

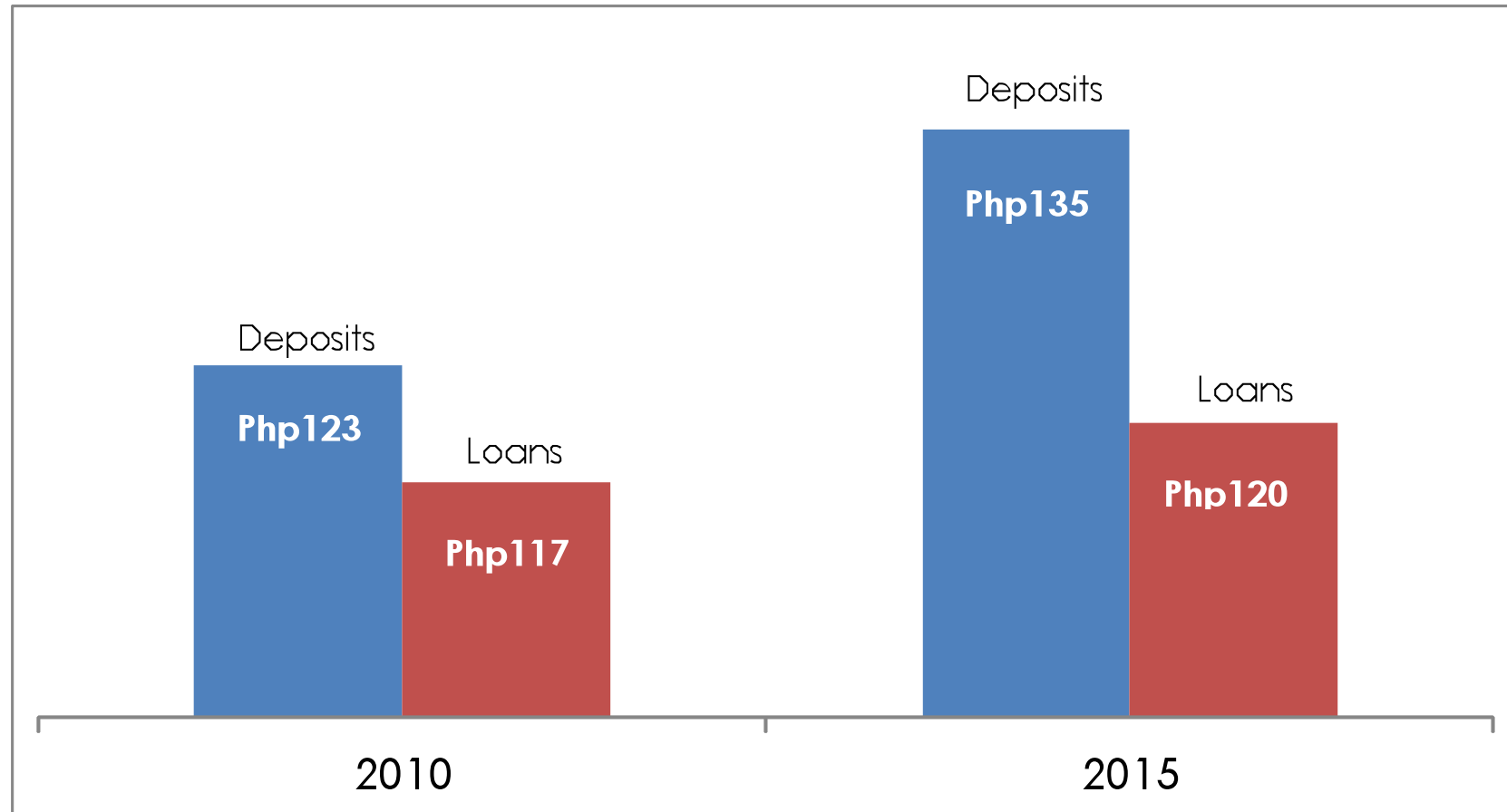
# **CONSOLIDATION PROGRAM FOR RURAL BANKS**

