



Philippine Rural and Cooperative banking System Quarterly Report: 2nd Quarter of 2023

In the 2nd Quarter of 2023, The Philippine Economy grew by **4.3%**. This is mainly due to growth in the following sectors namely, “Wholesale and retail trade”, “Repair of motor vehicles and motorcycles”, “Financial and Insurance”, and “Transportation and storage” sectors¹. Furthermore, The Philippine Rural and Cooperative Banking System also sustain its growth during the reported period, where it grew by **5%** compared to the 1st quarter of 2023. To maintain this momentum, the Philippine government will accelerate spending in the coming quarters².

Figure 1 - Philippine Rural and Cooperative Banking System: Total Assets (Q2:2019 – 2023)

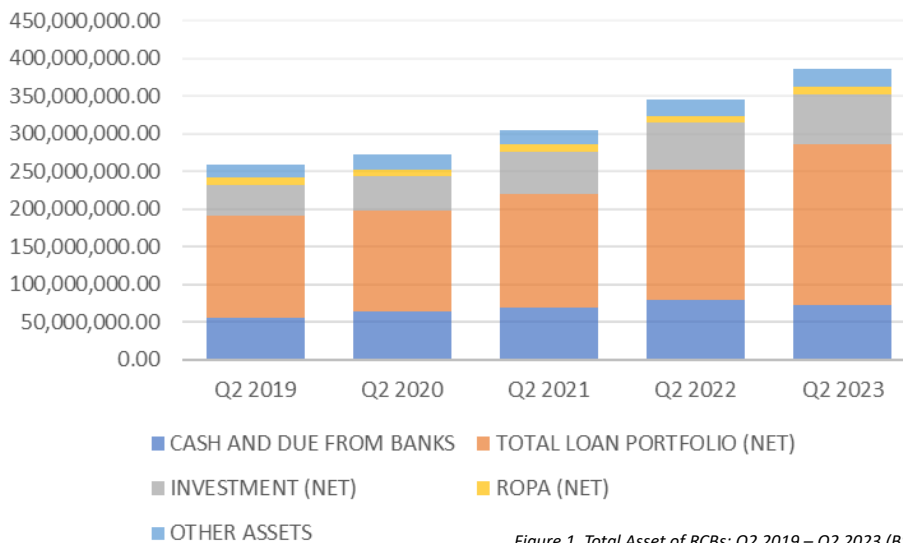


Figure 1. Total Asset of RCBs: Q2 2019 – Q2 2023 (BSP, 2023)

- Based on the figure above, the Total Assets of the Philippine rural and cooperative banking system (RCBs) grew by **11.66 percent** in the 2nd Quarter of 2023 compared to the same period of the prior year, this amounts to a total asset of **₱ 385.68 billion** as of June 2023 which represents **1.66 percent** of the total asset of the Philippine Banking System (PBS) of **₱ 23,295.35 billion**. The recorded growth rate for this quarter is slightly lower compared to the 2nd quarter of the previous year, which was **13.28 percent**. This growth rates clearly indicates that, overall, the total assets of RCBs continue to grow in with a stronger balance sheet compared to the 2nd quarter of the previous periods as seen in figure 1.

¹ <https://www.psa.gov.ph/system/files/nap/Q2%202023%20NAP%20Publication.pdf>

² https://pco.gov.ph/news_releases/economy-grew-by-4-3-in-2nd-quarter-of-2023-govt-to-accelerate-spending-delivery-of-social-services-to-gain-momentum/#:~:text=News%20Release-,Economy%20grew%20by%204.3%25%20in%202nd%20quarter%20of%202023%3B%20Gov,social%20services%20to%20gain%20momentum&text=The%20Marcos%20government%20will%20accelerate,second%20quarter%20of%20this%20year.



- The growth in total asset of Rural and Cooperative banking System for the 2nd quarter of 2023 is mainly attributed to the growth in **Total Loan Portfolio (net) (TLP-n)**, which represents **55.65 percent (₱ 214.62 billion)** of the total assets of RCBs, It increased by **23.95 percent** compared to the 2nd quarter of the prior period, followed by **Cash & Due From Banks**, which represents **18.66 percent (₱ 71.95 billion)** of the total assets of RCBs, it declined by **9.35 percent** compared to the 2nd quarter of the prior period, **Total Investment**, which represents **17.01 percent (₱ 65.60 billion)** of the total assets of RCBs, increased by **5.46 percent** compared to the 2nd quarter of the prior period, **Other Assets**, which represent **6.03 percent (₱ 22.15 billion)** of the total asset of RCBs, it increased by **5.95 percent** compared to the 2nd Quarter of the prior period, and **Real, and Other Properties Acquired (ROPA)**, which represents **2.64 percent (₱ 9.69 billion)** of the total assets of RCBs, it increased **by 4.90 percent** compared to the prior period. These growth rates clearly indicates that, overall, the total assets of RCBs continue to grow in with a stronger balance sheet compared to the 2nd quarter of the previous years as seen in figure below

Figure 2 - Philippine Rural and Cooperative Banking System: By Asset Component (Q2:2019 – 2023)

