

The New Rural Bank of San Leonardo (N.E.), Inc.

Continuing the advocacy for microfinance and the development of local economies



2002 : ANOTHER MILESTONE Annual Report

Message from the President & CEO



Andres G. Panganiban
President & CEO

This annual report is a testament to the hard work, dedication, and commitment of the men and women of the New Rural Bank of San Leonardo who have endeavored to bring banking within reach of the enterprising poor. We have succeeded in our expectations and lived up to our mandate of service to the countryside.

Now we are on the road to set another pace. No longer are we just interested in poverty eradication but in developing local economies as well.

In developing local economies, we have found the sustainable framework within which our microfinance programs should operate. We know where we are going, and that is, raising our advocacy to a higher level. And to this we have made our vow, and our crusade.

Introduction

The New Rural Bank of San Leonardo opened its doors to the public one full moon night in June, 1994. Since then, it has made its mark in the rural banking industry in the province of Nueva Ecija, in the Central Luzon region, and the Northern Luzon province of La Union. It firmly believed that banking with the poor works. The Bank continued to provide accessible, reliable, and affordable financial services to its enterprising poor clientele. In time, the Bank's products and services have been fine-tuned to respond to the changing needs and preferences of its clients.

Banking with the poor has taken root in the town of San Leonardo ever since the New Rural Bank of San Leonardo opened in 1994.

To this, the people in the local communities responded enthusiastically. The Bank has come a long way, indeed. This resulted in a host of achievements, impressive yet humble in excellence.

The Vision

Each step the Bank takes is guided by its philosophy of banking with the poor. It gauges its direction by what its clientele needs.

The New Rural Bank of San Leonardo envisions the microenterprising poor playing a vital role as initiators and beneficiaries of development. Our vision is to become a leading provider of microfinance services and a strategic partner in the development of microfinance.

In dreams begins responsibility.

W. B. Yeats

This vision aims to encompass not only a province and a region, but beyond boundaries reach the enterprising poor nationally as well as globally.

The Mission

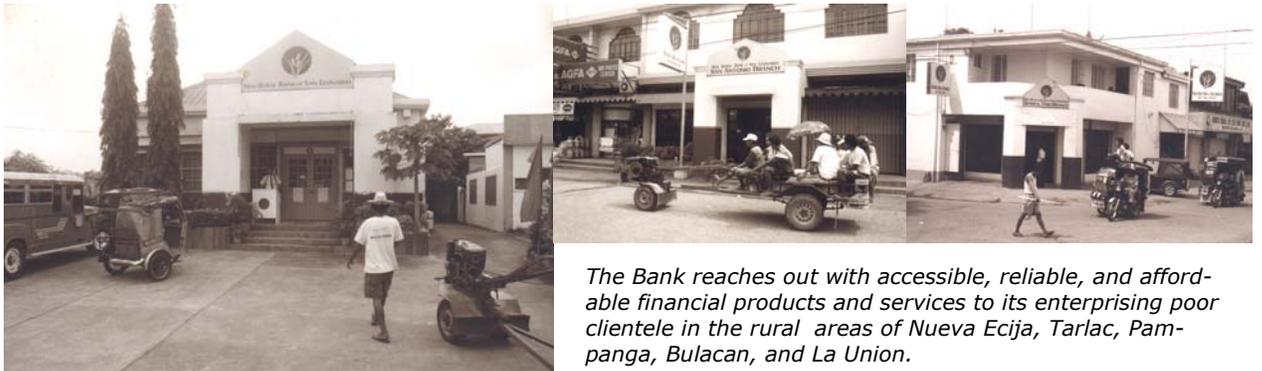
Our mission is to be more operationally viable and responsive to the needs of our clientele, be an effective orchestrator and catalyst of progress, and serve as the mainstream financial institution in Nueva Ecija and the Central Luzon region, and later, the entire nation.

*We shall not fail,
we shall go on to
the end, with
g r o w i n g
confidence and
strength in the
air...we shall never
surrender.*

Winston Churchill

Banking with the Enterprising Poor

Far from being lip service and cosmetic, NRBSL has shown its commitment and dedication to banking with the enterprising poor. It has proven that business opportunities abound even within the rural areas and the microfinance sector. It has developed entrepreneurial skills among its rural clientele. It pushed for group/solidarity loans and no-collateral loans with maximum success. By its peers' standards, it has moved at an extraordinary pace.



The Bank reaches out with accessible, reliable, and affordable financial products and services to its enterprising poor clientele in the rural areas of Nueva Ecija, Tarlac, Pangasinana, Bulacan, and La Union.

Providing credit and promoting local economy development in the countryside with accessible, reliable, and affordable financial products and services...

Helping Build Local Economies

Rural banks have a huge calling: that of developing the local economy. Having the hometown advantage, they can easily support the local entrepreneurs and cater to their need for financial services. As rural banks accept deposits, the same deposits are returned to the countryside in the form of loans. Because rural banks are the depositories of the fruits of production, they become sources of much-needed credit, giving them a hand in the molding and forging of the local economies. For this, rural banks need to be equipped and raise their standards to adapt to the needs of the local economies.



We must believe in the development of the local economies as the solid nucleus in the development of the national economy.

Andres G. Panganiban

Prologue

2002 in Brief

Weathering the winds of change, the Bank and its people sailed through year 2002 with one high mark after another. Eight years into barefoot banking, the Bank's advocacy took on new dimensions with the advent of local economy development. It became the thrust not only of the Bank's but the rural banking industry's, as well.

1. The Luzon Rural Bankers Conference on Standards, Microfinance, and Local Economies, chaired by NRBSL President & CEO Andres G. Panganiban in February, brought awareness on microfinance and local economy development not only to rural bankers but also to regulators, commercial and thrift banks, NGOs, the overseas Filipino community, and development and finance workers in the private and public sector, both here and abroad.
2. The *Lima Para Sa Lahat (Five For All)* consolidation program that wound up in the first quarter, stressed that microfinance is not a race for numbers, but a commitment to raise the quality of life of its members/beneficiaries.
3. Another perfect 5 CAMELS rating was garnered in the March 2002 Central Bank examinations, making the Bank to the top list of highest rated rural banks.
4. The final report of the state's University of the Philippines College of Social Work and Community Development, finished in the second quarter, made it plain for everybody that the microfinance program of the Bank is achieving its economic mission.
5. Andres G. Panganiban, the President & CEO brought the advocacy to a wider field when he was re-elected to a second term in the national Rural Bankers Association of the Philippines as Corporate Secretary last May 29, and in the regional Confederation of Central Luzon Rural Banks as President (also for the second time).
6. The Bank forged a partnership with the Small Business Guarantee and Finance Corporation (SBGFC), a government corporation created to adopt development initiatives for small and medium enterprises. Corollary to the Bank's principles, SBGFC's beneficiaries—micro, small, and medium enterprises—come from the major sectors of economy, from industry, services, and agri-business. As of year-end 2002, a total of P22.6 M has been availed from this facility, an Omnibus Credit Line and a Microfinancing Program for Entrepreneurs in Livelihood, providing the Bank additional funds for its on-lending operations to micro-entrepreneurs.
7. The Bank launched several training programs including the comprehensive *LPSL* 2-month training on microfinance and credit management (in March and June), refresher courses for technical officers and operations staff, and the Management Training Program for second-level assistant managers.
8. NRBSL celebrated its eighth year anniversary last June 25 with a celebration of the triumphs and travails that have made the Bank a strong pillar in the local economy.
9. The *Kilusang Lima Para Sa Lahat*, a movement initiated by the enterprising poor beneficiaries of the NRBSL's microfinance programs, officially became a people's organization when its Certificate of Incorporation with the Securities and Exchange Commission was approved per

SEC No. CN200251843 on July 25. A non-stock civic/business organization, *KLPSL* holds principal office at 3F Room 307, Jaral Bldg., Mc Arthur Highway, Tarlac City.

