

STRENGTHENING PROGRAM FOR RURAL BANKS PLUS (SPRB PLUS)



Ms. Imelda S. Singzon

Executive Vice President

PDIC-Examination & Resolution Sector (ERS)



Strengthening Program for Rural Banks Plus



IMPORTANCE OF RURAL BANKS

Catalyst of rural development

Channels of equitable distribution of opportunities and wealth

Support for expanded productivity in rural communities



**Provides financial
services to the community
and serves as a vehicle
for financial inclusion
especially in the countryside**

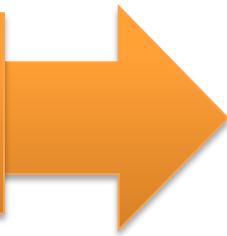
**Extends needed credit
in rural areas in
reasonable terms**

CHALLENGES FACED BY RURAL BANKS

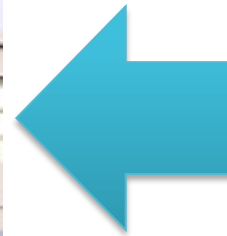
Meeting regulatory requirements



Increasing
competition



Sustaining
niche
markets





Strengthening Program for Rural Banks Plus



OPTIONS FOR RURAL BANKS

Infuse additional capital?

Look for new partners and expansion opportunities?



Participate in strengthening programs for banks?



Strengthening Program for Rural Banks Plus



WHAT IS THE STRENGTHENING PROGRAM FOR RURAL BANKS?



A joint undertaking of PDIC and BSP aimed at encouraging mergers and consolidations among RBs

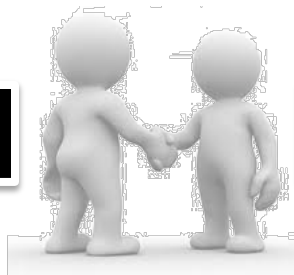
WHAT ARE THE OBJECTIVES OF THE PROGRAM?

Eligible/Investee Bank

To help small banks comply with the minimum capital requirements;

BENEFITS

1. To protect the depositors of the small banks;
2. To enable borrowers of small banks service their loan obligations without disruption;
3. To preserve the value of the bank.



STPI/Investor Bank

1. To assist potential STPI/investor banks to establish presence in certain markets;
2. To prepare banks for increasing competition;



HOW DO WE BRING ABOUT THESE OBJECTIVES?

1. PDIC and BSP jointly put up a fund in the amount of Php5Bn:



✚ To help the surviving entity by way of financial assistance (FA);



✚ In addition, the BSP provides regulatory relief and incentives to the surviving entity.

HOW DO WE BRING ABOUT THESE OBJECTIVES?

2. PDIC shall :



- (a) evaluate whether the parties to the SPRB transaction qualify, and;**
- (b) determine if the business plan submitted clearly shows that the proposed SPRB transaction is viable and sustainable.**



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How do you avail of the SPRB Plus?

✚ At least 2 parties are involved:

1. Eligible Strategic Third Party Investor (STPI)

- ✓ Banks (EKB, KB, TB or RB) with CAMELS rating of at least “3”
- ✓ Non-bank corporations that are financially strong of good reputation or whose stockholders and management have good reputation in business and strong financial capacity
- ✓ Banks should not be under BSP’s PCA
- ✓ Banks should not have U&U findings





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How do you avail of the SPRB Plus?

2. Eligible Bank

- ✓ Banks (TB or RB) with risk-based capital adequacy ratio (RBCAR) of less than 10%



How do you avail of the SPRB Plus?

✚ The eligible STPI and eligible bank should seek to either:

a) Merge



b) Consolidate



c) Enter into a Purchase of Assets and Assumption of Liabilities (P&A) Agreement



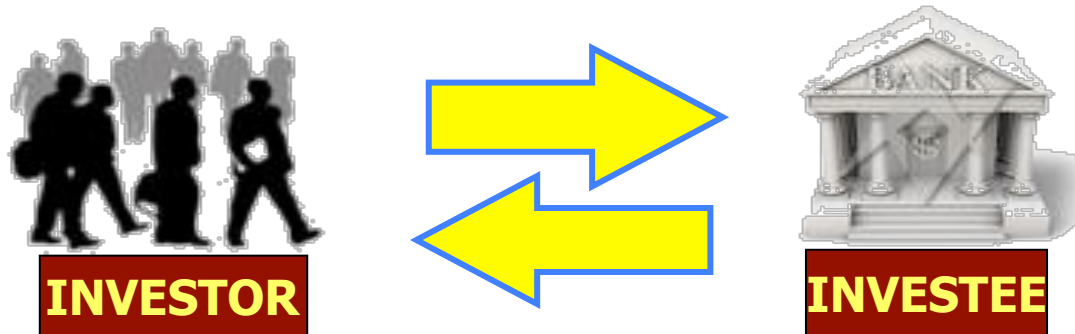
d) Acquire at least 60% of the outstanding capital stock of the eligible bank



How do you avail of the SPRB Plus?

The procedure is simple...

