



RURAL BANKERS ASSOCIATION OF THE PHILIPPINES

June 26, 2023

Dear Fellow Rural Bankers,

As promised during the concluded national convention, I am providing you a copy of the **President's Report** (annexed to this SORA 6) complete with some of the enumerations I skipped to mention at the GMM. Before that, however, I would like to personally thank you for your participation in setting a record on attendance of **569 delegates representing 222 banks**.

Let me also share with you recent developments:

1. We have finally received on June 5, 2023 the SEC approval of the amendment to the By-Laws of RBAP, essentially, shifting from fiscal year to calendar year to begin this January 1, 2024;
2. As a consequence thereto, the incumbent board, instead of ending its term on June 30, 2023, has been placed on a hold-over capacity to serve the transitory period until Dec 31, 2023;
3. Admittedly, however, there was a sweeping resolution made on May 29, 2023 that seemingly sets the term. Thus, to clarify arising confusion and in facilitating smooth transition between the incumbent board and the elected directors/officers, who have also been sworn in, 2 meetings have been called:
 - a. Joint meeting between the incumbent and elected executive officers held on June 19, 2023, and
 - b. RBAP board meeting held on June 20, 2023 with the agenda that includes resignations and filling up of vacancies.

On the first meeting, it was explained that at anytime, no one is precluded from resigning. Given that this option is available, the newly elected directors were informed that they may be asked to step-in if a vacancy arises in positions held by their counterparts. The director's kit, which comprises of reading materials to orient them into office, was also explained and virtually delivered or made available via Google file which they can access. The readiness and willingness of our recently elected directors to answer the call of duty is admirable, to say the least. **President-elect Baby Aboyme**, with whom I am now working closely with, is also a seasoned rural banker and a trailblazer herself. I am more than confident that the RBAP will be in good hands.

In the board meeting that followed, the board recognized 2 vacancies, and in accordance with the by-laws, filled it up accordingly. Hence, I would like to introduce the new members of the board: **Brigida Regina J. De Luna of NCR** and **Atty. Krisanto A. Bela-o of Region 1**. Worthy of note during this meeting, is the renewed commitment of the incumbent directors not only to fulfill our respective functions more faithfully but also to take the opportunity to ensure proper turnover to the elected directors whose term will commence on January 1, 2024.

In the coming months, we will once again be celebrating the Rural Banking Week, the anniversary symposium, and possibly, the 2nd national convention for the Compliance officers and Internal Auditors or COIA aside from the usual duties and functions. I hope that you will continue to engage with your association and give the usual support which has been key in our past performance and now, our inspiration in embracing the challenges the next 6 months may bring. As I said during the launching of the OSLP or On-site Learning Program, I personally look forward to seeing the impact our united efforts will have on the industry and beyond.

More power to you, your bank and the RBAP!

Very truly yours,

ATTY. MARY ANN TUPASI-SADDUL

President, FY 2022-2023

PRESIDENT'S REPORT at the GMM June 07, 2023

On the first Sora, I shared the plans and initiatives that we are to embark on under the theme "**One team. One Vision.**" As the year went by with sometimes dizzying speed, your Board, your RBAP, always sought to be true to this vision.

2022 to 23 was a year of challenges. The world opened up after years of lockdown into the cold reality that the economy would soon pay the price of years of slowdown and restrictions.

Instead of being overwhelmed, your RBAP Board stepped up admirably to the challenge, displaying a unity and singleness of purpose that gave life to the slogans we adopted at the onset, which were, One Team, One Vision and with no banks left behind.

Transparency at the Forefront

At the very beginning of my term, I committed to adhere to a rule of maximum transparency. Toward this end, I sought to keep our members informed of our goals, objectives, and vital developments via a State of the Rural Bankers Association or SORA, as of date, I have circulated 5. Apart from providing information, I intended the SORA to promote more engagement among member banks. I would like to believe that our number today is a result of this effort to touch base with the members.

