



STRETCHING THE WINGS OF SERVICE

2 0 1 5 A N N U A L R E P O R T

Cover Story

The majestic spread-out wings of the Philippine Eagle, the national bird of the Philippines, symbolize the extent to which the Philippine Deposit Insurance Corporation (PDIC) has worked to continue providing exemplary service to the public and to constantly adhere to the principles of good corporate governance.



The theme, "Stretching the Wings of Service", signifies PDIC's unwavering commitment to reach its fullest potential to better serve its stakeholders and effectively fulfill its mandates of depositor protection and financial stability. The vast horizon in the background mirrors the wide reach of PDIC's services for its diverse set of stakeholders including depositors, member-banks, members of the financially vulnerable sectors, and the general public.

Aside from symbolizing PDIC's strides for public service delivery, the Philippine Eagle also represents the environment and the country's natural resources that the Corporation is committed to nurture and protect under its corporate social responsibility program.

Photograph of the Philippine Eagle courtesy of Alain Pascua.

Other Philippine bird images of the photographer may be viewed at www.alainpascua.com and www.facebook.com/alainpascuaphotography.

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PHILIPPINE DEPOSIT INSURANCE CORPORATION

Corporate Profile

VISION

We will be a world-class organization in depositor protection.

MISSION

We exist to provide permanent and continuing deposit insurance coverage for the depositing public.

WE SHALL:

- exercise complementary supervision of banks,
- adopt responsive resolution methods,
- ensure prompt settlement of insured deposits, and
- apply efficient management of receivership and liquidation functions

so that the Corporation can contribute to the promotion of public confidence and financial stability in the economy.

CORE VALUES

In our commitment to public service, we value:

- Integrity
- Professionalism
- Excellence
- Teamwork
- Respect for all People

QUALITY POLICY

We commit to deliver world-class service to the depositing public.

To achieve this, we shall:

- Implement a quality management system aligned with international standards,
- Provide adequate resources to maintain the quality management system,
- Promote quality culture, good governance and employee empowerment at all levels of the organization,
- Ensure employee competence, and
- Establish programs to maintain continual improvement of services, systems and processes

**“ QUALITY IS OUR STANDARD.
PUBLIC SERVICE IS OUR COMMITMENT.”**

Customer Service Philosophy

“Committed to Serve”



Philippine Deposit Insurance System

The Philippine Deposit Insurance Corporation (PDIC) is a government instrumentality created on June 22, 1963 by Republic Act 3591 entitled, *An Act Establishing the Philippine Deposit Insurance Corporation (PDIC), Defining Its Powers and Duties and for Other Purposes*.

PUBLIC POLICY OBJECTIVES

PDIC was created to promote and safeguard the interests of the depositing public by way of providing permanent and continuing insurance coverage on all insured deposits¹. The PDIC also aims to strengthen the mandatory deposit insurance coverage system to generate, preserve, and maintain faith and confidence in the country's banking system, and protect it from illegal schemes and machinations.

MANDATES

Consistent with its public policy objectives, the PDIC has the following mandates:

- I. *Deposit Insurance*. The PDIC provides a maximum deposit insurance coverage of PHP500,000 per depositor per bank. To pay insured deposits, the PDIC builds up the Deposit Insurance Fund primarily through assessments of member-banks at an annual flat rate of 1/5 of 1% of their total deposit liabilities.
- II. *Examination and Resolution*. The PDIC works closely with the Bangko Sentral ng Pilipinas (BSP) to help maintain stability in the banking system. PDIC is authorized to issue regulations to implement its Charter, conduct bank examinations and investigations to assess financial safety and soundness of banks and their adherence to banking and deposit insurance rules and regulations, and extend financial assistance to eligible distressed banks.
- III. *Receivership and Liquidation*. The PDIC is the statutory receiver and liquidator of closed banks². Upon order of the Monetary Board of the BSP, PDIC takes over closed banks; administers their assets, records and affairs; and manages and preserves these assets for

the benefit of the closed banks' creditors. Within a period of 90 days, the PDIC shall determine whether or not a closed bank can be rehabilitated, and submit such determination to the Monetary Board. When the Monetary Board orders the liquidation of a bank, the assets of the bank are disposed and distributed to creditors in accordance with the preference and concurrence of credits as provided by the Civil Code of the Philippines.

MEMBERSHIP

Membership with PDIC is mandatory for all banks licensed by the BSP to operate in the Philippines:

- Banks incorporated under Philippine laws, such as commercial banks, savings banks, mortgage banks, stock savings and loan associations, development banks, cooperative banks, and rural banks
- Domestic branches of foreign banks

As of 31 December 2015, there are 633 member-banks of PDIC. These consist of 40 commercial banks (including branches of foreign banks), 69 thrift banks (savings banks, mortgage banks, stock savings and loan associations, and development banks), and 524 rural banks (including cooperative banks).

SCOPE OF DEPOSIT INSURANCE PROTECTION

PDIC provides a maximum deposit insurance coverage of PHP500,000 per depositor per bank. It covers all types of bank deposits in member-banks whether denominated in local or foreign currencies. All deposit accounts of a depositor in a closed bank maintained in the same right and capacity shall be added together. A joint account shall be insured separately from any individually-owned deposit account.

As of 31 December 2015, around 50.9 million accounts in 633 member-banks are covered by deposit insurance. Of the total number of accounts, 96.5% are with balances not exceeding the maximum deposit insurance coverage of PHP500,000.

In terms of amount, total deposits reached PHP9.23 trillion, 8.3% higher than the previous year's level of PHP8.52 trillion. Of the total amount, PHP2.07 trillion or 22.5% are covered by PDIC.

¹ Effective June 11, 2016, PDIC's authority to terminate insured status of banks has been restored under conditions provided by Republic Act 10846.

² Effective June 11, 2016, the 90-day receivership period has been removed under Republic Act 10846 providing for a seamless transition from bank closure to liquidation.



PHILIPPINE DEPOSIT INSURANCE CORPORATION

1 September 2016

PRESIDENT RODRIGO ROA DUTERTE

Malacañan Palace, Manila

Through: **SECRETARY CARLOS G. DOMINGUEZ III**

Department of Finance

Chairman, PDIC Board of Directors

Dear Mr. President:

It is my honor to present the Annual Report of the Philippine Deposit Insurance Corporation (PDIC) for the year 2015. The Report highlights PDIC's accomplishments as Deposit Insurer, Co-regulator of banks, and Receiver and Liquidator of closed banks.

On behalf of the Board of Directors, management and staff, I affirm PDIC's commitment to pursue its public policy objectives of protecting the depositing public and promoting financial stability, espousing the principles of good governance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Cristina Que Orbeta", is written above the printed name.

CRISTINA QUE ORBETA

President



PHILIPPINE DEPOSIT INSURANCE CORPORATION

1 September 2016

SENATOR AQUILINO L. PIMENTEL III

President of the Philippine Senate

CONGRESSMAN PANTALEON D. ALVAREZ

Speaker of the House of Representatives

Through: **SECRETARY CARLOS G. DOMINGUEZ III**

Department of Finance

Chairman, PDIC Board of Directors

Gentlemen:

It is my honor to present the Annual Report of the Philippine Deposit Insurance Corporation (PDIC) for the year 2015. The Report highlights PDIC's accomplishments in pursuit of its public policy objectives to protect the depositing public and help promote financial stability.

On behalf of the PDIC Board of Directors, Management and staff, I thank the Senate and the House of Representatives for the unwavering and continued support as we affirm our commitment to the highest ideals of public service.

Very truly yours,

A handwritten signature in black ink, appearing to read "Cristina Que Orbeta", is written over a horizontal line.

CRISTINA QUE ORBETA

President



PHILIPPINE DEPOSIT INSURANCE CORPORATION

1 September 2016

MR. JAIME MA. F. FLORES II

Chairman
Governance Commission for Government-Owned
or -Controlled Corporations (GCG)
3/F Citibank Centre, Citibank Plaza
Paseo de Roxas cor. Villar St., Makati City

Dear Chairman Flores:


It is my honor to present the Annual Report of the Philippine Deposit Insurance Corporation (PDIC) for the year 2015. The Report highlights PDIC's accomplishments in pursuit of its public policy objectives to protect the depositing public and help promote financial stability.

On behalf of the PDIC Board of Directors, Management and staff, I assure our commitment to always adhere to the principles of good governance and efficient public service.

Very truly yours,

A handwritten signature in black ink, appearing to read "Cristina Que Orbeta", with a long, sweeping flourish extending to the right.

CRISTINA QUE ORBETA
President

A portrait of a middle-aged man with dark hair, wearing a dark blue suit, white shirt, and blue tie. A small Philippine flag is pinned to his lapel. He is standing in front of a night-time cityscape with many illuminated skyscrapers.

The PDIC pressed on with its strategic initiatives to protect the depositors, promote confidence in the banking system, and build its internal capacity to carry out these mandates with increasing effectiveness.

Striding Steady Grounds

The Philippines remained a bright spot in the region in 2015, holding its ground with an economic performance better than most of the major economies in the region. Solid fiscal and regulatory environment in a climate of stability and calm supported business and the economy's consistent growth pace throughout the year.

Striding relatively steady grounds, the Philippine Deposit Insurance Corporation pressed on with its strategic initiatives to protect the depositors, promote confidence in the banking system, and build its internal capacity to carry out these mandates with increasing effectiveness.

We note with pride the Corporation's determination to continually raise the quality of its services and expand its influence in ways that profoundly impact the well-being of its customers. Backed by its own studies and persistent process reviews, PDIC implemented last year twin measures that addressed critical depositor concerns. It doubled the ceiling for early payment of insurance claims via postal money orders from PHP50,000 to PHP100,000 and simultaneously established a one-stop service hub called the Public Assistance Center (PAC) at its Head Office in Makati City. The first initiative radically fast-tracked the insurance payment process and eased the burden of almost 70% of the depositors of closed banks who received their deposit insurance via mail, at the comfort of their homes. The PAC, on the other hand, given its full staff support, provided convenience to its customers who may now complete all types of transactions in a single site, in less time. These key innovations, among other service enhancements, validate its continuing efforts to be more responsive to public needs.

We are equally pleased with PDIC's unrelenting drive to partner with institutions from various sectors – the judiciary, other financial regulators, banking associations, universities and other educational

groups, professional and community organizations – to build broader, sturdier platforms for its corporate thrusts. These alliances have enabled PDIC to rally more spirited support of its programs and projects, particularly its crusade against fraud and banking malpractices, its effort to offer more proactive strengthening options to member banks, its campaign to promote financial literacy in targeted depositor sectors, and on the social front, its own advocacy to provide shelter for victims of natural disasters. We laud this collaborative approach because it magnifies the intent and multiplies the windows of public service, not only for the Corporation but for its partner-agencies as well.

Clearly, PDIC has been running the distance to deliver its mandates. And yet, there will always be more ground to cover, higher standards to meet and challenges to hurdle.

Like its international counterparts, the Corporation will have to contend with advancing technology, new mindsets and shifting business landscapes. It has to have the powers and structures that will enable it to be progressively proactive in all areas of its operations. The approval of the Charter amendments it has proposed is an essential step in this direction. The passage of this Bill in 2016 will give PDIC more agility and latitude to navigate the long haul towards its vision of being a world-class organization in depositor protection.

This is a vision the members of the Board of Directors share with fervor. It is a lofty mark to aim for and we are proud to keep striving with the PDIC Team.

Congratulations to the entire workforce under the able leadership of President Cristina Que Orbeta, for yet another fruitful and inspiring year. Thank you for the commitment and energy that always define your collective work.

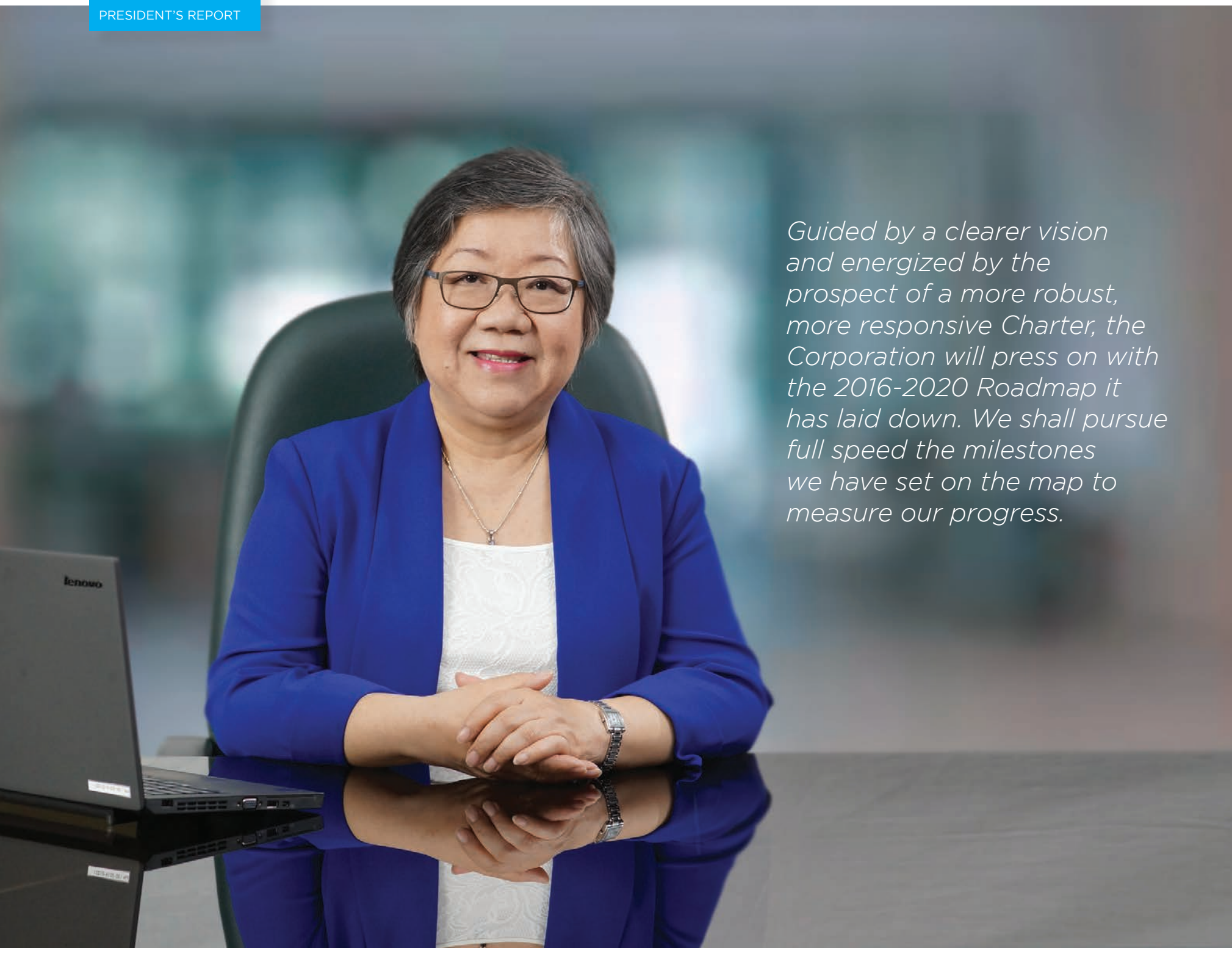
Let us continue to do our country proud.



Cesar V. Purisima*

Secretary, Department of Finance
Chairman, PDIC Board of Directors

** Secretary of Department of Finance until June 30, 2016*

A woman with short grey hair and glasses, wearing a blue blazer over a white lace top, sits at a dark desk. Her hands are clasped in front of her. To her left is a black Lenovo laptop. The background is a blurred office setting with large windows.

Guided by a clearer vision and energized by the prospect of a more robust, more responsive Charter, the Corporation will press on with the 2016-2020 Roadmap it has laid down. We shall pursue full speed the milestones we have set on the map to measure our progress.

Soaring Full Strength, Full Stretch Ahead

In 2015, we focused on the implementation of significant strategic initiatives for more effective delivery of our mandate to protect the depositing public and help promote financial stability. At the same time, we reinforced our internal capacity to effectively deliver these mandates for the long-term.

FOR THE PUBLIC WE SERVE

Increased accessibility and purposeful interfaces for the convenience of the public marked the key improvements and innovations in our service delivery.

In June, we opened the Public Assistance Center (PAC)³, a one-stop shop where customers can inquire and transact on any and all facets of their deposit insurance claims, loan accounts, and other business concerns. This innovation has enhanced our operational efficiency, internal control processes and transparency in the conduct of business operations. Even more important, it has given our customers a new level of ease, comfort and convenience when transacting with PDIC. Customers serviced by the PAC for all transactions, from the time of its opening up to end 2015 reached 7,913, with requests involving 10,441 transactions. They assessed the quality of PDIC's service with a rating of "Very Satisfactory" or 95%, a standard we endeavor to maintain.

We also redesigned our website to be more user-friendly, simple, and easy to navigate to encourage users to visit and use the information posted. Content was also reviewed to ensure full disclosure of information on the operations and governance of the Corporation. The site was also purposely designed to draw attention to critical information disclosed to comply with global transparency standards. The intent is to provide timely and accurate information to website



We opened the Public Assistance Center (PAC), a one-stop shop where customers can inquire and transact on any and all facets of their deposit insurance claims, loan accounts, and other business concerns.

³ Located at the 3/F SSS Building, Ayala Avenue, Makati City, where PDIC holds office.

visitors and the general public, particularly to depositors of closed banks, loan borrowers, and prospective buyers of foreclosed assets. The new website is an initial step in our campaign to reach out to more stakeholders through the use of technology. Use of social media in expanding our reach, intensifying our accessibility, and creating varied and pervasive windows of connection with our customers via PDIC Facebook and Twitter accounts are in the pipeline.

FOR OUR DEPOSITORS

Convenience of depositors remained at the forefront of PDIC's efforts to serve the depositing public. Thus, it continues to exert efforts to pay deposit insurance faster and to the extent possible, deliver payments conveniently by mail. In 2015, PDIC doubled the ceiling for the payment of insured deposits without need to file claims, from PHP50,000 to PHP100,000, enabling more depositors of closed banks to immediately receive their deposit insurance by mail. Provided they have current addresses on record, depositors with no outstanding loans to the bank, and whose claims do not exceed the threshold amount, promptly received their insurance by mail.

We continued to break our turn-around time (TAT) for deposit insurance payment, as our Project Management Teams persevered to enhance procedures and act decisively on emerging issues during field operations. The team approach and the rotation policy for team heads and assistant team heads, sustained learning experience and encouraged continuing process improvements as team heads shared their respective strategies for adoption by succeeding teams. It also enabled officers and staff from support departments to perform key roles in takeover and claims settlement activities, expanding our bench and level of preparedness for major bank closures.

We expanded the range of our Financial Literacy programs to reach a broader base of audiences. We have partnered with the Komisyon sa Wikang Filipino (KWF) in implementing our Be a Wise Saver (BAWS) campaign.



PDIC also successfully upheld the ISO certification of its Quality Management System (QMS) for Claims Settlement Operations. Now on its sixth year, compliance with ISO standards has been imbibed as a discipline permeating not only the claims settlement process but all the related support activities such as human resource, administrative, and legal services. We are set to replicate the adoption of ISO standards for more of PDIC's processes to serve the PDIC customers better.

We expanded the range of our Financial Literacy programs to reach a broader base of audiences. We have partnered with the *Komisyon sa Wikang Filipino* (KWF) in implementing our Be a Wise Saver (BAWS) program. This partnership involved the translation of information materials not only to Filipino, but also to other dialects like Bikol, Cebuano, Hiligaynon, Ilokano, Maranaw and Waray. The KWF also translated PDIC's financial literacy guidebook – *Usapang Pera: Mga Dapat Alamin* – to Filipino so that more would benefit from the insights and practical tips offered by the book.

We hope that these will help spread a keener awareness, understanding and sense of responsibility among the depositing public in making informed decisions so as not to fall easy prey to fraud and manipulation.

FOR CREDITORS OF CLOSED BANKS

We fast-tracked the disposal of assets and the termination of the liquidation of closed banks to return trapped funds to creditors as quickly as possible, and in the process, help fund productive activities.

A total of 40 closed banks were terminated in 2015 and 40 Projects of Distribution were filed with the Liquidation Courts. Since 2012, PDIC has terminated 295 banks from a high of 576, significantly reducing the number of closed banks for liquidation to 352 at year-end 2015. The termination of liquidation of all closed banks in PDIC's inventory remains a major thrust in its roadmap for the next five years.



We maintain a strategic alliance with the Philippine Judicial Academy (PHILJA) to engage the members of the Judiciary in understanding PDIC's mandate, and the challenges it has to contend with in the course of its operations, particularly fraud, irregularities and anomalies.

40

CLOSED BANKS WERE
TERMINATED AND
40 PROJECTS OF
DISTRIBUTION WERE FILED
WITH THE LIQUIDATION
COURTS

150

CASES FILED AGAINST ERRING
OFFICERS AND OWNERS OF
CLOSED BANKS

To support this initiative, the Corporation maintains a strategic alliance with the Philippine Judicial Academy (PHILJA) to engage the members of the Judiciary in understanding PDIC's mandate, and the challenges it has to contend with in the course of its operations, particularly fraud, irregularities and anomalies. Notably, Petitions for Assistance in Liquidation in Regional Trial Courts are now addressed within an average of just seven months, from what used to be an average of two years. Moreover, these learning sessions also helped bring about better results in cases filed against erring officers and owners of closed banks which reached a record of 150 cases by end of 2015.

We stepped up efforts to open channels of communication with banking groups to achieve more productive relations and set new levels of collaboration.



PDIC's intensive investigations of irregularities, anomalies and fraud serve the dual objective of bringing the perpetrators to justice, and sending a clear, grim warning to the banking system, that unsafe and unsound banking practices that put the depositors, the banking system and the Deposit Insurance Fund at risk shall be dealt with accordingly.

FOR OUR MEMBER-BANKS

PDIC partnered with the Bangko Sentral ng Pilipinas and the Land Bank of the Philippines to launch in August, the Consolidation Program for Rural Banks (CPRB). The CPRB encourages merger and consolidation among rural banks to enable them to build financial muscle, streamline their management and governance, and expand their market reach. The CPRB offers an opportunity for rural banks to combine strengths and ensure their viability in an industry that has become increasingly competitive, sophisticated and technologically-driven.

In another light, the Corporation stepped up its efforts to open channels of communication with banking groups to achieve more productive relations and set new levels of collaboration. This is underlined by a deliberate intent to take on a new role as a partner who can offer assistance and solutions to their problems, rather than as an adversary associated mainly with the end of the line – bank failure, receivership and liquidation. Throughout the year, PDIC sent high-level officers to these groups' conferences and meetings across the country to listen more closely to their concerns.

Establishing a more proactive linkage with member-banks to help them become more resilient is a key component of PDIC's mandate to maintain economic stability.

As zealously as we worked to better serve our depositors, creditors and member-banks, so did we pursue measures to bolster PDIC's position towards becoming a more responsive, consistently capable, and a healthier, happier organization.

FOR THE PDIC CHARTER

During the last two years, we have been working to bring about crucial revisions in the law that governs the operations of the Corporation. These revisions are geared towards equipping PDIC with stronger authorities that will enable it to enforce tighter systems for depositor protection, allow it wider latitude in the area of bank resolution, sharper teeth in mitigating fraud and unsafe and unsound banking practices, better alignment with international standards and principles on deposit insurance, and with sufficient flexibility to respond to the continually changing financial landscape.

In 2015, PDIC's Committee on Legislative Initiatives (CLI) was hard at work campaigning for support for the amendment of the PDIC Charter, and further refining the document to address lawmakers' comments and concerns. By December, the House and Senate versions of the Bill had been approved and ready for reconciliation.

The Corporation looks forward to the President's approval of the final form of its amended Charter in 2016.⁴

FOR OUR ORGANIZATION

The organizational structure that will efficiently support the Corporation's vision and mission, goals and business thrusts, as well as the implementation of a new Charter has been prepared for approval of the Board of Directors and the Governance Commission for Government-Owned or -Controlled Corporations (GCG).

This structure takes into account the need to realign functions and work units to maximize outcomes and anticipate the requirements of expanded authorities upon enactment of the amended PDIC Law.

A strategic support initiative, the Competency-Based Human Resource System was implemented during the year. The groundwork for this long-term project which will ultimately provide an integrated framework for all human resource processes has been completed.

⁴ Republic Act 10846 was signed into law on May 23, 2016 and took effect on June 11, 2016.



We have been working to bring about crucial revisions in the PDIC Charter that will govern the operations of the Corporation.

As a continuing drive to enhance operational efficiency and internal control efficiency, reviews were conducted for five business processes in the areas of takeover and receivership; implementation of Strengthening Program for Rural Banks Plus (SPRB Plus) and Strengthening Program for Cooperative Banks Plus (SPCB Plus); cashiering; documents/records management; and internal audit. To the same end, 27 of the organization's Standard Operating Guidelines and Instructions (SOGI) were revised and reformulated.

Adhering to the principle of good governance, PDIC continued to strictly comply with rules and regulations of the bureaucracy and oversight agencies in pursuit of a clean and honest government. Our systems and processes are periodically reviewed and streamlined to align with the anti-red tape law and make public transactions

expedient and convenient. All processes and procedures are in place to ensure transparency and a level playing field in all transactions including strict compliance with the Procurement Law (Republic Act No. 9184).

The Corporation intends to draw from the expertise of the Ombudsman in vetting its processes and policy guidelines vis-à-vis international standards under the Integrity Management Program (IMP), which PDIC voluntarily adopted in June 2015. The IMP, established as the national corruption prevention program of the government, aims to reduce corruption vulnerabilities at the department/agency level, ensure that integrity is practiced in the public sector, and improve the public's trust and confidence in government. PDIC intends to constitute an Integrity Management Committee⁵ to be primarily responsible for overseeing and ensuring that the IMP and all integrity management initiatives are effectively implemented in the Corporation.

FOR OUR OWN PEOPLE

More than any other time in the recent past, we paid full attention to our staffing needs, and the growth and development of our employees. Our headcount stands at its highest at 614 as 34 new employees joined the PDIC family during the year. We had 93 promotions across job levels, representing 15% of our personnel. Many of these promotions were crossovers from rank-and-file to officer positions.

614

HIGHEST
EMPLOYEE
HEADCOUNT

93

JOB PROMOTIONS
ACROSS JOB LEVELS
REPRESENTING 15% OF
PDIC PERSONNEL

⁵ Office Order No. 033 creating the Integrity Management Committee chaired by the PDIC President was issued on January 18, 2016.



We continued to conduct capability-building seminars and training from operations to technical to leadership programs to broaden and sharpen employee competencies.

We continued to conduct capability-building seminars and training in various areas, from operations to technical to leadership programs to broaden and sharpen employee competencies. We also provided opportunities for overseas training to make sure that PDIC remains at par with other financial safety net players and its global counterparts. We will continue to find training opportunities for qualified staff, given that expertise on deposit insurance can only be found in the international arena.

Equally significant, we were able to provide ample opportunities for our employees to enjoy better work-life balance through our corporate team-building activities, health and wellness programs, as well as institutional celebrations and special events that featured impressive creative presentations and fun competitions across sectors. Furthermore, this year, the PDIC Chorale was born and delivered many heartwarming performances both within and outside the Corporation.

FOR OUR CORPORATE SOCIAL RESPONSIBILITY (CSR)

PDIC started the year with the groundbreaking of its Gawad Kalinga Village for the victims of super typhoon Yolanda in Sitio Malmangan, Lawaan, Eastern Samar. Just ten months later, in November, we officially turned over new homes to 20 grateful family beneficiaries. The completion of this project was preceded by “fun run” activities to raise funds. For the Corporation, 2015 could not have begun and ended more significantly.

Now we are embarking on another CSR project, by participating in the nationwide effort to promote financial inclusion. This is a campaign for the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society. PDIC will soon be coming out with its own initiatives to contribute to this drive.

THE CHALLENGES OF 2016

Unconstrained by disruptive bank closures in 2015, the Corporation was able to achieve a significantly more proactive stance as a deposit insurance organization. This is an advantage that we intend to amplify in the coming year, with the support of our Board of Directors, our leaders in government, and our own people.

Guided by a clearer vision and energized by the prospect of a more robust, more responsive Charter, the Corporation will press on with the 2016-2020 Roadmap it has laid down. We shall pursue full speed the milestones we have set on the map to measure our progress. And of these, much urgency is required by the need to build a new PDIC brand – one that fully expresses the vibrant new law that will power our purpose.

We shall rise to the challenge.



CRISTINA QUE ORBETA
President



We officially turned over new homes to 20 grateful family beneficiaries in November.



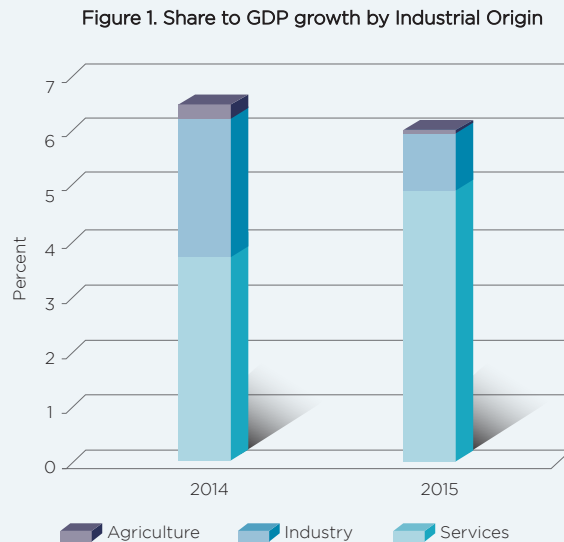
Corporate Operating Environment

THE ECONOMY

The Philippines remained a bright spot in Southeast Asia, with its gross domestic product (GDP) expanding by 5.9% in 2015. While this was slower than the 6.2% growth in 2014, it still outpaced the other major economies in the region.

Real sector developments

The services and industry sectors remained the main drivers of GDP growth, accounting for 3.9% and 2.0%, respectively. For the agriculture sector, growth was relatively flat. (Figure 1).



Source: Philippine Statistical Authority

Private consumption and investments boosted GDP growth, contributing 4.4% and 3.3%, respectively, while government consumption contributed 0.8%. Poor net export performance pulled down GDP growth by 2.5%.

Monetary policy and financial market conditions

The Monetary Board consciously kept key policy rates at bay, stabilizing cost of credit. Overnight borrowing and lending rates were maintained at 4% and 6%, respectively, from September 2014 up to 2015. Annual average inflation softened from 4.1% in 2014 to 1.4%, the lowest in 20 years, mainly due to stable inventory of food supply and lower costs of fuel, housing, and other utilities.

The financial market remained affected by concerns on the movement of the US Federal Reserve fund rate and the possibility of a more pronounced slowdown in the Chinese economy. Gross value added of the finance sub-sector grew moderately at 6.1% from 7.2% the previous year. Equity prices dropped as the year-end Philippine Stock Exchange index fell from 7,230.57 in December 2014 to 6,952.08 by the end of 2015. The average benchmark 91-day Treasury bill rate increased moderately from 1.244% to 1.772% during the year. While the peso to US dollar exchange rate was relatively stable in real terms, the peso depreciated nominally against the US dollar from the average exchange rate of PHP44.4/USD in 2014 to PHP45.5 in 2015, tracking the outflow of foreign portfolio investments.

THE BANKING SYSTEM

Continued strong economic growth favored the banking system, its performance marked by improved asset quality, sustained positive earnings, and stronger capitalization.

Bank movements

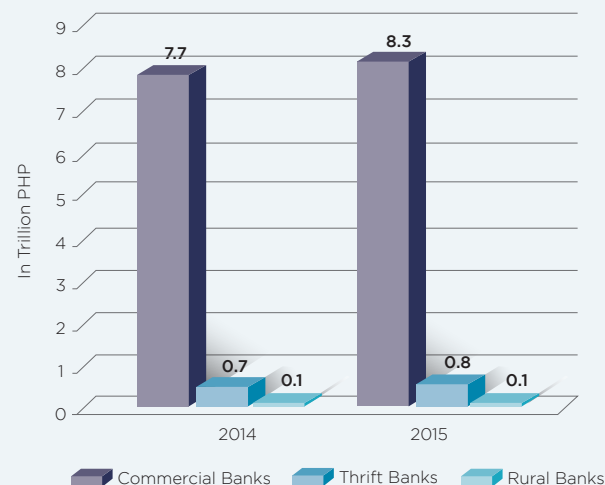
The banking system continued to consolidate with the number of banks down by 15 at year-end, from 648 in 2014 to 633. Nevertheless, overall operating network of banks and bank branches expanded to 10,574 in 2015 from 10,037 in 2014. Fourteen rural banks were closed. One thrift bank had its banking license revoked or cancelled, while other banks continued to merge and consolidate. Positive prospects continued to underline the system with seven rural banks successfully concluding their merger/consolidation. New banks consisting of three rural banks and four commercial banks were also established. The commercial banks were licensed pursuant to Republic Act (RA) No. 10641 dated 15 July 2014, which allowed the entry of foreign banks in the Philippines, an amendment to RA No. 7721 or the Foreign Banks Liberalization Act in 1994.

Financial trends

Total assets of the banking system reached PHP12.09 trillion at year-end, an 8.2% growth compared to the previous year's level of PHP11.17 trillion. Asset growth was widespread across all bank types, with nearly three out of every four banks or 74.9% registering higher assets than the previous year. Asset expansion was funded by increase in deposits and capital, which financed lending and investment activities. Current loans expanded by PHP692.37 billion or 12.2% to reach PHP6.38 trillion at year-end, while held-to-maturity (HTM) financial assets rose by 38.1% to PHP1.14 trillion.

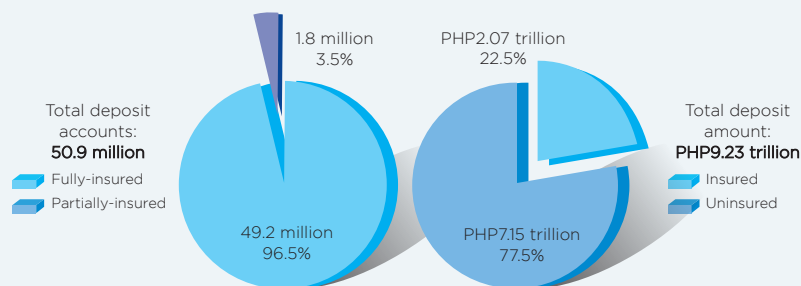
Asset quality improved in 2015 as the ratio of non-performing loans (NPL) to gross loans declined to 2.1% from 2.3% the previous year. This was due largely to the faster growth in gross loans, which reached PHP6.53 trillion as of year-end compared to NPLs which increased to PHP135.68 billion from PHP133.92 billion in 2014. The ratio of non-performing assets (NPA) to total assets dropped to 2.0% from 2.2% a year ago following the decline in real and other properties acquired (ROPA) and non-current assets held for sale (NCAHS). Loan loss provisions covered 119.3% of NPLs reaching PHP161.80 billion.

