairment	0	(159,758)	(159,758)	0	(2,868,258)	(2,868,258)
Net Value	6,852,289	5,696,125	12,548,414	6,512,605	9,296,449	15,809,054
Interest Receivable	2,675,451	0	2,675,451	6,324,614	0	6,324,614
Total	12,506,415	2,555,054,856	2,567,561,271	15,576,117	2,066,147,097	2,081,723,214

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

Subrogated claims receivable (SCR) 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.

Assigned loans 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, 2019, 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.

Sales contract receivable are receivables from installment sales of assets acquired from financially assisted banks and from closed banks in payment for subrogated deposits and advances for receivership and liquidation expenses.

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

Inter-Agency Receivables

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Bureau of Internal Revenue	0	885,730,142	885,730,142	0	885,730,142	885,730,142
National Government	0	58,338,296	58,338,296	0	58,338,296	58,338,296
DBM-Procurement Service	4,660,296	0	4,660,296	4,809,496	0	4,809,496
	4,660,296	944,068,438	948,728,734	4,809,496	944,068,438	948,877,934
Allowance for Impairment	0	(885,730,142)	(885,730,142)	0	(885,730,142)	(885,730,142)
	4,660,296	58,338,296	62,998,592	4,809,496	58,338,296	63,147,792

Inter-Agency Receivables are receivables from the following agencies:

Bureau of Internal Revenue represents 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 represents the balance of the share of the NG in insured deposits paid in excess of ₱250,000 up to ₱500,000 in bank closures from June 1, 2009 to May 31, 2012 in accordance with the PDIC Charter.

DBM Procurement Service (DBM-PS) represents the revolving fund maintained for the DBM-PS facility used in the purchase of plane tickets for local travel.

Other receivables

This represents other receivables which includes the following:

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Due from Officers and Employees	15,201	5,779,344	5,794,545	75,877	6,060,742	6,136,619
Allowance for Impairment	0	(5,779,344)	(5,779,344)	0	(6,060,742)	(6,060,742)
Net Value	15,201	0	15,201	75,877	0	75,877
Receivables-Disallowance and Charges	0	92,028	92,028	0	92,028	92,028
Allowance for Impairment	0	(92,028)	(92,028)	0	(92,028)	(92,028)
Net Value	0	0	0	0	0	0
Other Receivables	16,991	4,491,351	4,508,342	60,427	11,591,427	11,651,854
Allowance for Impairment	0	(4,491,351)	(4,491,351)	0	(11,041,698)	(11,041,698)
Net Value	16,991	0	16,991	60,427	549,729	610,156
Total	32,192	0	32,192	136,304	549,729	686,033

Aging/Analysis of Receivables

As at December 31, 2019

Accounts	Gross Amount	Not Past Due	Past Due		
			< 30 days	30-60 days	>60 days
Notes Receivable	1,954,651,759	2,978,675	0	0	1,951,673,084
Subrogated Claims Receivables	64,866,996,330	0	0	0	64,866,996,330
Assigned Loans Receivables	12,622,873,453	0	0	0	12,622,873,453
Loans Receivable - Others	2,582,856,581	0	0	0	2,582,856,581
Receivership and Liquidation Receivable	2,842,239,383	0	0	0	2,842,239,383
Sales Contract Receivables	12,708,172	6,852,289	0	0	5,855,883
Interest Receivable	2,675,451	2,675,451	0	0	0
Inter-Agency Receivables	948,728,734	4,660,296	0	0	944,068,438
Other Receivables	10,394,915	19,374	0	12,818	10,362,723
	85,844,124,778	17,186,085	0	12,818	85,826,925,875

7. INVENTORIES

	2019	2018
Inventory Held for Sale		
Balance, January 1	0	54,944
Additions/Acquisitions during the year	0	119,398
Sold during the year	0	(174,342)
Balance, December 31	0	0
Inventory Held for Consumption		
Balance, January 1	161,133	539,467
Additions/Acquisitions during the year	9,622,965	7,062,292
Expensed during the year	(9,610,941)	(7,440,626)
Balance, December 31	173,157	161,133

Inventory held for consumption refers to office supplies and materials of the Corporation including decals and standees for distribution to insured bank.

