



The 2022 Countryside Bank Survey Report



A publication of the Department of Agriculture -
Agricultural Credit Policy Council (DA-ACPC) and
the Bangko Sentral ng Pilipinas Research Academy (BRAC)



THE 2022 COUNTRYSIDE BANK SURVEY REPORT¹

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THE 2022 COUNTRYSIDE BANK SURVEY REPORT

Executive Summary

The 2022 Countryside Bank Survey (CBS) is a survey conducted by the Department of Agriculture - Agricultural Credit Policy Council (DA-ACPC) and the Bangko Sentral ng Pilipinas (BSP). It aims to analyze trends and present emerging policy issues on bank behavior towards lending to the agriculture sector using branch-level data. Specifically, the 2022 CBS focuses on the banking units' agricultural lending experience in 2022 vis-a-vis 2021. The survey also looks into the practices and outcomes of various aspects of branch banking operations in 2022, as follows: (a) demand for loan products and services; (b) loans and borrowers; (c) interest rates and other charges on bank loans; (d) borrowers' repayment and debt position; (e) risk management mechanism; (f) problems and challenges in agricultural lending; (g) profitability of bank branch/office operation; and (h) plans and expectations by banks for the next year. The 2022 survey questionnaire included more questions to deepen insights and analysis on the state of agricultural lending in the rural sector vis-à-vis National Capital Region (NCR).

The 2022 CBS was administered electronically to all bank branches/offices nationwide. The Bangko Sentral ng Pilipinas requested all banking units nationwide through their head offices to answer the online CBS questionnaire. The banking institutions are classified as follows: (a) private universal and commercial banks (UKBs), (b) private thrift banks (TBs), (c) private rural and cooperative banks (RCBs), (d) government-owned banks (GBs) and (e) digital banks (DBs).

Out of 13,258 banking units, 5,560 or 42 percent responded to the 2022 CBS. The respondent banks comprised of 45 percent UKBs, 21 percent TBs, 21 percent RCBs, and 13 percent GBs. Participation rate is highest among GBs (85.1 percent) followed by TBs (44.9 percent) while UKBs, RCBs, and DBs participation rate are at 39.7 percent, 33.4 percent, and 33.3 percent, respectively.

By regional distribution, almost one-third (30.1 percent) of the respondent banking units are located in the NCR, 21.9 percent are in North Luzon regions, and about 19.7 percent are in Southern Luzon while 14.3 percent are in the Visayas and 14.0 percent are in Mindanao. Of the total 5,560 respondent banking units, 44.9 percent are UKBs, 21.0 percent are TBs, 21.2 percent are RCBs and 12.9 percent are GBs. By areas outside of the NCR, respondent banking units in Region IV-A (CALABARZON) posted the highest share relative to total respondent banking units at 13.4 percent.

The conduct of the 2022 CBS coincided with the start of implementation of Republic Act (RA) No. 11901 also known as the Agriculture, Fisheries and Rural Development Financing Enhancement Act of 2022. As such, the survey serves to generate baseline data for keeping track of the banks' lending operations in compliance with R.A. No. 11901. For the 2022 CBS, banks were asked about the specific agricultural loan products they offered in 2021 and 2022, with the list of products detailed in the guidelines of R.A. No. 11901 as reference.

The 2022 CBS report discusses the following key findings:

1. In 2022, the share of agriculture loans and services to total loans granted in most banking units increased, albeit slightly, to 18.1 percent from 17.6 percent in 2021 possibly due to the implementation of Republic Act No. 11901. Largely offered by RCBs, the increase in the share could be seen in the rise of products pertaining to the (a) acquisition of seeds, fertilizer, poultry, livestock, feeds, and other similar items, (b) working capital for basic agricultural crops, and (c) acquisition of work animals, farm and fishery equipment and machineries. The survey also reveals some increase in loan

products pertaining to sustainable projects, digitalization/automation of farming, fishery, and agri-business activities and processes, and for agri-tourism.

2. The demand for agricultural loans across different types of banks ranged between 1 and 100 first time borrowers per banking unit per year. Across the different types of banks, at least 40 percent and 74 percent from respondent banking units of RCBs and GBs, respectively, reported that they cater to small agricultural borrowers.
3. By banking group, the distribution of loan borrowers in 2022 reveal that RCBs continued to show greater support for agricultural borrowers, including small farmer and fisherfolk-borrowers, complementing the GBs' mandate to provide loans to agricultural borrowers. UKB units, meanwhile, cater more to non-agricultural borrowers regardless of size and tends to cater to larger scale agricultural borrowers only. Finally, the borrowers of TBs are composed mostly of individual non-agricultural borrowers, thus leaving a small portion to provide loans to agricultural borrowers.
4. In terms of regional distribution in 2022, the agricultural borrowers of UKBs are more concentrated in Luzon. RCBs follow the same trend but have significantly less borrowers in NCR. TBs were shown to have more borrowers in Mindanao. GBs have similar numbers of borrowers outside NCR, with Mindanao borrowers slightly higher.
5. In 2022, the total value of agricultural loans increased by 36.7 percent from the value in 2021. Based on survey responses, this improvement was due to the growing demand for agricultural loans, possibly due to the implementation of R.A. No. 11901, and banking units' intense marketing efforts to attract new borrowers.
6. Results of the survey show that in 2022 the interest rates on agricultural loans ranged from 12 percent to 18 percent, higher than the interest rates on non-agricultural loans that ranged from 7.5 percent to 16 percent. RCBs within NCR (NCRRCBs) registered the highest interest rates on agricultural loans ranging from 16 percent to 21 percent, while RCBs outside the NCR and TBs showed a slightly wider interest rate range from 13 percent to 20 percent. Conversely, interest rates on agricultural loans of UKBs and GBs ranged between 4.6 percent and 7.2 percent, and 3.3 percent and 6.6 percent, respectively.
7. Respondent banking units posted an average overall repayment loan rate of 67 percent for 2022, with GBs declaring a higher overall repayment rate of 70 percent. For respondent banking units that reported lower repayment rates in 2022, banking units cited the impact of the COVID-19 pandemic for such declines in repayment rates. Meanwhile, the past due ratio for agricultural loans dropped from 10.8 percent in 2021 to 9.4 percent in 2022. UKBs and GBs reported significant decreases in past due ratios for their agricultural loans during the period. In turn, overall NPL ratios for agricultural loans slightly declined from 7.3 percent in 2021 to 7.2 percent 2022. NCRRCBs experienced significant decreases in their NPL ratios for agricultural loans in 2022.
8. Survey results demonstrate the robust financial performance and ability of the respondent banking units to capitalize on opportunities for sustainable growth. Operating income exhibits a notable increase, reflecting improved revenue generation. Despite a modest rise in operating expenses, effective cost management practices are evident. Net income demonstrates a collective growth trend, highlighting overall profitability gains. Additionally, consistent positive changes in interest income reflect the sector's adaptability and resilience in navigating economic uncertainties.
9. While interest income from non-agricultural sources shows steady positive changes across all bank groups, there are variations in year-on-year changes in interest income

from agricultural lending amid the COVID-19 pandemic. Specifically, UKB and GB stand out with a modest positive change suggest their effectiveness in navigating the challenges posed by the pandemic and capitalizing on opportunities within the agricultural sector. Conversely, other banking units may experience different trends, influenced by factors such as regional agricultural activity, government support measures, or specific initiatives targeting agricultural financing in response to the pandemic.

10. Majority of respondent banks still require and accept conventional forms of loan securities from agricultural borrowers, the most acceptable of which remain to be real estate mortgages. For all respondents, alternative forms of collaterals include post-dated checks and credit guarantees. To encourage banking units to increase their lending to the agriculture sector, two-thirds of the respondent banks confirmed that the following credit support mechanisms should be in place: (a) credit guarantee/loan insurance, (b) availability of information on potential borrowers, and (c) agricultural/crop insurance.
11. Banking units often find it challenging to lend to the agricultural sector due to inherent risks, including vulnerabilities to natural calamities, uncertainties regarding harvests, borrowers' income levels, and aging population. Further, these inherent risks were aggravated by the pandemic's effect on the health and livelihood of farmers. Collectively, these factors jeopardize the borrowers' capacity to pay. Nevertheless, banks consider it essential to implement measures that reduce information asymmetry when extending credit to the agricultural sector, thereby supporting confidence in extending loans to this sector.
12. In terms of the outlook, respondent banking units express optimism for the next twelve months. Diffusion indices computed by bank type on various expectation indicators reveal favorable lending conditions anticipated for agricultural borrowers. Additionally, banks foresee improvements in loan volumes and loan quality, which are expected to bolster sustained and increased profitability. Specifically, survey respondents anticipate single-digit percentage growth in loan volume to the agricultural sector on average. RBs project a growth of approximately 9 percent, while GBs expect an increase of over five percent. Conversely, UKBs seem to allocate agricultural lending more to TBs and RCBs subsidiaries. UKBs expect agricultural loan volume to rise by less than four percent, while TBs predict a growth of nearly nine percent in agricultural loan volume.

THE 2022 COUNTRYSIDE BANK SURVEY REPORT

I. Survey Objective

The 2022 Countryside Bank Survey (CBS) is the second round of the annual survey conducted by the Department of Agriculture - Agricultural Credit Policy Council (DA-ACPC)² and the Bangko Sentral ng Pilipinas (BSP). It generally aims to generate branch-level data, analyze trends, and present emerging policy issues on bank behavior towards lending to the agriculture sector. Specifically, the CBS aims to:

- a. determine the extent and behavior of banks towards lending to agriculture;
- b. help assess the baseline impact of Republic Act No. 11901 or “The Agriculture, Fisheries, and Rural Development Financing Enhancement Act of 2022”;
- c. compile and analyze indicators of demand for loans and debt position of agricultural borrowers;
- d. generate indicators on the costs and profitability of agricultural lending; and
- e. identify factors and risk management measures that would encourage banks to increase loans to the agriculture sector.

The 2022 CBS focuses on the banking units' agricultural as well as non-agricultural lending experience in 2022 vis-a-vis 2021. The survey looks into the practice and outcomes of various aspects of branch banking operations during the year, as follows:

- a. demand for loan products and services;
- b. loans and borrowers;
- c. interest rates and other loan charges;
- d. borrowers' repayment performance and debt position;
- e. bank risk management mechanisms;
- f. profitability of bank branch/office operations;
- g. problems and challenges in agricultural lending; and
- h. plans and prospects for the next year.

Section II discusses the profile of respondent banks. Section III reports the survey results and summarizes key findings and insights. Section IV identifies some policy implications and concludes.

II. Profile of Respondent Banks

The 2022 CBS was administered electronically to all bank branches/offices nationwide. The Bangko Sentral ng Pilipinas requested all banking units nationwide through their head offices to answer the online CBS questionnaire. The banking institutions are classified as follows: a) private universal and commercial banks (UKBs), b) private thrift banks (TBs), c) private rural and cooperative banks (RCBs), d) government-owned banks (GBs) and e) digital banks (DBs).

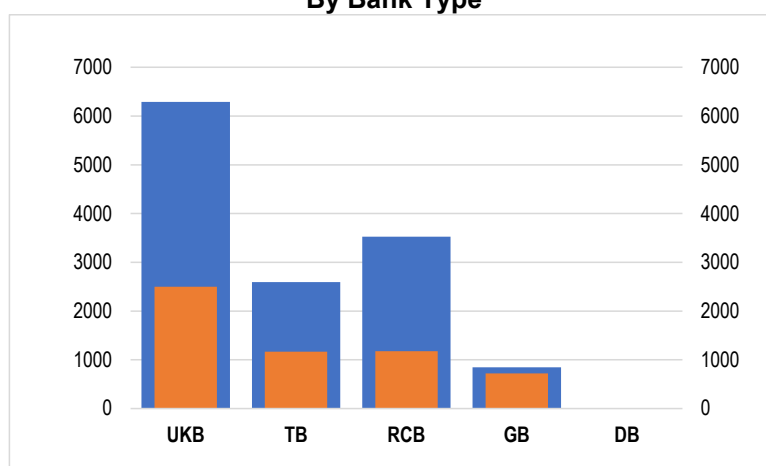
Table 1 shows that out of 13,258 banking units, 5,560 or 42 percent responded to the 2022 CBS. The respondent banks comprised of 45 percent UKBs, 21 percent TBs, 21 percent RCBs, and 13 percent GBs. Participation rate is highest among GBs (85.2 percent) followed by TBs (44.9 percent) while UKBs, RCBs and DBs participation rate are at 39.7 percent, 33.4 percent, and 33.3 percent respectively. Figure 1 shows the relative size of respondent banks against the population for each type of banks.

² The Governing Council of DA-ACPC is composed of the following: (1) Department of Agriculture (DA) Secretary as Chair; (2) Bangko Sentral ng Pilipinas (BSP) Governor as Vice Chair; (3) Department of Finance (DoF) Secretary; (4) Department of Budget and Management (DBM) Secretary; and (5) National Economic and Development Authority (NEDA) Director-General.

Table 1. Number of Total and Respondent Bank Branches/Offices, By Bank Type

Bank Type	Total Banks ^{a/}	Respondent Banks	Participation Rate (percent)	Percent Distribution (percent)
<i>Private banks (PB)</i>				
Universal and Commercial Banks (UKB)	6,289	2,497	39.7	44.9
Thrift Banks (TB)	2,592	1,165	44.9	21.0
Rural and Cooperative Banks (RCB)	3,527	1,177	33.4	21.2
<i>Sub-total</i>	<i>12,408</i>	<i>4,839</i>	<i>39.0</i>	<i>87.1</i>
Government banks (GB)	844	719	85.2	12.9
Digital banks (DB)	6	2	33.3	0.0
Total	13,258	5,560	41.9	100.0

Note: ^{a/} Total number of physical bank branches/offices as of 30 September 2023.
 (Source: <https://www.bsp.gov.ph/SitePages/Statistics/BSPPhysicalNetwork.aspx>)

Figure 1. Number of Total Banking Units versus Respondent Bank Branches/Offices By Bank Type

Source: 2022 Countryside Bank Survey

Table 2 shows the distribution of respondent banking units by type of bank offices. About 6.2 percent of the respondents are head offices while the majority (93.8 percent) are regular branches and microfinance-oriented. Around 16 percent of respondents indicated that they function as lending centers.

Table 2. Number of Respondent Banking Units, By Bank Office Type

Bank Type	Head Office	Other Banking Units ^{a/}	of which:	Total Respondents	
			Lending Center	No.	percent
	(A)	(B)		(C=A+B)	
Private					
UKB	107	2,390	192	2,497	41.5
TB	33	1,144	329	1,165	21.0
RCB	190	975	282	1,177	21.2
DB	2	0	0	2	33.3
Sub-total	332	4,509	803	4,841	87.1
Government	14	705	61	719	12.9
Total	346	5,214	864	5,560	100.0
Percent of Total	6.2	93.8	15.5	100.0	

^{a/} Regular branches and microfinance-oriented branches.
 Source: 2022 Countryside Bank Survey

By regional distribution, Table 3 shows that almost one-third (30.1 percent) of the respondent banking units are located in the National Capital Region (NCR), 21.9 percent are in North Luzon regions, and about 19.7 percent are in Southern Luzon while 14.3 percent are in the Visayas and 14.0 percent are in Mindanao. By areas outside of the NCR, respondent banking units in Region IV-A (CALABARZON) posted the highest share relative to total respondent banking units at 13.4 percent.

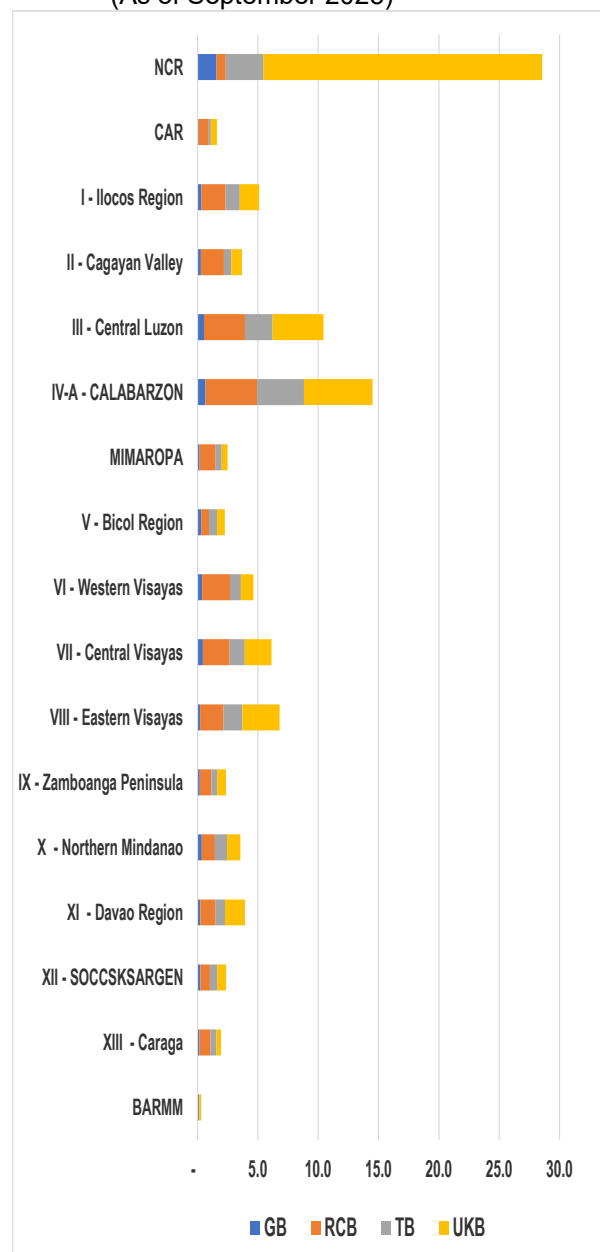
Table 3. Number of Respondent Banking Units, By Region

	Region	UKB	TB	RCB	GB	DB	Total Respondents		
							No.	percent	
	National Capital Region (NCR)	1,211	24	286	151	2	1,674	30.1	30.1
North Luzon	Cordillera Administrative Region (CAR)	25	27	13	14	0	79	1.4	21.9
	Region I (Ilocos Region)	77	99	63	35	0	274	4.9	
	Region II (Cagayan Valley)	47	113	45	34	0	239	4.3	
	Region III (Central Luzon)	250	163	151	62	0	626	11.3	
	Region IV-A (CALABARZON)	292	181	199	74	0	746	13.4	19.7
South Luzon	Region MIMAROPA	17	55	22	21	0	115	2.1	
	Region V (Bicol Region)	59	88	46	39	0	232	4.2	
Visayas Regions	Region VI (Western Visayas)	122	75	63	46	0	306	5.5	14.3
	Region VII (Central Visayas)	141	105	84	56	0	386	6.9	
	Region VIII (Eastern Visayas)	32	23	23	29	0	107	1.9	
Mindanao Regions	Region IX (Zamboanga Peninsula)	26	40	38	22	0	126	2.3	14.0
	Region X (Northern Mindanao)	60	56	61	43	0	220	4.0	
	Region XI (Davao Region)	79	54	39	27	0	199	3.6	
	Region XII (SOCCSKSARGEN)	38	39	27	27	0	131	2.4	
	Region XIII (Caraga)	16	20	16	25	0	77	1.4	
	Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)	5	3	1	14	0	23	0.4	
	Total	2,497	1,165	1,177	719	2	5,560	100.0	100
Share to Total Respondents		44.9	21.0	21.2	12.9	0.0	100.0		

Source: 2022 Countryside Bank Survey

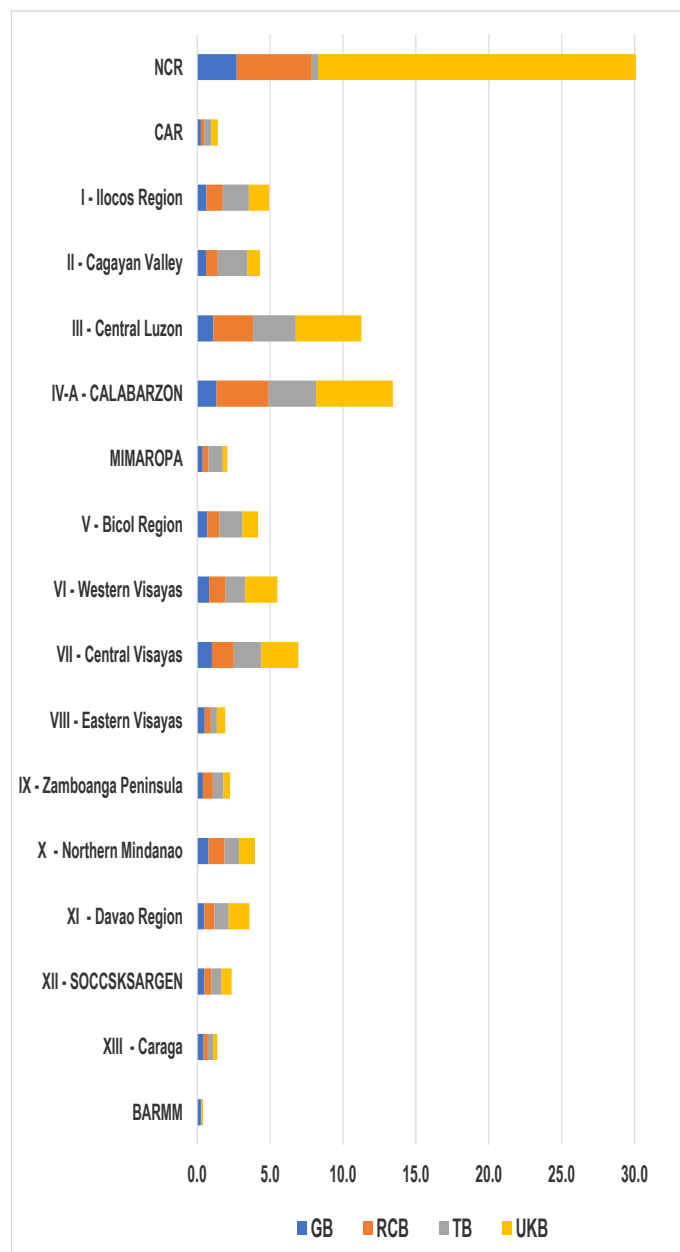
Figure 2 shows graphically the regional distribution of all banks nationwide while Figure 3 is the regional distribution of respondent banks by types of banks.

Figure 2. Regional distribution of all banks nationwide
(As of September 2023)



Source: Department of Supervisory Analytics, BSP.

Figure 3. Regional distribution of respondent banks nationwide



Source: 2022 Countryside Bank Survey

III. Survey Results

A. Demand for loan products and services

Number of banking units with agricultural loan products and/or services

Table 4 shows that in 2022, 18.1 percent of respondent banking units nationwide reported having offered agricultural loan products and services. This proportion of unit banks with agricultural loans is slightly higher than in 2021 following the increase in the number of banking units that offered agricultural loan and products in 2022: 12 RCBs, 8 TBs, 3 UKBs and 1 GB.

Further, the responses surface that more than half (53 percent of 1,165 banks) of RCB banking units made available agricultural loans in 2022. The proportion of banking units with agricultural loan products in 2022 and 2021 among the other banking groups are much lower – 16 percent of TBs, 12 percent of GBs and 4 percent of UKBs.³

Table 4. Number of Banking Units with Agricultural Loan Products and/or Services in 2021 and 2022, by Type of Bank (in percent)

	UKB		TB		RCB		GB		DB		All Banks	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
<u>With</u> agricultural loan product	4.0	4.1	15.4	16.1	52.4	53.4	12.4	12.5	0.0	0.0	17.6	18.1
<u>Without</u> agricultural loan product	96.0	95.9	84.6	83.9	47.6	46.6	87.6	87.5	100.0	100.0	82.4	81.9
Total no. of respondents	2,497		1,177		1,165		719		2		5,560	

Source: 2022 Countryside Bank Survey

Agricultural loan products and services offered

The conduct of the 2022 CBS coincided with the start of implementation of Republic Act No. 11901 also known as the Agriculture, Fisheries and Rural Development Financing Enhancement Act of 2022. As such, the survey serves to generate baseline data, not only for documenting the banks' agricultural lending experiences, but also for keeping track of the banks' operations in compliance with the recently enacted RA 11901. For the 2022 CBS, respondent banking units were asked about the specific agricultural loan products they offered in 2021 and 2022, with the list of products detailed in the guidelines of RA 11901 as reference.

Table 5 shows that, overall, at least 50 percent of the respondent banking units offered in 2021 and 2022 the following agricultural loan products: (a) acquisition of seeds, fertilizer, poultry, livestock, feeds and other similar items (62 percent); (b) working capital for basic agricultural crops only – rice, corn, coconut, sugarcane, mango, banana, cassava, and pineapple (60 percent); and (c) acquisition of work animals, farm and fishery equipment and machineries (50 percent). Close to half (48 percent) of respondents offered loans for agriculture and fisheries production including processing of fisheries and agri-based products and farm inputs.

³ This may indicate the relatively more extensive agricultural lending by RCBs which could be attributed to their strategic role and location in far-flung municipalities as well as their familiarity and long years of experience in lending to farmers, fisherfolk, businesses/enterprises and others in rural communities.

The highest proportion of respondent banking units that provided working capital loans for basic agricultural crops such as rice, corn, coconut, sugarcane, mango, banana, cassava, and pineapple, are RCBs (67 percent) followed by TBs (56 percent). Among UKBs, loans for acquiring seeds, fertilizer, poultry, livestock, feeds, and other similar items are offered by 53 percent of respondent banking units. Similarly, 53 percent of GBs made available loans for the procurement of seeds, fertilizer, animals, and another 53 percent had production loans including processing of fisheries and agri-based products and farm inputs.

Meanwhile, 40 percent of respondent banking units offered loans for “working capital for agriculture and fisheries graduates to enable them to engage in agriculture and fisheries-related economic activities”⁴.

While most of the agricultural loans offered by majority of the respondent banking units are traditional loan products such as financing/working capital for agricultural crop and fisheries production, Table 5 reveals that about 20 percent of the respondent banking units also offer other types of agricultural loan products. These include loans for (a) digitalization/automation of farming, fishery, and agri-business activities and processes; (b) agri-tourism; (c) working capital for long-gestating projects; (d) programs that promote the health and wellness of farmers, fisherfolk and agrarian reform beneficiaries (ARBs) and their households; and (e) programs to address the developmental needs of rural communities. It was observed that a quarter of respondent banking units in 2022 (at 25.9 percent from 24.5 percent in 2021) offered loans for sustainable projects and led by GBs. Meanwhile, 14.0 percent of respondent banking units (again mostly GBs) offered loans for digitalization/automation of farming, fishery, and agri-business activities and processes, including related financial and management information systems, and 11.4 percent for agri-tourism.