RBAP 58<sup>th</sup> Charter Anniversary Symposium  
November 10, 2015



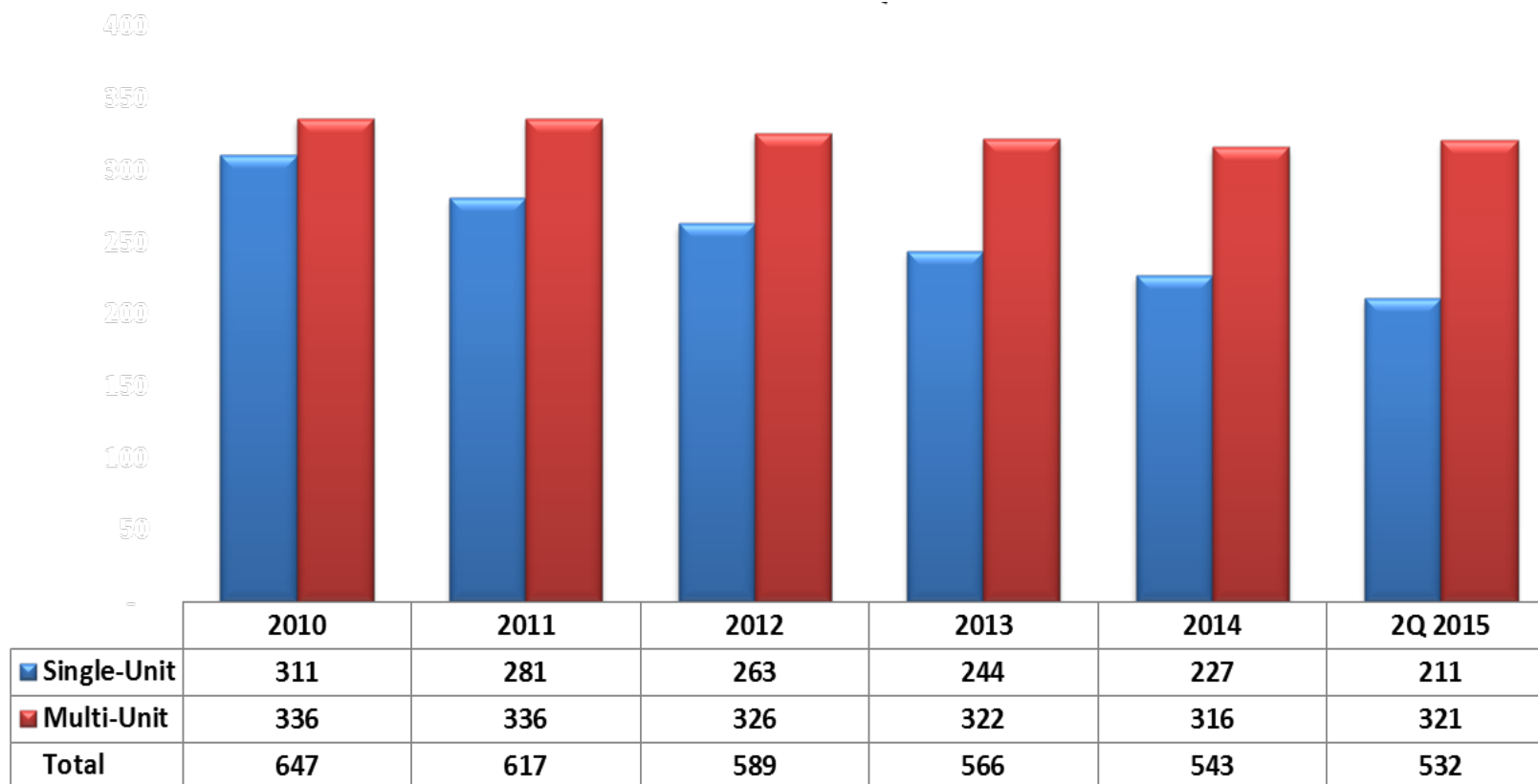
