

2014 ANNUAL MANAGEMENT CONFERENCE
Confederation of Central Luzon Rural Banks, Inc.

28 February 2014
The Forest Lodge, Camp John Hay, Baguio City

CORPORATE GOVERNANCE: REVISITED, REINFORCED



BANGKO SENTRAL NG PILIPINAS



A Whole New World



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... see the world in a new perspective



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**The world
has a lot to
offer...**



**...but
we're
hesitant
to explore
new
territories**



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**To reap rewards,
we have to take
risks**



**Challenges
are not
roadblocks
but
opportunities**



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**“Facing Up to the New
Competitive Realities of
Rural Banking.
Coming up with
Ways to be More Competitive
as Small Banks.”**



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“In banking, size does not matter but strength and stability does.”



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Board of Directors



- set the bank's strategic direction and operations



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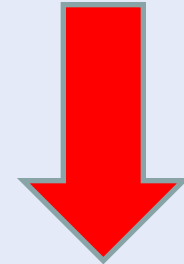
**Effective
corporate
governance**



**public trust and
confidence**



**Poor corporate
governance**



bank failure



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REGULATIONS

Applicable to all

Proportional

~~One size
fits all~~



**Governance
Landscape**

**Fitness and
Propriety of
Board and Mgt.**

GOVERNANCE

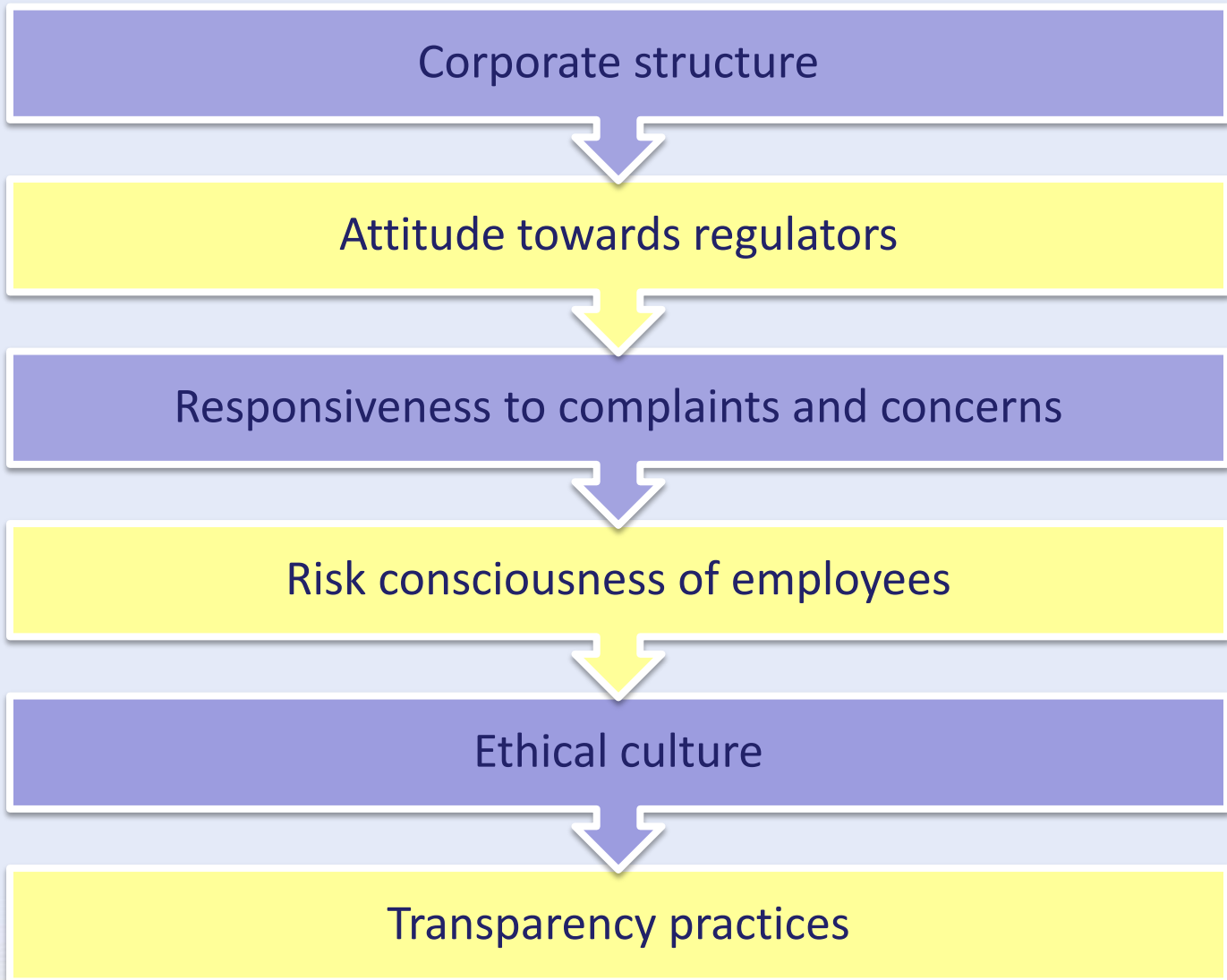
Risk Governance

**Controls and
Independent
Oversight**



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1. GOVERNANCE LANDSCAPE



Corporate Structure



-reflective of actual set-up or operating framework of the institution



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Attitude towards Regulators



-constructive working relationship



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Responsiveness to Complaints and Concerns



- establish system for resolving complaints
- investigate serious allegations
- report to board serious cases



Risk Consciousness



-level of employees' awareness



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Ethical Culture

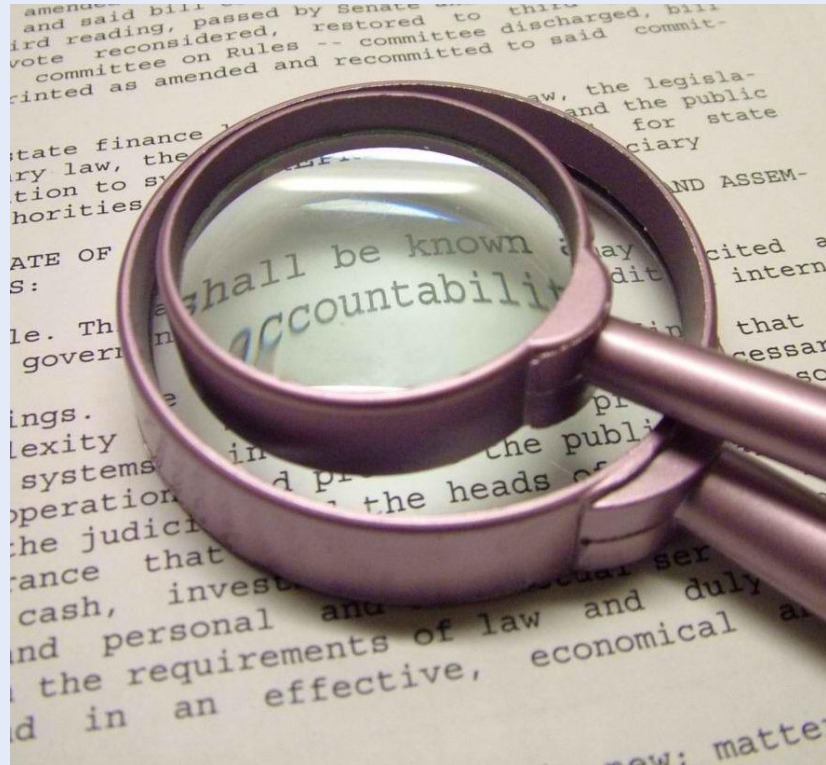


-values of the bank



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Transparency Practices



-recognition of accountability to different stakeholders



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2. FITNESS & PROPRIETY OF BOARD & MGT.