**Table 5. Agricultural Loan Products and/or Services Offered in 2021 and 2022
by Type of Bank (In Percent of banks with agricultural loan products)**

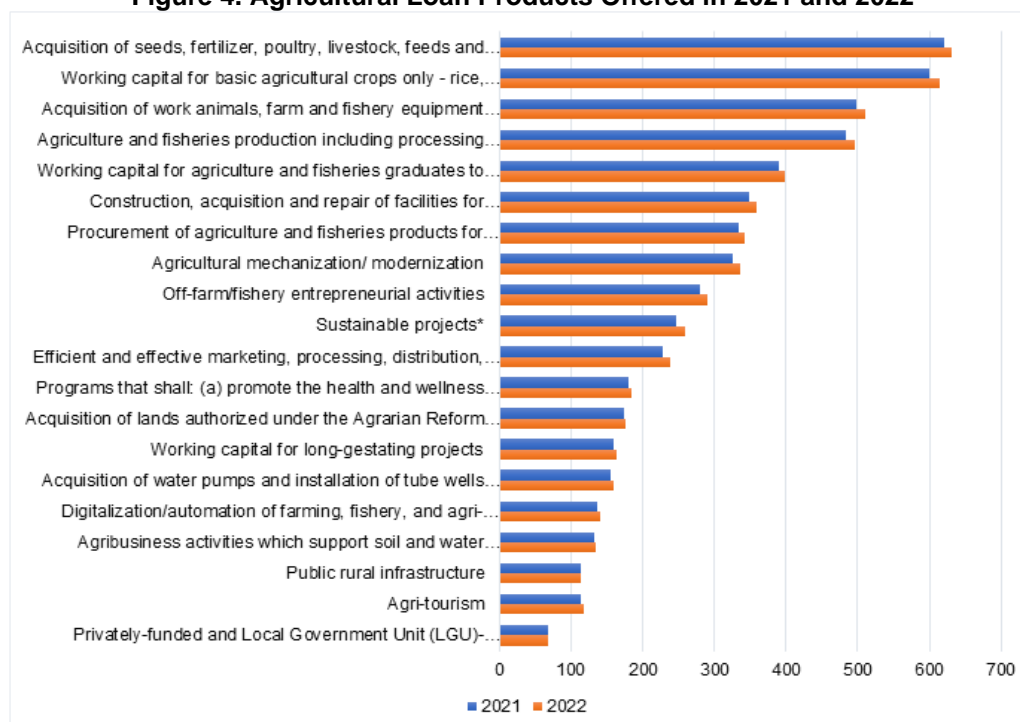
	UKB		TB		RCB		GB		All Banks	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Acquisition of seeds, fertilizer, poultry, livestock, feeds and other similar items	53.4	53.4	41.8	42.9	70.4	71.9	54.4	53.3	61.9	62.8
Working capital for basic agricultural crops only - rice, corn, coconut, sugarcane, mango, banana, cassava, and pineapple	40.8	42.7	52.9	56.1	66.6	67.5	47.8	48.9	59.7	61.2
Acquisition of work animals, farm and fishery equipment and machineries	31.1	30.1	44.4	48.7	55.9	56.9	37.8	37.8	49.6	50.9
Agriculture and fisheries production including processing of fisheries and agri-based products and farm inputs	43.7	43.7	47.1	49.2	48.6	49.7	52.2	53.3	48.1	49.3
Working capital for agriculture and fisheries graduates to enable them to engage in agriculture and fisheries-related economic activities	35.0	35.0	32.3	35.4	41.6	42.1	38.9	36.7	38.9	39.6
Construction, acquisition, and repair of facilities for production, processing, storage, transportation, communication,	33.0	35.0	28.6	32.3	34.2	34.9	52.2	50.0	34.7	35.8

⁴ The Philippine government has implemented several initiatives aimed at encouraging youth engagement in the agriculture and fisheries sector to ensure food security, promote sustainable development, and support rural communities. The significant proportion of banking units providing loans to the youth engaged in agriculture and fisheries may contribute to the observed demand for this product.

	UKB		TB		RCB		GB		All Banks	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
marketing and such other facilities in support of agriculture and fisheries										
Procurement of agriculture and fisheries products for storage, trading, processing, and distribution	40.8	41.7	25.4	28.0	32.6	33.3	45.6	44.4	33.3	34.2
Agricultural mechanization/modernization	24.3	25.2	35.4	39.2	30.5	31.0	48.9	48.9	32.5	33.6
Off-farm/fishery entrepreneurial activities	21.4	21.4	22.8	24.3	29.3	30.5	35.6	35.6	27.8	28.9
Sustainable projects	26.2	24.3	24.3	28.0	20.9	22.0	47.8	50.0	24.5	25.9
Efficient and effective marketing, processing, distribution, shipping and logistics, and storage of agricultural and fishery commodities, including related financial and management information systems	29.1	30.1	23.3	25.4	19.6	20.4	36.7	35.6	22.8	23.7
Programs that: (a) promote the health and wellness of farmers, fisherfolk and ARBs and their households, such as water and sanitation projects for rural communities; and/or (b) address the developmental needs of rural communities, such as projects that promote the livelihood, skills enhancement, financial literacy, including digital financial literacy, and other capacity-building activities of rural community beneficiaries	18.4	17.5	12.2	15.3	17.4	17.4	33.3	32.2	17.9	18.3
Acquisition of lands authorized under the Agrarian Reform Code of the Philippines and its amendment	4.9	6.8	17.5	18.5	19.0	18.8	20.0	20.0	17.3	17.6
Working capital for long-gestating projects	10.7	10.7	19.6	21.2	12.7	13.0	35.6	35.6	15.8	16.3
Acquisition of water pumps and installation of tube wells for irrigation	16.5	15.5	10.6	13.8	15.6	15.4	24.4	24.4	15.5	15.9
Digitalization/automation of farming, fishery, and agri-business activities and processes, including related financial and management information systems	8.7	8.7	14.8	16.4	11.4	11.6	32.2	32.2	13.6	14.0
Agribusiness activities which support soil and water conservation and ecology-enhancing activities	21.4	20.4	11.1	12.7	10.9	10.9	24.4	24.4	13.2	13.4
Public rural infrastructure	7.8	6.8	13.2	14.8	7.7	8.2	35.6	35.6	11.3	11.8
Agri-tourism	20.4	20.4	6.3	8.5	7.4	7.1	38.9	36.7	11.4	11.4
Privately funded and LGU-funded irrigation systems that are designed to protect the watershed	5.8	4.9	4.8	5.3	4.5	4.7	27.8	26.7	6.8	6.8
No. of banks with agricultural loan products	103		189		622		90		1,004	

Source: 2022 Countryside Bank Survey

Figure 4. Agricultural Loan Products Offered in 2021 and 2022



Source: 2022 Countryside Bank Survey

Non-agricultural loan products and services offered

Table 6 shows about three-fourths (72 percent) of respondent banking units reported offering non-agricultural loan products in 2021 and 2022, as against the 18 percent of banks offering agricultural loan products in the same period (see Table 4). By type of bank, TBs have the most respondents (87 percent) which offered non-agricultural loan products. Meanwhile, the two respondent digital banks reported having no loan products in 2021 – either agri or non-agri loan; but in 2022 both made available non-agricultural loans.

Table 7 illustrates that, in 2022, the top non-agricultural loan products offered by majority of respondent banking units are motor vehicle/car loans (79 percent), followed by credit card loans (71 percent), personal loans such as salary loans (61 percent), and housing loans (60 percent). Conversely, the 2021 loan products of the majority of respondent banking units comprised mainly of: business/commercial loans (75 percent) and personal loans (68 percent). Respondent digital banks disclosed providing credit card and business/commercial loans in 2022.

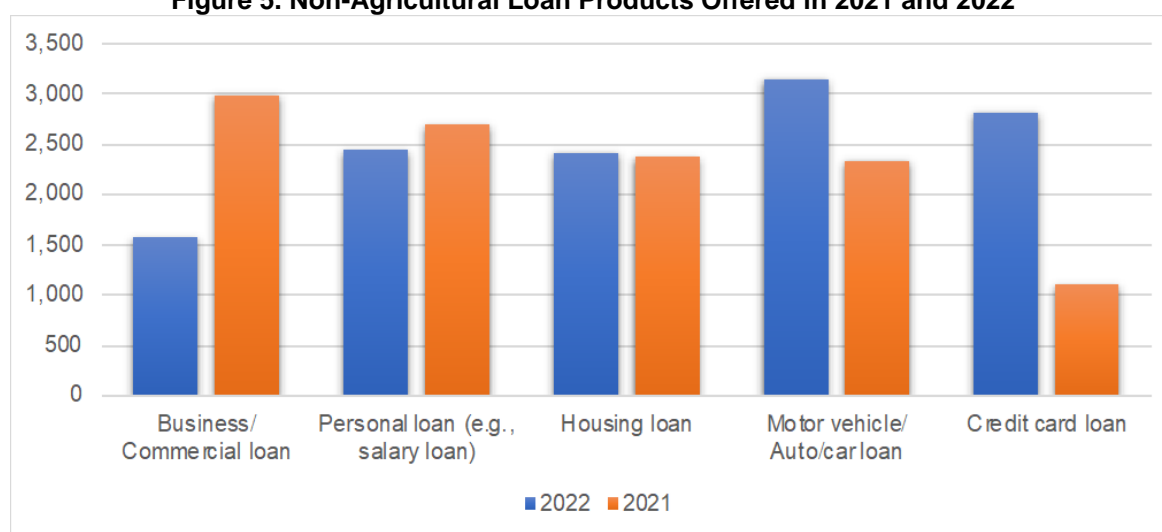
Table 6. Number of Banking Units with Non-Agricultural Loan Products and/or Services in 2021 and 2022, by Type of Bank (in percent)

	UKB		TB		RCB		GB		DB		All Banks	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
With non-agricultural loan	57.7	57.7	87.0	87.0	82.7	82.7	76.9	76.9	0.0	100.0	71.6	71.7
Without non-agricultural loan	42.3	42.3	13.0	13.0	17.3	17.3	23.1	23.1	100.0	0.0	28.4	28.3
Total no. of respondents	2,497		1,177		1,165		719		2		5,560	

**Table 7. Non-Agricultural Loan Products and/or Services Offered in 2021 and 2022
by Type of Bank (In Percent of banks with non-agricultural loan products)**

	UKB		TB		RCB		GB		DB		All Banks	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Motor vehicle/ Auto/Car loan	89.5	92.0	58.7	73.1	42.1	91.7	8.7	34.9	0.0	0.0	58.9	79.1
Credit card loan	66.0	65.9	5.2	61.1	3.1	76.9	13.2	91.0	0.0	50.0	27.8	70.8
Personal loan (e.g., salary loan)	63.9	90.8	58.6	51.6	72.0	55.0	87.3	13.9	0.0	0.0	67.8	61.3
Housing loan	88.1	91.5	51.0	60.4	53.0	44.8	13.6	8.0	0.0	0.0	59.7	60.5
Business/ Commercial loan	86.1	74.8	71.4	15.7	86.5	18.8	32.5	28.6	0.0	50.0	75.0	39.7
Total no. of respondents	1,441		1,024		964		553		0	2	3,982	3,984

Source: 2022 Countryside Bank Survey

Figure 5. Non-Agricultural Loan Products Offered in 2021 and 2022

Source: 2022 Countryside Bank Survey

Table 8 demonstrates the percentage distribution of respondents regarding the number of loan applications from and approved for first-time or new borrowers.

By and large, the demand for agricultural loans across different types of banks ranged between 1 and 100 first time borrowers per banking unit per year. This demand is generally met, as evidenced by the percentage distribution of loan approvals (approximately 85 percent), which suggests that there is nearly a one-to-one ratio between loan applications and approvals per banking unit. Furthermore, the responses, in terms of volume, were largely from RCBs (approximately 73 percent), with UKBs having the least represented respondents, which is consistent with the proportions of banks offering agricultural loans.

RCBs reported the biggest number and growth in loan applications for agricultural projects, which could be due to, among others: (a) increased need for capital to resume economic activities post-COVID-19; (b) intensive marketing of agricultural loan products by banks, (c) referrals from old-time borrowers who were satisfied with the banks' services, and (d) infusion of fresh or additional capital through the bank's participation in government lending programs such as the Rice Competitiveness Enhancement Fund (RCEF) and DA-ACPC's credit programs.

Table 8. Agricultural Loan applications and approved in 2022
(as percent of distribution of respondents)

<i>Agricultural Loan applications and approved in 2022 (as percent of distribution of respondents)</i>	UKB	TB	RCB	GB	DB	Overall
<i>No. of loan applications from first time or new borrowers</i>						
1 to 100	100.0	89.5	83.9	76.7	0.0	84.8
101 to 500	0.0	7.4	10.4	20.0	0.0	10.2
500 to 5,000	0.0	3.2	5.7	3.3	0.0	5.0
No. of respondents	11	95	385	30	0	521
<i>No. of loans approved for first time or new borrowers</i>						
1 to 100	93.3	90.7	84.2	70.0	0.0	84.9
101 to 500	6.7	5.6	10.5	20.0	0.0	9.9
500 to 5,000	0.0	3.7	5.4	10.0	0.0	5.1
No. of respondents	15	107	392	30	0	544

Source: 2022 Countryside Bank Survey

In terms of non-agricultural loans, Table 9 reveals that, approximately 90 percent of respondents received loan applications and approved between 1 and 500 per banking unit per year. Similarly, observations from the responses to the non-agricultural loan survey suggest that the demand for loans is nearly matched by the number of approvals per banking unit.

Table 9. Non-Agricultural Loan applications and approved in 2022
(as percent of distribution of respondents)

<i>Non-Agricultural Loan applications and approved in 2022 (as percent of distribution of respondents)</i>	UKB	TB	RCB	GB	DB	Overall
<i>No. of loan applications from first time or new borrowers</i>						
1 to 500	97.2	85.0	84.7	96.0	0.0	89.8
501 to 5,000	0.7	5.7	5.7	0.6	0.0	3.6
Above 5,000	2.1	9.2	9.6	3.4	0.0	6.6
No. of respondents	427	488	574	352	1	1842
<i>No. of loans approved for first time or new borrowers</i>						
1 to 500	97.6	84.1	85.1	95.7	0.0	89.8
501 to 5,000	0.6	6.6	10.0	3.8	0.0	5.7
Above 5,000	1.7	9.2	4.8	0.6	0.0	4.5
No. of respondents	468	498	599	346	1	1912

Source: 2022 Countryside Bank Survey

While Tables 8 and 9 illustrate favorable loan approvals, there are still instances when agricultural loans are disapproved. Table 10 listed the reasons of respondent banking units

for disapproving agricultural loan applications while Figure 6 shows the Top 5 factors behind loan rejection.

The applicant's bad credit history remains the primary reason for loan refusal by banks in 2022, accounting for approximately 16.1 percent or 435 out of 2,611 respondent banking units. Low credit score and unstable employment or income source ranked as the second and third justifications for credit disapproval, closely standing at 13.4 and 13.3 percent, respectively. Moreover, about 11.7 percent cited the lack of or insufficient collateral contributing to the credit decision, while 10.8 percent responded that overexposure or too many losses discourage the bank from allowing further exposure. It can be observed that the absence of agricultural insurance is of least concern across all types of banks, with only 1.7 percent citing it as reason for disapproval.

Table 10. Reasons for disapproval of application for agricultural loan – 2022

<i>Reasons for agricultural loan disapproval – 2022 (as a percent of distribution)</i>	UKB	TB	RCB	GB	DB	Total	
						Percent	No.
Bad credit history	10.1	15.4	16.9	13.8	0.0	16.1	435
Low credit score	15.1	13.4	13.3	13.8	0.0	13.4	363
Unstable employment and/or income source	9.4	12.1	14.4	8.0	0.0	13.3	360
Lack of or insufficient collateral	13.7	11.6	11.7	10.9	0.0	11.7	316
Overexposure/too many losses	6.5	12.5	10.9	6.5	0.0	10.8	291
High debt-to-income ratio	7.2	9.7	9.6	7.2	0.0	9.4	254
Not viable or not profitable project to be financed	7.2	6.2	8.6	15.2	0.0	8.4	226
Missing borrower information or incomplete documents	9.4	8.1	8.0	12.3	0.0	8.3	224
No credit track record or lack of borrowing experience	10.8	3.9	3.4	6.5	0.0	4.0	108
No loan guarantee/insurance	7.9	3.7	2.1	4.3	0.0	2.9	77
No agricultural insurance for the project to be financed	2.9	3.5	1.2	1.4	0.0	1.7	47
No. of responses	139	545	1879	138	0		2701

Source: 2022 Countryside Bank Survey

Figure 6. Top 5 reasons for disapproval of application for agricultural loan – 2022



Source: 2022 Countryside Bank Survey

The Agricultural Guarantee Fund Pool (AGFP)⁵, managed by the Philippine Guarantee Corporation (PhilGuarantee)⁶, encourages partner financial institutions to provide unsecured lending in the agricultural sector by offering guarantees as a mitigation tool for associated risks. However, Table 11 reveals that over 70 percent of the respondent banking units did not secure their approved agricultural loans. The guarantee cover extends up to 85 percent of the principal balance of the loan at the time of claim and is designed to encourage banks and other lending institutions to increase their loans to the agri-agra sector. Among those who responded affirmatively, less than half of their agricultural portfolio is secured by AGFP, in terms of either loan amount or number of loans. It was clarified by a number of private bank respondents that most if not all their agricultural loans are secured with real estate mortgage or other forms of collateral.

Table 11. Whether or not the approved agricultural loans were secured by PhilGuarantee - Agricultural Guarantee Fund Pool (AGFP)

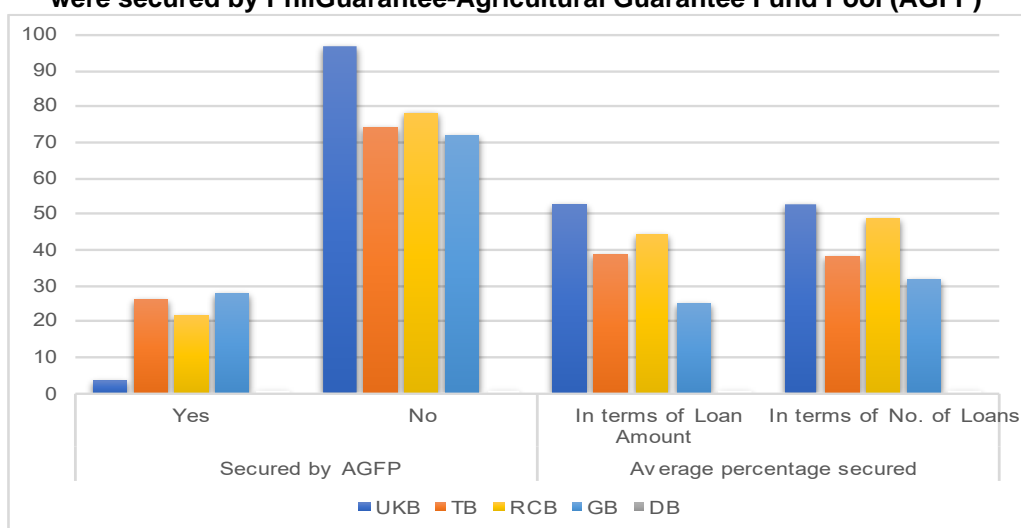
<i>Whether or not the approved agricultural loans were secured by Agricultural Guarantee Fund Pool (AGFP)</i>	UKB	TB	RCB	GB	DB	Overall
Yes	3.3	26.0	21.6	27.9	0.0	21.2
No	96.7	74.0	78.4	72.1	0.0	78.8
No. of respondents	60	123	473	43	0	699
Average percentage covered (in terms of Loan Amount)	52.5	38.4	44.1	25.3	0.0	41.7
Average percentage (In terms of No. of Loans)	52.5	38.3	48.8	32.0	0.0	45.3

Source: 2022 Countryside Bank Survey

⁵ Administrative Order No. 225-A dated May 26, 2008 mandated GOCCs and GFIs to allocate five percent (5%) of their 2007 surplus for projects in rice and food production, and as contribution to an Agricultural Guarantee Fund Pool (AGFP).

⁶ Executive Order No. 58, series of 2018, transferred the administration of AGFP to the Philippine Guarantee Corporation, the surviving entity of the merger of Philippine Export-Import Credit Agency (PhilEXIM), and Home Guaranty Corporation.

Figure 7. Whether or not the approved agricultural loans were secured by PhilGuarantee-Agricultural Guarantee Fund Pool (AGFP)



Source: 2022 Countryside Bank Survey

B. Loans and borrowers

Table 12 displays the changes in total loan values granted by the respondent banking units from 2021 to 2022. The total value of agricultural loans increased from Php 155.90 billion in 2021 to Php 213.07 billion in 2022, indicating a year-on-year increase of 36.7 percent. Based on the survey responses, this improvement was mainly due to the growing demand for agricultural loans as the sector slowly recovers from the COVID-19 pandemic, and the R.A. 11901 which induced flexibility on banks' compliance on agri-agra requirements and thus allowed for alternative forms of investment that count toward their compliance. Furthermore, banks increased their marketing efforts to attract new borrowers and renewed and expanded loans for established, creditworthy borrowers. It is important to note that the allocation of funds for basic crops in these agricultural loans significantly decreased from Php 53.33 billion to Php 12.73 billion during the given time period. The banks attribute this change mainly to lower demand for basic crop loans, uncontrolled risks such as extreme weather conditions, rising costs and declining profits in basic crop farming, and the lingering effects of the pandemic on some borrowers.

In a similar vein, the value of non-agricultural loans increased by 34.2 percent, from Php 2.1 trillion in 2021 to Php 2.8 trillion in 2022. This growth is evident across all bank groups, except for GBs, which significantly reduced their granting of non-agricultural loans. For banks that increased the value of granted non-agricultural loans, the growth was due to higher demand for personal and business loans by new borrowers, better marketing to small business owners, and a less restrictive borrowing environment. Meanwhile, for GBs that reported a decrease in such loans, the reduction can be attributed to fewer applicants, higher past due ratio of non-agricultural loans, the transfer of loans to another bank, such as the Overseas Filipino Bank, and more stringent borrowing policies, such as the net take-home pay policy.

Table 12. Comparison of agricultural and non-agricultural total loan values (in billion Php)⁷

<i>In billion Php</i>	UKB	TB	RCB	GB	DB	Total
Agricultural Loans						
Value of agricultural loans granted in 2021	138.45	7.72	8.51	1.21	-	155.90
Value of agricultural loans granted in 2022	192.31	10.28	9.02	1.45	-	213.07
Value of agricultural loans granted for basic crops in 2021	0.28	0.50	46.23	6.32	-	53.33
Value of agricultural loans granted for basic crops in 2022	0.23	0.44	5.74	6.31	-	12.73
Non-Agricultural Loans						
Value of non-agricultural loans granted in 2021	1,385.48	600.17	23.46	90.48	-	2,099.59
Value of non-agricultural loans granted in 2022	1,735.56	1,000.81	51.65	29.62	-	2,817.64

Source: 2022 Countryside Bank Survey

Looking at the average loan amounts per banking unit, Table 13 reflects the trends seen from the total loan amounts from Table 12. That is, on a banking unit level, the average values increased overall for both agricultural loans and non-agricultural loans, where growth rates were 31.60 percent and 28.99 percent, respectively.

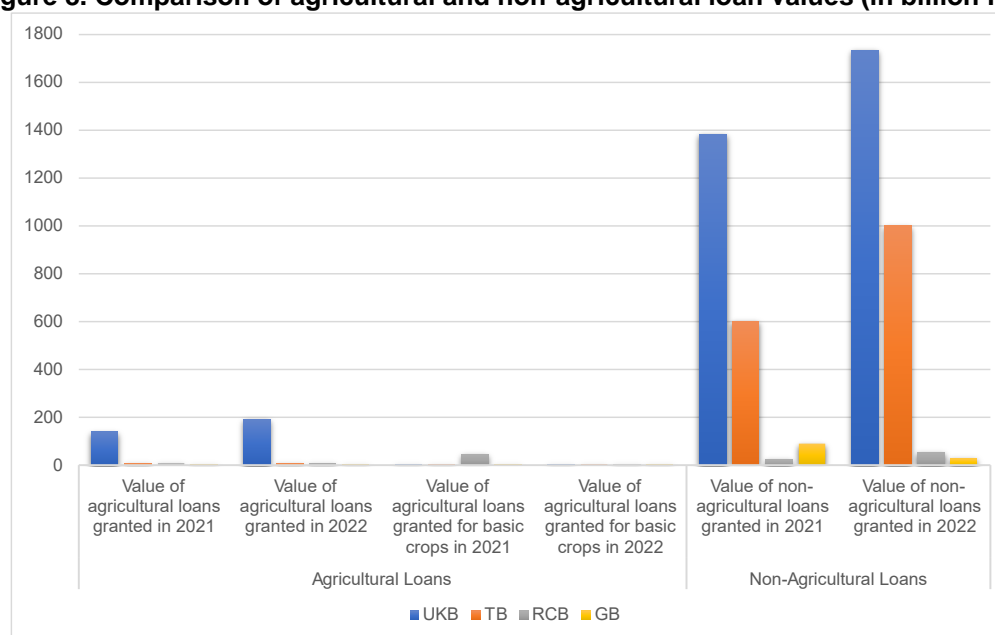
Table 13. Comparison of agricultural and non-agricultural average total loan amounts per banking unit (in billion Php)

<i>In billion Php</i>	UKB	TB	RCB	GB	DB	Overall
Agricultural Loans						
Value of agricultural loans granted in 2021	3.46	0.09	0.024	0.12	-	0.32
Value of agricultural loans granted in 2022	4.58	0.11	0.025	0.13	-	0.42
<i>percent change</i>	<i>32.29</i>	<i>27.30</i>	<i>2.50</i>	<i>8.92</i>	<i>-</i>	<i>31.60</i>
Value of agricultural loans granted for basic crops in 2021	0.012	0.009	0.15	0.79	-	0.13
Value of agricultural loans granted for basic crops in 2022	0.010	0.007	0.02	0.70	-	0.03
<i>percent change</i>	<i>-17.38</i>	<i>-16.14</i>	<i>-87.82</i>	<i>-11.18</i>	<i>-</i>	<i>-76.72</i>
Non-Agricultural Loans						
Value of non-agricultural loans granted in 2021	2.57	1.78	0.05	0.26	-	1.25
Value of non-agricultural loans granted in 2022	3.18	2.85	0.10	0.08	-	1.61
<i>percent change</i>	<i>23.66</i>	<i>60.58</i>	<i>106.79</i>	<i>-68.90</i>	<i>-</i>	<i>28.99</i>

Source: 2022 Countryside Bank Survey

⁷ To avoid double counting of loan portfolio, the total loan values indicated in this table were computed from banking units which did not identify as lending centers. Additionally, it is noted that there is one DB that reported a value for non-agricultural loan; however, this DB was a lending center and thus, their non-agricultural loan portfolio is not reflected in this table.

