



*Bank deposit mo, protektado!*

## **DISCLOSURE ON MATERIAL RISK FACTORS<sup>1</sup> AND MEASURES TAKEN TO MANAGE SUCH RISKS IN 2021<sup>2</sup>**

### **General Risk Management Framework**

The general risk management framework of the PDIC was established in 2013 with the approval of the Board Risk Management Committee (BRMC) Charter as well as the Enterprise Risk Management Framework (ERM Framework) which was part of its commitment under its performance agreement with the Governance Commission on Government Owned or Controlled Corporations (GCG) in the same year.

The ERM Framework describes the key principles, elements and processes to effectively and efficiently manage the risks of the Corporation. It also illustrates how risk management is embedded in the PDIC's organizational systems and decision-making processes. With its full implementation in 2014 and supported by the conduct of various workshops, the ERM Framework has contributed to the strengthening of management practices, decision-making and resource allocation of the Corporation. Since then, it has safeguarded the fulfillment of mandates of the PDIC and has enabled it to actively support other financial regulators in maintaining the stability of the financial system.

In 2021, the Corporation continued to implement measures and pursue action plans to address challenges and business continuity risks brought about by the COVID-19 pandemic. Various units in the organization persistently implemented its response measures to mitigate the impact of the disruption to the operations of PDIC. With the gradual easing of restrictions, workforce capacity in the PDIC office have increased enabling the various units to resume many of its regular activities onsite. Nonetheless, alternative work arrangements were constantly pursued as necessary to ensure continuous delivery of services to the public.

Risk awareness and capacity of employees were continuously enhanced through the conduct of orientations and briefings for group risk analysts while onboarding sessions were conducted for new personnel.

Collaboration among the RMO, Corporate Governance Office (CGO) and Internal Audit Group (IAG) in 2021 under the Governance, Risk and Compliance (GRC) Framework continued contributing to the enrichment of the risk management process through its monthly meetings. The sustained sharing of information among these units brings new perspectives and facilitates the identification of new risks and initiation of actions by said groups. Through this process, evaluation of such risks and actions taken are easily monitored and brought to management's attention.

Key risks and other risk-related matters were regularly updated, monitored and reported to the Enterprise Risk Management Committee (ERMC) and the BRMC for

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<sup>1</sup> Other risk factors have been excluded from this disclosure due to their sensitive or confidential nature.

<sup>2</sup> As approved by the President on 22 March 2022.

discussion as evaluated by the concerned units and the RMO. These reports assist top management and the Board Committees in recommending actions to the Board. Regular reporting to the Board on the actions taken and planned mitigation measures provides assurance of Management's commitment to address risks.

## **Management of Material Risks**

### **Financial Risks**

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 may refer to the following risks:

- (a) loans granted to operating banks needing financial assistance will not be paid or collected when due; or
- (b) non recovery of subrogated claims receivables; or
- (c) for advances made for receivership and liquidation expenses; or
- (d) 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 regular offsite monitoring and periodic examination of assisted bank's financial operation and strict monitoring of compliance with the terms and conditions of the financial assistance agreements.

The Corporation likewise mitigates such risk through the collateral requirements to secure the loan granted to assisted banks as part of its sources of payment.

On management of its investment, 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.

### *Liquidity risk*

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. PDIC maintains optimal liquid cash funds to adequately finance its mandated activities and other operational requirements at all times. The Corporation's funding requirements are 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. In 2020, the PDIC Board approved a contingency funding plan that will ensure funding support in the event of a financial crisis. As an integral component to financial crisis management, the financial crisis communication plan was likewise approved by the Board in 2020.

The Corporation, with the approval of the President of the Philippines, upon the recommendation of the Department of Finance, is also authorized to issue bonds, debentures, and other obligations, both local or foreign, as may be necessary for the purposes of providing liquidity for the settlement of insured deposits and the implementation of bank resolution.

### *Capital Management*

PDIC aims to maintain a Deposit Insurance Fund (DIF) to Estimated Insured Deposits (EID) ratio of at least five and one half percent and continue building it up to eight percent (5.5% - 8%) which the Corporation's Board of Directors adopted in 2017 as a measure of capital adequacy.

The target ratio range represents the ability of the Corporation to cover anticipated and unanticipated risks in the banking system to promptly respond to possible insurance calls and financial assistance to banks, as may be warranted, towards maintaining the faith and confidence in the Country's banking system.

