



STEERING THE VISION

2016 ANNUAL REPORT

CONTENTS

1	Corporate Profile
2	The Philippine Deposit Insurance System At a Glance
3	Transmittal Letters
6	Chairman's Message
8	President's Report
16	Corporate Operating Environment
20	Governance Framework
24	The PDIC Story
64	Financial Performance
68	Corporate Direction
72	Board of Directors
80	Executive Committee
81	Group Heads
84	Officers
88	Employees
90	Organizational Chart
91	Member-Banks
96	GRI Index



COVER STORY

The Philippine Eagle – with its keen vision, sharp focus, and swift action – is a fitting symbol of the commitment of the Philippine Deposit Insurance Corporation to serve its stakeholders by protecting the depositing public and promoting financial stability.

The theme, “Steering the Vision”, embodies PDIC’s initiatives to propel the Corporation closer to its Vision of becoming a world-class organization in depositor protection. The road to achieving this Vision is clearly laid out by the revisited Mission statements that reflect PDIC’s refocused mandates of prompt payment of deposit insurance, expeditious liquidation of closed banks, and effective risk mitigation, as a result of the passage of the amendments to the PDIC Charter.

Having the Philippine Eagle – the national bird of the Philippines – as the central image of the Annual Report 2016 signifies PDIC’s crucial role in nation-building, particularly in helping maintain public confidence in the stability of the banking system and nurturing a financially literate and responsible citizenry to help sustain development and inclusive growth.

Photograph of the Philippine Eagle courtesy of Mr. Alain Pascua, Undersecretary for Administration, Department of Education. Other images of the Philippine Eagle by the photographer are available in “Haring Ibon - The Great Philippine Eagle”, the first of its kind coffee table book that focuses solely on the Philippines’ national bird. Undersecretary Pascua’s photographs of Philippine birds may also be viewed at <https://web.facebook.com/thegreatphilippineeagle/> and <https://web.facebook.com/alainpascua.birdsinfocus/>.

CORPORATE PROFILE

VISION

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

Our



CUSTOMERS

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



PEOPLE

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



STRATEGY

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



STRUCTURE AND SYSTEMS

Evolving with technology. Continually improving to optimize performance.



SHARED VALUES

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

MISSION

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

We shall ensure

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

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

QUALITY POLICY

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

To achieve this, we shall:

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

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

CUSTOMER SERVICE PHILOSOPHY

"Committed to Serve"

PHILIPPINE DEPOSIT INSURANCE SYSTEM AT A GLANCE

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

PUBLIC POLICY OBJECTIVES

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

MANDATES

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

- I. **Deposit Insurance.** PDIC provides a maximum deposit insurance coverage of PHP500,000 per depositor per bank. To pay claims on insured deposits, PDIC builds up the Deposit Insurance Fund (DIF) primarily through assessments of member-banks at an annual flat rate of 1/5 of 1% of their total deposit liabilities.
- II. **Liquidation of Closed Banks.** PDIC proceeds with the liquidation process upon order of the Monetary Board of the Bangko Sentral ng Pilipinas (BSP). The assets of the closed bank are managed and eventually disposed to settle claims of creditors in accordance with the preference and concurrence of credits as provided by the Civil Code of the Philippines.

- III. **Insurance Risk Mitigation.** To ensure financial safety and soundness of banks, PDIC resolves problem banks through strengthening programs and other resolution measures. It also mitigates insurance risk through refocused bank examination to identify member-banks that pose risks to the DIF. Examination findings are used as basis for implementing enforcement actions.

MEMBERSHIP

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

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

As of 31 December 2016, there are 602 member-banks of PDIC. These consist of 42 commercial banks which include branches of foreign banks, 60 thrift banks (savings banks, mortgage banks, stock savings and loan associations, and development banks), and 500 rural banks (including cooperative banks).

SCOPE OF DEPOSIT INSURANCE PROTECTION

PDIC provides a maximum deposit insurance coverage of PHP500,000 per depositor per bank. It covers all types of bank deposits in member-banks whether denominated in local or foreign currencies. All deposit accounts of a depositor in a closed bank maintained in the same right and capacity shall be added together. A joint account shall be insured separately from any individually-owned deposit account.

As of 31 December 2016, around 54 million accounts in 602 member-banks are covered by deposit insurance. Of the total number of accounts, 96.4% are with balances not exceeding the maximum deposit insurance coverage of PHP500,000 per depositor per bank. For the same period, total deposits in the Philippine banking system amounted to PHP10.5 trillion, of which 21.5% was covered by deposit insurance.



PHILIPPINE DEPOSIT INSURANCE CORPORATION

September 4, 2017

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 2016. The Report highlights PDIC's accomplishments in fulfilling its mandates of deposit insurance, insurance risk mitigation, and liquidation of closed banks.

On behalf of the Board of Directors, management and staff, I affirm PDIC's commitment to pursue good governance in the bureaucracy and to fulfill its public policy objectives of protecting the depositing public and promoting financial stability,

Very truly yours,



ROBERTO B. TAN
President



PHILIPPINE DEPOSIT INSURANCE CORPORATION

September 4, 2017

SENATOR AQUILINO L. PIMENTEL III

President of the Philippine Senate

CONGRESSMAN PANTALEON D. ALVAREZ

Speaker of the House of Representatives

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

Gentlemen:

It is my honor to present the Annual Report of the Philippine Deposit Insurance Corporation (PDIC) for the year 2016. The Report highlights PDIC's accomplishments in pursuit of its public policy objectives to protect the depositing public and help promote financial stability.

On behalf of the PDIC Board of Directors, Management and staff, I thank the Senate and the House of Representatives for the unwavering support to PDIC in the performance of its mandates as deposit insurer, risk mitigator and liquidator of closed banks.

Very truly yours,

A handwritten signature in black ink, appearing to read "Roberto B. Tan", is written over the typed name and title.

ROBERTO B. TAN
President



PHILIPPINE DEPOSIT INSURANCE CORPORATION

September 4, 2017

CHAIRMAN SAMUEL G. DAGPIN, JR.

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

Dear Chairman Dagpin:

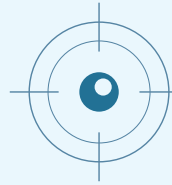
It is my honor to transmit the Annual Report of the Philippine Deposit Insurance Corporation (PDIC) for the year 2016 that presents PDIC's accomplishments in accordance with its public policy objectives to protect the depositing public and help promote financial stability.

On behalf of the PDIC Board of Directors, Management and staff, I assure the organization's commitment to constantly pursue the highest principles of good corporate governance and responsive public service.

Very truly yours,



ROBERTO B. TAN
President



CHAIRMAN'S MESSAGE

PROTECT DEPOSITORS, GROW OUR BANKING SYSTEM

“As our banking system grows, the PDIC’s responsibilities grow proportionately.”

The first task of the Philippine Deposit Insurance Corporation (PDIC) is to protect our small depositors. We accomplish that by prudently managing the Deposit Insurance Fund to assure the public that small depositors are adequately covered and will be efficiently served.

As our banking system grows, the PDIC’s responsibilities grow proportionately. Total deposits in our banking system grew rapidly from PHP9.2 trillion in 2015 to PHP10.5 trillion in 2016. Understandably, the Deposit Insurance Fund grew to record levels.

As the domestic economy grows rapidly, setting the pace in Southeast Asian region, we will expect our banking system to grow rapidly as well. The volume of deposits we service will grow swiftly. We need to constantly improve on our processes so that we can respond to the needs of depositors with efficiency. We need to manage the Deposit Insurance Fund well.

I have full confidence in the dedication and competence of the PDIC staff. Having worked with you for a year, I appreciate the commitment you hold for the mission we serve.

For 2016, the PDIC topped the Corporate Governance Scorecard conducted by the Governance Commission for Government-Owned or Controlled Corporations (GCG). We set the benchmark for excellence. We lead 89 other GOCCs. This is a mean feat, a meaningful achievement. We should be able to set the bar higher in the coming years, aligning our processes with global best practices.

This year, we improve on what we already have. We will apply even more reliable measures to deter unsound and unsafe banking processes. By doing so, we help our entire banking system become better. In becoming better, the banking system will better support the economic growth we aspire for.

Congratulations are in order. I am confident the PDIC will continue to show the way forward towards a robust growth and an inclusive economy for our people.



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





PRESIDENT'S REPORT

PDIC: AT A HIGHER VANTAGE GROUND

“Deposit insurers need to constantly review their roles and authorities to meet the evolving demands of the economy they support, and be at par with counterparts in other jurisdictions.”

With the increasing complexity and changing risks in financial systems and the integration of financial markets across borders, deposit insurers need to constantly review their roles and authorities to meet the evolving demands of the economy they support, and be at par with counterparts in other jurisdictions. PDIC takes this challenge seriously and continually drives for initiatives that will keep its authorities and resources responsive to the growing sophistication, expansion and intricacies of the banking business.

In 2016, with the support of its stakeholders and partner agencies, and a highly committed workforce, the Corporation gained considerable edge in fortifying the platform for its mandates.

STRENGTHENED LEGAL FRAMEWORK

After two years of relentless pursuit of legislative reforms, PDIC succeeded in getting its Charter amended with the signing of Republic Act (RA) No. 10846. The legislation laid the foundation for a stronger and more efficient deposit insurance system that will benefit the depositing public and the banking industry. It has provided PDIC with enhanced authorities to allow depositors quicker access to their insured deposits in the event of bank closure; hasten the liquidation process for closed banks, and impose stiffer sanctions and penalties on bank owners, officers and employees who commit fraud, irregularities and anomalies. The amended PDIC Charter also strengthens PDIC's institutional and governance framework, aligning it with international

standards. Further, it provides the direction for keeping the workforce empowered, and ensuring that the Corporation's systems and processes are optimally responsive to better serve its stakeholders.

REFOCUSED VISION

With the enhanced authorities under the amended Charter, the PDIC revisited its Mission and Vision statements and formulated a new roadmap for 2017-2021. The Mission was restated to underline PDIC's Core Mandates of depositor protection, liquidation of closed banks, and mitigation of risks to the deposit insurance system. The Core Values of integrity, professionalism, excellence, teamwork, and respect for all people were integrated into the statement, to set the high principles and seriousness of purpose with which the Mission must be carried out. The Vision, on the other hand, was reviewed to distill its elements into the most fundamental, most compelling images that would define the Corporation at its best, as it thrusts forward on the public service track (*Refer to Corporate Profile on page 1 for the Vision and Mission statements*). These elements - the components that crystalize the aspirations of the Corporation for the long term - were refined and clarified to ease understanding and inspire stakeholders of the public service commitment of the Corporation.

During the year, significant milestones were achieved in each of the Vision's component areas, taking the Corporation several decisive steps ahead, and higher than where it stood in previous years.





DELIGHTED CUSTOMERS

In 2016, PDIC paid insured deposits for 58,944 accounts of depositors in closed banks amounting to PHP1.8 billion. The turnaround time (TAT) for settlement of valid deposit insurance claims continued to be faster through better strategies and more diligent, collaborative efforts of the various Project Management Teams assigned to closed banks.

For closed banks with less than 20 branches, PDIC settled 97% of valid deposits within three to 10 working days from takeover date compared to the target TAT of settling 90% of valid deposits within 10 working days from takeover date. Meanwhile, 100% of valid deposits in a closed bank with more than 20 branches were settled within 15 working days from takeover date vis-a-vis the target TAT of paying 90% of valid deposits within 19 working days from bank takeover.

The streamlined processes in claims settlement operations such as the gross settlement of insured deposits and payment based on depositors' validated evidence of deposits contributed immensely to speeding up the TAT.

PDIC's fund source for payout of insured deposit claims, the Deposit Insurance Fund (DIF), consistently grew and reached an all-time high of PHP130 billion as of end 2016. This is equivalent to 5.8% of estimated insured deposits in the banking system, a ratio higher than the baseline of 5.6% set in 2015. PDIC was able to build the DIF through prudent fund management and investment strategies.

PDIC also stepped up its asset disposal initiatives for the benefit of closed banks' creditors and uninsured depositors. Efforts to dispose assets of closed banks were intensified during the year through the conduct of public biddings and negotiated sales. These contributed to the expeditious liquidation of closed banks which resulted to a total of 40 Projects of Distribution¹ (PODs) filed with the courts. Among the PODs approved by the liquidation courts for implementation as of 2016, PHP7.4 billion worth of assets were distributed to the creditors of closed banks, channeling back funds for productive use.

The greatest reward for PDIC's efforts came in the form of customer appreciation, expressed through positive ratings and responses to the client satisfaction surveys conducted throughout the year. Based on the results of service quality feedback at the PDIC Public Assistance Center and on sites of field operations, PDIC services continued to be rated "Very Satisfactory," with an average service quality index (SQI) of 4.69 in a scale where 5 represents the highest level of satisfaction.

COMPETENT PERSONNEL

The Corporation embarked on capability-building activities to foster a mission-driven and highly competent workforce that is adaptive to changing industry conditions. In-house and external training programs were mounted to further advance employees' knowledge and skills. These were complemented by activities that promoted wellness and work-life balance.

¹ A Project of Distribution (POD) (now referred to Asset Distribution Plan) is a plan wherein proceeds from the conversion and recoveries of assets into cash are distributed to the depositors and creditors whose claims against the closed bank have been validated in accordance with the Rules on Concurrence and Preference of Credits under the New Civil Code of the Philippines (Civil Code).



At the same time, the Corporation pursued its initiative for a more holistic, integrated human resource system that would anchor the delivery of quality public service through a highly competent workforce. The implementation of the Competency-Based Human Resource System (CBHRS) picked up pace as workshops were conducted for the various work groups to help them determine the technical competencies that would enable them to deliver the required outputs of their respective functions. An initial competency assessment was also conducted within the year and is expected to be refined and validated as the CBHRS progresses to the next stages.

PDIC's advocacy for financial literacy is strongly supported by its employees. The Corporation has formed its own pool of financial literacy speakers, the members of which were regularly tapped to serve as resource persons in seminars and forums organized for different stakeholder groups. Learning sessions on related topics were likewise conducted in-house by personal finance and financial literacy experts for PDIC's own officers and staff, rallying them to the same financial awareness and vigilance the Corporation works hard to propagate across sectors of the banking public.



Inspiring the employees to support the Corporate goals and programs through various engagement activities and communication channels continued to be a leadership priority. One milestone in this particular area was the recognition given us by the Public Relations Society of the Philippines (PRSP) when it presented PDIC's official newsletter, Intercom, the prestigious Silver Anvil Award during its annual program in February, honoring commendable initiatives in public relations. Such recognition was a happy validation of the Corporation's efforts to reach out, involve and celebrate the contributions of its people in unique ways.

COLLABORATIVE STRATEGIES

In step with the changing industry conditions, PDIC operated on a mission-focused, creative and collaborative strategy. Pushing for a stronger banking system, PDIC promoted among member-banks the incentives under bank strengthening programs available to help foster long term viability. Under the Consolidation Program for Rural Banks (CPRB), PDIC approved 10 applications for mergers, consolidations and acquisitions involving a total of 25 banks.



PDIC continued to investigate irregularities, anomalies, and fraud in closed banks that put the deposit insurance system at risk. During the year, nine criminal and civil cases were filed with the Department of Justice and various courts against erring bank owners, officers and employees.

Recognizing the importance of synergy, PDIC sustained its collaboration with other agencies. The partnership between PDIC and Philippine Judicial Academy (PHILJA) is now on its 8th year and has paved the way for PDIC to conduct seminar-workshops on deposit insurance, banking practices, bank conservatorship; and receivership and liquidation for the members of the Judiciary. Through the PDIC-PHILJA partnership, the Corporation has created an avenue to more persuasively present its mandates, concerns and circumstances to the members of the Judiciary, resulting in a deeper appreciation which has helped strengthen its legal position in court cases, as well as facilitate liquidation processes and related transactions.



The Corporation also worked closely with the Bangko Sentral ng Pilipinas, members of the Financial Sector Forum, as well as the Government Service Insurance System and the Social Security System to promote financial literacy and education among various sectors of society. Through the fora organized by these partner agencies for their stakeholders, PDIC promotes its advocacy campaign, Be a Wise Saver. These partnerships are essential in forming a nation of financially literate citizenry able to make wise, informed and responsible financial decisions.

CONTINUOUSLY IMPROVING SYSTEMS

The quality management system (QMS) for claims settlement operations sustained its certification for ISO 9001:2008 standards. The QMS has been certified as ISO 9001:2008 compliant since 2010. As of year-end, the process for assessment of member-banks has also been ISO certified. This validation by an external, international certifying body attests to PDIC's continuous efforts to enhance its core mandate of deposit insurance and implement initiatives and processes to be at par with global standards and best practices.



Part of PDIC's risk mitigation initiatives is the implementation of a Business Continuity Plan. The Corporation has an existing plan on how to respond to disruptive events, while at the same time protecting PDIC personnel and property, continuing its critical services, and expediting resumption to normal operations. This plan shall be reviewed and refined on a continuing basis.

During the year, PDIC also sustained its efforts to formulate and review its Standard Operating Guidelines and Instructions (SOGIs) to institutionalize measures on how the units of the Corporation perform their respective functions. A total of 20 SOGIs in various areas of operations were approved in 2016.

Cognizant of the power of digital innovations to enhance the public's access to PDIC, the Corporation launched its official Facebook and Twitter accounts in June. As of year-end, PDIC has been followed by more than 1,500 Facebook and Twitter account holders. PDIC's advocacy for financial literacy was pursued throughout the year, along with the drive to leverage stakeholders' feedback to continually monitor and improve the quality of its services.

SHARED VALUES

PDIC proudly responds to calls of duty even beyond its role as deposit insurer. When a super typhoon struck the province of Isabela on October 29, PDIC had ongoing claims settlement operations for a closed bank in the area. The PDIC Team opted to remain on field and work double-time to pay deposit insurance and enable depositors to have access to their funds at the soonest possible time. PDIC also seized the opportunity to carry out its corporate social responsibility program by bringing relief goods to the typhoon stricken communities.

Another CSR project during the year was the back-to-school donation drive for the benefit of the schoolchildren in the PDIC-Gawad Kalinga Village in Lawaan, Eastern Samar. This Village was the result of PDIC's past CSR activities that brought together the PDIC workforce and partner agencies to raise funds for the construction of disaster-resilient houses for survivors of the 2013 super typhoon Haiyan.





IADI MEMBERSHIP: STEPPING UP TO THE PLATE

In 2016, PDIC played an even keener role in advancing the ideals and programs of the International Association of Deposit Insurers (IADI)², of which it is a founding member. The PDIC President continued to serve in the IADI Executive Council, a seat she has held since 2014. She was appointed Chairperson of the IADI Audit and Risk Committee (ARC), recognizing her valuable contributions in espousing good governance and internal controls in the organization.

PDIC was also a learning resource for the international body, as its officers shared their expertise on various areas of operations, serving as resource persons, presenting papers and participating in various capacities in a number of forums and seminars conducted in France, Mongolia, Japan, Taiwan and Korea.

The Corporation, in promoting the importance of collaboration and knowledge-sharing, hosted the International Conference on “Raising Public Awareness on Deposit Insurance,” to coincide with the 14th Annual Meeting of the IADI – Asia-Pacific Regional Committee (APRC) on June 15–17, 2016 at the Iloilo City Convention Center. Anchored by local and regional communication experts, the Conference served as a venue to facilitate exchange of experience, challenges and lessons learned in developing and implementing effective public awareness programs among deposit insurance agencies.

² IADI is the association for deposit insurers from around the world, gathered to share knowledge and expertise towards enhancing deposit insurance systems. It provides training and educational programs, and produces research and guidance on matters related to deposit insurance.

BEST-GOVERNED GOCC

In a fitting tribute to a public service institution that has observed principles of good corporate governance while pursuing its mandate to protect the depositing public, the Governance Commission for GOCCs (GCG) and the Institute of Corporate Directors (ICD) awarded the PDIC as champion of good corporate governance. Having garnered the highest score in the Corporate Governance Scorecard for GOCCs, the PDIC was cited as the best governed GOCC, besting 89 other GOCCs after an audit and assessment process using the Scorecard.

The award was a recognition of the PDIC Board and Management's relentless efforts to steer the course of the Corporation with transparency and integrity, abiding by principles of good corporate governance to accomplish its crucial role in protecting the depositing public. The award was given during the celebration of the 53rd founding anniversary of PDIC on June 23, 2016.

MOVING FORWARD

As the PDIC faces another year of serving its stakeholders, it is committed to pursue efforts to be an efficient, effective, responsive, and caring government institution. This commitment is fueled by the lessons learned and insights gained from the past as it performs its mandates and exercises its authorities strengthened by the amended Charter. After all, 2016 was indeed a banner year for PDIC as it propelled the Corporation to a higher ground given its accomplishments. These accomplishments, in turn, provide the Corporation an even clearer perspective – a better vantage point of its crucial role in contributing to the stability of the Philippine financial system.



CRISTINA QUE ORBETA
President³



“These accomplishments, in turn, provide the Corporation an even clearer perspective – a better vantage point of its crucial role in contributing to the stability of the Philippine financial system.”

³ Until 2 February 2017



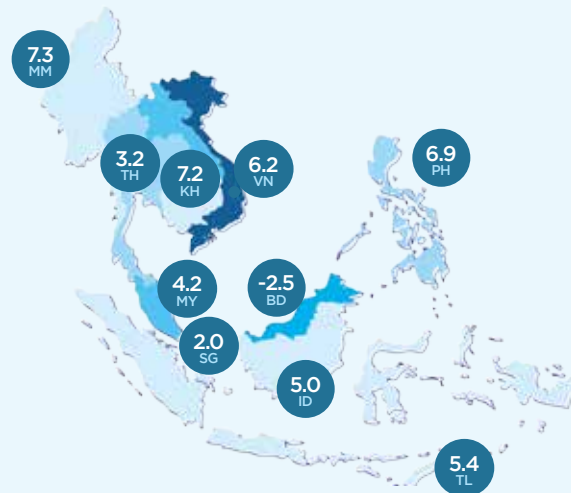
CORPORATE OPERATING ENVIRONMENT

SUSTAINING GROWTH MOMENTUM

THE PHILIPPINE ECONOMY

The Philippine gross domestic product (GDP) growth rate accelerated to 6.9% in 2016 from 6.1% a year ago, demonstrating the continuing resilience of the domestic economy as the global economy remained weak. The Philippines sustained its mark as one of the fastest growing economies in Southeast Asia.

Figure 1. 2016 GDP Growth Rate (in %)
MEMBER STATES OF THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS⁵



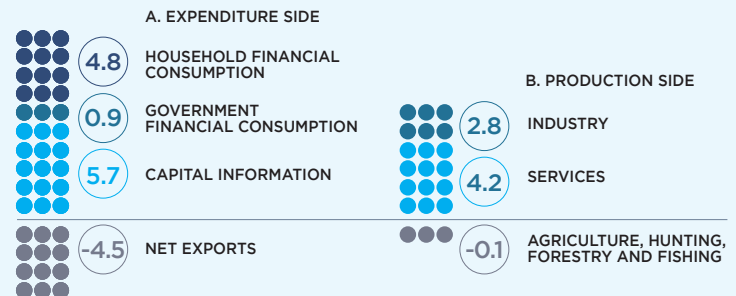
⁵No data for Laos

Real Sector Developments

Domestic demand supported the strong growth of the Philippine economy despite the drag caused by reductions in net exports. Household private consumption pushed GDP growth by accounting for 4.8 percentage points. The share of government consumption was stable at 0.9 percentage points. The expansion in capital formation, adding 5.7 percentage points to the increase in GDP, outweighed the cut caused by weak net exports at 4.5 percentage points off the GDP growth rate.

In terms of industrial origin, the robust production in services and industry sectors added 4.2 percentage points and 2.8 percentage points, respectively, to the GDP growth rate. The contraction of agriculture at negative growth rate of 0.1%, did not significantly affect the overall GDP performance.

Figure 2. Contribution to 2016 GDP growth (in % points)

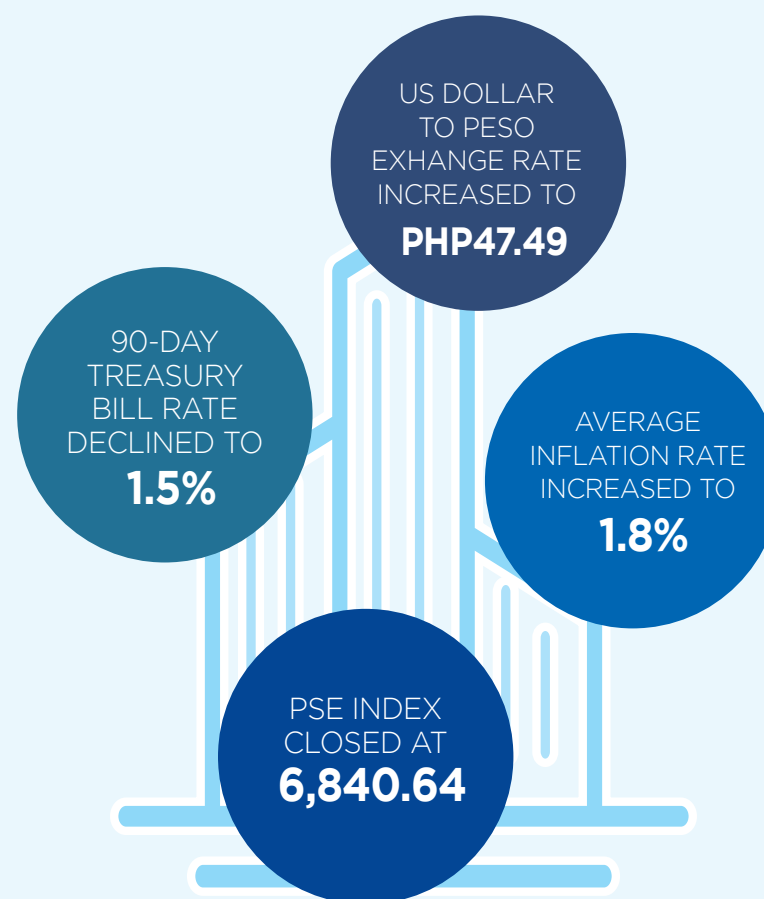


Monetary Policy and Financial Market Conditions

The forthcoming interest rate hike in the United States, which turned out in December 2016 for the first time after June 2006 due to improved confidence on the United States economy, sent shock waves through global financial markets, particularly in emerging economies like the Philippines. The Philippine Stock Exchange index closed at 6,840.64, sustaining another year of lower shares from year-ago levels as investors stayed on the sideline in 2016. In view of the looming increase in interest rate, the average 90-day Treasury bill rate during the year marginally declined to 1.5% from 1.8% in the previous year as investors' appetite was for short-term investments.

Partly for the same reason, the annual average US dollar to peso exchange rate increased from PHP45.50 to PHP47.49. The average depreciation rate of the peso against the US dollar at 4.2%, together with the increase in oil prices in the second half of the year, contributed to the mild upturn in the average annual inflation rate in 2016 to 1.8%, moving closer to the target band of 2% to 4%. The manageable inflation environment and uncertainty in the monetary policy abroad pushed the central bank to keep monetary policy unchanged.

Despite the anxiety caused by the interest rate expectation in the United States to the Philippine financial market, the growth of financial intermediation services relative to the local economy gathered speed at 7.6% from 6.1% in the previous year. Banking institutions, non-bank financial intermediation, and insurance led the pace posting higher output growth rate than last year.



THE PHILIPPINE BANKING SYSTEM

Banking institutions were the biggest source of growth in the share of financial intermediation services to the Philippine economy in 2016. Expanding reach, growing resources, improving asset quality, robust capital, and profitability continue to define the banking system.

Bank Movements

Banks continued putting up more branches and offices, attributed mainly to the expansion of commercial banks. New banks were likewise set up as two rural banks and two foreign banks joined the roster. The physical network of bank branches and offices grew by 378 or 3.6% to 10,952 during the year from 10,574 in 2015.

This trend was despite the fall in the number of banks to 602, comprising 42 commercial banks, 60 thrift banks, and 500 rural banks in 2016 from 633 in 2015. Thirty five institutions exited the banking system as a result of the 22 closures, four mergers that absorbed six banks, the dissolution of two banks as a result of consolidation, and five license revocations or conversions.

Financial Trends

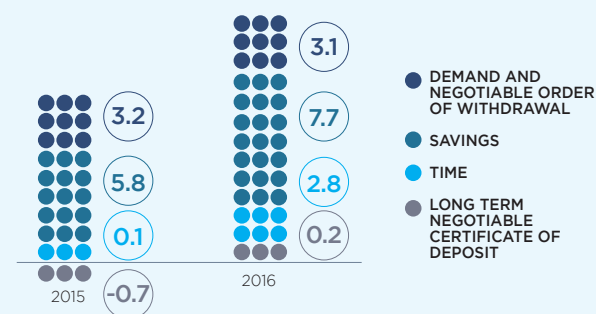
The assets of the banking system grew by 12.4% to PHP13.6 trillion during the year, driven mainly by the 16.7% growth in gross loans and the 7.8% expansion in quick assets. Past due loans, meanwhile, surged by 10.2% during the year from the 0.7% growth observed in 2015. This prompted banks to increase their loan loss coverage by booking additional allowance for credit losses, resulting in a growth of 6.8%, after three consecutive years of decline. Due to the slower growth in past due loans relative to that of gross loans, however, the past due loans ratio dropped to 2.1% in 2016 from 2.3% in the previous year.

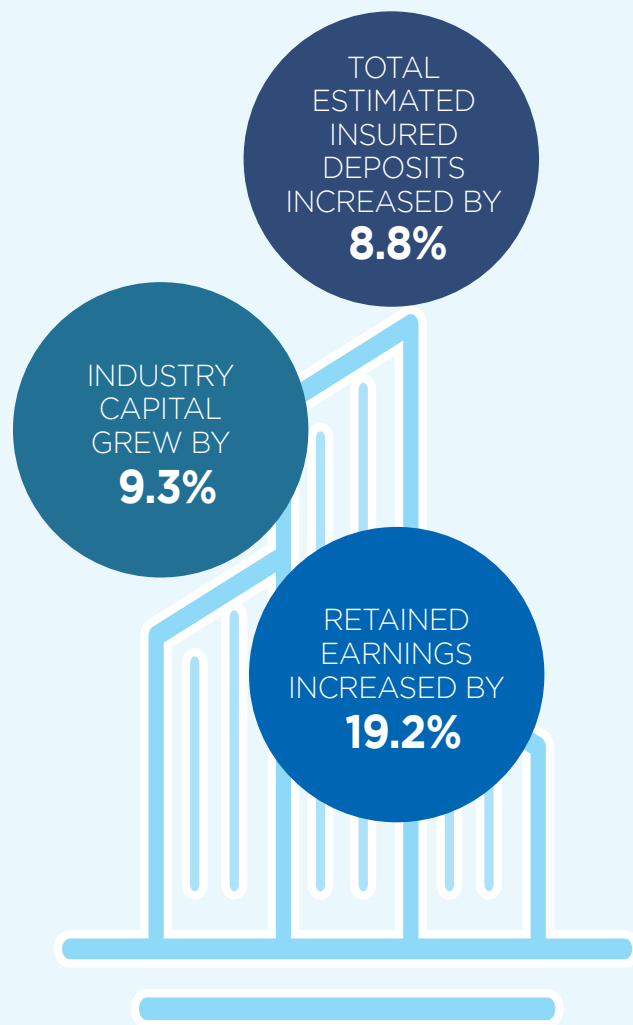
In the same way as past due loans, the ratio of non-performing loans to gross loans contracted albeit slightly to 1.9% from 2.1% in view of the faster growth in gross loans than in non-performing loans.

The double-digit expansion of the banking system in terms of asset size was funded mainly by deposits. Banking liabilities increased by 12.9% to almost PHP12.0 trillion, composed mainly of deposits, which grew by 13.8% to reach PHP10.5 trillion in 2016, with all deposit types contributing to the growth. The growth in savings deposits accelerated to 15.8% while time deposits grew by 9.9%.

Due from the Bangko Sentral ng Pilipinas and banks mainly pushed the growth in quick assets. However, the ratio of quick assets to total deposits fell to 50.3% from 53.1% as the double-digit growth in deposits outpaced slower growth in quick assets. Borrowings continued to rise at the rate of 12.0% during the year, but at a slower pace from the 21.4% growth in 2015.

Figure 3. Contribution to 2016 Growth in Total Deposits (in % points)





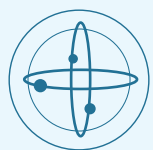
The total estimated insured deposits increased by 8.8% to almost PHP2.3 trillion, representing 21.5% of total domestic deposits. Fully insured accounts or those fully covered by the maximum deposit insurance coverage of PHP500,000 totalled 52.0 million or 96.4% of the total deposit accounts in the banking system.

Industry capital was at PHP1.6 trillion in 2016, denoting a 9.3% annual growth, which is slightly lower than the 9.5% growth in the previous year. Retained earnings, which expanded by 19.2%, was the leading driver of capital growth followed by additional capital infusions. The industry ratio of total qualifying capital to total risk-weighted assets or capital adequacy ratio settled at 14.7% from 15.3%. This is well above the 10% statutory ratio, which gives the banking industry plenty of room for expansion in terms of assets and deposits. Moreover, the industry ratio of gross problematic assets to capital, improved to 15.8% from 16.8%.

Earnings after tax stood at PHP154.5 billion during the year, 14.2% more than the banking industry's earnings in 2015, reversing the contractions seen in the previous two years. Net interest and non-interest income supported the growth in earnings despite the sharper increase in non-interest expense and provision. About three in every four banks – 76.9% – were profitable. Majority of banks (51.5%) reported higher earnings after tax during the year.

Outlook

Credit rating agencies continue to assess the Philippine banking system with a stable outlook in 2017. The Philippines is one of the only two emerging markets in Asia and the Pacific that received a stable outlook. The outlook was supported by the resilience of domestic demand, as sourced from remittance inflows and business process outsourcing revenues, soundness of macro-prudential policies, and the strength of regulatory framework. The Philippine economy is poised to grow within the National Government's target of 6.5% to 7.5% in 2018 based on the 6.7% consensus forecasts of multilateral organizations.



INSTITUTIONAL GOVERNANCE FRAMEWORK

REFINING SYNERGY

“ PDIC has a Code of Corporate Governance in place to ensure that the Corporation adheres to and consistently observes accountability, transparency, and disclosure throughout the performance of its mandates.”

PDIC puts utmost importance in the practice of good governance across the entire organization. In this regard, the PDIC Board approved in 2016 the Integrated Governance, Risk and Compliance (GRC) framework that aims to enhance the current fragmented approach of governance, risk management, compliance and control processes of PDIC.

Through the GRC Framework, all units and groups in the Corporation will benefit from an improved synergy and coordination process through sharing of resources, data and information which will allow the Corporation to perform at an optimum level, with all the necessary safety nets in place.

GOVERNANCE

The Board Governance Committee (BGC) works closely with Management to ensure that good governance remains an integral component of sound strategic management. It also ensures enhanced awareness and compliance with rules and regulations in all levels of the organizational structure.

The Corporate Governance Office (CGO) is primarily responsible with compliance monitoring. It ensures that the governance processes established and executed by the PDIC Board are reflected in the corporate structure, and that policies are effectively executed by Management towards achieving PDIC's mandates and goals.

PDIC has a Code of Corporate Governance in place to ensure that the Corporation adheres to and consistently observes accountability, transparency, and disclosure throughout the performance of its mandates.

RISK MANAGEMENT

The Board Risk Management Committee (BRMC) assists the PDIC Board in providing risk oversight function to the Corporation consistent with the risk management strategy set by the PDIC Board. It also oversees the formulation, development and implementation of an enterprise risk management framework for the Corporation.

The Risk Management Office (RMO) provides advice and technical assistance to PDIC operating units in identifying, assessing, monitoring, controlling and mitigating risks of the Corporation such as financial, operational, regulatory, legal and reputational risks. It is in charge of implementing the Enterprise Risk Management (ERM) Framework developed in 2014 which provides a standardized and systematic approach on how sectors, groups and departments shall identify, assess and manage risks effectively based on their specific functions, programs, and action plans.

The framework is operationalized thru an internally-developed ERM System (ERMS) where risks are registered by risk process owners, and evaluated and approved by their respective group and sector heads and the RMO. The ERMS serves as the database of all the corporate risks integrating the corresponding assessment, analysis, evaluation and treatment of risks. Accordingly, as of year-end, enhancements in the ERMS are on-going for integration in the system of risk events, findings and issues from the GRC.





