

## HIGHLIGHTS OF PDIC ACCOMPLISHMENTS FOR CY 2021

### I. Background

The year 2021 set the beginning of recovery as the economy started to rebound, posting a positive growth of 5.6% from 9.6% contraction in 2020. Notwithstanding the setbacks brought by the pandemic, PDIC continued to serve the public as deposit insurer and liquidator of closed banks with unwavering commitment, ensuring its contribution in the promotion of confidence and trust in the banking system. The restrictions in mobility and Delta surge have pushed the Corporation to further strengthen its health protocols and introduce improvements and streamlining in its service delivery.

### II. PDIC Accomplishments

**Achieved overall performance at 98.1%**

#### A. 100% Claims for Insured Deposits were settled within TAT.

- A total of 19,184 or 100% deposit insurance claims were settled within the turnaround time for 12 out of 13<sup>1</sup> banks that closed in 2021. PDIC paid valid deposits with balances of not more than P100,000 within 17 to 40 working days from bank takeover, against the target of 27 to 41 working days.
- For depositors with more than P100,000 in deposit balances or with outstanding obligations with the closed banks, PDIC settled the valid claims within 7 working days from date of receipt of claims.

#### B. Reduction of non-cash portfolio to facilitate asset distribution to closed banks' creditors

- PDIC resolved 30,384 loan accounts amounting to P591 million. This exceeded the target of 17,826 loans accounts in 2021. To improve loan resolution, PDIC implemented the Closed Bank Loan Incentive Program (CLIP) for borrowers starting 1 July 2021. The CLIP aims to make it easier for borrowers of closed banks to pay off their outstanding loans and/or recover their mortgaged assets.
- During the year, PDIC disposed/resolved a total of 1,141 real properties (ROPA) amounting to P411.58 million, exceeding the target of 807 real properties targeted in 2021. To facilitate disposal of ROPA, on 8 April 2021, PDIC shifted to e-bidding of corporate and closed bank assets in response to the challenges of asset disposal during the pandemic. A total of 16 e-biddings were conducted where 756 properties were offered for sale. 61 properties amounting to P75.48 million were sold

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<sup>1</sup> Inventory taking is ongoing for a multi-unit rural bank taken over only on 6 December 2021.

at P83.28 million or a premium of P7.80 million or 10.33% above the minimum disposal price.

### C. Improvement in Service Delivery

PDIC continuously implemented several initiatives to improve service delivery. Among these are the following:

- **Maintained ISO-certification of five frontline services including support processes**, namely: Claims Settlement Operations (CSO) and Assessment of Member Banks (AMB) which passed the 2<sup>nd</sup> surveillance audit last 10 May 2021; Real Property Disposal (RPD) which passed 2<sup>nd</sup> Surveillance Audit on 18 November 2021; and Loans Management (LM) and Bank Examination (BE) which passed the 1<sup>st</sup> Surveillance Audit on 19 November 2021.
- Adoption of **Crisis Management Plans** for Closed Bank Takeover and Claims Settlement for crisis situations as approved by the PDIC Board. The other components plans, i.e., Communication and Funding Plans were approved in 2020. These plans shall be tested through an internal crisis simulation exercise in 2022.
- Implemented a total of **7 ICT projects and 1 information system** targeted based on the timeline provided in the revised Information Systems Strategic Plan submitted to the DICT in October 2021.
- **Improved the competency level of the organization by 12.04%** in 2021 based on the assessment of 489 or 100% of qualified employees. Developmental trainings were continuously conducted to enhance and address competency gaps of employees.

### D. Customer Satisfaction

- Despite the longer turnaround time in the settlement of deposit insurance claims due to the lingering COVID-19 pandemic, the percentage of satisfied customers is at 82.7% in 2021 but lower than 90.05% in 2020.

### E. Strong Capital Position

- The Corporation **maintained a strong capital position** to adequately and readily meet the risks associated with bank closures under normal circumstances.

The ratio of Deposit Insurance Fund to Estimated Insured Deposits for January – December averaged 7.59% versus the minimum target of 5.5%.