A report on Risk Classification of Banks is presented quarterly to the Board in order to determine the number of banks considered at risk and their corresponding risk exposure, represented by the banks' estimated insured deposits. This report serves as inputs to the DIF adequacy targeting conducted by the Corporation, as well as for planning and budgeting activities attendant to bank closure.

## *Other Financial Risks*

Aside from its regular activities to mitigate risks to the DIF, PDIC actively participates as a member of the Financial Stability Coordination Council (FSCC). Together with key financial regulators as members, namely, the Bangko Sentral ng Pilipinas (BSP), the Department of Finance (DOF)- Bureau of Treasury (BTr), the Insurance Commission (IC) and the Securities and Exchange Commission (SEC), PDIC contributes in the active monitoring, surveillance, mitigation or resolution of risks in the financial system. PDIC is guided by a set of guidelines setting forth the course of actions that it shall pursue in normal times and during a financial crisis.

## **Business Continuity Risks**

Business continuity risks refer to the failure to deliver critical services in the event of disaster or crisis.

In 2021, risks brought about by the COVID-19 pandemic remained to be a major concern of risk management in PDIC specifically its impact to the continuous delivery of services by PDIC.

Alternative work arrangements continued to be implemented during heightened alert levels with increased onsite capacity as restrictions eased toward the latter part of the 2021. To ensure the continuous and efficient delivery of services and enhance the productivity of PDIC personnel under such alternative work arrangements, ICT systems and infrastructure support projects were provided, including:<sup>3</sup>

1. Shift from PC desktop workstations to laptops to support WFH arrangements.
2. Use of DICT issued digital signature.
3. Online collaboration tool (MS Teams)
4. Upgraded Primary Internet; further upgrading of secondary Internet facility
5. On-line IT Support
6. PDIC Text Blast Facility
7. Attendance Monitoring System for WFH personnel
8. Cloud First Policy on all IT Systems Project
9. Remote access to database systems and servers through Virtual Private Network (VPN) for WFH personnel
10. Use of Multi-Factor Authentication (MFA) System as an added layer of protection to data held in corporate computers and making it more difficult for

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<sup>3</sup> Attachment B of Memo on Report on Corporate Performance for CY 2021 dated 17 January 2022, p. 3.

potential hackers to exploit and get personal information, potentially resulting in a corporate network breach.

Online filing and payments of claims for insured deposits were continually implemented for the convenience and safety of depositors, through the following modes:

- Web-based claim form made available in the PDIC website depositor's corner
- Landbank Cash over the Counter – payments made through all branches Philippine Postal Corporation (Postal Money Order/Delivery Express Mail Service)
- DBP Multi-Channel Disbursement Facility – for payment of insured deposits via direct credit to depositors' bank accounts and e-wallets (e.g. G-cash).

Receive, Process and Mail mode of claims settlement operations were continuously adopted in 2021.

To ensure continuity of receivership and liquidation activities, the Corporation has continuously adopted the Pack and Leave mode of takeover operations and online filing of claims against the assets of the bank.

The foregoing notwithstanding, operations at the Public Assistance Center (PAC) in the PDIC office remained open attending to both walk in and “by appointment” clients subject to compliance with health protocols.

The Standard Operating Guidelines and Instructions on Business Continuity which was approved by the Board in 2018, was reviewed and updated to address gaps noted during the pandemic and to incorporate new policies, procedures to better address business continuity risks. The significant revisions include the preparations and contingency plans for a pandemic scenario and adoption of alternative work arrangements where mobility of personnel is restricted or in case of unavailability of the primary business site.

Observance of health and safety protocols were maintained including the COVID-19 testing of personnel assigned on field, contact tracing, provision of basic medicines and medical supplies to infected employees, provision of shuttle services personal protective equipment and medical supplies for traveling employees, coordination with local government units for the vaccination of personnel, disinfection and reconfiguration of work areas for maintaining social distance, and procurement of needed equipment, facilities, infrastructure or systems.

An active communication and information campaign was continuously carried out to ensure that stakeholders of the Corporation are constantly and consistently informed of the health protocols and the need to strictly observe these to prevent the further spread of the virus. Such activities shall continue in 2022 or until the cessation of the public health emergency.