During the year, the ERMS was enhanced to include an Exception Report feature that allowed tracking of revisions made by the risk process owners to their respective entries in the system. Another enhancement in the system is the improved statistical reporting via simple dashboards wherein the number of risks per sector/group, risk levels, and changes in risk levels had become easily accessible thru a user-friendly view and interface.

In coordination with the Business Continuity Plan (BCP) Committee (BCPC), the RMO developed the BCP framework which was approved by the PDIC Board in December. The framework provided the general strategy on how the Corporation shall respond to disruptive events caused by natural or man-made disasters, to protect its personnel and property, continue its critical services, and expedite resumption to normal operations. Accordingly, the BCP was made an integral part of the ERM Framework, hence, the ERMS was likewise enhanced to include risk events or risks related to BCP linking said new risk to the existing library of risks in the system. The BCPC has started to draft a more comprehensive and detailed BCP during the year.

AUDIT

The Board Audit Committee (BAC) supports the PDIC Board in fulfilling its oversight responsibilities for the following processes: financial reporting, internal control, audit, and monitoring of compliance with laws, rules and regulations. The BAC works closely with the Internal Audit Group (IAG), which provides an independent assessment of the effectiveness of PDIC's governance, risk management, and internal control processes.

COMPLIANCE WITH COMMITMENTS TO THE GCG

During the year, PDIC continued to deliver well for all its stakeholders. PDIC achieved all its strategic objectives stated in the Corporation's Performance Agreement with the Governance Commission for GOCCs (GCG), pursuant to the Performance Evaluation System for GOCCs.

- 1. On Build-up of the Deposit Insurance Fund (DIF).** The ratio of DIF to Estimated Insured Deposits averaged 5.8%, higher than the target of 5.5%. This affirms PDIC's commitment to prudently manage and pursue the continuous build-up of the DIF to ensure its readiness as a financial safety net player to promptly respond to insurance calls and maintain depositor confidence in case of bank closures.
- 2. On client satisfaction.** The baseline rating of client satisfaction on PDIC services improved at 4.69 or an adjectival rating of Very Satisfactory, exceeding the baseline rating of 4.55 set the prior year. PDIC's public awareness campaign was also expanded to include senior citizens as the new target group for financial inclusion. During the year, PDIC reached 779 senior citizens from 10 communities, more than the target of 500 senior citizens for the year.
- 3. On deposit insurance claims payment.** Almost ninety-seven percent (96.6%) of valid deposits with balances below PHP100,000 in 21 closed banks with less than 20 banking units were paid within three to 10 working days (WDs), exceeding the target of 10 to 22 WDs. For one closed bank with more than 20 banking units, PDIC paid 100% of valid deposit accounts with balances below PHP100,000 within 15 WDs, shorter than the target of 19 WDs. Meanwhile, 100% of valid deposits with balances

of more than PHP100,000 for 21 closed banks with less than 20 branches were paid within eight to 15 WDs, better than the target of 15 to 50 WDs. For one closed bank with more than 20 branches, PDIC paid 100% of valid deposits with balances of more than PHP100,000 within 25 WDs, exceeding the target of 44 WDs.

- 4. On co-regulation of banks.** PDIC completed bank examinations within 37 WDs from exit conference or last day of examination, shorter than the target of 40 WDs. These were submitted to the PDIC Board for recommendations of corrective action.
- 5. On receivership and liquidation of closed banks.** PDIC met the target to complete the filing of 40 projects of distributions with the liquidation courts.
- 6. Implementation of the Enterprise Risk Management (ERM) Framework.** The PDIC Board approved the Business Continuity Management System (BCMS) Framework and the Governance, Risk and Compliance (GRC) Framework under the ERM Framework on December 21 and 7, 2016, respectively.
- 7. ISO Certification.** The frontline service for Assessment of Member-Banks has been audited in December 2016 and recommended for certification for ISO 9001:2008 standards by TÜV Rheinland Philippines, Inc.
- 8. Implementation of Competency Framework.** In support of PDIC's objective to deliver quality public service through a highly competent workforce, the PDIC Board approved the Succession Planning Framework and the Baseline Competency Assessment on November 23, 2016 and December 7, 2016, respectively.

THE PDIC STORY: STEERING THE VISION

Having a positive vision of the future is a powerful motivation to grow and accelerate. The PDIC Vision has been the driving force of our corporate efforts – to be a world-class organization in depositor protection. This Vision was refocused to clarify the aspirations of the Corporation for each of its stakeholder groups: Customers, People, Strategy, Structure and Systems, and Shared Values.

The PDIC Story for 2016 is a demonstration of the power of the Vision, a narration of the year's accomplishments for each of the elements that have been rationalized and redefined.





VISION

We will be a world-class organization in depositor protection

Our



CUSTOMERS

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



PEOPLE

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



STRATEGY

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



STRUCTURE AND SYSTEMS

Evolving with technology. Continually improving to optimize performance.



SHARED VALUES

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

Revisited Corporate Statements



PDIC undertakes a regular and consistent review of its strategic directions, cognizant of the need to attain its Vision of becoming a world-class organization in depositor protection. In 2016, the need for a review of the strategies took a more crucial consideration and rationale in the light of the directives of the new members of the PDIC Board, the implementation of the amended PDIC Charter which became effective last 11 June 2016, the Philippine Development Plan 2017-2022 and the Ten-Point Agenda of President Rodrigo R. Duterte. Against this backdrop, the Executive Committee (Excom) revisited the Corporate Vision and Mission statements, the Roadmap and the Corporate Performance Evaluation Scorecard (CPES) for 2016-2020.

In finalizing the Vision Statements, Management reviewed each element and statement as identified in 2015, keeping in mind the basis for the revisit. The elements were distilled, identifying the key elements that count the most with some grouped together, further defined and used simplest

phrasing for Vision elements that would resonate with our people and the PDIC spirit. After a thorough review, the number of Vision elements was reduced from seven to five and the statements were simplified. The elements of the Vision were made more compelling and attuned to the direction that PDIC is taking given the amended Charter and the thrusts of the new leadership.

In revisiting and re-stating the Mission Statement, Management focused on the core mandates of the Corporation, namely: Deposit Insurance, Liquidation of closed banks and Risk Mitigation, and integrated its Core Values in crafting the statement. The mission statements recapitulate the reason for the creation of the PDIC, restate its mission given the new Charter, and incorporate the core values in carrying out its mission.

With the restated Vision and Mission statements, the strategic Roadmap was likewise updated to integrate the changes in the elements and the statements. The revised Roadmap ensures that the journey to becoming a world-class organization will be attained. It serves as a guide for Management to recognize and act on events that require a change of direction.

The revised Vision and Mission Statements, and the Roadmap for 2017-2021 were then presented to the members of the PDIC Board in a strategic planning workshop conducted last 28 September 2016. The presentations were the basis for the drafting of the CPES. The revised statements and the CPES were then presented to and approved by the PDIC Board in its meeting last 05 October 2016.

PDIC is Best Governed GOCC in the Bureaucracy

The validation of PDIC's story is the recognition as the Best Governed Government-Owned or -Controlled Corporation (GOCC) in the Philippines from the Governance Commission for GOCCs (GCG) and the Institute of Corporate Directors (ICD).

PDIC has been recognized by the GCG, in partnership with the ICD for achieving the highest score of 94.5 points on the Corporate Governance Scorecard (CGS) for GOCCs, leading 89 other GOCCs.

In 2015, the GCG adopted the Corporate Governance Scorecard for GOCCs, patterned after the Association of Southeast Asian Nations (ASEAN) Corporate Governance Scorecard and based on the Principles of Corporate Governance for State-owned Enterprises by the Organisation for Economic Cooperation and Development (OECD), to raise the standards of corporate governance practices of GOCCs and be at par with the ASEAN

state-owned enterprises. The Scorecard rates the GOCCs' policies and practices in stakeholder relations, disclosure and transparency, and responsibilities of their respective Boards.

PDIC was commended for its crucial role in the banking sector in covering deposit insurance risks, and its initiatives to help strengthen the banking system, to provide enhanced services to its stakeholders, and to continuously build up the Deposit Insurance Fund (DIF) to promote depositor protection and financial stability.

The Award for Excellence is another milestone achievement that marked PDIC's 53rd year of protecting the depositing public. The state deposit insurer has also been provided stronger authorities to protect the depositing public and promote financial stability through the passage of Republic Act No. 10846 that amended the PDIC Charter.



PDIC ACHIEVED
94.5 PTS
HIGHEST SCORE,
BESTING 89 OTHER
GOCCs



THE PDIC STORY

DELIGHTED CUSTOMERS

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

Two thrift banks and 20 rural banks were ordered closed during the year, bringing to a cumulative total of 669 banks closed as of 2016. Of this number, the liquidation of 302 closed banks had been terminated while 367 are still under liquidation. The depositors and creditors of recently closed banks and those under liquidation are the customers being served and attended to by PDIC.

REDUCING CLIENT ANXIETY

As a standard procedure to disseminate information to affected stakeholders, the Corporation issues press releases on bank closures which assure depositors that valid deposit insurance claims will be paid. This is complemented by liaisons with local media through announcements in public places; and radio and local TV appearances. The schedule of briefings and payouts are also indicated in said news releases, including advisory to borrowers and creditors of the closed banks pertaining to their loan obligations and claims against the assets of closed banks respectively. PDIC's website and social media accounts are optimally used to release information to the public to appease their anxiety and provide responses to their general queries.

The Depositors-Borrowers Forum (DBF) is also held, which is among the first major touchpoints of clients in closed banks. During this event, depositors of closed banks are informed of the requirements and procedures for filing deposit insurance claims and borrowers are advised on how to pay their loans with the closed bank. The DBF likewise serves as a venue for clients of closed banks to clarify matters involving their transactions with the closed bank as depositors and borrowers.

A total of 43 DBFs for 22 closed banks were conducted during the year at an average turn-around-time of 12 days from takeover date. PDIC had earlier set a target of two weeks or 14 calendar days from bank takeover to conduct the DBF.

SETTLING DEPOSIT INSURANCE CLAIMS

Total payments for the 22 banks closed during the year amounted to PHP1.8 billion involving 58,944 deposit accounts.

Valid Deposits PHP100,000 and Below

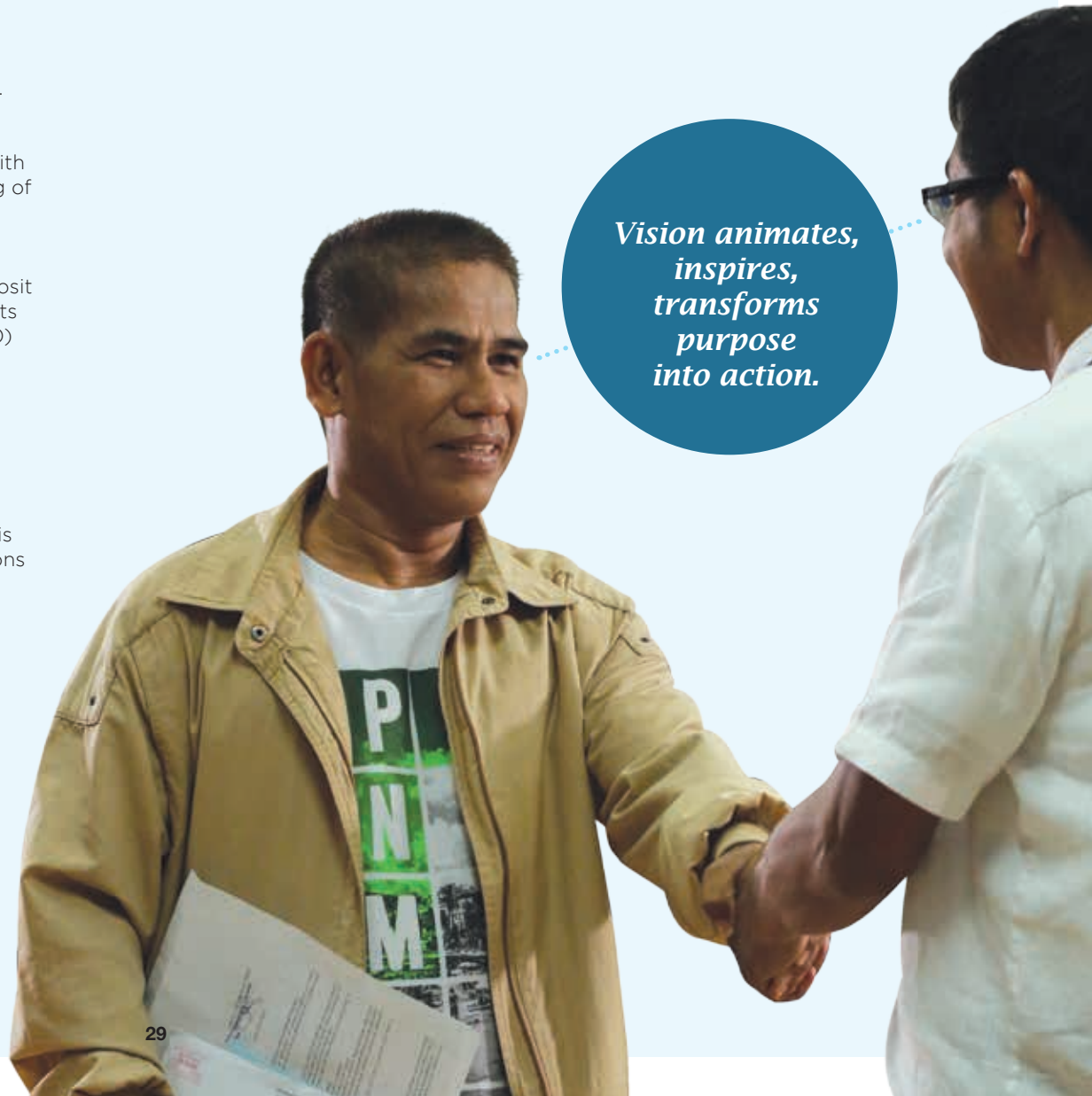
The increased threshold for early payment of valid deposits with balances of PHP100,000 and below without the requisite filing of claim greatly benefitted a large number of small depositors.

During the year, a total of 49,685 accounts with balances of PHP100,000 and below, representing PHP425.9 million in deposit insurance, was paid to depositors of 22 closed banks. Payments to these depositors were made via Postal Money Orders (PMO) issued by the Philippine Postal Corporation.

Due to extraordinary circumstances in certain closed banks, PDIC implemented special claims settlement procedures to ensure that affected depositors will still have prompt access to their deposit insurance.

The province of Isabela, where the closed Rural Bank of Luna is located, was struck by super typhoon Lawin during preparations for payment operations. In order to meet the urgent financial needs of the depositors in the severely affected areas, the mailing of PMO payments, which would have been hampered at that time, was not implemented. Instead, depositors were paid their deposit insurance onsite upon presentation of valid identification documents. This gave the typhoon victims the opportunity to claim their deposit insurance payments sooner than if they were paid through PMO via mail.

*Vision animates,
inspires,
transforms
purpose
into action.*



Meanwhile, a special consolidated payout operation was likewise undertaken for the closed Eastern Rizal (Jalajala) Rural Bank which was ordered closed with the Christmas holidays fast approaching. Under the special scheme, all depositors, regardless of deposit balances, were required to file claims during the onsite claims settlement operations (CSO) to ensure immediate payment in cash or in check. This allowed the depositors to receive their deposit insurance before year-end. Had the PMO payment mode been adopted, depositors would have received their deposit insurance the following year.

Overall, the Corporation's performance for payment of deposit insurance for accounts with balances of PHP100,000 and below was within target.

During the year, PDIC settled 97% of valid claims in 21 closed banks with less than 20 branches within 3 to 10 working days from takeover date, exceeding the target of paying 90% of valid claims within 10 working days from takeover date. Meanwhile, 100% of valid deposit insurance claims for a closed bank with more than 20 branches was settled within 15 working days from takeover date, exceeding the target of paying 90% of valid claims within 19 working days.



Bank Size	Target	Actual Performance
Banks with < 20 branches	90% of valid deposits paid within 10 working days from takeover date	97% of valid deposits in 21 closed banks paid within 3 to 10 working days from takeover date
Bank with > 20 branches	90% of valid deposits paid within 19 working days from takeover date	100% of valid deposits in 1 closed bank paid within 15 working days from takeover date



Valid Claims for Accounts More Than PHP100,000

Onsite claims settlement operations or Field Operations Claims Settlement (FOCS) is conducted to service depositors 1) with account balances of more than PHP100,000 up to the maximum deposit insurance coverage (MDIC) of PHP500,000; 2) who maintained accounts for business entities; and 3) who also have outstanding loans with the closed bank. Upon the conclusion of FOCS, depositors who were not able to file their claims onsite or whose claims are document deficient, have the option to file their claims or comply with the documentary requirements either personally at the PDIC Public Assistance Center (PAC) in Makati City or by mail. These claims are processed under PDIC's Home Office Claims Settlement (HOCS). Payments are made through checks either personally at the PAC or via registered mail.

The significant challenge during the year was the experience in the closed Rural Bank of Luna which underwent tough circumstances due to the wrath of super typhoon Lawin that devastated the area of said closed bank. The flooded areas and impassable roads caused by super typhoon Lawin, including the absence of an intermittent power supply and damage to the payout sites, posed a unique situation making the application of PDIC's standard payout procedures difficult. Thus, the PDIC Project Management Team (PMT) in charge of said closed bank rose to the challenge by taking on multiple roles and functions to promptly service the claims of the depositors who needed immediate access to their trapped funds. Despite the challenges and limitations, PDIC successfully conducted special payout operations within 11 working days from bank closure date.

INSURED DEPOSIT PAYMENTS (AS OF DECEMBER 2016)

Bank Name	Banking Units	Deposit Liabilities		Estimated Insured Deposits		Paid Thru PMO		Paid Thru FOCS		Paid Thru HOCS		Total Payments	
		Accounts	Amount (in PHP)	Accounts	Amount (in PHP)	Accounts	Amount (in PHP)	Accounts	Amount (in PHP)	Accounts	Amount (in PHP)	Accounts	Amount (in PHP)
I. Banks Closed During the Year	59	72,484	2,344,140,425.82	72,484	1,978,620,597.21	49,685	425,927,000.65	8,432	1,262,256,825.93	827	134,128,924.14	58,944	1,822,312,750.72
1. RB Villaviciosa (Abra), Inc.	1	172	2,527,872.39	172	2,310,081.29	94	831,787.89	40	891,053.09	4	161,410.46	138	1,884,251.44
2. Lapu-Lapu RB (Cebu), Inc.	1	1,916	68,059,514.82	1,916	57,701,283.62	1,361	14,035,927.77	190	35,111,747.88	25	4,956,355.91	1,576	54,104,031.56
3. RB Bayawan (Negros Oriental), Inc.	1	391	8,584,839.10	391	7,705,184.75	100	834,161.13	64	5,355,952.93	9	1,013,939.27	173	7,204,053.33
4. RB Basay (Negros Oriental), Inc.	1	83	156,671.44	83	155,312.08	20	41,832.70	14	45,226.69	-	-	34	87,059.39
5. RB Panay (Capiz), Inc.	2	4,787	87,115,993.05	4,787	82,729,199.94	2,623	21,865,482.89	368	53,744,658.12	47	3,693,253.10	3,038	79,303,394.11
6. Koronadal RB (South Cotabato), Inc.	3	381	8,748,856.06	381	7,599,345.79	238	2,446,101.07	27	2,019,977.11	21	1,733,469.01	286	6,199,547.19
7. RB Malinao (Aklan), Inc.	2	8,435	166,463,316.75	8,435	150,302,265.23	6,133	42,535,942.95	610	94,494,648.90	82	8,863,790.15	6,825	145,894,382.00
8. Surigao City Evergreen Rural Bank, Inc.	1	994	10,610,995.36	994	10,368,784.70	791	1,741,674.54	38	7,604,569.08	7	488,614.28	836	9,834,857.90
9. RB Amadeo (Cavite), Inc.	2	1,579	46,681,245.14	1,579	46,496,459.94	1,260	11,184,875.04	154	27,803,556.82	19	6,820,692.94	1,433	45,809,124.80
10. GSIS Family Bank (A Thrift Bank), Inc.	22	13,823	971,246,204.17	13,823	748,824,352.13	10,540	156,535,446.49	2,192	481,261,288.28	442	75,051,448.17	13,174	712,848,182.94
11. New Rural Bank of Binalbagan (Negros Occidental), Inc.	1	465	7,276,982.38	465	6,533,111.63	261	1,029,557.60	25	2,625,424.89	13	1,196,726.02	299	4,851,708.51
12. RB Siaton (Negros Oriental), Inc.	1	1,136	38,503,362.98	1,136	38,052,183.22	846	11,144,250.00	199	25,165,687.28	10	951,983.83	1,055	37,261,921.11
13. RB Alabat (Quezon), Inc.	3	14,709	138,200,298.51	14,709	118,368,793.31	11,260	32,565,318.73	633	73,325,943.80	51	8,177,854.26	11,944	114,069,116.79
14. RB Cabadbaran (Agusan), Inc.	4	8,254	175,662,170.57	8,254	154,047,654.70	4,464	27,196,111.09	495	80,017,523.54	30	5,525,026.45	4,989	112,738,661.08
15. RB Claveria (Cagayan), Inc.	1	3,015	92,762,909.27	3,015	83,943,372.48	2,117	22,700,180.71	395	50,226,298.52	25	5,696,926.87	2,537	78,623,406.10
16. RB Luna (Isabela), Inc.	2	545	28,678,760.30	545	28,608,119.80	134	1,570,856.79	119	20,382,490.57	5	1,701,293.87	258	23,654,641.23
17. Sampaguita Savings Bank, Inc.	2	332	11,500,092.66	332	10,987,826.80	271	2,411,052.13	28	7,250,883.85	3	750,000.00	302	10,411,935.98
18. Community RB of Dingras, Inc.	3	1,878	77,344,788.11	1,878	72,672,194.68	1,362	17,793,258.55	297	46,298,631.10	9	2,230,118.07	1,668	66,322,007.72
19. RB Salinas (Cavite), Inc.	1	4,310	327,033,505.59	4,310	282,176,972.32	3,307	48,812,859.11	750	198,771,749.55	20	4,899,935.95	4,077	252,484,544.61
20. Community RB of Magallon (Moises Padilla, Negros Occ.), Inc.	1	1,324	23,985,145.39	1,324	16,829,535.13	911	3,983,504.15	97	8,704,927.04	5	216,085.53	1,013	12,904,516.72
21. Xavier-Tibod Bank, Inc. (A Microfinance Rural Bank)	1	916	7,675,372.58	916	7,050,398.14	305	1,181,995.17	54	2,685,407.00	-	-	359	3,867,402.17
22. Eastern Rizal (Jalajala) Rural Bank, Inc.	3	3,039	45,321,529.20	3,039	45,158,165.53	1,287	3,484,824.15	1,643	38,469,179.89	-	-	2,930	41,954,004.04
II. Banks Closed in 2015 with CSO started in 2016	2	2,041	73,692,887.07	2,041	63,900,541.79	882	9,625,367.60	498	35,185,438.07	54	10,927,959.23	1,434	55,738,764.90
III. Banks Closed in Prior Years	1,928	6,984,109	114,875,020,296.23	3,328,264	67,348,858,833.99	463,699	852,448,178.92	141,699	17,448,062,640.62	1,804,055	46,287,424,532.20	2,409,453	64,587,935,351.74
TOTAL PAYMENTS (as of end-2016)	1,989	7,058,634	117,292,853,609.12	3,402,789	69,391,379,972.99	514,266	1,288,000,547.17	150,629	18,745,504,904.62	1,804,936	46,432,481,415.57	2,469,831	66,465,986,867.36

PMO - Postal Money Order

FOCS - Field Operations Claims Settlement

HOCS - Home Office Claims Settlement

Loans Management

Loans with closed banks may be resolved via repayment, compromise, foreclosure/*dacion*, take-out or sale to another creditor, or write-off. For the year, a total of PHP156.0 million in loan principal was resolved through compromise settlement. In addition, a total of PHP560.5 million was collected by way of cash payments.⁴

In addition to loans made with closed banks, PDIC also manages corporate loans acquired through financial assistance granted to banks or those that were assigned to PDIC by the liquidation court via Partial/Final ADPs (PADP/FADP) of closed banks. Cash collections from corporate loans totaled PHP93.0 million during the year while resolved corporate loans by way of de-recognition and foreclosure amounted to PHP135.4 million.

Asset Disposal

The interests of depositors and creditors are likewise protected when settlement of their claims against the assets of closed banks is hastened. Towards this end, PDIC expedited the filing of motions for approval of ADPs of closed banks with the Liquidation Courts. During the year, a total of 40 petitions for assistance in the liquidation of closed banks were filed.

Closed banks' assets as well as corporate assets – which include real and other properties acquired (ROPA), furniture, fixtures and equipment (FFE), and transport equipment (TE) – are disposed of through various disposal initiatives with public bidding/auction as default mode. PDIC's guidelines on asset disposal allow the negotiated sale of assets that remain unsold after a public bidding/auction.



The disposal of FFE/TE items yielded PHP9.5 million during the year. Meanwhile, a total of six public biddings conducted by the ROPA Disposal Committee (RDC) during the year resulted in the sale of 117 real properties amounting to PHP111.6 million. A total of 109 real properties were sold under negotiated sale for PHP113.2 million. Seventy-eight of the 226 real properties disposed during the year were corporate properties sold for a total amount of PHP89.4 million.

Rentals, dividends and previous years' installment sales also generated PHP325.3 million and PHP9.5 million for closed banks and the Corporation, respectively, for the year.

⁴ Meanwhile, a sizeable number of loan accounts in closed banks aggregating PHP1.3 billion have been found to be past due and poorly documented. These have been recommended for write-off during the year.

Management of Closed Banks

The Corporation filed a total of 40 Asset Distribution Plans (ADPs) of closed banks with the Liquidation Courts for approval during the year. Of the 40 ADPs, eight were partial while 32 were final. Once an ADP is approved by the Liquidation Court, creditors are notified to file their claims via letters and public advisories.

Meanwhile, 10 ADPs filed in prior years were approved by the Liquidation Courts during the year, while five ADPs filed during the year were approved by the Liquidation Courts in the same year.

In compliance with the approved ADPs of closed banks, PDIC distributed a total of PHP7.4 billion in assets to 241 creditors of closed banks.

LIST OF CLOSED BANKS WITH FINAL, REVISED FINAL AND PARTIAL ADPs

Final Asset Distribution Plans (FADPs)	Revised Final Asset Distribution Plans (Revised FADPs)	Partial Asset Distribution Plans (PADPs)
Rural Bank of Sapang Dalaga (Misamis Occidental)	Rural Bank of Culasi (Antique), Inc.	G7 Bank
Rural Bank of M'lang (Cotabato)	Rural Bank of Libungan (North Cotabato), Inc.	Banco Rural Legaspi
Rural Bank of Juban (Sorsogon)	Rural Bank of Sta. Cruz (Ilocos Sur), Inc.	Jade Progressive Savings and Mortgage Bank
Rural Bank of Narvacan (Ilocos Sur)	Rural Bank of Baras (Rizal), Inc.	Prime Savings Bank
Sta. Clara Rural Bank of Pasay City, inc.	Cardinal Rural Bank (Cebu), Inc.	Rural Bank of San Jose Del Monte (Bulacan)
Rural Bank of Peñaplata	Rural Bank of Basilan City (Isabela de Basilan), Inc.	Philippine Farmers' Bank
Rural Bank of Zamboanguita	Rural Bank of Sta. Cruz (Occidental Mindoro), Inc.	Rural Bank of Bais (Negros Oriental), Inc.
Rural Bank of Ligao (Albay)	Rural Bank of Buug (Zamboanga del Sur), Inc.	Mambajao Community Rural Bank, Inc.
Rural Bank of Murcia (Negros Occidental), Inc.	Rural Bank of Francisco Balagtas (Bulacan), Inc.	Rural Bank of San Miguel (Bulacan), Inc.
Rural Bank of Tagaytay, Inc.	Rural Bank of Cajidiocan (Romblon), Inc.	
PAIC Savings and Mortgage Bank	Rural Bank of Santol (La Union), Inc.	
Rural Bank of Tampakan, Inc.		
Surigao Rural Bank (Surigao City), Inc.		
Quezon Traders Rural Bank of Candelaria (Quezon), Inc.		
Rural Bank of Manticao (Misamis Oriental), Inc.		
Rural Bank of Tanauan (Leyte), Inc.		
PISO Development Bank		
Rural Bank of Saint Joseph (Baras, Rizal), Inc.		
Rural Bank of Gigaquit (Surigao del Norte), Inc.		
Rural Bank of Polangui (Albay), Inc.		

PHP7.4B
TOTAL ASSETS
DISTRIBUTED TO
CREDITORS

ASSET DISTRIBUTED TO CREDITORS

In Million PHP

CREDITORS	NATURE OF CLAIMS	2016	2015
PDIC	Receivership & Liquidation Expenses	10.74	23.04
	Subrogated Claims	20.33	201.44
	Others ^{1/}	7,284.08	-
	Subtotal	7,315.16	224.49
BSP	Rediscounting Emergency Loans, Penalties, Fees	11.11	88.25
Other Government Agencies	Central Bank-Board of Liquidators	0.58	1.41
	Bureau of Treasury	-	-
	Bureau of Internal Revenue & other Gov't Agencies	15.25	246.40
	Sub Total	15.83	247.81
Other Creditors	Uninsured Deposits, Labor Claims, etc.	42.56	248.33
TOTAL		7,384.65	808.88
No. of Creditors		241	1,383

^{1/} Refers to payment of financial assistance by Export & Industry Bank (EIB)

GETTING CUSTOMER FEEDBACK

Measuring client satisfaction and generating client feedback are important to public service institutions like PDIC to identify areas for improvement to further enhance its services.

The Corporation has implemented the customer satisfaction survey to measure customer satisfaction and service quality at its Public Assistance Center (PAC) operations and Field Operations Claims Settlement (FOCS).

The survey questionnaire provided for the following service dimensions: *Staff* (measured for their professionalism, courtesy, and ability to respond to client's queries), *Facility* (measured for safety and comfort), *Ease of Access* (measured for clarity of procedures and proper handling), *Timeliness* (measured for delivery of service within a reasonable time), and *Outcome* (measured for accomplishment of purpose of transaction).

Client satisfaction on PDIC services was measured using the Service Quality Index (SQI).

From the baseline SQI of 4.55 set in 2015, PDIC obtained an average SQI of 4.69 or a Very Satisfactory customer satisfaction rating during the year.

The Very Satisfactory rating cuts across all five service dimensions. From a response rate of 79% in October to December 2015⁵, response rate for the year averaged at 88%. A total of 16,851 respondents participated in the survey during the year. A close scrutiny of the scores from happy and satisfied customers showed that of the five service dimensions, clients rated Staff the highest at SQI of 4.74, reinforcing employees' professionalism, courtesy and ability to respond to queries. *Ease of Access* was rated second highest at SQI of 4.71, with clients agreeing that the procedures to complete the transaction were clear and that their transactions were handled properly. PDIC likewise received Very Satisfactory ratings for *Outcome* (4.68), *Facility* (4.66), and *Timeliness* (4.65).

The Very Satisfactory rating was not an excuse for PDIC to rest on its laurels. Analysis was also pursued to look deeper into the percentage of clients who may not be as satisfied and to identify opportunities for improvements. The objective is always to make PDIC clients happy and satisfied, and their confidence in the banking system renewed, heightened and re-affirmed.

⁵ The revised survey questionnaire formulated by the Development Academy of the Philippines was first used in October 2015.

Client Feedback Survey Administration

The survey is administered using a purposive sampling approach. All customers transacting at the Public Assistance Center (PAC) from Mondays through Fridays are each given a survey form as they enter the Center. In the case of field operations, the survey forms are administered during the Field Operations Claims Settlement (FOCS) schedule. Respondents are reminded that while said survey is important in helping PDIC evaluate the quality of its services, the survey is purely voluntary and their identities and responses will be treated with strict confidentiality. Respondents are asked to rate, using a five-point rating scale, their level of satisfaction to five service dimensions: Staff, Facility, Ease of Access, Timeliness and Outcome. Clients are also requested to respond to open-ended questions on what they like most about PDIC and how PDIC can improve on its services. Accomplished survey forms at the PAC are collected at end of each day by a representative from the Corporate Affairs Group, duly witnessed by a representative from the Internal Audit Group. In the case of field operations, accomplished forms are collected by representatives of the Public Assistance Department, duly witnessed by the head of the Project Management Team. Results are tabulated and analyzed, following the approved methodology. In line with PDIC's thrust to be a responsive deposit insurer, results of the survey are reported to the Management on a monthly basis for monitoring and appropriate action.

AVERAGE SCORE PER SERVICE DIMENSION

Client Satisfaction Survey for 2016

Service Dimensions	Statements	Average per Dimension
Staff	PDIC employees were professional and courteous	4.74
	PDIC employees were able to respond to my queries	
Facility	Office/transaction area was comfortable	4.66
	Office/transaction area was safe	
Ease of Access	Procedures to complete the transaction were clear	4.71
	Transactions were properly handled	
Timeliness	Waiting time to complete the transaction was reasonable	4.65
Outcome	I was able to accomplish my purpose at the end of the transaction	4.68
Service Quality Index (SQI) for 2016		4.69

Note: These are the average scores per Service Dimension for Client Satisfaction Surveys conducted at the PDIC Public Assistance Center and 24 closed banks during FOCS from January to December 2016

ACTUAL COMMENTS BY HAPPY PDIC CUSTOMERS:

Ang mga empleyado ng PDIC ay prupesyunal at magalang.

*-Depositor of GSIS Family Bank
June 17, 2016*

Clear directions and instructions from PDIC employees. Thank you for giving importance to my concern even if it's nearly closing time. Keep it up.

*-PAC, Depositor of RB Buguias
March 7, 2016*

Mabilis ang proseso ng mga payments

*-Depositor of RB Luna Sta. Maria Branch
October 28, 2016*

Malinis, malamig, lagi naka smile ang mga empleyado, at mabilis ang serbisyo.

*-PAC, Community Bank
August 25, 2016*

Mababait, at naiintindihan ang mga sinasabi nila.

*-Depositor of RB Luna Sta. Maria Branch
October 28, 2016*

EMPOWERING THE FINANCIALLY VULNERABLE

PDIC regularly conducts public awareness and financial literacy campaigns to educate its diverse stakeholders about the benefits and limitations of deposit insurance and to equip them with essential information that will help them make informed and responsible financial decisions and protect them from possible financial pitfalls.

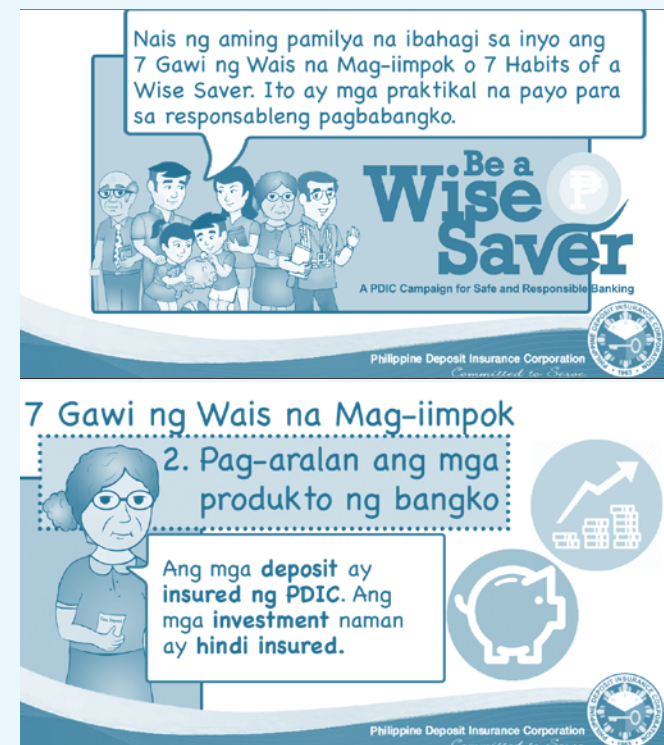
The group of senior citizens was an important sector identified to enhance PDIC's public engagement and financial literacy advocacy for the year. Towards this end, PDIC developed an audio-visual tool anchored on the 7 Habits of a Wise Saver as advocated by the Be a Wise Saver (BAWS) campaign. It made use of characters from PDIC's award-winning financial literacy guidebook, *Usapang Pera: Mga Dapat Alamin* – Mang Domeng, Aling Lorna, and their children Sonny and Tessie. To enable the senior citizens to relate more with the tool, PDIC introduced additional characters – Lolo Cardo and Lola Nena – to complete the extended family. The characters advocated the 7 Habits of a Wise Saver.

