



PHILIPPINE DEPOSIT INSURANCE CORPORATION

April 01, 2015

HON. CESAR L. VILLANUEVA

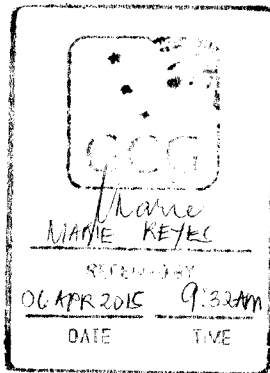
Chairman
Governance Commission for Government
Owned or Controlled Corporations
Third Floor, Citibank Center,
8741 Paseo de Roxas, Makati City

Subject: 2015 Performance Agreement and the Addendum to the 2014 Performance Agreement between the Governance Commission for GOCCs and Philippine Deposit Insurance Corporation


Dear Chairman Villanueva,

Attached herewith are the signed Performance Agreement for 2015 and the Addendum to the 2014 Performance Agreement between the Philippine Deposit Insurance Corporation and Governance Commission for Government Owned and Controlled Corporations.

We hope you find everything in order.



Very truly yours,


IMELDA S. SINGZON
Officer-In-Charge





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Attached herewith are the signed Performance Agreement for 2015 and the Addendum to the 2014 Performance Agreement between the Philippine Deposit Insurance Corporation and Governance Commission for Government Owned and Controlled Corporations.

We hope you find everything in order.

Very truly yours,


IMELDA S. SINGZON
Officer-In-Charge



ADDENDUM

This Addendum has been executed pursuant to the **PERFORMANCE EVALUATION SYSTEM FOR THE GOCC SECTOR (GCG MC No. 2013-02 [Re-Issued])** between the –

GOVERNANCE COMMISSION FOR GOCCs (GCG)

- and -

PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)

WHEREAS, the Parties above entered into a Performance Agreement covering CY 2014;

WHEREAS, Section 7.2 of GCG MC No. 2013-02 (Re-Issued) provides that “GOCCs can renegotiate the targets set in their Performance Agreements for the current year if the same are no longer feasible due to substantial changes in circumstances that could not have been foreseen at the time the targets were agreed upon.”

WHEREAS, the Parties agreed to renegotiate certain targets for CY 2014;

WITNESSETH: THAT –

1. PDIC’s Performance Scorecard in its 2014 Performance Agreement is hereby amended pursuant to the attached **Renegotiated Performance Scorecard**.
2. All other conditions in the Performance Agreement shall remain effective, without prejudice to the application of future rules and regulations, such as but not limited to:
 - (a) Compliance with the deadlines and submission of reports through the Integrated Corporate Reporting System (ICRS) pursuant to GCG MC No. 2014-02.
 - (b) Compliance by all members of the Governing Board with the submission of all required forms for the Director Performance Review (DPR) pursuant to GCG MC. No. 2014-03 and implementing issuances pursuant thereto.
3. PDIC shall timely inform GCG of all audit observations and notices of disallowances within seven (7) working days from the time it receives the same from the Commission on Audit (COA) prior to the regular publication of the final annual audit report. Accordingly, PDIC shall copy furnish the Governance Commission copies of all written communications between PDIC and COA on such matters, inform GCG of the schedule of its exit interview with COA seven (7) working days before the schedule or as soon as practicable, and other efficient means of inter-agency coordination

In case of failure to timely disclose such matters to the Governance Commission before it becomes public information, the submission of the application for the Performance-Based Bonus (PBB) or Performance-Based Incentive (PBI) may be considered as non-compliance with the Good

A handwritten signature in black ink, appearing to be a stylized name, located at the bottom right corner of the page.

Governance Condition of submitting Concrete and Time Bound Action Plans on findings of COA, rendering the Governing Board **ineligible** to apply for the PBI, without prejudice to a further determination on the impact of the same on the GOCC's PBB application.

4. Nothing herein shall be construed as limiting the authority of GCG to initiate renegotiations and/or revoke Performance Agreements in accordance with existing laws, rules and regulations.

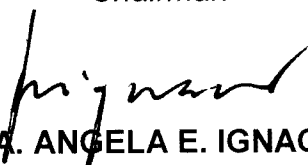
DONE, this 9th day of December 2014, in the City of Makati, Philippines.

**GOVERNANCE COMMISSION FOR
GOVERNMENT-OWNED OR -
CONTROLLED CORPORATIONS**

BY AUTHORITY OF THE COMMISSION:


CESAR L. VILLANUEVA

Chairman


MA. ANGELA E. IGNACIO

Commissioner


RAINIER B. BUTALID


Commissioner

**PHILIPPINE DEPOSIT INSURANCE
CORPORATION**


CESAR V. PURISIMA

Chairman


025605


CRISTINA Q. ORBETA

President


AMANDO M. TETANGCO, JR.

Board Member


ROGELIO W. MANALO

Board Member


PROTACIO T. TACANDONG

Board Member

PHILIPPINE DEPOSIT INSURANCE CORPORATION

Description	Formula	Performance Measures		Rating System	Data Provider if applicable	Baseline Data (if available)			Actual	Target
		Weight				2010	2011	2012	2013	2014
		2013	2014							
MFO 1 : Build-up of Deposit Insurance Fund (DIF) based on 12-month average										
Quantity 1: Ratio of Deposit Insurance Fund (DIF) to Estimated Insured Deposits (EID)	(DIF/EID) x 100%	22.5%	22.5%	Actual / Target x Weight (but not to exceed assigned weight)		4.5%	5%	5.3%	5.6%	5%
Sub-total of Weights:		22.5%	22.5%							
MFO 2: Deposit Insurance										
Quantity 1: For accounts with balances of P15,000 and below: Percentage of valid claims settled within TAT	No. of valid deposits paid within TAT / No. of valid deposits below P15,000 eligible for outright payment	10%	10%	Actual / Target x Weight (but not to exceed assigned weight)		N/A	N/A	N/A	100% within TAT	90% within TAT (no exclusion)