The gradual transfer to the newly renovated PDIC Building in Pasong Tamo from the SSS Building in Ayala Avenue, Makati was likewise initiated toward the last quarter of 2021. The renovations were designed for the enhancement of its operations as well as improve the safety and security of PDIC personnel and its properties. The staggered

move-in of units was meant to ensure PDIC's uninterrupted delivery of its services to the public.

All these developments contribute to the organizational resilience of the Corporation which it has been steadily enhancing throughout the years through the continuous installation and maintenance of safety and emergency equipment, conduct of simulations, drills and trainings on first-aid, fire safety and security.

## **Reputational Risks**

Reputational risks pertain to the negative publicity regarding PDIC's business practices which, whether true or not, will cause diminution of trust of stakeholders, dissatisfaction of clients, costly litigation, or revenue reduction.

### *News and Social Media Monitoring*

To monitor developments and proactively manage the reputation of the Corporation, an external service provider is continuously engaged to monitor daily news reports related to PDIC and in the banking and finance industries published on traditional and online media; and monitor mentions/posts on PDIC and public/stakeholder sentiment regarding the Corporation on social media.

### *Customer Handling*

Guidelines on customer handling were continuously observed in 2021. These guidelines were approved as early as October 2017 to address the reputational risks that may be brought by complaints from PDIC's stakeholders. It lays down the standards on customer assistance and on handling of queries, requests and complaints (QRCs) in the Corporation from receipt to final resolution whether at the PDIC home office or during field operations. The guidelines are supplemented by an internal protocol for evaluating complaints filed by stakeholders.

Implementation of the guidelines on customer handling was further supported with the creation in 2018 of a unit dedicated to responding to QRCs within the Receivership and Liquidation Sector specifically to facilitate centralized handling of QRCs related to the Corporation's receivership and liquidation function. All these measures ensure that stakeholder concerns are addressed as promptly and effectively as possible.

In 2021, the negative impact of the enhanced community quarantine on depositors, borrowers, creditors, lessees, buyers of properties and other relevant stakeholders of closed banks payment were alleviated through the grant of reliefs by PDIC for payments and extending the period for filing of claims against the closed banks which include the following:<sup>4</sup>

- Moratorium on Loan Payments, Installment Payments for Real Properties, and Lease Payments during the Community Quarantine Period in 2020

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<sup>4</sup> Ibid.

- Extension by 60 days of the statutory deadline of two (2) years for the filing of claims for deposit insurance covering banks closed from 2018 to the 1st quarter of 2020.
- The Closed Bank Loan Incentive Program (CLIP) for borrowers was implemented starting July 1, 2021.

Such measures were likewise intended to protect the interests and welfare of the stakeholders while securing their trust and confidence in the Corporation.

Efforts to adhere to the Ease of Doing Business law (Republic Act 11032) continued in 2021. Under its Citizen's Charter, which was updated in September 2021, PDIC affirmed, among others, its commitment to respond promptly to queries and requests of its stakeholders, to assist them with courtesy, sensitivity and openness, process transactions with utmost efficiency and resolve to improve its performance and deliver its services that its clients deserve.

In consideration of the new normal (ie. new working or living conditions under the current health crisis), however, turn-around times (TAT) for delivery of services were likewise reviewed and adjusted as necessary subject to approval of the GCG. This is still to acknowledge some constraints in view of the COVID-19 pandemic and to manage its stakeholders' expectations.

#### *Quality Management*

In 2021, PDIC maintained its various ISO Certifications for its Claims Settlement Operations, Assessment of Member Banks, Real Property Disposal Operations, Loans Management and Bank Examination including support processes with its re-certification in 2021 under the ISO 9001:2015 Quality Management System standards.

Such re-certifications not only provided quality assurance to the Corporation's stakeholders on its frontline services but likewise demonstrated the Corporation's resilience and reliability in the delivery of quality services despite the current health crisis.

#### *Stakeholder Engagement & Communication*

The PDIC continuously monitors the news and public/stakeholder sentiment or perception over mainstream media and on social media. Management is provided with daily news alerts published or broadcast through traditional/online media, and quarterly updates on media presence/ impact through media analytics. Pertinent news items which may adversely affect corporate reputation are promptly referred to Management. When required, clarifications are made through letters to the editor or columnist for rectification. Radio or TV Interviews through live guesting or phone patch by the designated PDIC official is likewise employed to address issues raised in the media. Meanwhile, questions, requests and concerns posted by clients and stakeholders on PDIC's social media accounts are referred to PAD consistent with the procedures contained in the Customer Handling System. Advisories on recent developments that will have an impact on how services are delivered are announced through the website and social media.