The pilot conduct for senior citizens took place in August during the Depositors-Borrowers Forum (DBF) for the closed Rural Bank of Alabat (Quezon), Inc. where more than a hundred senior citizen depositors of the closed bank, with average age of 70, attended and learned about the values of wise saving and responsible banking.



The pilot conduct required the assessment of the senior citizens' learning and appreciation of the concepts highlighted. Prior to the showing of the audio visual presentation (AVP), a pre-test was administered to the senior citizens to gauge their knowledge. A post-test followed after a short lecture and showing of the AVP on the 7 Habits of a Wise Saver. Results showed an improvement in the respondents' knowledge on wise saving and responsible banking.

The pilot-test of the BAWS AVP complements earlier initiatives conducted to reach the target audience of the campaign. Earlier, posters on the BAWS were pilot-tested among senior citizens and members of religious organizations to measure the effectiveness of the information materials. Results of these pilot conducts will provide inputs in crafting cost-effective information materials for the campaign targeting the financially vulnerable sector.



PROMOTING DEPOSITOR CONFIDENCE

The Deposit Insurance Fund (DIF) is the Corporation's capital and main fund source for payout of deposit insurance. A higher level of DIF indicates PDIC's greater ability to promote stronger depositor protection and contribute to the stability of the financial system. As of 31 December 2016, the DIF reached almost PHP130.0 billion. The year-end DIF is equivalent to 5.8% of the estimated insured deposits (EID) on average monthly basis.

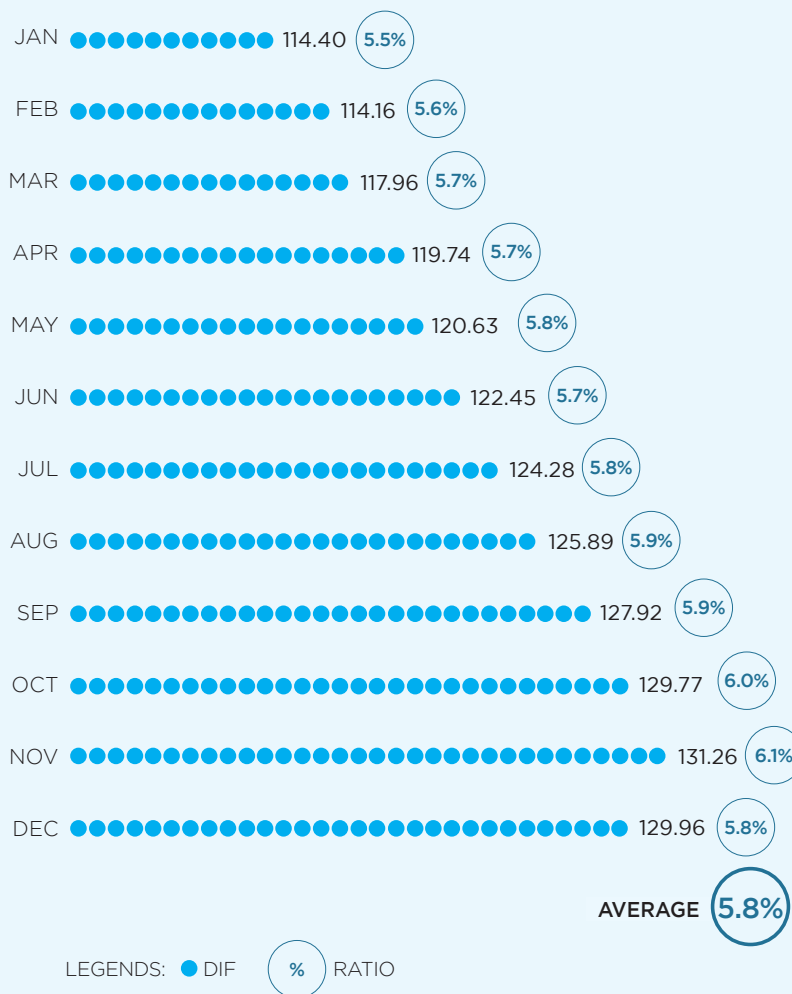
Backed by a comfortable level of the DIF, PDIC's payout operations continued to be fast-tracked for the benefit of closed banks' depositors. As of year-end, including payments to depositors in banks closed in prior years since the 1960s, total deposit insurance payments reached PHP66.5 billion for 2.5 million deposit accounts.

At its current level as of year-end, the DIF is considered adequate to cover deposit insurance under normal circumstances and to address bank resolution based on banking conditions as of end 2016. The 2016 ratio is higher than the target of 5.5% and previous level of 5.6% in 2015.

PDIC was able to build up the DIF through investment management. As part of its prudent measures, PDIC invested most of its funds in the domestic market to minimize foreign market risks.

DEPOSIT INSURANCE FUND BY MONTH, 2016

In Billion PHP and % to Estimated Insured Deposits





THE PDIC STORY

COMPETENT PERSONNEL

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

The employees are – and will always be – PDIC’s best resource. The men and women of the Corporation are the true driving force that enables PDIC to serve all its stakeholders. As of year-end, PDIC has 609 personnel, of which 63.5% are female and 36.5% are male. A total of 209 or 34.3% are officers, while 400 or 65.7% are rank and file employees. More than majority or 60% of total employees are between the ages of 41 and 55 years old. Out of the total number of personnel, about 81.3% or 495 have spent at least five years in the Corporation, honed by productive years of experience and challenges towards a professional service for the depositing public.

BUILDING A CULTURE OF COMPETENCY

The footholds are firmly in place for building a culture of competency in PDIC. Central to the organizational strengthening programs and projects of the Corporation is the development of its people and the installation of a human resource system that will ensure the continuity and consistency of all efforts supporting such development.

MANPOWER COMPLEMENT

As of December 31, 2016

STATUS	OFFICER		RANK AND FILE		TOTAL
	MALE	FEMALE	MALE	FEMALE	
Permanent	82	123	135	262	602
Cotermious	2	2	3	0	7
Subtotal	84	125	138	262	609
Grand Total	209		400		609

Working Towards Personnel Competency

The Corporation has formulated the Competency Framework that would anchor the Competency-Based Human Resource System (CBHRS) it seeks to implement, to ensure a continually expanding workforce capability to deliver on PDIC's mandate. The Framework consisted of three competency groupings: Core (competencies which are expected of everyone across the organization), Leadership and Managerial (competencies expected of all supervisors, managers and executives); and Technical/Functional (critical knowledge, skills and attributes required to perform specific functions, responsibilities and tasks).

A major undertaking during the year under the CBHRS project was the conduct of the baseline self-assessment. After a series of workshops and consultation, the baseline results showed an upbeat view of the organization's current level of competency with a good majority of the employees confident that they are equipped with the essential knowledge, skills and attributes to enable the organization to deliver on its mission and the supervisors, officers and executives capable to steer the organization forward.

Delivering Excellent Results, Continuous Improvement and Learning, and Personal Effectiveness were the top 3 core competencies exhibited among the respondents. Eighty percent (80%) of employees exceeded the proficiencies required of their job levels in all seven core competencies. Sixty-eight percent (68%) of employees were found to be already operating at the Advance and Expert levels of proficiency in the core competencies, while seventy percent (70%) were found operating at the Intermediate and Advance levels in the leadership/managerial competency of *Organizational Outlook and Strategic Alignment*.

The assessment results also signaled which competencies particular job levels were strong at, and which are needed to be reinforced. Also, these were seen to help PDIC to better design and implement interventions to address competency gaps and put in place

*Good leaders
have vision and
inspire others to
help them turn
vision into
reality.*



a more rigorous blueprint for talent development. The baseline assessment results were reported to the PDIC Board and submitted to the Governance Commission for Government-Owned or Controlled Corporations (GCG) as of year-end. Subsequent initiatives under the CBHRS project are for implementation in 2017.

Sustaining the Training Track

The pervasive outlook from the self-assessment survey that employees strongly embody the competency of Continuous Improvement and Learning, connects seamlessly with the Corporation's relentless effort to provide them continuing opportunities for growth through trainings.

In-house training programs were conducted year-round to address learning requirements for capacity-building, as well as to support PDIC's corporate goals specified in its Roadmap for 2016-2020. Almost 99% of PDIC's employees across sectors attended at least one training intervention during the year.

Priority learning and development initiatives included the conduct of a series of briefing sessions to orient all sectors on the key changes effected by the amendment of the PDIC Charter and their impact on operations; the 36-hour Mandatory Continuing Legal Education for all lawyers; Corporate Branding for Leaders; and a line-up of seminars on quality and productivity



improvement approaches, document and records control, internal quality audit and other programs to continually strengthen the Quality Management System and the Corporation's ISO certification thrust.

Echoing the Financial Literacy Campaign it implements for depositors and the general public, PDIC also provided its own employees a chain of learning sessions on cash and debt management, personal finance and ethical values, wealth management, and retirement planning. Alongside, it continued to bolster its leadership and management bench by conducting two tracks of the Civil Service Commission's Supervisory Development Course for the senior staff, two batches of the workshop on Critical and Strategic Thinking for middle-level officers, and Leadership Attributes for Innovation for members of Senior Management.

Running parallel to the internal training initiatives, availment of external programs including foreign training offered by established training institutions was optimized to meet specialized training needs that could not be addressed in-house.

A total of 241 personnel attended 140 local programs on both technical and behavioral subject matters, including information and communication technology, the Government Procurement Law and preparation of bidding documents, governance and integrity management, communication, effective writing, credit risk management, cybersecurity strategy, strategic data management, maintenance audit, transformational leadership, and the like.

A number of personnel also attended foreign training programs such as on Supervisory Capability Building and the Role of Financial Stability Institute (FSI) Connect (Basel, Switzerland), Technology Risk Supervision (Seoul, Korea), Electronic Banking and Mobile Financial Services (Bangkok, Thailand), and FDIC 101: Introduction to Deposit Insurance, Bank Supervision and Resolution (Arlington, Virginia), among others.

Continuing access to training opportunities has reinforced not only the capability of employees to perform their jobs, but also their readiness and flexibility to step up to challenges beyond their positions and comfort zones. Both have contributed in no small way to the overall corporate performance for the year.



Carving the Path for Leadership Succession

The Corporation embarked on a Succession Planning Program (SPP) to ensure leadership continuity and alignment within the organization. The program aims to develop a “talent pool” of potential successors for key leadership positions; help individuals pursue their career plans aligned with current and future corporate goals and objectives; and address potential vacuum in critical posts. With the SPP in place, the Corporation shall be assured of the continuous availability of highly-committed, highly-capable leaders to steer it onwards.

To provide the SPP a roadmap for implementation, the PDIC Board approved during the year the Succession Planning Framework. The framework outlines the major steps the Corporation will undertake to implement the SPP: 1) identifying key positions; 2) establishing competency requirements for identified key positions; 3) identifying possible successors/top candidates for the key positions; 4) assessing potential successors and determining competency gaps; 5) designing and implementing individual development plans; 6) monitoring/tracking candidates’ performance and readiness; and 7) end of cycle evaluation stage.

For the pilot implementation of the SPP, the positions of the members of the Management Committee down to position of the Assistant Department Manager have been identified as key leadership positions that provide direction, leadership and influence toward the attainment of institutional goals, key targets and performance standards, and if left vacant, would affect the organization’s ability to deliver its mandates.

Continuing access to training opportunities has reinforced not only the capability of employees to perform their jobs, but also their readiness and flexibility to step up to challenges beyond their positions and comfort zones.

The Heroic Journey of “Team Lawin”

RISING ABOVE THE CHALLENGES

Rural Bank of Luna was ordered closed by the Monetary Board of the Bangko Sentral ng Pilipinas on 6 October 2017 and PDIC immediately took over the bank the following day. The claims settlement operations for the bank’s Head Office and its lone branch in Sta. Maria, Isabela was scheduled on October 25 to 28, 2017. However, days prior to the actual payout, supertyphoon Lawin (international name: Haima) – the strongest typhoon ever recorded with a whooping signal no. 5 – made a landfall in Cagayan Valley and wreaked havoc in northern Luzon including Isabela where the bank was situated.

PDIC Management closely monitored the developments on field and gave clear instructions to the Project Management Team (PMT) on how to proceed, without neglecting the welfare of the deployed PDIC personnel. The goal was on point: to keep the PMT members safe and sound to be able to assist depositors who desperately need to access their savings. Hence, despite the huge logistical challenges and imminent danger, the members of the PMT assigned to the bank decided not to pre-terminate field operations and to push through with the payouts, knowing fully well that now more than ever, the depositors need to get their money back as they strive to get back on their feet the moment the storm has passed.

To immediately service the affected depositors, PDIC adopted special claims settlement procedures for Rural Bank of Luna where depositors with valid balances of PHP100,000 and below do not need to wait for their Postal Money Orders (PMOs) to be mailed. With filing of claim waived, depositors just needed to present their valid identification documents and were paid in cash. A member of the PMT, moved by the story of the hardships endured by a depositor, even parted with her own money to add to the deposit insurance paid by PDIC.



Just as the PDIC adjusted its processes to help the plight of the depositors, the PMT members also did their share. By this time, they were no longer just another PMT. Having experienced the storm, survived the destruction, and triumphed over the challenge brought by the supertyphoon, the PMT was one solid team with one burning motivation: to go the extra mile to serve the depositors. And thus, Team Lawin was born.

With multiple tasks at hand, Team Lawin had to spread themselves thinly. What they lacked in terms of warm-blooded manpower (there were only 20 personnel performing various duties from frontline assistance to claims examination), they made up for with sheer determination, flexibility, resourcefulness, and unyielding teamwork. Since the impassable roads will make it difficult for PDIC to send in more personnel from the home office, members of the Team Lawin initiated a skill reorientation briefing as if no additional help will be forthcoming. The briefing aimed to orient each member of the additional and new tasks that need to be carried out such that the PMT members underwent a crash course on claims processing. Indeed, the Team took multi-tasking to a whole new level, with each member assuming a new role aside from their original role in order to finish the tasks at hand. The two-day payout operations ended successfully with the depositors getting their money back and Team Lawin experiencing a new sense of service fulfillment from the feats they have accomplished as a united team.

With the payout operations over, Team Lawin could have gone back to Manila immediately. But once again rising above the occasion, they chose to stay yet again for another noble cause – the conduct of relief operations for the typhoon victims in Sta. Maria, Isabela (*Please refer to page 61 for the story on corporate social responsibility initiatives*).

PDIC recognized Team Lawin in simple ceremonies during the year-end PRAISE Awards for the selfless public service commitment of its members.

A Memento of Milestones, the Story of the Workforce

Equally important as external stakeholders of PDIC are its internal stakeholders – the employees – and its most important resource. Thus, information materials and activities to engage them are pursued to nurture the corporate values of integrity, professionalism, excellence, teamwork and respect for all people. PDIC's quarterly corporate newsletter, *Intercom*, is a venue for personnel engagement. *Intercom* tells the story of the Corporation and its people which are reflected in all featured stories of each issue. Highlighting the importance of work-life balance, *Intercom* not only reports corporate news but also features human interest stories, particularly inspiring stories of the lives of employees outside the walls of the office.

Intercom keeps employees well-informed about official and employee-oriented activities, as well as corporate milestones. The right mix of corporate news and human interest stories enabled *Intercom* to get the nod of the Board of Jurors for the Annual Anvil Awards of the Public Relations Society of the Philippines (PRSP). On 26 February 2016, *Intercom* received the Silver Anvil Award for Outstanding Public Relations Tools in recognition of its “achievements in showcasing a memento of the milestones achieved together by the PDIC workforce.”

The Anvil is the country's most prestigious award in public relations, given annually by the PRSP for outstanding public relations programs and tools.

Four *Intercom* issues were presented to the Anvil Awards Committee. Each issue was composed of carefully and passionately written articles that are in step with the issue's chosen theme: August-December 2014 (“Enhancing organizational capabilities as PDIC turns a new leaf at 51”); December 2014 Special Issue (“Excellence at work and at play”); January-March 2015 (“United as one for all stakeholders”); and April-June 2015 (“Empowerment@52”).

The Silver Anvil Award is PDIC's second Anvil Award, following its Award of Merit received in 2014 for its financial literacy guidebook, “Usapang Pera: Mga Dapat Alamin”, which was recognized for its excellence as a public relations tool aimed at helping promote financial literacy in the country.





THE PDIC STORY

COLLABORATIVE STRATEGIES

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

PDIC recognizes the importance of adaptability, collaboration and synergy with partner-agencies in order to provide seamless and improved services to its stakeholders. During the year, the Corporation underwent organizational strengthening through the amendment of the PDIC Charter, and at the same time fostered partnerships for the effective implementation of its expanded mandates under the new Charter.

Equipping the Organization

After three years of advocating for strengthening PDIC's ability to protect the depositing public and promote financial stability, Republic Act (R.A.) No. 10846 amending the PDIC Charter was finally signed into law on 23 May 2016 and took effect on 11 June 2016.


R.A. No. 10846 introduced depositor protection measures such as the authority to pay insured deposits based on evidence of deposits and not on the closed bank's records alone. Gross settlement will also be implemented in the payment of insured deposits such that depositors who are also borrowers of the same closed bank will be paid the full amount of their insured deposits, giving them the choice to settle their obligations with the bank immediately or when it falls due. However, this will not apply in cases where legal compensation has set in or when the deposit is covered by a hold-out agreement between the depositor and the bank.

The amendatory law also paved the way for the seamless transition from bank closure to liquidation and expressly prohibited the reopening of banks ordered closed by the Monetary Board. Thus, upon bank closure, PDIC is authorized to proceed directly to the liquidation of the bank and to distribute its assets to creditors in accordance with the Rules on Concurrence and Preference of Credits.

To prepare for this enhanced liquidation authority and guide operations, liquidation procedures were aligned, review to refine three Standard Operating Guidelines and Instructions (SOGIs) was fast-tracked, while nine new guidelines in the form of Circulars were crafted for implementation.

The new law likewise included a new resolution framework that allows PDIC to resolve problematic banks while these are still open, to be able to address the risks posed by bank closures and in the process, promote financial inclusion.

Additionally, R.A. No. 10846 strengthened PDIC's institutional and governance framework to ensure alignment with international best practices, and introduced stiffer penalties for erring bank owners, officers, and employees, as well as individuals and entities that commit anomalies, frauds and irregularities, and participate in schemes to defraud a bank.



*Great leaders
create more
leaders, not
followers.*



Following the effectivity of the amended Charter, cascading sessions via orientations on its salient features were conducted for PDIC officers and employees. Member-banks, which are equally important PDIC stakeholders, were likewise targeted in the cascading sessions coinciding with their general meetings and roadshows in selected cities.

PDIC also issued a Bulletin to all member-banks informing them of the amended PDIC Charter, copies of which were given to member-banks' head offices and branches. The Bulletin was likewise posted in the PDIC website to maximize stakeholder reach.

The passage of these amendments to the deposit insurance law indeed showed PDIC's commitment to continue building on its capabilities to more efficiently carry out its mandate and be more responsive and effective in serving the needs of its stakeholders, especially the depositing public.

Confronting the Challenges of the Amended Charter

The amended PDIC Charter authorizes the Corporation to institute depositor protection measures to ensure depositors' interests are safeguarded. An important measure is to provide depositors with quicker access to their insured deposits in the event of bank closures by paying deposit insurance not only on the basis of closed banks' records but also based on the presentation of valid and authentic evidence of deposits in the possession of depositors. This enables the efficient settlement of claims in cases where the records of the closed bank may not be accurately relied upon due to fraud, irregularities and anomalies or findings of unsafe and unsound practices.

Under the amended PDIC Charter, the Corporation is also authorized to implement gross settlement in the payment of insured deposits. As such, depositors who are also borrowers of the same closed bank will be paid the full amount of their insured deposits, giving them the choice to settle their obligations with the bank immediately or when it falls due. However, this will not apply in cases where legal compensation has set in or when the deposit is covered by a hold-out agreement between the depositor and the bank. This provision will enable depositors to benefit from the payment period agreed with the bank.

The challenge of implementing these measures is to strengthen control mechanisms to preserve the veracity and accuracy of PDIC's deposit insurance payments and to apply the process in a consistent manner. Thus, claims procedures were modified to help ensure that the turnaround time for payment of deposit insurance claims is expedited for the benefit of depositors, starting with the revision of the Claim Form and Payment Acknowledgement Receipt, particularly on the declarations to be made by the depositor/claimant, to reinforce his accountability should the claim turn out to be fraudulent. Additionally, the Bank Information Form (BIF), which is accomplished by a bank officer, is now required to be certified to increase the accountability of the concerned personnel and to establish the authenticity and reliability of the bank's records.

Of the 22 banks ordered closed during the year, half were closed after the implementation of the amended PDIC Charter and were thus subject to the new provisions of the law.

MITIGATING RISKS IN THE BANKING SYSTEM

Mission-focused, collaborative and adaptive to the constantly evolving banking industry, PDIC pursued dialogues with banking groups and federations, worked jointly with the BSP and other members of the financial safety net system, and formulated policies related to enhanced monitoring and resolution of banks to ensure the effective mitigation of risks to the deposit insurance system.

Formulating Risk Monitoring and Mitigation Framework

The Bank Risk Monitoring and Mitigation (BRMM) Framework was formulated in light of the enhanced authorities granted under the amended PDIC Charter. While the full exercise of PDIC's enhanced authorities can potentially strengthen the financial safety net system by supplementing oversight over banks, the Framework is structured to complement BSP's supervisory authorities to align with policy direction and enhance coordination and information exchange. The PDIC Board approved the BRMM Framework in October 2016.

As the amended PDIC Charter has given PDIC a range of tools and enhanced authorities for the protection of depositors, the BRMM Framework provides direction on utilizing these authorities to identify, monitor and employ corrective actions on failed prompt corrective action (PCA) banks with unsafe and/or unsound (U&U) activities that may substantially impact depositors and the Deposit Insurance Fund (DIF). Enforcement actions, including termination of insured status of erring banks, will be imposed if banks continue to disregard PDIC directives.

Given the Framework's aim to address risks to the depositors and the DIF posed by failed PCA banks, the following major activities are involved: (i) offsite bank analysis and monitoring, including coordination with the BSP; (ii) onsite bank examination focusing on deposit operations; (iii) corrective measures and enforcement actions; and (iv) bank resolution, upon request of a failed PCA bank with a third-party investor.

Examining Banks with Renewed Focus

PDIC's constant collaboration with the BSP is best demonstrated during joint BSP-PDIC bank examinations, wherein PDIC continued its examination of banks' deposit operations, including compliance with Know-Your-Customer (KYC) policies and PDIC Regulatory Issuances, determination of U&U deposit-related banking practices, as well as other scope as agreed with the BSP. These examinations were conducted primarily to complement BSP's examination function, institute enforcement actions under the BRMM Framework, and, more importantly, to better protect the depositors' interest.

As of the year-end, PDIC examined a total of 43 banks, in which 41 were conducted jointly with the BSP, while the other two were examined independently by PDIC in relation to the banks' financial assistance granted by the Corporation. All 43 banks, composed of three thrift banks and 40 rural banks, registered an aggregate estimated insured deposit of PHP12.2 billion as of their respective examination cut-off dates. PDIC directives to address the examination findings were transmitted to the examined banks' Boards within an average of 37 working days from exit conference or last day of examination, whichever is later. This is earlier than the target average of 40 working days.

The U&U practices, as well as any other findings, deficiencies and weaknesses observed during the examination were addressed by requiring the examined bank to execute and submit to PDIC a deed of undertaking (DOU) approved by the bank's Board of Directors. Consequently, all commitments made by the examined bank, as stipulated in the DOU, are regularly monitored by PDIC. Moving forward, PDIC will renew its examination scope in 2017 to focus on deposit operations, including determination of U&U deposit practices, leading toward institution of enforcement actions, as applicable, consistent with the BRMM Framework.

Matching Investor and Investee Banks

The PDIC Investor-Investee Helpdesk has been matching investors and investee-banks since its inception in 2010 through an automated process. Financial institutions may register in the Helpdesk as investors to acquire, merge, or consolidate with a bank while banks can sign up as investees to seek acquirers/investors. For the period 2010-2016, there have been 116 registrants, comprising of 55 investors and 61 investees.

Since 2010, the Helpdesk has produced five successful matches concerning 10 banks that resulted in business combinations, specifically three equity acquisitions, one consolidation, and one merger. Investee banks involved in these matches had combined deposit accounts of 81,859 and estimated insured deposits of PHP2.5 billion. In 2016, there were 32 investor-investee matches. Activities have been initiated towards enhancing the Helpdesk in light of the expanded resolution powers of the PDIC under its amended Charter.

Promoting Bank Mergers and Consolidation

PDIC continues to support mergers and consolidations among banks through the Consolidation Program for Rural Banks (CPRB), which was launched in August 2015. The CPRB will be funded through the Countryside Financial Institutions Enhancement Program or CFIEP that provides credit assistance to eligible countryside financial institutions. Coupled with regulatory incentives from the BSP and, as needed, equity investment from the Land Bank of the Philippines, the CPRB will allow the consolidated banks to fortify their balance sheets, enhance capabilities and governance, provide better financial services to their constituents, expand their markets and contribute to financial inclusion.

Roadshows, in the form of presentations, dialogues, and one-on-one sessions with various rural bank groups, federations and confederations, have been conducted to promote and explain the CPRB features and incentives to interested banks. As a result of these roadshows, four groups involving 18 rural banks located in Cavite, Leyte, Cebu and other parts of Luzon signified their interest to avail of the CPRB. Consequently, financial advisers conducted due diligence on banks included in three of the four groups starting in late 2016, to be completed in early 2017. The remaining group will engage its financial adviser in 2017.



The CPRB will primarily provide funding support to the participating banks' expenses that will be incurred from the consolidation transaction, particularly subsidy on the cost of technical services involving financial advisory, due diligence review, business process improvement and capacity-building. The provision for technical assistance as a major component of the CPRB was among the offshoot of collaborations made with the Rural Bankers Association of the Philippines in response to the needs of the rural banks and, at the same time, further improve PDIC's bank strengthening initiatives, in close coordination with the BSP.

Banks, on the other hand, continued to aggressively acquire and/or pursue merger or consolidation transactions with other banks outside of PDIC's strengthening programs. PDIC gave consent to 10 transactions during the year consisting of mergers, consolidations and purchase of assets and assumption of liabilities involving three commercial banks, nine thrift banks and 11 rural banks. The total estimated insured deposits of these banks amounted to PHP102.2 billion representing about 2.8 million deposit accounts.

Resolving Domestic Systemically Important Banks (D-SIBs)

The failure of a bank creates negative repercussions to stakeholders and adverse external effects to the financial system and the economy where it operates. For its part, the Financial Stability Coordination Council (FSCC)⁶ required from agency members the formulation of policies towards crisis management or the framework for Financial Crisis Management and Resolution (FCMR) in 2015.

On 24 September 2015, the FSCC requested each agency member to create an FCMR core group that will push for the development of their respective FCMR Handbook.

⁶ A voluntary interagency council established on 29 January 2014, composed of the Department of Finance together with the four Philippine financial safety net agencies, namely, Bangko Sentral ng Pilipinas, Insurance Commission, Securities and Exchange Commission, and the PDIC.

Developing the Crisis Resolution Handbook

Guided by the proposed FSCC Framework for Crisis Management and Resolution in the Financial Sector, the PDIC FCMR Committee started off with reviews of processes on how PDIC carries out its mandates, specifically as deposit insurer and receiver/liquidator of closed banks, and legal powers, as well as an appreciation of D-SIBs. The Handbook also included guidance on monitoring D-SIBs, activities in normal times in preparation for a crisis, and crisis infrastructure, among others.

The PDIC FCMR Handbook was approved by the PDIC Board on 13 December 2016. On the same day, the FSCC FCMR Working Group was furnished with a copy of the PDIC FCMR Handbook for the formulation of the FSCC FCMR Handbook, or operationally called as the National Handbook. As the PDIC FCMR Handbook contains resolution tools available to PDIC in the event of a financial crisis involving a D-SIB, its completion served as compliance by PDIC with the 2016 strategic initiative of formulating a Resolution Framework for D-SIBs.

GEARING UP TO A NEW CHALLENGE

Study on Islamic Banking and Finance

PDIC initiated the conduct of a study on Islamic banking and finance as part of its strategic initiatives. The first part of the study discussed:

- Islamic finance, in general, including the pertinent Shari'ah principles
- Islamic banking and Islamic window operations
- Basic Islamic contracts
- Islamic finance global environment
- Islamic finance in the Philippines
- Countries with Islamic banks and Islamic deposit insurer, and
- The different approaches of selected countries in implementing a Shari'ah-compliant deposit insurance system (SCDIS).

The study is in anticipation of a legislation that shall establish Islamic banks and banking windows and provides regulation of an expanded Islamic banking system in the Philippines. Such present effort by Congress to introduce Islamic finance in the financial system of the country is in recognition of its impact on economic growth, financial sector development and stability, and financial inclusion.

SERVING CLOSED BANKS' BORROWERS AND CREDITORS

Under the amended Charter, the 90-day receivership⁷ period has been removed, effectively providing for a seamless transition from bank closure to liquidation. Under a seamless transition, PDIC can now immediately liquidate closed bank assets from bank closure and settle claims of creditors in accordance with law and with the Rules on Concurrence and Preference of Credits. The amended PDIC Charter also authorizes the Corporation to immediately assign encumbered assets of the closed bank as payment to secured creditors without need for approval of the Liquidation Court. Aside from expediting the settlement of claims of secured creditors, this will result in savings in terms of asset administration expenses to ultimately redound to the benefit of the ordinary creditors of the closed bank. To facilitate liquidation and enhance the chances of recovery by creditors of their claims against the closed bank, the purchase of assets of the closed bank and assumption of its liabilities by another insured bank, without the need for approval of the liquidation court, can also be undertaken as a mode of liquidation under the amended PDIC Charter.

PDIC, during the year, took over a total of 22 banks ordered closed by the Monetary Board involving 20 rural banks and two thrift banks with combined 61 banking offices nationwide. As of their dates of closure, these banks had PHP2.4 billion in aggregate deposits comprising 76,000 deposit accounts.

Half of these 22 banks were closed under the amended PDIC Charter and all 22 are under liquidation as of year-end. Including banks closed prior to 2016, a total of 367 closed banks are under liquidation as of year-end.

⁷ Receivership refers to the period within which a determination should be made whether a closed bank may still be reopened without undue risk to the depositing public or to proceed directly to the liquidation of its remaining assets.

CLOSED BANKS IN 2016

NAME OF CLOSED BANK	BANK TYPE	PROVINCE	NUMBER OF OFFICES	NUMBER OF ACCOUNTS	TOTAL DEPOSITS (IN THOUSAND PHP)
Rural Bank of Villaviciosa, Inc.	RB	Abra	1	173	2,297
Lapu-Lapu Rural Bank, Inc.	RB	Cebu	1	1,909	67,643
Rural Bank of Bayawan (Negros Oriental), Inc.	RB	Negros Oriental	1	402	10,805
Rural Bank of Basay (Negros Oriental), Inc.	RB	Negros Oriental	1	83	135
Rural Bank of Panay, Inc.	RB	Capiz	2	6,096	81,049
Koronadal Rural Bank, Inc.	RB	South Cotabato	3	368	8,346
Rural Bank of Malinao (Aklan), Inc.	RB	Aklan	2	8,745	170,234
Surigao City Evergreen Rural Bank, Inc.	RB	Surigao del Norte	1	1,062	11,256
GSIS Family Bank (A Thrift Bank)	TB	Metro Manila	22	14,507	974,814
Rural Bank of Amadeo (Cavite), Inc.	RB	Cavite	2	1,583	46,420
New Rural Bank of Binalbagan (Negros Occ.), Inc.	RB	Negros Occidental	1	480	8,236
Rural Bank of Siaton (Negros Oriental), Inc.	RB	Negros Oriental	1	1,301	46,640
Rural Bank of Alabat (Quezon), Inc.	RB	Alabat	3	14,038	125,684
Rural Bank of Cabadbaran, Inc.	RB	Agusan del Norte	4	8,294	186,657
Rural Bank of Claveria (Cagayan), Inc.	RB	Cagayan	1	3,010	98,294
Rural Bank of Luna (Isabela), Inc.	RB	Isabela	2	611	35,089
Sampaguita Savings Bank, Inc.	TB	Laguna	2	341	11,366
Community Rural Bank of Dingras (Ilocos Norte), Inc.	RB	Ilocos Norte	3	1,873	74,232
Rural Bank of Salinas, Inc.	RB	Cavite	2	5,421	332,238
Community Rural Bank of Magallon (Moises Padilla, Negros Occidental), Inc.	RB	Negros Occidental	1	1,287	22,589
Xavier-Tibod Bank, Inc (a Microfinance Rural Bank)	RB	Misamis Oriental	2	918	7,925
Eastern Rizal (JalaJala) Rural Bank, Inc.	RB	Rizal	3	3,216	47,824
			61	75,718	3,369,772

PURSuing LEGAL ACTIONS

In addition to carrying out its core functions as deposit insurer, risk mitigator and liquidator, PDIC also safeguards the interests of the depositing public through investigation of fraud, irregularities and/or anomalies committed in banks and prosecution of those responsible for the same. PDIC filed during the year a total of six criminal cases against 25 former bank directors, officers, and/or employees. The cases, involving an aggregate amount of PHP2.6 billion, were as follows:

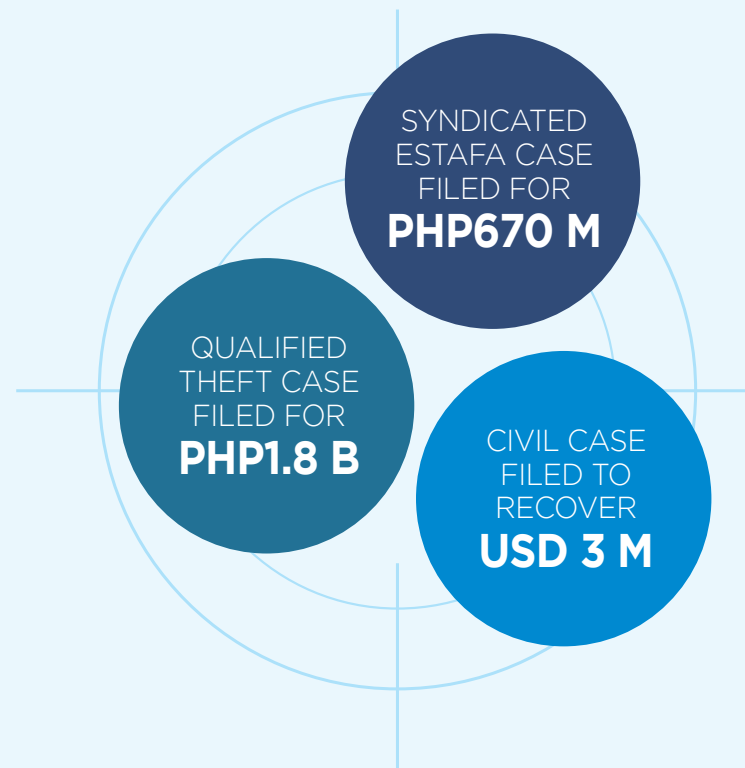
- A syndicated estafa case for PHP670 million due to unauthorized and unliquidated travel expenses of former bank directors, officers and employees.
- A case for conducting business in an unsafe and unsound manner where over the years, the bank allowed its related interests to continue using the bank's services without paying the agreed fees resulting in accumulated unpaid service fees of PHP1.8 billion.
- Three cases for qualified theft for a total amount of PHP52.6 million.
- An estafa case for falsification of public and/or commercial documents involving the unauthorized sale of a bank vehicle in the amount of PHP225,000.00.

Also filed during the year were three civil cases resulting from the investigation of a closed bank, as follows:

- A case involving the recovery of USD3.0 million from a purchase agreement that did not push through. Undue payments were made to an interest related to the former Board Chairman of the bank, in the form of advisory fees. PDIC, as Liquidator of the closed bank, is seeking the return of the said amount including damages.