# Rural Banks: Deposits and Loans

in Billion Php



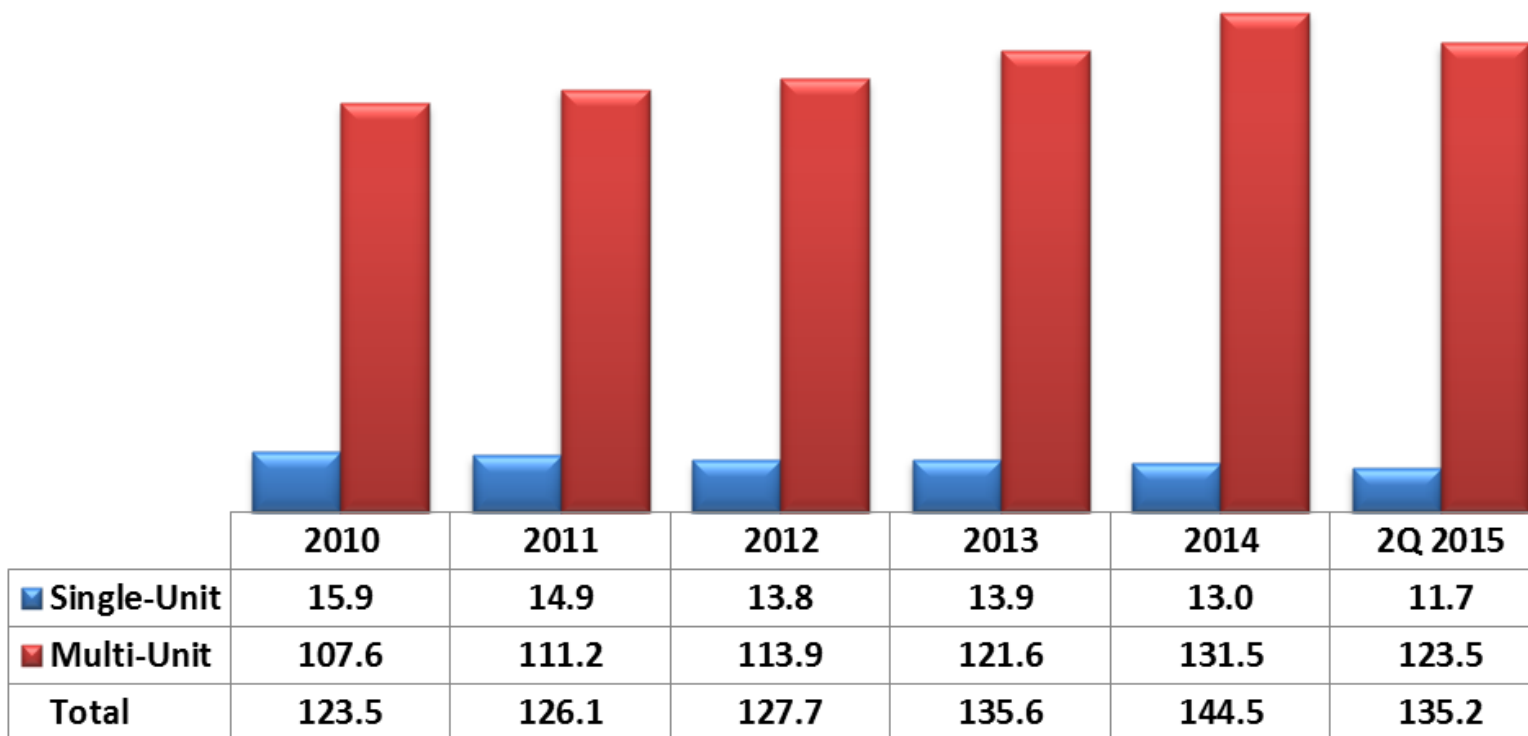
# Rural Banks Profile:

## Single-Unit & Multi-Unit RBs

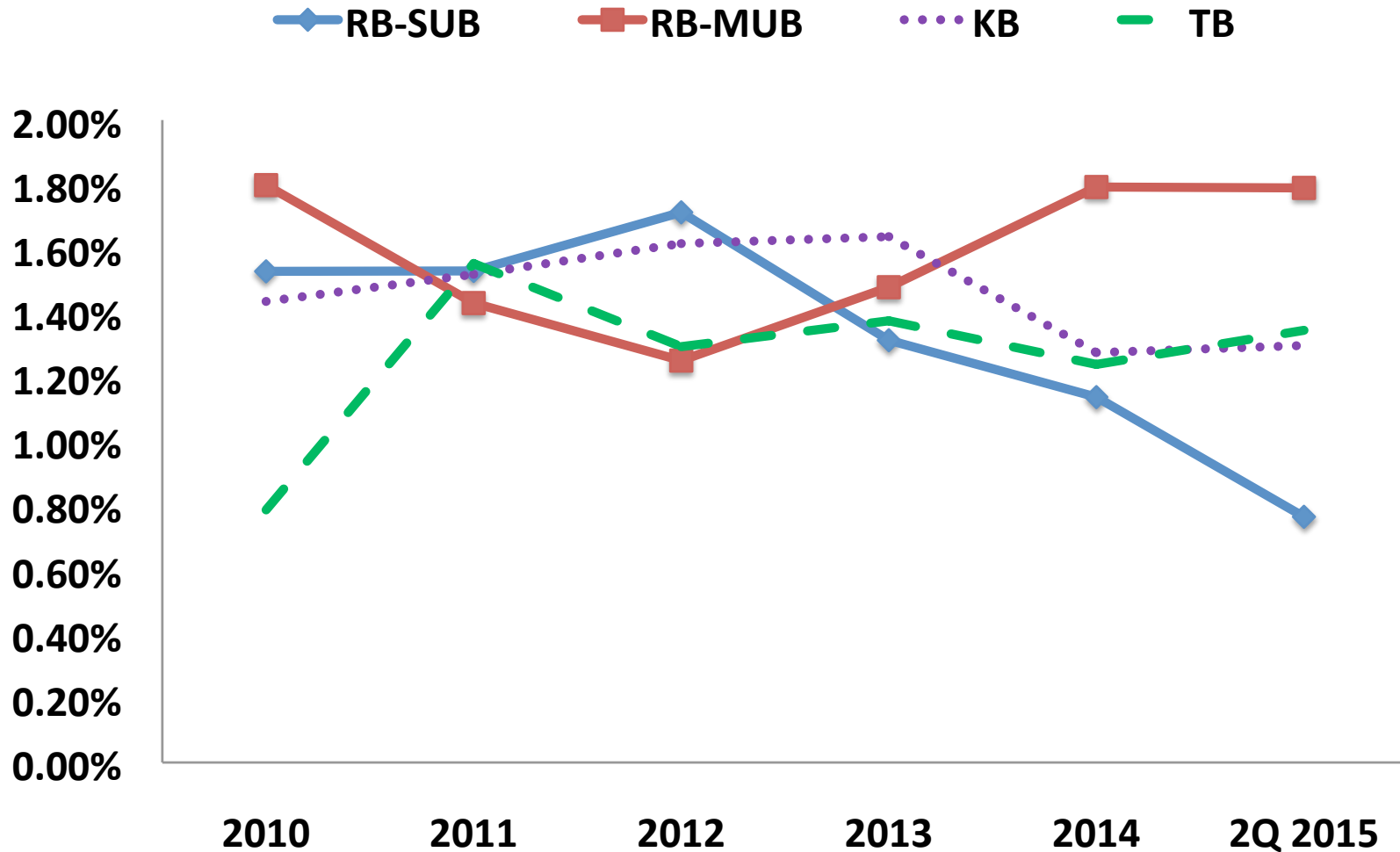