RENEGOTIATED INTERIM PERFORMANCE SCORECARD 2014

Performance Measures					Baseline Data (if available)			Actual	Target	
Description	Formula	Weight		Rating System	Data Provider if applicable	2010	2011	2012	2013	2014
		2013	2014							
Quantity 2: For accounts with balances greater than P15,000: Percentage of valid claims settled within TAT	No. of valid deposits paid within TAT / No. of valid claims	10%	10%	Actual / Target x Weight (but not to exceed assigned weight)		N/A	N/A	N/A	100% within TAT	90% within TAT (no exclusion)
Quality 1: Customer Satisfaction (based on 12-month average)	Rate of client's satisfaction level for the Home Office Claims Settlement (HOCS)	2.5%	2.5%	Actual / Target x Weight (but not to exceed assigned weight)		76.1%	80.3%	96.8%	99.3%	90%
Sub-total of Weights:		22.5%	22.5%							
MFO 3: Co-Regulation of Banks										
Quantity 1: No. of priority banks examined	Absolute No.	0%	0%	Actual / Target x Weight (but not to exceed assigned weight)		N/A	N/A	54	60 banks	60 banks

RENEGOTIATED INTERIM PERFORMANCE SCORECARD 2014

Performance Measures					Baseline Data (if available)			Actual	Target	
Description	Formula	Weight		Rating System	Data Provider if applicable	2010	2011	2012	2013	2014
		2013	2014							
Timeliness 1: Average no. of days to submit a recommendation to the Board of Directors for corrective action following the Bank's examination	No. of days	22.5%	22.5%	Weight - Actual / Target x Weight (but not to exceed assigned weight)		N/A	N/A	55	51 calendar days	53 calendar days (from the exit conference or the last day of examination period, whichever is later)
Sub-total of Weights:		22.5%	22.5%							
MFO 4: Receivership and Liquidation of Closed Banks										
Quantity 1: No. of closed banks with liquidation terminated	Absolute No.	22.5%	22.5%	Actual / Target x Weight (but not to exceed assigned weight)		N/A	N/A	79 (out of 75 closed banks with Liquidation Court approved FPODs ready for termination)	84	80 (out of 142 closed banks with Liquidation Court-approved FPODs ready for termination)
Sub-total of Weights:		22.5%	22.5%							
General Administrative Services										
No. of completed Business Process Reviews approved by the Board	Absolute No.	5%	5%	Actual / Target x Weight (but not to exceed assigned weight)		N/A	N/A	N/A	3	3 (Assessment Audit of Member Banks, Head Office Claims Settlement, Administration of the Procurement Process)

RENEGOTIATED INTERIM PERFORMANCE SCORECARD 2014

Description	Performance Measures				Baseline Data <i>(if available)</i>			Actual	Target	
	Formula	Weight		Rating System	Data Provider <i>if applicable</i>	2010	2011	2012	2013	2014
		2013	2014							
Formulation of the Enterprise Risk Management (ERM) in accordance with ISO-based "Principles of Effective Risk Management"	Actual accomplishment	5%	5%	All or Nothing		N/A	N/A	N/A	ERM Framework was approved by the PDIC Board on 29 November 2013	Board Approval
Sub-total of Weights:		10%	10%							
TOTAL OF WEIGHTS:		100%	100%							



PERFORMANCE AGREEMENT

This Performance Agreement has been executed pursuant to the **PERFORMANCE EVALUATION SYSTEM FOR THE GOCC SECTOR (GCG MC No. 2013-02 [Re-Issued])** between the—

GOVERNANCE COMMISSION FOR GOCCs (GCG)

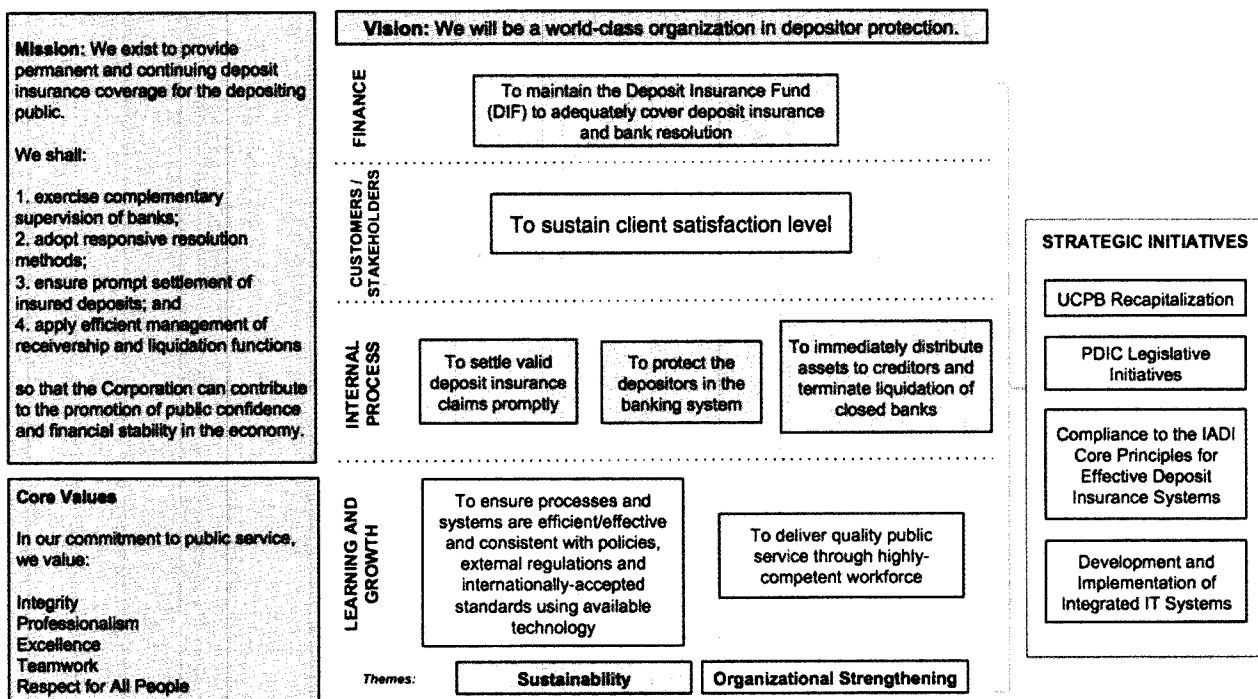
- and -

PHILIPPINE DEPOSIT INSURANCE CORPORATION

WITNESSETH: THAT –

The Parties agree to the following terms:

