



61st Annual National Convention and General Membership Meeting
SMX Convention Center, SM Lanang Premier, Davao City
21-22 May 2014

The Rural Banking Sector



PDIC Executive Vice President
Imelda S. Singzon



POSITIVE DEVELOPMENTS/OUTLOOK

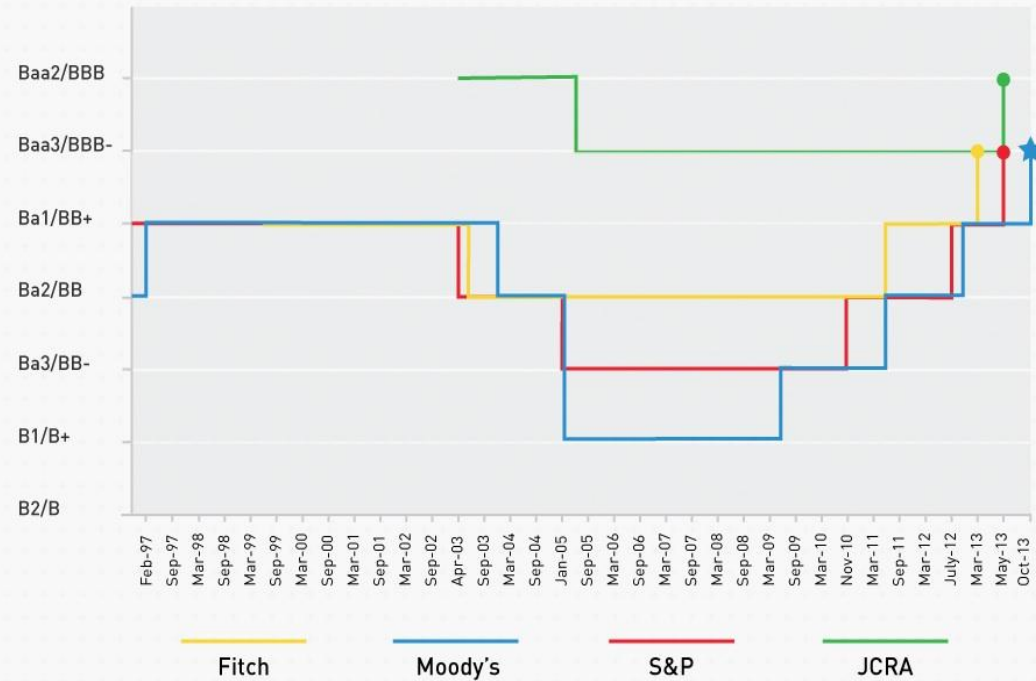
- Credit rating upgrade
- GDP to grow by 6.6% in 2014 from 6.5% in 2013 and 6.8% in 2012
- Construction likely to accelerate due to post-disaster reconstruction efforts, more aggressive infrastructure investments, and the start of some public-private partnership projects



Philippines upgraded to investment grade

Rationale for the upgrade:

1. Robust economic performance
2. On-going fiscal & debt consolidation
3. Political stability & improved governance



RATING AGENCY	CURRENT RATING
Fitch	BBB-/Stable
Moody's	Baa3/Positive
S&P	BBB-/Stable
JCRA	BBB/Stable

Source: www.gov.ph; www.moodys.com



REGIONAL ACCOUNTS OF THE PHILIPPINES

GROWTH RATES

Unit : In Percent

Period: 2009 TO 2012

AT CONSTANT 2000 PRICES

**Table 1.3B GROSS REGIONAL DOMESTIC PRODUCT
GROWTH RATES**

REGION / YEAR	09-10	10-11	11-12
PHILIPPINES	7.6	3.9	6.8
NCR METRO MANILA	7.6	3.5	7.3
CAR CORDILLERA	6.3	2.1	1.0
I ILOCOS	7.1	3.0	5.2
II CAGAYAN VALLEY	(1.1)	5.4	8.2
III CENTRAL LUZON	10.7	7.5	6.3
IVA CALABARZON	11.1	2.6	7.0
IVB MIMAROPA	1.1	2.5	4.2
V BICOL	5.2	2.6	7.1
VI WESTERN VISAYAS	3.7	5.5	7.5
VII CENTRAL VISAYAS	12.5	7.9	9.3
VIII EASTERN VISAYAS	2.0	1.8	(6.2)
IX ZAMBOANGA PENINSULA	3.6	0.1	12.4
X NORTHERN MINDANAO	6.9	2.5	7.4
XI DAVAO REGION	5.0	4.1	7.4
XII SOCCSKSARGEN	2.0	4.0	8.1
XIII CARAGA	7.4	9.6	10.6
ARMM MUSLIM MINDANAO	2.3	(1.0)	1.2