8. ASSETS HELD FOR SALE

This account includes the following:

	2019	2018
Carrying Amount, January 1	44,458,783	53,510,751
Addition/Acquisition	0	0
Transfers	0	(181,053)
Total	44,458,783	53,329,698
Disposals	(2,749,245)	(8,892,153)
Impairment Loss	383,070	0
Reclassification	(42,092,608)	21,238
Carrying Amount, December 31	0	44,458,783
Gross Cost	0	46,278,291
Accumulated Impairment Loss	0	(1,819,508)
Carrying Amount, December 31	0	44,458,783

These represent real and other properties acquired from financially assisted banks and those assigned by closed banks in payment for subrogated deposits and advances for receivership and liquidation expenses intended to be sold or disposed within a year, if any.

9. INVESTMENT PROPERTY

This account includes the following:

	2019	2018
Carrying Amount, January 1	1,742,190,599	1,297,877,509
Addition/Acquisition	51,897,000	236,363,093
Transfers/Reversals	(831,391)	269,315,588
Total	1,793,256,208	1,803,556,190
Disposals	(11,947,380)	(11,050,095)
Impairment Loss	0	0
Reclassification	44,034,968	(50,315,496)
Carrying Amount, December 31	1,825,343,796	1,742,190,599
Gross Cost	2,580,327,895	2,496,862,239
Accumulated Impairment Loss	(754,984,099)	(754,671,640)
Carrying Amount, December 31	1,825,343,796	1,742,190,599

These are 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. Twenty-three (23) properties with a book value of ₱240,400,434.71 have been requested for replacement from one of the financially assisted banks.

10. PROPERTY, PLANT AND EQUIPMENT

This account includes the following:

Particulars	2019						Total
	Land	Buildings	Construction in Progress-Buildings and Other Structures	Furniture, Fixtures, Equipment	Transportation Equipment	Leased Assets Improvements, Buildings	
Cost							
At January 1, 2019	26,206,018	145,317,082	29,315,285	166,219,637	34,646,559	807,693	402,512,274
Additions	0	0	2,414,420	2,164,419	0	56,459	4,635,298
Disposals/adjustments	0	0	0	(11,278,922)	(6,614,600)	(0)	(17,893,522)
At December 31, 2019	26,206,018	145,317,082	31,729,705	157,105,134	28,031,959	864,152	389,254,050
Accumulated Depreciation							
At January 1, 2019	0	116,997,349	0	93,771,966	21,352,233	692,308	232,813,856
Depreciation/Amortization	0	3,472,402	0	14,458,540	2,468,617	124,794	20,524,353
Disposals/adjustments	0	0	0	(10,099,000)	(5,953,140)	(0)	(16,052,140)
At December 31, 2019	0	120,469,751	0	98,131,506	17,867,710	817,102	237,286,069
Net book value							
At December 31, 2019	26,206,018	24,847,331	31,729,705	58,973,628	10,164,249	47,050	151,967,981

2018							
Particulars	Land	Buildings	Construction in Progress-Buildings and Other Structures	Furniture, Fixtures, Equipment	Transportation Equipment	Leased Assets Improvements, Buildings	Total
Cost							
At January 1, 2018	26,206,018	145,317,082	9,316,398	130,861,788	40,591,559	807,693	353,100,538
Additions	0	0	19,998,887	39,783,344	0	0	59,782,231
Disposals/adjustments	0	0	0	(4,425,495)	(5,945,000)	(0)	(10,370,495)
At December 31, 2018	26,206,018	145,317,082	29,315,285	166,219,637	34,646,559	807,693	402,512,274
Accumulated Depreciation							
At January 1, 2018	0	113,524,947	0	86,645,130	24,234,117	0	224,404,194
Depreciation/Amortization	0	3,472,402	0	9,859,485	2,468,616	692,308	16,492,811
Disposals/adjustments	0	0	0	(2,732,649)	(5,350,500)	(0)	(8,083,149)
At December 31, 2018	0	116,997,349	0	93,771,966	21,352,233	692,308	232,813,856
Net book value							
At December 31, 2018	26,206,018	28,319,733	29,315,285	72,447,671	13,294,326	115,385	169,698,418

This account includes Corporate property located at Chino Roces Avenue, Makati City, with appraised value of ₱550 million for the land and ₱53.796 million for the building totaling ₱603.796 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.