1. **Period.** – This Agreement shall be effective beginning from the execution of this Agreement and ending upon the determination by the Governance Commission of the eligibility of PDIC for the FY 2015 PBB and PBI.
2. **Charter Statement and Strategy Map.** – PDIC’s Charter Statement and Strategy Map for the Period specified in Section 1 hereof, shall be as follows:



3. **Measurement of Performance.** – Based on the Performance Scorecard 2015 attached hereto as **Annex A**, the PDIC’s Performance for 2015 shall be based on the following Measures/Performance Indicators and Annual Targets, to wit:

COMPONENT		WEIGHT	FORMULA	2015 TARGET	
FINANCIAL	SO 1	To Maintain the Deposit Insurance Fund (DIF) to Adequately Cover Deposit Insurance and Bank Resolution			
	SM 1	Ratio of Deposit Insurance Fund (DIF) to Estimated Insured Deposits (EID)	20%	$(DIF/EID) \times 100\%$ Range of Target DIF to EID Ratio: 5.0% and above: weight of 20% 4.75% - 4.99%: weight of 18% 4.5% - 4.74%: weight of 16% Below 4.5%: weight of 0%	5.0%
	<i>Sub-total</i>		20%		
CUSTOMERS/ STAKEHOLDERS	SO 2	To Sustain Client Satisfaction Level			
	SM 2	Establishment of a Baseline rating on Customer/Stakeholder Satisfaction based on a survey designed and verified by an independent third party	5%	(As per third party survey methodology) Establish baseline Not lower than Satisfactory	
	<i>Sub-total</i>		5%		
INTERNAL PROCESS	SO 3	To Settle Valid Deposit Insurance Claims Promptly			
	SM 3	<i>For accounts w/ balances of ≤ ₱50,000:</i>	12.5%	$(\text{Number of valid deposits paid within TAT}) / (\text{Number of valid deposits eligible for outright payment})$	
		<i>% of valid deposits paid within TAT</i>			90%
		Banks with ≤ 20 branches			12 WD
		Banks with > 20 branches			19 WD
		Multi-unit bank w/ conditions			22 WD
	SM 4	<i>For accounts w/ balances of > ₱50,000:</i>	12.5%	$(\text{Number of valid deposits paid within TAT}) / (\text{Number of valid deposits eligible for outright payment})$	
		<i>% of valid deposits paid within TAT</i>			90%
		Banks with ≤ 20 branches			19 WD

COMPONENT		WEIGHT	FORMULA	2015 TARGET	
	Banks with > 20 branches			44 WD	
	Multi-unit bank w/ conditions			50 WD	
SO 4	To Protect the Depositors in the Banking System				
SM 5	Average number of days to submit recommendation to the Board of Directors for corrective action following the bank's examination	20%	Average number of days from exit conference or last day of examination, whichever is later, to submission of PDIC Directives to the Examined Bank's Board	45 WD	
SO 5	To Immediately Distribute Assets to Creditors and Terminate Liquidation of Closed Banks				
SM 6	Number of closed banks with liquidation terminated	10%	Absolute number	28 closed banks of which 11 with LC-approved FPODs prior to 2012 and 17 with LC-Approved FPODs in 2012	
SM 7	Number of Projects of Distribution (POD) filed with the Liquidation Court based on the number of closed banks	10%	Absolute number	40	
	<i>Sub-total</i>	65%			
LEARNING AND GROWTH	SO 6	To Ensure Processes and Systems are Efficient/Effective and Consistent with Policies, External Regulations and Internationally-accepted Standards Using Available Technology			
	SM 8	Enterprise Risk Management (ERM)	4%	Actual Accomplishment	Risk mitigation measures
	SM 9	MOU / Signed Agreement	2%	Actual Accomplishment	Signed MOU with at least 1 DIO
	SO 7	To Deliver Quality Public Service Through Highly Competent Workforce			
	SM 10	Establish a Competency Framework	4%	(As per Competency Model)	Board-Approved Competency Framework
	<i>Sub-total</i>	10%			
	TOTAL	100%			

It is understood that the GOCC must achieve a weighted-average of at least 90% to be eligible to grant any Performance-Based Bonus.

4. **Strategic Initiatives.** – PDIC hereby commits to undertake the following key programs and/or projects identified as having a significant impact on its Performance Scorecard (PES Form 2) attached hereto as **Annex B**, to wit:
- (a) Strategic Initiative 1 – UCPB Recapitalization
 - (b) Strategic Initiative 2 – PDIC Legislative Initiative
 - (c) Strategic Initiative 3 – Compliance to the IADI Core Principles for Effective Deposit Insurance Systems
 - (d) Strategic Initiative 5 – Development and Implementation of Integrated IT Systems

The Commitment herein includes obtaining all necessary approvals, if applicable, such as those for Major Development Projects under GCG MC No. 2013-03. PDIC shall include updates on the foregoing Strategic Initiatives in its submission of Monitoring Reports (PES Form 3) to the GCG.