From 2020 to 2021, communication with both internal and external stakeholders of the Corporation played a crucial role in safeguarding the reputation of the Corporation during the imposition of quarantine restrictions.

With the use of communication channels such as phone calls, email, text blast and videoconferencing facilities, constant and open communication was ensured between and among PDIC personnel. They were informed of Management's decisions or directives in a timely manner, regarding health protocols, and messages assuring them that their safety and welfare was the Corporation's foremost priority.

Communication with external stakeholders was likewise enhanced in step with the pandemic. The PDIC leveraged digital technology in delivering its messages across to its clients through its official website and social media accounts; and by way of appearances in live-streamed interviews and virtual meetings. External communication through text blasts and traditional media such as through newspapers, radio and TV continued to be carried out to complement the use of social media platforms. For information dissemination particularly to closed bank's stakeholders, PDIC conducted virtual or online Depositor Borrower's Forum (DBF) in lieu of the physical DBF.

A crisis communication plan is in place since 2020 in support of the approved PDIC Financial Crisis Management and Resolution Framework.

#### *Collaboration with International Partners<sup>5</sup>*

PDIC continues to collaborate with international partners on deposit insurance, particularly with the International Association of Deposit Insurers (IADI) and Deposit Insurance Agencies (DIAs) of other countries. PDIC Senior Officials led by President Tan attended the 19th IADI Asia-Pacific Regional Committee (APRC) Annual Meeting in August 2021. The Annual Meetings is an opportunity for PDIC to dialogue with the members and establish mutual cooperation and understanding in the areas of research, technical assistance, training and outreach programs and initiatives. PDIC, led by President Tan, also participated in the APRC CEO Dialogue last August 5, 2021. The Dialogue, with the theme "Post Pandemic Imperatives: Strategic Leadership and Excellence", tackled the appropriate strategic role and authority of deposit insurers in times of COVID-19 pandemic and crisis amid changing economic and financial landscape, including key priorities and strategic pivot needed. Moreover, the Dialogue also discussed the strategic roles and key competencies necessary for deposit insurer leadership teams and employees in the future.

Apart from attending meetings, the PDIC also participated in surveys conducted by the IADI and other DIAs. PDIC further conducted four (4) Web Talks covering global issues that concern Deposit Insurance in collaboration with other DIAs.

## **Operational Risks**

Operational risks refer to loss or damage that may be suffered by the Corporation resulting from inadequate or failed internal processes, systems or policies, employee errors and from external events.

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<sup>5</sup> Ibid., p. 4

With the continuous issuance by the National Government of alert levels with ensuing quarantine measures and other health protocols to address the current public health emergency, the Corporation has unceasingly implemented its guidelines on business continuity and issued additional polices to ensure uninterrupted delivery of the Corporation's core services. The Corporation pursued measures and exhausted all available remedies for it to continue its operations whenever allowed by the new regulations. Accordingly, the Corporation implemented alternative work arrangements as well as innovative processes and systems to address operational constraints that came as a result of the quarantine restrictions.

*Claims Settlement, Receivership and Liquidation*

Operational risks are mitigated with the continuous conduct of virtual or online depositors -borrowers' forum (DBF) as mentioned, implementation of the Pack and Leave mode of takeover operations, as well as the Guidelines on Project Management Approach to Bank Closure which was approved in December 2017. The guidelines ensured efficient and effective management of takeover operations of closed banks and prompt settlement of insured deposits.

For claims settlement, the Insurance Claims System was upgraded to expedite processing and settlement of claims for insured deposits.<sup>6</sup> Likewise, as above-mentioned, the Receive, Process and Mail for claims settlement operations was continuously adopted in 2021 and online filing and payments of claims for insured deposits is still being implemented through: (a) the web-based claim form in the PDIC website; (b) Landbank Cash over the Counter; and (c) DBP Multi-Channel Disbursement Facility.

To address in an integrated manner the need to reduce closed banks and corporate loan and ROPA portfolio and comply with the Rules on Liquidation of Closed Banks on the 5-7 years termination of liquidation proceedings, the Board approved in 2021 the shift in Corporate target from "reduction" of the loan and ROPA portfolio to "Asset Disposal Plan preparation".

