



MADALING LAPITAN, MAAASAHAN.

2023 ANNUAL REPORT



078-862-0155



<https://www.grbp.com.ph/>



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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



1. Customer Focus

We believe that the company thrives on satisfied customers, as such, I treat customers who use our services and products, as well as my fellow employees, as internal customers, with delight.



2. Integrity

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



3. Accountability

I acknowledge and assume responsibility for my own actions, and I am accountable for their resulting consequences to our stakeholders and customers.



4. Passion

I am fully dedicated to completing tasks and responsibilities with unwavering commitment. I strive to deliver results which are at par with the company's highest standards.



5. Professionalism

I maintain high standards of work ethics, focusing on integrity, respect, and excellence in everything I do. As a representative of our organization, I understand that my actions directly impact our success. I am committed to delivering quality service to fellow employees, customers, partners and other stakeholders.



6. Teamwork

I value collaboration and respect within our team, emphasizing effective communication and leveraging our diverse strengths to achieve shared goals. Together, we contribute to our organization's success with dedication and enthusiasm.

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

Golden Rural Bank of the Philippines, Inc. (GRBP) sets itself apart by providing exceptional customer service through customized solutions that address specific customer needs. GRBP is dedicated to continuous improvement and innovation to stay responsive to customer preferences. By strategically focusing on customer value, GRBP effectively segments its offerings and aligns its action plans to ensure customer satisfaction and achieve its targets.

Our brand's commitment to excellent customer service is reflected in our tagline 'Madaling Lapitan, Maasahan'. This tagline reflects our dedication to being accessible and reliable for our customers. Our service offerings are designed to uphold this brand value proposition:

A. LOANS

Our loan products are carefully segmented based on customer's needs and requirements and delivering it with quality customer service.

1. Regular Agricultural, Commercial and Working Capital Loans: We provide personalized and expert advice to assist customers in achieving their financial goals.
2. Personal and Other Loans including Arang-TODA and Agri-easy Loans: We provide quick loan approvals and disbursements to meet our customers' immediate financial needs.

B. DEPOSITS

Savings Deposits

Our savings deposits offer minimal maintaining balance with competitive interest rates. They include various features designed to meet the diverse needs of our customers across various life stages and demographics:

1. Regular Savings Deposit
2. Start-Up Savings Passbook Account
3. Step-Up Savings Passbook
4. Abot-Kaya

Time Deposits

Our time deposit accounts offer personalized service with competitive interest rates. They are tailored for investors with varying return rate requirements, offering a range of features and services to meet their specific needs.

1. Golden Time Deposit Classic
2. Golden Protect Time Deposit
3. Golden Money Maximizer Special Savings Deposit
4. Flexi-Gold

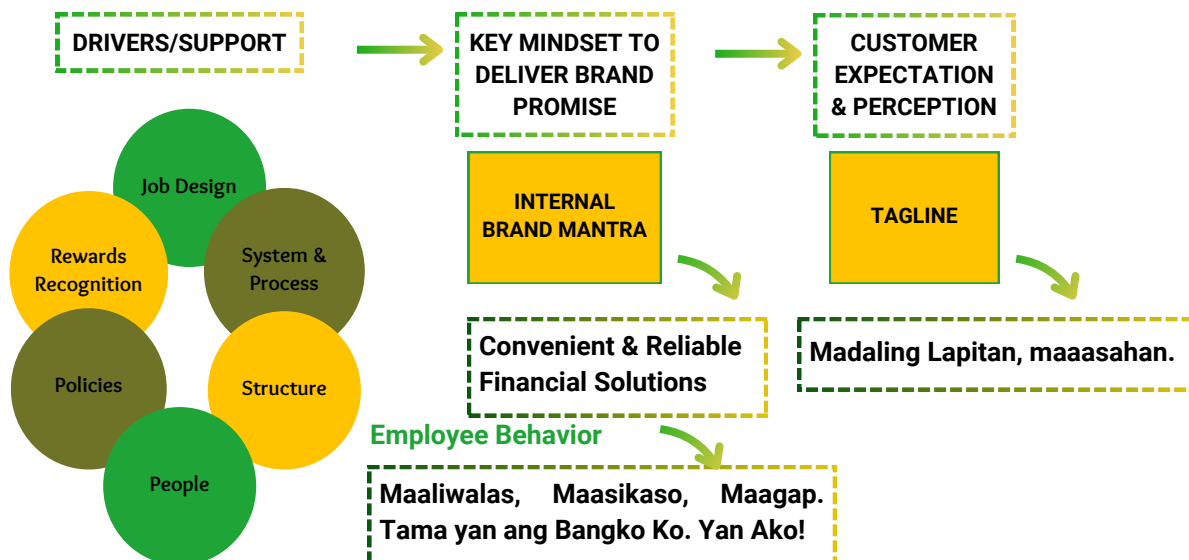
Finally, our Corporate Social Responsibility (CSR) initiatives reflect our commitment to community and environmental stewardship. GRBP actively engages in initiatives that support local communities, promote financial literacy, and contribute to sustainable development through activities like tree planting and typhoon relief efforts. We prioritize ethical practices, transparency, and accountability in all our CSR endeavors, aiming to make a positive impact on society while upholding our values of integrity and excellence.

Customer Value Perspective - Strategy House Target



Golden Rural of the Philippines Inc. (GRBP) has established its internal branding to strengthen the brand, ensuring consistent customer experience, encouraging employees to embrace brand values, contribute to the brand promise, and ultimately, create a competitive advantage over 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.

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
- Northers 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
- EC Pay(New)



Key Activities

Financial Operations:

- Deposit Taking
- Remittance
- Bills Payment

Technology and Innovation:

- Deposit Pick up
- Privelege Card
- MPOS
- EC Pay Loan(New)
 - Gcash - Loan Payment
 - PayMaya - Loan Payment



Key Resources

- Loan Assets
- Capital to invest in new ventures
- Brand image and trust
- Human Resources



Value Proposition

- Madaling lapitan, maasahan
- Superior Customer Service and Financial Solutions
- Wider Bank Network
- Fast Loan Release
- Focus in Product Leadership in 2019-2024
- Promote Financial Awareness to Target Market



Customer Relationship

- In Branch Personal Assistance
- Corporate Assistance



Channels

- Branch Banking
- ATM
- Online Platform



Customer Segment

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



Cost Structure

- Operational Expenses
- Interest Expense
- Regulatory/Legal Requisitions



Revenue Streams

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

Golden Rural Bank of the Philippines is a family-owned rural bank headquartered in Cauayan City, Isabela, with its origins traced back to the Rural Bank of Cabagan Inc. in Cabagan, Isabela. GRBP now operates **seven branches** and **three branch lite-unit** located in Isabela, Cagayan, and Quirino provinces, offering a range of deposit and loan products primarily tailored to farmers and Micro, Small, and Medium Enterprises (MSMEs). Additionally, the bank provides local remittance services through Cebuana Lhuillier and international payout services via Western Union, as well as payment acceptance through Ruralnet.



