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THE FEDERAL DEPOSIT INSURANCE CORPORATION-ANNUAL REPORT '82

Letter of Transmittal

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April 1, 1983

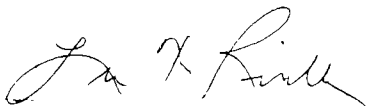


The President
Republic of the Philippines
Malacanang, Manila

Sir:

Pursuant to the provisions of Section 15 of Republic Act No. 3591, as amended, I have the honor to submit the Annual Report of the Philippine Deposit Insurance Corporation for the calendar year 1982.

Yours respectfully,


LUIS TIRSO RIVILLA
Chairman/President

The Philippine Deposit Insurance Corporation (PDIC) is a government agency created on June 22, 1963 under Republic Act No. 3591 to ensure the safety of the deposits in the country's banks. Its objectives, as stated in the Explanatory Note to Senate Bill No. 412 (R.A. No. 3591), are as follows:

"1. To foster greater public confidence in the banks thereby promoting and encouraging the development of a stronger banking system; and

"2. To give added protection to depositors with the end in view of encouraging further the savings habits of the public."

PDIC insures each depositor up to a maximum of P15,000 on the aggregate of all deposits held in the same right and capacity in each member bank. Deposits insured are those maintained in demand, time, current or savings accounts including trust funds. Foreign currency deposits are also covered pursuant to the provisions of Re-

public Act No. 6426, also known as the "Foreign Currency Deposit Act of the Philippines."

PDIC's operations are financed from the following sources:

1. **Permanent Insurance Fund.** Republic Act No. 4083 (June 18, 1964) appropriated P5 million from the General Fund to constitute the PDIC's permanent insurance fund. This was increased to P20 million by virtue of a presidential decree issued on January 29, 1973.

2. **Regular Assessments on Member Banks.** The PDIC collects a premium equivalent to 1/15 of 1% per annum of total deposit liabilities (including trust funds) from each member bank. Assessment premiums are paid to the Corporation semi-annually, on or before January 15 and July 15 of each year.

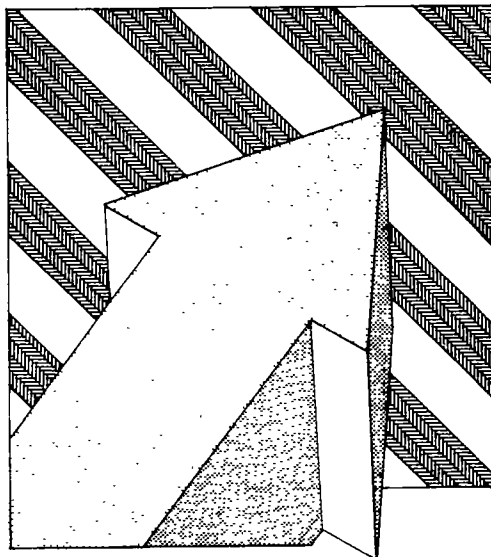
3. **Income from Investments.** Interest on Philippine government securities on which the deposit insurance

fund is invested constitutes another important source of income for the PDIC.

4. **Borrowings from the Central Bank of the Philippines.** The Corporation is authorized to borrow from the Central Bank such funds as are needed for insurance purposes. The Central Bank is directed by law to lend the PDIC such funds.

5. **Funds which may be Raised by Issuing Bonds and Debentures and Other Obligations.** The Corporation is authorized under its charter to issue bonds and other evidences of indebtedness with the approval of the President for insurance purposes.

The PDIC is managed by a Board of Directors consisting of the Governor of the Central Bank and two members appointed by the President of the Philippines. One member is designated chairman of the Board and serves on a full-time basis for a term of six years. The second member serves a term of four years.



Republic Act No. 3591, approved on June 22, 1963, created the Philippine Deposit Insurance Corporation and defined its powers and functions. It provided for optional insurance coverage of the deposit liabilities of banks.

Republic Act No. 4083, approved on June 18, 1964, appropriated P5 million from the General Fund as PDIC's permanent insurance fund to be used in carrying out its purposes.

Republic Act No. 6037, approved on August 4, 1969, amended the basic charter to make membership in the PDIC compulsory and automatic for all banking institutions engaged in receiving deposits from the public. The amendatory law also included savings and loan associations under the PDIC's risk coverage.

Republic Act No. 6426, approved April 4, 1972, instituted a foreign currency deposit system, and provided that deposits under this system shall be insured under R.A. 3591, as amend-

ed, and that insurance payment shall be in the same currency in which the insured deposits are denominated.

Presidential Decree No. 120, approved on January 29, 1973, amended further some sections of R.A. 3591. Among the salient provisions are:

1. Increased the permanent insurance fund to P20 million.

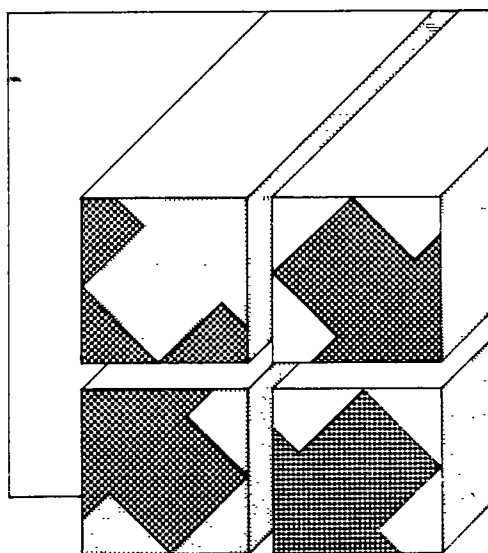
2. Provided for a limitation on the operational expenses of the Corporation.

3. Provided that funds for financial assistance be limited only to the permanent insurance fund, additional appropriations thereto, and money borrowed from the Central Bank of the Philippines.

Presidential Decree No. 653, approved on February 1, 1975, removed the ceiling of P100 million on the aggregate loans PDIC may obtain at any one time from the Central Bank for insurance purposes. The Corporation is now authorized to borrow from the Central Bank "such funds as in the

judgment of the Board of Directors of the Corporation are from time to time required for insurance purposes." The Central Bank is authorized and directed to lend the PDIC the amount the latter needs "in carrying out its function with respect to such insurance."

Presidential Decree No. 1451, approved on June 11, 1978, amended certain sections of R.A. 3591, as amended, by increasing the insurance coverage from P10,000 to P15,000 for each depositor.





The PDIC experienced commendable progress during 1982 in carrying out its assigned task of protecting depositors in closed insured banks and thereby promoting the stability and soundness of the banking system.

Financial Position

The results of PDIC's operations in 1982 generated an income in the total amount of P96.372 million of which about 66 percent or P63.679 million constituted assessments paid by insured banks. Compared to that of 1981, this year's income represented a gain of about 20 percent or P16.988 million.

With prudent financial management and better cost controls, total operating expenses had been drawn down to P11.694 million from the previous year's P12.028 million. The Corporation thus was able to allocate P84.375 million as Provision for Insurance Losses.