10. *Helping Build Local Economies: A Framework for Microfinance Practitioners*, the sequel to Andres G. Panganiban's first book on microfinance *Barefoot Banking*, was launched in September 27, bringing the Bank's experiences in developing local economies within reach of everyone.
11. A research project for a blueprint for the development of local economies was started in August. It was formulated to come up with a framework and a model that will define the role and practice of microfinance in poverty eradication and the development of local economies. Through this, the NRBSL experience where it operates, will be analyzed. Once assessed, the dominant factors and determinants shall be the bases for building the development model.
12. December saw the Bank winding up the year with unprecedented increases in its financials, as the following pages show.

Financial Highlights

Sound financial performance can spell the difference in success or failure. The New Rural Bank of San Leonardo has seen consistency in its growth, as its financials will show.

Resources

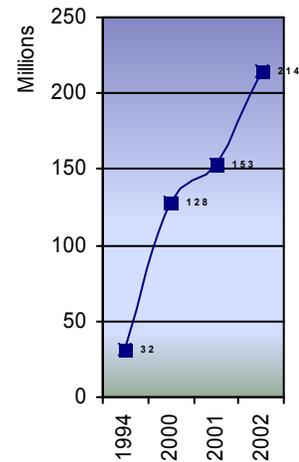
NRBSL started in 1994 with only P32 million or US\$ 600,000 in resources, but this grew to P214 Million or US\$4 Million by year-end 2002.

Gearing nowhere but up
shotputting our resources beyond the P200 Million mark

Resources continually grew from 32M in 1994 to P214 M in 2002, a staggering leap of almost 700 percent!

YEAR	YEAR-END FIGURES (In Pesos)	YEAR-END FIGURES (In US Dollars)*
1994	32,000,000	600,939
1995	50,908,750	956,033
1996	60,573,987	1,137,540
1997	76,515,191	1,436,905
1998	87,596,205	1,644,999
1999	103,785,355	1,949,021
2000	127,704,226	2,398,201
2001	153,142,971	2,875,924
2002	214,306,104	4,024,528

*At PhP53.25 = \$1.00



Deposits

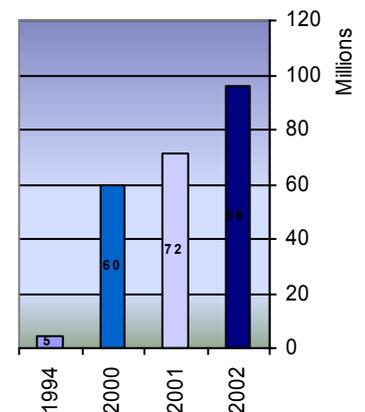
Another proof of the Bank's growth is the continuing rise of the deposit portfolio. December 31, 2002 level is at PhP96 Million (or US\$1.8 Million), increasing by P25 Million from the 2001 level, the biggest deposit increase in eight years of operation.

No myth—the phoenix rises
self-reliance in funds generation

The meteoric growth of total deposit liabilities is just as phenomenal.

YEAR	YEAR-END FIGURES (In Pesos)	YEAR-END FIGURES (In US Dollars)*
1994	4,550,920	85,463
1995	11,516,684	216,276
1996	16,253,069	305,222
1997	26,964,218	506,370
1998	32,275,456	606,112
1999	42,796,025	803,681
2000	59,524,390	1,117,829
2001	71,534,413	1,343,369
2002	96,069,786	1,804,127

*At PhP53.25 = \$1.00



A Closer Look at The Bank's Deposit Liabilities

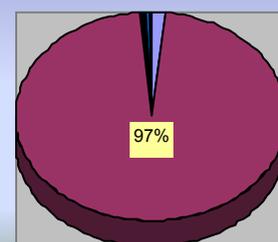
The following shows the breakdown of deposits as to the number of depositors and the amount of deposits.

Deposits By Number of Depositors

The composition of the Bank's deposit liabilities reveals the class of depositing clientele. It shows that as of year-end 2002, practically 97% of the depositors (or 18,722 of them from the total of 19,328) have savings of P15,000 (or less than US\$300) and below. These depositors, with deposit balances ranging from a few hundred pesos to a few thousands, come from the poorer, low-income sector.

DEPOSIT SIZE	NUMBER OF DEPOSITORS	% TO TOTAL
15,000 and below	18,722	96.86%
15,000.01 – 40,000	316	1.63%
40,000.01 – 60,000	88	0.46%
60,000.01 – 80,000	29	0.15%
80,000.01 – 100,000	42	0.22%
100,000.01 – 125,000	50	0.26%
125,000.01 – 150,000	7	0.04%
150,000.01 – 200,000	9	0.05%
Over 200,000	65	0.34%
TOTALS	19,328	100.00%

97% of total depositors come from the poorer, low-income sector.

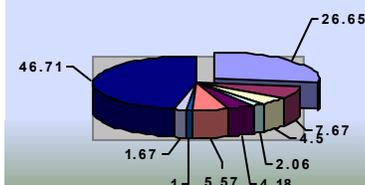


Deposits By Amount

As of December 31, 2002, almost half of the total deposits come from depositors with placements of P200,000 (or US\$3,750) and above, these obviously from those with lots of savings and surplus incomes. But what is also significant is more than a quarter of the total amount of deposits (P25 M out of the total P96 M deposits) come, again, from those with balances of P15,000 and below.

DEPOSIT SIZE	NUMBER OF DEPOSITORS	% TO TOTAL
15,000 and below	25,601,721.04	26.65%
15,000.01 – 40,000	7,365,014.55	7.67%
40,000.01 – 60,000	4,320,535.68	4.50%
60,000.01 – 80,000	1,977,789.60	2.06%
80,000.01 – 100,000	4,012,311.45	4.18%
100,000.01 – 125,000	5,352,338.10	5.57%
125,000.01 – 150,000	963,236.02	1.00%
150,000.01 – 200,000	1,600,382.70	1.67%
Over 200,000	44,876,456.66	46.71%
TOTALS	96,069,785.80	100.00%

By amount, deposits within the 15,000 and below bracket still comprise a significant portion of the total deposit liabilities.



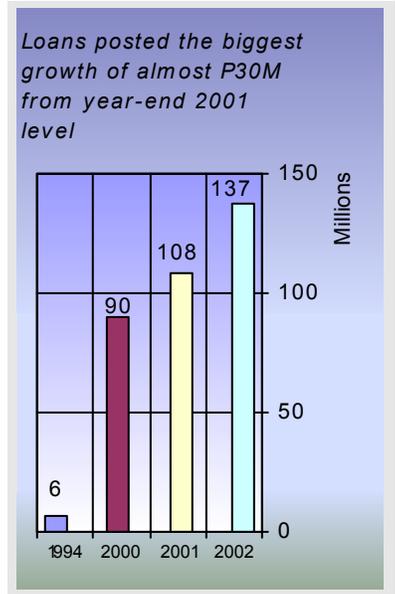
The Loan Portfolio

The strongest indicator in 2002 of the Bank's unstoppable growth is the loan portfolio. It grew by almost P30 Million from its year-end 2001 level, to reach the P137 Million (or US\$2.5 Million) mark. This is almost 23 times the 1994 first year operations level of only P6.3 Million. The Bank kept its promise, true to its mandate, to foster countryside development through the provision of accessible, reliable, and affordable credit services.

