

**[PDIC REGULATORY ISSUANCE NO. 2009-005,
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RULES AND REGULATIONS ON EXAMINATION OF BANKS

Pursuant to Section 8 of Republic Act No. 3591, as amended by Republic Act No. 9576, the PDIC Board of Directors under Resolution No. 2009-10-179 dated 7 October 2009, promulgated the following rules and regulations on examination of banks.

SECTION 1. Statement of Policy

PDIC is tasked to promote and safeguard the interests of the depositing public by way of providing permanent and continuing insurance coverage on all insured deposits, and in helping develop a sound and stable banking system at all times. To achieve this end, PDIC shall conduct examination of banks, in close coordination with the Bangko Sentral ng Pilipinas (BSP), to determine their overall financial condition and compliance with banking rules and regulations. To avoid overlapping of efforts, the examination shall maximize the efficient use of the relevant reports, information, and findings of the BSP, which it shall make available to PDIC.

SECTION 2. Types of Examination

- a. Regular Examination - An examination conducted independently or jointly with the BSP. It requires the prior approval of the PDIC Board of Directors and the Monetary Board (MB). It may be conducted only after an interval of at least twelve (12) months from the closing date of the last Regular Examination.
- b. Special Examination - An examination conducted at any time in coordination with the BSP, by an affirmative vote of a majority of all the members of the PDIC Board of Directors, without need of prior MB approval, if there is a threatened or impending bank closure as determined by the PDIC Board of Directors.

SECTION 3. Scope of Examination

The examination shall include, but need not be limited to, the following:

- a. Determination of the bank's solvency and liquidity position;
- b. Evaluation of asset quality as well as determination of sufficiency of valuation reserves on loans and other risk assets;
- c. Review of all aspects of bank operations;
- d. Assessment of risk management system, including the evaluation of