Conclusion

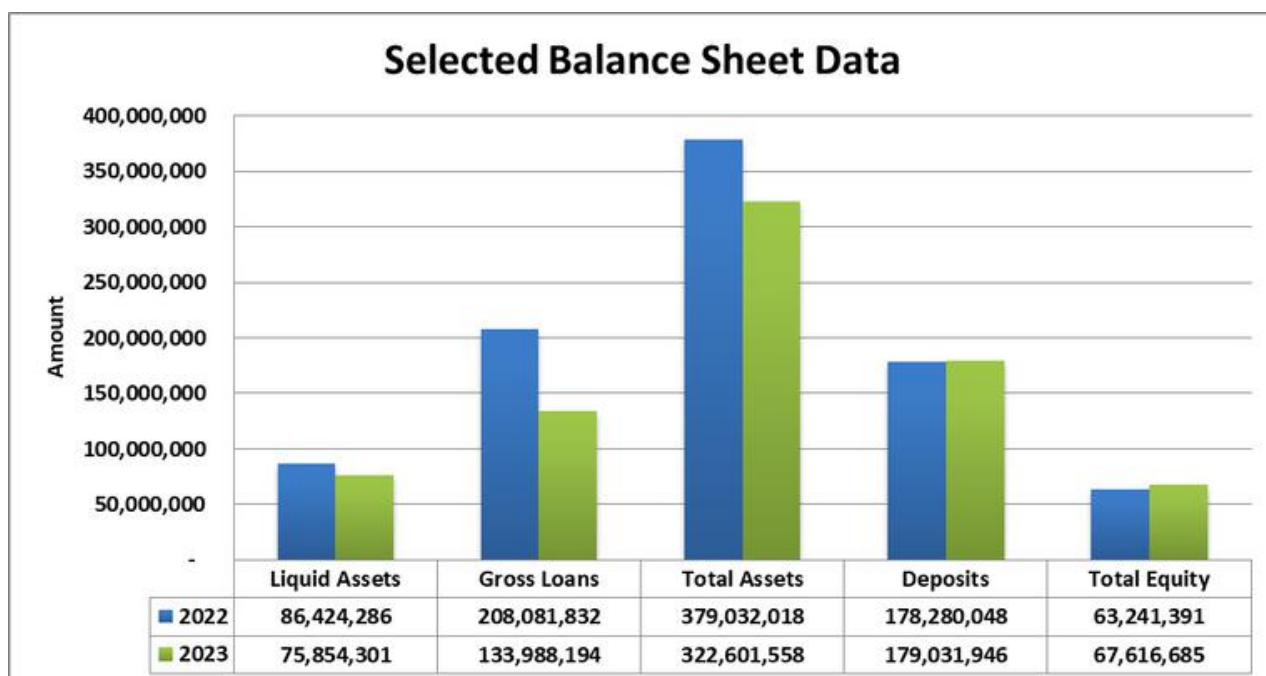
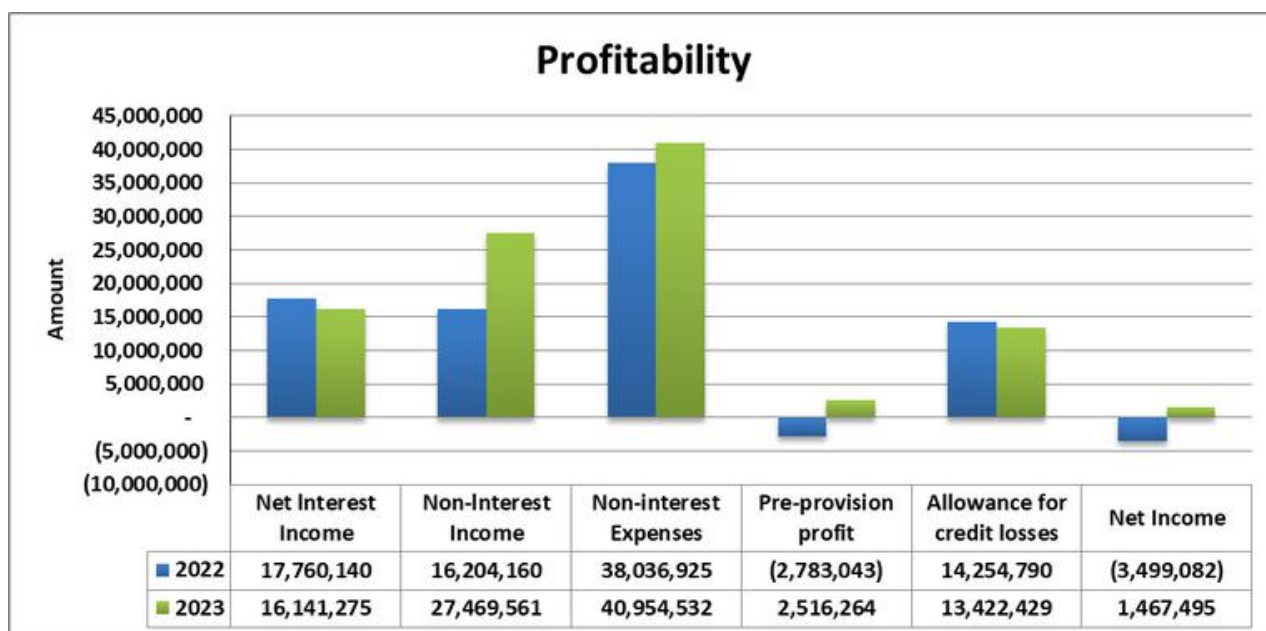
Golden Rural Bank of the Philippines' value proposition is centered around delivering high-quality customer service and enhancing product innovation as outlined in its five-year plan. The bank's tagline "**Madaling Lapitan, Maaasahan**" emphasizes our brand elements including superior customer service and financial solutions, wider bank networks and fast loan release.

GRBP's financial operation encompass deposit taking, lending, remittance, bills payment facilitated through in-branch personal and corporate assistance. Key partners include 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, ECPay, Gcash, IT Service Provider, and the Stockholders.

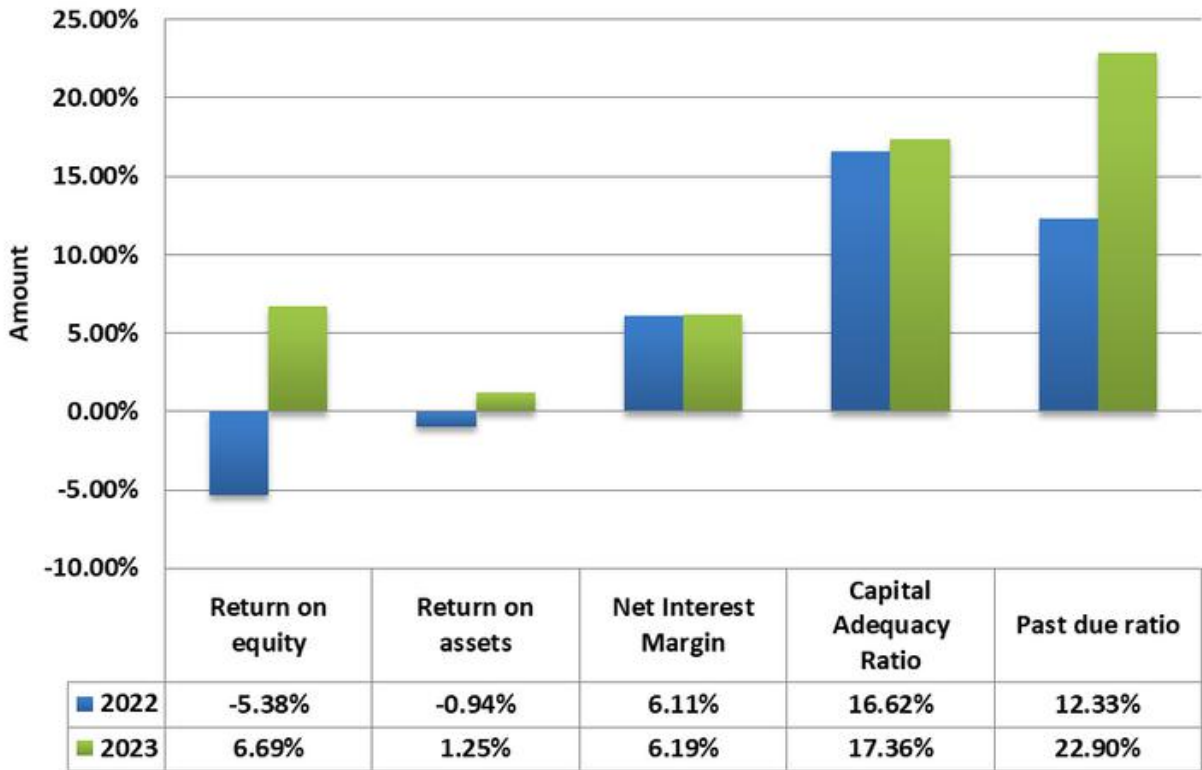
The essential resources supporting GRBP's operations include loan assets, capital, brand reputation, trust, and human resources. The bank serves diverse market segments including farmers, fisherfolks, MSMEs, government and private institution employees, professionals, students, and tricycle and drivers' associations. These market needs are addressed through branch banking, ATMs, and an online platform.

