

GOLDEN RURAL BANK OF
THE PHILIPPINES, INC.

Annual Report

2021

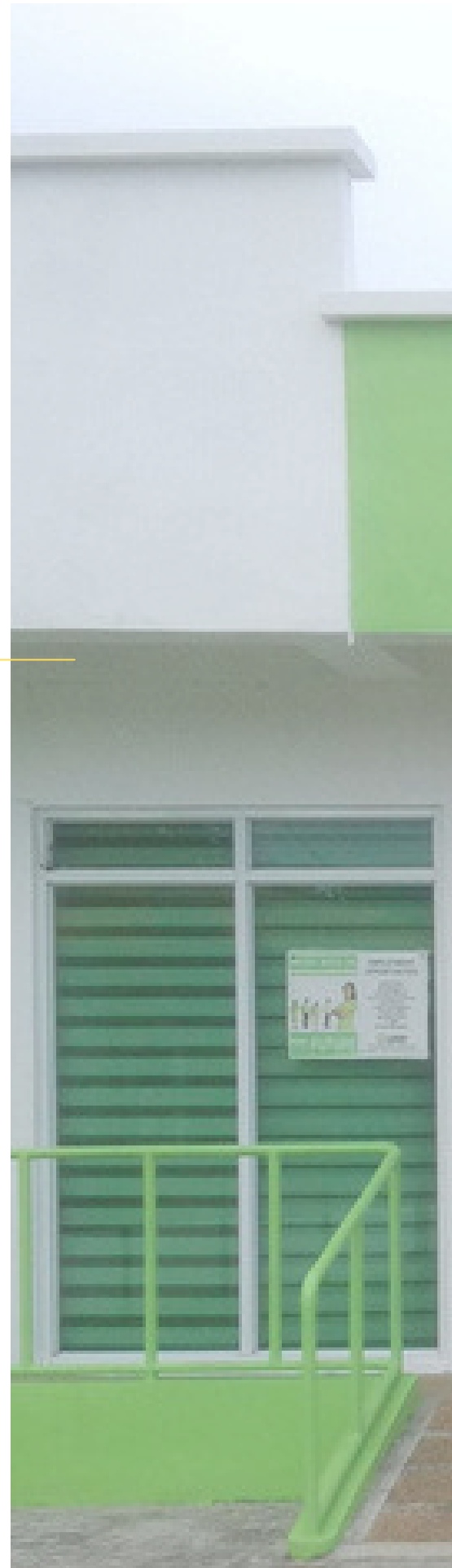


Vision

“To be among the Top Five Most Successful Rural Banks in Cagayan Valley recognized for its Financial Strength by 2023.”

Mission

“To Deliver Superior Rural Banking Financial Solutions and Customer Service, Introduce Product Innovation, Sustain Financial Growth and Stability, Increase Stakeholder’s Value and Contribute to the Preservation and Development of Ecological Environment where we operate.”



Our Core Values

01 Customer Focus

We believe that the company will only thrive because of satisfied customers, as such, I must treat customers who patronized our services and products and my fellow employees as internal customers with delight.

02 Integrity

I will incorporate consistency, honesty and truthfulness without compromising the reputation of the organization.

03 Accountability

I will acknowledge and assume responsibility for my own doings and answerable for its resulting consequences to our stockholders and customers.

04 Passion

I will be dedicated to the tasks and responsibilities given to me. I will be engaged to provide deliverables which are at par with the company's highest standards.

05 Professionalism

I believe that I represent the whole organization, therefore, I will act accordingly as I believe that the key to quality and efficiency is how you deal with your external customers.

06 Teamwork

Explain your the most powerful factor to define how the company daily operations can be done. Most of people often explain the key factor depends on the primaries and secondaries products/services data

GRBP strives to be included in the list of the most successful rural banks in Cagayan Valley recognized for its financial strength. The company's tagline of "Madaling Lapitan, Maaasahan" conveys our commitment to deliver superior financial solutions and excellent customer service. GRBP ensures that every interaction gains a satisfied and loyal customer.

Introduction of the Bank's Brand that differentiates it from other Banks

One of the Golden Rural Bank of the Philippines, Inc. (GRBP) value positioning is to provide superior customer service by providing customized, innovative, packaged solutions and superior service based on customer's needs. From excellent customer service GRBP has shifted to focus on 'Product Leadership'. The GRBP strategy house under customer value perspective enables the organization to segment the products and services and identify the needed actions to achieve the targets.

The aim of market penetration is to effectively use our product, enter the market as quick as possible and seize a large market share. The first to market innovative product is used to measure and to determine strong brand recognition and customer loyalty before competitors enter the arena. Other advantages include additional time to perfect its product or service and setting the market price for the new item. It is imperative that GRBP could acquire.

Under personal and other loans such as Arangtoda and Golden Agri-Easy Loan provides faster approval and release that gives easy and convenient access to all the target market. The bank is also increasing the customer confidence in the advice for Regular Loan mainly in Agricultural Loan, Commercial and Working Capital Loan. Such agreement in terms of packaging is essential by offering high-quality customer advice. Along with in-house loan products are DA-ACPC's Agri-Negosyo Loan (Golden Agri-Negosyo Loan) this program offers capital financing requirements of agri-fishery based micro and small enterprises; and Kapital Access to Young Agripreneur (Golden Asenso Loan) this program offers loan to finance working capital and/or fixed asset acquisition requirements of start-up or existing agri-based projects of young entrepreneurs and agri-fishery graduates.

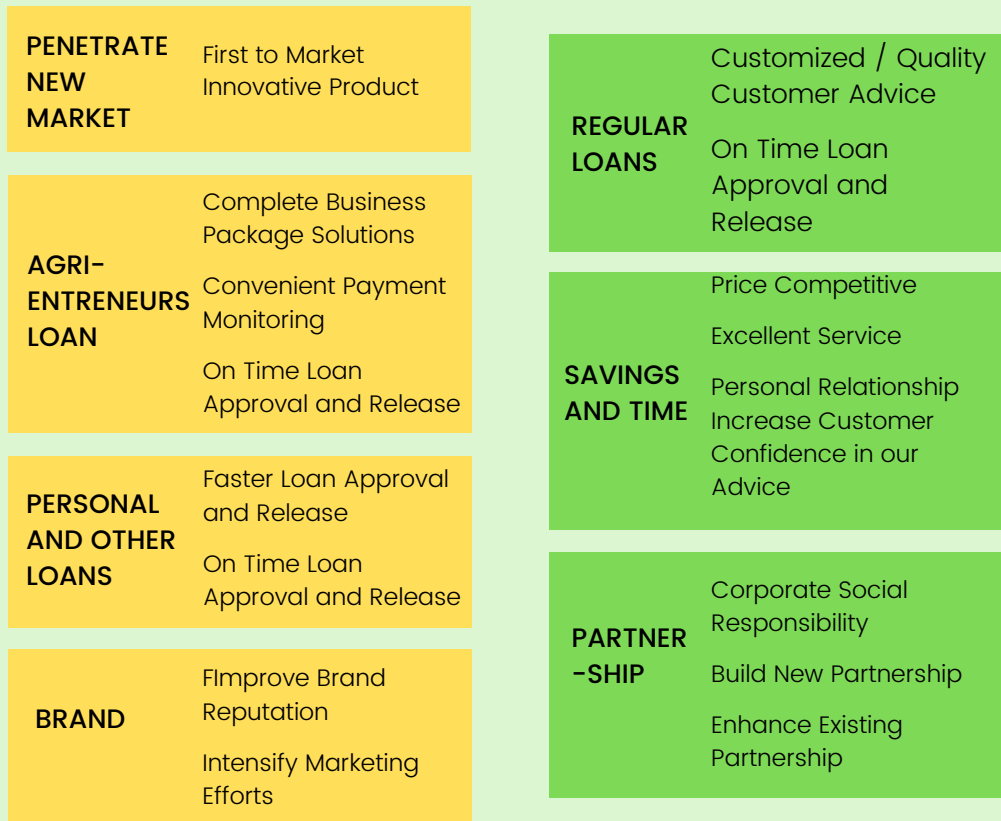
Introduction of the Bank's Brand that differentiates it from other Banks

Meanwhile, GRBP also customized its deposit products. Savings Deposits: Start-Up Savings Passbook Account (this savings is specifically made for young-earners who are elementary and high school students aged 7-18 years old), Step-Up Savings Passbook Account (this product is for college students who are not more than 23 years old), Regular Savings Passbook Account and Abot-Kaya Savings Passbook Account (this product is specifically made to cater unbanked and/or unbanked Filipino). For Time Deposits: Golden Protect Time Deposit Account, Golden Time Deposit Classic Account, Golden Money Maximizer Special Savings Account and Flexi-Gold Time Deposit Account. One great way to achieve this growth is by offering excellent service, building personal relationship and offering competitive rates. It is also essential to enhance and build new partnership to strengthen the quality of strategic alliance and continuously participate in some of the corporate social responsibility to increase and improve GRBP's brand reputation.

Golden Rural of the Philippines Inc. (GRBP) has established its internal branding to strengthen brand – this is to ensure consistent customer experience, encourages employee to embrace brand values and contribute to the brand promise, and lastly, to create a competitive advantage from other rural banks.

In line with the company's mission to deliver superior financial solutions and customer service, GRBP has been engaging its employees to adopt the Brand Mindset of Maagap, Maaliwalas, Maasikaso and Laging Tama. These mantras are measured in four different categories; Mystery Client, Mystery Caller, Voice of the Customer and Examination.

Customer Value Perspective - Strategy House Target



GRBP BRAND MINDSET



Business Model of the Bank

KEY PARTNERS

- Bangko Sentral ng Pilipinas
- Rural bankers Association of the Philippines
- Land Bank
- DBP
- BPI
- UCPB
- Northern Isabela Bankers Club
- Confederation of Cagayan Valley
- Rural Banks
- Western Union
- Cebuana Lhuiller
- Cashko/Rural Net
- Globe
- Smart/PLDT
- Cooperatives
- Philippine Crop Insurance Corp
- Agricultural Guarantee Fund Pool
- PhilGuarantee
- Agricultural Credit Policy Council
- Encash
- IT Service Provider
- Stockholders
- **ECPay (On Process)**
- **SBC: P3 and Wholesale (On Process)**
- **DBP: MSME Recovery (On Process)**

KEY ACTIVITIES

Financial Operations:

- Deposit Taking
- Lending
- Remittance
- Bills Payment

Technology and Innovation:

- Deposit Pick up
- Privelege Card
- ANYO and KAYA
- **Housing Loan Thru Philguarantee (On Process)**
- **Motorcycle Loan (On Process)**
- **Jewelry Loan (On Process)**
- **Water.org (On Process)**
- **MPOS (New)**

KEY RESOURCES

- Loan Assets
- Capital to invest in new ventures
- Brand Image and Trust
- Human Resources



Business Model of the Bank

VALUE PROPOSITION

- “Madaling Lapitan, Maaasahan”
- Superior Customer Service and Financial Solutions
- Wider Bank Network
- Fast Loan Release
- Focus in Product Leadership in 2019-2023
- Promote Financial Awareness to Target Market

CUSTOMER SEGMENT

- Farmers
- Fisherfolks
- MSMEs
- Government Employees
- Private Institution Employees- Referrals
- Medical Doctors
- Students
- Tricycle Operators and Drivers Association

CUSTOMER RELATIONSHIP

- In Branch Personal Assistance
- Corporate Assistance

COST STRUCTURE

- Operational Expenses
- Interest Expense
- Regulatory/Legal
- Requisitions

CHANNELS

- Branch Banking
- ATM
- Online Platform

REVENUE STREAMS

- Interest Income
- Insurance Income and Commissions
- ROPA Disposal
- Fee-based Income





Golden Rural bank of the Philippines is a family-owned rural bank based in Cauayan City, Isabela. Traces of its first operations is in Cabagan, Isabela the then Rural Bank of Cabagan Inc. GRBP now with ten branches located in Isabela, Cagayan and Quirino provinces offering deposit and loan products primarily to farmers and Micro and Small Medium Enterprises (MSME). Other services offered include local remittances through Cebuana Lhuillier and International payout via Western Union, as well as bills payment acceptance through Ruralnet.



CONCLUSION

Golden Rural Bank of the Philippines' 2019 Value Proposition is to Provide High-Quality Customer Service and currently shifted to Product Leadership anchored to its five-year plan. The bank's tagline "Madaling Lapitan, Maaasahan" is to offer Superior Customer Service and Financial Solutions, Wider Bank Networks, Fast Loan Release, and to Promote Financial Awareness to our Target Markets. GRBP's Financial Operation includes Deposit Taking, Lending, Remittance, Bills Payment delivered through In-Branch Personal and Corporate Assistance with the aid of our key partners namely Bangko Sentral ng Pilipinas, Rural Bankers Association of the Philippines, Land Bank, Development Bank of the Philippines, Bank of the Philippine Islands, Northern Isabela Bankers Club, Confederation of Cagayan Valley Rural Banks, Western union, Cebuana Lhuillier, Cashko/Ruralnet, Globe, Smart/PLDT, Philippine Crop Insurance Corporation, Agricultural Guarantee Fund

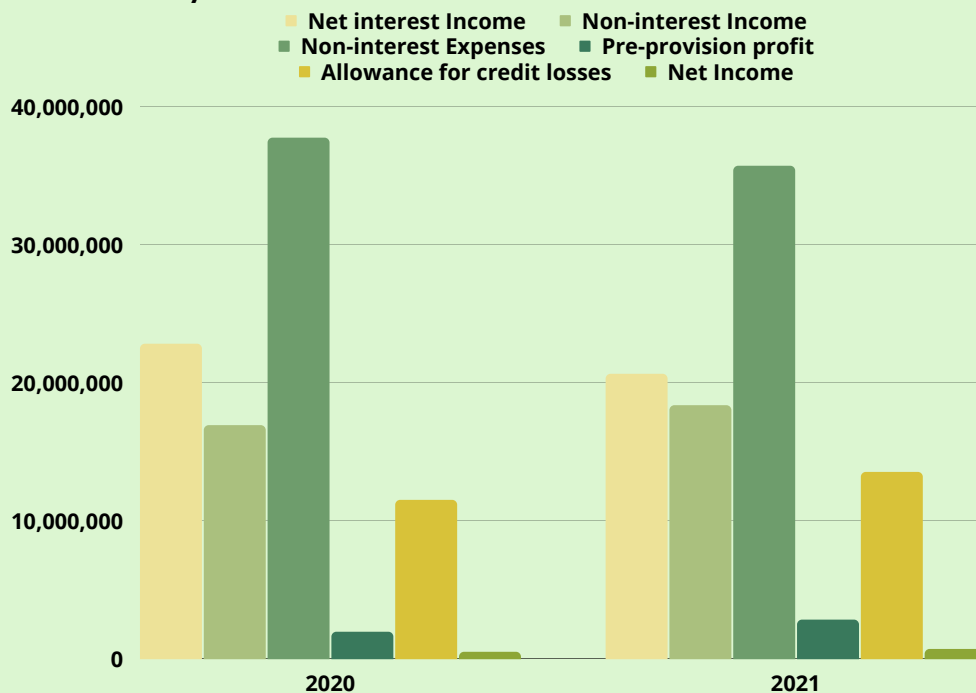
Pool, Philippine Guarantee Corporation, Agricultural Credit Policy Council, Encash, IT Service Provider, Stockholders. The key resources needed to sustain the GRBP's operation are its Loan Assets, Capital, Brand Image and Trust and Human Resources. GRBP catered almost all types of market segments like Farmers, Fisherfolks, MSMEs, Government and Private institution employees, Referrals, Medical Doctors, Students and Tricycle and Drivers Association. The needs of the said market segments can be served through Branch Banking, ATM and Online Platform. Cost Structures came from the following: Operational Expenses, Interest Expenses, Regulatory/Legal Expenses and Requisitions. The income of the bank is generated through Interest Income, Insurance Income and Commissions, Income from disposal of Real and Other Property Assets acquired and other fee-based income.

GOLDEN RURAL BANK OF THE PHILIPPINES, INC.