Figure 8. Comparison of agricultural and non-agricultural loan values (in billion Php)



Source: 2022 Countryside Bank Survey

Table 14 shows the regions where the agricultural loans of banks in 2022 originated or were handled. Overall, 71 percent of the banks' agricultural loans were from Luzon, excluding NCR, while only 15 percent came from the Visayas and 10 percent from Mindanao. Among the regions, CALABARZON banks' originated the biggest share at 26 percent. On the other hand, agricultural loans from Eastern Visayas had negligible share. UKB and TB loans to agriculture in 2022 were mostly concentrated in Luzon including NCR. More than half of RCB agricultural loans were from Southern Luzon regions while that of GBs were mostly from the Visayas.

Table 14. Regional distribution of agricultural loans granted in 2022 (in percent)

REGION	UKB	TB	RCB	GB	DB	Overall
NCR	21.9	12.2	0.0	0.0	0.0	4.3
CAR	1.6	7.9	0.0	5.2	0.0	2.8
I – Ilocos Region	3.6	2.6	10.5	0.0	0.0	7.7
II – Cagayan Valley	11.9	2.6	9.7	3.3	0.0	7.2
III – Central Luzon	19.8	21.0	9.3	0.5	0.0	13.3
North Luzon	36.9	34.1	29.6	9.1	0.0	31.0
IVA – CALABARZON	8.8	2.4	38.6	2.0	0.0	25.8
IVB - MIMAROPA	0.3	0.0	9.4	0.0	0.0	6.1
V – Bicol Region	3.2	16.2	3.7	5.6	0.0	8.1
South Luzon	12.3	18.6	51.7	7.6	0.0	40.0
VI – Western Visayas	5.8	3.2	9.2	41.4	0.0	7.3
VII – Central Visayas	5.8	3.2	9.2	41.4	0.0	7.3
VIII – Eastern Visayas	1.3	0.0	0.0	0.0	0.0	0.0
Visayas	12.9	6.4	18.5	82.8	0.0	14.6
IX – Zamboanga Peninsula	5.1	3.4	0.1	0.0	0.0	1.3

REGION	UKB	TB	RCB	GB	DB	Overall
X – Northern Mindanao	5.5	1.9	0.1	0.2	0.0	0.7
XI – Davao Region	3.4	5.5	0.0	0.0	0.0	1.9
XII – SOCCSKSARGEN	2.0	4.5	0.0	0.1	0.0	1.6
XIII – Caraga	0.1	13.3	0.0	0.0	0.0	4.7
BARMM	0.0	0.0	0.0	0.1	0.0	0.0
Mindanao	16.0	28.7	0.2	0.5	0.0	10.1
Total	100.0	100.0	100.0	100.0	0.0	100.0

Source: 2022 Countryside Bank Survey

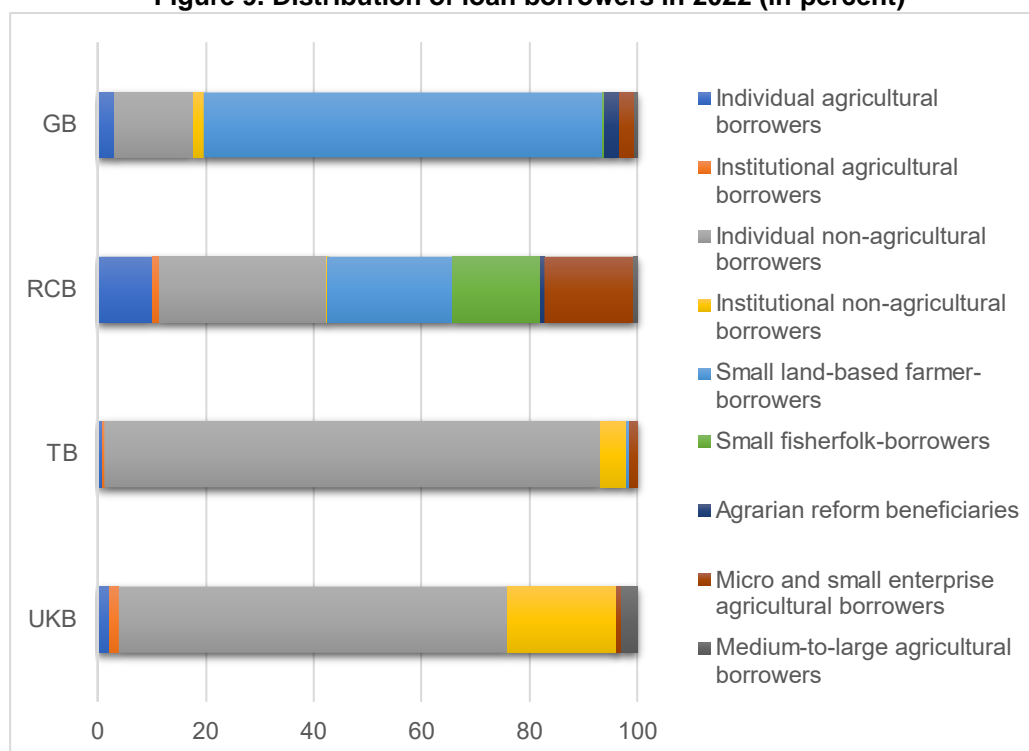
The 2022 distribution of loan borrowers reveals that UKBs primarily serve non-agricultural borrowers, regardless of scale, and tend to cater more to larger scale agricultural borrowers than individual agricultural borrowers. In contrast, TBs mostly serve individual non-agricultural borrowers, with only a small portion catering to agricultural borrowers. Meanwhile, RCBs differ from other banks as they provide greater support to small-scale agricultural borrowers. GBs, on the other hand, are more focused on providing loans to small land-based agricultural borrowers.

Table 15. Distribution of loan borrowers in 2022 (in percent)

<i>Distribution of loan borrowers in 2022 (in percent)</i>	UKB	TB	RCB	GB	DB	Overall	Average
Individual agricultural borrowers	2.1	1.0	10.0	3.2	0.0	2.7	3.3
Institutional agricultural borrowers	1.9	0.2	1.6	0.0	0.0	0.5	0.7
Individual non-agricultural borrowers	71.8	91.9	30.8	14.4	0.0	78.3	41.8
Institutional non-agricultural borrowers	20.3	5.0	0.2	2.0	0.0	4.3	5.5
Small land-based farmer-borrowers	0.0	0.5	23.3	74.0	0.0	6.5	19.6
Small fisherfolk-borrowers	0.0	0.0	16.2	0.3	0.0	3.0	3.3
Agrarian reform beneficiaries	0.0	0.0	0.7	2.8	0.0	0.2	0.7
Micro and small enterprise agricultural borrowers	0.9	1.4	16.4	2.9	0.0	4.2	4.3
Medium-to-large agricultural borrowers	3.0	0.0	0.9	0.3	0.0	0.3	0.9
Total share	100.0	100.0	100.0	100.0	0.0	100.0	

Source: 2022 Countryside Bank Survey

Figure 9. Distribution of loan borrowers in 2022 (in percent)



Source: 2022 Countryside Bank Survey

The regional distribution of agricultural borrowers in 2022 (Table 16) shows that 34.7 percent of borrowers are from North Luzon, followed by 24.5 percent in South Luzon, 21.3 percent in Mindanao, 15.2 percent in Visayas, and the remaining 4.4 percent from NCR. Agricultural borrowers of UKBs are more concentrated in Luzon, while RCBs follow the same trend but have significantly fewer borrowers in NCR. However, the results showed that TBs have a higher number of borrowers in Mindanao. GBs, meanwhile, have a similar number of borrowers outside of NCR, with borrowers evenly distributed across major regions. GBs, on the other hand, have a similar number of borrowers outside of NCR, with borrowers appear to be evenly distributed across the other major regions.

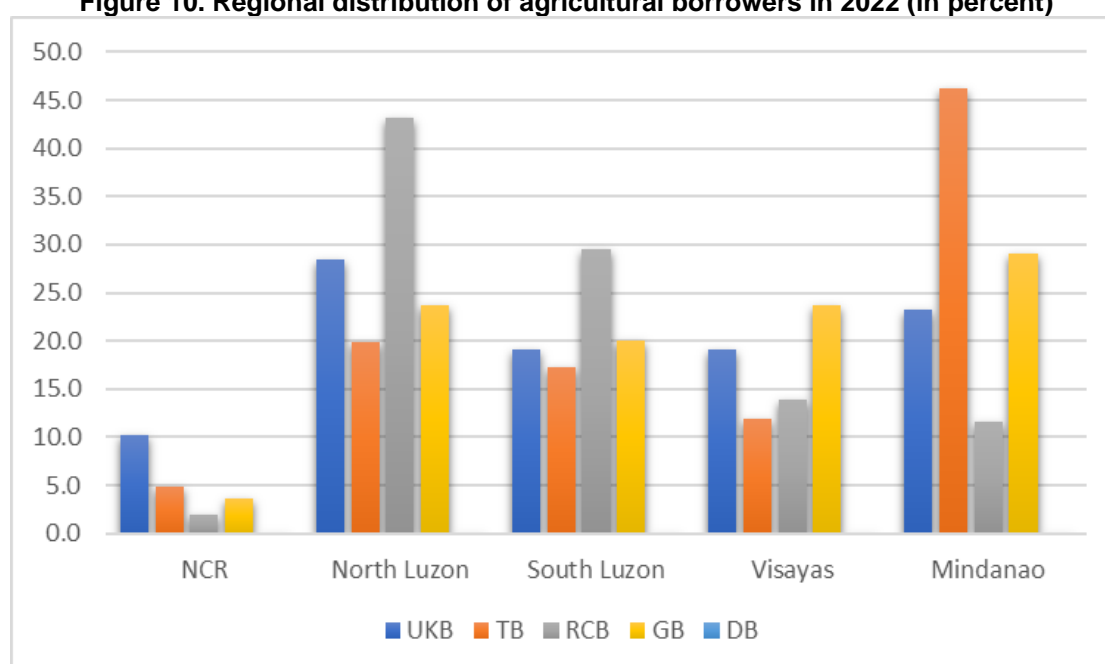
Table 16. Regional distribution of agricultural borrowers in 2022 (in percent)

REGION	UKB	TB	RCB	GB	DB	Overall	Average
NCR	10.2	4.8	1.9	3.6	0.0	4.4	4.1
CAR	5.1	1.6	5.4	3.6	0.0	4.6	3.1
I – Ilocos Region	5.1	7.0	11.4	5.5	0.0	8.9	5.8
II – Cagayan Valley	7.6	2.2	15.1	5.5	0.0	10.6	6.1
III – Central Luzon	10.6	9.1	11.3	9.1	0.0	10.6	8.0
North Luzon	28.4	19.9	43.2	23.6	0.0	34.7	23.0
IVA – CALABARZON	7.6	11.8	15.6	7.3	0.0	12.7	8.5
MIMAROPA	5.1	2.2	5.9	3.6	0.0	4.9	3.4
V – Bicol Region	6.4	3.2	8.0	9.1	0.0	6.8	5.3
South Luzon	19.1	17.2	29.5	20.0	0.0	24.5	17.1
VI – Western Visayas	6.4	3.8	4.2	7.3	0.0	4.7	4.3
VII – Central Visayas	7.6	6.5	7.6	10.9	0.0	7.6	6.5
VIII – Eastern Visayas	5.1	1.6	2.1	5.5	0.0	2.8	2.8
Visayas	19.1	11.8	13.9	23.6	0.0	15.2	13.7

REGION	UKB	TB	RCB	GB	DB	Overall	Average
IX – Zamboanga Peninsula	5.1	10.2	2.8	1.8	0.0	4.6	4.0
X – Northern Mindanao	5.5	17.2	4.2	5.5	0.0	6.8	6.5
XI – Davao Region	6.4	6.5	1.7	7.3	0.0	3.9	4.4
XII – SOCCSKSARGEN	5.5	6.5	1.0	9.1	0.0	3.4	4.4
XIII – Caraga	0.8	5.4	1.6	1.8	0.0	2.1	1.9
BARMM	0.0	0.5	0.3	3.6	0.0	0.5	0.9
Mindanao	23.3	46.2	11.6	29.1	0.0	21.3	22.0
No. of responses	236	186	577	55	0	1054	

Source: 2022 Countryside Bank Survey

Figure 10. Regional distribution of agricultural borrowers in 2022 (in percent)



Source: 2022 Countryside Bank Survey

C. Interest rates and other charges on loans

To understand the interest rate structure of the loan portfolio, both the mean and median are utilized to measure the central tendency of the dataset. This approach aims to assess the data distribution and identify whether outliers significantly influence the mean. The interest rates imposed on agricultural loans by the respondent banking units were generally negatively skewed⁸, suggesting that most banks offer interest rates at a relatively high level, with only a few banks offering significantly lower interest rates. Overall, the agricultural loans interest rates were higher than the interest rates applied on non-agricultural loans. Conversely, the interest rates on agricultural loans offered by the RCBs were positively skewed, indicating that majority of rates were relatively low, with a few outliers offering significantly higher interest rates, thereby pulling the mean towards the higher end.

⁸ Negatively skewed indicates that the median is higher than the mean and that the data distribution has a longer left tail. The opposite is a positively skewed data distribution wherein the median is lower than the mean and the concentration of the data on the left, with a longer right tail.

Table 17 shows that the interest rates on agricultural loans ranged from 12 percent to 18 percent⁹ while interest rates on non-agricultural loans ranged from 7.5 percent to 16 percent. RCBs, more particularly those that are in NCR (NCRRCBs), registered the highest interest rate ranging from 16 percent to 21 percent, while RCBs outside the NCR and TBs showed a slightly wider interest rate ranged from 13 percent to 20 percent. Conversely, UKBs and GBs listed ranged between 4.6 percent and 7.2 percent, and 3.3 percent and 6.6 percent, respectively while DBs were not offering agricultural loans yet at the time of this survey.

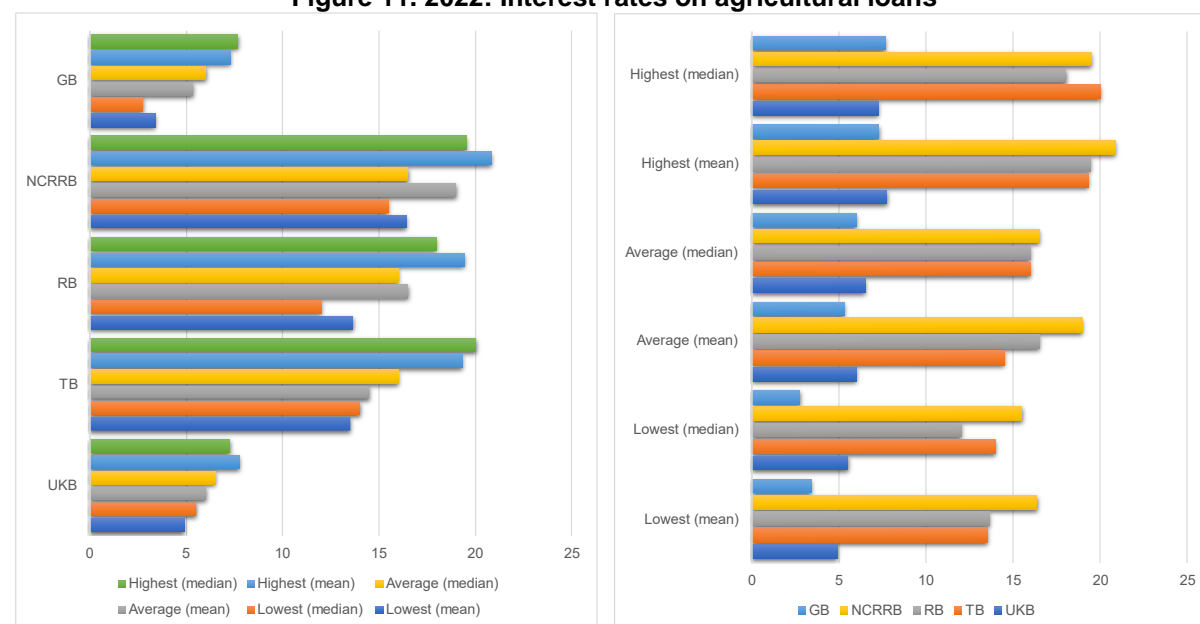
The average interest rates on agricultural loans slightly increased year on year (2022 vs. 2021) ranging from 0.2 percent to 0.3 percent. In 2022, NCRRCB posted the highest interest rate range from 16.4 percent to 20.9 percent.

Table 17. 2022: Interest rates on agricultural loans

<i>Interest Rates on Agricultural Loans</i>	UKB	TB	RCB	NCRRCB	GB	DB	Overall
Lowest (mean)	4.9	13.5	13.6	16.4	3.4	-	12.3
Lowest (median)	5.5	14.0	12.0	15.5	2.8	-	12.0
Average (mean)	6.0	14.5	16.5	19.0	5.3	-	14.7
Average (median)	6.5	16.0	16.0	16.5	6.0	-	15.0
Highest (mean)	7.7	19.3	19.4	20.9	7.3	-	17.7
Highest (median)	7.3	20.0	18.0	19.5	7.7	-	18.0

Source: 2022 Countryside Bank Survey

Figure 11. 2022: Interest rates on agricultural loans



Source: 2022 Countryside Bank Survey

⁹ According to the DA-ACPC's 2022 Small Farmers and Fisherfolk Indebtedness Survey (SFFIS), interest rates on loans obtained by farmers and fisherfolk from banks averaged at 17.8 percent; 26.6 percent from non-bank financing institutions such as cooperatives, farmer associations, NGO-MFIs, financing corporations, others; and 19.5 percent from informal sources. The 2022 SFFIS aimed to determine the borrowing incidence and access to credit of smallholders in the agriculture and fisheries sector. The survey covered 2,700 SFFs and gathered the following data: (a) farming/fishing operations; (b) source, amount, requirements, usage, and status of loan/s obtained in the past year; (c) non-borrower's reasons for not borrowing; (d) access and use of other financial services of banks and non-banks such as savings, insurance, remittance, and e-wallet; (e) effects of the COVID-19 pandemic on production and income; and (f) capital requirements and plans to borrow in the next three years.

Overall, Table 18 shows that the rates offered for non-agricultural loans were positively skewed, primarily driven by RCBs. This is reasonable, as shown in Figure 9 in Section B, where the borrower profile of RCBs also consists of individual non-agricultural borrowers. This can explain the relatively higher interest rates, given the apparent inherent credit risks associated with such borrowers, as opposed to UKBs which deal with a variety of borrowers, including institutional borrowers, and have a tendency to provide business loans, as shown in Section A, Figure 5.

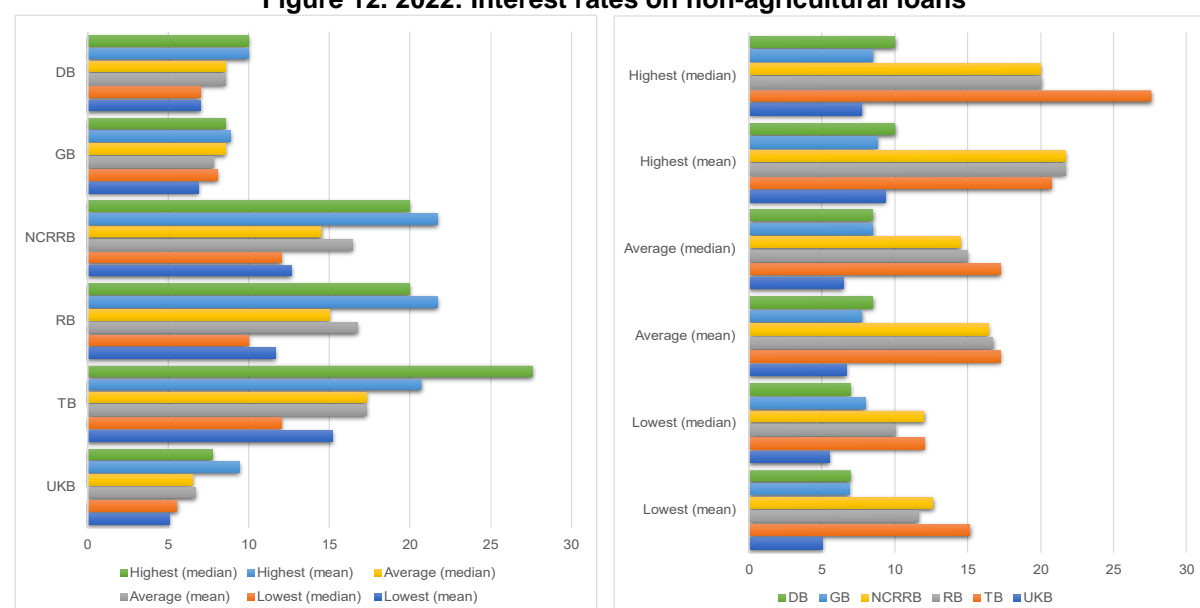
Consistent with the 2021 CBS result, respondent banking units generally charge a one-time bank service or loan processing fee ranging from 1 to 5 percent of the total loan take-up.

Table 18. 2022: Interest rates on non-agricultural loans

<i>Interest Rates on Non-Agricultural Loans</i>	UKB	TB	RCB	NCRRCB	GB	DB	Overall
Lowest (mean)	5.0	15.2	11.6	12.6	6.9	7.0	9.8
Lowest (median)	5.5	12.0	10.0	12.0	8.0	7.0	7.5
Average (mean)	6.7	17.3	16.7	16.4	7.8	8.5	12.6
Average (median)	6.5	17.3	15.0	14.5	8.5	8.5	9.3
Highest (mean)	9.4	20.7	21.7	21.7	8.8	10.0	15.8
Highest (median)	7.8	27.6	20.0	20.0	8.5	10.0	12.0

Source: 2022 Countryside Bank Survey

Figure 12. 2022: Interest rates on non-agricultural loans



Source: 2022 Countryside Bank Survey

D. Borrowers' repayment performance and debt position

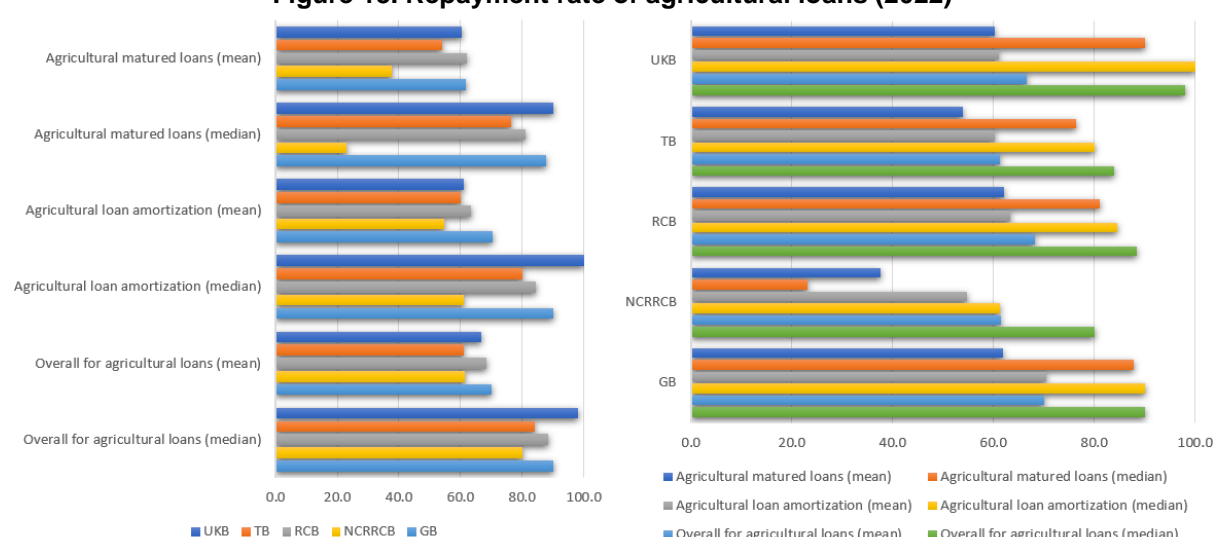
Table 19 reveals that the average repayment rates for agricultural loans ranged from 61 to 67 percent, whereas for non-agricultural loans, the average rates ranged from 56 to 61 percent (Table 20). This gap suggests effective credit risk management by banking units in agricultural lending. In relation, it can be observed that the median repayment rates for non-agricultural loans are slightly higher compared to the median rates of agricultural loans. Upon investigation, this insight shows that there are slightly more banking units which reported higher repayment rates for non-agricultural loans, which does not necessarily contradict the effectivity of the risk management exercised by banking units toward their agricultural loan portfolio.