A Proactive Board

Believing that an active Board is an effective one, your Board of Directors conducted nine (9) Board and fifty-eight (58) Committee meetings for the fiscal year 2022-23. In between Board meeting months, committees met to prepare, especially now that each committee have been strengthened and empowered by their own charters that defined not only the composition but also its function. We now know, that the function to exercise oversight over our external auditor is function of the Audit Committee and the outsourced accountant a function of finance as an example. For more time and unified discussions, we held joint meetings of the boards of the Association and the Foundation, consistent with our One Team, One Vision objective.

One Team, One Vision

At the start of our term, we sat down with our colleagues in our sister organization, the Rural Bankers Research and Development Foundation, Inc., or RBRDFI. Given the intertwined origins, constituencies, and destinies of both organizations, it seemed logical to come up with common objectives. The efforts bore fruit with both entities recognizing their interdependence and the way that both enrich each other. Thus, the decision was made to constitute common committees between both bodies:

1. IT Steering Committee;
2. Internal Affairs Committee;
3. Finance Committee;
4. Audit Committee;
5. Angel Network.

Services and organizational resources, such as personnel, were also shared between the two entities. This resulted in operational efficiency, in addition to maximizing synergies between the two.

Rural Banks' Source of Strength

We were barely warm in our seats when BSP opened up with the news that the proposed minimum capital requirements were now in their final stages, and that rural banks should expect them soon. Since the rumored increase was significantly beyond most rural banks' capital levels, the Board hunkered down to discuss how RBAP could best aid its members that would find themselves in this predicament. BSP also gave much momentum to the project by referring to RBAP, queries on along this line. Thus, the decision was made to expand the current Angel Network into a platform that could pair would-be investors with those rural banks seeking capital through outside investment. As of this date, there are 8 registered investors (most of them fintechs) and 5 registered investee rural banks.

The other pillar on which the Angel Network stood, or more correctly, hovered on, was the continuing capacity-building exercises for rural banks. The network accompanied the Board on on-site visits to federations that had requested assistance with technical, regulatory, or business concerns, managing to touch base physically with the Cagayan Valley, Iloilo, Misamis Oriental-Bukidnon-Camiguin, South-Central Mindanao, Southern Tagalog, Leyte-Samar, and Oriental Mindoro federations, tackling a wide range of topics, such as mergers/consolidations/third party investors, sustainable finance and environmental and social governance frameworks, AML institutional risk assessment, and many other specialized topics driven by member banks' demands. This joint effort of the Board and the Angel Network also did much to demonstrate concretely to member rural banks how a strong and competent RBAP could make a positive contribution to their operations.

The Association and the Angel Network also coordinated with the BSP Technical Working Group on the RBSP (TWG-RBSP) for the holding of five (5) virtual briefing sessions on the Implementing Guidelines for the Rural Bank Strengthening Program (RBSP) last August 2022 and September 2022. After collating all the answers to questions raised during those meetings, we also held a follow-up webinar on Nov 7, 2022.

Rural Banks' Best Advocate

Embracing the concept that an active RBAP is the industry's best advocate, the Association sought to participate vigorously in the regulatory process, both through membership in the applicable regulatory committees, as well as through meaningful dialogue with regulators and other stakeholders, public or private.

1. Recurring engagement with the BSP through the Bank Supervisory Policy Committee or BSPC. RBAP holds dialogues with BSP through the BSPC at least every other month. Prior to BSP limiting the issues that could be tackled to just RBAP Major Initiatives and related topics, the BSPC was an opportunity to discuss a wide range of regulatory topics with which member banks needed more guidance. RBAP held five (5) meetings with BSP through the BSPC.

2. Industry Comments to Proposed Laws and Regulations

The Association sought to actively shape or at least influence proposed laws and regulations by institutionalizing a commentary process that was staffed with the Association's best and brightest under the board's General Banking Committee. Shown below are the proposed laws and regulations to which this body submitted its inputs.