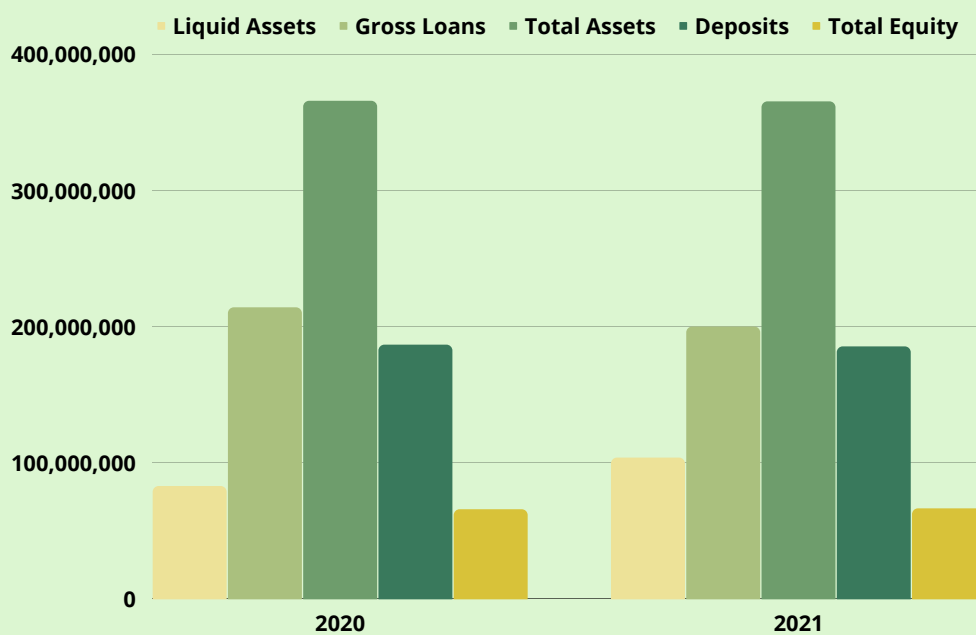
COMPARATIVE FINANCIAL HIGHLIGHTS

As of December 31, 2021 and 2020

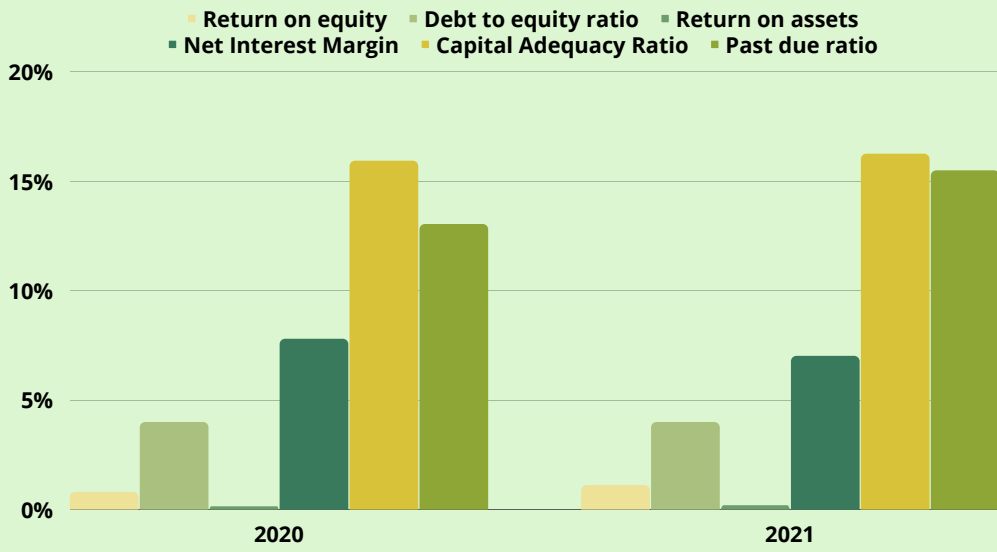
Profitability



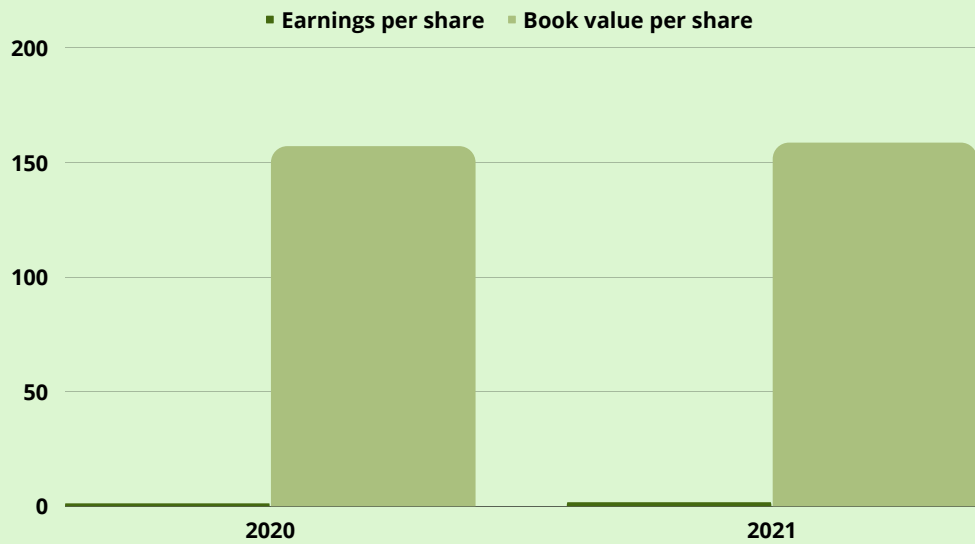
Selected Balance Sheet Data



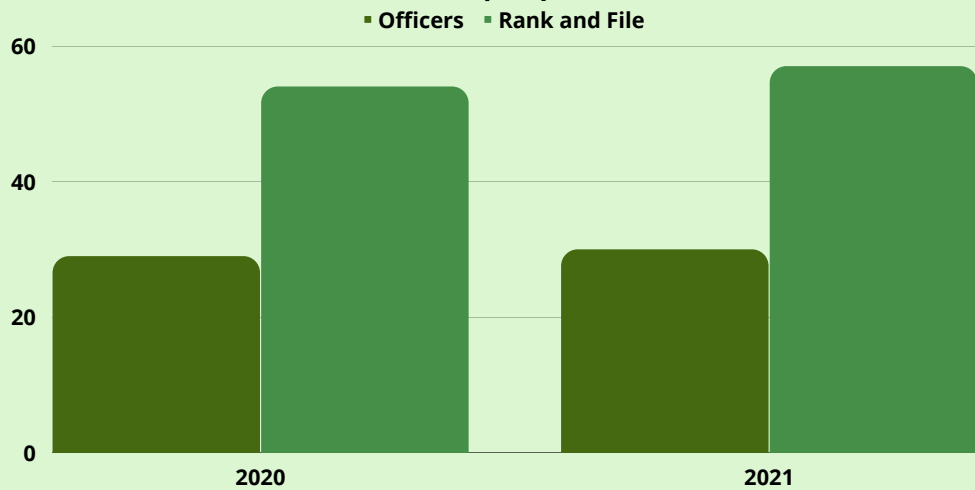
Selected Ratios



Per common share data



Number of officers and employees



Financial Condition and Results of Operations

FINANCIAL HIGHLIGHTS AND REVIEW OF OPERATIONS

Profitability

Net Profit
+38%

Golden Rural Bank of the Philippines, Inc., 2021 operations resulted in bankwide profit of P743, 608. Bank revenue comprised largely of Interest Income from Loans amounting to P32.3 million or 63% of total gross income. Disposals of the bank's Real and Other Properties Acquired (ROPA) also contributed a significant amount to revenue this year at P10.8 million or 21% of total gross income. The bank's Other Income particularly penalty collection amounted to P3.6 million which increased compared to last year's P1.9 million.

The decline in profits for the year is mainly driven by lower Net interest Income (NII) which dipped by P2.2 million in 2021 due to lower Interest revenue earned from Loans. The decline in the bank's loan portfolio of 14.1 million or by 7% affected core revenue generated from loans. Sale of ROPA for the year compensated for the decline in the bank's core earnings associated with Net Interest Income. Gain on sale of ROPA for the current year amounting to P10.8 million is almost the same as last year.

Non-interest Income
+9%

Non-interest Income which mainly comprise of Fees and Commission, Gain from Real and Other Properties Acquired (ROPA) and Penalty Income from loans, for the year 2021 makes up 36 % of the bank's total gross income. Fees income mostly derived from loan generation also did not improve due to loan portfolio decline. However, the bank was able to dispose ROPA accounts and gained significant income from it compared to previous years, this also resulted to a net decline in the bank's ROPA amounting to P595, 000.

**Non-interest
Expense
-5%**

Non-interest Expense which makes up 71% of the bank's total expenses declined by P2 million or 5%, mainly attributable to Compensation and Fringe benefit and Taxes and Licenses expense. The lower operating costs for the year was mainly due to the bank's continued implementation of skeleton work force and shortened banking hours. This bore heavy impact in the bank's operations along with impositions of quarantine and lockdown measures. Taxes and Licenses which comprises costs tied up to Loan and income generation also declined by P664, 000. The bank also recognized P2.1 million in Provisioning for Credit Losses this year which higher compared to last year, mainly due to the recognition of the Allowance for Credit Losses (ACL) approved for staggered booking in the first year amounting to P1.2 million. The bank's total ACL approved by the BSP for annual staggered booking over a maximum period of five years is P6.1 million.

Selected Balance Sheet Data

**Liquid Assets
+25%**

Liquid Assets consist of the bank's cash and other cash items, due from BSP and other banks and investment securities. Liquid assets of the bank at year end amounted to P103.9 million and increased by P20.8 million. The increase in the bank's liquid assets was mainly due to the decline in Loans Receivables of P14.1 million and the additional credit fund amounting to P15 million from Agricultural Credit Policy Council (ACPC) granted to the bank as their Partner Lending Conduit (PLC); this is in line with the bank's desire to serve more borrowers especially in the agricultural sector. The bank's Sales Contract Receivable recognized from sale of ROPA's also declined by P1million due to payments made, further increasing liquidity.

For the year 2021 the bank was not able to increase its Loans ending with a total portfolio of P200.1 million (gross) which declined by P14.1 million or 7%. In 2021, the bank still faced challenges caused by the ongoing COVID-19 pandemic resulting to loan releases further declining this year compared to last year, with payments of loans exceeding loans granted. Also reducing the loan portfolio was the conversion of Non-Performing Loans into Real and Other Properties Acquired amounting to P5.6 million which is higher than last year's P3.8 million.

Assets
+32%

Assets of the bank declined by .12% or P430, 000 only in 2021. Although Loan portfolio largely declined, it was offset by the increase in Liquid Assets. Gross loans comprise 55% of the bank's total assets as of 2021, declining compared to previous years. ROPA accounted for 12% of total assets, and it posted a net decline of P595, 000 or 1% only, the bank was able to dispose ROPA with P6.2 million book value but additions amounting to P5.6 million offset the large decline.

Liabilities of the bank declined by P1.1 million. The bank's borrowings in the form of Bills Payable further declined by P14.4 million which could be attributed to lower usage of funds, especially for granting loans which largely declined this year due to the impact of the pandemic. Deposit liabilities amounted to P185.5 million as of yearend 2021 decreasing by P1.3 million. Regular savings deposits declined by P1.9 million while higher-cost time deposits of the bank increased by P574, 000. The number of deposit accounts increased in 2021 with new accounts for the year contributing P6.3 million of total savings deposit, however deposits of existing decreased due to withdrawal made. However, payable to Agricultural Credit Policy Council (ACPC) increased by P15 million representing additional credit fund granted to the bank as its Partner Lending Conduit (PLC).

Selected Ratios

Return on Equity and Return on Assets
+32.27%

Return on Equity and Return on Assets increased from .81% to 1.12% and from 0.15% to .20% respectively. The bank's total Equity ended at P66.7 million as of 2021 from P66.1 million as of 2020 or a decline of P646,000, which is mainly contributed by net profits for the year. The bank's CAR is at 16.25% and still above regulatory requirement of 10%.

Net Interest Margin in 2020 declined to 7.02% compared to 7.8% in 2020, mainly due lower interest revenue earned from loans.

The bank reported past due ratio of 15% after exclusion of eligible loans from past due and non-performing classification in line with the application of reporting reliefs issued by the BSP in response to the COVID-19 pandemic and the bank's loan rehabilitation program.

GRBP MAJOR STRATEGIES 2021

FINANCIAL PERSPECTIVE

Growth Strategies

Broaden Revenue

Market Penetration Strategies

- Create a program for Loan Agents and Brokers
- Penetrate wider network on deposits specifically corporate account
- Boost on digital marketing and capture more market
- Intensify marketing of Agricultural and Fisheries Loan
- Boost deposit generation through effective marketing and product innovation and to improve funding cost

Productivity Strategies

Improve Asset Quality

Cost and Process Improvement Strategies

- Create a program for Real Estate and Mortgage Brokers to reduce NPA and increase loans.
- Assess and Prioritize long overdue ROPA disposal thru identifying specific target market (e.g. Cooperatives, associations, property developers, fist corporation)
- Invest in financial technologies to streamline bank operations and offer other channels to reach wider markets
- Strictly monitor the movement of interest rates of competitors and the industry and to assess the impact to the bank's cost of fund
- Concentrate loan releases on sectors that thrived during pandemic such as Food Manufacturing, Grocery Stores, Telecommunication, Liquor and Tobacco, Home improvement retailers, Real estate, Pharmaceuticals, Digital platform, Health and Social Work and Hospital activities



GRBP MAJOR STRATEGIES 2021

CUSTOMER VALUE PERSPECTIVE

Product Development Strategies

Other Services

- Review, Assess and Align SBC-P3 loan program and ANYO program (agri-related loans and must be enrolled at RSBSA)

Increase Customer Confidence in our advice

- Create a Marketing Team that will handle and push marketing legwork especially branches that don't hit loans and deposits target

Improve Brand Reputation

- Evaluate CORDS and establish an excellent employee-customer rapport through the use of face to face, telephone/mobile and social media channels
- Evaluate ROPA accounts and improve the details needed for advertising and marketing

INTERNAL BUSINESS PROCESS PERSPECTIVE

Productivity Strategies

- Improve loan product branding and packaging

Cost And Process Improvement Strategies

- Strengthen loan collection strategy
- Create new rehabilitation program to help the borrowers to cope up from the impact of the pandemic
- Review, Assess and Orient concerned employees regarding existing risk-based lending approach
- Apply for DBP Sustainable Agribusiness Financing Program and Countryside Financial Institutions Enhancement Program loan facilities to increase funding for agricultural equipment and activities and lessen potential losses from loan default respectively

GRBP MAJOR STRATEGIES 2021

INTERNAL BUSINESS PROCESS PERSPECTIVE

Cost And Process Improvement Strategies

- Improve the scheduled regular audit and field engagement based on the harmonized travel regulation
- Strictly monitor past due accounts and strengthen collection strategies using available technologies of the bank
- Research and apply other credit facility program and rediscounting lines available for rural banks

Process Improvement Strategies

Understand Customer Segments

- Conduct Market research to understand new consumer habits or market change
- Establish gap analysis on our credit process from loan origination to collection
- Improve payment scheme/arrangement base on clients financial capacity
- Adapt BSP's Credit Risk Database Project for SME loan releases
- Strengthen loan assessment to keep up on the declining interest rates
- Streamline credit processes to adopt with changes brought by the pandemic to avoid delays
- Create risk assessment for the possible new rehabilitation program for COVID affected client
- Mortgaged complaints is to be endorsed to our legal retainer - Atty. Granado and must be documented by Corporate Secretary
- Maintain monitoring of reappraised ROPA



GRBP MAJOR STRATEGIES 2021

LEARNING AND GROWTH PERSPECTIVE

Process Improvement Strategies

- Conduct COVID-19 vaccination awareness program to encourage employees to get inoculated or vaccinated
- Improve digital marketing skills
- Establish an employee vaccination program
- Offer assistance to COVID-19 affected employee through SSS and ECC
- Create a policy for Annual Physical Examination needed for employees
- Create flexible working plan for employees to mitigate contagious COVID-19
- Proper profiling and assessment of applicants
- Strictly monitor submission of Performance Appraisal on a timely basis
- Enhance the existing succession plan to come up with a comprehensive policy and maintain updated information/data

Cost and Process Improvement Strategies

- Evaluate compensation and standardized incentives that will motivate employees and increase productivity



Challenges

- Lack of Manpower due to high attrition rate that affected the achievement of goals and target of the BankInnovative Mindset
- GRBP implemented a work from home (WFH) arrangement for its employee to ensure compliance with the health protocols and mitigate the risk of exposure.
- Shorten office and banking hours as the COVID-19 continuously increases its count of cases in different areas.

Responses

- The bank should look for the right domain knowledge of the candidate and assess their behavior. Align training needs for every employee to provide the skills that they needed
- To ensure that employees are still performing their duties and responsibilities during WFH arrangement, they are mandated to submit their Daily Accomplishment Report (DAR) to their immediate superior and HR Department as proof of their accomplishment task for the day.
- Posting on the GRBP website to inform and update clients about banking and office hours.
- Skeletal workforce up to 30% allowable capacity on site, and maintained with rigorous protection measures (physical distancing, wearing protection masks and provided that employees are fully vaccinated.
- GRBP adopts and implements proper communication and protocol awareness program to primarily ensure health and safety of its employees, clients and stakeholders.

Challenges

- High turnover and losing key people were the main challenges
- Shortened working hours in the branches brought about by the pandemic which resulted to low productivity.
- Most clients were also affected by the pandemic as well as the typhoon and rice pests that affected rice harvests that lead to poor collection of loans.
- Low disposal of ROPA
- Low marketing of loans and deposit products due to insufficient manpower, trainings, knowledge and skills.
- Lack of Loan Product with and differentiation as compared to target competitors
- High interest rate perception and slow loan processing deter potential clients that could result to withdrawal of their intent to apply and/or application.

Responses

- Hire to fill-in vacancy of key people.
- Double hats for skilled employees. Manage training for newly hired employees.
- Continue cost reduction measures to sustain profits.
- Aside from retraining, response should include rehabilitation program CARE and applying for BSP reliefs such as the staggered booking of provisions stated on BSP Memorandum No. M-2020-008 where BSP waives documentary requirements of restructured loans.
- We also prioritized releases of loans on industries not greatly affected by the pandemic such as agricultural related activities.
- We assigned CI to create an updated database for the ROPA to be posted on website and for easier dissemination and marketing. We also created incentive for brokers and agents of ROPA.
- We also created an incentive program for loan brokers and referrals to help with the marketing of loans.
- Further lockdowns due to COVID-19 scare: We applied skeletal workforce as a response and boosted telemarketing.
- Offering of Bundled Products like Time Deposit with Free Accident Insurance and Loan with Accident Insurance coverage
- GRBP conducted related trainings to branches and continuous product development of attractive products is one of our strategies to capture the market for easier generation of loans and deposits.

Challenges

- Unable to audit all branches/departments due to the restrictions brought about by the pandemic and lack of auditor or audit staff.
- Lax of Internal Control due to the high turnover of employees/ high attrition rate.
- Collection- the significant effect of the COVID 19 pandemic to our borrowers affected our collection performance for the year. Rice fields were affected by brown planthopper (Ulmog) most of our clients were greatly affected to repay their current obligation
- Releases- the pandemic also affected the bank's goal to increase its loan portfolio for the year.

Responses

- Assessing the audit plan and focused on the branches and department with high risks not audited for two years and sacrifice few departments not to be audited.
- Changes to audit focus and audit plan.
- The bank implemented the extension of Calamity Rehabilitation (CARE) Program to the borrowers affected by the pandemic in order to help them repay their obligation based on their current financial status
- Due to the worldwide economic impact of the pandemic, the bank have been conservative in loan releases particularly to new borrowers. The bank was more focused on releasing re-loan to borrowers whose main sources of income do not directly affected by the pandemic and established good credit history with the bank.

Opportunities

- Investing in Financial Technologies opportunities such as cloud, online banking, agent banking and others.
- Taking advantage on creation of new Loan products where trends are at highest peak.
- More trainings.
- More detailed audit plans.
- The bank was able to adopt the Implementation of Republic Act (R.A. No. 11523, otherwise known as the "Financial Institutions Strategic Transfer (FIST) Act"

Responses

- To strengthen the services offered by the bank, GRBP continues to scout technologies that will help the bank in the long run and keep up with the latest trend in the banking industry like ECPay.
- In order to have a diversified loan portfolio, GRBP is committed to create new Loan Products to increase its product differentiation among its peers and offer a wide variety of loan products.
- Attending seminars to improve performance, increase knowledge.
- Strict monitoring audit program from planning to execution.
- Implementing

Risk Management Framework Adopted



OVERALL RISK MANAGEMENT CULTURE AND PHILOSOPHY

When an organization sets objectives of adding value to its shareholders and other stakeholders, it must plan strategies to attain these objectives. But before it can devise these strategies, it must identify the risks that hinder the attainment of these objectives. Hence, Risk Management came into existence.

Risk management is not a new concept to bankers. After all, managing risk is a cornerstone of sound banking practices that have been a part of banking since the industry began. What is new, however, is how the bank itself applies the principles of sound risk management to day-to-day operations. Rather than continuing to look at risk management simply in relation to separate bank activities, such as lending, investments, and so on, the approach now is to measure risk on a bank wide basis. For example, the Board should see that risks in the lending area can affect other activities of the bank and, if they do, the bank's entire exposure to risks will be affected. Gone are the days when banking operations was treated as compartmentalized or departmental. The focus now is on measuring the consequences of risks on an enterprise-wide basis.

The objective of Golden Rural Bank is to add value to their stockholders' shareholding while at the same time realizing their objective of helping the countryside folks I their financial needs. To enable the bank to attain its objectives, it is imperative that the risks that serve as stumbling blocks must be identified, measured, managed/mitigated, controlled and monitored. It is therefore, the responsibility of every stakeholder of Golden Rural Bank to actively participate in the Risk Management process.

A risk may be defined as any uncertain future situation or event, which could influence the achievement of the Bank's objectives or realization of opportunities, including strategic, operation, financial, and compliance objectives.

Risk management is defined as, "the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects."

All business transactions carry an inherent level of risk to a company's financial position, operational requirements and reputation. These risks can be carried between subsidiaries of a company, to its parent and to its business partners and stakeholders.

Risk Management Framework Adopted

A risk management system should bring all risks to the forefront of any anticipated business transaction for consideration by key stakeholders. A comprehensive risk management process will assist the Bank to:

1. Minimize negative financial and operational results;
2. Strengthen business partner relations;
3. Execute more efficient and effective processes;
4. Satisfy the legal and regulatory requirements imposed on it by the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), Bureau of Internal Revenue (BIR); local government units (LGU), etc.
5. Improve individual accountability and give greater transparency to decision-making; and
6. Exploit business opportunities quickly with full appreciation of risks involved.



RISK APPETITE AND STRATEGY

The bank's Risk Appetite/threshold refers to its ability to absorb risks associated with business, expressed in terms of pesos. Generally speaking, the larger the bank in terms of resources, the greater the risk threshold. The Risk Threshold is linked to the residual risk rating, where the level of exposure is balanced against the potential business opportunity.

The basis or setting the risk threshold or appetite may be a percentage of the total resources of the Bank, based on the professional and intelligent judgment of the Board of Directors.

It is the responsibility of the Board (on recommendation from the Audit, Risk Management and Compliance Oversight Committee or ARMCO Committee) to set the Bank's Risk Threshold and review it on an annual basis. The Board has given a delegation to management to conduct business activities within this Risk Threshold and the accepted bank's business plan and has delegated the review of those functions to the RMC. An acceptable Risk Threshold will be documented and will be the basis for selecting, planning and implementing internal controls to mitigate the risks. The Risk Threshold will be regularly reviewed by the ARMCO Committee.

The risk threshold of the bank also depends upon its risk maturity. Risk maturity is the level of effectiveness or status of the risk management system of the bank.

