



REPORT ON CORPORATE PERFORMANCE (RCP) FOR 2015



PHILIPPINE DEPOSIT INSURANCE CORPORATION
REPORT ON ACCOMPLISHMENTS OF STRATEGIC OBJECTIVES (SO)
AS OF 31 DECEMBER 2015

AS OF 31 DECEMBER 2015

| Strategic Objective (SO)/ Strategic Measure (SM) | Formula | Weight | Baseline (2014) | 2015 | |
|---|--|-------------------|---------------------------------------|---|--------------------|
| | | | | Target | Actual |
| SO 1. To maintain the Deposit Insurance Fund (DIF) to adequately cover deposit insurance and bank resolution | | | | | |
| SM 1 Ratio of DIF to Estimated Insured Deposits (EID) (based on a 12- month average) | (DIF/EID) x 100% | 20.0% | 5.4% (based on a 12-month average) | 5.0% | 5.6% ¹ |
| | Range of Target DIF to EID Ratio | Equivalent Weight | | | |
| | 5.0% and above | 20% | | | |
| | 4.75% - 4.99% | 18% | | | |
| | 4.5% - 4.74% | 16% | | | |
| | Below 4.50 % | 0.0% | | | |
| SO 2. To Sustain Client Satisfaction Level | | | | | |
| SM 2 Establishment of a Baseline rating on Customer/Stakeholder Satisfaction based on a survey designed and verified by an independent third party | Actual Accomplishment | 5.0% | n/a | Establish baseline Not lower than Satisfactory | 4.59 ² |
| SO 3. To settle valid deposit insurance claims promptly | | | | | |
| SM 3 For accounts w/ balances of ≤ P50,000: % of valid ³ deposits paid within TAT ⁴ Banks w/ ≤ 20 branches Banks w/ > 20 branches Multi-unit bank w/ conditions ⁵ | (Number of valid deposits paid within TAT)/ (Number of valid deposits eligible for outright payment) | 12.5% | n/a | 90% 12 working days (WD) 19 WD 22 WD | 100% ⁶ |
| SM 4 For accounts w/ balances of > P50,000: % of valid ³ claims settled within TAT ⁴ Banks w/ ≤ 20 branches Banks w/ > 20 branches Multi-unit bank w/ conditions ⁵ | (Number of valid claims settled within TAT)/ (Number of valid filed claims) | 12.5% | | 90% 19 WD 44 WD 50 WD | 90.5% ⁷ |

| Strategic Objective (SO)/ Strategic Measure (SM) | Formula | Weight | Baseline (2014) | 2015 | | |
|--|------------------------|--------|--|---|--|--|
| | | | | Target | Actual | |
| SO 4. To protect the depositors in the banking system | | | | | | |
| SM 5 Average number of days from exit conference or last day of examination, whichever is later, to submission of PDIC Directives to the Examined Bank's Board | Average number of days | 20.0% | n/a | 45 WD | 37 WD ⁸ | |
| SO 5. To immediately distribute assets to creditors and terminate liquidation of closed banks | | | | | | |
| SM 6 Number of closed banks with liquidation terminated | Absolute number | 10.0% | 92 closed banks (vs. target of 85 closed banks) | 28 closed banks of which 11 with LC-approved FPODs prior to 2012 and 17 with LC-approved FPODs in 2012 | 40 closed banks | |
| SM 7 Number of Projects of Distribution (PODs) filed with the Liquidation Court based on the number of closed banks | Absolute number | 10.0% | n/a | 40 | 40 | |
| SO 6. To Ensure Processes and Systems are Efficient/Effective and Consistent with Policies, External Regulations and Internationally-accepted Standards Using Available Technology | | | | | | |
| SM 8 Enterprise Risk Management (ERM) | Actual Accomplishment | 4.0% | n/a | Risk mitigation measures | Mapped all risks of the Corporation and identified their mitigation and monitoring measures. | |
| SM 9 Memorandum of Understanding (MOU) on Cross Border Agreements with other deposit insurance Agencies (DIA)/ Signed Agreement | Actual Accomplishment | 2.0% | n/a | Signed MOU with at least 1 Deposit Insurance Agency (DIA) | Signed MOUs on cross border cooperation: ▶ with Financial Services Compensation Scheme (FSCS) Limited of the United Kingdom signed on 11 March 2015 in Bogota, Colombia; ▶ with Indonesia Deposit Insurance Corporation (IDIC) on 29 October 2015 in Malaysia. | |