REGIONAL ACCOUNTS OF THE PHILIPPINES

GROWTH RATES

Unit: In Percent

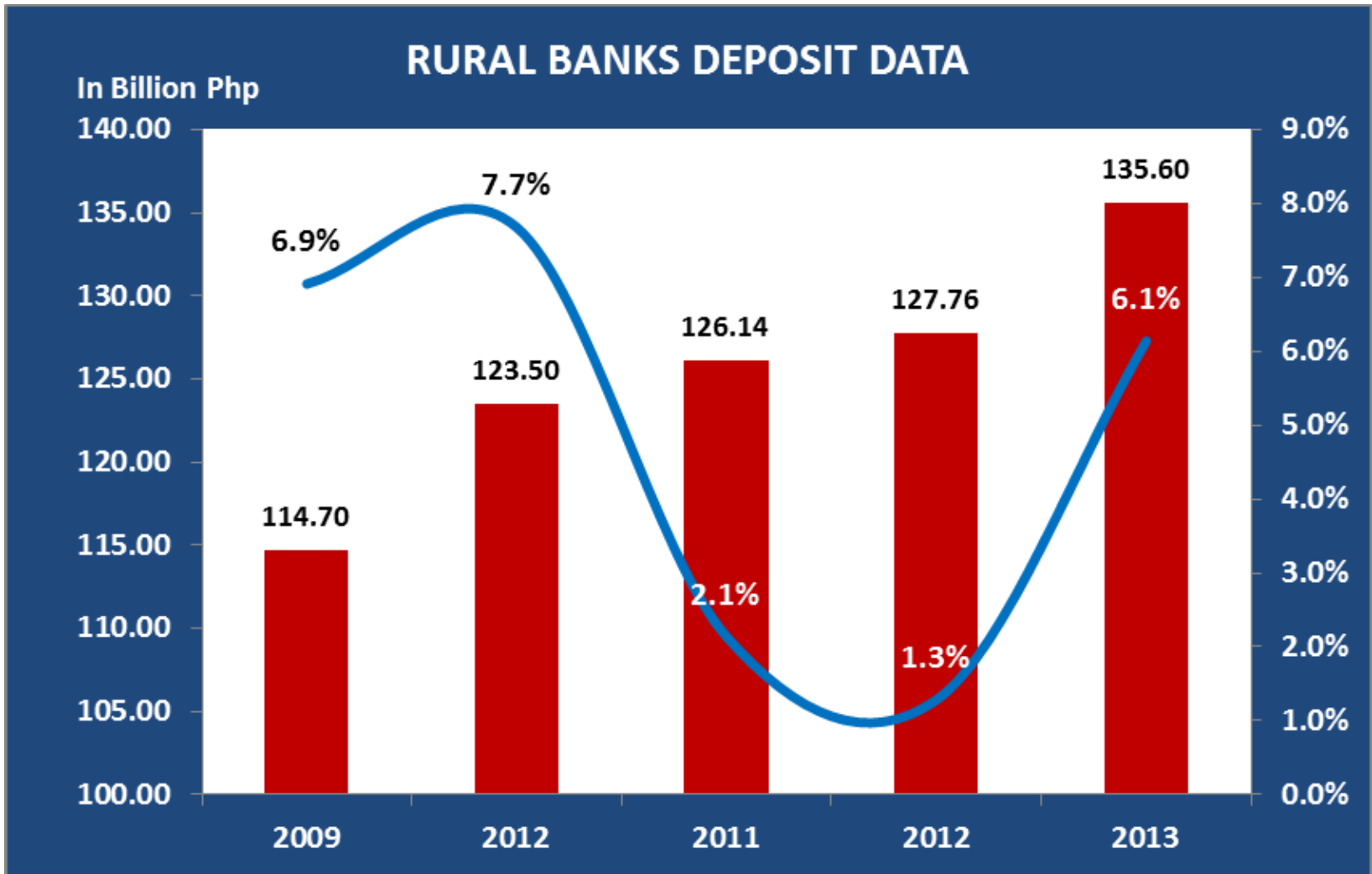
Period: 2011 to 2012

AT CONSTANT 2000 PRICES

REGION / YEAR	SERVICES	INDUSTRY	AHFF
PHILIPPINES	7.6	6.8	2.8
NCR METRO MANILA	7.4	6.8	10.8
CAR CORDILLERA	7.4	-3.6	1.5
I ILOCOS	6.8	3.6	3.7
II CAGAYAN VALLEY	7.1	12.8	8.3
III CENTRAL LUZON	6.2	5.4	9.1
IVA CALABARZON	8.0	6.9	2.5
IVB MIMAROPA	6.8	4.8	-0.3
V BICOL	6.1	16.1	2.9
VI WESTERN VISAYAS	7.6	19.9	-0.1
VII CENTRAL VISAYAS	9.6	10.9	-0.6
VIII EASTERN VISAYAS	7.5	-18.5	-3.0
IX ZAMBOANGA PENINSULA	8.3	31.6	-2.6
X NORTHERN MINDANAO	9.0	9.2	2.5
XI DAVAO REGION	9.2	8.9	0.4
XII SOCCSKSARGEN	8.1	10.8	5.4
XIII CARAGA	9.2	18.4	2.4
ARMM MUSLIM MINDANAO	6.3	-1.0	-1.1