Delivering our promise
providing access to credit to thousands of beneficiaries

YEAR	YEAR-END FIGURES (In Pesos)	YEAR-END FIGURES (In US Dollars)*
1994	6,359,342	119,424
1995	16,117,789	302,681
1996	32,402,510	608,498
1997	43,305,307	813,245
1998	55,444,742	1,041,216
1999	77,291,204	1,451,478
2000	89,873,949	1,687,774
2001	108,011,032	2,028,376
2002	137,147,885	2,575,547

*At PhP53.25 = \$1.00



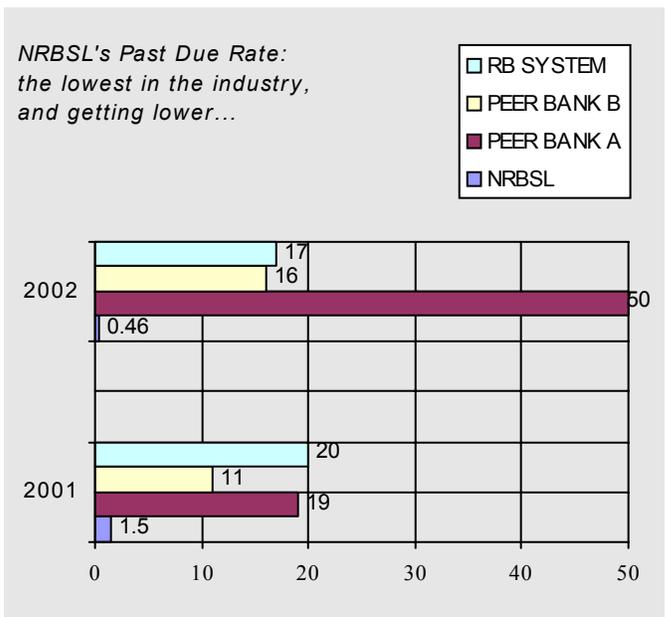
And in the experience of the New Rural Bank of San Leonardo, only a negligible few fail to pay their obligations (what is referred to as past due loans).

Past Due Ratio

The Bank never compromised its principles and made no bones about its strictness in the conduct of its operations. It exacted discipline in its clientele, a discipline which they, both the depositors and borrowers alike, have come to regard as a requisite if the relationship with the Bank is to continue.

This discipline made the Bank able to maintain a standard in repayment that is envied in the industry. Impressive, the Central Bank says, as year-end 2002 past due rate at 0.46% is 16 percentage points better than the system average. And this, despite the fact that the Bank has no collection department.

No trade offs
principles, discipline, without sacrificing both



Net Income After Tax

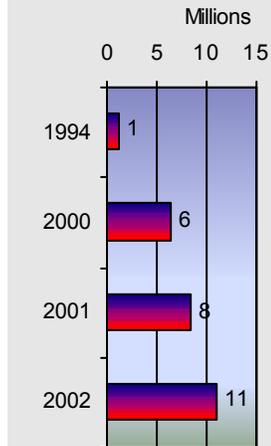
For the last three years from 2000 to 2002, results of operations showed a continuous upward trend in profitability, with average annual net income of P8.5 Million. Last year, the biggest increase in net income was realized—a whopping P2.6 Million increase from the previous year level, compared to the previous 7 years’ average annual increase of P1.04 Million.

Reaping the whirlwind
profits grew exponentially, too

2002 posted the biggest NPAT increase of P2.636 Million from the 2001 income level.

YEAR	YEAR-END FIGURES (In Pesos)	YEAR-END FIGURES (In US Dollars)*
1994	1,101,232	20,680
1995	2,722,363	51,124
1996	3,399,743	63,845
1997	4,140,409	77,754
1998	5,890,626	110,622
1999	6,368,710	119,600
2000	6,330,001	118,873
2001	8,392,541	157,606
2002	11,028,686	207,111

*At PhP53.25 = \$1.00



Net Worth

Net Worth grew almost ten-fold, from its P5.6 Million (US\$106,000) level as of year-end 1994 to a little less than P50 Million (P49.292 Million or US\$925,000) by year-end 2002.

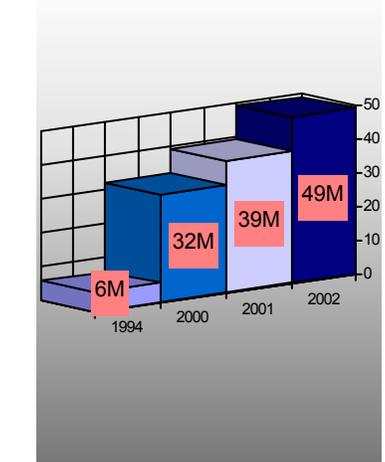
Excellence delivered
capital a hairbreadth from P50M

This level is more than 12 1/2 times the P3.9 Million capital required of a rural bank situated in a third class municipality.

Net Worth steadily increased to almost P50 M in eight years of operation.

YEAR	YEAR-END FIGURES (In Pesos)	YEAR-END FIGURES (In US Dollars)*
1994	5,684,233	106,746
1995	8,364,901	157,087
1996	11,763,272	220,907
1997	16,049,566	301,400
1998	21,940,193	412,022
1999	27,008,903	507,209
2000	32,098,904	602,796
2001	39,357,910	739,116
2002	49,292,640	925,683

*At PhP53.25 = \$1.00



Consolidated Statement of Condition

As of December 31, 2002

ASSETS		
Cash and Due From Banks		
Cash on Hand	502,257.11	
Checks and Other Cash Items	112,803.67	
Due from Central Bank of the Philippines	1,675,937.80	
Due from Other Banks	44,074,073.51	
Total		46,365,072.09
Loans		
Agricultural Loans	40,781,723.01	
Industrial Loans	3,995,499.96	
Commercial Loans	46,960,240.70	
Other Loans	45,410,421.53	
Total	137,147,885.20	
Less: Allowance for Probable Losses	(2,308,440.66)	
Net Loans		134,839,444.54
Investments in Securities		
Investment in Bonds & Other Debt Instruments		8,400,981.08
Bank Premises, Furniture, Fixtures & Equipments		
Bank Premises - Land	3,665,165.31	
Bank Premises - Building, Net	3,061,898.07	
Leasehold Improvements, Net	1,520,618.04	
Furniture, Fixtures & Equipments, Net	2,200,788.07	
Transportation Equipments, Net	1,326,071.16	
Total		11,774,540.65
Real & Other Properties Owned or Acquired		9,905,944.61
Other Assets, Net		3,020,120.81
TOTAL ASSETS		214,306,103.78