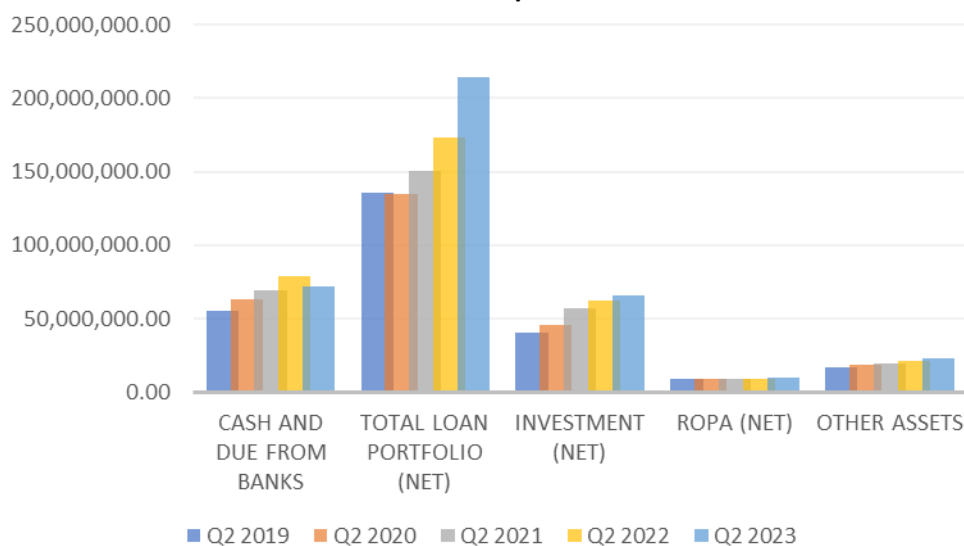


Figure 2. Total Asset of RCBs by component: Q2 2019 – Q2 2023 (BSP, 2023)

- Credit and lending activity of Philippine Rural and Cooperative Banking System has improved in the 2nd quarter of 2023 as the **Total Loan Portfolio (Gross) (TLP-G)** is **22.13 percent** bigger compared to June of the previous year which amounts to **₱229.46 billion**. This growth rate, marks the twelfth consecutive quarter of positive y-o-y growth rate in gross TLP-G, this was an improvement from the **14.08 percent** growth rate in June 2022 Y-o-Y. As to economic activity the changes was primarily driven by the loan on the following sectors: **Salary-Based General-Purpose Consumption (up by 35 percent or ₱24.51 billion)**, **Wholesale and Retail Trade, Repair of Motor Vehicles, Motorcycles (down by 29 percent or ₱10 billion)**, **Activities of Households as Employers and**



Undifferentiated Goods-and-Services-Producing Activities of Households for Own Use (up by 108 percent or ₱3.83 billion), real estate activities (up by 14 percent or ₱2.32 billion), Agriculture, Forestry and Fishing (up by 6percent or ₱1.63 billion), Education (up by 47 percent or ₱0.82 billion), Financial and Insurance Activities (up by 52 percent or ₱0.65 billion), Motor Vehicle Loans (up by 17 percent or ₱0.57 billion), Accommodation and Food Service Activities(up by 27 percent or ₱ 0.52 billion), and Other Service Activities (up by 3% or ₱0.37billion). Collectively, these sectors accounted for about 85 percent (₱ 193.92 billion) of the RCB' gross TLP as of period ended June 2023. Furthermore, as for the major economic activities, the total loan granted by RCBs for Production Activities (Agriculture (13% or ₱27 billion), Industry (4% or ₱9 billion), and Services (35% or ₱74billion)) had the largest share at 52 percent (₱ 110.36 billion), and followed by Consumer Loans of Households (Consumption) at 48 percent (₱ 101.64 billion), as seen in figure 3.

Figure 3 - Philippine Rural and Cooperative Banking System: Loan Per Major Economic Activity Q2 2023

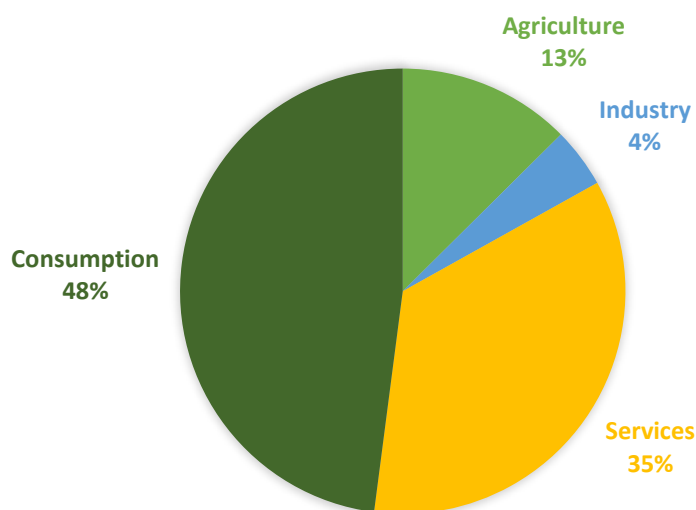


Figure 3. RCB: Loan per Major Economic Activity Q2 2023 (BSP, 2023)

- With the continued growth of the Philippine economy, the asset quality of RCBs generally improved, becomes more manageable, and exceeds the industry's expectations. The RCBs' gross non-performing loan ratio stood at **8.27 percent** in the second quarter of 2023, which is far better than last year's **10.87 percent**, and have a better ratio than previous quarter at **8.36 percent** as of period ended March 2023 And if everything is held constant, we will see a much better loan quality in the third quarter of 2023 as seen in figure 4.