# Deposits by Type of Rural Bank

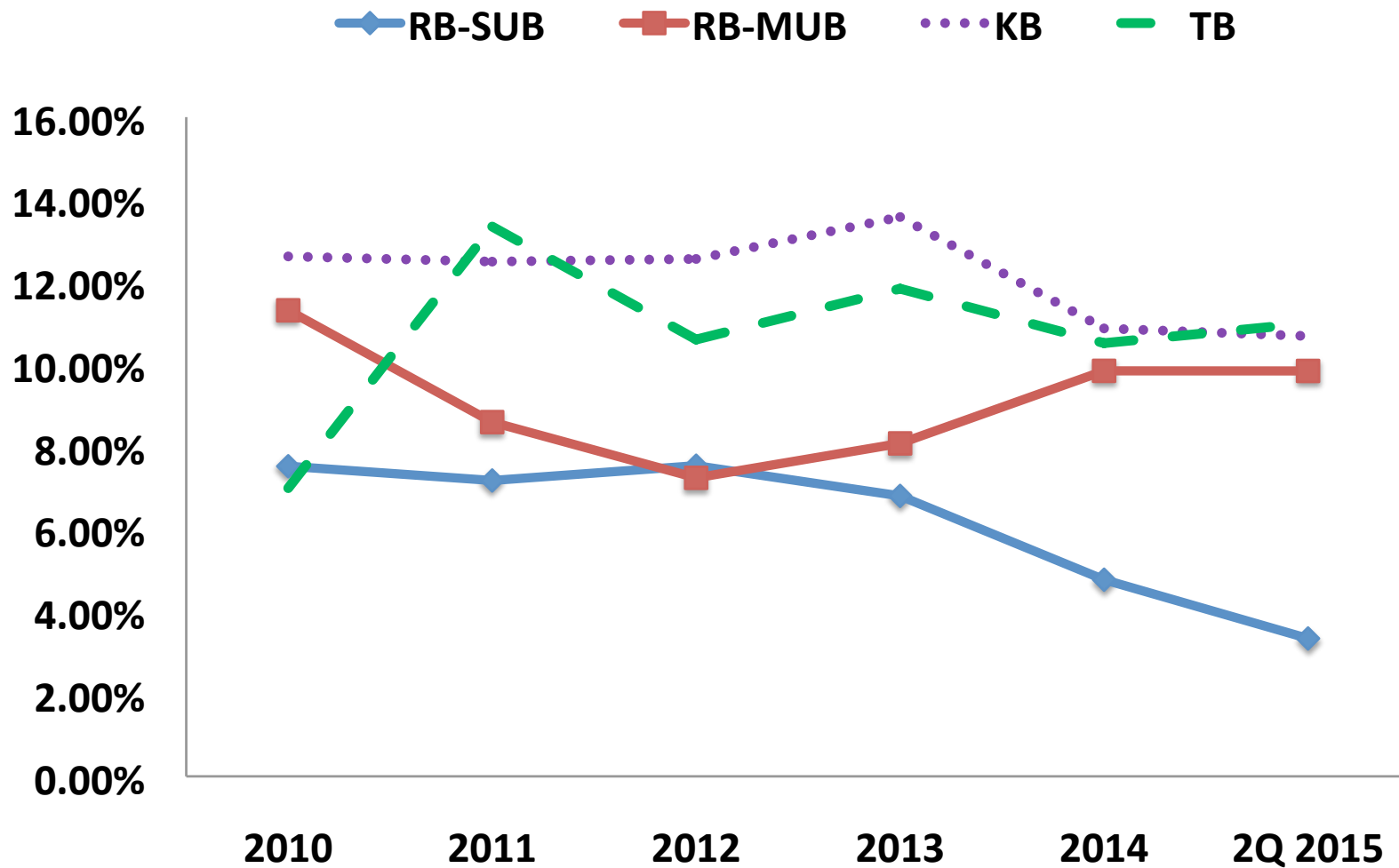