LIABILITIES & CAPITAL ACCOUNTS	
Deposit Liabilities	
Demand Deposits	1,473,830.29
Savings Deposits	91,712,319.12
Time Deposits	2,883,636.45
Total	96,069,785.80
Bills Payable	
ICCO	16,547,622.00
FSSI	10,000,000.00
SBGFC	22,621,000.00
Land Bank of the Philippines	5,545,300.00
Total	54,713,922.00
Unearned Income & Deferred Credits	
Unearned Discounts	2,063,293.27
Others	4,500.00
Total	2,067,793.27
Accrued Expenses Payable	
Accrued Taxes and Licenses	1,721,019.27
Accrued Interest - Deposits	921,613.42
Accrued Interest - Bills Payable	1,702,557.86
Others	4,516,836.38
Total	8,862,026.93
Other Liabilities	
Accounts Payable	2,482,017.03
Withholding Tax Payable	732,191.31
Social Security/Pag-ibig Contributions	78,888.75
Other Payables	6,838.68
Total	3,299,935.77
TOTAL LIABILITIES	165,013,463.77
CAPITAL ACCOUNTS	
Capital Stock	10,000,000.00
Surplus	6,568,903.02
Surplus Reserves	8,000,000.00
Undivided Profits	13,695,050.81
Net Income	11,028,686.18
TOTAL CAPITAL ACCOUNTS	49,292,640.01
TOTAL LIABILITIES & CAPITAL ACCOUNTS	214,306,103.78

Consolidated Statement of Income & Expense

As of December 31, 2002

INCOME	
Interest Earned - Loans & Discounts	
Agricultural Loans	6,130,001.81
Commercial Loans	15,467,940.16
Industrial Loans	787,507.68
Other Loans	6,542,888.75
Past Due Items/Items in Litigation	588,842.05
Total	29,517,180.45
Interest on Bank Deposits	2,811,144.58
Service Charges & Fees	9,478,534.28
Income from Sale of Assets Acquired	637,800.40
Other Income - Grant	783,410.00
Other Income - Others	2,358,587.26
TOTAL INCOME	45,586,656.97
EXPENSES	
Interest on Deposits	
Savings Deposits	5,118,762.47
Time Certificates of Deposits	161,132.86
Total	5,279,895.33
Interest on Borrowed Funds	2,395,330.95
Compensation & Fringe Benefits	
Salaries & Wages	8,350,622.36
Directors', Management, & Committee Members' Fees	108,000.00
Social Security/Medicare/EC	344,036.55
Staff Benefits	3,714,439.77
Total	12,517,098.68
Management & Other Professional Fees	453,585.50
Supervision & Examination Fees	63,683.88
Fines, Penalties & Other Charges	850.00
Taxes & Licenses	146,677.60
Insurance	523,224.12
Depreciation/Amortization	2,187,047.53
Litigation/Assets Acquired Expenses	495,901.91
Other Expenses	9,551,335.29
Provision for Year-end Expenses	100,000.00
Provision for Bad Debts	3,340.00
TOTAL EXPENSES	33,717,970.79
NET INCOME BEFORE INCOME TAX	11,868,686.18
PROVISION FOR INCOME TAX	840,000.00
NET INCOME	11,028,686.18

Other Key Performance Indicators

A . SOLVENCY

1. Capital Position

- a. Risk Based Capital Adequacy Ratio at 24.71% is 14 percentage points higher than the minimum required ratio and seven percentage points above the system average
- b. Net Worth vs. Minimum Required Capital, with net worth at P49.292M is more than 12 ½ times the P3.9M minimum required capitalization for a rural bank located in a 3rd class municipality.

2. Asset Quality

- a. Past due rate at 0.46% is 16.54 percentage points better than the industry average
- b. Non-performing loans of P625,464.40 is less than a half percent (0.45%) of total loans
- c. ROPOA or Real and Other Properties Owned or Acquired at P9.905 Million is only 4.6% of total assets
- d. Loans to Directors, Officers, Stockholders and Related Interests (DOSRI) totaling P4.067 Million are all up to date in payments, fully secured, and compliant with the Central Bank's prescribed ceilings for DOSRI loans.

B . LIQUIDITY

1. Reserves against deposit liabilities at P2.052 Million as of December 31, 2002 exceeds the requirement by P0.057 M. There has been no instance of deficiency in the reserve requirements for the whole year.
2. Primary reserves consisting of Cash, Checks and Other Cash Items, Due from the Central Bank, and Due from Other Banks total P46.365 Million; this is almost 50% of the total deposit liabilities at year-end, and is 25 percentage points better than the system average.
3. Deposit trend is on the upward in the last 3 years of operation (as it was in all the previous years from 1994 onward), with P59.5 Million in 2000, P71 Million in 2001, and P96 Million in year-end 2002.
4. All the Bank's borrowings are current in repayment.

C . PROFITABILITY

1. Results of operations for the last three years from 2000 to 2001 is on an upward trend, with average annual net income after tax of P8.583 Million.

Hearing It From Others

Hearing it from others lend more credence to the phenomenal success of the Bank's microfinance programs for the enterprising poor. Other NGOs, academic bodies, regulatory and funding agencies, all objective parties, have made studies of the NRBSL experience and have come up with very positive evaluations.

To hear compliments coming from esteemed institutions, the NRBSL is challenged all the more to maintain high standards. The hard work, the commitment, the dedication, the conviction, the professionalism – all these come into the fore, as the barefoot bankers of the New Rural Bank of San Leonardo daily strive for excellence in providing the kind of service that its enterprising poor clientele has come to expect.

The Central Bank's CAMELS Rating

In its Examination Reports for the years 2001 and 2002

The results of the general examinations conducted in the years 2001 and 2002 were met by admiration and awe from peers in the industry. These most recent examinations earned for the Bank the most coveted, and highly elusive at that, highest CAMELS rating of "5" in the whole rural banking industry. For two consecutive years, it was not easy besting its own previous examination results.

The Bangko Sentral ng Pilipinas' (Central Bank's) CAMELS rating is a World Bank standard introduced into the financial system to gauge C-apital adequacy, A-asset quality, M-anagement, E-arnings, L-iquidity, and S-ensitivity to market risks. Some say this is either a boon or a bane for banks, as it is not easy to pass all these criteria. But the New Rural Bank of San Leonardo had consistently passed it with flying colors, clearly showing prudence and conservatism in the standards it imposes on itself. As per results of BSP Examinations, the officers and staff of the Bank, its Board of Directors and stockholders, and its clientele, were assured that all aspects of the Bank's operations were up to regulatory standards.

The Bank's CAMELS composite rating of "5" indicates that the Bank is stable with a very satisfactory condition warranting minimal supervisory concern.

The 2002 Central Bank Examination Report

Covering the Period February 1, 2001 up to February 28, 2002

Overall Conclusion

The overall conclusion of the examination is that the Bank is solvent with total assets of P177.019 M exceeding total liabilities by P41.209 M. Risk assets ratio of 24% is 14 percentage points above the statutory required minimum. The Bank's net worth exceeds required minimum capital by P37.309M. The past due loans ratio of 1% is 16 percentage points better than the RB system average. Liquidity ratio is 30 percentage points higher than the RB system average. On the overall, operating performance is very impressive.

The CAMELS composite rating of "5" which is rounded from 4.67 is an indication that the Bank is operating soundly in every respect, is very stable, and with satisfactory condition that warrants minimal supervisory concerns.

*The Bangko Sentral ng Pilipinas (BSP) or Central Bank is the central monetary authority in the Philippines which provides policy directions in the areas of money, credit, and banking. It supervises the operations of banks and exercises regulatory powers over banking operations, conducting periodic and special examinations. The latest annual General Examination of the New Rural Bank of San Leonardo was last **March 31, 2002**.*

The results of the examination is solid proof that a bank for the poor can perform profitably and well, with no need to sacrifice its principles, and at par with the standards of regulatory bodies.