- Comments and suggestions for Draft Circular on the Proposed Amendments to Foreign Exchange (FX) Regulations covering Operational Relief Measures for FX Transactions
- Comments and suggestions for the Draft Circular on the Proposed Guidelines on the Recovery Plan of Banks

- Comments on the Draft Circular on the Guidelines on the Adoption of the Standard Business Loan Application Form_08 July 2022
- “An Act Strengthening the Financing System, including Capacity-Building and Organization, for Agriculture, Fisheries, and Rural Development in the Philippines, Repealing for the Purpose Republic Act No 10000 or the Agri-Agra Reform Credit Act of 2009”
- Request for Pilot Implementation Period on Submission of Annexes C and C-1 Jun 7-Jan 7, 2023 (PDIC Regulatory Issuance No. 2021-01)
- Comments to Proposed Rules of Procedure for the Consumer Assistance Mechanism, Mediation and Adjudication of Cases in the Bangko Sentral ng Pilipinas.
- Comments and suggestions for Draft Circular on the Proposed Amendments to Foreign Exchange (FX) Regulations covering Operational Relief Measures for FX Transactions
- Draft Circular on the Implementing Rules and Regulations of the Mandatory Agriculture, Fisheries and Rural Development Financing under Republic Act No. 11901
- Comments and Suggestions on the Exposure Draft of the Implementing Rules and Regulations of Republic Act No. 11840
- RBAP position paper-Exposure for Comments of COCREE 2.0
- RBAP position paper - ACPC Exposures re: Agri Agra compliance
- Comments to the Draft BSP Issuance Implementing R.A. No. 11901 –Reportorial Requirements
- Comments to 18 Consolidated House Bills Amending the MSME Law
- Comments to 7 Consolidated House Bills Amending the DBP Charter
- Comments to the Go Negosyo Bill
- Comments to the Pondo ng Pagbabago Para sa Pag Asenso Bill
- Comments to the proposed Act Prohibiting Banks and Financial Institutions from Requiring a Co Maker

At this point I would like to also present to the body a set of dedicated volunteer commentators, as we believe that more heads is better: (a) Michael Ben Agustin of Region 2; (b) Jun Quililan of Region 3; (c) Pauline Manda of Region 4A; (d) Elsie Fetalcorin of Region 4B; (e) Gen Torres and Agnes Dycoco of Region 5; (f) Raldolf Geralde of Region 7; (g) Cesar Magallanes and Roger Go of Region 10; and (h) Milott Requillo and Vittorio Almario of Region 12.

1. Active Committee Memberships. The Association regularly contributed resource persons to two (2) House Committees, namely the House Committee on Banks and Non-Bank Financial Intermediaries, and the House Committee on MSMEs.
2. Recurring Meetings with Regulators and Other Stakeholders. RBAP represented the industry’s interests in various issues through organizing or participating in discussions with regulators, industry associations, multilateral development agencies, and other stakeholders in finance and countryside development.
 - Courtesy calls and discussions with Land Bank, DBP, ACPC, PhilGuarantee, PDIC
 - Consultation Meeting with World Bank on Sustainable Finance Taxonomy Guidelines
 - Invitation to the 2023 BSP Annual Reception for the Banking Community
 - KAPATID ANGAT LAHAT AGRI PROGRAM (KALAP) LAUNCH AND CEREMONIAL SIGNING WITH PRESIDENT FERDINAND R. MARCOS JR. on March 6, 2023
 - PBSP SMEC meeting re: Building a case for the SMEC program extension under the new Administration
 - Senate Consultative Meeting on Go Negosyo Act
 - Meeting with BSP re: RBSP - to create a platform/avenue for potential investors and RBs which are willing to engage in a merger, consolidation or acquisition (MCA), online
 - BSP Post-SONA Economic Briefing at Reception Hall, PICC, Pasay
 - Meeting with World Bank re: Digital Finance