Cost structures primarily consist of operational expenses, interest expenses, regulatory/legal expenses, and requisitions. GRBP generates income through interest income, insurance and commission income, income from the disposal of real and other property assets, and other fee-based income.

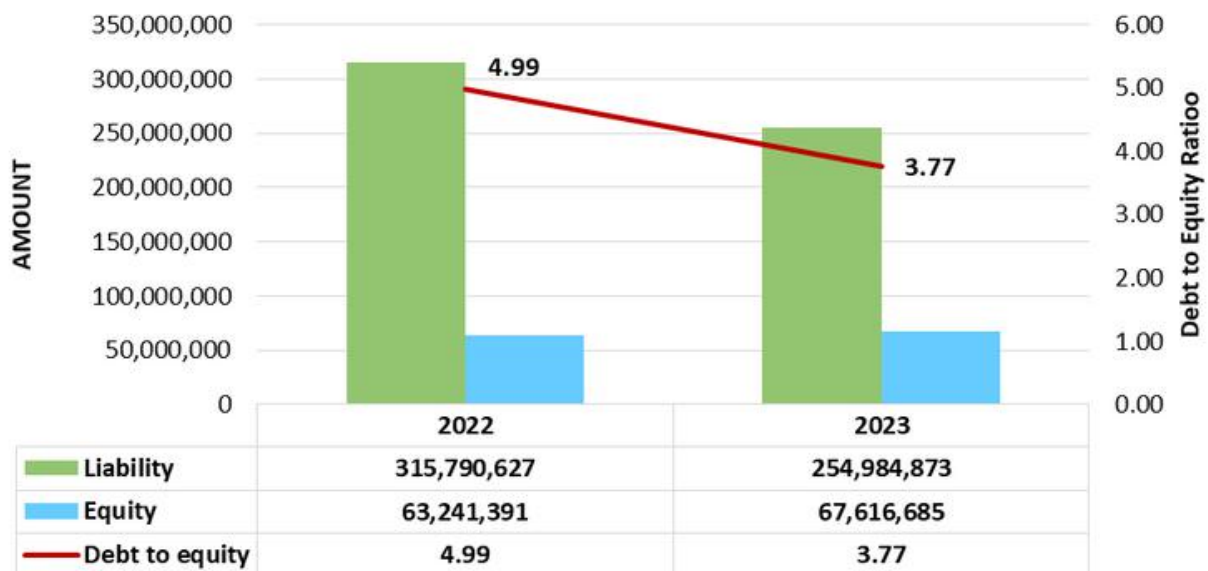
GOLDEN RURAL BANK OF THE PHILIPPINES, INC. COMPARATIVE FINANCIAL HIGHLIGHTS As of December 31, 2023 and 2022