General Evaluation

The general evaluation of the Bank as far as solvency, liquidity, and profitability are concerned is also very good. Consider the following:

A. Solvency

1. The Bank is solvent in terms of capital position:
 - i. Risk-based capital adequacy ratio at 24% is 14 percentage points higher than the minimum required ratio and 7 percentage points above the system average.
 - ii. The capital-to-risk assets ratio at 26% is 16 percentage points above the required minimum and 8 percentage points above industry average.
 - iii. Net worth at 41.209 M is more than 10 ½ times the 3.9 M capital required of a rural bank situated in a 3rd class municipality.
2. The Bank is solvent in terms of asset quality:
 - i. Past due loans at 1% is impressive; this is 16 percentage points better than the system average.
 - ii. Non-performing loans at P1.217 M is only 1% of total loans.
 - iii. Classified accounts at P9.538 M is 6% of total loans and other risk assets.

- iv. The 2.468 M valuation reserves exceed estimated losses by P0.852M.
- v. Loans to Directors, Officers, Stockholders and Related Interests (DOSRI) at P4.399 M are all current, secured, and compliant to BSP prescribed limits.
- vi. The table below shows a profile of the Bank's lending operations:

	Outstanding Loans			Past Due Loans		
	No. of Items	Amount	% to Total	No. of Accounts	Amount	% to Group
Agricultural	140	P 28,028	26	7	P0.520	2
Commercial	5,027	44,210	40	41	0.356	1
Industrial	2	2,235	2	-	-	
Others	252	34,657	32	25	.341	1
Total	5,421	P109,130	100	73	P1,217	1
DOSRI loans	5	P 4,399	4	-	-	-
Top 20 borrowers	20	P 52,385	48	-	-	-

3. The examination measured the Bank's resources through selected solvency ratios, in comparison to two peer banks and the rural banking system average. The following table will show how good NRBSL's ratios are:

	NRBSLI	Peer Banks		RB System
		A	B	
Total Resources	P177,019	P168,839	P167,318	
Risk Assets Ratio	26%	8%	12%	18%
Past Due Loan Ratio	1%	50%	16%	17%
Classified Accounts to Capital*	23%	591%	196%	-

* Excluding loans specially mentioned

B. Liquidity

1. The Bank maintains P2.599M reserves against deposit liabilities, exceeding BSP requirement by P0.897 M. There was no instance of reserve deficiency during the period covered by the examination.
2. The primary reserves of the Bank: cash, checks and other cash items, due from the Bangko Sentral, and due from other banks add up to 56% of the total deposit liabilities, again exceeding the RB system average by 30%.
3. There is a continuous upward trend in deposit, from P32.275 M in 1999, P59.524 M in 2000, and P71.535 M in 2001.

Deposits are broken down as follows:

Type of Deposit	Total		Over 100T		100T & Below	
	No.	Amount (millions)	No.	Amount (millions)	No.	Amount (millions)
Demand	264	P 1.084	2	P 0.330	262	P 0.754
Savings	13,987	78.621	98	47.120	13,889	31.501
Time	332	2.693	2	0.853	330	1.840
Totals	14,583	P 82.398	102	P48.303	14,481	P34.095

4. The Bank's bills payable with the Netherlands-based ICCO and FSSI, a locally based NGO, are all current.
5. Again, the Bank's liquidity is measured through selected ratios and compared to two peer rural banks approximating its size and operations, and to the RB system average. The results are again impressive.

	NRBSL	Peer Banks		System
		A	B	
a. Loans to:				
Deposits	132%	74%	58%	97%
Deposits and Borrowings	87	66	54	84
b. Deposits to Capital	200	966	805	399
c. Deposits and Borrowings to Capital	304	1,080	865	462
d. Liquid assets (Primary reserves) to Deposits	56	19	35	26

C. Profitability

1. For the last 3 years from 1999 to 2001, results of operations showed an upward trend with average annual net income before tax of P7.089.
2. Select profitability ratios, in comparison to two peer banks and the system average, clearly show the Bank's earning capacity:

	NRBSLI	Peer Banks		System
		A	B	
Total expenses to gross income	75%	112%	93%	91%
Net income to average capital	25	(14)	14	9
Net income to average assets	6	(1)	1	1
Net income margin	17	5	6	7

In terms of **risk management**, the Board of Directors developed a system for efficient and effective exercise of its oversight functions. Written policies and procedures are in place to identify and measure, monitor and control risks. These provide a clear framework within which the Bank maintains its viability.

The Bank's policies and procedures are effective in identifying, measuring, monitoring, and controlling risks:

- **Credit risks.** Management credit policies are conservative and implemented strictly. It has adopted a formal loan review system and systematic credit analysis. A comprehensive credit evaluation process is undertaken before a loan report is submitted to the credit committee for deliberation and decision. Because of the Bank's strict standards particularly to its microfinance group lending program "Lima Para Sa Lahat", the program is an astounding success with one hundred percent repayment experience.
- **Market risks.** The Bank's written investment policies dictate that investments be confined to risk-free government securities. A bank officer is responsible for monitoring, controlling, and disposing acquired assets.
- **Interest rate risks.** Rates on loans and deposits are set by the Board and re-priced as circumstances warrant. Reasonable net interest margins are set between prevailing interest rates on deposits and borrowings, vis-à-vis lending rates.
- **Liquidity risks.** The Bank is always maintaining an adequate level of liquidity and daily monitoring of cash position. The deposit mix is ideally maintained with savings deposits comprising the bulk of the deposit liabilities.
- **-Operations risks.** There are adequate accounting, financial, and operational controls. Reports to concerned regulatory bodies are prepared and submitted on time. Manpower complement is adequate to handle transactions. A compliance officer designated by the Board ensures the implementation of the compliance program. An internal auditor ensures the validity and accuracy of accounting records and adherence to internal control policies.
- **Legal risks.** Banking laws and regulations are complied with. A legal counsel on retainer handles preparation of legal documents for litigation. Loan documentation is adequate, and contracts deemed enforceable.

The **CAMELS** composite rating of 4.67 indicates that the bank is sound in every aspect with a very satisfactory condition warranting minimal supervisory concern.

The examination noted no major findings or exceptions.

The next Central Bank general examination is scheduled for the first quarter of 2003, and the Bank is confident that results of operations for the year past will again be up to regulatory standards.

The UPCSWCD Impact Assessment

The final report of the University of the Philippines' College of Social Work & Community Development

Aside from its banking operations, the impact of the Bank's microfinance programs on the lives of its members/beneficiaries was also the subject of a recent study, that of the state's University of the Philippines College of Social Work and Community Development, completed last April 2002. It was an impact assessment of how our microfinance programs contributed to the beneficiaries' enterprise stability and growth, the individual's well-being and self-sufficiency, family and household economic security, and ultimately, the development of the local economy.

In addition to the impact evaluation, data gathering and demographic profiling of beneficiaries were also done. It established the extent of the influence of the Bank's pro-poor products and services in the socio-economic life of the microentrepreneurs that it serves. It is important, at this point in its eight years of operation, for the Bank to see how the microenterprises that it financed have provided new employment opportunities, stimulated linkages to other community enterprises, and even attracted investments from outside the community.

This study concluded that the centerpiece microfinance program of the Bank, the *Lima Para Sa Lahat* (Five for All) is succeeding in its economic mission. The ball is in NRBSL's court now, as the social development agenda must follow; thus, the advocacy for local economy development.

To cite a portion of the report's conclusion:

Lima Para sa Lahat (Five For All Program) has made non-collateralised credit available to the enterprising poor of Nueva Ecija , Bulacan and Tarlac at a relatively lower interest rate and just the right period of repayment . It has enhanced women's entrepreneurial qualities, making it possible for those with existing enterprises to continue, even expand their level of operations, thereby increasing their disposable income. And for women who did not have the capital, Lima gave them the opportunity to go into business and contribute to the family coffers. To the women, this is an expression of trust in them by the bank. One respondent said this trust motivates her to make good, to persevere and prove that she is worthy of it.