Figure 2. Total Deposits by Bank Type



Asset growth was funded by deposits, which grew by 8.3% (Figure 2), reaching PHP9.23 trillion at year-end from PHP8.52 trillion in 2014. Thrift banks showed the fastest growth in deposits at 14.1%, followed by commercial banks at 8.0%. Deposits in rural banks however, contracted by 4.0%. The performance of thrift banks and rural banks in 2015 was significantly affected by the license upgrade of a large rural bank to thrift bank. Of the total domestic deposits, 22.5% or PHP2.07 trillion were covered by the maximum deposit insurance coverage of PHP500,000 (Figure 3). These covered 50.9 million deposit accounts. Fully insured accounts comprised 96.5% or 49.2 million of total deposit accounts.

Figure 3. Estimated insured deposits



Quick assets to total deposits ratio remained above the 50.0% mark at year-end, settling at 53.1% from 55.1% the previous year. Financial assets - debt securities, amounting to PHP2.43 trillion, mainly fuelled quick assets growth.

The banking system remained adequately capitalized, with total capital expanding by 9.5% to reach PHP1.51 trillion in 2015, while the industry capital adequacy ratio (CAR) settled at 15.3%, slightly lower than the 15.6% recorded in 2014.

Industry net earnings after tax narrowed at a slower rate of 0.2% during the year to reach PHP135.28 billion, equivalent to a return on assets (ROA) ratio of 1.2%. This is slightly lower than the ROA of 1.3% as of year-end 2014. The drop in net earnings after tax was brought about by higher interest expense, particularly from deposit liabilities and borrowed funds, non-interest expense, and weaker non-interest income. Notwithstanding the lower net earnings after tax, majority of banks (77.1%) still reported positive net earnings as of year-end.

Outlook

The healthy profile of the Philippine banking system was affirmed by the positive assessments of international credit rating agencies. Moody's Investor Services, and Standard and Poor's Ratings Services saw stability in the banking system in 2016 while Fitch Ratings raised its outlook to positive. However, they raised concerns on the strong credit growth which can weaken the capital levels of banks. The gradual increase in interest rates in the US and a severe slowdown of the Chinese economy were seen to also pose key downside risks to Philippine banks in 2016.



Institutional Governance Framework

The culture of governance in PDIC is nurtured by persistent and collaborative efforts between the Board of Directors (Board) and Management. The Board has instituted governance, risk management, and control processes to guide Management in the execution of its mandates. Management, on the other hand, endeavors to strictly abide by the principles of transparency, integrity and compliance with laws, rules and regulations in the conduct of its business. To reinforce monitoring of risks, compliance and controls, and to mitigate the cost of non-compliance, these control processes shall be integrated and further enhanced under a common structure – the GRC or Governance, Risk, and Control Framework.

GOVERNANCE

PDIC adheres to its Code of Corporate Governance and ensures that accountability, transparency and disclosure are consistently observed in the performance of its mandates.

The Board Governance Committee closely works with Management to ensure that good governance remains an integral component of sound strategic management. It also ensures that efforts are continuously undertaken to enhance awareness and compliance with rules and regulations in all levels of the organizational structure.

In the Corporate Governance Scorecard project of the Governance Commission for Government-Owned or -Controlled Corporations (GCG) which is intended to measure a corporation's level of compliance with set standards of governance, PDIC agreed to be assessed to enable it to establish the gaps, institute enhancements to its systems and processes, and further strengthen its governance

framework. The scorecard measures compliance with international good governance benchmarks and standards set by the Organisation for Economic Co-operation and Development (OECD) and the International Corporate Governance Network (ICGN).⁶

Training programs were conducted during the year across the organization to help employees develop, internalize, nurture and practice critical good governance principles and values in dealing with each other and with external stakeholders. Four Compliance, Risk and Audit Seminars were conducted in 2015 participated by the middle managers.

A Compliance Library on the latest issuances of the GCG was made accessible thru the intranet as ready reference for employees to keep them informed of valuable GCG issuances and guidelines. To ensure continued transparency and better stakeholder engagement, all projects, programs and activities of the Corporation are posted in the PDIC website for ready access of the public.

As far as performance of the Board and individual Board members is concerned, a performance evaluation system that includes self-assessment and peer assessment is dutifully complied with to bolster realization of strengths and weaknesses.

Compliance with requirements of the GCG for performance, governance standards and processes were all fully satisfied. The compliance program requires adherence to the PDIC Revised Code of Corporate Governance, conformity with the terms and conditions of the Performance Agreement that binds the Corporation in the

⁶ In June 2016, the GCG awarded PDIC for achieving the highest score among 90 GOCCs in the Corporate Governance Scorecard jointly implemented by the GCG and the Institute of Corporate Directors.

achievement of corporate goals, and regulator commitments and adherence to the principles of good governance in Board as well as internal Committees.

In 2015, the members of the Board attended several training programs such as the IADI Special Governance Committee Strategic Workshop, Professional Directors Program, 14th IADI Annual General Meeting and Meetings of the Executive Council, Standing and Regional Committees, Strategic Thinking Workshop, 6th SEACEN High Level Seminar for Deputy Governors, and Corporate Governance Orientation Program for GOCCs, among others.

The PDIC has commenced, on a voluntary basis, the process to adopt the Integrity Management Program (IMP), a joint project of the Office of the President and the Office of the Ombudsman. It is a preventive anti-corruption measure of the government which aims to establish a systematic approach in building, improving, reinforcing and sustaining a culture of integrity in public sector institutions.⁷ Initial steps such as coordination with the Ombudsman, selection of Committee members within the Institution, and planning activities relative to the adoption of IMP in the Corporation were undertaken during the 2nd Semester of 2015.

The Whistleblowing System shall be institutionalized to address concerns of alleged breach of laws, rules and regulations including the PDIC Code of Corporate Governance, PDIC Code of Ethical Behavior, as well as intimidation, discriminatory behavior towards other employees or third parties, and financial, accounting or internal fraud. Various avenues for reporting of suspected or alleged breaches to the Board Governance Committee are being explored. On January 9, 2015, the GCG approved the PDIC Revised Code of Corporate Governance which includes governance and whistleblowing framework as components of the Corporation's compliance and governance program.

⁷ As described in the Integrity Management Program Handbook.

RISK MANAGEMENT

The Board Risk Management Committee (BRMC) is responsible for the development of the Corporation's Risk Management Program. It also provides oversight function in identifying, assessing, managing, and monitoring the risks of the Corporation, such as financial risk, operational risk, regulatory risk, legal risk, and reputational risk. The Board is assisted by the Risk Management Office (RMO).

PDIC continued to implement the Enterprise Risk Management (ERM) Framework developed in 2014, based on Risk Management – Principles and Guidelines (AS/NZS ISO 31000:2009). The framework's standardized and systematic process of risk management ensures the consistent and effective monitoring of risk events. It also enabled PDIC to focus on the risk mitigation measures to address the material risks facing the Corporation. The framework uses an internally-developed ERM System designed to instill risk consciousness on the business units by requiring them to input into the system the risks facing their respective units and classifying these by type and level of risk. The inventory of risks is compiled in the Consolidated Risk Register (CRR). The register lists the risks identified, assessment of the risks, mitigation/treatment measures, and status of implementation of the risk mitigation measures.

Continued linkage between the RMO and the Information Technology Group was instrumental to the development of several enhancements of the ERM System to further enable efficient and effective use by the various units of PDIC. Features were added to make sorting, filtering, and consolidation of information easier. To improve the interaction between RMO and the users, a comment window was added, where RMO interacts with the group heads, thereby facilitating exchange of information. These enhancements were cascaded to the users to maximize the benefit of the ERM System. Because of the new features, risk assessment review, reporting and monitoring became more efficient and streamlined.

49

AREAS AND PROCESSES AUDITED

2

REPORTS ON BASELINE ASSESSMENT OF
INTERNAL CONTROL SYSTEM (BAICS) OF MAJOR
PROCESSES COMPLETED

In the fulfillment of its function as the primary risk manager of PDIC, the RMO provided guidance pertaining to various issues faced by PDIC in performing its mandate. The RMO issued opinions and presented reports on matters which were the basis for decisions to be made by management and by the Board. It also began drafting its standard operating guidelines and instructions for finalization by the end of the year.

The continued enhancement of the ERM System to integrate the risk management, governance, and internal control processes of PDIC shall be undertaken. This integration is a strategic initiative to effectively capture non-compliance with or deviation from policies, laws, orders and regulations, both internal and external, and facilitate assessment of risks and audit prioritization.

AUDIT

The Board Audit Committee (Board AC) supports the Board in fulfilling its oversight responsibilities for the following processes: financial reporting, internal control, audit, and monitoring of compliance with laws, rules and regulations.

The Board AC ensures that all areas of operations and critical activities of the Corporation are covered by the audit process and captured in the Audit Plan of the Internal Audit Group (IAG). The Board AC supervises and monitors audit activities and collaborates with IAG in the completion of audits according to the approved Annual Audit Plan. In 2015, a total of 49 areas and processes were audited involving management audit, compliance audit, control verifications, and systems review. The reports on baseline assessment of internal control system (BAICS) of two remaining major processes were also completed during the year.

The Board AC also reviewed and endorsed to the Board the Corporation's accomplishment reports vis-à-vis its targets, and its 2015 revisited Budget and 2016 Corporate Operating Budget (COB).

Further, the Board AC monitored the prompt presentation and reporting of the financial statements of the Corporation, reviewed compliance with financial reporting standards and fair presentation of its financial position and endorsed its reports to the Board. It also noted the Commission on Audit (COA) Annual Audit Report for 2014 and monitored management's actions to address issues raised by COA.

The Board noted, as contained in the Internal Audit Annual Report, that internal control systems of various areas/processes audited in 2015 were deemed adequate and effectively working to provide reasonable assurance that control objectives were achieved to ensure attainment of the Corporation's goals and plans. The review of selected computer systems also disclosed that applications and general controls were generally adequate to support operational efficiency and effectiveness. These conclusions were based on

the Internal Control Assessment (ICA) rating of each audited area. The ICA rating on the effectiveness of the internal controls of the audited areas/processes/systems was initially implemented in 2015. It likewise noted the Board AC's comments and instructions for management's attention and action or risk mitigation measures to strengthen internal controls.

COMPLIANCE WITH COMMITMENTS TO THE GCG

With service commitment to the depositing public as its primary objective, PDIC achieved all its strategic objectives stated in the Corporation's Performance Agreement with the GCG pursuant to the Performance Evaluation System for GOCCs.

1. *On the Build-up of the Deposit Insurance Fund* – The ratio of Deposit Insurance Fund (DIF) to Estimated Insured Deposits (EID) averaged 5.6%, higher than the target of 5.0%. This reflects PDIC's commitment to judiciously manage the DIF and its readiness as a financial safety net player to respond to insurance calls in case of need, a crucial tool to maintain depositor confidence.
2. *On client satisfaction* – The baseline rating of 4.55 for customer/stakeholder satisfaction was established based on a methodology using a 5-point survey tool designed and verified by an independent third party.⁸ The baseline rating represents an adjectival rating of Very Satisfactory.
3. *On deposit insurance claims payment* – 100% of valid deposits up to PHP50,000⁹ were paid within the turnaround time (TAT) of 12 to 22 working days, higher than the target of 90%. Meanwhile, 90.5% of valid filed claims with balances more than PHP50,000 were paid within TAT of 19 to 50 working days, higher than the target of 90%.
4. *On co-regulation of banks* – Bank examinations were conducted for 65 banks representing an aggregate EID of PHP9.07 billion. These examinations were completed within an average of 37 working days from examination to submission to the PDIC Board of recommendations for corrective action. The reported average TAT is faster than the target of 45 working days.
5. *On receivership and liquidation of closed banks* – Liquidation of 40 closed banks was terminated during the year, higher than the target of 28 closed banks. Projects of Distribution (PODs) for 40 closed banks were filed with the Liquidation Court.
6. *Implementation of the Enterprise Risk Management System (ERMS)* – The ERMS mapped all risks of the Corporation and identified mitigation and monitoring measures.
7. *Cross Border Agreement with peer deposit insurance agencies* – Against the target of one memorandum of understanding (MOU) on cross-border cooperation with a peer deposit insurance agency, PDIC signed two MOUs: 1) with the Financial Services Compensation Scheme (FSCS) Limited of the United Kingdom on March 11, 2015, and 2) with the Indonesia Deposit Insurance Corporation (IDIC) on October 29, 2015.
8. *Establishment of a Competency Framework* – In line with PDIC's commitment to deliver quality public service through a highly competent workforce, the Competency Framework was approved by the PDIC Board on December 2, 2015 and submitted to the GCG on December 16, 2015.

⁸ Development Academy of the Philippines, a GOCC mandated to develop transformative leaders, innovative ideas, and synergistic solutions to make the public sector more effective and efficient.

⁹ The threshold was increased to PHP100,000 in July 2015.



THE PDIC STORY:

Stretching the Wings of Service



Increased accessibility and purposeful interfaces for the convenience of the public marked the key improvements and innovations in our service delivery.



Depositor Protection

7,913

CLIENTS SERVED SINCE THE LAUNCH OF THE
PUBLIC ASSISTANCE CENTER

INVOLVING

10,441

TRANSACTIONS

The Corporation continuously reviews and streamlines the processes for deposit insurance claims settlement to enable it to pay valid deposit insurance claims at the soonest possible time. In 2015, existing processes were enhanced and new ones were introduced to further improve delivery of service to the depositing public.

LAUNCHING OF THE PUBLIC ASSISTANCE CENTER

The Public Assistance Center (PAC) was launched as a one-stop shop on June 22, 2015 for the benefit of depositors, borrowers of closed banks and other PDIC clients. Filing of claims, payment of loans, purchase of assets and other transactions are all handled in the PAC by responsible senior officers, for the convenience of clients. The new set-up not only expedited the completion of transactions but

also lent greater transparency in the conduct of business operations to the public.

To expedite and monitor transactions at the PAC, the Interim Customer Tracking System (ICTS) was introduced on August 14, 2015. This system allowed the recording and monitoring of customer transactions to provide basis for further improvements in systems and procedures. Supporting the ICTS is the Automizer Queue Management System (AQMS) for the orderly processing of transactions. Using this queueing system, clients are successively serviced and guided from the client assistance counter to the respective operations service counters.

Since the launch of the PAC until year-end, a total of 7,913 clients were served involving 10,441 transactions, or a daily average of 65 customers and 86 transactions. Prior to the launch of the PAC, the PDIC Helpdesk located at the 4th Floor handled queries, requests and complaints (QRCs) of clients. The PDIC Helpdesk handled 1,459 QRCs from January 2015 until June 28, 2015 before its operations were integrated to the PAC. Other clients directly dealt with the concerned departments.

STRENGTHENING CUSTOMER FEEDBACK SURVEY

To further improve the assessment of client feedback, PDIC engaged the services of the Development Academy of the Philippines (DAP) to review and enhance the client survey form and methodology for measurement of the dimensions for service quality such as staff, facilities, ease of access, timeliness, outcome, and overall satisfaction.¹⁰

As a result, the survey questionnaire was simplified and the questions recast for easier understanding. It also included a translation to Filipino. The previous three-point rating scale for client satisfaction was modified to a five-point rating scale to more precisely define the levels of client satisfaction. Using the five-point scale, PDIC was rated with an average service quality index of 4.55 from October

¹⁰ This is among the performance targets committed to the Governance Commission for GOCCs (GCG).



4.55

SERVICE QUALITY INDEX
RATING, EQUIVALENT TO THE
HIGHEST ADJECTIVAL RATING
OF "VERY SATISFACTORY."

79%

CLIENT RESPONSE RATE

until December 2015. This rating is equivalent to the adjectival rating of “Very Satisfactory.” With the enhanced survey questionnaire, client response rate improved from 30% for the period January to September 2015 to 79% from October to December 2015

ENHANCING CLAIMS SETTLEMENT OPERATIONS

Early Payment of Claims for Small Depositors

The threshold for early payment of deposit insurance was raised to PHP100,000 in July 2015 from PHP50,000. Of the 14 banks ordered closed in 2015, depositors of seven banks benefitted from the new threshold. This involved 16,352 deposit accounts, or 67% of the total deposit accounts of the seven banks.

In the last five years, PDIC raised the ceiling four times from the initial cap of PHP5,000 to PHP10,000 in 2011, PHP15,000 in 2012, PHP50,000 in 2014; and to PHP100,000 in 2015, after a careful review of the depositor risk profile and insured deposit payments track record.

PHP100,000
NEW THRESHOLD FOR EARLY PAYMENT OF
DEPOSIT INSURANCE BENEFITTING HOLDERS OF
16,352
DEPOSIT ACCOUNTS IN 2015

This increase in the threshold for early payment of deposit insurance hastened depositors’ access to their insured deposits and made it more convenient for them as they need not visit the bank site to file their claims. It was also more cost efficient for PDIC.

Sustained Project Management Team Approach

The Project Management Team (PMT) approach that started in 2013 continued to evolve and improve, drawing from the extensive experience and problems addressed by the teams to ensure seamless and coordinated payout operations. Expeditious decision-making on-site, guided by the principles of accountability, transparency and cost efficiency, marked the PMT experience. Headed by a senior member of Management, usually a Vice President, activities are synchronized and all activities leading to payout are carefully planned so as to quickly resolve any unanticipated problems. The PMT process is also a “learning by doing” training strategy to involve personnel across the Corporation to claims and receivership operations.

Prior to implementation of the PMT, turnaround time (TAT) for early payment from bank takeover averaged 44 days. With continued enhancements, this average TAT¹¹ has been reduced to 10 days (or 8 working days), sustaining the average in 2014. This is faster than the target TAT of 15 days (or 12 working days).

Before implementing the PMT, field operations claims settlement (FOCS) commenced at an average of 75 days after takeover of the bank. Presently, the TAT for FOCS has significantly been reduced to 18 days (or 14 working days) compared to the previous target TAT of 25 days (or 19 working days). The TAT was achieved for more than 90.5% of claims filed. This year’s pace for FOCS was likewise quicker compared to the TAT of 20 days achieved in 2014.

¹¹ For 2015, TATs for claims settlement were measured using the number of working days instead of number of calendar days.

PDIC paid total insured deposits of PHP1.1 billion for the 14 banks ordered closed in 2015. Of this amount, PHP262.6 million representing 45,496 accounts were settled through early payment via postal money orders mailed directly to the depositors' addresses on record or updated through the Mailing Address Update Forms (MAUF). Meanwhile, payments for deposit insurance claims filed on-site through FOCS totaled PHP758.9 million involving 6,065 accounts.

Leveraging Technology in Claims Servicing

Leveraging technology, various improvements to the Insurance Claims System (ICS) were undertaken to streamline the claims settlement process. In the first quarter of 2015, the ICS, the system used to register, process and settle deposit insurance claims, was modified to automatically generate Claim Forms for individual claims and the One Claim Form for multiple accounts. This eliminated the tedious and time-consuming process of filling out of Claim Forms by depositors thereby reducing the waiting time for depositors. The automatic generation of Claim Forms was implemented at the payout operations of Community Bank (Rural Bank of Alfonso, Inc.) and Rural Bank of Magsingal (Ilocos Sur), Inc. in March 2015.

The Examination Module under the ICS was also enhanced by allowing supporting schedules for pre-examination reports of deposits to be generated directly, contributing further to overall process efficiency.

The Payment Module of the ICS has also been enhanced to include a scanning facility for documents submitted by depositors. Thus, depositors need not spend for photocopying of their documents. This is also an environment-friendly measure supportive of the Corporation's corporate social responsibility program for environment protection.

Validating Complex Deposit Insurance Claims

For operational efficiency and to ensure immediate payment to depositors, a dedicated payout team handles the processing of accounts involving unregistered associations and other complex deposit arrangements. These accounts are subject to close scrutiny and investigation.

The regulation requiring banks to maintain a computerized record of depositors/deposit information will enable PDIC to efficiently determine its exposure in insured deposits and ensure appropriate business continuity measures are observed by banks.



LAUNCHING OF THE SINGLE CUSTOMER VIEW PROJECT

To more efficiently determine PDIC exposure in insured deposits and to ensure that appropriate business continuity measures are observed by banks, PDIC issued in February 2015 a regulation requiring banks to maintain a computerized record of depositor/deposit information. The computerized database system should include depositor/deposit information for each deposit account. The database to be made available via a report (Deposit Account View or DAV) shall be maintained and stored for five years. The bank should also define a back-up and recovery arrangement for the depositor/deposit information consistent with the requirements of the Bangko Sentral ng Pilipinas.

The DAV is an electronically generated report that provides consolidated depositor/deposit information for each deposit account in a standardized format. Banks are required to have a facility or an application integrated with the bank's computerized deposit database system to generate the DAV. The DAV is PDIC's version of the Single Customer View, which will enable faster determination of accurate insurance compensation for each depositor.

The plan of implementation submitted by banks to PDIC indicated that 96% will be able to comply with these regulatory requirements by end-2016. To assist banks in their compliance, PDIC has designated a hotline for banks to quickly raise any concern/clarification. Upon

submission by the bank of a Certificate of Compliance to PDIC, confirmation of the bank's compliance will be validated.

RECERTIFYING THE QUALITY MANAGEMENT SYSTEM FOR CLAIMS SETTLEMENT OPERATIONS

During the year, the quality management system (QMS) for PDIC's claims settlement operations (CSO) was ISO 9001:2008 re-certified by Certification International Philippines, Inc. (CIPI), an affiliate of international certifying body Certification International based in the United Kingdom. The audit found the QMS compliant with ISO standards and adhered to the principle of continuing improvement in its systems and processes. The QMS for PDIC's CSO has been ISO-certified since 2010. ISO 9001:2008 is a stamp of approval for efficiency and consistency of application of quality management systems.

The certification is maintained through annual surveillance audits conducted by a certifying body for a period of three years. After the three-year period, the QMS goes through a re-certification audit process.

During the year, the quality management system (QMS) for PDIC's claims settlement operations (CSO) was ISO 9001:2008 re-certified by Certification International Philippines, Inc. (CIPI).





COMMUNICATING WITH DEPOSITORS OF CLOSED BANKS

A total of 19 Depositor-Borrowers Forums (DBFs) were held nationwide for the 14 banks ordered closed during the year. The conduct of DBF is PDIC's way to immediately reach out to and communicate with the clients of a closed bank taken over by the Corporation. It is intended to inform depositors of how and when they will be paid their deposit insurance, how to go about filing their claims, pay their loans, or claim their land titles. The active interaction with depositors is intended to help ease their anxiety on how to recover their funds and assets which are now trapped in the closed bank. The DBF is likewise a venue to clarify matters pertaining to all their transactions with the bank, whether deposits, loans or other claims and obligations to the closed bank. Led by the Project Management Team Head, personnel involved in receivership, deposit insurance, asset management and appraisal; loans management, with the support of the information technology and public assistance, make themselves available to meet with depositors and borrowers through the DBF. For closed banks that are multi-unit, DBFs are conducted by clustering branches or banking units.

The conduct of DBF is PDIC's way to immediately reach out to and communicate with the clients of a closed bank taken over by the Corporation. A total of 19 DBFs were held nationwide in 2015.

The PDIC coordinates with local government units within the communities served by the closed banks to effectively carry out its insurance and receivership mandates. To disseminate information on bank closures, and to reach the closed bank's clients, radio announcements are made, press releases are issued and notices in the bank premises and other public places are posted.



Supervision and Resolution

The profile of the rural banking system where 39% are single unit banks presents a cause for concern on the ability of these banks to compete and remain viable.

PDIC endeavors to adopt policies and undertake programs to help further strengthen the domestic banking system, protect depositors, and mitigate moral hazard.

PROMOTING MERGERS AND CONSOLIDATIONS

The profile of the rural banking system, with 39% or 203 single unit banks out of the 524 rural banks, presents a cause for concern on the ability of these banks to compete and remain viable. To help address this concern, PDIC in partnership with the Bangko Sentral ng Pilipinas (BSP) and the Land Bank of the Philippines (Landbank), launched the Consolidation Program for Rural Banks (CPRB). The program supports the need for a highly competitive, better-governed and customer-centric rural banking system that generates synergies and economies of scale, and allows expansion and diversification of markets. The program is designed to encourage banks to merge and consolidate to strengthen their capitalization and capacity to provide more and better financial services, and thereby enhance their long-term viability.

PDIC continued to implement the Strengthening Program for Rural Banks Plus (SPRB Plus) which ended in December 2015 and the Strengthening Program for Cooperative Banks Plus (SPCB Plus) which shall expire in September 2016. The SPRB Plus, a program to encourage mergers and consolidations of rural banks, broadened its scope to include thrift banks, universal and commercial banks as well as non-bank corporations and group of corporations as eligible strategic third party investors (STPI) of rural banks or thrift banks. On the other hand, the SPCB Plus is the counterpart program for cooperative banks. Aside from PDIC financial assistance, banks availing of the programs may request for regulatory relief, branching and other incentives from the BSP.

For the SPRB Plus and SPCB Plus, seven applications involving 12 banks and two non-bank corporations were evaluated during the

year. Five applications were approved involving nine banks and a non-bank corporation with combined estimated insured deposit (EID) of PHP14.4 billion representing 128,038 accounts.

Banks also independently pursued consolidation of their businesses and sought approval of the PDIC to promote and safeguard the interests of the depositing public. PDIC assesses the long-term viability of proposed mergers, consolidations, and purchase of assets and assumption of liabilities involving insured banks. During the year, PDIC granted consent to three merger proposals: involving a thrift bank and a rural bank; between two thrift banks; and among three cooperative banks. EID of these banks amounted to PHP70.8 million involving 1.5 million accounts.

CPRB was launched in August 2015 with funding support from the Countryside Financial Institutions Enhancement Program (CFIEP). The Program provides funding assistance for financial advisory services, business process improvement services, and capacity-building support services. These include training on credit evaluation and administration, audit and internal control, personnel management, accounting/record keeping, treasury, information technology, and governance. Regulatory incentives from the BSP may also form part of CPRB's program support.

The program is open to any group of at least five rural banks with head offices or majority of the branches located in the same region or area. Rural banks with head office located in a nearby region may also be included, provided that the program conditions and objectives are met.

Rural banks availing of the CPRB shall benefit from several support services and regulatory incentives to improve their financial strength, enhance their viability, strengthen management and governance, generate synergies and economies of scale, and expand market reach. The resulting bank, after merger, consolidation or acquisition shall have a risk-based capital adequacy ratio (RBCAR) of at least 12% and a combined unimpaired capital of at least PHP100 million.

Since the implementation of CPRB in August, eight roadshows have been conducted among federations of rural banks based in Aklan, Camarines Norte, Camarines Sur, Cavite, Cebu, Davao del Norte, Davao del Sur, Iloilo, Leyte and Pangasinan. The roadshows provided an opportunity for the PDIC to explain the program, its salient features and expected benefits to participating rural banks. By year-end, 10 rural banks had signified interest in CPRB.



The facility enables the matching of investors interested to acquire, merge or consolidate with a bank or banks seeking acquirers/investors.

MATCHING INVESTORS WITH INVESTEEES

For banks that would like to find a partner for possible consolidation, merger or acquisition, they can opt to register as investor or investee through the Investor-Investee Helpdesk. The facility enables the matching of investors interested to acquire, merge or consolidate with a bank or banks seeking acquirers/investors. Since it was launched in 2010, the Helpdesk has received a total of 103 registrants: 52 from STPIs and 51 from investee banks. Of these, there were 69 investor-investee matches in 2015. Since its inception in 2010, there were five successful matches involving 10 banks. Of these matches, one resulted in consolidation, three in equity acquisition and one in merger. All in all, these successful matches involved investee banks with 81,859 deposit accounts and combined EID of PHP2.5 billion.



SUCCESSFUL MATCHES INVOLVED

81,859

DEPOSIT ACCOUNTS IN
INVESTEE BANKS REPRESENTING

PHP2.5 B

IN ESTIMATED INSURED DEPOSITS

EXAMINING BANKS

PDIC conducts off-site monitoring and on-site examinations of banks. The off-site analysis is prepared based on available reports on banks. It highlights material movements on financial data, assessment of any findings of unsafe and/or unsound practices (U&U), and identifies deficiencies on compliance with PDIC Regulatory Issuances (RIs), as well as key issues and concerns that need to be validated during the on-site examination. During the year, 74 Offsite Analysis Reports (OARs) were completed for seven thrift banks and 67 rural banks, 65 of these OARs were used as references for on-site examinations in 2015.

In line with PDIC's objective of protecting the depositing public, PDIC's on-site bank examination is focused on deposit operations, determination of U&U practices, and compliance with Know-Your-Customer (KYC) policies and PDIC RIs. To address any findings, gaps and weaknesses observed during the examination, a deed of undertaking approved by the Board of Directors of the examined bank is required to be submitted to PDIC and the compliance thereto is monitored.

In 2015, PDIC jointly examined with the BSP a total of 65 banks with aggregate EID of PHP9.07 billion. PDIC directives to address findings were transmitted to the banks' Board of Directors within an average of 37 working days from exit conference or last day of examination, whichever is later, earlier than the target of 45 working days.

Banks examined which were found to have been engaging in U&U deposit taking practices were directed to stop and immediately correct these irregularities. Banks with very weak financial condition were recommended for closure, if unable to infuse the required capital within the agreed timeline.



PDIC's on-site bank examination is focused on deposit operations, determination of unsafe and/or unsound banking practices and compliance with Know-Your-Customer (KYC) policies and PDIC Regulatory Issuances.



Promotion of Creditors' Welfare

Expediting the disposal of closed banks' assets for distribution to creditors and termination of liquidation of closed banks is the primary thrust of PDIC as Receiver.

Creditors, which include depositors with uninsured deposits, represent an important group of PDIC stakeholders. Expediting the disposal of closed banks' assets for distribution to creditors and termination of liquidation of closed banks is the primary thrust of PDIC as Receiver. Effective discharge of these responsibilities shall release creditors' trapped funds back to the financial system to support productive activities.

As Receiver, PDIC administers closed banks' assets, records and affairs, and preserves the assets for the benefit of creditors. Within a period of 90 days from closure of the bank, the PDIC shall determine whether or not a closed bank can be rehabilitated, and submit such determination to the Monetary Board. When the Monetary Board orders the liquidation of a closed bank, the assets of the bank are disposed and distributed to creditors according to the preference and concurrence of credits as provided by the Civil Code of the Philippines. The asset distribution plan or Project of Distribution (POD) to creditors is approved by the Liquidation Court.

TAKING OVER CLOSED BANKS

PDIC continued to carry out its mandate as receiver of closed banks with the takeover of 14 banks ordered closed by the Monetary Board of the BSP in 2015. Considering the termination of liquidation of 40 closed banks and 14 banks taken over in 2015, total banks under PDIC receivership reached 352 with combined estimated realizable value of assets (ERVA) placed at PHP36.6 billion compared to liabilities of PHP141.2 billion.

RESOLVING LOANS

In fulfillment of PDIC's mandate to liquidate assets of closed banks, the Corporation continued to pursue initiatives at resolving loans.

There were 27,578 loan accounts with aggregate principal balance of PHP792.5 million that were resolved in 2015 through compromise settlement, *dacion en pago*, offset against deposits, collections based on original terms and conditions of the loans, and write-off.

A total of 3,236 accounts amounting to PHP219.5 million were recommended for write-off. These represent accounts which will either entail higher cost to collect than potential recoveries, or are otherwise determined to be uncollectible.

Meanwhile, total cash collections during the year inclusive of interests and other charges reached PHP586.9 million.

Strategies to enhance loan collection continued to be implemented. These include on-site collection initiatives like sending of demand letters to borrowers with notice on procedures for payment, marketing of loans to nearby banks and other financial institutions for loan takeout or purchase, and visits to local government units and other companies with existing memoranda of agreement with the closed banks for collection of salary loans to agree on payment procedures.



PDIC continues to step up its asset disposal initiatives via public biddings, auctions, negotiated sale, and participation in housing fairs to maximize recoveries for creditors of closed banks.

PHP792.5M

AGGREGATE PRINCIPAL BALANCE RESOLVED
INVOLVING

27,578

LOAN ACCOUNTS

Closed banks with Projects of Distributions (PODs) filed with the respective Liquidation Courts

1	Mayon Savings and Loan Bank
2	Rural Bank of Taytay (Rizal), Inc.
3	Rural Bank of Nasugbu, Inc.
4	Rural Bank of Bacon (Sorsogon), Inc.
5	Cooperative Bank of Zamboanga Del Sur, Inc.
6	Rural Bank of Manjuyod (Negros Oriental), Inc.
7	Rural Bank of Baler (Aurora), Inc.
8	Rural Bank of Mamburao (Occ. Min.), Inc.
9	Rural Bank of Ivisan (Capiz), Inc.
10	Rural Bank of Gabaldon (Nueva Ecija), Inc.
11	Rural Bank of Bingawan (Iloilo), Inc.
12	Rural Bank of Bato (Camarines Sur), Inc.
13	Rural Bank of Magallanes (Sorsogon), Inc.
14	New Rural Bank of Guimba (Nueva Ecija), Inc.
15	Rural Bank of Libon (Albay), Inc.
16	Rural Bank of Cabusao (Camarines Sur), Inc.
17	Rural Bank of Pili (Camarines), Inc.
18	Rural Bank of Buenavista (Marinduque), Inc.
19	First Coconut Rural Bank (Batangas City), Inc.
20	Rural Bank of Nueva Caceres (Naga), Inc.