| Strategic Objective (SO)/ Strategic Measure (SM) | Formula | Weight | Baseline (2014) | 2015 | |
|--|--------------------------|--------|--------------------|---|--|
| | | | | Target | Actual |
| SO 7. To Deliver Quality Public Service Through Highly Competent Workforce | | | | | |
| SM 10 Establish a Competency Framework | Actual Accomplishment | 4.0% | n/a | Board-Approved Competency Framework | The Competency Framework was approved by the PDIC Board last 2 December 2015 and submitted to GCG on 16 December 2015. |
| Total | | 100.0% | | | |

¹ Based on a 12-month average. The ratios for the months of October, November and December are based on EID as of September 2015 updated for bank closures as of end of these months.

² Preliminary baseline rating based on customer feedback on frontline services of PDIC in a survey conducted by an independent service provider from October to November 2015. The Service Quality Index has a rating scale of 1 as lowest and 5 as highest.

³ Valid claims refer to claims for deposit accounts examined to be legitimate and eligible for deposit insurance. To be considered valid, claims must be filed with complete supporting evidences/documents that are acceptable to PDIC or with complete address and with no outstanding loans with closed bank for deposit balances of P50,000 and below.

⁴ From bank takeover

⁵ Multi-unit bank should meet all the following conditions: (a) >25,000 accounts; (b) < 50% of accounts qualify for waived filing; and (c) > 70% of accounts net of those waived for filing are high risk

⁶ 48,138 depositors of 14 closed banks paid within TAT

⁷ 7,662 out of 8,463 valid claims from 14 closed banks settled within TAT, inclusive of 1,043 claims eligible for outright payment. 801 claims from one rural bank closed in August were not settled within TAT due to the extensive fraudulent scheme committed by bank employees which required the conduct of more prudent and detailed examination/ investigations. In addition, 207 valid claims from RB Burauen closed on 10 December 2014 were settled within TAT on 7 January 2015.

⁸ For 61 banks with completed bank examination reports

Certified Correct:


MA. ESTER D. HANOPOL

VP, Corporate Planning Group

Date


SANDRA A. DIAZ

SVP, Management Services Sector

01/18/16

Date

Approved by:


CRISTINA Q. ORBETA

President

1/20/2016

Date

CESAR V. PURISIMA

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

Date

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PHILIPPINE DEPOSIT INSURANCE CORPORATION
Strategic Initiatives Profile

Strategic Initiative 1

1. **Name of Project:** UNITED COCONUT PLANTERS BANK (UCPB) RECAPITALIZATION
2. **Contact Person/Project Team Head:** Cristina Q. Orbeta, President of PDIC and Member of the Advisory Council, UCPB
3. **Project Description:** Explore strategic options to strengthen UCPB's capital structure to comply with regulatory requirements and eventually pave the way for government exit from UCPB. Aside from having been declared owner of UCPB, the government has ₱30 billion in deposits in UCPB which was used to purchase Government Securities, while PDIC has ₱12 billion Capital Notes in the bank eligible as Tier 1 capital, as approved by the Monetary Board.
4. **Project Milestones:**

| Activities | Timeline | | Budget | Funding Source | Status as of 31 December 2015 |
|--|-----------------------------------|-----------|--------|-------------------------|---|
| | Start | End | | | |
| Implementation of UCPB Recapitalization Plan | T (date of issuance of the EO) | +7 months | - | For the account of UCPB | The temporary restraining order (TRO) issued by the Supreme Court on 30 June 2015 has not been lifted, putting on hold government efforts to recapitalize the bank by privatization through public bidding. |
| | | | | | |