- A case for Rescission of Deed/Agreement of Sale for bad faith where a third party buyer concealed information that a previous deed of sale had already been executed while at the same time, demanded the execution of a deed of sale for the same property. The subject property was then valued at PHP237 million and as of end 2016, was valued at PHP600 million.
- A case that sought the nullification of a deed of sale executed by the bank in favor of a certain person without Board approval and consideration. The case involved a real property valued at PHP22 million.

PDIC remains committed to protect depositors by vigorously and consistently pursuing legal action against bank officers and stockholders found to have violated the PDIC Charter and other laws, and to hasten the liquidation of closed banks' assets to benefit the creditors.





EXPANDING FINANCIAL LITERACY

The corporate strategic direction outlined in PDIC's Roadmap to 2016 supports the public engagement of stakeholders for a more effective deposit insurance system and the heightening of their financial literacy and awareness on deposit insurance. Thus, the Be A Wise Saver (BAWS) campaign that started in 2009 continued to be expanded and implemented. During the year, the campaign focused on the working sector and initial assessment was made among members of the financially vulnerable by way of pilot testing.

An important objective of the BAWS campaign is to increase awareness on the benefits and limitations of deposit insurance. Hence, each conduct of BAWS is accompanied by a survey feedback form to assess the comprehension of participants with regard to these, as well as the relevance of the presentation and content, and effectiveness of the resource speakers. Generally, the survey results showed increasing awareness on deposit insurance.

PDIC's BAWS campaign is conducted in partnership with the Bangko Sentral ng Pilipinas (BSP) via the Financial Sector Forum's Financial Education (FinEd) Expo held in various cities nationwide to reach students and professionals.

During the conduct of FinEd Expo, PDIC administers a Knowledge Level Survey (KLS) after its BAWS discussion to determine knowledge gained by the participants and assess the effectiveness of the presentations and resource speakers. The survey is composed of three questions that measure participants' awareness on: 1) the maximum deposit insurance coverage (MDIC); 2) the need to keep evidence of deposits safe at all times; and 3) scope of bank products covered by deposit insurance. During the year, the awareness levels of the three components as shown by the survey results are 80.5%, 97.1%, and 65.4%, respectively.

Equally important partners in advancing financial literacy among the members of the labor sector are the Government Service Insurance System (GSIS) and the Social Security System (SSS) for public sector and private sector employees, respectively. Using the two pension funds' pre-retirement seminars as platforms, PDIC conducts lectures on the habits of a wise saver, the benefits and limitations of deposit insurance, and how to protect depositors from scams. Special attention is also given to bank products covered and not covered by deposit insurance.

During the year, PDIC conducted a total of 29 BAWs lectures under its partnership with the GSIS and SSS. The same set of survey questionnaire for the FinEd Expo was used during BAWs lectures. Results showed a very high awareness rate of 93.8% on the MDIC. Some 92.9% of the respondents answered correctly on the need to keep evidence of deposits safe at all times, while 84.5% were aware of the types of bank products covered by PDIC's deposit insurance.

PDIC believes that in collaborating with likeminded institutions and continuing enhancements to the BAWs campaign, the level of financial literacy can be raised among Filipinos as well as members of the financially vulnerable sector such as would-be retirees and employees. Collectively, this campaign can also enhance depositor protection and contribute to the stability of the financial system.



Financial Crisis Management and Resolution Handbook: An Overview

The PDIC Financial Crisis Management and Resolution (FCMR) Handbook has four sections covering activities before, during, and after a crisis. These are Monitoring and Surveillance, Preparation, Crisis Management, and Evaluation and Improvement.

MONITORING AND SURVEILLANCE lays out the tools of PDIC in detecting emerging threats to commercial banks and their subsidiary banks, such as the Quarterly Deposits and Loans Tracking System and the CAEL (Capital Adequacy, Asset Quality, Earnings, Liquidity) Ratio Monitoring. A Surveillance Team was designated to prepare and update bank information kits needed in conducting a preliminary assessment of a Domestic Systematically Important Banks (D-SIB) failure.

PREPARATION presents the necessary tools to mitigate a crisis, such as increase in the maximum deposit insurance coverage, seamless payout, and purchase and assumption. This section also offers a summary of the requirements in implementing the PDIC FCMR Handbook.

CRISIS MANAGEMENT involves the order of actions of PDIC during the first 24 hours after the start of a crisis and the next 24 hours and onwards. Crisis management actions shall be a product of reliable and accurate information-sharing, constant coordination with other regulatory agencies, and rendering of an intelligent and reasonable decision-making.

IMPROVEMENT AND EVALUATION values lessons learned after a crisis, whether real or simulated. This includes an evaluation of the adequacy, efficiency, and effectiveness of the monitoring and surveillance tools and procedures, crisis mitigation tools, and the communication plans. The PDIC FCMR Handbook shall be enhanced based on recommendations of a post-crisis evaluation report.



STRENGTHENING PARTNERSHIPS WITH OTHER AGENCIES

Synergy for Financial Literacy

PDIC continued to work together with the members of the Financial Sector Forum (FSF) including the BSP, Insurance Commission and Securities and Exchange Commission to conduct nationwide FinEd expos for the benefit of students and the working sector.

Catering to the financial education needs of senior citizens and soon-to-be retirees, PDIC also sustained its partnership with the GSIS and the SSS for the conduct of public seminars for public and private sector employees.



Collaboration for Prompt Land Title Verification

In managing and liquidating assets, specifically ROPA, it is important to know the status of land titles under the custody of PDIC and of closed banks and to know this as timely as possible. An important initiative during the year to expedite the verification process for land titles was the installation of a Land Registration Authority (LRA) Extension Office at the PDIC equipped with an authentication system. The partnership with the LRA was reached by way of a memorandum of agreement (MOA) signed on 9 June 2016. Through the authentication system, PDIC is able to generate and receive certified true copies of Transfer Certificate of Titles (TCTs) in real time at the PDIC premises, saving on time and resources compared with the previous practice that requires PDIC personnel to transact personally at the LRA's main office. The LRA Extension Office started operations on 24 October 2016 after three levels of user acceptance testing.

Continuing Partnership with PHILJA

Recognizing that the judicial system plays a crucial role in protecting depositors and creditors, PDIC sustained its partnership with the Philippine Judicial Academy (PHILJA), already on its 8th year. The collaboration provides for the conduct by PDIC of seminar-workshops on deposit insurance, banking practices, bank conservatorship; and receivership and liquidation with members of the Judiciary. PHILJA is mandated to be a training school for justices, judges, court personnel, lawyers, and aspirants to judicial posts, and provides opportunities to develop judicial competence, instill sound values, and form constructive attitudes in its continuing pursuit of judicial excellence.

The continuing education initiative, which aims to provide members of the Judiciary the opportunity to better appreciate PDIC's mandates, has been instrumental in hastening the liquidation process of closed banks. This year's 8th Seminar-Workshop on Deposit Insurance, Banking Practices, Bank Conservatorship, Receivership and Liquidation was held on 16-17 November 2016 at Hotel Fortuna in Cebu City attended by 31 judges from Judicial Regions 6 to 8 (Antique, Bohol, Cebu, Capiz, Negros Oriental, and Negros Occidental) who handle Petitions for Assistance in Liquidation of closed banks and/or criminal and civil cases involving closed banks and PDIC.

Discussion topics included an overview of the revised PDIC Charter; conducting banking business in an unsafe and unsound manner; bank frauds, irregularities, and anomalies; bank conservatorship, receivership, and liquidation; and issues and challenges when dealing with bank conservatorship, receivership and liquidation.





THE PDIC STORY

ENHANCING SYSTEMS

Evolving with
technology.
Continually improving
to optimize
performance.

PDIC made continuous enhancements to its structure and systems to ensure that its services adhere to the principle of good governance, comply with rules and regulations to pursue a clean and honest government, and be at par with international best practices. Systems and processes are periodically reviewed and when appropriate, streamlined to ensure convenient and expedient public services and support government anti-corrupt practices. Procurement processes are likewise made transparent to strictly comply with the Government Procurement Law (Republic Act No. 9184). Internal controls and processes were strengthened and technological innovations were pursued for the benefit of all stakeholders of the Corporation.

ENHANCING TO BE EFFECTIVE AND EFFICIENT

ISO-Certified Quality Management System

The PDIC Quality Management System (QMS) is designed to enhance the processes of its key frontline services to ensure consistency in meeting the needs and expectations of customers, among others.

The implementation of QMS in Claims Settlement Operations (CSO) for the past seven years consistently demonstrates PDIC's ability to apply consistent application of procedures in an effective and efficient manner, translating to sustained client satisfaction level from the conduct of Depositors-Borrowers Forum to the payment of claims for deposit insurance to depositors of closed banks.

In 2016, in pursuit of continuous improvement, the Corporation expanded the implementation of the QMS on another critical frontline service, the Assessment of Member-Banks (AMB) and its supporting processes, which was certified to ISO 9001:2008 in December 2016 by the certifying body TÜV Rheinland Philippines, Inc. The AMB covers the processes from the receipt of assessment collection from banks, the issuance of official receipts for assessment payments made by banks,

and the subsequent validation of the deposit assessment base as declared in the Regular Certified Statements (RCS) against the Financial Reporting Package submitted by banks. The TAT, from the issuance of official receipts (OR) to the preparation of acknowledgment letter and mailing, has been reduced from 5 working days to 3 working days.

The certification audit that was conducted in December 2016 affirmed that the PDIC has established and continuously maintains an effective system to ensure compliance with its policy and objectives. The certifying body noted that PDIC's management system complies with, adequately maintains and implements the requirements of ISO standards.

For 2017, the PDIC will pursue re-certification of the QMS for both CSO and AMB to ensure the quality of processes and systems that it has adopted and further expand in another main frontline service of PDIC. The transition to ISO 9001:2015 will also be pursued in 2018. With these initiatives in mind, PDIC resolved to constantly pursue opportunities to improve its management system and ensure efficiency of its processes.


CONDUCT OF EFFICIENCY REVIEWS

Conduct of Efficiency Reviews

Efficiency Reviews (ER) are conducted to enhance operational efficiency, ensure compliance with applicable laws, government rules and regulations, and minimize attendant risks for non-compliance through the recommended improvements.

Asset Management and Disposal

As liquidator of closed banks, PDIC targets efficient management and prompt disposal of assets. The ER conducted on asset management and disposal process recommended the maximization of the Real and Other Property Acquired Monitoring System (ROPAMS) for improved monitoring of asset status, and timely submission of list of banks prioritized for asset



*One's vision
is not a
roadmap but
a compass.*

distribution for optimal scheduling of property appraisal, and the formulation of a Standard Operating Guidelines and Instructions (SOGI) on Asset Management and revision of SOGI on Disposal of Bank Assets/Properties. These recommendations are expected to contribute to the Corporation's goal of promptly liquidating the remaining assets of closed banks.

Asset Distribution Plan

The ultimate goal of PDIC as liquidator of closed banks is the distribution of assets to creditors and other stakeholders. This is carried out with the assistance of the Liquidation Court through approval of the Asset Distribution Plan (ADP), which is a plan detailing the distribution of unsold assets and proceeds from the sale of assets.

During the year, PDIC carried out an efficiency review on the process of preparing the ADP. The recommendations resulting from the review of the ADP includes the adoption of the Project Management approach wherein a team composed of members from various units critical to the ADP implementation is formed to oversee the planning and preparation of the ADP for each bank. This approach allows for better cost control and time management in terms of personnel deployment and scheduling of priority activities, and has proven effective in implementing takeover/receivership operations and claims settlement operations. Other recommendations include the constitution of a support unit that will focus solely on the preparation of the distribution plan and update of closed banks information in the database, and enhancement of the SOGI on Preparation of the ADP to include guidelines on (1) the determination and inclusion of timelines in the submission and preparation of ADP and related/supporting schedules and (2) use of cost-benefit analysis in the computation and determination of expected recoveries against estimated expenses to be incurred in liquidating and/or converting the assets of the bank to cash. The criteria for including a bank as a candidate for asset distribution was also enhanced to include order for asset distribution from the Liquidation Court as basis for preparation of asset distribution plan for the bank.

Formulation/Revision of Standard Operating Guidelines and Instructions

To ensure that documented processes are updated, PDIC continuously formulates and reviews its Standard Operating Guidelines and Instructions (SOGIs). These SOGIs provide guidelines on the Corporation's process related to activities towards achievement of its mandate. It also includes operational instructions that describe the detailed series of steps in performing various activities. Formulation of SOGIs takes into consideration existing relevant laws and policies; and are continuously revised to consider best practices and recent developments.

In 2016, 20 SOGIs were approved by the appropriate approving authorities. These include SOGIs on: 1) Disbursement of Corporate Funds, 2) Fact-Finding Investigation on Fraud, Irregularities and Anomalies Committed in Banks, and 3) Conservation, Valuation and Disposal of Artworks.

Freedom of Information

On 23 July 2016, Executive Order (EO) No. 02 was issued to operationalize in the Executive Branch the people's constitutional Right to Information and the State Policies of Full Disclosure and Transparency in the Public Service and Providing Guidelines Therefor. The EO requires all government agencies to formulate their implementing details within 120 days from the effectivity of the EO.

The Corporation has adopted and uploaded in its website the PDIC People's Freedom of Information (FOI) Manual in compliance with the EO. The Manual provides guidelines and procedures for requesting access to public records of the Corporation, disposition of such request, appeal from a denial for access to information, and applicable forms.

Whistleblowing Policy

In its efforts to promote and strengthen public partnership by providing accessible, efficient and reliable feedback mechanism, the Corporation has adopted the PDIC Whistleblowing policy and uploaded the same on its website. This is in compliance with GCG Memorandum Circular (MC) 2016-02 dated 22 April 2016 enjoining all GOCCs to establish their own whistleblowing

systems within one year from the effectivity of the MC. In addition, the Corporation has likewise provided a link in its website of the GCG's whistleblowing web portal, www.whistleblowing.gcg.gov.ph which the public can access to report such acts or omissions that are illegal, unethical, grossly disadvantageous to the Corporation and/or the government, violate good governance principles, among others.

The PDIC Whistleblowing Policy covers all whistleblowing reports received by the Corporation against employees, officers, and directors of the Corporation⁸ from the general public, including those received from PDIC personnel, and those referred by the GCG for appropriate action. The Policy enumerates the reportable conditions that can be reported; reporting channels; handling of whistleblowing reports; confidentiality; and protection of whistleblowers against retaliation.

RAISING PUBLIC AWARENESS

Social Media Presence

In this age when information is practically just a click away, PDIC tapped the social media to help ensure the Corporation's services are made more accessible to the public. In June, PDIC's official Facebook and Twitter accounts were launched. Through its Facebook and Twitter page, @OfficialPDIC, stakeholders – depositors, borrowers, creditors, students, members of the media, and the general public – can actively communicate with PDIC to increase their awareness on deposit insurance, its benefits and limitations, as well as the Corporation's services and advocacy for financial literacy.

Engaging the public via these social media accounts is aimed at empowering them to communicate their concerns with PDIC in real-time and get feedback from PDIC in a more timely manner. By including in its social media posts information pertaining to deposit insurance and financial literacy concepts, stakeholders are likewise equipped to make responsible and informed decisions on their bank deposits.

PDIC's social media accounts complement its official website and printed public information collaterals that help educate the public about PDIC, its mandates, services, programs, and advocacies.

⁸ Includes its agents, external counsels, and outsourced personnel

Assisting Diverse Clients

Driven by a culture that is committed to serve, PDIC extends general assistance to depositors, creditors, and borrowers of closed banks through prompt response to Queries, Requests and Complaints (QRCs) via phone or sent through letters and emails. During the year a total of 12,294 QRCs were responded/acted upon or referred to appropriate units within the turnaround time of 1 to 2 days.

With the launch of PDIC's Facebook and Twitter accounts in June, PDIC started receiving QRCs through social media. Under this mode, a total of 531 QRCs were answered/acted upon or brought to the attention of concerned units within an average of 1.06 working days.





THE PDIC STORY

SHARING VALUES

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

The Corporation continued to cultivate the value of altruism among its employees within the sphere of its mission under a Corporate Social Responsibility (CSR) program – one that advocates the protection of the environment and balanced development of communities. This commitment to serve has gone beyond borders as the PDIC strengthened collaboration with international counterparts through various activities involving knowledge sharing and information exchange during the year.

GIVING BACK

A little further after the opening of classes during the year, the PDIC employees were mobilized via a Back-to-School donation drive to raise school supplies and rain gears for schoolchildren of the PDIC-Gawad Kalinga Village in Sitio Malmangan, Lawaan, Eastern Samar. Personally handed over to children of PDIC-GK Village families, the donations brought priceless smiles to children and their parents. This is the same community which the Corporation helped build together with Gawad Kalinga Community Development Foundation, Inc. following a number of fund-raising campaigns for the past years.



Turned over in November 2015, the PDIC-GK Village houses 20 beneficiary-families that survived the wrath of supertyphoon Yolanda. The Village was a flagship project under PDIC's CSR program that was a product of the shared advocacy of the Corporation and its employees to share selflessly the blessings of hope and generosity by giving back to the community.

SHARING BLOOD, SHARING LIFE

PDIC continued to sustain its partnership with the Philippine Children's Medical Center (PCMC) through the latter's bloodletting activities. This year, PDIC, through 62 personnel, participated in a voluntary bloodletting activity on 22 July 2016. At the end of the day, employees donated a total of 27,900 cc of blood of various types for PCMC beneficiaries. PCMC also makes blood available to PDIC personnel free in case blood donation is required.

Now on its 14th year, PDIC and PCMC's collaborative effort has helped sustain the lives of countless children, and the annual bloodletting is now part of PDIC's cherished traditions.

RESPONDING BEYOND THE CALL OF DUTY

The PDIC Head Office was anything but idle during the entire time since the announcement and warning about supertyphoon Lawin that ravaged Cagayan and Isabela. PDIC had undertaken takeover operations since 6 October 2016 in the closed Rural Bank of Luna, Isabela, Inc. (RBLI) with main office in Luna, Isabela and a branch in Sta. Maria. The onslaught of the very strong typhoon on 19 October 2016 brought serious challenges to the Project Management Team (PMT), both on logistical needs for the job to be done and their personal safety. Together with the PDIC Management, the PMT closely re-strategized and coordinated, in anticipation of such hurdles caused by the substantial damage from the typhoon. Some of the members of the operations

*It's not
what the vision
is, it's what the
vision does.*



reinforcement team from Manila were no longer deployed due to the dangerous weather. The current Team assumed the roles and responsibilities that were different from their original assignments to carry out continued services on claims settlement, with the objective of expediting payment of deposit insurance to depositors adversely affected by the supertyphoon.

The Corporation's concern for the depositors of the closed bank became intense that in the afternoon of 21 October 2016, a Friday, "Tulongan tayu ti Isabela, Apo!", a donation drive for the victims of supertyphoon Lawin was launched by PDIC. A call for voluntary donations in cash and in kind were made and would only be accepted until noon time of the following day (Saturday). This is to allow time to pool the funds and donations together, buy relief goods, and transport them immediately all the way to Isabela at dawn on Sunday.

After less than 24 hours, PDIC was able to raise a significant amount which was used to buy sacks of rice, canned goods, cup noodles, bottled water and toiletries for the victims. By Saturday night, the relief goods were re-packed and readied for transport. Before the first hint of sunlight on Sunday morning, PDIC representatives were already on their way to Isabela.

After a grueling 12-hour drive with barely a stopover to buy additional relief goods, PDIC representatives finally arrived in Sta. Maria, Isabela, bringing with them not only the donations, but more importantly, the clear message to the locals that they were not alone during those difficult times. PDIC was there, ready to assist them even beyond its mandate of deposit insurance.



The PDIC payout team which came to be called, Team Lawin, could have had their rest to prepare for the next day's operations. However, once again rising above the occasion, Team Lawin chose to stay to assist the rest of the PDIC team in the re-packing of relief goods for the Isabela local folks.

In coordination with the local government unit, PDIC conducted relief operations in Brgy. San Antonio, Sta. Maria, Isabela which benefited 300 families. With gratitude and sincere smiles overflowing from the local residents, all the sacrifices and hardships were worth it for the whole PDIC team.

COLLABORATION AMONG OTHER DEPOSIT INSURANCE AGENCIES

Recognizing its rich experience in claims settlement, insurance fund management; and bank takeovers and liquidation, PDIC continued to contribute in enhancing guidance in implementing deposit insurance systems. This is by way of active participation in international engagements and collaboration that promote goodwill and sharing knowledge and experience about deposit insurance.

These activities were undertaken through PDIC's active involvement in the International Association of Deposit Insurers (IADI). As part of these engagements, PDIC participated in meetings of the IADI Executive Council where PDIC is an elected member and took an active role in audit management as appointed chairperson of the IADI Audit Committee. These meetings focused on strengthening the IADI governance structure including development of IADI's internal control and risk management framework.

PDIC officials were also invited to share their insights and experience on timely deposit insurance topics such as recovering assets from closed and problematic banks among others through its participation in four international conferences during the year. In international conferences in Paris and Taipei, PDIC shared how its project management teams carried out their duty of taking over closed banks and conducting payout at these closed bank sites unfailingly and with strong commitment to depositors amid strong typhoons and logistical challenges.

Contributing to IADI's objectives of establishing guidance for deposit insurers worldwide, PDIC steers the research on determining Deposit Insurance Fund Target Ratio as chair of its research subcommittee. The research paper will be finalized in 2017.

Hosting the IADI APRC Meeting and International Conference

Deposit insurers worldwide face enormous challenges when it comes to communicating and informing the public about deposit insurance. They navigate a wide ocean of communication channels, fast-evolving technology and complex financial markets hence coming up with an effective public information program for every deposit insurer is vital.

IADI's Core Principles for Effective Deposit Insurance Systems on Public Awareness states that "in order to protect depositors and contribute to financial stability, it is essential that the public be informed on an on-going basis about the benefits and limitations of the deposit insurance system."

Cognizant of such importance, PDIC hosted the IADI-Asia Pacific Regional Committee 14th Annual Meeting and International Conference on Raising Public Awareness on Deposit Insurance on 15-17 June 2016 at the Iloilo Convention Center in Iloilo City. It was a rare showcase of productive exchange of insights between deposit insurance agencies from Asia Pacific on one side and internationally-recognized communication experts from the Philippines on the other.

During this conference, the heads and senior officers of deposit insurance agencies from Indonesia, Japan, Korea, Malaysia, Taiwan, and the United States presented their respective public awareness programs and communication tools. From the communications and advertising industry, PDIC invited advertising and digital communications experts and top practitioners in the field to deliver lectures on effective public awareness programs as well as developing communications content, choosing effective channels, and measuring effectiveness.

To showcase Iloilo's unique culture, PDIC adopted Paraw (native sailboat) as the conference logo and prepared a three-day program which included a welcome dinner featuring local cuisine and dances, a cultural night that highlighted the best talents of the province, and a city tour in a coastal town for the delegates to experience riding the Paraw.





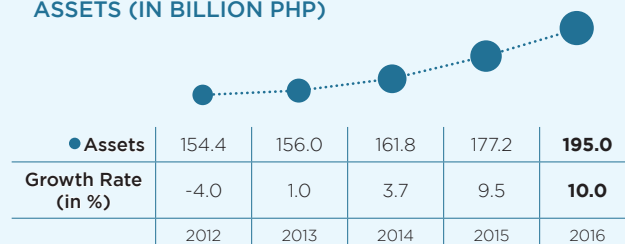
FINANCIAL PERFORMANCE

ASSETS

Total assets of the Corporation significantly grew by 10% or PHP17.8 billion to PHP195.0 billion in 2016 from PHP177.2 billion in 2015. The growth is slightly higher than the 9.5% growth rate in 2015.

The increase in assets was mainly driven by the assessment collections from member banks which were channeled to investments after necessary disbursements. The new inflows, together with the existing investment holdings of the Corporation, generated higher interest income for the year. The double-digit growth in assets was likewise achieved due to lower charges for bank rehabilitation costs despite higher payout of deposit insurance claims this year compared to 2015.

ASSETS (IN BILLION PHP)



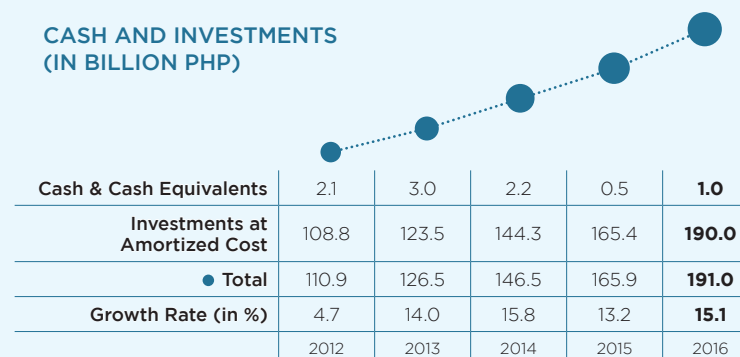
CASH AND INVESTMENTS

Total corporate funds grew by 15.1% or PHP25.1 billion from PHP165.9 billion in 2015 to PHP191.0 billion in 2016, attributed to larger investible funds and higher collections of interest income from investments amounting to PHP9.3 billion. There were also significant increases in collections of loans, from PHP233.9 million last year to PHP7.1 billion in 2016. Additional cash was likewise generated by income from financial assistance, which grew from PHP127.9 million to PHP318.2 million in the year. Thus, the Corporation maintained positive cash flows and robust liquidity position throughout the year.

The corporate investments portfolio consists of regular investments of PHP146.4 billion and earmarked sinking funds amounting to PHP43.6 billion. The investment yield of 4.31% as of year-end 2016 slightly dropped, compared to 4.43% in 2015, as new placements fetched lesser investment returns due to lower prevailing market interest rates. To partially counter the downward drag in interest rates, the Corporation pursued a short term to long term portfolio mix of 9% : 91%. The average tenor of investments was shorter at 6.86 years in 2016, compared to 7.28 years in 2015. Funds intended for deposit insurance payout and other operational requirements continue to be placed in short-term Special Savings Account.

Investment portfolio performance remain to be satisfactory as average composite yield continue to outperform the average benchmark Markit iBoxx Sovereign Composite Bond Index yield by 0.418% in 2016.

CASH AND INVESTMENTS (IN BILLION PHP)

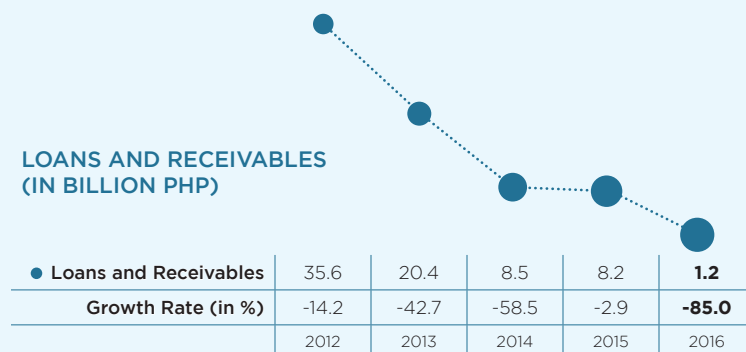


LOANS AND RECEIVABLES

The Corporation's loans and receivables declined to PHP1.2 billion, down by 85.0% or PHP7.0 billion, from the balance of PHP8.2 billion in 2015. The decline was mainly due to the collection from a closed bank under liquidation in the amount of PHP7.0 billion in the first quarter of 2016. There was no new extension of a loan to any bank in 2016.

The Corporation has booked PHP1.9 billion Subrogated Claims Receivables in the year, representing insurance payments to depositors of closed banks, and PHP238.5 million Accounts Receivable representing advances to closed banks for receivership and liquidation operations. These are provided 100% allowance for probable losses owing to the insolvent condition of the banks at the time of closure. The retention of the accounts facilitates the monitoring of the recoveries and receivables, if any, from each closed bank upon liquidation.

LOANS AND RECEIVABLES
(IN BILLION PHP)

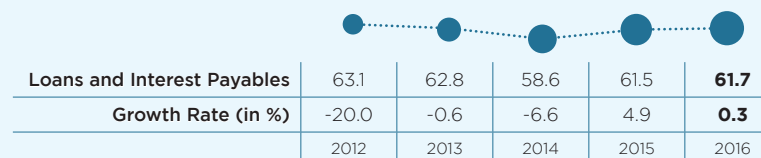


LIABILITIES

Total liabilities slightly increased by 0.8% or PHP509.4 million to PHP65.0 billion from PHP64.5 billion in 2015. This was largely due to the accrual of PHP2.7 billion dividends payable to the National Government in 2016 offset by the earlier remittance of the 2015 dividend of PHP2.3 billion in April 2016. The interest payable accrued on the long-term loans payable to BSP with an outstanding balance of PHP51.7 billion amounted to PHP3.2 billion in 2016, contributing also to the increase in liabilities. The Corporation was also able to retire loans amounting to almost PHP3.0 billion which was previously used to finance the payout in a bank that closed in 2008. No new loans were drawn in 2016.

Insured deposit claims payable represent validated but unpaid insured deposits which remain to be claimed by the depositors at year-end. This liability was lower by PHP50.5 million from PHP344.2 million in 2015 to PHP293.7 million in 2016.

LOANS AND INTEREST PAYABLES
(IN BILLION PHP)




GROWTH RATE

DEPOSIT INSURANCE FUND (DIF)

At year-end, the Deposit Insurance Fund (DIF), the Corporation's capital, amounted to PHP130.0 billion. This is deemed to adequately cover anticipated and unanticipated losses assessed at year-end that may arise from bank failures. Bank resolution may either be through outright payout of insured deposits upon closure or via grant of financial assistance to a bank subject to certain conditions. Under the PDIC Charter, financial assistance may take the form of loans, purchase of assets, assumption of liabilities or placement of deposits. The financial assistance may be granted to: 1) a bank in danger of closing, upon its acquisition by a qualified investor; or 2) a qualified investor, upon its purchase of all assets and assumption of all liabilities of a bank in danger of closing; or 3) a surviving or consolidated institution that has merged or consolidated with a bank in danger of closing. Conditions of the financial assistance is subject to the terms and conditions prescribed by the PDIC Board of Directors, and shall be granted only if the resolution option is essential to provide adequate banking service in the community or maintain financial stability in the economy.

DEPOSIT INSURANCE FUND (IN BILLION PHP)



Permanent Insurance Fund	3.0	3.0	3.0	3.0	.3.0
Reserves for Insurance Losses	63.9	63.9	69.7	80.1	94.7
Retained Earnings	18.8	22.1	27.4	29.6	32.3
Growth rate of DIF (in %)	13.3	3.9	12.4	12.6	15.3
● Deposit Insurance Fund (DIF)	85.7	89.0	100.1	112.7	130.0
Estimated Insured Deposits (EID, in trillion)	1,595	1,793	1,889	2,072	2,255
DIF/EID Ratio (in %)	5.4	5.0	5.3	5.4	5.8
	2012	2013	2014	2015	2016

The growth in DIF by 15.3% or PHP17.3 billion, to PHP130.0 billion in 2016 from PHP112.7 billion in the previous year was primarily from additions to reserves for insurance losses in 2016 amounting to PHP14.6 billion and net income of PHP2.66 billion, net of dividends declared to the National Government (NG). The reserves balance at year-end amounted to PHP94.7 billion from PHP80.1 billion in the previous year.

The results of operations of the Corporation improved by 17.0% or PHP772.7 million to PHP5.3 billion in 2016 from PHP4.5 billion in 2015. Income from assessments grew by 10.3% from PHP16.8 billion in 2015 to PHP18.6 billion. Income from investments was higher by 13.9% from PHP7.0 billion to PHP8.0 billion. Income from financial assistance improved by 92.4%, from PHP172.9 million to PHP332.7 million. On the other hand, operating expenses decreased from PHP1.5 billion to PHP1.4 billion, and likewise in bank rehabilitation costs from PHP3.6 billion to PHP412.9 million.

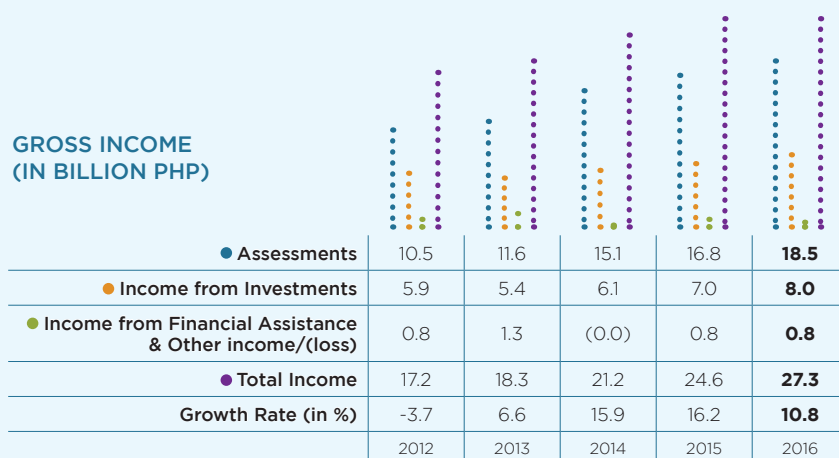
Dividends declared to the NG for the year based on 50% of net income from other sources net of interest costs amounted to PHP2.66 billion. This is higher by 16.8% or PHP0.38 billion compared to the remittance of PHP2.28 billion for the year 2015. Section 18 of the new PDIC Charter exempts PDIC from R.A. 7656 or the Dividends Law and prescribes that PDIC remit dividends to the NG only if the target Deposit Insurance Fund level for the applicable year has been reached. Assessment collections are also excluded from income for purposes of declaring dividends to the NG. The 2016 fund level target was set at 5.5% of DIF to estimated insured deposits (EID) in the banking system, and this was achieved at 5.8% by year-end. Consistent with the policy of the State to generate, preserve, maintain faith and confidence in the country's banking system, the Corporation continues to build-up the DIF at the target level set by the PDIC Board.

GROSS INCOME

Gross income increased by 10.8% or PHP2.7 billion to PHP27.3 billion in 2016 from PHP24.6 billion in the previous year. Contributing to the growth are the semi-annual assessment collections from member-banks which posted an increase of 10.3% or PHP1.7 billion to PHP18.5 billion from PHP16.8 billion in 2015. The growth in assessment collections is reflective of the rise of deposits in the banking system, which accelerated by 13.9% or PHP1.3 trillion from PHP9.2 trillion to PHP10.5 trillion.

Amidst the decreasing yield and maturity of higher-yielding securities held in the portfolio, income from investments likewise rose by 13.9% or PHP975.5 million to PHP8.0 billion from PHP7.0 billion in 2015 in view of the larger investment base of PHP190.0 billion in 2016 from PHP165.4 billion in 2015. Income from Financial Assistance likewise rose by 92.4%, from PHP172.9 million in 2015 to PHP332.7 million in 2016 due to interest income collected on loans receivable and accrual of interest on loans.

GROSS INCOME (IN BILLION PHP)



EXPENSES AND CHARGES

The expenses and charges in the year were slightly higher from PHP20.1 billion in 2015 to PHP22.0 billion in 2016. The Corporation incurred higher deposit insurance claims expenses for 2016 closures of 22 banks involving 65 banking units totaling PHP1.9 billion, compared to PHP1.1 billion for 2015 closures of 14 banks with 32 banking units.

The Corporation incurred rehabilitation costs of PHP412.9 million in 2016, significantly lower than the 2015 level at PHP3.6 billion representing impairment loss on one of its financial assets. Receivership and liquidation-related expenses increased slightly to PHP258.1 million in 2016, up by PHP9.7 million from PHP248.5 million in 2015 with the additional bank closures in 2016. PDIC also incurred interest expense of PHP3.4 billion in 2016 compared to PHP3.3 billion in 2015, for its PHP51.6 billion borrowings from BSP.

The Corporation charged the amount of PHP14.6 billion for provisions for insurance losses to build-up its reserves as allowed in its Charter.

PDIC has kept its operating expenses to essentials observing utmost care in its financial management. Operating expenses is composed of personnel services and maintenance and other operating expenses. Operating expenses to gross income has been registered at 5.0% for 2016 compared to 6.2% in 2015, and 6.5% average in the past 5 years.