5. **Quarterly Submission of Performance Monitoring.** – PDIC shall submit a quarterly monitoring report to the GCG within thirty (30) calendar days from the close of each quarter using the monitoring report attached hereto as **Annex C**.
6. **Good Governance Conditions.** – In addition to the covered portions of the Performance Scorecard, the GOCC must fully comply with the Good Governance Conditions enumerated under GCG MC No. 2013-02 (Re-Issued), GCG MC No. 2014-02, and GCG MC No. 2014-03, namely:
- 6.1. *Conditions Common to National Government Agencies and GOCCs:*
 - (a) Transparency Seal;
 - (b) PhilGEPS Posting;
 - (c) Cash Advance Liquidation;
 - (d) Citizen's Charter or its equivalent; and
 - (e) Compliance with the submission and review requirements covering Statement of Assets, Liabilities and Networth (SALN);
 - 6.2. *Conditions Specific to GOCCs Covered by R.A. No. 10149:*
 - (a) Satisfaction of all statutory liabilities, including the payment of all taxes due to the Government, and declaration and payment of all dividends to the State as of the end of the applicable calendar year, whenever applicable. Liabilities that are still under dispute and there has been no final and executory judgment/decision as of the date of the release of the PBB by the GOCC shall be excluded for the purpose of this provision.
 - (b) Submission and execution of concrete and time bound action plans for addressing Notices of Disallowances and Audit Observation Memoranda from the Commission on Audit (COA), if any.
 - (c) Adoption of a "*Manual of Corporate Governance*" pursuant to Section 42 of the **CODE OF CORPORATE GOVERNANCE FOR GOCCs (GCG MC No. 2012-07)** that is approved by GCG and uploaded on the GOCC's website.
 - (d) Compliance with posting on the GOCC's website the information enumerated under Section 43 of GCG MC No. 2012-07.

- (e) Adoption of a **No GIFT POLICY** approved by the GCG and uploaded on the GOCC's website pursuant to Section 29 of GCG MC No. 2012-07.
 - (f) Compliance with the deadlines and submission of reports through the Integrated Corporate Reporting System (ICRS) pursuant to GCG MC No. 2014-02.
 - (g) Compliance by all members of the Governing Board with the submission of all required forms for the Director Performance Review (DPR) pursuant to GCG MC. No. 2014-03 and implementing issuances pursuant thereto.
7. PDIC hereby undertakes to have its Performance Scorecard rated by its customers and solicit feedback on how the same may be improved. PDIC shall determine the most effective method for accomplishing the said purpose. Such information shall be reported to GCG together with the quarterly monitoring report. The rating shall not affect the performance indicators/measures in PDIC's Performance Scorecard, and shall be used solely as a reference by GCG and PDIC during Performance Agreement Negotiations/Renegotiations.
8. PDIC shall timely inform GCG of all audit observations and notices of disallowances within seven (7) working days from the time it receives the same from the Commission on Audit (COA) prior to the regular publication of the final annual audit report. Accordingly, PDIC shall copy furnish the Governance Commission copies of all written communications between PDIC and COA on such matters, inform GCG of the schedule of its exit interview with COA seven (7) working days before the schedule or as soon as practicable, and other efficient means of inter-agency coordination.
- In case of failure to timely disclose such matters to the Governance Commission before it becomes public information, the submission of the application for the Performance-Based Bonus (PBB) or Performance-Based Incentive (PBI) may be considered as non-compliance with the Good Governance Condition of submitting Concrete and Time Bound Action Plans on findings of COA, rendering the Governing Board **INELIGIBLE** to apply for the PBI, without prejudice to a further determination on the impact of the same on the GOCC's PBB application.
9. Nothing herein shall be construed as limiting the authority of GCG to initiate renegotiations and/or revoke Performance Agreements in accordance with existing laws, rules and regulations.

DONE, this 9th day of December 2014, in the City of Makati, Philippines.

**GOVERNANCE COMMISSION FOR
GOVERNMENT-OWNED OR -
CONTROLLED CORPORATIONS**

BY AUTHORITY OF THE COMMISSION:


CESAR L. VILLANUEVA
Chairman


**PHILIPPINE DEPOSIT INSURANCE
CORPORATION**


CESAR V. PURISIMA
Chairman
025606





MA ANGELA E. IGNACIO
Commissioner



CRISTINA Q. ORBETA
President



RAINIER B. BUTALID
Commissioner



AMANDO M. TETANGCO, JR.
Board Member



ROGELIO W. MANALO
Board Member



PROTACIO T. TACANDONG
Board Member

PHILIPPINE DEPOSIT INSURANCE CORPORATION

Component		Objective/Measure	Formula	Weight	Baseline Data (if applicable)			Target
					2012	2013	2014	2015
FINANCIAL	SO 1	To Maintain the Deposit Insurance Fund (DIF) to Adequately Cover Deposit Insurance and Bank Resolution						
	SM 1	Ratio of Deposit Insurance Fund (DIF) to Estimated Insured Deposits (EID) ^{a/}	(DIF/EID) x 100% Range of Target DIF to EID Ratio: 5.0% and above: weight of 20% 4.75% - 4.99%: weight of 18% 4.5% - 4.74%: weight of 16% Below 4.5%: weight of 0%	20%	5.3%	5.6%	5.0%	5.0%
		Sub-total		20%				
STAKEHOLDERS	SO 2	To Sustain Client Satisfaction Level						
	SM 2	Establishment of a Baseline rating on Customer/Stakeholder Satisfaction based on a survey designed and verified by an independent third party	(As per third party survey methodology)	5%				Establish baseline Not lower than Satisfactory
		Sub-total		5%				

