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# PHILIPPINE DEPOSIT INSURANCE CORPORATION

Bank deposit mo, protektado!

Deposits are insured by PDIC up to P500,000 per depositor

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### PDIC engages KPMG (Phils.) to fasttrack deposit exam

Philippine Deposit Insurance Corporation (PDIC) President Jose C. Nograles said that PDIC is set to sign an agreement with audit firm, KPMG Manabat Sanagustin & Co., CPAs for the latter to undertake selected activities of presettlement examination of deposit accounts in 12 banks placed by the Monetary Board under PDIC receivership in December 2008.

Nograles said that the engagement of KPMG Manabat Sanagustin & Co., a Bangko Sentral ng Pilipinas (BSP)-accredited audit firm, will help speed up the examination of deposit accounts and enable the PDIC to start payout of deposit insurance claims by mid-February in the following 12 recently closed banks: Rural Bank of Paranaque, Pilipino Rural Bank, Rural Bank of Bais (Negros Oriental), Rural Bank of San Jose (Batangas), Bank of East Asia, First Interstate Bank, Philippine Countryside Rural Bank, Dynamic Rural Bank, Nation Bank, Rural Bank of Carmen (Cebu), Rural Bank of DARBCI, and San Pablo City Development Bank.

Based on available data, the 12 closed banks combined have estimated deposit accounts of over 130,000. The simultaneous closures were unprecedented and the records so voluminous that more than half of the total manpower complement of the PDIC were fielded in 48 locations all over the country to undertake examination prior to payout.

"We estimate that by using PDIC personnel alone given the sheer volume of records to be examined, the earliest we can start payout operations is September. By engaging the services of an external audit firm, we cut down the time significantly and start the payout by middle of February," Nograles said.

The presettlement examination is a pre-requisite to claims payout. However, as in any claim for insurance, the state deposit insurer needs to examine bank records and evaluate these to verify their validity before payout starts in order to safeguard the Deposit Insurance Fund (DIF). The DIF is the source of payout for claims for deposit insurance. PDIC is mandated by law to safeguard the DIF and to protect depositors by ensuring that payments are made to the right depositors.

KPMG Manabat Sanagustin & Co., a member firm of the KPMG network of independent member firms affiliated with KPMG International, was cited by KPMG Asia Pacific as one of the fastest growing partnerships in the Asia Pacific region for the third quarter of 2008. It has undertaken extensive auditing, tax, and risk and financial advisory services for various national and multinational clients including the Credit Suisse group, Deutsche Bank, ANZ Banking group, HSBC Holdings, among others. In the Philippines, the firm was engaged by the Securities and Exchange Commission (SEC) to conduct enterprise risk management training in 2007, and to convert accounting standards from the US-generally accepted accounting principles (GAAP) to International Financial Reporting Standards (IFRS).

Given the track record of KPMG Manabat Sanagustin & Co., Nograles expressed confidence that the firm will help PDIC attain its mid-February target to start payout. He also assured that the DIF is sufficient to pay all valid claims for deposit insurance. "Our priority is to service the claims of small depositors with deposits of P100,000 and below because PDIC's mandate is to protect the small unsophisticated depositors. Based on available data, depositors with accounts P100,000 and below represent about 62% of the total deposit accounts in these 12 closed banks," he added.

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PDIC is a government instrumentality created in 1963 by virtue of Republic Act 3591, as amended, to insure the deposits of all banks. PDIC exists to protect depositors by providing deposit insurance coverage for the depositing public and help promote financial stability



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