Table 19. Repayment rate of agricultural loans (2022)

<i>Repayment rate</i>	UKB	TB	RCB	NCRRCB	GB	DB	Overall
Agricultural matured loans (mean)	60.3	54.0	62.2	37.7	61.8	-	60.6
Agricultural matured loans (median)	90.0	76.4	81.0	23.0	87.9	-	80.0
Agricultural loan amortization (mean)	61.0	60.2	63.3	54.7	70.4	-	63.0
Agricultural loan amortization (median)	100.0	80.0	84.5	61.2	90.0	-	84.1
Overall for agricultural loans (mean)	66.6	61.2	68.3	61.5	70.1	-	67.1
Overall for agricultural loans (median)	98.1	84.0	88.5	80.0	90.0	-	88.0

Source: 2022 Countryside Bank Survey

Figure 13. Repayment rate of agricultural loans (2022)

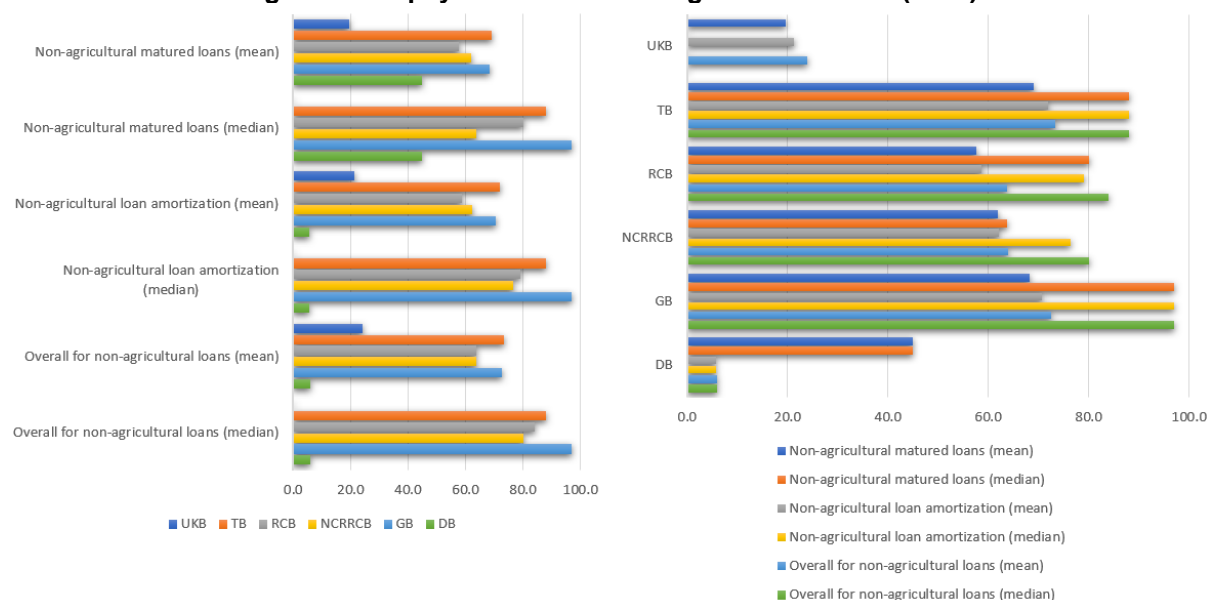


Source: 2022 Countryside Bank Survey

Table 20. Repayment rate of non-agricultural loans (2022)

<i>Repayment rate</i>	UKB	TB	RCB	NCRRCB	GB	DB	Overall
Non-agricultural matured loans (mean)	19.6	69.0	57.7	62.0	68.3	45.0	56.0
Non-agricultural matured loans (median)	0.0	88.0	80.0	63.8	97.0	45.0	86.0
Non-agricultural loan amortization (mean)	21.2	71.9	58.7	62.2	70.7	5.7	58.0
Non-agricultural loan amortization (median)	0.0	88.0	79.0	76.5	97.0	5.7	88.0
Overall for non-agricultural loans (mean)	24.0	73.3	63.7	63.9	72.6	6.0	60.8
Overall for non-agricultural loans (median)	0.0	88.0	84.0	80.0	97.0	6.0	88.0

Source: 2022 Countryside Bank Survey

Figure 14. Repayment rate of non-agricultural loans (2022)

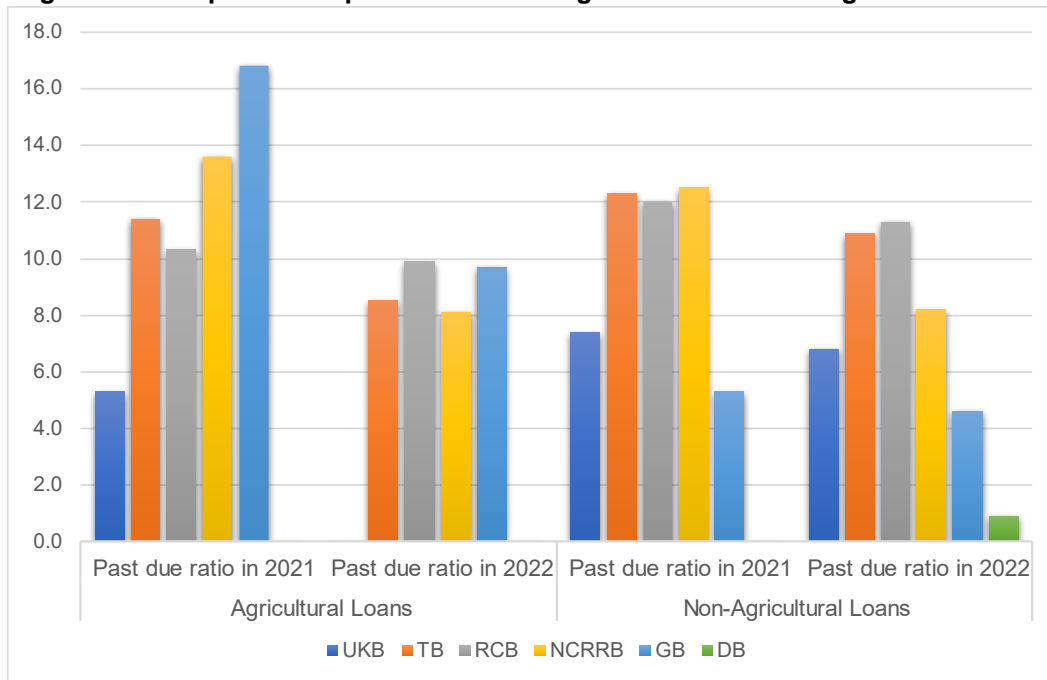
Source: 2022 Countryside Bank Survey

From 2021 to 2022, both agricultural and non-agricultural loans recorded a decrease in the average past due ratio. The past due ratio for agricultural loans decreased from 10.8 percent in 2021 to 9.4 percent in 2022, while non-agricultural loans recorded a decrease from 9.7 percent to 8.8 percent. It is noteworthy that UKBs and GBs reported significant decreases in past due ratios for their agricultural loans during the period.

Table 21. Comparison of past due ratio of agricultural and non-agricultural loans

<i>Past due ratio</i>	UKB	TB	RCB	NCRRCB	GB	DB	Overall
Agricultural loans in 2021	5.3	11.4	10.3	13.6	16.8	-	10.8
Agricultural loans in 2022	0.0	8.5	9.9	8.1	9.7	-	9.4
Non-agricultural loans in 2021	7.4	12.3	12.0	12.5	5.3	-	9.7
Non-agricultural loans in 2022	6.8	10.9	11.3	8.2	4.6	0.9	8.8

Source: 2022 Countryside Bank Survey

Figure 15. Comparison of past-due ratio of agricultural and non-agricultural loans

Source: 2022 Countryside Bank Survey

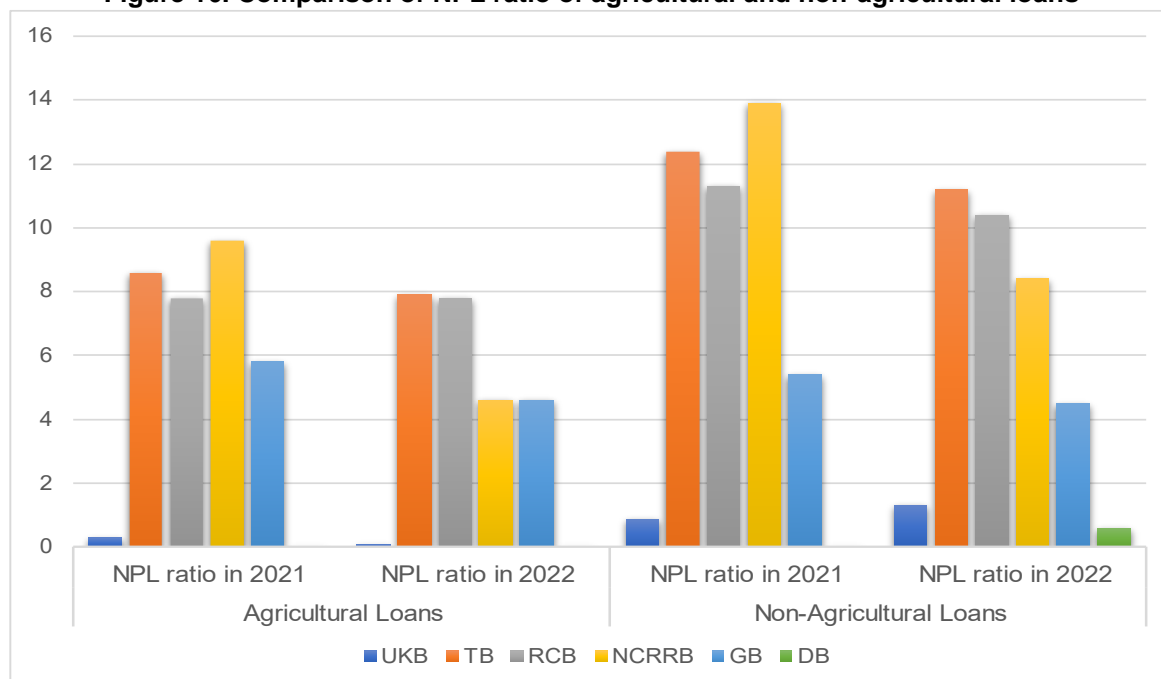
Meanwhile, overall NPL ratios for agricultural loans slightly declined from 7.3 percent in 2021 to 7.2 percent 2022 (Table 22). A slight decrease was also observed for non-agricultural loans in 2022. NCRRCBs experienced significant decreases in their NPL ratios for both agricultural and non-agricultural loans.

Table 22. Comparison of NPL ratio of agricultural and non-agricultural loans

<i>NPL ratio</i>	UKB	TB	RCB	NCRRCB	GB	DB	Overall
Agricultural loans in 2021	0.3	8.6	7.8	9.6	5.8	-	7.3
Agricultural loans in 2022	0.1	7.9	7.8	4.6	4.6	-	7.2
Non-agricultural loans in 2021	0.9	12.4	11.3	13.9	5.4	-	8.9
Non-agricultural loans in 2022	1.3	11.2	10.4	8.4	4.5	0.6	8.1

Source: 2022 Countryside Bank Survey

Figure 16. Comparison of NPL ratio of agricultural and non-agricultural loans



Source: 2022 Countryside Bank Survey

A cross-tabulation analysis of the repayment rate and the forms of collateral secured by respondent banking units showed that loans with physical collateral (e.g., real estate mortgage) did not guarantee a higher repayment rate. The repayment rate for loans without collateral was approximately 63 percent, similar to loans secured by real estate mortgages. The highest repayment rate was observed for loans secured by hold-out deposits or assignment of sales proceeds of purchase orders. It is noteworthy that while the survey indicates higher repayment rates for these forms of collateral, the majority of respondent banking units still preferred physical collateral.

Table 23. Cross-tabulation of response on Repayment and Forms of Collateral (average repayment rate – 2022)

<i>Cross-tabulation of response on Repayment and Forms of Collateral (average repayment rate)</i>	UKB	TB	RCB	GB	Overall
None	80.4	98.3	55.5	-	63.7
Real Estate Mortgage (Farm/Residential/Commercial)	75.3	53.1	64.7	75.4	63.8
Chattel Mortgage	-	65.3	58.7	-	57.6
Post-dated checks	-	94.2	58.6	-	68.8
Hold-out deposits	100.0	85.0	97.6	-	95.8
Assignment of sales proceeds of purchase orders	-	-	98.0	95.0	95.8
Assignment of inventory	-	-	-	-	-
Credit guarantee/Loan insurance	-	-	69.0	-	69.0
Third party (personal) guarantee	100.0	100.0	63.5	-	70.8
PCIC agricultural/crop insurance proceeds	-	-	89.8	80.3	84.1
Total	65.1	59.3	68.2	70.0	67.3

Source: 2022 Countryside Bank Survey

Table 24. Cross-tabulation of response on Repayment and Forms of Collateral (percent of distribution – 2022)

<i>Cross-tabulation of response on repayment and collateral (percent of distribution)</i>	UKB	TB	RCB	GB	Overall
None	12.8	6.3	9.0	1.8	8.4
Real Estate Mortgage (Farm/Residential/Commercial)	75.6	73.4	69.2	61.4	70.0
Chattel Mortgage	1.3	7.7	3.3	1.8	3.7
Post-dated checks	0.0	4.2	1.7	0.0	1.9
Hold-out deposits	2.6	4.9	7.6	5.3	6.5
Assignment of sales proceeds of purchase orders	0.0	0.7	0.2	7.0	0.7
Assignment of inventory	0.0	0.0	0.0	1.8	0.1
Credit guarantee/Loan insurance	1.3	0.7	5.3	0.0	3.8
Third party (personal) guarantee	6.4	0.7	1.9	0.0	2.0
PCIC agricultural/crop insurance proceeds	0.0	1.4	1.9	21.1	2.9
Total	100.0	100.0	100.0	100.0	100.0

Source: 2022 Countryside Bank Survey

Generally, the repayment rates across regions increased in 2022. It can be observed that all regions except Regions XII and XIII recorded repayment rates of at least 60 percent. Table 25 shows that Region XII had a repayment rate of 48.0 percent while Region XIII recorded repayment rates of 29.1 percent. Moreover, UKBs tallied low repayment rates in Regions IVA and V, TBs showed low repayment rates in Regions III, VII, and XIII, and RCBs identified Regions XII and XIII as regions with low repayment rates. Notably, GBs generally had higher repayment rates, with some regions even reaching 100 percent repayment of agricultural loans. However, GBs also experienced low repayment rates in Regions II, IVA, VI, X, XII, and XIII.

Table 25. Regional repayment rates on agricultural loans in 2022

Repayment rate	UKB	TB	RCB	NCRRCB	GB	DB	Overall
NCR	71.7	80.2	-	61.5	100.0	-	74.5
CAR	-	-	73.0	-	90.0	-	74.2
I – Ilocos Region	-	98.3	72.8	-	100.0	-	75.0
II – Cagayan Valley	40.0	0.0	77.0	-	47.5	-	74.3
III – Central Luzon	-	23.6	74.6	-	72.1	-	66.9
IVA – CALABARZON	38.3	75.7	61.8	-	39.9	-	62.1
MIMAROPA	-	-	59.7	-	100.0	-	61.5
V – Bicol Region	11.0	99.0	63.5	-	85.9	-	64.3
VI – Western Visayas	100.0	97.5	62.8	-	45.0	-	66.5
VII – Central Visayas	-	39.7	61.2	-	100.0	-	60.4
VIII – Eastern Visayas	95.0	0.0	98.1	-	96.0	-	87.3
IX – Zamboanga Peninsula	100.0	72.5	61.5	-	-	-	68.3
X – Northern Mindanao	-	62.6	70.3	-	45.5	-	62.8
XI – Davao Region	-	83.0	63.5	-	100.0	-	71.5
XII – SOCCSKSARGEN	-	54.0	11.0	-	55.2	-	48.0
XIII – Caraga	-	27.3	41.0	-	0.9	-	29.1
BARMM	-	-	-	-	-	-	-
No. of respondents	24	72	344	5	26	0	

Source: 2022 Countryside Bank Survey

The regional past due ratio decreased relative to 2021, with Region XIII recording a drastic decrease. However, there are some regions such as Regions II, IVB, VII, XI, and XII where the past due ratios increased by a few percentage points. For the 100.0 percent past due ratio of TBs in Region II, it can be noted that only one bank responded stating that at both year-ends, all loan accounts of their bank had matured and were all past due.

Table 26. Regional past due ratios on agricultural loans in 2022

Past due ratio	UKB	TB	RCB	NCRRCB	GB	DB	Overall
NCR	0.0	2.7	-	8.1	0.0	-	2.5
CAR	-	-	5.6	-	10.0	-	5.9
I – Ilocos Region	-	45.0	8.9	-	0.0	-	10.1
II – Cagayan Valley	0.0	100.0	7.3	-	47.5	-	9.6
III – Central Luzon	-	5.8	12.3	-	10.0	-	11.1
IVA – CALABARZON	0.0	12.3	12.6	-	8.3	-	12.3
MIMAROPA	0.0	-	7.0	-	0.0	-	6.4
V – Bicol Region	0.0	1.0	15.2	-	11.0	-	14.0
VI – Western Visayas	0.0	2.5	8.4	-	14.4	-	8.9
VII – Central Visayas	-	8.0	8.2	-	0.0	-	7.9
VIII – Eastern Visayas	0.0	0.0	22.8	-	0.3	-	13.7
IX – Zamboanga Peninsula	-	5.2	6.1	-	0.4	-	5.4
X – Northern Mindanao	-	6.6	7.1	-	6.1	-	6.8
XI – Davao Region	-	15.6	7.6	-	0.0	-	6.8
XII – SOCCSKSARGEN	-	3.0	15.9	-	13.1	-	7.6
XIII – Caraga	-	5.1	5.1	-	0.0	-	4.4
BARMM	-	-	-	-	-	-	-
No. of respondents	18	84	404	6	33	0	18

Source: 2022 Countryside Bank Survey

A general trend that can be observed is that NPL ratios decreased across regions. There were, however, a few regions which observed slight increases in their NPL ratios such as Regions II, V, VII, IX, XI, and XII.

Table 27. Regional NPL ratios on agricultural loans in 2022

<i>NPL ratio</i>	UKB	TB	RCB	NCRRCB	GB	DB	Overall
NCR	0.1	3.3	-	4.6	0.0	-	1.9
CAR	-	-	2.1	-	10.0	-	2.6
I – Ilocos Region	-	47.5	8.7	-		-	10.3
II – Cagayan Valley	0.0	100.0	6.0	-	4.1	-	7.1
III – Central Luzon	-	6.7	9.5	-	6.7	-	8.9
IVA – CALABARZON	0.0	12.0	10.9	-	0.0	-	10.6
MIMAROPA	0.0	-	6.7	-	0.0	-	6.1
V – Bicol Region	0.0	2.0	10.9	-	11.0	-	10.3
VI – Western Visayas	0.0	1.2	7.8	-	6.9	-	6.7
VII – Central Visayas	-	5.0	5.7	-	0.0	-	5.3
VIII – Eastern Visayas	0.0	0.0	0.7	-	0.0	-	0.4
IX – Zamboanga Peninsula	-	4.5	3.5	-	0.4	-	3.8
X – Northern Mindanao	-	5.2	7.3	-	6.7	-	6.1
XI – Davao Region	-	-	8.1	-	0.6	-	5.6
XII – SOCCSKSARGEN	-	2.2	0.3	-	9.7	-	3.6
XIII – Caraga	-	2.3	0.9	-	0.0	-	1.5
BARMM	-	-	-	-	-	-	-
No. of respondents	19	75	376	6	33	0	

Source: 2022 Countryside Bank Survey

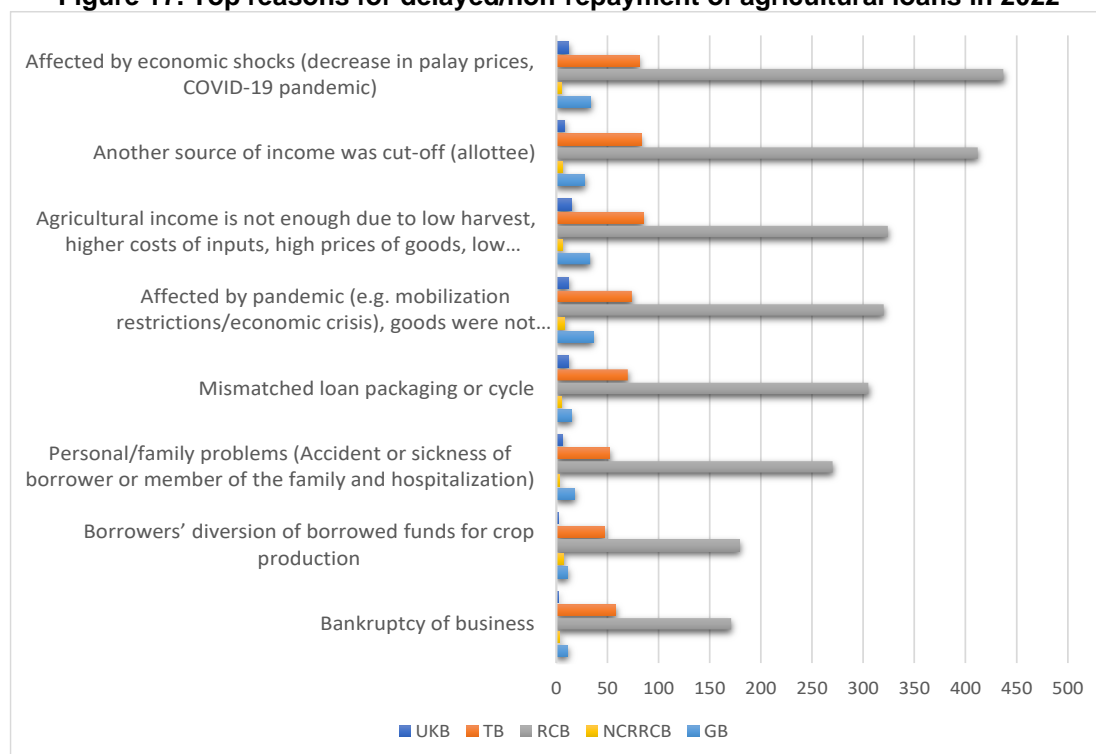
In 2022, banks reported the main reasons for delayed or non-payment of agricultural loans amortizations. These reasons include borrowers being affected by economic shocks, having low agricultural income, having other sources of income cut off, still experiencing the negative effects of the pandemic, facing delayed harvest, having mismatched loan packages, and experiencing personal problems, among others. It can be observed that most of the factors that affect borrowers' ability to repay their agricultural loans on time are exogenous to the borrowers.

Table 28. Reasons for delayed/non-repayment of agricultural loans in 2022

Reason	UKB	TB	RCB	NCRRCB	GB	DB	Overall
Affected by economic shocks (decrease in palay prices, COVID-19 pandemic)	12	81	437	5	34	0	569
Agricultural income is not enough due to low harvest, higher costs of inputs, high prices of goods, low buying price	8	83	412	6	28	0	537
Another source of income was cut-off (allottee)	15	85	324	6	33	0	463
Affected by pandemic (e.g., mobilization restrictions/economic crisis), goods were not properly disposed	12	74	320	8	36	0	450
Mismatched loan packaging or cycle	12	70	305	5	15	0	407
Personal/family problems (Accident or sickness of borrower or member of the family and hospitalization)	6	52	270	3	18	0	349
Delayed harvest	2	47	179	7	11	0	246
Borrowers' diversion of borrowed funds for crop production	2	58	171	3	11	0	245
Bankruptcy of business	3	47	168	5	20	0	243
Borrowers' mismanagement (due to lack of technical know-how)	7	43	154	3	17	0	224
Borrowers' unwillingness to pay	3	32	119	3	18	0	175
Multiple borrowing (availed other private and/or government loans)	2	30	114	1	7	0	154
No market for products	2	13	75	2	4	0	96
Affected by calamities (typhoons, floods, pests and diseases (AFS), drought, volcano eruption)	11	13	15	0	3	0	42
No. of responses	97	728	3063	57	255	0	4200

Source: 2022 Countryside Bank Survey

Figure 17. Top reasons for delayed/non-repayment of agricultural loans in 2022



Source: 2022 Countryside Bank Survey

E. Risk management mechanisms

Banks seek to cover their default risk through number of ways. Typically, lenders seek security through a store of value that mitigates their expected losses in case of loan default. The responses in the 2022 CBS bear this out in that non-depreciating hard collateral in the form of real estate mortgage remain to be the principal loan security sought by creditors to agricultural borrowers (Table 29 and Figure 18).

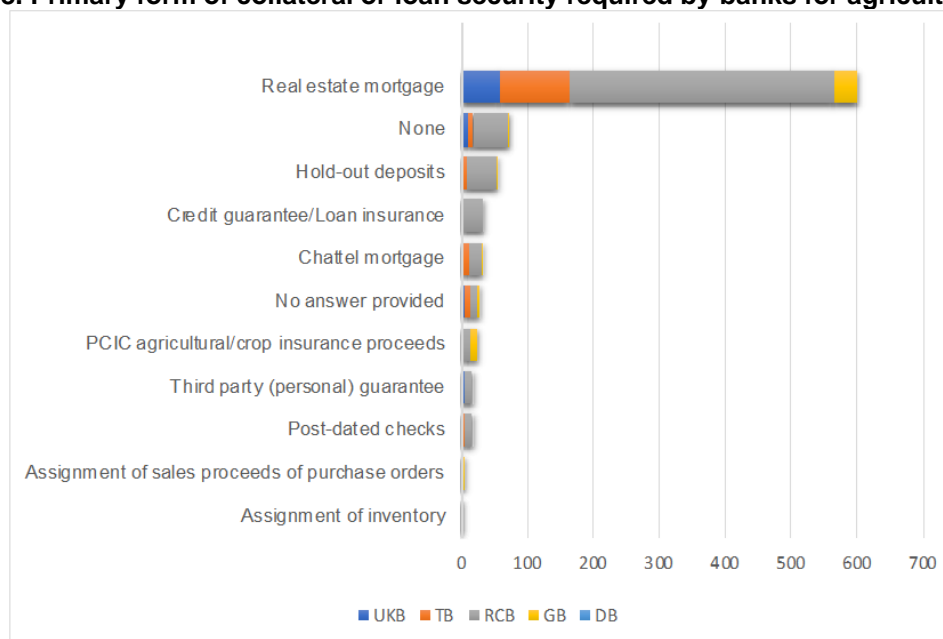
Table 29. Primary form of collateral or loan security required by banks for agricultural loans

Forms of collaterals and loan securities	UKB	TB	RCB	GB	DB	Total	
						No.	Percent
Real estate mortgage	59	105	402	35	0	601	67.8
None	10	9	52	1	0	72	8.1
Hold-out deposits	2	7	44	3	0	56	6.3
Credit guarantee/Loan insurance	1	1	31	0	0	33	3.7
Chattel mortgage	1	11	19	1	0	32	3.6
No answer provided	6	7	12	3	0	28	3.2
PCIC agricultural/crop insurance proceeds	0	2	11	12	0	25	2.8
Third party (personal) guarantee	5	1	11	0	0	17	1.9
Post-dated checks	0	6	10	0	0	16	1.8

Assignment of sales proceeds of purchase orders	0	1	1	4	0	6	0.7
Assignment of inventory	0	0	0	1	0	1	0.1
No. of respondents	84	150	593	60	0	887	100.0

Source: 2022 Countryside Bank Survey

Figure 18. Primary form of collateral or loan security required by banks for agricultural loans



Source: 2022 Countryside Bank Survey

For agricultural loan borrowers, alternative security is also accepted as primary collateral indicating that under certain conditions more liquid security may replace physical capital as loan collateral.¹⁰ It is notable that there are cases wherein no collateral is taken for loan extension (8.1 percent in the case of agricultural lending).¹¹

Further risk mitigation is undertaken by assuming additional collateral for agricultural loans. Banking units accepted hold-out on deposits, postdated checks, credit guarantees and crop insurance proceeds to further cover against potential loan losses. It should be noted that these are usually more liquid financial instruments that allow for quicker restructuring of loan losses in case of default. Importantly, real estate mortgage, remaining the primary collateral, suggests that credit risks account more a larger share of the risk profile vis-à-vis liquidity risks arising from possible loan losses. Said financial instruments used as security also tend to have established jurisprudence or firm regulations supporting their acceptability as loan security. In sum, there is scope to consider that based on the CBS results, banks assume an optimal combination of collateral arrangements, loan size, loan pricing (i.e., interest rate charges), and settlement mechanisms (e.g., repayment schedule and maturity) to manage loan default risk.

¹⁰ It bears finding out why more liquid collateral is acceptable over the traditional real estate mortgage. Possibilities include established record of repayment, earlier assignment of hard collateral, small loan sizes inconsistent with large value collateral, etc.