Corporation assets marked an expansion of over 31 percent or P85.207 million, from P268.679 million in 1981 to P353.886 million in 1982. Liabilities showed an increase of about 36 percent from P0.962 million to P1.305 million.

Substantial increments continued to be made in the Corporation's deposit insurance fund for the protection of depositors, reaching P352.581 million at year's end. The fund expanded by over 31 percent from the 1981 level of P267.717 million, mainly due to the steady accumulation in reserves for insurance losses.

Highlights of PDIC Accomplishments in 1982

The payoff operations of the PDIC in 1982 involved the payment of the amount of P51.767 million from about 85,800 deposit accounts in 64 closed banks being serviced by the Corporation in that year. This payment included P17.752 million disbursed in eleven banks closed in 1982 and the latter part of 1981.

Under authority given to it, the PDIC also was acting in the capacity of liquidator for five banks earlier placed under receivership by the Central Bank of the Philippines. As at year's end, the disposal of assets acquired by the Corporation from these closed banks was proceeding with the least possible delay.

As part of our bank monitoring work, we conducted analysis and evaluation of the condition of banks in financial difficulties and banks in imminent danger of failure by reason of their deteriorating solvency positions. The condition of banks with existing financial assistance from the PDIC was also looked into to ascertain compliance with the terms and conditions of the PDIC grant of assistance. Likewise, an investigation was undertaken in the case of banks requesting financial assistance for the first time to determine their qualifications under our established rules.

In the area of assessment activities, our desk and field audit examinations conducted on member banks have disclosed certain deficiencies or errors in the certified statements of some

banks, leading to billings amounting to about P2.946 million. For the year, the Corporation collected about P63 million in assessment premiums from member banks.

Under the Corporation's financial assistance program, we were able to assist two rural banks hard pressed for cash necessary to service withdrawal demands of their depositors. This assistance of over half a million pesos was in the form of time deposit placements primarily on a short-term basis.

In other developments, the Corporation rendered technical assistance to banks which joined the banking system in 1982. Also, as part of our regular research activity, we continued to publish the quarterly *Monograph* which was designed as a vehicle of information on the operation and condition of banks. A related activity was the preparation of estimates of the PDIC's risk exposure or insurance liability on bank deposits.

The Corporation had a total complement of 144 employees as of December 31, 1982. Training and career development were given emphasis during the year with the attendance of some key personnel in various training programs and seminars conducted locally and abroad.

Thrusts for 1983

The designation of PDIC as liquidator for some closed banks presents fresh challenges which it must meet head-on concomitant with its primary responsibility of deposit insurance protection. We wish to take note of the

fact that at this early stage of our work in this entirely new sphere of endeavor, we have more than adequately shown our capability.

The Corporation further looks forward to greater usefulness in its thrust towards expanded financial assistance to banks encountering financial difficulties pursuant to the authority given it under the charter.

LUIS TIRSO RIVILLA
Chairman/President

Financial Highlights

(In Millions of Pesos)

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	1982	1981	Increase (Decrease)	Percent Change
Total Assets	353.886	268.679	85.207	31.71
Total Liabilities	1.305	0.962	0.343	35.65
Deposit Insurance Fund	352.581	267.717	84.864	31.70
Permanent Insurance Fund	20.000	20.000	—	—
Reserve for Insurance Losses	328.742	244.367	84.375	34.53
Accumulated Net Income	3.839	3.350	0.489	14.60
Income from Operations	96.372	79.384	16.988	21.40
Assessment Income	63.679	56.099	7.580	13.51
Other Income	32.693	23.285	9.408	40.40
Total Operating Expenses	11.694	12.028	(0.334)	(2.78)
Provision for Insurance Losses	84.375	67.050	17.325	25.84
Net Income	0.303	0.305	(0.002)	(0.66)

PAYOFF

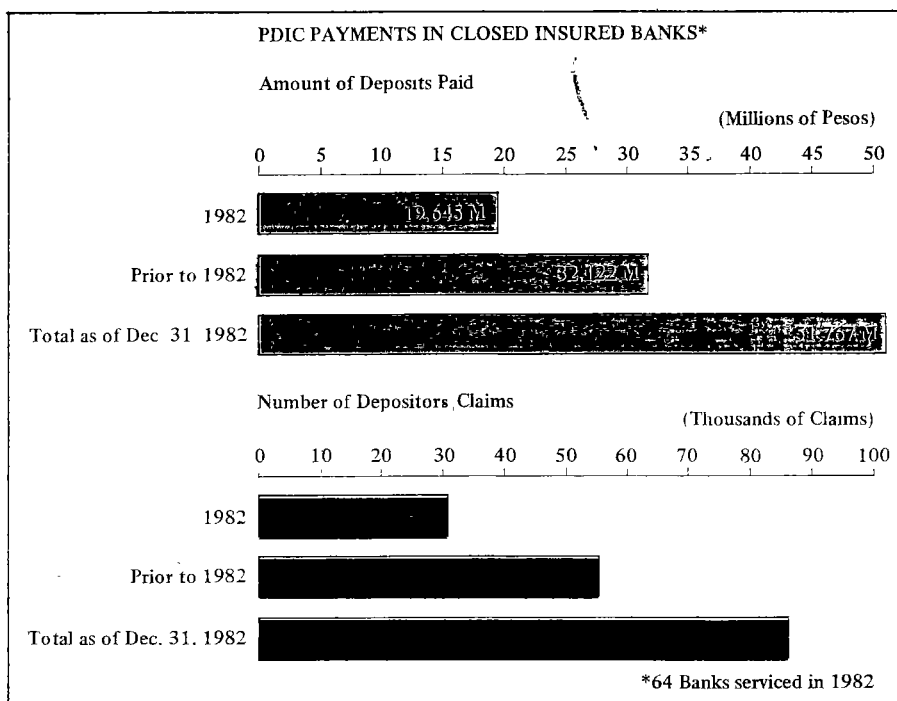
The payoff operations of the Corporation in 1982 involved seven banks closed during that year and four others taken over by the Central Bank in the latter part of 1981. The eleven banks involved were nine rural banks and two stock savings and loan associations.

Payments made available to depositors of the eleven banks amounted to P17.752 million in 20,775 deposit accounts. Insured deposits in the two stock SLA's made up the bulk of this amount, accounting for about 91% or P16.181 million from 16,982 deposit accounts.

In addition to the eleven banks, the Corporation also continued servicing depositors' claims in 53 other banks closed during the previous years. An amount of P1.893 million was paid to over 9,000 depositors of these 53 closed banks.

The year's payments totalling P19.645 million in all the 64 bank closings brought PDIC's total releases to the banks' insured depositors to P51.767 million as of the end of 1982. This amount corresponded to about 85,801 depositors' claims.

The post audit of payments made by the Philippine National Bank as transferee bank for the insured deposits of Provident Savings Bank was also resumed in the second half of the year.



LIQUIDATION

The following rural banks are now under liquidation by the PDIC pursuant to Monetary Board Resolution No. 459 dated March 13, 1981:

1. Tayug Rural Bank, Inc.
2. Obando Rural Bank, Inc.
3. Rural Bank of Tuguegarao, Inc
4. Rural Bank of Natividad, Inc.
5. Rural Bank of Lucena, Inc.