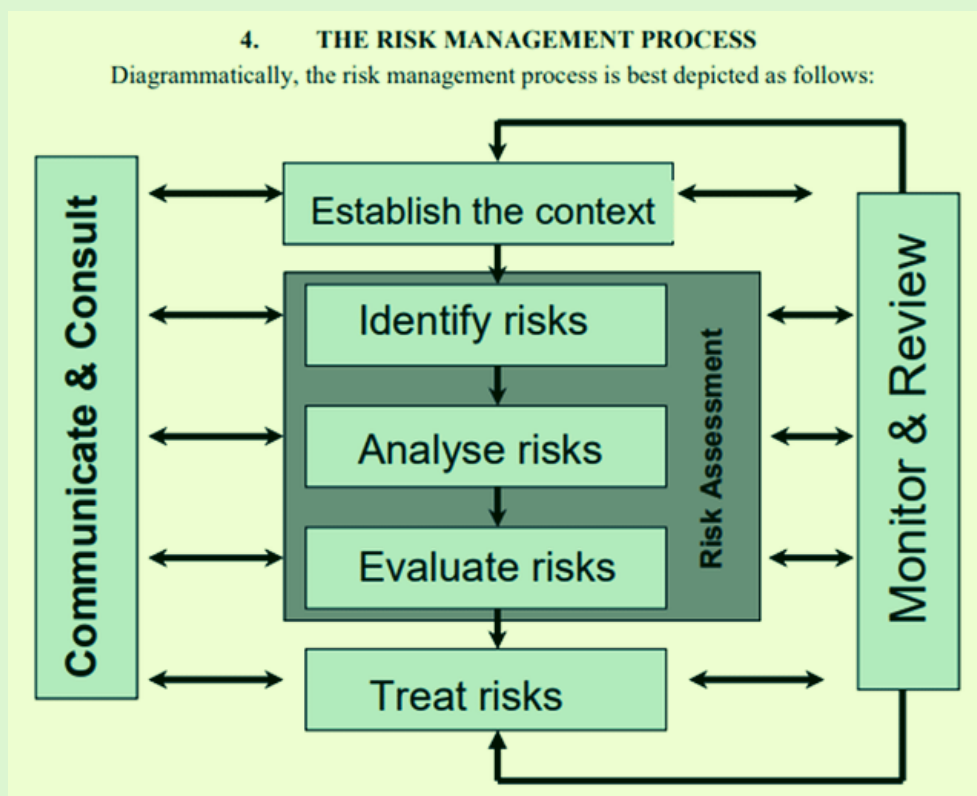
Risk Management Framework Adopted

The following factors will be taken into consideration, and are to continue to be taken into consideration when determining the Risk Threshold:

- 1.The Bank's position in the rural bank industry, with particular emphasis on its key business divisions as a rural bank;
- 2.The conditions imposed on Golden Rural Bank by BSP, SEC, BIR, and the LGU.
- 3.The capital that may be required to support expanding the Risk Threshold; and
The medium-long term strategic goals of the Bank.



BANK-WIDE RISK GOVERNANCE STRUCTURE AND RISK MANAGEMENT PROCESS



Risk Management Framework Adopted

REPORTING HIERARCHY

Board of Directors

The Board has overall responsibility for ensuring that management has developed and implemented an effective risk management system. It has delegated the oversight of risk management to the Risk Management Committee and Audit Committee. Nevertheless, the Board remains responsible for:

- (a) Setting company goals and business strategies (with the assistance of executive management);
- (b) Maintaining appropriate corporate governance structures; and
- (c) Ensuring appropriate risk managements systems are in place (including ensuring this Policy is maintained).

The Board is to receive bi-annual reports on risk management, to be prepared by the RMO.

President

With overall responsibility for the operations of the Bank, the President plays an active role in setting the direction of the Bank and determining which transactions to enter into (thus impacting on the Risk Threshold). The President will:

- (a) Drive the establishment of business strategies and objectives;
- (b) Ensure there are appropriate controls in place to manage all risks;
- (c) Ensure all employees are aware of the Bank's risk management obligations and that risk management is embedded within the Bank's risk management obligations and that risk management is embedded within the Bank's culture; and

Use his business knowledge and acumen to determine what activities can be absorbed as part of the Risk Threshold.

Audit, Risk Management and Compliance Oversight Committee (ARMCO Committee)

The ARMCO Committee shall be delegated the oversight of risk management. The Board considers this appointment important in providing focus and oversight on risk management and internal controls on risk management.

It is the ARMCO Committee's task to:

- (a) Review, recommend and oversee implementation of the risk management process;
- (b) Provide assistance and guidance on risk management;
- (c) Monitoring and review the risk management process;

Risk Management Framework Adopted

Audit, Risk Management and Compliance Oversight Committee (ARMCO Committee)

- (d) Review the efficacy of internal controls generally, including the interaction between risk management and internal audit.
- (e) Provide advice to the Board on any non-compliance to the risk management framework; and
- (f) Ensure risk management is promoted within the Bank, particularly to executive managers and their direct reports to ensure it is embedded within the overall Bank culture.

Internal Auditor (IA)

An Internal Auditor (IA) has been appointed to perform the internal audit function. It is the IA's role to:

- (a) Assist the Risk Officer and Corporate Secretary in monitoring risk management;
- (b) Review the risk matrix annually;
- (c) Ensure compliance with this Policy;
- (d) Provide guidance on existing controls and their adequacy to the respective risk; and
- (e) Monitor in particular all risks within the Bank.

Risk Management Officer (RMO)

The Bank may appoint an RMO who is responsible for overseeing the implementation of the risk management function at Golden Rural Bank. He shall have day-to-day responsibility for the implementation of the risk management function, with ultimate responsibility resting with the Corporate Secretary and Legal Counsel.

The Board has determined that such a division, which incorporates compliance and legal oversight within the Bank, is best served to maintain this Policy's currency and accuracy in light of legal, operational and regulatory developments. The RMO Officer has a broad responsibility to:

- (a) Challenge executive management and the Board to demonstrate appropriate risk management systems and controls for all risks;
- (b) Conduct regular reviews of the organization to identify new risks, remove old risks and re-rate current risks;
- (c) Coordinate the risk management process;
- (d) Provide a report on risk management issues to the RMC at each meeting and to the Board twice annually;

Risk Management Framework Adopted

Risk Management Officer (RMO)

- (e) Maintain the Risk Register;
- (f) Maintain this Policy; and
- (g) Ensure there is adequate coverage of risk management across the entire business.

The RMO is recognized as a senior employee within the Bank is to be given the necessary access to people, information, systems and resources to ensure the proper discharge of the risk function. This may require access to past records, research, financial statements and analyses, and expert opinion. The Board supports the role of the RMO and will direct management to provide resources and access commensurate to the proper performance of the risk function.

Executive/Senior Management

With assistance from their department managers and staff, executive management has the task of:

- (a) Ensuring risks are managed and considered on a daily basis;
- (b) Conducting annual business reviews to address inherent and residual risks;
- (c) Determining appropriate controls to risks identified relating to their business function; and
- (d) Embedding the culture of risk management within their department.

In order to ensure the appropriate level of commitment to risk management practices, executive officers at the corporate and branch levels are to be enjoined to promote and adhere to this Policy and to the risk management framework generally. Success will be measured on a number of bases including but not limited to:

- (a) Tasks completed
- (b) Percentage of tasks completed on time
- (c) Compliance with treatment control plans

Risk Champion (RC)

With assistance from their department managers and staff, executive management has the task of:

- (a) Ensuring risks are managed and considered on a daily basis;
- (b) Conducting annual business reviews to address inherent and residual risks;
- (c) Determining appropriate controls to risks identified relating to their business function; and
- (d) Embedding the culture of risk management within their department.

Risk Management Framework Adopted

Risk Champion (RC)

- (a) Assist the RMO in conducting annual reviews and risk projects as specified; and
- (b) Embed the culture of risk management in their business unit.

Risk Champions will receive additional training and be provided with the necessary time and resources to implement effective risk strategies identified by the company.

Operating Staff

Staff performing daily operations has a responsibility to implement the risk management process as it relates to their business function. Generally speaking, all employees must:

- (a) Report on any instances of non-compliance with this Policy or the risk management process in general;
- (b) Inform management of any new risks as the result of a business activity; and
- (c) Ensure controls in place over a risk are operating properly.

Ensure controls in place over a risk are operating properly.



AML GOVERNANCE AND CULTURE, AND DESCRIPTION OF THE OVERALL MONEY LAUNDERING (ML)/TERRORIST FINANCING (TF) RISK MANAGEMENT FRAMEWORK TO PREVENT THE USE OF THE BANK FOR ML/TF ACTIVITIES

The Golden Rural Bank of the Philippines, Inc. (GRBP) adopts the policies of the State to (a) protect and preserve the integrity of the Philippine financial system, including the confidentiality of bank accounts; (b) ensure that the Philippines, in general, and the bank, in particular, shall not be used, as money laundering sites and conduit for the proceeds of unlawful activities as herein defined; (c) protect life, liberty and property from acts of terrorism and to condemn terrorism and those who support and finance it and reinforce the fight against terrorism by criminalizing the financing of terrorism and related offenses; (d) recognize terrorism and terrorist financing as inimical and dangerous to national security and the welfare of the people; and make the financing of terrorism a crime against the Filipino people, against humanity and against the law of nations; and (e) adhere to international commitments to combat financing of terrorism, specifically the International Convention for the Suppression of the Financing of Terrorism, as well as other binding terrorism related resolutions of the United Nations Security Council, pursuant to Chapter 7 of the United Nations Charter.

Risk Management Framework Adopted

AML GOVERNANCE AND CULTURE, AND DESCRIPTION OF THE OVERALL MONEY LAUNDERING (ML)/TERRORIST FINANCING (TF) RISK MANAGEMENT FRAMEWORK TO PREVENT THE USE OF THE BANK FOR ML/TF ACTIVITIES

“KNOW YOUR CUSTOMER” shall be strictly adopted before establishing relationship to any client and before they can avail of the bank’s facilities with emphasis on big financial transactions. Also a risk-based approach of “CUSTOMER DUE DILIGENCE” is undertaken depending on the type of customer, business relationship or nature of the product, transaction or activity. In this regard, the bank maintains a system that will ensure the conduct of customer due diligence.

GRBP has developed a clear, written and graduated customer acceptance and identification policies and procedures. The bank also formulates a risk-based and tiered customer acceptance, identification and retention policy that involve reduced CDD for potentially low risk clients and enhanced CDD for higher risk accounts.

CRITERIA FOR TYPE OF CUSTOMERS: low, normal and high risk; Standards for applying reduced, average and enhanced due diligence.

GRBP has specified the criteria and description of the types of customers that are likely to pose low, normal or high ML/TF risk to their operations, as well as the standards in applying reduced, average and enhanced due diligence, including a set of conditions for the denial of account opening or services.

Enhanced due diligence shall be applied to customers that are assessed by the bank or by these rules as high risk for ML/TF. For customers assessed to be of low risk such as small account balance and transactions, the bank may apply reduced due diligence. Some entities may likewise be considered as low risk clients, e.g., banking institutions, trust entities and QBs authorized by the Bangko Sentral to operate as such and publicly listed companies subject to regulatory disclosure requirements.

Risk Management Framework Adopted

AML GOVERNANCE AND CULTURE, AND DESCRIPTION OF THE OVERALL MONEY LAUNDERING (ML)/TERRORIST FINANCING (TF) RISK MANAGEMENT FRAMEWORK TO PREVENT THE USE OF THE BANK FOR ML/TF ACTIVITIES

“In designing a customer acceptance and risk profiling policy, the following criteria relating to the product or service, the customer, and geographical location, at a minimum, shall be taken into account:

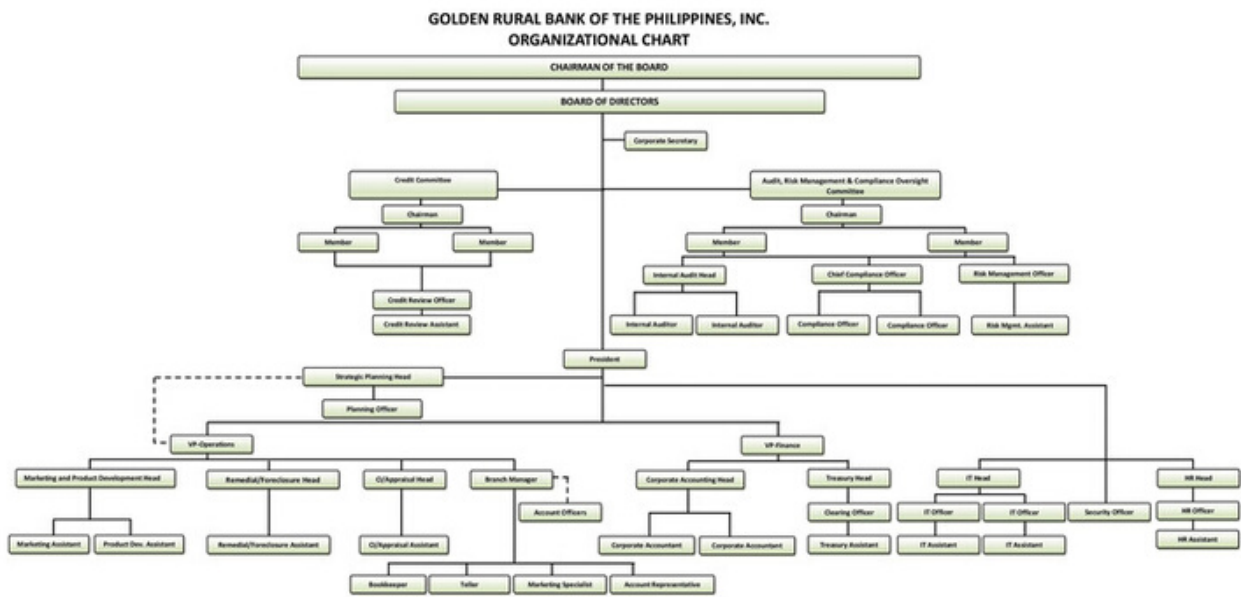
1. The nature of the service or product to be availed of by the customers and the purpose of the account or transaction;
2. Source of funds/nature of business activities;
3. Public or high-profile position of the customer or its directors/trustees, stockholders, officers and/or authorized signatory;
4. Country of origin and residence of operations or the fact that a customer came from a high-risk jurisdiction;
5. The existence of suspicious transaction indicators;
6. Watch list of individuals and entities engaged in illegal activities or terrorist-related activities as circularized by the Bangko Sentral, AMLC, and other international entities or organizations such as the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury and United Nations Sanction List; and
7. Such other factors, e.g., the amount of funds to be deposited by a customer or the size of transactions, and regularity or duration of the transaction, as the bank may deem reasonable or necessary to consider in assessing the risk of a customer to ML/TF.
8. Type of Transaction (if second endorsed check)

In assessing the risk profile of customers which are juridical entities, the bank should also consider the financial profile and other relevant information of the active authorized signatories.

GRBP has established a Risk Profiling System to document the risk profiling results as well as how a specific customer was profiled (Low, Normal or High) and what standard of CDD (Reduced, Average or Enhanced) was applied.

Corporate Governance

ORGANIZATIONAL STRUCTURE



PRACTICES

CHAIRMAN OF THE BOARD

- Preside over Board Meeting
- See to it that all policies lay down by the Board and rules and regulations and orders of the President are carried out.

BOARD OF DIRECTORS

- To approve and monitor the implementation of strategic objectives.
- To approve and oversee the implementation of policies governing major areas of banking operations.
- To approve and oversee the implementation of risk management policies.
- To oversee selection and performance of senior management.
- To consistently conduct the affairs of the institution with a high degree of integrity.
- To define appropriate governance policies and practices for the bank and for its own work and to establish means to ensure that such are followed and periodically reviewed for ongoing improvement.
- To constitute committees to increase efficiency and allow deeper focus in specific areas.
- To effectively utilize the work conducted by the internal audit, risk management and compliance functions and the external auditors.
- In group structures, the board of directors of the parent company banks shall have the overall responsibility for defining an appropriate corporate governance framework that shall contribute to the effective oversight over entities in the group.

AUDIT, RISK MANAGEMENT AND COMPLIANCE OVERSIGHT COMMITTEE INTERNAL CONTROL

- Evaluate whether Management has established and appropriately maintained processes to assure the reliability and integrity of internal accounting policies and financial reporting and disclosure practices of GRBP.
- Review and recommend to the Board the appointment, reassignment, or dismissal of the general auditor selected to develop and carry out the annual internal audit plan.
- Review the internal audit, risk management and compliance department's budget and staffing levels to ensure that the resources provided are adequate to allow successful completion of the departments' responsibilities.
- Evaluate the scope, effectiveness, and significant findings of the internal audit process for GRBP's operations.
- Review the internal auditor's report on the results of the annual audit plan.
- Evaluate whether recommendations for improved internal controls are effectively implemented by Management.
- Evaluate, annually, the adequacy of the ARMCO Committee Charter and the performance of the Committee thereunder.

Financial Reporting/Disclosure

- Annually review the significant risks GRBP is exposed to and evaluate Management's plan to manage these uncertainties.
- Review and evaluate Management's interpretation and implementation of mandated changes to accounting and reporting requirements.
- Review the annual financial statements for accuracy and completeness.
- Evaluate the accounting treatment of unusual and non-recurring transactions such as restructuring charges and acquisitions.
- Evaluate significant income statement and balance sheet items which require Management judgment.
- Review and approve the process for preparing interim, unaudited (quarterly) financial statements.
- Resolve any differences in financial reporting between management and the external auditors.

Risk Management

- Discuss with Management and Board all risk exposures and the steps Management has taken to monitor and control such exposures, including result of risk assessment and risk management policies.
- Oversee the establishment and maintenance of internal risk management framework throughout the bank.
- Identify, assess and measure risks arising from the firm's activities
- Oversee risk functions

AUDIT, RISK MANAGEMENT AND COMPLIANCE OVERSIGHT COMMITTEE INTERNAL CONTROL

Compliance with Laws, Regulations and Company Policies

- Review the effectiveness of the system for monitoring compliance with laws and regulations.
- Review the effectiveness of compliance risk assessment and the result of compliance testing.
- Recommends appropriate actions to be taken on non-compliance with laws and regulations.
- Establish procedures for the handling of complaints received by GRBP regarding accounting, internal controls, or auditing matters. In addition, such procedures will also protect the confidentiality and anonymity of any individual submitting concerns related to questionable accounting or auditing matters.
- Ensure that GRBP's policy statements are kept up to date and are accessible to and adhered to by the entire organization.
- Engage and determine funding for independent legal counsel, accounting and other advisors as it deems necessary to carry out its duties.

Relationship with External Auditor

- Oversee the external audit coverage – GRBP's Independent Financial Statement Auditor (external auditor) is ultimately accountable to the ARMCO Committee, which has the sole authority to select, evaluate and, when appropriate, replace the external auditors. The external auditor must be an independent public accountant.
- Have sole authority to approve the engagement letter and the fees to be paid to the external auditors.
- Review and approve the scope of the external audit to be performed each fiscal year, including the matters required relating to the conduct of the audit, and pre-approval of all audit services.
- Pre-approve, prior to execution of engagement agreements, all non-audit related engagements with GRBP's external auditors and all engagements with other firms. Approvals can be delegated to the Chairman or any two other members of the Committee with ratification at the next Committee Meeting.
- Meet with the external auditors to review the accuracy, completeness, and overall quality of GRBP's accounting principles and internal controls as applied in its annual financial reporting.
- The Committee Chairman, or any two other members, shall meet with the external auditor to discuss and review significant events, transactions, and changes in accounting estimates deemed by the external auditor to affect the quality of GRBP's financial reporting and related internal controls prior to the filing of GRBP's financial statements
- Obtain confirmation and assurance as to the external auditors' independence, including ensuring that they submit on a periodic basis (no less than annually) to the ARMCO Committee a formal written statement delineating all relationships between the external auditors and GRBP. The ARMCO Committee is responsible for actively engaging in a dialogue with the external auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the external accountants and for taking appropriate action in response to the external auditor's report to satisfy itself of their independence.

