

Philippine Rural and Cooperative Banking System Quarterly Report: 4<sup>th</sup> Quarter of 2024

The Philippine Economy maintained its steady growth in 2024 despite of the challenges<sup>1</sup>, having a growth of 5.6 percent in 2024 and 5.2 percent in the 4<sup>th</sup> Quarter of 2024<sup>2</sup>, the second fastest in ASEAN, Philippines is driven by consumer spending and service growth<sup>3</sup>. In this regard, Philippine banking system continued to improve, particularly its resources and asset quality, increasing by 9% in 2024. As per banking system, Universal and Commercial Banks, accounts for 93.6 percent of the banking system, grew by 8.8 percent, Thrift Banks, accounts for 6.1 percent of the banking system, grew by 6.2 percent, the rural and cooperative banks, accounts for 1.9 percent of the banking system, grew by 17 percent, and lastly the digital banks, accounts for 0.4 percent of the banking system, grew by 32 percent.

Figure 1 - Philippine Rural and Cooperative Banking System: Total Assets (2020 – 2024) (in Thousand Pesos)

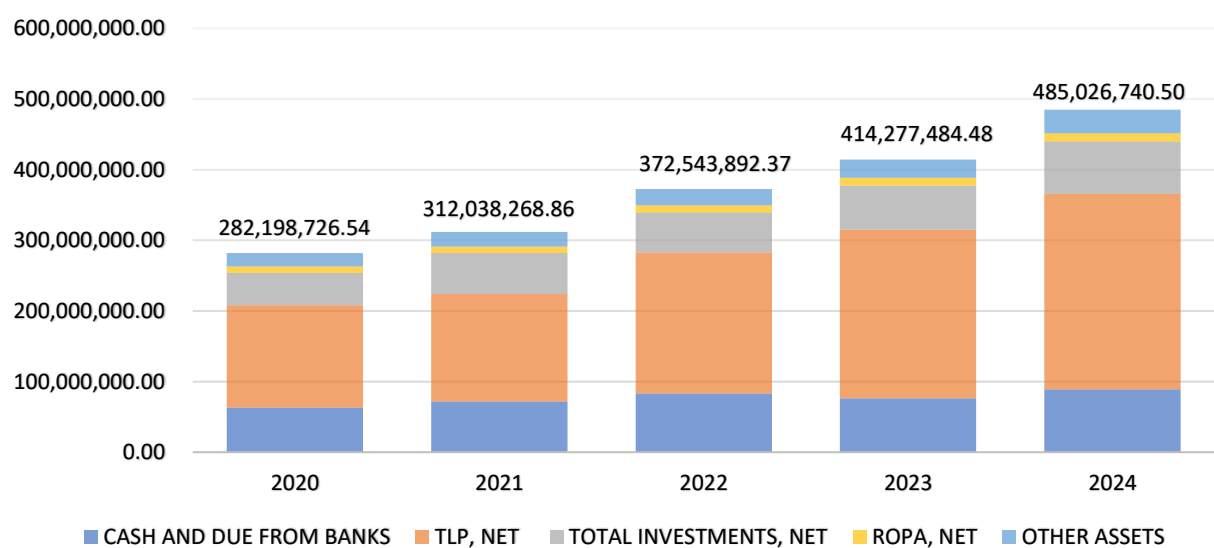


Figure 1. Total Asset of RCBs 2020 – 2024 (BSP, 2025)

- The total assets of the Philippine rural and cooperative banking system (RCBs) grew by 17 percent in 2024 compared to 2023, which equates to ₱ 485 billion representing 1.9 percent of the total assets of the Philippine banking system of ₱ 27.431 trillion. The recorded growth rate is higher that the growth rate recorded by universal and cooperative Bank and thrift bank.
- The changes in total asset of the Rural and Cooperative Banking System in 2024 is mainly attributed to the growth Total Loan Portfolio (net), which represent 57 percent (₱ 276.5 billion) of the industry’s assets, grew by 16 percent. These changes clearly indicate that,