Prepared by:


ROSSANA V. CASTALLA
Head Exec. Assistant

Noted by:


CRISTINA Q. ORBETA
President

Strategic Initiative 2

1. Name of Project : PDIC LEGISLATIVE INITIATIVES

2. Contact Person/Project Team Head : Cristina Q. Orbeta, President and Chairperson, Committee on Legislative Initiatives (CLI)

3. **Project Description:** The project will: a) propose amendments to existing laws, rules and regulations that hinder the efficient servicing of deposit insurance claims; b) determine how to address, through appropriate legislation, issues and challenges encountered in the expeditious resolution and liquidation of closed banks; c) identify other measures and authorities required to further strengthen PDIC as an institution with a unique mandate; and d) evaluate impact to PDIC of BSP proposed charter amendments. These measures are also intended to enable PDIC to align its authorities with international standards.


4. Project Milestones :

| Activities | Timeline | | Budget ^a | Funding Source | Status as of 31 December 2015 |
|--|----------|----------------------|---------------------|----------------|---|
| | Start | End | | | |
| Submission of proposed amendments to the PDIC Charter and other related laws (inclusive, but not limited to, the following areas): a) Reform Measures in Bank Resolution and Liquidation; b) Allow depositors quick and immediate access to deposit insurance; and c) Enhance governance and institutional framework. | Q3 2013 | Q4 2014 ^b | | PDIC | <p>During the Senate's Plenary Session on October 6, 2015, Senate Bill (S.B.) No. 2976 was called on Second Reading. However, the deliberation on the said bill was suspended to afford the Senators time to study the same.</p> <p>On December 8, 2015, the Senate resumed consideration of S.B. No. 2976 where the amendments of the Senate Committee on Banks, Financial Institutions and Currencies chaired by Senator Sergio Osmeña III were approved. There being no other amendments introduced by the Senators present, S.B. No. 2976 was approved on Second Reading.</p> <p>On December 14, 2015, S.B. 2976 was passed by the Senate on Third Reading.</p> |


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

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

Prepared by:


DELILAH GRACE V. MAGTOLIS
DM III – LSD 3

Noted by:


CRISTINA Q. ORBETA
President

Strategic Initiative 3

1. **Name of Project :** COMPLIANCE TO THE IADI CORE PRINCIPLES FOR EFFECTIVE DEPOSIT INSURANCE SYSTEMS
2. **Contact Person/Project Team Head :** Ma. Ana Carmela L. Villegas, Executive Vice President for Receivership and Liquidation Sector, and Officer-in-Charge for Examination and Resolution Sector
3. **Project Description :** This is to ensure that the organization will be compliant to the 18^a IADI Core Principles, namely: Public policy objectives, Mitigating moral hazard, Mandate, Powers, Governance, Relationships with other safety-net participants, Cross-border issues, Membership, Coverage, Transitioning from a blanket guarantee to a limited deposit insurance system, Funding, Public Awareness, Legal Protection, Dealing with Parties at Fault in a Bank Failure, Early Detection and Intervention, Resolution Processes, Reimbursing Depositors, and Recoveries. The initial step is the conduct of self-assessment based on specific essential and additional criteria for each core principle outlined in the Methodology for Compliance Assessment designed by the IADI, under the Basel Committee on Banking Supervision. The self-assessment shall be reviewed by the External IADI Team. Based on the results of assessment review, gaps in compliance shall be addressed, and for the longer-term continuing compliance shall be ensured.