INTERNAL AUDIT HEAD

- Plans, completes and reports on internal control programs undertaken within agreed time frame
- Conducts investigations into all matters as may be directed by the Board of Directors
- Makes recommendations for improvements in internal control procedures and programs
- Provides guidance to branches of the Bank on control procedures
- Verifies that the Bank's operational and accounting controls are in place and working properly
- Monitors control findings and follow-up on remedial actions
- Debriefs management on branches control findings and to ensure procedures are in place to safeguard the Bank's assets
- Investigates frauds and irregularities and make recommendations to prevent recurrence
- Conducts inspection at the Bank's agencies
- Contributes to the control of risks and operational efficiency
- Conducts a periodic formal review of the effectiveness of the Bank's system and internal controls governing RPTs to assess consistency with the board-approved policies and procedures. The resulting audit reports, including exceptions

RISK MANAGEMENT OFFICER

- Risk Register: Maintain a risk register based on the identified applicable laws and regulations, fraud schemes, and AML considerations.
- Controls Catalogue: Based on review of procedures and walkthroughs, maintain an inventory of internal controls and map them to key risk areas.
- Issues Management: Track the progress of remediation of control weaknesses identified by Internal Audit, self-testing, or controls assessment.
- Risk Assessment: Assist in the execution of the corporate compliance, fraud, and BSA risk assessments by identifying the key risks and assessing mitigating controls to determine the risk profile for the organization.
- Risk Monitoring: Assist in the development and monitoring of key risk indicators (KRIs) that are mapped to various risks to determine elevations in risk and proactively implement risk mitigation measures. Informs Treasury Head for the preparation of Notice of Account Credit (NAC).
- Emerging Risks: Identify emerging risks that present new regulatory, fraud, or money laundering risks. These include risks associated with new products and services, customer types, geographies, and channels.
- Data Analytics: Coordinate the collection of risk information from source systems, departments, and reporting. Analyze the data and apply to various key risk areas to update the risk profile.
- Policy and Procedure Maintenance: Provide assistance to in developing and updating policies and procedures by enforcing document standards.

- Manage Document Library: Manage the publication, dissemination, and availability of compliance and financial crimes policies and procedures.
- Reviews BRR and CRAM.
- Overseeing the development and implementation of the bank's risk management function.
- Responsible for supporting the board in its development of the bank's risk appetite and for translating the risk appetite into a risk limits structure.
- Should be independent and have duties distinct from other executive functions.
- Manages (risk) quality of the loan portfolio.
- Manages risk rates assigned to clients.
- Updates Credit Manual.
- Recommends risk rating distribution by branch and industry.

CHIEF COMPLIANCE OFFICER

- Identify and assess the compliance risks associated with the organization's current and proposed future business activities.
- Identify and keep an inventory available to all staff of essential laws and regulations pertinent to the organization.
- Advise management on the applicable laws, regulations, rules and standards and inform them about any developments in these areas.
- Establish written guidelines to staff on the appropriate implementation of the laws, regulations, rules and standards through policies and procedures (Compliance Manual, Code of Conduct).
- Assess the appropriateness of internal policies, procedures and guidelines, ensure a follow-up of any identified deficiencies, make recommendations for amendments, where necessary, and supervise the implementation of corrective measures to mitigate the identified deficiencies.
- Monitor compliance with internal policies, procedures and guidelines by performing regular and comprehensive compliance risk assessments and testing; report the results on a regular basis and promptly where deemed necessary to executive management and, if necessary, the Board of Directors.
- Centralize all information on compliance-related issues.
- Educate staff with respect to compliance with the applicable laws, rules and standards and act as advisor on compliance queries from staff members.
- Coordinate with relevant external bodies and regulators on compliance matters; exercise any specific legal responsibilities such as reporting suspicious transactions related to money laundering and the fight against terrorism financing.

CREDIT COMMITTEE

- Reports directly to the Board of Directors
- Advises the Board in the establishment of a loan portfolio that will assure the safety of Bank depositor's money and earns sufficient income to provide an adequate return on capital
- Monthly reviews of large loan made within the Bank's lending limits
- Reviews the loan policy and compliance with that policy
- Monitors loan quality through quarterly problem loan reports, past due reports, loan charge-offs and potential loss predictions

CREDIT COMMITTEE

- Monitors loan loss reserve adequacy
- Looks for concentration or industry trends in the portfolio
- Keeps management informed of economic and industry trends that Committee members are aware of
- Determines what peso limit is appropriate for review and may change that limit periodically
- Fulfills its statutory, fiduciary and regulatory responsibilities.

CREDIT REVIEW OFFICER

- Monitors the line-driven grading system by reviewing both loan requests and re-grade memos; validates the accuracy of risk ratings.
- Provides advisory assistance regarding risk identification, underwriting and risk management practices.
- Develops strategic credit risk assessments that determine the risk review plans.
- Participates in new product development initiatives to ensure that appropriate credit risk issues are adequately addressed.
- Identifies and communicates potential policy and/or operational improvements that will enhance credit quality.
- Monitors and evaluates problem loan statistics to ensure that appropriate reporting of activity is occurring.
- Understands pertinent regulatory issues and impact on credit risk. Monitors compliance with bank policies/procedures and State laws and regulations.
- Researches, analyzes and prepares various loan quality information reports for senior management.
- Determines whether follow-up risk reviews, target reviews, special investigations, or additional communications with examined business units are required based on credit issues identified.
- Assists in the analysis to determine the adequacy of the reserve for credit losses.
- Benchmarks “best practices” with peer institutions and makes recommendations to incorporate them into the company’s risk management processes, as appropriate.

PRESIDENT

- Establishes and carries out the bank’s vision and mission
- Plans, establishes and develops bank policies and procedures in accordance to BSP rules and regulations.
- Establishes the bank’s main objectives and goals
- Ensures the bank’s growth and development
- Manages and coordinates banking administration

- Handles internal and external communication
- Establishes and carries out the bank's vision and mission
- Plans, establishes and develops bank policies and procedures in accordance to BSP rules and regulations.
- Establishes the bank's main objectives and goals
- Ensures the bank's growth and development
- Manages and coordinates banking administration
- Handles internal and external communication
- Establishes and ensures implementation of high-quality customer care services
- Establishes long-term relationships with the bank's staff, client and business partners
- Assists and supports in designing bank's products and services
- Monitors the bank's performance, anticipate problems and protect the investments
- Makes sure all banking operations are functional and all customers are satisfied

VICE PRESIDENT FOR OPERATIONS

- Reports to the President and presents regular reports or issues requiring decisions to them.
- Provides overall direction and guidance to the operational activities of the organization with the objective of maximizing growth and profitability as well as day-to-day leadership and management to all company operations functions
- Maximizes an organization's growth and profitability while leading and managing all company operations functions
- Reviews performance against operating plans, analyzes market conditions and approves changes in plan directions
- Guides employees by interpreting policies, goals and purposes of the organization for subordinates and conducting employees' performance reviews
- Identifies training needs, recommends employee actions and communicates with employees on the progress of plans
- Collaborates with other company departments and segments of management to establish and execute responsibilities
- Manages organization operations by directing and coordinating activities consistent with established goals, objectives, and policies
- Implements programs to ensure attainment of business plan for growth and profit
- Provides direction and structure for operating units
- Develops and creates strategies and policies aligned with organizational goals
- Provides mentoring and guidance to subordinates and other employees
- Approves/overrides withdrawal transactions above P30,000
- Overrides transactions of high-risk clients.

VICE PRESIDENT FOR FINANCE

- Reports directly to the President.
- Provides executive leadership for significant financial growth
- Establishes financial policies, practices and procedures for the Bank according with the BSP regulations
- Establishes appropriate business controls to engender an appropriate result in decision making
- Understands and analyze financial performance as it relates to forecasted profitability
- Improves profit dictated by annual business plans
- Coordinates expenditure programs to coincide with forecasted cash flow
- Participates with Senior Management team preparing financial presentations for Bank executives, investors and financial institutions
- Approves/overrides withdrawal transactions above P30,000
- Overrides transactions of high-risk clients.

CORPORATE ACCOUNTING HEAD

- Reports directly to the Vice President for Finance.
- Obtains and maintain a thorough understanding of the financial reporting and general ledger structure
- Ensures an accurate and timely monthly, quarterly and year end close
- Ensures the timely reporting of all monthly financial information
- Ensures the monthly and quarterly Bank Compliance activities are performed in a timely and accurate manner
- Supports budget and forecasting activities
- Collaborates with Treasury Head to support over all department goals and objectives
- Monitors and analyzes department work to develop more efficient procedures and use of resources while maintaining high level of accuracy
- Responds to inquiries from Vice President for Finance, Senior Vice President and other managers regarding financial results, special requests and the like

TREASURY HEAD

- Reports directly to the Vice President for Finance.
- Understands, manages and supervises all aspects of cash flow.
- Forecasts daily cash requirements and execute daily financing decisions
- Manages all aspects of investment portfolios.
- Manages long-term and short-term investment strategies.
- Prepares or monitors Bank's various cash flow forecasts.
- Manages, directs and develops Treasury staff.
- Recommends, implements and maintains process improvements.
- Reviews, approves and signs NAC.
- Elicit and analyse proposals for banking and financing services.

- Provide everyday cash position, estimate and analysis.
- Maintain correct estimate of cash balances.
- Supervise and manage all cash balances efficiently.
- Present monthly cash along with accounting reports to Accounting personnel.
- Manage collaterals.
- Ensure to check outsourcing as well as electronic payments.
- Manage international credit lines, letters of credit and corporate guarantees.
- Supervise maintenance and update signatories on every bank account.
- Assists compliance testing for entire Treasury Department.
- Develop, monitor and upgrade Treasury department budget.
- Develop everyday cash position report comprising of forecasting every week cash receipts plus disbursements.
- Support to manage short-term investment balances along with interest recording.

INFORMATION TECHNOLOGY HEAD

- Reports directly to the Vice President for Administration.
- Manages information technology and computer systems
- Ensures technology is accessible and equipped with current hardware and software
- Monitors maintain technology to ensure maximum access

HUMAN RESOURCES HEAD

- Reports directly to the Vice President for Administration.
- Act as the face of the HR for the Bank
- Responsible for senior level decision making both day to day management and strategic direction of the Bank
- Develops and implements an annual plan for HR in line with the business plan
- Ensures that HR plans support the needs of the business but with flexibility to cope with changes in the Bank
- Provides advice on statutory leaves
- Ensures all staff receive appraisals in accordance with Bank policy and monitor probationary periods
- Ensures all job descriptions are kept up to date, create new JDs when necessary
- Ensures all policies and procedures are up to date and legally compliant
- Ensures payroll is completed accurately and to deadline

MARKETING AND PRODUCT DEVELOPMENT HEAD

- Reports directly to the Vice President for Operations.
- Maintain and manage competitive intelligence and comparisons by working with cross-functional stakeholders and executing self-lead research.
- Create product content such as case studies, videos, and website copy and blog posts.
- Gain insight into customer use of current products, untapped opportunities and buyer personas
- Manage marketing budget and approval processes.
- Represent the company at all times and with virtually any audience to explain the customer-led benefits of the product line.
- Create training materials and training programs for each member of the outside sales team.
- Communicate the value of new products and services to the sales and marketing team.
- Assist sales on calls when appropriate to provide deeper dives into the product.
- Speak and present both internally and externally to promote the story of our product.
- Develop and implement promotional activities such as promotions and product launches.
- Focus on implementing programs that consistently generate new, high quality leads for our company.
- Improve loan segmentation, product packaging as needed.
- Creates product packaging, branding and promotional materials to reach target market.
- Lead Product launching.
- Develop product messaging that differentiates new products and services from others in the market.
- Head/Guide Marketing group as to the achievement of targets per product.
- Collaborates and assists marketing and planning to all project activations.
- Responsible for the marketing of professional banking services tailored exclusively to the rural banking industry.
- Develops annual marketing plan in conjunction with the branch operations and other support units.
- Manages the entire product line life cycle from strategic planning to operational activities.
- Carries out demographic research and analyse market data.
- Improves client retention rate.
- Identifies new potential markets.
- Incorporates social networking strategies in the Bank's marketing strategy.

FORECLOSURE HEAD/REMEDIAL OFFICER

- Assist branches to implement preventive measures to minimize non-performing loans.
- Maximize collection efforts of branches in managing the recovery of written off and hardened accounts.
- Acts as main verification specialist on all documents received in relation to the litigation files, working closely with the litigation department to ensure the accuracy of the documents prior to execution.
- Reviews, processes and communicates among all parties in regards to the validity of document execution.
- Initiates the valuation and maintenance of investment properties foreclosed or to be foreclosed.
- Determines bid price to be submitted to sheriff upon application for foreclosure if amount is P500, 000 Or below. Else, the Credit Committee or Board of Directors shall intervene.
- Assist branches in the foreclosure process, and correspondingly check all necessary documents for the processing of every foreclosure application.
- Monitors and tracks the progress of all foreclosure proceedings.
- Monitor the complete record of all documents and transactions pertaining to the foreclosure of mortgage real estate properties including the subsidiary ledger of the loan, litigation, foreclosure and maintenance expenses.
- Monitors and recommends foreclosure of non-performing loans.
- Represent the banks together with the Branch Managers in filling legal cases in court against delinquent clients and other cases.

SECURITY OFFICER

The security officer shall be responsible for:

- The development and administration of a security program acceptable to Bangko Sentral.
- The conduct of continuing security awareness program among all bank employees to highlight that security is a common concern;
- Investigation of bank robberies/hold-ups, recommending the filing of appropriate charges in court as the evidence may warrant and assisting in the prosecution of the perpetrator(s) thereof;
- The establishment of an effective working relationship with the BSP, PNP, and other law enforcement agencies in the prevention of bank crimes and other natural and man-made hazards; and
- The conduct of continuing research and studies on new techniques, methods and equipment to enhance bank protection measures.

CI/APPRAISAL HEAD

- Performs collateral appraisal
- Re- appraises existing collaterals, collateral for foreclosure and ROPA

BRANCH MANAGER

- Reports directly to the President
- Approves loan applications up to the amount delegated to him
- Recommends the approval/disapproval of loan applications in excess of the loan ceiling to the credit committee
- Sees to it that all book of accounts is up-to-date and balanced and reconciled
- Approves all tickets and proof sheets before they are posted to books and ledgers
- Signs/countersigns checks or demand drafts when authorized by the Board of Directors
- Sees to it that an effective internal control system is installed and maintained in order to prevent errors and frauds
- Goes to the field to determine the actual credit needs of borrowers and actual conditions in the locality
- Checks whether all accountable employees are properly bonded
- Approves/overrides withdrawal transactions amounting more than P2, 500 but less than to P30, 000.
- Overrides transactions of high-risk clients.
- Approves payroll as well as any disbursement for expenditures and release of loan proceeds
- Sees to it that all exceptions noted in the audit and examinations of the books and operations of the bank conducted by the BSP examiners are corrected in accordance with the instructions received
- Oversees that all required reports are prepared and submitted on time to the different agencies and to the Board of Directors

Selection process for the Board and Senior Management

Board of Directors

Selection of Board of Directors happens annually during the annual stockholders' meeting through election. The Bank's stockholders elect a new set of Board of Directors for the year. In case the elected BOD member resigns from his position/seat, a special BOD meeting will be conducted to elect a new member of the Board. The approval of the election is certified by a duly signed Board Resolution.

Senior Management

01

Conduct interview for key positions only, (If passed, endorse to BOD. If failed, endorse to HR Assistant to file on active file).

02

Conduct final interview, (If passed, endorse to HR Head. If failed, endorse to HR Assistant to file on active file).

03

Conducts Character or Background Investigation.

04

Discusses Job Offer. (If JO is accepted, endorse to HR Assistant. If declined, conducts negotiation of JO), if offer is declined again, file on active file).

03

Discusses Job Offer. (If JO is accepted, endorse to HR Assistant. If declined, conducts negotiation of JO), if offer is declined again, file on active file).

Board's Overall Responsibility

1. Acts within the scope of power and authority of the Bank and the Board as prescribed in the Articles of Incorporation, By-laws and in existing laws, rules and regulations
2. Exercises their best care, skill, judgment and observe utmost good faith in the conduct and management of the business and affairs of the Bank.
3. Acts in the best interest of the Bank and for the common benefit of Bank's stockholders and other stakeholders
4. Install a process of selection to ensure a mix of competent Directors and Officers each of whom can add value and contribute independent judgment to the formulation of sound corporate strategies and policies, and adopt an effective succession planning program for Management.
5. Elects the President and other Officers
6. Adopts a professional development program for Officers and succession planning for the Bank Executives
7. Determines or validates the Bank's purpose, its vision, mission and strategies to carry out its objectives
8. Ensures that the Bank complies with all relevant laws, rules and regulations and codes of best business practices.
9. Identifies the Bank's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program
10. Adopts a system of internal checks and balances and regularly evaluate applicability thereof under changing conditions.
11. Identifies key risk areas and key performance indicators and monitor these factors with due diligence.
12. Ensures the continuing soundness, effectiveness and adequacy of the Bank's internal control environment.
13. Properly discharge Board functions by meeting regularly, and give due consideration to independent views during Board meetings, which meetings shall be duly minuted.
14. Adopts procedures for the Directors, either individually or as a group, in furtherance of their duties, to take independent professional advice and to have access to management.
15. Approves items reserved to the Board, such as, but not limited to
 - Annual Report and Financial Statements
 - Dividends
 - Financial Policies
 - Budget
 - Retirement Plan and selection/appointment of Trustees
 - Safety/Asset Integrity Matters
 - Others

Description Of The Major Role And Contribution Of The Chairman Of The Board

The Chairman of the Board is responsible to:

1. Preside over Board Meetings;
2. See to it that all policies lay down by the Board and all rules and regulations and orders of the MB of the BSP are carried out.

Corporate power resides in the Board of Directors as a Body. The Chairman of the Board of Directors is vested with authority to:

- (1) To approve and monitor the implementation of strategic objectives.
- (2) To approve and oversee the implementation of policies governing major areas of banking operations.
- (3) To approve and oversee the implementation of risk management policies.
- (4) To oversee selection and performance of senior management.
- (5) To consistently conduct the affairs of the institution with a high degree of integrity.
- (6) To define appropriate governance policies and practices for the bank and for its own work and to establish means to ensure that such are followed and periodically reviewed for ongoing improvement.
- (7) To constitute committees to increase efficiency and allow deeper focus in specific areas.
- (8) To effectively utilize the work conducted by the internal audit, risk management and compliance functions and the external auditors.
- (9) In group structures, the board of directors of the parent company banks shall have the overall responsibility for defining an appropriate corporate governance framework that shall contribute to the effective oversight over entities in the group.