Figure 4 - Philippine Rural and Cooperative Banking System: Gross NPL Ratio (Q2 2022 – Q3 2023*)

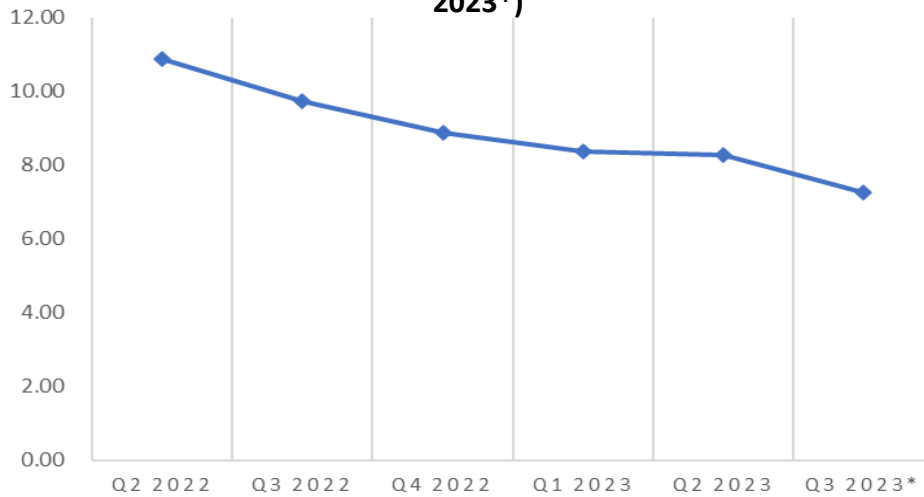


Figure 4. RCB: Gross NPL Q2 2022 – Q2 2023 (BSP, 2023)

- In connection with savings mobilization, the **total deposit liabilities** of RCBs continue to expand. The total deposit liability of RCBs in this quarter grew by 8.10 percent compared to the Q2 of the previous year. This amounts to **₱ 279.94 billion** which represents **1.57 percent** of the total deposit liabilities of the Philippine Banking System (PBS) of **₱ 17,824.4 billion**. The recorded growth rate for this period is lower than the **17.34 percent** Y-o-Y growth rate recorded in the 1st Quarter of the prior period. In terms of type of Deposits, in the 1st Quarter of 2023, **Savings Deposit** had the biggest share which represents **71.99 percent (₱ 201.53 billion)** of the total deposit, followed by **Time Deposit** which represents **25.45 percent (₱ 71.23 billion)** of total deposit and **Demand Deposit** which represents **2.56 percent (₱ 7.17 billion)** of the total deposit. In addition, **LTNCD** has no contribution in RCBs total deposit as seen in figure 5.

Figure 5 - Philippine Rural and Cooperative Banking System: Deposit Liability as of Q2 2023

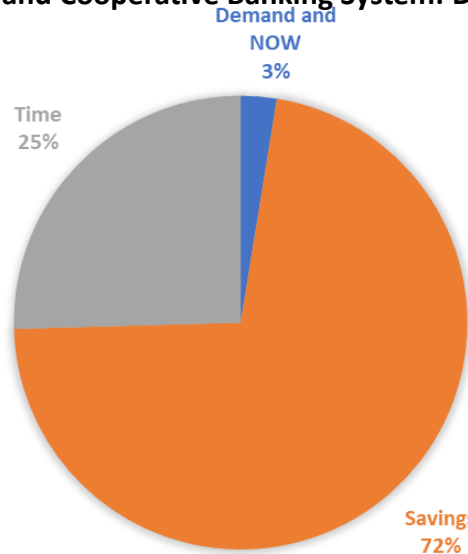


Figure 5. RCB: Deposit Liability as of Q2 2023 (BSP, 2023)



- As of June 30, 2023, there are a total of **18.56 million deposit accounts** handled by the RCBs which represents **16.61 percent** of total deposit accounts handled by the Philippine Banking System of **107.77 million accounts**. Furthermore, the total deposit account in the 2nd quarter of 2023 grew by **11.05 percent** compared to last year's number of accounts with a total of **16.71 million deposit accounts**. In terms of account size of total deposit for the 1st Quarter of 2023, Majority of account handled by the RCBs have an account size of **"P15,000 and below"** which represents **93.87 percent (17.42 million deposit accounts)** of the total number of accounts, followed by **"P15,000.01 – P50,000"** which represents **3.16 percent (586.62 thousand deposit accounts)** of the total number of accounts, then **"P50,000.01 – P100,000"** which represents **1.07 percent (197.94 thousand deposit accounts)** of the total number of accounts, then **"P100,000.01 - P250,000"** which represents **0.98 percent (182.59 thousand deposit accounts)** of the total number of accounts, and lastly **"P250,000.01 and above"** which represents **0.92 percent (171.18 thousands deposit accounts)** of the total number of accounts handled by the RCBs. As seen in figure 6.