Tayug Rural Bank, Inc.

Formal turnover of assets, liabili-

ties, records and affairs of the rural bank from the Central Bank was completed on November 24, 1981.

The total resources of the bank from January 1 to November 30, 1982 increased by P101,141.17. The increase in resources during the same period in 1981 was P46,477.89. Net income for 1982 amounted to P78,252.08 as against the net income of P6,807.29 recorded for the first half of 1981. A large portion of the liquidation income came from gains on the disposal of assets acquired and interest on loans collected.

Rural Bank of Natividad, Inc.

The formal takeover of assets, records and affairs of the bank was completed on January 22, 1982.

The total resources of the bank from January 1 to November 30, 1982 rose by P3,447.66. A growth of P965.39 was registered in the first half of 1981. Net income for 1982 amounted to P2,621.10 compared to the net income of P1,701.82 for 1981.

Obando Rural Bank, Inc.

Turnover of the records, assets and liabilities of the rural bank was finalized in July 1982.

From January 1 to November 30, 1982, the bank realized total net liquidation income of P50,658.01. Last year's net income was at a much lower P18,421.30. The total resources for 1982 rose by P75,262.11, which was considerably higher than the previous year's increase of P29,031.45.

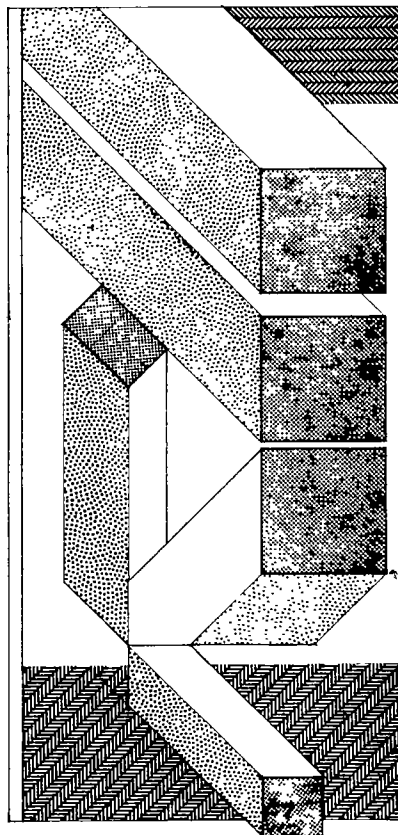
Rural Bank of Tuguegarao, Inc.

Turnover by the Central Bank to PDIC of the assets, records and affairs of the rural bank was still in progress as the year ended, and work was concentrated mainly on the inventory of the credit files of 3,172 borrowers, most of them under the *Masagana 99* rice production program.

Financial resources of the bank increased by P29,095.61 during 1982 while net income was marked at P28,882.21.

Rural Bank of Lucena, Inc.

Formal turnover of assets, records, accountabilities and affairs of the rural bank took place in September 1982.



During the last quarter of the year, the bank realized a net income of P1,503.62. Its total resources on the other hand decreased by P998.58, from P3,578,172.74 to P3,577,174.16.

EXAMINATION AND RESEARCH ACTIVITIES

The examination activities of the Department of Examination and Research during the year were in line with its bank monitoring work and confined largely to the analysis and evaluation of the condition of the following banks: 1) banks encountering financial difficulties, 2) banks under close supervision by the Central Bank by reason of their deteriorating positions, 3) banks with outstanding financial assistance from the PDIC, and 4) banks requesting assistance for the first time.

The condition of these banks were monitored from bank financial reports submitted to PDIC, copies of reports of examinations, and on occasion actual examinations conducted on these banks. The Corporation has coordinated with the supervisory departments of the Central Bank in all these matters.

For banks with outstanding financial assistance, the investigations were made to check compliance with the terms and conditions of the PDIC financial grant; in the case of those banks requesting assistance for the

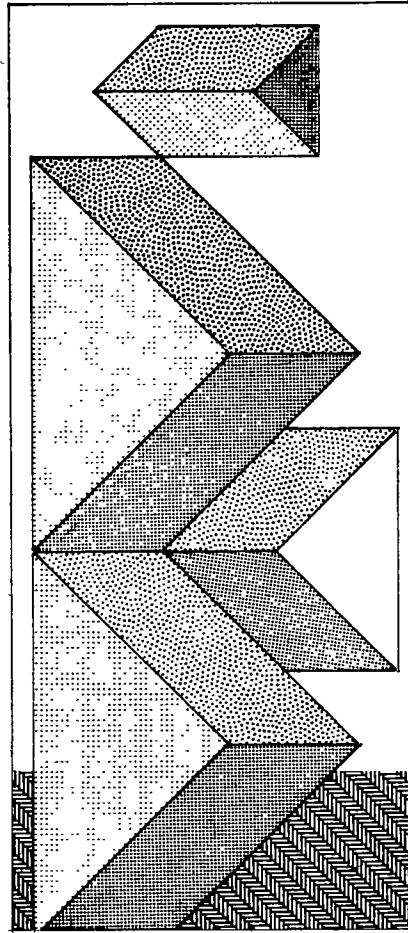
first time, investigations were made to determine whether they were qualified for assistance under the PDIC's guidelines.

The DER's other activities during the year also included the analysis and evaluation of the financial condition of three rehabilitated banks relative to their proposed schemes of payment on PDIC subrogated deposits. At the same time, the department rendered technical assistance to new member banks even as it called the attention of some other banks violating the PDIC regulations on the advertisement of membership.

As part of its ongoing research and statistical program, the Department's research sector undertook the following activities during the year:

1. Prepared the quarterly *Statistical Report* combining all statistical data relating to the operations and conditions of banks and deposit insurance gathered, compiled and analyzed during the quarter-period. This is submitted to the management as guide in decision-making. For 1982, three quarterly reports (fourth quarter 1981 and first, second, and third quarters 1982) were prepared.

2. Prepared the Corporation's Annual Report (1982) submitted to the Board of Directors, President, officers of the *Batasan Pambansa* and others. The report highlights the PDIC's financial operations and accomplishments in the major areas of the Corporation's activities.



oration's activities.

3. Prepared estimates and tabulations on the Corporation's risk exposure or insurance liability on deposits of the banking system. The estimates for June 30, 1982 covered 1,147 banks (36 commercial banks, 8 savings banks, 46 development

banks, 87 stock SLA's, and 970 rural banks).

4. Prepared the quarterly *Monograph* disseminated to member banks. The *Monograph* features special studies with relevance to banking and deposit insurance. Three issues (fourth quarter 1981 and first, second and third quarters 1982) of this publication were prepared during the year.

5. Prepared special reports and studies on certain aspects of banking operations.

6. Filled requests of banks and other institutions for statistical data on banking operations.

ASSESSMENT ACTIVITIES

Encompassed within the sphere of activities of our Assessment Department is the conduct of periodic field and desk assessment audits of certified statements from banks for the purpose of determining the correctness of assessments payable to the Corporation. For the year a total of 2,121 certified statements of commercial banks, savings banks, rural banks, development banks and stock SLA's were subjected to this form of examination, resulting in billings of P2.946 million on account of assessment deficiencies or errors uncovered. These billings were arrived at after a series of discussions and conferences between PDIC representatives and bank officials concerned.