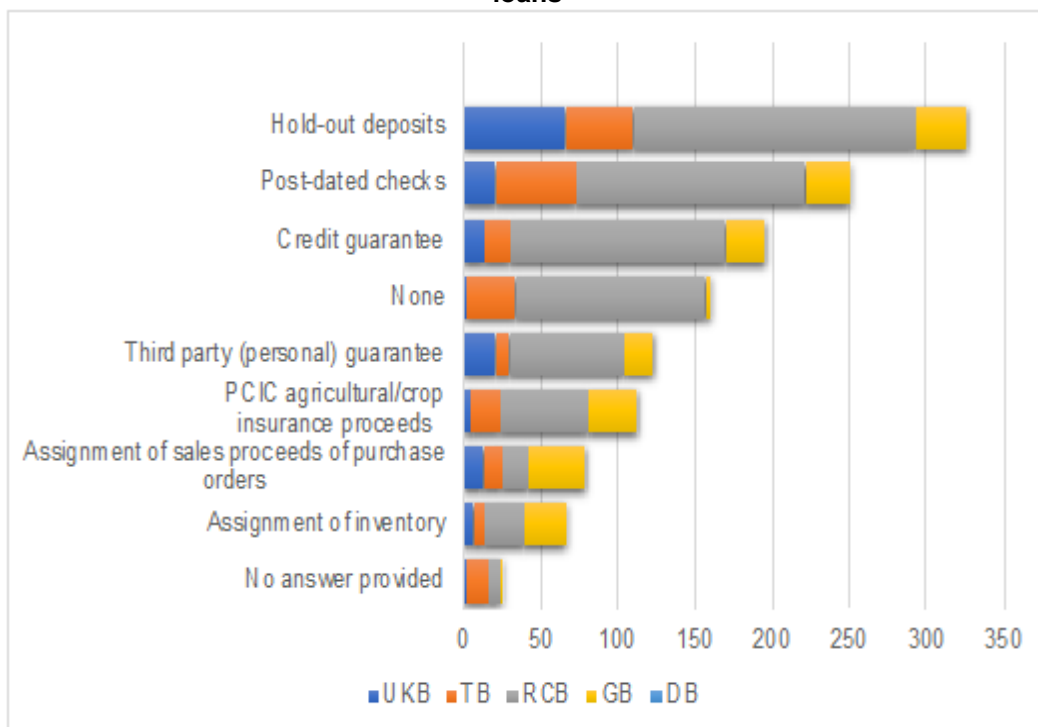
¹¹ A decision to extend loans without any security implies that the lender has reasonable confidence in repayment. That is, based on repayment record, the creditor may feel secure that his loan will be settled. The lower number of no-collateral loans extended to agricultural borrowers vis-à-vis non-agricultural borrowers is consistent with the notion that agricultural loans tend to carry more non-systematic risk (i.e., credit risk that is exogenous to the borrower namely extreme weather disturbances).

Table 30. Substitute forms of collateral or loan security accepted by banks for agricultural loans

Forms of collaterals and loan securities	UKB	TB	RCB	GB	DB	Total	
						No.	Percent
Hold-out deposits	66	44	183	33	0	326	24.3
Post-dated checks	21	52	149	29	0	251	18.7
Credit guarantee	14	17	139	25	0	195	14.6
None	2	32	123	3	0	160	11.9
Third party (personal) guarantee	21	9	75	18	0	123	9.2
PCIC agricultural/crop insurance proceeds	5	19	57	32	0	113	8.4
Assignment of sales proceeds of purchase orders	13	12	17	37	0	79	5.9
Assignment of inventory	7	7	26	27	0	67	5.0
No answer provided	2	14	8	1	0	25	1.9
No. of respondents	151	206	777	205	0	1339	100.0

Source: 2022 Countryside Bank Survey

Figure 19. Substitute forms of collateral or loan security accepted by banks for agricultural loans



Source: 2022 Countryside Bank Survey

In addition to securing loans through various forms of collateral, banks have also adopted various risk mitigation measures when lending to agricultural borrowers. These measures include extensive application reviews and stricter application requirements, close monitoring of borrowers' agricultural projects, active debt collection, lending amounts based on the borrower's regular income, the use of a credit scoring model, the granting of grace periods, and the imposition of penalties, among others (Table 31 and Figure 20). Recognizing the risks associated with lending to agricultural borrowers, banks are taking proactive steps to mitigate such credit risks. However, this may mean that some agricultural borrowers will find it more difficult to access credit that could help them in their endeavors.

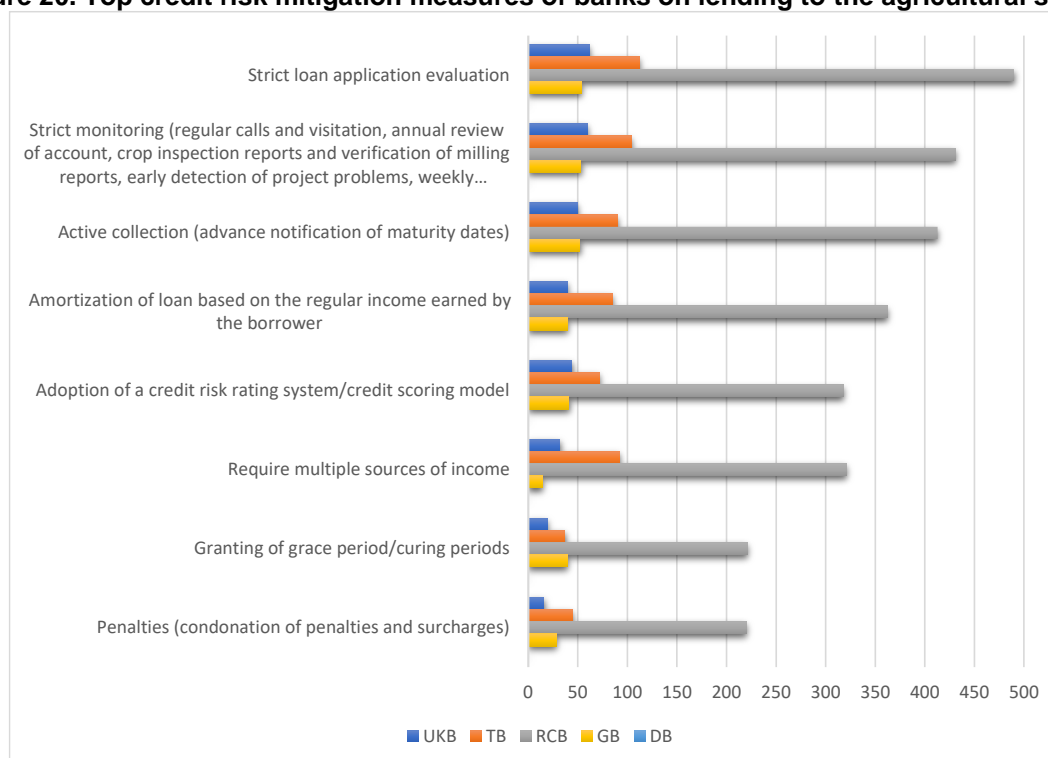
Table 31. Credit risk mitigation measures of banks on lending to the agricultural sector

Risk mitigation measure	UKB	TB	RCB	GB	DB	Total	
						No.	Percent
Strict loan application evaluation	62	112	490	54	0	718	13.9
Strict monitoring (regular calls and visitation, annual review of account, crop inspection reports and verification of milling reports, early detection of project problems, weekly meetings)	60	104	431	53	0	648	12.5
Active collection (advance notification of maturity dates)	50	90	413	52	0	605	11.7
Amortization of loan based on the regular income earned by the borrower	40	85	362	40	0	527	10.2
Adoption of a credit risk rating system/credit scoring model	44	72	318	41	0	475	9.2
Require multiple sources of income	32	92	321	14	0	459	8.9
Granting of grace period/curing periods	19	37	221	39	0	316	6.1
Penalties (condonation of penalties and surcharges)	16	45	220	28	0	309	6.0
Focus on existing good borrowers rather than looking for new borrowers	17	29	129	18	0	193	3.7
Financing only 80percent of the project	31	27	109	25	0	192	3.7
Limit exposure to business affected by the COVID 19 pandemic and other calamities	19	37	107	14	0	177	3.4
Campaign savings generation	3	17	116	7	0	143	2.8
Conduct of financial literacy seminar before loan application	4	28	93	17	0	142	2.7
Coordination with the Offices of Municipal Agriculturists for assistance in reminding the	1	12	41	15	0	69	1.3

Risk mitigation measure	UKB	TB	RCB	GB	DB	Total	
						No.	Percent
farmers to pay on time and in filing of PCIC insurance claims							
Implementation of the Agriculture Value Chain Financing	3	13	27	18	0	61	1.2
Rate repricing every month for a lower interest rate	20	11	11	9	0	51	1.0
Buy back scheme program of the provincial government	1	6	23	5	0	35	0.7
Introduction of a Tripartite Agreement with the Borrowers and Buyers for Cash Catch Mechanism	4	7	6	13	0	30	0.6
None (no credit risk mitigation measures)	4	3	11	0	0	18	0.3
No. of responses	430	827	3449	462	0	5168	100.0

Source: 2022 Countryside Bank Survey

Figure 20. Top credit risk mitigation measures of banks on lending to the agricultural sector



Source: 2022 Countryside Bank Survey

F. Problems and challenges in lending to agriculture sector

General problems encountered in lending to agriculture

In general, respondent banking units often find it challenging to lend to the agricultural sector due to inherent risks, including vulnerabilities to natural calamities, uncertainties regarding harvests, borrowers' income levels, and aging populations. Further, these inherent risks were aggravated by the pandemic's effect on the health and livelihood of farmers. Collectively, these factors jeopardize the borrowers' capacity to pay.

When asked about the general problems faced in agricultural lending, banking units' responses can be categorized into three: 1) exogenous factors, 2) borrower-related problems and 3) bank-related problems.

Major exogenous factors affecting the agricultural sector include extreme weather and climate conditions, notably typhoons, El Niño, and La Niña, which can damage crops and disrupt farmers' production and incomes. Moreover, economic shocks like the COVID-19 pandemic further affected the sector by raising input costs and depressing market prices. Additionally, diseases such as African swine flu and avian flu, along with pest infestations, pose significant challenges to agriculture (Table 33).

Table 32. Whether or not banks identified problems in lending to the agricultural sector

<i>Did the bank identify general problems in lending to the agricultural sector? (Percent distribution)</i>	UKB	TB	RCB	GB	DB	Overall	
						Percent	No.
Yes	87.4	88.8	95.0	90.5	-	92.8	883
No	12.6	11.2	5.0	9.5	-	7.2	69
No. of responses	103	170	605	74	0		952

Source: 2022 Countryside Bank Survey

Table 33. Exogeneous Factor-related Problems and Challenges in Lending to Agriculture

<i>In percent of total respondents</i>	UKB	TB	RCB	GB	DB	Overall	
						No.	Percent
Low production, delayed harvest, crop/business failure caused by unfavorable weather conditions, pest & disease infestations, others	6.7	28.5	46.8	14.9	-	328	37.1
Covid-19 pandemic	1.1	8.6	6.1	6.0	-	53	6.0
Limited market for and volatile market price of AF commodities	1.1	3.3	6.6	6.0	-	48	5.4
High prices of agri-fishery inputs	1.1	2.6	3.8	4.5	-	30	3.4
Water supply, decreasing farm size	-	-	0.2	1.5	-	2	0.2
Credit guarantee	-	0.7	0.2	-	-	2	0.2
Agri-project regulatory limitations, i.e. ASF regulations	-	-	0.2	-	-	1	0.1
Total No. of respondents	90	151	575	67	0.0	883	100.0

Source: 2022 Countryside Bank Survey

In addition, banking units have identified establishing the borrower's creditworthiness as the major borrower-related challenge in agricultural lending. Agricultural borrowers often struggle to meet the 5 Cs of credit criteria (character, capacity, capital, collateral, and

conditions) making it challenging for them to secure loans. Moreover, some agricultural borrowers were observed to have mismanaged borrowed funds, increasing the risk of business failure. Limited financial literacy and awareness of government programs further influence credit behavior among agricultural borrowers. Concerns also arise regarding the continuity of farmers' businesses due to factors like health conditions, aging, and a lack of younger generations involved in the sector, posing repayment challenges for loans (Table 34).

Table 34. Borrower-related Problems and Challenges in Lending to Agriculture

<i>In percent of total respondents</i>	UKB	TB	RCB	GB	DB	Overall	
						No.	Percent
Lack/insufficient collateral, financial data/records, and other documentary requirements	33.3	10.6	8.2	11.9	-	101	11.4
Low/non-payment of loans, high past due (no reason/s cited)	1.1	2.0	7.5	4.5	-	50	5.7
Diversion and/or mismanagement of loan proceeds	-	4.0	1.2	-	-	13	1.5
No other income source; low/no fixed income; volatile cashflow	-	3.3	1.4	-	-	13	1.5
Household emergencies, i.e. sickness, death, hospitalization, accident, delayed/non-payment of goods sold	-	2.0	1.4	3.0	-	13	1.5
Multiple loans	-	2.6	0.7	1.5	-	9	1.0
Low demand for loan, i.e. low number of loan applications received, difficulty selling loan product to target borrowers	-	1.3	0.5	4.5	-	8	0.9
Lack of or poor credit history	2.2	2.0	0.2	-	-	6	0.7
Migration	-	-	0.5	1.5	-	4	0.5
Low financial literacy, i.e. lending process/policy, use of financial instruments (post-dated checks),	-	0.7	-	4.5	-	4	0.5
Willful default/unwilling to pay	-	-	0.3	1.5	-	3	0.3
Aging farmers; disinterested children of farmers to engage in agriculture	-	0.7	0.3	-	-	3	0.3
Views loan as grant (RCEF)	-	-	-	1.5	-	1	0.1
Limited farmer knowledge on project	-	-	-	1.5	-	1	0.1
Total No. of respondents	90	151	575	67	0.0	883	100.0

Source: 2022 Countryside Bank Survey

Moreover, the survey revealed that banking units also reported issues related to banking operations. These included high cost of lending, limited capital available for lending and inadequate risk assessment procedures for agricultural borrowers. Additionally, some banking units noted challenges stemming from competition with other banks and financial institutions in the agricultural lending sector (Table 35).

Due to these issues, banking units have highlighted the impact on their lending operations. One of the major effects has been delayed payments or non-payment of agricultural loans. Banks have also cited poor return on investment, particularly with unsecured agricultural loans. Consequently, banks have resorted to loan restructuring, have

relied on third-party guarantees when borrower collateral is unavailable, or reluctance to lend to agricultural borrowers. On a positive note, some banking units are investing in financial education programs for borrowers to empower them in making sound financial decisions.

Table 35. Bank-related Problems and Challenges in Lending to Agriculture

<i>In percent of total respondents</i>	UKB	TB	RCB	GB	DB	Overall	
						No.	Percent
Competition (presence of other lenders including agri-suppliers and government support/subsidies) ^{1/}	-	-	2.3	-	-	13	1.5
High operational cost of agri-loan delivery/low profit	-	-	0.9	1.5	-	6	0.7
Lack/insufficient capital	-	0.7	0.5	-	-	4	0.5
Insufficient project/account monitoring	-	-	0.5	1.5	-	4	0.5
High interest rate, stringent screening criteria/credit rating	1.1	-	0.5	-	-	4	0.5
Low loan releases; decreasing agri-loan portfolio/releases (no reason/s cited)	-	-	0.5	-	-	3	0.3
Limited bank branch network	1.1	0.7	-	-	-	2	0.2
Release of loan and payment schedule are not in sync with project cycle	-	-	0.3	-	-	2	0.2
Bank closure	-	-	0.2	-	-	1	0.1
Delayed collection	1.1	-	-	-	-	1	0.1
Limited bank knowledge on agri-projects/industry	-	-	-	1.5	-	1	0.1
Confusion if loan is qualified as agri-lending (limited definition of agri-lending)	1.1	-	-	-	-	1	0.1
Total No. of respondents	90	151	575	67	0.0	883	100.0

^{1/} Government support/subsidies such as free seeds, fertilizers, equipment, loans with flexible terms and lower interest rate
Source: 2022 Countryside Bank Survey

A closer look at per bank type, among UKBs and TBs, the most frequently cited problems are the lack of acceptable collateral and crop failure due to adverse climate conditions, natural calamities, and pest and diseases, which lead to delayed/non-payment of loans.

The RCBs cited adverse climate conditions, natural calamities, and pest and diseases causing crop failure/low yield leading to delayed/non-payment of loans. This is followed by lack of acceptable collateral, high past due/non-payment due to the lingering effects of the COVID-19 pandemic, low/volatile commodity price, multiple-loans, and low harvest, high price of farm inputs, among others.

The GBs cited crop failure due to adverse climate conditions, natural calamities, and pest and diseases, low commodity price, late payment of crop integrators, which lead to delayed/non-payment of loans, willful default, among others.

COVID-19-related challenges and impact on agricultural lending

As previously stated, the COVID-19 pandemic presented significant challenges that impacted the way banks lend to agricultural borrowers, aggravating existing problems in agricultural lending.

Table 36. Whether or not banks identified problems brought about by the COVID-19 pandemic in lending to the agricultural sector

<i>Did the bank identify problems brought about by the COVID-19 pandemic in lending to the agricultural sector? (Percent distribution)</i>	UKB	TB	RCB	GB	DB	Overall	
						percent	No.
Yes	90.2	88.3	92.1	90.5	-	91.1	856
No	9.8	11.7	7.9	9.5	-	8.9	84
No. of responses	102	171	593	74	0		940

Source: 2022 Countryside Bank Survey

One major issue faced by banks was the higher rate of loan default by borrowers. Many borrowers prioritized health over loan repayment as borrowers and their families were affected by COVID-19. In addition, community quarantine measures were also in place during the pandemic, which limited mobility for banks and borrowers, making it more difficult for banks to collect payments and for borrowers to generate the income necessary to repay their loans. The pandemic also exposed food security issues as access to the market was highly limited.

Despite banks' efforts to mitigate risk during the pandemic, banks experienced even higher levels of past due and non-performing loans. Moreover, the pandemic created reluctance on the part of both banks and borrowers, as banks reduced their agricultural lending during the pandemic, while borrowers were reluctant to raise capital due to the increased volatility of market prices at the time.

Notwithstanding the health crisis brought about by the COVID-19 pandemic, the respondent banking units have identified several positive effects that were realized during this period. Among the most prominent are: 1) Accelerated Digital Transformation, 2) Government Support and Aid, and 3) Recognized the important role of the agricultural sector.

The pandemic necessitated rapid adjustments to traditional banking practices, prompting banks to expedite their adoption of digital technologies. This shift has led to the implementation of innovative solutions such as online banking platforms, mobile payment systems, and digital account management tools, which improved operational efficiency and enhanced customer experiences.

Moreover, government interventions, notably the Bayanihan Act, have played a crucial role in mitigating the economic impact of the pandemic. These interventions provided financial support to individuals, businesses, and industries adversely affected by the pandemic, injecting liquidity into the economy and stabilizing financial markets. Finally, the recognition of the agricultural sector as an essential industry underscored its significance in ensuring food security and sustained economic activity during lockdowns. This recognition translated into increased government support and investment in agriculture, thereby bolstering the resilience of the sector and stimulating growth.

Table 37. Whether or not banks identified positive experiences brought about by the COVID-19 pandemic in bank lending operations

<i>Did the bank identify positive experiences brought about by the COVID-19 pandemic in bank lending operations? (Percent distribution)</i>	UKB	TB	RCB	GB	DB	Overall	
						percent	No.
Yes	76.3	78.9	74.6	74.0	-	75.5	687
No	23.7	21.1	25.4	26.0	-	24.5	223
No. of responses	97	161	579	73	0		910

Source: 2022 Countryside Bank Survey

Table 38 shows the distribution of banking units' response when asked about the efforts undertaken to recover from the COVID-19 pandemic and/or sustain positive impacts. Banking units have acknowledged the significance of reverting to traditional lending practices as a means to fortify their approach, encompassing enhancements from underwriting to loan recovery.

One key aspect of this strategy is the emphasis on intense collection efforts. This involves taking proactive steps to recover overdue payments, including the restructuring of payment arrangements to better accommodate borrowers' financial situations. By offering flexible repayment options, the banking units aim to facilitate the repayment process and increase the likelihood of recovering outstanding debts.

Additionally, the banking units prioritized persistent follow-up on overdue accounts. This involves regular communication with borrowers to remind them of their obligations and to provide assistance in resolving any issues that may be hindering their ability to make timely payments.

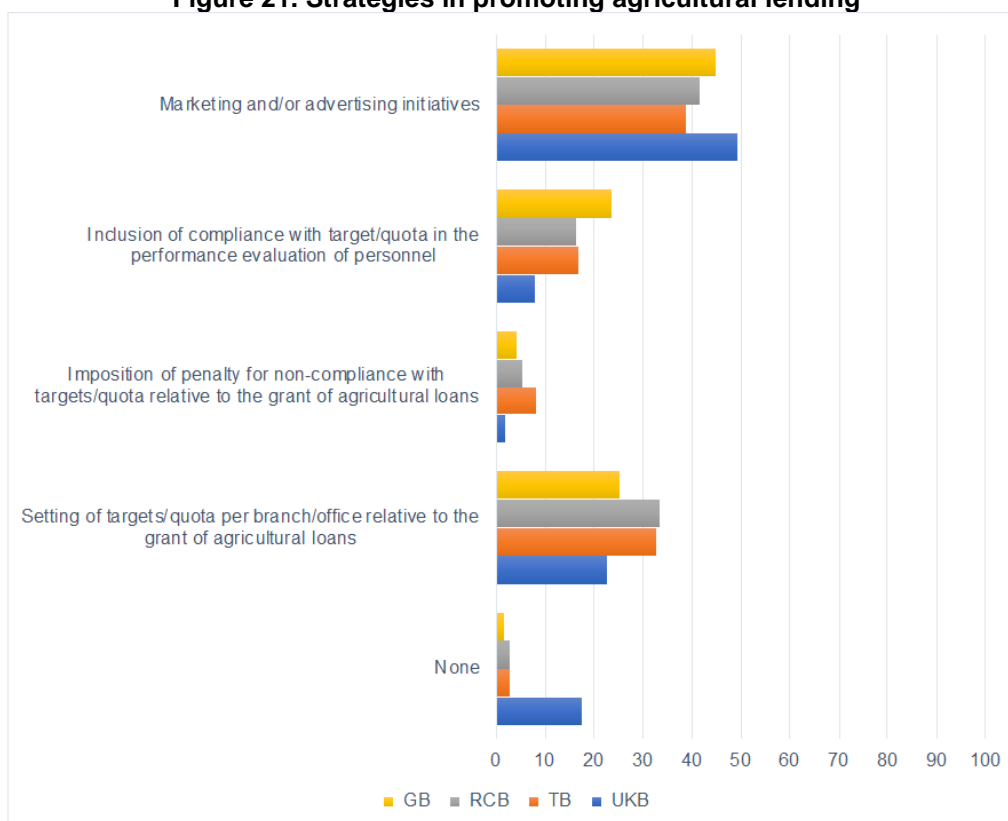
Table 38. Whether or not the bank employed efforts to recover from the adverse impact of the COVID-19 pandemic and/or sustain their positive impact

<i>Did the bank employed efforts to recover from the adverse impact of the COVID-19 pandemic and/or sustain their positive impact?</i>	UKB	TB	RCB	GB	DB	Overall	
						percent	No.
Yes	98.2	99.0	98.4	98.9	-	98.5	999
No	1.8	1.0	1.6	1.1	-	1.5	15
No. of responses	109	194	620	91	-		1014

Source: 2022 Countryside Bank Survey

Figure 21 display the primary strategies identified by the respondent banking units were marketing and advertising, followed by setting quotas/targets for grants. However, nearly 30 percent stated that these strategies were not applicable to them.

Figure 21. Strategies in promoting agricultural lending



Source: 2022 Countryside Bank Survey

G. Profitability of bank branch/office operation

Table 39 presents a breakdown of financial metrics across different bank groups. In terms of operating income, UKB stands out with a total of Php 86.2 billion operating income registered by the respondent banking units, while GB and TB contribute significantly with Php 38.11 billion and Php 32.05 billion respectively. RCB and DB contribute smaller amounts. Collectively, the responding banking units operating income sum up to Php 169.39 billion. Operating expenses, on the other hand, are relatively evenly distributed among the bank groups, with UKB still leading, followed by TB and GB but with a narrower margin.

When it comes to net income, it follows the ranking of UKB, GB and TB, with UKB standing out with a considerable contribution of Php 20.11 billion, followed by GB with Php 16.91 billion. However, RCB has relatively modest net income, while DB reported a slight negative value. This discrepancy suggests varying levels of profitability among the bank groups, possibly influenced by different business strategies or market conditions.

Furthermore, agricultural interest income is comparatively minor, with UKB and TB reporting notable figures relative to non-agricultural interest income, suggesting an inclination on diverse lending activities.

Table 39. Profitability of banking units – 2022

In billion Php	UKB	TB	RCB	GB	DB	Total
Operating Income	86.22	32.05	12.82	38.11	0.19	169.39
Operating Expense	29.00	21.43	18.53	23.49	0.15	92.60

Net Income	20.11	8.38	2.24	16.91	(0.01)	47.62
Interest Income - agricultural	5.03	0.40	3.15	1.84	-	10.42
Interest Income - non-agricultural	49.48	6.62	12.93	33.02	0.16	102.21

Source: 2022 Countryside Bank Survey

H. Plans and expectations

Plans of expanding lending to agriculture sector

Majority of CBS respondents indicate that they have plans of increasing lending to the agricultural sector. Table 40 indicates that around 72 percent of banking units who responded to the survey have plans of raising lending volume to the agricultural sector while around 23 percent manifest no change in lending stance. Around 1 percent of respondents replied that they will lower loan volume to the agricultural sector. The proportion of those expecting to increase agricultural loan volume vary by type of banks with rural and commercial banks (around 76 percent) being the most bullish with government banks following closely at around 73 percent. In the case of universal and commercial banks, the proportion of banking units predicting expansion of agricultural lending stands at around 38 percent while the comparative figure for thrift banks stands at 74 percent, roughly the same as the government banks. There is scope to consider that universal and commercial banks may be implementing a form of division of labor with agricultural lending being assigned to affiliated thrift bank and rural bank subsidiaries.

On average, survey respondents expect loan volume to the agricultural sector to grow by single-digit percentages. RCBs see a growth of around 9 percent while GBs expect loan volume to rise by more than 5 percent. Parallel to the observation that UKBs may be assigning agricultural lending more to thrift and rural bank subsidiaries, the UKBs expect agricultural loan volume to rise by less than 4 percent while thrift banks predict a growth of almost 9 percent in agricultural loan volume. In general, the expansion of agricultural loan volume is driven by factors such as targeting of new borrower segments, improvement of economic conditions conducive to agricultural financing, increased demand for agricultural loans, and integration of government programs which could help optimize the agricultural loan portfolio of banks.