In Billion Pesos



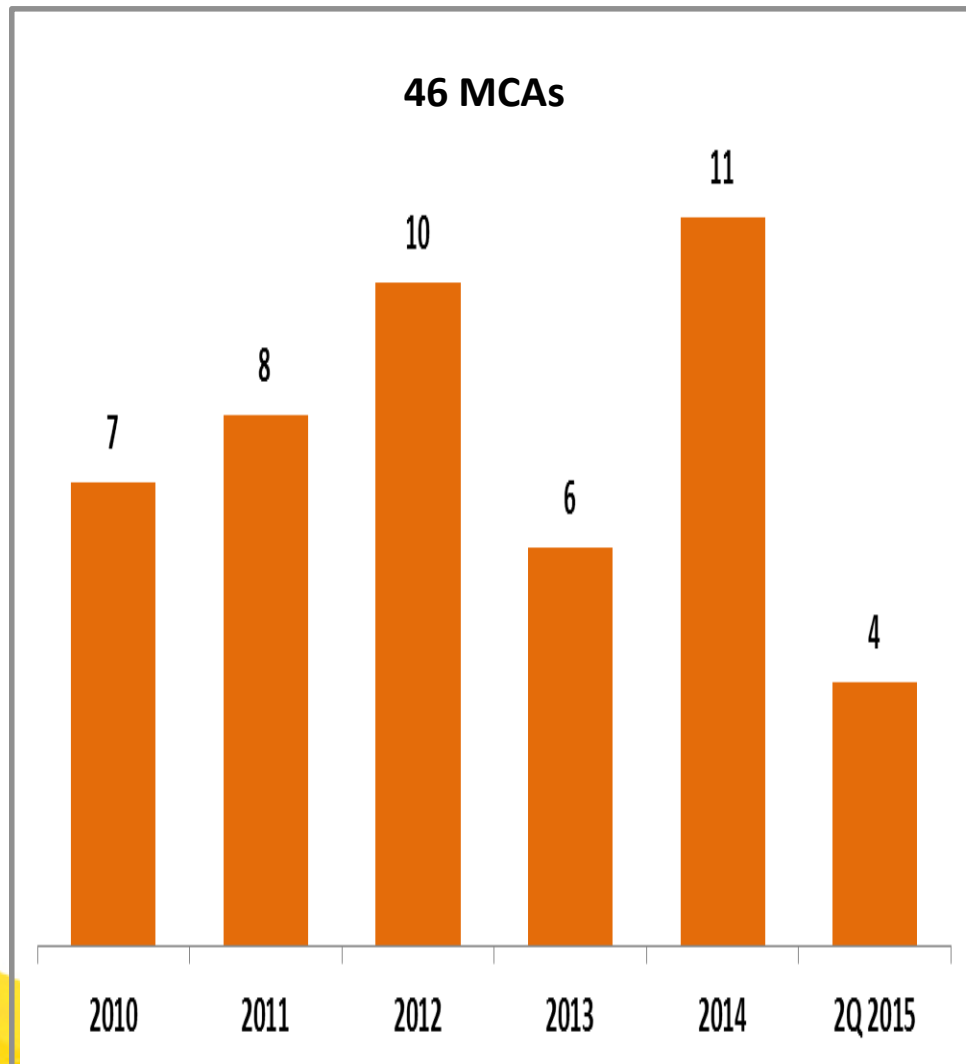
# Return on Assets (ROA)