<sup>1</sup> <https://www.dof.gov.ph/ph-economy-maintained-steady-growth-in-2024-despite-challenges-outlook-for-2025-remains-bullish-driven-by-lower-inflation-higher-consumption-and-investments/>  
<sup>2</sup> <https://psa.gov.ph/content/gdp-expands-52-percent-fourth-quarter-2024-brings-full-year-2024-gdp-year-year-growth-rate>  
<sup>3</sup> <https://www.pna.gov.ph/index.php/articles/1242014>

RCBs are playing an important role in stimulating economic growth in rural areas through grant of new credit to the MSME and Agricultural Sector, having a 5-year average growth rate in Total Loan Portfolio (Gross) (TLP-G) of 14.4 percent.

**Figure 2 - Philippine Rural and Cooperative Banking System: Assets Component (2020 – 2024)**

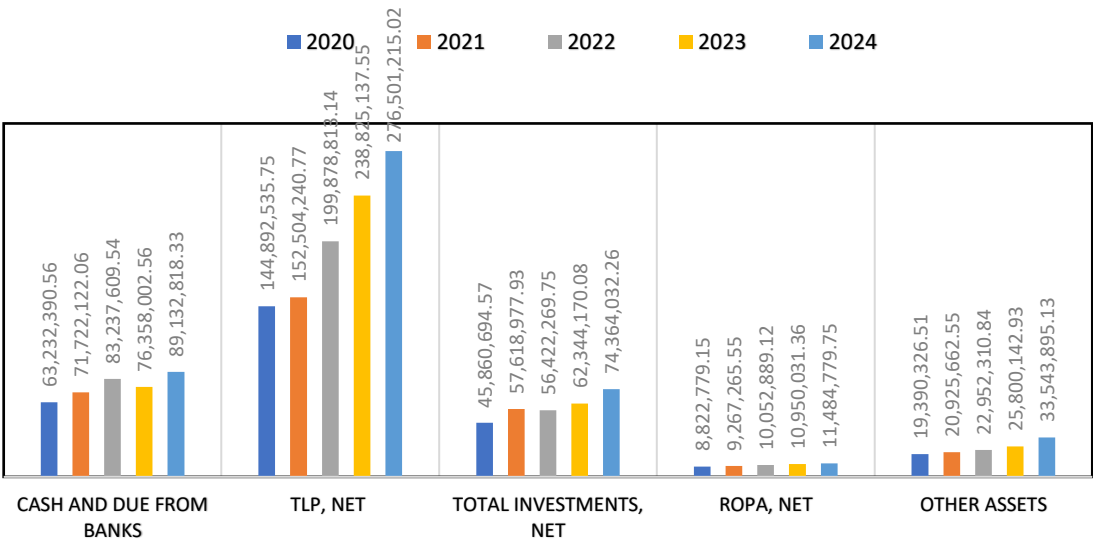


Figure 2. Total Asset by Component of RCBs: 2020 – 2024 (BSP, 2025)