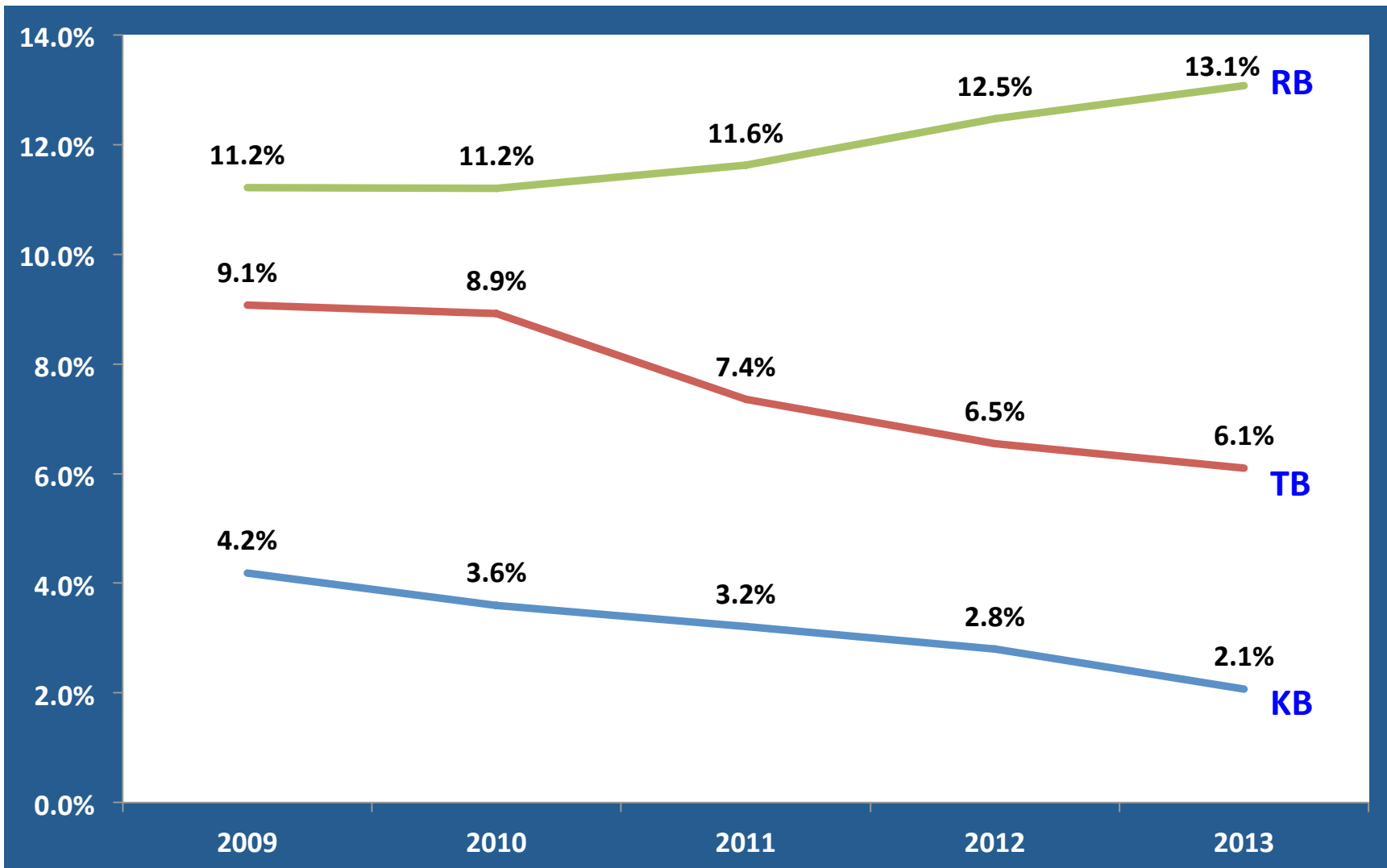


Rural Banking Industry- Deposit Growth



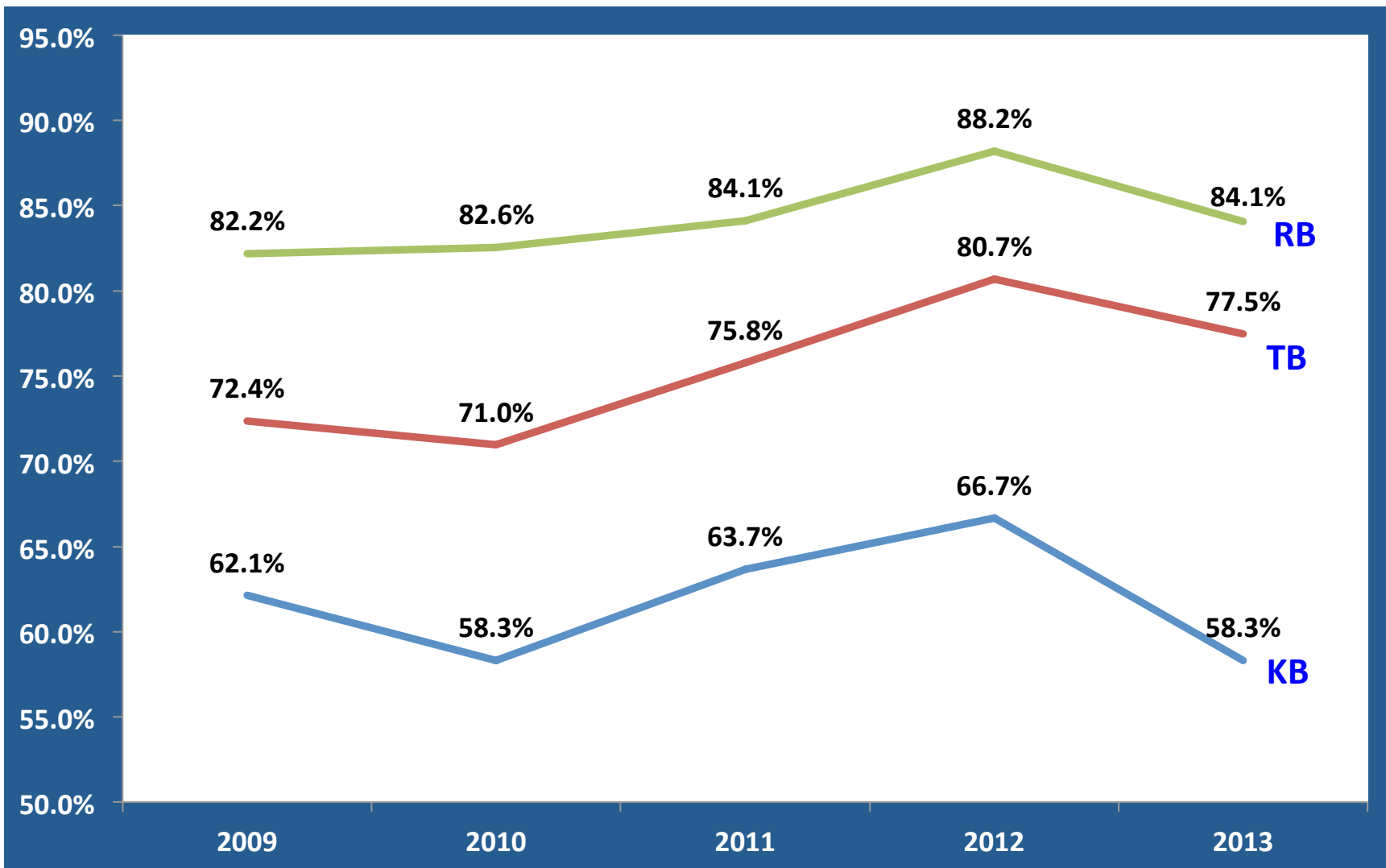


Key Indicators – NPA/TA



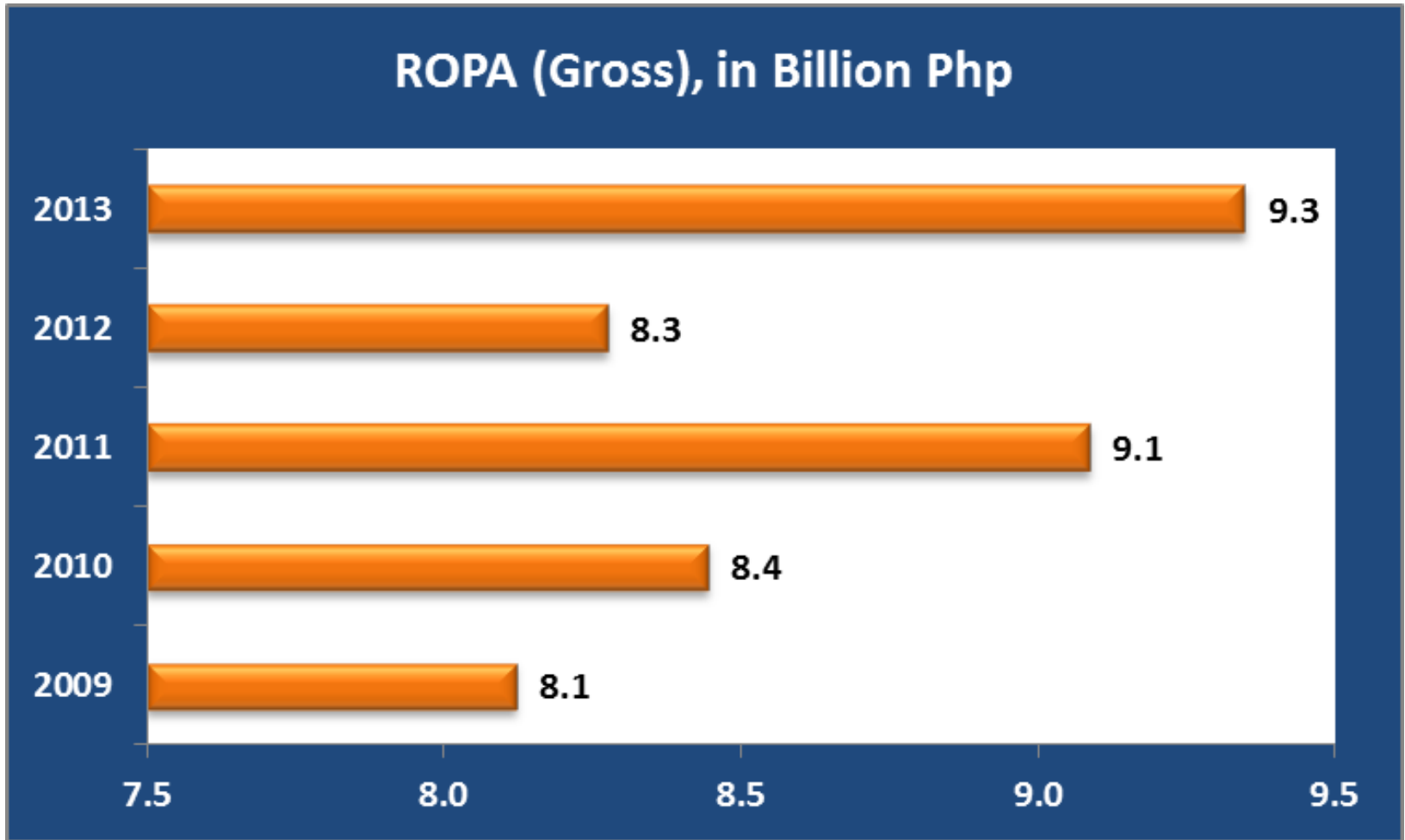


Key Indicators – Intermediation Ratio





Rural Banking Industry- ROPA





PDIC RIs

- **RI 2006-01** on Record Keeping of Deposits