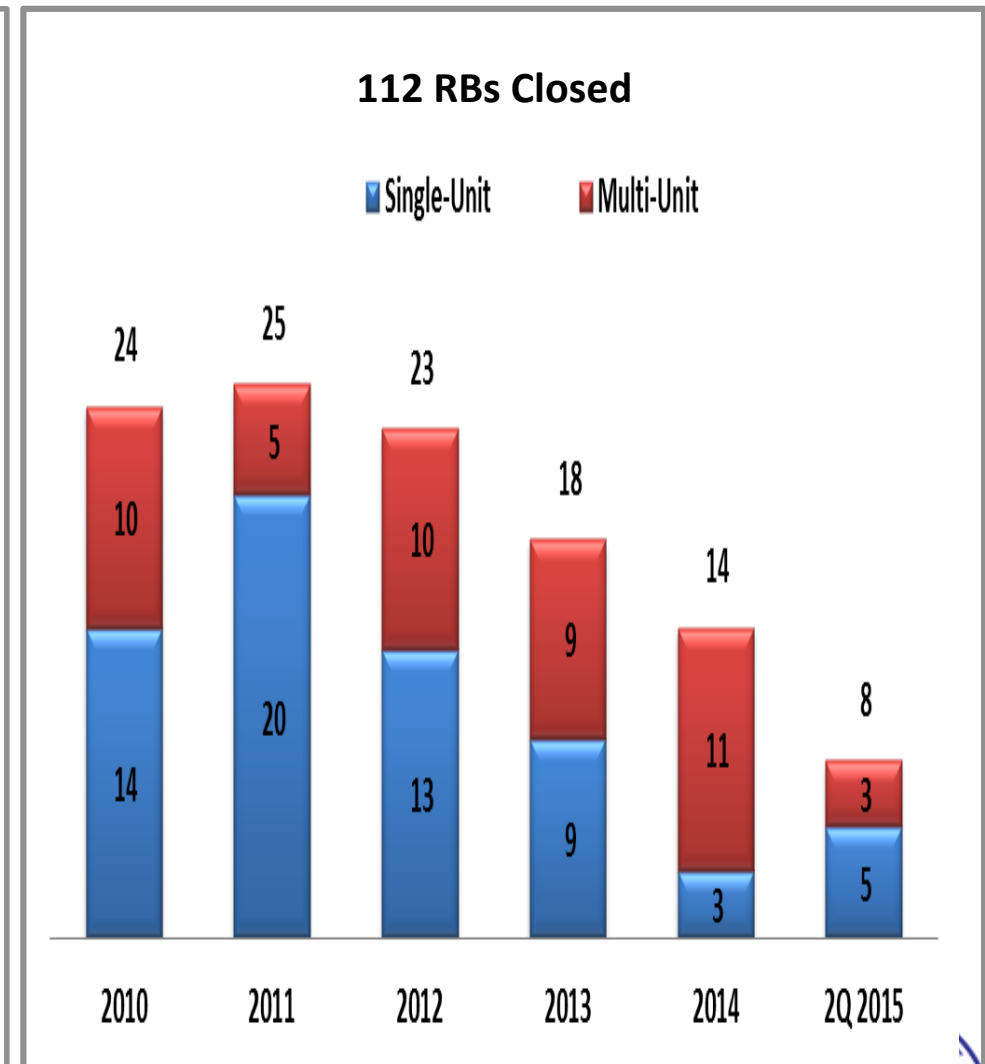
# Return on Equity (ROE)



## RB Industry has been Consolidating



## RB Closures





# Why consolidate?

Improve financial strength, enhance long-term viability and generate better return for shareholders