21	Regent Savings and Loan Bank
22	Oriental Savings and Loan Association
23	Rural Bank of Jovellar (Albay), Inc.
24	Ibalon Rural Bank, Inc.
25	Rural Bank of Sta. Maria (Davao del Sur), Inc.
26	Rural Bank of Sta. Teresita (Batangas), Inc.
27	Rural Bank of Bombon
28	Millennium Bank, Inc. A Rural Bank
29	Rural Bank of Naval, Inc.
30	Rural Bank of La Trinidad (Benguet)
31	Rural Bank of Valencia (Bukidnon), Inc.
32	Export and Industry Bank
33	LBC Development Bank
34	Rural Bank of Mawab (Davao), Inc.
35	Davao Cooperative Bank
36	Rural Bank of Mabinay
37	Rural Bank of Bacolor
38	Rural Bank of Canaman
39	Merchants Rural Bank of Talavera, Inc.
40	Homeowners Savings and Loan Bank (HOSLB)

MANAGING AND DISPOSING ASSETS

To optimize recoveries and convert into cash assets of closed banks, PDIC generated PHP407.3 million from assets under its management. Bulk of the recoveries came from rental and dividend collections (PHP270.5 million), while disposal through public bidding, negotiated sale, including sales during a housing fair, and payments from the Comprehensive Agrarian Reform Program (CARP) reached PHP110.7 million.

PDIC participated in the 10th Housing Fair on October 16 to 18, 2015 at SM Megamall, Mandaluyong City organized by the Housing and Urban Development Coordinating Council (HUDCC) to sell real estate properties and transportation and other equipment. All six properties sold during the Housing Fair were assets of closed banks.

MANAGING FUNDS OF BANKS UNDER RECEIVERSHIP AND LIQUIDATION

PDIC manages closed banks' funds including proceeds from sale of assets and loan collections. These funds form part of closed banks' assets for distribution to creditors.

As of year-end, funds held in trust (FHIT) of closed banks under receivership/liquidation reached PHP14.2 billion, 9.0% higher than last year's PHP13.0 billion. Five percent of these funds are invested in short-term Special Savings and Time Deposits while 95% are placed in long-term government securities. Earnings on the fund amounting to PHP488 million are for distribution pro-rata to all banks with FHIT.

DISTRIBUTING ASSETS TO CREDITORS

Assets are distributed to the creditors of closed banks based on a distribution plan called Project of Distribution (POD) filed with and approved by the liquidation courts. For 2015, 40 PODs were filed with various liquidation courts. Upon approval of a POD, creditors are notified to file their claims.

Assets Distributed to Creditors

CREDITORS	NATURE OF CLAIMS	2015	2014
		(IN PHP MILLION)	
PDIC	Receivership & Liquidation Expenses	23.04	74.82
	Subrogated Claims	201.44	151.62
	Sub-Total	224.49	226.44
BSP	Rediscounting Emergency Loans, Penalties, Fees	88.25	73.22
Other Government Agencies	Central Bank - Board of Liquidators	1.41	0.64
	Bureau of the Treasury	-	-
	Bureau of Internal Revenue & other Government Agencies	246.40	0.02
	Sub Total	247.81	0.66
Other Creditors	Uninsured Deposits, Labor Claims, etc.	248.33	203.74
TOTAL (In PHP Million)		808.88	504.06
No. of Creditors		1,383	95

During the year, PDIC settled PHP808.9 million in claims of creditors of closed banks. This was 60.5% higher than the PHP504.1 million paid in 2014. Payments made to other creditors, which include uninsured depositors and employees, amounted to PHP248.3 million compared to PHP203.7 million the previous year. Other government agencies were paid PHP246 million from almost nil the previous year. During the year, payments to PDIC for subrogated deposits and reimbursement of receivership and liquidation expenses reached P201.4 million and P23.0 million, respectively.



PARTNERING WITH THE JUDICIARY

Through the initiative of PDIC, a strategic partnership with the Philippine Judicial Academy (PHILJA) was formed to provide an avenue for the conduct of seminar-workshops involving the Regional Trial Court (RTC) judges handling cases involving closed banks, specifically, its liquidation proceedings. PHILJA is a component unit of the Supreme Court institutionalized by law as a training school for the members of the Judiciary, court personnel, lawyers and aspirants to judicial posts and tasked to promote judicial education in the Philippines.

PDIC and PHILJA share the vision of enhancing the appreciation and understanding of deposit insurance and banking laws for greater depositor protection. The seminar-workshop is a tool to update the members of the Judiciary on applicable laws and jurisprudence on deposit insurance, banking practices, and bank conservatorship,

receivership and liquidation. The collective wisdom of the judges-participants shared in the course of the seminar-workshops likewise provide PDIC valuable insights to enhance its role as deposit insurer, receiver of closed banks and a major participant in the regulation of banks.

The on-going strategic partnership aimed at allowing the creditors and other stakeholders access to their money/deposits has so far yielded positive results.

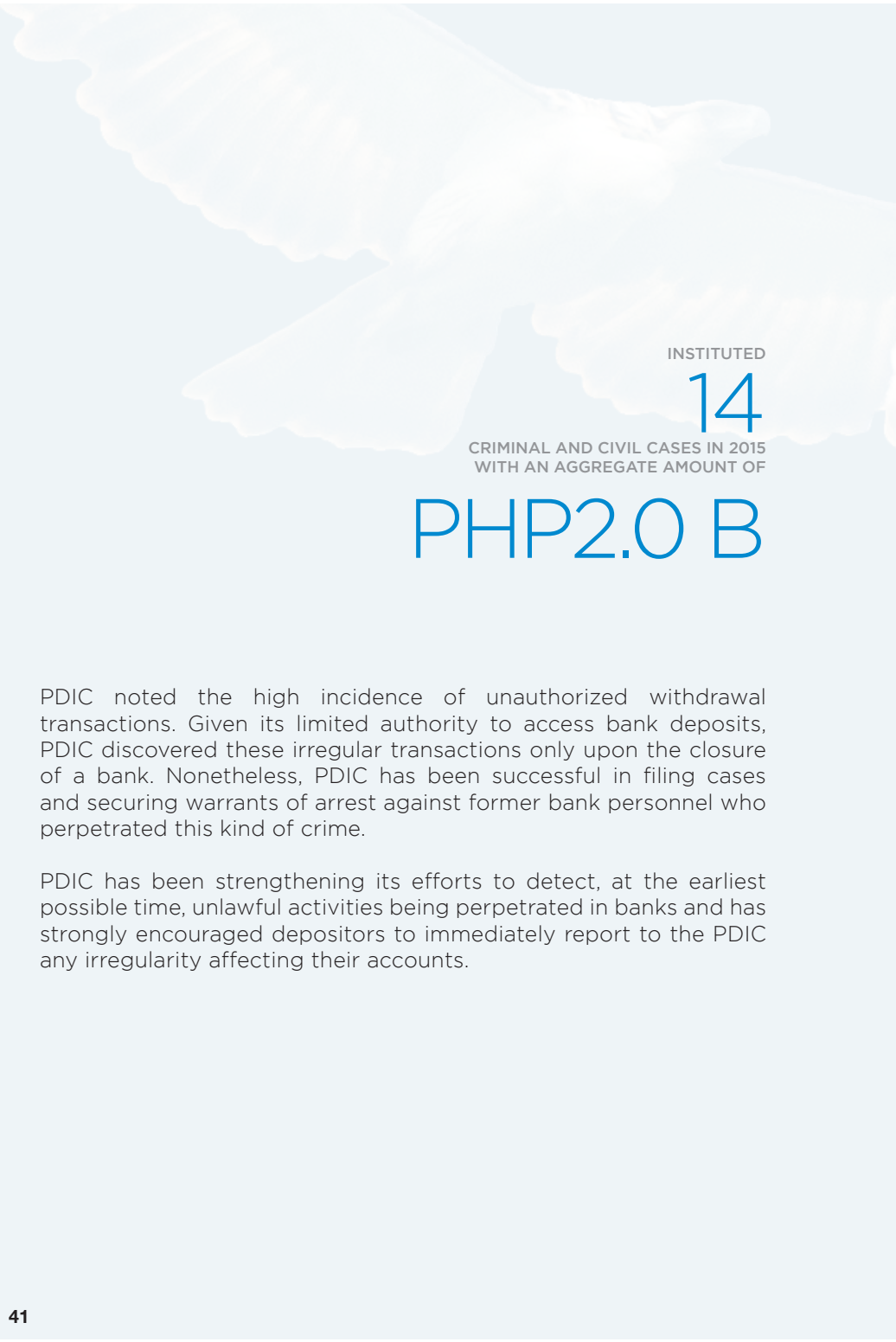
Since 2009, PDIC and PHILJA conducted seven seminar-workshops for RTC judges stationed at different judicial regions in Luzon, Visayas, and Mindanao. For 2015, two seminar-workshops were conducted on July 22 - 23 and November 25 - 26.

VIGOROUSLY ENFORCING ACTION

In its determined effort to reinforce discipline in the banking industry, PDIC in 2015 instituted 14 criminal and civil cases with an aggregate amount of PHP2.0 billion. A total of 80 erring bank directors, officers, and other bank personnel were charged before the Department of Justice and regular courts. PDIC was also able to pierce the veil of corporate fiction and impleaded affiliate corporations owned and controlled by former bank directors and officers. PDIC likewise secured provisional remedies from the courts to improve chances of recovering assets fraudulently diverted by former bank personnel.

PDIC also reported to the BSP, Anti-Money Laundering Council, Securities and Exchange Commission, Bureau of Internal Revenue, and the Philippine Stock Exchange the delinquent acts and omissions of the former bank directors, officers, and employees. Under existing laws and regulations, administrative sanctions may be imposed by these agencies which include disqualifying erring bank personnel to become directors and officers of corporations including banks.

Crucial in the processing by PDIC of deposit insurance claims is the availability of bank records, especially those related to deposit accounts. In 2015, PDIC unwaveringly filed a criminal action against former bank directors and officers who refused to turn over bank records under their custody. These individuals are now facing trial before the court. In a similar case, PDIC has been successful in securing a criminal conviction against a former bank officer with an outstanding warrant of arrest and was included in the watch list of the Bureau of Immigration.



INSTITUTED
14
CRIMINAL AND CIVIL CASES IN 2015
WITH AN AGGREGATE AMOUNT OF
PHP2.0 B

PDIC noted the high incidence of unauthorized withdrawal transactions. Given its limited authority to access bank deposits, PDIC discovered these irregular transactions only upon the closure of a bank. Nonetheless, PDIC has been successful in filing cases and securing warrants of arrest against former bank personnel who perpetrated this kind of crime.

PDIC has been strengthening its efforts to detect, at the earliest possible time, unlawful activities being perpetrated in banks and has strongly encouraged depositors to immediately report to the PDIC any irregularity affecting their accounts.



Public Assistance and Information

PDIC implements a dynamic and responsive campaign for public awareness, financial literacy and financial inclusion.

PUBLIC AWARENESS TO PROMOTE FINANCIAL LITERACY AND INCLUSION

To help plant the seeds for a nation of financially responsible and empowered savers, PDIC implements a dynamic and responsive campaign for public awareness, financial literacy and financial inclusion, which it has sustained and improved through the years.

PDIC's goal as a financial safety net player is to protect depositors. Aside from insuring bank deposits, raising awareness on deposit insurance, depositor rights and responsibilities, and financial literacy are intended to protect depositors and facilitate the job of the deposit insurer.

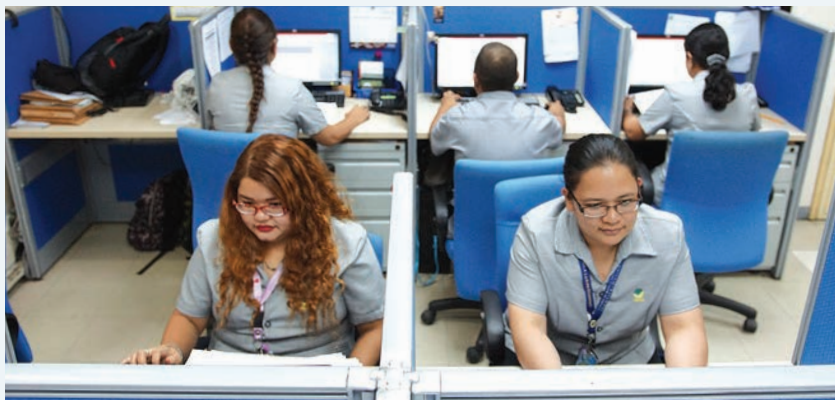
ENHANCING THE CORPORATE WEBSITE

To encourage the public to access important information and developments involving PDIC, the corporate website was redesigned and streamlined to be more visually appealing and user-friendly. Given better designed navigation icons and organized information, the general public and clients shall be better able to find important information about PDIC, deposit insurance and other developments faster and easier.

IMPROVING CONNECTIVITY THROUGH THE CALL CENTER

The PDIC has a Call Center to address queries, requests and complaints (QRCs) from the public. The Call Center has been able to respond to over 10,000 simple queries and requests for information within the turnaround time (TAT) of one working day, achieving 100% of its target response time. The Call Center also expedited responses to over 1,500 complex queries and requests for information within the same working day, better than the target response time of three working days. A total of 9,281 calls involving 10,215 QRCs were received in 2015, 1.6% more than the 9,136 calls received in 2014.

E-mails and letters were likewise acted upon quickly, with over 1,300 simple queries and requests for information responded to at an average of 1.03 working days from receipt, faster than the target response time of five working days. More complex queries and requests for information, which numbered close to 1,500 were acted upon more quickly at an average of 1.06 days from receipt compared to the target response time of 10 working days.





REACHING OUT TO THE FINANCIALLY VULNERABLE

PDIC pursued its “Be a Wise Saver (BAWS)” campaign, reaching out to depositors in the countryside. To put the message across more clearly, PDIC, in partnership with the Komisyon sa Wikang Filipino (KWF)¹² translated the 7 Habits of a Wise Saver in Filipino and in six dialects namely: Cebuano, Ilokano, Bicolano, Hiligaynon, Waray and Maranaw. PDIC’s award-winning resource material for financial literacy concepts and personal finance planning, *Usapang Pera*¹³, was translated to Filipino.

During the year, the poster on the 7 Habits of a Wise Saver in Filipino was pilot-tested among senior citizens and members of religious organizations to measure readability and understanding as well as to get feedback on the appropriateness of the design. Results showed that about 77% are knowledgeable of PDIC’s maximum deposit insurance coverage of PHP500,000 per depositor per bank. About 87% of the respondents said the posters were easy to understand and the design/illustration and colors used were appropriate and supported the message.

PDIC plants the seeds of financial literacy among young Filipinos through the conduct of in-house and on-site campus lectures.

SUSTAINING FINANCIAL LITERACY IN THE ACADEME

PDIC plants the seeds of financial literacy among young Filipinos through the conduct of in-house and on-site campus lectures. A total of 619 students and faculty members benefitted from the academic and research-related briefings conducted at PDIC in 2015, more than double the number in 2014. Students from the University of Luzon, Batangas State University, Pamantasan ng Lungsod ng Maynila and Far Eastern University were briefed on deposit insurance as well as financial literacy concepts during their study visits. In 2015, financial literacy lectures were given to Junior Management Executives of STI College in Taguig City, University of Rizal Systems in Rizal and Southville International School and Colleges in Las Piñas City.

¹² Government agency mandated to promote, disseminate and preserve the Filipino language and other Philippine dialects to help the public have better understanding and appreciation of government programs and projects.

¹³ The Public Relations Society of the Philippines (PRSP) in 2014 awarded *Usapang Pera* an Anvil Award of Merit for being an outstanding public relations and financial literacy tool.

PDIC, together with other Financial Sector Forum (FSF) members: the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), and the Insurance Commission (IC), lectures to students and faculty members during the Financial Education Expo spearheaded by the FSF. The nationwide roadshow aims to equip members of the academe with recent developments and knowledge in making sound and informed financial decisions to help them become more financially literate.

PDIC likewise supported the Financial Education Congress for the Youth (FECY) organized by the BSP in December by disseminating information on deposit insurance and the Deposit Insurance eCalculator; and promoting initiatives and advocacies such as the BAWs campaign. The Corporation's corporate social responsibility program for community development was shared as well during the Congress via an exhibit.

ENGAGING THE WORKING SECTOR

In partnership with the Government Service Insurance System (GSIS) and the Social Security System (SSS), a total of 2,210 retirees, potential retirees from the public and private sectors and other employees, benefitted from the conduct of pre-retirement and public seminars on deposit insurance system and financial concepts. Participants were also given copies of *Usapang Pera*.

2,210

RETIRES, PUBLIC AND PRIVATE
SECTOR EMPLOYEES, AND
POTENTIAL RETIRES REACHED
VIA PRE-RETIREMENT AND PUBLIC
SEMINARS

3,710

INDIVIDUALS FROM THE
ACADEME AND THE WORKING
SECTOR ATTENDED PUBLIC
LECTURES NATIONWIDE

PROTECTING FINANCIAL CONSUMERS

As part of its commitment to the consumer protection and education program of the FSF, PDIC participated in the Financial Education Expos for small entrepreneurs and working sector. Together with representatives from the BSP, SEC and IC, PDIC conducted public lectures in Davao del Sur, Zamboanga del Sur, Sorsogon, Cebu and Leyte for 3,710 individuals.



PDIC's financial literacy advocacy targets students, faculty members, working personnel, and retirees to help them make sound financial decisions.



PDIC Charter Amendments

PDIC intends to continue being a world-class institution that will be better equipped to deal with problem banks and in so doing, protect depositors and preserve confidence in the banking system.

PURSuing LEGISLATIVE INITIATIVES TO ENHANCE DEPOSITOR PROTECTION

PDIC's dynamism in responding to the changing needs of the depositing public and the Philippine financial landscape is best demonstrated when it sought legislative reforms to its Charter. These reforms were meant to give more protection to the depositing public and other stakeholders, expedite the liquidation of banks and at the same time, align PDIC's authorities and practices with the Core Principles for Effective Deposit Insurance Systems formulated by the International Association of Deposit Insurers (IADI).¹⁴

¹⁴ IADI is a non-profit organization based in Basel, Switzerland, established in 2002 to promote international cooperation and guidance in the field of deposit insurance, provide a venue for sharing best practices in deposit insurance and proactively issues guiding principles to assist deposit insurers all over the world.

PDIC advocated for the passage of the bills filed in Congress in 2014 which sought amendments to the PDIC Charter to:

- 1) give depositors quicker or immediate access to their insured deposit;
- 2) institutionalize reform measures in bank resolution, deposit insurance, and the liquidation of banks to make the process more effective and less disruptive, thereby promoting financial inclusion by allowing continued access to banking services;
- 3) enhance PDIC's authorities and provide PDIC with more tools and options, to assist and resolve a problem bank; and
- 4) provide for faster liquidation and enhanced recoveries for all creditors, especially the uninsured depositors for their deposits beyond PDIC's maximum deposit insurance cover.

Liaison was pursued with the House of Representatives Committee on Banks and Financial Intermediaries, chaired by Representative Nelson "Sonny" P. Collantes, in order to propel the passage of House Bill (H.B.) No. 6020. On September 21, 2015, H.B. No. 6020 was passed on third reading by the House of Representatives.

On September 30, 2015, the Senate Committee on Banks, Financial Institutions and Currencies, chaired by Senator Sergio R. Osmeña III, filed Senate Bill (S.B.) No. 2976 for second reading. S.B. 2976 is the substitute bill adopted by the Senate Committee on Banks following the hearings and Technical Working Group meetings on S.B. No. 2268. After deliberation by the Senate during its plenary sessions, S.B. No. 2976 was passed by the Senate on third reading on December 14, 2015.

PDIC looks forward to the passing into law of the legislation amending the PDIC Charter. The date of the signing is being eyed in the first half of 2016, before the change of administration in the Philippine government. Through these legislative reforms, PDIC intends to continue being a world-class institution that will be better equipped to deal with problem banks and in so doing, protect depositors and preserve confidence in the banking system.¹⁵

Reforms in deposit insurance law were meant to give more protection to depositors and other stakeholders, hasten liquidation of banks and align PDICs authorities and practices with international standards and best global practices.



¹⁵ The legislation, Republic Act No. 10846, was signed into law on May 23, 2016 and took effect on June 11, 2016.



Building the Strength

The business process reviews were undertaken to help strengthen the organization and improve service delivery.

FLEXING SYSTEMS AND PROCESSES

As part of its commitment to continual improvement, the Corporation conducted efficiency reviews on five major operations and processes with the objective of improving existing procedures and optimizing the use of corporate resources. The processes reviewed were: takeover and receivership; implementation of Strengthening Program for Rural Banks Plus (SPRB Plus) and Strengthening Program for Cooperative Banks Plus (SPCB Plus); cashiering; documents/records management; and internal audit.

The efficiency reviews also covered compliance with applicable laws as well as government rules and regulations to minimize attendant risks and strengthen governance.



On the processes for takeover and receivership, the recommendations are expected to lead to more systematic and better planning, execution, monitoring and control of bank closure activities. The review recommended the inclusion of takeover operations in the scope of the project management approach for claims settlement. This is for better cost control, time management and expeditious response to any unforeseen developments during field operations.

Better management and control of takeover and receivership activities can improve standard daily output of personnel and further expedite the preparation of Masterlist of Deposit Liabilities (MODL), Masterlist of Offset Items (MOI), and inventory taking of assets and liabilities of the closed bank. More accurate determination of personnel to be deployed and the setting of timelines based on standard daily outputs can enhance management of resources.

Completion of the inventory shall allow the immediate validation and assessment of documentation gaps of real and other properties acquired (ROPA), which may be addressed by the takeover team by coordinating with appropriate government agencies.

All together, the business process reviews continue to help strengthen the organization and improve the service delivery of the Corporation.

Review of the SPRB Plus and SPCB Plus programs were intended to determine how the implementation process may be improved to encourage participation from target clients. More vigorous and focused information dissemination program, adequate training of PDIC personnel to market the program, and synchronized efforts among PDIC, BSP and SEC to ensure prompt decision on applications and release of funds, were recommended. The results of the review will serve as inputs to more efficiently implement the Consolidation Program for Rural Banks (CPRB), a new program intended to encourage mergers and consolidation among rural banks.



For the cashiering process, shorter waiting time is expected for both internal and external clients who either receive funds from or pay to PDIC. Already, the review has resulted in the revision of the Payment Order Forms to encompass the information requirements of different units in the Corporation. The disbursement process has been streamlined as well to remove redundant steps, resulting in shorter turnaround time (TAT) from submission of complete disbursement documents up to approval.

Documents and records management for both corporate and closed bank records have been streamlined to facilitate tracking and retrieval, address confidentiality of certain documents and be consistent with the guidelines prescribed by the National Archives of the Philippines. The results of the process review will also support the development of an integrated Documents/Records Management System (DRMS) that will replace the existing document tracking system of the

Corporation. The DRMS shall allow tagging and classification of documents via electronic bar-coding or a similar technology, and generation of reports on documents released to internal and external clients. The system shall also allow simultaneous access of users for faster recording, retrieval and tracking of documents.

For the internal audit process review, the identified areas for improvement are expected to lead to more efficient and effective internal audit process such as conduct of joint audit of both process and critical systems for identified audit area/process, increase in number of audit samples for daily control activities, and standardization of TAT for the updating of the internal control checklists.

These business process reviews were undertaken to help strengthen the organization and improve service delivery.

EMPOWERING THE WORKFORCE

PDIC serves by the strength of its people. In 2015, the human resource dimension was up on the corporate agenda – recruitment and promotions, learning and development, performance management, rewards and recognition. Focused initiatives were undertaken to ensure that the troops delivering the mandate of the Corporation are in place, in shape, empowered and committed.

DEVELOPING THE MUSCLE

Hiring went full blast to meet staffing needs, resulting in the highest headcount thus far, at 614 or 80% of total plantilla positions. Recruitment efforts responded to strategic manpower requirements across sectors, with 11 of the 34 new hires joining middle management ranks to bolster the Corporation's leadership bench.

MANPOWER PROFILE

As of December 31, 2015

(By Gender and Status of Employment)

Status	Officer		Rank-and-File		Total
	Male	Female	Male	Female	
Permanent	79	128	138	260	605
Coterminous	2	5	1	1	9
Grand Total	81	133	139	261	614
	214		400		

(By Age)

Age Group	21-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61 and over	Total
Total Number of Personnel	27	26	51	90	110	135	111	45	19	614

After intensive performance reviews, work analysis and vetting of qualifications of prospective candidates, 93 personnel or 15% of total employee complement were promoted, the biggest number ever achieved in a single year. Coming from a lull in the previous three years, the pick up in promotions underlined the value of consistent and dependable performance over the long haul. On top of recognizing exemplary individual performance, these promotions build a sturdier succession path and exemplify meritocracy within the organization. It also allows potential of staff to be harnessed to maximize their internal capabilities and inspire them to continue to give their best.

The human resource dimension was up on the corporate agenda – recruitment and promotions, learning and development, performance management, rewards and recognition.



By year-end, 590 or 96% of the Corporation's total workforce of 614 had benefitted from multi-level training interventions and other learning activities.



Learning continued to be a top priority. A vigorous, deliberate drive to build leadership and management competencies enabled supervisors and officers at all levels to acquire or fortify skills sets to influence productivity, personal effectiveness and workplace relationship dynamics. In-house programs conducted in this area included Executive Leadership and Strategic Thinking for all members of senior management; the Franklin Covey 7 Habits Applications for Managers, Critical & Creative Thinking for department heads and mid-level officers; and the Civil Service Commission's (CSC) Supervisory Development Course for first-line supervisors and senior staff. In addition, employees identified for promotion to management positions availed of public program offerings on people handling, conflict resolution, coaching and performance improvement. A total of 167 members of PDIC's officer corps took part in various leadership courses during the year.

Technical and related programs such as those on Bank Analysis and Supervision, Bank Valuation, Risk Management, Governance and Audit, Treasury, Quality Management, Credit Collection, Asset Management, Brand Management and Customer Service supported employees in continually honing and expanding their functional capacities. Running on its second year in PDIC, the FSI Connect, a self-paced, online tutorial provided by the Financial Stability Institute in the Bank of International Settlements (BIS), continued to provide premium learning material on financial supervision to 65 employee account holders, most of whom have completed the required 100 out of over 200 tutorial lessons available.

Advocating women empowerment and Gender and Development in general, 142 employees participated in programs highlighting gender sensitivity, planning, mainstreaming and related topics, conducted both within and outside PDIC. Some 493 employees were likewise



oriented on procedures and techniques for life preservation in cases of disaster and emergencies, culminated by the Corporation's participation in the Metro-wide Shakedrill conducted by the Metro Manila Development Authority on July 30. A total of 3,736 training hours were logged in the areas of gender and development and disaster preparedness, combined.

To keep abreast with international standards and new developments on financial supervision and deposit insurance systems, 38 employees participated in 15 foreign training programs sponsored by the International Association of Deposit Insurers (IADI), Asia-Pacific Economic Cooperation Financial Regulators Training Initiative (APEC-FRTI), the Asian Development Bank, Toronto Learning Centre, Singapore Training Institute, the International Monetary Fund, and other global learning institutions. These numbers are the highest recorded so far in terms of PDIC participation in overseas training.

By year-end, 590 or 96% of the Corporation's total workforce of 614 had benefitted from multi-level training interventions and other learning activities. This compares favorably with the 90% seen in 2014, and highlights PDIC's untiring campaign to consistently increase the intrinsic value of its human assets.

SETTING SIGHTLINES FOR THE LONG TERM

In a strategic move to strengthen the process for evaluating human resource competency, PDIC rolled out Phase 1 of its Competency-Based Human Resource System (CBHRS) Project in September. This project is aimed at establishing corporate standards in preparation for the integrated implementation of all HR processes, from talent acquisition to talent retention and development, succession planning, performance management and rewards systems.



To come up with a competency framework, the project surfaced critical inputs from workshops, focus group discussions and interviews, involving not only PDIC's own management and work units, but its institutional partners and oversight agencies as well.

The Competency Framework was approved by the Board and submitted to the GCG in December. The initial phase of the CBHRS will be concluded in the first quarter of 2016, with the completion of PDIC's own Competency Dictionary and Guidebook, complemented by an end-users training. Competency assessment and the redesign of HR Systems based on the competency framework will be covered in the succeeding phases.

PDIC's thrust to shift to CBHRS is consistent with the direction of the CSC to promote its "Program to Institutionalize Meritocracy and Excellence in Human Resource Management" (PRIME-HRM) throughout the bureaucracy.

ENGAGING THE HEART

Twice a year, PDIC pays tribute to its employees marking milestones of 10, 15, 20 and more years of service, through the PRAISE Awards. In 2015, it added two new award categories to the PRAISE recognition program – the "Happy Customer Award" for employees cited for service quality in documented client feedback and the "Personal Advancement Award" for those who completed post-graduate studies or pursued special courses on their own during the year, to enhance job effectiveness.

Beyond the formal recognition programs, the Corporation also created avenues for employee engagement through more creative, invigorating ways.

The Monday flag-raising ceremony was utilized as a regular venue, not just to communicate corporate directions or new developments, but also to rally commitment, appreciate contributions and celebrate achievements. These learning and inspirational sessions featured



The Corporation also created avenues for employee engagement through more creative, invigorating ways.

such subjects as updates on the Charter Amendment, the Bureau of Internal Revenue's (BIR) moving "Angat Pa 'Pinas" campaign, the European Debt Crisis, Human Resource Competencies, "One Billion Rising" for women's rights, Gender and Development, and updates on PDIC's own "Be A Wise Saver" campaign and advocacies with Gawad Kalinga.

On July 11, a Family event dubbed "*Isang Tropa, Isang Pamilya: Salusalo, Sama-sama*" was hosted by the Corporation at Camp Benjamin in Alfonso, Cavite, to acknowledge the support and pivotal role of employees' families in the effective delivery of its mission.

On December 9, employee creativity and imagination were unleashed in a fun, sectoral competition, focusing on Philippine festivals. The exercise deepened the employees' understanding and appreciation of the Filipino culture, as much as it called forth their passion and ingenuity.

On February 16, the newly organized PDIC Chorale had its debut presentation, presaging a number of inspiring performances both within and outside the Corporation.

Avenues for creative expression abounded during the year, from essay writing to photography contests, from advocacy games to interactive activities that promoted team spirit and service commitment at the same time. All these were anchored on PDIC's corporate philosophy, "Committed to Serve."



Corporate Social Responsibility

MORE THAN
5,000
 RUNNERS AND PARTNERS
PHP3.0 M
 RAISED FOR THE PDIC-GK VILLAGE

BUILDING HOMES FOR A COMMUNITY

PDIC gives back to society through programs that protect the environment and promote the balanced development of communities as part of its corporate social responsibility (CSR) program. Since the crafting of the CSR statement in 2013, PDIC's CSR program in partnership with Gawad Kalinga (GK) Community Development Foundation, Inc. has come full circle in 2015. Under this partnership, PDIC and GK collaborated to raise funds to build calamity-resilient shelters for survivors of super typhoon Yolanda (internationally known as Haiyan) through the PDIC-GK Village. Yolanda gained infamy as the strongest storm to make landfall and the fourth strongest storm ever recorded in the world.

After the groundbreaking ceremony for the PDIC-GK Village in Sitio Malmangan in the coastal municipality of Lawaan, Eastern Samar on January 31, 2015, PDIC and GK turned over on November 28, 2015 the newly-built houses to 20 beneficiary-families who survived Yolanda. As in any GK community, the PDIC-GK Village is designed as a sustainable community that will be a living testimony to the PDIC's CSR statement that supports the protection of the environment and the balanced development of communities.

Funded by two major fund-raising projects, the PDIC-GK Village was a testament to the Corporation's commitment to give back to the community through its employees and partners. In May 2014, approximately PHP2.0 million was raised from *Takbo sa Pagbangon ng Leyte*, a benefit run that drew support from some 3,000 runners and participants. A sequel run, *Takbo 2: Tungo sa Kalusugan, Para sa Kalikasan*, was held in May 2015 that also doubled as a family wellness activity to promote the Corporation's thrust for work-life balance. The sequel run successfully raised around PHP1.0 million from more than 2,000 runners and supporters. Other in-house fund-raising activities were likewise undertaken for the PDIC-GK Village such as *Isang Daan Para sa Lawaan* and Singlet for Shelter aimed at raising additional funds to help build more shelter-homes. The synergy of cooperation from PDIC employees and their families and support from sponsors gave birth to a community development CSR project.

By year-end, the funds raised for the PDIC-GK Village were more than adequate to add to the Lawaan GK community another 20 houses for typhoon stricken victims who have patiently been waiting for permanent shelter for their families.

Employee participation in community volunteer work was likewise strengthened during the year through outreach in other GK Villages in Luzon wherein PDIC employees participated in construction work for several houses and in outreach and literacy activities for children of beneficiaries. These undertaking embodies volunteerism in action, never expecting anything in return for time and work spent other than the fulfillment of having helped those in need.

HELPING IMPROVE FINANCIAL LITERACY

Determined to help improve financial literacy and financial inclusion among marginalized communities, PDIC and GK entered into an agreement in the latter part of the year to conduct the "Be a Wise Saver" (BAWS) campaign in GK communities nationwide. Under this partnership, PDIC will develop instructional modules for the conduct of basic financial literacy seminars in various GK communities nationwide. This is aimed at equipping beneficiaries with the important life skill of saving and informed financial decision-making, as well as enabling them to become responsible, informed and empowered members of the formal financial system.

The PDIC-GK Village is designed as a sustainable community that will be a living testimony to the PDIC's CSR statement that supports the protection of the environment and the balanced development of communities.





Sustaining Collaborations to Build Capabilities

PDIC actively supports IADI's objectives and benefits significantly from its research and guidance papers to improve its own operations.

Building international linkages benefits both PDIC and its partners through exchange of insights and global best practices that contribute to the effective and responsive implementation of the Corporation's mandates as deposit insurer, co-regulator of banks, and receiver and liquidator of closed banks.

The International Association of Deposit Insurers (IADI) is the forum for such connectivity. The 80-member non-profit organization based in Basel, Switzerland was established in 2002 to promote international cooperation and guidance in the field of deposit insurance. It provides a venue for sharing best practices in deposit insurance and proactively issues guidance to assist deposit insurers all over the world. PDIC, being a founding member, plays a key role in IADI.

The learning opportunities provided by IADI through training, seminars, conferences, workshops, study visits and exchanges promote knowledge sharing and cooperation among deposit insurance agencies. They also presented opportunities to address pertinent cross-border issues. On many occasions, PDIC resource persons shared experiences in various facets of deposit insurance operations thereby contributing to the enhancement of deposit insurance systems of other jurisdictions. PDIC officials participated in various international conferences and discussions on various deposit insurance operations such as legal frameworks (Tokyo, Japan), cross-border cooperation in resolution and crisis preparedness (Taipei, Taiwan), research, bank resolution, crisis management and deposit insurance issues (Basel, Switzerland); and Shariah governance and sources and management of funds (Kuala Lumpur, Malaysia).