- **RI 2011-04** on Rules on Net out of Obligations to Determine Insured Deposits
- **RI 2011-03** on Rules Governing Requests for Reconsideration for Denied Deposit Insurance Claims
- **RI 2011-02** on Rules and Regulations Governing Deposit Accounts or Transactions Excluded from the Coverage of Deposit Insurance
- **RI 2009-03** on Determination of Beneficial Ownership of Legitimate Deposits

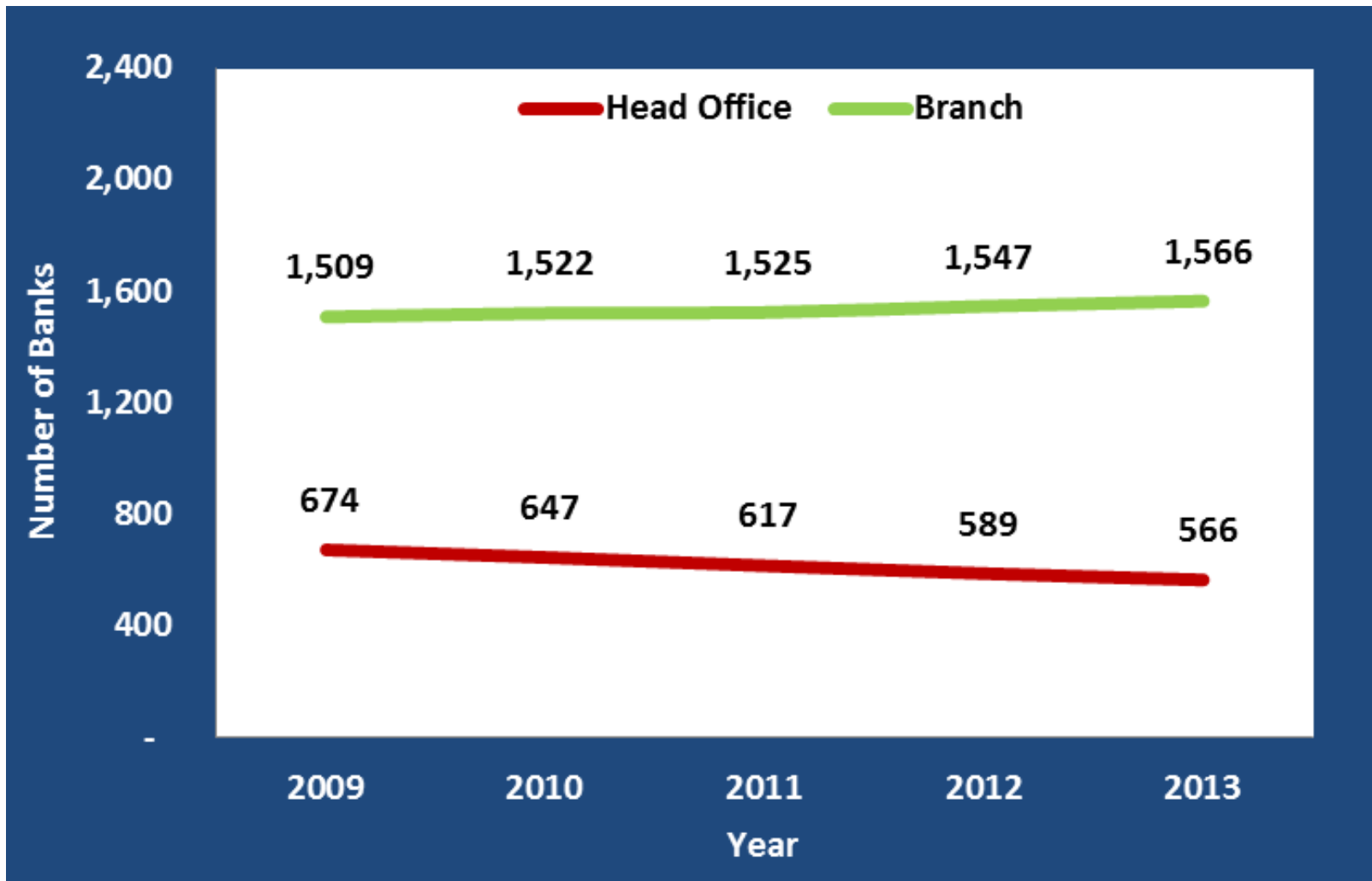
BSP KYC

Customer Identification Process under MORB Sec.X806:

- Customer acceptance policy
- Criteria for type of customer
- Enhanced due diligence
- Minimum validation procedures
- Face-to-face contact
- Outsourcing arrangements
- Third party reliance
- Customer identification