Deficiency assessments of a development bank involving the amount of P2.089 million constituted over 70% of the total deficiencies due from development banks. This arose from the exclusion of time deposits (with maturities of more than 730 days) from the assessment base.

Meanwhile, the legal action to enforce collection of deficiency assessments of two branches of foreign banks which have contested these assessments is awaiting decision of the courts. Two other Philippine branches of foreign banks also have opted for deferment of payment of their deficiency assessments to the PDIC pending the outcome of the assessment cases in court.

The Corporation collected a total of P62.783 million in assessment premiums from member banks during the year. Of this amount, P32.375 million was collected during the first assessment period (March 31 and June 30), and P30.408 million was collected during the second assessment period (September 30 and December 31). In addition to this, the PDIC also collected the amount of P0.875 million representing deficiency assessments of commercial banks, savings banks, development banks, and stock SLAs

FINANCIAL ASSISTANCE TO MEMBER BANKS

During the year, the Corporation

extended financial assistance in time deposit placements of over half a million pesos to two rural banks in dire need of cash to service the withdrawal demands of their depositors.

The assistance to a rural bank in the Southern Mindanao region made on June 10, 1982 was in the amount of P0.500 million split into four deposit placements with repayment periods of 90-360 days and rates of interest ranging from 11-1/2% to 14% per annum. The other assistance granted to a rural bank in a Southern Tagalog province which was made on the same date

was in the amount of P0.047 million bearing interest at the rate of 12-1/2% per annum and with maturity of 180 days.

Two other banks which filed applications for assistance during the year were recommended for a total amount of P1.930 million. The application of four other banks were denied for failing to meet certain conditions set by the Corporation's Advisory Committee on Financial Assistance.

Meanwhile, the PDIC has collected the amount of P0.025 million including interest on a previous financial grant to a community rural bank in



Increased assessment income from banks in 1982 further enlarged the Corporation's gross income for that year to P96.372 million, surpassing the income for the previous period by 21.40 percent or P16.988 million.

Assessment income recorded a growth of 13.51 percent from P56.099 million to P63.679 million, and represented about 66 percent of the year's earnings. Interest income, derived mostly from investments and deposits, went up 24.11 percent to P27.629 million.

Total operating expenses decreased by 2.78 percent from P12.028 million to P11.694 million. This reduction was made possible by means of savings in interest expenses following settlement by the Corporation of its outstanding loan obligation with the Central Bank of the Philippines in 1981. Thus, the Corporation's net operating income before provision for insurance losses was raised 25.72 percent to P84.678 million.

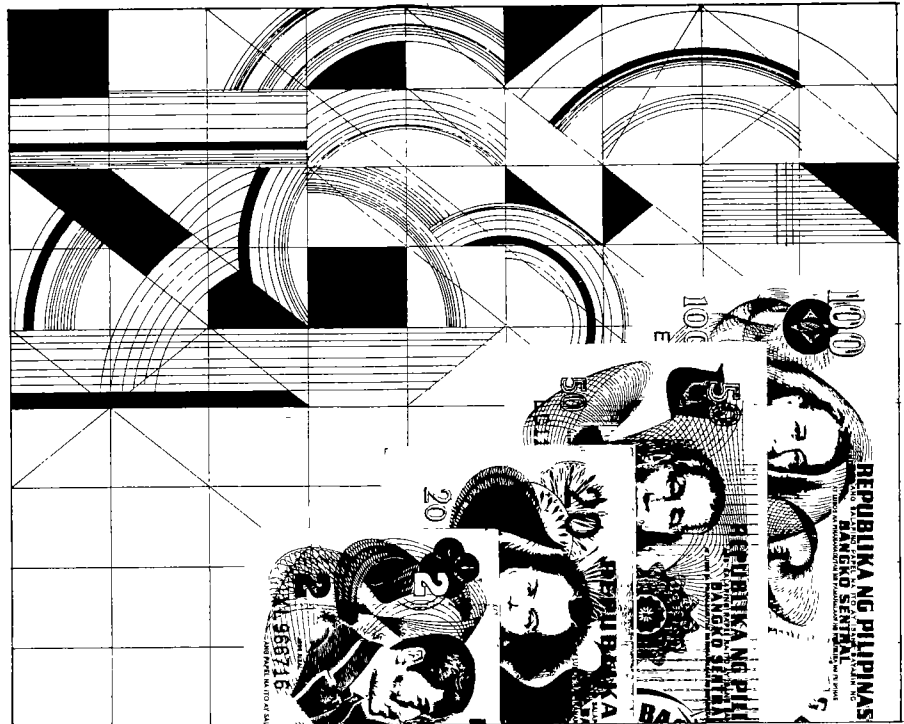
Because of the profitable results of its operations, the Corporation was able to increase its resources by P85.207 million or 31.71 percent to P353.886 million at the end of 1982. Investments in long-term Philippine Government securities totalling P146.130 million accounted for about 70 percent of this increase, with a gain of 68.41 percent from last year's investments of P86.770 million. Assets

acquired in bank assistance and deposit subrogation transactions amounted to P70.950 million, or 19.39 percent more than the previous year's level. Current assets (cash on hand and in banks, receivables, and others) rose 13.31 percent to P116.346 million while other forms of assets including fixed assets went up 3.31 percent to P20.460 million.

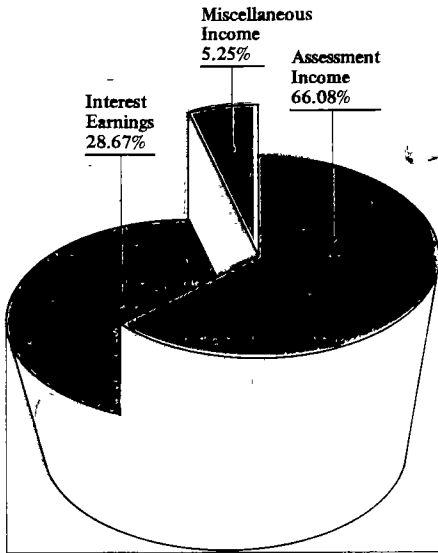
Total liabilities, which amounted to P0.962 million in 1981, were increased to P1.305 million, or by 35.66 percent. Deferred credits stood at P0.024

million while other liabilities were recorded at P1.281 million.