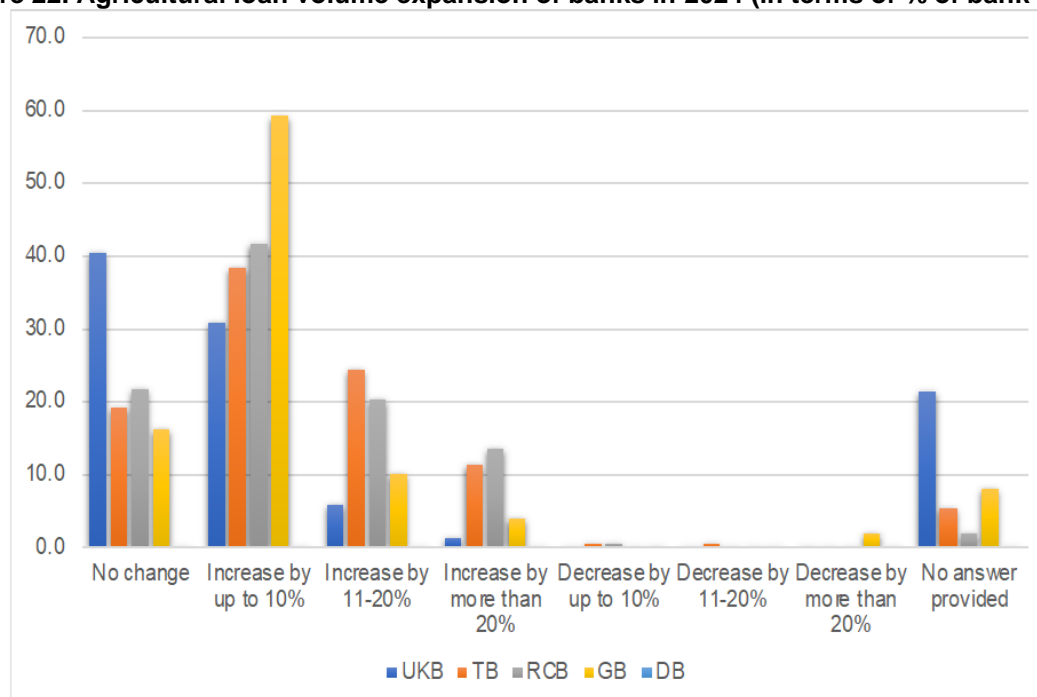
Table 40. Agricultural loan volume expansion of banks in 2024
(in terms of percent of bank group)

<i>Volume of expansion</i>	UKB	TB	RCB	GB	DB	Total	Average (w/o DB)	Average (w/ DB)
No change	40.5	19.2	21.7	16.3	0.0	22.8	24.4	19.5
Increase by up to 10%	31.0	38.4	41.7	59.2	0.0	41.1	42.6	34.1
Increase by 11-20%	6.0	24.5	20.3	10.2	0.0	19.1	15.3	12.2
Increase by more than 20%	1.2	11.3	13.6	4.1	0.0	11.4	7.5	6.0
Decrease by up to 10%	0.0	0.7	0.5	0.0	0.0	0.5	0.3	0.2
Decrease by 11-20%	0.0	0.7	0.0	0.0	0.0	0.1	0.2	0.1
Decrease by more than 20%	0.0	0.0	0.2	2.0	0.0	0.2	0.6	0.4

No answer provided	21.4	5.3	1.9	8.2	0.0	4.8	9.2	7.4
No. of respondents	84	151	575	49	0	859		

Source: 2022 Countryside Bank Survey

Figure 22. Agricultural loan volume expansion of banks in 2024 (in terms of % of bank group)



Source: 2022 Countryside Bank Survey

Plans for new agricultural loan products and services

To further concretize the plans of banks to increase their agricultural loan volume, respondent banking units also indicated the necessary activities, programs, products, or services in their expansion of agricultural loans. These include: (a) sustainable projects, such as purchase of solar panels or electric-powered vehicles; (b) working capital for production and processing of long-gestating commodities; (c) agri/aquaculture value chain; (d) postharvest facilities; (e) farming/fishing equipment/machinery; (f) specific commodities and purpose such as rice, corn, fish (inland/sea/aquaculture), tobacco, poultry, layer/egg production, cattle breeding/fattening, vegetables, coconut, fruit-bearing trees/agro-forestry, cassava, agri-business, microfinance, fertilizer, acquisition of farm animals, agricultural land development, hybrid seed production, hydroponic farming, farming digitalization/automation, public rural infrastructure, pension loan, irrigation, housing, agri-tourism; and (g) for specific market segment such as corporate clients engaged in agriculture, farm school scholars, organized farmer groups, organic practicing-farmers, traders (fruit and vegetable dealers).

On top of these new plans, respondent banking units also specified improvements in their current offerings. Such enhancements include increasing credit line for borrowers with no collateral but with good track record, removing collateral requirement, lowering interest rate, and aligning loan maturity with project life; offering incentive for good loan repayment performance; streamlining loan processes with the use of technology; educating applicants/borrowers (financial education, information access); and improving skills of bank staff on agricultural lending. All in all, banks are refining their approach in lending to the

agricultural sector in order to cater to more agricultural borrowers and further expand their agricultural loan portfolio.

Mechanisms to encourage agricultural lending

With respect to supporting confidence in loan extension to the agricultural sector, banks value measures that would reduce the information asymmetry involved in extending credit to the sector. Specifically, lenders eye increased capacity building for bank staff to evaluate and process loans. Basically, credit extension requires a good understanding on the production issues, input dynamics, price constraints, farm- and farmer-specific traits as well as trade impact that affect various crop and livestock subsectors. There is also the notion that credit extension requires proximity to borrowers to be abreast of the latest developments and be updated on business concerns that may impact loan valuation and repayment. These are perhaps also the reasons why other motivating factors such as availability of information on potential borrowers and projects credit scoring model and farmer credit information database rank highly in among the CBS respondents. Separately, credit risk mitigation measures such as credit/loan guarantee, government funding assistance and agricultural crop insurance also rate highly among the respondents as these measures lower the probability of incurred losses and also enable them to offer loans at more manageable interest rates for the borrowers.

Table 41. Summary rating of importance of agricultural credit support mechanisms

<i>Agricultural credit support mechanisms</i>	Extremely important (3)	Very important (2)	Slightly important (1)	Not at all important (0)	Average rating	Total no. of provided answers (n =)	Total of No answer provided
Training/capacity building for bank staff	1147	939	116	4	2.46	2206	272
Availability of information on potential borrowers/projects	1076	941	105	6	2.45	2128	272
Credit scoring model	994	950	132	5	2.41	2081	272
Credit/loan guarantee	808	1046	152	9	2.32	2015	264
Farmer credit information database	785	821	165	27	2.31	1798	270
Government funding assistance	799	776	186	29	2.31	1790	272
Agricultural/crop insurance	684	817	191	27	2.26	1719	265
Farmer registry system	596	803	205	30	2.20	1634	274
Organization of farmers	595	912	212	18	2.20	1737	280

Source: 2022 Countryside Bank Survey

Expectations and outlook for the next 12 months

Respondent banking units generally have optimistic over the next twelve months. Diffusion indices¹² computed in Table 42 by type of bank on various expectation indicators identify favorable lending conditions for both agricultural and non-agricultural borrowers alike

¹² Diffusion indices are computed as the percentage of survey respondents with favorable expectations less the percentage of those with unfavorable expectations. Consequently, a value of zero for the diffusion index indicates generally no change while a positive value refers to generally favorable expectations and a negative value pertains to unfavorable expectations.

with banks further expecting improvements in loan volumes and loan quality to contribute to sustained and greater profitability.

Loan demand is expected to pick up as the recovery from the COVID-19 pandemic gains full swing. Demand for agricultural loans is expected to grow strongly by universal and commercial banks and more so by thrift banks and rural banks. That said, there is an expectation of a slowdown in agricultural loan demand by government banks. Comparatively, there are stronger expectations of loan demand expansion for non-agricultural loans with all types of banks manifesting much higher diffusion index results relative to agricultural loan demand. Thrift banks, known for consumer lending led the way followed closely by UKBs and rural banks. Lastly, while GBs in the survey are expecting lower agricultural loan demand, on average, they have strong expectations for growth in non-agricultural loan demand.

For clients of banking units in the sample, borrowing conditions are also expected to improve for agricultural borrowers over the next twelve months. Table 42 shows that loanable funds are expected to strongly increase across the board for all types of banks: UKBs (DI=62.4), thrift banks (DI=68.2), rural banks (DI=65.8) and government banks (DI=57.9). This appears to be reflected as well in the general agreement for higher deposit rates as banks raise funds to support lending. Agreement is higher among UKB respondents and rural banks compared to thrift bank and government bank respondents. However, there is general expectation of lower lending rates to be faced by both agricultural and non-agricultural borrowers over the next twelve months. There is greater expectation of lower loan rates for agricultural borrowers vis-à-vis those seeking non-agricultural credit across all types of banks. More respondents from UKBs expect lower interest rates for agricultural loans as opposed to those for other loans. There is also stronger agreement among TB respondents of lower agricultural loan rates compared to lower non-agricultural loan rates. RCBs in the survey indicate similar levels of agreement of lower interest rates for agricultural and non-agricultural loans.

Mirroring the favorable lending expectations is the greater confidence of banks on loan repayment and loan quality. Generally, banks expect better repayment capability by borrowers with TB respondents indicating the strongest agreement by class relative to UKBs, RCBs and GB respondents. Such confidence is further sustained by expectations of lower borrower demand for loan restructuring. In a parallel result, TBs in the sample evince the highest concurrence as compared to UKBs, RCBs and GB respondents. The same confidence is further echoed by expectations that non-performing loans will be lower or much lower over the course of the next twelve months especially among TBs, UKBs, and RCBs relative to GB respondents. As a result, banks, in general, have very strong expectations the next twelve months to be profitable with near-consensus levels of agreement: UKBs (DI=75.5), TBs (DI=83.7), RCBs (DI=76.1) and GBs (DI=78.7).

Table 42. Expectations on key aspects of bank lending operations in the next 12 months

Key aspects of bank lending operations	percent of total responses					Total	
	UKB	TB	RCB	GB	DB	No.	percent
a. Demand for agricultural loans							
Much higher / Higher	52.6	55.4	51.1	22.7	0.0	870	46.0
About the same	28.4	32.5	23.6	42.0	0.0	607	32.1
Lower / Much lower	13.4	9.0	8.0	30.1	100.0	273	14.4
No answer provided	5.6	3.2	17.3	5.2	0.0	142	7.5
b. Demand for non-agricultural loans							
Much higher / Higher	69.9	77.4	69.9	61.7	100.0	2149	69.4
About the same	25.2	16.4	15.1	28.8	0.0	669	21.6
Lower / Much lower	3.1	3.4	3.7	7.0	0.0	143	4.6
No answer provided	1.8	2.8	11.3	2.5	0.0	137	4.4
c. Availability of loanable funds							
Much higher / Higher	66.9	69.7	67.8	61.2	100.0	2085	66.0
About the same	26.7	25.8	19.2	33.2	0.0	847	26.8
Lower / Much lower	4.5	1.6	2.1	3.3	0.0	86	2.7
No answer provided	1.9	2.9	11.0	2.3	0.0	139	4.4
d. Interest rate on agricultural loans							
Much higher / Higher	9.9	6.7	11.4	16.5	100.0	198	10.6
About the same	54.7	72.2	58.7	50.1	0.0	1150	61.5
Lower / Much lower	31.5	17.3	12.7	26.8	0.0	374	20.0
No answer provided	3.9	3.8	17.2	6.6	0.0	148	7.9
e. Interest rate on non-agricultural loans							
Much higher / Higher	11.7	10.9	12.3	23.8	100.0	510	15.7
About the same	67.0	73.0	62.9	55.6	0.0	2082	63.9
Lower / Much lower	19.1	13.5	13.8	18.4	0.0	525	16.1
No answer provided	2.2	2.7	11.0	2.2	0.0	141	4.3
f. Interest rate on deposits							
Much higher / Higher	31.7	18.7	24.5	22.8	100.0	834	23.6
About the same	60.0	69.3	59.1	61.9	0.0	2218	62.9
Lower / Much lower	7.0	9.4	6.8	13.2	0.0	341	9.7
No answer provided	1.3	2.6	9.6	2.1	0.0	135	3.8
g. Borrowers' repayment capacity							
Much higher / Higher	39.5	67.8	40.1	34.9	0.0	1534	45.7
About the same	53.8	25.5	45.5	56.7	0.0	1522	45.3
Lower / Much lower	4.8	4.0	4.1	5.8	100.0	161	4.8
No answer provided	1.8	2.7	10.3	2.5	0.0	143	4.3
h. Borrowers' demand for loan restructuring							
Much higher / Higher	18.6	11.8	9.9	14.1	0.0	388	13.1
About the same	31.9	29.0	42.3	43.9	0.0	1114	37.7
Lower / Much lower	47.2	55.8	36.7	39.0	100.0	1305	44.2
No answer provided	2.4	3.3	11.0	3.0	0.0	147	5.0
i. Non-performing loans							
Much higher / Higher	7.9	4.5	5.6	7.4	0.0	185	6.2
About the same	21.3	14.0	16.3	34.4	0.0	652	21.9
Lower / Much lower	68.8	78.5	67.0	54.7	100.0	1995	66.9
No answer provided	1.9	3.0	11.1	3.5	0.0	150	5.0
j. Bank's profitability							
Much higher / Higher	79.4	85.5	78.0	80.5	100.0	2967	81.1
About the same	15.3	10.1	10.4	15.4	0.0	471	12.9
Lower / Much lower	3.9	1.8	1.9	1.8	0.0	80	2.2
No answer provided	1.4	2.6	9.7	2.2	0.0	142	3.9

Source: 2022 Countryside Bank Survey

Table 43. Diffusion Indices

Key aspects of bank lending operations	UKB	TB	RCB	GB	DB	Overall
Demand for agricultural loans	39.2	46.4	43.0	-7.4	-100.0	31.6
Demand for non-agricultural loans	66.8	74.0	66.2	54.7	100.0	64.8
Availability of loanable funds	62.4	68.2	65.8	57.9	100.0	63.3
Interest rate on agricultural loans	-21.6	-10.5	-1.2	-10.4	100.0	-9.4
Interest rate on non-agricultural loans	-7.5	-2.6	-1.5	5.5	100.0	-0.5
Interest rate on deposits	24.7	9.3	17.7	9.6	100.0	14.0
Borrowers' repayment capacity	34.7	63.8	36.0	29.1	-100.0	40.9
Borrowers' demand for loan restructuring	-28.6	-44.0	-26.8	-25.0	-100.0	-31.0
Non-performing loans	-60.9	-74.0	-61.4	-47.3	-100.0	-60.7
Bank's profitability	75.5	83.7	76.1	78.7	100.0	78.9

Source: 2022 Countryside Bank Survey

IV. Conclusion

The 2022 CBS results highlight important key takeaways.

On Government's agricultural credit policies and programs

The government's objective of food security through increased production and profitability of agriculture and fisheries requires financial mechanisms that encourage investments and minimize risks. Accordingly, credit policies and programs are aimed at increasing banks' investments and loans to agriculture and fisheries as well as improving access of farmers and fisherfolk to financing.

The 2022 CBS results suggest measures to encourage banks to lend and invest more in the agriculture and fisheries sector which government can adopt to enhance its policies and programs.

1. Capacitate farmers and fishers to enhance their creditworthiness and bankability, which includes building up of good credit history/track record and improving financial literacy i.e., educating farmers on debt and borrowings.
2. Update the registry system for basic sectors in agriculture (RSBSA) regularly and develop a reliable and accessible database of farmers and fishers with credit-related information.

Knowing the clients is important in banking. Thus, a farmer registry system and information on potential borrowers/projects are essential as it helps in identifying legitimate farmers and provides relevant information such as the land ownership status, agricultural projects, and other Know Your Customer (KYC) requirements. An accurate profile can assist the bank in providing suitable products, services, other interventions, and addressing potential

lending risks. With the registry in place, banks can intentionally target farmers. The importance of maintaining an accurate registry (free from manipulation by local government officials) and utilizing it effectively were raised.

3. Develop innovative credit and financing schemes that are tailored fit to the needs of farmers and fishers, which if proven successful can be transferred to the bank that should include training of the bank staff.
4. Strengthen PhilGuarantee's AGFP credit guarantee, improve policies and procedures, for increased uptake by banks.

Banks noted that credit/loan guarantee facilitates the processing of loans and is particularly beneficial to borrowers with poor credit history or limited financial resources (for equity), enabling them to qualify for a loan. Additionally, it assures the bank of lower probability of incurring loss.

5. Strengthen PCIC's agricultural insurance, improve policies and procedures and innovate and Implement index- and weather- based insurance schemes.

While the banks deem agricultural/crop insurance as a crucial mechanism to reduce the risk of loan default, they are concerned about its limited scope (e.g. areas that can be insured), and difficulty of farmers in accessing insurance products (tedious and costly) and in claiming insurance payout.

On the setting of BSP policies

Some positive early indications of the impact of Republic Act No. 11901. The findings in this report pose implications for the setting of BSP policies. The Report provides a useful baseline report on the potential impact of Republic Act No. 11901 or "The Agriculture, Fisheries and Rural Development Financing Enhancement Act of 2022" which basically provides for the establishment of an enhanced financing system that would provide financial services and support to qualified rural community beneficiaries, including their organizations and enterprises (i.e., MSMEs), and members of their households. The 2022 CBS report provides indications of expanded loan products offered by banking units across the countryside.

Based on R.A. No. 11901, banks are no longer required to allot 10 percent of their lending portfolio for agrarian reform beneficiaries and 15 percent for agricultural activities. Instead, the amended law provides banks with "greater flexibility in allocating the combined 25 percent mandatory credit quota to a range of borrowers in the agriculture, fisheries, and agrarian reform sectors. The new law also expanded agricultural credit and rural development financing to include agri-tourism, digitalization of agricultural activities and processes, public rural infrastructure, programs that promote health and wellness of rural communities, and activities that improve livelihood skills. It also promotes financing toward environmental, social, and governance projects, including green projects that support sustainable and inclusive economic growth.

The BSP has issued Circular No. 1159 dated 4 November 2022 on the Implementing Rules and Regulations of the Mandatory Agriculture, Fisheries and Rural Development Financing under R.A. No. 11901. A better Agri-Agra Law is expected to improve banks' compliance to the law in terms of loanable amounts to the sectors involved. The amendments broaden the access of the agrarian reform sector to bank financing, and it will also streamline banks' process of investing in Agri-Agra eligible securities. The BSP emphasized that in the circular, it is expected that banking institutions to design and offer financial products and services that will match the specific requirements of their

agricultural clients, taking into account their cash flows and the gestation and harvest period of the agricultural produce, activity, and project being financed. The agriculture, fisheries, and rural development financing basically refers to loans and investments to increase agricultural sector productivity and competitiveness, and fund rural areas' sustainable development.

Under the enhanced financing, government-owned banks such as the Land Bank of the Philippines and the Development Bank of the Philippines will remain as large sources of credit for rural communities through basic deposit accounts and by offering low-interest rate lending. Meanwhile, lending cooperatives, microfinance institutions, retail banks, rural and thrift banks will also apply minimum interest rates for wholesale loans obtained from government banks.

The rules and regulations should also improve access of rural communities and agricultural and fisheries households to financial services and programs. More credit may result in higher productivity, market efficiency, and modernization.

Financing will be given to the following: (a) off-farm/fishery entrepreneurial activities; agricultural mechanization/ modernization; (b) agri-tourism; environmental, social and governance projects, including green projects; (c) acquisition of lands authorized under the Agrarian Reform Code of the Philippines and its amendments; (d) digitalization/automation of farming, fishery and agri-business activities and processes; and (e) for the efficient and effective marketing, processing, distribution, shipping and logistics, and storage of agricultural and fishery commodities.

Loans and investments will also be extended to public rural infrastructure as well as programs that will promote the health and wellness of farmers, fisherfolk and agrarian reform beneficiaries (ARBs); and address the developmental needs of rural communities, such as, but not limited to, projects that promote the livelihood, skills enhancement, and other capacity-building activities of the rural community beneficiaries.

The Circular also mandates banks to lend and invest in activities identified under the Agro-Industry Modernization Credit and Financing Program (AMCFP), such as, agriculture and fisheries production, acquisition of work animals, farm and fishery equipment and machinery, as well as the acquisition of seeds, fertilizer, poultry, livestock, feeds and other similar items.

The procurement of agriculture and fisheries products for storage, trading, processing and distribution and the acquisition of water pumps and installation of tube wells for irrigation as well as construction, acquisition, and repair of facilities for production, processing, storage, transportation, among others, are also activities under the AMCFP.

It also includes other financing such as: working capital for agriculture and fisheries, agribusiness activities which support soil and water conservation and ecology-enhancing activities; privately funded and local government unit (LGU)-funded irrigation systems that are designed to protect the watershed; working capital for long-gestating projects; and credit guarantees on uncollateralized loans to farmers and fisherfolk.

Many of these features were captured in the 2022 CBS report.

There were pockets of negative impact of the Covid-19 pandemic on the rural sector. While the agricultural sector accounts for one-third of the labor force, it has the lowest contribution to the country's gross domestic product (GDP). Based on a number of previous studies, the COVID-19 pandemic has adversely affected the flow of

agricultural commodity, supply and demand, exacerbating further the low agricultural income of farmers and fisherfolks. If the erosion of gains from the previous agricultural modernization programs is not properly addressed, this downward trend may continue to have long-term negative impact on the food security of the country. Specifically, the 2021 CBS Report shared that based on Gregorio and Ancog (2020) estimates, the COVID-19 pandemic had reduced the aggregate volume of agricultural production in 2020 by 2.97 percent due to a decline in agricultural labor force (ALF) which has a long-term consequence on increased population succumbing to poverty. The 2022 CBS Report provides supporting evidence to the negative impact of COVID-19 pandemic on the agriculture sector, particularly on credit.

Continued BSP support in strengthening market-oriented agricultural credit system is crucial. As the bank supervisor, the BSP could continue its support to help revive the market-oriented agricultural credit system by enabling a sustainable environment for various support mechanisms to flourish. Specifically, the respondent banks note the extreme importance of support mechanisms, such as, the availability of information on potential borrowers or projects, credit/loan guarantee, agricultural insurance, automated credit scoring model, and farmer credit information database/history. For small farmer and fisherfolks, 67 to 70 percent of the group asked for financial assistance, 28 to 30 percent for farming/fishing input subsidy while 1percent for agri-related trainings.

An important BSP initiative is the continued promotion of Agri Value Chain Financing (AVCF). The BSP issued Circular No. 908 to promote AVCF as a sustainable financing approach and set the guidelines and incentives for banks engaged in AVCF. The BSP continues to increase the banks' knowledge and awareness of the potential of AVCF as a viable business strategy and facilitate dialogue between agribusiness, value chain players and banks on market potential and financing opportunities in selected agriculture commodities.

Status of small farmers and fisherfolk in countryside should be highlighted. Basically, BSP's advocacy on financial inclusion envisions a state wherein there is effective access to a wide range of financial services for all, especially the vulnerable sectors, including the AFF sector. Effective access does not only mean that there are financial products and services that are available. These products and services must be appropriately designed, of good quality and responsive to the varied needs of individuals and businesses – whether for saving, payments, financing, investments, or insurance. A critical example is the BSP's focus on agriculture and MSME finance advocacy. The lack of access to financing has long been a hindrance to the development of the country's agriculture and MSME sectors. To this end, the BSP is addressing the perceived risks and supporting lenders' capacity to deliver appropriate products to these sectors. Through the development of adequate financial and information infrastructure and appropriate lending frameworks, banks will be encouraged to lend to them. However, the 2022 CBS report highlighted the relatively high interest rates offered by banking units in areas outside the NCR on their agricultural loan products. There is a need to revisit the interest rate structure of agricultural loan products especially in the rural areas.

Importantly, the challenges faced by small farmers and fisherfolk deserve a second look. In a separate preliminary survey by the ACPC on the 2022 Small Farmers and Fisherfolk Indebtedness Survey, about 40 percent of small farmers and fisherfolks borrow from formal and informal sources for their own production. Of this, 63 percent are borrowings from the formal sector while the remaining are from informal sources such as families and relatives. This borrowing incidence is lower than the 52 percent recorded in the 2017 survey. A significant finding in the 2022 survey is that the average annualized interest in small farmer and fisherfolks loan is 31.5 percent, with formal sources such as banks' annualized interest rate at 27.7 percent while that of informal sources at 42.9 percent.

Trainings for banking units' staff in implementing agricultural support programs should be encouraged. Survey respondents anticipate single-digit growth in loan volume to the agricultural sector on average. Banks also emphasized the need for agricultural support programs specifically trainings among bank staff in implementing these programs. Banking units also consider it essential to implement measures that reduce information asymmetry when extending credit to the agricultural sector, thereby supporting confidence in loan extension to this sector.

Insights from regular and comprehensive dialogue among stakeholders are key to BSP's actions to sustain domestic growth. An important component of policy implications is a comprehensive appreciation of the developments in the rural sector. The BSP's annual conduct of Financial Education Stakeholders Congress should continue to be centerpiece event of financial education in the Philippines. Basically, it provides a venue for stakeholders to know who is doing what in Fin-Ed, share lessons learned, identify challenges, and explore solutions and opportunities. In 2023, for instance, the BSP, BDO Foundation (BDOF), and the Agricultural Credit Policy Council (DA-ACPC) were at the forefront of ensuring the financial literacy of our farmers, fishers, and livestock raisers through the *KITA Mo Na!* (Kapital at Ipon Tungo sa Asenso) Financial Education (Fin-Ed) Training. Specifically, the DA-ACPC shared best practices and innovative strategies in implementing the project during the 2023 Fin-Ed Stakeholders Congress. Since its inception in 2018, the congress has been a place of shared learning, identifying challenges, and collaboratively finding innovative solutions.

APPENDIX A. Description of the 2022 Countryside Bank Survey

In December 2022, the Monetary Board approved the 2021 Countryside Bank Survey (CBS) Baseline Report jointly prepared by the Bangko Sentral ng Pilipinas Research Academy (BRAC) and the Agricultural Credit Policy Council (ACPC). The said report highlighted important findings on the status of countryside lending, including lending to small-farmer borrowers, the emerging issues and challenges encountered by smaller banking units in their lending operations, and outlook on countryside lending in the next 12 months.

Recognizing the significance of the CBS in shaping evidence-based policymaking, the Monetary Board mandated an expansion of CBS respondents to include all banking institutions nationwide. As a result, the 2022 CBS employed a more efficient web-based database-driven data processing system to efficiently manage survey responses. In addition to facilitating real-time tabulation of more detailed results, the 2022 CBS system introduces several enhancements, including the following features:

- Each respondent banking unit is allocated an individual user account;
- Compliance Officers at banks' head offices are provided with read-only access to the CBS system, enabling them to monitor survey submissions from their respective bank branches/offices;
- Banking unit locations are integrated with the Philippine Standard Geographic Code (PSGC) of the Philippine Statistics Authority, alongside global positioning system (GPS) coordinates;
- The 2022 CBS online questionnaire is designed with a responsive web layout to enhance usability on mobile devices such as tablets or smartphones, facilitating completion of the survey; and
- The raw data of the 2022 CBS could be fetched from the CBS database using statistical tools, such as, R, Python or Stata for further data processing and analysis.