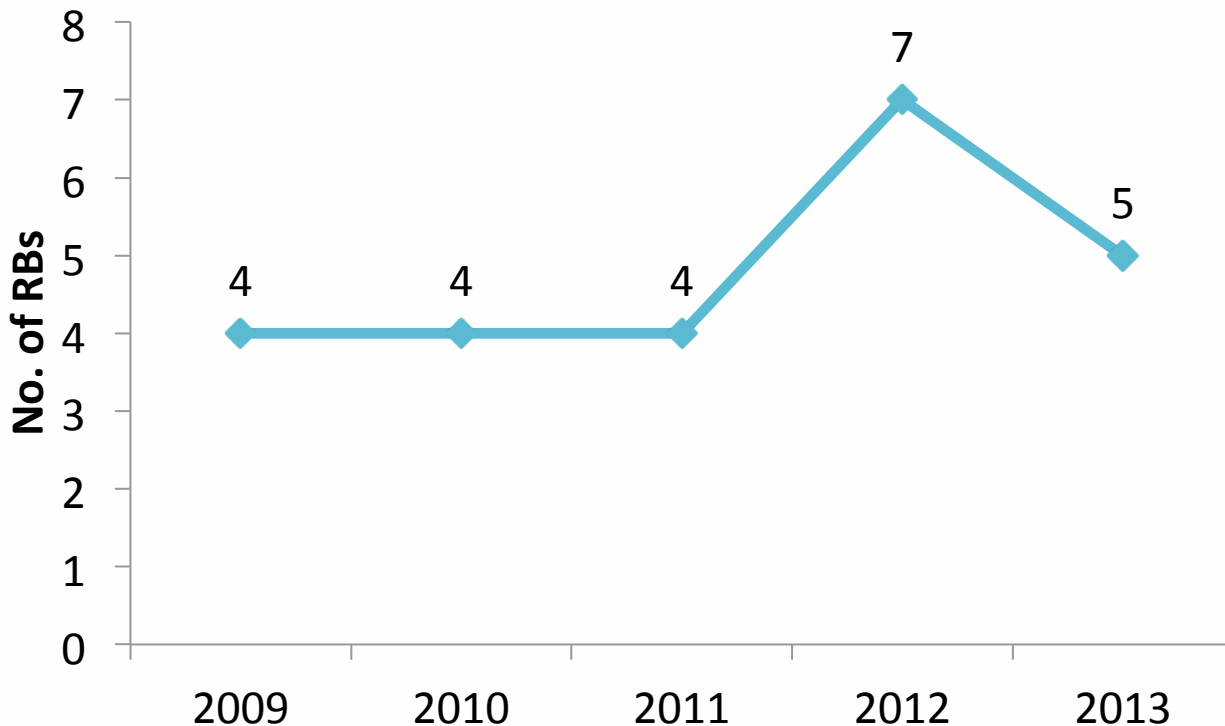


Rural Banks – Branch Network





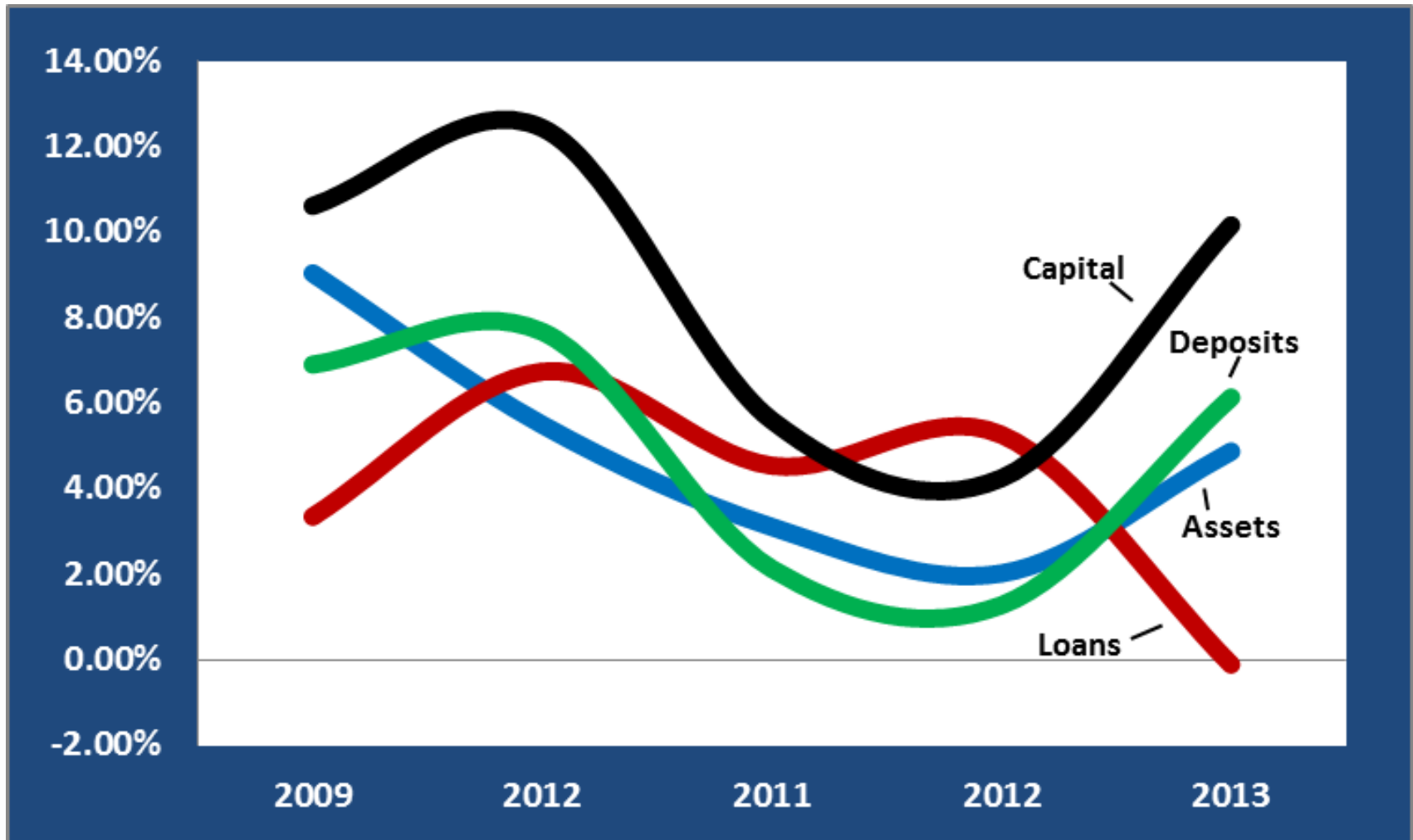
Rural Banks – Mergers & Consolidation Trend