Figure 6 - Philippine Rural and Cooperative Banking System: Deposit Account per size as of Q2 2023

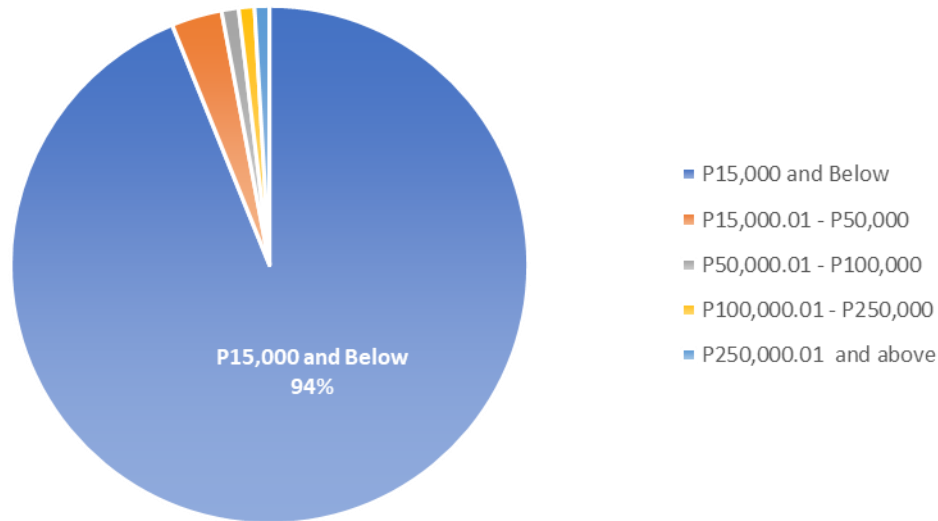


Figure 6. RCB: Deposit Account per size as of Q2 2023 (BSP, 2023)

- The liquidity ratios for Rural and Cooperative Banking System for the 2nd quarter of 2023 were likewise great and above the industry expectations, having a **liquidity ratio for Cash & Due from Banks to Deposits of 25.7 percent** in the 2nd quarter of 2023, which decreased by **495 basis points** compared to last year's Cash & Due from Banks to Deposits ratio which was **30.65 percent**. While **Liquid Assets to Deposits Ratio** have a **48.87 percent** in the 2nd Quarter of 2023, which decreased by **558 basis points** compared to last year's Liquid assets to deposit ratio which was **54.45 percent**. And lastly the **loans(gross) to deposits liquidity ratio** have a liquidity ratio of **81.97 percent** in the 2nd Quarter of 2023, it



increased by **942 basis points** compared to last year loans to deposit liquidity ratio which was **72.55 percent**.

- RCBs' Industry **Capital Adequacy Ratio (CAR)** remains well and above international and regulatory standards. The Industry CAR during the period, the CAR of RCBs slightly increased by **98 basis points** to **18.81 percent** in the current quarter from **17.83 percent** recorded in the previous year. Furthermore, these figures remained well above the BSP's regulatory standard of **10.0 percent** and international standard of **8.0 percent**
- The RCBs becomes more profitable as the Philippine economy sustained its rapid, and inclusive economic development, as a result **the net profit** of the RCBs industry went up by **28.16 percent** Y-o-Y to **₱ 7.90 billion** for the period-ended June 30, 2023. As seen in figure 7.

Figure 7 - Philippine Rural and Cooperative Banking System: Net Profit (Q2 2022 – Q2 2023)

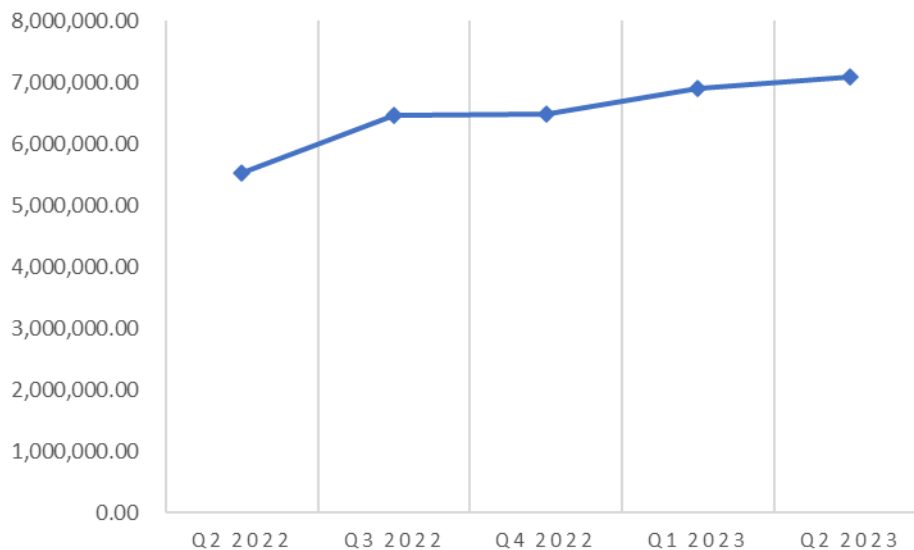


Figure 6. RCB: Deposit Account per Deposit size as of Q2 2023 (BSP, 2023)

