



STAYING STRONG Towards Recovery 2021 Annual Report Highlights

The Philippine Deposit Insurance Corporation (PDIC) continued to traverse the path to recovery during the second year of the Covid-19 pandemic in 2021.

Fueled by our commitment to provide uninterrupted and responsive service to the depositing public despite the challenges and limitations posed by the pandemic, we have achieved our targets for the year in the performance of our mandates as deposit insurer and statutory receiver of closed banks.

In keeping with the PDIC's revised Vision statement that focuses on our goal of becoming a leading institution in governance, we continued to implement innovations to benefit our stakeholders.

On behalf of the men and women of PDIC, I'm pleased to share with you our story of service as deposit insurer, statutory receiver, a pillar of the financial system, and a responsive organization, the full version of which may be accessed through this link: https://www.pdic.gov.ph/files/2021_PDIC_Annual_Report_and_Financial_Statements.pdf.

As the country navigates the path to recovery and continuing growth, the PDIC commits to stay strong in championing depositor protection and helping maintain financial stability.

Very truly yours,



ROBERTO B. TAN
President and CEO

HIGHLIGHTS OF OUR STORY OF SERVICE FOR 2021

AS DEPOSIT INSURER

1. Maintaining a strong capital position

The Corporation's Deposit Insurance Fund (DIF) remained strong and adequate to meet risks associated with bank closures. In 2021, the 12-month average ratio of the DIF to estimated insured deposits was at 7.7 percent, exceeding the target of 5.5 percent. The DIF reached ₱242.9 billion by year-end 2021, 13.4 percent higher than the DIF level of ₱214.2 billion by end of 2020. A strong DIF signifies the PDIC's readiness to respond to insurance calls, thereby promoting depositor confidence in the stability of the country's banking system.

2. Settlement of 100% of claims for insured deposits within TAT

As the state deposit insurer, prompt reimbursement is at the heart of PDIC services. A total of 19,184 claims or 100 percent of deposit insurance claims were settled within the turnaround time (TAT) for 12 out of 13¹ banks that were ordered closed in 2021. The PDIC paid valid deposits with balances of not more than ₱100,000 within 17 to 40 working days from bank takeover, against the TAT of 27 to 41 working days. Meanwhile, for depositors with more than ₱100,000 in deposit balances or those with outstanding obligations with the closed banks, the PDIC settled the valid claims within seven working days from date of receipt of claims.

The Corporation also implemented various initiatives to step up our claims settlement operations, such as the institution of a dedicated e-mail facility through which depositors can file claims virtually, providing a web-based Claim Form on the PDIC website; and expanding modes for deposit insurance payment in addition to existing ones to make receipt of insurance payment more convenient. The latter was in collaboration with the Development Bank of the Philippines through a Memorandum of Agreement signed in December 2021, for the use of the bank's Multi-Channel Disbursement Facility.

3. Streamlined process for bank mergers, consolidations and acquisitions (MCA)

The PDIC spearheaded the streamlining of inter-agency processes on Mergers, Consolidations, and Acquisitions (MCA) of banks in line with the government's thrust to simplify the requirements and procedures in order to promote ease of doing business. The streamlined process drastically reduced the number of documentary requirements to 30 from the previous 58; and shortened the processing time to 55 days from the previous 160 days. The MCA project was implemented by PDIC along with the Bangko Sentral ng Pilipinas, Securities and Exchange Commission, Cooperative Development Authority, and the Philippine Competition Commission.

AS STATUTORY RECEIVER

4. Reduction of non-cash portfolio to facilitate asset distribution to creditors

In 2021, the PDIC resolved 30,384 loan accounts amounting to ₱591 million, exceeding the target of 17,826 resolved loan accounts. A new initiative implemented during the year was the Closed Bank Loan Incentive Program, which aimed to improve loan resolution by providing incentives to borrowers of closed banks to help make settlement of their outstanding loans and/or recovery of their mortgaged assets easier.

The Corporation's asset disposal initiatives also continued to yield significant results. During the year, a total of 1,141 real properties amounting to ₱411.6 million was resolved, exceeding the year's target of 807 real properties. The PDIC's shift to electronic bidding for a safer and more convenient way of disposing assets since April 2021 proved to be an effective tool in responding to the challenges and limitations of the pandemic. A total of 16 e-biddings were held during the year, which led to the sale of 61 properties amounting to ₱83.3 million.

¹Inventory taking is ongoing for a multi-unit rural bank that was ordered closed in December 2021.



AS A FINANCIAL SAFETY NET PLAYER

5. Formulation of contingency plans

The PDIC Board approved in December 2021 the *Takeover and Claims Settlement (TO-CS) Plans* as a contingency measure to implement in the event that the Monetary Board of the Bangko Sentral ng Pilipinas declares the closure of a domestic systemically important bank (DSIB). The Plans aim to contribute to financial stability by ensuring financial crisis preparedness during a DSIB closure through the formulation of the TO-CS operational plans. The Plans also formalized the policies, strategies and actions that will ensure the readiness of takeover and claims settlement processes and systems to respond to a DSIB closure; clearly defined the roles and responsibilities of each participant in the plans; and ensured the efficient, orderly and organized conduct of takeover and claims settlement operations of a DSIB.

AS A RESPONSIVE ORGANIZATION

6. Improvement in employees' competencies and capability-building

Mindful that employees are the core of our operations, the PDIC rolled out various personnel capability-building activities. During the year, the overall employee competency level improved by 12 percent from its level in 2020 across the Corporation. Competency level refers to the demonstration by employees of behavior and skills related to their job description and is measured on an annual basis by way of a Competency Assessment Survey among personnel. The continuing improvement in the employees' competency level ensures the quality of service provided by PDIC to its stakeholders.

7. Continued certifications on core processes

Five core corporate processes – claims settlement operations, assessment of member banks, loans management, real property disposal and bank examination – continued to be certified under ISO 9001:2015 standards,

signifying that the Corporation's systems and processes are in step with international best practices. The certifications were awarded by third-party certifying bodies SOCOTEC and TÜV Rheinland after successful audits during the year.

8. Implementation of the PDIC's Information Systems Strategic Plan

The PDIC's Information Systems Strategic Plan (ISSP) outlines the roadmap towards the digital transformation of the Corporation. The plan is continuously revisited and adjusted to align with the developments and challenges of the times. In 2021 and as embodied in the ISSP, seven ICT projects and one information system were implemented. These projects were prioritized for implementation to help ensure PDIC's mandates and services were delivered during the pandemic. Among these were the implementation of the Office 365 suite, Knowledge-based Current Account Savings Account System, Electronic Bidding and Negotiated Sale (Phase 1) project, Queueing System for the Public Assistance Center, expansion of the Virtual Private Network, Multi-Factor Authentication System; and the construction of the Data Center.

9. Customer Satisfaction through Responsive Service









The results of the 2021 PDIC Customer Satisfaction Survey showed that eight out of 10 customers expressed satisfaction in the services extended to them by the Corporation, signifying the PDIC's unrelenting commitment to deliver quality services. The survey was administered to randomly selected depositors and borrowers of closed banks; and compliance officers of member-banks employing the methodology prescribed by the Governance Commission for Government-Owned or -Controlled Corporations. The results showed that majority of PDIC's customers were satisfied with frontline services for payment of deposit insurance, loan-related transactions and various services for member-banks with overall satisfaction rating registered at 82.7 percent during the year.



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