PDIC actively supports IADI's objectives and benefits significantly from its research and guidance papers to improve its own operations. Following the election of President Cristina Que

Orbeta as member of the IADI Executive Council last year, she was appointed Chairperson of the Audit Committee on June 2, 2015. The Audit Committee monitors the financial reporting process, internal control and risk management systems in support of IADI's objectives and financial operations. It also ensures that the Association's financial resources are exclusively used to pursue its mandates, fund the operating costs of IADI and provide for adequate reserves. It is one of IADI's seven standing committees handling Governance, Data and Survey, Finance and Planning, Membership and Communications, Research and Guidance, and Training and Conference.

PDIC chairs the IADI Subcommittee on Deposit Insurance Fund (DIF) Target Ratio of the Research and Guidance Committee. It spearheaded the preparation of the questionnaire, analysis and presentation of the initial results of the international survey on DIF target ratio. The International Workshop on "Deposit Insurance Fund Target Size" which the PDIC hosted on June 15-17, 2015 at the Shangri-La Hotel in Makati City, provided a venue for discussion

The hosting of the workshop on DIF Target Ratio is PDIC's contribution in enhancing the policy framework of deposit insurance agencies in determining the target DIF that would be adequate for an agency to carry out its mandate.



of issues and exchange of views regarding country experiences in setting up and administering DIF targets. Sixty delegates from 20 deposit insurance agencies, financial regulators and local and international financial institutions participated in the workshop. By hosting the workshop, PDIC gained insights on how other agencies maintain and build up their DIF. This exchange of knowledge and expertise will enable PDIC to come up with a policy framework that may be used by deposit insurance agencies, to determine target DIF that it deems adequate to enable it to carry out its mandate.

The results of the survey and the workshop will be used in preparing a research paper that will describe and examine current approaches and practices of deposit insurance agencies with *ex-ante* funding in determining the optimal size of the DIF through setting of fund target.

KNOWLEDGE-SHARING WITH SOUTHEAST ASIAN PEERS

In keeping with promoting knowledge exchange and expertise among peer institutions in the region, PDIC conducted a briefing in June 2015 for the Indonesia Deposit Insurance Corporation's four-person delegation on its topic of interest, namely, determining the optimum level of the DIF, and the accounting system of PDIC.

PDIC's sphere of influence includes financial regulators with whom it works closely. In the most recent 6th Southeast Asian Central Banks (SEACEN) High Level Seminar for Deputy Governors held in Kuala Lumpur, Malaysia on September 10, 2015, President Orbeta talked about the Corporation's experience in managing crisis, citing lessons learned from bank resolutions and bank closures, and the need for a Crisis Management Plan (CMP) to be in place among financial regulators to give them a system for mitigating and resolving crisis situations.

The presentation on the deposit insurer's experiences in dealing with crisis arising from bank failures prompted the National Bank of



PDIC conducts briefings for deposit insurers and financial regulators in the region to promote knowledge exchange and expertise.

Cambodia (NBC) to request a study visit in October 2015 in order to learn more about the Philippine deposit insurance system. Officers of NBC were provided a briefing on how PDIC, as a safety net player, works and carries out deposit insurance operations as inputs to its legislative pursuit to set up its own deposit insurance system in the near future.

In November, a team from PDIC conducted a study visit to the Deposit Protection Agency of Thailand (DPA) for a briefing with DPA officers. PDIC presented the following topics: examination of PDIC member-banks, settlement of deposit insurance claims, Insurance Claims System, and bank receivership and liquidation.

ENHANCING CROSS-BORDER COOPERATION

An equally important IADI Core Principle for Effective Deposit Insurance Systems pertains to cross-border issues aimed at promoting depositor protection and financial stability across jurisdictions. In compliance with this Core Principle and with the Corporation's public policy objectives, PDIC entered into a cross-border cooperation with the United Kingdom Financial Services Compensation Scheme Limited (FSCS) through an agreement signed on March 11, 2015 during the 44th IADI Executive Council Meeting and the Joint Latin America Regional Committee Conference in Bogota, Colombia. The second agreement for the year was signed between PDIC and the Indonesia Deposit Insurance Corporation (IDIC) during the 14th IADI Annual General Meeting and Annual Conference and Executive Council Meeting on October 29, 2015 in Kuala Lumpur, Malaysia.

The agreements aim to strengthen cooperation, promote mutual development and improvement, and support regional and global financial stability. Under the agreements, the deposit insurers will work together to assist each other on relevant cross-border issues to the extent permitted by each country's laws, rules and regulations.

Agreements with other deposit insurers aim to strengthen cooperation, promote mutual development and improvement, and support regional and global financial stability.



COLLABORATING WITH PARTNER AGENCIES

PDIC is a member of the Financial Sector Forum (FSF), which includes the Bangko Sentral ng Pilipinas, Insurance Commission and the Securities and Exchange Commission. The FSF was created as a voluntary inter-agency body to provide an institutionalized framework for coordinating the supervision and regulation of the financial system, facilitating consultation and the exchange of information and ideas among regulators and providing a platform to harmonize the regulation of financial products offered by the various types of financial institutions.

Through its membership in the subcommittees of the FSF, PDIC has participated in the following FSF initiatives in 2015:

- Amendments to the Multilateral Memorandum of Agreement on Information Exchange
- Implementation of an Electronic Information Sharing (EIS). PDIC has already started work on converting identified reports into MS Excel format to prepare for electronic sharing, and has targeted requiring banks to submit reports in electronic format by 2nd semester of 2016. PDIC will be conducting workshops with banks in 2016 to assist them with their compliance.
- Financial Education Expo conducted on various dates in different cities, providing PDIC with opportunities to gauge the public's awareness of deposit insurance through the Knowledge Level Surveys, and educate the public about deposit protection
- Review of Final Consolidated Report on Consumer Protection Study prepared by MicroSave, and funded by Technical Assistance Grant of the Alliance for Financial Inclusion



PDIC continues to collaborate with financial regulators to enhance its oversight of member-banks and help harmonize regulations of financial products.

- Study on the possibility of creating an inter-agency Serious Fraud Office that will handle the prosecution of serious fraud cases

PDIC is also a member of the Financial Stability Coordination Council (FSCC), composed of the members of the FSF and the Department of Finance. The mandate of the FSCC is to identify, manage, prevent or address external and internal shocks and pressures on the Philippine financial system in order to foster a strong and resilient financial system, primarily by addressing systemic risk issues that affect the Philippine economy.



PDIC has participated in the following FSCC initiatives in 2015:

- Study on monitoring of real estate exposure and creation of a data template for real estate developers in coordination with the Housing and Land Use Regulatory Board (HLURB) to gather data from real estate developers offering in-house financing
- Study on the extent of corporate leverage, and creation of related corporate leverage template to assist in the analysis
- Review and comments on Principles for Philippine Financial Market Benchmarks
- Formulation of financial crisis management and resolution framework to minimize the occurrence of a financial crisis, and an action plan when a financial crisis becomes imminent

In addition to PDIC's participation in the FSF and FSCC, PDIC is also involved in the implementation of the National Strategy for Financial Inclusion (NSFI). Together with BSP and 11 other government agencies, PDIC signed a Memorandum of Understanding last July 1, 2015 at the launching of the NSFI. These agencies aim to enhance the existing financial system to be financially inclusive through: 1) policy and regulation which also encompass products and services as well as financial infrastructure, 2) financial education and consumer protection, 3) advocacy programs, and 4) data and measurement. This is aligned with the NSFI objective to have a

financial system that is accessible and responsive to the needs of the entire population toward a broad-based and inclusive growth, and particularly, to ensure that this financial system also serves the unserved, underserved or marginalized sectors of the population.

For its part, PDIC has crafted a Tactical Program that outlines programs and initiatives that support financial inclusion. These programs and initiatives which form part of the NSFI aim among others, to: 1) provide incentives to banks to establish/open branches in unbanked areas; 2) adopt strengthening programs for banks; 3) develop information materials that are simple, appealing and easy to understand, and focus awareness campaigns to promote financial literacy; and 4) forge partnerships and develop incentive systems to promote involvement of communities in financial literacy projects.

PDIC will likewise maintain and continuously enhance databases to support and measure success of these programs and initiatives. As of December 2015, significant developments relative to these programs and initiatives are as follows:

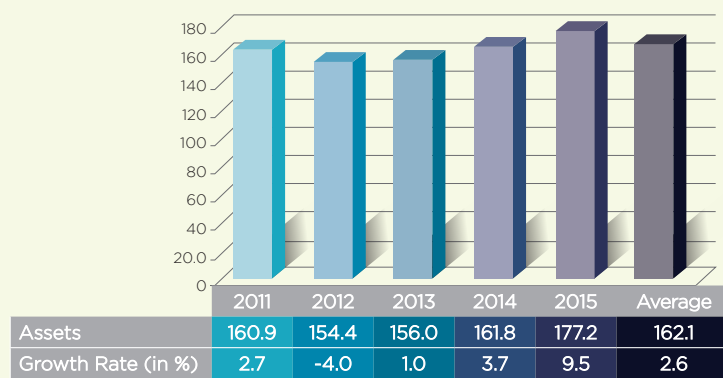
- Established a framework through the Consolidation Program for Rural Banks to expedite mergers, consolidation and acquisitions (MCAs) which include the provision of technical assistance to interested participants and proponents. This Program was launched last August 25, 2015;
- Drafted a Regulatory Issuance offering banks special assessment for establishing offices or branches in unbanked areas;
- Initiated a study on e-payment system as a mode of settlement; and
- Initiated drafting of Documentary Requirements to simplify the filing of claims for Unregistered Community Associations.

Financial Performance

ASSETS

The Corporation's assets grew by PHP15.4 billion or 9.5% from PHP161.8 billion in 2014 to PHP177.2 billion in 2015. Even after considering payout of deposit insurance claims, additional allowance for losses for financial assets and receivables, interest charges and operating expenses, assets grew by more than two and a half times the 3.7% growth rate in 2014.

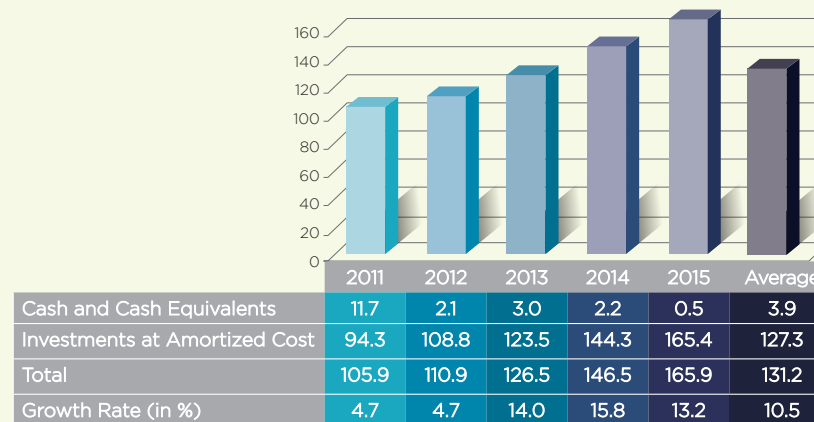
Assets (In Billion PHP)



The increase in assets was driven mainly by the assessment collections from member-banks, and increase in investment income. Low deposit insurance claims payout expenses also contributed to the increase in assets.

Cash and Investments

Cash and Investments (In Billion PHP)



The cash position of the Corporation remained strong at PHP165.9 billion in 2015, an increase of PHP19.4 billion or 13.2% from PHP146.5 billion in 2014. Assessment collections from member-banks which totaled PHP16.8 billion, and interest income from investments of PHP8.2 billion boosted the Corporation's cash position.

The corporate investments portfolio, consisting mostly of government securities (GS), increased by PHP15.8 billion or 10.5%, from PHP150.0 billion in 2014 to PHP165.8 billion in 2015. The average yield on investment portfolio was down to 4.43% at year-end from 4.61% in 2014 consistent with the low interest rate environment.

To boost the yield of the investment portfolio and with the low interest rate expectations over the medium term, the proportion of investments in long-term instruments was further increased.

By year-end, long-term investments comprised 96% of total investments, from 93% as of end-2014. The corporate investment portfolio as a whole continued to outperform the benchmark Markit iBoxx Sovereign Composite Bond Index across all tenor buckets by an average of 0.182%. Per-instrument, the largest favorable variance was observed in the 1-3 year tenor bucket. On the other hand, negative variances were noted for the 7-10 year and over-10 year tenor buckets, with new investments in these maturity tenors now yielding lower interest rates.

The Corporation participated in the Debt Exchange Program of the Bureau of the Treasury (BTr) last September 4, 2015. This involved the exchange of PHP1.8 billion worth of old bonds with an average yield of 3.5%, for PHP1.9 billion worth of new 10-year and 25-year bonds with yields of 3.6% and 4.6%, respectively. This resulted in a trading gain of PHP28.7 million.

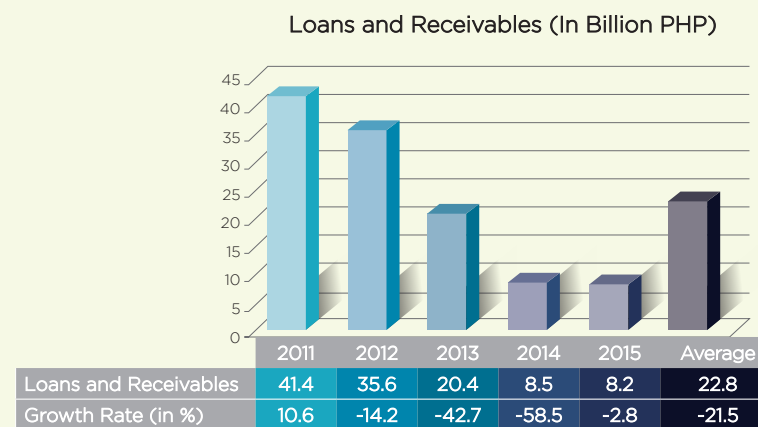
The average tenor of PDIC Investments as of December 31, 2015 extended to 7.28 years, from 6.91 years the previous year. Short-term funds intended for deposit insurance payout and other operational requirements were invested in short-term Special Savings Account for ready liquidity.

Starting 2015, the Corporation as a Tax Exempt Institution (TEI) started to trade GS in the secondary market via the Non-Restricted Trading and Settlement Platform, which allows both TEIs and Non-TEIs to trade in the secondary market. Prior to this, PDIC is limited to trading GS via the Over the Counter window of the BTr.

Financial Asset – Equity Investments

Investments in equity securities consist of PHP12.0 billion Capital Notes of a commercial bank as a component of its rehabilitation plan, and preferred shares of PHP37.8 million involving the equity component of the financial assistance granted to a rural bank under the Strengthening Program for Rural Banks (SPRB). Consistent with policy, additional allowance for impairment loss of PHP3.7 billion was set-up on the Capital Notes booked under Financial Assets at Fair Value through Other Comprehensive Income.

Loans and Receivables

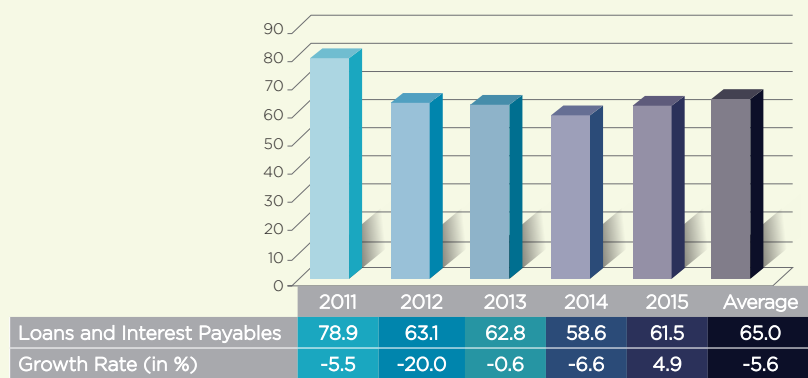


Loans and receivables maintained its downward trend hitting PHP8.2 billion in 2015 from PHP8.5 billion in 2014. The reduction was mainly due to the settlement of loans by two rural banks amounting to PHP58.6 million and reimbursement from the National Government of its share in the maximum deposit insurance coverage amounting to PHP161.8 million for banks closed from June 1, 2009 to May 31, 2012. This was part of the financial strengthening measures granted to the Corporation when its Charter was amended in 2009. Loans assigned to PDIC and receivables from acquired assets comprised the balance. Additional allowances for losses have also been recognized for Accounts Receivable- Receivership and Liquidation amounting to PHP220.2 million and Subrogated Claims Receivables amounting to PHP1.2 billion. This is consistent with the policy to set up 100% allowance for losses for these accounts owing to the insolvent condition of most of the banks upon closure. Income is recognized upon collection.

LIABILITIES

Total liabilities increased by PHP2.8 billion or by 4.6% to PHP64.5 billion from PHP61.7 billion in 2014. This was largely due to accrued interest of PHP3.2 billion in Loans and Interest Payable to BSP, net of principal and interest payments of PHP384.4 million.

Loans and Interest Payables (In Billion PHP)

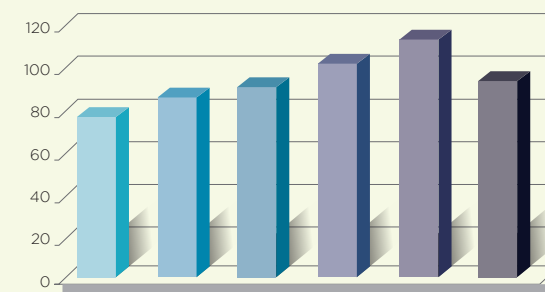


The outstanding insured deposits claims payable representing validated but unpaid insured deposits were lower by PHP230.1 million from PHP574.3 million in 2014 to PHP344.2 million in 2015. A total of PHP1.1 billion in insured deposit claims were paid to depositors.

Accounts payable and other liabilities went up by PHP196.6 million, bringing the total amount to PHP2.7 billion compared to PHP2.5 billion in 2014. This is mainly composed of dividends payable to the National Government amounting to PHP2.278 billion, major part of which was remitted in April 2016, the balance payable in June 2016.

DEPOSIT INSURANCE FUND (DIF)

Deposit Insurance Fund (In Billion PHP)



	2011	2012	2013	2014	2015	Average
Permanent Insurance Fund	3.0	3.0	3.0	3.0	3.0	3.0
Reserves for Insurance Losses	60.3	63.9	63.9	69.7	80.1	67.6
Retained Earnings	6.5	18.8	22.1	27.4	29.6	20.9
Unrealized Gain/(Loss) on Investments a/	5.9	-	-	-	-	-
Growth Rate of DIF (in %)	17.0	13.3	3.9	12.4	12.6	11.8
DEPOSIT INSURANCE FUND (DIF)	75.7	85.7	89.0	100.1	112.7	92.7
Estimated Insured Deposits (EID)	1,528	1,595	1,793	1,889	2,072	1,775
DIF/EID Ratio (in %)	4.6	5.4	5.0	5.3	5.4	5.2

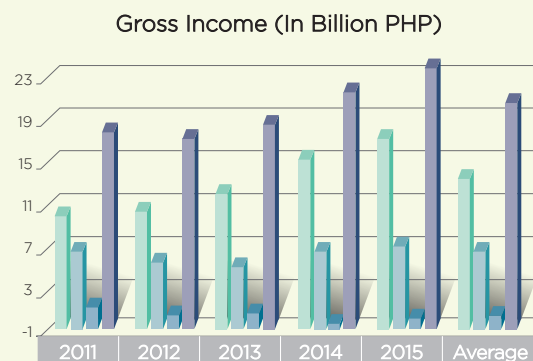
a/ Unrealized gain from revaluation of investments of PHP5.91 billion was excluded in the computation of the DIF/EID ratio for 2011 for comparability. Starting 2013 investments in government securities were valued at amortized cost following the early adoption of PFRS 9. The 2012 balances were restated accordingly.

At year-end, the Deposit Insurance Fund, the Corporation's capital, amounted to PHP112.7 billion, a level deemed to adequately cover anticipated and possible unanticipated losses from bank failures based on risk assessment of the financial condition of banks at year-end.

DIF at PHP112.7 billion increased by PHP12.6 billion, or by 12.6%. This includes additions to reserves for insurance losses of PHP10.3 billion and net income for the period.

INCOME, EXPENSES AND CHARGES

Gross Income



	2011	2012	2013	2014	2015	Average
Assessments	10.1	10.5	11.6	15.1	16.8	12.8
Income from Investments	6.0	5.9	5.4	6.1	7.0	6.1
Income from Financial Assistance & Other Income/(loss)	1.8	0.8	1.3	(0.0)	0.8	0.9
Total Income	17.8	17.2	18.3	21.2	24.6	19.8
Growth Rate (in %)	14.9	-3.7	6.6	15.9	16.2	10.0

Gross income increased by PHP3.4 billion or 16.2% to PHP24.6 billion from PHP21.2 billion the previous year. Income growth was driven by assessments collected from member-banks which rose by PHP1.7 billion or 11.5% to PHP16.8 billion from PHP15.1 billion in 2014. Income from investments likewise increased by PHP872.3 million or 14.2% to PHP7.0 billion from PHP6.1 billion in 2014.

Expenses and Charges

Expenses and charges during the year were kept at bay. The Corporation paid deposit insurance claims totaling PHP1.1 billion for 14 banks involving 32 banking units closed during the year. This is slightly below the payments of PHP1.2 billion posted in 2014. Moreover, the Corporation booked additional allowance of PHP3.6 billion for rehabilitation costs previously incurred for a bank. Receivership and liquidation-related expenses decreased significantly to PHP248.5 million in 2015, from PHP1.9 billion in 2014 to PHP1.7 billion, after the policy to set up 100% allowance on the expenses incurred for receivership and liquidation activities was implemented.

The Corporation provided PHP10.3 billion for insurance losses to build up its reserves as allowed in its Charter.

PDIC also incurred interest expenses of PHP3.3 billion for its PHP61.5 billion borrowings from BSP.

Expenses for personnel and operating expenses has been controlled and monitored observing utmost prudence. Operating expenses to gross income was down to 5.9% for 2015 compared to 6.6% in 2014.

The Board of Directors' oversight and prudence of Management contributed to the effective financial management of the Corporation.

Taking To The High Road With 2020 Vision

“We will be a world-class organization in depositor protection.”

The PDIC Vision Statement was launched in 2008, an audacious, rallying call immediately embraced by the whole organization.

Broad as it was, the Vision steered the Corporation through a string of noteworthy accomplishments, including the ISO Certification of its Claims Settlement Operations in 2010, validated in consequent third-party quality audits year after year; the numerous innovations undertaken to attain higher efficiency in its processes and systems, particularly the implementation of the Project Management Team Approach in its takeover of closed banks and claims payment operations; the recognition earned for promoting public financial literacy especially among high-risk sectors; and the gains made from consistent benchmarking with global best practices, culminating in the prestigious “Deposit Insurance Organization of the Year” Award it received from the International Association of Deposit Insurers (IADI) in 2013.

As the Corporation steps forward to a future often described as volatile, uncertain, complex and ambiguous, Management has recognized the need to revisit the fundamental statement that serves as its guiding light for the long term. In September last year, its senior leaders, with the support of the Board of Directors, conducted a Strategic Planning Exercise to revalidate the PDIC Vision and identify PDIC’s strategic initiatives for the next five years - 2016 to 2020.

The exercise yielded a richer, clearer definition of the same Vision Statement, now grounded on seven specific elements, each described in terms of the ultimate state the organization aspires for:

- Public Service that is progressively convenient, empowering and aligned with global standards.
- A workforce that delivers the highest level of public service because they have the competencies, commitment and inspiration to do so.
- A Business Strategy that emphasizes a more proactive role in sustaining the viability of banks rather than focusing mostly on takeover and liquidation functions after bank failure. This shift in approach to the delivery of its mandate is envisioned to also translate to a more collaborative, inclusive and engaging stance in its relationship with all stakeholders.
- An organizational structure that accommodates and supports changes in the methods, slants and styles of carrying out the mission in response to shifting business landscapes and emerging challenges.
- Systems and processes that are technologically enabled and continually improving
- A strong sense of responsibility for the community and the environment; and
- Deeply-held, widely shared values of integrity, professionalism, excellence, teamwork, and respect for all people -- that provide the context, enfold, and anchor the interplay of all the other elements.

Decidedly aspirational to move the organization in constant and continuous striving, the Vision itself is not time-bound. The journey towards it, however, will be measured in terms of what has been accomplished within periods or segments of time, based on a Roadmap firmed up by Management and approved by the Board of Directors.



“We will be a world-class organization in depositor protection.”

WE SHALL BE DEFINED BY WHAT WE SEEK TO BUILD.

Our CUSTOMERS

Delighted by faster, simpler, responsive services aligned with global standards;
Empowered by information and access to sound financial options.

Our PEOPLE

Mission-driven and self motivated learners, of high-level competencies, leveraging international best practices;
Delivering service with passion; Inspired by leaders who grow leaders.

Our STRATEGY

Progressively pre-emptive of failure, aggressive against fraud, creative in resolution and liquidation methods.
Collaborative, engaging, inclusive and results oriented.

Our ORGANIZATIONAL STRUCTURE

Flexible and responsive to change.

Our SYSTEMS AND PROCESSES

Evolving with technology, powered by innovations that optimize operational efficiency and service delivery.

Our CORE VALUES

Shared and lived in organizational and individual decisions, actions and ways of doing things.

Our CONCERN FOR THE COMMUNITY AND THE ENVIRONMENT

Concretized in projects that strengthen the human spirit, build lives and nourish the earth.

Roadmap 2016-2020

Detect bank weaknesses and risk areas early to identify possible resolution options

Pursue measures to deter bank fraud

THE ROADMAP FOR 2016 TO 2020 COVERS SIX PRIORITY AREAS:

1. Early detection of bank weaknesses and risk areas to identify possible resolution options

The Corporation will fortify its examination function to determine the soundness of a bank's financial condition, the appropriateness of its practices, the degree of its compliance with regulations, and the integrity of its records. Enhanced capabilities and processes for both on-site and off-site examination will facilitate recognition of failure signals and fraud, if any, and accordingly, the application of timely and appropriate intervention. In tandem with the Bangko Sentral ng Pilipinas, PDIC will continue to implement bank strengthening initiatives such as the Consolidation Program for Rural Banks to provide its members better opportunities for sustaining viability, and at the same time promote a stronger, more cohesive banking system.

2. Pursuit of measures to deter bank fraud

In the last few years, PDIC has channeled increasing effort and resources to the investigation and litigation of owners and officers of closed banks found to have committed fraud and malpractice. The Corporation will intensify this drive and exhaust all possible actions to bring erring bankers to justice and recover losses incurred from illegal activities. It will continue to build legal muscle by expanding and honing its own legal teams, as well as sustaining its collaborative relations with the Philippine Judiciary.



Promptly liquidate closed banks

Actively pursue financial inclusion strategy

Strengthen the organization and enhance its financial and service capabilities

Sustain public engagement and enhance corporate image

3. Prompt liquidation of closed banks

Bolstered by an earlier realignment of work units to provide more focus on closed bank termination, complemented by highly discerning and cooperative legal courts, PDIC aims to further speed up the complete liquidation of closed banks in its inventory. The Corporation is batting for maximized asset recoveries and faster asset distribution to creditors, thereby easing the flow back of resources to the economy.

4. Adoption of programs to promote financial inclusion

As one of the lead government agencies involved in the implementation of the National Strategy for Financial Inclusion (NSFI), PDIC will pursue programs and initiatives that will provide incentives to banks to develop new deposit products intended for small accounts and open branches in unbanked areas; encourage banks to take advantage of available strengthening programs; and forge partnerships to promote involvement of communities in financial literacy projects.

5. Organizational strengthening and enhancement of financial and service capabilities

The Corporation will continue to empower its people by building their competencies not just through formal training programs but by providing them challenges and opportunities that will motivate them to step up and learn beyond their comfort

zones. The strengthening of the organization shall be aligned with global best practices in human resource and organizational development, and guided in particular, by the Core Principles for Effective Deposit Insurance Systems upheld by the IADI.

6. Sustaining public engagement and enhancing corporate image

More engaging and wide-reaching initiatives to foster financial literacy, responsible banking and wise saving shall be carried out. Alongside, PDIC shall develop information and educational materials that are simple, appealing and easy to understand. It shall build strategic partnerships, conduct dialogues and consultations with member-banks, organizations and targeted sectors to support its drive for public awareness. A key initiative will be the development and promotion of a new PDIC brand that will enable it to achieve stronger impact in the delivery of its mandate.

The Strategic Planning Workshop resulted in a synergy of commitment as the various sectors of the Corporation crafted their own vision statements and formulated their respective strategic initiatives to support the PDIC Vision and press onward to the directions laid out in the Roadmap to Year 2020.

Board of Directors



CESAR V. PURISIMA*

SECRETARY, Department of Finance
CHAIRMAN, PDIC Board of Directors
Date of Oath of Office: June 30, 2010
Age: 55

MEMBER, Monetary Board of the Bangko Sentral ng Pilipinas
CHAIRMAN, National Power Corporation
CHAIRMAN, Land Bank of the Philippines
GOVERNOR FOR THE PHILIPPINES, Asian Development Bank (ADB) and The World Bank Group
ALTERNATE GOVERNOR FOR THE PHILIPPINES, International Monetary Fund
FORMER CHAIRMAN, ADB Board of Governors
FORMER SECRETARY, Department of Trade and Industry
FORMER CHAIRMAN AND MANAGING PARTNER, Sycip Gorres Velayo & Co. (SGV & Co.)
FORMER AREA MANAGING PARTNER for Asia-Pacific for Assurance and Business Services, Andersen Worldwide
FORMER BOARD MEMBER, Global Executive Board, Ernst & Young
FORMER BOARD MEMBER, Global Board Andersen Consulting

Finance Minister of the Year, 2014 (FinanceAsia)
Finance Minister of the Year for Asia Pacific, 2013 (The Banker)
Finance Minister of the Year for Asia, 2011 and 2013 (Emerging Markets)
Finance Minister of the Year, 2012 (Euromoney)
Finance Minister of the Year for Asia, 2011 (Emerging Markets)

BACHELOR OF SCIENCE IN COMMERCE, De La Salle University
MASTER OF BUSINESS ADMINISTRATION, J.L. Kellogg Graduate School of Management

** Secretary of Department of Finance until June 30, 2016*



CRISTINA QUE ORBETA

PRESIDENT, Philippine Deposit Insurance Corporation

VICE CHAIRMAN, PDIC Board of Directors

Date of Oath of Office: November 7, 2014

Age: 64

MEMBER, UCPB Board Advisory Council

CHAIRMAN, Advisory Group, APEC-Financial Regulators Training Initiative (APEC-FRTI)

MEMBER, Executive Council, International Association of Deposit Insurers (IADI)

CHAIRMAN, IADI Audit Committee

FORMER EXECUTIVE VICE PRESIDENT, Philippine Deposit Insurance Corporation

FORMER DIRECTOR, United Coconut Planters Bank (UCPB), UCPB Savings Bank,

UCPB Leasing & Financial Corporation

FORMER DIRECTOR, Management of External Debt Department, Bangko Sentral ng Pilipinas

FORMER DIRECTOR, Central Bank of the Philippines Board of Liquidators

BACHELOR OF ARTS IN MATHEMATICS, University of the East

MASTER IN ECONOMICS (Academic Units), University of the East

MASTER IN PUBLIC ADMINISTRATION, Harvard University



AMANDO M. TETANGCO, JR.

CHAIRMAN OF THE MONETARY BOARD & GOVERNOR, Bangko Sentral ng Pilipinas

DIRECTOR, PDIC Board of Directors

Date of Oath of Office: July 4, 2005

Age: 63

CHAIRMAN, Anti-Money Laundering Council, Financial Stability Coordination Council,

Financial Sector Forum, Philippine International Convention Center, and Meeting of Small Open Economies (Bank for International Settlements)

GOVERNOR FOR THE PHILIPPINES, International Monetary Fund

ALTERNATE GOVERNOR, World Bank and Asian Development Bank

FORMER DEPUTY GOVERNOR, Bangko Sentral ng Pilipinas

One of the world's best central bankers for 2006, 2007, 2011, 2012, 2013, 2014, 2015 (Global Finance)

Central Banker of the Year for Asia-Pacific, 2013 (The Banker)

Central Bank Governor of the Year for Asia, 2012 (Emerging Markets)

BACHELOR OF ARTS IN ECONOMICS, Ateneo De Manila University

MASTERS IN PUBLIC POLICY AND ADMINISTRATION, University of Wisconsin, Madison, USA

Board of Directors



ROGELIO W. MANALO

DIRECTOR REPRESENTING THE PRIVATE SECTOR, PDIC Board of Directors
CHAIRMAN, Board Risk Management Committee
MEMBER, Board Governance Committee
MEMBER, Board Audit Committee
Date of Oath of Office: October 16, 2007
Age: 80

FORMER DIRECTOR, PNOC-Petrochemical Development Corporation, Clark Development Corporation,
Manpower Development and Youth Council, and Board of Tourism and Travel
FORMER PRESIDENT, Chamber of Commerce of the Philippines, Clark Development
Corporation Services, Inc.
FORMER GOVERNOR, Development Bank of the Philippines

COMMERCE, De La Salle College
ECONOMICS, American University (Cairo, Egypt)
BACHELOR OF ARTS IN GOVERNMENT, George Washington University
POST GRADUATE STUDIES IN BUSINESS ADMINISTRATION, George Washington University



PROTACIO T. TACANDONG

DIRECTOR REPRESENTING THE PRIVATE SECTOR, PDIC Board of Directors
CHAIRMAN, Board Audit Committee
CHAIRMAN, Board Governance Committee
MEMBER, Board Risk Management Committee
Date of Oath of Office: January 20, 2011
Age: 65

CO-FOUNDER AND CHIEF OPERATING OFFICER, Reyes Tacandong & Co.
FORMER SENIOR PARTNER, CHIEF FINANCE & ADMIN OFFICER, MEMBER, MANAGEMENT
COMMITTEE AND HEAD OF BRANCHES, Sycip Gorres Velayo & Co. (SGV & Co.)
FORMER PARTNER, Andersen Societe Cooperative
PAST PRESIDENT, Davao City Chamber of Commerce and Industries, Inc.
PAST NATIONAL PRESIDENT, Philippine Institute of Certified Public Accountants

BACHELOR OF SCIENCE IN COMMERCE, MAJOR IN ACCOUNTING, University of San Carlos,
Cebu City
MASTER IN MANAGEMENT, Asian Institute of Management



GIL S. BELTRAN

ALTERNATE DIRECTOR, PDIC Board of Directors
 MEMBER, Board Governance Committee
 MEMBER, Board Risk Management Committee
 Date of Designation: January 21, 2015
 Age: 58

UNDERSECRETARY, Department of Finance
 EXECUTIVE DIRECTOR, National Credit Council
 VISITING LECTURER, University of the Philippines – College of Public Administration and
 Development Academy of the Philippines
 FORMER ALTERNATE EXECUTIVE DIRECTOR, World Bank
 FORMER ADVISOR TO EXECUTIVE DIRECTOR, World Bank

BACHELOR OF ARTS IN ECONOMICS, University of the Philippines
 MASTER OF ARTS IN DEVELOPMENT ECONOMICS, Williams College Massachusetts, USA



NESTOR A. ESPENILLA, JR.