- Meanwhile the **Return on Assets (RoA)** for the 2nd quarter of 2023 put on record a **1.94 percent RoA**, which is higher than the **1.72 percent recorded RoA** a year ago. Meanwhile, the **Return on equity (RoE)** increased to **10.62 percent** during the period compared to **9.42 percent** recorded a year ago. The **net interest margin (NIM)** also went up to **9.69 percent** during the period compared to **9.76 percent** recorded in the previous year, and lastly the **Cost-to-Income ratio** stood at **71.71 percent** during the period compared to **77.79 percent** recorded in the previous year.
- Rural & Cooperative Bank's Physical network continue to grow, however the total number of RCB head offices continue to decline from **403** Head offices in the beginning of the period to **396** in the end of the 2nd quarter of 2023. This is due to a total of **6 Rural Banks** has been closed, **3 cooperative banks** have been consolidated to a bigger and stronger cooperative bank and **1 rural bank** opening. Below is the detailed list of Rural and



Cooperative Banks that has been opened, closed, consolidated, and merged during the period, January 1, 2023 to June 30, 2023.

- **Closed**
 - Rural Bank of San Agustine
 - Rural Bank of San Marcelino
 - Rural Bank of Palauig (Zambales), Inc.
 - Rural Bank of Binangonan, Inc.
 - Rural Bank of San Juan (Southern Leyte), Inc.
 - Bangko Pangasinan - A Rural Bank, Inc.
- **Consolidated**
 - Consolidated Cooperative Bank
 - Bataan Cooperative Bank
 - Metro South Cooperative Bank

} One Cooperative Bank
- **Opened**
 - People’s Hawak Kamay Bank, Inc. – A Rural Bank

In addition, the total number of other offices, which includes branches and branch-lite units, rose to **3,119**. This resulted to an increase in the total number of RCBs offices to **3,515** as of period ended June 30, 2023 from **3,402** offices y-o-y and **3,478** offices recorded in the beginning of 2023.

	Head Offices	Branches	Branch lite	Total
NCR	13	37	49	99
Ilocos Region	30	130	104	264
Cagayan Valley	26	135	90	251
Central Luzon	63	258	127	448
CALABARZON	73	260	228	561
MIMAROPA	20	56	98	174
Bicol Region	19	80	207	306
Western Visayas	39	95	159	293
Central Visayas	27	119	121	267
Eastern Visayas	13	47	66	126
Zamboanga Peninsula	13	37	34	84
Northern Mindanao	21	60	61	142
Davao Region	11	93	64	168
SOCCSKSARGEN	8	62	33	103
CARAGA	5	68	49	122
CAR	15	51	37	102
BARMM	0	0	4	4
Nationwide	396	1588	1531	3515

Table 1. RCB: Total number of Branches per region as of Q2 2023 (BSP, 2023)

Regional Distribution of Rural and Cooperative Banks in the Philippines

Number of Rural Banks
4 561



Powered by Bing
© GeoNames, TomTom

Figure7. RCB: Regional Distribution of Bank Offices and Branches as of Q2 2023 (BSP, 2023)



Rural and Cooperative Bank Movement Q2 2023

Total Number of Rural and Cooperative Banks at the beginning of the period (January 1, 2023)

403

Opened (Including MCA)

1

Closed (Including MCA)

8

Net

-7

Total Number of Rural and Cooperative bank at the end of the 2nd Quarter of 2023 (June 30, 2023)

396

RBAP MEMBERS DATA (June 30, 2023)