	2019	2018
Carrying Amount, January 1	15,871,445	21,697,856
Addition – Internally Developed	0	0
Addition – Purchased	2,452,687	3,151,313
Total	18,324,132	24,849,169
Amortization	(7,320,782)	(8,977,724)
Impairment Loss	0	0
Carrying Amount, December 31	11,003,350	15,871,445
Gross Cost	133,002,948	130,550,261
Accumulated Amortization	(121,999,598)	(114,678,816)
Carrying Amount, December 31	11,003,350	15,871,445

12. OTHER ASSETS

This account includes the following:

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Restricted Fund	310,189,701	6,787,822	316,977,523	295,963,465	512,729	296,476,194
Prepayments	65,437,973	171,676,201	237,114,174	36,415,298	138,320,203	174,735,501
Deposits	0	28,704,381	28,704,381	0	22,368,494	22,368,494
Other Assets	806,899	1,444,746,817	1,445,553,716	177,862	1,474,518,019	1,474,695,881
Accumulated Impairment-Other Assets	0	(1,178,764,598)	(1,178,764,598)	0	(1,306,115,630)	(1,306,115,630)
	376,434,573	473,150,623	849,585,196	332,556,625	329,603,815	662,160,440

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., mobilization fees, 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, LRA, MERALCO, PLDT, Petron Corp., etc.).

Other Assets represent unserviceable assets for disposal, various assets acquired from financially assisted and closed 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:

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Notes Payable	20,948,172,885	50,736,842,688	71,685,015,573	29,884,931	68,059,164,893	68,089,049,824
Insured Deposit Claims Payable	183,118,541	0	183,118,541	171,186,703	0	171,186,703
Accounts Payable	75,470,677	0	75,470,677	63,667,307	0	63,667,307
Due to Officers and Employees	44,133,333	0	44,133,333	92,364,412	0	92,364,412
	21,250,895,436	50,736,842,688	71,987,738,124	357,103,353	68,059,164,893	68,416,268,246

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

The above balances do not include the amount of principal and interest of ₱1.44 billion and ₱1.27 billion, respectively, claimed by BSP due to an 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 was elevated by BSP to the Department of Justice (DOJ) for resolution and adjudication and on October 23, 2019, DOJ issued a resolution resolving the issues presented. The PDIC filed on November 8, 2019 its Notice of Appeal with the Office of the President of the Philippines of the DOJ Resolution dated October 23, 2019.

Insured Deposit Claims Payable represents balance of validated insured deposits but unclaimed by concerned depositors.

Accounts Payable refers to the amount due to various suppliers/creditors and payable to the PDIC Provident Fund (PF) representing corporate and employees' contributions and loan amortizations deducted from salaries of employees for remittance in the following month to PF.

Due to Officers and Employees are composed of employees' 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:

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Due to BIR	21,563,830	0	21,563,830	27,452,990	0	27,452,990
Due to GSIS	10,244,399	0	10,244,399	10,470,831	0	10,470,831
Due to Philhealth	658,490	0	658,490	586,172	0	586,172
Due to Pag-IBIG	265,218	0	265,218	267,232	0	267,232
	32,731,937	0	32,731,937	38,777,225	0	38,777,225

Due to Bureau of Internal Revenue (BIR) represents taxes withheld on compensation, professional fees, rental, contractors, suppliers, fringe benefits taxes and other taxes for remittance to BIR in the following month.

Due to Government Service Insurance System (GSIS) represents corporate and employees' contributions and loan payments deducted from salaries of employees for remittance to GSIS in the following month.

Due to Philhealth represents corporate and employees' contributions for remittance to the Philippine Health Insurance Corporation in the following month.

Due to Pag-IBIG represents corporate and employees' contributions and loan payments deducted from salaries of employees for remittance to Home Development Mutual Fund in the following month.

15. TRUST LIABILITIES

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Guarantee/Security Deposits Payable	1,387,977	4,027,068	5,415,045	2,148,385	2,532,256	4,680,641
Customers' Deposits Payable	2,567,405	56,000	2,623,405	1,872,518	0	1,872,518
	3,955,382	4,083,068	8,038,450	4,020,903	2,532,256	6,553,159

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

16. UNEARNED INCOME

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Unearned Income	2,365,873	1,114,519	3,480,392	2,564,953	2,997,521	5,562,474

This account represents unearned 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 payable upon monetization, retirement or resignation.