- Meeting with Sen. Pia Cayetano re: comments and/or amendments to RB Act
- Meeting/Lobbying - office of Senator Sonny Angara and Senator Mark Villar re: RB Act
- Meeting with AG Lyn Javier re: RBSP
- Meetings with potential fintech partners/sponsors - Software Ventures International (SVI), Cartera, IPV, Bit Cyber, KIA.AI, Infivex, Sybrin
- Meeting with SGV re: briefing on (1) PFRS 9 (Impairment Loss) ; (2) Fraud Risk Management, AMLC Expectations on Institutional Risk Assessment ; (3) Operational Risk vis a vis digitalization, Liquidity risk
- Burundi Study Tour
- Joint Anti-Bank Robbery and Cybercrime Coordinating Committee (JABRACCC) Quarterly Meeting
- BSP Annual Reception for the Banking Community at Fort San Antonio Abad, BSP Complex, Manila
- Regional Workshop on Risk Management of Small and Medium Enterprise Lending, with ADB-BSP
- Launching of BSP Sustainable Central Banking (SCB) Strategy at Assembly Hall, 3rd Floor, Five-storey bldg., BSP Complex, BSP
- Meeting with Sen. Mark Villar re: RB Act 2022
- Unlocking Open Finance at Crescent Park Manila
- Briefing on BSP Cir. 1159 - IRR on Agriculture, Fisheries and Rural Development (AFRD) Financing
- Lending Technology Conclave 2023
- Launching of the 2021 Countryside Banking Report at BSP Assembly Hall, BSP Complex, Manila-BSP, BoT and BoD
- Committee meeting on FIST Law Extension with Congress-Committee on Banks and Financial Intermediaries
- Meeting with BSP PSO Dir. Jay Dizon and BSP Managing Director Veronica Bayangos (author of the recent countryside banking survey)
- BSP Annual Reception for Banking Industry at BSP Assembly Hall, BSP Complex, Malate, Manila
- Agri Value Chain Financing (AVCF) Toolkit Training that at the Learning Resource Center 2, ADB Headquarters, Ortigas Center, Pasig City, facilitated by ADB, hosted by BSP
- Kapatid Angat Lahat Agri Program (KALAP) Launch and Ceremonial Signing at Centennial Rizal Hall, Malacañang Palace, Manila
- SMEC PIC Meeting with DOF Usec. Mark Joven at Podium Conference Room, DOF Bldg., Roxas Blvd., Manila, PBSP and DOF
- Meeting with PLDT Enterprise for VAPT pilot for rural banks
- Meeting with BJMP savings and loan association re: buying/investing in RBs
- Meeting with ACPC at ACPC Office, Ortigas
- Meeting with PDIC on Business Opportunities for Rural Banks
- Meeting with BSP and Worldbank re: Sustainable Finance Taxonomy at BSP, Manila
- Meeting with Intelliwave Cybersecurity
- Meeting with ADB re: Updates on Matching Grant
- Meeting with PDIC President Roberto Tan and Officers re: IRR, topic as speaker for RBAP Convention
- Meeting with Rabobank (Netherlands): Mr. Bart Van Kranenburg and Mr. Bjorn Schrijver
- Go Negosyo KALAP Meeting at 8th Floor, RFM Corporate Center, Pioneer cor. Sheridan Sts., Mandaluyong City, Leonard De Ocampo
- Courtesy Meeting with LBP President Cecil Borromeo at LBP Main Office, Malate Manila
- Courtesy Meeting with Philguarantee PCEO Alberto Pascual at 24th Floor BPI-Philam Life Building
- BSP-SEARCA Roundtable Discussion Series on Sustainable Food and Agriculture Systems in Southeast Asia