ALTERNATE DIRECTOR, PDIC Board of Directors
 MEMBER, Board Governance Committee
 MEMBER, Board Audit Committee
 Date of Designation: April 13, 2005
 Age: 57

DEPUTY GOVERNOR, Bangko Sentral ng Pilipinas
 CHAIR, Workstream on Financial Inclusion, Basel Consultative Group
 ALTERNATE VICE-CHAIR, Agricultural Credit Policy Council
 ALTERNATE DIRECTOR, National Development Company
 BSP REPRESENTATIVE, G20 Global Partnership for Financial Inclusion
 BSP REPRESENTATIVE, Capital Markets Development Council

BACHELOR OF SCIENCE IN BUSINESS ECONOMICS, University of the Philippines
 MASTERS IN BUSINESS ADMINISTRATION, University of the Philippines
 MASTER OF SCIENCE IN POLICY SCIENCE, Graduate Institute of Policy Science (GRIPS), Tokyo, Japan

Executive Committee



Group Heads



Group Heads





Maria Belinda C. San Jose
Vice President
Information Technology Group



Atty. Nancy L. Sevilla-Samson
Vice President
Legal Services Group



Jose G. Villaret, Jr.
Vice President
Corporate Affairs Group



Atty. Basilio O. Visaya, Jr.
Vice President
Corporate Governance



Atty. Elaine B. Deticio
Officer-in-Charge
Claims Group



Ma. Theresa B. Salcor
Officer-in-Charge
Insurance Group



Ma. Bernadette R. Sanchez
Officer-in-Charge
Loans Management Group

Officers (As of December 31, 2015)

OFFICE OF THE PRESIDENT

CRISTINA QUE ORBETA
President

ROSSANA V. CASTALLA
Vice President / Head Executive Assistant

JAROMME ZEUS KRISTOFFER C. CASTILLO I
Assistant Department Manager II

MARIA VICTORIA T. CRUZ
Executive Assistant V

MARK ANTHONY L. DELLOSA
Executive Assistant IV

OFFICE OF THE BOARD CHAIRMAN

MARINELLA O. BELGADO
Vice President

MA. POLA S. LUANZON
Assistant Department Manager II

LUISITO Z. MENDOZA
Assistant Department Manager II

MA. CARMEN ROSARIO Z. RECITAS
Assistant Department Manager II

OFFICE OF THE MEMBERS OF THE BOARD FROM THE PRIVATE SECTOR

PILAR Y. LEDESMA
Executive Assistant IV

VAN DENVER R. VIZCARRA
Executive Assistant IV

RISK MANAGEMENT OFFICE

MARCELO E. AYES
Vice President

MICHELLE LD E. ESTOR
Corporate Executive Officer II

Property Appraisal Department

RECAREDO LEIGHTON A. TAMAYO
Department Manager III

MINVILUZ O. RUBRICO
Assistant Department Manager II

CORPORATE GOVERNANCE OFFICE

BASILIO O. VISAYA, JR.
Vice President

DOFEL S. FERRER
Corporate Executive Officer II

INTERNAL AUDIT GROUP

FELY D. REYES
Vice President

Internal Audit Department I

ALEXANDER N. DOJILLO
Assistant Department Manager II /
Officer-in-Charge

ETHEL ALMIRA M. GOMEZ
Corporate Executive Officer II

JEROME B. MACASPAC
Corporate Executive Officer I

Internal Audit Department II

JOSIE JANE C. ABLIR
Department Manager III

MARILOU G. MIRANDA
Assistant Department Manager II

ROMAILA S. VERGARA
Corporate Executive Officer II

Information Technology Audit Department

NANCY M. MENDOZA
Department Manager III

LUDIVINA P. CARLOS
Assistant Department Manager II

VIOLETA D. TUNGOL
Corporate Executive Officer II

OFFICE OF THE CORPORATE SECRETARY

PAMELA ANGELI S. TY
Department Manager III

CORPORATE AFFAIRS GROUP

JOSE G. VILLARET, JR.
Vice President

Corporate Communications Department

AURAMAR D. CALBARIO
Department Manager III

MARIA AURORA A. MENDOZA
Assistant Department Manager II

CATHERINE C. SAN JOSE
Corporate Executive Officer I

Institutional Relations Department

ZULEIKA T. LOPEZ
Department Manager III

NAPOLEON P. MICU
Assistant Department Manager II

ISABEL P. GAVIOLA
Corporate Executive Officer II

INFORMATION TECHNOLOGY GROUP

MARIA BELINDA C. SAN JOSE
Vice President

GREG B. ALBA
Corporate Executive Officer II

Systems Development Department

MARIA BELINDA C. SAN JOSE
Vice President / Officer-in-Charge

RAUL FILOMENO C. CABOTAGE
Assistant Department Manager II

JOSE ALEX P. MERCADO
Assistant Department Manager II

IBELIO B. RETES
Assistant Department Manager II

HERMIL P. DE VERA
Corporate Executive Officer II

XANDREX FIDELIS A. LIQUIGAN
Corporate Executive Officer II

Technical Support Department

RENAR M. GONZALES
Department Manager III

MADELAINE BARBARA M. FERNANDEZ
Assistant Department Manager II

JOSE P. MIANO
Assistant Department Manager II

EXAMINATION AND RESOLUTION SECTOR

MA. ANA CARMELA L. VILLEGAS
Executive Vice President / Officer-in-Charge

RHEA S. AUSTRIA
Assistant Department Manager II

EXAMINATION GROUP I

SHIRLEY G. FELIX
Vice President

Examination Department I

FLORDELIS M. DATU
Department Manager III

ERICKZON M. JANDA
Corporate Executive Officer I

VENUS P. MANZALA
Corporate Executive Officer I

Examination Department II

MARLOWE F. MIKIN
Department Manager III

RUBEN C. CORDERO
Corporate Executive Officer II

EXAMINATION GROUP II

JOSEFINA J. VELILLA
First Vice President

Examination Department III

DENNIS Y. ABIERA
Department Manager III

BEATRIZ R. ANGELES
Corporate Executive Officer II

IRENE MERCEDES D. EVANGELISTA
Corporate Executive Officer I

Examination Department IV

ANGEL B. OBRERO
Department Manager III

BERNADETTE P. COMON
Corporate Executive Officer I

JENNETTE C. REBADAVIA
Corporate Executive Officer I

RESOLUTION GROUP

EDEN TITA J. DIZON
Vice President

Resolution Department I

MADELEINE C. RIBAY
Department Manager III

NIÑO RAY L. VILLALUNA
Assistant Department Manager II

MA. CECILIA C. SUMAWANG
Corporate Executive Officer I

Resolution Department II

FREDY S. GALOSMO
Department Manager III

MAILEEN M. MALOLES
Assistant Department Manager II

MADELINE T. VILLENO
Corporate Executive Officer I

EXAMINATION AND RESOLUTION SUPPORT GROUP

JOSEFINA J. VELILLA
First Vice President / Officer-in-Charge

Bank Statistics Department

CHRISTOPHER G. SUGUITAN
Assistant Vice President

ROSALYN M. GO
Assistant Department Manager II

JACKSON L. UBIAS
Corporate Executive Officer II

CARLOTA S. POLICARPIO
Corporate Executive Officer I

Examination and Resolution Support Department

ELIZABETH R. PADOLINA
Department Manager III

RECEIVERSHIP AND LIQUIDATION SECTOR

MA. ANA CARMELA L. VILLEGAS
Executive Vice President

ROSEMARIE D. APEGO
Assistant Department Manager II

RECEIVERSHIP AND BANK MANAGEMENT GROUP

NILO ALDRIN M. LUCINARIO
Vice President

KRISTIANNE LARIDOR M. SIPIN
Corporate Executive Officer II

Receivership and Bank Management Department I

ANA ROSA E. VIRAY
Department Manager III

IMELDA A. BARRO
Corporate Executive Officer II

APOLONIO M. MATABANG
Corporate Executive Officer II

Receivership and Bank Management Department II

RONALD C. ANGELES
Department Manager III

FERNANDO S. BOÑULA
Assistant Department Manager II

Receivership and Bank Management Department III

IMELDA R. SALGADO
Department Manager III

NOELA C. MIÑOZA
Corporate Executive Officer II

LEONOR S. SAMONTE
Corporate Executive Officer II

Receivership and Bank Management Department IV

TEODORO JOSE D. HIRANG
Assistant Vice President

FLORANTE D. LUCOS
Corporate Executive Officer II

Bank Termination Department

IMELDA R. SALGADO
Department Manager III / Officer-in-Charge

ROSALINA G. MORALES
Assistant Department Manager II

SUSANA R. CAROLINO
Corporate Executive Officer II

AIRENE V. MAGCASE
Corporate Executive Officer I

ASSET MANAGEMENT AND DISPOSAL GROUP

ADALZON P. BANOGON
Vice President

MA. CRISELDA L. BAWALAN
Corporate Executive Officer II

Asset Management and Disposal Department I

JOSETTE SONIA H. MARCILLA
Department Manager III

ARIEL M. ALCOBA
Corporate Executive Officer II

DOMINADOR V. RODULFO, JR.
Corporate Executive Officer I

Asset Management and Disposal Department II

FERDINAND M. BELUAN
Department Manager III

CELIA D. JOVEN
Corporate Executive Officer II

LOLITA M. LIM
Corporate Executive Officer II

Asset Management and Disposal Department III

MA. JOZZENNE CLAIRE M. BELTRAN-CARANDANG
Assistant Department Manager II / Officer-in-Charge

JOSEFINA J. SAMBOLAWAN
Corporate Executive Officer II

ARLENE FLORENCE E. FIRMEZA
Corporate Executive Officer I

LOANS MANAGEMENT GROUP

MA. BERNADETTE R. SANCHEZ
Assistant Vice President / Officer-in-Charge

Loans Management Department I

MA. BERNADETTE R. SANCHEZ
Assistant Vice President

MARY ANN C. CRISOSTOMO
Assistant Department Manager II

DEMOCRITO L. BITANG
Corporate Executive Officer II

Officers (As of December 31, 2015)

Loans Management Department II

JOSEFINA R. FAJARDO
Department Manager III

JOSEFINA S. SAN PEDRO
Corporate Executive Officer II

Loans Management Department III

BENEFICO M. MAGDAY
Assistant Vice President

ESPERANZA L. CHINGCUANGCO
Assistant Department Manager II

MA. NENITA N. GAYLA
Corporate Executive Officer II

THELMA C. CALLEJA
Corporate Executive Officer I

RECEIVERSHIP AND LIQUIDATION SUPPORT GROUP

TERESA H. GARCIA
Vice President

Records Control and Logistics Department

POLO L. PANTALEON, JR.
Department Manager III

EDITHA D. TUMANG
Assistant Department Manager II

TRINIDAD F. MAGSAKAY
Corporate Executive Officer II

MA. JOSELYN S. VALLADA
Corporate Executive Officer I

Asset Administrative Services Department

MARIE HAZEL V. CIRIACO
Department Manager III

THELMA A. PEÑA
Corporate Executive Officer II

MARYMER D. BUISING
Corporate Executive Officer I

Financial Control and MIS Department

DOROTHY C. EAMILAO
Department Manager III

JOSEFINA B. PEREZ
Corporate Executive Officer II

ELISA T. SAURA
Corporate Executive Officer II

DEPOSIT INSURANCE SECTOR

ELIZABETH E. OLLER
First Vice President / Officer-in-Charge

CLAIMS GROUP

ELAINE B. DETICIO
Assistant Vice President / Officer-in-Charge

Presettlement Examination Department

LUISITO M. CARREON
Assistant Vice President

NERILYN O. ABOGADO
Corporate Executive Officer II

MONINA J. CORNISTA
Corporate Executive Officer II

WILFREDO B. RAFALES
Corporate Executive Officer II

LENIN D. AGABAO
Corporate Executive Officer I

Claims Processing Department

MILA O. TAMAYO
Assistant Department Manager II /
Officer-in-Charge

NAPOLEON D. JOSE
Corporate Executive Officer II

YASMIN CORAZON B. FELIX
Corporate Executive Officer I

ALICIA J. MAAN
Corporate Executive Officer I

TREASURY GROUP

IRENE DL. ARROYO
Vice President

Claims Settlement Department

MERLIE M. CAÑAVERAL
Department Manager III

ROSENDA L. BARRIL
Assistant Department Manager II

ELOIDA B. INDORTE
Corporate Executive Officer II

RAUL C. REYES
Corporate Executive Officer I

Treasury Department

PETER NOEL P. HERRERA
Assistant Vice President

ROSITA R. ARELLANO
Assistant Department Manager II

ESTELITA R. DATINGALING
Assistant Department Manager II

INSURANCE GROUP

MA. THERESA B. SALCOR
Assistant Vice President / Officer-in-Charge

Insurance Department

EVANGELINE R. PANTALUNAN
Assistant Department Manager II /
Officer-in-Charge

DAISY ANN T. ALAGOS
Assistant Department Manager II

Insurance Support Department

EMERSON M. LOMIO
Assistant Department Manager II /
Officer-in-Charge

LYN D. BAGNES
Corporate Executive Officer II

SALUD E. MARGAJAY
Corporate Executive Officer II

RAFAEL D. DE LEON
Corporate Executive Officer I

Public Assistance Department

JOAN S. DE LEON
Assistant Department Manager II /
Officer-in -Charge

ANTONIO ERROL B. YBAÑEZ, JR.
Corporate Executive Officer II

NATHANAEL A. TUMBOKON
Corporate Executive Officer I

LEGAL AFFAIRS SECTOR

ROMEO M. MENDOZA, JR.
General Counsel

MA. SADDY MILA ENA B. RILLORTA
Assistant Department Manager II

LITIGATION AND INVESTIGATION GROUP

MA. ANTONETTE I. BRILLANTES-BOLIVAR
First Vice President

Litigation Department

MA. ANTONETTE I. BRILLANTES-BOLIVAR
First Vice President / Officer-in-Charge

ROMEL M. BARRERA
Assistant Department Manager II

ARLENE R. HERNANDO
Assistant Department Manager II

MILDRED J. MARQUEZ
Assistant Department Manager II

MICHAEL ALLAN M. ANDRES
Legal Officer V

RAYMOND C. DE LEMOS
Legal Officer V

Investigation Department

MANUEL C. TAN
Assistant Vice President

ARISTON P. AGANON
Assistant Department Manager II

NELSON G. PORTACIO
Assistant Department Manager II

FERNAN REAGAN P. ZAFRANCO
Assistant Department Manager II

External Counsel Department

MYLENE F. PASAMBA
Department Manager III

VERONICA T. IGOT
Assistant Department Manager II

JOHANNES ANGELO L. BRUAL
Legal Officer V

JOAN MARIVIC A. OZO
Legal Officer V

SHERALD M. SANTILLAN
Legal Officer V

LEGAL SERVICES GROUP

NANCY L. SEVILLA-SAMSON
Vice President

JOY ANNE B. LAI
Legal Officer V

Legal Services Department I

FERNANDO S. ABADILLA
Assistant Vice President

AILEEN LOU C. ACOSTA
Assistant Department Manager II

JOSE MARI C. GANA
Legal Officer V

Legal Services Department II

DORAM T. DUMALAGAN
Department Manager III

GEODERICK E. CARBONELL
Assistant Department Manager II

ROY V. DIMAANO
Legal Officer V

JOSELITO S. MENDOZA
Assistant Department Manager II

Legal Services Department III

DELILAH GRACE V. MAGTOLIS
Department Manager III

MA. FRECELYN M. HAW
Assistant Department Manager II

MANAGEMENT SERVICES SECTOR

SANDRA A. DIAZ
Senior Vice President

CORPORATE PLANNING GROUP

MA. ESTER D. HANOPOL
Vice President

Planning Department

CYRUS T. GALANG
Department Manager III / Officer-in-Charge

JOSE M. MULATO
Assistant Department Manager II

JOSEFINA MAY G. TATU
Corporate Executive Officer II

FRANCIS RANDY J. HORTELANO
Corporate Executive Officer I

Policy and Systems Department

CYRUS T. GALANG
Department Manager III

ANNA LIESE L. ROQUE
Corporate Executive Officer II

GLENDALE C. ANASTACIO
Corporate Executive Officer I

JOEL O. IGNACIO
Corporate Executive Officer I

COMPTROLLERSHIP GROUP

GERONIMO V. AMBE
Vice President

DANILO Q. REGALA
Corporate Executive Officer II

Accounting Department

QURALENE P. PATALINGHUG
Department Manager III

MA. LENITA I. FLORIZA
Assistant Department Manager II

MODESTO Y. FERNANDO, JR.
Corporate Executive Officer I

Budget and Disbursements Department

JOCELYN J. NEPOMUCENO
Department Manager III

JANET B. AGUILA
Assistant Department Manager II /
Officer-in-Charge

EMMA F. SALINAS
Corporate Executive Officer II

CORPORATE SERVICES SECTOR

ALMA TERESA R. MALANOG
Senior Vice President

JOSETTE O. RESURRECCION
Assistant Department Manager II

Provident Fund Unit

MA. TERESA C. VESTAL
Assistant Department Manager II

HUMAN RESOURCE GROUP

CYNTHIA B. MARCELO
Vice President

Human Resource Administration Department

ASUNCION S. CALAPAN
Assistant Department Manager II /
Officer-in-Charge

VIRGILIO C. ESTANISLAO
Corporate Executive Officer II

ARLENE T. PANGILINAN
Corporate Executive Officer II

MA. LOURDES R. RELUCIO
Corporate Executive Officer II

Organization Development Department

IRMINA D. SICIO
Department Manager III

ALLAN B. AMPARO
Corporate Executive Officer II

Training Institute

DIVINA F. CAVESTANY
Department Manager III

EUGENE V. BORLONGAN
Assistant Department Manager II

DORIS P. ROMERO
Assistant Department Manager II

ADMINISTRATIVE SERVICES GROUP

NINA NOREEN A. JACINTO
Vice President

CHRISTINE C. MERCADO
Corporate Executive Officer II

Procurement and Property Department

NINA NOREEN A. JACINTO
Vice President / Officer-in-Charge

RICARDO D. ANTONIO
Corporate Executive Officer II

ANALINDA C. LAO
Corporate Executive Officer II

MA. LUZ B. FRANCISCO
Corporate Executive Officer I

General Services Department

JESUS MA. JOSE L. BORJA
Department Manager III

ERNESTO R. TORRES, JR.
Assistant Department Manager II

HERNANDO L. CATIGBE
Corporate Executive Officer I

Employees (As of December 31, 2015)

A

ABADILLA, FERNANDO S.
 ABALOS, GERALD V.
 ABAN, ALEXIS A.
 ABELEDA, SONIA A.
 ABIERA, DENNIS Y.
 ABLIR, JOSIE JANE C.
 ABOGADO, NERILYN O.
 ABRIAM, CHERRY L.
 ACERET, EROLYN B.
 ACOSTA, AILEEN LOU C.
 ACOSTA, ALEJANDRO JR. S.
 ACOSTA, BETTINA N.
 ACUÑA, MYRAFLOR C.
 ADUANA, GERHARDUS C.
 AGABAO, LENIN D.
 AGANON, ARISTON P.
 AGNES, MA. CARIDAD R.
 AGUILA, JANET B.
 AGUINALDO, FERDINAND M.
 AGUSTIN, JENELYN P.
 ALAGOS, DAISY ANN T.
 ALBA, GREG B.
 ALCOBA, ARIEL M.
 ALDUEZA, ANNE KRIZELLE D.
 ALEJANDRINO, LILYBETH H.
 ALONZO, REYNOLD P.
 AMBE, GERONIMO V.
 AMIGLEO, NOREEN R.
 AMPARO, ALLAN B.
 ANASTACIO, GLENDALE C.
 ANDES, JOAN P.
 ANDRADA, JOVY R.
 ANDRES, MICHAEL ALLAN M.
 ANG, ARIES M.
 ANGELES, BEATRIZ R.
 ANGELES, RONALD C.
 ANI, JACQUELINE I.
 ANTONIO, FLORANTE JR. F.
 ANTONIO, MARIA GRACIA N.
 ANTONIO, NIÑA M.
 ANTONIO, RICARDO D.
 ANYAYAHAN, NOREEN F.
 APEGO, ROSEMARIE D.
 APOLINARIO, CELY E.
 AQUINO, ERNESTO C.
 ARELLANO, GEMMA P.
 ARELLANO, ROSITA R.
 ARIZALA, AURA MARINA R.
 ARRIETA, JOHANNA HAZEL M.
 ARRIOLA, ROMEO C.
 ARROYO, IRENE DL.
 ASCAÑO, RHODA R.
 ASUNCION, JONNAH MAE M.
 ASUNCION, RUSSIELYN B.

ATENDIDO, JOCELYN A.
 ATIBULA, KENNETH T.
 AUDIAN, CRISTINA M.
 AURE, OLIVER A.
 AURELIA, EDZEL D.
 AUSTRIA, ARLENE C.
 AUSTRIA, RHEA S.
 AVECILLA, AUGUSTO R.
 AYES, MARCELO E.
 AYRAN, JUNNIFER P.

B

BACSA, DIONISIA E.
 BADENAS, PAUL JASON J.
 BADILLO, ROSA MARIA V.
 BAGAPORO, MARIA CRISTINA T.
 BAGNES, LYN D.
 BAGUIO, GODOFREDA P.
 BAGUISI, MARIA LOURDES A.
 BALASABAS, MARILOU M.
 BALTAZAR, ERNAN L.
 BALTAZAR, MA. PAZ V.
 BAÑARES, ROSANNA CRIS B.
 BANDOY, ISRAEL A.
 BANOGON, ADALZON P.
 BARRAL, ROSALIE F.
 BARRERA, ROMEL M.
 BARRIL, ROSENDA L.
 BARRO, IMELDA A.
 BASILLA, ROSALIE B.
 BATAAN, LIZ D.
 BATAC, ARACELI F.
 BATALLA, ALLAN PAUL G.
 BATALLA, MARIA RAFAELA T.
 BAUTISTA, GRACE V.
 BAWALAN, MA. CRISELDA L.
 BAYLON, JOSIELYN S.
 BELGADO, MARINELLA O.
 BELLO, SHERWIN Z.
 BELLO, VIRGINIA D.
 BETRAN-CARANDANG,
 MA. JOZZENNE CLAIRE M.
 BELUAN, FERDINAND M.
 BENDAÑA, JOSE A.
 BENITEZ, FREDERICK B.
 BITANG, DEMOCRITO L.
 BITUIN, IDA D.
 BODOSO, LEEN LYNNARD D.
 BOLIVAR, MA. ANTONETTE B.
 BOÑULA, FERNANDO S.
 BOONE, ANICETA A.
 BORJA, JESUS MA. JOSE L.
 BORJAL, ROLLY C.
 BORLONGAN, EUGENE V.
 BRUAL, JOHANNES ANGELO L.

BUENVIAJE, CLEOFÉ C.
 BUGAYONG, DANILO B.
 BUISING, MARYMER D.
 BULAUN, VIA BING T.
 BULONG, JOSEPH S.
 BUNA, LANIE A.
 BUNDALIAN, GLENDA G.

C

CABA, PHEDILYN R.
 CABOTAGE, RAUL FILOMENO C.
 CABRERA, DYANE D.
 CACAYAN, EUNICE D.
 CADIZ, HYACINTH N.
 CALAPAN, ASUNCION S.
 CALBARIO, AURAMAR D.
 CALLEJA, MA. EVANGELINE P.
 CALLEJA, THELMA C.
 CALUB, MARILOU D.
 CALVEZ, VILMA Y.
 CANAPI, LAARNI L.
 CAÑAVERAL, MERLIE M.
 CANEJA, MARTIN E.
 CANELA, ENRICO R.
 CANUZA, CECILIA C.
 CAPUNO, JAIME C.
 CARAIG, MYRNA C.
 CARBONELL, GEODERICK E.
 CARENG, JUANA L.
 CARLOS, LUDIVINA P.
 CAROLINO, SUSANA R.
 CARREON, AILEEN B.
 CARREON, DELIA A.
 CARREON, LUISITO M.
 CARREON, MA. GUADALUPE C.
 CARREON, MARC JUMBOE KING N.
 CARVAJAL, JOSEPHINE M.
 CASCOLAN, REGIEREX P.
 CASEM, JOHANNA PAULINE B.
 CASIÑO, RONALD S.
 CASTALLA, ROSSANA V.
 CASTILLO, JAROMME ZEUS
 KRISTOFFER I C.
 CASTRO, HARRY C.
 CASTRO, MA. MARGARITA G.
 CASTRO, RUBEN S.
 CATIGBE, HERNANDO L.
 CATOME, MARY JANE L.
 CAVESTANY, DIVINA F.
 CENTINO, OFELIA M.
 CHINGCUANGCO, ESPERANZA L.
 CIRIACO, MARIE HAZEL V.
 COLLO, NIÑA JESUSITA P.
 COMON, BERNADETTE P.
 CONCEPCION, DENNIS H.

CONGE, ANASTACIO T.
 CONGE, MA. TERESA D.
 CORDERO, ABEGUEL S.
 CORDERO, RUBEN C.
 CORNISTA, ELMER R.
 CORNISTA, MONINA J.
 CORONA, ENRICO C.
 CORTES, JACINTO C.
 CORTES, PAOLO ANGELO J.
 CORTEZ, ENRIQUE M.
 COSTA, HENRY A.
 COSTORIO, MARY JOY L.
 CRISOSTOMO, MARY ANN C.
 CRUZ, ERWIN C.
 CRUZ, MARIA VICTORIA T.
 CUISON, MARY CATHERINE Z.
 CUSTODIO, ANGELITO A.

D

DABI, SANDRA V.
 DADAL, ROSELLE MAY R.
 DADPAAS, MIRIAM B.
 DAGOHOY, ABIGAIL R.
 DATINGALING, ESTELITA R.
 DATU, FLODELIS M.
 DATU, MARYLYN I.
 DAYOG, LILY F.
 DE GUZMAN-BASAÑES, CAREY F.
 DE JESUS, MENARD B.
 DE JESUS, PRINCESS L.
 DE LEMOS, RAYMOND C.
 DE LEON, JOAN S.
 DE LEON, RAFAEL D.
 DE MESA, MA. LOURDES G.
 DE SILVA, DEBORAH C.
 DE TORRES, TRISHA ALYSSA
 ANNE B.
 DE VERA, HERMIL P.
 DECENA, MARIVIC R.
 DEL ROSARIO, ALEJANDRO S.
 DELA CRUZ, AMAVI Y.
 DELA CRUZ, EMELINA M.
 DELA CRUZ, JOFREY B.
 DELA CRUZ, RICHARD O.
 DELA PEÑA, MAXIMO JR. C.
 DELLOSA, CLARINDA C.
 DELLOSA, MARK ANTHONY L.
 DELOS REYES, NOEL Q.
 DETICIO, ELAINE B.
 DIAZ, SANDRA A.
 DILOY, MARY ANN D.
 DIMAANO, ROY V.
 DIONISIO, VERONICA D.
 DIVINO, DANILO P.
 DIZON, CARLYLE G.

DIZON, EDEN TITA J.
 DIZON, FRANCISCO N.
 DIZON, ROSARIO E.
 DOJILLO, ALEXANDER N.
 DRILON, LUDOVINA V.
 DULALIA, ROGELIO JR. P.
 DUMALAGAN, DORAM T.
 DUMBRIQUE, DAHLIA E.
 DURANA, EUNICE L.

E

EAMILAO, DOROTHY C.
 ECHIVERRI, AIMEE G.
 ENRICO, MELANIE L.
 ENRIQUEZ, REMEL R.
 ESPINOSA, LEONARDO III G.
 ESTANISLAO, VIRGILIO C.
 ESTEVES, CHERRYLYN L.
 ESTOR, MICHELLE LD E.
 ESTORES, GILDA T.
 ESTRELLA, IRISH R.
 EUGENIO, LEAH P.
 EVANGELISTA, IRENE MERCEDES D.

F

FABRO, LUCYBEL T.
 FAJARDO, DARWIN E.
 FAJARDO, JOSEFINA R.
 FAJARIT, JONNEL S.
 FAMULARCANO, MAELYN S.
 FAROFALDANE, THELMA C.
 FAUNE, LYNN N.
 FAURILLO, OPALYN S.
 FELIX, SHIRLEY G.
 FELIX, YASMIN CORAZON B.
 FERNANDEZ, MADELAINE
 BARBARA M.
 FERNANDO, ERWIN S.
 FERNANDO, JUDALYN L.
 FERNANDO, MODESTO JR. Y.
 FERRER, DOFEL S.
 FERRERAS, VENUS V.
 FIRMEZA, ARLENE FLORENCE E.
 FLORES, ELMA L.
 FLORES, KENETH B.
 FLORES, MA. ROSELLA LUZ D.
 FLORIZA, MA. LENITA I.
 FORMARAN, LILIBETH R.
 FRANCISCO, MA. LUZ B.
 FRANCO, GERARDO C.

G

GALANG, CYRUS T.
 GALOSMO, FREDY S.
 GANA, JOSE MARI C.

GARCIA, TERESA H.
 GATDULA, ABIGAIL E.
 GATDULA, LAWRENCE C.
 GATPATAN, EDGAR G.
 GAVIOLA, ISABEL P.
 GAYLA, MA. NENITA N.
 GAYONDATO, DIVINA C.
 GAYONDATO, LOIDA A.
 GELOCA, IMELDA V.
 GEPILA, MARY JANE G.
 GIANAN, MARGIE L.
 GLORIANI, IMELDA L.
 GO, ROSALYN M.
 GOMEZ, ETHEL ALMIRA M.
 GONZALES, RENAR M.
 GONZALES, ROMMEL A.
 GRANIL, GERARDO A.
 GUAB, ANALYN C.
 GUALBERTO, MARY KRIS T.
 GUALBERTO, REIZA JOY F.
 GUERRERO, NAPOLEON JOEY A.
 GUICO, ANA LIZA F.
 GUÑA, ALEX L.

H

HANOPOL, MA. ESTER D.
 HAW, MA. FRECELYN M.
 HERNANDO, ARLENE R.
 HERRERA, PETER NOEL P.
 HIRANG, TEODORO JOSE D.
 HORTELANO, FRANCIS RANDY J.

I

IBAÑEZ, CLARIBEL E.
 IGNACIO, JOEL O.
 IGOT, VERONICA T.
 ILETO, OLIVER R.
 INDORTE, ELOIDA B.
 INFANTE, SHIELA GRACE M.

J

JACINTO, NINA NOREEN A.
 JANDA, ERICKZON M.
 JANDAYAN, MARY ROSE A.
 JANDUSAY, JOEL B.
 JASMIN, RONALD ALLAN B.
 JAVILLO, JONATHAN L.
 JOSE, JACQUELINE O.
 JOSE, NAPOLEON D.
 JOVEN, CELIA D.
 JUAÑO, ADA C.
 JUSTO, JAYLORD P.

L

LABATORIO, ANNE M.

LACONSAY, ALVIN JAY D.
LACUBTAN, RENATO D.
LADRA, LUISITO H.
LAI, JOY ANNE B.
LAMIGO, MELODY E.
LANDICHO, WENNIE C.
LAO, AILEEN B.
LAO, ANALINDA C.
LARANG, ANA LYN E.
LARESMA, LUIS D.
LAT, ANNE PATRICIA C.
LAYNO, JOCELYN M.
LEDESMA, PILAR Y.
LEGASPI, LIONEL N.
LEQUIGAN, RODNEY T.
LESIGUES, VICTORIANO C.
LIBRE, LEIZL D.
LIM, LOLITA M.
LIMQUECO, FELMA A.
LINDA, MA. YSABEL F.
LIQUIGAN, XANDREX FIDELIS A.
LLANA, MARIA FLORA C.
LOMIO, EMERSON M.
LOPEZ, ZULEIKA T.
LOYOLA, MICHELLE C.
LUANZON, MA. POLA S.
LUBI, ANGELICA A.
LUCINARIO, NILO ALDRIN M.
LUCOS, FLORANTE D.
LUMAQUEZ, JEFFREY L.
LUMIGUEN, JANICE E.

M
MAAN, ALICIA J.
MACABEBE, MELANIE M.
MACADANGDANG, GLINDA R.
MACASPAC, JEROME B.
MACASPAC, MARICEL M.
MAGCASE, AIRENE V.
MAGDAY, BENEFICO M.
MAGSAKAY, TRINIDAD F.
MAGTOLIS, DELILAH GRACE V.
MALANOG, ALMA TERESA R.
MALAYAO, JANICE P.
MALLARI, KELVIN PAUL S.
MALOLES, MAILEEN M.
MANA-AY, LORIO G.
MANARPAAC, AMOR P.
MANLUSOC, MA. JENNIFER P.
MANSOS, RODELIA R.
MANZALA, VENUS P.
MANZANARES, MAURICIA C.
MARCELO, CYNTHIA B.
MARCELO, JOSELITA L.
MARCELO, MARICEL M.
MARCILLA, JOSETTE SONIA H.
MARGAJAY, SALUD E.