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:

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Dividends Payable	4,324,724,793	0	4,324,724,793	3,227,276,165	0	3,227,276,165
Other Payables	3,765,496	0	3,765,496	2,305,126	0	2,305,126
	4,328,490,289	0	4,328,490,289	3,229,581,291	0	3,229,581,291

Dividends Payable represents dividends due to NG for 2019 income for remittance on the first quarter of the following year.

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

20. BUSINESS INCOME

	2019	2018
Assessment Income	25,380,900,767	23,594,390,250
Interest Income	11,663,892,339	9,899,346,659
Dividend Income	20,475,493	1,391,966
Rent/Lease Income	4,107,053	3,370,309
Fines and Penalties-Business Income	3,086,932	398,451
Sales Revenue	0	9,034
Other Business Income	258,449,000	251,210,900
	37,330,911,584	33,750,117,569

21. GAINS

	2019	2018
Gain on Sale of Investment Property	15,076,642	11,639,739
Gain on Foreign Exchange (FOREX)	0	185,462
Other Gains	13,123,608	0
	28,200,250	11,825,201

22. OTHER NON-OPERATING INCOME

	2019	2018
Reversal of Impairment Loss	551,794,144	298,557,930
Miscellaneous Income	1,649,320	737,742
	553,443,464	299,295,672

23. PERSONNEL SERVICES

	2019	2018
Salaries and Wages	439,360,805	454,227,806
Personnel Benefit Contributions	255,352,080	264,126,473
Other Compensation	222,075,303	286,859,691
Other Personnel Benefits	52,278,211	55,947,896
	969,066,399	1,061,161,866

23.1 Personnel Benefit Contributions

	2019	2018
Provident/Welfare Fund Contributions	197,713,035	204,345,120
Retirement and Life Insurance Premiums	52,894,827	54,824,088
PhilHealth Contributions	3,421,118	3,552,865
Pag-IBIG Contributions	661,800	702,100
Employees Compensation Insurance Premiums	661,300	702,300
	255,352,080	264,126,473

23.2 Other Compensation

	2019	2018
Year-end Bonus	81,871,877	102,452,589
Productivity Incentive Allowances	23,428,651	49,423,976
Representation Allowance	15,365,250	16,420,375
Transportation Allowance	15,024,665	16,081,831
Overtime and Night Differential	5,752,477	5,475,396
Personnel Economic Relief Allowance	3,282,345	3,472,091
Clothing/Uniform Allowance	3,046,382	3,453,067
Longevity Pay	2,198,140	2,248,262
Other Bonuses and Allowances	72,105,516	87,832,104
	222,075,303	286,859,691

23.3 Other Personnel Benefits

	2019	2018
Terminal Leave Benefits	26,979,402	29,076,416
Other Personnel Benefits	25,298,809	26,871,480
	52,278,211	55,947,896

24. MAINTENANCE AND OTHER OPERATING EXPENSES

	2019	2018
Utility Expenses	53,475,390	53,597,073
Professional Services	52,653,794	40,556,756
General Services	35,223,143	31,800,490
Travel Expenses	23,878,995	24,433,769
Supplies and Materials Expenses	13,205,486	15,643,686
Repairs and Maintenance	10,283,308	6,545,959
Confidential, Intelligence and Extraordinary	8,266,813	7,367,492
Taxes, Insurance Premiums and Other Fees	8,222,043	3,929,371
Training Expenses	5,646,724	4,926,183
Communication Expenses	5,195,579	6,353,396
Other Maintenance and Operating Expenses	171,799,452	141,095,821
	387,850,727	336,249,996

24.1 Utility Expenses

	2019	2018
Electricity Expenses	48,068,061	48,573,392
Water Expenses	5,407,329	5,023,681
	53,475,390	53,597,073

24.2 Professional Services

	2019	2018
Auditing Services	16,582,155	8,986,553
Consultancy Services	6,272,699	1,790,185
Other Professional Services	29,798,940	29,780,018
	52,653,794	40,556,756

24.3 General Services

	2019	2018
Security Services	22,976,302	19,696,603
Janitorial Services	11,180,325	11,043,010
Other General Services	1,066,516	1,060,877
	35,223,143	31,800,490