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



MOVING ONWARDS

“ The corporate vision is both challenging and inspiring. This requires collective efforts to build on the successes of the Corporation and its track record in promoting depositor protection and financial stability.”

- President Roberto B. Tan*

MOVING ONWARDS

The restated Vision and Mission statements of the Corporation arising from the PDIC Charter change and the directives of the new members of the PDIC Board prompted the need to carry out a parallel review of corporate directions. The series of strategic planning meetings and workshops in August-September 2016 provided the avenue for the discussion and review of the new corporate scorecards – composed of a set of strategic objectives, measures and initiatives – that would chart the new direction of PDIC. The scorecards was approved by the PDIC Board on 5 October 2016 and submitted to the Governance Commission for GOCCs (GCG) for the initiation of the 2017 Performance Agreement Negotiation (PAN) on 13 October 2016. It contains 6 Strategic Objectives (SOs), 9 Strategic Measures (SMs), and 2 Strategic Initiatives (SIs), all with specific targets to support the PDIC Vision.

The Corporate Performance Evaluation Scorecard (CPES) for CY 2017 is anchored on PDIC's core mandates of deposit insurance and liquidation of closed banks. The CPES provides for the strategic objectives (SO) with established strategic measures (SM) and targets benchmarked against historical and actual accomplishments. The CPES likewise includes strategic initiatives that could help achieve the targets and contribute to operational efficiency and service delivery.

The PDIC allotted PHP2.27 billion in its Corporate Operating Budget (COB) for CY 2017 to fund the Corporation's programs and activities and to carry out its mandates, broken down into Personal Services amounting to PHP1.30 billion; maintenance and other operating expenses of PHP549.23 million; interest on borrowings of PHP281.50 million; and capital expenditures of PHP135.25 million. The amount is 5.1% higher than the total allotment of PHP2.16 billion in 2016 of which 73% was actually utilized.

* Assumed on 3 February 2017

STRATEGIC OBJECTIVE 1:
TO SUSTAIN CLIENT SATISFACTION LEVEL

Strategic Measure 1:
Satisfaction rating based on responses of clients to survey

Sustaining client satisfaction remains a priority strategic objective in keeping with GCG guidelines and customer perspective of the balanced scorecard measurement system. To consistently enhance delivery of quality public service under the Citizen's Charter, PDIC will continue to solicit inputs from its customers/stakeholders through the conduct of Service Quality Feedback (SQF) Survey. The results of the survey will enable PDIC to determine the service delivery area/s where improvements can be made.

In 2016, an improvement from the baseline rating of 4.55 was targeted with the actual result at 4.69 or Very Satisfactory. For 2017, PDIC aims to maintain its target satisfaction level of not lower than Very Satisfactory.

STRATEGIC OBJECTIVE 2:
TO MAINTAIN THE DEPOSIT INSURANCE FUND (DIF) TO ADEQUATELY COVER DEPOSIT INSURANCE

Strategic Measure 2:
Adequacy of capital against deposit insurance costs

The Core Principles for Effective Deposit Insurance Systems issued by the International Association of Deposit Insurers (IADI) recommends the determination of a target fund size on the basis of clear, consistent and transparent criteria as well as setting of a reasonable time frame to achieve the target fund size. In addition, it is necessary that the deposit insurer has readily available funds and all funding mechanisms necessary to ensure prompt reimbursement of depositors' claims, including assured liquidity funding arrangements.

PDIC retained in 2016 the ratio of the Deposit Insurance Fund (DIF) to estimated insured deposits (EID) of member banks in determining the adequacy of its capital (i.e., the DIF) against deposit insurance risks. The ratio averaged 5.8% in 2016, topping the target of 5.5%.

For 2017, PDIC updated its target from a singular ratio to a range of 5.5% - 8.0%. The lower limit DIF/EID ratio took off from the target of 5.5% in 2016 and should cover anticipated losses on banks at risks, while the upper limit DIF/EID ratio covers unanticipated risks in the banking system. The upper limit was adopted taking into consideration the direction of other deposit insurance agencies in setting up resolution funds for any possible financial crisis situation.

STRATEGIC OBJECTIVE 3:
TO SETTLE VALID DEPOSIT INSURANCE CLAIMS PROMPTLY

Strategic Measure 3:

Settlement of valid deposit claims promptly within turn around time:

For accounts with ≤ PHP100K balances: 100% of valid claims paid within turnaround time (TAT)

Strategic Measure 4:

Settlement of valid deposit claims promptly within turn around time:

For accounts with >PHP100K balances, of business entities or matched with loans: 100% of valid claims paid within TAT

PDIC continuously endeavors to pay insured depositors promptly after each bank closure to allow depositors immediate access to their deposit insurance proceeds, preserve stability and help maintain confidence in the banking system. Compared to the measure of 90% of valid claims settled within TAT in 2016, PDIC improved its measure for 2017 onwards to 100% of valid claims paid within TAT.

In addition, for 2017, PDIC is targeting to pay deposit insurance within 7-22 Working Days (WDs) for accounts with balances of PHP100,000 and below, and within 12-42 WDs for accounts with balances greater than PHP100,000, depending on the number of deposit accounts in the closed bank. This compares favorably against previous target in 2016 when target TAT was within 10-22 WDs for accounts with balances up to PHP100,000; and within 15-50 WDs for accounts with balances greater than PHP100,000, depending on the number of bank branches.

The amended PDIC Charter now allows payment of deposit insurance on gross settlement basis; and also on the basis of records of the depositors (e.g., passbooks, check books, certificates of deposit, ATM cards and transaction receipts) and not only on the basis of deposit records maintained by the closed bank. These recent developments would enable PDIC to improve its processes towards a more simplified and even faster settlement or payment procedure.

STRATEGIC OBJECTIVE 4:
TO IMMEDIATELY DISTRIBUTE ASSETS TO CREDITORS AND TERMINATE LIQUIDATION OF CLOSED BANKS

Strategic Measure 5:

Number of Asset Distribution Plans (ADPs) filed with the Liquidation Court (LC)

Efficient management of the receivership and liquidation of closed banks enables PDIC to maximize recoveries from assets of the closed banks and facilitate asset distribution to creditors, thereby allowing resources to flow back to the economy.

For 2016, PDIC met its target of 40 ADPs. For 2017, another 40 ADPs are targeted to be filed with LCs.

STRATEGIC OBJECTIVE 5:

TO PROTECT THE DEPOSIT INSURANCE FUND FROM ILLEGAL SCHEMES AND MACHINATIONS

Strategic Measure 6:

Implementation of enforcement action on priority banks identified based on the Bank Risk Monitoring and Mitigation Framework as of 31 December 2016

The PDIC is authorized under its amended Charter to employ corrective measures and enforcement actions to protect depositors and minimize losses to the DIF. Findings from onsite examination are bases for enjoining banks to submit undertaking or commitment to implement corrective actions, imposition of fines and penalties, declaration of certain deposit-related practices as unsafe/unsound which may pave the way to the examination of deposit records and/or issuance of a directive to cease and desist; conduct of fact-finding investigation in case of findings of fraud, irregularity or anomaly, as applicable. For 2017, 30 banks are targeted to be examined and monitored for compliance with PDIC directives. These banks are under the failed Prompt Corrective Action (PCA) status, and pose higher risks to the DIF.

Strategic Measure 7:

Average number of days to file a case against erring bank officials from approval of the appropriate approving authority (AAA)

PDIC is mandated to generate, preserve, maintain faith and confidence in the country's banking system, and protect it from illegal schemes and machinations. Thus, PDIC pursues legal actions against erring bank officials and personnel who engage in unsafe and unsound banking practices that place depositors and the Deposit Insurance Fund (DIF) at risk, or pose grave threats to the stability of the country's banking system. A complaint is filed with the proper courts or tribunal in less than 30 working days from the time that the PDIC Management approves its filing.

STRATEGIC OBJECTIVE 6:

TO CONTINUOUSLY DEVELOP A COMMITTED AND COMPETENT WORKFORCE TO DELIVER RESPONSIVE PUBLIC SERVICE

Strategic Measure 8:

Synergizing the new organization

PDIC remains steadfast in its goal of developing its most valuable resource, its people. The thrust in the development of its workforce is geared towards the delivery of services attuned to the needs of the public that PDIC is mandated to serve.

Pursuant to the provisions of PDIC's revised Charter, the Corporation is set to implement a reorganization. For 2017, a streamlined and invigorated PDIC will pursue a series of re-orientations and other human resource interventions to enable the smooth implementation of the reorganization which includes corporate teambuilding, identification of programs to strengthen competencies, coaching and an organization climate assessment in preparation for a culture building program set in 2018.

Strategic Measure 9: ***ISO Certification of 1 Frontline Service***

As part of PDIC's continuing effort to improve its processes and systems, PDIC committed to the ISO Certification of one (1) frontline service every year. In 2016, the Quality Management Systems was expanded to include the ISO Certification of Assessment of Member-Banks. The process has been audited last December 8 and 9 and has been certified to ISO 9001:2008 by TUV Rheinland Philippines, Inc. For 2017, the frontline service for certification will be identified.

BOARD OF DIRECTORS

(AS OF DECEMBER 31, 2016)



Carlos G. Dominguez
Chairman



Cristina Que Orbeta
Vice Chairman



Amando M. Tetangco, Jr.
Member



Protacio T. Tacandong
Member/Private Sector
Representative



Rogelio M. Guadaluiver
Member/Private Sector
Representative



Eduardo M. Pangan
Member/Private Sector
Representative



Bayani H. Agabin
Alternate Member (DOF)



Nestor A. Espenilla, Jr.
Alternate Member (BSP)

BOARD OF DIRECTORS

(AS OF AUGUST 31, 2017)



Carlos G. Dominguez
Chairman



Roberto B. Tan
Vice Chairman



Nestor A. Espenilla, Jr.
Member



Rogelio M. Guadalquivir
Member/Private Sector
Representative



Eduardo M. Pangan
Member/Private Sector
Representative



Anita Linda R. Aquino
Member/Private Sector
Representative



Reynaldo F. Tansioco
Member/Private Sector
Representative



Bayani H. Agabin
Alternate Member (DOF)



Ma. Teresa S. Habitan
Second Alternate Member (DOF)



Chuchi G. Fonacier
Alternate Member (BSP)

PROFILES

BOARD OF DIRECTORS (AS OF AUGUST 2017)

CARLOS G. DOMINGUEZ

Age: 71

Philippine Deposit Insurance Corporation

CHAIRMAN, Board of Directors (30 June 2016 – Present)

Date of Oath of Office: 30 June 2016

CHAIRMAN, Board Governance Committee

MEMBER, Board Risk Management Committee

Department of Finance

Secretary (June 2016 – Present)

Philippine Tobacco Flue-Curing and Redrying Corp.

Chairman and President (1992 – 2016)

Philippine Associated Smelting and Refining Corp.

President (1999 – 2002)

Philippine Airlines

Chairman and President (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 Philippines Islands

Vice President (1983 – 1986)

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

[Current]

Member, Monetary Board – Bangko Sentral ng Pilipinas

Chairman, National Power Corporation

Chairman, Land Bank of the Philippines

Governor for the Philippines, Asian Development Bank

Governor for the Philippines, The World Bank Group

Alternate Governor for the Philippines, International

Monetary Fund

Chair, Economic Development Cluster, Presidential

Cabinet

[Previous]

Director, Land Bank of the Philippines

Chairman, RCBC Capital Corp.

Director, Northern Mindanao Power Corp.

Director, Manila Electric Corp.

Chairman, Republic Planters Bank

Education

Bachelor of Arts in Economics, Ateneo de Manila

University

Masters in Business Management, Ateneo de Manila

University

CRISTINA QUE ORBETA

Age: 65

Philippine Deposit Insurance Corporation

*PRESIDENT and CEO*¹

Date of Oath of Office: 7 November 2014

VICE CHAIRPERSON, Board of Directors

MEMBER, Board Risk Management Committee

MEMBER, Board Governance Committee

Executive Vice President (2005 – 2014)

Bangko Sentral ng Pilipinas

Director, Management of External Debt Department

(1992 – 1999)

Executive Director, Central Bank of the Philippines Board

of Liquidators (1998 – 1999)

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

[Current]

Member, United Coconut Planters Bank (UCPB)

Board Advisory Council

Chairperson, Advisory Group, APEC-Financial Regulators

Training Initiative (APEC-FRTI)

Member, Executive Council, International Association of

Deposit Insurers (IADI)

Chairperson, IADI Audit and Risk Committee

[Previous]

Director, UCPB, UCPB Savings Bank, UCPB Leasing

& Financial Corporation

Education

Bachelor of Arts in Mathematics, University of the East

Master in Economics (Academic Units), University of the East

Master in Public Administration, Harvard University

¹ Until 2 February 2017

ROBERTO B. TAN

Age: 63

Philippine Deposit Insurance Corporation

PRESIDENT and CEO

Date of Oath of Office: 3 February 2017

VICE CHAIRMAN, Board of Directors

MEMBER, Board Risk Management Committee

MEMBER, Board Governance Committee

Department of Finance

Treasurer of the Philippines, Bureau of the Treasury
(2007-2012, 2014-2017)

Undersecretary, International Finance Group
(2015-2017)

The World Bank Group (World Bank, International
Finance Corporation, Multilateral Guarantee
Agency)

Executive Director, Board of Directors (2012-2014)

Asian Development Bank

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

**Newark Redevelopment and Housing Authority/New
Jersey Transit**

Senior Financial And Marketing Analyst/Consultant

Bankard (Subsidiary of former PCI Bank)

Finance and Treasury Manager

Carlos J. Vales and Co., CPAs

Consultant, Management Services Division

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

[Current]

Adviser to the Board, UCPB

[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 agencies

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
Doctorate Studies in Economics (Abd), Fordham
University

AMANDO M. TETANGCO, JR.

Age: 64

Philippine Deposit Insurance Corporation

DIRECTOR, PDIC Board of Directors²

Date of Oath of Office: 4 July 2005 and 4 July 2011

MEMBER, Board Audit Committee

MEMBER, Board Governance Committee

Bangko Sentral ng Pilipinas

Chairman of the Monetary Board and Governor
(4 July 2005 – 2 July 2017)

Deputy Governor (2 August 1999 – 3 July 2005)

International Monetary Fund

Governor (4 July 2005 – 2 July 2017)

The World Bank

Alternate Governor (4 July 2005 – 2 July 2017)

Asian Development Bank

Alternate Governor (4 July 2005 – 2 July 2017)

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

[Current]

Chairman, Anti-Money Laundering Council, Financial
Stability Coordination Council, Financial Sector
Forum, Philippine International Convention Center,
and Meeting of Small Open Economies (Bank for
International Settlements)

Governor for the Philippines, International Monetary
Fund

Alternate Governor, World Bank and Asian
Development Bank

Education

Bachelor of Arts in Economics, Ateneo de Manila
University

Masters in Business Administration, Ateneo de Manila
University

Masters in Public Policy and Administration
(Concentration: Development Economics),
University of Wisconsin, Madison, USA

² Until 2 July 2017

NESTOR A. ESPENILLA, JR.

Age: 58

Philippine Deposit Insurance Corporation

DIRECTOR, PDIC Board of Directors

Date of Oath of Office: 3 July 2017

MEMBER, Board Audit Committee

MEMBER, Board Governance Committee

Bangko Sentral ng Pilipinas

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

International Monetary Fund

Governor (3 July 2017 – Present)

The World Bank

Alternate Governor (3 July 2017 – Present)

Asian Development Bank

Alternate Governor (3 July 2017 – Present)

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

[Current]

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

Education

Bachelor of Science in Business Economics, University of
the Philippines

Masters in Business Administration, University of the
Philippines

Master of Science in Policy Science, Graduate Institute of
Policy Science (GRIPS), Tokyo, Japan

PROTACIO T. TACANDONG

Age: 66

Philippine Deposit Insurance Corporation

*DIRECTOR REPRESENTING THE PRIVATE SECTOR*³

Date of Oath of Office: 20 January 2011

CHAIRMAN, Board Audit Committee⁴

VICE CHAIRMAN, Board Governance Committee

VICE CHAIRMAN, Board Risk Management Committee

Reyes Tacandong & Co.

Co-Founder and Chief Operating Officer (2010 – Present)

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

Senior Partner (July 1999 – 2009)

Chief Finance & Admin Officer (July 1999 – 2009)

Member, Management Committee (August 2002 –
2009)

Head of Branches (June 1993 – 2009)

Andersen Societe Cooperative

Partner (September 1992 – June 2002)

Davao City Chamber of Commerce and Industries, Inc.

President (1995 and 1996)

Philippine Institute of Certified Public Accountants

National President (2008 – 2009)

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

[Previous]

President, Philippine Institute of Certified Public
Accountants

National President, Philippine Institute of Certified
Public Accountants

Executive Vice President, Philippine Institute of Certified
Public Accountants

Member, Board of Advisers, Mindanao Business Council

Member, Board of Directors, Mindanao Business Council

Regional Governor for Southeastern Mindanao,

Philippine Chamber of Commerce and Industry

Executive Vice President, Davao City Chamber of
Commerce & Industry, Inc.

Vice President – Professional Services, Davao City
Chamber of Commerce & Industry, Inc.

Member, Board of Directors, Davao City Chamber of
Commerce & Industry, Inc.

President, Financial Executives Institute of the
Philippines (FINEX) – Davao City Chapter

Vice President – Internal Affairs, Financial Executives
Institute of the Philippines (FINEX) – Davao City

Chapter

Alternate Chairman – Program Audit Committee,
Philippine Business for Social Progress

Vice Chairman – Mindanao Regional Committee,
Philippine Business for Social Progress

Chairman – Mindanao Program Audit Committee,
Philippine Business for Social Progress

Education

Bachelor of Science in Commerce, Major in Accounting,
University of San Carlos, Cebu City

Master in Management, Asian Institute of Management

⁴ Vice Chairman, Board Audit Committee from 21 December 2016

ROGELIO M. GUADALQUIVER

Age: 74

Philippine Deposit Insurance Corporation

DIRECTOR REPRESENTING THE PRIVATE SECTOR

Date of Oath of Office: 2 December 2016

CHAIRMAN, Board Audit Committee⁵

MEMBER, Board Governance Committee

MEMBER, Board Risk Management Committee

Constantino Guadalquiver & Co.

Chairman and Chief Executive Officer (2000 – Present)

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

Senior Partner (1980 – 1998)

Staff to Manager (1968 – 1979)

CJ Valdes & Co.

Auditor (1966 –1967)

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

[Current]

Director, Fruitas Group of Companies

Director and Chief Finance Officer, Riverfalls Group of Companies

[Previous]

Director and Corporate Secretary, Makati Sports Club

Board Member, South Bank, Inc.

Board Member and President, PNOC-Shipping

Vice Chairman and Chief Finance Officer, Simifru Philippines Corp.

Vice Chairman, Davao Fruits Corporation

Vice Chairman, AJMR Group of Companies

Education

Bachelor of Science in Accountancy, University of San Jose Recoletos

Master in Management, Asian Institute of Management

EDUARDO M. PANGAN

Age: 55

Philippine Deposit Insurance Corporation

DIRECTOR REPRESENTING THE PRIVATE SECTOR

Date of Oath of Office: 21 December 2016

CHAIRMAN, Board Risk Management Committee

MEMBER, Board Governance Committee

MEMBER, Board Audit Committee

Mendoza & Pangan

Partner (2010 – Present)

Membership in Board of Directors/Trustees

[Current]

Director, Beam Suntory Philippines, Inc.

Director, NHK Spring Philippines, Inc.

Director, Fumakilla Vape Philippines Corp.

Director, Sansyu Precision Lipa, Inc.

Director, Santen Philippines, Inc.

Trustee, Kasagana-ka Development Center, Inc.

Education

Bachelor of Arts in Philosophy, Ateneo de Manila University

Bachelor of Laws, Ateneo Law School

ANITA LINDA R. AQUINO

Age: 52

Philippine Deposit Insurance Corporation

DIRECTOR REPRESENTING THE PRIVATE SECTOR

Date of Oath of Office: 7 February 2017

VICE CHAIRPERSON, Board Governance Committee

VICE CHAIRPERSON, Board Risk Management Committee

MEMBER, Board Audit Committee

Consultant

Various Institutions (January 2016 – Present)

Standard Chartered Bank, Manila, Philippines

Financial Markets Sales Head (Corporates and Financial Institutions), Philippines (2012-2015)

Rizal Commercial Banking Corporation, Manila, Philippines

Head of Global Distribution and Advisory (2010-2012)

Citicorp Investment Bank (Singapore), Limited, Singapore

Global Markets Regional Trading Business Manager for Asia (2008-2010)

Citibank, N.A., Manila, Philippines (1993-2008)

Co-Head, Corporate Sales and Structuring (2006-2008)

Head, Commercial FX Sales (2000-2005)

Charles A. Dana Foundation, New York, U.S.A.

Finance Associate

Citibank, N.A., New York, U.S.A.

Intern, Office of Corporate Finance

Far East Bank and Trust Company, Manila, Philippines

Credit Analyst

Education

Bachelor of Arts in Economics, Ateneo de Manila University
Accounting and Finance, Marymount Manhattan College,
New York, U.S.A.

Master of Arts in Economics, Fordham University,
New York, U.S.A.

⁵ Elected on 21 December 2016

REYNALDO F. TANSIOCO

Age: 73

Philippine Deposit Insurance Corporation

DIRECTOR REPRESENTING THE PRIVATE SECTOR

Date of Oath of Office: 24 March 2017

VICE CHAIRMAN, Board Audit Committee

MEMBER, Board Governance Committee

MEMBER, Board Risk Management Committee

Oriental Port & Allied Services Corp.

Legal Consultant (2015 – Present)

Office of the Government Corporate Counsel

Assistant Corporate Counsel (1999 – 2009)

SIDCOR

Legal Officer (1987 – 1999)

Philippine National Bank

Branch Attorney (1978 – 1987)

National Bureau of Investigation

Agent (1970 – 1972)

General Auditing Office (COA)

Auditing Examiner, (1969 – 1970)

Atlantic Gulf & Pacific Corp. Inc.

Billing Clerk (1964 – 1965)

Education

Bachelor of Science in Commerce, University of the East

Bachelor of Laws, San Beda College

Master in Senior Management, Ateneo de Manila Graduate School

BAYANI H. AGABIN

Age: 48

Philippine Deposit Insurance Corporation

ALTERNATE MEMBER (Department of Finance)

Date of Designation: 29 September 2016

ALTERNATE MEMBER, Board Governance Committee

ALTERNATE MEMBER, Board Risk Management Committee

Department of Finance

Undersecretary (2016 – Present)

Tolosa Romulo Agabin & Flores Law Office

Partner (2005 – 2016)

Woodfields Consultants, Inc.

Consultant (2013 – 2015)

Snowy Mountain Engineering Corporation

Consultant (2015)

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]

Member, Anti-Terrorism Council

Chairman (Alternate), National Power Corporation

Chairman (Alternate), Power Sector Assets and Liabilities Management Corporation

Chairman (Alternate), National Transmission Corporation

Member, National Renewable Energy Board

Member, National Security Council

Member, National Cybersecurity Inter-Agency Committee

Member, National Law Enforcement Coordinating Committee

Chairman (Alternate), Home Guaranty Corporation

Director, Social Housing Finance Corporation

Director, National Home Mortgage Finance Corporation

Member, National Intelligence Board

Director, Philippine Mining Development Corporation

Member, National Housing Authority

Member, Housing and Urban Development Coordinating Council

Chairman (Alternate), Mining Industry Coordinating Council

Director, Natural Resources Development Corporation

Member, National Security Council

Education

Bachelor of Science in Economics, University of the Philippines

Bachelor of Laws, UP College of Law

MA. TERESA S. HABITAN

Age: 60

Philippine Deposit Insurance Corporation

SECOND ALTERNATE MEMBER (Department of Finance)

Date of Designation: 23 March 2017

SECOND ALTERNATE MEMBER, Board Governance Committee

SECOND ALTERNATE MEMBER, Board Risk Management Committee

Department of Finance

Assistant Secretary (2009 – Present)

Director IV, Fiscal Policy and Planning Office (June 2004 – November 2009; 1995 – February 2003)

Acting Assistant Secretary, Domestic Finance Group (June 2003 – May 2004)

Assistant Director, Fiscal Policy and Planning Office (March 1993 – September 1995)

Planning Officer IV, Fiscal Planning Division, Fiscal Policy and Planning Office (September 1987 – March 1993)

Assistant Planning Officer, Planning Service (July 1983 – August 1987)

Senior Financial Economist, Foreign Loans Division (December 1981 – March 1983)

Fiscal Economist, Foreign Loans Division (1979 – 1981)

Market Analyst, Foreign Loans Division (July 1978 – July 1979)

Loan Examiner, Foreign Loans Division (June 1977 – 1978)

Synergeia Foundation

Consultant (10 May 2016 – 25 October 2016)

World Bank

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

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

[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

CHUCHI G. FONACIER

Age: 57

Philippine Deposit Insurance Corporation

ALTERNATE MEMBER (Bangko Sentral ng Pilipinas)

Date of Designation: 11 August 2017

ALTERNATE MEMBER, Board Audit Committee

ALTERNATE MEMBER, Board Governance Committee

Bangko Sentral ng Pilipinas

Deputy Governor, Supervision and Examination Sector (27 July 2017 – Present)

Assistant Governor, Supervision and Examination Sub-sector II (31 March 2017 – 26 July 2017)

Assistant Governor, Supervision and Examination Sub-sector I (19 January 2017 – 31 March 2017)

Managing Director, Supervision and Examination Sub-sector I (16 January 2016 – 18 January 2017)

Managing Director, Supervision and Examination Sub-sector III (1 January 2014 – 15 January 2016)

Managing Director, Supervision and Examination Sub-sector II (25 October 2011 – 31 December 2013)

Director, Integrated Supervision Department II (8 July 2008 – 24 October 2011)

Deputy Director, Integrated Supervision Department II (1 January 2007 – 7 July 2008)

Education

Bachelor of Science in Commerce, La Salle College - Bacolod

Master of Business Administration, Ateneo de Manila Graduate School of Business

EXECUTIVE COMMITTEE

(AS OF DECEMBER 31, 2016)



01



02



03



04



05

- 01. CRISTINA Q. ORBETA
President
Officer-in-Charge, Corporate Services Sector
- 02. MA. ANA CARMELA L. VILLEGAS
Executive Vice President, Examination and Resolution Sector
Officer-in-Charge, Receivership and Liquidation Sector
- 03. SANDRA A. DIAZ
Senior Vice President, Management Services Sector
- 04. ROMEO M. MENDOZA, JR.
Senior Vice President, Deposit Insurance Sector
- 05. MA. ANTONETTE I. BRILLANTES-BOLIVAR
General Counsel



GROUP HEADS

(AS OF DECEMBER 31, 2016)

- 01. ELIZABETH E. OLLER
First Vice President, Claims Group
- 02. JOSEFINA J. VELILLA
First Vice President, Examination Group II
Officer-in-Charge, Examination and
Resolution Support Group
- 03. MA. SHARON P. ALMANZA
Vice President, Office of the Board
Chairman
- 04. IRENE D.L. ARROYO
Vice President, Treasury Group

- 05. MARCELO E. AYES
Vice President, Risk Management Office
- 06. ADALZON P. BANOOGON
Vice President, Loans Management Group
- 07. EDEN TITA J. DIZON
Vice President, Resolution Group
- 08. SHIRLEY G. FELIX
Vice President, Examination Group I



09. CYRUS T. GALANG
Vice President, Comptrollership Group



10. TERESA H. GARCIA
Vice President, Receivership and Liquidation
Support Group



11. MA. ESTER D. HANOPOL
Vice President, Corporate Planning Group
Officer-in-Charge, Corporate Governance Office



12. NINA NOREEN A. JACINTO
Vice President, Administrative Services Group



13. NILO ALDRIN M. LUCINARIO
Vice President, Receivership and Bank
Management Group



14. CYNTHIA B. MARCELO
Vice President, Human Resource Group



- 15. FELY D. REYES
Vice President, Internal Audit Group
- 16. NANCY L. SEVILLA-SAMSON
Vice President, Legal Services Group
- 17. MARIA BELINDA C. SAN JOSE
Vice President, Information Technology Group
- 18. MA. BERNADETTE R. SANCHEZ
Vice President, Asset Management and Disposal Group

- 19. JOSE G. VILLARET, JR.
Vice President, Corporate Affairs Group
- 20. ELAINE B. DETICIO
Officer-in-Charge, Insurance Group
- 21. MANUEL C. TAN
Officer-in-Charge, Litigation and Investigation Group

OFFICERS (AS OF DECEMBER 31, 2016)

OFFICE OF THE PRESIDENT

CRISTINA Q. ORBETA
President

JAROMME ZEUS KRISTOFFER C. CASTILLO I
Assistant Department Manager II

MARIA VICTORIA T. CRUZ
Executive Assistant V

MARK ANTHONY L. DELLOSA
Executive Assistant IV

OFFICE OF THE BOARD CHAIRMAN

SHARON P. ALMANZA
Vice President

OFFICE OF THE MEMBERS OF THE BOARD FROM THE PRIVATE SECTOR

VAN DENVER R. VIZCARRA
Executive Assistant IV

RISK MANAGEMENT OFFICE

MARCELO E. AYES
Vice President

MICHELLE LD E. ESTOR
Corporate Executive Officer II

Property Appraisal Department

RECAREDO LEIGHTON A. TAMAYO
Department Manager III

MINVILUZ O. RUBRICO
Assistant Department Manager II

LUIS D. LARESMA
Corporate Executive Officer I

CORPORATE GOVERNANCE OFFICE

MA. ESTER D. HANOPOL
Vice President / Officer-in-Charge

INTERNAL AUDIT GROUP

FELY D. REYES
Vice President

Internal Audit Department I

FELY D. REYES
Vice President / Officer-in-Charge

ALEXANDER N. DOJILLO
Assistant Department Manager II

ETHEL ALMIRA M. GOMEZ
Corporate Executive Officer II

JEROME B. MACASPAC
Corporate Executive Officer I

Internal Audit Department II

JOSIE JANE C. ABLIR
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 V. PUGEDA
Legal Officer V

CORPORATE AFFAIRS GROUP

JOSE G. VILLARET, JR.
Vice President

ROMERO F. LOPEZ
Corporate Executive Officer II

Corporate Communications Department

AURAMAR D. CALBARIO
Department Manager III

MARIA AURORA A. MENDOZA
Assistant Department Manager II

CATHERINE C. SAN JOSE
Corporate Executive Officer I

Institutional Relations Department

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

ISABEL P. GAVIOLA
Corporate Executive Officer II

INFORMATION TECHNOLOGY GROUP

MARIA BELINDA C. SAN JOSE
Vice President

GREG B. ALBA
Corporate Executive Officer II

Systems Development Department

MARIA BELINDA C. SAN JOSE
Vice President / Officer-in-Charge

RAUL FILOMENO C. CABOTAGE
Assistant Department Manager II

JOSE ALEX P. MERCADO
Assistant Department Manager II

IBELIO B. RETES
Assistant Department Manager II

HERMIL P. DE VERA
Corporate Executive Officer II

XANDREX FIDELIS A. LIQUIGAN
Corporate Executive Officer II

Technical Support Department

RENAR M. GONZALES
Department Manager III

MADELAINE BARBARA M. FERNANDEZ
Assistant Department Manager II

JOSE P. MIANO
Assistant Department Manager II

EXAMINATION AND RESOLUTION SECTOR

MA. ANA CARMELA L. VILLEGAS
Executive Vice President

ROSALYN M. GO
Assistant Department Manager II

EXAMINATION GROUP I

SHIRLEY G. FELIX
Vice President

Examination Department I

FLORDELIS M. DATU
Department Manager III

ERICKZON M. JANDA
Corporate Executive Officer I

VENUS P. MANZALA
Corporate Executive Officer I

Examination Department II

MARLOWE F. MIKIN
Department Manager III

RUBEN C. CORDERO
Corporate Executive Officer II

EXAMINATION GROUP II

JOSEFINA J. VELILLA
First Vice President

Examination Department III

DENNIS Y. ABIERA
Department Manager III

IRENE MERCEDES D. EVANGELISTA
Corporate Executive Officer I

Examination Department IV

ANGEL B. OBRERO
Department Manager III

BERNADETTE P. COMON
Corporate Executive Officer I

JENNETTE C. REBADAVIA
Corporate Executive Officer I

RESOLUTION GROUP

EDEN TITA J. DIZON
Vice President

Resolution Department I

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

MA. CECILIA C. SUMAWANG
Corporate Executive Officer I

Resolution Department II

FREDY S. GALOSMO
Department Manager III

MAILEEN M. MALOLES
Assistant Department Manager II

MADELINE T. VILLENO
Corporate Executive Officer I

EXAMINATION AND RESOLUTION SUPPORT GROUP

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

Bank Statistics Department

CHRISTOPHER G. SUGUITAN
Assistant Vice President

JACKSON L. UBIAS
Corporate Executive Officer II

CARLOTA S. POLICARPIO
Corporate Executive Officer I

Examination and Resolution Support Department

ELIZABETH R. PADOLINA
Department Manager III

LAWRENCE C. GATDULA
Corporate Executive Officer I

RECEIVERSHIP AND LIQUIDATION SECTOR

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

RHEA S. AUSTRIA
Assistant Department Manager II

RECEIVERSHIP AND BANK MANAGEMENT GROUP

NILO ALDRIN M. LUCINARIO
Vice President

KRISTIANNE LARIDOR M. SIPIN
Corporate Executive Officer II

Receivership and Bank Management Department I

ANA ROSA E. VIRAY
Department Manager III

IMELDA A. BARRO
Corporate Executive Officer II

APOLONIO M. MATABANG
Corporate Executive Officer II

Receivership and Bank Management Department II

RONALD C. ANGELES
Department Manager III

FERNANDO S. BOÑULA
Assistant Department Manager II

OLIVER R. ILETO
Corporate Executive Officer I

Receivership and Bank Management Department III

IMELDA R. SALGADO
Department Manager III

NOELA C. MIÑOZA
Assistant Department Manager II

LEONOR S. SAMONTE
Corporate Executive Officer II

MAELYN S. FAMULARCANO
Corporate Executive Officer I

AIRENE V. MAGCASE
Corporate Executive Officer I

Receivership and Bank Management Department IV

TEODORO JOSE D. HIRANG
Assistant Vice President

FLORANTE D. LUCOS
Corporate Executive Officer II

EDZEL D. AURELIA
Corporate Executive Officer I

Bank Termination Department

BENEFICO M. MAGDAY
Assistant Vice President

ROSALINA G. MORALES
Assistant Department Manager II

SUSANA R. CAROLINO
Corporate Executive Officer II

ASSET MANAGEMENT AND DISPOSAL GROUP

MA. BERNADETTE R. SANCHEZ
Vice President

Asset Management and Disposal Department I

JOSETTE SONIA H. MARCILLA
Assistant Vice President / Officer-in-Charge

ARIEL M. ALCOBA
Corporate Executive Officer II

DOMINADOR V. RODULFO, JR.
Corporate Executive Officer I

Asset Management and Disposal Department II

FERDINAND M. BELUAN
Department Manager III

CELIA D. JOVEN
Corporate Executive Officer II

Asset Management and Disposal Department III

JOSETTE SONIA H. MARCILLA
Assistant Vice President

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

MA. NENITA N. GAYLA
Corporate Executive Officer II

ARLENE FLORENCE E. FIRMEZA
Corporate Executive Officer I

LOANS MANAGEMENT GROUP

ADALZON P. BANOGON
Vice President

ARNEL F. LOPEZ
Corporate Executive Officer II

Loans Management Department I

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

DEMOCRITO L. BITANG
Corporate Executive Officer II

Loans Management Department II

JOSEFINA R. FAJARDO
Department Manager III

JOSEFINA S. SAN PEDRO
Corporate Executive Officer II

FORTUNATO A. NICOLAS
Corporate Executive Officer I

Loans Management Department III

MADELEINE C. RIBAY
Department Manager III

TRINIDAD F. MAGSAKAY
Corporate Executive Officer II

OFFICERS (AS OF DECEMBER 31, 2016)