1. **Investor – Investee Helpdesk.** It helps facilitate mergers, consolidations and acquisitions by providing a “market place” where investors interested in merging, consolidating with or acquiring banks, can meet banks looking for buyers.



2. We invite you to visit PDIC or call us at
Tel. nos. (02) 8414376 for the Investor-Investee Helpdesk and
(02) 8133605 for the SPRB Lane;





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What are the Elements of PDIC Financial Assistance?

❖ For Preferred Shares (PS) and Direct Loan (DL)



PS

- ✓ up to 50% of additional capital required to bring Eligible Bank's RBCAR to 10%; or
- ✓ up to 100% for Eligible Banks located in areas affected by "Yolanda" .



DL

- ✓ amount that will enable the bank to repay the PS.

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HOW HAS THE SPRB PLUS PERFORMED?



Particulars
(As of 30 April 2015)

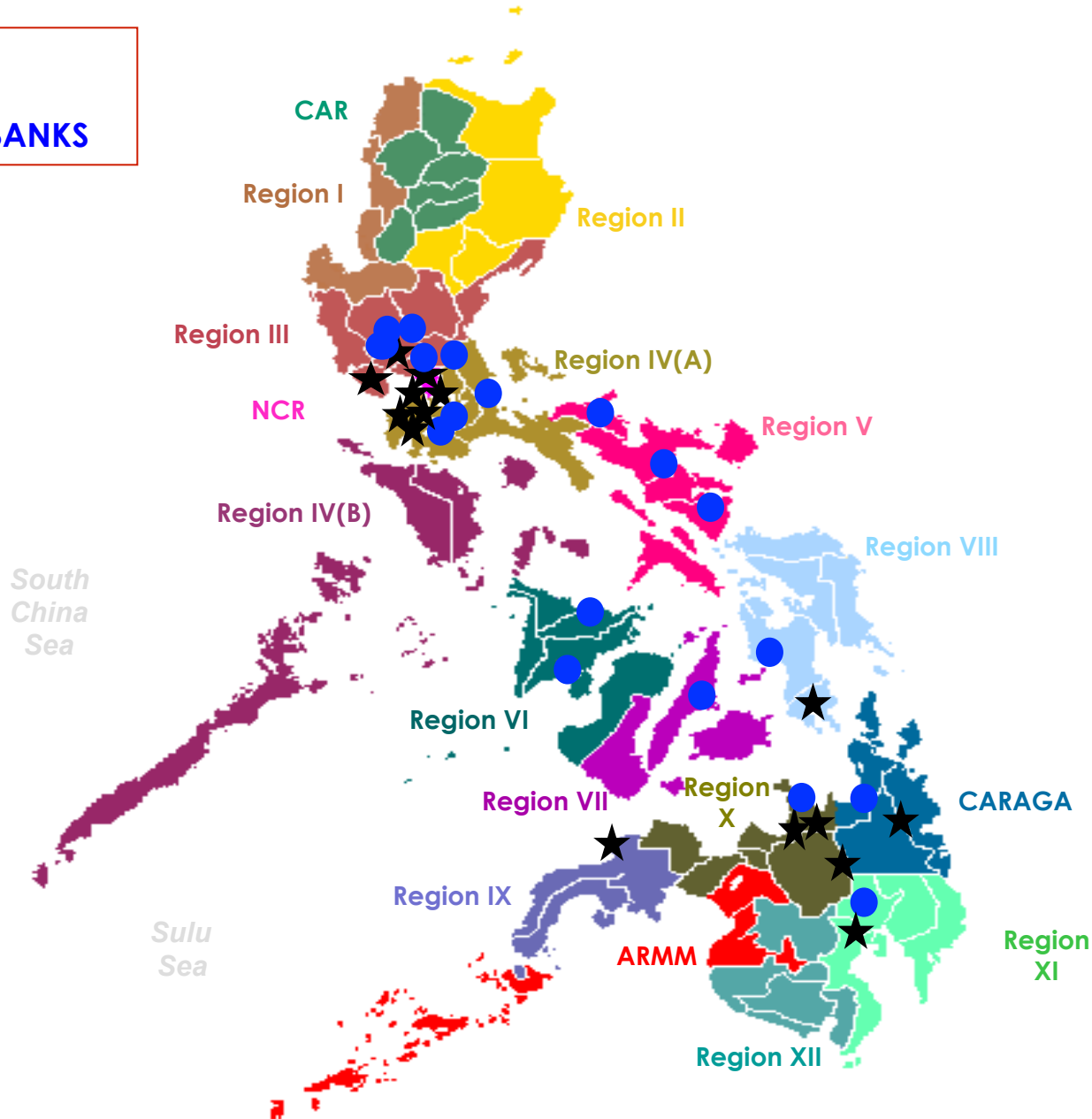
	SPRB Plus	SPCB Plus	Total
TOTAL APPLICATIONS RECEIVED	40	7	47
BANKS INVOLVED	64	25	89
APPLICATIONS UNDER REVIEW	5	1	6
APPROVED APPLICATIONS	12	3	15
ROADSHOWS CONDUCTED (Nationwide)	31	5	36