**Figure 3 - Philippine Rural and Cooperative Banking System: YoY TLP-G Growth Rate 2020 – 2024**

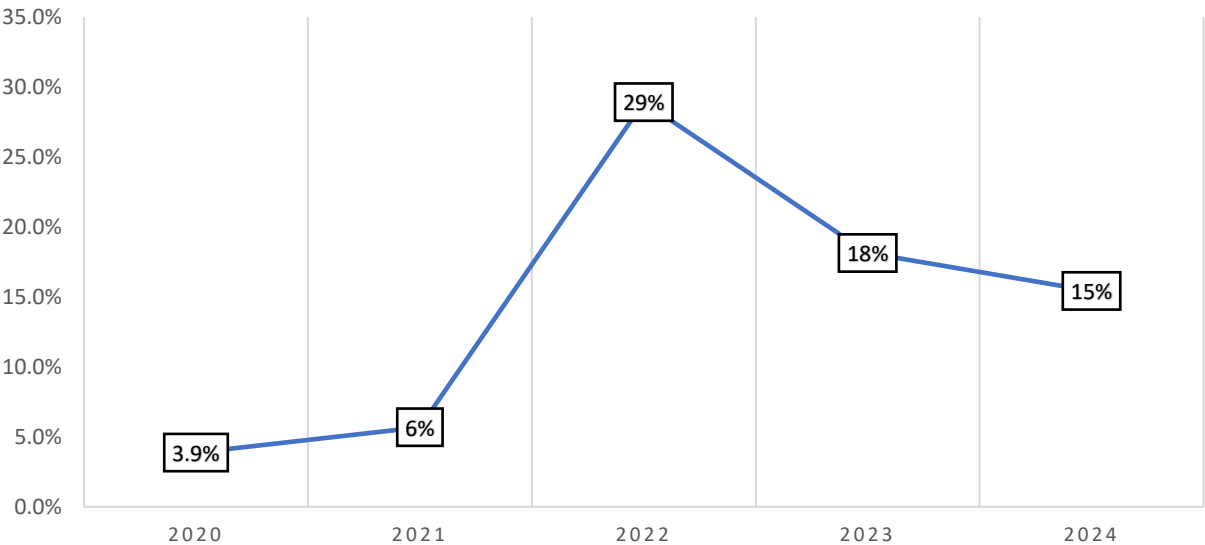
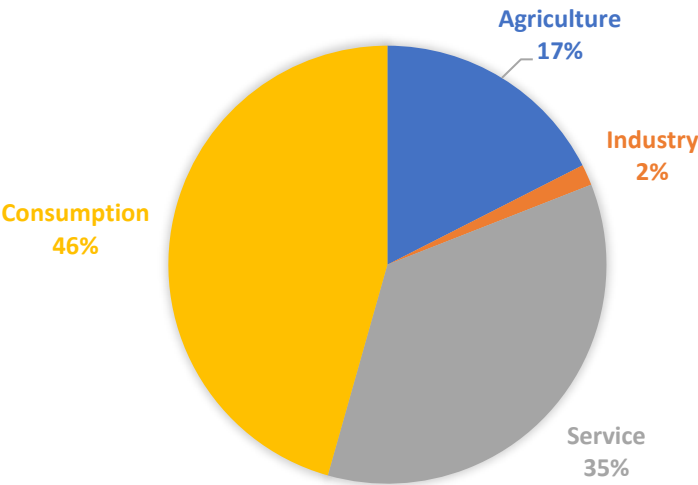


Figure 3. Growth of Total Loan Portfolio (Gross) of RCBs 2020 - 2024 (BSP, 2024)

- Based on economic activity, the changes in TLP-G of RCBs in 2024 compare to the same prior year was primarily driven by the loan on the following sectors: Household Consumption (up by 32 percent or ₱ 32.58 billion ), followed by Activities of Households as Employers and Undifferentiated Goods-and-Services-Producing Activities of Households for Own Use (Down by 73 percent or ₱ 9.95 billion) and Agriculture, Forestry and Fishery (up by 13 percent or ₱ 5.82 billion). As to major economic activities, the total loan granted by RCBs for Production Activities (Agriculture (17% or ₱51 billion), Industry (2% or ₱5 billion), and Services (35% or ₱104 billion)) accounted for more than half of the Gross loan portfolio while loan for Households Activities (Consumption) makes up for the remaining 46 percent (₱ 134 billion), as seen in figure 4.