THELMA C. CALLEJA
Corporate Executive Officer I

RECEIVERSHIP AND LIQUIDATION SUPPORT GROUP

TERESA H. GARCIA
Vice President

Records Control and Logistics Department

POLO L. PANTALEON, JR.
Department Manager III

EDITHA D. TUMANG
Assistant Department Manager II

JOSEFINA J. SAMBOLAWAN
Corporate Executive Officer II

MARIA JOSELYN S. VALLADA
Corporate Executive Officer I

Asset Administrative Services Department

MARIE HAZEL V. CIRIACO
Department Manager III

THELMA A. PEÑA
Corporate Executive Officer II

MARYMER D. BUISING
Corporate Executive Officer I

Financial Control and MIS Department

DOROTHY C. EAMILAO
Department Manager III

JOSEFINA B. PEREZ
Corporate Executive Officer II

ELISA T. SAURA
Corporate Executive Officer II

DEPOSIT INSURANCE SECTOR

ROMEO M. MENDOZA, JR.
Senior Vice President

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

CLAIMS GROUP

ELIZABETH E. OLLER
First Vice President

Presettlement Examination Department

MA. THERESA B. SALCOR
Assistant Vice President

NERILYN O. ABOGADO
Corporate Executive Officer II

MONINA J. CORNISTA
Corporate Executive Officer II

WILFREDO B. RAFALES
Corporate Executive Officer II

LENIN D. AGABAO
Corporate Executive Officer I

Claims Processing Department

LUISITO M. CARREON
Assistant Vice President

MILA O. TAMAYO
Assistant Department Manager II

NAPOLÉON D. JOSE
Corporate Executive Officer II

YASMIN CORAZON B. FELIX
Corporate Executive Officer I

ALICIA J. MAAN
Corporate Executive Officer I

TREASURY GROUP

IRENE D.L. ARROYO
Vice President

Claims Settlement Department

MERLIE M. CAÑAVERAL
Department Manager III

ROSENDA L. BARRIL
Assistant Department Manager II

ELOIDA B. INDORTE
Corporate Executive Officer II

RAUL C. REYES
Corporate Executive Officer I

Treasury Department

PETER NOEL P. HERRERA
Assistant Vice President

ROSITA R. ARELLANO
Assistant Department Manager II

ESTELITA R. DATINGALING
Assistant Department Manager II

INSURANCE GROUP

ELAINE B. DETICIO
Assistant Vice President / Officer-in-Charge

Insurance Department

DAISY ANN T. ALAGOS
Assistant Department Manager II /
Officer-in-Charge

SALUD E. MARGAJAY
Corporate Executive Officer II

Insurance Support Department

ELAINE B. DETICIO
Assistant Vice President / Officer-in-Charge

EMERSON M. LOMIO
Assistant Department Manager II

LYN D. BAGNES
Corporate Executive Officer II

RAFAEL D. DE LEON
Corporate Executive Officer I

Public Assistance Department

ELAINE B. DETICIO
Assistant Vice President / Officer-in-Charge

JOAN S. DE LEON
Assistant Department Manager II

ANTONIO ERROL B. YBAÑEZ, JR.
Corporate Executive Officer II

NATHANAEL A. TUMBOKON
Corporate Executive Officer I

LEGAL AFFAIRS SECTOR

MA. ANTONETTE B. BOLIVAR
General Counsel

CASILDA G. MATAQUEL
Corporate Executive Officer I

LITIGATION AND INVESTIGATION GROUP

MANUEL C. TAN
Assistant Vice President / Officer-in-Charge

Litigation Department

MILDRED J. MARQUEZ
Assistant Department Manager II / Officer-in-Charge

ROMEL M. BARRERA
Assistant Department Manager II

ARLENE R. HERNANDO
Assistant Department Manager II

MICHAEL ALLAN M. ANDRES
Legal Officer V

RAYMOND C. DE LEMOS
Legal Officer V

Investigation Department

ARISTON P. AGANON
Assistant Department Manager II /
Officer-in-Charge

NELSON G. PORTACIO
Assistant Department Manager II

FERNAN REAGAN P. ZAFRANCO
Assistant Department Manager II

External Counsel Department

MYLENE F. PASAMBA
Department Manager III

VERONICA T. IGOT
Assistant Department Manager II

JOHANNES ANGELO L. BRUAL
Legal Officer V

JOAN MARIVIC A. OZO
Legal Officer V

LEGAL SERVICES GROUP

NANCY L. SEVILLA-SAMSON
Vice President

Legal Services Department I

FERNANDO S. ABADILLA
Assistant Vice President

AILEEN LOU C. ACOSTA
Assistant Department Manager II

LUISITO Z. MENDOZA
Assistant Department Manager II

JOSE MARI C. GANA
Legal Officer V

NORMINA R. HADJULA
Legal Officer V

Legal Services Department II

DORAM T. DUMALAGAN
Department Manager III

JOSELITO S. MENDOZA
Assistant Department Manager II

GEODERICK E. CARBONELL
Assistant Department Manager II

MA. POLA S. LUANZON
Assistant Department Manager II

Legal Services Department III

DELILAH GRACE V. MAGTOLIS
Department Manager III

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
Assistant Department Manager II / Officer-in-Charge

JOSE M. MULATO
Assistant Department Manager II

JOSEFINA MAY G. TATU
Corporate Executive Officer II

FRANCIS RANDY J. HORTELANO
Corporate Executive Officer I

Policy and Systems Department

EVANGELINE R. PANTALUNAN
Department Manager III

ANNA LIESE L. ROQUE
Corporate Executive Officer II

GLENDALE C. ANASTACIO
Corporate Executive Officer I

JOEL O. IGNACIO
Corporate Executive Officer I

COMPTROLLERSHIP GROUP

CYRUS T. GALANG
Vice President

Accounting Department

QURALENE P. PATALINGHUG
Department Manager III

MA. LENITA I. FLORIZA
Assistant Department Manager II

DANILO Q. REGALA
Corporate Executive Officer II

MODESTO Y. FERNANDO, JR.
Corporate Executive Officer I

Budget and Disbursements Department

CYRUS T. GALANG
Vice President / Officer-in-Charge

JANET B. AGUILA
Assistant Department Manager II

EMMA F. SALINAS
Corporate Executive Officer II

ABIGAIL E. GATDULA
Corporate Executive Officer I

CORPORATE SERVICES SECTOR

CRISTINA Q. ORBETA
President / Officer-in-Charge

JOSETTE O. RESURRECCION
Assistant Department Manager II

MA. TERESA C. VESTAL
Assistant Department Manager II

HUMAN RESOURCE GROUP

CYNTHIA B. MARCELO
Vice President

MA. CARMEN ROSARIO Z. RECITAS
Assistant Department Manager II

Human Resource Administration Department

ASUNCION S. CALAPAN
Department Manager III

ARLENE T. PANGILINAN
Corporate Executive Officer II

MA. LOURDES R. RELUCIO
Corporate Executive Officer II

Organization Development Department

IRMINA D. SICIO
Department Manager III

ALLAN B. AMPARO
Corporate Executive Officer II

Training Institute

DIVINA F. CAVESTANY
Department Manager III

EUGENE V. BORLONGAN
Assistant Department Manager II

DORIS P. ROMERO
Assistant Department Manager II

ADMINISTRATIVE SERVICES GROUP

NINA NOREEN A. JACINTO
Vice President

Procurement and Property Department

CHRISTINE C. MERCADO
Corporate Executive Officer II / Officer-in-Charge

RICARDO D. ANTONIO
Corporate Executive Officer II

ANALINDA C. LAO
Corporate Executive Officer II

MA. LUZ B. FRANCISCO
Corporate Executive Officer I

General Services Department

JESUS MA. JOSE L. BORJA
Department Manager III

ERNESTO R. TORRES, JR.
Assistant Department Manager II

HERNANDO L. CATIGBE
Corporate Executive Officer I

EMPLOYEES (AS OF DECEMBER 31, 2016)

- A**
 ABADILLA, FERNANDO S.
 ABALOS, GERALD V.
 ABAN, ALEXIS A.
 ABELEDA, SONIA A.
 ABIERA, DENNIS Y.
 ABLIR, JOSIE JANE C.
 ABOGADO, NERILYN O.
 ABRIAM, CHERYL S.
 ACERET, EROLYN B.
 ACOSTA, AILEEN LOU C.
 ACOSTA, ALEJANDRO JR. S.
 ACOSTA, BETTINA N.
 ACUÑA, MYRAFLOR C.
 ADUANA, GERHARDUS C.
 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, LILYBETH H.
 ALMANZA, SHARON P.
 ALONZO, REYNOLD P.
 AMIGLEO, NOREEN R.
 AMPARO, ALLAN B.
 ANASTACIO, GLENDALE C.
 ANDES, JOAN P.
 ANDRADA, JOVY R.
 ANDRES, MICHAEL ALLAN M.
 ANG, ARIES M.
 ANGELES, RONALD C.
 ANI, JACQUELINE I.
 ANTONIO, FLORANTE JR. F.
 ANTONIO, MARIA GRACIA N.
 ANTONIO, NIÑA M.
 ANTONIO, RICARDO D.
 ANYAYAHAN, NOREEN F.
 APOLINARIO, CELY E.
 AQUINO, ERNESTO C.
 ARELLANO, GEMMA P.
 ARELLANO, ROSITA R.
 ARIZALA, AURA MARINA R.
 ARRIETA, JOHANNA HAZEL M.
 ARRIOLA, ROMEO C.
 ARROYO, IRENE D.L.
 ASCAÑO, RHODA R.
 ASUNCION, JONNAH MAE M.
 ASUNCION, RUSSIELYN B.
 ATENDIDO, JOCELYN A.
 ATIBULA, KENNETH T.
 AUDIAN, CRISTINA M.
- 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.
 BALTAZAR, MA. PAZ V.
 BAÑARES, ROSANNA CRIS B.
 BANDOY, ISRAEL A.
 BANOGON, ADALZON P.
 BARRAL, ROSALIE F.
 BARRERA, ROMEL M.
 BARRIL, ROSENDA L.
 BARRO, IMELDA A.
 BASILLA, ROSALIE B.
 BATAAN, LIZ D.
 BATAC, ARACELI F.
 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.
 BELUAN, FERDINAND M.
 BENDAÑA, JOSE A.
 BENITEZ, FREDERICK B.
 BENITEZ, RENEELYN G.
 BITANG, DEMOCRITO L.
 BITUIN, IDA D.
 BODOSO, LEEN LYNNARD D.
 BODOSO, VIA BING B.
 BOLIVAR, MA. ANTONETTE B.
 BOÑULA, FERNANDO S.
 BOONE, ANICETA A.
 BORJA, JESUS MA. JOSE L.
 BORJAL, ROLLY C.
 BORLONGAN, EUGENE V.
 BRUAL, JOHANNES ANGELO L.
 BUCAGO, MAE B.
 BUENVIAJE, CLEOFFE C.
 BUGAYONG, DANILO B.
 BUISING, MARYMER D.
 BULONG, JOSEPH S.
 BUNA, LANIE A.
 BUNDALIAN, GLENDA G.
- C**
 CABA, PHEDILYN R.
 CABOTAGE, RAUL FILOMENO C.
 CABRERA, DYANE D.
 CACAYAN, EUNICE D.
 CADIZ, HYACINTH N.
 CALAPAN, ASUNCION S.
 CALBARIO, AURAMAR D.
 CALLEJA, MA. EVANGELINE 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.
 CAPUNO, JAIME C.
 CARAIG, MYRNA C.
 CARBONELL, GEODERICK E.
 CARENG, JUANA L.
 CARLOS, MYRNA P.
 CAROLINO, SUSANA R.
 CARREON, AILEEN B.
 CARREON, DELIA A.
 CARREON, LUISITO M.
 CARREON, MA. GUADALUPE C.
 CARREON, MARC JUMBOE
 KING N.
 CARVAJAL, JOSEPHINE M.
 CASCOLAN, REGIEREX P.
 CASEM, JHOANNA PAULINE B.
 CASIÑO, RONALD S.
 CASTILLO, JAROMME ZEUS
 KRISTOFFER I C.
 CASTRO, HARRY C.
 CASTRO, MA. MARGARITA G.
 CASTRO, RUBEN S.
 CATIGBE, HERNANDO L.
 CATOME, MARY JANE L.
 CAVESTANY, DIVINA F.
 CENIT, EMY C.
 CENTINO, OFELIA M.
 CIRIACO, MARIE HAZEL V.
 COLLO, NIÑA JESUSITA P.
 COMON, BERNADETTE P.
 CONCEPCION, DENNIS H.
 CONGE, ANASTACIO T.
 CONGE, MA. TERESA D.
 CORDERO, ABEGUEL S.
 CORDERO, RUBEN C.
 CORNISTA, ELMER R.
 CORNISTA, MONINA J.
 CORONA, ENRICO C.
 CORTES, JACINTO C.
 CORTES, PAOLO ANGELO J.
- C**
 CORTES, ENRIQUE M.
 COSTA, HENRY A.
 COSTORIO, MARY JOY L.
 CRISOSTOMO, MARY ANN C.
 CRUZ, ERWIN C.
 CRUZ, MARIA VICTORIA T.
 CUISON, MARY CATHERINE Z.
 CUSTODIO, ANGELITO A.
- D**
 DABI, SANDRA V.
 DADAL, ROSELLE MAY R.
 DADPAAS, MIRIAM B.
 DAGOHOY, ABIGAIL R.
 DATINGALING, ESTELITA R.
 DATU, FLORDELIS M.
 DATU, MARYLYN I.
 DAYOG, LILY F.
 DE GUZMAN-BASAÑES,
 CAREY F.
 DE JESUS, MENARD B.
 DE JESUS, PRINCESS L.
 DE LEMOS, RAYMOND C.
 DE LEON, JOAN S.
 DE LEON, RAFAEL D.
 DE MESA, MA. LOURDES G.
 DE SILVA, DEBORAH C.
 DE TORRES, TRISHA ALYSSA
 ANNE B.
 DE VERA, HERMIL P.
 DE VERA, VINCE C.
 DECENA, MARVIC R.
 DEL ROSARIO, ALEJANDRO S.
 DELA CRUZ, AMAVI Y.
 DELA CRUZ, EMELINA M.
 DELA CRUZ, JOFREY B.
 DELA CRUZ, RICHARD O.
 DELA PEÑA, MAXIMO JR. C.
 DELA ROSA, EMILY D.
 DELIZO, RIHEA L.
 DELLOSA, CLARINDA C.
 DELLOSA, MARK ANTHONY L.
 DELOS REYES, NOEL Q.
 DETICIO, ELAINE B.
 DIAZ, SANDRA A.
 DILOY, MARY ANN D.
 DIONISIO, VERONICA D.
 DIVINO, DANILO P.
 DIZON, CARLYLE G.
 DIZON, EDEN TITA J.
 DIZON, FRANCISCO N.
 DIZON, ROSARIO E.
 DOJILLO, ALEXANDER N.
 DRILON, LUDOVINA V.
 DULALIA, ROGELIO JR. P.
 DUMALAGAN, DORAM T.
 DUMBRIQUE, DAHLIA E.
 DURANA, EUNICE L.
- E**
 EAMILAO, DOROTHY C.
 ECHIVERRI, AIMEE G.
 ENRICO, MELANIE L.
 ENRIQUEZ, REMEL R.
 ESPALDON, REGIONALD S.
 ESPINOSA, LEONARDO III G.
 ESTEVES, CHERRYLYN L.
 ESTOR, MICHELLE LD E.
 ESTORES, GILDA T.
 ESTRELLA, IRISH R.
 EUGENIO, LEAH P.
 EVANGELISTA, IRENE
 MERCEDES D.
- F**
 FABRO, LUCYBEL T.
 FAJARDO, DARWIN E.
 FAJARDO, JOSEFINA R.
 FAJARIT, JONNEL S.
 FAMULARCANO, MAELYN S.
 FAROFALDANE, THELMA C.
 FAUNE, LYNN N.
 FAURILLO, OPALYN S.
 FELIX, SHIRLEY G.
 FELIX, YASMIN CORAZON B.
 FERNANDEZ, MADELAINE
 BARBARA M.
 FERNANDO, ERWIN S.
 FERNANDO, JUDALYN L.
 FERNANDO, MODESTO JR. Y.
 FERRERAS, VENUS V.
 FIRMEZA, ARLENE
 FLORENCE E.
 FLORES, ELMA L.
 FLORES, MA. ROSELLA LUZ D.
 FLORIZA, MA. LENITA I.
 FORMARAN, LILIBETH R.
 FRANCISCO, MA. LUZ B.
 FRANCO, GERARDO C.
- G**
 GABRIEL, MARK Y.
 GALANG, CYRUS T.
 GALOSMO, FREDY S.
 GANA, JOSE MARI C.
 GARCIA, TERESA H.
 GATDULA, ABIGAIL E.
 GATDULA, LAWRENCE C.
 GATPATAN, EDGAR G.
 GAVIOLA, ISABEL P.
 GAYLA, MA. NENITA N.
 GAYONDATA, DIVINA C.
 GAYONDATA, LOIDA A.
 GELOCA, IMELDA V.
 GEPILA, MARY JANE G.
 GIANAN, MARGIE L.
 GLORIANI, IMELDA L.
- G**
 GO, ROSALYN M.
 GOMEZ, ETHEL ALMIRA M.
 GONZALES, RENAR M.
 GONZALES, ROMMEL A.
 GRANIL, GERARDO A.
 GUAB, ANALYN C.
 GUALBERTO, REIZA JOY F.
 GUERRERO, NAPOLEON
 JOEY A.
 GUICO, ANA LIZA F.
 GUÑA, ALEX L.
- H**
 HADJULA, NORMINA R.
 HANOPOL, MA. ESTER D.
 HAW, MA. FRECELYN M.
 HERNANDO, ARLENE R.
 HERRERA, PETER NOEL P.
 HIRANG, TEODORO JOSE D.
 HORTELANO, FRANCIS
 RANDY J.
- I**
 IBAÑEZ, CLARIBEL E.
 IBAÑEZ, RISEL C.
 IGNACIO, JOEL O.
 IGOT, VERONICA T.
 ILETO, OLIVER R.
 INDORTE, ELOIDA B.
 INFANTE, SHIELA GRACE M.
- J**
 JACINTO, NINA NOREEN A.
 JANDA, ERICKZON M.
 JANDAYAN, MARY ROSE A.
 JANDUSAY, JOEL B.
 JASMIN, RONALD ALLAN B.
 JAVILLO, JONATHAN L.
 JOSE, JACQUELINE O.
 JOSE, NAPOLEON D.
 JOVEN, CELIA D.
 JUAÑO, ADA C.
 JUSTO, JAYLORD P.
- L**
 LABATORIO, ANNE M.
 LACONSAY, ALVIN JAY D.
 LACUBTAN, RENATO D.
 LADRA, LUISITO H.
 LAMIGO, MELODY E.
 LANUEVO, MICHAEL C.
 LAO, AILEEN B.
 LAO, ANALINDA C.
 LARANG, ANA LYN E.
 LARESMA, LUIS D.
 LAT, ANNE PATRICIA C.
 LAYNO, JOCELYN M.
 LEGASPI, LIONEL N.

LEQUIGAN, RODNEY T.
LESIGUES, VICTORIANO C.
LIBRE, LEIZL D.
LINDA, MA. YSABEL F.
LIQUIGAN, XANDREX
FIDELIS A.
LLANA, MARIA FLORA C.
LOMIO, EMERSON M.
LOPEZ, ARNEL F.
LOPEZ, ROMERO F.
LOYOLA, MICHELLE C.
LUANZON, MA. POLA S.
LUBI, ANGELICA A.
LUCINARIO, NILO ALDRIN M.
LUCOS, FLORANTE D.
LUMAQUEZ, JEFFREY L.
LUMIGUEN, JANICE E.

M
MAAN, ALICIA J.
MACABEBE, MELANIE M.
MACADANGDANG, GLINDA R.
MACASPAC, JEROME B.
MACASPAC, MARICEL M.
MAGCASE, AIRENE V.
MAGDAY, BENEFICO M.
MAGSAKAY, TRINIDAD F.
MAGTOLIS, DELILAH
GRACE V.
MALAYAO, JANICE P.
MALLARI, KELVIN PAUL S.
MALOLES, MAILEEN M.
MANA-AY, LORIO G.
MANARPAAC, AMOR P.
MANLUSOC, MA. JENNIFER P.
MANSOS, RODELIA R.
MANZALA, VENUS P.
MANZANARES, MAURICIA C.
MARCELO, CYNTHIA B.
MARCELO, JOSELITA L.
MARCELO, MARICEL M.
MARCILLA, JOSETTE
SONIA H.
MARGAJAY, SALUD E.
MARGES, ELIEZER M.
MARGES, REALINDA R.
MARQUEZ, MILDRED J.
MARQUEZ, NANETE L.
MARQUEZ, ROWENA P.
MATABANG, APOLONIO M.
MATAQUEL, CASILDA G.
MATEO, ARNEL G.
MATEO, CARMINA V.
MATERUM, IVY JOY A.
MATUTINA, CAROLINE R.
MEJIA, AARON CHRISTOPHER P.
MELO, EMILY V.
MENDOZA, JOSELITO S.

MENDOZA, LUISITO Z.
MENDOZA, MARIA AURORA A.
MENDOZA, MARY ANN M.
MENDOZA, NANCY M.
MENDOZA, ROMEO JR. M.
MERCADO, CHRISTINE C.
MERCADO, JOSE ALEX P.
MERCADO, REGINA P.
MIANO, JOSE P.
MIANO, SERGIO JR. B.
MICU, NAPOLEON P.
MIKIN, MARLOWE F.
MINDANAO, JORGE JR. M.
MINGO, CYNTHIA B.
MIÑOZA, NOELA C.
MOJE, JAMES ROY P.
MONES, EMMANUELITA R.
MONTES, JOSEFINA F.
MONTES, MICHELLE ZYHRA S.
MONTEVERDE, HELEN
EVANGELINE Q.
MOOC, JOMAR E.
MORALES, ROSALINA G.
MORENO, LORNA C.
MOZAR, ELLEN M.
MULATO, JOSE M.

N
NADAL, NANITA O.
NAPALA, JENNIFFER RYNN P.
NATIVIDAD, MA. THERESA D.
NAZARENO, GLENN M.
NICASIO, KRISTINE N.
NICOLAS, FORTUNATO A.

O
OBRA, JESSICA C.
OBRERO, ANGEL B.
OCAMPO, SHEILA THERESE P.
OCAVA, LARNEE B.
OCTAVO, WINNA FE B.
OLASE, ELIZA R.
OLDAN, JOCELYN GIOVANNA P.
OLDAN, JOVEN P.
OLEA, KARINA LOIDA M.
OLLER, ELIZABETH E.
ONESA, RICHARD T.
ONGTANGCO, LOUELLA H.
OPINA, ALVIN C.
ORBETA, CRISTINA Q.
ORODIO, ROSELILY E.
ORTIZ, AMALIA T.
OZO, JOAN MARIVIC A.

P
PACIS, ARNOLD L.
PADOLINA, ELIZABETH R.
PAGHARION, CHRISTI CLAIRE R.

PANEDA, IMELDA R.
PANGAN, REFFIE M.
PANGANIBAN, JOVITA NANCY M.
PANGILINAN, ARLENE T.
PANOPIO, ROSE ANN B.
PANTALEON, ARTEMIO J.
PANTALEON, POLO JR. L.
PANTALUNAN, EVANGELINE R.
PARRA, MARIO D.
PASAMBA, MYLENE F.
PASION, WILHELMINA D.
PATALLINGHUG, QURALENE P.
PATILLEROS, JESSA FARRA B.
PATRON, ROSANNA A.
PATRON, VAFIL V.
PAYUMO, ROSEANN V.
PE BENITO, ROMEO V.
PEÑA, THELMA A.
PERAJA, MARIZEL B.
PERALTA, ARLENE A.
PEREZ, JOSEFINA B.
PERIODICO, ANDREI DAR D.
PICO, FERDINAND V.
PILARCA, AMADO JR. U.
PINEDA, JOCELYN D.
POBLETE, ROSALIA S.
POLICARPIO, CARLOTA S.
PORTACIO, NELSON G.
PRADO, ANDRES JR. A.
PUGEDA, MARIA THERESA
VIVIAN V.
PULMONES, THERESE ANN R.
PUMARAS, MELLANIE A.
PUNAY, MA. TERESA N.
PUNO, ALLAN JOSEPH L.
PUTONG, FE H.

Q
QUEMADA, JONAH A.
QUINTANO, IGNACIO M.

R
RAFALES, WILFREDO B.
RAGOTERO, MARIA SALOME E.
RAMIREZ, JOSEPH ARIEL P.
RAMOS, ERREL JAY B.
RAMOS, JULLIE ANNE O.
RAMOS, MARIA PERPETUA
DANISA D.
RANTE, RODOLFO REYNALDO B.
RAYELA, HELEN L.
RAZ, VERNESA M.
REBADA VIA, JENNETTE C.
REBOSA, MYRA JEHAN V.
RECITAS, MA. CARMEN
ROSARIO Z.
REFORMADO, MARIA MONITA B.
REGALA, DANILO Q.

RELUCIO, MA. LOURDES R.
RESURRECCION, JOSETTE O.
RESUTA, EDMUND JEROME G.
RETES, IBELIO B.
REYES, FELY D.
REYES, KRISTINE GRACE A.
REYES, RAUL C.
REYES, REY MICHAEL H.
RIBAY, MADELEINE C.
RICERRA, MILET S.
RICO, ZENAIDA R.
RILLORTA, MA. SADDY MILA ENA B.
RIVERA, CECILIA C.
RIVERA, CRISTONICK V.
RIVERA, RADAMIS C.
RODRIGO, RAMIL B.
RODRIGUEZ, PRECIOUS JOY C.
RODULFO, DOMINADOR JR. V.
ROLLAN, EVANGELINE L.
ROLLE, VERONICA O.
ROMERO, DORIS P.
RONQUILLO, CLAIRE B.
RONQUILLO, WILFREDO JR. E.
ROQUE, ANNA LIESE L.
RUBRICO, MINVILUZ O.

S
SABINO, MA. DIVINA E.
SAGARIO, OLIVIA V.
SALA, JOYCE A.
SALAMANCA, GRACE G.
SALAMIDA, ROMA D.
SALAZAR, JESUS JR. G.
SALCEDA, ARNEL V.
SALCOR, MA. THERESA B.
SALGADO, IMELDA R.
SALIGAN, JOCELYN G.
SALINAS, EMMA F.
SALVO, MA. RULINA U.
SAMBOLAWAN, JOSEFINA J.
SAMONTE, LEONOR S.
SAMSON, IMELDA D.
SAMSON, MAIDA G.
SAN JOSE, CATHERINE C.
SAN JOSE, MARIA BELINDA C.
SAN PEDRO, JOSEFINA S.
SANCHEZ, MA. BERNADETTE R.
SANTOS, JULITA A.
SAPE, REYMOND T.
SAQUING, AARON BRYLLE Y.
SAURA, EDMUNDO L.
SAURA, ELISA T.
SEGOVIA, JUN CARLO C.
SENA, BENJAMIN JR. D.
SEÑA, HERMIENIGILDO JR. H.
SERNADILLA, MYLENE A.
SERRANO, MICHELLE N.
SESE, JOSEPH EMIL G.

SEVILLA-SAMSON, NANCY L.
SIAT, GLENN FLORENTINO V.
SIBULANGCAO, ANAROSE B.
SICIO, IRMINA D.
SIGUA, MELIZA M.
SIMON, ARIEL C.
SIMPLICIO, DELHI C.
SINCO, LERMA E.
SIPIN, KRISTIANNE LARIDOR M.
SISON, MARIO JR. A.
SOLDEVILLA, ROSALIE L.
SOLTURA, NENITA A.
SORIANO, LANI B.
SUGUE, MELINDA E.
SUGUITAN, CHRISTOPHER G.
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, RECARDED LEIGHTON A.
TAN, ABELLA M.
TAN, MANUEL C.
TAN, RICKY M.
TAN, VICTOR M.
TAN, VICTORIA D.
TANIECA, CORAZON G.
TAPAO, MILAJAY J.
TATU, JOSEFINA MAY G.
TOLEDO, JERRY D.
TOLENTINO, IONIE L.
TONGKO, BERNARDINO A.
TORRES, CHONA H.
TORRES, DAISY F.
TORRES, ERNESTO JR. R.
TORRES, MARCELO M.
TROGANI, MARTINA C.
TUMANG, EDITHA D.
TUMBOKON, NATHANAEL A.
TUNGOL, VIOLETA D.
TURGO, AURORA P.
TY, PAMELA ANGELI S.

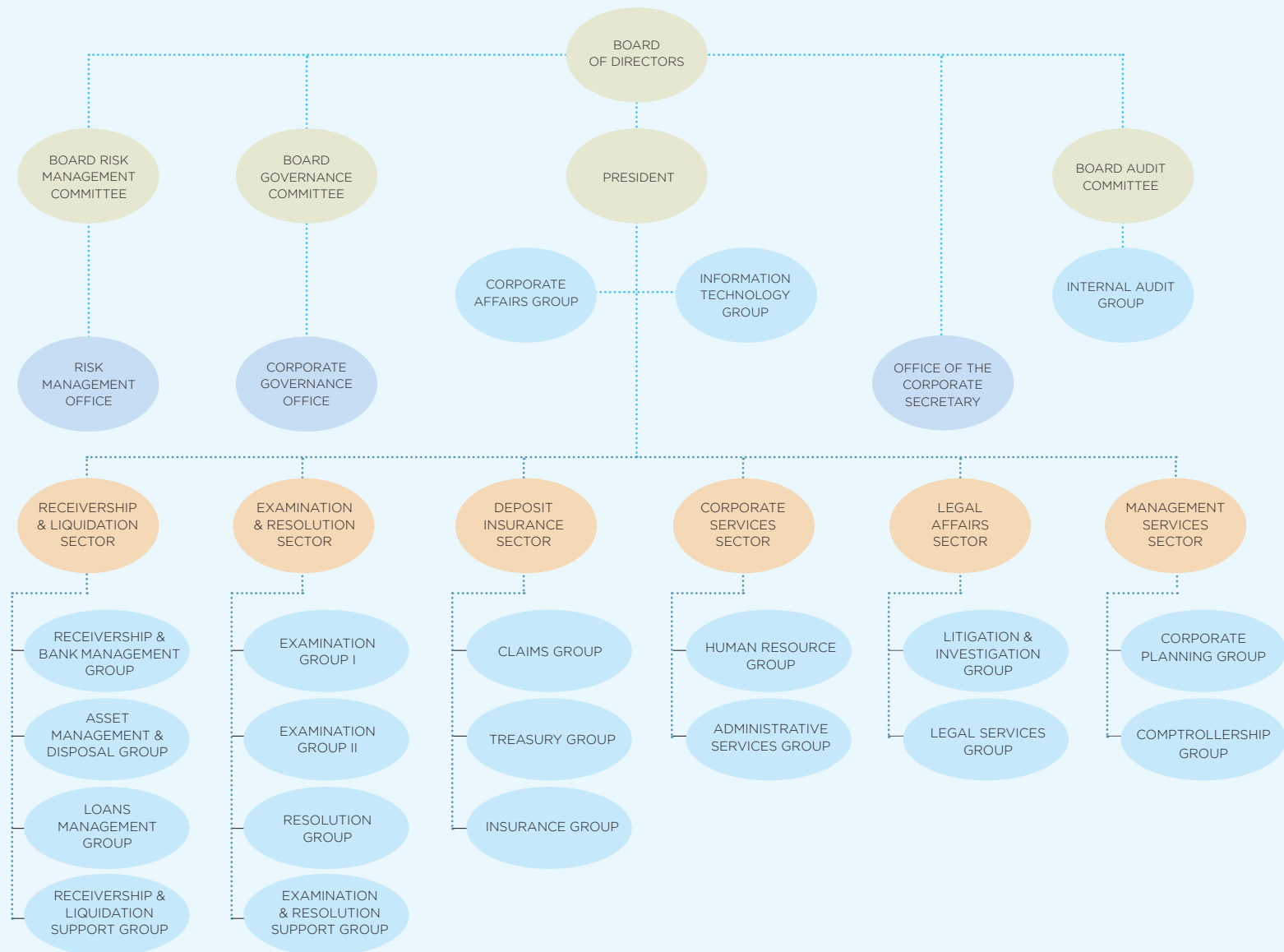
U
UBIAS, JACKSON L.
UNLAYAO, JANNEL G.

V
VALCOS, TEDDY F.
VALDEZCO, MICHAEL R.
VALENCIA, REYNALISA L.

VALLADA, MARIA JOSELYN S.
VALLADO, SUSAN VICTORIA P.
VARGAS, RICKY R.
VELASCO, CARLOTA M.
VELASCO, JANET L.
VELEZ, RENATO P.
VELILLA, JOSEFINA J.
VENTAJAR, KAREN D.
VERGARA, NORMAN Q.
VERGARA, ROMAILA S.
VESTAL, MA. TERESA C.
VICTORIA, GENOVEVA A.
VIDAL, LYRA ANGELA M.
VILLALUNA, NIÑO RAY L.
VILLANUEVA, MA. THERESA S.
VILLANUEVA, MARGARITA V.
VILLANUEVA, MARIA PATRICIA T.
VILLAPAÑA, JANY T.
VILLARAMA, MARIA MELANIE S.
VILLAREAL, JOVAL L.
VILLARET, JOSE JR. G.
VILLEGAS, MA. ANA CARMELA L.
VILLEN, MADELINE T.
VIRAY, ANA ROSA E.
VIZCARRA, VAN DENVER R.

Y
YBAÑEZ, ANTONIO ERROL JR. B.
Z
ZAFRANCO, FERNAN REAGAN P.

ORGANIZATIONAL CHART (AS OF DECEMBER 31, 2016)



MEMBER-BANKS (AS OF DECEMBER 31, 2016)

COMMERCIAL BANKS

Al-Amanah Islamic Inv. Bank of the Phils.
 Asia United Bank Corporation
 Australia & New Zealand Banking Grp. Ltd.
 Bangkok Bank Public Company Ltd.
 Bank of America, N.A.
 Bank of China, Ltd. – Manila Branch
 Bank of Commerce
 Bank of the Philippine Islands
 BDO Private Bank, Inc.
 BDO Unibank, Inc.
 Cathay United Bank., Ltd. – Manila Branch
 China Banking Corporation
 Citibank, N.A.
 CTBC Bank (Philippines) Corp.
 Deutsche Bank AG, Manila Branch
 Development Bank of the Philippines
 East West Banking Corporation
 First Commercial Bank, Ltd., Manila Branch
 Industrial Bank of Korea Manila Branch
 ING Bank, N.V.
 JPMorgan Chase Bank, N.A.
 KEB Hana Bank – Manila Branch
 Land Bank of the Philippines
 Maybank Phils., Inc.
 Mega Int'l. Commercial Bank Co., Ltd.
 Metropolitan Bank & Trust Company
 Mizuho Bank, Ltd. Manila Branch
 Philippine Bank of Communications
 Philippine National Bank
 Philippine Trust Company
 Philippine Veterans Bank
 Rizal Commercial Banking Corporation
 Robinsons Bank Corporation
 Security Bank Corporation
 Shinhan Bank – Manila Branch
 Standard Chartered Bank
 Sumitomo Mitsui Banking Corp Manila Br.
 The Bank of Tokyo-Mitsubishi UFJ, Ltd.
 The Hongkong and Shanghai Banking Corporation Limited
 Union Bank of the Philippines
 United Coconut Planters Bank
 United Overseas Bank Limited, Manila Branch

THRIFT BANKS

1st Valley Bank, Inc. A Development Bank
 Bangko Kabayan, Inc. (A Private Development Bank)
 Bank of Makati (A Savings Bank), Inc.
 Bank One Savings & Trust Corporation
 Bataan Development Bank
 Bataan Savings & Loan Bank
 BPI Direct BankO, Inc., A Savings Bank
 BPI Family Savings Bank
 BUSINESS AND CONSUMERS BANK “A DevBank”
 CARD SME Bank, Inc., A Thrift Bank
 Century Savings Bank Corporation
 China Bank Savings, Inc.
 City Savings Bank
 Citystate Savings Bank, Inc.
 Cordillera Savings Bank, Inc.
 Dumaguete City Development Bank, Inc.
 Dunganon Bank (A Microfinance TB), Inc.
 Enterprise Bank, Inc. (A Thrift Bank)
 Equicom Savings Bank, Inc.
 Farmers Savings & Loan Bank, Inc.
 First Consolidated Bank, Inc.
 (A Private Development Bank)
 Hiyas Banking Corp. (A Thrift Bank)
 HSBC Savings Bank (Philippines), Inc.
 Inter Asia Development Bank
 ISLA BANK (A Thrift Bank), Inc.
 Legazpi Savings Bank, Inc.
 Lemery Savings & Loan Bank, Inc.
 Life Savings Bank, Inc.
 Luzon Development Bank
 Malasiqui Progressive Savings and Loan Bank, Inc.
 Malayan Bank Savings & Mortgage Bank
 Maritime Savings Bank Corporation
 Merchants Savings & Loan Association
 Metro Cebu Public Savings Bank
 Microfinance Maximum Savings Bank, Inc.
 Northpoint Development Bank, Inc.
 Optimum Development Bank, Inc.
 Pacific Ace Savings Bank, Inc.
 Pampanga Development Bank
 PENBANK, Inc. (A Private Devt. Bank)
 Phil Star Development Bank, Inc.

