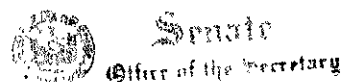
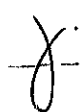


SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Third Regular Session)



'15 OCT -7 P3:49

SENATE
P. S. R. No. 1615

RECEIVED BY: 

Introduced by Senator Miriam Defensor Santiago

RESOLUTION
DIRECTING THE PROPER SENATE COMMITTEE
TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION,
ON THE COMMISSION ON AUDIT REPORT THAT THE PHILIPPINE POSTAL SAVINGS
BANK, INC. FAILED TO FORECLOSE ON THE COLLATERALS OF PAST DUE
ACCOUNTS AMOUNTING TO ₱297.176 MILLION IN 2014, RESULTING IN DELAYED
EXERCISE OF OWNERSHIP OVER THE PROPERTY AND RECOVERY OF
INVESTMENTS

1 WHEREAS, the Constitution, Article 2, Section 28 states: "Subject to reasonable
2 conditions prescribed by law, the State adopts and implements a policy of full public disclosure
3 of all its transactions involving public interest";

4 WHEREAS, the Commission on Audit (COA) reported that the Philippine Postal Savings
5 Bank, Inc. (PPBSI) failed to foreclose on the collaterals of past due accounts amounting to
6 ₱297.176 million, contrary to Presidential Decree No. 385 and the Bank's Manual of Lending
7 Operations, resulting in delayed exercise of ownership over the property and recovery of
8 investments;

9 WHEREAS, P.D. No. 385 Section 1 states that:

10 It shall be mandatory for government financial institutions.... to foreclose
11 the collaterals and/or securities for any loan, credit, accommodation, and/or
12 guarantees granted by them whenever the arrearages on such account, including
13 accrued interest and other charges, amount to at least twenty percent (20%) of the
14 total outstanding obligations, including interest and other charges, as appearing in
15 the books of account and/or related records of the financial institution
16 concerned....

17 WHEREAS, the Loan Management of the Bank's Manual of Lending Operations,
18 Chapter 13 refers to past due accounts as those under the loan portfolio which were not paid at
19 maturity;

20 WHEREAS, under the said provision in the manual, these accounts should be considered
21 for transfer to the Remedial and Assets Management Department (RAMD) for management, if
22 the borrower wants to restructure within the prescribed period and the account has potential
23 payment difficulties that is perceived to persist until the due date of a current account;

1 WHEREAS, the COA noted that while PPBSI management committed last year to
2 recover the past due loans, the collaterals have not been foreclosed and past due loans are still
3 classified under loans and receivables account contrary to P.D. No. 385, Section 1;

4 WHEREAS, as a result of the failure of PPBSI to reclassify the past due loans, exercise
5 of ownership over the collaterals and recovery of investments were delayed, to the prejudice of
6 our taxpayers;

7 WHEREFORE, BE IT HEREBY RESOLVED BY THE PHILIPPINE SENATE
8 directing the proper Senate Committee to conduct an inquiry, in aid of legislation, on the
9 Commission on Audit report that the Philippine Postal Savings Bank, Inc. failed to foreclose on
10 the collaterals of past due accounts amounting to ₱297.176 million in 2014, resulting in delayed
11 exercise of ownership over the property and recovery of investments.

Adopted,


MIRIAM DEFENSOR SANTIAGO
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