MARGES, ELIEZER M.
MARGES, REALINDA R.
MARQUEZ, MILDRED J.
MARQUEZ, NANETE L.
MARQUEZ, ROWENA P.
MATABANG, APOLONIO M.
MATAQUEL, CASILDA G.
MATEO, ARNEL G.
MATEO, CARMINA V.
MATERUM, IVY JOY A.
MATUTINA, CAROLINE R.
MEDINA, FERDIE ALEXIS G.
MEJIA, AARON CHRISTOPHER P.
MELO, EMILY V.
MENDOZA, JOSELITO S.
MENDOZA, LUISITO Z.
MENDOZA, MARIA AURORA A.
MENDOZA, MARY ANN M.
MENDOZA, NANCY M.
MENDOZA, ROMEO JR. M.
MERCADO, CHRISTINE C.
MERCADO, JOSE ALEX P.
MERCADO, REGINA P.
MIANO, JOSE P.
MIANO, SERGIO JR. B.
MICU, NAPOLEON P.
MIKIN, MARLOWE F.
MINDANAO, JORGE JR. M.
MINGO, CYNTHIA B.
MIÑOZA, NOELA C.
MIRANDA, MARILOU G.
MONES, EMMANUELITA R.
MONTES, JOSEFINA F.
MONTES, MICHELLE ZYHRA S.
MONTEVERDE, HELEN
EVANGELINE Q.
MOOC, JOMAR E.
MORALES, ROSALINA G.
MORENO, LORNA C.
MORILLO, JOCELYN A.
MOZAR, ELLEN M.
MULATO, JOSE M.

N
NADAL, NANITA O.
NAPALA, JENNIFFER RYNN P.
NATIVIDAD, MA. THERESA D.
NAZARENO, GLENN M.
NEPOMUCENO, JOCELYN J.
NICASIO, KRISTINE N.
NICOLAS, FORTUNATO A.

O
OBRA, JESSICA C.
OBRERO, ANGEL B.
OCAMPO, SHEILA THERESE P.
OCAVA, LARNEE B.

OCTAVO, WINNA FE B.
OLASE, ELIZA R.
OLDAN, JOCELYN GIOVANNA P.
OLDAN, JOVEN P.
OLEA, KARINA LOIDA M.
OLLER, ELIZABETH E.
ONESA, RICHARD T.
ONGTANGCO, LOUELLA H.
ORBETA, CRISTINA Q.
ORODIO, ROSELILY E.
ORTIZ, AMALIA T.
OZO, JOAN MARIVIC A.

P
PACIS, ARNOLD L.
PADOLINA, ELIZABETH R.
PAGHARION, CHRISTI CLAIRE R.
PANEDA, IMELDA R.
PANGAN, REFFIE M.
PANGANIBAN, JOVITA NANCY M.
PANGILINAN, ARLENE T.
PANOPIO, ROSE ANN B.
PANTALEON, ARTEMIO J.
PANTALEON, POLO JR. L.
PANTALUNAN, EVANGELINE R.
PARRA, MARIO D.
PASAMBA, MYLENE F.
PASION, WILHELMINA D.
PATALINGHUG, QURALENE P.
PATILLEROS, JESSA FARRA B.
PATRON, ROSANNA A.
PATRON, VAFIL V.
PAYUMO, ROSEANN V.
PE BENITO, ROMEO V.
PEÑA, THELMA A.
PERAJA, MARIZEL B.
PERALTA, ARLENE A.
PEREZ, JOSEFINA B.
PICO, FERDINAND V.
PILARCA, AMADO JR. U.
PINEDA, JOCELYN D.
POBLETE, ROSALIA S.
POLICARPIO, CARLOTA S.
PORTACIO, NELSON G.
PRADO, ANDRES JR. A.
PULMONES, THERESE ANN R.
PUMARAS, MELLANIE A.
PUNAY, MA. TERESA N.
PUNO, ALLAN JOSEPH L.
PUTONG, FE H.

Q
QUEMADA, JONAH A.
QUINTANO, IGNACIO M.

R
RAFALES, WILFREDO B.

RAGOTERO, MARIA SALOME E.
RAMIREZ, JOSEPH ARIEL P.
RAMOS, ERREL JAY B.
RAMOS, JULLIE ANNE D.
RAMOS, MARIA PERPETUA
DANISA D.
RANTE, RODOLFO REYNALDO B.
RAYELA, HELEN L.
RAZ, VERNESA M.
REBADAVIA, JENNETTE C.
REBOSA, MYRA JEHAN V.
RECITAS, MA. CARMEN ROSARIO Z.
REFORMADO, MARIA MONITA B.
REGALA, DANILO Q.
RELUCIO, MA. LOURDES R.
RESURRECCION, JOSETTE O.
RESUTA, EDMUND JEROME G.
RETES, IBELIO B.
REYES, FELY D.
REYES, KRISTINE GRACE A.
REYES, LILIAN P.
REYES, RAUL C.
REYES, REY MICHAEL H.
REYES, RONALD L.
RIBAY, MADELEINE C.
RICERRA, MILET S.
RICO, ZENAIDA R.
RILLORTA, MA. SADDY MILA ENA B.
RIVERA, CECILIA C.
RIVERA, CRISTONICK V.
RIVERA, RADAMIS C.
RODRIGO, RAMIL B.
RODRIGUEZ, PRECIOUS JOY C.
RODULFO, DOMINADOR JR. V.
ROLLAN, EVANGELINE L.
ROLLE, VERONICA O.
ROMERO, DORIS P.
RONQUILLO, CLAIRE B.
RONQUILLO, WILFREDO JR. E.
ROQUE, ANNA LIESE L.
RUBRICO, MINVILUZ O.

S
SABINO, MA. DIVINA E.
SAGARIO, OLIVIA V.
SALA, JOYCE A.
SALAMANCA, GRACE G.
SALAMIDA, ROMA P.
SALAZAR, JESUS JR. G.
SALCEDA, ARNEL V.
SALCOR, MA. THERESA B.
SALGADO, IMELDA R.
SALINAS, EMMA F.
SALVO, MA. RULINA U.
SAMBOLAWAN, JOSEFINA J.
SAMONTE, LEONOR S.
SAMSON, IMELDA D.

SAMSON, MAIDA G.
SAN JOSE, CATHERINE C.
SAN JOSE, MARIA BELINDA C.
SAN PEDRO, JOSEFINA S.
SANCHEZ, MA. BERNADETTE R.
SANTILLAN, SHERALD M.
SANTOS, JULITA A.
SAPE, REYMOND T.
SAQUING, AARON BRYLLE Y.
SAURA, EDMUNDO L.
SAURA, ELISA T.
SEGOVIA, JUN CARLO C.
SENA, BENJAMIN JR. D.
SEÑA, HERMIENIGILDO JR. H.
SERRANO, MICHELLE N.
SESE, JOSEPH EMIL G.
SEVILLA-SAMSON, NANCY L.
SIAT, GLENN FLORENTINO V.
SIBULANGCAO, ANAROSE B.
SICIO, IRMINA D.
SIGUA, MELIZA M.
SILVERIO, JOCELYN G.
SIMON, ARIEL C.
SIMPLICIO, DELHI C.
SINCO, LERMA E.
SIPIN, KRISTIANNE LARIDOR M.
SION, MARIO JR. A.
SOLDEVILLA, ROSALIE L.
SOLTURA, NENITA A.
SORIANO, LANI B.
SUGUE, MELINDA E.
SUGUITAN, CHRISTOPHER G.
SUGUITAN, LYNETTE L.
SUICO, MICHAEL T.
SUMAWANG, MA. CECILIA C.
SY, EMMA D.
SY, MYRA S.
SYKIMTE, BALDWIN L.

T
TABLIZO, EDWIN M.
TAGLE, AMABELLE L.
TALATTAD, BRIAN ALLAN S.
TAMAYO, MILA O.
TAMAYO, RECAREDO LEIGHTON A.
TAN, ABELLA M.
TAN, MANUEL C.
TAN, RICKY M.
TAN, VICTOR M.
TAN, VICTORIA D.
TANIECA, CORAZON G.
TAPAO, MILAJAY J.
TATU, JOSEFINA MAY G.
TOLEDO, JERRY D.
TOLENTINO, IONIE L.
TONGKO, BERNARDINO A.
TORRES, CHONA H.

TORRES, DAISY F.
TORRES, ERNESTO JR. R.
TORRES, MARCELO M.
TROGANI, MARTINA C.
TUMANG, EDITHA D.
TUMBOKON, NATHANAEL A.
TUNGOL, VIOLETA D.
TURGO, AURORA P.
TY, PAMELA ANGELI S.

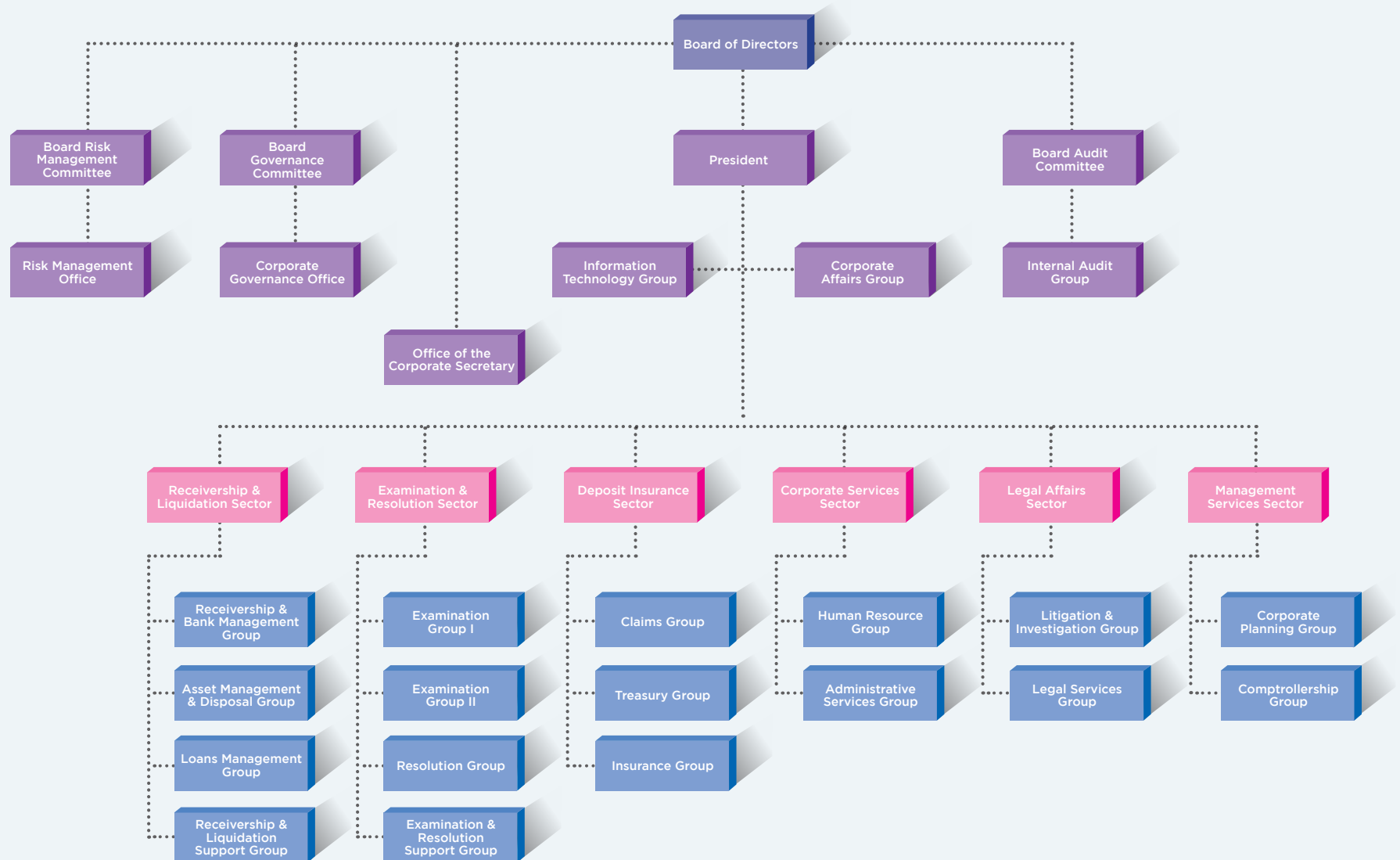
U
UBIAS, JACKSON L.
UNLAYAO, JANNEL G.

V
VALCOS, TEDDY F.
VALDEZCO, MICHAEL R.
VALENCIA, REYNALISA L.
VALLADA, MA. JOSELYN S.
VALLADO, SUSAN VICTORIA P.
VARGAS, RICKY R.
VELASCO, CARLOTA M.
VELASCO, JANET L.
VELEZ, RENATO P.
VELILLA, JOSEFINA J.
VENTAJAR, KAREN DT.
VERGARA, NORMAN Q.
VERGARA, ROMAILA S.
VESTAL, MA. TERESA C.
VICTORIA, GENOVEVA A.
VIDAL, LYRA ANGELA M.
VILLALUNA, NIÑO RAY L.
VILLANUEVA, MA. THERESA S.
VILLANUEVA, MARGARITA V.
VILLANUEVA, MARIA PATRICIA T.
VILLAPAÑA, JANY T.
VILLARAMA, MARIA MELANIE S.
VILLAREAL, JOVAL L.
VILLARET, JOSE JR. G.
VILLEGAS, MA. ANA CARMELA L.
VILLENO, MADELINE T.
VIRAY, ANA ROSA E.
VISAYA, BASILIO JR. O.
VIZCARRA, VAN DENVER R.

Y
YBAÑEZ, ANTONIO ERROL JR. B.

Z
ZAFRANCO, FERNAN REAGAN P.

Organizational Chart (As of December 31, 2015)



Member-Banks (As of December 31, 2015)

COMMERCIAL BANKS

Al-Amanah Islamic Investment Bank of the Philippines
 Asia United Bank Corporation
 Australia & New Zealand Banking Grp. Ltd
 Bangkok Bank Public Company Ltd.
 Bank of America, N.A.
 Bank of China, Ltd. - Manila Branch
 Bank of Commerce
 Bank of the Philippine Islands
 BDO Private Bank, Inc.
 BDO Unibank, Inc.
 Cathay United Bank., Ltd-Manila Branch
 China Banking Corporation
 Citibank, N.A.
 CTBC Bank (Philippines) Corp.
 Deutsche Bank AG, Manila Branch
 Development Bank of the Philippines
 East West Banking Corporation
 Industrial Bank of Korea Manila Branch
 ING Bank, N.V.
 JPMorgan Chase Bank, N.A.
 Korea Exchange Bank
 Land Bank of the Philippines
 Maybank Phils., Inc.
 Mega Int'l. Commercial Bank Co., Ltd.
 Metropolitan Bank & Trust Company
 Mizuho Bank, Ltd. Manila Branch
 Philippine Bank of Communications
 Philippine National Bank
 Philippine Trust Company
 Philippine Veterans Bank
 Rizal Commercial Banking Corporation
 Robinsons Bank Corporation
 Security Bank Corporation
 Shinhan Bank - Manila Branch
 Standard Chartered Bank
 Sumitomo Mitsui Banking Corp Manila Br.
 The Bank of Tokyo-Mitsubishi UFJ, Ltd.
 The Hongkong & Shanghai Banking Corporation
 Union Bank of the Philippines
 United Coconut Planters Bank

THRIFT BANKS

1st Valley Bank, Inc. A Development Bank
 Banco De Oro Savings Bank, Inc.
 Bank of Makati (A Savings Bank), Inc.
 Bank One Savings & Trust Corporation
 Bataan Development Bank
 Bataan Savings & Loan Bank
 BPI Direct Savings Bank, Inc.
 BPI Family Savings Bank
 BPI Globe Bank, Inc. A Savings Bank
 Business and Consumers Bank (A Development Bank)
 CARD SME Bank, Inc., A Thrift Bank
 Century Savings Bank Corporation
 China Bank Savings, Inc.
 City Savings Bank
 Citystate Savings Bank, Inc.
 Comsavings Bank
 Cordillera Savings Bank, Inc.
 Dumaguete City Development Bank, Inc.
 Dunganon Bank (A Microfinance TB), Inc.
 Enterprise Bank, Inc. (A Thrift Bank)
 Equicom Savings Bank, Inc.
 Farmers Savings & Loan Bank, Inc.
 First Consolidated Bank, Inc.
 (A Private Development Bank)
 Hiyas Banking Corporation (A Thrift Bank)
 HSBC Savings Bank (Philippines), Inc.
 Inter Asia Development Bank
 ISLA BANK (A Thrift Bank), Inc.
 Legazpi Savings Bank, Inc.
 Lemery Savings & Loan Bank, Inc.
 Life Savings Bank, Inc.
 Luzon Development Bank
 Malasiqui Progressive Savings & Loan Bank, Inc.
 Malayan Bank Savings & Mortgage Bank
 Maritime Savings Bank Corporation
 mBank Philippines (A Thrift Bank), Inc.
 Merchants Savings & Loan Association
 Metro Cebu Public Savings Bank
 Microfinance Maximum Savings Bank, Inc.
 Northpoint Development Bank, Inc.

Opportunity Kauswagan Bank, Inc. (A Microfinance Thrift Bank)
 Optimum Development Bank, Inc.
 Pacific Ace Savings Bank, Inc.
 Pampanga Development Bank
 PENBANK, Inc. (A Private Devt. Bank)
 Phil Star Development Bank, Inc.
 Philippine Business Bank, Inc. A Savings Bank
 Philippine Postal Savings Bank, Inc.
 Philippine Resources Savings Banking Corp.
 Philippine Savings Bank
 Planters Development Bank
 PNB Savings Bank
 Producers Savings Bank Corporation
 Progress Savings and Loan Bank, Inc.
 Queen City Development Bank
 Quezon Coconut Bank, Inc. (A Thrift Bank)
 RCBC Savings Bank
 Sampaguita Savings Bank, Inc.
 Security Bank Savings Corporation
 Sterling Bank of Asia, Inc. (A Savings Bank)
 Sun Savings Bank, Inc.
 The Palawan Bank
 TongYang Savings Bank, Inc.
 Tower Development Bank
 UCPB Savings Bank
 United Overseas Bank Phils., A Thrift Bank
 University Savings Bank, Inc.
 Village Bank, Inc. (A Thrift Bank)
 Wealth Development Bank Corporation
 World Partners Bank (A Thrift Bank), Inc.

RURAL BANKS

1st Macro Bank, Inc. (A Rural Bank)
 5 Speed Rural Bank, Inc.
 Advantage Bank Corp. (A MFO Rural Bank)
 Agribusiness RB, Inc.
 Agricom Rural Bank, Inc.
 Agricultural Bank of the Philippines, Inc.
 Aliaga Farmers Rural Bank, Inc.
 AMA Rural Bank of Mandaluyong, Inc.

Member-Banks (As of December 31, 2015)

Anilao Bank (Rural Bank of Anilao (Iloilo), Inc.
 Aspac Rural Bank, Inc.
 AURORABANK (A MFO RB), Inc.
 Baclaran Rural Bank, Inc.
 Bagong Bangko Rural ng Malabang (Lanao del Sur), Inc.
 Balanga Rural Bank, Inc.
 Baliuag Rural Bank, Inc.
 Banco Alabang, Inc. (A Rural Bank)
 Banco Bakun, Inc. (A Rural Bank)
 Banco Cooperativa de Zamboanga
 Banco de Arevalo, Inc. (A Rural Bank)
 BANCO DE CALAMBA, INC. (A RURAL BANK)
 Banco de Mindoro, Inc. (A Rural Bank)
 BANCO DIPOLOG, INC. A Rural Bank
 Banco Lagawe (Lagawe Highlands Rural Bank)
 BANCO LAGUNA, INC. (A R.B. since 1965)
 Banco Maximo, Inc. (A Rural Bank)
 Banco Rural de Gen. Tinio (BRGT), Inc.
 Banco Rural de Isla Cordova (Cebu), Inc.
 Banco San Vicente, Inc. (A Rural Bank)
 Banco Santiago de Libon, Inc. (A Rural Bank)
 Banco Sual (A Rural Bank), Inc.
 Bangko Buena Conso., Inc. (A Rural Bank)
 BANGKO CARRASCAL, INC. (A RURAL BANK)
 Bangko Kabayan (A Rural Bank), Inc.
 Bangko Mabuhay (A Rural Bank), Inc.
 Bangko Magsaysay (Isabela), Inc. A Rural Bank
 Bangko Noveleta, Inc., A Rural Bank
 Bangko Nuestra Senora Del Pilar, Inc. (A Rural Bank)
 Bangko Pangasinan - A Rural Bank, Inc.
 Bangko Pasig (Rural Bank)
 Bangko Rural ng Magarao (Cam Sur), Inc.
 Bangko Rural ng Pasacao
 Bangko Rural ng San Teodoro, Inc.
 Bangko Rural Ng Tagoloan (Mis. Or.), Inc.
 Bank of Ormoc, Inc. (A Rural Bank)
 Banko Zambaleño, Inc. (BZI) (A Rural Bank)
 BANKWAYS, INC. (A RURAL BANK)
 Bannawag Bank, Inc. (A Rural Bank)
 Bataan Cooperative Bank
 Batangas Rural Bank for Coops., Inc.
 BAYBANK, Inc. (A Rural Bank)
 Benguet Center Bank, Inc. (A Rural Bank)
 BHF Rural Bank, Inc.

Biñan Rural Bank, Inc.
 Binangonan Rural Bank, Inc.
 BOF, Inc. (A Rural Bank)
 Bolbok Rural Bank, Inc.
 Bridgeway Rural Banking Corporation
 Bukidnon Bank (A Rural Bank), Inc.
 Bukidnon Cooperative Bank
 Butuan City Rural Bank, Inc.
 Cabanatuan City Rural Bank, Inc.
 Cagsawa Rural Bank, Inc.
 Camalig Bank, Inc. (A Rural Bank)
 Camiling Rural Bank, Inc.
 Cantilan Bank, Inc. (A Rural Bank)
 Card Bank - A Microfinance-Oriented Rural Bank
 Caritas Banco ng Masa, Inc. (A MFO RB)
 Cavite United Rural Bank, Corp.
 Cebuana Lhuillier Rural Bank, Inc.
 Century Rural Bank, Inc.
 Citizen's Rural Bank (Cabiao), Inc.
 Classic Rural Bank, Inc.
 Common Wealth Rural Bank, Inc.
 Community RB of Dapitan City, Inc.
 Community RB of Dingras (Ilocos Norte), Inc.
 Community Rural Bank of Catmon (Cebu), Inc.
 Community Rural Bank of Magallon (Moises Padilla,
 Negros Occidental), Inc.
 Community Rural Bank of Medellin (Cebu), Inc.
 Community Rural Bank of Romblon (Romblon), Inc.
 Community Rural Bank of San Felipe (Zambales), Inc.
 Community Rural Bank of San Gabriel (La Union), Inc.
 Consolidated Cooperative Bank (CCB)
 Coop. Bank of La Union
 Coop. Bank of Zambales (Iba), Inc.
 Coop. RB of Agusan Norte-Butuan City
 Cooperative Bank of Aurora
 Cooperative Bank of Benguet
 Cooperative Bank of Cagayan
 Cooperative Bank of Cebu
 Cooperative Bank of Cotabato
 Cooperative Bank of Ilocos Norte
 Cooperative Bank of Misamis Oriental
 Cooperative Bank of Mountain Province
 Cooperative Bank of Negros Oriental
 Cooperative Bank of Nueva Vizcaya

Cooperative Bank of Palawan
 Cooperative Bank of Quezon Province
 Cooperative Rural Bank of Bohol
 Cordillera Bank (A Rural Bank), Inc.
 Country Builders Bank, Inc. (A RB)
 Countryside Cooperative Rural Bank of Batangas
 Countryside Rural Bank of Palauig (Zambales), Inc.
 Crown Bank, Inc. (A Rural Bank)
 CSFirst Bank, Inc. - A Rural Bank
 Cuyapo Rural Bank, Inc.
 D' Asian Hills Bank, Inc.
 De la O Rural Bank, Inc.
 Diamond Rural Bank, Inc.
 Dumaguete Rural Bank, Inc.
 East Coast RB of Hagonoy, Inc.
 East West Rural Bank, Inc.
 Eastern Rizal (Jala-jala) RB, Inc.
 Emerald Rural Bank, Inc.
 Empire Rural Bank, Inc.
 Enterprise Capital Bank, Inc. (Taguig Rural Bank)
 Entrepreneur Rural Bank, Inc.
 Far Eastern Bank (A Rural Bank), Inc.
 FARMBANK, Inc. (A Rural Bank)
 Filidian Rural Bank of Antipolo, Inc.
 First Agro-Industrial Rural Bank, Inc. (FairBank)
 First Community Bank Inc. (A Rural Bank)
 First Integrity Bank, Inc. (Rural Bank of Bailen)
 First Isabela Cooperative Bank (FICOBANK)
 First Midland Rural Bank, Inc.
 First Mindoro Microfinance Rural Bank, Inc.
 First Naga Rural Bank, Inc.
 First State Rural Bank, Inc.
 First Tagum Rural Bank, Inc.
 First United Farmers Rural Bank, Inc.
 Frontier Rural Bank, Inc.
 Gateway Rural Bank, Inc.
 GM Bank of Luzon, Inc. (A Rural Bank)
 Golden Rural Bank of the Philippines, Inc.
 Grand Agri Rural Bank, Inc.
 Guagua Rural Bank, Inc.
 Guagua Savers Bank, A Rural Bank, Inc.
 Highland Rural Bank, Inc.
 Ilocos Sur Cooperative Bank
 Imus Rural Bank, Inc.

Innovative Bank, Inc. (A Rural Bank)
 Insular Savers Bank, Inc. (A Rural Bank)
 Janiuay Rural Bank, Inc.
 Kaluyagan Rural Bank, Inc.
 Katipunan Bank (Zamboanga Del Norte), Inc.
 "A Rural Bank"
 Key Rural Bank, Inc.
 Koronadal Rural Bank, Inc.
 Laguna Prestige Banking Corporation, (A Rural Bank)
 Lapu-Lapu Rural Bank, Inc. *
 Liberty Bank (A Rural Bank) Inc.
 LifeBank - A Rural Bank
 Limcoma Rural Bank, Inc.
 Lipa Bank, Inc. (A Rural Bank)
 LUIDB Bank, Inc. (A Rural Bank)
 Mactan Rural Bank (Lapu-Lapu City), Inc.
 Maharlika Rural Bank, Inc.
 Malarayat Rural Bank, Inc.
 Malaybalay Rural Bank, Inc.
 Mallig Plains Rural Bank (Isabela), Inc.
 Marayo Bank, Inc. (A Rural Bank)
 Masagana Rural Bank, (Gen Natividad, N. E.), Inc.
 Masantol Rural Bank, Inc.
 Masuwerte Rural Bank of Bacoar (Cavite), Inc.
 Mega Rural Bank (Lucena City), Inc.
 Metro South Cooperative Bank
 Meycauayan Second Rural Bank, Inc.
 Misamis Bank, Inc., A Rural Bank
 Money Mall Rural Bank, Inc.
 Mount Carmel Rural Bank, Inc.
 Mount Makiling Rural Bank, Inc.
 Municipal Rural Bank of Nabua (Camarines Sur), Inc.
 Municipal Rural Bank of Libmanan (Camarines Sur), Inc.
 MVSM Bank (A Rural Bank since 1953), Inc.
 Naawan Community Rural Bank (Misamis Oriental), Inc.
 National Teachers & Employees Coop. Bank
 Negros Cooperative Bank
 Network Consolidated Cooperative Bank
 New Covenant Bank, Inc. (A Rural Bank)
 New Rural Bank of Agoncillo, Inc.
 New Rural Bank of Binalbagan (Negros Occ.), Inc.
 New Rural Bank of San Leonardo (N. E.), Inc.
 North Pacific Banking Corporation (A Rural Bank of Sta. Maria, Isabela)

Occidental Mindoro Cooperative Bank
 Occidental Mindoro Rural Bank, Inc.
 One Network Bank, Inc. (A Rural Bank)
 Oriental Tamaraw Rural Bank of Naujan, (Or. Mdo.), Inc.
 Ormon Bank (Rural Bank of Mulanay (Quezon), Inc.
 Own Bank, The RB of Cavite City, Inc.
 PALM TREE BANK, INC. (A Rural Bank)
 Pangasinan Bank (A Rural Bank), Inc.
 Panguil Bay Rural Bank of Ozamiz, Inc.
 Partner Rural Bank (Cotabato), Inc.
 Peoples Bank of Caraga, Inc. (A Rural Bank)
 Peoples Rural Bank (General Santos City), Inc.
 Philippine SME Bank, Inc., A Rural Bank
 PlanBank "Rural Bank of Canlubang Planters, Inc."
 Progressive Bank, Inc. under name Progressive
 a Rural Bank
 Progressive Rural Bank, Inc.
 Providence Rural Bank, Inc.
 Provident Rural Bank of Sta. Cruz (Laguna), Inc.
 Quezon Capital Rural Bank, Inc.
 RACSO'S Bank, Inc. (A Rural Bank)
 Rang-ay Bank (A Rural Bank), Inc.
 RBG Imperial Bank, Inc. (A Rural Bank)
 RBT Bank, Inc., A Rural Bank
 Rizal Bank, Inc., A Microfinance-Oriented Rural Bank
 RNG Coastal Bank, Inc. (A Rural Bank)
 Rodriguez Rural Bank, Inc.
 Rural Bank of Abucay (Bataan), Inc.
 Rural Bank of Agoo, Inc.
 Rural Bank of Alabat (Quezon), Inc.
 Rural Bank of Alabel (Sarangani), Inc.
 Rural Bank of Alaminos, Inc.
 Rural Bank of Alicia (Isabela), Inc.
 Rural Bank of Alimodian (Iloilo), Inc.
 Rural Bank of Alitagtag, Inc.
 Rural Bank of Altavas (Aklan), Inc.
 Rural Bank of Amadeo (Cavite), Inc.
 Rural Bank of Amlan (Negros Oriental) Inc.
 Rural Bank of Anda (Pangasinan), Inc.
 Rural Bank of Angat (Bulacan), Inc.
 Rural Bank of Angeles, Inc.
 Rural Bank of Angono, Inc.
 Rural Bank of Antipolo, Inc.
 Rural Bank of Apalit, Inc.

Rural Bank of Aritao, Inc.
 Rural Bank of Atimonan, Inc.
 Rural Bank of Bacnotan, Inc.
 Rural Bank of Baco (Oriental Mindoro), Inc.
 Rural Bank of Bacolod City, Inc.
 Rural Bank of Bacong (Negros Or.), Inc.
 Rural Bank of Bagabag (N.V.), Inc.
 Rural Bank of Bagac, Bataan, Inc.
 Rural Bank of Baguio, Inc.
 Rural Bank of Balingasag (Mis. Or.), Inc.
 Rural Bank of Balungao (Pangasinan), Inc.
 Rural Bank of Bambang (Nueva Vizcaya), Inc.
 Rural Bank of Banga (Aklan), Inc.
 Rural Bank of Bansud (Oriental Mindoro), Inc.
 Rural Bank of Barili (Cebu), Inc.
 Rural Bank of Barotac Nuevo, Inc.
 Rural Bank of Barotac Viejo (Iloilo), Inc.
 Rural Bank of Basay (Negros Oriental), Inc.
 Rural Bank of Basey (Samar), Inc.
 Rural Bank of Batac, Inc.
 Rural Bank of Bato (Leyte), Inc.
 Rural Bank of Bauang, Inc.
 Rural Bank of Bay, Inc.
 Rural Bank of Bayambang (Pangasinan) Inc.
 Rural Bank of Bayawan (Negros Oriental), Inc.
 Rural Bank of Bayombong, Inc.
 Rural Bank of Bogo (Cebu), Inc.
 Rural Bank of Bolinao (Pang.), Inc.
 Rural Bank of Bonifacio (Misamis Occidental), Inc.
 Rural Bank of Bontoc (Mountain Province), Inc.
 Rural Bank of Brooke's Point (Palawan), Inc.
 Rural Bank of Bucay (Abra), Inc.
 Rural Bank of Bugasong (Antique), Inc.
 Rural Bank of Bustos, Inc.
 Rural Bank of Cabadbaran, Inc.
 Rural Bank of Cabangan (Zambales), Inc.
 Rural Bank of Cabatuan (Iloilo), Inc.
 Rural Bank of Cabugao (Ilocos Sur), Inc.
 Rural Bank of Cadiz, Inc.
 Rural Bank of Calaca, Inc.
 Rural Bank of Calauan, Inc.
 Rural Bank of Calbayog City, Inc.
 Rural Bank of Calinog (Iloilo), Inc.
 Rural Bank of Caloocan, Inc.

Member-Banks (As of December 31, 2015)

Rural Bank of Candelaria, Inc.
 Rural Bank of Capalonga (Camarines Norte), Inc.
 Rural Bank of Cardona (Rizal), Inc.
 Rural Bank of Casiguran (Aurora), Inc.
 Rural Bank of Cauayan, Inc.
 Rural Bank of Cavinti (Laguna), Inc.
 Rural Bank of Central Pangasinan, Inc.
 Rural Bank of Claveria (Cagayan), Inc.
 Rural Bank of Compostela (Davao Norte), Inc.
 Rural Bank of Cuartero (Capiz), Inc.
 Rural Bank of Cuenca, Inc.
 Rural Bank of Cuyo (Palawan), Inc.
 Rural Bank of Datu Paglas, Inc.
 Rural Bank of Digos, Inc.
 Rural Bank of Dolores (Quezon), Inc.
 Rural Bank of Doña Remedios Trinidad (Bulacan), Inc.
 Rural Bank of Donsol (Sorsogon), Inc.
 Rural Bank of Dulag (Leyte), Inc.
 Rural Bank of Dumangas, Inc.
 Rural Bank of Dupax (Nueva Vizcaya), Inc.
 Rural Bank of El Salvador (Misamis Oriental), Inc.
 Rural Bank of Escalante (Neg. Occ.), Inc.
 Rural Bank of Galimuyod (Ilocos Sur), Incorporated
 Rural Bank of Gandara (Samar), Inc.
 Rural Bank of Gattaran, Inc.
 Rural Bank of Gen. Trias, Inc.
 Rural Bank of General Luna (Quezon), Inc.
 Rural Bank of Gingoog, Inc.
 Rural Bank of Gitagum (Misamis Oriental), Inc.
 Rural Bank of Gloria (Or. Min.), Inc.
 Rural Bank of Goa, Inc.
 Rural Bank of Guihulngan (Negros Oriental), Inc.
 Rural Bank of Guinobatan, Inc.
 Rural Bank of Guiuan (Eastern Samar), Inc.
 Rural Bank of Hermosa (Bataan), Inc.
 Rural Bank of Hilongos (Leyte), Inc.
 Rural Bank of Hindang (Leyte), Inc.
 Rural Bank of Hinundayan (Southern Leyte), Inc.
 Rural Bank of Ibajay, Inc.
 Rural Bank of Iligan City, Inc.
 Rural Bank of Ilog (Negros Occidental), Inc.
 Rural Bank of Iloilo City, Inc.
 Rural Bank of Infanta (Quezon), Inc.
 Rural Bank of Initao (Misamis Oriental), Inc.