4. **Project Milestones :**

| Activities | Timeline | | Budget ^b | Funding Source | Status as of 31 December 2015 |
|--|------------|---------|---------------------|----------------|--|
| | Start | End | | | |
| Addressing the gaps in compliance based on the recommendation of the IADI Team | Q3 2013 | Q4 2014 | | PDIC | As a result of the IADI Assessment Review by IADI Team conducted in June 2013, the following steps are being undertaken: 1. Legal Initiatives to amend the PDIC Charter (Refer to the Strategic Initiative 2 – PDIC Legislative Initiatives). |
| Ensuring continuing compliance to the IADI core principles | Continuing | | | | 2. Formulation of cross border agreements with other deposit insurance agencies: a. MOU with Financial Services Compensation Scheme Limited (FSCS) of the United Kingdom signed on 11 March 2015; b. MOU with Indonesia Deposit Insurance Corporation was signed on 29 October 2015; and c. A study on the cross border arrangements with other deposit insurers to address cross border issues has been submitted for defense by the PDIC officer under a Graduate Program sponsored by Department of Finance and Asian Institute of Management (AIM). The defense of the study is tentatively set on 21 January 2016. |
| Total | | | | | |

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

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

Prepared by:

IADI Counterpart Assessment Team
Secretariat

Noted by:

MA. ANA CARMELA L. VILLEGAS
EVP, Receivership and Liquidation Sector and
OIC, Examination and Resolution Sector

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

Project Team Heads

| | |
|--------|---|
| LMS | Ma. Bernadette R. Sanchez, OIC - Loans Management Group and Ibelio B. Retes, ADM-SDD, ITG |
| ARMS | Ma. Theresa B. Salcor, OIC - Insurance Group and Raul C. Cabotage, ADM-SDD, ITG |
| IPPFSS | Nina Noreen A. Jacinto, VP - Administrative Services Group (ASG) and Ibelio Retes, ADM-SDD, ITG |
| RLFS | Atty. Nilo Aldrin M. Lucinario, VP - Receivership and Bank Management Group (RBMG) and Jose Alex P. Mercado, ADM-SDD, ITG |

1. Project Description:

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

1.1 Loans Monitoring System (LMS)

The project covers the implementation of an application system that will manage the loan portfolio of closed banks and those acquired by PDIC. Once implemented, the system is expected to improve the monitoring of loan accounts. The system shall be the Loan subsidiary ledgers of a) Closed banks loan accounts and b) Corporate loan accounts acquired from closed banks and operational banks and shall interface with the existing Integrated Financial System (IFS).

1.2 Assessment & RI Compliance Monitoring System (ARMS)

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

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

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

1.4 Receivership/Liquidation Financial System (RLFS)

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

1-11-16 CWP - ITG #1

| |
|---|
| PDIC - OP |
| Received by: <u>Lianu</u> |
| Date: <u>1-11-16</u> Time: <u>9:05 AM</u> |
| "Commitment to Service" #23 |

2. Project Milestones :

| Activities | Timeline | | Budget Cost | Funding Source | Status as of December 31, 2015 |
|--|----------------------|---------|-----------------------------|----------------|---|
| | Start | End | | | |
| LMS Full Implementation ^a of the System | Q3 2014 ^a | 2015 | P 9,971,000.00 ^b | PDIC | 1. 90% accomplished. 2. On-going final acceptance by PWT. 3. Re-targeted to Q1 2016. |
| ARMS Development and Implementation of the System | Q2 2014 | 2015 | In-house developed | | 1. Initial Acceptance August 31, 2015 2. Final Acceptance September 11, 2015 |
| IPPFSS Full Implementation of the System ^a | Q4 2014 | Q2 2016 | P13,903,778.20 ^b | PDIC | 1. 44% accomplished. 2. Go live targeted by EO Q1 2016. |
| RLFS Preparation/ Endorsement of TOR (Terms of Reference) for approval | Q4 2015 | Q4 2015 | P15,000,000 | PDIC | 1. 80% accomplished. 2. TOR forwarded to OEVP-RLS last December 16, 2015. 3. For endorsement to OP for approval within Q1 2016. |

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

^b Actual amount of the Contract.

Prepared by:


MARIA BELINDA C. SAN JOSE
VP-ITG

Confirmed by:


MA. BERNADETTE R. SANCHEZ
PM-LMS


MA. THERESA B. SALCOR
PM-ARMS


NINA NOREEN A. JACINTO
PM-IPPFSS


ATTY. NILO ALDRIN M. LUCINARIO
PM-RLFS

Approved by:


CRISTINA Q. ORBETA
President