APPENDIX B. 2022 Countryside Bank Survey Questionnaire



PSA Approval No: ACPC-2343
Expiration: December 31, 2024

This survey was reviewed and cleared under the Statistical Survey Review and Clearance System with clearance number ACPC-2343 and expiration date 31 December 2024.

2022 COUNTRYSIDE BANK SURVEY QUESTIONNAIRE

Dear Respondents:

Thank you for taking the time to participate in the 2022 Countryside Bank Survey (CBS). Your feedback provides timely information to policymakers in the formulation of appropriate policies to encourage higher investments in agriculture and increase access of agricultural borrowers to financial services.

The 2022 CBS aims to analyze trends and present emerging policy issues on bank behavior towards lending to the agriculture sector vis-a-vis the non-agriculture sector using branch-level data. Moreover, the 2022 CBS compares the banking units' agricultural as well as non-agricultural lending experiences in 2022 vis-a-vis 2021.

In this regard, we kindly request you to complete the 2022 CBS questionnaire which contains the following eight (8) sections:

- A. Demand for loan products and services
- B. Loans and borrowers
- C. Interest rates and other loan charges
- D. Borrowers' repayment performance and debt position
- E. Risk management mechanisms by banking units
- F. Problems and challenges in lending to agriculture
- G. Profitability of banking units' operations
- H. Plans and expectations

Important reminders:

1. The survey reference period covers 01 January 2021 to 31 December 2022.
2. The answers to each question item should describe the particular banking unit's actual experiences for the survey period.
3. If you need to stop and will not be able to finish the questionnaire in one sitting, you may return anytime to complete it by logging out and logging in using your login credentials during the survey period. Please always save your responses before moving to the next section.

4. All questions require an answer. Do not leave any question item unanswered. If certain data is unavailable, kindly select/indicate either "No data" (N/D) or "Not applicable" (N/A) in the choice/space provided, as the case may be.
5. Modification of your answers is allowed anytime, provided the "FINAL SUBMISSION" button at the end of the questionnaire has not been pressed yet. After final submission, everything becomes "read-only" (i.e. view access mode).
6. The contact information that we request is intended solely for getting in touch with you in case there are some clarifications on the answers that you will provide.
7. Please be assured that all data and information you will be providing will be treated with utmost confidentiality and not be transferred to any third party. Hence, your candid feedback is welcome and highly encouraged. Please ensure the accuracy of your answer especially for those questions that would require numerical values.
8. Aside from computer, you may use your mobile devices like tablet or smartphone in completing the survey questionnaire, provided there is internet connectivity.
9. The CBS system is not just a survey form but also a content management system. You may navigate the different sections of this CBS system by accessing the menu bar on the top of the screen.

Privacy and Confidentiality Clause

In compliance with R.A. 10173 (Data Privacy Act of 2012), all information acquired through this questionnaire are only collected, processed, stored, and disposed by duly authorized staff of the Bangko Sentral ng Pilipinas Research Academy (BRAC) and Agricultural Credit Policy Council (ACPC) of Department of Agriculture (DA). All personal and private information shall be held confidential. The collected data from this survey questionnaire shall be used only for purposes of the 2022 Countryside Bank Survey. We assure, with utmost diligence, that they shall protect the privacy and confidentiality of the information provided.

Thank you for your kind attention and usual cooperation.

Very truly yours,

Research Team

Bangko Sentral ng Pilipinas Research Academy (BRAC)
Department of Agriculture-Agricultural Credit Policy Council (DA-ACPC)



PSA Approval No: ACPC-2343
Expiration: December 31, 2024

The format of this survey questionnaire may look slightly different from its online version to include features specifically designed for online surveys.

2022 COUNTRYSIDE BANK SURVEY QUESTIONNAIRE

I. PROFILE OF RESPONDENT BANK BRANCH/OFFICE

II. SURVEY COVERAGE

- A. Demand for loan products and services
- B. Loans and borrowers
- C. Interest rates and other loan charges
- D. Borrowers' repayment performance and debt position
- E. Risk management mechanisms by banking units
- F. Problems and challenges in lending to agriculture
- G. Profitability of banking units' operations
- H. Plans and expectations

2022 COUNTRYSIDE BANK SURVEY QUESTIONNAIRE

PART I: PROFILE OF RESPONDENT BANK BRANCH/OFFICE

1. Name of bank: _____
2. Number of years in operation this banking unit: _____
3. Banking group:
 - ☐ Universal Bank
 - ☐ Commercial Bank
 - ☐ Thrift Bank
 - ☐ Rural Bank
 - ☐ Cooperative Bank
 - ☐ Digital Bank
4. Type of banking office:
 - ☐ Head Office
 - ☐ Regular Branch
 - ☐ Micro-Finance Oriented
5. Ownership structure of bank:
 - ☐ Private
 - ☐ Government
 - ☐ Foreign
6. Performing as Lending Center
 - ☐ No
 - ☐ Yes
7. Areas of operations (region/provinces/cities/municipalities):

8. Also a Partner Lending Unit (PLC) of Agricultural Credit Policy Council :
 - ☐ No
 - ☐ Yes
9. Services offered (multi-answer):
 - ☐ Currency exchange
 - ☐ Deposit generation
 - ☐ Lending
 - ☐ Investment
 - ☐ Others: _____

10. Membership in banking associations:

a. National Banking Association:

- ☐ None
- ☐ Banker Association of the Philippines (BAP)
- ☐ Chamber of Thrift Bank (CTB)
- ☐ Rural Bankers Association of the Philippines (RBAP)
- ☐ Cooperative Bank Federation of the Philippines (BANGKOOP)

b. Regional/Local Banking Association:

11. Name of respondent contact person:

a. Name of Branch Manager:

(Last Name, First Name, Middle Initial)

b. Name of Respondent Contact Person, if different from the Branch Manager:

(Last Name, First Name, Middle Initial)

c. Designation/Position of Respondent Contact Person

d. Business Mailing Address:

e. Business Mobile/landline Number:

f. Business Email Address :

g. Bank Website:

12. Address/Location of banking unit:

a. Region: [dropdown]

b. Province: [dropdown]

c. Town (city/municipality): [dropdown]

d. Barangay: [dropdown]

e. Number and Name of Street: _____

f. Room No., Floor, Building Name: _____

g. GPS Coordinates: _____

PART II: SURVEY QUESTIONNAIRE PROPER

A. Demand for loan products and services

1. **Agricultural loan products and services offered in 2021 and 2022.** What were the agricultural loan products and services your bank branch/office offered in 2021 and 2022? Select all that apply.

<u>Agricultural loans and services</u>		<u>2021</u>	<u>2022</u>
a.	Not applicable	<input type="checkbox"/>	<input type="checkbox"/>
b.	Off-farm/fishery entrepreneurial activities	<input type="checkbox"/>	<input type="checkbox"/>
c.	Agricultural mechanization/modernization	<input type="checkbox"/>	<input type="checkbox"/>
d.	Agri-tourism	<input type="checkbox"/>	<input type="checkbox"/>
e.	Sustainable projects*	<input type="checkbox"/>	<input type="checkbox"/>
f.	Acquisition of lands authorized under the Agrarian Reform Code of the Philippines and its amendments	<input type="checkbox"/>	<input type="checkbox"/>
g.	Digitalization/automation of farming, fishery, and agri-business activities and processes, including related financial and management information systems	<input type="checkbox"/>	<input type="checkbox"/>
h.	Efficient and effective marketing, processing, distribution, shipping and logistics, and storage of agricultural and fishery commodities, including related financial and management information systems	<input type="checkbox"/>	<input type="checkbox"/>
i.	Public rural infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
j.	Programs that shall: (a) promote the health and wellness of farmers, fisherfolk and agrarian reform beneficiaries, including members of their households, such as water and sanitation projects for rural communities; and/or (b) address the developmental needs of rural communities, such as, but not limited to, projects that promote the livelihood, skills enhancement, financial literacy, including digital financial literacy, and other capacity-building activities of the rural community beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>
k.	Agriculture and fisheries production including processing of fisheries and agri-based products and farm inputs	<input type="checkbox"/>	<input type="checkbox"/>
l.	Acquisition of work animals, farm and fishery equipment and machineries	<input type="checkbox"/>	<input type="checkbox"/>
m.	Acquisition of seeds, fertilizer, poultry, livestock, feeds and other similar items	<input type="checkbox"/>	<input type="checkbox"/>
n.	Procurement of agriculture and fisheries products for storage, trading, processing and distribution	<input type="checkbox"/>	<input type="checkbox"/>
o.	Acquisition of water pumps and installation of tube wells for irrigation	<input type="checkbox"/>	<input type="checkbox"/>
p.	Construction, acquisition and repair of facilities for production, processing, storage, transportation, communication, marketing and such other facilities in support of agriculture and fisheries	<input type="checkbox"/>	<input type="checkbox"/>
q.	Working capital for agriculture and fisheries graduates to enable them to engage in agriculture and fisheries-related economic activities	<input type="checkbox"/>	<input type="checkbox"/>
r.	Agribusiness activities which support soil and water conservation and ecology-enhancing activities	<input type="checkbox"/>	<input type="checkbox"/>

<u>Agricultural loans and services</u>		<u>2021</u>	<u>2022</u>
s.	Privately-funded and Local Government Unit (LGU)-funded irrigation systems that are designed to protect the watershed	<input type="checkbox"/>	<input type="checkbox"/>
t.	Working capital for long-gestating projects	<input type="checkbox"/>	<input type="checkbox"/>
u.	Working capital for basic agricultural crops only – rice, corn, coconut, sugarcane, mango, banana, cassava, and pineapple	<input type="checkbox"/>	<input type="checkbox"/>

Comments / Please specify if not included in the list:

2. **Non-agricultural loan products and services offered in 2021 and 2022.** What were the non-agricultural loan products and services your bank branch/office offered in 2021 and 2022? Select all that apply.

<u>Non-agricultural loans and services</u>		<u>2021</u>	<u>2022</u>
a.	None	<input type="checkbox"/>	<input type="checkbox"/>
b.	Business loan	<input type="checkbox"/>	<input type="checkbox"/>
c.	Motor vehicle / Auto / Car loan	<input type="checkbox"/>	<input type="checkbox"/>
d.	Housing loan	<input type="checkbox"/>	<input type="checkbox"/>
e.	Personal loan (e.g. salary loan)	<input type="checkbox"/>	<input type="checkbox"/>
f.	Credit card loan	<input type="checkbox"/>	<input type="checkbox"/>

Comments / Please specify if not included in the list:

3. **Number of agricultural loan applications of first time or new borrowers in 2021 and 2022.** How many agricultural loan applications of first time or new borrowers did your bank branch/office receive in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	<hr/>	<input type="radio"/>	<input type="radio"/>
2022	<hr/>	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change:

4. **Number of agricultural loan applications of previous/existing borrowers in 2021 and 2022.** How many agricultural loan applications of previous/existing borrowers did your bank branch/office receive in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	<hr/>	<input type="radio"/>	<input type="radio"/>
2022	<hr/>	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change:

5. **Number of non-agricultural loan applications of first time or new borrowers in 2021 and 2022.** How many non-agricultural loan applications of first time or new borrowers did your bank branch/office receive in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

6. **Number of non-agricultural loan applications of previous/existing borrowers in 2021 and 2022.** How many non-agricultural loan applications of previous/existing borrowers did your bank branch/office receive in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

7. **Number of agricultural loan of first time or new borrowers approved in 2021 and 2022.** How many agricultural loan of first time or new borrowers approved by your bank branch/office in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

8. **Number of agricultural loan of previous/existing borrowers approved in 2021 and 2022.** How many agricultural loan of previous/existing borrowers approved by your bank branch/office in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

9. **Number of non-agricultural loan of first time or new borrowers approved in 2021 and 2022.** How many non-agricultural loan of first time or new borrowers approved by your bank branch/office in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

10. **Number of non-agricultural loan of previous/existing borrowers approved in 2021 and 2022.** How many non-agricultural loan of previous/existing borrowers approved by your bank branch/office in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

11. **Reason for disapproval of applications for an agricultural loan.** (Select all that apply. If there were no disapproved applications for agricultural loans, select "Not applicable").

Reason for disapproval	2021	2022
Not applicable	<input type="checkbox"/>	<input type="checkbox"/>
Low credit score	<input type="checkbox"/>	<input type="checkbox"/>
No credit track record or lack of borrowing experience	<input type="checkbox"/>	<input type="checkbox"/>
Bad credit history	<input type="checkbox"/>	<input type="checkbox"/>
High debt-to-income ratio	<input type="checkbox"/>	<input type="checkbox"/>
Unstable employment and/or income source	<input type="checkbox"/>	<input type="checkbox"/>
Not viable or not profitable project to be financed	<input type="checkbox"/>	<input type="checkbox"/>
Lack of or insufficient collateral	<input type="checkbox"/>	<input type="checkbox"/>
No loan guarantee/insurance	<input type="checkbox"/>	<input type="checkbox"/>
No agricultural insurance for the project to be financed	<input type="checkbox"/>	<input type="checkbox"/>
Missing borrower information or incomplete documents	<input type="checkbox"/>	<input type="checkbox"/>
Overexposure/too many losses	<input type="checkbox"/>	<input type="checkbox"/>

Comments / Please specify if not included in the list:

12. Are the approved agricultural loans of your bank branch/office secured by **Agricultural Guarantee Fund Pool (AGFP)**?

☐ Yes ☐ No ☐ No data ☐ Not applicable

Comments: _____

13. In terms of amount of loans, how many percent of your agricultural loan portfolio is secured by AGFP?

Comments: _____

14. In terms of number of loans, how many percent of your agricultural loan portfolio is secured by AGFP?

Comments: _____

B. Loans and borrowers

1. **Value of agricultural loans granted in 2021 and 2022.** How much agricultural loans did your bank branch/office release in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

- 1.1 **Value of agricultural loans granted for basic crops.** How much agricultural loans did your branch/office release in 2021 and 2022 for basic crops only – rice, corn, coconut, sugarcane, mango, banana, cassava, and pineapple?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

2. **Value of non-agricultural loans granted in 2021 and 2022.** How much non-agricultural loans did your bank branch/office release in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

3. **Number of agricultural loans granted in 2021 and 2022.** How many agricultural loans did your bank branch/office release in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

4. **Number of non-agricultural loans granted in 2021 and 2022.** How many non-agricultural loans did your bank branch/office release in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

5. **Number of unique individual agricultural borrowers in 2021 and 2022.** How many unique individual agricultural borrowers did your bank branch/office have in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

6. **Number of unique institutional agricultural borrowers in 2021 and 2022.** How many unique institutional agricultural borrowers did your bank branch/office have in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

7. **Number of unique individual non-agricultural borrowers in 2021 and 2022.** How many unique individual non-agricultural borrowers did your bank branch/office have in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

8. **Number of unique institutional non-agricultural borrowers in 2021 and 2022.** How many unique institutional non-agricultural borrowers did your bank branch/office have in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

9. **Number of small land-based farmer-borrowers in 2021 and 2022.** How many small land-based farmer-borrowers did your bank branch/office have in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

- 9.1 Do these small land-based farmer-borrowers cater to agricultural basic crops only - rice, corn, coconut, sugarcane, mango, banana, cassava, and pineapple?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments: _____

10. **Number of small fisherfolk-borrowers in 2021 and 2022.** How many small fisherfolk-borrowers did your bank branch/office have in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

11. **Number of agrarian reform beneficiaries (ARBs) in 2021 and 2022.** How many agrarian reform beneficiaries did your bank branch/office have in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

12. **Number of micro and small enterprise (MSE) agricultural borrowers in 2021 and 2022.** How many micro and small enterprise (MSE) agricultural borrowers did your bank branch/office have in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

13. **Number of medium-to-larger agricultural borrowers in 2021 and 2022.** How many medium-to-larger agricultural borrowers did your bank branch/office have in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
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2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

14. **Regional location of agricultural loans granted in 2021 and 2022.** From which Region(s) did the agricultural loans your bank granted originate? Please enter the figures in the space provided, if applicable, consistent with Question No. B.3.

REGIONS	2021	2022
National Capital Region (NCR)	_____	_____
Cordillera Administrative Region (CAR)	_____	_____
Region I (Ilocos Region)	_____	_____
Region II (Cagayan Valley)	_____	_____
Region III (Central Luzon)	_____	_____
Region IV-A (CALABARZON)	_____	_____
Region MIMAROPA	_____	_____
Region V (Bicol Region)	_____	_____
Region VI (Western Visayas)	_____	_____
Region VII (Central Visayas)	_____	_____
Region VIII (Eastern Visayas)	_____	_____
Region IX (Zamboanga Peninsula)	_____	_____
Region X (Northern Mindanao)	_____	_____
Region XI (Davao Region)	_____	_____
Region XII (SOCCSKSARGEN)	_____	_____
Region XIII (Caraga)	_____	_____
Bangsamoro Auto. Reg. in MM (BARMM)	_____	_____
TOTAL	=====	=====

C. Interest rates and other charges on loans

1. Lowest/Minimum interest rate charges on agricultural loans in 2021 and 2022.

How much was the lowest/minimum interest rate per annum your bank branch/office charged on agricultural loans in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

2. Highest/Maximum interest rate charges on agricultural loans in 2021 and 2022.

How much was the highest/maximum interest rate per annum your bank branch/office charged on agricultural loans in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

3. Average interest rate charges on agricultural loans in 2021 and 2022. How much was the average interest rate per annum your bank branch/office charged on agricultural loans in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

4. Lowest/Minimum interest rate charges on non-agricultural loans in 2021 and 2022. How much was the lowest/minimum interest rate per annum your bank branch/office charged on non-agricultural loans in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

5. **Highest/Maximum interest rate charges on non-agricultural loans in 2021 and 2022.** How much was the highest/maximum interest rate per annum your bank branch/office charged on non-agricultural loans in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

6. **Average interest rate charges on non-agricultural loans in 2021 and 2022.** How much was the average interest rate per annum your bank branch/office charged on non-agricultural loans in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

7. **Difference in interest rate charges between agricultural loans and non-agricultural loans in 2021.** By comparing Questions C.3 and C.6, please provide explanations for the difference on the interest rate charges between agricultural loans and non-agricultural loans in 2021?

Explanation for the change (increase/decrease) or no change:

8. **Difference in interest rate charges between agricultural loans and non-agricultural loans in 2022.** By comparing Questions C.3 and C.6, please provide explanations for the difference on the interest rate charges between agricultural loans and non-agricultural loans in 2022?

Explanation for the change (increase/decrease) or no change:

9. **General basis for setting the interest rate on agricultural loans in 2021.** How were the interest rate charges on agricultural loans determined by your bank branch/office?

Please specify the basis for interest rate charged on agricultural loans in 2021.

10. **General basis for setting the interest rate on agricultural loans in 2022.** How were the interest rate charges on agricultural loans determined by your bank branch/office?

Please specify the basis for interest rate charged on agricultural loans in 2022.

11. **General basis for setting the interest rate on non-agricultural loans in 2021.** How were the interest rate charges on non-agricultural loans determined by your bank branch/office?

Please specify the basis for interest rate charged on agricultural loans in 2021.

12. **General basis for setting the interest rate on non-agricultural loans in 2022.** How were the interest rate charges on non-agricultural loans determined by your bank branch/office?

Please specify the basis for interest rate charged on agricultural loans in 2022.

13. **Other loan charges on agricultural loans.** Aside from the interest rates, what other fees do you charge on your agricultural loans? How much were these fees in 2021 and 2022? Please specify the fees and the corresponding amount in the appropriate boxes below.

Other loan charges	Please specify		2021 (in Php)	2022 (in Php)
	Fixed Amount	Fixed Rate		
a. Service fee	<input type="radio"/>	<input type="radio"/>		
b. Annotation	<input type="radio"/>	<input type="radio"/>		
c. Appraisal/inspection fee	<input type="radio"/>	<input type="radio"/>		
d. Collection fee	<input type="radio"/>	<input type="radio"/>		
e. Commission fee	<input type="radio"/>	<input type="radio"/>		
f. Filing/processing fee	<input type="radio"/>	<input type="radio"/>		
g. Front end fee	<input type="radio"/>	<input type="radio"/>		
h. Loan redemption fee	<input type="radio"/>	<input type="radio"/>		
i. Mortgage Redemption Insurance	<input type="radio"/>	<input type="radio"/>		
j. Notarial/legal fee	<input type="radio"/>	<input type="radio"/>		
k. Renewal fee	<input type="radio"/>	<input type="radio"/>		
l. Registration fee	<input type="radio"/>	<input type="radio"/>		
m. System fee	<input type="radio"/>	<input type="radio"/>		
n. Gross receipt tax	<input type="radio"/>	<input type="radio"/>		
o. Documentary stamp tax	<input type="radio"/>	<input type="radio"/>		
p. Withholding tax	<input type="radio"/>	<input type="radio"/>		

Comments: _____

14. **Other loan charges on non-agricultural loans.** Aside from the interest rates, what other fees do you charge on your non-agricultural loans? How much were these fees in 2021 and 2022? Please specify the fees and the corresponding amount in the appropriate boxes below.

Other loan charges	Please specify		2021 (in Php)	2022 (in Php)
	Fixed Amount	Fixed Rate		
a. Service fee	<input type="radio"/>	<input type="radio"/>		
b. Annotation	<input type="radio"/>	<input type="radio"/>		
c. Appraisal/inspection fee	<input type="radio"/>	<input type="radio"/>		
d. Collection fee	<input type="radio"/>	<input type="radio"/>		
e. Commission fee	<input type="radio"/>	<input type="radio"/>		
f. Filing/processing fee	<input type="radio"/>	<input type="radio"/>		
g. Front end fee	<input type="radio"/>	<input type="radio"/>		
h. Loan redemption fee	<input type="radio"/>	<input type="radio"/>		
i. Mortgage Redemption Insurance	<input type="radio"/>	<input type="radio"/>		
j. Notarial/legal fee	<input type="radio"/>	<input type="radio"/>		
k. Renewal fee	<input type="radio"/>	<input type="radio"/>		
l. Registration fee	<input type="radio"/>	<input type="radio"/>		
m. System fee	<input type="radio"/>	<input type="radio"/>		
n. Gross receipt tax	<input type="radio"/>	<input type="radio"/>		
o. Documentary stamp tax	<input type="radio"/>	<input type="radio"/>		
p. Withholding tax	<input type="radio"/>	<input type="radio"/>		

Comments: _____

D. Borrowers' repayment performance and debt position
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1. **Repayment rate on agricultural matured loans in 2021 and 2022.** What was the average repayment rate of agricultural matured loans in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

2. **Repayment rate on agricultural loan amortization due in 2021 and 2022.** What was the average repayment rate on agricultural loan amortization due in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

3. **Overall repayment rate on agricultural loans in 2021 and 2022.** What was the overall repayment rate on agricultural loans in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

4. **Repayment rate on non-agricultural matured loans in 2021 and 2022.** What was the average repayment rate on non-agricultural matured loans in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

5. **Repayment rate of non-agricultural loan amortization due in 2021 and 2022.** What was the average repayment rate on non-agricultural loan amortization due in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

6. **Overall repayment rate of non-agricultural loans in 2021 and 2022.** What was the overall repayment rate on non-agricultural loans in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

7. **Past due ratio of agricultural loans in 2021 and 2022.** What were the quarterly average past due ratios for agricultural loans in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021Q1	_____	<input type="radio"/>	<input type="radio"/>
Q2	_____	<input type="radio"/>	<input type="radio"/>
Q3	_____	<input type="radio"/>	<input type="radio"/>
Q4	_____	<input type="radio"/>	<input type="radio"/>
2022Q1	_____	<input type="radio"/>	<input type="radio"/>
Q2	_____	<input type="radio"/>	<input type="radio"/>
Q3	_____	<input type="radio"/>	<input type="radio"/>
Q4	_____	<input type="radio"/>	<input type="radio"/>

Explanation for the change: _____

8. **Past due ratio of non-agricultural loans in 2021 and 2022.** What were the quarterly average past due ratios for non-agricultural loans in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021Q1	_____	<input type="radio"/>	<input type="radio"/>
Q2	_____	<input type="radio"/>	<input type="radio"/>
Q3	_____	<input type="radio"/>	<input type="radio"/>
Q4	_____	<input type="radio"/>	<input type="radio"/>
2022Q1	_____	<input type="radio"/>	<input type="radio"/>
Q2	_____	<input type="radio"/>	<input type="radio"/>
Q3	_____	<input type="radio"/>	<input type="radio"/>
Q4	_____	<input type="radio"/>	<input type="radio"/>

Explanation for the change: _____

9. **Non-performing loan (NPL) ratio of agricultural loans in 2021 and 2022.** What were the quarterly NPL ratios for agricultural loans in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021Q1	_____	<input type="radio"/>	<input type="radio"/>
Q2	_____	<input type="radio"/>	<input type="radio"/>
Q3	_____	<input type="radio"/>	<input type="radio"/>
Q4	_____	<input type="radio"/>	<input type="radio"/>

n. Personal/family problems (Accident or sickness of borrower or member of the family and hospitalization)	<input type="checkbox"/>	<input type="checkbox"/>
o. Mismatched loan packaging or cycle	<input type="checkbox"/>	<input type="checkbox"/>
p. No market for products	<input type="checkbox"/>	<input type="checkbox"/>

Comments/ Please specify if not included in the list:

12. **Reasons for delayed / non-repayment of non-agricultural loans.** What were the top 3 main reasons for the delayed or non-repayment of non-agricultural loans in 2021 and 2022?

2021:

- a. _____
b. _____
c. _____

2022:

- a. _____
b. _____
c. _____

E. Risk management mechanisms

1. **Loan collateral or security requirement for agricultural loan.** What is the primary form of collateral or loan security did you require for your agricultural loans in 2021 and 2022? Please choose only one.

List of required collaterals	2021	2022
a. Not applicable	<input type="radio"/>	<input type="radio"/>
b. None	<input type="radio"/>	<input type="radio"/>
c. Real Estate Mortgage (Farm/Residential/Commercial)	<input type="radio"/>	<input type="radio"/>
d. Chattel Mortgage	<input type="radio"/>	<input type="radio"/>
e. Post-dated checks	<input type="radio"/>	<input type="radio"/>
f. Hold-out deposits	<input type="radio"/>	<input type="radio"/>
g. Assignment of sales proceeds of purchase orders	<input type="radio"/>	<input type="radio"/>
h. Assignment of inventory	<input type="radio"/>	<input type="radio"/>
i. Credit guarantee/Loan insurance	<input type="radio"/>	<input type="radio"/>
j. Third party (personal) guarantee	<input type="radio"/>	<input type="radio"/>
k. PCIC agricultural/crop insurance proceeds	<input type="radio"/>	<input type="radio"/>

Comments/ Please specify if not included in the list:

2. **Loan collateral or security requirement for non-agricultural loan.** What is the primary form of collateral or loan security did you require for your non-agricultural loans in 2021 and 2022? Please choose only one.