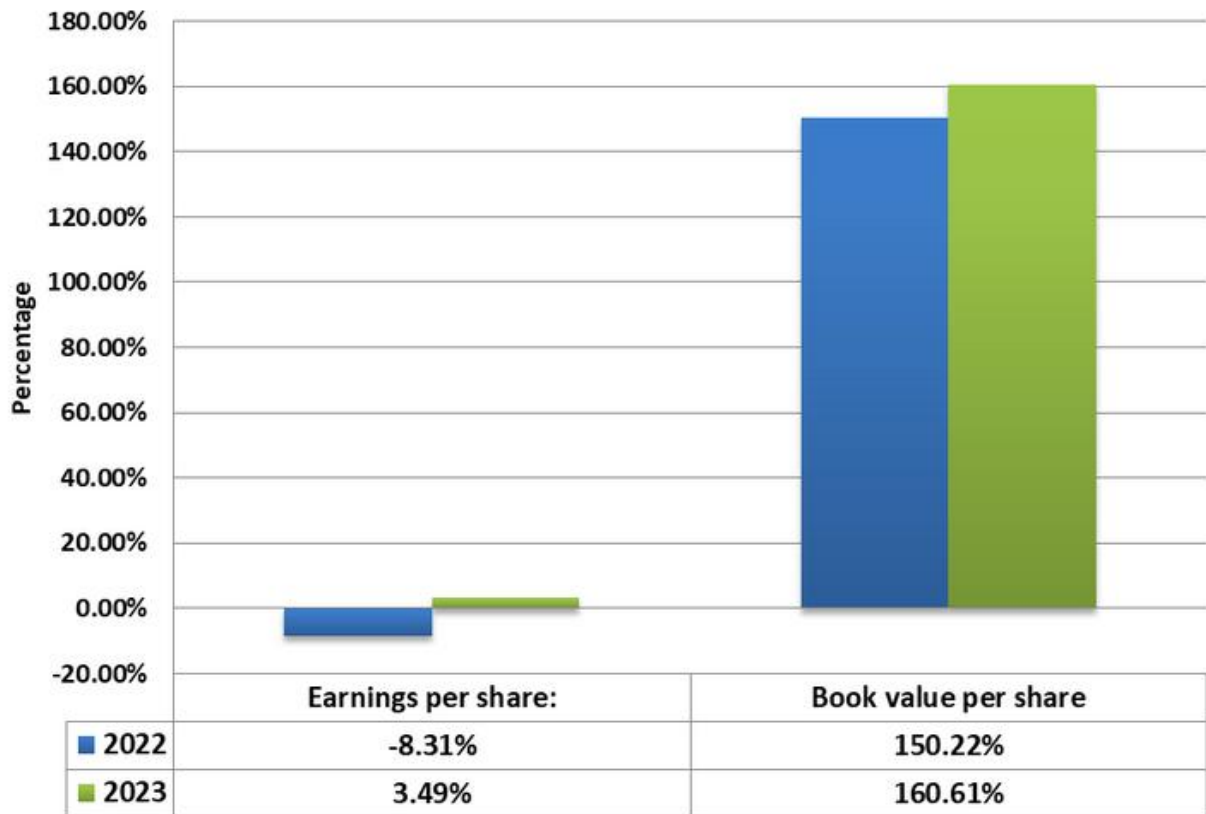
Selected Ratios



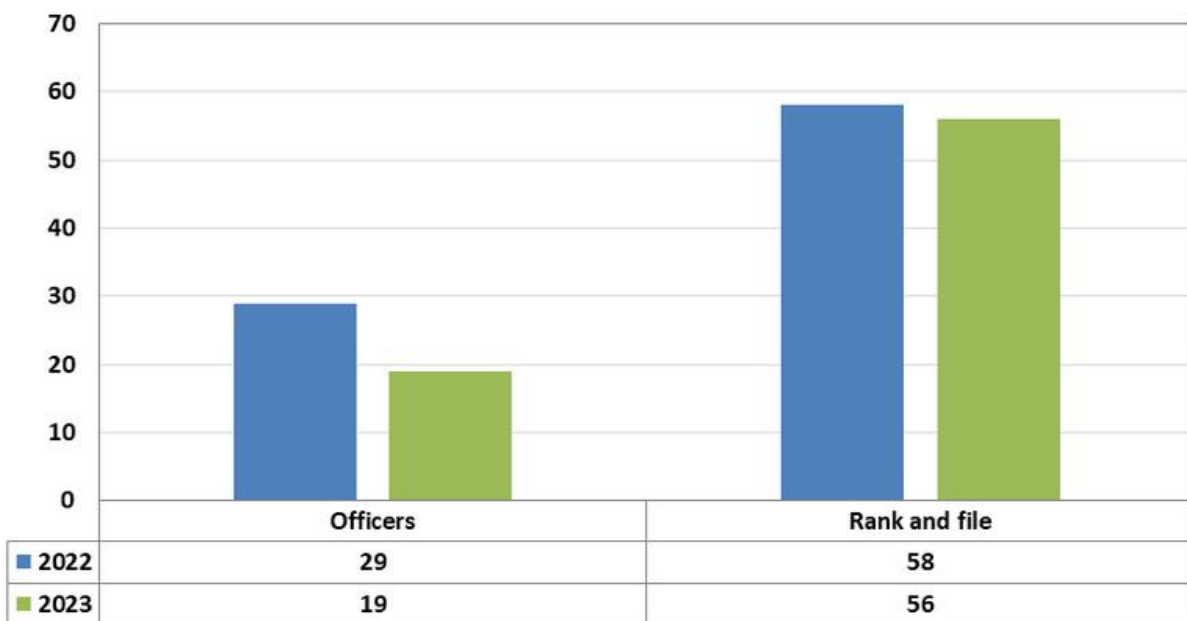
Debt to Equity Ratio



Per common share data



Number of Officers and Employees



FINANCIAL CONDITION AND RESULT OF OPERATIONS

REVIEW OF BANK'S OPERATIONS AND RESULT OF OPERATIONS

Profitability

Net Profit

2023 operations resulted in bank wide Net Profit of P 1,467,495. Bank revenue comprised largely of Interest Income from Loans amounting to P29.5 million or 52% 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 P15.4 million or 27% of total gross income. The bank's Other Income from Penalty collection amounted to P5.4 million or 10% of total gross income, while Fees and Commission income comprised 11% or P6.5 million of total gross income. The bank's total revenue in 2023 increased by 30% or P13 million compared to 2022, a large portion of this increase came from disposal of ROPA.

Although Interest Income is higher in 2023 by P1.7 million, the bank's Net interest Income (NII) dipped 9% from last year by P1.6 million due to higher Interest expense. Increase in interest expense was due to the increase in higher cost Time Deposits and also increase in LBP's Bills Payable rate. Net movement in the bank's loan portfolio is a decrease of P35.2 million. However, the bank was able to grant a significant amount of new loans for the year 2023, loans released in 2022's last quarters also contributed to the higher Interest revenue despite the net decrease in Loans due to collection and conversion to ROPA.

Non Interest Income

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 2023 makes up 48 % of the bank's total gross income and is significantly higher than 2022 by P11.2 million. Fees income mostly derived from loan generation increased by 30% or P1.45 million due to higher loan releases in 2023 than in 2022. Penalty collection income also increased, amounting to P5.4 million in 2023 compared to P3.6 million in 2022. 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 recorded for the current year is P15.4 million, more than double of last year's P7.5 million ROPA income.

Non Interest Expense

Non-interest Expense which makes up 74% of the bank's total expenses increased by P2.9 million or 8%, mainly attributable to Compensation and Fringe benefit, Taxes and Licenses and Fees and Commission Expense. Compensation and Fringe benefits increased due to salary adjustments, new hires, increase in contributions, and also higher booking of Provision for retirement expense based on latest actuarial valuation in 2023 (the last actuarial valuation done was way back 2020). Compared to 2022, gross income in 2023 was higher by P13M. Hence, expenses which are variable to income generation mainly from Loans and ROPA, such as Taxes and Licenses and Fees and Commission expense also increased.

Selected Balance Sheet

Liquid Assets

Liquid Assets which comprises 24% of total 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 P75.8 million and decreased by P10.5 million compared to 2022. The decline is mainly attributed to the bank's Due from Other Banks (DFOB), due to usage of funds for granting loans, defraying operational expenses and payments of liabilities, particularly Bills Payable which declined by P16.1M. Due from BSP or the reserve requirement with BSP also declined by P3.5 million, due to reduction of the reserve requirement percentage in 2023. Despite such decrease, the bank posted a Minimum Liquidity Ratio of 58.02 % and is still maintaining stock of liquid assets well above the minimum ratio required to cover qualifying liabilities.

For the year 2023 the bank's Loans Receivables (excluding ACPC Loans), declined by P35.2 million. It should be noted that prior to 2023, ACPC Loans of the bank was booked as part of its Loan Receivables. ACPC Loans were reclassified from Loans and adjusted directly against the credit fund received from ACPC, hence the additional decline in Loans Receivables due to reclassification amounting to P38 million; bringing the total decline in booked Loans Receivables to P74 million compared to 2022. In 2023 the bank was not able to reach its target Loan portfolio increase; although the bank was able to grant a significant amount of new loans, it was largely offset by collections/full payments of existing loans and also a large amount of non-performing loans were transferred to ROPA amounting to P47.5M, which resulted to a net increase in ROPA book value of P8M. The bank was able to dispose a significant amount of ROPA, attaining the set ROPA income target of P15.5M, but it was negated by the large amount of new ROPA from NPL.

Assets

Assets of the bank decreased by 15% or P56.4 million in 2023. The bank's assets are comprised largely by Loans (gross) or 42% of the bank's total assets as of 2023. ROPA (gross) accounted for 24% of total assets increasing to P76.2million or by P7.6 million compared to 2022. The bank was able to dispose ROPA with P40.9 million in book value, but the amount of new ROPAs transferred amounting to P47.5 million offset the disposal. Loan receivables contributed largely to the decline in assets. Apart from collection and ROPA transfers, Loans booked in 2022 was also reduced by the reclassification of ACPC Loans from Loans Receivable. Liquid assets contributed a P10.5 decline, other assets that also decreased are Accrued Interest Receivable due to reversal of the amounts pertaining to paid accounts and those transferred to ROPA.

Liabilities

Liabilities of the bank decreased by P60.8million in 2023. The bank's Deposits only increased by P751k in 2023. Savings deposits declined significantly by P21.1 million. Although there were new savings deposits generated, amount of withdrawals and closed accounts greatly exceeded newly generated deposits. Time deposits on the other hand, significantly increased by P21.9 million due to newly marketed accounts. Bills Payable also declined by P16.1 million, due to payments of rediscounted loans. The decline in loans consequently affected the bank's bills payable, since the full payment or transfer to ROPA of a rediscounted loan will also result to termination of the corresponding bills payable with Land Bank. Accrued and other liabilities significantly declined by P42.6 million, this is mainly due to the reclassification of ACPC Loans, reducing the amount of Accounts Payable to ACPC booked under liabilities. Pensions and Other Post Retirement Benefit Obligations also declined due to the latest actuarial valuation in 2023.

Equity

Equity of the bank stood at P67.6 million for the year ended 2023, and increased by P4.3 million compared to last year's P63.2 million. Apart from the net profit for the year amounting to P1.4 million, the significant increase in capital was also due to the positive adjustment of Other Comprehensive Income amounting to P2.9 million. This adjustment was made based on the actuarial valuation as of December 31, 2023 and pertains to actuarial gain on defined benefit obligation, an item that will not be reclassified to profit or loss.