24.4 Travel Expenses

	2019	2018
Travel Expenses – Local	18,558,330	17,262,985
Travel Expenses – Foreign	5,320,665	7,170,784
	23,878,995	24,433,769

24.5 Supplies and Materials Expenses

	2019	2018
Office Supplies Expenses	8,921,561	7,440,626
Semi-Expendable Machinery and Equipment	1,810,225	4,781,848
Fuel, Oil and Lubricants Expenses	1,279,645	1,456,000
Other Supplies and Materials	689,379	608,107
Drugs and Medicines Expenses	267,252	209,598
Semi-Expendable Furniture, Fixtures and Books	123,183	1,079,075
Accountable Forms Expenses	78,000	0
Medical, Dental and Laboratory Supplies	36,241	68,432
	13,205,486	15,643,686

24.6 Repairs and Maintenance

	2019	2018
Machinery and Equipment	9,112,830	4,938,928
Transportation Equipment	417,809	616,301
Buildings and Other Structures	385,066	69,268
Leased Assets Improvements-Buildings	359,433	678,862
Furniture and Fixtures	8,170	803
Semi-Expendable Equipment	0	241,797
	10,283,308	6,545,959

24.7 Taxes, Insurance Premiums and Other Fees

	2019	2018
Taxes, Duties and Licenses	4,457,836	57,349
Fidelity Bond Premiums	2,482,767	2,334,781
Insurance Expenses	1,281,440	1,537,241
	8,222,043	3,929,371

24.8 Communication Expenses

	2019	2018
Telephone Expenses	2,567,202	3,521,250
Postage and Courier Services	1,849,968	1,574,456
Internet Subscription Expenses	778,409	1,257,690
	5,195,579	6,353,396

24.9 Other Maintenance and Operating Expenses

	2019	2018
Rent/Lease Expenses	115,801,068	103,692,413
Directors and Committee Members' Fees	11,311,825	7,043,674
Litigation/Acquired Assets Expenses	9,614,032	15,981,884
Printing and Publication Expenses	5,028,605	809,046
Subscription Expenses	4,697,928	4,803,058
Advertising, Promotional and Marketing	1,548,337	1,796,129
Membership Dues and Contributions to Organization	1,155,174	995,905
Donations	39,072	0
Documentary Stamps Expenses	0	359,589
Other Maintenance and Operating Expenses	22,603,411	5,614,123
	171,799,452	141,095,821

25. FINANCIAL EXPENSES

	2019	2018
Interest Expenses	3,465,702,191	3,760,899,480
Management Supervision/Trusteeship Fees	306,679	287,309
Bank Charges	174,837	82,621
Other Financial Charges	5,348,357	4,815,214
	3,471,532,064	3,766,084,624

26. NON-CASH EXPENSES

	2019	2018
Provision for Insurance Losses	22,679,048,704	20,052,696,563
Depreciation	20,524,353	16,492,811
Amortization – Intangible Assets	7,320,782	8,977,723
Impairment Loss	11,138	351,135,751
Losses	217,470,200	65,075,168
	22,924,375,177	20,494,378,016

26.1 Losses

	2019	2018
Loss on Foreign Exchange (FOREX)	132,281	0
Loss on Sale/Redemption/Transfer of Investments	0	21
Other Losses	217,337,919	65,075,147
	217,470,200	65,075,168

27. TAXES

The Corporation is exempt from income tax, final withholding tax, value added tax on assessments and local taxes pursuant to Section 22 c of R.A. 3591, as amended. R.A. 10963 or the TRAIN law became effective on January 1, 2018 where PDIC is no longer exempt from the payment of VAT on assessment collections but provides that such VAT obligations shall be charged against the TEF of the NG.

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 2019 and 2018:

	2019	2018
Withholding Taxes:		
On Compensation and Benefits	114,864,657	106,967,061
Creditable Withholding Taxes	49,846,416	48,653,405
Final Withholding Taxes	368,180	362,049
Value Added Tax (VAT)	3,029,469,128	2,829,201,817
Documentary Stamp	0	359,589
BIR Annual Registration Fee	500	500
	3,194,548,881	2,985,544,421

28. DIVIDENDS TO THE NG

Dividends to the National Government amounted to ₱4.325 billion and ₱3.227 billion, representing 50 per cent of net income from other sources in 2019 and 2018, 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 the settlement amount was agreed at ₱23.8 billion. Remittances totaling ₱16.8 billion has been made on December 22, 2017, December 14, 2018 and December 13, 2019. This is subject to the referral to the Department of Justice (DOJ) for opinion/resolution of the issue with regard to the basis of the dividends due to the NG, 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.