List of required collaterals	2021	2022
a. Not applicable	<input type="radio"/>	<input type="radio"/>
b. None	<input type="radio"/>	<input type="radio"/>
c. Real Estate Mortgage (Farm/Residential/Commercial)	<input type="radio"/>	<input type="radio"/>
d. Chattel Mortgage	<input type="radio"/>	<input type="radio"/>
e. Post-dated checks	<input type="radio"/>	<input type="radio"/>
f. Hold-out deposits	<input type="radio"/>	<input type="radio"/>
g. Assignment of sales proceeds of purchase orders	<input type="radio"/>	<input type="radio"/>
h. Assignment of inventory	<input type="radio"/>	<input type="radio"/>
i. Credit guarantee/Loan insurance	<input type="radio"/>	<input type="radio"/>
j. Third party (personal) guarantee	<input type="radio"/>	<input type="radio"/>
k. PCIC agricultural/crop insurance proceeds	<input type="radio"/>	<input type="radio"/>

Comments: _____

3. **Collateral substitutes.** Which of the following is your bank willing to accept from a borrower of an agricultural loan, as a substitute to traditional/hard collateral (such as real estate and chattel mortgage)? Please select all that apply.

- ☐ Not applicable
- ☐ None (Not willing to accept any other from an agricultural borrower, other than REM or chattel mortgage/object of financing)
- ☐ Credit guarantee (such as Agricultural Guarantee Fund Pool)
- ☐ Third party (personal) guarantee
- ☐ Assignment of inventory
- ☐ Assignment of sales proceeds of purchase orders
- ☐ Philippine Crop Insurance Corporation (PCIC) agricultural/crop insurance proceeds
- ☐ Post-dated checks
- ☐ Hold-out deposits

If None (Not willing to accept any other from an agricultural borrower, other than REM or chattel mortgage/object of financing), please explain the reason:

4. **Other credit risk mitigation measures.** What other measures did your bank branch/office employ in 2022 to mitigate the risk of default or non-payment of loan and other risks associated with lending to the agricultural sector? Please select all that apply.

- ☐ Not applicable
- ☐ None (no credit risk mitigation measures)
- ☐ Strict loan application evaluation; adoption of a credit risk rating system/credit scoring model
- ☐ Require collateral; multiple sources of income
- ☐ Active collection (advance notification of maturity dates);

- ☐ Strict monitoring (regular calls and visitation, annual review of account, crop inspection reports and verification of milling reports, early detection of project problems; weekly meetings)
- ☐ Amortization of loan based on the regular income earned by the borrower
- ☐ Penalties (condonation of penalties and surcharges)
- ☐ Buy back scheme program of the provincial government
- ☐ Granting of grace period/curing periods
- ☐ Campaign savings generation
- ☐ Conduct of financial literacy seminar before loan application
- ☐ Coordination with the Offices of Municipal Agriculturists for assistance in reminding the farmers to pay on time and in filing of PCIC insurance claims
- ☐ Financing only 80% of the project
- ☐ Focus on existing good borrowers rather than looking for new borrowers
- ☐ Implementation of the Agriculture Value Chain Financing;
- ☐ Introduction of a Tripartite Agreement with the Borrowers and Buyers for Cash Catch Mechanism.
- ☐ Limit exposure to business affected by the COVID 19 pandemic and other calamities
- ☐ Rate repricing every month for a lower interest rate

Comments/ Please specify if not included in the list:

F. Problems and challenges in lending to agriculture

1. **General problems encountered in lending to agriculture sector.** In 2022, what were the top 3 significant problems or difficulties your bank branch/office encountered in lending to agriculture? Please identify at most 3 problems and the corresponding impact on the operations of your bank branch/office?

General Problem	Impact on banking lending operations
a.	a.
b.	b.
c.	c.

Any comments:

2. **COVID-19 related challenges and their impact on agricultural lending.** What have been the top 3 most pressing challenges your bank branch/office encountered in lending to agriculture brought about by the pandemic? How did these problems affect the operations of your bank branch/office?

COVID-19 related challenges:	Impact on banking lending operations
a.	a.
b.	b.
c.	c.

Any comments:

3. **Positive impact of COVID-19 on agricultural lending.** Was there any positive experiences that your bank branch/office could attribute to the occurrence of the pandemic and how did these affect bank lending operations?

Positive COVID-19 related experiences:	Impact on banking lending operations
a.	a.
b.	b.
c.	c.

Any comments:

4. **Efforts to recover from the adverse impact of the COVID-19 pandemic and/or sustain their positive impact.** What actions or measures your branch/office implemented in order to recover from the adverse impact of the pandemic and/or sustain positive effect / impact on banking operations? Please identify top three (3) recovery efforts.

Recovery effort	Start of implementation (Month-Year)
a.	a.
b.	b.
c.	c.

Any comments:

5. **Strategies in promoting agricultural lending.** What are the strategies implemented by your bank branch/office to promote agricultural lending? Select all that apply.

- ☐ Not applicable
☐ None
☐ Setting of targets/quota per branch/office relative to the grant of agricultural loans
☐ Imposition of penalty for non-compliance with targets/quota relative to the grant of agricultural loans
☐ Inclusion of compliance with target/quota in the performance evaluation of personnel
☐ Marketing and/or advertising initiatives

Comments/ Please specify if not included in the list:

G. Profitability of bank branch/office operation

1. **Bank branch/office operating income in 2021 and 2022.** How much did your bank branch/office earn in 2021 and 2022?

Year	Response	No data	Not applicable
2021		<input type="radio"/>	<input type="radio"/>
2022		<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

2. **Bank branch/office operating expenses in 2021 and 2022.** How much did your bank branch/office spend in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

3. **Bank branch/office net income in 2021 and 2022.** How much net income did your bank branch/office earn in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

4. **Bank branch/office interest income from agricultural loans in 2021 and 2022.** How much interest income did your bank branch/office earn from agricultural loans in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

5. **Bank branch/office interest income from non-agricultural loans in 2021 and 2022.** How much interest income did your bank branch/office earn from non-agricultural loans in 2021 and 2022?

<u>Year</u>	<u>Response</u>	<u>No data</u>	<u>Not applicable</u>
2021	_____	<input type="radio"/>	<input type="radio"/>
2022	_____	<input type="radio"/>	<input type="radio"/>

Comments/Explanation for the change: _____

H. Plans and expectations

1. **Plan for agricultural loan volume.** How much does your bank branch/office plan to adjust the loan volume to agricultural sector in 2024, and why?

- ☐ Not applicable
☐ No change
☐ Increase by up to 10 percent
☐ Increase by 11 - 20 percent
☐ Increase by more than 20 percent
☐ Decrease by up to 10 percent

- ☐ Decrease by 11 - 20 percent
- ☐ Decrease by more than 20 percent

Please provide explanation: _____

2. **Plan for new agricultural loan product and services.** Please specify top five (5) activities, programs, facilities, or products your bank branch/office plan to launch in the future in order to expand your agricultural lending portfolio and the year to start implementation, if there are any. Otherwise, please enter "None" if you have no plans or "Not Applicable" if your bank branch/office does not provide agricultural loans and services.

Activity/program/facility/product:	Target year of implementation:
a.	a.
b.	b.
c.	c.
d.	d.
e.	e.

Any comments : _____

3. Please rate the level of importance of various support mechanisms in encouraging your bank to increase its lending to agriculture.

Various support mechanisms	Not applicable	Extremely important	Very important	Slightly important	Not at all important
Credit/loan guarantee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Agricultural/crop insurance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Government funding assistance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Training/capacity building for bank staff	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Farmer registry system	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Farmer credit information database	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit Scoring Model	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of information on potential borrowers/projects	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organization of farmers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Any comments : _____

4. Kindly rate the expectations of your bank branch/office on the following items for 2024.

Expectation/Outlook	Not applicable	Much lower	Lower	About the same	Higher	Much Higher
Demand for agricultural loans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Demand for non-agricultural loans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of loanable funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interest rate on agricultural loans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interest rate on non-agricultural loans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interest rate on deposits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Borrowers' repayment capacity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Borrowers' demand for loan restructuring	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-performing loans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bank's profitability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Any comments : _____

This is the end of the survey.

APPENDIX C. Summary Tables of Selected Survey Questionnaire For Period 2021

DEMAND FOR LOAN PRODUCTS AND SERVICES

**Table 44. Agricultural Loan applications and approved in 2021
(as percent of distribution of respondents)**

<i>Agricultural Loan applications and approved in 2021 (as percent of distribution of respondents)</i>	UKB	TB	RCB	GB	DB	Overall
No. of loan applications from first time or new borrowers						
1 to 100	100.0	87.2	82.6	61.5	0.0	82.5
101 to 500	0.0	10.5	12.8	19.2	0.0	12.5
500 to 5,000	0.0	2.3	4.6	19.2	0.0	4.9
No. of respondents	7	86	368	26	0	487
No. of loans approved for first time or new borrowers						
1 to 100	77.8	89.7	83.2	55.6	0.0	82.9
101 to 500	22.2	8.2	12.0	22.2	0.0	12.0
500 to 5,000	0.0	2.1	4.8	22.2	0.0	5.1
No. of respondents	9	97	375	27	0	508

Source: 2022 Countryside Bank Survey

**Table 45. Non-Agricultural Loan applications and approved in 2021
(as percent of distribution of respondents)**

<i>Non-Agricultural Loan applications and approved in 2021 (as percent of distribution of respondents)</i>	UKB	TB	RCB	GB	DB	Overall
No. of loan applications from first time or new borrowers						
1 to 500	97.5	85.3	86.8	94.6	0.0	90.4
501 to 5,000	1.0	5.8	7.5	5.4	0.0	5.1
Above 5,000	1.5	9.0	5.6	0.0	0.0	4.5
No. of respondents	408	469	532	335	0	1744
No. of loans approved for first time or new borrowers						
1 to 500	97.3	85.2	86.8	93.9	0.0	90.2
501 to 5,000	0.9	5.5	7.5	5.5	0.0	5.0
Above 5,000	1.8	9.3	5.7	0.6	0.0	4.8
No. of respondents	441	472	559	327	0	1799

Source: 2022 Countryside Bank Survey

Table 46. Reasons for disapproval of application for agricultural loan – 2021

<i>Reasons for agricultural loan disapproval – 2021 (as a percent of distribution)</i>	UKB	TB	RCB	GB	DB	Total	
						percent	No.
Bad credit history	10.2	16.2	16.9	13.8	0.0	16.3	425
Low credit score	15.3	13.6	13.1	13.8	0.0	13.4	349
Unstable employment and/or income source	8.8	12.0	14.3	8.0	0.0	13.3	346

Lack of or insufficient collateral	12.4	12.0	11.8	10.9	0.0	11.8	309
Overexposure/too many losses	7.3	12.4	10.7	6.5	0.0	10.6	278
High debt-to-income ratio	7.3	9.8	9.8	7.2	0.0	9.5	249
Not viable or not profitable project to be financed	8.0	5.8	8.6	15.2	0.0	8.3	218
Missing borrower information or incomplete documents	9.5	8.2	8.0	12.3	0.0	8.3	217
No credit track record or lack of borrowing experience	10.9	3.4	3.4	6.5	0.0	4.0	104
No loan guarantee/insurance	7.3	3.4	2.1	4.3	0.0	2.8	72
No agricultural insurance for the project to be financed	2.9	3.4	1.1	1.4	0.0	1.7	44
No. of responses	137	501	1835	138	0		2611

Source: 2022 Countryside Bank Survey

LOANS AND BORROWERS

Table 47. Distribution of loan borrowers in 2021 (in percent)

<i>Distribution of loan borrowers in 2021 (in percent)</i>	UKB	TB	RCB	GB	DB	Overall	Average
Individual agricultural borrowers	1.8	0.9	27.3	3.4	0.0	6.1	6.7
Institutional agricultural borrowers	1.8	0.5	1.1	0.0	0.0	0.6	0.7
Individual non-agricultural borrowers	73.5	91.2	31.5	15.6	0.0	77.0	42.4
Institutional non-agricultural borrowers	19.4	5.5	0.1	2.6	0.0	4.6	5.5
Small land-based farmer-borrowers	0.0	0.7	12.2	72.4	0.0	5.0	17.1
Small fisherfolk-borrowers	0.0	0.0	9.1	0.3	0.0	1.8	1.9
Agrarian reform beneficiaries	0.0	0.0	0.8	2.8	0.0	0.2	0.7
Micro and small enterprise agricultural borrowers	0.7	1.2	17.1	2.3	0.0	4.3	4.3
Medium-to-large agricultural borrowers	2.8	0.0	0.8	0.5	0.0	0.2	0.8
Total share	100.0	100.0	100.0	100.0	0.0	100.0	

Source: 2022 Countryside Bank Survey

Table 48. Regional distribution of agricultural borrowers in 2021 (in percent)

<i>Region</i>	UKB	TB	RCB	GB	DB	Overall	Average
NCR	10.5	5.3	2.0	4.1	0.0	4.6	4.4
CAR	4.8	1.6	5.4	2.0	0.0	4.4	2.8
I - Ilocos Region	5.3	5.8	12.1	6.1	0.0	9.1	5.9
II - Cagayan Valley	7.0	2.6	15.2	6.1	0.0	10.6	6.2
III - Central Luzon	10.5	10.0	11.8	8.2	0.0	11.0	8.1
North Luzon	27.6	20.0	44.5	22.4	0.0	35.1	22.9
IVA - CALABARZON	7.5	12.6	14.1	10.2	0.0	12.2	8.9
MIMAROPA	5.3	1.6	5.8	4.1	0.0	4.8	3.3
V - Bicol Region	6.6	3.7	7.1	10.2	0.0	6.5	5.5
South Luzon	19.3	17.9	26.9	24.5	0.0	23.4	17.7
VI - Western Visayas	6.1	4.7	4.7	8.2	0.0	5.2	4.7
VII - Central Visayas	7.5	6.3	8.3	8.2	0.0	7.7	6.1
VIII - Eastern Visayas	5.3	1.6	2.0	4.1	0.0	2.7	2.6
Visayas	18.9	12.6	15.0	20.4	0.0	15.7	13.4
IX - Zamboanga Peninsula	5.3	8.9	2.9	2.0	0.0	4.5	3.8
X - Northern Mindanao	5.7	16.8	4.3	6.1	0.0	7.1	6.6
XI - Davao Region	6.1	5.8	2.0	8.2	0.0	3.9	4.4
XII - SOCCSKSARGEN	5.7	6.3	0.9	6.1	0.0	3.2	3.8
XIII - Caraga	0.9	5.3	1.1	2.0	0.0	1.9	1.9
BARMM	0.0	1.1	0.4	4.1	0.0	0.6	1.1
Mindanao	23.7	44.2	11.6	28.6	0.0	21.2	21.6
Total share	100.0	100.0	100.0	100.0	0.0	100.0	
No. of responses	228	190	553	49	0	1020	

Source: 2022 Countryside Bank Survey

INTEREST RATES AND OTHER LOAN CHARGES**Table 49. 2021: Interest rates on agricultural loans**

<i>Interest Rates on Agricultural Loans</i>	UKB	TB	RCB	NCRRCB	GB	DB	Overall
Lowest (mean)	4.6	13.1	13.4	16.7	3.3	-	12.1
Lowest (median)	4.9	12.0	12.0	15.5	2.5	-	12.0
Average (mean)	5.5	14.3	16.3	18.8	5.0	-	14.4
Average (median)	6.2	14.9	16.0	16.5	5.9	-	15.0
Highest (mean)	7.2	19.3	19.1	20.8	6.6	-	17.4
Highest (median)	7.3	20.0	18.0	19.5	7.0	-	18.0

Source: 2022 Countryside Bank Survey

Table 50. 2021: Interest rates on non-agricultural loans

<i>Interest Rates on Non-Agricultural Loans</i>	UKB	TB	RCB	NCRRCB	GB	DB	Overall
Lowest (mean)	4.5	15.1	11.3	13.1	7.0	-	9.7
Lowest (median)	5.3	12.0	10.0	12.0	8.5	-	7.5
Average (mean)	5.9	17.2	16.4	16.4	8.0	-	12.3
Average (median)	6.0	18.0	15.0	14.5	8.5	-	9.6
Highest (mean)	8.3	20.6	21.5	21.6	9.1	-	15.5
Highest (median)	7.0	27.5	20.0	20.0	9.0	-	12.0

Source: 2022 Countryside Bank Survey

BORROWERS' REPAYMENT PERFORMANCE AND DEBT POSITION

Table 51. Repayment rate of agricultural loans (2021)

<i>Repayment rate</i>	UKB	TB	RCB	NCRRCB	GB	DB	Overall
Average repayment rate on agricultural matured loans	61.4	50.1	62.8	44.8	62.2	-	60.5
Average repayment rate on agricultural loan amortization	63.4	57.9	63.4	52.3	72.3	-	62.9
Average overall repayment rate on agricultural loans	66.8	60.2	68.1	64.8	72.7	-	67.1

Source: 2022 Countryside Bank Survey

Table 52. Repayment rate of non-agricultural loans (2021)

<i>Repayment rate</i>	UKB	TB	RCB	NCRRCB	GB	DB	Overall
Average repayment rate on non-agricultural matured loans	18.7	66.9	57.8	62.4	64.4	-	54.4
Average repayment rate on non-agricultural loan amortization	20.7	69.4	56.4	64.7	67.7	-	55.8
Average overall repayment rate on non-agricultural loans	22.5	71.3	61.6	63.7	70.6	-	58.8

Source: 2022 Countryside Bank Survey

Table 53. Cross-tabulation of response on Repayment and Forms of Collateral (average repayment rate – 2021)

<i>Cross-tabulation of response on Repayment and Forms of Collateral (average repayment rate)</i>	UKB	TB	RCB	GB	Overall
None	67.3	56.7	57.9	-	58.9
Real Estate Mortgage (Farm/Residential/Commercial)	68.6	53.4	64.4	78.6	63.4
Chattel Mortgage	-	42.5	65.6	-	62.0
Post-dated checks	-	90.7	59.0	-	70.9
Hold-out deposits	100.0	87.8	91.9	100.0	91.5
Assignment of sales proceeds of purchase orders	-	-	94.0	91.7	92.3
Assignment of inventory	-	-	-	-	-
Credit guarantee/Loan insurance	100.0	-	73.0	-	74.5
Third party (personal) guarantee	100.0	90.0	74.0	-	79.8

PCIC agricultural/crop insurance proceeds	-	-	85.3	82.3	83.3
Total	65.1	59.3	68.2	70.0	66.8

Source: 2022 Countryside Bank Survey

Table 54. Cross-tabulation of response on Repayment and Forms of Collateral (percent of distribution – 2021)

<i>Cross-tabulation of response on Repayment and Forms of Collateral (percent of distribution)</i>	UKB	TB	RCB	GB	Overall
None	10.7	6.0	8.6	1.8	7.9
Real Estate Mortgage (Farm/Residential/Commercial)	76.0	75.4	70.2	59.6	70.8
Chattel Mortgage	0.0	3.0	3.2	1.8	2.7
Post-dated checks	1.3	6.0	1.8	0.0	2.3
Hold-out deposits	2.7	6.0	7.2	7.0	6.6
Assignment of sales proceeds of purchase orders	0.0	0.7	0.2	7.0	0.7
Assignment of inventory	0.0	0.0	0.2	1.8	0.2
Credit guarantee/Loan insurance	2.7	0.0	5.1	0.0	3.7
Third party (personal) guarantee	6.7	1.5	2.1	0.0	2.3
PCIC agricultural/crop insurance proceeds	0.0	1.5	1.6	21.1	2.7
Total	100.0	100.0	100.0	100.0	100.0

Source: 2022 Countryside Bank Survey

Table 55. Regional repayment rates on agricultural loans in 2021

<i>Repayment rate</i>	UKB	TB	RCB	NCRRCB	GB	DB	Overall
NCR	73.0	59.9	-	64.8	100.0	-	71.9
CAR	-	0.0	68.0	-	90.0	-	69.4
I – Ilocos Region	-	98.3	71.0	-	100.0	-	73.5
II – Cagayan Valley	84.0	0.0	78.9	-	42.5	-	76.7
III – Central Luzon	0.0	32.5	73.5	-	83.2	-	68.1
IVA – CALABARZON	18.3	72.4	62.0	-	45.8	-	60.7
MIMAROPA	-	-	61.4	-	100.0	-	63.1
V – Bicol Region	11.0	99.0	62.1	-	91.7	-	63.6
VI – Western Visayas	100.0	97.5	63.0	-	0.0	-	65.4
VII – Central Visayas	-	41.7	60.4	-	100.0	-	59.8
VIII – Eastern Visayas	100.0	0.0	96.7	-	95.0	-	87.3
IX – Zamboanga Peninsula	100.0	81.1	66.3	-	-	-	74.6
X – Northern Mindanao	-	58.8	72.2	-	50.3	-	61.2
XI – Davao Region	-	91.5	60.7	-	100.0	-	73.3
XII – SOCCSKSARGEN	-	41.3	11.0	-	69.9	-	41.0
XIII – Caraga	100.0	27.3	12.0	-	1.0	-	29.3
BARMM	-	-	-	-	-	-	-
No. of respondents	22	69	332	5	26	0	

Source: 2022 Countryside Bank Survey

Table 56. Regional past due ratios on agricultural loans in 2021

<i>Past due ratio</i>	UKB	TB	RCB	NCRRCB	GB	DB	Overall
NCR	0.3	11.4	-	13.6	0.0	-	6.9
CAR	-	-	8.6	-	10.0	-	8.7
I – Ilocos Region	-	45.0	11.1	-	0.0	-	12.2
II – Cagayan Valley	0.0	100.0	7.0	-	42.5	-	9.1
III – Central Luzon	-	12.7	11.9	-	23.8	-	12.8
IVA – CALABARZON	0.0	15.2	15.0	-	8.3	-	14.4
MIMAROPA	0.0	-	6.5	-	0.0	-	5.9
V – Bicol Region	0.0	1.0	13.1	-	49.2	-	16.6
VI – Western Visayas	0.0	2.5	9.1	-	24.3	-	10.5
VII – Central Visayas	-	8.0	6.7	-	0.0	-	6.6
VIII – Eastern Visayas	0.0	0.0	24.4	-	0.0	-	14.6
IX – Zamboanga Peninsula		6.0	4.5	-	0.4	-	4.9
X – Northern Mindanao	-	7.9	11.7	-	1.7	-	9.1
XI – Davao Region	-	16.9	5.9	-	0.0	-	5.8
XII – SOCCSKSARGEN	-	3.9	2.3	-	21.0	-	7.3
XIII – Caraga	98.0	4.8	0.0	-	0.0	-	16.7
BARMM	-	-	-	-	-	-	-
No. of respondents	19	78	389	6	33	0	

Source: 2022 Countryside Bank Survey

Table 57. Regional NPL ratios on agricultural loans in 2021

<i>NPL ratio</i>	UKB	TB	RCB	NCRRCB	GB	DB	Overall
NCR	0.5	3.4	-	9.6	0.0	-	3.2
CAR	-	-	3.1	-	10.0	-	3.5
I – Ilocos Region	-	47.5	7.8	-		-	9.4
II – Cagayan Valley	0.0	-	6.1	-	0.8	-	5.8
III – Central Luzon	-	15.0	7.9	-	21.3	-	10.1
IVA – CALABARZON	0.0	13.0	11.7	-	0.0	-	11.2
MIMAROPA	0.0	-	7.6	-	0.0	-	6.9
V – Bicol Region	0.0	2.0	11.4	-	5.6	-	10.1
VI – Western Visayas	0.0	0.0	7.9	-	10.3	-	7.5
VII – Central Visayas	-	3.8	5.1	-	0.0	-	4.8
VIII – Eastern Visayas	0.0	0.0	1.4	-	0.0	-	0.8
IX – Zamboanga Peninsula	-	4.6	2.8	-	0.4	-	3.4
X – Northern Mindanao	-	7.5	9.9	-	2.3	-	8.2
XI – Davao Region	-	-	5.2	-	0.0	-	4.1
XII – SOCCSKSARGEN	-	2.5	2.0	-	6.6	-	3.5
XIII – Caraga	0.0	2.5	0.1	-	0.0	-	1.5
BARMM	-	-	-	-	-	-	-
No. of respondents	19	69	362	6	32	0	

Source: 2022 Countryside Bank Survey

Table 58. Reasons for delayed/non-repayment of agricultural loans in 2021

<i>Reason</i>	UKB	TB	RCB	NCRRCB	GB	DB	Overall
Affected by economic shocks (decrease in palay prices, COVID-19 pandemic)	12	80	427	5	32	0	556
Agricultural income is not enough due to low harvest, higher costs of inputs, high prices of goods, low buying price	17	89	374	7	32	0	519

Reason	UKB	TB	RCB	NCRRCB	GB	DB	Overall
Another source of income was cut-off (allottee)	8	79	392	6	27	0	512
Affected by pandemic (e.g. mobilization restrictions/economic crisis), goods were not properly disposed	13	74	348	8	34	0	477
Mismatched loan packaging or cycle	3	63	289	5	14	0	374
Personal/family problems (Accident or sickness of borrower or member of the family and hospitalization)	6	47	255	3	17	0	328
Delayed harvest	3	44	161	4	19	0	231
Borrowers' diversion of borrowed funds for crop production	2	45	165	6	12	0	230
Bankruptcy of business	2	52	153	3	11	0	221
Borrowers' mismanagement (due to lack of technical know-how)	7	37	145	3	16	0	208
Borrowers' unwillingness to pay	3	32	112	3	17	0	167
Multiple borrowing (availed other private and/or government loans)	2	29	112	1	7	0	151
No market for products	2	13	78	2	3	0	98
Affected by calamities (typhoons, floods, pests and diseases (AFS), drought, volcano eruption)	10	11	17	0	3	0	41
No. of respondents	90	695	3028	56	244	0	4113

Source: 2022 Countryside Bank Survey

PROFITABILITY OF BANKING UNITS' OPERATIONS

Table 59. Profitability of banking units – 2021

<i>In billion Php</i>	UKB	TB	RCB	GB	DB	Total
Operating Income	55.01	28.89	11.39	29.83	0.06	125.17
Operating Expense	21.52	29.92	13.56	12.98	0.16	78.14
Net Income	14.92	1.61	4.74	8.15	(0.13)	29.28
Interest Income - agricultural	1.96	0.42	2.90	1.64	-	6.93
Interest Income - non-agricultural	46.55	6.13	11.28	23.10	0.05	87.10

Source: 2022 Countryside Bank Survey

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