Component		Objective/Measure	Formula	Weight	Baseline Data (if applicable)			Target
					2012	2013	2014	2015
INTERNAL PROCESS	SO 3	To Settle Valid Deposit Insurance Claims Promptly						
	SM 3	For accounts w/ balances of ≤ P50,000:	(Number of valid deposits paid within TAT) / (Number of valid deposits eligible for outright payment)	12.5%				
		% of valid ^{b/} deposits paid within TAT ^{c/}						90%
		Banks with ≤ 20 branches						12 WD
		Banks with > 20 branches						19 WD
		Multi-unit bank w/ conditions ^{d/}						22 WD
	SM 4	For accounts w/ balances of > P50,000:	(Number of valid deposits paid within TAT) / (Number of valid deposits eligible for outright payment)	12.5%				
		% of valid ^{b/} deposits paid within TAT ^{c/}						90%
		Banks with ≤ 20 branches						19 WD
		Banks with > 20 branches						44 WD
		Multi-unit bank w/ conditions ^{d/}						50 WD

	Component			Baseline Data (if applicable)			Target	
	Objective/Measure	Formula	Weight	2012	2013	2014	2015	
INTERNAL PROCESS	SO 4	To Protect the Depositors in the Banking System						
	SM 5	Average number of days to submit recommendation to the Board of Directors for corrective action following the bank's examination	Average number of days from exit conference or last day of examination, whichever is later, to submission of PDIC Directives to the Examined Bank's Board	20%	41 WD	37 WD	39 WD	45 WD ^{ei}
	SO 5	To immediately distribute Assets to Creditors and terminate Liquidation of Closed Banks						
	SM 6	Number of closed banks with liquidation terminated	Absolute number	10%	79 out of 75 closed banks with Liquidation Court-approved Final Projects of Distributions (FPODs) ready for termination	84	85 closed banks out of 100 with Liquidation Court-approved Final Projects of Distributions (FPODs) ready for termination	28 closed banks of which 11 with LC-approved FPODs prior to 2012 and 17 with LC-Approved FPODs in 2012
	SM 7	Number of Projects of Distribution (POD) filed with the Liquidation Court based on the number of closed banks	Absolute number	10%			60	40
		Sub-total			65%			

Component		Objective/Measure			Baseline Data (if applicable)			Target
					2012	2013	2014	2015
LEARNING AND GROWTH	SO 6	To Ensure Processes and Systems are Efficient/Effective and Consistent with Policies, External Regulations and Internationally-accepted Standards Using Available Technology						
	SM 8	Enterprise Risk Management (ERM)	Actual Accomplishment	4%		ERM Framework was approved by the PDIC Board on 29 November 2013	ERM Implementation	Risk mitigation measures
	SM 9	MOU / Signed Agreement	Actual Accomplishment	2%				Signed MOU with at least 1 DIO
	SO 7	To Deliver Quality Public Service Through Highly Competent Workforce						
	SM 10	Establish a Competency Framework	(As per Competency Model)	4%				Board-Approved Competency Framework
			Sub-total		10%			
			TOTAL		100%			

a/ MDIC is maintained at the current level of P500,000.

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

c/ from bank takeover

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

e/ 38 WD to submit recommendation to the BOD for corrective action following the Bank's examination; 7 WD transmittal to the Bank's BOD of the PDIC Directives on Examination Findings



PHILIPPINE DEPOSIT INSURANCE CORPORATION

STRATEGIC INITIATIVES PROFILE

I. STRATEGIC INITIATIVE PROFILE I

1. **Name of Project:** United Coconut Planters Bank (UCPB) Recapitalization
2. **Contact Person/Project Team Head:** Cristina Q. Orbeta, EVP- Receivership and Liquidation Sector and Director, UCPB
3. **Project Description**

Explore strategic options to strengthen UCPB's capital structure to comply with regulatory requirements and eventually pave the way for government exit from UCPB. Aside from having been declared owner of UCPB, the government has P30 billion in deposits in UCPB which was used to purchase Government Securities, while PDIC has P12 billion Capital Notes in the bank eligible as Tier 1 capital, as approved by the Monetary Bank. As of March 2013, total deposits of UCPB Banking Group (UCPB and UCPB Savings Bank) amount to P178.6 billion, of which estimated insured deposits amount to P39.4 billion. These cover 654,000 fully insured accounts¹ in its 225 combined branch networks.

4. Project Milestones

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
Implementation of UCPB Recapitalization Plan	4 th Quarter 2013	1 st Quarter 2014 (note: this is a moving target as transaction will depend on the approval of Pres. Aquino)		For account of UCPB	The Monetary Board (MB) approved key components of the Bank's recapitalization. The Bank, its financial advisor and legal advisor, in coordination with the Department of Finance (DOF), Presidential Commission on Good Government (PCGG), and PDIC, are continuously working on the terms and conditions of bid, including the pre-qualification requirements for bidders, information memorandum, and invitation to bid in preparation for launching of the transaction, as well as other documentation required in line with the approvals obtained. Approval by President Aquino of

¹ Estimated total no. of accounts for the banking group is 687,620 as of March 2013

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
					<p>the disposal of government shares in UCPB consistent with the plan of action relative to the Coco Levy Fund shall be the trigger for launch of the transaction.</p> <p>Timeline for the completion of transaction is within six months from the time the Executive Order is approved. DOF is spearheading the approval process at the Office of the President.</p>
Total					

5. Measures Affected:

- Ratio of DIF to Estimated Insured Deposits

II. STRATEGIC INITIATIVE PROFILE II

1. Name of Project: PDIC Legislative Initiatives

2. Contact Person/Project Team Head: Cristina Q. Orbeta, EVP - Receivership and Liquidation Sector and Chairperson, Committee on Legislative Initiatives