The program is clearly making its impact felt in the lives of thousands of beneficiaries, with marked changes on the individual, family, and community level, including increased personal and family incomes, increased savings, social interaction, sense of responsibility, ownership and management of the micro-enterprise. Its members are transforming into genuine entrepreneurs, becoming major players in the development of their respective local economies.

The Lima Para sa Lahat (Five For All) Program is a laudable and genuinely pro-enterprising poor microfinance program. It not only makes credit accessible to the enterprising poor. It also promotes the values of self-discipline, social responsibility, cooperation, and solidarity as evidenced in its 10-point Pledge every member is required to internalize and observe. Enterprise development is thus not only a matter of individual/family-based profit-making. It is also a means to changing values and building communities.

Quoted from the Final Report of the Impact Assessment

The USAID-RBAP-MABS Report

An Institutional Assessment and Rapid Market Appraisal of the Bank's Operations

This was conducted by the Technical Support Unit of the Rural Bankers Association of the Philippines (RBAP), the national organization of rural banks in the Philippines, in cooperation with the United States Agency for International Development and the Microenterprise Access to Banking Services in Mindanao (MABS-M).

In this assessment, the Bank was rated in terms of organizational and financial strength and stability and its commitment to and potential for microfinance. More specifically, the team assessed the Bank's organization and management, financial position, commitment to microfinance, and the actual and potential access to

In summary, because the Bank is already so far advanced in microfinance, is under exceptionally strong leadership, and has a strong guiding vision that includes microfinance, MABS has reluctantly decided that the USAID-RBAP-MABS program can offer the Bank little value-added assistance in further developing its microfinance operations. The Bank simply does not need MABS help in microfinance.

The RaboBank Netherlands Evaluation

Impressions of a Visiting Team from the Netherlands

A team from the RaboBank of Netherlands headed by Mr. Charles Ruys visited the Bank last October, 2001. Based on interviews made on Bank clients, plus documents received from and made by Bank employees and from the Central Bank of the Philippines, the team was able to form an impression of the quality of the Bank. The highlights of their impression are as follows:

1. *The Bank has a clear concept of banking.*
2. *The Bank is in good financial shape.*
3. *Bank products are well-designed.*
4. *Procedures and systems are outstanding.*
5. *Bank employees are well-trained, competent, and committed.*
6. *The Bank works with a high percentage of women as clients.*

The AIM Study

What is an Academic's insight of the Bank?

Last February, the Asian Institute of Management came up with a research on social and development entrepreneurship. A case study entitled "**The New Rural Bank of San Leonardo, Banking with the Poor**" was developed under the AIM's Program on Social and Development Entrepreneurship. The case, an in-depth study of the NRBSL's kind of banking with a social mission, has been approved by the AIM Research Review Committee for use in the different AIM programs. It is an academic's insight of our kind of barefoot banking, banking with the poor that works.

Building Local Economies Upon Solid Pillars

In the past eight years of the Bank's operations, more than 30,000 enterprising poor had benefited from the *Lima Para Sa Lahat (Five For All)* and *Negosyante ng Bayan (Community Entrepreneur)* programs. These are the Bank's main tandem of microfinance products and services to fight poverty and act as key to the development of the local economies. The introduction of these programs in the rural communities made the enterprising poor, with their farmer-relatives, aware of the important role they play in the development of local economies. They began to understand the importance of saving, of repaying loans, and striving to improve their small businesses, improve their personal lots, their families' and that of their local communities'.

The past eight years saw the birth of a deeper meaning and higher perspective for microfinance—that of developing local economies. This is the only perspective that will make microfinance sustainable. But the Bank proposes that the development of local economies should be grounded on five pillars, interacting with and complementing each other.

The development of local economies will not prosper simply from the participation of rural banks and other microfinance practitioners and community entrepreneurs. The local civil societies or NGOs, the local government units, as well as the overseas Filipinos putting in investments as the fifth pillar must faithfully contribute to the development efforts in any local community.

The Micro-entrepreneurs and the Agricultural Sector

The micro-entrepreneurs and the agricultural sector play the major roles in production and enterprise. Dynamically inter-relating, they shall be the lead pillar in meeting the threshold test of a local economy: food security. The micro-entrepreneurs operate in commerce and industry while the agricultural sector develops itself towards modernization and agri-business frameworks. The local economy can only be developed if the minimum requirements of production, commerce, and service are met.

Rural Banks and Other Microfinance Institutions

To support these productive and enterprising rural folks, there are the rural banks and other financial institutions that provide access to deposit and credit services. These institutions, in comparison with informal lenders, provide accessible and reliable services. In contrast, however, with such *five-sixers* and *bumbays*, the banks usually offer more affordable rates. These institutions are proximate to the micro-entrepreneurs' locales, providing ready access to capital, with rapid loan-processing transaction. Rural banks, and other small financial institutions that are local community-based, provide loans from the deposits that they generate, a strategic role in the disposition of funds.

Local Governance

The local government units provide basic utilities, public services, peace and order mechanisms, and governance for a sound business environment.

For microfinance to succeed, it must operate in a sound and stable environment. Plans, expansion, and growth can easily be whacked by negative developments in the countryside and an utter lack of social support can destroy the foundations laid out in the development of the local economies. The LGUs are in a position to address the most common problems of health, education, transportation, distribution, peace and order, etc. that the other pillars cannot give attention to. The local government units must be pro-active enough to realize their roles in such development. Government programs must not only be economic, but pro-people and progressive, with long-term effects of the programs in the LGU's perspective. Developing a coordinated approach is crucial, as local government units need to cooperate with the other pillars of the local economies, particularly the civil societies, in providing the kind of social services the micro-entrepreneurs need, in order to develop wholesome and harmonious activities in the communities.

The Civil Societies

The civil societies complement the efforts of the local government units in providing socio-civic services, advocacy and lobbying works, and various empowerment tools.

These civil societies provide programs and services that further strengthen the local economies and the micro-entrepreneurs within, with community organizing programs that focus on economic, cultural and political issues; education and training programs for upgrading the capabilities of the micro-entrepreneurs; livelihood programs to augment income; health programs for education, detection and prevention, and treatment purposes. The indispensable role of NGOs as part of the chain of development and support activities to the local communities cannot be downplayed. They ensure that socio-economic activities therein are pro-people and economically sound. In tandem with the business community, where the micro-entrepreneur and the micro-finance institution are, and in support to the local government units, they ensure that the perspective of poverty eradication and local economy development is maintained.

Overseas Filipino Investments

Intestments in the local communities are shored up by remittances coming from overseas Filipinos, when these are channeled by financial institutions to productive or enterprising concerns. Through sound financial advice from banks and MFIs, investments will flood the local economies, further strengthening the developing enterprises therein. It now becomes the responsibility of rural banks and other microfinance institutions to provide the financial advice to these overseas Filipino relatives, towards constructive and productive direction of funds. In a stark distinction from the fund sources of local entrepreneurs coming from local financial institutions, these remittances are truly investments coming from abroad. The overseas Filipino relatives must learn to be more enterprising and depart from the culture of extravagance at the expense of the son or daughter working abroad. As relatives channel what they reap into locally based small businesses, these further strengthen the local economies.

The Paradigm Shift

The development of the local economies: a sustainable perspective

The Bank stands at another threshold as a new challenge looms.