Strengthen management and governance

Generate synergies and economies of scale

Expand and diversify market

Strengthen ability to compete and survive competition from bigger banks





# CONSOLIDATION PROGRAM FOR RURAL BANKS

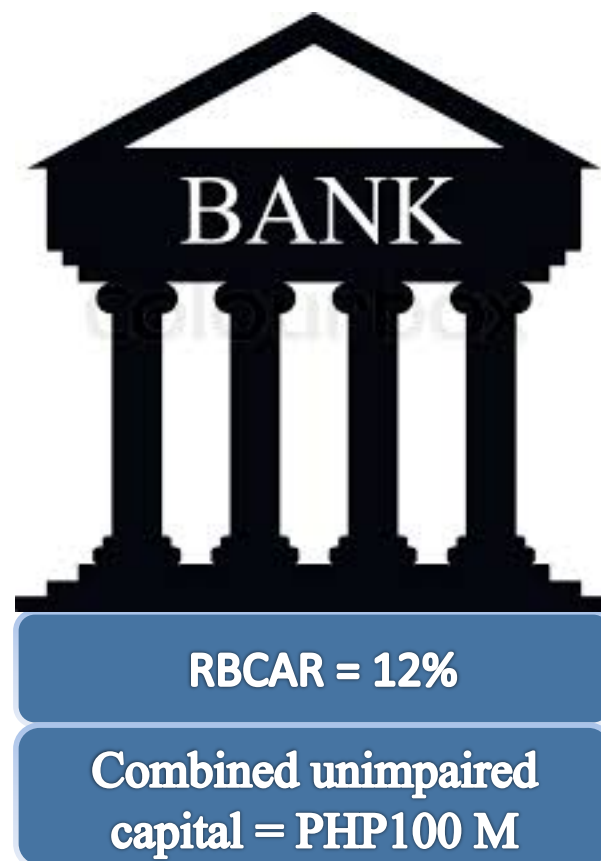


# CPRB ELIGIBILITY

**At least  
5 rural  
banks**

- with head office or majority of branches located in same region/area

if head office is located in nearby region, all program objectives are met



# CPRB PROGRAM SUPPORT

Financial advisory  
services

Business process  
improvement  
services

Capacity building  
support services

Possible equity  
participation by  
LBP

BSP to observe full  
flexibility in grant  
of incentives



# CPRB MAIN PROCESS FLOW

## Organize

- Understand the Program
- Identify Partner RBs

## Apply

- Preparation of Documents
- Submission to PDIC

## Engage

- Engagement of Financial Adviser

## Infuse Capital

- If necessary, infusion of additional capital
- Avail of LBP Equity Facility

## Secure Approval

- Secure approval from PDIC, BSP, and SEC

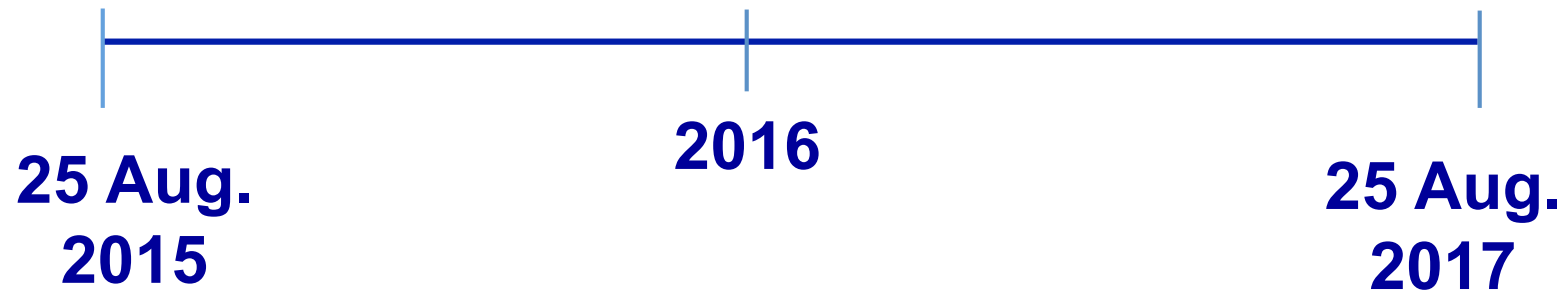
## Integrate

- Engage Business Process Consultant
- Conduct capacity building services



# PROGRAM PERIOD

## Two Years



# Contact Details

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# Thank You





# Identification of Partner Rural Banks

- **Familiarize with the CPRB Implementing Guidelines**
  - a. Incentives
  - b. Commitment of proponent banks
  - c. Consequence of failure to keep commitment
- **Identify at least 5 partner rural banks**
- **Meet and discuss with the chosen partners**
- **Invite PDIC/BSP/LBP to discuss the details of the program, if necessary**



# List of Documents for Submission

The Proponent Banks shall submit three (3) sets of the following documents to the PDIC.

- a. Letter of Intent
- b. CPRB Application Form
- c. Board Resolutions
- d. Stockholder's Resolutions
- e. Secretary's Certificate of Adoption of Board Resolutions containing approval of request for availment of funding support, MOA and designation of authorized representative
- f. Duly executed MOA among banks
- g. Duly executed MOU
- h. Duly executed Confidentiality Agreement
- i. Latest audited financial statements



# Engagement of Financial Adviser

- PDIC to solicit proposals from top 5 financial advisers (FA)
- Proponent banks to choose the FA
- PDIC will notify the CFIEP of the chosen FA
- Proponent banks will engage services of the FA and pay the 20% fee of the FA
- Conduct of meetings and progress billings of fee by the FA
- Submission of final report by the FA and final payment of the FA fee by the CFIEP



# Engagement of Business Consultant

- PDIC to solicit proposals from consultants
- Proponent banks to choose business process improvement consultant
- PDIC will notify the CFIEP of the chosen consultant
- Proponent banks will engage services of the consultant and pay the 20% fee (1<sup>st</sup> year)
- Conduct of business process improvement services
- Progress billings of fee by the consultant
- Submission of final report by the consultant and final payment of the consultancy fee by the CFIEP