**Figure 4 - Philippine Rural and Cooperative Banking System: Loan Per Major Economic Activity 2024**



*Figure 4. Loan per Major Economic Activity in 2024 (BSP, 2024)*

- RCBs are very supportive to the agriculture sector in the third Quarter of 2024, where recent data shows that the rural banking industry extended 17% of their total loan portfolio to agriculture sector compared to its bigger counter parts (commercial and universal bank (UKBs), thrift (TB), and digital banks (DB)) where they only allotted 0 – 3% of their total loan portfolio to the agriculture sector as seen in the table 1.

Table 1: Loan Portfolio Allocation Based on Economic Activity 2024

	UKBs	TBs	RCBs	DBs	PBs
Total Loan Portfolio - Gross (in billions)	₱14,202.34	₱790.76	₱293.12	₱37.42	₱15,323.64
Share to Philippine Total Loan Portfolio	93%	5%	2%	0%	100%
Production Activities	79%	48%	54%	1%	77%
Agriculture	2%	3%	17%	0%	2%
Industry	22%	5%	2%	0%	20%
Service	56%	40%	35%	1%	54%
Consumption	11%	50%	46%	79%	14%
Others	10%	2%	0%	19%	9%

Table 1: PBs Loan Portfolio based on Economic Activity Q3 2024 (BSP, 2024)

- Philippines being considered among one of the fastest growing economies in both the region and the world<sup>4</sup>, the gross non-performing loan portfolio of the RCBs decreased by 56 basis points compared to the prior quarter of 2024 from 7.54 percent to 6.97 percent, but this is far better than last year’s 7.29 percent. If everything is held constant and based on its moving average, we might see a slight improvement on loan quality by the 1<sup>st</sup> quarter of 2025 as seen in figure 5.

Figure 5 - Philippine Rural and Cooperative Banking System: Gross NPL Ratio (Q4 2023 – Q1 2025\*)

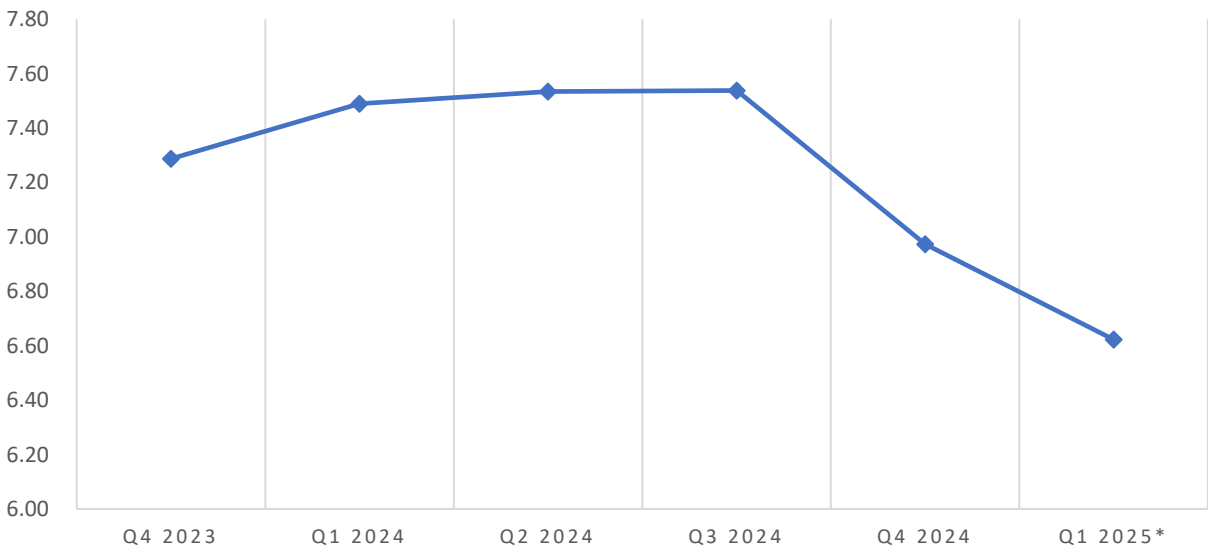
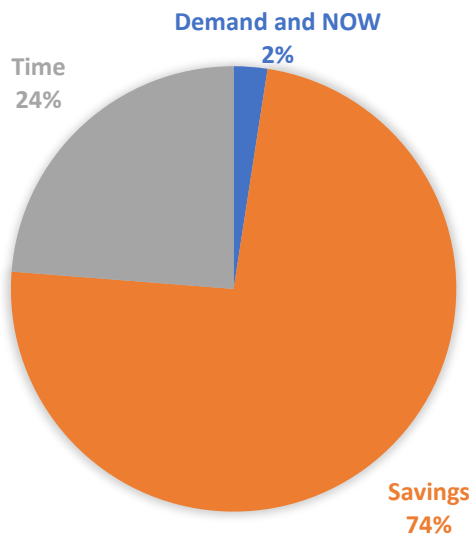