	2009	2010	2011	2012	2013
TOTAL RBs	4	4	4	7	5
With KB	-	-	-	1	-
With TB	-	1	-	2	2
With RB	4	3	4	4	3

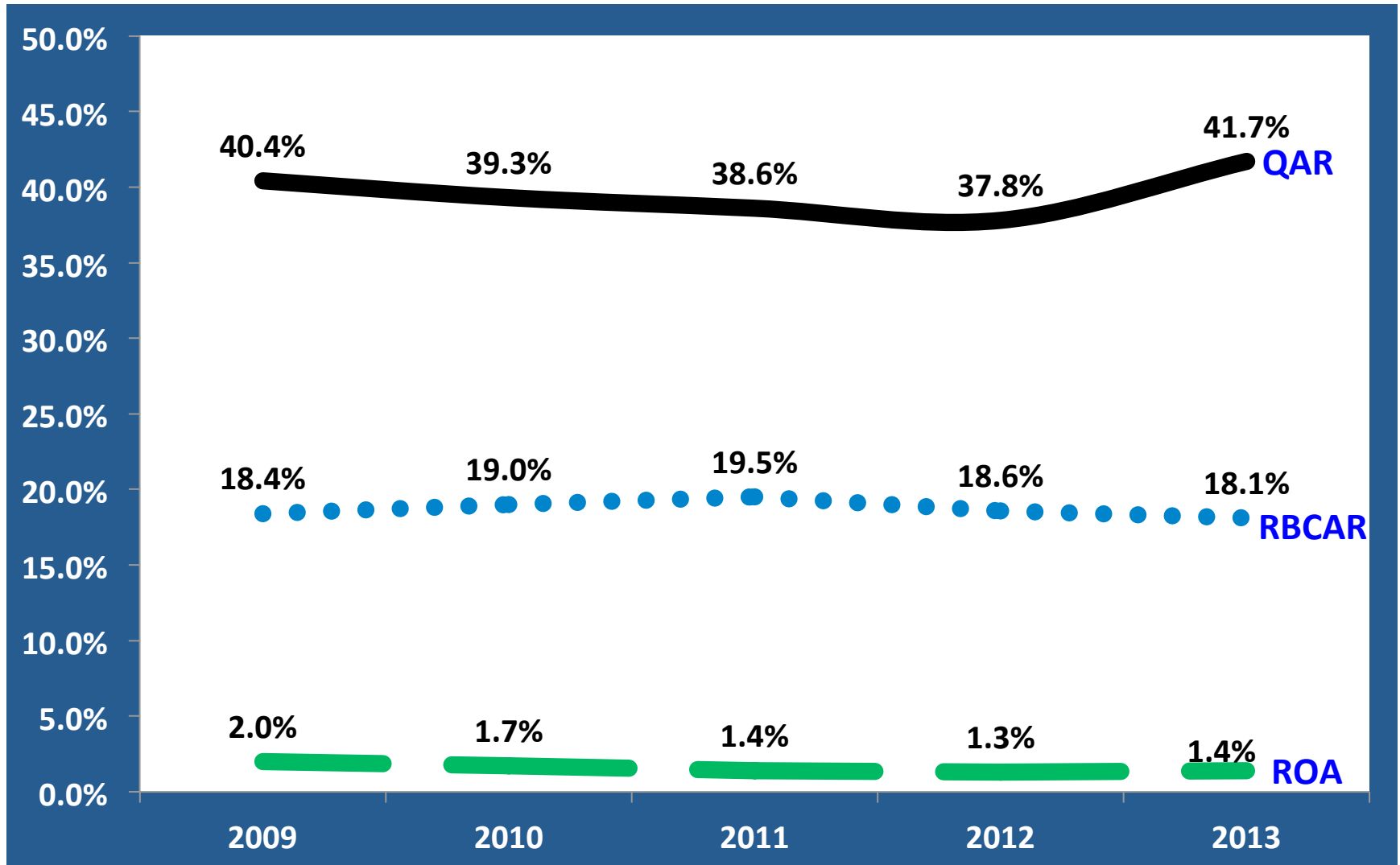


Rural Banking Industry- Growth or Key Accounts





Rural Banking Industry- Key Indicators





IT and Training Partnerships



CFIEP



BSP Institute

RURAL BANKS



Bank Associations



RB Products & Services Offered

Micro, Small, Medium Enterprise (MSME)