Board Composition

Name of Directors	i. Type of directorship	ii. The principal stockholder represented if nominee	iii. The number of years served as director	iv. Number of direct and indirect shares held	v. Percentage of shares held to total outstanding shares of the bank
Carlo Esteban A. Guinto	Chairman	N/A	20	59,533	14.1409%
Arturo E. Guinto	Director	N/A	33	121,487	28.5868%
Enrico Arturo A. Guinto	Director	N/A	18	59,533	14.1409%
Rona Lissa A. Guinto	Director	N/A	9	59,533	14.1409%
Julie Ann A. Guinto	Director	N/A	8	59,533	14.1409%
Aleli P. Guinto	Director	N/A	2	10	0.0024%
Renato E. Guinto	Director	N/A	6 months	1,688	0.4010%
John M. Foster	Independent Director	N/A	9	3	0.0007%
Danilo R. Castro	Independent Director	N/A	4	3	0.0007%

Board Qualification



ARTURO E. GUINTO

POSITION: DIRECTOR
 AGE: 71y/o
 NATIONALITY: FILIPINO

EXPERIENCE/S:

- Golden Rural Bank of the Philippines, Inc. President 1987-present
 Director 1987-present
- RURAL BANK OF NAGUILIAN-NAGUILIAN Manager 1977-1986
- RURAL BANK OF CAUAYAN-CAUAYAN Supervised Credit Technician 1971-1977

Present Position - Other Private Institution

- Retailer-Golden Trading Shell Service
- Director-Guinto Land Development



ENRICO ARTURO A. GUINTO

POSITION: DIRECTOR
 AGE: 42y/o
 NATIONALITY: FILIPINO

EXPERIENCE/S:

- Golden Rural Bank of the Philippines, Inc. Director, 2003-present
 SVP, 2012-2019
 OIC, 2005-2011
 Liason Officer 2001-2002
- PNB-Head Office Internal Auditor 2002-2003
- UNION BANK Accountant Sep-Dec 2001

Present Position - Other Private Institution

- Director-Golden Trading Shell Station
- Director-Ranch Oro Corporation
- Director-Guinto Land Development



CARLO ESTEBAN A. GUINTO

POSITION: DIRECTOR
 AGE: 43y/o
 NATIONALITY: FILIPINO

EXPERIENCE/S:

- Golden Rural Bank of the Philippines, Inc. Chairman of the Board March 2019-Present
 VP-Admin 2012-2019
 Director, 2002-present
 OIC, 2002-2011
- San Miguel Corporation Account Executive 2001-2002

Present Position - Other Private Institution

- Director-Ranch Oro Corporation
- Director-Guinto Land Development

Board Qualification



RONA LISSA A. GUINTO

POSITION: DIRECTOR
 AGE: 37y/o
 NATIONALITY: FILIPINO

EXPERIENCE/S:

- Golden Rural Bank of the Philippines, Inc.
 Director 2012-present
 OIC 2019-2021
 Strategic Planning Head 2020-Present
 Marketing and Planning Head 2011-2020
- Holcim Philippines Inc.
 Procurement Analyst 2007-2009
- Collins International Trading Corp.
 Marketing Assistant 2006
- PLDT, UK
 Marketing Executive 2005

Present Position - Other Private Institution

- Director-Guinto Land Development



JULIE ANN A. GUINTO

POSITION: DIRECTOR
 AGE: 40y/o
 NATIONALITY: FILIPINO

EXPERIENCE/S:

- Golden Rural Bank of the Philippines, Inc.
 Director, 2002-present
 Asst. Manager 2002-2008
 OIC, 2009-2011

Present Position - Other Private Institution

- Director-Guinto Land Development



ALELI P. GUINTO

POSITION: DIRECTOR
 AGE: 42y/o
 NATIONALITY: FILIPINO

EXPERIENCE/S:

- Golden Rural Bank of the Philippines, Inc.
 Director, 2019-present
 2004-2018
 Corporate Secretary 2018-2019
 VP- Finance 2014-2019
 Corporate Accounting Head 2012-2014
- Chevron Holdings, Inc.
 Financial Analyst 2004-2006
- Ayala Property Management Corp
 Corporate Accountant 2000-2004

Present Position - Other Private Institution

- Director-Ranch Oro Corporation
- Director-FEATHER LAND CORPORATION
- Director-EL RANCHO POLLO CORPORATION

Board Qualification



RENATO E. GUINTO

POSITION: DIRECTOR
 AGE: 69y/o
 NATIONALITY: FILIPINO

EXPERIENCE/S:

- Golden Rural Bank of the Philippines, Inc. Director 2021-present
2010-2015
- Fe Cruz Corporation AVP-Finance 2010-2015



JOHN M. FOSTER

POSITION: INDEPENDENT DIRECTOR
 AGE: 43y/o
 NATIONALITY: FILIPINO

EXPERIENCE/S:

- Golden Rural Bank of the Philippines, Inc. Independent Director, 2002-present
- Department of Education Master Teacher 2013-Present
- University of Perpetual Help System Instructor 2004-2013
- Isabela Hotel and Resort Events & Concierge Coordinator 2011-2012
- JCI Cauayan Bamboo Secretary General 2010-2012



DANILO R. CASTRO

POSITION: INDEPENDENT DIRECTOR
 AGE: 70y/o
 NATIONALITY: FILIPINO

EXPERIENCE/S:

- Golden Rural Bank of the Philippines, Inc. Independent Director, 2017-present
- Phil. Rural Banking Corporation - Cabatuan Branch Head-Loans Department 2001-2003
Manager 2000-2001
Manager 1998-2000
Manager 1996-1998
- Land Bank of the Phils. Santiago Branch Head Loans & Discounts/Cashier 1994-1996
Head Loans & Discounts 1991-1993
Appraiser 1987-1990
Loans Clerk 1982-1986
- Carinda's Theater- Solano, Nueva Vizcaya Operation Staff 1971-1982

Board-level Committees

AUDIT, RISK MANAGEMENT AND COMPLIANCE OVERSIGHT COMMITTEE

DANILO R. CASTRO
Chairman



JOHN M. FOSTER
Member



ALELI P. GUINTO
Member



CARLO ESTEBAN A.
GUINTO
Member



Board-level Committees

CREDIT COMMITTEE

ENRICO ARTURO A.
GUINTO
Chairman



JULIE ANN A. GUINTO
Member



RONA LISSA A. GUINTO
Member



Directors' attendance at Board and committee meetings

	BOARD NUMBER OF MEETINGS	ARMCO COMMITTEE NUMBER OF MEETINGS	CREDIT COMMITTEE NUMBER OF MEETINGS
CARLO ESTEBAN A. GUINTO	100%	100%	
ARTURO E. GUINTO	90.5%		
ENRICO ARTURO A. GUINTO	100%		83%
RONA LISSA A. GUINTO	95.2%		94%
JULIE ANN A. GUINTO	100%		100%
RENATO E. GUINTO	66.7%		
ALELI P. GUINTO	95.2%	100%	
DANILO R. CASTRO	52.4%	100%	
JOHN M. FOSTER	71.4%	83%	
Total Number of Meetings Held During the Year	21	12	36

Executive Officers/ Senior Management



ARTURO E. GUINTO

POSITION: President
AGE: 71y/o
NATIONALITY: FILIPINO

EXPERIENCE/S:

- Golden Rural Bank of the Philippines, Inc.
President 1987-present
Director 1987-present
- RURAL BANK OF NAGUILIAN-NAGUILIAN
Manager 1977-1986
- RURAL BANK OF CAUAYAN-CAUAYAN
Supervised Credit Technician 1971-1977



FIDELINO G. DALLEGO

POSITION: VICE PRESIDENT FOR OPERATIONS
AGE: 68y/o
NATIONALITY: FILIPINO

EXPERIENCE/S:

- Golden Rural Bank of the Philippines, Inc.
VP-Operation 2021-present
OIC for Operation 2020-2021
Branch Manager- Roxas Branch 2012-2020
- Producers Savings Bank Corp.
Branch Manager 2009-2012
- Consumers Rural Bank
Manager 2006-2008
- Commonwealth Rural Bank, Inc.
Branch Manager 200-2002
- Metropolitan Banks & Trust Corp.
Accountant 1977-1998
- Master Marketing
Bookkeeper 1976-1977

Executive Officers/ Senior Management



JEMEMA E. QUINSAY

POSITION: VICE PRESIDENT FOR FINANCE
AGE: 28y/o
NATIONALITY: FILIPINO

EXPERIENCE/S:

- Golden Rural Bank of the Philippines, Inc.
VP Finance 2021-Present
OIC for Finance 2020-2021
Corporate Secretary-present May 2021-Present
- University of La Sallete, Inc.
Instructor 2016-2019
- Cagayan Valley Computer & IT
Part time instructor Nov 2015-Mar 2016
- Shanley Construction
Accountant Oct 2015-May 2016
- Arts and CPA Review Center
Part Time Reviewer Sept 2015-Aug 2016



RONA LISSA A. GUINTO

POSITION: DIRECTOR
AGE: 37y/o
NATIONALITY: FILIPINO

EXPERIENCE/S:

- Golden Rural Bank of the Philippines, Inc.
Director 2012-present
OIC 2019-2021
Strategic Planning Head 2020-Present
Marketing and Planning Head 2011-2020
 - Holcim Philippines Inc.
Procurement Analyst 2007-2009
 - Collins International Trading Corp.
Marketing Assistant 2006
 - PLDT, UK
Marketing Executive 2005
- Present Position - Other Private Institution
- Director-Guinto Land Development

Performance Assessment Program

GRBP regularly conducts review of its employee's job performance and overall contribution to the bank. All employees have to conduct a performance self-assessment base on their balance scorecard then submit it to their immediate superior for review and validation of rating. The immediate superior assesses his staff individually in relation to the achievement of his performance goals and organizational objectives. Once validated, they have to set a meeting to discuss the result of the performance evaluation. Both parties should agree with the rating and sign on the documents. The result of the performance appraisal is submitted to the HR Department within Ten (10) banking days every February and August.

Meanwhile, the board of directors and committee members is using a "Self-Evaluation Form" for the overall assessment of the quality of their oversight function. The form is completed by every director on a quarterly basis, the results of which provide input to the overall assessment of the Board.

Orientation and Education Program

The Human Resource Department is in-charge in conducting orientation and in finding appropriate trainings/seminars for all employees. They are consolidating all trainings of employees per position to easily track the trainings of each employee. This will serve as the basis in identifying competencies prior to identifying the potential successors for critical positions. The training calendar is prepared annually for the training plans for the year to address the training needs of employees and equip them with proper skills set needed on their job functions. The director or senior management can also initiate/recommend attending trainings that they think they needed.



Retirement Policy

Golden Rural Bank of the Philippines, adopted the provision on Republic Act No.7641, "An Act Amending Article 287 of Presidential Decree No. 442, As Amended, Otherwise Known as The Labor Code of the Philippines, By Providing for Retirement Pay to Qualified Private Sector Employees in the Absence of Any Retirement Plan in The Establishment". Therefore, GRBP employees upon reaching the age of sixty (60) years or more, but not beyond sixty-five (65) years which is declared the compulsory retirement age, who has served at least five (5) years in the bank, may retire and shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one whole year.

An independent director of Bank may only serve as such for a maximum cumulative term of nine (9) years. After which, the independent director shall no longer allowed to be re-elected and shall be replaced. This policy is adopted from the MORB

Succession Policy

Golden Rural Bank of the Philippines, has adopted a succession policy to identify the critical positions and highlight the potential vacancies in the bank, to select key competencies and skills necessary for the bank's continuity and to focus on the development of individuals to meet future bank's needs.

The Bank's succession planning covers all its employees including the function of President and all department heads. This is to assess the leadership needs of the company to ensure the selection of qualified leaders that are diverse and a good fit for the organization's mission and goals and have the necessary skills for the organization.



Succession Policy

GRBP considers 5 factors in identifying potential successor in every positions. This includes:

1. Vacancy Impact - helps to determines the impact of the vacant positions that need to be filled in.
2. Growth Potential - helps in the organization's assessment of the potential successors ability to assume the position.
3. Performance Appraisal- are used to review the job performance of an employee over some period of time. These reviews are used to highlight both strengths and weaknesses in order to improve future performance.
4. Tenure in the bank- refers to the period of time an employee works at a particular job.
5. Training needs- Is the process in which the bank identifies training and development needs of its employees so that they can do their job effectively.

Remuneration Policy

Golden Rural Bank of the Philippines Inc. endeavors to come up and implement its Remuneration Policy as fair, competitive and consistent program of financial compensation for all employees of the company together with the responsibilities that have been undertaken. This Policy embraces all managers and employees at all levels within Golden Rural Bank of the Philippines Inc.

The salaries that are to be paid to managers and employees at all levels of the company shall be compatible with internal balances, strategic targets and market conditions.

A general increase in salaries is to be implemented twice a year. A two stage process is followed in the determination of the rate of yearly wage increase: first, the general corporate wage increase rate shall be determined, and then personal wage increase rates shall be specified.

Determination of wages in duty changes and recruitments and yearly general wage increases are arranged through Remuneration Management Procedures and announced to all employees.

Performance-based Incentives

Performance-based incentive payments are determined in order to have a positive effect on employee work results according to objective work conditions, taking into account the company's performance without a predetermined, guaranteed amount.

Incentives are correlated with the duties employees perform as well as high performance. The performance factors for yearly premiums are designed in order to harmonize the interests and benefits of employees and shareholders and to promote high performance.

The upper limit of premiums and the total yearly premium budget is determined by the Board of Directors in line with the company's financial performance and budget.

On top of the basic compensation of employees, the Bank also provides Car Allowance, Gas Allowance, Relocation Allowance, Boarding Allowance, Per Diem and Car rental.

Corresponding allowance will be granted depending on the frequency of fieldworks activities. This is in replacement of P.O for gasoline. In the event that Marketing Specialist/ Account Officer/C.I/I.T exceeds the gas allowance, provided justified and with complete attachments it will be reviewed for approval.

Due to pandemic situation, newly approved cost reduction program. Reimbursement of gas allowance will be based on the standard km/L or whichever is lower.

Performance-based Incentives

Benefit	Concern Employees	Now
Car Allowance, Gas Allowance	None. BUT will be given Php. 4,000 every month to cover car allowance and gas. (NO more P.O for gas). In the event that BM/OIC exceeds the gas allowance provided justified it will be considered. (Attachment will be necessary)	None. BUT will be given Php. 4,000 every month to cover car allowance and gas. (NO more P.O for gas). In the event that BM/OIC exceeds the gas allowance provided justified it will be considered. (Attachment will be necessary)
Per Diem	All Employees	None. BUT Snacks and Lunch Meals will be provided every meeting. Exceptions: Training outside Isabela, Quirino and Cagayan.
Car Rental	BM/OIC's	None. Car allowance is already provided to cover Transportation for BM/OIC.
Relocation Allowance	All Employees	Yes. Provided that the employees will be designated at least two (2) towns away from home and to stay to the said area for elongated time required for his job function.
Boarding Allowance	All Employees	Yes. Provided that attachment (O.R) will be submitted for review and future reference.

Board of Directors Compensation

The directors shall not receive any compensation in their capacity as such, except for reasonable per diem for actual attendance of meetings: Provided however, that the stockholders representing at least a majority of the outstanding capital stock or majority of the member may grant directors with compensation and approve the amount thereof at a regular or special meeting.

In no case shall the total yearly compensation of directors exceed ten (10%) percent of the net income before tax of the corporation during the preceding year.

Directors shall not participate in the determination of their own per diems or compensation.

Board of Directors per Diem

The directors are given reasonable per diem for actual attendance of BOD meeting as follows:

- Directors are given per diem during regular board meeting
- Per Diem during special board meeting will be computed prorata on the approved per diem of regular board meeting
- In case that the directors did not attend the meeting, the director will be given half of his/her approved per diem.
- In case that the director did not appear in two (2) or more consecutive meetings, the director shall not receive any per diem.
- The directors are given reasonable per diem for actual attendance of Committee meeting as follows:
- Directors with Committee functions will be given per diem up to four (4) meetings in a month.
- In case that the directors with committee function did not appear or attend the committee meeting shall not be given per diem.

Policies and Procedures on Related Party Transactions

Overarching policies and procedures for managing related party transactions

All branches/departments are required to identify/determine and report to the ARMCO/RPT Committee all their proposed transactions/arrangements with the bank's related parties for review.

The ARMCO /RPT Committee will be provided with all relevant material information of RPTs, including the terms of the transaction, the business purpose of the transaction, the benefits to the bank and to the related party, and any other relevant matters. They evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. They also evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the bank are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. They ensure that E appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the bank's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosures shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies; and conflicts that could arise as a result of the bank's affiliation or transactions with other related parties. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

The following factors to the extent relevant to the RPT in conducting an independent review:

- a. the identities of the parties involved in the transaction or relationship;
- b. the terms of the transactions are fair and on arm's length basis to the Bank;
- c. the impact on Director's or Senior Officer's independence; and
- d. whether the RPT would present an improper conflict of interest for any Director, Stockholder or Officer of the bank.

Policies and procedures on related party transactions

Transactions that were entered into with an unrelated party that subsequently becomes a related party will be initially excluded from the limits and approval process required in this policy. However, any alteration to the terms and conditions, or increase in exposure level related to these transactions, renewal of contract after the non-related party becomes a related party shall subject the RPT to the requirements of the policy. The prospective treatment should, however, be without prejudice to supervisory actions that may be enforced for transactions noted to have not been conducted on an arm's length basis. In the event that the unrelated party becomes related party, all existing transactions will be subjected to reporting to the BSP.

The Board of Directors approves and confirms all RPTs endorsed by the ARMCO Committee. Any member of the Board or ARMCO Committee who has interest in the transaction must abstain from participation in the review and approval of any RPT.

Directors and officers with personal interest or known to have conflicting interest in the transaction shall refrain/abstain from recommendation, discussion, evaluation, approval and management of such transaction or matter affecting the Bank. As such, the involved transaction shall not be processed and maintained in the jurisdiction of the related officer. It should be automatically transferred to other branch to avoid possible special treatment and ensure proper implementation of the policy.

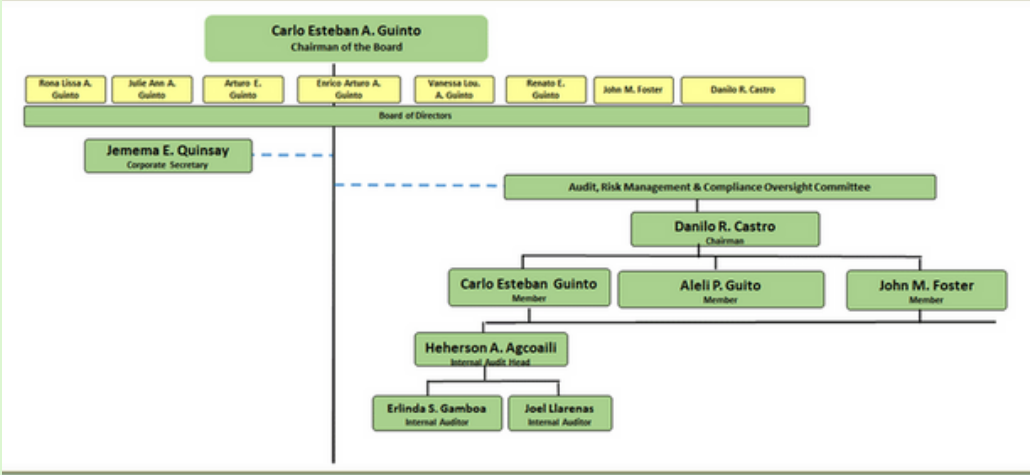
Material RPTs

Details of material RPTs for the year 2021

Related Counterparty	Relationship Between the Parties	Type of Transaction	Aggregate Amount for 2021
GUINTO LAND DEVELOPMENT CORP	Related Interest	Rent Expense	1,597,755.91
ENRICO ARTURO A. GUINTO	Director	Loan Payment	1,213,479.17
GIOVANNI D. ALINGOG	Related Interest	Loan Release	11,273,134.90
GIOVANNI D. ALINGOG	Related Interest	Loan Payment	1,310,055.13
EDGAR ALLAN G. CABAUTAN	Related Interest	Loan Release	4,202,297.80
EDGAR ALLAN G. CABAUTAN	Related Interest	Loan Payment	96,626.25
EDGAR ALLAN G. CABAUTAN	Related Interest	Savings Cash Deposit	99,047.00
EDGAR ALLAN G. CABAUTAN	Related Interest	Savings Cash Withdrawal	97,207.00
ARTURO E. GUINTO	Director	Time Certificate of Deposit Transactions	130,477.07
CARLO ESTEBAN A. GUINTO	Director	Time Certificate of Deposit Transactions	1,436.38.00
ENRICO ARTURO A. GUINTO	Director	Savings Cash Deposit	87,620.00
ENRICO ARTURO A. GUINTO	Director	Savings Cash Withdrawal	134,350.00
RONA LISSA A. GUINTO	Director	Savings Cash Deposit	10,000.00
RONA LISSA A. GUINTO	Director	Savings Cash Withdrawal	20,000.00
ARTURO E. GUINTO	Director	Savings Cash Withdrawal	1,070,000.00
JULIE ANN A. GUINTO	Director	Savings Cash Withdrawal	57,938.00
JULIE ANN A. GUINTO	Director	Savings Cash Deposit	21,000.00
TOTAL AMOUNT			21,422,424.61

Self-Assessment Function

INTERNAL AUDIT STRUCTURE



Role of Internal Audit

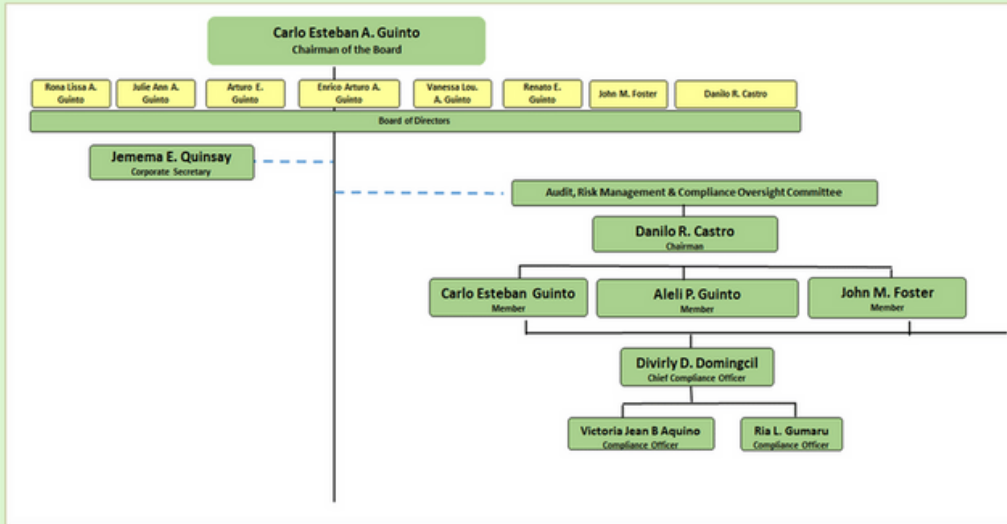
Internal Audit looks at the organization’s objectives and then focuses on those risks that are identified by management that may hinder their achievement.