Rural Bank of Irosin (Sorsogon), Inc.
 Rural Bank of Itogon (Benguet), Inc.
 Rural Bank of Jaen, Inc.
 Rural Bank of Jamindan (Capiz), Inc.
 Rural Bank of Jimenez (Misamis Occidental), Inc.
 Rural Bank of Jose Panganiban (Camarines Norte), Inc.
 Rural Bank of Kabasalan, Inc.
 Rural Bank of Kapalong (Davao), Inc.
 Rural Bank of Karomatan, Inc.
 Rural Bank of Kawit, Inc.
 Rural Bank of Kiamba (Sarangani), Inc.
 Rural Bank of Kibawe (Bukidnon), Inc.
 Rural Bank of La Paz, Inc.
 Rural Bank of Labason (Zamboanga del Norte), Incorporated
 Rural Bank of Lanuza (Surigao del Sur), Inc.
 Rural Bank of Larena (Siquijor), Inc.
 Rural Bank of Lebak (Sultan Kudarat), Incorporated
 Rural Bank of Leganes (Iloilo), Inc.
 Rural Bank of Lemery, Inc.
 Rural Bank of Liloy (Zamboanga Del Norte), Inc.
 Rural Bank of Limay (Bataan), Inc.
 Rural Bank of Lipa City, Inc.
 Rural Bank of Loboc, Inc.
 Rural Bank of Loon (Bohol), Inc.
 Rural Bank of Lopez Jaena (Mis. Occ.), Inc.
 Rural Bank of Loreto (Surigao del Norte), Inc.
 Rural Bank of Lucban (Quezon), Inc.
 Rural Bank of Luisiana, Inc.
 Rural Bank of Lumban (Laguna), Inc.
 Rural Bank of Luna (Isabela), Inc.
 Rural Bank of Luna (Kalinga- Apayao), Inc.
 Rural Bank of Lupao, Inc.
 Rural Bank of Maasin (So. Leyte), Inc.
 Rural Bank of Mabalacat, Inc.
 Rural Bank of Mabitac (Laguna), Inc.
 Rural Bank of Maddela (Quirino), Inc.
 Rural Bank of Madridejos (Cebu), Inc.
 Rural Bank of Magdalena (Laguna), Inc.
 Rural Bank of Mahaplag (Leyte), Inc.
 Rural Bank of Maigo, Inc.
 Rural Bank of Makato (Aklan), Inc.
 Rural Bank of Malinao (Aklan), Inc.
 Rural Bank of Malitbog (Southern Leyte), Inc.
 Rural Bank of Malolos, Inc.

Rural Bank of Mambusao, Inc.
 Rural Bank of Manapla, Inc.
 Rural Bank of Mandawe, Inc.
 Rural Bank of Mangaldan, Inc.
 Rural Bank of Manolo Fortich (Bukidnon), Inc.
 Rural Bank of Manukan (Zamboanga Del Norte), Inc.
 Rural Bank of Maragondon, Inc.
 Rural Bank of Maria Aurora (Aurora), Inc.
 Rural Bank of Marilag (Sta. Maria, Laguna), Inc.
 Rural Bank of Matag-ob (Leyte), Inc.
 Rural Bank of Mati, Inc.
 Rural Bank of Mauban, Inc.
 Rural Bank of Medina (Misamis Oriental), Inc.
 Rural Bank of Mendez, Inc.
 Rural Bank of Mexico, Inc.
 Rural Bank of Miagao (Iloilo), Inc.
 Rural Bank of Midsayap, Inc.
 Rural Bank of Montalban, Inc.
 Rural Bank of Nabunturan (Davao del Norte), Inc.
 Rural Bank of Nagcarlan, Inc.
 Rural Bank of Naic, Inc.
 Rural Bank of New Washington (Aklan), Inc.
 Rural Bank of Norala (S. Cotabato), Inc.
 Rural Bank of Odiongan, Inc.
 Rural Bank of Oslob (Cebu), Inc.
 Rural Bank of Oton (Iloilo), Inc.
 Rural Bank of Padre Garcia, Inc.
 Rural Bank of Paete, Inc.
 Rural Bank of Pagadian, Inc.
 Rural Bank of Pagbilao, Inc.
 Rural Bank of Pamplona (Camarines Sur), Inc.
 Rural Bank of Pamplona (Negros Oriental), Inc.
 Rural Bank of Pana-on (Misamis Occidental), Inc.
 Rural Bank of Panay, Inc.
 Rural Bank of Pandi (Bulacan), Inc.
 Rural Bank of Pangil (Laguna), Inc.
 Rural Bank of Paracale (Camarines Norte), Inc.
 Rural Bank of Pavia (Iloilo), Inc.
 Rural Bank of Pilar (Bataan), Inc.
 Rural Bank of Pilar (Sorsogon), Inc.
 Rural Bank of Pinamalayan, Inc.
 Rural Bank of Placer, Inc.
 Rural Bank of Plaridel (Bulacan), Inc.
 Rural Bank of Plaridel (Misamis Occidental), Inc.

Rural Bank of Pola (Oriental Mindoro), Inc.
 Rural Bank of Polomolok, Inc.
 Rural Bank of Porac (Pampanga), Inc.
 Rural Bank of Pototan, Inc.
 Rural Bank of Pozorrubio, Inc.
 Rural Bank of President Quirino (Sultan Kudarat), Inc.
 Rural Bank of Puerto Galera (Oriental Mindoro), Inc.
 Rural Bank of Pura, Inc.
 Rural Bank of Quezon (N. Ecija), Inc.
 Rural Bank of Ragay, Inc.
 Rural Bank of Ramon (Isabela), Inc.
 Rural Bank of Rizal (Kal. Apayao), Inc.
 Rural Bank of Rizal (Laguna), Inc.
 Rural Bank of Rizal (Zamboanga Del Norte), Inc.
 Rural Bank of Ronda, Inc.
 Rural Bank of Rosario (La Union), Inc.
 Rural Bank of Roxas (Or. Min.), Inc.
 Rural Bank of Sagada (Mt. Prov.), Inc.
 Rural Bank of Sagay (Neg.Occ.), Inc.
 Rural Bank of Salcedo (Ilocos Sur), Inc.
 Rural Bank of Salinas, Inc.
 Rural Bank of Salug (Zamboanga Del Norte), Inc.
 Rural Bank of Sampaloc (Quezon), Inc.
 Rural Bank of San Agustin (Isabela), Inc.
 Rural Bank of San Antonio (Quezon), Inc.
 Rural Bank of San Fabian, Inc.
 Rural Bank of San Fernando (Camarines Sur)
 Rural Bank of San Jacinto (Masbate), Inc.
 Rural Bank of San Jose (Cam. Sur), Inc.
 Rural Bank of San Juan (So. Leyte), Inc.
 Rural Bank of San Lorenzo Ruiz (Siniloan), Inc.
 Rural Bank of San Luis (Batangas), Inc.
 Rural Bank of San Luis (Pampanga), Inc.
 Rural Bank of San Manuel (Isabela), Inc.
 Rural Bank of San Marcelino, Inc.
 Rural Bank of San Mateo (Isabela), Inc.
 Rural Bank of San Miguel (Iloilo), Inc.
 Rural Bank of San Narciso, Inc.
 Rural Bank of San Nicolas (Pangasinan), Inc.
 Rural Bank of San Pascual (Obando, Bulacan), Inc.
 Rural Bank of San Quintin, Inc.
 Rural Bank of San Rafael (Bul.), Inc.
 Rural Bank of Sanchez Mira (Cagayan), Inc.
 Rural Bank of Santa Fe (Romblon), Inc.

Rural Bank of Sasmuan (Pampanga), Inc.
 Rural Bank of Seven Lakes (San Pablo City), Inc.
 Rural Bank of Siaton (Siaton, Negros Or), Inc.
 Rural Bank of Sibalom, Inc.
 Rural Bank of Sibulan (Negros Or.), Inc.
 Rural Bank of Silay City, Inc.
 Rural Bank of Siocon (Zamboanga Del Norte), Inc.
 Rural Bank of Sipocot (Camarines Sur), Inc.
 Rural Bank of Socorro (Oriental Mindoro), Inc.
 Rural Bank of Solano (Nueva Vizcaya), Inc.
 Rural Bank of Sta. Barbara (Iloilo), Inc.
 Rural Bank of Sta. Catalina (Negros Oriental), Inc.
 Rural Bank of Sta. Elena (Camarines Norte), Inc.
 Rural Bank of Sta. Ignacia, Inc.
 Rural Bank of Sta. Maria (Ilocos Sur), Inc.
 Rural Bank of Sta. Rosa (Laguna), Inc.
 Rural Bank of Sta. Rosa de Lima (Tarlac)
 Rural Bank of Sudipen (La Union), Inc.
 Rural Bank of Taal, Inc.
 Rural Bank of Tabuk (K-A), Inc.
 Rural Bank of Talisay (Batangas), Inc.
 Rural Bank of Talisay (Cebu), Inc.
 Rural Bank of Talugtug (N.E.), Inc.
 Rural Bank of Tandag (Surigao Del Sur), Inc.
 Rural Bank of Tangub City, Inc.
 Rural Bank of Tanjay, Inc.
 Rural Bank of Tayabas, Inc.
 Rural Bank of Tibiao (Antique), Inc.
 Rural Bank of Tigaon Camarines Sur, Inc.
 Rural Bank of Tigbauan (Iloilo), Inc.
 Rural Bank of Tumauni, Inc.
 Rural Bank of Victoria (Tarlac), Inc.
 Rural Bank of Villaverde (Nueva Vizcaya), Inc.
 Rural Bank of Villaviciosa, Inc.*
 Rural Bank of Zarraga (Iloilo), Inc.
 Sadiri Rural Bank, Inc.
 Salug Valley Rural Bank, Inc.
 San Bartolome Rural Bank, Inc.
 San Fernando Rural Bank, Inc.
 San Francisco del Monte Rural Bank, Inc.
 Saviour Rural Bank, Inc.
 Second Rural Bank of San Luis, Inc.
 Second Rural Bank of Valenzuela (Metro Manila), Inc.
 Secured Bank, Inc., (A Rural Bank)

SG BANK - A RURAL BANK, INC.
 Silahis Bank, Inc. (A Rural Bank)
 Smart Bank (Rural Bank), Inc.
 South Bank (A Rural Bank), Inc.
 Southeast Country Bank, Inc., (A Rural Bank)
 St. Michael Rural Bank of Tarlac
 Sta. Maria Rural Bank, Inc.
 Sto. Niño Rural Bank (Ternate, Cavite), Inc.
 Sugbuanon Rural Bank, Inc.
 Summit Bank (Rural Bank of Tublay, Inc.)
 Summit Rural Bank of Lipa City, Inc.
 Sunrise Rural Bank (Rosario, Batangas), Inc.
 Surigao City Evergreen Rural Bank, Inc.
 Talisay Rural Bank, Inc.
 Tamaraw Rural Bank, Inc.
 Tanay Rural Bank, Inc.
 THE COUNTRY BANK Rural Bank of Bongabong
 Oriental Mindoro, Inc.
 The Rural Bank of Sto. Domingo (N. E.), Inc.
 Tiaong Rural Bank, Inc.
 Towncall Rural Bank
 Turumba Rural Bank of Pakil, Laguna, Inc.
 Unilink Bank, Inc. (A Rural Bank)
 United Consumer Rural Bank, Inc.
 United Peoples Rural Bank, Inc.
 Universal Rural Bank of Lopez (Quezon), Inc.
 Upland Rural Bank of Dalaguete (Cebu), Inc.
 Utility Bank-A Rural Bank, Inc.
 Valiant Bank, Inc. (A Rural Bank)
 Vigan Banco Rural Incorporada
 VisionBank, Inc. (A Rural Bank)
 Vizcaya Bank, A Rural Bank, Inc.
 Women's Rural Bank, Inc.
 Xavier Tibod Bank, Inc. (a Microfinance Rural Bank)
 Zambales Rural Bank, Inc.
 Zamboanga City Rural Bank, Inc.
 Zamboanga del Norte Cooperative Bank

* Closed after end-December 2015

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SSS Bldg., 6782 Ayala Ave. cor. V.A. Rufino St.,
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Toll Free: 1-800-1-888-7342 or
1-800-1-888-PDIC
Website: www.pdic.gov.ph



STRETCHING THE WINGS OF SERVICE

2015 FINANCIAL STATEMENTS

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- 2 Independent Auditor's Report
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*Photograph of the Philippine Eagle courtesy of Alain Pascua.
Other Philippine bird images of the photographer may be viewed at
www.alainpascua.com and www.facebook.com/alainpascuaphotography.*

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Philippine Deposit Insurance Corporation is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015 and 2014, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board Audit Committee reviews and endorses to the Board of Directors the financial statements for notation before such statements are issued to users.


The Commission on Audit (COA) has audited the financial statements of the PDIC and in its report will express its opinion on the fairness of presentation upon completion of such examination.



SANDRA A. DIAZ
Senior Vice President
Management Services Sector



GERONIMO V. AMBE
Vice President
Comptrollership Group



CRISTINA Q. ORBETA
President

April 22, 2016

INDEPENDENT AUDITOR'S REPORT



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Ave., Quezon City
CORPORATE GOVERNMENT SECTOR
CLUSTER 1 - BANKING AND CREDIT

THE BOARD OF DIRECTORS

Philippine Deposit Insurance Corporation
Makati City

We have audited the accompanying financial statements of the Philippine Deposit Insurance Corporation which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive income, statements of changes in deposit insurance fund, and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Public Sector Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Philippine Deposit Insurance Corporation** as at December 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 14 to the financial statements which disclosed that Loans payable to the Bangko Sentral ng Pilipinas (BSP) did not include the principal amount of P1.44 billion and interest of P1.63 billion claimed by BSP due to an unresolved issue on the interpretation of Section 1.02 in relation to Section 1.05 of the Loan Agreement between BSP and PDIC dated November 21, 2002. Under Section 1.02 of the Loan Agreement, an interest rate of two per cent lower than the interest charged to the underlying government loan accounts assigned by way of dacion to PDIC, shall be paid at the end of the following month after receipt of payment. Section 1.05 of the Loan Agreement also provides that the repayment of the BSP loan shall be sourced from collections from the underlying government loan accounts, among others. Interest charges on the BSP funding are only recognized and remitted to BSP upon actual collection from the underlying government loan accounts. The matter had been elevated by BSP to the Department of Justice (DOJ) for resolution and adjudication.

Other Matters

The Corporation's remittance of dividends to the National Government (NG) covering the period from 2004 to 2015 was deficient by P23.817 billion because Reserves for insurance losses totaling P47.634 billion was deducted from Net Earnings to arrive at the amount of dividends due to NG. Pursuant to Section 2 of Republic Act (R.A.) No. 7656, otherwise known as the Dividends Law, any reserve for whatever purpose is not allowed as a deduction from net earnings. PDIC maintains that the dividends declared and remitted to NG were not deficient and were based on Section 6 (d) of the PDIC Charter, as amended, which allows reserves to provide for insurance and financial assistance losses, among others against annual assessments collected from banks and from income from operations.

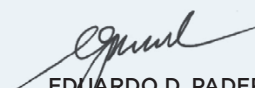
Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required by the Bureau of Internal Revenue on taxes, duties and license fees disclosed in Note 25 to the financial statements is presented for purposes of additional analysis and is not a required part of financial statements prepared in accordance with Philippine Financial Reporting Standards.

Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT

By:


EDUARDO D. PADERNAL
State Auditor V
Supervising Auditor

April 29, 2016

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2015 and 2014

	Note	2015	2014
ASSETS			
Cash and cash equivalents	3	P 500,135,671	P 2,156,756,822
Investment securities at amortized cost	4	165,404,437,305	144,347,855,116
Loans and receivables	5	8,214,621,942	8,457,006,286
Financial assets at fair value through other comprehensive income	6	37,804,600	3,679,804,600
Non-current assets held for sale	7	220,080,577	1,386,255,846
Investment properties	8	1,375,624,310	323,006,981
Property and equipment	9	135,688,291	129,825,387
Intangible assets	10	39,884,387	43,731,559
Other assets	11	1,302,076,257	1,261,673,342
TOTAL ASSETS		P 177,230,353,340	P 161,785,915,939
LIABILITIES AND DEPOSIT INSURANCE FUND			
Liabilities			
Accounts payable and other liabilities	12	P 2,693,890,443	P 2,497,296,985
Insured deposit claims payable	13	344,214,708	574,297,836
Loans and interest payable	14	61,480,466,105	58,611,066,649
		64,518,571,256	61,682,661,470
Deposit Insurance Fund			
Permanent insurance fund		3,000,000,000	3,000,000,000
Reserves for insurance losses		80,064,284,612	69,734,318,049
Retained earnings		29,647,497,472	27,368,936,420
		112,711,782,084	100,103,254,469
TOTAL LIABILITIES AND DEPOSIT INSURANCE FUND		P 177,230,353,340	P 161,785,915,939

The Notes on pages 8 to 20 are integral part of these financial statements.

PHILIPPINE DEPOSIT INSURANCE CORPORATION
(KORPORASYON NG PILIPINAS SA SEGURO NG LAGAK)

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Note	2015	2014
INCOME			
Assessments	16	P 16,810,270,093	P 15,076,167,845
Income from investments	17	7,019,647,364	6,147,336,911
Income from financial assistance	18	172,910,602	282,175,179
Other income (loss)	19	637,366,620	(291,644,636)
		24,640,194,679	21,214,035,299
EXPENSES			
Operating expenses	21	1,526,359,308	1,389,656,746
Provision for insurance losses	22	10,329,966,563	5,839,000,000
Insurance and financial assistance losses	23	4,953,944,222	5,780,325,944
Interest on borrowings	24	3,272,802,483	3,208,816,412
		20,083,072,576	16,217,799,102
INCOME BEFORE TAX		4,557,122,103	4,996,236,197
Income tax expense	25	0	734,321,078
INCOME BEFORE TAX SUBSIDY		4,557,122,103	4,261,915,119
Income from tax subsidy	20	0	3,093,151,615
NET INCOME		4,557,122,103	7,355,066,734
Other comprehensive income		0	0
TOTAL COMPREHENSIVE INCOME	P	4,557,122,103	P 7,355,066,734

The Notes on pages 8 to 20 are integral part of these financial statements.

STATEMENTS OF CHANGES IN DEPOSIT INSURANCE FUND

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Note	2015	2014
PERMANENT INSURANCE FUND			
Balance at beginning / end of year	P	3,000,000,000	P 3,000,000,000
RESERVES FOR INSURANCE LOSSES			
Balance at beginning of year		69,734,318,049	63,895,318,049
Additions for the year	22	10,329,966,563	5,839,000,000
Balance at end of year		80,064,284,612	69,734,318,049
RETAINED EARNINGS			
Balance at beginning of year		27,368,936,420	22,144,827,246
Net income		4,557,122,103	7,355,066,734
Dividends to the National Government	26	(2,278,561,051)	(2,130,957,560)
Balance at end of year		29,647,497,472	27,368,936,420
DEPOSIT INSURANCE FUND	P	112,711,782,084	P 100,103,254,469

The Notes on pages 8 to 20 are integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Assessment collections	P	16,813,320,838	P 14,937,745,420
Receipt of income from investments		8,172,742,506	7,065,944,979
Collections of loans and assets acquired from banks		233,944,695	8,032,697,761
Collections of subrogated claims receivable		152,002,965	149,161,112
Dividends, service and miscellaneous income		150,191,763	68,713,554
Receipt of income from financial assistance		127,929,020	54,518,889
Collections of accounts receivable-receivership and liquidation		30,070,742	80,567,509
Loans extended to banks		0	(142,000,000)
Payments of taxes		(67,313)	(56,854)
Advances for receivership and liquidation operations		(6,615,870)	(9,823,805)
Payments of cash advances and various receivables		(17,040,314)	(14,613,851)
Collections/Payments of various payables		(199,242,058)	(95,121,360)
Payments of interest on borrowings		(239,063,908)	(714,838,220)
Payments of insured deposits		(1,291,632,687)	(1,965,134,276)
Payments of maintenance and other operating expenses		(1,314,977,867)	(1,253,275,372)
Net cash provided by operating activities		22,611,562,512	26,194,485,486
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from matured investments		98,002,088,727	89,453,950,940
Legal liability insurance fund managed by LBP Trust		(6,089,999)	(245,500,914)
Acquisition of property and equipment		(18,193,967)	(8,250,733)
Placements in various investments		(120,214,169,178)	(111,268,071,848)
Net cash used in investing activities		(22,236,364,417)	(22,067,872,555)
CASH FLOWS FROM FINANCING ACTIVITIES			
NG share on insured deposit payments		166,279,000	2,792,340,000
Borrowings from BSP		0	179,804,600
Final withholding tax charged to Tax Expenditure Fund		0	877,636,796
Payments of loans to BSP		(67,122,793)	(7,739,151,026)
Payment of dividends to National Government		(2,130,957,560)	(1,082,748,771)
Net cash used in financing activities		(2,031,801,353)	(4,972,118,401)
Effects of foreign currency revaluations		(17,893)	(44,365)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,656,621,151)	(845,549,835)
CASH AND CASH EQUIVALENTS, BEGINNING		2,156,756,822	3,002,306,657
CASH AND CASH EQUIVALENTS	3	P 500,135,671	P 2,156,756,822

The Notes on pages 8 to 20 are integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Philippine Deposit Insurance Corporation (PDIC) is a government corporation established on June 22, 1963 with the passage of Republic Act No. 3591, as amended. The Corporation shall, as a basic policy, promote and safeguard the interests of the depositing public by way of providing permanent and continuing insurance coverage on all insured deposits. It shall also be the policy of the state to strengthen the mandatory deposit insurance coverage system to generate, preserve, maintain faith and confidence in the country's banking system, and protect it from illegal schemes and machinations. PDIC is also mandated by law to act as receiver/liquidator of closed banks and co-regulator of banks, in which it collaborates with the BSP in promoting stability in the banking system and the economy as a whole.

The Corporation's principal office is located at the SSS Bldg., 6782 Ayala Ave. corner V.A. Rufino St. Makati City.

As at December 31, 2015, PDIC's total manpower¹ complement stood at 614 (214 officers and 400 rank and file employees), 605 of whom were of permanent status and nine were coterminous. The position of the President was filled by election among the Members of the PDIC Board of Directors, of which three members were appointed by the President of the Philippines and two are ex-officio, the Secretary of Finance and the Governor of the Bangko Sentral ng Pilipinas.

The financial statements were authorized for issuance by the Board of Directors on January 27, 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The Corporation's financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and Standing Interpretations Committee (SIC)/International Financial Reporting Standards Committee (IFRIC) interpretations which have been approved by the Financial Reporting Standards Council (FRSC).

The Corporation, as Receiver/Liquidator, is responsible for managing and disposing the assets of closed banks in an orderly and efficient manner. The receivership and liquidation transactions are accounted for separately to properly account for the assets and liabilities of the Corporation vis-à-vis the closed banks to ensure that liquidation proceeds of closed banks assets are distributed to pay its liabilities in accordance with applicable laws and regulations. Also, the income and expenses attributable to receivership/liquidation are accounted for as transactions of the closed banks, and expenses advanced by the Corporation are billed to the respective closed banks.

¹ Excluding externally-provided services by 393 personnel

The accompanying financial statements have been prepared on a historical cost basis except for the revaluation of certain financial assets and liabilities which are measured either at amortized cost or at fair value. The financial statements are presented in Philippine Peso and all values are rounded to the nearest peso except when otherwise indicated.

2.2 Use of judgments and estimates

The preparation of the financial statements in accordance with the PFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets, liabilities, fund, income and expenses and disclosure of contingent resources and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. While the estimates are based on the most reliable data available, actual results, in the near term, could differ significantly from those estimates depending upon certain events and uncertainties, including:

- The timing and extent of losses the Corporation incurs as a result of future failures of member banks;
- The extent to which the Corporation will pay insurance claims of depositors of member banks that are closed or extend financial assistance to banks in danger of closing;
- The ability to recover its claims receivable and advances based on the trends and expectations of the liquidation of the closed banks;
- The extent to which the Corporation can maximize the sale and recoveries from the assets it acquires as a way of rehabilitating banks; and
- The probability of recovery through successful lawsuits as appropriate against relevant parties.

a. Impairment of Investments

The Corporation determines that investments are impaired when there has been a significant or prolonged decline in their fair value below its cost, considering the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

The Corporation classifies non-derivative financial assets with fixed or determinable payments and fixed maturity such as Investment Securities at Amortized Cost. This classification entails making this judgment, by evaluating its intention and ability to hold such investments to maturity. If the Corporation is no longer consistent with its business model to keep these investments to maturity or has sold government securities exceeding 10 per cent of total portfolio as of the end of the immediately preceding year it will reassess its business model.

b. Impairment of other financial assets

Financial assets that are measured at amortized cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss for all financial assets, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written-off against the allowance account subject to required approval. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit and loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

c. Impairment of non-financial assets

At each statement of financial position date, the Corporation assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when annual impairment testing for an asset is required, the Corporation makes an estimate of recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

d. Estimated useful lives of property and equipment

The Corporation uses the government-prescribed estimated useful lives of Property and Equipment account.

e. Contingencies

There may be pending cases where the Corporation is impleaded as party defendant. The estimate of possible adverse judgments of these cases will be based on the assessment of the strength of the defense of the Corporation or advisability of a compromise. The Corporation evaluates whether these legal cases will have material adverse effect on its financial position, thus may have material changes in the estimates in the future based on developments or events.

2.3 Changes in accounting policies and disclosures

The Accounting policies adopted are consistent with those used in the previous financial year.

2.3.1 New and amended standards and interpretations

For the accounting period beginning on or after January 1, 2015 up to December 31, 2015, there are no new amendments and interpretations to the accounting standards which will have an impact on the accounting policies, financial condition or performance of the Corporation.

2.3.2 Issued PFRS but are not yet effective

The accounting standards issued but not yet effective up to date of issuance of the Corporation's financial statements are listed herein. The listing consists of accounting standards and interpretations issued, which the Corporation reasonably expects to be applicable at a future date.

- PAS 1 (Amendment), *Presentation of Financial Statements* – Disclosure Initiative (effective January 1, 2016).

The amendments to PAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing PAS 1 requirements.

The amendments clarify a) The materiality requirements in PAS 1; b) That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated; c) That entities have flexibility as to the order in which they present the notes to financial statements; and d) That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

Early application is permitted and entities do not need to disclose that fact because the Board considers these amendments to be clarifications that do not affect an entity's accounting policies or accounting estimates.

These amendments are intended to assist the Corporation in applying judgment when meeting the presentation and disclosure requirements in PFRS, and do not affect the financial statements' recognition and measurement.

- PFRS 9, Financial Instruments (effective January 1, 2018)

PFRS 9 has been completed in stages, with the IASB's phased approach reflected in a number of versions of the standard being issued. The final version of this standard was issued on July 24, 2014 bringing together all the phases of the IASB's project to replace PAS 39 Financial Instruments: Recognition and Measurement and all previous versions of PFRS 9 at its effective date of January 1, 2018 with early adoption permitted.

The IASB structured the project in three phases: Phase 1 - Classification and measurement for financial assets and financial liabilities, Phase 2 - Impairment, and Phase 3 - Hedge Accounting. The Standard carries forward the scope of PAS 39, and adds: a) an option to include certain contracts that would otherwise be subject to the 'own use exemption'; and b) certain loan commitments and contract assets in respect of the impairment requirements. PFRS 9 carries forward from PAS 39 the requirements for recognition and derecognition of financial instruments, with only minor amendments.

The Corporation has adopted Phase 1 of PFRS 9 since its 2013 financial reporting. This affected the classification and measurement of accounts in the Corporation's financial position and performance. The Corporation intends to adopt Phase 2 when it becomes effective. The impact of the new expected credit loss impairment model in Phase 2 over the existing incurred loss model prescribed by PAS 39 has not been assessed. Phase 3 on Hedge Accounting will not be adopted as it is not applicable to the Corporation.

- PFRS 16, Leases (effective January 1, 2019)

PFRS 16 is effective for accounting periods beginning on or after January 1, 2019. Early adoption is permitted provided PFRS 15 is also applied.

This Standard requires lessees to account for leases 'on-balance sheet' by recognizing a 'right of use' asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods in which extension is 'reasonably certain'. In subsequent periods, the right-of-use asset is accounted for similarly to a purchased asset and depreciated and reviewed for impairment. The lease liability is accounted for similarly to a financial liability using the effective interest method.

The Corporation has yet to assess the financial and presentation impact of this new Standard to the Corporation's financial position and performance. The Corporation intends to adopt this standard when it becomes effective.

2.4 Significant accounting policies

a. Financial Assets

Initial recognition

Financial assets are recognized in the Corporation's financial statements when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Corporation's financial assets.

All recognized financial assets are subsequently measured in their entirety at either amortized costs or fair value, depending on the classification of the financial assets.

Debt instruments that meet the following conditions are subsequently measured at amortized cost less impairment loss.

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flow; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Classification of financial assets

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments measured subsequently at amortized cost. Interest income is recognized in profit and loss.

Financial assets under this category include Investment Securities at Amortized Cost and Loans Interest Bearing Notes.

Fair Value through Other Comprehensive Income (FVTOCI)

On initial recognition, the Corporation can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit and loss on disposal of the investments.

Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit and loss.

On derecognition of financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit and loss, but is reclassified to retained earnings.

b. Non-current assets held for sale

The Corporation is authorized to purchase the non-performing assets of an insured bank as a mode of financial assistance. Acquired assets also include those received from closed banks as payment for Subrogated Claims Receivables and advances for Receivership and Liquidation Expenses. Acquired assets being held for sale and wherein sale is highly probable within a one year period are classified in this account. These are booked at cost with periodic valuation for impairment.

c. Investment properties

The Corporation determines whether the acquired asset qualifies as investment property. Included in this account are assets leased under operating lease. These are initially booked at cost with periodic valuation for impairment.

d. Property and equipment

The Corporation's depreciable properties are stated at cost less accumulated depreciation and amortization. The initial cost of property and equipment consists of its purchase price, including taxes and any directly attributable costs of bringing the asset to its working condition and intended use. Expenditures incurred after items of property and equipment have been put into operation, such as repairs and maintenance are charged against operations in the year in which the costs are incurred. When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is reflected as income or loss in the statement of comprehensive income.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. This is computed at cost less residual value over useful life. The estimated useful life of the respective asset follows:

Building	30 years
Furniture and Fixtures and Machineries and Equipment	10 years
Transportation Equipment	7 years
Information Technology (Integral Part) and Computer	5 years
Office Equipment	5 years
Leasehold Improvements	3 years

Leasehold improvements are amortized over the shorter of the terms of the covering leases or the estimated useful lives of the improvements.

e. Intangible assets

Intangible assets are stated in the financial statements at cost less accumulated amortization. They comprise of software licenses, among others. The Corporation has adopted the straight-line amortization method for the intangible assets over five years.

f. Financial liabilities and Equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument.

f.1 Financial liabilities

Initial recognition

Financial liabilities are initially recognized at fair value, being their issue proceeds, net of transaction costs incurred. Borrowing costs are recognized as expense in the year in which these costs are incurred.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at fair value through profit or loss are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized costs are determined based on the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (when appropriate), a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when the Corporation's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

f.2 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Corporation after deducting all of its liabilities. The Corporation classifies the deposit insurance fund as equity since it represents residual interests in the assets of the Corporation after deducting all of its liabilities.

Deposit insurance fund

The Deposit Insurance Fund (DIF) is the capital account of the Corporation and shall principally consist of the following: (a) the permanent insurance fund; (b) reserves for insurance losses; and (c) retained earnings. The DIF shall be maintained at a reasonable level to ensure capital adequacy.

In 2012, the Corporation set the target level of DIF as a percentage of DIF to the estimated insured deposits (EID) of the banking industry at five per cent. The PDIC monitors also the ratio of DIF to the insurance reserve target based on risk assessment of insured banks (see Note 30).

Permanent insurance fund

This is the total capital provided by the National Government by virtue of Republic Act No. 3591, as amended. The full capitalization of P3 billion was reached in 1994 with the conversion of the obligations of PDIC to the Central Bank of the Philippines in the amount of P977.787 million into equity of the National Government.

Reserves for insurance losses

PDIC records an estimated loss for banks not yet closed but identified through a monitoring process as likely to fail in the future unless intervention from third party is made, such as the grant of financial assistance as part of a bank's rehabilitation. This probability of closure is the basis in determining the existence of a loss contingency. The insurance reserve is recorded in the books as Reserves for Insurance Losses.

g. Income recognition

Income is recognized to the extent that it is probable that the economic benefits will flow into the Corporation and the income can be reliably measured:

Assessments

Assessment collections from member banks are recognized as income in the year these were received by the Corporation.

Member banks are assessed a maximum rate of one-fifth of one per cent per annum of the assessment base, which is the amount of liability of the bank for deposits as defined under subsection a of Section 6 of the Charter. This shall in no case be less than P5,000 and collected on a semestral basis. The amount of assessment is based on the average of deposit liabilities as at the close of business on March 31 and June 30 for the first semester and as at the close of business on September 30 and December 31 for the second semester. Such assessments are payable by banks not later than July 31 of the current year and January 31 of the ensuing year for the first and second semesters, respectively. Failure or refusal by any member bank to pay any assessment due allows the Corporation to file a collection case against the bank and impose administrative sanctions against its officers who are responsible for non-payment. Late payment of assessment is likewise subject to interest and penalty.

Income from investments

Interest on interest-bearing placements and securities are recognized as the interest accrues, taking into account the effective interest rate on such assets.

Income from financial assistance

Interest on loans receivables on account of financial assistance is recognized applying the effective interest using the market rates at initial recognition.

h. Dollar-denominated assets

Dollar-denominated assets are initially carried at the equivalent value using Bangko Sentral ng Pilipinas (BSP) reference rate at transaction date and revalued at the end of each month.

i. Employee benefits

Provident fund

In accordance with Section 8 (11) of the Charter, the Corporation has a Provident Fund, which is a defined contribution plan consisting of contributions made both by its officers and employees and the Corporation. Starting December 16, 2009, corporate contribution is vested to the employee based on their length of service in the Corporation as follows:

Years of Service	Percentage
Less than 1 year	0
1 year but less than 2 years	20
2 years but less than 3 years	30
3 years but less than 4 years	40
4 years but less than 5 years	50
5 years or more	100

The Fund is administered by its Board of Trustees.