Total Number of Members

380

Rural Banks

362

Cooperative Banks

18

Total Number of Branches

1,711

Total Number of Branch-lites

1,397

BRANCH COMPOSITION

Stand Alone

123

1-3 branches

104

4-6 branches

72

7-10 branches

31

11-20 branches

26

21 and above

22

REGIONAL DISTRIBUTION

National Capital Region

9

Region 7

24

Region 1

42

Region 8

13

Region 2

27

Region 9

20

Region 3

59

Region 10

18

Region 4

95

Region 11

9

Region 5

19

Region 12

8

Region 6

37

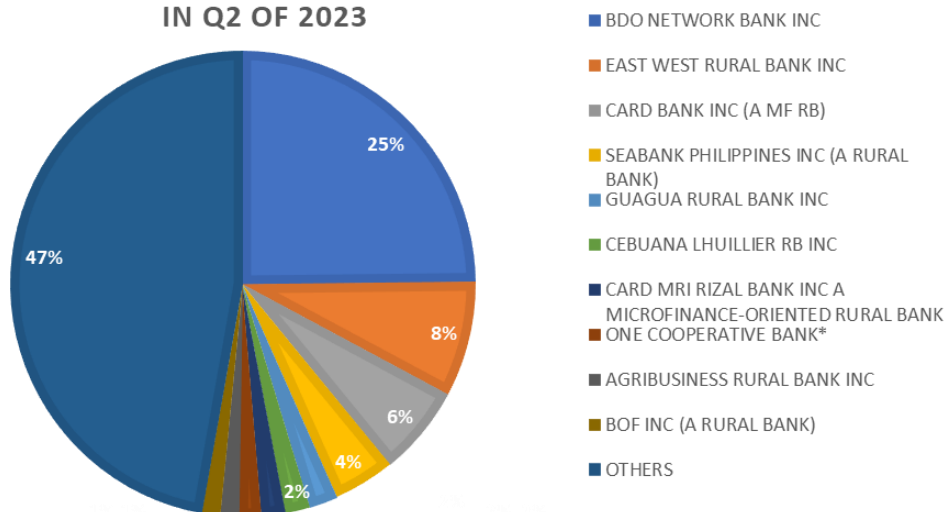


Rural and Cooperative Banking System: Top 10 Banks based on Total Assets in the 2nd Quarter of 2023

RANK	NAME OF BANK	TOTAL ASSETS
1	BDO NETWORK BANK INC	95.72
2	EAST WEST RURAL BANK INC	30.94
3	CARD BANK INC (A MF RB)	24.15
4	SEABANK PHILIPPINES INC (A RURAL BANK)	16.43
5	GUAGUA RURAL BANK INC	7.66
6	CEBUANA LHUILLIER RB INC	6.59
7	CARD MRI RIZAL BANK INC A MICROFINANCE-ORIENTED RURAL BANK	6.37
8	ONE COOPERATIVE BANK*	5.87
↓ 9(-1)	AGRIBUSINESS RURAL BANK INC	5.01
↓ 10(-1)	BOF INC (A RURAL BANK)	4.96

*Consolidation of 3 Cooperative Banks: Metro South Cooperative Bank, Consolidated Cooperative Bank, and Bataan Cooperative Bank (<https://www.bsp.gov.ph/Regulations/Issuances/2023/CL-2023-019.pdf>)

**TOP 10 BANKS AS TO TOTAL ASSETS
IN Q2 OF 2023**



As seen in the table and figure above, the top 10 banks based on total asset in the Philippine Rural and Cooperative Banking system as of the 2nd Quarter of 2023 represents more than half (**52.82%**) of the total asset of the entire RCBs industry. Furthermore, the top 7 placers remain unchanged since the last quarter. However, the 9th and 10th placer changed having both **Agribusiness rural bank** and **BOF Inc.** go down by 1, due to the entering of newly consolidated cooperative bank, **One Cooperative Bank**, which is resulted from the consolidation of 3 Cooperative banks namely: **Metro South Cooperative Bank, Consolidated Cooperative Bank, and Bataan Cooperative Bank**. Moreover, the top 1 Rural bank in terms of total assets is still **BDO Network Bank** having a total asset of **₱ 95.72 billion** which represent **25%** of the total assets of RCBs where it grew by **4 percent** compared to the previous quarter which was **₱ 91.72 billion**. BDO network bank is followed by **East West Bank** and **Card Bank Inc** having a total asset of **₱ 30.94 billion** and **₱ 24.15 billion** respectively.

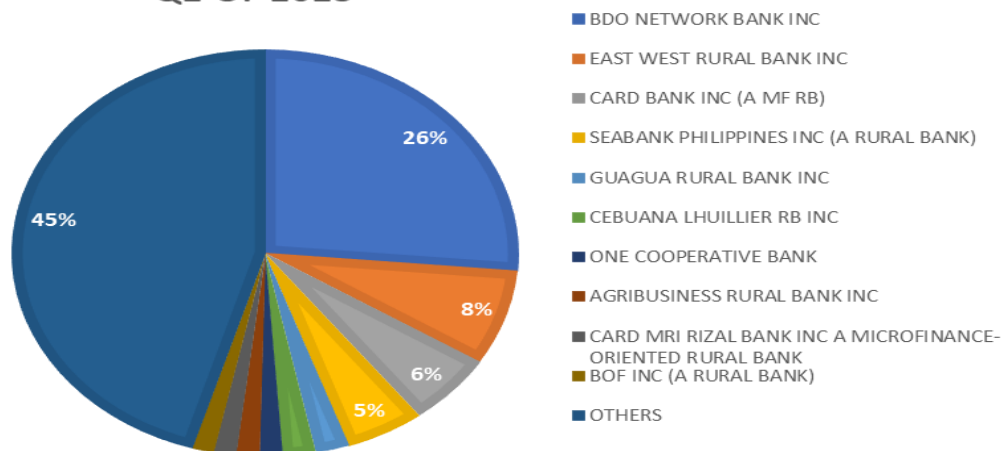


Rural and Cooperative Banking System: Top 10 Banks based on Total Deposit in the 2nd Quarter of 2023

RANK	NAME OF BANK	TOTAL DEPOSIT
1	BDO NETWORK BANK INC	73.87
2	EAST WEST RURAL BANK INC	21.19
3	CARD BANK INC (A MF RB)	15.89
4	SEABANK PHILIPPINES INC (A RURAL BANK)	14.08
5	GUAGUA RURAL BANK INC	5.99
6	CEBUANA LHUILLIER RB INC	5.87
7	ONE COOPERATIVE BANK*	4.10
8	AGRIBUSINESS RURAL BANK INC	4.08
↓ 9(-2)	CARD MRI RIZAL BANK INC A MICROFINANCE-ORIENTED RURAL BANK	4.01
↓ 10(-1)	BOF INC (A RURAL BANK)	3.95