Figure 5. Philippine RCBs: Gross NPL ratio (Q4 2023 – Q1 2025\* (BSP, 2024)

<sup>4</sup> <https://www.dof.gov.ph/ph-economy-maintained-steady-growth-in-2024-despite-challenges-outlook-for-2025-remains-bullish-driven-by-lower-inflation-higher-consumption-and-investments/>

- In relation to savings mobilization, the total deposit liabilities of RCBs continue to expand. Total deposit liabilities of RCBs in the quarter grew by 20 percent compared to the previous year. In terms of type of Deposits, in 2024, Savings Deposit had the biggest share which represents 74 percent (₱ 258 billion) of the total deposit, followed by Time Deposit which represents 24 percent (₱ 83 billion) and Demand Deposit which represents 2 percent (₱ 9 billion) as seen in figure 6.

**Figure 6 - Philippine Rural and Cooperative Banking System: Deposit Liability in 2024**



*Figure 6. Philippine RCBs: Gross NPL ratio (Q4 2023 – Q1 2025\* (BSP, 2025)*

- Further, there are a total of 23.56 million deposit accounts handled by the RCBs in the 3<sup>rd</sup> quarter of 2024, which represents 16 percent of total deposit accounts handled by the Philippine Banking System. The total deposit account in 2024 grew by 16 percent compared to last year’s number of accounts with 22.14 million deposit accounts. Majority of account handled by the RCBs have an account size of “₱15,000 and below” which represents 94 percent (22.14 million deposit accounts) of the total number of accounts as seen in table 1.

Table 2: Deposit Account by Account size of Philippine Banking System 2024

	UKBs	TBs	RCBs	DBs	PBs
Total Deposit - No. of Account (in millions)	92.99	7.42	23.56	19.39	143.35
Share to Philippine Total Deposit Account	65%	5%	16%	14%	100%
Account Size					
P15,000 and below	79%	85%	94%	96%	84%
P15,000.01 - P50,000	9%	6%	3%	2%	7%
P50,000.01 - P100,000	4%	2%	1%	1%	3%
P100,000.01 - P250,000	4%	2%	1%	1%	3%
P250,000.01 - P500,000	2%	1%	0%	0%	1%
P500,000.01 - P1,000,000	1%	1%	0%	0%	1%
P1,000,000.01 - P2,000,000	1%	1%	0%	0%	1%
P2,000,000.01 and over	1%	1%	0%	0%	1%
Total	100%	100%	100%	100%	100%

Table 2. Philippine RCBs: Deposit Liabilities in 2024 (BSP, 2025)