In support thereof, strategies for disposal of acquired assets and loan resolutions were continuously refined with the intention of converting the portfolio of the assets being managed by the PDIC into cash and in the process, reducing costs, to optimize recovery for the benefit not only of PDIC but of closed banks' creditors. In 2021, the following programs were implemented to support reduction of non-cash portfolio:<sup>7</sup>

- Electronic bidding of properties which started on April 8, 2021.
- Sale of pieces of artwork were through online auction.
- The Closed Bank Loan Incentive Program (CLIP) for borrowers was implemented starting July 1, 2021.

CLIP is an easy payment and zero penalty initiative that offers substantial discounts to closed bank borrowers with principal loan balances of P1.0 million and below who will opt to pay through a one-time cash settlement.

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<sup>6</sup> Ibid.  
<sup>7</sup> Ibid.

Other disposal strategies were maintained which included the strengthening of marketing efforts through more aggressive advertising campaigns and maximizing the use of social media. Benchmarking with other government agencies on their disposal and recovery practices were continuously undertaken to adopt best practices in asset disposal and recovery.

These guidelines and strategies were continuously in force in 2021 notwithstanding the quarantine measures and were implemented as far as feasible or practicable considering the health protocols and travel restrictions in place. Modifications were introduced to processes where necessary to ensure safety of personnel while ensuring continuous delivery of public services.

Some processes or services requiring face-to-face interactions (e.g. Public Assistance Center Services or filing of claims) were still made available, albeit on a lesser scale to comply with physical distancing requirements. Alternative modes were nonetheless made available through online or electronic channels as above-mentioned (e.g. filing of claims through email) to address the limitation.

To boost the Corporation's preparedness level and to address operational risks that may arise in the event of a financial crisis, the Board of Directors approved in December 2021 the Manual on Takeover and Claims Settlement Plans for Domestic Systemically Important Bank. Specifically, the Manual aims to contribute to financial stability by ensuring financial crisis preparedness during a DSIB closure through efficient, orderly and organized conduct of Takeover and Claims Settlement Operations of a DSIB.

#### *Bank Examination & Resolution*

Bank examination methodologies are constantly enhanced to strengthen PDIC's capability of assessing the safety and soundness of an examined bank's deposit operations to better protect the Deposit Insurance Fund and depositors.

To further mitigate operational risk and to align with the government's initiative in promoting ease of doing business, the criteria, requirements and processes for the grant of PDIC consent on proposals for mergers, consolidations, and purchase of assets and assumption of liabilities (MCA) among banks without financial assistance were revised in December 2018. A Memorandum of Agreement on the Procedures for Applications for MCA of Banks was signed on 29 October 2021 by the PDIC, BSP, Securities and Exchange Commission, Cooperative Development Authority, and Philippine Competition Commission. The Implementing Guidelines are for finalization and approval by the Agencies and will be issued through a Joint Circular in the first quarter of 2022 after the exposure of the draft Guidelines to banks.<sup>8</sup>

Offsite examination of banks was still conducted as alternative mode in 2021 in cases where travel restrictions due to the pandemic are in effect while some banks were examined under the blended examination mode (i.e., mix of onsite and offsite examination). With the provision for facilities to enable personnel to work remotely, other bank examination and resolution processes and services were implemented and delivered with minimal disruption.

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<sup>8</sup> Ibid., pp. 1-2.

## *Human Resources Administration and Organizational Development*

In 2021, critical positions were continuously identified and strategies were implemented to attract new employees including enhanced publications of vacancies, continued adoption of the revised qualification standard, and streamlined recruitment, selection and placement procedures.

Plantilla items for critical functions including items for casual personnel who will be performing regular functions were also identified, created and filled-up to augment the current plantilla of the Corporation and to facilitate the performance of functions of the various units. Casual positions were also created for HRG to address current target in recruitment and promotion of personnel and to prepare the requirements for the implementation of the new Organization Structure and Staffing Pattern (OSSP).

The Succession Planning Program (SPP)- Phase I continued with the implementation and monitoring of Individual Development Plans of the SPP participants to ensure their preparedness to assume higher positions that are vacated due to retirement/separation of officers.

The new Organizational Structure and Staffing Pattern (OSSP) was approved by the Board in November 2021 to enable PDIC to meet its Human resource requirements. The OSSP intends to provide a supportive organization structure for greater efficiency, effectiveness and responsiveness of PDIC in addressing the concerns of its stakeholders. After placement of incumbents therein, the remaining vacant items will be opened for promotion and hiring.