Reporting Process

Process Owner/s	Process	Remarks
Internal Auditor	1. List and print initial audit findings and give copy to branch employees. Discuss audit findings with the branch employees. After discussion, make final audit report, give copy to ARMCO/BOD, and issues Personnel Memorandum. The branch receives and sign initial findings copy and participate in the discussion.	This is the time discussing and communicating audit findings, comments and performances thru Exit conference.
BOD/ARMCO	2. Receive and read Final Audit Report	BOD/ARMCO will receive the final audit report on the fifth (5 th) day from exit conference.
HR Head/Assistant	3. Receives copy of issued personnel memorandum	

Self-Assessment Function

COMPLIANCE STRUCTURE



COMPLIANCE FUNCTION

The Compliance Function shall have a formal status within the organization. It shall be established by a charter or other formal document approved by the Board of Directors that defines the compliance function's standing, authority and independence, and addresses the following issues:

- Measures to ensure the independence of the compliance function from the business activities of the bank;
- The organizational structure and responsibilities of the unit or department administering the compliance program;
- The relationship of the compliance unit/department with other functions or units of the organization; including the delineation of responsibilities and lines of cooperation;
- Its right to obtain access to information necessary to carry out its responsibilities;
- Its right to conduct investigations of possible breaches of the compliance policy;
- Its formal reporting relationships to senior management, the Board of Directors, and the appropriate board-level Committee; and
- Its right of direct access to the Board of Directors and to the appropriate board-level Committee.
- The charter or other formal document defining the status of the compliance function shall be communicated throughout the organization.

Dividend Policy

The Bank's dividend policy is underway. The HR Department is tasked to establish a dividend policy.

Corporate Social Responsibility Initiative

The Banks joins in helping typhoon victims destroyed by "Typhoon Odette" through cash donation organized by Rural Bankers Association of the Philippines (RBAP). Through the help of rural banks including GRBP the donations are distributed in the isolated areas in Southern Leyte, Surigao and Siargao for the purchasing of badly needed basic goods such as food and water to affected communities.



Surigao



Southern Leyte



Siargao, Diganat

Consumer Protection Practices

ROLES AND RESPONSIBILITIES OF OVERSIGHT BODIES

BOARD OF DIRECTORS

The Board of Directors (BOD) has the ultimate responsibility for the level of customer risk assumed by GRBP. Accordingly, the Board approves the Bank's overall business strategies and significant policies, including those related to managing and taking customer risks.

The Board of Directors takes steps to develop an appropriate understanding of the customer risks the Bank faces through briefings from auditors and experts external to the organization.

The Board of Directors provides clear guidance regarding the level of customer protection risk acceptable to the Bank and ensures that senior management implements the procedures and controls necessary to comply with the policies that have been adopted.

The Board of Directors is responsible for developing and maintaining a sound Consumer Protection Risk Management System that is integrated into the overall framework for the entire product and service life-cycle.

Each director has a level of knowledge commensurate with the nature of his or her role in managing the Bank's customer protection program. This can be done through attendance to trainings and seminars, interaction with experts and regulatory personnel knowledgeable to this line.

The Board reviews and approves appropriate customer protection policies to limit risks inherent in the Bank's significant business lines, activities, or products, including ensuring effective oversight of any third-party providers that provide products and services for the Bank.

The Board periodically reviews and approves customer protection risk exposure limits to conform to any changes in the Bank's strategies and addresses the extent of protection assumed by the customers when new products are introduced.

Consumer Protection Practices

ROLES AND RESPONSIBILITIES OF OVERSIGHT BODIES

SENIOR MANAGEMENT

Senior management is responsible for implementing a program to manage the customer compliance risks associated with the Bank's business model, including ensuring compliance with laws and regulations on both a long-term and a day-to-day basis. Accordingly, management should be fully involved in its activities and possess sufficient knowledge of all major products to ensure that appropriate risk controls are in place and that accountability and lines of authority are clearly delineated.

Senior management also is responsible for establishing and communicating a strong awareness of, and need for, effective customer protection risk controls and high ethical standards.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The BOD and Senior Management periodically review the effectiveness of the Consumer Protection Risk Management System (CPRMS) including how findings are reported and whether the audit mechanism in place enable adequate oversight.

The BOD and Senior Management must ensure that sufficient resources are devoted to the customer protection program.

They must be certain the FCP weaknesses are properly addressed and corrective actions are taken in a timely manner.

The Board and Senior Management are sufficiently familiar with and are using adequate record keeping and reporting systems to measure and monitor the major sources of customer risk to the Bank.

The Board and Senior Management ensure that the depth of staff resources is sufficient to operate and manage the Bank's customer protection activities soundly and that employees have the integrity, ethical values, and competence that are consistent with a prudent management philosophy and operating style.

The Board and Senior Management anticipate and respond to customer protection risks that may arise from changes in the Bank's competitive environment and to risks associated with new or changing regulatory or legal requirements.

Consumer Protection Practices

ROLES AND RESPONSIBILITIES OF OVERSIGHT BODIES

OVERSIGHT FUNCTIONS

GRBP has professional and experienced members of the Board of Directors and senior management. Nevertheless, the Bank provides for strategies and techniques in order to avoid the identified risks and their effects to the customer and the Bank by the following preventive measures:

a) The BOD should appoint the Audit Committee to supervise the consumer protection risk management system (CPRMS);

The BOD should regularly require the senior management to report on the customer's complaints and update their status;

THE CONSUMER PROTECTION RISK MANAGEMENT SYSTEM OF THE BANK

RISK MANAGEMENT PROCESS

RISK IDENTIFICATION AND EFFECTS ON CUSTOMER AND THE BANK

Identifies its customer protection risks in each principle through analyzing its effects to the Bank and the customer.

The following were specifically recognized or identified risks by the Bank under the different principles or protection standards of consumer protection:

- 1) Oversight Bodies
 - 2) Disclosure and Transparency
 - 3) Conflict of Interest
 - 4) Protection of Customer Information
 - 5) Fair Treatment
 - 6) Remuneration Structure
 - 7) Effective Recourse
- Financial Education and Awareness

Consumer Protection Practices

THE CONSUMER PROTECTION RISK MANAGEMENT SYSTEM OF THE BANK

CUSTOMER PROTECTION RISK MEASUREMENT & ANALYSIS

GRBP recognizes the importance of measuring risks in relation to the degree and extent of risks in financial customer protection. In this view, the Bank has established two (2) approaches in measuring the effects of failure to follow the required protection standards or principles, namely;

The Bank classifies its risk according to probability or the likelihood of occurrence of the risk:

RARE – the happening of the customer protection risk is not expected to come soon;

LIKELY – the happening of the customer protection risk is not expected at the moment;

CERTAINLY – the happening of customer protection risk is definite or imminent.

The Bank classifies the level of customer protection risks accordingly:

LOW– the impact of customer protection risk to the Bank is nil or minimal;

MEDIUM – the impact of customer protection risk to the Bank is moderate or within the tolerable level of the Bank;

HIGH – the impact of customer protection risk to the Bank is above what the Bank's tolerable limit and has adverse effects on the reputation.

RISK ANALYSIS AND EVALUATION

Based on existing financial customer protection standard risks as identified and profiled by the Bank, identified risks were classified as follows:

The effects of lack of oversight supervision by BOD and SM is “rare” to happen since they are very serious in addressing customer protection issues by coming out of policies and procedures and developing the Consumer Assistance Management System, thereby, impact of the risk to the Bank and the customer would be low.

Consumer Protection Practices

THE CONSUMER PROTECTION RISK MANAGEMENT SYSTEM OF THE BANK CUSTOMER PROTECTION RISK CONTROL, TECHNIQUES AND STRATEGIES

DISCLOSURE AND TRANSPARENCY

In order to avoid the risks related to disclosure and transparency, the Board of Directors and Senior Management issued the following strategies and control measures to avoid the risks:

a) The Bank must conduct regular trainings/seminars on a per schedule basis to all its employees in order for the latter to be familiarized with current products and services;

b) All employees in charge should explain the terms and conditions related to a certain product and service prior to signing up the relationship contract to include corresponding policies and procedures, right and responsibilities of the clients;

The Marketing Head of the Bank must see to it that brochures, flyers advertisement materials are updated and does not contain adverse or deceptive information. The information is clear, accurate and easily understood by the Bank's clients.

CONFLICT OF INTEREST

GRBP resolves and prevents conflict of Interest among the customers and bank employees through the following measures:

a) A director should inhibit in the approval process of own loan;

b) When a borrower is the subject of credit investigation and property appraisal by the Bank's employee who is closely associated to the borrower, the Bank assigns the job to another CI/Appraiser;

PROTECTION OF CLIENT INFORMATION

Bank's strategies are to put prevention and control measures in order to protect the client's information are enumerated hereunder:

a) The Bank must have well defined IT processes and procedures and designated IT Department to handle the entire system;

All computers being utilized for storing and retrieving of data and information of customer must have an automatic log-off and log-in;

Consumer Protection Practices

THE CONSUMER PROTECTION RISK MANAGEMENT SYSTEM OF THE BANK

FAIR TREATMENT

GRBP sees to it that fair treatment is provided to all its customers by employing the following preventive measures:

- a) Loan products must be priced based on competition lending rate after surveys are conducted;
- b) The Bank should involve its customers in designing its loan and deposit products by getting their opinion or ideas through the suggestion box system;
- c) The Bank must focus on the capacity and character of the customer and not rely mainly on collateral or guarantees;

REMUNERATION STRUCTURE

In order to encourage responsible conduct of business by bank employees, fair treatment and avoid conflict of interests, the Bank must:

- a) come up with an incentive scheme to reward productive employees in soliciting deposits or loans, collection of past due and previously written-off loan accounts;
- b) disclose to customers that bank employees receive incentives from soliciting their accounts;

EFFECTIVE RECOURSE

In order for Management to address properly and timely the complaints or requests of customers, the Bank has come out with preventive measures:

- a) The Bank must establish a customer care center that will monitor employees conduct on customer inquiries, complaints or requests;
- b) The Bank must establish its own Consumer Assistance Management System which encompasses policies and processes such as; processing time, responding to customers, and customer access like setting up dedicated phone line or help-desk for customer response;
- c) The Bank should provide a poster showing the information on how to file a complaint/request visible at the lobby or website of the Bank;

Consumer Protection Practices

THE CONSUMER PROTECTION RISK MANAGEMENT SYSTEM OF THE BANK

FINANCIAL EDUCATION AND AWARENESS

In order to address the identified risks, the Bank should perform the following preventive and control measures under financial education and awareness standard:

- a) The Bank must initiate financial education to empower customers provide knowledge and skills and understand the information from the products and services offered by the Bank;
- b) The Bank must conduct financial awareness program to all the area where it operates.
- c) The Bank must develop financial awareness program which could improve the knowledge and understanding of customers regarding their rights and obligations and to make an informed decision in availing Bank's products and services. The program must meet the literacy level of its customers such that features of products and services should be translated to local dialect of the customers, if needed;

INTERNAL CONTROLS

In evaluating the adequacy of the GRBP's internal controls and audit procedures pertaining to customer protection, our Internal Auditors consider whether the following conditions are met.

- 1)The system of internal controls is appropriate for the type and level of risks posed by the nature and scope of the Bank's customer protection activities.
- 2)The Bank's organizational structure establishes clear lines of authority and responsibility for monitoring adherence to financial customer protection policies, procedures, and limits.
- 3)Reporting lines provide sufficient independence of the control areas from the business lines and adequate separation of duties throughout the organization.

Specifically, the internal controls applicable to customer protection include:

- 1)A review of Branch's documentation and filing of customer complaints;
- 2)Test the process of Branch's complaint mechanism and system;

Consumer Protection Practices

THE CONSUMER ASSISTANCE MANAGEMENT SYSTEM OF THE BANK WHICH SHALL INCLUDE THE CONSUMER ASSISTANCE POLICIES AND PROCEDURES AS WELL AS THE CORPORATE STRUCTURE FOR HANDLING COMPLAINTS

CORPORATE STRUCTURE OF THE BANK'S CONSUMER ASSISTANCE MANAGEMENT SYSTEM

GRBP follows its existing operational channel in handling customer complaint sand established the Customer Oriented Response Dimension System (CORDS). The CORDS will serve as the CAMS of GRBP. It has designated its Branch Managers to serve as the Consumer Assistance Officers (CAOs), while the Marketing Head is designated Head of the Consumer Assistance Officers. The Marketing Head then report to the Branch Banking Operations and/or the President for the latter to present and discuss the report on complaints to the Board which will provide action based on the recommendations of the Heads of CAOs (Marketing Head) and/or the VP Operations. The structural chart for CORDS is presented below:



CUSTOMER ASSISTANCE CHANNELS

Customers may lodge their complaints or requests to any of the Bank's channels:

- 1) walk-in or personal visit
- 2) letter or e-mail
- 3) Telephone or facsimile.

Each branch of the Bank shall maintain Customer Assistance Help Desk with hotline dedicated for customer concerns and service. The Consumer Assistance Officers (Branch Managers) shall be in charge of the Customer Help-Desk.

The Bank shall post to all lobbies of branches a poster where customers know how and where to lodge their concerns.

Consumer Protection Practices

THE CONSUMER ASSISTANCE MANAGEMENT SYSTEM OF THE BANK WHICH SHALL INCLUDE THE CONSUMER ASSISTANCE POLICIES AND PROCEDURES AS WELL AS THE CORPORATE STRUCTURE FOR HANDLING COMPLAINTS

CUSTOMER ASSISTANCE CHANNELS

The Bank shall provide special lane/Teller for senior citizen, customer with disabilities (CWDs), pregnant women, women with children as part of its prioritization scheme in serving customers.

The Bank shall also provide alternative mode of resolution, such as; conciliation, mediation and arbitration, in order to achieve, settlement of issues at the Bank's/branch's level.

Each branch has a suggestion box where the customer can provide comments or even concerns. On a daily basis, the Branch Head/CAO or Area Head/Marketing Head responds to the concerns or suggestions of clients.

CUSTOMER ASSISTANCE PROCESS AND TIMELINES

Any simple concern (complaint or request) shall be processed by the Bank within seven (7) days and the reply shall be issued within two (2) days after the resolution is completed. Below is a sample process and timelines for simple concern.

However, if the complaint/request of the customer is complex and requires third party intervention in the investigation process (steps 5-7 above), the resolution could be done within not exceeding forty-five (45) days. Thereafter, the resolution shall be issued within two (2) days.

RECEIVING AND ACKNOWLEDGING CONCERNS PROCESS

In order to process accurately the complaint/request, the Bank shall obtain and record the following data from the customer:

- 1) Full name and contact details
- 2) Nature of complaint or request and its details
- 3) Resolution requested
- 4) Signature of complainant/requester
- 5) Name of Bank employee directly handling / in-charge of the complaint

The CAO shall explain the customer assistance process and timelines. The Bank shall provide an assurance to the customer that the Bank is attending with the complaint or request, and that complainant shall be kept well-informed on the progress of the complaint or request until a resolution is obtained.

Consumer Protection Practices

THE CONSUMER ASSISTANCE MANAGEMENT SYSTEM OF THE BANK WHICH SHALL INCLUDE THE CONSUMER ASSISTANCE POLICIES AND PROCEDURES AS WELL AS THE CORPORATE STRUCTURE FOR HANDLING COMPLAINTS

PROCESS IN INVESTIGATING AND RESOLVING COMPLAINT/ REQUEST

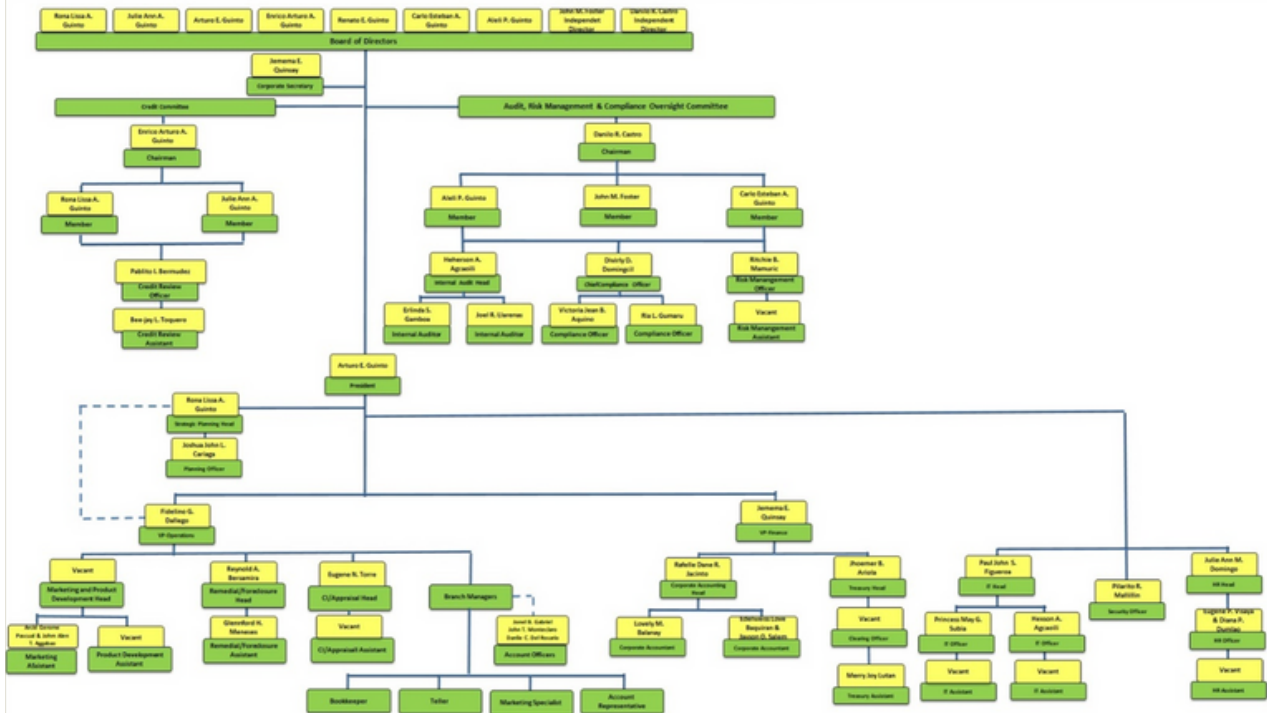
In investigating and resolving complaint or request of customer, the Bank shall conduct the investigation procedures within nine (9) days upon receipt of the complaint/request:

Extension may be permitted it shall not exceed 45 days, if assessment and investigation of complaints/requests cannot be completed within the time frame, complainants shall be informed in writing the following:

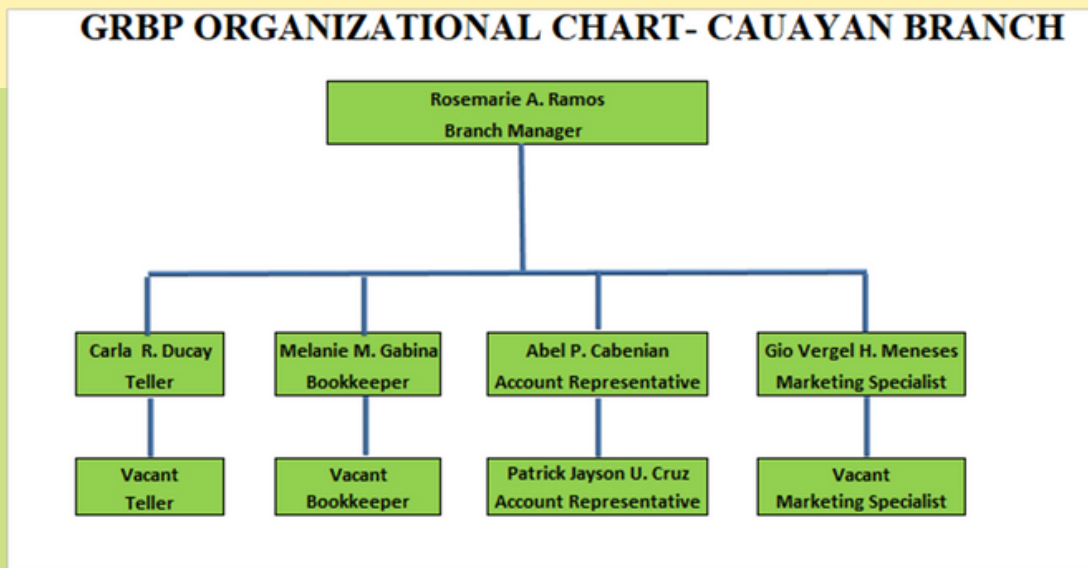
- 1) Reason thereof
 - 2) Need for extended specific time frame
- Date on which the complainant may expect the outcome