- The liquidity ratios of Rural and Cooperative Banking System for the 4<sup>th</sup> quarter of 2024 slightly increased as general, this is expected result due to the slight changes in number of deposits handled by the industry. The ratio for Cash & Due from Banks to Deposits was 25.45 percent in the 4<sup>th</sup> quarter of 2024, up by 111 basis points compared to last quarter’ 24.34 percent. Liquid Assets to Deposits Ratio of 46.41 percent up by 30 basis points compared to last quarter’s 46.11 percent. As mentioned, these movements were correlated to the changes in RCBs loan portfolio with the loans (gross) to deposits liquidity ratio in 2024 at 83.70 percent, a decrease of 319 basis points compared to last year’s 86.89 percent.
- RCBs’ Capital Adequacy Ratio (CAR) on a solo basis remains well above international and regulatory standards. The RCB Industry CAR during the period decreased by 23 basis points to 18.58 percent compared to the 18.24 percent in the previous year.
- The increased lending activity of RCBs translate to more profit; as a result, annualized net profit during the reported period went up by 39 percent Y-o-Y to ₱ 12.03 billion compared to same period of the prior year, as seen in figure 7.

Figure 7 - Philippine Rural and Cooperative Banking System: Annualized Net Profit Q4 2023 – Q4 2024

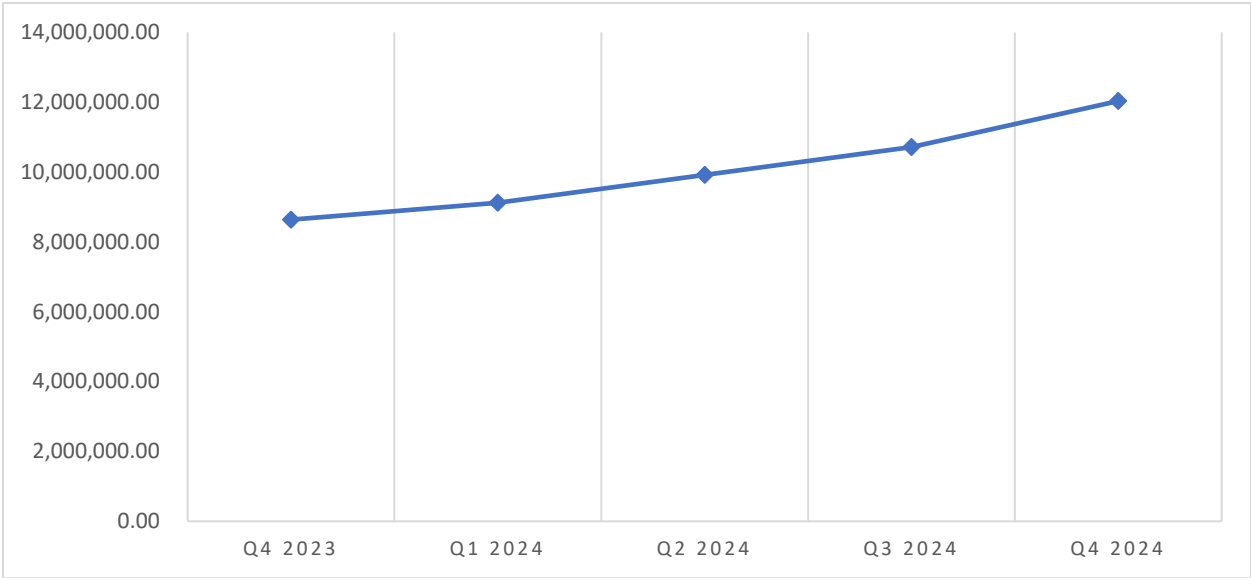


Figure 7. Philippine RCBs: Annualized Net Profit Q4 2023 – Q4 2024 (BSP, 2024)