Selected Ratios

Return on Equity and Return on Assets

Return on Equity and Return on Assets significantly increased by 12.07% and 2.19% respectively, due to the Net Profit of P1.4 million for the year 2023 and Other comprehensive income of P2.9 million due to Actuarial Gain. The banks' total Equity amounted to P67.6 million as of 2023 from P63.2 million as of 2022 or an increase of P4.3 million. The bank's Capital Adequacy Ratio (CAR) stood at 17.36% and Minimum Liquidity Ratio (MLR) at 58.02% which both increased compared to 2022 and are above the minimum required regulatory ratios.

Net Interest Margin

Net Interest Margin in 2023 increased to 6.19% compared to 6.11% in 2022, although the bank's net interest income declined, the bank's average earning assets which comprises of Loans Receivable, Due from Banks and Investments, also declined, driving the NIM to increase (net interest Income as a percentage of average earning assets.)

Debt to equity ratio

Debt to equity ratio decreased to 3.77 from 4.99 in 2022. The decline in D/E ratio was mainly driven by the decline in Liabilities in 2023, coupled with the increase in capital.

The bank reported higher Past Due ratio as of yearend 2023 at 22.9% compared to 2022. Agricultural loans and Commercial loans contributed to a significant portion of past due amount. Challenges in repayment within the agricultural sector were caused by natural calamities such as typhoons, pestilence, and drought. Also, some borrowers whose businesses and income generation were previously affected by the Covid-19 pandemic are still struggling to regain their pre-pandemic financial stability. Despite these difficulties, the bank continues to exert collection and recovery efforts on outstanding loans.



GRBP MAJOR STRATEGIES 2023



FINANCIAL PERSPECTIVE



Growth Strategies



Broaden Revenue



Market Penetration Strategies

- Increase profitable revenue from existing deposit
Offer Golden Protect Time Deposit and Golden Classic Time Deposit account as marketing proposition for rising inflation rate to interest conscious clients.
- Increase profitable revenue from existing loan products
Offer alternative loan products including Agri-Easy Loan, Agri-Asenso and Agri-Negosyo to clients who only have an Owner's Copy of Title to increase loan portfolio and decrease negative perception and feedback from clients.



Productivity Strategies



Improve Asset Utilization



Cost Improvement Strategies

- Intensify ROPA disposal amid Omicron's presence through telemarketing and face to face by being fully vaccinated and brokers and agents
- Prioritize selling of ROPA with 5-Year holding period of FISTCs that will improve CAR.
- Evaluate Past Due Accounts eligible for rehabilitation to lower PDR and increase SAFr ratings.



CUSTOMER VALUE PERSPECTIVE



Market Penetration Strategies

Intensify Marketing Efforts

- Improve awareness for small farmers about ACPC loans being offered to decrease the competition within the market.
- Increase marketing of bank products and ROPA disposal through social media including website, facebook, twitter, instagram.

GRBP MAJOR STRATEGIES 2023



INTERNAL BUSINESS PROCESS PERSPECTIVE



Operations Business Process

- Improve loan processing in new loans, re-loan and renewal



Cost/Business Process Improvement Strategies

- Intensify screening of loans by improving loan verification and documentation to evaluate loan clients properly that will ensure loan quality.



Innovation Process

- Create New Product



Product Development Strategies

- Develop new loan products to increase loan portfolio.
 - a. Motorcycle Loan
 - b. Jewelry Loan
 - C. Housing Loan



Operations Management Processes

- Improve loan processing in new loans, re-loan and renewal
- Strengthen Risk Management



Cost/Business Process Improvement Strategies

- Create product manual to be included in our policy per loan product and accessible anytime.
- Create Manuals and Policies on Specific GRBP Products and Services available for the GRBP (Branches and Corporate Employees). The Creation of Manuals and Policies GRBP Products and Services will also benefit branches for ease of portability of information.
- Improve bank risk identification assessment by establishing risk area per department and include risk reporting in ManCom and BOD



Regulatory and Social Process

- BSP Compliance
- Government Compliance



Cost/Business Process Improvement Strategies

- Strict compliance on digitizing documents to comply with digitalization transition requirements
- Improve digital information database integrity to counter data breach and corruption. Develop and add cloud storage for swift retrieval of Customer's Data Information in case of fortuitous events.
- Create a program that will improve SAFr risk assessment of BSP including Capital Planning and other high risk factors in operation.
- Implement No Vaccine No Entry Policy, require booster shots and continues monitoring of the safety health protocols to mitigate the transmission of the Omicron Variant to avoid closing of the bank due to a breakout.

GRBP MAJOR STRATEGIES 2023



LEARNING AND GROWTH PERSPECTIVE

✔ Cost Improvement Strategies

Increase Employee Productivity

- Improve Job Matching
- Improve hiring rates for vacant positions
- Boost trainings in the following areas:
 1. Balance Scorecard
 2. Performance Appraisal
 3. Credit Risk Management
 4. Collection
 5. Products and Services
 6. Customer Service
 7. Leadership
 8. Stress Management
 9. Risk per Position
- Establish Loan and Collection training programs to concerned employees to lessen past due accounts.
- Improve branch level incentive system that will encourage to perform and improve productivity to achieve targets and to reduce turn-over rate of employees.
- Output Based Increase of Marketing Specialists Gas Allowance
- Create Employee Retention Programs
- Improve salary structure alignment of employee
- Update Compensation and Benefits
- Update Succession Planning: a.) Workforce b.) BOD
- Improve Performance Appraisal in alignment to BSCs KPIs, Compliance and SafR ratings



CHALLENGES AND RESPONSES

Challenges

1. **Bank's loan portfolio deemed to continuously diminish and/or decline.** Probable reasons identified were as follows;

- Deficient number of releases compared to loan targets set by branches. Given the situation, borrowers may have been complacent to avail such loan as their source of repayment was uncertain or unstable
- Numerous business opportunities arise in the market after the pandemic. However, many borrowers refrain from investing and taking out of bank borrowings and/or loans due to concerns of potential losses.

2. High Level of Past Due Ratio

- As businesses could hardly recover from the effects of the pandemic, many borrowers defaulted due to slowed and limited income generation.
- Numerous business closures were identified, recorded and have ceased operations in order to further manage increasing operational closes.
- Occurrence of inflation or the rise of prices of goods, commodities, and/or services where borrowers prioritized the provision / meeting of the standard cost of living (e.g. food, medicines, education etc.) ahead of allocating funds towards their repayment of their loans, dues or borrowings in time.

Responses

- Through the said efforts, the Bank was able to generate an equivalent loan portfolio for Golden Agri - Easy Loan (GAEL) amounted to more or less Eighteen Million as of date.
- Payment was made thru lump sum aligned during season of harvest where collectability was almost guaranteed

Opportunities

- In the absence of loan applications for Regular Loans as to Commercial Secured and Agricultural Loans Secured, the timely boosting of Golden Agri - Easy Loan (GAEL) product of the Bank came to exists.
- Accounts generated on the aforesaid loan product may deemed not sufficient to cover the set loans target. However, in some way have contributed for the elevation of the Bank's portfolio level.

CHALLENGES AND REPOSES

Challenges

- **Sufficient Funds for Operational Expenses and Loan Releases:** The Treasury Department encountered challenges in ensuring it had adequate funds to cover operational expenses and release loans. Insufficient funds could hinder the department's ability to meet its obligations and fulfill its functions effectively, potentially leading to liquidity issues and operational disruptions.
- **Struggle to Renew Rediscounting Line from Land Bank of the Philippines (LBP):** The Treasury Department faced difficulties in renewing its rediscounting line from the Land Bank of the Philippines (LBP). A rediscounting line is crucial for financial institutions to obtain funds by discounting eligible assets. The inability to renew this line may have constrained the Treasury Department's liquidity management and financing options, further exacerbating its funding challenges.