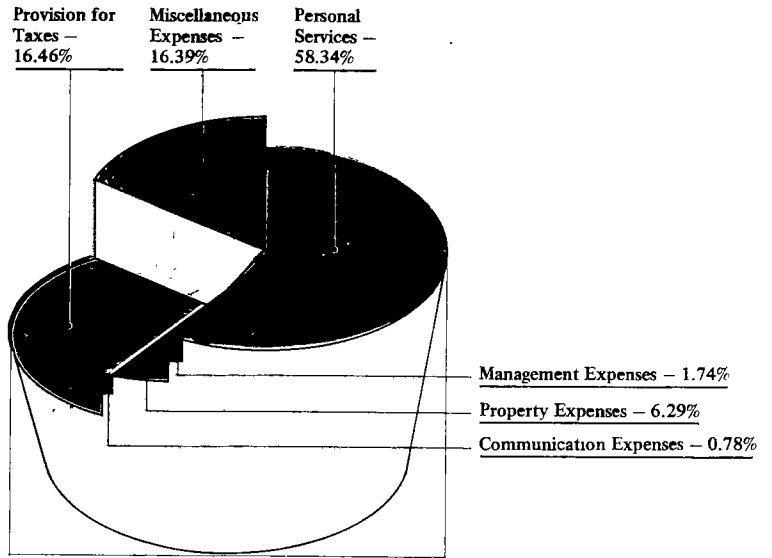
The results of the capital build-up program instituted by the Corporation sometime ago were reflected in the expansion of the deposit insurance fund for the protection of insured depositors. At the end of the year the fund amounted to P352.581 million, which was 31.70 percent higher than last year's total. This expansion was attributed to the large accumulation in the reserves for insurance losses, now totalling P328.742 million.



PDIC INCOME

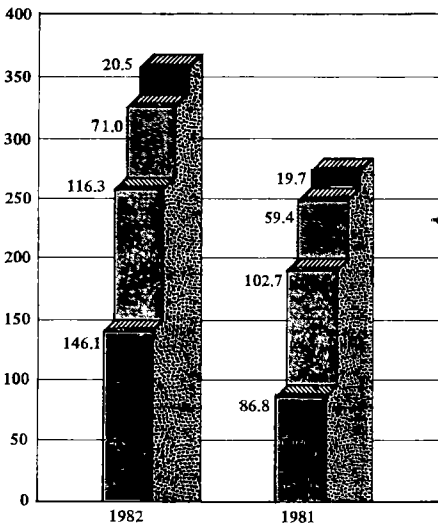


PDIC OPERATING EXPENSES



PDIC RESOURCES

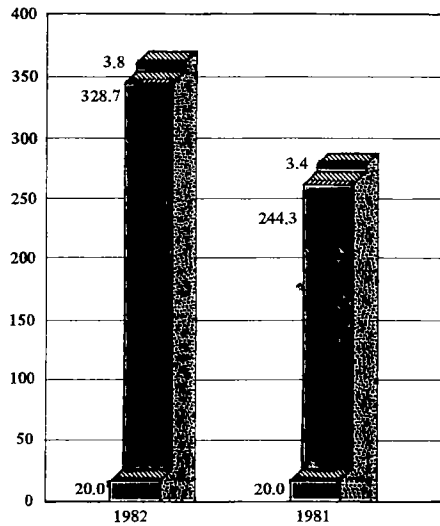
Million Pesos



- Investments in Philippine Government Securities
- Current Assets
- Assets Acquired in Bank Assistance and Deposit Subrogation Transactions
- Other Assets

PDIC DEPOSIT INSURANCE FUND

Million Pesos



- Permanent Insurance Fund
- Reserve for Insurance Losses
- Accumulated Net Income

Republic of the Philippines
COMMISSION ON AUDIT
PHILIPPINE DEPOSIT INSURANCE CORPORATION
Office of the Corporate Auditor
Makati, Metro Manila


The Board of Directors
Philippine Deposit Insurance Corporation
Makati, Metro Manila

Sirs:

We have examined in compliance with Section 2, Article XII-D of the Philippine Constitution and pertinent provisions of Presidential Decree No. 1445, the statement of condition of the Philippine Deposit Insurance Corporation as of December 31, 1982 and the related statements of income and expenses for the year then ended.

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and retained earnings present fairly the financial position of the Philippine Deposit Insurance Corporation as at December 31, 1982, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.


SATURNINO T. VILLARANDA
COA Auditor VIII

February 23, 1983

STATEMENT OF CONDITION
As of December 31, 1982**ASSETS****CURRENT ASSETS**

Cash on Hand	P	28,803.37
Cash in Bank (Current Account)		420,056.33
Cash in Bank (Savings Account)		8,085,326.69
Cash in Bank (Time Deposit)		92,000,000.00
Cash on Hand (Working Cash Fund)		—
Cash with Claim Agent-in-Charge		16,916.27
Cash Deposit with Transferee Bank		17,808.84
Petty Cash Fund		—
Accounts Receivable		1,813,042.68
Cash Advance		1,220.00
Due From Officers and Employees		1,268,514.74
Accrued Interest Receivable on PGO		4,820,353.31
Accrued Interest Receivable on TD		7,644,748.26
Accrued Interest Receivable on SD		175,405.91
Inventory of Supplies and Materials		53,635.85
Prepaid Insurance		—

Total Current Assets**P116,345,832.25**

COMPARATIVE STATEMENT OF CONDITION
As of December 31, 1982 and December 31, 1981

ASSETS	1982	1981	Increase (Decrease)
Current Assets	P116,345,832	P102,659,375	P13,686,457
Assistance to Banks	577,000	9,065,464	(8,488,464)
Securities guaranteed by the Philippine Government	146,130,000	86,770,000	59,360,000
Assets Acquired due to Bank Failure – Subrogated Claims Paid	70,372,971	50,360,944	20,012,027
Fixed Assets	4,374,310	4,743,437	(369,127)
Deferred Charges	–	19,249	(19,249)
Other Assets	16,085,897	15,060,596	1,025,301
TOTAL ASSETS	P353,886,010	P268,679,065	P85,206,945
LIABILITIES AND INSURANCE FUNDS (NET WORTH)			
Liabilities:			
Current Liabilities	P 1,304,768	P 425,520	P 879,248
Deferred Credit	–	536,142	(536,142)
TOTAL LIABILITIES AND DEFERRED CREDITS	P 1,304,768	P 961,662	P 343,106
Insurance Fund:			
Capital	P 20,000,000	P 20,000,000	–
Reserve for Insurance Losses	328,742,000	244,367,000	P84,375,000
Surplus	3,839,242	3,350,403	488,839
TOTAL INSURANCE FUND	P352,581,242	P267,717,403	P84,863,839
TOTAL LIABILITIES AND INSURANCE FUND	P353,886,010	P268,679,065	P85,206,945

COMPARATIVE INCOME STATEMENT
For the Years Ended December 31, 1982 and December 31, 1981

Income from Operations	P96,372,135.88	P79,384,072.64	P16,988,063.24
Less: Expenses			
Personal Services	P 6,822,453.81	P 6,434,824.87	P 387,628.94
Management Expenses	203,210.08	247,606.87	(44,396.79)
Property Expenses	735,632.11	627,139.15	108,492.96
Communications	90,440.96	85,878.96	4,562.00
Interest Expenses	—	1,081,836.10	(1,081,836.10)
Taxes	1,925,147.00	1,857,000.00	68,147.00
Travel	897,114.76	861,165.15	35,949.61
Others	1,020,224.93	833,142.55	187,082.38
Total Operating Expenses	P11,694,223.65	P12,028,593.65	(P 334,370.00)
Operating Income before Provision for Insurance Losses	P84,677,912.23	P67,355,478.99	(P17,322,433.24)
Provision for Insurance Losses	P84,375,000.00	P67,050,000.00	P17,325,000.00
INCOME	P 302,912.23	P 305,478.99	(P 2,566.76)

December 31, 1982

A. The financial statement accounts are based on the previously submitted Chart of Accounts. However, management has set up a new account "Deferred Transportation Expenses" representing the share of PDIC in the purchase of cars for all officials, which benefit has been granted recently.