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 ₱111.61 million and ₱99.84 million as at December 31, 2019 and 2018, 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

Twenty (20) cases were filed against the Corporation for payment of deposit insurance in the estimated amount of ₱30.927 million.

Cases subject matter of which are incapable of pecuniary estimation

There are ten (10) 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 (EID)

As at December 31, 2019, total insured deposits up to the ₱500,000 maximum deposit insurance coverage amounted to ₱2.72 trillion², representing 70.50 million accounts. This is equivalent to 20.75 per cent of the total deposits of ₱13.10 trillion in the banking industry.

30.3 Banks under receivership and liquidation

After the PDIC Board approved the Reports of Termination of Liquidation of the Assets and Winding-up Operation of the Affairs of 324 closed banks, remaining banks under liquidation by PDIC as of December 31, 2019 stood at 375 closed banks, including the 11 banks closed in 2019. Based on available financial statements, the total estimated realizable value of assets (ERVA) and liabilities of 366 closed banks, excluding nine (9) banks closed in 2019, amounted to ₱40.14 billion and ₱139.24 billion, respectively. As of December 31, 2018, there were 376 closed banks of which, 368 (excludes eight (8) banks closed in later part of 2018) have ERVA of ₱36.31 billion and liabilities of ₱137.20 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.

²Based on EID as of September 30, 2019, net of EID of banks closed/merged from October to December 2019

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
2019			
Notes Receivable	1,954,651,759	1,954,651,759	0
2018			
Notes Receivable	1,456,760,758	1,267,551,029	189,209,729

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 in the PDIC Charter that would give the most advantageous results. Senior management is actively involved in the Asset Liability Committee headed by the President and CEO 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, 2019 and 2018.

	On Demand	Up to 3 months	> 3 up to 12 months	> 1 up to 5 years
As at December 31, 2019				
Accounts Payable and Due to Officers and Employees	119,604,010	0	0	0
Insured Deposit Claims Payable	183,118,541	0	0	0
Notes Payable	5,921,991	0	20,942,250,894	50,040,100,680
	308,644,542	0	20,942,250,894	50,040,100,680
As at December 31, 2018				
Accounts Payable and Due to Officers and Employees	156,031,719	0	0	0
Insured Deposit Claims Payable	171,186,703	0	0	0
Notes Payable	29,884,931	0	0	67,686,375,548
	357,103,353	0	0	67,686,375,548
	> 5 up to 10 years	> 10 up to 20 years	Over 20 years	Total
As at December 31, 2019				
Accounts Payable and Due to Officers and Employees		0	0	119,604,010
Insured Deposit Claims Payable		0	0	183,118,541
Notes Payable	292,158,840	285,003,230	119,579,938	71,685,015,573
	292,158,840	285,003,230	119,579,938	71,987,738,124
As at December 31, 2018				
Accounts Payable and Due to Officers and Employees		0	0	156,031,719
Insured Deposit Claims Payable		0	0	171,186,703
Notes Payable	260,290,629	0	112,498,716	68,089,049,824
	260,290,629	0	112,498,716	68,416,268,246

Capital Management

PDIC aims to maintain its 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 since 2017.

The target ratio represents the ability of the Corporation to cover anticipated and unanticipated risks in the banking system to enable it 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, 2019, DIF/EID ratio stood at 6.9% with DIF at ₱196.519 billion over estimated EID at ₱2,851.45 billion.

33. RESTATEMENT OF 2018 FINANCIAL STATEMENTS

The beginning balance of retained earnings in 2018 was restated for ₱440.37 million prior period adjustments for reversal of impairment losses on various receivables amounting to ₱445.19 million in accordance with the framework on PFRS 9 on Impairment – Expected Credit Losses net of ₱4.82 million adjustment of the book value and impairment losses of other acquired assets. The adjustments increased the net book value of various receivables and non-current assets accounts by the same amount in 2018. Likewise, beginning balance of reserves for insurance losses was restated for additional reserves of P12 billion from the reversal of allowance for impairment losses on the Capital Notes under the FAFVTOCI (Note 4).



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