Geographical Location of Approved Applications

LEGEND:

- ★ STPI
- ELIGIBLE BANKS



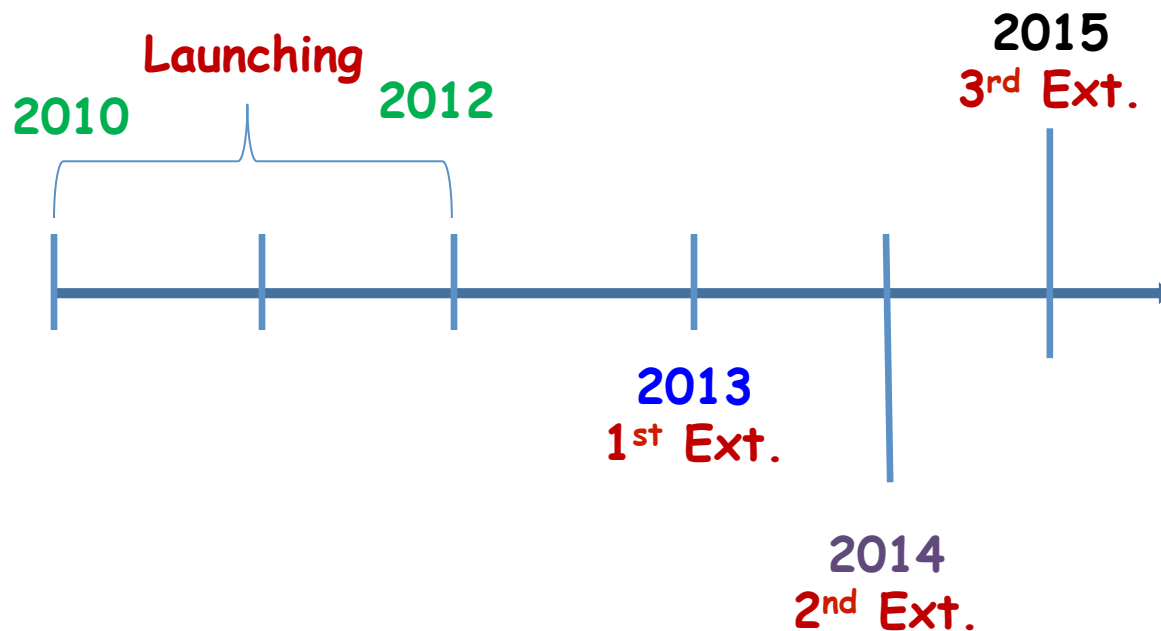


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UP TO WHEN IS THE SPRB PLUS OPEN?

1. SPRB Plus is on its **LAST** year, and will **END** in December 2015;
2. The program was initially launched in 2010. The SPRB Plus is on its **3rd EXTENSION**.





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**PDIC INVITES ALL OF YOU TO SEE IF IT MAY BE ABLE TO MEET
YOUR REQUIREMENTS. YOU MAY CALL OR BETTER YET VISIT
THE SPRB LANE**

**For Inquiries:
The SPRB Lane**



**Philippine Deposit Insurance Corporation
7th Floor, PDIC Ayala Extension Office
SSS Bldg., 6782 Ayala Ave., Makati City
PDIC – (02) 8133605**

**Bangko Sentral ng Pilipinas
BSP Complex, Malate
Manila
BSP – (02) 3062368**

SPRB Plus Guidelines and Registration Forms are available at www.pdic.gov.ph



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THANK YOU

What are features of the PS and terms of the DL?

Features of the PS



- ✓ Dividend rate – 5-year FXTN (gross)
- ✓ Non-voting, cumulative, convertible to common
- ✓ Redeemable starting end of 5th year but not later than 10th year from issuance of PS
- ✓ Put-option on PS exercisable by PDIC

Terms of the DL












- Purpose – solely for the purchase of Government Securities (GS)
- Interest rate – rate that will provide the required income support to the bank
- Tenor – maximum of 10 years
- Collateral – the GS to be purchased using the proceeds of the DL; and amortization fund, if any



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MAJOR TERMS/CONDITIONS OF THE FA

-  **Quasi-reorganization and/or Capital restructuring**
-  **Compliance with Financial Assistance Agreement terms & conditions:**
 -  **Compliance with payment terms & conditions**
 -  **Achievement of business plan/performance targets**
 -  **Submission of required reports**
 -  **Improvement of surviving bank's operations & governance**
 -  **Conduct of periodic on-site review and inspection**
 -  **Appointment of consultants and/or nomination of representative in the surviving bank's board of directors, as may be necessary**
-  **Compliance with PDIC and BSP regulatory issuances, and other banking rules and regulations**



SPRB PLUS



HOW HAS THE SPRB PLUS PERFORMED?

Geographical Location

A total of 47 applications received involving 89 banks. Mostly from NCR, Central Luzon (Reg 3), CALABARZON (Reg 4A) and Northern Mindanao (Reg 10) which involves 9 to 16 banks each.