- Micro-credit
- Micro-agri lending
- Housing microfinance
- Microinsurance services
- Savings mobilization strategies

Private Sector Partnership

- Third party ATM service providers
- Mobile Phone Banking Services
- Remittance Partner
- Money Transfer Center

DELIVERY OF SERVICES IN THE COUNTRYSIDE or HARD TO REACH AREAS

Additional Revenue



REPUBLIC ACT NO. 10574

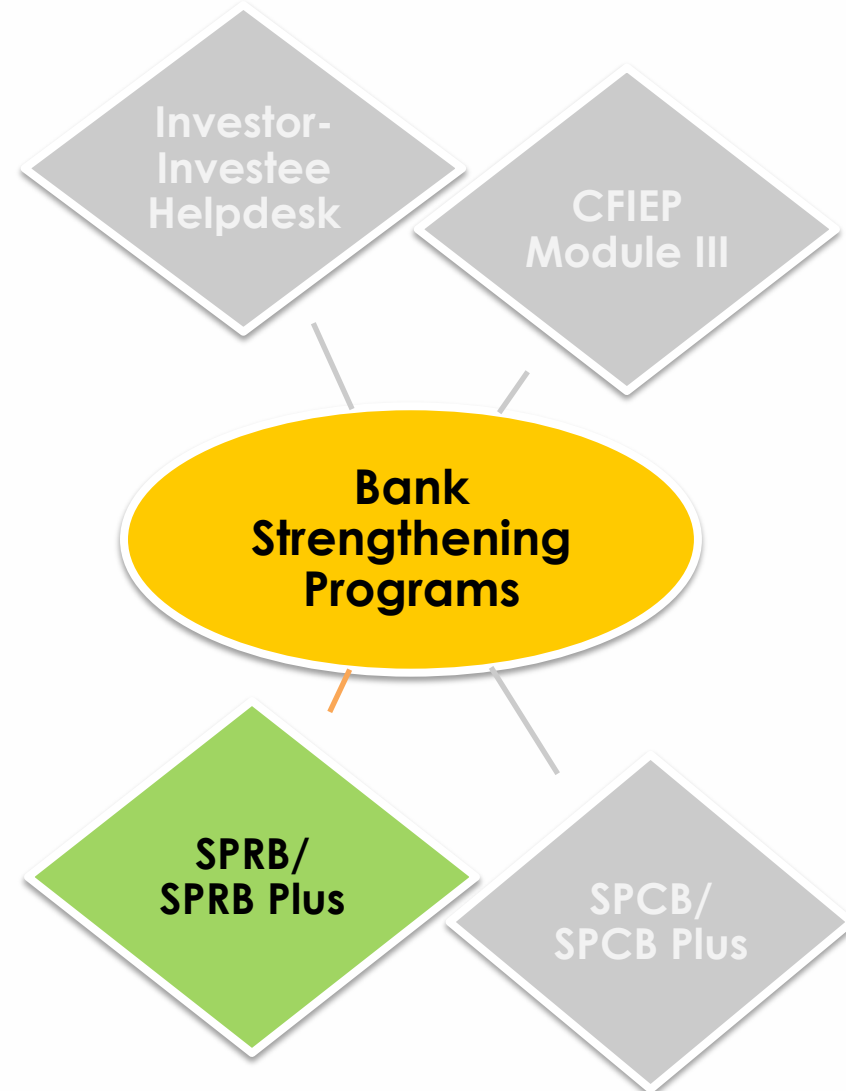
Implementing Rules under BSP Circular No. 809 (series of 2013):

- Prescribes the guidelines for selection of foreign banks allowed to invest in majority of voting stock of an existing domestic bank
- Non-Filipino citizens, may each or in the aggregate, own, acquire or purchase, up to 60% of the voting stocks in an RB
- Qualified foreign banks may own or control up to 60% of the voting stock of an RB



STRENGTHENING PROGRAM FOR RURAL BANKS

- **Joint undertaking by the PDIC and BSP**
- **Voluntary and time-bounded program**
- **Program availability is extended up to 31 December 2014**
- **Financial Assistance** will cover up to 100% of the required additional capital to bring the eligible bank's RBCAR to 10%, for eligible banks affected by typhoon "Yolanda"; or up to 50% for all other banks.
- **Two forms of Financial Assistance:**
 1. A combination of equity (Preferred Shares) and loan component; or
 2. Loan only
- **Program funding is increased, as necessary**





PDIC INVESTOR-INVESTEES HELP DESK

Facilitate MCAs by providing a “market place” where investors interested in merging with or acquiring banks, can meet investees or banks looking for buyers.



INVESTOR

Operating Bank or NBFIs

- * has not violated any PDIC regulation; &/or
- * not under BSP's PCA



INVESTEES

Operating Bank

- * has not violated any PDIC regulation



SPRB Lane

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SSS Bldg., 6782 Ayala Ave., Makati City
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Trunk Line – (02) 841-4000 local 4240/34**

Investor-Investee Help Desk

**The Manager, Bank Statistics Department
PDIC, 7th Floor, PDIC Ayala Extension Office
SSS Bldg., 6782 Ayala Ave., Makati City
Direct Line – (02) 813-3673
Trunk Line – (02) 841-4000 local 4376**

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Thank you!



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