B. Current Assets – P116,345,832.25

The Current Assets increased by P13,667,207.98 as per summary below:

Current Assets	1982	1981	Increase (Decrease)
Cash	P 46,939.64	P 36,498.55	P 10,441.09
Cash in Bank	100,523,191.86	93,459,368.10	7,063,823.76
Receivables	15,722,064.90	9,118,455.95	6,603,608.95
Others	<u>53,635.85</u>	<u>64,301.67</u>	<u>(10,665.82)</u>
Totals	<u>P116,345,832.25</u>	<u>P102,678,624.27</u>	<u>P13,667,207.98</u>

Cash is the total of Cash on Hand and Cash with Claim Agent-in-Charge.

Cash in Bank includes current and savings accounts in different banks for payoff operations, and time deposits with PNB of P67 million and with Union Bank of P25 million.

Receivables include interest receivables from investments, sales of decals and standees, and the BIR withholding tax for interest earned in time deposits of P1,810,006.31. The withheld account has always been disclosed in the Income Tax return of the Corporation.

C. Assistance to Banks

	1982	1981	Increase (Decrease)
Cash in Bank-Time Deposit	P 577,000.00	P 97,000.00	P 480,000.00
Notes Receivable		8,968,463.83	(8,968,463.83)
Subrogated Claims Paid	<u>70,372,971.18</u>	<u>50,360,944.13</u>	<u>20,012,027.05</u>
	<u>P70,949,971.18</u>	<u>P59,426,407.96</u>	<u>P11,523,563.22</u>

1. Time Deposits are with the following banks:

RB of Jolo	P 12,000.00
RB of Dingle	65,000.00
RB of Davao	<u>500,000.00</u>
	<u>P577,000.00</u>

2. The decrease in the Notes Receivable was due to the payments by the Allied Banking Corporation and International Corporate Bank which acquired respectively the assets and liabilities of the General Bank and Trust Company and the Continental Bank.

3. Subrogated Claims Paid – P70,372,971.18

Subrogated Claims Paid in 1982	P70,372,971.18
Subrogated Claims Paid in 1981	50,360,944.13
Charges in 1982	<u>P20,012,027.05</u>

During the year, 64 banks were serviced in PDIC's payoff operations, with P15,000.00 maximum payment for each depositor.

D. Fixed Assets – P4,374,310.53

The corporation uses the straight line method of depreciation. Building has an estimated life of 30 years and equipment and furniture and fixtures were estimated to have a useful life of 5 and 10 years, respectively.

	1982	1981	Increase (Decrease)
Total Fixed Assets	P6,598,859.37	P6,597,476.37	P 1,383.00
Accumulated Depreciation	<u>2,224,548.84</u>	<u>1,854,093.42</u>	<u>370,509.42</u>
Total Net Fixed Assets	<u>P4,374,310.53</u>	<u>P4,474,436.95</u>	<u>P369,126.42</u>

E. Long-Term Investments – P146,130,000.00

Long term investments in 1982	P146,130,000.00
Long term investments in 1981	<u>86,770,000.00</u>
	<u>P 59,360,000.00</u>

The bulk of the investment is in NHMC *Bahayan* Mortgage Participation Certificates in the amount of P95,780,000.00 and in DBP Countryside Bills of P50,350,000.00.

The Development Bank of the Philippines by arrangement with the Corporation pays its insurance premiums in DBP Countryside Bills.

F. Other Assets

1. Deferred Transportation Expenses – P1,034,802.00

The corporation purchased cars on a sharing basis (55%-45%) for eligible officers, with the corporation spreading its share over a period of five years.

2. Permanent Insurance Funds Receivable – P15,000,000.00

This is a receivable from the National Treasury as authorized by PD No. 120 in January 1973, increasing the Permanent Insurance Fund of PDIC from P5 million to P20 million.

G. Current Liabilities

1. Due to Officers and Employees of P73,054.98 represents mostly reservations for travel, medical, and various claims of the personnel of PDIC.

2 Accounts Payable – P1,109,093.10

The bulk of this amount represents accounts reserved/payable to various car companies of P850,000.00 for the purchase of cars.

H. Reserve for Insurance Losses – P328,742,000.00

The reserve increased by P84,375,000.00. Allocations to the reserve depend on the assessment income, in line with the PDIC's objective of affording adequate protection to bank depositors of closed banks.

I. Income / Expenses / Accumulated Net Income Adjustment

The increase in income of P16.99 million was due to the increase in assessment income of P7.58 million and in interest income of P7.78 million. Expenses decreased by P334,370.00 as compared to last year's expenses. Provision for Insurance Losses increased by P17.32 million.

Accumulated Net Income Adjustment of P185.92 thousand represents interest earned on various savings accounts for payoff operations as well as refunds on prior years' prepayments and disbursements/adjustments.

J. Budget

The following is a recapitulation of the budget of the Corporation for the year 1982.

	Budget	Charges	Balance
Operating Expenses	P15,001,000.00	P11,694,223.65	P 3,306,776.35
Capital Expenditures	270,000.00	1,383.00	268,617.00
Scholarship Fund	36,000.00	—	36,000.00
Payoff Fund	<u>30,000,000.00</u>	<u>20,012,027.05</u>	<u>9,987,972.95</u>
	<u>P45,307,000.00</u>	<u>P31,707,633.70</u>	<u>P13,599,366.30</u>

The charges to Payoff Fund represent the debit balance of the Subrogated Claims Paid account for the year 1982.

The banking system has continued to expand its territories and markets during the year with the establishment of seven new banks and over 150 offices mostly in places not yet currently serviced by banks.

Three stock SLAs and four rural banks, meanwhile, have been closed by the Central Bank of the Philippines and forbidden from doing further business in the country.

The new banks are the Rural Bank of Sta. Elena (Camarines Norte), Inc.; Capitol City Rural Bank of Trece Martires, Inc.; Rural Bank of Bugey (Cagayan), Inc.; New Rural Bank of Bacoor (Cavite), Inc.; Rural Bank of Madridejos (Cebu), Inc.; Rural Bank of Balingo-an (Misamis Oriental), Inc.; and Northern Mindanao SLA, Inc.

The relatively small number of rural banks opened during the year was due to the temporary suspension in the processing of new applications for rural banks in line with the recent Central Bank policy of maintaining their present level. Moreover, the much bigger capitalization required under the banking reforms of 1980 has adversely affected the physical growth of these banks.

As of December 31, 1982, the number of banks whose deposits were in-

sured with PDIC totalled 1,220, consisting of 34 commercial banks, 8 savings banks, 45 private development banks, 84 stock savings and loan asso-

ciations, 1,046 rural banks, and 3 specialized government banks. These banks have branches of over 2,600 throughout the Philippines.