3. Project Description

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

4. Project Milestones

Activities	Timeline		Budget ²	Funding Source	Status (as of 30 June 2014)
	Start	End			
<p>Submission of proposed amendments to the PDIC Charter and other related laws (inclusive, but not limited to, the following areas):</p> <p>a) Reform Measures in Bank Resolution and Liquidation; b) Allow depositors quick and immediate access to deposit insurance; and c) Enhance governance and institutional framework.</p>	3 rd Quarter 2013	4 th Quarter 2014		PDIC	<p>House Bill No. 4392 was filed on May 12, 2014 and first reading was held on May 19, 2014. HB was introduced by Representative Nelson Collantes, entitled "An Act Amending R.A. No. 3591, as Amended, and Other Related Laws, to Enhance the Resolution and Liquidation Framework for Banks and Banking Institutions, And to Strengthen the Independence, Authority and Financial Capability of the Philippine Deposit Insurance Corporation, and for Other Purposes". Congressman Collantes also instructed the creation of a technical working group (TWG) to discuss and address comments on the HB. The TWG met on 3 June 2014.</p> <p>Senate Bill No. 2268 was filed on 3 June 2014 and first reading was held on the same day. SB 2268 was introduced by Senator Sergio Osmena III,</p>

² The budget is only for estimated cost of meetings to be incurred, and charged to Corporate Business/Policy Development and Enforcement Expense (CBPDEE.)

Activities	Timeline		Budget ²	Funding Source	Status (as of 30 June 2014)
	Start	End			
					<p>entitled “An Act Amending Republic Act Numbered Three Thousand Five Hundred Ninety-One, as Amended, and Other Related Laws, to Enhance the Resolution and Liquidation Framework for Banks and Banking Institutions, And to Strengthen the Independence, Authority and Financial Capability of the Philippine Deposit Insurance Corporation, and for Other Purposes”;</p> <p>PDIC has also sent its response to the position paper of BSP re: HB 4392 to the House Committee on Banks on 11 June 2014. Critical areas that were responded are on issues on co-regulator, compensation, borrowing program as well as on the branch licenses.</p> <p>Consultations with other stakeholders and banking associations are also ongoing to explain the relevant provisions of the proposed bills.</p>
Total					

5. Measures Affected:

- Ratio of DIF to Estimated Insured Deposit
- Percent of Valid Deposits Paid/Valid Claims Settled Within TAT
- Customer Satisfaction
- Average Number of Calendar Days to Submit Recommendation to the Board of Directors for Corrective Action following the Bank's Examination
- Number of Priority Banks Examined
- Number of Closed Banks with Liquidation Terminated



III. STRATEGIC INITIATIVE PROFILE III

1. **Name of Project:** Compliance to IADI Core Principles for Effective Deposit Insurance Systems

2. **Contact Person/Project Team Head:** Imelda S. Singzon, Chairperson for PDIC IADI-Counterpart Assessment Team and EVP for Examination and Resolution Sector

3. Project Description

This is to ensure that the organization will be compliant to the 18 IADI Core Principles, namely: Public policy objectives, Mitigating moral hazard, Mandate, Powers, Governance, Relationships with other safety-net participants, Cross-border issues, Membership, Coverage, Transitioning from a blanket guarantee to a limited deposit insurance system, Funding, Public Awareness, Legal Protection, Dealing with Parties at Fault in a Bank Failure, Early Detection and Intervention, Resolution Processes, Reimbursing Depositors, and Recoveries. The initial step is the conduct of self-assessment based on specific essential and additional criteria for each core principle outlined in the Methodology for Compliance Assessment designed by the IADI, under the Basel Committee on Banking Supervision. The self-assessment shall be reviewed by the External IADI Team. Based on the results of assessment review, gaps in compliance shall be addressed, and for the longer-term continuing compliance shall be ensured.

4. Project Milestones

Activities	Timeline		Budget ³	Funding Source	Status (as of 30 June 2014)
	Start	End			
Addressing the gaps in compliance based on the recommendation of the IADI Team	3 rd Quarter 2013	4 th Quarter 2014		PDIC	As a result of the IADI Assessment Review by IADI Team conducted in June 2013, the following steps are being undertaken: <ol style="list-style-type: none"> 1. Legal Initiatives to amend the PDIC Charter (<i>Refer to the Strategic Initiative 1 – PDIC Legislative Initiatives</i>). 2. Formulation of cross border agreements with other deposit insurance organizations: <ol style="list-style-type: none"> a. Financial Services Compensation Scheme of United Kingdom is still
Ensuring continuing compliance to the IADI core principles	Continuing	Continuing			

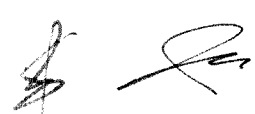
³ The budget is only for estimated cost of meetings to be incurred, and charged to Corporate Business/Policy Development and Enforcement Expense (CBPDEE.)



Activities	Timeline		Budget ³	Funding Source	Status (as of 30 June 2014)
	Start	End			
					<p>reviewing the proposed cross-border agreement drafted by PDIC;</p> <p>b. Korea Deposit Insurance Corporation (KDIC) has generally accepted the proposed MOU by PDIC and for finalization/signing within the year;</p> <p>c. Deposit Protection Agency of Thailand is reviewing the comments of PDIC on their proposed MOU.</p> <p>3. In addition, a study on the cross border arrangements with other deposit insurers will be conducted to address cross border issues. This will be undertaken in 2015 by a PDIC officer under a Graduate Program sponsored by Department of Finance and Asian Institute of Management (AIM).</p>
Total					

5. Measures Affected:

- Ratio of DIF to Estimated Insured Deposits
- Percent of Valid Deposits Paid/Valid Claims Settled Within TAT
- Customer Satisfaction
- Number of Priority Banks Examined
- Number of Closed Banks with Liquidation Terminated



IV. STRATEGIC INITIATIVE PROFILE IV

1. **Name of Project:** Development and Implementation of Integrated IT and MIS Systems

2. **Contact Person/Project Team Head:** Maria Belinda C. San Jose, VP - Information Technology Group

LMS	Teresita D. Gonzales, VP - Loans Management Group and Ibelio B. Retes, ADM-SDD, ITG
RLFS	Rosanna V. Castalla, DM - FCMD and Jose Alex P. Mercado, ADM-SDD, ITG
PMS	Nina Noreen A. Jacinto, VP - Administrative Services Group (ASG) and Ibelio Retes, ADM-SDD, ITG
HRIS	No designated Project Team Heads yet
CHS	No designated Project Team Heads yet
ERMS	Marcelo Ayes, VP-RMO and Renar M. Gonzales, DM-TSD, ITG
MIS	Jose M. Mulato, ADM, Planning Dept. and Renar M. Gonzales, DM-TSD, ITG

3. Project Description

The project will develop and implement various Information Systems that will improve PDIC's performance of its Corporate Objectives.