- Return on Assets (ROA) in 2024 improved to 2.68 percent ROA from 2.2 percent recorded ROA a year ago. Return on equity (ROE) increased to 14.68 percent during the period compared to 11.83 percent recorded a year ago. Furthermore, the net interest margin (NIM) went up to 10.99 percent during the period compared to 10.02 percent recorded in the previous year. And lastly the Cost-to-Income ratio stood at 65 percent during the period compared to 69.36 percent recorded in the previous year. This clearly indicate that the industry is more profitable than the previous year.
- Rural & Cooperative Banks’ Physical network and presence continue to grow, although total number of RCB head offices declined from 389 Head offices at the beginning of the period to 383 at the end of 2024. During the year, 1 new rural bank were converted from a thrift bank, 4 Rural Banks were closed, and 3 rural bank merges to a bigger thrift bank. In addition, the total number of offices, which includes head office, branches and branch-lite units, was 3,633 in 2024 up from 3,551 offices recorded in 2023. Below is the detailed list of Rural and cooperative banks opened, closed, consolidated, and merged and the regional distribution of rural and cooperative bank during the reported period, January 1, 2023 to December 31, 2024.

**Table 4: Rural and Cooperative banking system: New and Closed Rural Banks 2024**

<b>Rural and Cooperative Bank in the beginning of 2024:</b>		<b>389</b>		
<b>New Rural Bank</b>		<b>1</b>		
Q3	Quezon Coconut Bank, Inc. (A Rural Bank) (Converted from a Thrift Bank) <sup>5</sup>			
<b>Closed Rural Bank</b>		<b>-4</b>		
Q1	Rural Bank of Pana-on (Misamis Occidental), Inc. <sup>6</sup>			
Q2	Rural Bank of Cuyo (Palawan), Inc. <sup>7</sup>			
Q3	Cooperative Bank of Bohol <sup>8</sup>			
Q4	Community Rural Bank of Medellin (Cebu), Inc. <sup>9</sup>			
<b>Merged</b>		<b>-3</b>		
Q2	Rural Bank of Maasin to Producers Saving Banks <sup>10</sup>			
Q4	Queen City Rural Bank, Inc. to Queen City Development Bank Inc. <sup>11</sup>			
	Community of San Felipe to Producers Savings bank <sup>12</sup>			
<b>Rural and Cooperative Bank in the End of 2024:</b>		<b>383</b>		
<b>Region</b>	<b>Head Offices</b>	<b>Branches</b>	<b>Branch-lite</b>	<b>Total</b>
NCR	13	40	52	105
CAR	15	54	39	106
Ilocos Region	28	125	116	269
Cagayan Valley	25	128	106	259
Central Luzon	63	262	129	454
CALABARZON	74	266	236	576
MIMAROPA	19	56	105	180
Bicol Region	17	84	219	320
Western Visayas*	24	75	170	269
Region NIR*	20	39	71	130
Central Visayas*	16	89	86	191
Eastern Visayas	12	50	67	129
Zamboanga Peninsula	13	32	40	85
Northern Mindanao	20	62	65	147
Davao Region	11	93	68	172
SOCCSKSARGEN	8	64	37	109
CARAGA	5	70	48	123
BARMM	0	2	5	7
Nationwide	383	1591	1659	3633

\* [Negros Island Region Act](#)

Table 4: Rural and Cooperative banking system: 2024 Open and Closure, regional demographics (BSP, 2025)

<sup>5</sup> <https://www.bsp.gov.ph/Regulations/Issuances/2024/CL-2024-042.pdf>

<sup>6</sup> <https://www.bsp.gov.ph/Regulations/Issuances/2024/CL-2024-003.pdf>

<sup>7</sup> <https://www.bsp.gov.ph/Regulations/Issuances/2024/CL-2024-028.pdf>

<sup>8</sup> <https://www.bsp.gov.ph/Regulations/Issuances/2024/CL-2024-039.pdf>

<sup>9</sup> <https://www.bsp.gov.ph/SitePages/Regulations/RegulationDisp.aspx?ItemId=5064>

<sup>10</sup> <https://www.bsp.gov.ph/Regulations/Issuances/2024/CL-2024-022.pdf>

<sup>11</sup> <https://www.bsp.gov.ph/SitePages/Regulations/RegulationDisp.aspx?ItemId=5056>

<sup>12</sup> <https://www.bsp.gov.ph/SitePages/Regulations/RegulationDisp.aspx?ItemId=5060>