Responses

The Treasury Department may need to explore alternative funding sources, optimize its liquidity management strategies, and negotiate more favorable terms for credit facilities and financing arrangements. Proactive engagement with regulatory authorities and financial institutions could also help address funding constraints and ensure the Treasury Department's ability to fulfill its operational and regulatory obligations efficiently.



CHALLENGES AND REPOSSES

Challenges

- The Bank's goals and targets were adversely impacted by a shortage of personnel caused by a high attrition rate.
- High employee turnover leads to gaps, particularly in fulfilling training needs, often resulting in inadequate knowledge and skills.

Responses

- Recruit to fill key personnel vacancies. Delegate additional tasks to skilled employees as required. Ensure all staff members receive the necessary training.
- We're utilizing a comprehensive recruitment strategy, employing diverse methods to fill these roles. This encompasses internal job postings, promotions for qualified bank employees, referrals, and advertising job openings on our social media platforms, as well as other pertinent recruitment pages on Facebook.



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 for 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.

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

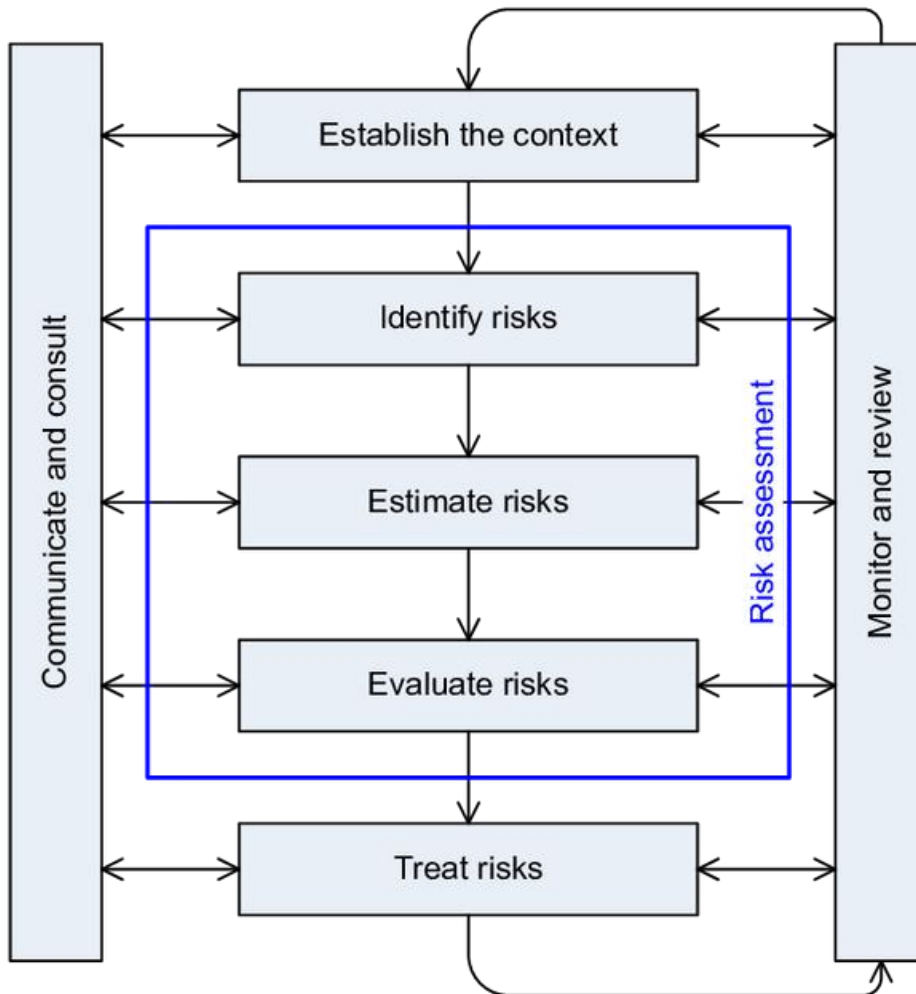
1. The Bank's position in the rural bank industry, with particular emphasis on its key business divisions as a rural bank;
2. The conditions imposed on Golden Rural Bank by BSP, SEC, BIR, and the LGU.
3. The capital that may be required to support expanding the Risk Threshold; and The medium-long term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

RISK MANAGEMENT FRAMEWORK ADOPTED

BANK-WIDE RISK GOVERNANCE STRUCTURE AND RISK MANAGEMENT PROCESS

THE RISK MANAGEMENT PROCESS

Diagrammatically, the risk management process is best depicted as follows:



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;
- (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.

RISK MANAGEMENT FRAMEWORK ADOPTED

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;
- (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.

RISK MANAGEMENT FRAMEWORK ADOPTED

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.
- (e) Assist the RMO in conducting annual reviews and risk projects as specified; and
- (f) 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.

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

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.

“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.

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

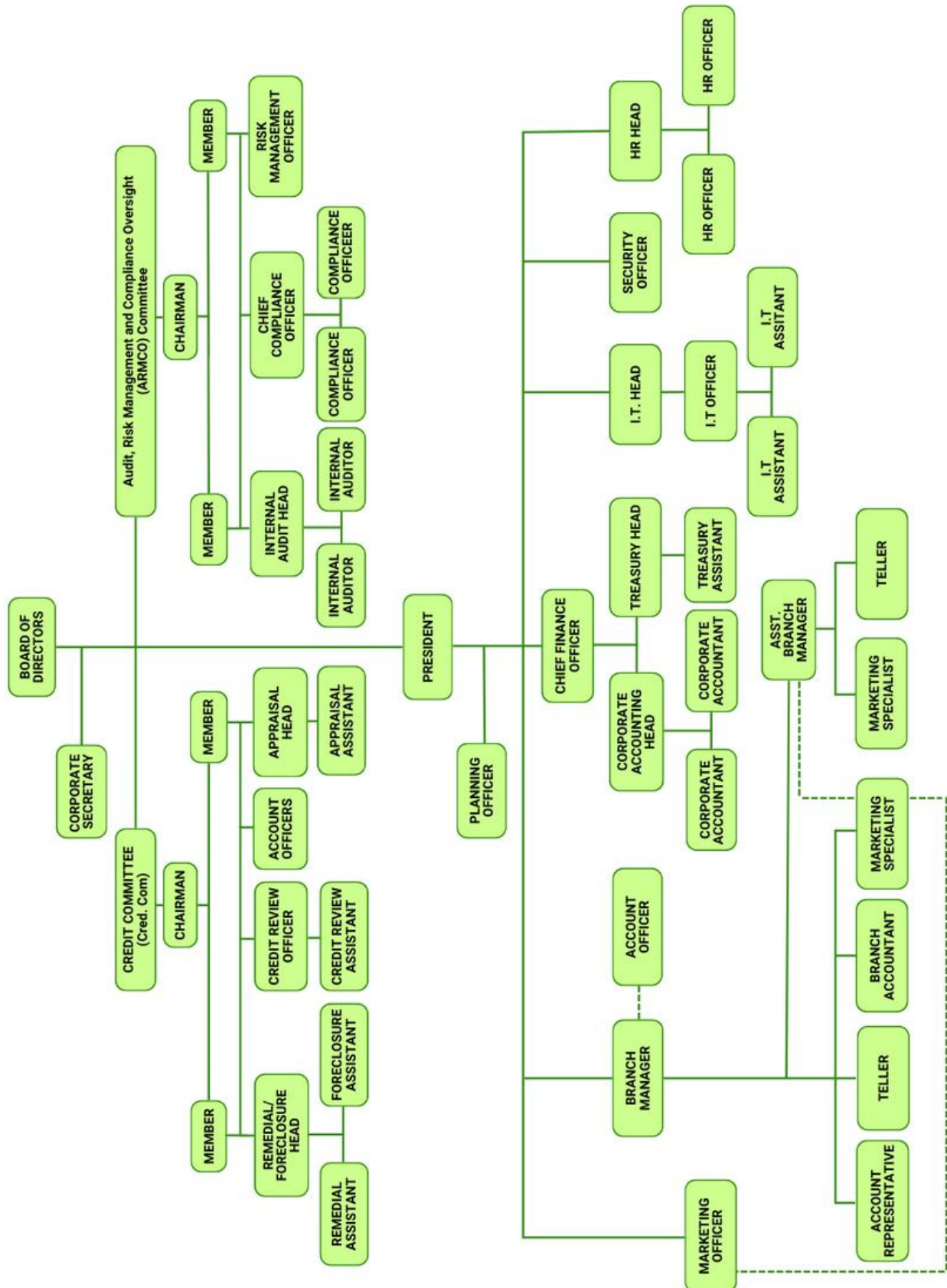
"In designing a customer acceptance and risk profiling policy, the following criteria relating to the product or service, the customer, and geographical location, at a minimum, shall be taken into account:

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



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.

Audit, Risk Management and Compliance Oversight (ARMCO) Committee

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

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.

Relation 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.

Audit, Risk Management and Compliance oversight Committee

Relation with External Auditor

- 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 Auditor 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 or breaches in limits, shall be communicated directly to the audit committee.



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).

 **Chief Compliance Officer**

- 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
- 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.

 **Credit Review Officer**

- 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 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

 **Chief Financial Officer**

- 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 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 analyze 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

 **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.

 **Appraisal Head**

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

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;
- The conduct of continuing research and studies on new techniques, methods and equipment to enhance bank protection measures.

Branch Manager

- Reports directly to the President
- Approves loan applications up to the amount delegated to him
- Sees to it that all books of accounts are up-to-date and balanced and reconciled
- Approve all tickets and proof sheets before they are posted to books and ledgers
- Sees to it that an effective internal control system is installed and maintained in order to prevent errors and fraud
- Goes to the field to determine the actual credit needs of borrowers and actual conditions in the locality
- Check whether all accountable employees are properly bonded
- Approves/overrides withdrawal transactions amounting to more than P2, 500.00 but less than to P30, 000.
- Overrides transactions of high-risk clients.
- 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
- Directly supervise the Assistant Branch Manager of his attached BLU
- Monitor all transactions of his attached BLU



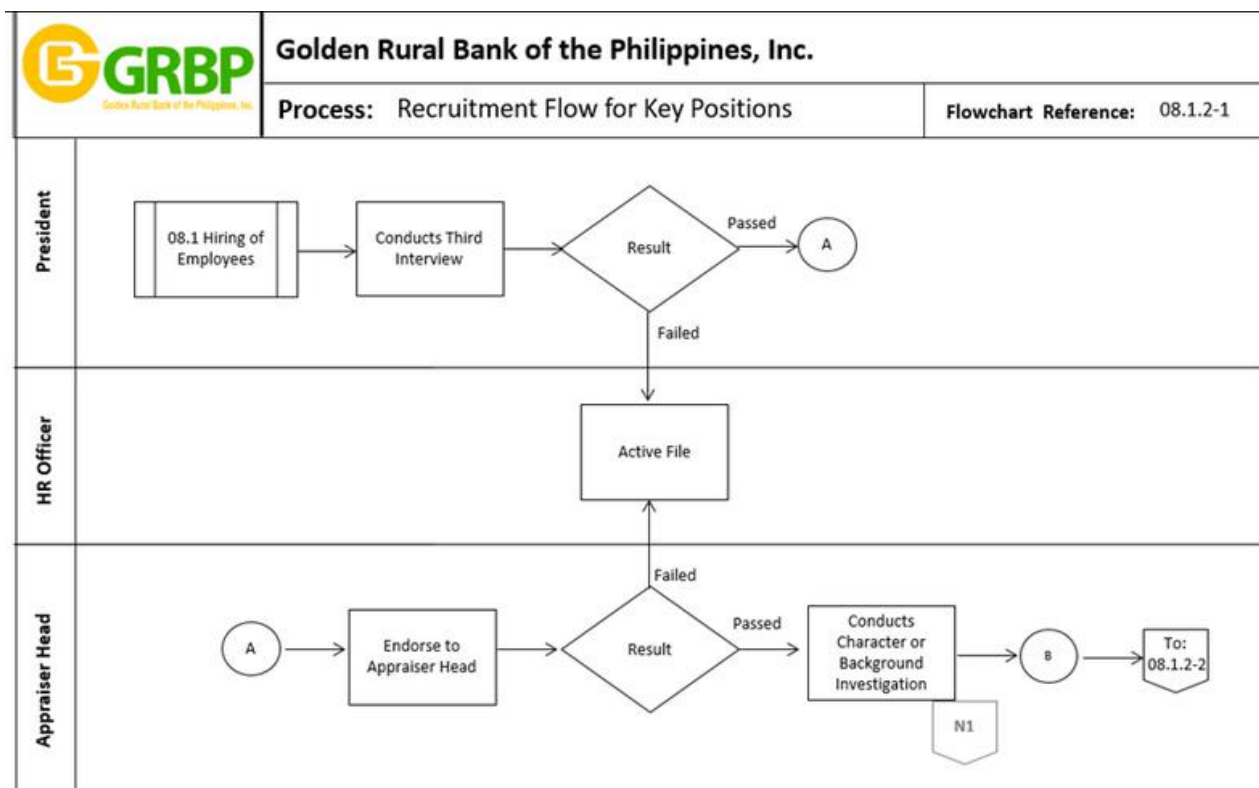
SELECTION PROCESS FOR THE BOARD AND SENIOR MANAGEMENT