**NUMBER OF PDIC MEMBER BANKS,
BY TYPE OF BANK**

	December 31, 1982	December 31, 1981	Change
Commercial Banks ¹	34	33	1
Savings Banks	8	9	(1) ⁴
Development Banks ²	45	44	1
Stock Savings & Loan Associations	84	87	(3) ⁵
Rural Banks ³	1,046	1,040	6
Specialized Government Banks	3	3	—
ALL BANKS	1,220	1,216	4

¹Excludes specialized government banks (Land Bank of the Philippines and Philippine Amanah Bank) previously classified under this category.

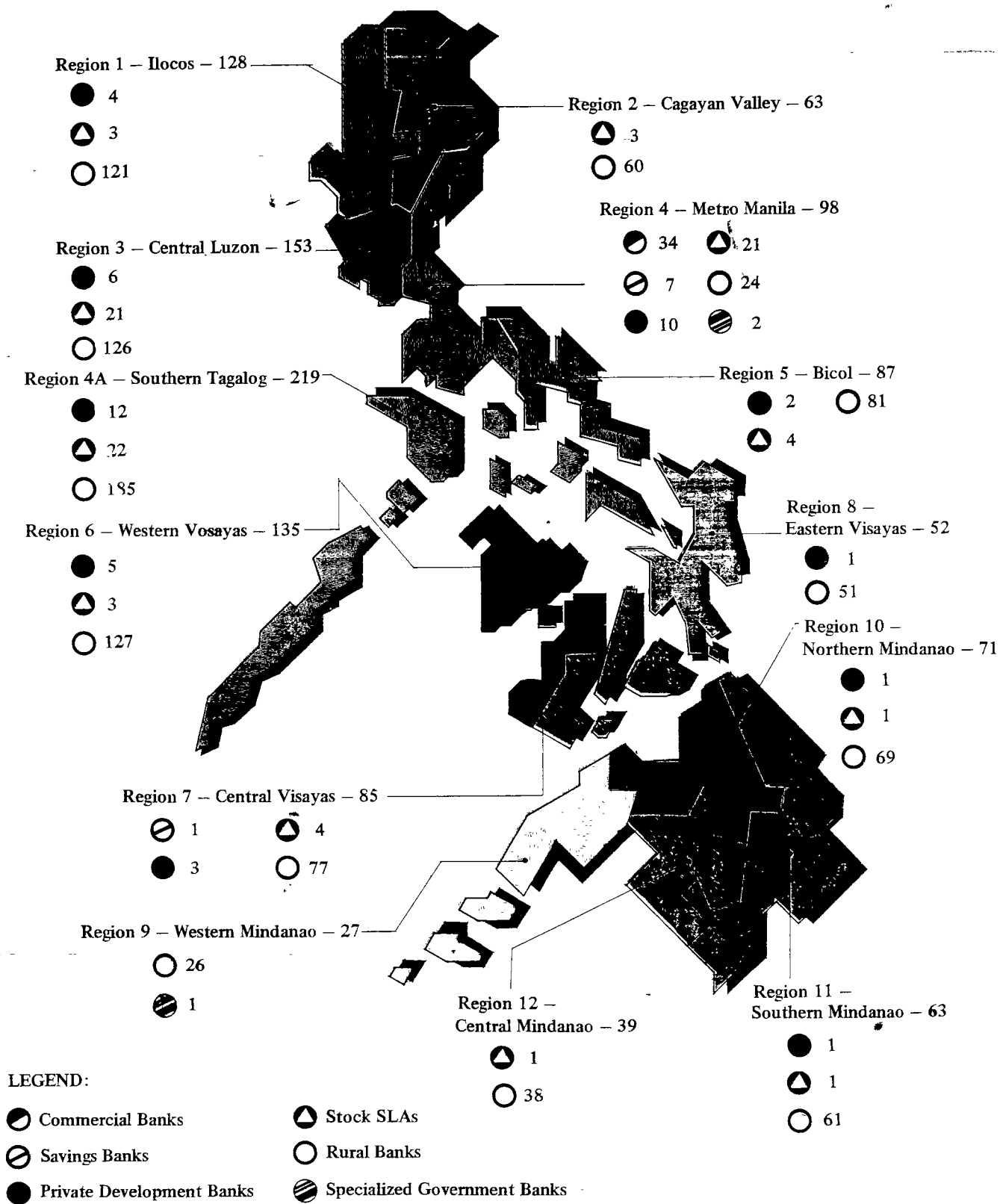
²Excludes the Development Bank of the Philippines previously classified under this category.

³Licensed banks; includes closed and merged banks.

⁴Conversion of Union Savings Bank into a commercial bank.

⁵Laguna SLA, Mercantile SLA and Nation SLA which were closed in 1982.

Distribution of PDIC Member Banks, by Region and Type of Bank



COMMERCIAL BANKS

Type/Name of Bank	Type of Office	Location	Date Opened / Licensed
1. Citytrust Banking Corp.	Branch	Del Monte Ave., SFDM, Q.C.	1-14-82
2. Insular Bank of Asia & America	Branch	San Pedro-Banerohan, Davao City	1-18-82
3. Phil. Bank of Communications	Branch	Quezon Blvd.-Rotonda-Araneta Quezon City	1-22-82
4. Republic Planters Bank	Branch	Cadiz City	1-22-82
5. Traders Royal Bank	Branch	Ormoc City	1-15-82
6. Allied Banking Corp.	Branch	Las Piñas, Metro Manila	2-08-82
7. Family Bank & Trust Co.	Branch	Lacson-Capitol Road, Bacolod City	2-01-82
8. Insular Bank of Asia & America	Branch	Nepa Q-Mart, Cubao, Q.C.	2-09-82
9. Metropolitan Bank & Trust Co.	Branch	Quadrangle Dist., Q.C.	2-15-82
10. Republic Planters Bank	Money Shop/SO	Dumalag, Capiz	2-19-82
11. Rizal Commercial Banking Corp.	Branch	BF Homes, Parañaque, MM	2-26-82
12. Rizal Commercial Banking Corp.	Branch	Diliman, Quezon City	2-26-82
13. United Coconut Planters Bank	Branch	Malinta-Malanday, Valenzuela, MM	2-08-82
14. United Coconut Planters Bank	Branch	San Juan-Luzurriaga, Bacolod City	2-08-82
15. Metropolitan Bank & Trust Co.	Representative Office	Singapore	2-01-82
16. Commercial Bank of Manila	Branch	Reina Regente, Jose Abad-Santos, Manila	3-12-82
17. Commercial Bank of Manila	Branch	Del Monte Avenue, SFDM, Q.C.	3-12-82
18. Commercial Bank of Manila	Branch	Malabon, Metro Manila	3-12-82
19. Consolidated Bank & Trust Corp.	Branch	Subangdaku-Highway, Mandaue City	3-22-82
20. Metropolitan Bank & Trust Co.	Branch	Paco Public Market, Paco, Manila	3-22-82
21. Phil. Bank of Communications	Extension Office	Divisoria (Elcano), Manila	3-29-82
22. Phil. National Bank	Branch	Quirino District, Q.C.	3-02-82
23. Allied Banking Corporation	Money Shop/SO	MIA-Nayong Pilipino, Parañaque Metro Manila	4-02-82
24. Allied Banking Corporation	Branch	Claveria, Davao City	4-12-82
25. China Banking Corporation	Branch	Barter Trade Zone, Zamboanga City	4-02-81
26. Family Bank & Trust Co.	Branch	Quezon Blvd., Araneta-Rotonda, Quezon City	4-19-82
27. Metropolitan Bank & Trust Co.	Branch	C.M. Recto-Evangelista, Quiapo, Manila	4-02-82
28. Phil. Commercial & Industrial Bank	Branch	MIA-Nayong Pilipino, Parañaque, Metro Manila	4-02-82
29. Phil. Trust Co.	Branch	MIA-Nayong Pilipino, Parañaque, Metro Manila	4-02-82
30. Security Bank & Trust Co.	Branch	Bayan-bayanan, Marikina, MM	4-29-82
31. Commercial Bank of Manila	Branch	Colon, Magallanes, Cebu City	5-04-82