Corporate Information

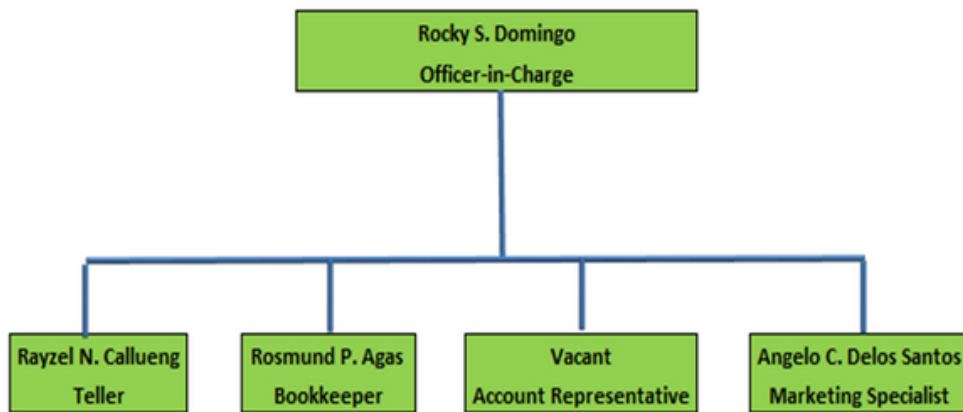
GRBP ORGANIZATIONAL CHART



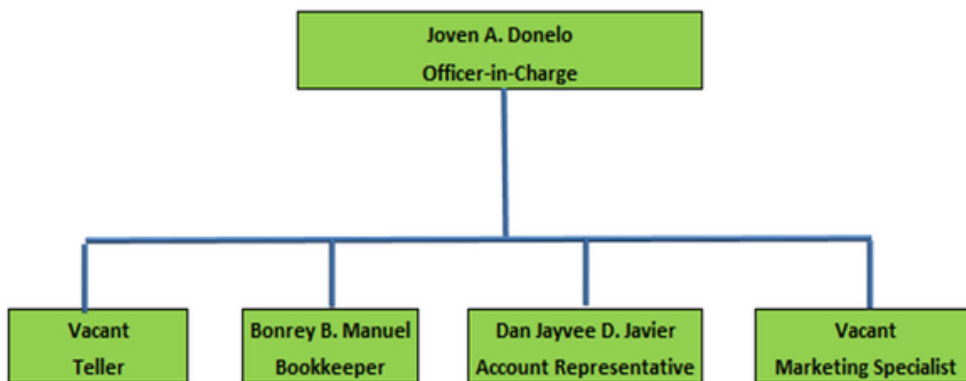
GRBP ORGANIZATIONAL CHART- CAUAYAN BRANCH



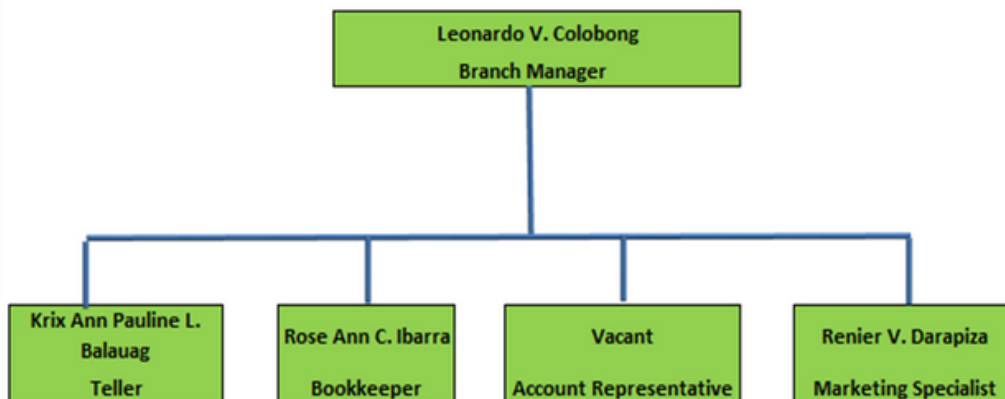
GRBP ORGANIZATIONAL CHART- CABAGAN BRANCH



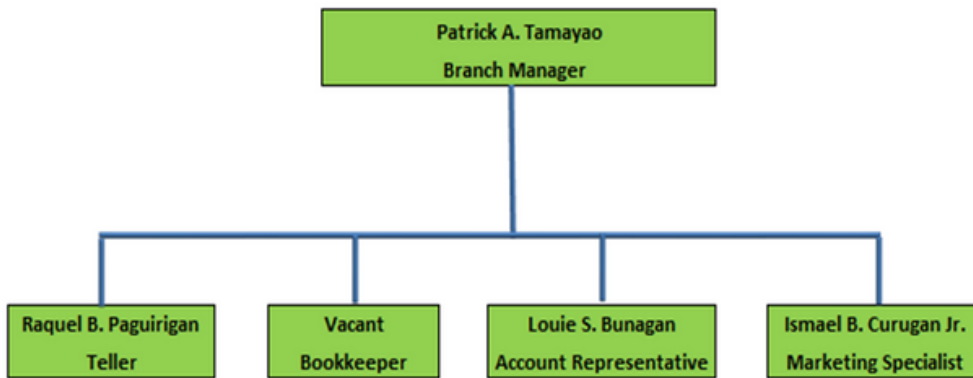
GRBP ORGANIZATIONAL CHART- RAMON BRANCH



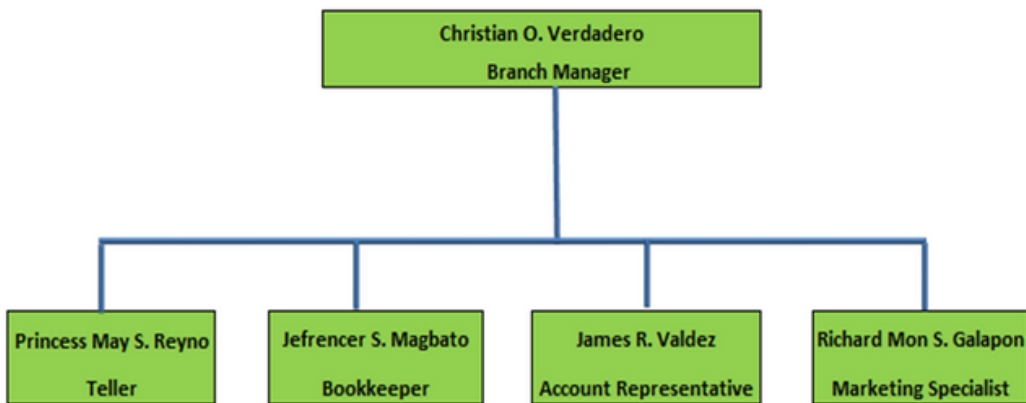
GRBP ORGANIZATIONAL CHART- ECHAGUE BRANCH



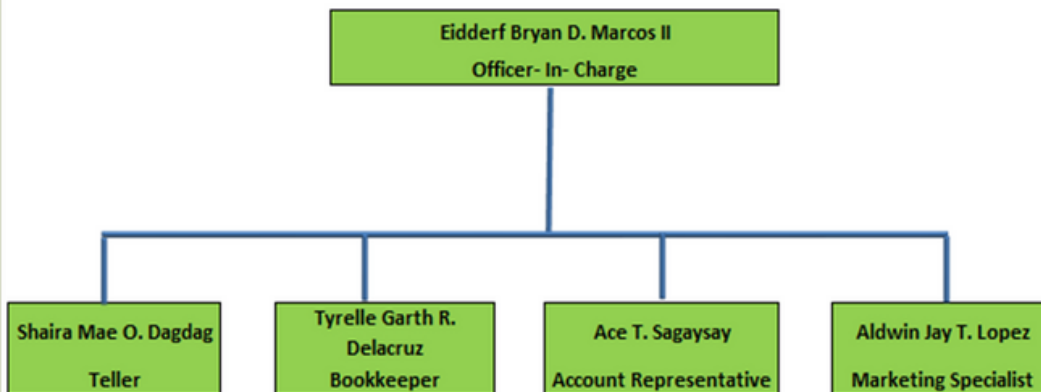
GRBP ORGANIZATIONAL CHART- TUGUEGARAO BRANCH



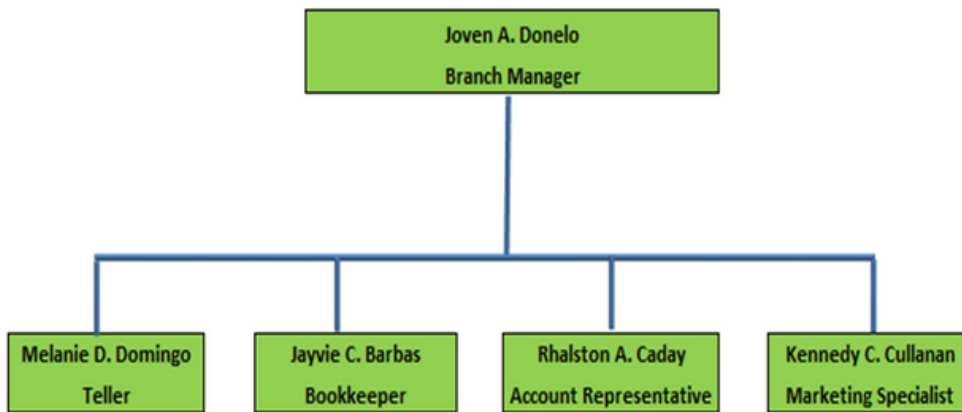
GRBP ORGANIZATIONAL CHART- ROXAS BRANCH



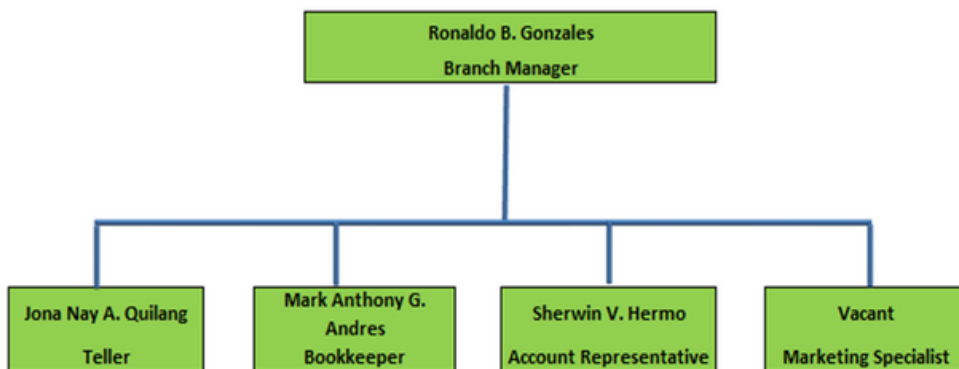
GRBP ORGANIZATIONAL CHART- ALICIA BRANCH



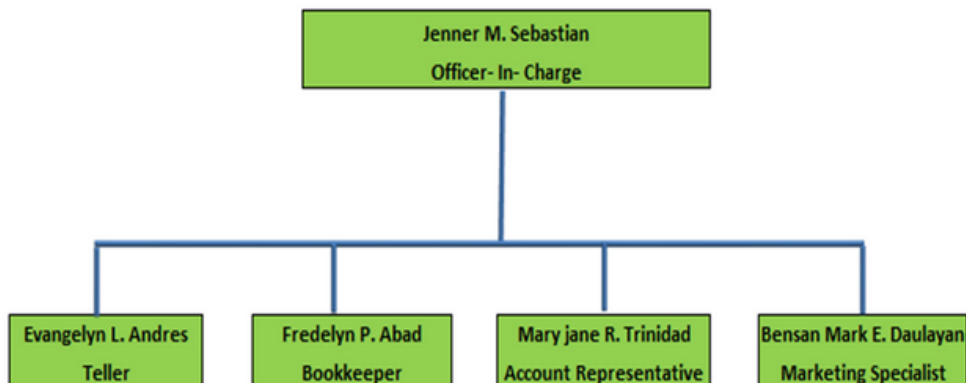
GRBP ORGANIZATIONAL CHART- SAN MATEO BRANCH



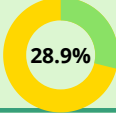
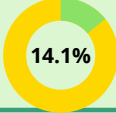
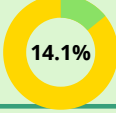
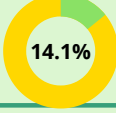
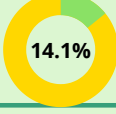
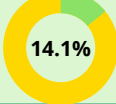
GRBP ORGANIZATIONAL CHART- SAN MARIANO BRANCH



GRBP ORGANIZATIONAL CHART- DIFFUN BRANCH



List of Major Stockholders

	Nationality	Percentage of Stockholdings	Voting Status
ARTURO GUINTO	Nationality	 28.9%	YES
CARLO ESTEBAN A. GUINTO	Nationality	 14.1%	YES
ENRICO ARTURO A. GUINTO	Nationality	 14.1%	YES
RONA LISSA A. GUINTO	Nationality	 14.1%	YES
JULIE ANN A. GUINTO	Nationality	 14.1%	YES
VANESSA LOU A. GUINTO	Nationality	 14.1%	YES



Products and Services



01

DEPOSIT PRODUCTS

02

LOAN PRODUCTS

03

OTHER SERVICES



PRODUCTS & SERVICES OFFERED

DEPOSIT PRODUCTS

01

SAVINGS DEPOSIT - an interest bearing account withdrawable any time and evidenced by passbooks.

- Start-Up Savings Passbook Account
- Step-Up Savings Passbook Account
- Regular Savings Passbook Account
- Abot-Kaya Savings Passbook Account
- Impok Pangarap

02

TIME DEPOSIT

a. Special Savings Deposit Account – interest bearing account (with interest rates higher the regular savings account) placed for a stipulated period of time and evidenced by passbooks.

- Golden Money Maximizer Special Savings Account

b. Certificates of Time Deposits – with fixed interest rate for a fixed stipulated period of time evidenced by Certificates.

- Golden Protect Time Deposit Account
- Golden Time Deposit Classic Account
- Flexi-Gold Time Deposit Account



LOAN PRODUCTS

01

AGRICULTURAL LOAN

- Regular Agricultural Loan
- Golden Agri-Easy Loan
- Flexi-Pig Raiser Loan
- Golden Asenso Loan (GOAL) ACPC
- Golden Agri-Negosyo Loan(GANEL) SME's – ACPC
- Golden Agri-Negosyo Loan(GANEL) SFF's – ACPC

02

COMMERCIAL LOAN

- Regular Commercial loan
- Market Vendor Loan
- Sari-Sari Store Loan

03

PERSONAL LOAN

- Arangtoda Loan
- Salary Loan



SAVINGS DEPOSIT PRODUCTS

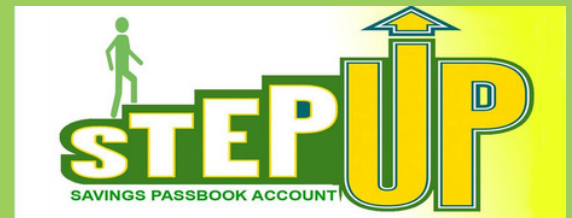
Start-up Savings Passbook Account

Available to elementary and high school students who are 7 to 18 years old. Relatively lower minimum initial deposit and maintaining daily balance of 50 pesos. With high interest rate per annum. Interest is credited monthly based on Average Daily Balance (ADB).



Step-Up Savings Passbook Account

Available to college students who are not more than 23 years old. Relatively lower minimum initial deposit and maintaining daily balance of 100 pesos. With high interest rate per annum. Interest is credited monthly based on Average Daily Balance (ADB).



Regular Savings Account

Relatively lower initial deposit and maintaining balance of 500 pesos. Interest is credited and compounded monthly based on ADB. It can be deposited and withdrawn over the counter during banking hours.



Abot Kaya Savings Passbook Account (Basic Deposit Account)

No maintaining balance and no dormancy charges. With maximum account capacity of 50,000 pesos. Minimum initial deposit of P25 and no maintaining balance.



TIME DEPOSIT PRODUCTS

Golden Protect Time Deposit Account

This Time Deposit Product is created for individuals looking for an investment with free accident insurance coverage, the product's interest, and principal can only be withdrawn upon maturity of the term with a minimum deposit of P25, 000 to a maximum of P499, 999. The term of the deposit is from 1 year to 5 years.

Golden Time Deposit Classic Account

A regular time deposit account where the interest and principal can only be withdrawn upon maturity of the term for a high-interest rate with a minimum deposit of P10, 000. The term of the deposit is from 3 months to 5 years. A deposit can also be used as collateral in borrowing from the bank.

Golden Money Maximizer Special Savings Account

For individuals looking for a medium-term investment (1-3 years) for a relatively high-interest rate where the principal amount can be withdrawn upon maturity but with the flexibility of being able to withdraw the interest earned on a monthly basis. Minimum deposit of P100, 000.

Flexi-Gold Time Deposit Account

Designed for individuals seeking for long –term tax-free investments (5 years) for a high-interest rate where the principal amount can only be withdrawn upon maturity and being able to withdraw the interest on a semi-annual basis. Minimum deposit of P100, 000.



LOANS PRODUCTS



AGRICULTURAL LOAN

a. Regular Agricultural Loan

It can be availed by farmers, fisher folks and livestock-raisers. Loan amount is from P10, 000 and above with interest rate that may reach to only 1.33% per month. The term of loan is from 3 months to 1 year. Payment may either be lump sum or installment and with guaranteed easy payment schemes.

b. Golden Agri-Easy Loan

Can be availed by small farmers, fisher folks and livestock-raisers. Loan amount is P10, 000 and above. No collateral needed; fast loan release guaranteed easy payment schemes.

c. Flexi-Pig Raiser Loan

This loan was designed to finance former backyard raisers/ contract grower who lack financial means but still willing to raise hogs. Minimum of 15 and maximum of 50 hogs per account with minimum loan amount of 100,000 and above. Payment is lump sum with flexible interest rate and a term of 120-180 days

LOANS PRODUCTS



COMMERCIAL LOAN

a. Business Loan

This product is designed to provide the proprietors of medium enterprises with short- and medium-term loan facilities as additional working capital for the operation and growth of their establishments. Loan amount is from P10, 000 and above with interest rate that may reach to only 2.5% per month. The term of loan is from 3 months to 1 year. Payments may either be lump sum installment with guaranteed easy payment schemes.

b. Trader Loan

This loan is designed to grant financiers with loan facilities for their lending activities. Can be availed by financiers and rice mill owners. Loan amount is from P10, 000 and above with interest rate that may reach to only 2.5% per month. The term of loan is from 3 months to 1 year. Payments may either be lump sum or installment. With guaranteed easy payment schemes.

c. Industrial Loan

This product is designed to grant manufacturers with financing and they may use to purchase additional plants and machinery for production of goods. Can be availed by manufactures and small and medium retailers with collateral of chattel mortgage, business titles or machinery. The amount of the loan is up to P1,000, 000.00. The term of the loan is 1 year. Payment may either be lump sum or installment with guaranteed easy payment schemes.