*Consolidation of 3 Cooperative Banks: Metro South Cooperative Bank, Consolidated Cooperative Bank, and Bataan Cooperative Bank
<https://www.bsp.gov.ph/Regulations/Issuances/2023/CL-2023-019.pdf>

**TOP 10 BANKS AS TO TOTAL DEPOSIT
Q2 OF 2023**



As seen in the table and figure above, the top 10 banks based on total Deposit liabilities in the Philippine Rural and Cooperative Banking system as of the 2nd Quarter of 2023 represents more than half (**54.66%**) of the total Deposit liability of the entire RCBs industry. Furthermore, the 1st to 6th placers and 8th placer remains unchanged since the last quarter. However, the 9th and 10th placer changed having **CARD MRI RIZAL BANK INC A MICROFINANCE-ORIENTED RURAL BANK** goes down by 2 and **BOF Inc.** go down by 1 this is due to the entering of newly consolidated cooperative bank: **One Cooperative Bank** which is resulted from the consolidation of 3 Cooperative banks namely: **Metro South Cooperative Bank, Consolidated Cooperative Bank, and Bataan Cooperative Bank.** Moreover, the top 1 Rural bank in terms of Deposit is still **BDO Network Bank** having a total deposit of **₱ 73.87 billion** which represent **26%** of the total deposit of RCBs where it grew by **9 percent** compared to the previous quarter which was **₱ 67.59 billion**. BDO network bank is followed by **East West Bank** and **Card Bank Inc** having a total deposit of **₱ 21.19 billion** and **₱15.89 billion** respectively.

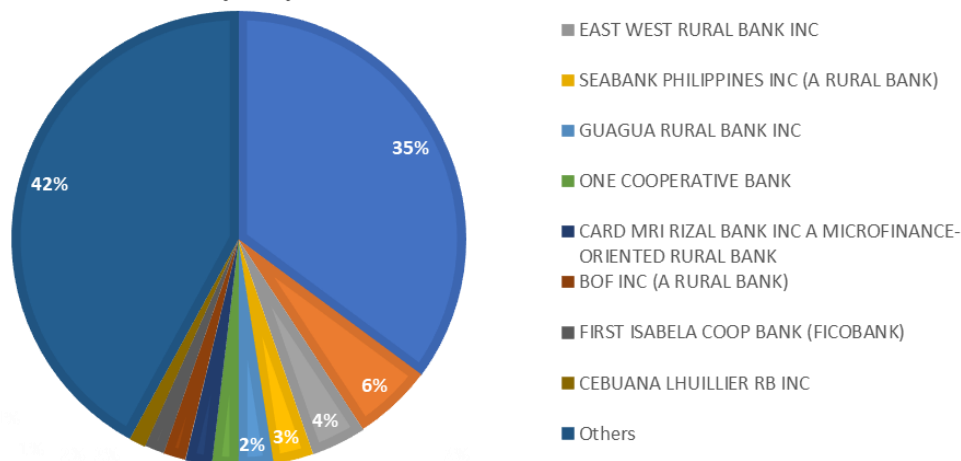


Rural and Cooperative Banking System: Top 10 Banks based on Total Loan Portfolio (Net) in the 2nd Quarter of 2023

RANK	NAME OF BANK	TOTAL LOAN (NET)
1	BDO NETWORK BANK INC	75.52
2	CARD BANK INC (A MF RB)	12.05
3	EAST WEST RURAL BANK INC	8.32
4	SEABANK PHILIPPINES INC (A RURAL BANK)	6.26
5	GUAGUA RURAL BANK INC	5.19
6	ONE COOPERATIVE BANK*	4.04
↓7(-1)	CARD MRI RIZAL BANK INC A MICROFINANCE-ORIENTED RURAL BANK	4.02
↓8(-1)	BOF INC (A RURAL BANK)	3.40
↓9(-1)	FIRST ISABELA COOP BANK (FICOBANK)	3.05
↑10(+6)	CEBUANA LHUILLIER RB INC	2.56

*Consolidation of 3 Cooperative Banks: Metro South Cooperative Bank, Consolidated Cooperative Bank, and Bataan Cooperative Bank
<https://www.bsp.gov.ph/Regulations/Issuances/2023/CL-2023-019.pdf>