14. Premiere Development Bank	Branch	B.F. Homes, Parañaque, MM	10-04-82
15. Luzon Development Bank	Branch	Lemery, Batangas	12-01-82
16. Southern Negros Development Bank	Extension Office	Bago City	12-17-82

STOCK SAVINGS & LOAN ASSOCIATIONS

1. Asian Savings Bank	Branch	Quadrangle, District, Quezon City	1-14-82
2. Asian Savings Bank	Branch	Rosario-Gandara, Manila	1-21-82
3. Town SLA	Savings Agency	Bocaue, Bulacan	1-23-82
4. Farmers SLA	Savings Agency	Angat, Bulacan	3-10-82
5. Intercity SLA	Agency	San Andres, Malate, Manila	3-25-82
6. Asian Savings Bank	Branch	Pasay Road, Makati, Metro Manila	4-12-82
8			
7. Permanent Savings & Loan Bank	Branch	Arranque Market, Manila	4-23-82
8. Permanent Savings & Loan Bank	Branch	Plaza Miranda, Manila	5-10-82
9. Hiyas SLA	Savings Agency	Norzagaray, Bulacan	5-29-82
10. Daily SLA	Branch	Guadalupe, Makati, Metro Manila	5-31-82
11. Asian Savings Bank	Branch	Greenhills-Unimart, San Juan, MM	6-15-82
12. Pioneer SLA	Branch	Alabang, Muntinlupa, MM	6-22-82
13. Saviour SLA	Savings Agency	Floridablanca, Pampanga	6-15-82
14. First Savings & Loan Bank	Branch	E. Rodriguez Sr. Blvd., Q.C.	7-23-82
15. Asian Savings Bank	Branch	La Loma-Recto, Retiro, Q.C.	9-03-82
16. First Cavite SLA	Money Shop	Imus, Cavite	10-18-82
17. Maunlad SLA	Branch	Antipolo, Rizal	11-09-82
18. Davao SLA	Savings Agency	Polomolok, South Cotabato	12-20-82
19. First Cavite SLA	Savings Agency	Gen. Moriones, Cavite	12-27-82

RURAL BANKS

1. RB of Sta. Teresita	Branch	P. Burgos-Rizal Avenue, Batangas City	1-28-82
2. RB of Sta. Elena	Head Office	Sta. Elena, Camarines Norte	1-09-82
3. Quezon Capitol RB	Savings Agency	Quezon Ave., Lucena City	3-16-82
4. RB of Dolores (Quezon)	Branch	Tiaong, Quezon	3-29-82
5. RB of Magallanes (Cavite)	Branch	Amadeo, Cavite	3-15-82
6. RB of Balungao	Branch	Poblacion, Dagupan City	4-30-82
7. Capitol City RB of Trece Martires	Head Office	Trece Martires City	4-26-82
8. RB of Calatagan	Branch	Balayan, Batangas	5-28-82
9. RB of Unisan	Branch	San Pedro, Laguna	5-08-82
10. RB of Alabat	Branch	Mauban, Quezon	6-14-82
11. RB of Bais	Branch	Tanjay, Negros Oriental	6-15-82
12. RB of Guiguinto	Branch	Hagonoy, Bulacan	6-14-82
13. RB of San Fernando	Branch	Pasacao, Camarines Sur	6-28-82
14. RB of Buguey	Head Office	Buguey, Cagayan	6-16-82
15. RB of Rizal (Laguna)	Branch	San Pablo City, Laguna	7-19-82
16. RB of Los Baños	Branch	Biñan, Laguna	7-22-82
17. RB of Lobo (Batangas)	Branch	Lipa City	7-31-82

18. RB of Nabua	Branch	General Luna-E. Angeles, Naga City	8-23-82
19. RB of La Carlota City	Branch	Bago City	8-23-82
20. RB of Hinigaran	Branch	Valladolid, Negros Oriental	8-30-82
21. New RB of Bacoor	Head Office	Bacoor, Cavite	8-29-82
22. RB of Kapatagan Valley	Branch	Kapatagan, Lanao del Norte	9-01-82
23. RB of Luna	Branch	Bacnotan, La Union	9-18-82
24. RB of Liliw	Branch	Sta. Cruz, Laguna	9-20-82
25. RB of Malungon	Branch	General Santos City	9-27-82
26. RB of Bolbok	Money Shop	San Juan, Batangas	10-04-82
27. RB of Madridejos	Head Office	Madridejos, Cebu	10-10-82
28. First Consolidated RB of Bohol	Branch	Trinidad, Bohol	10-11-82
29. RB of Balingo-an	Head Office	Balingo-an, Misamis Oriental	10-17-82
30. RB of Atok	Branch	CBD-Irisan, Baguio City	10-27-82
31. RB of Aurora	Money Shop	Aurora, Zamboanga del Sur	11-15-82
32. First Consolidated RB of Bohol	Branch	Valencia, Bohol	11-15-82
33. RB of Alaminos (Laguna)	Branch	Sto. Tomas, Batangas	11-17-82
34. RB of Tubao (Benguet)	Branch	CBD-Irisan, Baguio City	11-20-82
35. RB of Rangay	Branch	Tubao, La Union	11-27-82
36. RB of Jose Panganiban	Branch	Daet, Camarines Norte	11-27-82
37. RB of San Antonio (Quezon)	Branch	Lipa City, Batangas	12-15-82

SPECIALIZED GOVERNMENT BANKS

1. Development Bank of the Philippines	Sub-Branch	Baler, Aurora	3-25-82
2. Land Bank of the Philippines	Branch	Lucena City	3-29-82
3. Development Bank of the Philippines	Branch	Capitol Site, Tagbilaran City	3-24-82



LUIS TIRSO RIVILLA
Chairman



JAIME C. LAYA
*(Governor, Central Bank of the
Philippines)
Member*

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PILAR A. PICAZO**
Staff Assistant to the Chairman

**On Leave
**Acting Chief Cashier*