OTHER LOAN

LOANS PRODUCTS

a. Doctor's Loan

This product is designed for doctors to give them financial assistance in their necessities in the performance of their professions. Doctors, physicians, general practitioners, surgeons, dentists, optometrists and veterinarians are qualified to avail this loan upon meeting the loan conditions. The amount that can be borrowed is from P50, 000.00 to P250, 000. The term is from three (3) months to one (1) year. Payment for the loan may either be lump sum or installment. With guaranteed easy payment schemes.



b. Arang Toda Loan

This loan can be availed by tricycle drivers/operators. Loan amount is from 10,000 up to 30,000. Term loan is 4 to 6 months. Payment scheme may be everyday or weekly depending upon the loan amount and agreement of both parties.



c. Golden Asenso Loan (ACPC-Kapital Access for Young Agripreneurs)

This program offers loan to finance working capital and/or fixed asset acquisition requirements of start-up or existing agri-based projects of young entrepreneurs and agri-fishery graduates aged 18 to 30 years old.

a. Golden Agri-Negosyo Loan (ACPC – AgriNegosyo Loan Program)

This program offers loan to finance capital requirements of agri-fishery based micro and small enterprises to individuals/sole proprietors, partnership, corporations and cooperative whose owners or members are marginalized, small farmers and fisherfolks (MSFF)

- SFF Agri-Negosyo Loan – Loan purpose is to finance income-generating activities such as production, processing or marketing of agri-fishery income generating activity and non-farm micro enterprise.*
- SME Agri-Negosyo Loan – Loan Purpose is to finance working capital requirements of small agribusiness enterprise and/or fixed asset acquisition.*

OTHER SERVICES

Remittance

We accept domestic and international remittances through our partners:



Bills Payment

We accept Bills Payment thru Ruralnet (all branches) and Bayad Center (Alicia, Roxas and Tuguegarao)

ATM Facility

ATM Service (On Site Machine)
Ramon,
San Mariano, San Mateo



ATM Service (MPOS)
Cabagan
Ehague

Bank Website and Social Media Accounts



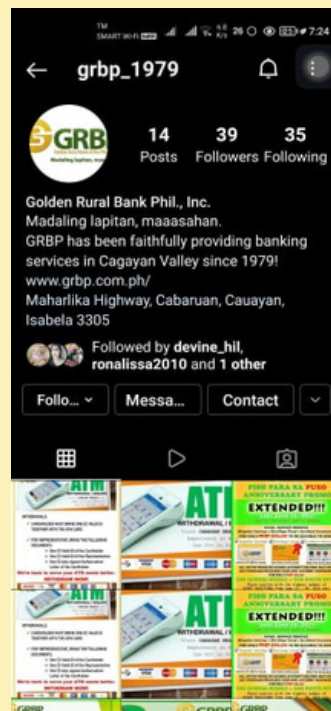
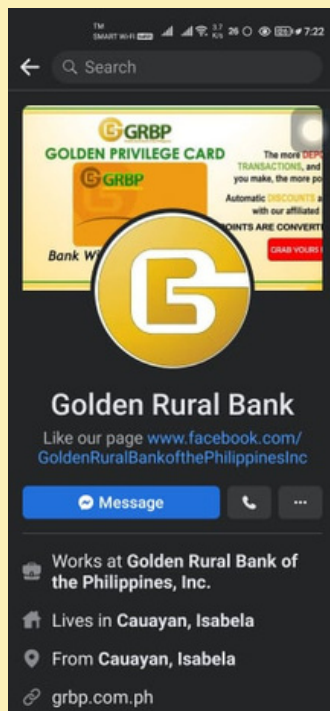
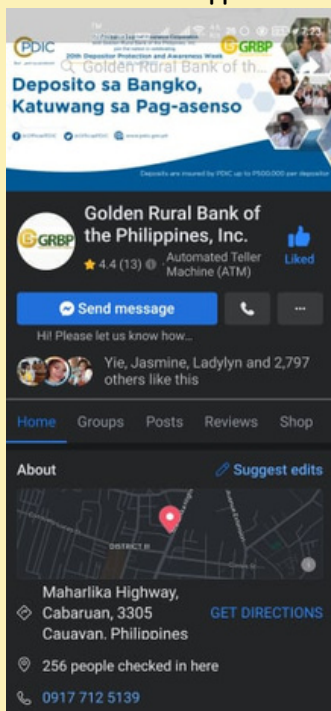
In the year 2014, the Board of Directors approved the publishing of the corporate website of Golden Rural Bank of the Philippines, Inc. which can be visited at www.grbp.com.ph. GRBP recognizes the corporate website as a valuable tool for advertising its products and services online. In order to make sure that the public will get the latest updates about the bank.

GRBP's marketing team consistently works for the betterment of the website to make it more informative and somehow will be able to provide answers to customers' queries by simply taking a visit to the online site. The content of the site includes the bank's vision and mission, products, and services, corporate social responsibilities, properties for sale, careers, branches/ATM locators and contact us. With this information, customers will get to know more about the bank's services easily anytime, and anywhere. GRBP envisions the website as a means of connecting people in a way that both parties the bank itself, its clients, and its customers will be able to build a great relationship by helping one another to make a better future. And at the same time the bank will be able to attend to its customer's needs at its best with just a few clicks of a mouse or taps on their mobile phone in connection with its tagline "Madaling Lapitan, Maasahan" and at the end satisfies them.

 <https://www.facebook.com/GoldenRuralBankofthePhilippinesInc>

 <https://www.facebook.com/profile.php?id=100009112922305>

 @grbp_1979



GRBP Banking Units



GRBP Head Office
Nat'l Highway Cabaruan, Cauayan City, Isabela
0917-532-8027



GRBP Cabagan Branch
Nat'l Highway Ugad,
Cabagan Isabela
0917-585-2807

GRBP Ramon Branch
79 Nat'l Highway Bugallon,
Ramon, Isabela
0917-532-7993



GRBP Branches



GRBP Echague Branch
Nat'l Highway Ipil,
Echague, Isabela
0917-532-7982

GRBP Tuguegarao Branch
Diversion Rd Ugac Norte,
Tuguegarao City, Cagayan
0917-532-8028



GRBP Roxas Branch
San Bernabe St Luna,
Roxas, Isabela
0917-532-8030

GRBP Branches



GRBP Alicia Branch
Nat'l Hwy Magsaysay,
Alicia, Isabela
0917-702-5894



GRBP San Mateo Branch
Nat'l Hwy Barangay 1,
San Mateo, Isabela
0917-861-9028



GRBP San Mariano Branch
Zone 1, San Mariano, Isabela
0917-504-4963



GRBP Diffun Branch
Nat'l Hwy Andres
Bonifacio, Diffun, Quirino
0917-503-3959

Audited Financial Statements (AFS) with Auditor's Opinion

Alas Oplas & Co., CPAs

Alas Oplas & Co., CPAs
Makati Head Office
10/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7759-5090 / 92
Email: aocheadoffice@alasooplascpas.com
www.alasooplascpas.com

INDEPENDENT AUDITORS' REPORT

Independent Member of

B K R International

To the Stockholders and the Board of Directors
GOLDEN RURAL BANK OF THE PHILIPPINES, INC.
Barangay San Fermin, Cauayan City
Isabela, Philippines

Qualified Opinion

We have audited the financial statements of **GOLDEN RURAL BANK OF THE PHILIPPINES, INC.** (the "Bank") which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of comprehensive income (loss), statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect on the financial statements of the matters described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard (PFRS), and as modified by the application of the financial reporting reliefs issued by the Bangko Sentral ng Pilipinas (BSP) and approved by Securities and Exchange Commission (SEC), as described in Note 2 to the financial statements.

Basis for Qualified Opinion

As discussed in Note 3 to the financial statements, the Bank adopted PFRS 9, Financial Instruments on January 1, 2019, except for the impairment requirements of the new standard. PFRS 9 introduces a forward-looking expected credit loss (ECL) model to assess impairment on debt financial assets not measured at fair value through profit or loss and loan commitments and financial guarantee contracts.

Following the guidance of Circular 1011 and Appendix 100 of the Manual of Regulations for Banks (MORB) of the Bangko Sentral ng Pilipinas in adopting PFRS 9 impairment requirements, the Bank adopted Appendix 15 of the MORB in assessing and measuring impairment for its credit exposures. Appendix 15 of the MORB provides guidelines for provisioning which is inconsistent with PFRS 9 and thus constitutes a departure from PFRS. As of December 31, 2021 and 2020, the Bank's total allowance on credit losses amounted to ₱14.30 million and ₱12.28 million, as disclosed in Note 10. As the Bank has not implemented the ECL requirements of PFRS 9, any adjustments to the amounts of surplus, allowance for credit losses and related deferred tax assets as at December 31, 2021 and 2020 have not been determined.

Moreover, the Bank has unbooked allowance for credit losses on loans and other receivables amounting to ₱5,702,101, based on the provisions of Appendix 15 of the BSP Manual of Regulations for Banks. Should the Bank recognize the said amount, the Bank's total assets, comprehensive income and equity for the year ended December 31, 2021 will be reduced by ₱4,276,576 and capital adequacy ratio (CAR) as of December 31, 2021 will be reduced to 15.09%.

Offices: Makati City • Alabang • Cavite • Ortigas • Taguig City • Las Pinas City • Santiago City • Bacolod City • Iloilo City

Audited Financial Statements (AFS) with Auditor's Opinion

Alas Oplas & Co., CPAs

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the *Code of Ethics for Professional Accountants in the Philippines*, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2.01 to the financial statements, which indicates that the financial statements have been prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued by the BSP and approved by SEC in response to the COVID-19 pandemic. The reliefs cover only 2020 transactions/events and do not impact the comparative period/s. The impact of the application of the financial reporting reliefs on the financial statements are discussed in detail in Note 2.01. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued by the BSP and approved by SEC, as described in Note 2 to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

Audited Financial Statements (AFS) with Auditor's Opinion

Alas Oplas & Co., CPAs

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in accordance with PFRS, as modified by the application of the financial reporting reliefs issued by the BSP and approved by SEC, as described in Note 2 to the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Supplementary Information Required under Bangko Sentral ng Pilipinas (BSP) Circular No. 1074 and Revenue Regulations Nos. 15-2010 and 19-2011

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BSP Circular No. 1074 in Note 33 and Revenue Regulations Nos. 15-2010 and 19-2011 on taxes, duties and license fees paid or accrued during the taxable year, taxable income, and deductions in Notes 31 and 32 are presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of **GOLDEN RURAL BANK OF THE PHILIPPINES, INC.** The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ALAS, OPLAS & CO., CPAs

BOA Registration No. 0190, valid from September 4, 2019 to October 30, 2022
BIR A.N. 08-001026-000-2021, issued on January 11, 2021; effective until January 10, 2024
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period
TIN 002-013-406-000

By:



RYAN A. SABUG
Partner
CPA License No. 0111183
BIR A.N. 08-006531-001-2020, issued on February 24, 2020; effective until February 23, 2023
SEC A.N. (Individual) 111183-SEC, Group A, issued on February 4, 2021; valid for 2020 to 2024 audit period
TIN 232-158-286-000
PTR No. 8852806, issued on January 4, 2022, Makati City

April 18, 2022
Makati City, Philippines

Audited Financial Statements (AFS) with Auditor's Opinion

GOLDEN RURAL BANK OF THE PHILIPPINES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
In Philippine Peso

	Notes	2021	2020
ASSETS			
Cash and other cash items	8	3,567,334	3,869,604
Due from Bangko Sentral ng Pilipinas	8	5,725,298	5,916,323
Due from other banks	8	78,087,117	56,532,177
Investment securities at amortized cost	9	16,582,467	16,815,715
Loans and other receivables – net	10	201,680,141	218,426,433
Bank premises, furniture, fixtures and equipment – net	11	8,734,945	11,417,801
Investment properties – net	12	39,929,596	41,348,213
Non-current assets held for sale	13	1,702,795	1,539,094
Deferred tax assets	25	2,731,104	2,490,256
Other assets	14	6,528,349	7,343,255
TOTAL ASSETS		365,269,146	365,698,871
LIABILITIES AND EQUITY			
LIABILITIES			
Deposit liabilities	15	185,541,508	186,825,279
Bills payable	16	74,718,928	89,085,412
Accrued and other liabilities	17	32,235,948	18,380,848
Retirement benefit obligation	18	5,213,588	4,853,588
Income tax payable		818,701	459,651
Total Liabilities		298,528,673	299,604,778
EQUITY			
Capital stock – common	19	42,100,000	42,100,000
Surplus free	20	26,840,222	26,096,615
Surplus reserve	20	120,000	120,000
Actuarial loss on defined benefit obligation – net of tax	18	(2,319,749)	(2,222,522)
Total Equity		66,740,473	66,094,093
TOTAL LIABILITIES AND EQUITY		365,269,146	365,698,871

See Notes to Financial Statements.

Audited Financial Statements (AFS) with Auditor's Opinion

GOLDEN RURAL BANK OF THE PHILIPPINES, INC.
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
In Philippine Peso

	Notes	2021	2020
INTEREST INCOME			
Due from other banks	8	159,303	186,650
Investment securities at amortized cost	9	230,729	384,466
Loans and other receivables	10	32,251,795	37,507,974
		32,641,827	38,079,090
INTEREST EXPENSE			
Deposit liabilities	15	(7,020,611)	(7,487,043)
Bills payable	16	(4,991,416)	(7,786,884)
		(12,012,027)	(15,273,927)
NET INTEREST INCOME		20,629,800	22,805,163
OTHER INCOME	21	18,408,996	16,966,926
TOTAL OPERATING INCOME		39,038,796	39,772,089
OPERATING EXPENSES	22	(35,665,988)	(37,697,862)
NET OPERATING INCOME BEFORE PROVISION		3,372,808	2,074,227
PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	23	(2,120,278)	(1,449,239)
PROFIT BEFORE TAX		1,252,530	624,988
INCOME TAX EXPENSE	25	(508,923)	(86,837)
PROFIT		743,607	538,151
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit obligation – net of tax	18	–	(1,361,181)
TOTAL COMPREHENSIVE INCOME (LOSS)		743,607	(823,030)

See Notes to Financial Statements.

Audited Financial Statements (AFS) with Auditor's Opinion

GOLDEN RURAL BANK OF THE PHILIPPINES, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
In Philippine Peso

	Common Stock (Note 19)	Surplus Reserve (Note 20)	Surplus Free (Note 20)	Actuarial Loss on Deferred Benefit Obligation (Note 18)	Total
Balance at December 31, 2019	42,100,000	120,000	25,558,464	(861,341)	66,917,123
Comprehensive income:					
Actuarial loss for the year	–	–	–	(1,361,181)	(1,361,181)
Profit	–	–	538,151	–	538,151
Balance at December 31, 2020	42,100,000	120,000	26,096,615	(2,222,522)	66,094,093
Comprehensive income:					
Impact of CREATE Law	–	–	–	(97,227)	(97,227)
Profit	–	–	743,607	–	743,607
	–	–	743,607	(97,227)	646,380
Balance at December 31, 2021	42,100,000	120,000	26,840,222	(2,319,749)	66,740,473

See Notes to Financial Statements.

Audited Financial Statements (AFS) with Auditor's Opinion

GOLDEN RURAL BANK OF THE PHILIPPINES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
In Philippine Peso

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,252,530	624,988
Adjustments for:			
Interest income	8,9	(390,032)	(571,116)
Interest expense – lease liability	17,22	295,828	388,111
Gain on sale of non-financial assets	21	(10,803,782)	(10,745,487)
Retirement benefit expense	18	360,000	426,699
Provision for credit and impairment losses	23	2,120,278	1,449,239
Depreciation	24	4,094,761	3,476,739
Operating cash flow before working capital changes		(3,070,417)	(4,950,827)
Decrease (increase) in operating assets:			
Loans and other receivables		14,345,525	19,429,385
Other assets		887,220	(430,393)
Increase (decrease) in operating liabilities:			
Deposit liabilities		(1,283,771)	11,022,320
Accrued and other liabilities		14,958,130	2,794,206
Cash generated from operations		25,836,687	27,864,691
Income tax paid		(560,265)	(123,659)
Interest received	8,9	390,032	571,116
Net cash generated from operating activities		25,666,454	28,312,148
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment securities at amortized cost	9	(24,171,752)	(12,983,367)
Proceeds from redemption of investment securities at amortized cost	9	24,405,000	6,716,728
Acquisition of bank premises, furniture, fixtures and equipment	11	(811,873)	(528,009)
Proceeds from disposal of bank premises, furniture, fixtures and equipment	11	298,989	92,720
Collection from sale of investment properties	12	11,328,667	4,695,111
Proceeds from sale of non-current asset held for sale	13	111,500	69,000
Net cash generated from (used in) investing activities		11,160,531	(1,937,817)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of bills payable	16	85,380,965	104,281,573
Payments of bills payable	16	(99,747,449)	(125,588,915)
Payment of lease liabilities – principal and interest	17	(1,398,856)	(1,417,588)
Net cash used in financing activities		(15,765,340)	(22,724,930)
NET INCREASE IN CASH AND CASH EQUIVALENTS		21,061,645	3,649,401
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			
Cash and other cash items		3,869,604	4,536,916
Due from Bangko Sentral ng Pilipinas		5,916,323	5,994,651
Due from other banks		56,532,177	52,137,136
		66,318,104	62,668,703
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
Cash and other cash items	8	3,567,334	3,869,604
Due from Bangko Sentral ng Pilipinas		5,725,298	5,916,323
Due from other banks		78,087,117	56,532,177
		87,379,749	66,318,104

See Notes to Financial Statements.

II. Compliance with Appendix 62 of the MORB-Disclosures in the Annual Reports and Published Statement of Condition

A. Capital structure and capital adequacy:

1. Tier 1 capital and a breakdown of its components;

Tier 1 (Core plus Hybrid) Capital		
Core Tier 1 Capital		
Paid up common stock		42,100,000.00
Retained earnings		26,216,613.23
Undivided profits		(3,868,203.52)
Sub-total <i>[Sum of A.1 (1) to A.1 (10)]</i>		64,448,409.71
Deductions from Core Tier 1 Capital		
Deferred tax asset, net of deferred tax liability ^{2/}	2,490,255.59	
Total Deductions <i>[Sum of A.2 (1) to A.2 (8)]</i>		2,490,255.59
Total Core Tier 1 Capital [A.1 (11) minus A.2 (9)]		61,958,154.12
Hybrid Tier 1 Capital		
Total Tier 1 Capital [Sum of A.3 and A.4 (4)]		61,958,154.12

2. Tier 2 capital and a breakdown of its components;

Tier 2 (Supplementary) Capital		
Upper Tier 2 Capital		
General loan loss provision [limited to 1.00% of total credit risk-weighted assets computed per Part I, Item B.1(d)]		2,278,978.18
Sub-total <i>[Sum of B.1 (1) to B.1 (9)]</i>		2,278,978.18
Deductions from Upper Tier 2		
Total Deductions <i>[Sum of B.2 (1) to B.2 (4)]</i>		0.00
Total Upper Tier 2 Capital [B.1 (10) minus B.2 (5)]		2,278,978.18
Lower Tier 2 Capital		
Sub-total <i>[Sum of B.4 (1) to B.4 (3)]</i>		0.00
Deductions from Lower Tier 2		
Total Deductions <i>[Sum of B.5 (1) and B.5 (2)]</i>		0.00
Total Lower Tier 2 Capital [B.4 (4) minus B.5 (3)]		0.00
Eligible Amount of Lower Tier 2 Capital (limited to 50% of total Tier 1 capital per Item A.5)		0.00
Total Tier 2 Capital [Sum of B.3 and B.7]		2,278,978.18

II. Compliance with Appendix 62 of the MORB-Disclosures in the Annual Reports and Published Statement of Condition

A. Capital structure and capital adequacy:

3. Deductions from Tier 1 (50%) and Tier 2 (50%) capital;

Total Tier 2 Capital (Item B.9)	2,278,978.18	
Deductions from Tier 1 and Tier 2 Capital		
Total Deductions [Sum of D (1) to D (5)]		0.00

4. Total qualifying capital;

Net Tier 1 and Tier 2 Capital		
Net Tier 1 Capital ^{4/} {C (1) minus [D (6) multiply by 50%]}	61,958,154.12	
Net Tier 2 Capital ^{4/} {C (2) minus [D (6) multiply by 50%]}	2,278,978.18	
Total Qualifying Capital [C minus D (6)]		64,237,132.30

5. Capital requirements for credit risk;

Capital requirements for credit risk	38,498,412.48
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6. Capital requirements for market risk;

Capital requirements for market risk	0
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7. Capital requirements for operational risk;

Capital requirements for operational risk	5,574,798.50
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8. Total and Tier 1 capital adequacy ratio on both solo and consolidated bases

Net Tier 1 Capital	61,958,154.12
RISK-BASED CAPITAL ADEQUACY RATIO [A.3 divided by B.4 multiply by 100]	14.58



GRBP

Golden Rural Bank of the Philippines

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