Retirement

GSIS retirement benefit under R.A. No. 8291 is available to any qualified employee who is at least 60 years old and with at least 15 years of service at the time of retirement. R.A. No. 8291 likewise provides for separation benefits.

Accrued leave pay

This represents the cash value of the accumulated vacation and sick leave credits of employees, 50 per cent of which can be monetized in accordance with policy.

j. Operating lease

Leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments made under non-cancellable operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

k. Financial assistance to banks

In accordance with Sec. 17 (d) of R.A. No. 3591, as amended, PDIC may grant financial assistance to a distressed member bank for its rehabilitation to prevent closure, provided such assistance is the least costly alternative. In applying the Optimal Cost Resolution principle, the alternative chosen must not cost more than the estimated cost of actual pay-out of the insured deposits of the bank and liquidation thereof. The financial assistance to a bank may be in the form of a loan, purchase of assets, assumption of liabilities, placements of deposits, equity or quasi-equity.

I. Provisions and contingencies

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are renewed at the end of reporting period and adjusted to reflect the current best estimate. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

m. Events after the reporting period

Post year-end events that provide additional information about the Corporation's position at the balance sheet date (adjusting event) are reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

n. Fair Value Measurement

The fair value for financial instruments traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations, without any deduction for transaction costs. For all other financial instruments not listed in an active market, the fair value is determined by using the present value technique.

o. Taxes

In accordance with Section 17(c) of the R.A. 3591 (PDIC Charter), as amended, the Corporation shall be exempt from income tax, final withholding tax, value-added tax on assessments collected from member banks, and local taxes starting June 1, 2014. Income from other sources are still subject to value-added tax.

3. CASH AND CASH EQUIVALENTS

This account includes the following:

	2015	2014
Cash on hand and in banks	P 115,108,699	P 102,492,291
Cash equivalents	385,026,972	2,054,264,531
	P 500,135,671	P 2,156,756,822

Cash on hand includes checks and other cash items received after the close of banking hours on the last business day of the year while *Cash in bank* consists of bank accounts for operating funds, pay-out funds, collections, emergency drawing and BSP current account.

Cash equivalents refers to short term investments classified as cash equivalents having maturities of three months or less from the date of acquisition/placement.

4. INVESTMENT SECURITIES AT AMORTIZED COST

This account includes the following:

	2015	2014
Corporate investments	P 130,472,819,904	P 110,793,725,524
Sinking funds	34,931,617,401	33,546,838,290
Legal liability insurance fund (LLIF)	0	7,291,302
	P 165,404,437,305	P 144,347,855,116

In accordance with PFRS 9, investment balances are valued at amortized cost consistent with the business model adopted, which is to hold the financial assets to collect the contractual cash flows rather than to sell the instrument prior to its contractual maturity to realize its fair value changes.

Corporate investments consist of special savings and time deposits, treasury bills, notes and bonds.

Sinking funds represent the accumulated balance of funds being built up to repay PDIC loans upon maturity, a portion of which is being managed by the BSP.

LLIF consists of investments held to finance legal expenses for possible cases that may be filed against directors, officers and employees of the Corporation in the performance of their duties. The balance in 2014 are unmatured securities which were eventually transferred as part of the LLIF managed by the Land Bank of the Philippines under a Trust Agreement classified as part of "Other Assets".

Interest income from investment securities at amortized cost amounted to P6.940 million and P6.118 million in 2015 and 2014, respectively (see Note 17).

5. LOANS AND RECEIVABLES

This account includes the following:

	2015	2014
Receivables – closed banks	P 7,009,843,881	P 7,009,843,881
Loans	1,148,637,623	1,239,663,520
Due from National Government	43,047,954	204,727,401
Interest receivables	613,479	1,989,640
Other receivables	12,479,005	781,844
	P 8,214,621,942	P 8,457,006,286

Receivables - closed banks

This account includes the following:

	2015	2014
Loans Receivables - closed banks	P 9,013,858,588	P 9,013,858,588
Allowance for doubtful accounts	(2,004,014,707)	(2,004,014,707)
	7,009,843,881	7,009,843,881
Subrogated claims receivable	61,139,385,537	60,017,447,517
Subrogated claims receivable - NG Share	(4,857,621,452)	(4,881,231,401)
Allowance for doubtful accounts	(56,281,764,085)	(55,136,216,116)
	0	0
AR-receivership and liquidation	2,146,430,639	1,926,242,650
Allowance for doubtful accounts	(2,146,430,639)	(1,926,242,650)
	0	0
	P 7,009,843,881	P 7,009,843,881

Loans receivables - closed banks (LRCB) represent financial assistance by way of non-interest bearing loans and liquidity assistance to four banks that subsequently closed. No interest income is accrued on these loans owing to their past due status and uncertainty of collection.

Included in this account is one bank with financial assistance that was subsequently closed. Accrual of interest was stopped in view of its closure on April 27, 2012. Interest receivable that was not accrued/booked on the principal amount of P7.00 billion and P2.00 billion at the interest rate of one per cent and five per cent, respectively, totaled to P641.583 million and P469.22 million as at December 31, 2015 and 2014, respectively. The P7.00 billion loan and interest of P266.583 million will be paid from the Government Securities pledged. These were collected on March 30, 2016 as approved by the Liquidation Court.

Subrogated claims receivable (SCR) arises from payment by the Corporation of insured deposits since the Corporation is subrogated to all rights of the depositor against a closed bank to the extent of such payment. Such subrogation shall include the right on the part of the Corporation to receive the same payments and dividends from the proceeds of the assets of such closed bank and recoveries on account of stockholders' liability as would have been payable to the depositor on a claim for the insured deposits but such depositor shall retain his claim for any uninsured portion of his deposit.

Subrogated claims receivable - National Government (NG) Share account totaling P4.858 billion and P4.881 billion as at December 31, 2015 and 2014, respectively, represent insured deposits paid in excess of the first P250,000 for each depositor which is for the account of the National Government in accordance with Section 4 of Republic Act No. 9576.

Accounts receivable - receivership and liquidation (ARRL) represent expenses advanced by the Corporation in carrying out its mandate as receiver and liquidator of closed banks.

In accordance with the Guidelines on Allowance for Losses and Write-off of Assets, the allowance for losses for SCR and ARRL are set at 100 per cent owing to the insolvent status of closed banks and the inability to collect and/or length of time that the receivables are paid from the liquidation of closed bank's assets.

Reconciliation of the allowance for doubtful accounts *LRCB*, *SCR* and *ARRL* are as follows:

	2015		
	LRCB	SCR	ARRL
Balance at beginning of year	P 2,004,014,707	P 55,136,216,116	P 1,926,242,650
Provisions during the year/adj.	0	1,145,547,969	220,187,989
Balance at end of year	P 2,004,014,707	P 56,281,764,085	P 2,146,430,639

	2014		
	LRCB	SCR	ARRL
Balance at beginning of year	P 2,141,552,241	P 53,376,071,510	P 27,062,553
Provisions during the year/adj.	(137,537,534)	1,760,144,506	1,899,180,097
Balance at end of year	P 2,004,014,707	P 55,136,216,016	P 1,926,242,650

Loans

This account includes the following:

	2015	2014
Interest bearing loans	P 1,029,358,907	P 1,037,642,896
Loans - acquired assets	12,867,155,883	12,388,530,173
Allowance for doubtful accounts	(12,754,613,912)	(12,192,280,708)
	112,541,971	196,249,465
Sales contract receivable	40,019,561	39,053,975
Allowance for doubtful accounts	(33,282,816)	(33,282,816)
	6,736,745	5,771,159
Non-interest bearing loans-operating banks	430,141,868	712,598,369
Allowance for doubtful accounts	(430,141,868)	(712,598,369)
	0	0
Net Loans	P 1,148,637,623	P 1,239,663,520

Interest bearing loans represent loans granted to one commercial bank and two rural banks, fully secured by government securities. Interest income from these loans is booked under the Income from Financial Assistance account (see Note 18).

Loans - acquired assets are non-performing loans acquired from banks as a mode of financial assistance and from closed banks in payment of receivables. Interest income is booked upon collection (see Note 18). No interest income is accrued on these loans owing to their past due status.

Sales contract receivable are receivables from installment sales of assets acquired from banks as a mode of financial assistance.

Non-Interest bearing loans - operating banks represent loans granted to two commercial banks pursuant to Section 17 (d) of the amended PDIC Charter. As of December 31, 2015, delivery of transfer documents for the remaining balance is ongoing. No interest income is accrued on these loans owing to their past due status.

Reconciliation of allowance for doubtful accounts on various loans and receivables are as follows:

2015				
		Loans Acquired Assets	Sales Contract Receivables	Non-interest Bearing Loans
Balance at beginning of year	P	12,192,280,708	P 33,282,816	P 712,598,369
Provisions during the year/adj.		562,333,204	0	(282,456,501)
Balance at end of year	P	12,754,613,912	P 33,282,816	P 430,141,868

2014				
		Loans Acquired Assets	Sales Contract Receivables	Non-interest Bearing Loans
Balance at beginning of year	P	9,651,212,993	P 16,446,024	P 3,931,531,418
Provisions during the year/adj.		2,541,067,715	16,836,792	(3,218,933,049)
Balance at end of year	P	12,192,280,708	P 33,282,816	P 712,598,369

Due from National Government

This represents the balance of the share of the National Government (NG) in insured deposits paid in excess of P250,000. The NG has made cumulative reimbursements to PDIC in the amount of P4.843 billion and P4.881 billion as at December 31, 2015 and 2014, respectively, for banks closed from June 1, 2009 to May 31, 2012.

Interest receivables

This represents interest receivables from investments amounting to P0.613 million and P1.990 million as at December 31, 2015 and 2014, respectively.

Other receivables

This represents all other receivables including assessment deficiencies from member banks and banks that subsequently closed.

This account includes the following:

	2015	2014
Various clients	P 72,228,582	P 670,707
Banks - assessment deficiency/charges	566,719	111,137
Total	72,795,301	781,844
Allowance for doubtful accounts	(60,316,296)	0
	P 12,479,005	P 781,844

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FAFVOCI)

This account includes the following:

	2015	2014
Preferred shares	P 37,804,600	P 37,804,600
Capital notes	12,000,000,000	12,000,000,000
Allowance for probable losses	(12,000,000,000)	(8,358,000,000)
	0	3,642,000,000
	P 37,804,600	P 3,679,804,600

Preferred shares represent PDIC's subscription on December 19, 2014 to the preferred shares of stock with par value of P100 per share issued by a rural bank. The subscription to the bank's preferred shares, which are non-voting, cumulative and convertible to common shares, represents the equity component of the financial assistance granted to the bank.

Capital notes represent PDIC's subscription on March 31, 2009 to the Capital Notes issued by a commercial bank in the amount of P12 billion by way of conversion of the latter's outstanding obligations to PDIC. The Capital Notes have features consistent with BSP Circular No. 595-2008 on "Interim Tier I Capital for Banks Under Rehabilitation" and are in accordance with the conditions set forth in the Memorandum of Agreement executed for the said bank's rehabilitation on July 17 and 25, 2008 and a subsequent amendment thereto on November 21, 2008.

Reconciliation of allowance for probable losses on FAFVOCI is as follows:

	2015	2014
Balance at beginning of year	P 8,358,000,000	P 2,661,000,000
Provisions during the year	3,642,000,000	5,697,000,000
Balance at end of year	P 12,000,000,000	P 8,358,000,000

7. NON-CURRENT ASSETS HELD FOR SALE (NCAHFS)

This account includes the following:

	2015	2014
Assets acquired from banks	P 275,534,446	P 3,749,217,238
Allowance for probable losses	(55,453,869)	(2,362,961,392)
	P 220,080,577	P 1,386,255,846

These represent real and other properties acquired from financially assisted banks and assets received from closed banks in payment for subrogated deposits and advances for receivership and liquidation expenses. They are being held for sale and sale within the next 12 months is highly probable. The account declined mainly due to the reclassification of P2.63 billion acquired assets to investment properties, with corresponding allowance of P1.57 billion.

Reconciliation of the allowance for probable losses on NCAHFS is as follows:

	2015	2014
Balance at beginning of year	P 2,362,961,392	P 1,820,149,054
Provisions during the year	(2,307,507,523)	542,812,338
Balance at end of year	P 55,453,869	P 2,362,961,392

8. INVESTMENT PROPERTIES

This account includes the following:

	2015	2014
Assets acquired from banks	P 3,053,512,295	P 429,693,620
Allowance for probable losses	(1,677,887,985)	(106,686,639)
	P 1,375,624,310	P 323,006,981

These represent real and other properties acquired from financially assisted banks and assets received from closed banks in payment for subrogated deposits and advances for receivership and liquidation expenses. The account increased mainly due to the reclassification of P2.63 billion acquired assets from non-current assets held for sale with corresponding allowance of P1.57 billion.

Reconciliation of the allowance for probable losses on investment properties is as follows:

	2015	2014
Balance at beginning of year	P 106,686,639	P 0
Provisions during the year	1,571,201,346	106,686,639
Balance at end of year	P 1,677,887,985	P 106,686,639

9. PROPERTY AND EQUIPMENT

This account includes the following:

	2015						2014
Particulars	Land and Building	Furniture, Fixtures, Equipment	Transportation Equipment	Leasehold Improvements		Total	
Cost							
At 1 January 2015	P 171,523,100	P 154,483,893	P 30,155,559	P 63,093	P	356,225,645	
Additions	0	30,630,006	0	196,920		30,826,926	
Disposals/adj./amortizations	0	(31,129,957)	0	(29,120)		(31,159,077)	
At 31 December 2015	171,523,100	153,983,942	30,155,559	230,893		355,893,494	
Accumulated Depreciation							
At 1 January 2015	103,107,743	105,007,429	18,285,086	0		226,400,258	
Additions	3,472,400	12,311,340	2,959,915	0		18,743,655	
Disposals/adj./amortizations	0	(24,938,710)	0	0		(24,938,710)	
At 31 December 2015	106,580,143	92,380,059	21,245,001	0		220,205,203	
Net Book Value							
At 31 December 2015	P 64,942,957	P 61,603,883	P 8,910,558	P 230,893	P	135,688,291	

	2014					2013
Particulars	Land and Building	Furniture, Fixtures, Equipment	Transportation Equipment	Leasehold Improvements	Total	
Cost						
At 1 January 2014	P 171,523,100	P 150,857,540	P 31,218,559	P 128,175	P	353,727,374
Additions	0	7,199,914	0	72,800		7,272,714
Disposals/adj./amortizations	0	(3,573,561)	(1,063,000)	(137,882)		(4,774,443)
At 31 December 2014	171,523,100	154,483,893	30,155,559	63,093		356,225,645
Accumulated Depreciation						
At 1 January 2014	99,635,340	95,429,251	15,861,475	0		210,926,066
Additions	3,472,403	12,716,623	3,393,050	0		19,582,076
Disposals/adj./amortizations	0	(3,138,445)	(969,439)	0		(4,107,884)
At 31 December 2014	103,107,743	105,007,429	18,285,086	0		226,400,258
Net book value						
At 31 December 2014	P 68,415,357	P 49,476,464	P 11,870,473	P 63,093	P	129,825,387

This account includes property located at Chino Roces Avenue, Makati City, with appraised value of P350 million for the land and P99.520 million for the building.

10. INTANGIBLE ASSETS

This account includes cost of computer software. Any software that is an integral part of the hardware is classified under the Property and Equipment account.

Particulars	Cost	Accumulated Amortization	Net Book Value
At 1 January 2015	P 108,069,776	P 64,338,217	P 43,731,559
Additions/Adjustments	12,813,396	0	12,813,396
Amortization	0	16,660,568	(16,660,568)
At 31 December 2015	P 120,883,172	P 80,998,785	P 39,884,387
At 1 January 2014	P 101,818,297	P 48,883,449	P 52,934,848
Additions/Adjustments	6,251,479	0	6,251,479
Amortization	0	15,454,768	(15,454,768)
At 31 December 2014	P 108,069,776	P 64,338,217	P 43,731,559

11. OTHER ASSETS

This account includes the following:

	2015	2014
Creditable tax withheld	P 884,034,710	P 884,034,710
Legal liability insurance trust fund	263,947,062	249,567,194
Provident fund - car fund	64,391,528	64,391,528
Prepayments	57,266,244	32,903,136
Guarantee deposits	20,403,478	19,140,998
Deferred input VAT	5,791,400	5,636,487
Inventories	1,557,587	1,868,881
Advances to officers and employees	1,160,063	1,147,468
Petty cash fund	1,039,324	1,235,860
Others (resigned employees, etc.)	2,484,861	1,747,080
	P 1,302,076,257	P 1,261,673,342

Creditable tax withheld represents taxes withheld by withholding agents from assessment collections and interests on financial assistance, for refund by the BIR in accordance with the provisions of RR 6-2010.

Legal liability insurance trust fund represents funds held in trust with LBP to finance legal expenses for possible cases against employees and directors of the Corporation in the performance of their duties.

Provident fund – car fund represents receivables from the PDIC Provident Fund for advances by the Corporation for the car plan of officers.

Prepayments include various prepaid expenses i.e. fidelity bond premiums, insurance, membership dues, repair and maintenance services and subscriptions.

Guarantee deposits include miscellaneous assets such as subscriber's investments and deposits with utility companies (SSS, MERALCO, PLDT, etc.).

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account includes the following:

	2015	2014
Inter-agency payables	P 2,362,579,429	P 2,210,696,644
Due to officers and employees	239,523,248	192,882,824
Accounts payables	66,624,857	72,061,715
Other payables	25,162,909	21,655,802
	P 2,693,890,443	P 2,497,296,985

Inter-agency payables consist of payables to the following:

	2015	2014
National Government/Bureau of Treasury	P 2,306,792,175	P 2,130,957,559
Bureau of Internal Revenue	22,241,028	47,691,185
PDIC Provident Fund	21,831,252	20,941,053
Government Service Insurance System	10,207,209	9,617,893
PhilHealth	1,149,104	1,140,335
Pag-IBIG	358,661	348,619
	P 2,362,579,429	P 2,210,696,644

Due to officers and employees is composed of accrued leaves of employees payable upon monetization, retirement or resignation and unpaid salaries and benefits such as loyalty pay, overtime, performance incentive, rice benefit and tax refunds to be paid in the succeeding year.

Accounts payables refer to the amount due to various suppliers/creditors.

Other payables include bidders' performance bond payable, payables to resigned employees, overpayment by banks, which are creditable to subsequent assessment period, and unearned income from acquired assets sold through sales contract receivables.

13. INSURED DEPOSIT CLAIMS PAYABLE

This account represents balance of unpaid but validated insured deposit claims totaling P344.215 million and P574.298 million as at December 31, 2015 and 2014, respectively.

14. LOANS AND INTEREST PAYABLE

This account represents outstanding loans payable to the Bangko Sentral ng Pilipinas which were utilized, in accordance with Section 18 of Republic Act No. 3591 to fund financial assistance to operating banks and claims for insured deposits, as follows:

	2015	2014
Commercial Banks	P 55,846,418,769	P 52,928,737,115
Thrift Banks	2,651,276,896	2,645,730,956
Rural Banks	2,982,770,440	3,036,598,578
	P 61,480,466,105	P 58,611,066,649

The above balances do not include the amount of principal and interest of P1.44 billion and P1.63 billion, respectively, claimed by BSP due to an unresolved issue on the interpretation of Section 1.02 in relation to Sec. 1.05 of the Loan Agreement between BSP and PDIC dated November 21, 2002. Under Section 1.02 of the Loan Agreement, an interest rate of two per cent lower than the interest charged to the underlying government loan accounts assigned by way of dacion to PDIC, shall be paid at the end of the following month after receipt of payment. Section 1.05 of the Loan Agreement also provides that the repayment of the BSP loan shall be sourced from collections from the underlying government loan accounts, among others. Interest charges on the BSP funding are only recognized and remitted to BSP upon actual collection from the underlying government loan accounts. The matter had been elevated by BSP to the Department of Justice (DOJ) for resolution and adjudication in a letter dated April 30, 2014. As at December 31, 2015, the case is still pending with the DOJ.

15. MATURITY PROFILE OF ASSETS AND LIABILITIES

The table below is an analysis of assets and liabilities showing the expected dates when assets will be realized into cash as well as expected settlement dates of liabilities.

Particulars	2015		2014	
	Less than 12 months	Over 12 months	Less than 12 months	Over 12 months
ASSETS				
Cash and cash equivalents	P 500,135,671	P 0	P 2,156,756,822	P 0
Investments at amortized costs	6,817,775,157	158,586,662,148	6,651,188,038	137,696,667,078
Loans and receivables	16,017,187	8,198,604,755	49,797,392	8,407,208,894
Financial assets at fair value through				
other comprehensive income	0	37,804,600	0	3,679,804,600
Non-current assets held for sale	220,080,577	0	1,386,255,846	0
Investment properties	0	1,375,624,310	0	323,006,981
Property and equipment	0	135,688,291	0	129,825,387
Intangible assets	0	39,884,387	0	43,731,559
Other assets	1,217,281,249	84,795,008	1,178,140,815	83,532,527
Total Assets	P 8,771,289,841	P 168,459,063,499	P 11,422,138,913	P 150,363,777,026

LIABILITIES

Accounts payable and other liabilities	P 2,693,890,443	P	0	P 2,497,296,985	P	0
Insured deposit claims payable	344,214,708		0	574,297,836		0
Loans and interest payable	1,588,382,858	59,892,083,247	1,784,303,982	56,826,762,667		
Total Liabilities	4,626,488,009	59,892,083,247	4,855,898,803	56,826,762,667		
NET	P 4,144,801,832	P 108,566,980,252	P 6,566,240,110	P 93,537,014,359		

16. ASSESSMENT INCOME

This consists of assessment premiums received as follows:

	2015	2014
First semester	P 8,265,848,416	P 7,257,181,445
Second semester	8,544,421,677	7,818,986,400
	P 16,810,270,093	P 15,076,167,845

17. INCOME FROM INVESTMENTS

This account includes the following:

	Note	2015	2014
Interest income from:			
Investment securities at amortized cost	4	P 6,940,610,690	P 6,118,208,999
Cash equivalents		49,419,969	4,758,287
Gain on sale of securities		29,616,705	24,369,625
		P 7,019,647,364	P 6,147,336,911

18. INCOME FROM FINANCIAL ASSISTANCE

The balance of this account refers to interest income totaling P172.911 million in 2015 and P282.175 million in 2014, derived from financial assistance to banks by way of interest bearing direct loans and acquisition of assets.

19. OTHER INCOME (LOSS)

This account includes the following:

	2015	2014
Service income	P 242,458,800	P 237,437,700
Recoveries	169,713,946	293,636,403
Gain on sale of assets	88,498,642	22,595,148
Rental income	78,599,659	20,492,674
Liquidating dividend	15,489,646	9,222,583
Dividend income	12,472,194	22,482,531
Gain/(loss) on early extinguishment of debt	1,471,031	(914,231,871)
Income from sale of acquired assets	869,056	5,794,644
Interest on late payment of assessment	44,381	37,054
Gain/(loss) on foreign currency revaluation	(16,731)	(44,232)
Day 1 gain/(loss)	(1,177,553)	(29,524,042)
Miscellaneous income	28,943,549	40,456,772
	P 637,366,620	P (291,644,636)

20. INCOME FROM TAX SUBSIDY

No tax subsidy was charged in 2015 to the Tax Expenditure Fund since the charging has expired last May 31, 2014 as provided for in Section 17(c) of the PDIC Charter, as amended by Republic Act No. 9576. A total of P3.093 billion tax obligations were booked to this account in 2014.

21. OPERATING EXPENSES

This account includes the following:

	2015	2014
Personnel services	P 1,100,823,267	P 1,001,024,270
Maintenance and other operating expenses	425,536,041	388,632,476
	P 1,526,359,308	P 1,389,656,746

The Gender and Development (GAD) expenses amounted to P249,967 and P239,790 in 2015 and 2014, respectively. These were incurred for GAD capacity-building programs, participation in GAD seminars, meetings/activities and GAD learning sessions/activities undertaken during the Women's Month celebration and the 18-Day Campaign to End Violence Against Women.

22. PROVISION FOR INSURANCE LOSSES

The provision for insurance losses is in accordance with Note 2.4 f.2. Total amount of P10.330 billion and P5.839 billion as at December 31, 2015 and 2014, respectively, were charged to income to ensure adequacy of reserves for insurance losses.

23. INSURANCE AND FINANCIAL ASSISTANCE LOSSES

This account includes the following:

	2015	2014
Bank rehabilitation cost	P 3,648,555,977	P 2,661,000,000
Deposit claims pay-out expenses	1,056,907,152	1,219,345,428
Receivership and liquidation expenses	248,481,093	1,899,980,516
	P 4,953,944,222	P 5,780,325,944

Bank rehabilitation cost represents the estimated losses on financial assistance to banks.

Deposit claims pay-out expenses represent payments made on insured deposit claims including those accrued during the year.

Receivership and liquidation expenses represent expenses incurred by the Corporation as receiver and liquidator of closed banks.

24. INTEREST ON BORROWINGS

This account consists of interest expense totaling P3.273 billion in 2015 and P3.209 billion in 2014 primarily on outstanding loans from BSP used to fund financial assistance and pay-out operations of various banks.

25. TAXES

No income tax was paid by the Corporation in 2015 due to its exemption from paying taxes except for value-added tax starting June 1, 2014 in accordance with Section 17 c of R.A. 9576 as implemented under Revenue Regulation No. 6-2010 dated June 29, 2010. PDIC charged income tax amounting to P734.321 million to the Tax Expenditure Fund up to June 1, 2014 (see Note 2.4.o).

PDIC has a pending Petition for Review with Motion for Suspension of Collection of Tax with the Court of Tax Appeals (CTA) docketed as CTA Case No. 9114. It seeks, among others, to set aside and annul several BIR issuances directing PDIC to pay interest and surcharge on VAT for taxable year 2009 in the total amount of P1,401,474,433 plus all increments incident to delinquency.

The CTA per Resolution promulgated on September 28, 2015 granted PDIC's Urgent Motion for Suspension of Collection of Tax. The CTA also allowed the suspension of collection of tax without the posting of a surety bond.

In compliance with the requirements of the Bureau of Internal Revenue (BIR) in Revenue Regulation No. 15-2010, hereunder are the information on the taxes, duties and license fees paid in 2015 and 2014:

	2015	2014
Withholding taxes:		
On compensation and benefits	P 165,859,968	P 160,213,184
Creditable withholding taxes	43,378,611	57,490,475
Final withholding taxes	223,493	288,412
Value added tax (VAT)	37,156,074	784,814,677
Income tax	0	500
BIR annual registration fee	500	734,321,078
Community tax certificate	0	10,500
Documentary stamp tax	0	534
	P 246,618,646	P 1,737,139,360

26. DIVIDENDS TO THE NATIONAL GOVERNMENT

The Corporation declared dividends to the National Government in 2015 and 2014 in the amounts of P2.278 billion and P2.130 billion, respectively, representing 50 per cent of annual net income.

27. LEASES

The Corporation leased the premises of the Social Security System at Ayala Avenue, Makati City, which serves as PDIC's principal office for P116.034 million and P109.088 million as at December 31, 2015 and 2014, respectively. The lease is renewable under certain terms and conditions.

28. CONTINGENT LIABILITIES AND OTHER MATTERS

28.1 The following are the pending cases which may result in contingent liabilities as a consequence of adverse judgments that may be rendered:

Claims for deposit insurance

Fifty cases were filed against the Corporation for payment of deposit insurance in the estimated amount of P201.452 million. In addition, the Corporation initiated an action for interpleader against claimant/depositor involving the amount of P250,000.

Cases subject matter of which are incapable of pecuniary estimation

There are eight cases where the Corporation was impleaded as a respondent or defendant, subject matter of which is incapable of pecuniary estimation. These involve acts of the Corporation in its capacity as Receiver/Liquidator.

The above excludes the items in litigation, which were acquired from the banks that were extended financial assistance.

28.2 Estimated insured deposits

As at December 31, 2015, total insured deposits up to the P500,000 insurance coverage amounted to P2.07 trillion representing 50.95 million accounts. This is equivalent to 22.48 per cent of the total deposits of P9.22 trillion in the banking industry.

28.3 Banks under receivership and liquidation

After the PDIC Board approved the Reports of Termination of the Liquidation of the Assets and Winding-up Operation of the Affairs of 295 Closed Banks, banks under liquidation by PDIC as of December 31, 2015 stood at 352 closed banks, including the 14 banks closed in 2015. The total estimated realizable value of assets (ERVA) and liabilities of the 352 closed banks amounted to P36.61 billion and P141.16 billion, respectively in 2015. As of December 31, 2014, there were 378 closed banks with ERVA of P36.93 billion and liabilities of P140.58 billion based on their latest available financial statements.

29. RELATED PARTY TRANSACTION

The Corporation does not have dealings with related parties involving transfer of resources and obligations.

30. FINANCIAL RISK AND CAPITAL MANAGEMENT

Financial Risk Factors

The Corporation is exposed to a variety of financial risks such as market risk, credit risk, and liquidity risk.

The financial risks are identified, measured and monitored to assess adequately the market circumstances to avoid adverse financial consequences to the Corporation.

Market risk

The Corporation measures and manages its rate sensitivity position to ensure build-up of its investment portfolio. Special emphasis is placed on the change in net interest income that will result from possible fluctuations in interest rates, changes in portfolio mix and tenor.

Credit risk

Credit risk to the Corporation is the risk that the loans granted to operating banks needing financial assistance will not be paid or collected when due, and when investing activities are not prudently exercised to consider risk/reward relationships of market factors and established parameters.

PDIC exercises prudence in the grant of financial assistance and its exposures to credit risks cognizant of its mandate to safeguard the interest of the depositing public and contribute to the promotion of financial stability. This is managed through periodic examination of assisted banks and monitoring of the covenants in the loan agreements.

The Corporation likewise mitigates such risk through the collateral requirements as secondary source of payment. Moreover, the Corporation is allowed to invest only in obligations of the Republic of the Philippines (ROP) or in obligations guaranteed as to principal and interest by the ROP.

The table below provides the analysis of the maximum exposure to credit risk of the Corporation's loans and investments in equity securities, before and after taking into account collateral held or other credit:

			Fair Value of collateral or credit enhancement		Net Exposure
	Maximum Exposure				
2015					
Loans and receivables, net	P 8,170,960,509	P	1,422,028,751	P	6,748,931,758
Financial asset at fair value through other comprehensive income, net	0		0		0
Total credit risk exposure	P 8,170,960,509	P	1,422,028,751	P	6,748,931,758
2014					
Loans and receivables, net	P 8,250,289,245	P	1,481,082,366	P	6,769,206,879
Financial asset at fair value through other comprehensive income, net	3,642,000,000		0		3,642,000,000
Total credit risk exposure	P 11,892,289,245	P	1,481,082,366	P	10,411,206,879

Liquidity risk

The liquidity risk is the adverse situation when the Corporation encounters difficulty in meeting unconditionally the settlement of insurance calls and its obligations at maturity. Prudent liquidity management requires that liquidity risks are identified, measured, monitored and controlled in a comprehensive and timely manner. Liquidity management is a major component of the corporate-wide risk management system. Liquidity planning takes into consideration various possible changes in economic, market, political, regulatory and other external factors that may affect the liquidity position of Corporation.

The liquidity management policy of the Corporation is conservative in maintaining optimal liquid cash funds to ensure capability to adequately finance its mandated activities and other operational requirements at all times. The Corporation's funding requirements is generally met through any or a combination of financial modes allowed by law that would give the most advantageous results. Senior management is actively involved in the Asset Liability Committee headed by the President with most of the Executive Committee as members.

The Corporation is authorized to borrow from the BSP and from designated depository or fiscal agent of the Philippine Government for insurance and financial assistance purposes.

The table below summarizes the maturity profile of the Corporation's financial liabilities as at December 31, 2015.

		On demand		Up to 3 months		> 3 up to 12 months		>1 up to 5 years
As at December 31, 2015								
Accounts payable and other liabilities	P	0	P	2,693,890,443	P	0	P	0
Insured deposit claims payable		344,214,708		0		0		0
Loans and interest payable		1,585,433,181		2,949,677		0		52,323,688,737
	P	1,929,647,889	P	2,696,840,120	P	0	P	52,323,688,737
As at December 31, 2014								
Accounts payable and other liabilities	P	0	P	2,497,296,985	P	0	P	0
Insured deposit claims payable		574,297,836		0		0		0
Loans and interest payable		1,593,931,203		29,885,666		160,487,113		14,400,647,495
	P	2,168,229,039	P	2,527,182,651	P	160,487,113	P	14,400,647,495
		> 5 up to 10 years		> 10 up to 20 years		Over 20 years		Total
As at December 31, 2015								
Accounts payable and other liabilities	P	0	P	0	P	0	P	2,693,890,443
Insured deposit claims payable		0		0		0		344,214,708
Loans and interest payable		7,474,740,740		0		93,653,770		61,480,466,105
	P	7,474,740,740	P	0	P	93,653,770	P	64,518,571,256
As at December 31, 2014								
Accounts payable and other liabilities	P	0	P	0	P	0	P	2,497,296,985
Insured deposit claims payable		0		0		0		574,297,836
Loans and interest payable		42,265,300,666		72,706,676		88,107,830		58,611,066,649
	P	42,265,300,666	P	72,706,676	P	88,107,830	P	61,682,661,470

Capital Management

PDIC aims to maintain a Deposit Insurance Fund (DIF) to Estimated Insured Deposits (EID) ratio of at least five per cent which the Corporation's Board of Directors adopted as a measure of capital adequacy since 2012. The five per cent ratio was recommended by an external consultant engaged in 2012 under the World Bank /FIRST Initiative technical assistance on the Enhancement of Insurance Reserves Targeting (IRT) Framework.

A qualitative approach was used to establish the five per cent benchmark, using the following criteria: a) the fund should be sufficient to cover actual losses on failed banks for the worst two contiguous years, b) it should address failure of at least one large bank that, under ordinary market conditions would not be considered systemic and c) an additional margin of comfort can be obtained to cover unanticipated risks by providing sufficient funds to cover an additional year's failures and/or an additional commercial bank failure.

As of December 31, 2015, DIF stood at P112.71 billion while EID is estimated at P2.071 trillion resulting to a DIF/EID ratio of 5.4 per cent.



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