

PDIC INVESTOR-INVESTEES HELPDESK IMPLEMENTING GUIDELINES

Pursuant to the PDIC Board of Directors Resolution No. 2009-08-152 dated 26 August 2009, the following guidelines in administering the PDIC Investor-Investee Helpdesk are hereby issued.

Section 1. Objective

Establishment of the PDIC Investor-Investee Helpdesk (the "Helpdesk") is in line with PDIC's mandate of developing a sound and stable banking system, by promoting consolidation within the industry. The following guidelines in the administration of the Helpdesk, a facility whereby investors looking for banks to acquire, merge or consolidate with, or invest in may be introduced to banks seeking interested acquirers / investors, are hereby adopted.

Section 2. Definition of Terms

For purposes of these guidelines, the following definitions shall apply:

- 2.1 Investor – shall refer to an operating member bank or a non-bank financial institution with the intention of buying or entering into a business combination with investees.
- 2.2 Investee – shall refer to an operating member bank looking for potential acquirers / investors.
- 2.3 Helpdesk – shall refer to the PDIC Investor-Investee facility designed to identify possible investor-investee fit/s through an automated matching process.
- 2.4 Active List - shall refer to current list of eligible investors and investees.
- 2.5 Match – a fit among investor's preferences and investee's attributes based on pre-defined criteria (bank type, asset size, number of branches and location of head office).

Section 3. Coverage/Eligible Applicants

- 3.1 Only operating member banks that have not violated or have not been cited in violation of any PDIC Regulatory Issuance may apply as investee.
- 3.2 Only the following operating member banks and non-bank financial institutions may apply as investors:
 - a. Banks that have not violated or have not been cited in violation of any PDIC Regulatory Issuance; and/or

- b. Banks and non-banks that are not under BSP Prompt Corrective Action (PCA).
- 3.3 Banks shall not be allowed to concurrently apply as investee and investor.

Section 4. Application Requirements

4.1 **Investors** enrolling in the facility shall submit the following to the PDIC:

- a. Written request for PDIC's assistance in identifying prospective investee, stating purpose thereof;
- b. Latest audited financial statements;
- c. Duly accomplished application / registration form containing relevant background information, i.e., company profile, contact references and attributes of preferred investees (Annex 1); and
- d. Board resolution and/or certification of the board secretary declaring investor's intent to locate prospective investees and designating a representative authorized to transact with the Helpdesk.

4.2 **Investees** enrolling in facility shall submit the following to the PDIC:

- a. Written request for PDIC's assistance in identifying prospective investor, stating purpose thereof;
- b. Latest audited financial statements;
- c. Duly accomplished application form containing relevant background information, i.e., company profile and contact references (Annex 2); and
- d. Board resolution and/or certification of the board secretary declaring bank's intent to locate prospective investors and designating a representative authorized to transact with the Helpdesk.

Section 5. Processing of Application

- 5.1 Application requirements shall be submitted to and processed by the PDIC Bank Statistics Department.
- 5.2 Only complete and duly accomplished application requirements submitted by eligible applicants shall be processed.
- 5.3 The matching process of investors and investees shall be automated and based entirely on the information / reports provided by investors/investees to PDIC.
- 5.4 PDIC shall formally notify investors and investees in the event of the following:

- a. Acceptance in the Helpdesk's active list
- b. Ineligibility from acceptance in the Helpdesk
- c. A match is found among parties enrolled in the Helpdesk
- d. Delisting from the active list.

Section 6. Consent to Refer Contact Details and Other Information

- 6.1 In the event of a match, the investor consents to the provision by PDIC to refer its contact details and audited financial statements to the investee. The investee shall have the option to have its contact details and other information withheld by PDIC from the investor.

Section 7. Terms of Registration

- 7.1 Investors and investees registering in the facility shall acknowledge and accept the following terms of registration:
 - a. It is the responsibility of each party to conduct due diligence on counterparts to which it is referred.
 - b. PDIC's referral of matched parties does not constitute an endorsement of either the investor or investee. As such, the PDIC shall not be held responsible for any consequence, whatsoever, that may arise in dealings between matched investor and investee.
 - c. Should matched parties eventually agree to pursue merger, consolidation, or acquisition plans, PDIC, BSP and other regulatory bodies' consent / approvals shall be secured, as required under existing rules.
 - d. Each party is bound to keep confidential information it has come to know by reason of the Helpdesk.
 - e. Active status in the Helpdesk database shall be in force for a period of six (6) months commencing from the date registration is approved, which may be extended upon written request to PDIC. An investor / investee, however, may be de-listed in the database at any time for any of the following reasons:
 - i. Upon written request by the investor / investee
 - ii. Upon submission of merger / consolidation / acquisition proposals to BSP / PDIC
 - iii. Upon verification of the entity's termination of business operations or revocation of license to operate by its regulator, or expiry of its corporate term
 - iv. If the bank is found in violation of any PDIC Regulatory Issuance
 - v. If the bank/non-bank investor is placed under BSP Prompt Corrective Action (PCA)
 - vi. For violation of confidentiality agreements

- f. Acceptance in the Helpdesk does not prevent PDIC from undertaking any action affecting an investor / investee that it deems fit in fulfilling its responsibilities placed upon it by law.
- g. PDIC reserves the right to change the terms of this registration at any time.

Section 8. Sanction Against Violation of Confidentiality

A party violating or found to have violated this provision, or any of the terms and conditions of the program, shall be permanently disqualified from participating in the Helpdesk. PDIC reserves the right to exercise, at its option, any remedy available to discipline an offending party.

Section 9. Fees

All services provided by the Helpdesk shall be free of charge.

Section 10. Effectivity Date

These **Guidelines** shall take effect upon approval of the PDIC Board of Directors.

JOSE C. NOGRALES
President

Date: 4 November 2009