



RISING STRONG for Greater Heights

2022 Annual Report Highlights

True to our public service pledge of depositor protection, the Philippine Deposit Insurance Corporation (PDIC) traversed the year 2022 with full determination to emerge stronger than ever from the global pandemic that altered the day-to-day operations of the country's financial system.

As strict health and safety protocols have been cautiously laid off, the PDIC also made significant strides in fulfilling our mandates to deliver our services to the depositing public with unwavering commitment and resilience.

Backed by the enhanced authorities from the latest legislative amendments to the PDIC Charter, the men and women of the Corporation worked together to achieve our corporate targets for the year, while continuously strengthening our internal capabilities to ensure a competent workforce and responsive processes.

To all our stakeholders, I am pleased to share with you our story of service in fulfilling our unique and multi-faceted functions as the state deposit insurer, co-regulator of banks, receiver of closed banks, a key player in the financial safety net system, an advocate for a strong corporate organization, and a champion of strong local and international collaboration. The full version of the PDIC 2022 Annual Report and Financial Statements may be accessed through this link: https://www.pdic.gov.ph/files/2022_PDIC_Annual_Report_and_Financial_Statements.pdf

As the country rises together to achieve greater heights, the PDIC remains committed to be a pillar of good governance that consistently delivers on our brand promise, anchored on our corporate tagline, **"Bank deposit mo, protektado!"**

Very truly yours,

ROBERTO B. TAN
President and CEO

Highlights

PDIC Story for 2022

AS DEPOSIT INSURER

1. Maintaining a Strong Capital Position

The PDIC Deposit Insurance Fund (DIF), our main fund source to pay valid deposit insurance claims, remained strong and adequate to meet potential risks. In 2022, the 12-month average ratio of the DIF to estimated insured deposits was at 8.4 percent, exceeding the target of 5.5 percent. The DIF reached ₱273.6 billion by year-end 2022, driven primarily by the robust performance of the banking system and PDIC's prudent investment and fund management.

2. Prompt Settlement of Deposit Insurance Claims

The prompt reimbursement of deposit insurance to depositors of closed banks is at the core of PDIC's public service pledge of depositor protection. In 2022, the Corporation settled 100 percent of valid deposit insurance claims within the target turnaround time, ensuring that closed bank depositors regain access to their funds in a timely manner. Total payments made by the PDIC to depositors of the nine banks ordered closed by the Bangko Sentral ng Pilipinas (BSP) in 2022 amounted to ₱614.2 million, involving 15,871 deposit accounts, paid through various payment channels.

AS CO-REGULATOR OF BANKS

3. Conduct of Examination and Monitoring of Banks

The PDIC issued Regulatory Issuance (RI) No. 2021-01 on the Revised Rules and Regulations on Record-Keeping of Bank Deposits and Reportorial Requirements from Banks in January 2022. Said RI mandates banks to keep and maintain a true and accurate record or statement of their daily deposit account transactions in adherence to applicable standards established by the PDIC and the BSP.

To help monitor banks' strength and stability, the Corporation also developed its Framework for Risk Assessment of Domestic Systemically Important Banks (DSIB). The Framework analyzes banks' financial soundness, identifies their strengths and sources of vulnerabilities, and forms part of the PDIC Integrated Crisis Management Plans. In addition, the PDIC also examined, independently and jointly with the BSP, a total of 11 banks with total deposits of ₱31.2 billion and estimated insured deposits of ₱17.1 billion as of examination cut-off date.

4. Filing of Legal Cases on Bank Fraud, Irregularities and Anomalies

To protect the banking system from illegal schemes that undermine the deposit insurance

system, the PDIC files legal cases against bank directors, officers and employees who commit fraud, irregularities and anomalies in their respective banks. For 2022, the Corporation filed a criminal complaint before the Department of Justice against the former cashier and savings bookkeeper of a closed bank for qualified theft. The PDIC also received several indictments from the DOJ on the criminal charges filed against former directors, officers and employees of closed banks. To date, the PDIC, under the authority of the Office of the Prosecutor General, is actively prosecuting before the courts various criminal cases filed against former directors, officers, and employees of closed banks for fraud, irregularities or anomalies involving more than ₱27.0 billion.

AS RECEIVER OF CLOSED BANKS

5. Takeover and Liquidation of Banks Ordered Closed by the BSP

As statutory receiver, the PDIC took over the affairs of nine banks ordered closed by the BSP in 2022. The year's bank closures brought the total number of closed banks under liquidation by the Corporation to 373 as of year-end.