As everybody began jumping onto the microfinance bandwagon, they will hopefully begin jumping again onto another advocacy the Bank has launched: that of developing the local economies. This is a perspective of microfinance that will ensure sustainability. This is because microfinance *per se* will not be successful without a development perspective. Thus, while everyone else is talking about group lending or centers as their ideas of microfinance, the Bank has already begun the advocacy for the development of local economies, the sustainable framework within which microfinance must operate.

“Local economies” now is the buzzword. The national Rural Bankers Association of the Philippines has made it its theme in its national convention. The Central Bank of the Philippines has also set up its own microfinance unit among its ranks and has come up with various microfinance-related circulars. The national government is talking about local economies, the development of which is instrumental in the administration’s thrust towards poverty alleviation and national economic recovery. However, developing the local economies is a long process. This is a critically important framework, and a blueprint ought to be developed. The Bank shall spearhead the development of such blueprint, too.

When one begins to talk about local economies, one begins to think of hope yet for the Philippines. Despite the traffic jams, the garbage problem, the street children and domestic helpers abroad, the brain drain and labor export, there may be hope still. Although these social ills destroy the very fabric of society, pitting Filipinos against each other, something is in the offing. And one can start in one’s own backyard... one’s own local economy, to set things right. Even before the present dispensation can address the national economic concerns, local economies can be addressed. To reiterate: *we believe in developing the local economies as the solid nucleus in the development of the national economy.*

Production, employment, services and all the things needed to ensure livelihood must be safeguarded and guaranteed. All these ensure availability of resources. We must see to the fruition of these wealth and resources. And the New Rural Bank of San Leonardo vows to assist in ensuring the availability of financial resources to its clientele in the countryside. This will enable them to rise from being enterprising poor to genuine community entrepreneurs.

Notwithstanding geographic considerations and the support of the national government, a local economy on its own must be able to meet the requisites of production, employment, and services. The interaction of those in the agricultural production sector, the enterprise sector, and the service sector as they play the major roles in production and commerce, is supported by rural banks and other MFIs. The other pillars, the LGUs and NGOs, plus the overseas Filipinos, lend support, too. As rural banks provide access to financial services, they help keep the rural sectors at pace with current economic trends and developments on the national scene. Any ripples in the local communities’ economies impact ultimately on the national economy. Thus, we not only address our social responsibility agenda, but the development of local economies agenda, as well.

The lessons of time and experience point to a necessary shift in our economic paradigm.

Andres G. Panganiban

The Sustainable Link

The Negosyante ng Bayan (Community Entrepreneur)

The year 2002 and onwards saw the Bank going full blast on the *Negosyante ng Bayan* (Community Entrepreneur) Program, the next step in the Bank's development perspective of its microfinance pro-poor programs. Ever mindful of the potential for growth and development of the Bank's enterprising poor clientele, the *Negosyante ng Bayan* or Community Entrepreneur stage is where they can borrow more than the loan limits in the *Lima Para Sa Lahat* (Five For All) Program, to help finance and sustain the growing requirements of their businesses.

The Negosyante ng Bayan (Community Entrepreneur) becomes the sustainable link that connects the enterprising poor from the Lima Para Sa Lahat (Five For All) Program to the development of the local economies.

As President & CEO Andres G. Panganiban has always said, *microfinance is not a race for numbers*. Everyday, the Bank is witness to other MFIs continuing with their frenzied mobilization of members. What they are missing is that numbers alone will not be conclusive of development. The only acceptable gauge of impact will be the development of the quality of life of the microfinance borrower.

In the NRBSL experience, it has been found that solidarity lending alone will not be sustainable. The Bank cannot hold on to the center members forever. When the center does collapse, this could also lead to the emergence of the *Negosyante ng Bayan* (Community Entrepreneur).

Despite the decrease in the number of center members and their corresponding outstanding loans, there is but a marked increase in the number of *Negosyante ng Bayan* borrowers and their respective outstanding loans. This only means, that some of the members lost from the *LPSL* centers have graduated to the next level of *NnBs*.

These Community Entrepreneurs are now full-time entrepreneurs, no longer enterprising poor, and earning surplus incomes. They earn enough now, to enjoy at least the living standards of a middle class citizen: with security in terms of food, health, education (of his/her children), and shelter. Their businesses are now formally organized, and they maintain sites for the business operations separate from the household. Her/his business acumen is very evident, and the expanded business operations afford her/him to generate employment for other members of the local community. They have acquired a certain degree of community standing or status. They have a strong drive to succeed and make a name for themselves in the local community. However, their access to credit, especially from commercial banks, is limited either because they have no collateral to offer, or the collateral is not acceptable, or their credit requirement is too small for a commercial bank. And this is where the New Rural Bank of San Leonardo steps in—the provision of the much needed financial services that will cater to these Community Entrepreneurs. As they develop and mature as businessmen, retaining their businesses in the community, and generating labor in the process, the Bank is always alongside them on their way to success, ready with the assistance should they need it.

The Bank's growth tree is bearing fruit, and its perspective for microfinance is now being realized.

Our Pro-poor Microfinance Products & Services

The NRBSL Growth Tree

To support the micro-entrepreneurs in their quest for a better life, the Bank offers a wide array of microfinance products and services. Microfinance is the heart and soul, the bulk of our service. The Bank has more than 10,000 beneficiaries of its microfinance programs as of December 31, 2002. More than 79% of its total loans outstanding go to the enterprising poor. This means that P108 Million (or US\$2.04 Million) of the total P137 Million (US\$2.5 Million) loan portfolio of the Bank as of year-end 2002 was lent out to small entrepreneurs and community entrepreneurs on their way to the big league of business.

Pro-Poor Microfinance Products & Services (As of December 31, 2002)

PRODUCT TYPE	LOANS RELEASED	LOANS OUTSTANDING	CLIENTS
Lima Para Sa Lahat 1 (Five for All 1)	126,294,006.78	18,478,295.78	8,317
Lima Para Sa Lahat 2 (Five for All 2)	6,880,016.24	855,932.62	291
Negosyante ng Bayan 1 (Community Entrepreneur 1)	33,814,012.49	17,851,068.70	306
Negosyante ng Bayan 2 (Community Entrepreneur 2)	90,803,971.00	41,098,561.96	72
Business Labor Triple Benefit Program	27,749,000.00	16,327,499.96	231
Land Redemption Program	4,842,000.00	3,965,977.34	35
Intitutional Lending to Microfinance Practitioners	21,516,400.00	8,210,000.00	3
Tulong Bayan (Community Assistance)	10,283,200.00	1,821,217.35	812
Palengcredit (Market Credit)	518,700.00	72,689.21	40
GRAND TOTALS	322,701,306.51	108,681,242.92	10,107

Microfinance Pro-poor Products	108,681,242.92 (US\$2,040,962.30)
Total Loans Outstanding	137,147,885.20 (US\$2,575,547)
PERCENT SHARE	79.24%

The Challenge

To the Government and to the Lawmakers

The development of the local economies rests on the shoulders of the pillars of the local economies. But a number of concerns have to be addressed first. The Bank poses the challenge for the government, and its lawmakers, to face these issues if genuine development is to come forth. Among these issues are:

a. Poverty, both urban and rural

Addressing poverty is not just about addressing economic growth and income. The promotion of stable environments, provision of basic services, infrastructure networks, law and order, etc. all impact on poverty. Encouraging and strengthening the local economies, through support of the informal economy and micro-enterprises can go a long way. Arresting the migration of rural folks into the urban areas, by giving the former the opportunities in the countryside, rests on the development of the local economies in the rural areas.