Philippine Business Bank, Inc. A Savings Bank
 Philippine Postal Savings Bank, Inc.
 Philippine Resources Savings Banking Corporation
 (PR Savings Bank)
 Philippine Savings Bank
 PNB Savings Bank
 Producers Savings Bank Corporation
 Queen City Development Bank
 Quezon Coconut Bank, Inc. (A Thrift Bank)
 RCBC Savings Bank
 Security Bank Savings Corporation
 Sterling Bank of Asia, Inc. (A Savings Bank)
 Sun Savings Bank, Inc.
 The Palawan Bank
 UCPB Savings Bank
 University Savings Bank, Inc.
 Village Bank, Inc. (A Thrift Bank)
 Wealth Development Bank Corporation
 World Partners Bank (A Thrift Bank), Inc.
 Yuanta Savings Bank Philippines, Inc.

RURAL BANKS

1st Macro Bank, Inc. (A Rural Bank)
 5 Speed Rural Bank, Inc.
 Advantage Bank Corp. (A Microfinance-Oriented Rural Bank)
 Agribusiness Rural Bank, Inc.
 Agricom Rural Bank, Inc.
 Agricultural Bank of the Philippines, Inc.
 Aliaga Farmers Rural Bank, Inc.
 AMA Rural Bank of Mandaluyong, Inc.
 Anilao Bank (Rural Bank of Anilao (Iloilo), Inc.
 ARDCIBank, Inc. – A Rural Bank
 Asenso Rural Bank of Bautista, Inc.
 Aspac Rural Bank, Inc.
 Aurora Bank (A Microfinance-Oriented Rural Bank), Inc.
 Baclaran Rural Bank, Inc.
 Bagong Bangko Rural ng Malabang (Lanao del Sur), Inc.
 Balanga Rural Bank, Inc.
 Baliuag Rural Bank, Inc.
 Banco Alabang, Inc. (A Rural Bank)
 Banco Bakun, Inc. (A Rural Bank)
 Banco Cooperativa de Zamboanga

MEMBER-BANKS (AS OF DECEMBER 31, 2016)

Banco de Arevalo, Inc. (A Rural Bank)
 BANCO DE CALAMBA, INC. (A RURAL BANK)
 Banco de Mindoro, Inc. (A Rural Bank)
 BANCO DIPOLOG, INC. A Rural Bank
 Banco Lagawe (Lagawe Highlands Rural Bank)
 Banco Laguna, Inc. (A Rural Bank Since 1965)
 Banco Maximo, Inc. (A Rural Bank)
 Banco Rural de General Tinio (BRGT) Inc.
 Banco Rural de Isla Cordova (Cebu), Inc.
 Banco San Vicente, Inc. (A Rural Bank)
 Banco Santiago de Libon, Inc. (A Rural Bank)
 Banco Sual (A Rural Bank), Inc.
 Bangko Buena Conso., Inc. (A Rural Bank)
 BANGKO CARRASCAL, INC. (A RURAL BANK)
 Bangko Mabuhay (A Rural Bank), Inc.
 Bangko Magsaysay (Isabela), Inc. A Rural Bank
 Bangko Noveleta, Inc., A Rural Bank
 Bangko Nuestra Señora Del Pilar, Inc.
 (A Rural Bank)
 Bangko Pangasinan - A Rural Bank, Inc.
 Bangko Pasig (Rural Bank)
 Bangko Rural ng Magarao (Cam. Sur), Inc.
 Bangko Rural ng Pasacao (Cam. Sur), Inc.
 Bangko Rural ng San Teodoro, Inc.
 Bank of Hope, Inc. (A Rural Bank)
 Bank of Ormoc, Inc. (A Rural Bank)
 Banko Zambaleño, Inc. (BZI) (A Rural Bank)
 BANKWAYS, INC. (A RURAL BANK)
 Bannawag Bank, Inc. (A Rural Bank)
 Bataan Cooperative Bank
 Batangas Rural Bank for Cooperatives, Inc.
 BAYBANK, Inc. (A Rural Bank)
 Benguet Center Bank, Inc. (A Rural Bank)
 BHF Rural Bank, Inc.
 Biñan Rural Bank, Inc.
 Binangonan Rural Bank, Inc.
 BINHI Rural Bank, Inc. (formerly Rural Bank of
 Balingasag (Misamis Oriental), Inc.)
 BOF, Inc. (A Rural Bank)
 Bolbok Rural Bank, Inc.
 Bridgeway Rural Banking Corporation
 Bukidnon Bank (A Rural Bank), Inc.

Bukidnon Cooperative Bank
 Butuan City Rural Bank, Inc.
 Cabanatuan City Rural Bank, Inc.
 Cagsawa Rural Bank, Inc.
 Camalig Bank, Inc. (A Rural Bank)
 Camiling Rural Bank, Inc.
 Cantilan Bank, Inc. (A Rural Bank)
 CARD Bank, Inc. - A Microfinance-Oriented Rural Bank
 Caritas Banco ng Masa, Inc. (A Microfinance-Oriented
 Rural Bank)
 Cavite United Rural Bank Corporation
 Cebuana Lhuillier Rural Bank, Inc.
 Century Rural Bank, Inc.
 Citizen's Rural Bank (Cabiao), Inc.
 Classic Rural Bank, Inc.
 Common Wealth Rural Bank, Inc.
 Community Rural Bank of Catmon (Cebu), Inc.
 Community Rural Bank of Dapitan City Incorporated
 Community Rural Bank of Medellin Cebu, Inc.
 Community Rural Bank of Romblon (Romblon), Inc.
 Community Rural Bank of San Felipe (Zambales), Inc.
 Community Rural Bank of San Gabriel (La Union), Inc.
 Consolidated Cooperative Bank (CCB)
 Cooperative Bank of Agusan Norte-Butuan City
 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 Ilocos Norte
 Cooperative Bank of La Union
 Cooperative Bank of Misamis Oriental
 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 Cooperative Rural Bank of Batangas

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.
 East Coast Rural Bank of Hagonoy, Inc.
 East West Rural Bank, Inc.
 Emerald Rural Bank, Inc.
 Empire Rural Bank, Inc.
 Enterprise Capital Bank, Inc. (Taguig Rural Bank)
 Entrepreneur Rural Bank, Inc.
 Far Eastern Bank (A Rural Bank), Inc.
 FARMBANK, Inc. (A Rural Bank)
 Filidian Rural Bank of Antipolo, Inc.
 First Agro-Industrial Rural Bank, Inc. (FairBank)
 First Community Bank, Inc. (Rural Bank)
 First Integrity Bank, Inc. (Rural Bank of Bailen)
 First Isabela Cooperative Bank (FICOBANK)
 First Midland Rural Bank, Inc.
 First Mindoro Microfinance Rural Bank, Inc.
 First Naga Rural Bank, Inc.
 First State Rural Bank, Inc.
 First Tagum Rural Bank, Inc.
 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, Inc.
 Guagua Rural Bank, Inc.
 Guagua Savers Bank, A Rural Bank, Inc.
 Highland Rural Bank, Inc.
 Ilocos Sur Cooperative Bank
 Imus Rural Bank, Inc.
 Innovative Bank, Inc. (A Rural Bank)
 Insular Savers Bank, Inc (A Rural Bank)
 Janiuay Rural Bank, Inc.
 Kaluyagan Rural Bank, Inc.
 Katipunan Bank, Inc. "A Rural Bank"

Key Rural Bank, Inc.
 Laguna Prestige Banking Corporation, (A Rural Bank)
 Liberty Bank (A Rural Bank) Inc.
 LifeBank – A Rural Bank
 Limcoma Rural Bank, Inc.
 Lipa Bank, Inc. (A Rural Bank)
 LUDB Bank, Inc. (A Rural Bank)
 Mactan Rural Bank (Lapu-lapu City), Inc.
 Maharlika Rural Bank, Inc.
 Malarayat Rural Bank, Inc.
 Malaybalay Rural Bank, Inc.
 Mallig Plains Rural Bank (Isabela), Inc.
 MANOR BANK – A Rural Bank Corp.
 Marayo Bank, Inc. (A Rural Bank)
 Masagana Rural Bank, (Gen. Natividad, N.E.), Inc.
 Masantol Rural Bank, Inc.
 Masuwerte Rural Bank of Bacoar (Cavite), Inc.
 Mega Rural Bank (Lucena City), Inc.
 Metro South Cooperative Bank
 Meycauayan Second Rural Bank, Inc.
 Misamis Bank, Inc. A Rural Bank
 Money Mall Rural Bank, Inc.
 Mount Carmel Rural Bank, Inc.
 Mount Makiling Rural Bank, Inc.
 Municipal Rural Bank of Libmanan (Camarines Sur), Inc.
 Municipal Rural Bank of Nabua (Camarines Sur), Inc.
 MVSM Bank (A Rural Bank since 1953), Inc
 Naawan Community Rural Bank (Misamis Oriental), Inc.
 National Teachers and Employees Cooperative Bank
 (NTECB)
 Negros Cooperative Bank
 Network Consolidated Cooperative Bank
 New Covenant Bank, Inc. (A Rural Bank)
 New Rural Bank of Agoncillo, Inc.
 New Rural Bank of San Leonardo (N. Ecija), Inc.
 North Pacific Banking Corporation (A Rural Bank of
 Sta. Maria, Isabela)
 Occidental Mindoro Cooperative Bank
 Occidental Mindoro Rural Bank, Inc.
 One Network Bank, Inc. (A Rural Bank)
 Opportunity Kauswagan Bank, Inc.
 (A Microfinance Rural Bank)

Oriental Tamaraw Rural Bank of Naujan (Or. Mdo.), Inc.
 Ormon Bank (Rural Bank of Mulanay [Quezon], Inc.
 Own Bank, The Rural Bank of Cavite City, Inc.
 PALM TREE BANK, INC. (A Rural Bank)
 Pangasinan Bank (A Rural Bank), Inc.
 Panguil Bay Rural Bank of Ozamiz, Inc.
 Partner Rural Bank (Cotabato), Inc.
 Peoples Bank of Caraga, Inc. “A Rural Bank”
 Peoples Rural Bank (General Santos City), Inc.
 Philippine SME Bank, Inc., A Rural Bank
 PlanBank “Rural Bank of Canlubang Planters, Inc.”
 Progressive Bank, Inc. (Under name Progresssive
 a Rural Bank)
 Progressive Rural Bank, Inc.
 Providence Rural Bank, Inc.
 Provident Rural Bank of Sta. Cruz (Laguna) Inc.
 Quezon Capital Rural Bank, Inc.
 RACSO’S Bank, Inc. (A Rural Bank)
 Rang-ay Bank (A Rural Bank), Inc.
 RBG Imperial Bank, Inc. (A Rural Bank)
 RBT Bank, Inc., A Rural Bank
 Rizal Bank, Inc., A Microfinance-Oriented Rural Bank
 RNG Coastal Bank, Inc. (A Rural Bank)
 Rodriguez Rural Bank, Inc.
 Rural Bank of Abucay (Bataan), Inc.
 Rural Bank of Agoo, Inc.
 Rural Bank of Alabel (Sarangani), Inc.
 Rural Bank of Alaminos, 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 Or.), Inc.
 Rural Bank of Bagabag (N.V.), Inc.
 Rural Bank of Bagac, Bataan, Inc.
 Rural Bank of Baguio, Inc.
 Rural Bank of Balungao (Pangasinan), Inc.
 Rural Bank of Bambang (Nueva Vizcaya), Inc.
 Rural Bank of Banga (Aklan), Inc.
 Rural Bank of Bansud (Oriental Mindoro), Inc.
 Rural Bank of Barili (Cebu), Inc.
 Rural Bank of Barotac Nuevo, Inc.
 Rural Bank of Barotac Viejo (Iloilo), Inc.
 Rural Bank of Basey (Samar), Inc.
 Rural Bank of Batac, Inc.
 Rural Bank of Bato (Leyte), Inc.
 Rural Bank of Bauang, Inc.
 Rural Bank of Bay, Inc.
 Rural Bank of Bayambang (Pangasinan), Inc.
 Rural Bank of Bayombong, Inc.
 Rural Bank of Bogo (Cebu), Inc.
 Rural Bank of Bolinao (Pang.), Inc.
 Rural Bank of Bonifacio (Misamis Occidental), Inc.
 Rural Bank of Bontoc (Mountain Province), Inc.
 Rural Bank of Brooke’s Point (Palawan), Inc.
 Rural Bank of Bucay (Abra), Inc.
 Rural Bank of Bugasong (Antique), Inc.
 Rural Bank of Bustos, Inc.
 Rural Bank of Cabangan (Zambales), Inc.
 Rural Bank of Cabatuan (Iloilo), Inc.
 Rural Bank of Cabugao (Ilocos Sur), Inc.
 Rural Bank of Cadiz, Inc.
 Rural Bank of Calaca, 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.

MEMBER-BANKS (AS OF DECEMBER 31, 2016)

Rural Bank of Cavinti (Laguna), Inc.
 Rural Bank of Central Pangasinan, Inc.
 Rural Bank of Compostela (Davao del Norte)
 Rural Bank of Cuartero (Capiz), Inc.
 Rural Bank of Cuenca, Inc.
 Rural Bank of Cuyo (Palawan), Inc.
 Rural Bank of Datu Paglas, Inc.
 Rural Bank of Digos, Inc.
 Rural Bank of Dolores (Quezon), Inc.
 Rural Bank of Doña Remedios Trinidad (Bulacan), Inc.
 Rural Bank of Donsol (Sorsogon), Inc.
 Rural Bank of Dulag (Leyte), Inc.
 Rural Bank of Dumangas, Inc.
 Rural Bank of Dupax (Nueva Vizcaya), Inc.
 Rural Bank of El Salvador (Misamis Oriental), Inc.
 Rural Bank of Escalante (Neg. Occ.), Inc.
 Rural Bank of Galimuyod (Ilocos Sur), Inc.
 Rural Bank of Gandara (Samar), Inc.
 Rural Bank of Gattaran, Inc.
 Rural Bank of Gen. Trias, Inc.
 Rural Bank of General Luna (Quezon), Inc.
 Rural Bank of Gingoog, Inc.
 Rural Bank of Gitagum (Misamis Oriental), Inc.
 Rural Bank of Gloria (Or. Min.), Inc.
 Rural Bank of Goa, Inc.
 Rural Bank of Guihulngan (Negros Oriental), Inc.
 Rural Bank of Guinobatan, Inc.
 Rural Bank of Guiuan (Eastern Samar), Inc.
 Rural Bank of Hermosa (Bataan), Inc.
 Rural Bank of Hilongos (Leyte), Inc.
 Rural Bank of Hindang (Leyte), Inc.
 Rural Bank of Hinundayan (Southern Leyte), Inc.
 Rural Bank of Ibajay, Inc.
 Rural Bank of Iligan City, Inc.
 Rural Bank of Ilog (Negros Occidental), Inc.
 Rural Bank of Iloilo City, Inc.
 Rural Bank of Infanta (Quezon), Inc.
 Rural Bank of Initao (Misamis Oriental), Inc.
 Rural Bank of Irosin (Sorsogon), Inc.
 Rural Bank of Itogon (Benguet), Inc.
 Rural Bank of Jaen, Inc.
 Rural Bank of Jamindan (Capiz), Inc.

Rural Bank of Jimenez (Mis. Occ.), Inc.
 Rural Bank of Jose Panganiban (Camarines Norte), Inc.
 Rural Bank of Kabasalan (Zamboanga del Sur), Inc.
 Rural Bank of Kapalong (Davao), Inc.
 Rural Bank of Karomatan, Inc.
 Rural Bank of Kiamba (Sarangani), Inc.
 Rural Bank of Kibawe (Bukidnon), Inc.
 Rural Bank of La Paz, Inc.
 Rural Bank of Labason (Zamboanga del Norte), Inc.
 Rural Bank of Lanuza (Surigao del Sur), Inc.
 Rural Bank of Larena (Siquijor), Inc.
 Rural Bank of Lebak (Sultan Kudarat), Inc.
 Rural Bank of Leganes (Iloilo), Inc.
 Rural Bank of Lemery, Inc.
 Rural Bank of Liloy (Zamboanga Del Norte), Inc.
 Rural Bank of Limay (Bataan), Inc.
 Rural Bank of Lipa City, Inc.
 Rural Bank of Loboc, Inc.
 Rural Bank of Loon (Bohol), Inc.
 Rural Bank of Lopez Jaena (Misamis Occidental), Inc.
 Rural Bank of Loreto (Surigao del Norte), Inc.
 Rural Bank of Lucban (Quezon), Inc.
 Rural Bank of Luisiana, Inc.
 Rural Bank of Lumban (Laguna), Inc.
 Rural Bank of Luna (Kalinga-Apayao), Inc.
 Rural Bank of Lupao, Inc.
 Rural Bank of Maasin (Southern Leyte), Inc.
 Rural Bank of Mabalacat, Inc.
 Rural Bank of Mabitac (Laguna), Inc.
 Rural Bank of Maddela (Quirino), Inc.
 Rural Bank of Madridejos (Cebu), Inc.
 Rural Bank of Magdalena (Laguna), Inc.
 Rural Bank of Mahaplag (Leyte), Inc.
 Rural Bank of Maigo (Lanao del Norte), Inc.
 Rural Bank of Makato (Aklan), Inc.
 Rural Bank of Malitbog (Southern Leyte), Inc.
 Rural Bank of Malolos, Inc.
 Rural Bank of Mambusao, Inc.
 Rural Bank of Manapla, Inc.
 Rural Bank of Mandawe, Inc.
 Rural Bank of Mangaldan, Inc.
 Rural Bank of Manolo Fortich (Bukidnon), Inc.

Rural Bank of Manukan (Zamboanga del Norte), Inc.
 Rural Bank of Maragondon, Inc.
 Rural Bank of Maria Aurora (Aurora), Inc.
 Rural Bank of Marilag (Sta. Maria, Laguna), Inc.
 Rural Bank of Matag-ob (Leyte), Inc.
 Rural Bank of Mati, Inc.
 Rural Bank of Mauban, Inc.
 Rural Bank of Medina (Misamis Oriental), Inc.
 Rural Bank of Mexico, Inc.
 Rural Bank of Miagao (Iloilo), Inc.
 Rural Bank of Midsayap, Inc.
 Rural Bank of Montalban, Inc.
 Rural Bank of Nabunturan (Compostela Valley), Inc.
 Rural Bank of Nagcarlan, Inc.
 Rural Bank of Naic, Inc.
 Rural Bank of New Washington (Aklan), Inc.
 Rural Bank of Norala (S. Cotabato), Inc.
 Rural Bank of Oslob (Cebu), Inc.
 Rural Bank of Oton (Iloilo), Inc.
 Rural Bank of Padre Garcia, Inc.
 Rural Bank of Paete, Inc.
 Rural Bank of Pagadian, Inc.
 Rural Bank of Pagbilao, Inc.
 Rural Bank of Pamplona (Camarines Sur), Inc.
 Rural Bank of Pamplona (Negros Oriental), Inc.
 Rural Bank of Pana-on (Misamis Occidental), Inc.
 Rural Bank of Pandi (Bulacan), Inc.
 Rural Bank of Pangil (Laguna), Inc.
 Rural Bank of Paracale (Camarines Norte), Inc.
 Rural Bank of Pavia (Iloilo), Inc.
 Rural Bank of Pilar (Bataan), Inc.
 Rural Bank of Pilar (Sorsogon), Inc.
 Rural Bank of Pinamalayan, Inc.
 Rural Bank of Placer, Inc.
 Rural Bank of Plaridel, Inc.
 Rural Bank of Pola (Oriental Mindoro), Inc.
 Rural Bank of Polomolok (South Cotabato), Inc.
 Rural Bank of Porac (Pampanga), Inc.
 Rural Bank of Pototan, Inc.
 Rural Bank of Pozorrubio, Inc.
 Rural Bank of President Quirino (Sultan Kudarat), Inc.
 Rural Bank of Puerto Galera (Oriental Mindoro), Inc.

Rural Bank of Pura (Tarlac), Inc.
 Rural Bank of Quezon (N.E.), Inc.
 Rural Bank of Ragay (Camarines Sur), Inc.
 Rural Bank of Ramon (Isabela), Inc.
 Rural Bank of Rizal (Kal. Apayao), Inc.
 Rural Bank of Rizal (Laguna), Inc.
 Rural Bank of Rizal (Zamboanga del Norte), Inc.
 Rural Bank of Ronda, Inc.
 Rural Bank of Rosario (La Union), Inc.
 Rural Bank of Roxas (Or. Min.), Inc.
 Rural Bank of Sagada (Mt. Prov.), Inc.
 Rural Bank of Sagay, Inc.
 Rural Bank of Salcedo (Ilocos Sur), Inc.
 Rural Bank of Salug (Zamboanga del Norte), Inc.
 Rural Bank of Sampaloc (Quezon), Inc.
 Rural Bank of San Agustin (Isabela), Inc.
 Rural Bank of San Antonio, Inc.
 Rural Bank of San Fernando (Camarines Sur), Inc.
 Rural Bank of San Jacinto (Masbate), Inc.
 Rural Bank of San Jose (Camarines Sur), Inc.
 Rural Bank of San Juan (So. Leyte), Inc.
 Rural Bank of San Lorenzo Ruiz (Siniloan), Inc.
 Rural Bank of San Luis (Batangas), Inc.
 Rural Bank of San Luis (Pampanga), Inc.
 Rural Bank of San Manuel (Isabela), Inc.
 Rural Bank of San Marcelino, Inc.
 Rural Bank of San Mateo (Isabela), Inc.
 Rural Bank of San Miguel (Iloilo), Inc.
 Rural Bank of San Narciso, Inc.
 Rural Bank of San Nicolas (Pangasinan), Inc.
 Rural Bank of San Pascual (Obando, Bulacan), Inc.
 Rural Bank of San Quintin, Inc.
 Rural Bank of San Rafael (Bulacan), Inc.
 Rural Bank of Sanchez Mira (Cagayan), Inc.
 Rural Bank of Santa Fe (Romblon), Inc.
 Rural Bank of Santa Maria (Ilocos Sur), Inc.
 Rural Bank of Sasmuan (Pampanga), Inc.
 Rural Bank of Seven Lakes (San Pablo City), Inc.
 Rural Bank of Sibalom, Inc.
 Rural Bank of Sibulan (Negros Oriental), Inc.
 Rural Bank of Silay City, Inc.
 Rural Bank of Siocon (Zamboanga del Norte), Inc.

Rural Bank of Sipocot (Camarines Sur), Inc.
 Rural Bank of Socorro (Oriental Mindoro), Inc.
 Rural Bank of Solano (Nueva Vizcaya), Inc.
 Rural Bank of Sta. Barbara (Iloilo), Inc.
 Rural Bank of Sta. Catalina, Negros Oriental, Inc.
 Rural Bank of Sta. Elena (Camarines Norte), Inc.
 Rural Bank of Sta. Ignacia, Inc.
 Rural Bank of Sta. Rosa (Laguna), Inc.
 Rural Bank of Sta. Rosa de Lima (Paniqui, Tarlac), Inc.
 Rural Bank of Sto. Domingo (N. E.), Inc.
 Rural Bank of Sudipen (La Union), Inc.
 Rural Bank of Taal, Inc.
 Rural Bank of Tabuk (K-A), Inc.
 Rural Bank of Talisay (Batangas), Inc.
 Rural Bank of Talisay (Cebu), Inc.
 Rural Bank of Talugtug (N. E.), Inc.
 Rural Bank of Tandag (Surigao del Sur), Inc.
 Rural Bank of Tangub City, Inc.
 Rural Bank of Tanjay, Inc.
 Rural Bank of Tibiao (Antique), Inc.
 Rural Bank of Tigaon Camarines Sur, Inc.
 Rural Bank of Tigbauan (Iloilo), Inc.
 Rural Bank of Tumauini, 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.
 San Francisco del Monte Rural Bank, Inc.
 Saviour Rural Bank, Inc.
 Second Rural Bank of San Luis Pampanga, Inc.
 Second Rural Bank of Valenzuela (Metro Manila), Inc.
 Secured Bank, Inc. (A Rural Bank)
 SG BANK - A RURAL BANK, INC.
 Silahis Bank, Inc. (A Rural Bank)
 Smart Bank (Rural Bank), Inc.
 South Bank (A Rural Bank), Inc.
 Southeast Country Bank, Inc. (A Rural Bank)
 St. Michael Rural Bank of Tarlac (Tarlac), Inc.
 Sta. Maria Rural Bank, Inc.

Sto. Niño Rural Bank (Ternate, Cavite), Inc.
 Sugbuanon Rural Bank, Inc.
 Summit Bank (Rural Bank of Tublay, Inc.)
 Summit Rural Bank of Lipa City, Inc.
 Sunrise Rural Bank (Rosario, Batangas), Inc.
 Talisay Rural Bank, Inc.
 Tamaraw Rural Bank, Inc.
 Tanay Rural Bank, Inc.
 The Country Bank Rural Bank of Bongabong Or.
 Mindoro, Inc.
 Tiaong Rural Bank, Inc.
 Towncall Rural Bank, Inc.
 Turumba Rural Bank of Pakil, Lag. Inc.
 Unilink Bank, Inc. (A Rural Bank)
 United Consumers Rural Bank, Inc.
 United Peoples Rural Bank, Inc.
 Universal Rural Bank of Lopez (Quezon), Inc.
 Upland Rural Bank of Dalaguete (Cebu), Inc.
 Utility Bank-A Rural Bank, Inc.
 Valiant Bank, Inc. (A Rural Bank)
 Vigan Banco Rural Incorporada
 Vizcaya Bank, A Rural Bank, Inc.
 Women's Rural Bank, Inc.
 Zambales Rural Bank, Inc.
 Zamboanga City Rural Bank, Inc.
 Zamboanga del Norte Cooperative Bank

GRI CONTENT INDEX (AS OF DECEMBER 31, 2016)

GENERAL STANDARD DISCLOSURES		
STRATEGY AND ANALYSIS		
G4-1	Chairman's Message	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	Not applicable
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, 8 Member-Banks, 91
G4-9	Scale of the organization	President's Report, 8
G4-10	Scale of the organization	Competent Personnel, 38
G4-11	% of employees under collective bargaining agreements	Competent Personnel, 38
G4-12	The company's supply chain	Enhancing Systems, 56
G4-13	Significant changes in the company	Collaborative Strategies, 44
G4-14	Precautionary approach or principle	Institutional Governance Framework, 20
G4-15	Adherence to external policies or other initiatives	Institutional Governance Framework, 20
G4-16	List of associations related to the company	Delighted Customers, 28 Sharing Values, 60
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Individuals or groups included in consolidated financial statements	2016 Financial Statements (separate publication)
G4-18	Defining report content	President's Report, 8
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	Delighted Customers, 28 Competent Personnel, 38 Collaborative Strategies, 44 Enhancing Systems, 56 Sharing Values, 60
G4-22	Restatements of information from previous reports	Delighted Customers, 28 Financial Performance, 64
G4-23	Changes in Scope and Aspect boundaries	None

STAKEHOLDER ENGAGEMENT		
G4-24	Stakeholder groups whom the company engaged	Delighted Customers, 28 Competent Personnel, 38 Collaborative Strategies, 44 Enhancing Systems, 56 Sharing Values, 60
G4-25	Criteria for stakeholder identification and selection	Delighted Customers, 28 Competent Personnel, 38 Collaborative Strategies, 44 Enhancing Systems, 56 Sharing Values, 60
G4-26	Methods of stakeholder engagement	Delighted Customers, 28 Competent Personnel, 38 Collaborative Strategies, 44 Enhancing Systems, 56 Sharing Values, 60
G4-27	Concerns from stakeholder engagement	Delighted Customers, 28 Competent Personnel, 38 Collaborative Strategies, 44 Enhancing Systems, 56 Sharing Values, 60

REPORT PROFILE		
CODE	DESCRIPTION	REMARKS
G4-28	Year for information provided	January to December 2016
G4-29	If applicable: year of most recent previous report	2015 Annual Report – Stretching the Wings of Service
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, 96
G4-33	External assurance	2016 Financial Statements (separate publication)
GOVERNANCE		
G4-34	The company's governance structure	Institutional Governance Framework, 20 Board of Directors, 72
ETHICS AND INTEGRITY		
G4-56	The company's values, principles, standards, and norms of behavior	Corporate Profile, 1
CATEGORY: ECONOMIC		
ASPECT: ECONOMIC PERFORMANCE		
G4- EC 1	Direct economic value generated and distributed	Financial Performance, 64
G4- EC 4	Financial assistance received from the government	Financial Performance, 64
ASPECT: INDIRECT ECONOMIC IMPACTS		
G4- EC 8	Significant indirect economic impacts, including the extent of impacts	Corporate Operating Environment, 16
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	Competent Personnel, 38
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	Competent Personnel, 38
CATEGORY: SOCIETY		
ASPECT: ANTI CORRUPTION		
G4- SO4	Communication and training on anti-corruption policies and procedures	Enhancing Systems, 56, Competent Personnel, 38



*Silver Anvil Awardee for Outstanding Annual Report,
Public Relations Society of the Philippines (PRSP), March 2017*

“Eagles soar because they
always focus on their goal.”



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STEERING THE VISION

2016 FINANCIAL STATEMENTS

CONTENTS

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

Photograph of the Philippine Eagle courtesy of Mr. Alain Pascua, Undersecretary for Administration, Department of Education. Other images of the Philippine Eagle by the photographer are available in "Haring Ibon - The Great Philippine Eagle", the first of its kind coffee table book that focuses solely on the Philippines' national bird. Undersecretary Pascua's photographs of Philippine birds may also be viewed at <https://web.facebook.com/thegreatphilippineeagle/> and <https://web.facebook.com/alainpascua.birdsinfocus/>

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, 2016, 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 (COA) has audited the financial statements of the PDIC and in its report will express its opinion on the fairness of presentation upon completion of such examination.



SANDRA A. DIAZ
Senior Vice President
Management Services Sector



CYRUS T. GALANG
Vice President
Comptrollership Group



ROBERTO B. TAN
President

June 9, 2017

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

We have audited the accompanying financial statements of the Philippine Deposit Insurance Corporation which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of comprehensive income, statements of changes in deposit insurance fund, and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Public Sector Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Philippine Deposit Insurance Corporation** as at December 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 14 to the financial statements which disclosed that Loans Payable to the Bangko Sentral ng Pilipinas (BSP) did not include the principal amount of P1.44 billion and interest of P1.63 billion claimed by BSP due to an unresolved issue on the interpretation of Section 1.02 in relation to Section 1.05 of the Loan Agreement dated November 21, 2002 executed between BSP and PDIC. The matter had been elevated by BSP to the Department of Justice (DOJ) for resolution and adjudication in a letter dated April 30, 2014. As at December 31, 2016, the case is still pending with the DOJ. Our opinion is not modified in respect of this matter.

Other Matter

The Corporation's declaration of dividends for CY 2016 was deficient by P1.716 billion because interest on borrowings amounting to P3.432 billion was deducted from the income base of P8.754 billion. It is our view that such deduction was not in accordance with Section 18 of Republic Act (R.A.) No. 3591, as amended by R.A. No. 10846, which provides that the amount of dividends to be declared shall be at least 50 percent of the income from other sources only. However, Management stood firm in its position that the subject deduction of interest on borrowings is in full accord with Section 18 of the PDIC Charter. According to Management, the PDIC, in coordination with the Department of Finance (DOF), is in the process of issuing a Bulletin on the principles and guidelines in the computation of dividends to be declared and remitted to the National Government (NG).

Further, the remittance of dividends to NG covering the period from 2004 to 2015 was deficient by P23.817 billion because reserves for insurance losses totaling P47.634 billion was deducted from net earnings to arrive at the amount of dividends due to NG. Pursuant to Section 2 of R.A. No. 7656, otherwise known as the Dividends Law, any reserve for whatever purpose is not allowed as a deduction from net earnings. On January 3, 2017, Management sent a letter dated December 28, 2016 to DOF proposing the terms of settlement involving the amount

of P6.85 billion as full and complete payment of the subject dividend arrears, while recognizing the State policy that the Deposit Insurance Fund must be preserved and maintained at all times. Management believes that said proposal was in accord with Section 8 of the Revised Implementing Rules and Regulations of RA No. 7656.


Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required by the Bureau of Internal Revenue on taxes, duties and license fees disclosed in Note 24 to the financial statements is presented for purposes of additional analysis and is not a required part of financial statements prepared in accordance with Philippine Financial Reporting Standards.

Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT

By:


ROSALINDA T. SILAGAN
State Auditor IV
OIC-Supervising Auditor

June 16, 2017

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2016 and 2015

	Note		2016		2015 (as restated)
ASSETS					
Cash and cash equivalents	3	P	959,170,853	P	500,135,671
Investment securities at amortized cost	4		190,012,208,308		165,404,437,305
Loans and receivables - net	5		1,234,799,886		8,214,621,942
Financial assets at fair value through other comprehensive income - net	6		37,804,600		37,804,600
Non-current assets held for sale - net	7		136,872,810		220,080,577
Investment properties - net	8		1,018,986,473		1,375,624,310
Property and equipment - net	9		116,083,642		128,364,032
Intangible assets - net	10		41,707,016		39,884,387
Other assets	11		1,425,470,875		1,302,071,472
TOTAL ASSETS		P	194,983,104,463	P	177,223,024,296
LIABILITIES AND DEPOSIT INSURANCE FUND					
Liabilities					
Accounts payable and other liabilities	12	P	3,040,444,364	P	2,693,890,443
Insured deposit claims payable	13		293,725,825		344,214,708
Loans and interest payable	14		61,693,837,413		61,480,466,105
			65,028,007,602		64,518,571,256
Deposit Insurance Fund					
Permanent insurance fund			3,000,000,000		3,000,000,000
Reserves for insurance losses			94,653,703,502		80,064,284,612
Retained earnings			32,301,393,359		29,640,168,428
			129,955,096,861		112,704,453,040
TOTAL LIABILITIES AND DEPOSIT INSURANCE FUND		P	194,983,104,463	P	177,223,024,296

The Notes on pages 8 to 22 are integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Note	2016	2015 (as restated)
INCOME			
Assessments	16	P 18,539,981,765	P 16,810,270,093
Income from investments	17	7,995,178,572	7,019,647,364
Income from financial assistance	18	332,650,114	172,910,602
Other income (loss)	19	426,483,942	637,366,620
		27,294,294,393	24,640,194,679
EXPENSES			
Operating expenses	20	1,373,080,387	1,533,688,351
Provision for insurance losses	21	14,589,418,890	10,329,966,563
Insurance and financial assistance losses	22	2,577,482,488	4,953,944,222
Interest on borrowings	23	3,431,862,766	3,272,802,483
		21,971,844,531	20,090,401,619
COMPREHENSIVE INCOME		5,322,449,862	4,549,793,060
Income tax expense	24	-	-
NET INCOME		5,322,449,862	4,549,793,060
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		P 5,322,449,862	P 4,549,793,060

The Notes on pages 8 to 22 are integral part of these financial statements.