TOP 10 BANKS AS TO TOTAL LOAN PORTFOLIO (NET) Q2 OF 2022



As seen in the table and figure above, the top 10 banks based on total loan portfolio(net) in the Philippine Rural and Cooperative Banking system as of the 2nd Quarter of 2022 represents more than half (**57.97%**) of the total loan portfolio (net) of the entire RCBs industry. Furthermore, the 1st to 5th placers remains unchanged since the last quarter. However, the 7th to 10th placers changed having **CARD MRI RIZAL BANK INC A MICROFINANCE-ORIENTED RURAL BANK, BOF Inc.** and **FIRST ISABELA COOP BANK (FICOBANK)** go down by 1 this is due to the entering of newly consolidated cooperative bank: **One Cooperative Bank** which is resulted from the consolidation of 3 Cooperative banks namely: **Metro South Cooperative Bank, Consolidated Cooperative Bank,** and **Bataan Cooperative Bank** and the entering of **Cebuana Lhuillier Rural Bank** to the top 10 from 16th place in the previous quarter to 10th place in this quarter, this is due to their Loan portfolio (net) increased by **32%** from, **₱ 1.93 billion** to **₱ 2.56 billion**. Moreover, the top 1 Rural bank in terms of Deposit is still **BDO Network Bank** having a total deposit of **₱ 75.52 billion** which represent **35%** of the total loans(net) of RCBs where it grew by **5 percent** compared to the previous quarter which was **₱ 71.85 billion**. BDO network bank is followed **Card Bank Inc** and **Eastwest Rural bank** having a total loan(net) of **₱ 12.05 billion** and **₱8.32 billion** respectively.

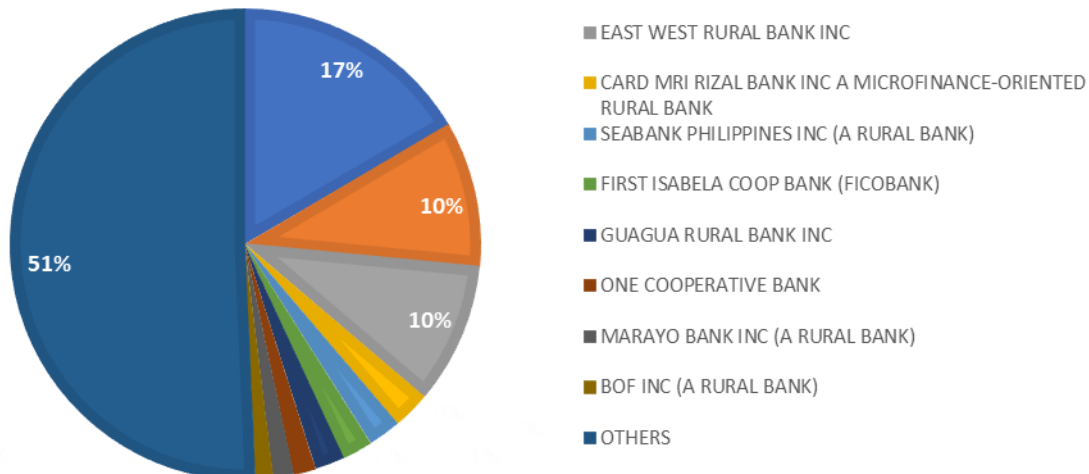


Rural and Cooperative Banking System: Top 10 Banks based on Total Loan Capital in the 2nd Quarter of 2023

RANK	NAME OF BANK	TOTAL CAPITAL
1	BDO NETWORK BANK INC	11.96
2	CARD BANK INC (A MF RB)	7.20
3	EAST WEST RURAL BANK INC	7.00
4	CARD MRI RIZAL BANK INC A MICROFINANCE-ORIENTED RURAL BANK	1.86
↑5(+2)	SEABANK PHILIPPINES INC (A RURAL BANK)	1.61
↓6(-1)	FIRST ISABELA COOP BANK (FICOBANK)	1.53
↓7(-1)	GUAGUA RURAL BANK INC	1.46
8	ONE COOPERATIVE BANK*	1.11
↓9(-1)	MARAYO BANK INC (A RURAL BANK)	1.01
↓10(-1)	BOF INC (A RURAL BANK)	0.86

*Consolidation of 3 Cooperative Banks: Metro South Cooperative Bank, Consolidated Cooperative Bank, and Bataan Cooperative Bank
<https://www.bsp.gov.ph/Regulations/Issuances/2023/CL-2023-019.pdf>

TOP 10 BANKS AS TO CAPITAL Q2 OF 2023



As seen in the table and figure above, the top 10 banks based on Capital in the Philippine Rural and Cooperative Banking system as of the 2nd Quarter of 2023 represents almost half (**49.29%**) of the total capital of the entire RCBs industry. Furthermore, the 1st to 4th placers remains unchanged since the last quarter. However, the 5th to 10th placers changed, having **SEABANK PHILIPPINES Inc.** increased by 2 which result to **FIRST ISABELA COOP BANK (FICOBANK)** and **GUAGUA Rural Bank** go down by 1. In addition, **Marayo Bank Inc.** and **BOF Inc.** also goes down by 1, this is due to the entering of newly consolidated cooperative bank: **One Cooperative Bank** which is resulted from the consolidation of 3 Cooperative banks namely: **Metro South Cooperative Bank**, **Consolidated Cooperative Bank**, and **Bataan Cooperative Bank**. Moreover, the top 1 Rural bank in terms of Deposit is still **BDO Network Bank** having a total capital of **₱ 11.96 billion** which represent **17%** of the total capital of RCBs where it grew by **1.32 percent** compared to the previous quarter which was **₱ 11.81 billion**. BDO network bank is followed **Card Bank Inc** and **Eastwest Rural bank** having a Capital of **₱ 7.20 billion** and **₱ 7 billion** respectively.