**-set own specific qualifications and standards
for the position**



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- roles, duties and responsibilities should be defined and documented**
- Board should assess its performance regularly**





-minute of board meetings capture the richness of discussion and thought process behind every decision



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-the effectiveness of the implementation of the strategic goal set by the board lies on the management team



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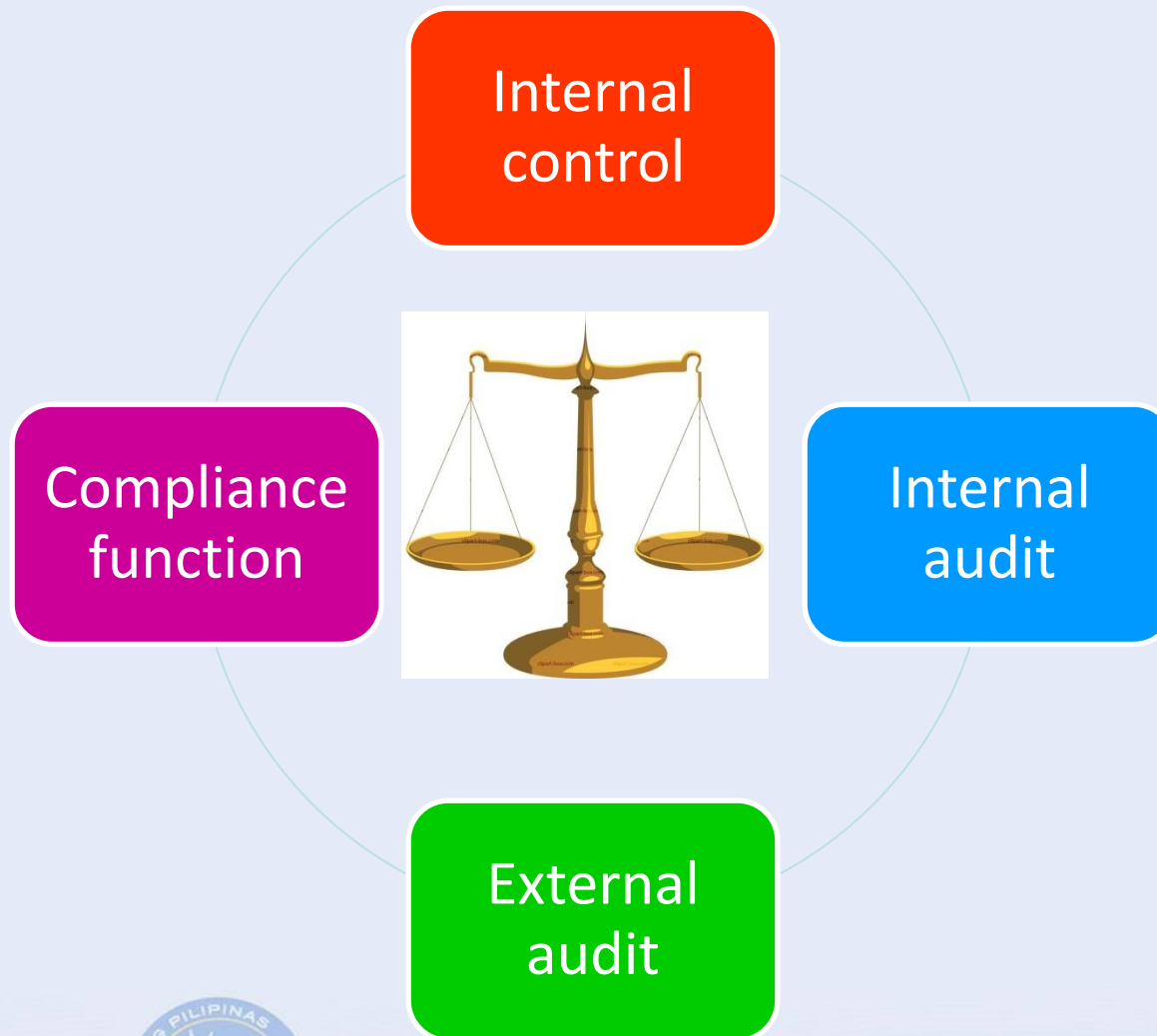
3. RISK GOVERNANCE



-embed risk concepts, principles and assessments from end to end (from strategic planning to performance evaluation)



4. CONTROLS AND INDEPENDENT OVERSIGHT



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**WITH
GREAT
POWER COMES
GREAT
RESPONSIBILITY**



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THANK YOU

TEODORA I. SAN PEDRO
Director, CPCD II



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