STATEMENTS OF CHANGES IN DEPOSIT INSURANCE FUND

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Note	2016	2015 (as restated)
PERMANENT INSURANCE FUND			
Balance at beginning / end of year	P	3,000,000,000	P 3,000,000,000
RESERVES FOR INSURANCE LOSSES			
Balance at beginning of year		80,064,284,612	69,734,318,049
Additions for the year	21	14,589,418,890	10,329,966,563
Balance at end of year		94,653,703,502	80,064,284,612
RETAINED EARNINGS			
Balance at beginning of year		29,640,168,428	27,368,936,420
Net income		5,322,449,862	4,549,793,060
Dividends to the National Government	25	(2,661,224,931)	(2,278,561,052)
Balance at end of year		32,301,393,359	29,640,168,428
DEPOSIT INSURANCE FUND	P	129,955,096,861	P 112,704,453,040

The Notes on pages 8 to 22 are integral part of these financial statements

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Note	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Assessment collections	P	18,535,773,216	P 16,813,320,838
Receipt of income from investments		9,261,665,875	8,172,742,506
Collections of loans and assets acquired from banks		7,116,731,818	233,944,695
Receipt of income from financial assistance		318,186,310	127,929,020
Collections of accounts receivable-receivership and liquidation		15,581,198	30,070,742
Receipt of dividends, service and miscellaneous income		11,615,874	150,191,763
Collections of subrogated claims receivable		1,804,722	152,002,965
Payments of insured deposits		(1,967,292,152)	(1,291,632,687)
Payments of maintenance and other operating expenses		(1,255,325,811)	(1,314,977,867)
Payments of interest on borrowings		(234,232,446)	(239,063,908)
Payments of various payables		(162,617,217)	(199,242,058)
Payments of cash advances and various receivables		(107,051,560)	(17,040,314)
Advances for receivership and liquidation operations		(13,348,849)	(6,615,870)
Payments of taxes		(63,314)	(67,313)
Net cash provided by operating activities		31,521,427,664	22,611,562,512
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from matured investments		67,348,631,995	98,002,088,727
Increase / Decrease in Legal liability insurance fund managed by LBP Trust		3,625,629	(6,089,999)
Placements in various investments		(93,231,402,397)	(120,214,169,178)
Acquisition of property and equipment		(18,671,926)	(18,193,967)
Net cash used in investing activities		(25,897,816,699)	(22,236,364,417)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of National Government share on insured deposit payments		-	166,279,000
Payments of loans to BSP		(2,885,951,218)	(67,122,793)
Payment of dividends to National Government		(2,278,561,051)	(2,130,957,560)
Net cash used in financing activities		(5,164,512,269)	(2,031,801,353)
Effects of foreign currency revaluations		(63,514)	(17,893)
NET DECREASE IN CASH AND CASH EQUIVALENTS		459,035,182	(1,656,621,151)
CASH AND CASH EQUIVALENTS, BEGINNING		500,135,671	2,156,756,822
CASH AND CASH EQUIVALENTS	3	P 959,170,853	P 500,135,671

The Notes on pages 8 to 22 are integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

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 also mandated by law to act as receiver/liquidator of closed banks and co-regulator of banks, in which it collaborates with the BSP in promoting stability in the banking system and the economy as a whole.

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

As at December 31, 2016, PDIC’s total manpower¹ complement stood at 610 (210 officers and 400 rank and file employees), 603 of whom are of permanent status and seven 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 7, 2017.

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 are accounted for separately to properly account for the assets and liabilities of the Corporation vis-à-vis the closed banks to ensure that liquidation proceeds of closed banks assets are distributed to pay its liabilities in accordance with applicable laws and regulations. Also, the income and expenses attributable to receivership/liquidation are accounted for as transactions of the closed banks, and expenses advanced by the Corporation are billed to the respective closed banks.

The financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through other comprehensive income which are measured at fair value. The financial statements are presented in Philippine Peso, and all values are rounded to the nearest peso unless otherwise stated.

2.2 Use of judgments and estimates

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

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

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

a. Impairment of investments

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

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

¹ Excluding externally-provided services by 336 personnel

The carrying amount of investments as at December 31, 2016 and 2015 are disclosed in Note 4. There was no impairment loss recognized on investments in 2016 and 2015.

b. Impairment of other financial assets

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

Objective evidence of impairment could include:

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

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

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

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

The carrying amount of loans and receivables as at December 31, 2016 and 2015 are disclosed in Note 5.

c. Impairment of non-financial assets

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

The carrying amount of non-current assets held for sale, investment properties and property and equipment as at December 31, 2016 and 2015 are disclosed in Notes 7, 8 and 9, respectively.

d. Estimated useful lives of property and equipment

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

e. Contingencies

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

2.3 Changes in accounting policies and disclosures

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

2.3.1. New and amended standards and interpretations

The amendment to existing PFRS stated hereunder which became effective for accounting period beginning on or after January 1, 2016, does not have a significant impact on the accounting policies, financial condition or performance of the Corporation.

- PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective January 1, 2016).

The amendments to PAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing PAS 1 requirements.

The amendments clarify a) The materiality requirements in PAS 1; b) That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated; c) That entities have flexibility as to the order in which they present the notes to financial statements; and d) That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

These amendments are intended to assist the Corporation in applying judgment when meeting the presentation and disclosure requirements in PFRS, and do not affect the financial statements' recognition and measurement.

2.3.2. Issued PFRS but are not yet effective

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

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

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

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

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

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

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

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

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

2.4 Significant accounting policies

a. Financial Assets

Initial recognition

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

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

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

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

All other financial assets are subsequently measured at fair value.

Classification of financial assets

Amortized cost and effective interest method

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

Income is recognized on an effective interest basis for debt instruments measured subsequently at amortized cost. Interest income is recognized in profit and loss.

Financial assets under this category include Investment Securities at Amortized Cost and Loans Interest Bearing Notes.

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.

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 reclassified to retained earnings.

b. Non-current 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 advances for Receivership and Liquidation Expenses. Acquired assets being held for sale and wherein sale is highly probable within a one year period are classified in this account. These are booked at cost with periodic valuation for impairment.

c. Investment properties

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

d. Property and equipment

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

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

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

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

e. Intangible assets

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

f. Financial liabilities and Equity

Classification as debt or equity

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

f.1 Financial liabilities

Initial recognition

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

Financial liabilities subsequently measured at amortized cost

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

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points 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 financial liability, or (when appropriate), a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

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

f.2 Equity

An equity instrument is any contract that evidences a residual interest in the assets of a Corporation after deducting all of its liabilities. The Corporation classifies the deposit insurance fund as equity since it represents residual interests in the assets of the Corporation after deducting all of its liabilities.

Deposit insurance fund

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

In 2016, the Corporation set the target level of DIF at 5.5% as a percentage of DIF to the estimated insured deposits (EID) of the banking industry (Note 29).

Permanent insurance fund

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

Reserves for insurance losses

PDIC records an estimated loss for banks not yet closed but identified through a monitoring process as likely to fail in the future unless intervention from third party is made, such as the grant of financial assistance as part of a bank's rehabilitation. This probability of closure is the basis in determining the existence of a loss contingency. The insurance reserve is recorded in the books as Reserves for Insurance Losses.

g. Income recognition

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

Assessments

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

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

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

Income from investments

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

Income from financial assistance

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

h. Dollar-denominated assets

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

i. Employee benefits

Provident fund

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

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

Retirement

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

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 existing policy.

j. Operating lease

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

k. Financial assistance to banks

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

l. Provisions and contingencies

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

m. 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.

n. Fair Value Measurement

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

o. Taxes

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

3. CASH AND CASH EQUIVALENTS

This account includes the following:

	2016	2015
Cash on hand and in banks	P 78,365,245	P 115,108,699
Cash equivalents	880,805,608	385,026,972
	P 959,170,853	P 500,135,671

Cash on hand includes checks and other cash items received after the close of banking hours on the last business day of the year while Cash in bank consists of bank accounts for operating funds, pay-out funds, collections, emergency drawing accounts and BSP current account.

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

4. INVESTMENT SECURITIES AT AMORTIZED COST

This account includes the following:

	2016	2015
Corporate investments	P 146,423,418,311	P 130,472,819,904
Sinking funds	43,588,789,997	34,931,617,401
	P 190,012,208,308	P 165,404,437,305

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.

Corporate investments consist of special savings and time deposits, treasury bills, notes and bonds.

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

Interest income from investment securities at amortized cost amounted to P7.928 billion and P6.940 billion in 2016 and 2015, respectively (Note 17).

5. LOANS AND RECEIVABLES

This account includes the following:

	2016	2015
Loans	P 1,164,160,980	P 1,148,637,623
Due from National Government	53,532,690	43,047,954
Receivables - closed banks	4,593,881	7,009,843,881
Interest receivables	278,051	613,479
Other receivables	12,234,284	12,479,005
	P 1,234,799,886	P 8,214,621,942

Loans

This account includes the following:

	2016		2015	
Interest bearing loans	P	1,075,707,649	P	1,029,358,907
Loans - acquired assets		12,679,926,990		12,867,155,883
Allowance for doubtful accounts		(12,597,003,312)		(12,754,613,912)
		82,923,678		112,541,971
Sales contract receivable		38,812,469		40,019,561
Allowance for doubtful accounts		(33,282,816)		(33,282,816)
		5,529,653		6,736,745
Non-interest bearing loans - operating banks		427,771,174		430,141,868
Allowance for doubtful accounts		(427,771,174)		(430,141,868)
		0		0
Net Loans	P	1,164,160,980	P	1,148,637,623

Interest bearing loans represent loans granted to one commercial bank and two rural banks, fully secured by government securities. Interest income from these loans is booked under the Income from Financial Assistance account (Note 18).

Loans - acquired assets 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 (Note 18). No interest income is accrued on these loans owing to their past due status.

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

Non-Interest bearing loans - operating banks represent loans granted to two commercial banks pursuant to Section 22 (e) of R.A. 3591, as amended. As of December 31, 2016, delivery of transfer documents for the remaining balance is ongoing. No interest income is accrued on these loans owing to their past due status.

Reconciliation of allowance for doubtful accounts on various loans and receivables are as follows:

	2016				
	Loans Acquired Assets	Sales Contract Receivables	Non-Interest Bearing Loans	Total	
Balance at beginning of year	P 12,754,613,912	P 33,282,816	P 430,141,868	P	13,218,038,596
Provision during the year/adj.	(157,610,600)	0	(2,370,694)		(159,981,294)
Balance at end of year	P 12,597,003,312	P 33,282,816	P 427,771,174	P	13,058,057,302

	2015				
	Loans Acquired Assets	Sales Contract Receivables	Non-Interest Bearing Loans	Total	
Balance at beginning of year	P 12,192,280,708	P 33,282,816	P 712,598,369	P	12,938,161,893
Provision during the year/adj.	562,333,204	0	(282,456,501)		279,876,703
Balance at end of year	P 12,754,613,912	P 33,282,816	P 430,141,868	P	13,218,038,596

Due from National Government

This represents the balance of the share of the National Government (NG) in insured deposits paid in excess of P250,000 up to P500,000. The Corporation was reimbursed the cumulative amount of P4.843 billion as at December 31, 2016 for the NG share in deposit insurance claims for banks closed from June 1, 2009 to May 31, 2012.

Receivables - closed banks

This account includes the following:

	2016		2015	
Loans receivables - closed banks	P	2,008,608,588	P	9,013,858,588
Allowance for doubtful accounts		(2,004,014,707)		(2,004,014,707)
		4,593,881		7,009,843,881
Subrogated claims receivable		63,075,380,457		61,139,385,537
Subrogated claims receivable - NG Share		(4,868,106,187)		(4,857,621,452)
Allowance for doubtful accounts		(58,207,274,270)		(56,281,764,085)
		0		0
AR - receivership and liquidation		2,384,904,552		2,146,430,639
Allowance for doubtful accounts		(2,384,904,552)		(2,146,430,639)
		0		0
	P	4,593,881	P	7,009,843,881

Loans receivables – closed banks (LRCB) represent financial assistance by way of non-interest bearing loans and liquidity assistance to four banks that subsequently closed. No interest income is accrued on these loans owing to their past due status and uncertainty of collection. Included in this account is one bank that was closed on April 27, 2012 from which P7.00 billion in principal and P210.00 million interest was collected in March of this year.

Subrogated claims receivable (SCR) arises from payment by the Corporation of insured deposits since the Corporation is subrogated to all rights of the depositor against a closed bank to the extent of such payment. Such subrogation shall include 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.

Subrogated claims receivable – National Government (NG) Share account with an accumulated balance of P4.868 billion and P4.858 billion as at December 31, 2016 and 2015, respectively, represent insured deposits paid in excess of the first P250,000 up to P500,000 for each depositor.

Accounts receivable – receivership and liquidation (ARRL) represent expenses advanced by the Corporation in carrying out its mandate as receiver and liquidator of closed banks.

In accordance with the Guidelines on Allowance for Losses and Write-off of Assets, the allowance for losses for SCR and ARRL are set up at 100 per cent owing to the insolvent status of closed banks and the difficulty in collection and/or length of time that the receivables are paid from the liquidation of closed banks' assets.

Reconciliation of the allowance for doubtful accounts *LRCB*, *SCR* and *ARRL* are as follows:

	2016			
	LRCB	SCR	ARRL	Total
Balance at beginning of year	P 2,004,014,707	P 56,281,764,085	P 2,146,430,639	P60,432,209,431
Provision during the year/adj.	0	1,925,510,185	238,473,913	2,163,984,098
Balance at end of year	P2,004,014,707	P58,207,274,270	P2,384,904,552	P62,596,193,529

	2015			
	LRCB	SCR	ARRL	Total
Balance at beginning of year	P 2,004,014,707	P 55,136,216,116	P 1,926,242,650	P 59,066,473,473
Provision during the year/adj.	0	1,145,547,969	220,187,989	1,365,735,958
Balance at end of year	P2,004,014,707	P56,281,764,085	P2,146,430,639	P60,432,209,431

Interest receivables

This represents interest receivables from investments that have accrued amounting to P0.278 million and P0.613 million as at December 31, 2016 and 2015, respectively.

Other receivables

This represents all other receivables including assessment deficiencies from member banks and banks that subsequently closed. This account includes the following:

	2016		2015	
Various clients	P	72,536,581	P	72,228,582
Banks - assessment deficiency/charges		2,094,373		566,719
Total		74,630,954		72,795,301
Allowance for doubtful accounts		(62,396,670)		(60,316,296)
	P	12,234,284	P	12,479,005

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FAFVOCI)

This account includes the following:

	2016		2015	
Preferred shares	P	37,804,600	P	37,804,600
Capital notes		12,000,000,000		12,000,000,000
Allowance for probable losses		(12,000,000,000)		(12,000,000,000)
		0		0
	P	37,804,600	P	37,804,600

Preferred shares represent PDIC's subscription on December 19, 2014 to the preferred shares of stock with par value of P100 per share issued by a rural bank. The subscription to the bank's preferred shares, which are non-voting, cumulative and convertible to common shares, represents the equity component of the financial assistance granted to the bank under the Strengthening Program for Rural Bank Plus.

Capital notes represent PDIC's subscription on March 31, 2009 to the Capital Notes issued by a commercial bank in the amount of P12 billion by way of conversion of the latter's outstanding obligations to PDIC. 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 said bank's rehabilitation on July 17 and 25, 2008 and a subsequent amendment thereto on November 21, 2008.

7. NON-CURRENT ASSETS HELD FOR SALE (NCAHFS)

This account includes the following:

		2016		2015
Assets acquired from banks	P	247,524,496	P	275,534,446
Allowance for probable losses		(110,651,686)		(55,453,869)
	P	136,872,810	P	220,080,577

These represent real and other properties acquired from financially assisted banks and assets received from closed banks in payment for subrogated deposits and advances for receivership and liquidation expenses. They are being held for sale and disposal is expected in the next 12 months.

Reconciliation of the allowance for probable losses on NCAHFS is as follows:

		2016		2015
Balance at beginning of year	P	55,453,869	P	2,362,961,392
Provisions/(Reversal) during the year		55,197,817		(2,307,507,523)
Balance at end of year	P	110,651,686	P	55,453,869

8. INVESTMENT PROPERTIES

This account includes the following:

		2016		2015
Assets acquired from banks	P	2,371,855,508	P	3,053,512,295
Allowance for probable losses		(1,352,869,035)		(1,677,887,985)
	P	1,018,986,473	P	1,375,624,310

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

Reconciliation of the allowance for probable losses on investment properties is as follows:

		2016		2015
Balance at beginning of year	P	1,677,887,985	P	106,686,639
Provisions/adjustments during the year		(325,018,950)		1,571,201,346
Balance at end of year	P	1,352,869,035	P	1,677,887,985

9. PROPERTY AND EQUIPMENT

This account includes the following:

Particulars	2016					Total
	Land and Building	Furniture, Fixtures, Equipment	Transportation Equipment	Leasehold Improvements		
Cost						
At January 1, 2016	P 171,523,100	P 131,570,868	P 30,155,559	P 230,893	P	333,480,420
Additions	0	5,783,828	0	1,500,000		7,283,828
Disposals/adj./amortizations	0	(10,428,482)	0	(197,908)		(10,626,390)
At December 31, 2016	171,523,100	126,926,214	30,155,559	1,532,985		330,137,858
Accumulated Depreciation						
At January 1, 2016	106,580,143	77,291,244	21,245,001	0		205,116,388
Depreciation/Amortization	3,472,402	12,732,716	1,387,622	0		17,592,740
Disposals/adjustments	0	(8,654,912)	0	0		(8,654,912)
At December 31, 2016	110,052,545	81,369,048	22,632,623	0		214,054,216
Net book value						
At December 31, 2016	P 61,470,555	P 45,557,166	P 7,522,936	P 1,532,985	P	116,083,642

Particulars	2015 (as restated)					Total
	Land and Building	Furniture, Fixtures, Equipment	Transportation Equipment	Leasehold Improvements		
Cost						
At January 1, 2015	P 171,523,100	P 154,483,893	P 30,155,559	P 63,093	P	356,225,645
Additions	0	30,630,006	0	196,920		30,826,926
Disposals/adj./amortizations	0	(53,543,031)	0	(29,120)		(53,572,151)
At December 31, 2015	171,523,100	131,570,868	30,155,559	230,893		333,480,420
Accumulated Depreciation						
At January 1, 2015	103,107,743	105,007,429	18,285,086	0		226,400,258
Depreciation/Amortization	3,472,400	12,311,340	2,959,915	0		18,743,655
Disposals/adjustments	0	(40,027,525)	0	0		(40,027,525)
At December 31, 2015	106,580,143	77,291,244	21,245,001	0		205,116,388
Net book value						
At December 31, 2015	P 64,942,957	P 54,279,624	P 8,910,558	P 230,893	P	128,364,032

This account includes Corporate property located at Chino Roces Avenue, Makati City, with appraised value of P386 million for the land and P82.856 million for the building totaling P468.856 million.

10. INTANGIBLE ASSETS

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

Particulars		Cost	Accumulated Amortization		Net Book Value
At January 1, 2016	P	120,883,172	P	80,998,785	P 39,884,387
Additions/Adjustments		15,349,545		0	15,349,545
Amortization		0		13,526,916	(13,526,916)
At December 31, 2016	P	136,232,717	P	94,525,701	P 41,707,016
At January 1, 2015	P	108,069,776	P	64,338,217	P 43,731,559
Additions/Adjustments		12,813,396		0	12,813,396
Amortization		0		16,660,568	(16,660,568)
At December 31, 2015	P	120,883,172	P	80,998,785	P 39,884,387

11. OTHER ASSETS

This account includes the following:

		2016	2015 (as restated)
Creditable tax withheld	P	884,034,710	P 884,034,710
Trust funds		273,756,193	264,049,758
Acquired assets - Miscellaneous		84,750,923	0
Prepayments		83,873,246	57,266,244
Provident fund - Car fund		64,391,528	64,391,528
Guarantee deposits		22,258,494	20,403,478
Deferred input VAT		9,375,284	5,791,400
Petty cash funds/Emergency drawing funds		1,350,909	1,039,324
Inventories		1,333,960	1,557,587
Due from officers and employees		115,604	1,160,063
Others (resigned employees, etc.)		230,024	2,377,380
	P	1,425,470,875	P 1,302,071,472

Creditable tax withheld represents 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.

Trust funds consists of legal liability insurance trust fund amounting to P273.550 million held in trust with LBP to finance legal expenses for possible cases against employees and directors of the Corporation in the performance of their duties and trust fund of P0.205 million held in trust with BSP to finance loan in connection with financial assistance granted to a rural bank.

Acquired Assets-Miscellaneous represent various assets acquired from banks such as chattels, paintings, stocks & club shares, etc.

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

Provident fund - Car fund represents receivables from the PDIC Provident Fund for advances by the Corporation for the car plan of officers.

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

Deferred input VAT represents excess input VAT over output VAT for the year, to be claimed as tax credit the following year.

Petty cash funds are working cash funds set-up to facilitate small payments for maintenance and operating expenses, and claims for insured deposits with minimal balance under the Head Office Claims Settlement Scheme which cannot be conveniently paid by checks or are required to be paid immediately while the Emergency drawing funds are working cash funds set-up to promptly facilitate the conduct of PDIC field operations such as but not limited to, take-over and/or payout operations, examination, audit, investigation and litigation.

Inventories include decals, standees and office supplies and materials of the Corporation.

Due from officers and employees represent various receivables from PDIC personnel such as tax deficiencies, statutory deductions, etc.

Other assets include receivables from resigned employees and unserviceable assets for disposal.

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account includes the following:

		2016	2015
Inter-agency payables	P	2,738,269,596	P 2,362,579,429
Due to officers and employees		239,591,622	239,523,248
Accounts payables		47,280,151	66,624,857
Other payables		15,302,995	25,162,909
	P	3,040,444,364	P 2,693,890,443

Inter-agency payables consist of payables to the following agencies:

	2016	2015
Bureau of Treasury	P 2,689,434,433	P 2,306,792,175
Bureau of Internal Revenue	21,769,973	22,241,028
PDIC Provident Fund	15,169,966	21,831,252
Government Service Insurance System	10,407,014	10,207,209
PhilHealth	1,145,261	1,149,104
Pag-IBIG	342,949	358,661
	P 2,738,269,596	P 2,362,579,429

Due to Bureau of Treasury represents dividends due to National government for 2016 income;

Due to Bureau of Internal Revenue (BIR) represents taxes withheld on compensation, professional fees, rental, contractors, suppliers, fringe benefits taxes, etc. for remittance to BIR;

Due to PDIC Provident Fund (PF) represents corporate and employees contributions and loan payments deducted from salaries of employees for remittance to PF;

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

Due to Philhealth represents corporate and employees contributions for remittance to the Philippine Health Insurance Corporation;

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

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

Accounts payables refer to the amount due to various suppliers/creditors.

Other payables include bidders' performance bond payable, payables to resigned employees, overpayment by banks, which are creditable to subsequent assessment period, and unearned income from acquired assets sold through sales contract receivables. Details are as follows:

	2016	2015
Performance/Bidders Bond Payable	P 7,324,509	P 9,853,225
Other Payables - Resigned Employees	3,509,169	5,124,064
Other Payables	3,328,969	8,729,906
Unearned Income	690,746	766,775
Overpaid assessment premiums	449,602	688,939
	P 15,302,995	P 25,162,909

13. INSURED DEPOSIT CLAIMS PAYABLE

This account represents balance of unpaid but validated insured deposit claims.

14. LOANS AND INTEREST PAYABLE

This account represents outstanding loans payable to the Bangko Sentral ng Pilipinas which were utilized, in accordance with Section 22 of R.A. 3591, as amended, to fund financial assistance to operating banks, as follows:

	2016	2015
Commercial Banks	P 58,951,763,316	P 55,846,418,769
Thrift Banks	2,657,722,396	2,651,276,896
Rural Banks	84,351,701	2,982,770,440
	P 61,693,837,413	P 61,480,466,105

The above balances do not include the amount of principal and interest of P1.44 billion and P1.63 billion, respectively, claimed by BSP due to an unresolved issue on the interpretation of Section 1.02 in relation to Sec. 1.05 of the Loan Agreement between BSP and PDIC dated November 21, 2002. Under Section 1.02 of the Loan Agreement, an interest rate of two per cent lower than the interest charged to the underlying government loan accounts assigned by way of dacion to PDIC, shall be paid at the end of the following month after receipt of payment. Section 1.05 of the Loan Agreement also provides that the repayment of the BSP loan shall be sourced from collections from the underlying government loan accounts, among others. Interest charges on the BSP funding are only recognized and remitted to BSP upon actual collection from the underlying government loan accounts. The matter had been elevated by BSP to the Department of Justice (DOJ) for resolution and adjudication in a letter dated April 30, 2014. As at December 31, 2016, the case is still pending with the DOJ.

15. MATURITY PROFILE OF ASSETS AND LIABILITIES

The table below is an analysis of assets and liabilities showing the expected dates when assets will be realized into cash as well as expected settlement dates of liabilities.

	2016			2015 (as restated)		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
ASSETS						
Cash and cash equivalents	P 959,170,853	O	P 959,170,853	P 500,135,671	O P	500,135,671
Investments securities at amortized costs	15,793,925,878	P 174,218,282,430	190,012,208,308	6,817,775,157	P 158,586,662,148	165,404,437,305
Loans and receivables	12,909,540	1,221,890,346	1,234,799,886	16,017,187	8,198,604,755	8,214,621,942
Financial assets at fair value through other comprehensive income	O	37,804,600	37,804,600	O	37,804,600	37,804,600
Non-current assets held for sale	136,872,810	O	136,872,810	220,080,577	O	220,080,577
Investment properties	O	1,018,986,473	1,018,986,473	O	1,375,624,310	1,375,624,310
Property and equipment	O	116,083,642	116,083,642	O	128,364,032	128,364,032
Intangible assets	O	41,707,016	41,707,016	O	39,884,387	39,884,387
Other assets	1,338,820,852	86,650,023	1,425,470,875	1,217,276,464	84,795,008	1,302,071,472
Total Assets	18,241,699,933	176,741,404,530	194,983,104,463	8,771,285,056	168,451,739,240	177,223,024,296
LIABILITIES						
Accounts payable and other liabilities	3,040,150,175	294,189	3,040,444,364	2,693,890,443	O	2,693,890,443
Insured deposit claims payable	293,725,825	O	293,725,825	344,214,708	O	344,214,708
Loans and interest payable	14,426,392,820	47,267,444,593	61,693,837,413	1,588,382,858	59,892,083,247	61,480,466,105
Total Liabilities	17,760,268,820	47,267,738,782	65,028,007,602	4,626,488,009	59,892,083,247	64,518,571,256
NET	P 481,431,113	P 129,473,665,748	P 129,955,096,861	P 4,144,797,047	P 108,559,655,993	P 112,704,453,040

16. ASSESSMENT INCOME

This consists of assessment collections during the year, as follows:

	2016	2015
First semester	P 9,005,680,167	P 8,265,848,416
Second semester	9,534,301,598	8,544,421,677
	P 18,539,981,765	P 16,810,270,093

17. INCOME FROM INVESTMENTS

This account includes interest income and gain on sale of government securities earned during the year, as follows:

	2016	2015
Interest income from:		
Investment securities at amortized costs	P 7,928,105,435	P 6,940,610,690
Cash equivalents	40,859,660	49,419,969
Gain on sale of securities	26,213,477	29,616,705
	P 7,995,178,572	P 7,019,647,364

18. INCOME FROM FINANCIAL ASSISTANCE

This account refers to interest income derived from financial assistance to banks in the form of interest bearing direct loans and acquisition of assets.

19. OTHER INCOME (LOSS)

This account includes the following:

	2016	2015
Service income	P 249,271,000	P 242,458,800
Dividend income	78,853,658	30,198,870
Recoveries	51,104,667	169,713,946
Income from acquired assets	18,939,659	23,968,102
Gain on sale of assets	17,914,376	88,498,642
Rental income	5,496,901	78,599,659
Reversal of accounts payables (> 2years)	3,382,684	0
Interest on late payment of assessment	21,290	44,381
Gain/(loss) on early extinguishment of debt	0	1,471,031
Day 1 gain/(loss)	0	(1,177,553)
Gain/(loss) on foreign currency revaluation	(63,405)	(16,731)
Miscellaneous income	1,563,112	3,607,473
	P 426,483,942	P 637,366,620

20. OPERATING EXPENSES

This account includes the following:

	2016	2015 (as restated)
Personal services	P 1,014,422,312	P 1,100,823,267
Maintenance and other operating expenses	358,658,075	432,865,084
	P 1,373,080,387	P 1,533,688,351

The Gender and Development (GAD) expenses amounted to P298,424 and P249,967 in 2016 and 2015, respectively. These were incurred for GAD capacity-building programs, participation in GAD seminars, meetings/activities and GAD learning sessions/activities undertaken during the Women's Month celebration and the 18-Day Campaign to End Violence Against Women.

21. PROVISION FOR INSURANCE LOSSES

The provision for insurance losses in accordance with Note 2.4 f.2 was recognized to ensure adequacy of reserves for insurance losses.

22. INSURANCE AND FINANCIAL ASSISTANCE LOSSES

This account includes the following:

	2016	2015
Deposit claims pay-out expenses	P 1,906,445,293	P 1,056,907,152
Bank rehabilitation cost	412,900,197	3,648,555,977
Receivership and liquidation expenses	258,136,998	248,481,093
	P 2,577,482,488	P 4,953,944,222

Deposit claims pay-out expenses represent payments made on insured deposit claims including those accrued during the year.

Bank rehabilitation cost represents the estimated losses on financial assistance to banks and assets acquired from banks.

Receivership and liquidation expenses represent expenses incurred by the Corporation as receiver and liquidator of closed banks.

23. INTEREST ON BORROWINGS

This account consists of paid or accrued interest expense totaling P3.432 billion in 2016 and P3.273 billion in 2015 on outstanding loans from BSP used to fund financial assistance of various banks.

24. TAXES

The Corporation is exempt from paying taxes except for value-added tax starting June 1, 2014 in accordance with Section 22 c of R.A. 3591, as amended, as implemented through BIR Revenue Regulation No. 6-2010 dated June 29, 2010.

PDIC has a pending Petition for Review with Motion for Suspension of Collection of Tax with the Court of Tax Appeals (CTA) docketed as CTA Case No. 9114. It seeks, among others, to set aside and annul several BIR issuances directing PDIC to pay interest and surcharge on VAT for taxable year 2009 in the total amount of P1,401,474,433 plus all increments incident to delinquency.

The CTA per Resolution promulgated on September 28, 2015 granted PDIC's Urgent Motion for Suspension of Collection of Tax. The CTA also allowed the suspension of collection of tax without the posting of a surety bond. The CTA, in its hearing on October 10, 2016, encouraged both parties to explore an amicable settlement considering that the subject of the case involves two government agencies under the Department of Finance. Based on the directive, PDIC and BIR started anew discussion for a possible settlement. The next hearing is scheduled on March 8, 2017.

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 2016 and 2015:

	2016	2015
Withholding taxes:		
On compensation and benefits	P 151,878,759	P 165,859,968
Creditable withholding taxes	43,864,955	43,378,611
Final withholding taxes	322,689	223,493
Value added tax (VAT)	46,083,613	37,156,074
BIR annual registration fee	500	500
	P 242,150,516	P 246,618,646

25. DIVIDENDS TO THE NATIONAL GOVERNMENT

The Corporation declared dividends to the National Government in the amount of P2.661 billion and P2.278 billion, representing 50 per cent of net income from other sources in 2016 and 50 per cent of net income in 2015, respectively.

26. LEASES

The Corporation leased the premises of the Social Security System at Ayala Avenue, Makati City, which serves as PDIC's principal office for P113.395 million and P116.034 million as at December 31, 2016 and 2015, respectively. The lease is renewable under certain terms and conditions.

27. CONTINGENT LIABILITIES AND OTHER MATTERS

27.1 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

Fifty seven cases were filed against the Corporation for payment of deposit insurance in the estimated amount of P87.935 million. In addition, the Corporation initiated an action for interpleader against claimant/depositor involving the amount of P250,000.

Cases subject matter of which are incapable of pecuniary estimation

There are eight 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.

27.2 Estimated insured deposits

As at December 31, 2016², total insured deposits up to the P500,000 maximum deposit insurance coverage amounted to P2.17 trillion representing 53.10 million accounts. This is equivalent to 22.10 per cent of the total deposits of P9.81 trillion in the banking industry.

27.3 Banks under receivership and liquidation

After the PDIC Board approved the Reports of Termination of the Liquidation of the Assets and Winding-up Operation of the Affairs of 302 Closed Banks, banks under liquidation by PDIC as of December 31, 2016 stood at 367 closed banks, including the 22 banks closed in 2016. The total estimated realizable value of assets (ERVA) and liabilities of the 367 closed banks amounted to P39.63 billion and P142.99 billion, respectively in 2016. As of December 31, 2015 there were 352 closed banks with ERVA of P36.61 billion and liabilities of P141.16 billion based on their latest available financial statements.

28. RELATED PARTY TRANSACTION

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

29. 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.

² Based on Estimated Insured Deposits (EID) as of September 30, 2016 net of EID of banks closed from October to December 2016.

The table below provides the analysis of the maximum exposure to credit risk of the Corporation's loans and investments in equity securities, before and after taking into account collateral held or other credit enhancements:

	Maximum Exposure	Fair value of collateral or credit enhancement	Net exposure
2016			
Loans and receivables, net	P 1,180,989,146	P1,071,707,649	P 109,281,497
Financial asset at fair value through other comprehensive income	0	0	0
Total credit risk exposure	P 1,180,989,146	P1,071,707,649	P 109,281,497
2015			
Loans and receivables, net	P8,170,960,509	P7,940,085,726	P 230,874,783
Financial asset at fair value through other comprehensive income	0	0	0
Total credit risk exposure	P8,170,960,509	P7,940,085,726	P 230,874,783

Liquidity risk

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

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

The Corporation is authorized to borrow from the BSP and from designated depository or fiscal agent of the Philippine Government for insurance and financial assistance purposes.

The table below summarizes the maturity profile of the Corporation's financial liabilities as at December 31, 2016.

	On Demand	Up to 3 months	>3 up to 12 months	>1 up to 5 years
As at December 31, 2016				
Accounts payable and other liabilities	P 0	P 3,040,150,175	P 0	P 294,189
Insured deposit claims payable	293,725,825	0	0	0
Loans and interest payable	1,581,049,675	12,845,343,145	39,245,482,813	
	1,874,775,500	3,040,150,175	12,845,343,145	39,245,777,002
As at December 31, 2015				
Accounts payable and other liabilities	0	2,693,890,443	0	0
Insured deposit claims payable	344,214,708	0	0	0
Loans and interest payable	1,585,433,181	2,949,677	0	52,323,688,737
	P1,929,647,889	P2,696,840,120	P 0	P 52,323,688,737

	>5 up to 10 years	>10 up to 20 years	Over 20 years	Total
As at December 31, 2016				
Accounts payable and other liabilities	P 0	P 0	P 0	P 3,040,444,364
Insured deposit claims payable	0	0	0	293,725,825
Loans and interest payable	7,922,402,663	0	99,559,117	61,693,837,413
	7,922,402,663	0	99,559,117	65,028,007,602
As at December 31, 2015				
Accounts payable and other liabilities	0	0	0	2,693,890,443
Insured deposit claims payable	0	0	0	344,214,708
Loans and interest payable	7,474,740,740	0	93,653,770	61,480,466,105
	P7,474,740,740	P 0	P 93,653,770	P 64,518,571,256

Capital Management

PDIC aims to maintain a Deposit Insurance Fund (DIF) to Estimated Insured Deposits (EID) ratio of at least five and one half per cent which the Corporation's Board of Directors adopted as a measure of capital adequacy in 2016. The ratio was based on the recommendation of an external consultant engaged in 2012 under the World Bank /FIRST Initiative technical assistance on the Enhancement of Insurance Reserves Targeting (IRT) Framework.

A qualitative approach was used to establish the benchmark, using the following criteria: a) the fund should be sufficient to cover actual losses on failed banks for the worst two contiguous years, b) it should address failure of at least one large bank that, under ordinary market conditions would not be considered systemic and c) an additional margin of comfort can be obtained to cover unanticipated risks by providing sufficient funds to cover an additional year's failures and/or an additional commercial bank failure.

As of December 31, 2016, DIF stood at P129.96 billion while EID is estimated at P2.166 trillion resulting to a DIF/EID ratio of six per cent.

30. RESTATEMENT OF 2015 FINANCIAL STATEMENTS

In accordance with COA Circular Nos. 2015-007 and 2016-006, tangible properties below the capitalization threshold of P15,000 shall be accounted as semi-expendable property. Semi-expendable property previously recognized as property and equipment shall be reclassified to expense, if issued to end-user within the year and to retained earnings account, if issued in prior years. In view thereof, a total of P7.324 million properties were reclassified and booked as adjustment in the previous year financial statements.



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