- Meeting with CIC President Atty. Ben Baltazar on Proposed CIC Supervisory Fee
- ICD Event: Directors' Duties and Responsibilities and Disclosure Obligations under Philippine Law on Climate Change Risks Panel Discussion and Legal Opinion Launch at Fairmont Makati
- CIC Joint Finance and Risk Committee Meeting at CIC Office, Makati
- CIC Board Meetings; CIC Joint Finance and Risk Committee Meetings
- Meeting with CIBI for Potential Collaboration
- IFAD-GOP Mid Term Review Final Wrap-Up Meeting with DTI PSC of RAPID Growth Project
- Launching of the Book: Banking Laws in the Philippines Annotated at Assembly Hall, BSP Complex, Manila
- BAIPHIL GMM and Executive Learning Series

Building Camaraderie, Fostering Knowledge

Our regular events sought to reinforce the ties of friendship that had been blurred during the days of the pandemic. We successfully held the Rural Banking Consciousness Week in August, and the National Symposium in November, where 219 rural banks were represented in person (426 individuals) and online (66 attendees)- a record made, and broken today.

We also initiated the On-Site Learning Program to enable the sharing of best practices by industry leaders to interested rural bankers. The initial visits to the first three volunteer banks were made last June 6, 2023. The Program is envisioned to facilitate regular study visits by rural bankers to thought leaders who selflessly committed their time to sharing their knowledge of specific business and regulatory topics to capacitate less able rural banks.

We also continued the work of the Compliance Officers and Internal Auditors' Group to fruition, culminating in the first-ever National Convention held last February 8-9, 2023 at the Garden Oases of the Ritz Hotel, Davao City. The event was attended by 291 delegates representing 153 member banks, giving our key self-assessment personnel an opportunity both to expand their knowledge, as well as their professional networks.

Strengthening Existing Partnerships, Building New Ones

The pandemic taught us the strength of numbers, so we sought to renew and reinforce our ties to our friends and partners, while keeping on the lookout for new ones who shared our mandate and advocacies. We built upon our government partnerships, such as ACPC and AGFP, while also exploring further opportunities, such as with DTI and its Rapid Growth Project, and the Philippine Statistics Authority and its roll out of the National ID. From the private sector, we formalized ties with Water.org and its advocacy of access to clean water for all, holding a formal launch of the partnership with RBAP at the Diamond Hotel in August of 2022, and a series of smaller events at the association, confederation and federation level yearround.

Toward a More Compassionate RBAP

Taking off from our predecessor's calamity fund and outreach drive for rural bankers affected by Typhoon Odette, we institutionalized compassion by creating a joint RBAP-RBRDFI calamity fund composed of allocations from both bodies as well as donations from rural banks and rural bank employees. During FY 2022-23, benefits were released to at least 685 rural bank employees affected by typhoons Paeng and Neneng.

Giving the Industry a Human Face

The New Generation Bankers or NGB conducted a yearround search for the most effective video presentation on how rural banks touch lives in the countryside. This was intended to give rural banking a human identity, so as to more concretely demonstrate the difference that rural banks are making across the countryside. The contest will hold its culminating activity and awarding of prizes at our national convention.

I was also invited by the Bankers Institute of the Philippines or BAIPHIL to give a talk just this May on rural banks' resilience and relevance during the pandemic. I am pleased to inform the body that our colleagues from BAIPHIL were moved by the importance of rural banks in fostering economic development in the neglected segments of the countryside. I hope that this interest will translate directly to more opportunities for the bigger banks to buy into the vision of rural banking by investing in its equity while at the same time complying in alternative agri agra compliance and avoiding penalties.

In Closing

Notwithstanding the challenges of the year that passed, I face you today, and say without any equivocation, that we have run the race, we have fought the good fight, we have kept the faith. The regulators, the market, our peers, our clients.

They have weighed us. They have measured us; they expected to find us overwhelmed. They were surprised to discover us, overflowing.

I leave you behind with a stronger, more flexible, more agile, and most importantly, more responsive RBAP. An RBAP that is better prepared to meet tomorrow's challenges. An RBAP and an RBAP board that I was proud to call, at least during the past year, my TEAM.