

PHILIPPINE DEPOSIT INSURANCE CORPORATION
HIGHLIGHTS OF ACCOMPLISHMENTS IN 2022

I. Background

PDIC has started in March 2022 to transition to onsite operations including takeover and claims settlement, with the health and safety protocols still being strictly observed. The Corporation continued to perform its mandates as deposit insurer and liquidator of closed banks as it remains unwavering in its commitment to its public policy objective of promoting and safeguarding the interests of the depositing public by providing deposit insurance.

II. PDIC Accomplishments

The highlights of the PDIC Accomplishments in 2022 are, as follows:

Achieved overall performance of 97.34%¹ in its Performance Scorecard

A. 100% of claims for insured deposits settled within TAT

A total of 18,381 insured deposit claims were settled for the depositors of nine (9) banks closed in 2022. For depositors with deposit balances of P100,000 and below, a total of 15,454 valid deposits were paid within 9 – 20 working days from bank takeover, significantly shorter than the target of 27 to 41 working days. For depositors with more than P100,000 balances and with outstanding obligations with the closed banks, PDIC settled 2,927 claims within TAT of 7 working days from date of receipt of claims.

B. Filed with the liquidation courts the asset distribution plans (ADPs) for 42 closed banks.

ADPs numbering 42 had been filed during 2022. Upon approval, the assets will be distributed to the closed banks' creditors enabling the return of the resources to mainstream economic activities.

C. Improvement in service delivery

PDIC implemented programs and activities to continuously enhance service delivery, as follows:

¹ One Strategic Measure (SM) – SM 4 on Percent of Satisfied Customers – is subject for completion in January 2023.

- **Maintained ISO-certification for five (5) frontline services including support processes**, namely: Claims Settlement Operations (CSO) and Assessment of Member Banks which were recertified in May 2022; Real Property Disposal which was recertified in December 2022; and Loans Management and Bank Examination which passed the 2nd surveillance audit in November 2022.
- **Conducted an internal financial crisis simulation exercise (IFCSE)** in November 2022 based on the PDIC Board-approved crisis management plans for takeover, claims settlement, communication, and funding. An independent assessment report from Reyes, Tacandong and Co. on the conduct of the IFCSE was approved by the Board in December 2022.
- **Completed a total of five (5) information and communication technology (ICT) and information systems projects** based on PDIC's Information Systems Strategic Plan.
- **Improved competency level of the organization by 8.36%** from 1.19400 in 2021 to 1.29387 in 2022 based on the assessment of 374 or 100% of qualified employees covered by assessment in 2021. Trainings were continuously conducted to address competency gaps of employees.

D. Strong capital position

The Corporation is continuously building its Deposit Insurance Fund (DIF). The ratio of the DIF to the estimated insured deposits (EID) in the Philippine banking system averaged 8.40% based on an 11-month period, higher than the target of 5.5%. This strong capital position enables the Corporation cover deposit insurance costs.

III. Other Accomplishments

A. Remittance of dividends to the National Government

PDIC remitted a total of P12.83 billion in dividends, including an advance dividends of P6.27 billion to help fund the National Government programs.

B. Strengthened and enhanced organization with the passage of the New PDIC Charter and the signing of its Implementing Rules and Regulations (IRR)

PDIC, BSP, and DOF signed the IRR for Republic Act 11840 or the PDIC Charter, as amended, which enhances the authority of PDIC thereby strengthening and expanding the financial safety net for depositors and creditors of Philippine banks.

The Board of Directors may increase the amount of the maximum deposit insurance coverage (MDIC) to an amount indexed to inflation or in consideration of other economic indicators as may be deemed appropriate by the Board. The Board of Directors shall review the amount of MDIC every three (3) years and increase the MDIC as may be warranted.

The law also placed the PDIC as an attached agency of the Bangko Sentral ng Pilipinas (BSP). Under this structure, both the BSP and PDIC can optimize regulatory coordination efficiency. Furthermore, PDIC is now mandated to provide insurance cover to Islamic bank products or arrangements classified as deposits by the BSP. Because of the peculiar characteristics of Islamic banking, the amended Charter authorizes the Corporation to establish a separate deposit insurance fund or takaful to cover these types of deposit products, as it becomes necessary.

The Corporation has also been given the authority to sell closed bank assets to financial institution strategic transfer corporations (FISTCs). Under the FIST Act, these are companies created specifically to purchase the non-performing assets of financial institutions including loans and real and other properties acquired (ROPA), both comprising the biggest chunks of assets held by the PDIC as the statutory liquidator of closed banks.

C. Improved service delivery through implementation of online filing and payments

Depositors of closed banks may file their claims for insured deposit by postal mail, courier service, personal filing, or online via a dedicated e-mail facility.