### **Legal Risks**

Legal risks refer to the potential that unenforceable contracts, lawsuits, or adverse judgments can disrupt or otherwise negatively affect the operations or conditions of PDIC.

Coordinated activities and consultations with various agencies including the Department of Justice (DOJ), the Office of the Government Corporate Counsel (OGCC), Department of Finance (DOF) and the Bangko Sentral ng Pilipinas are continuously conducted by PDIC to address legal issues.

With the approval of the Rules on Liquidation of Closed Banks (Rules) by the Supreme Court under A.M. No. 19-12-02-SC which became effective on 16 April 2020, the period for liquidation of closed banks have been determined ensuring the prompt resolution of liquidation cases. Concerned units of the Corporation are constantly briefed on the new rules for proper implementation.

In previous years, the PDIC and the Philippine Judicial Academy (PhilJA) conducted Seminar-Workshops on Deposit Insurance, Banking Practices, and Bank Conservatorship and Liquidation. The seminar-workshops provided members of the judiciary with a better appreciation and understanding of PDIC mandates as deposit insurer and

receiver of closed banks, under the amended PDIC Charter as it granted PDIC with enhanced authorities to strengthen depositor protection, resolve problem banks, and hasten the liquidation of closed banks.

## **Regulatory & Compliance Risks**

Regulatory and compliance risks are brought about by changing regulations that may threaten the Corporation's competitive position and its capacity to efficiently conduct its operations. It includes exposure to legal penalties, financial forfeiture and material loss an organization faces when it fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.

These risks are mitigated through the continuous identification and monitoring by the process owners as well as monitoring by the Corporate Governance Office (CGO) of critical compliance requirements (e.g. laws, rules and regulations) from various regulatory bodies including the Governance Commission for GOCCs, Civil Service Commission or the Commission on Audit. The Internal Audit Group, likewise, further reviews critical compliance requirements through its regular Compliance Audit activities.

Various units are regularly alerted on new compliance obligations and reminded on existing obligations through regularly reports to the EXCOM by the CGO.

With the ongoing pandemic, challenges remain in 2021 in monitoring and compliance with the laws, rules and regulations issued by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF-EID), Civil Service Commission and the Ant-Red Tape Authority. The Corporation actively monitors all issuances and promptly issues corresponding internal rules for compliance within the organization.

Among the significant contributions of the Corporation include the remittance of P7.11 billion 2020 dividends in March 2021 to the National Government to help in the fight against the lingering effects of the COVID-19 pandemic.<sup>9</sup>

The PDIC Code of Corporate Governance was also revised to ensure that the same remains relevant and up to date.

## **Information Security & Data Privacy Risks**

Information security and data privacy management ensure that information as well as personal data are protected to safeguard its availability, confidentiality, integrity at all times and to comply with the principles of data privacy. The Corporation continues to keep abreast with trends in information security and data privacy to ensure that Information Technology (IT) risks and privacy risks are controlled.

In 2021, PDIC continually updated its security systems with the upgrading of the firewall, anti-virus or anti-spam software, among others. With the implementation of the work-from-home policy of the Corporation in response to the imposition of community

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<sup>9</sup> Ibid., p. 3.

quarantine protocols, new IT equipment with encryption software and facility to securely access the systems of the Corporation (i.e. use of virtual private network) were provided to personnel of the Corporation as necessary, to enable them to work remotely. Moreover, to further secure the access to information assets of the corporation, the multi-factor authentication was also implemented. As reliance on IT and the internet increased during the pandemic, these new provisions were accompanied by new guidelines and re-issuance of existing policies governing such use for added control, including issuance of reminders, as deemed necessary.

Compliance with the Data Privacy Act of 2012 through the conduct of privacy impact assessments, review of data sharing agreements, response to security incidents and possible breaches of personal data were constantly performed by the Data Protection Officer (DPO) as supported by the Deputy DPO, Compliance Officers for Privacy (COPs) and the Data Breach Response Team.

As in the previous years, capabilities for information security and data privacy for concerned personnel were undertaken through attendance to various government and private-led conferences and simulations to learn and gain experience in data privacy and cyber security. In addition, onboarding activities on data privacy are regularly conducted for new personnel.

With the approval in 2020 of the Information Systems Strategic Plan (ISSP) for 2021-2024 to bolster the Corporation's digital transformation, a total of eight (8) IT projects were completed in 2021.