Loans Monitoring System (LMS)

Implementation of a web-based application system that will manage the loan portfolio of closed banks and those acquired by PDIC. Once implemented, the system is expected to improve the monitoring of loan accounts. The system shall be the subsidiary ledgers of the Loans Acquired Assets from Closed Banks and Loans Acquired Assets from Operating Banks Accounts in the GL and shall interface with the existing Integrated Financial System.

Receivership/Liquidation Financial System (RLFS)

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

Procurement Monitoring System (PMS)

Implementation of an application system that will manage the procurement activities of the corporation. The system shall interface with the Integrated Financial System (IFS) and Human Resources Information System (HRIS).

Human Resource Information System (HRIS) – Phase 1

Implementation of an integrated system designed to provide information to aid PDIC's management in decision making. This will include the following modules: Payroll, Personnel and Recruitment. The system shall interface with the IFS.

Customer Handling System (CHS)

Implementation of a web based application system that will monitor all relations/transactions of PDIC with its customers such as depositors, borrowers, buyers, banks, etc.

Enterprise Risk Management System (ERMS)

Implementation of a system that shall handle systemic risk reporting, escalate risk management issues and monitor continuously improvement/opportunities.

Management Information System (MIS)

Development and implementation of an application system that will facilitate the provision of information to the PDIC Management

4. Project Milestones

Activities	Timeline		Budget	Funding Source	Status (as of 30 June 2014)
	Start	End			
LMS Full Implementation ^a of the System	4 th Quarter 2014 ^b	2 nd Quarter 2015	P 10,600,000	PDIC	<ol style="list-style-type: none"> 1. 2nd Bidding resulted to a failed bid due to non-submission of Tax Clearance a required legal document. 2. Re-bidding was approved by OP. Pre-bid set on July 11, 2014 3. For retargeting – within six months from the issuance of Notice of Award
RLFS Preparation/ Endorsement of TOR (Terms of Reference) for approval	3 rd Quarter 2014	1 st Quarter 2015	P13,000,000	PDIC	The project implementation was deferred until the completion of BPR.
Implementation of the system ^f	3 rd Quarter 2015	1 st Quarter 2016			
PMS Preparation/ Endorsement of TOR to OP	1 st Quarter 2014	2 nd Quarter 2014	P14,000,000	PDIC	<ol style="list-style-type: none"> 1. TOR on-going review by the Project Team. 2. Team evaluating the inclusion/integration of the Materials Management System and the Fixed Assets Management System in one project. 3. For retargeting to Q3 2014

Activities	Timeline		Budget	Funding Source	Status (as of 30 June 2014)
	Start	End			
Implementation of the system ^g	4 th Quarter 2014	2 nd Quarter 2015			
HRIS (Phase 1)					
TOR Endorsed to the President for approval	2 nd Quarter 2014	3 rd Quarter 2014	P30,000,000	PDIC	<ol style="list-style-type: none"> 1. The drafting of TOR for the development of HRIS was deferred until the completion of the conduct of a BPR. Awaiting conclusion of the BPR. 2. For retargeting depending on the results of the BPR.
Implementation of the system ^g	1 st Quarter 2015	3 rd Quarter 2015			
CHS					
TOR Endorsed to the President for approval	3 rd Quarter 2014	4 th Quarter 2014	P10,000,000	PDIC	The drafting of TOR for the development of CHS was deferred until the completion of the conduct of a BPR.
Implementation of the system ^g	2 nd Quarter 2015	4 th Quarter 2015			
ERMS (Interim)					
Development of System	1 st Quarter 2014	2 nd Quarter 2014	For in-house development	PDIC	On –going development of the interim ERMS based on the user requirements. Target implementation-before September 2014.
MIS					
TOR Preparation	1 st Quarter 2014	2 nd Quarter 2014	P10,000,000	PDIC	Terms of Reference drafted and for discussion.
Implementation of the system	3 rd Quarter 2014	4 th Quarter 2014			

- ^a All the modules as specified in the TOR are put into production/implemented
- ^b On the assumption that an award will be made before the end of Q3, 2014
- ^c Amount of the contract awarded in Q2 2012 was based on the approved budget in 2012
- ^d For retargeting depending on the result of procurement
- ^e Updated based on the new target dates as presented to ExCom
- ^f System implemented within 10 months upon issuance of Notice to Proceed
- ^g System implemented within 6 months upon issuance of Notice to Proceed

5. Measures Affected:

- Ratio of DIF to Estimated Insured Deposit
- Percent of Valid Deposits Paid/Valid Claims Settled Within TAT
- Customer Satisfaction
- Average Number of Calendar Days to Submit Recommendation to the Board of Directors for Corrective Action following the Bank's Examination
- Number of Priority Banks Examined
- Number of Closed Banks with Liquidation Terminated
- Number of PODs Filed with the Liquidation Court based on the Number of Closed Banks