The 2021 financial reports of PDIC has shown growth compared to year 2020. Total assets of the Corporation grew to P305.86 billion compared to the P272.03 billion as of yearend 2020. Growth in assets was funded by assessment collections and income from investments. Similarly, the Deposit Insurance Fund increased from P214.15 billion in 2020 to P242.81 billion in 2021, with DIF/EID ratio improving from 7.0% to 7.59%. Bank closures in 2021 resulted in the payment of deposit insurance claims of P471.15 million higher than the previous year's payout of P219.68 million.

### III. Other Accomplishments

#### A. Remittance of Dividends to support NG in the COVID-19 pandemic response

Dividend contribution amounting to P7.1 billion in 2020 was remitted to the National Government in March 2021 to help fund NG programs.

#### B. Sale of the P12 billion UCPB Special Preferred Shares (SPS) to Landbank.

Paid through a Certificate of Indebtedness (COI) on 24 September 2021.

#### C. Different channels for filing and payment of deposit insurance.

This includes online and offline methods such as payout through all Landbank branches and Philippine Postal Corporation; and web-based claim form was made downloadable through the PDIC website. PDIC also tapped DBP's Multi-channel disbursement facility (Pesonet, Instapay, electronic money issuers) to expand modes of payment of insured deposits to be made available in 2022.

#### D. Use of digital media platforms (i.e. PDIC's Facebook page and Twitter account), continued partnership with the Philippine Information Authority (PIA) and local information networks for accessibility and prompt dissemination of information to depositors and other clients.

#### E. Continuing virtual Depositors and Borrowers Forum for all banks closed in 2021

#### F. Streamlined inter-agency processing of proposed mergers, consolidations, and acquisitions (MCA) of banks, initiated by PDIC, to promote Ease of Doing Business

PDIC initiated measures to streamline the inter-agency processing of proposed Mergers, Consolidations, and Acquisitions (MCA) of banks in an effort to align with the government's effort to simplify requirements and procedures to reduce red tape and expedite business transactions in compliance with the R.A. 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018. The streamlined process resulted in the following:

- The number of documentary requirements was reduced to 30 from the previous 58.
- The processing time of 160 days was shortened to 55 days.

The Memorandum of Agreement (MOA) on the Procedures for Applications for MCA of Banks was signed on 29 October 2021 by the PDIC, BSP, SEC, CDA and PCC. The Implementing Guidelines is targeted for approval by the participating Agencies in April 2022.

## G. Equipped PDIC and its employees in response to COVID-19 pandemic

To ensure uninterrupted services to its clients and promote safe and health protocols, PDIC equipped its personnel for flexibility on work from home (WFH) arrangements.

- PDIC deployed 572 new laptops during 2020-2021.
- IT Support (*IT Help Desk*) through online and mobile access for reporting technical problems of PDIC WFH personnel was instituted.
- The VPN Facility was upgraded to allow all authorized PDIC WFH personnel access to all PDIC Systems and electronic files.

Continuing maintenance of safe onsite work environment was implemented. Disinfection and sanitation of PDIC premises and facilities were conducted on a regular basis. As an additional layer of protection, buster lights (w150-150w UVC lights 100 to 257 nm with ozone) were installed as well as six (6) units of buster box with buster light with ozone to disinfect all incoming documents. Acrylic-type custom made-to-fit size and droplet protective cough and sneeze guards were also installed at the frontline service areas and in the corporate vehicles. Sufficient emergency preventive items and supplies that provide protection against exposure and transmission of the virus were distributed to employees.

## H. COA Audit Results

The COA Annual Audit Report on PDIC from 2014 to 2020 consistently expressed an "unmodified" opinion on its financial statements. This highlights PDIC's commitment towards high standards on transparency, governance, and accountability.

## I. Partnership and Collaboration

Through partnerships and collaboration, organizations are able to share their knowledge and resources in improving their industry. PDIC thrives on building better relationships towards its community and industry. As such, it has:

- Acted as the **Interim Chairperson** of the **IADI Asia-Pacific Regional Committee (APRC)** with 19 members since October 2021 and **presided the meeting** on 24 October 2021 to oversee the affairs of the Regional Committee covering research, technical assistance, outreach and other coordination arrangements.
- Provided technical assistance to other deposit insurers in the APRC through bilateral exchange of expertise with:
  1. Deposit Insurance of Vietnam (DIV) on deposit insurance payouts on 11 May 2021; and
  2. Indonesia Deposit Insurance Corporation (IDIC) on bank liquidation operations on 31 May 2021.