To complement current payment channels for deposit insurance such as postal money orders (PMOs), cheques, Cash-Over-the-Counter facility of the Land Bank of the Philippines (LBP), and Real Time Gross Settlement (RTGS)/ bank transfer, PDIC has additional deposit insurance payment options using the Multi-Channel Disbursement Facility (MCDF) of the Development Bank of the Philippines (DBP). The MCDF provides convenience and security as it allows payment of deposit insurance claims to the accounts of the depositors via PESONet member-banks and e-money issuers (i.e., G-Cash, Paymaya and DCPay). It also supports the government's strategy for financial inclusion and promotion of electronic payments.

D. Revised rules and regulations on record-keeping and reportorial requirements

The PDIC Regulatory Issuance (RI) No. 2021-01 on the Revised Rules and Regulations on Record-Keeping of Bank Deposits and Reportorial Requirements from Banks was issued in January 2022. The RI prescribes the revised rules and

regulations which require banks to keep and maintain a true and accurate record or statement of their daily deposit account transactions, consistent with the applicable standards set by the PDIC and the Bangko Sentral ng Pilipinas (BSP). These provisions aim to safeguard the interest of the depositing public, evaluate the deposit insurance risk of banks, and enable the PDIC to determine the insured status of deposits in banks. The previous provisions from previous Regulatory Issuances (RIs) on Record-keeping of Bank Deposits (RI No. 2006-01), Computerized Records of Bank Deposits (RI No. 2015-01), and Revised Reportorial Requirements (RI No. 1999-01) were repealed to form part of PDIC RI No. 2021- 01.

E. Streamlined Procedures for Applications for Mergers, Consolidations and Acquisitions (MCA) of Banks

The streamlined procedures in MCA resulted in significant reduction in the number of documentary requirements from 58 to only 30 and shortening of the average processing time for MCA applications from 160 to only 55 business days. This project was initiated by the PDIC in 2021, in collaboration with the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), Cooperative Development Authority (CDA), and Philippine Competition Commission (PCC). A Joint Circular was issued in May 2022 that would guide banks with intention to merge or consolidate with or acquire the assets and assume the liabilities of another bank. These streamlined procedures uphold the government's thrust of promoting ease of doing business. This project refers to the harmonization of requirements and synchronization of timelines in the processing of proposals for MCA of banks.

F. Continued review and updating of Standard Operating Guidelines and Instructions (SOGIs)

In general, the formulation/revision of SOGIs takes into consideration relevant laws and policies, applicable industry practices and market developments. Other important considerations are directives from the PDIC Board and oversight agencies, such as the Commission on Audit, Civil Service Commission, Department of Budget and Management, and Philippine Commission on Women.

In 2022, the Corporation revised and/or reviewed a total of twenty-one (21) SOGIs covering the various functions related to deposit insurance, treasury, receivership, asset management, liquidation, human resource management, administrative services, corporate affairs and communication, strategic planning, and information technology.

The Citizen's Charter and the conduct of Efficiency Review (ER) for process improvements on Governance, Risk and Compliance Framework were likewise completed during the year.

G. GCG ranked PDIC as "Outstanding" in corporate governance scorecard (CGS) for the years 2020 and 2021

The Governance Commission for Government-Owned or Controlled Corporations (GCG) recognized PDIC as among the top GOCCs in the bureaucracy with "Outstanding" assessment rating in the GGC-implemented Corporate Governance Scorecard (CGS) for 2020 and 2021, which was awarded in May 2022 and December 2022, respectively.

The annual assessment through the CGS aims to determine the corporate governance performance of GOCCs and to help recognize their strengths and weaknesses relative to prevailing corporate governance provisions. It also identifies how closely these GOCCs adhere to international best practices and standards.

H. PDIC wins its first Quill awards in the recently concluded 19th Philippine Quill Awards organized by the International Association of Business Communicators.

The Corporation won last 18 August 2022 two (2) Quill awards including the Excellence Award for its 2019 Annual Report entitled "Taking the Helm, Onward to a New Horizon" and a Merit Award for its "Maniguro, Magbangko" public awareness campaign.

I. Continuing collaboration with International Partners

PDIC conducted four (4) virtual Web Talks covering global issues that concern deposit insurance in collaboration with other Deposit Insurance Agencies.

a. Risk-Based Assessment: The PIDM Story

Speaker: Rafiz Azuan Abdullah, Chief Executive Officer, Perbadanan Deposit Insurans Malaysia (PIDM), 24 March 2022

b. IADI Core Principles: An Overview

Speaker: David Walker, Secretary- General, International Association of Deposit Insurers (IADI), 23 June 2022

c. Compliance to IADI Core Principles: Why or Why Not

Speaker: Lucas Metzger, Chief Operating Officer of esisuisse, 27 September 2022

d. Untangling the IADI Core Principles: Why One Size Does Fit All

Speaker: Eugenia Alamillo of the IADI Secretariat, 22 December 2022