PHILIPPINE DEPOSIT INSURANCE CORPORATION
 MONITORING REPORT OF PERFORMANCE TARGETS

Component		Baseline	2015									
			1 st Quarter	2 nd Quarter	Revised Full Year Target	3 rd Quarter	4 th Quarter					
Objective/Measure	Formula	Weight	2014	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
SO 1	To Maintain the Deposit Insurance Fund (DIF) to Adequately Cover Deposit Insurance and Bank Resolution											
FINANCIAL	SM 1	Ratio of Deposit Insurance Fund (DIF) to Estimated Insured Deposits (EID) ^{al}	(DIF/EID) x 100%	20%	5.0%	5.0%	5.0%			5.0%		5.0%
		Range of Target DIF to EID Ratio: 5.0% and above: weight of 20% 4.75% - 4.99%: weight of 18% 4.5% - 4.74%: weight of 16% Below 4.5%: weight of 0%										
	Sub-total		20%									

Component		Baseline	2015										
			1 st Quarter		2 nd Quarter		Revised Full Year Target	3 rd Quarter		4 th Quarter			
Objective/Measure	Formula	Weight	2014	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
STAKEHOLDERS	SO 2	To Sustain Client Satisfaction Level											
	SM 2	Establishment of a Baseline rating on Customer/Stakeholder Satisfaction based on a survey designed and verified by an independent third party	(As per third party survey methodology)	5%		Establish baseline		Establish baseline		Establish baseline		Establish baseline	
					Not lower than Satisfactory		Not lower than Satisfactory		Not lower than Satisfactory		Not lower than Satisfactory		Not lower than Satisfactory
	Sub-total		5%										
INTERNAL PROCESS	SO 3	To Settle Valid Deposit Insurance Claims Promptly											
	SM 3	For accounts w/ balances of ≤ P50,000:	(Number of valid deposits paid within TAT) / (Number of valid deposits eligible for outright payment)	12.5%									
		% of valid ^{b/} deposits paid within TAT ^{c/}			90%		90%		90%		90%		
		Banks with ≤ 20 branches			12 WD		12 WD		12 WD		12 WD		
	Banks with > 20 branches			19 WD		19 WD		19 WD		19 WD			

Component			Baseline	1 st Quarter		2 nd Quarter		2015 Revised Full Year Target		3 rd Quarter		4 th Quarter	
Objective/Measure	Formula	Weight	2014	Target	Actual	Target	Actual		Target	Actual	Target	Actual	
	Multi-unit bank w/ conditions ^{d/}			22 WD		22 WD			22 WD		22 WD		
SM 4	For accounts w/ balances of > P50,000:	(Number of valid deposits paid within TAT) / (Number of valid deposits eligible for outright payment)	12.5%										
	% of valid ^{b/} deposits paid within TAT ^{c/}			90%		90%			90%		90%		
	Banks with ≤ 20 branches			19 WD		19 WD			19 WD		19 WD		
	Banks with > 20 branches			44 WD		44 WD			44 WD		44 WD		
	Multi-unit bank w/ conditions ^{d/}			50 WD		50 WD			50 WD		50 WD		

Component			Baseline	1 st Quarter		2 nd Quarter		2015 Revised Full Year Target	3 rd Quarter		4 th Quarter	
Objective/Measure	Formula	Weight	2014	Target	Actual	Target	Actual	Target	Target	Actual	Target	Actual
SO 4	To Protect the Depositors in the Banking System											
SM 5	Average number of days to submit recommendation to the Board of Directors for corrective action following the bank's examination	Average number of days from exit conference or last day of examination, whichever is later, to submission of PDIC Directives to the Examined Bank's Board	20%	39 WD	45 WD ^{ef}		45 WD ^{ef}		45 WD ^{ef}		45 WD ^{ef}	
SO 5	To Immediately distribute Assets to Creditors and Terminate Liquidation of Closed Banks											
SM 6	Number of closed banks with liquidation terminated	Absolute number	10.0%	85 closed banks out of 100 with Liquidation Court-approved Final Projects of Distributions (FPODs) ready for termination	28 closed banks of which 11 with LC-approved FPODs prior to 2012 and 17 with LC-Approved FPODs in 2012		28 closed banks of which 11 with LC-approved FPODs prior to 2012 and 17 with LC-Approved FPODs in 2012		28 closed banks of which 11 with LC-approved FPODs prior to 2012 and 17 with LC-Approved FPODs in 2012		28 closed banks of which 11 with LC-approved FPODs prior to 2012 and 17 with LC-Approved FPODs in 2012	

Component				Baseline	1 st Quarter		2 nd Quarter		2015 Revised Full Year Target		3 rd Quarter		4 th Quarter	
Objective/Measure	Formula	Weight	2014	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
SM 7	Number of Projects of Distribution (POD) filed with the Liquidation Court based on the number of closed banks	Absolute number	10.0%	60	40		40			40		40		
Sub-total			65%											
LEARNING AND GROWTH	SO 6	To Ensure Processes and Systems are Efficient/Effective and Consistent with Policies, External Regulations and Internationally-accepted Standards Using Available Technology												
	SM 8	Enterprise Risk Management (ERM)	Actual Accomplishment	4%	ERM Implementation	Risk mitigation measures		Risk mitigation measures			Risk mitigation measures		Risk mitigation measures	
	SM 9	MOU / Signed Agreement	Actual Accomplishment	2%		Signed MOU with at least 1 DIO		Signed MOU with at least 1 DIO			Signed MOU with at least 1 DIO		Signed MOU with at least 1 DIO	
	SO 7	To Deliver Quality Public Service Through Highly Competent Workforce												
	SM 10	Establish a Competency Framework	(As per Competency Model)	4%									Board-Approved Competency Framework	
Sub-total			10%											
TOTAL			100%											

a/ MDIC is maintained at the current level of P500,000.

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

c/ from bank takeover

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

e/ 38 WD to submit recommendation to the BOD for corrective action following the Bank's examination; 7 WD transmittal to the Bank's BOD of the PDIC Directives on Examination Findings