b. Unemployment

Unemployment hit 13.9% middle of year 2002, a rise of 0.6% from a year ago. This indicates that the investment climate is weak. Hence, investments that create jobs are also weak. Microfinance has shown, time and again, that it affords its beneficiaries increased income and labor generation.

c. Globalization, tariff cuts, and trade liberalization

Global free trade has kept developing nations poor. And poverty, chronic as it is, continue to deny the poor access to markets and benefits of trade. Strengthening and developing the local economies, thru provision of microfinance services, make these local communities impervious to the effects of globalization, making them self-reliant economic units.

d. Women, children, and migrant labor

One in six Filipino children works to support his/her own family. Our workers continue to be our biggest exports. And our women continue to be exploited. Develop the local economy and they will not need to go elsewhere for employment, and livelihood.

e. Health for economic development

Health is usually one of the main reasons why our micro-entrepreneurs miss on loan payments. When a client's family is hit by illness or disease, it's the client that usually spends for doctor's consultations, medication, or even hospitalization. Consultation fees may be waived at the barangay clinic, that is, if a government doctor regularly attends to his or her patients, but medications will always be charged against the patient. This even for symptomatic illnesses like fever, coughs or colds. What happens if the illness becomes more serious such as influenza, pneumonia, or even dengue or typhoid attacks? For a poor entrepreneur the expenses for health can be astronomical. The local government unit has to make sure of the provision for health services.

f. Education and literacy

In a country where education is a premium, tuition fees can be contributory to past due loans. We have had borrowers skipping amortizations as they needed to make tuition fee payments to their children's schools. If education were made more affordable, less will be spent for this, with the increased surplus probably channeled to more productive, more profitable avenues.

g. Government role in agricultural modernization

Our farms should be made more productive. The advent of modernization in agriculture will see to this, for us to at least attain an acceptable level of food security. In developing agriculture, the government plays an important part, in providing farm-to-market roads, access to modern farm machineries and equipments, grains silos and warehouses, technological advancement, etc.

h. Graft and corruption

It is everyone's knowledge that corruption is rampant in almost all government agencies. If we can just reduce corruption by 30% the local economies will move at a faster pace than today. We need transparency, honesty, impartiality and diligence in government, and not thieves lurking in every agency waiting for every opportunity to steal the people's money.

To Other Rural Banks and Commercial Banks

A cultural shift is envisioned not only for commercial banks, but also for rural banks, who have long shunned microfinance as a service to the rural clientele. If they apportion part of their loanable funds to microfinance, who knows? Microfinance is profitable, repayment is very high, and these banks might end up improving their asset quality in the long run, instead of relying on big ticket transactions, which though secured, end up as bad debts anyway.

Commercial banks should be more conscious of their ballooning non-performing loans and RO-POAs. The government need not spend a single centavo for poverty alleviation if only there will be a cultural shift to microfinance for commercial banks. If only 20% of their total NPLs (which amounted to almost P250 Billion in the fourth quarter of 2000) were channeled to microfinance, this would have benefited more than 9 million poor households and would have resulted in a fundamental turn in the poverty situation in the Philippines.

To Our Partners

The Bank calls on its strategic partners, both here and overseas, and poses the following challenges:

- To consider the possibility of joint program ventures with or investment in the Bank;
- To define the partner's role in tandem with that of the Bank's, in the development of the local economies that they both serve;
- To help the Bank in the early stages of developing *the* blueprint for the development of the local economies; and
- To be our partner, not only in Nueva Ecija and Central Luzon, but across the nation and around the globe.

The Answer: The Development of Local Economies

When all else fails and development refuses to trickle from the national level down to the local communities, we can probably reverse the process and start development from the bottom – the development of local economies.

The Mission for the next 5 to 10 years

Our mission for the next 5 to 10 years is no meager one, but the Bank looks forward to the challenge. In the 2002 planning conference of the Bank, in review of its year 2001 operations and in preparation for year 2002 and the years ahead, a new commitment arose:

to develop the New Rural Bank of San Leonardo as a leading national rural bank in the field of poverty eradication and the development of local economies.

The road ahead might look winding and treacherous, but the plans have been laid out.

In the 2002 planning conference, a new commitment rose:

To develop the New Rural Bank of San Leonardo as a leading NATIONAL rural bank in the field of poverty eradication and the development of local economies.

These are embodied in the Bank's 5-point agenda:

1. To develop a core of primary, secondary, and tertiary level of management pool who are dedicated, honest, highly -motivated and highly-skilled professionals who shall lead in the implementation of NRBSL's medium and long term development objectives.
2. To put into reality the principle of self-reliance in the field of funds generation primarily sourced from the local communities that NRBSL serves.
3. To develop a progressive, pro-poor, quality loan portfolio that is above industry and social standards.
4. To develop strategic partners in various regions of the archipelago.
5. To develop strategic partners in various continents of the world on the basis of each other's development of local economies, mutual respect, and solidarity.

Behind the Success

The Barefoot Bankers of San Leonardo

Whatever success the Bank has now would not have been possible without the hard work, commitment, and conviction of the barefoot bankers of the New Rural Bank of San Leonardo. They have continually risen to the challenges of the times, making the Bank unique in the industry. Loyalty and dedication, initiative, zeal, honesty and transparency, professionalism— all these have marked the men and women of NRBSL.

The winds and waves are always on the side of the ablest navigators.

Under the able leadership of the Bank's President and Chief Executive Officer, Andres G. Panganiban, professional ethics and work qualities have rubbed off on the rest of the officers and staff of the Bank. He has also carefully laid out the direction the institution is taking and the means to get there. And he brings the Bank's work anywhere he goes. He sits as Corporate Secretary of the Rural Bankers Association of the Philippines, and is twice-elected as President of the Confederation of Central Luzon Rural Banks. Under his guidance, the Bank has metamorphosed from a bank for the enterprising poor to a Bank spearheading efforts towards the development of local economies.

The Bank recognizes the fact that people are the most important element in any venture. People working for a cause can do absolutely anything, whether it be a new, innovative idea, or a new competitive strategy. In NRBSL's growth, the growth of its people came alongside it.

We believe in developing our people, as they should grow financially, professionally, and socially, as the Bank grows and increases its commitment to the poor.

The people of the Bank, numbering more than a hundred now, have each contributed his or her share in the fruition of the Bank's vision and mission. They come from diverse backgrounds, educational attainments, social strata, but the coming together of such a diverse bunch has made NRBSL's barefoot banking even more dynamic, energized by the staff's youth and keen understanding of and commitment to the plight of the enterprising poor.



President & CEO Andres G. Panganiban, with some of the Bank's officers and staff.

Epilogue

The Road Ahead

the journey continues
 stopping for a while
 to ink the trails
 and every path that
 you and I may travel far

 let there be no confusion
 reality and illusion
 the dream and the dreamer
 are but reflections
 of lights from a prism
 stay on course
 never doubt for a second
 the barefoot banker
 has marked the way
 has witnessed the tales
 of five women much like
 the tale of five loaves and two fish
 five times fives and more
 the multiplication must go on

listen

there are tales waiting to be sung
 the barefoot banker hums the rhythm
 let the journey be a caravan

nena gajudo-fernandez

*Resolve must be the firmer,
 spirit the bolder, courage the
 greater, as prospects grow
 brighter..*

and thus, our journey
 continues, from banking
 with the enterprising poor,
 to poverty eradication,
 and the development of
 local economies...

join the caravan.