As part of its liquidation efforts to benefit closed banks' creditors, the PDIC collected loan payments amounting to ₱458.3 million, of which 44 percent or ₱199.8 million were collections from the Closed Bank Loan Incentive Program (CLIP), PDIC's incentive program to entice borrowers to pay their loans by availing of waivers and discounts.

The judicious administration and timely disposal of closed banks' assets is also an important component of closed bank liquidation. Towards this end, the Corporation continued to innovate with its asset marketing strategies through the use of an electronic bidding portal, social media platforms, and targeted promotional activities to showcase properties in various localities. By year-end, total collections amounting to ₱1.5 billion were recorded from the sale of 216 real and other properties acquired (ROPA). Total collections for the year represented an increase of 594 percent compared with the ₱222.0 million collections recorded in 2021.

The PDIC also filed a total of 42 asset distribution plans (ADP) during the year for approval of various liquidation courts. This was the highest number of ADPs filed in the last five years. During the year, the liquidation courts approved a total of 29 ADPs of closed banks. The approval of these ADPs allowed the PDIC to distribute to closed bank creditors an aggregate amount of ₱1.4 billion representing settlement of their trapped funds and assets with the closed banks.

TOWARDS A STRONG FINANCIAL SAFETY NET SYSTEM

6. Enhanced Authorities under the Amended PDIC Charter

Republic Act (R.A.) No. 11840, which introduced further amendments to the PDIC Charter, was enacted on 17 June 2022. The latest Charter amendments expanded the mandate of PDIC as deposit insurer and reinforced its role in maintaining financial stability. The Charter amendments strengthened the regulatory framework of the PDIC for the effective and efficient discharge of its mandates. The amendments also ensured better policy and program coordination with the BSP, preventing overlap and duplication of functions.

7. Ensuring Crisis Preparedness

To ensure the readiness of its processes and systems in the event of a DSIB failure, minimize the possible contagion effects of such an event, and preserve public confidence in the country's banking system, the PDIC Board approved the Integrated Crisis Management Plan (ICMP) during the year. To assess the adequacy of the ICMP, two simulation exercises were conducted in 2022 which included the concerned business units across the Corporation namely the Takeover Team/Project Management Team and Crisis Communications Team.

TOWARDS A STRONG CORPORATE ORGANIZATION

8. Building a Culture of Competent Workforce

Recognizing that employees are the lifeblood of its operations, the PDIC rolled out various personnel capability-building activities. In 2022, the overall employee competence level improved by 8.36 percent compared with the level registered in 2021 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 is complemented by learning and development intervention programs conducted for the past years.

9. Maintenance of ISO Certifications as Seal of Service Excellence

The PDIC maintained ISO certifications for five of its core corporate processes, namely, claims settlement operations, assessment of member banks, loans management, real property disposal and bank examination. The certification under ISO 9001:2015 standards validated the service

excellence consistently observed in PDIC's systems and processes for its stakeholders.

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

The PDIC continued to make significant strides to optimize productivity and resource protection through information technology initiatives implemented during the year as part of the Five-Year Information Systems Strategic Plan (ISSP), now on its second year of implementation.

11. Customer Satisfaction as a Measure of Enhanced Client Experience

The results of the 2022 PDIC Customer Satisfaction Survey showed that the Corporation was able to provide enhanced client experience to its customers who availed of frontline services such as payment of deposit insurance, loan-related transactions and various services for member banks. At least satisfactory ratings were received from member-banks (98 percent), depositors (80 percent) and borrowers of closed banks (86 percent) who participated in the survey.

TOWARDS STRONG LOCAL AND INTERNATIONAL COLLABORATION

12. Promoting Financial Inclusion through Financial Literacy

In support of the country's thrust to promote inclusive growth, the PDIC sustained the implementation of its flagship savings advocacy program, the Be A Wise Saver (BAWS) campaign, through financial literacy sessions conducted for partner-government agencies and the academe. The BAWS campaign teaches participants to choose banks wisely, practice responsible banking habits, understand how deposit insurance works, and be wary of financial scams and frauds. It also promotes the value of saving among the unbanked population in support of the country's financial inclusion efforts.

13. Contributing to an Effective Global Deposit Insurance System









The PDIC sustained collaborative works and engagements with peers from the International Association of Deposit Insurers to promote knowledge-sharing for deposit insurance effectiveness and financial stability. In November 2022, the PDIC hosted the Asia Pacific Regional Committee (APRC) Technical Assistance Workshop and Exhibit with the theme "Boosting Depositor Confidence during Uncertain Times." The workshop discussed relevant and emerging insights and lessons on public awareness and payout practices, including lessons learned during the pandemic.



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