Board of Directors

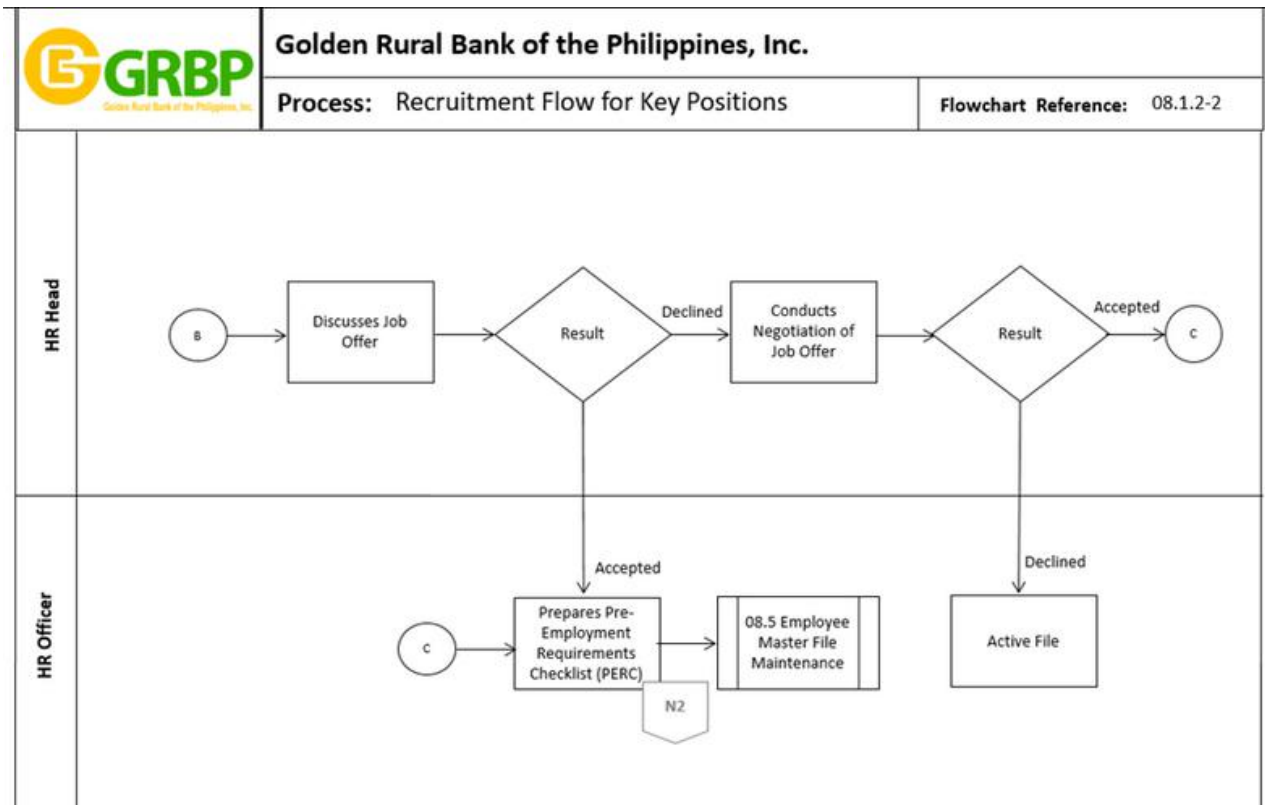
Selection of Board of Directors happens annually during the annual stockholders' meeting through election. Prior to the election, the candidates are subjected to the fit and proper assessment to ensure their integrity/probity, education/training, knowledge and experience, skills, and diligence. The HR department is responsible for the assessment. The nomination will happen during the annual stockholders' meeting facilitated by the Corporate Secretary. Each nominated stockholder has to garner a majority of votes from all stockholders in attendance during the meeting. The Bank's stockholders shall elect a new set of Board of Directors for the year. The board of directors must be properly fit during the duration of his term. 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. Meanwhile, in the case of an Independent Director, the interested applicant has to submit his resume and supporting documents for his qualification. He has to have banking experience. The assessment of the interested independent director shall be conducted by the incumbent members of the Board and HR Head, and to be led by the Chairman of the Board.

The approval of the election is certified by a duly signed Board Resolution.

Senior Management/Key Officers



SELECTION PROCESS FOR THE BOARD AND SENIOR MANAGEMENT



 Golden Rural Bank of the Philippines, Inc.			
Process: Recruitment Flow for Key Positions			
Narrative Reference: 08.1.2-1			
Process Owner/s	Process	Control	Documents
	This process is preceded by 08.1 Hiring of Employees		
President	1. Conduct third interview for key positions only, (If passed, endorse to Appraiser Head. If failed, endorse to HR Officer to file on active file).	The President signs and approved the employment contract with negotiated JO	
Appraiser Head	2. Endorse to Appraiser to Conducts Character or Background Investigation.		• BI (Appendix 08 -II)
HR Head	3. Discusses Job Offer. (If JO is accepted, endorse to HR Officer. If declined, conducts negotiation of JO), if offer is declined again, file on active file).		• JO (Appendix 08 - III) • EC (Appendix 08 - IV)
HR Officer	4. Prepares Pre-Employment Requirements Checklist (PERC) and proceeds to 08.5 Employee Master File Maintenance		• PERC(Appendix 08 - IV)

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, and 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	23 years	59,533	14.1409%
Arturo E. Guinto	Director	N/A	36 years	121,487	28.5868%
Enrico Arturo E. Guinto	Director	N/A	20 years	59,533	14.1409%
Rona Lissa A. Guinto	Director	N/A	11 years	59,533	14.1409%
Julie Ann A. Guinto	Director	N/A	10 years	59,533	14.1409%
Renato P. Guinto	Director	N/A	4 years	1,688	0.4010%
Aleli P. Guinto	Director	N/A	2 years	10	0.0024%
Rodrigo P. Narag	Independent Director	N/A	3 years	3	0.0007%
Elinor N. Javier	Independent Director	N/A	3 years	3	0.0007%

BOARD QUALIFICATION



RONA LISSA A. GUINTO

POSITION: PRESIDENT

AGE: 39 Y/O

NATIONALITY: FILIPINO

EXPERIENCE/S:

Golden Rural Bank of the Philippines, Inc.

President- May 2022- present

Director- 2012 to present

Strategic Planning Head-
2020-2022

Marketing & Planning Head-
2011-2020

Holcim Philippines, Inc.

Procurement Analyst- 2007-
2009

Collins International Corporation

Marketing Assistant 2006-
2007

PLDT, UK

Marketing Executive 2005-
2006

Present position-Other Private Institution

Director- Golden Land
Development Corporation



ARTURO E. GUINTO

POSITION: DIRECTOR

AGE: 73 Y/O

NATIONALITY: FILIPINO

EXPERIENCE/S:

Golden Rural Bank of the Philippines, Inc.

President- 1987- May 2022

Director- 1987 to present

Rural Bank of Naguilian

Manager 1977-1986

Rural Bank of Cauayan

Supervised Credit Technician
1971-1977

Present position-Other Private Institution

Retailer- Golden Trading Shell
Service

Chairman- Golden Land
Development Corporation



CARLO ESTEBAN A. GUINTO

POSITION: DIRECTOR

AGE: 45 Y/O

NATIONALITY: FILIPINO

EXPERIENCE/S:

Golden Rural Bank of the Philippines, Inc.

Chairman of the Board March
2019- Present

Vice President- Admin 2012-
2019

Director 2002- present
Officer-in-charge 2022-2011

San Miguel Corporation

Account Executive 2001-2002

Present position-Other Private Institution

Director- Ranch Oro Corporation

Director- Golden Land
Development Corporation

BOARD QUALIFICATION



ENRICO ARTURO A. GUINTO

POSITION: DIRECTOR
AGE: 44 Y/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

UNIONBANK
Accountant Sept.-Dec 2001

Present position-Other Private Institution

Chairman- Ranch Oro Corporation
Retailer- Golden Trading Shell Station
Director- Golden Land Development Corporation



JULIE ANN A. GUINTO

POSITION: DIRECTOR
AGE: 42 Y/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- Golden Land Development Corporation



ALELI P. GUINTO

POSITION: DIRECTOR
AGE: 45 Y/O
NATIONALITY: FILIPINO

EXPERIENCE/S:
Golden Rural Bank of the Philippines, Inc.

Director 2019- present and 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 Corporation

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: 71 Y/O

NATIONALITY: FILIPINO

EXPERIENCE/S:

Golden Rural Bank of the Philippines, Inc.

Director 2021- present

Director 2010-2015

Fe Cruz Corporation

AVP Finance 2010-2015



ELINOR N. JAVIER

POSITION: INDEPENDENT

DIRECTOR

AGE: 72Y/O

NATIONALITY: FILIPINO

EXPERIENCE/S:

Golden Rural Bank of the Philippines, Inc.

Independent Director 2022-present

Small Business Corporation

Consultant 2010-2019

The Manila Banking Corporation

Assistant Manager 1973-1988

Asia Trust Bank

Senior Manager 1988-1994

Bank of Commerce

Vice President 1994-2009



RODRIGO P. NARAG

POSITION: INDEPENDENT

DIRECTOR

AGE: 61 Y/O

NATIONALITY: FILIPINO

EXPERIENCE/S:

Golden Rural Bank of the Philippines, Inc.

Independent Director 2022-present

LBP Head Office

Mgt. and Audit Officer 2012-2017

Chief Mgt. & Audit Specialist 2008-2012

Senior Mgt. Specialist 2004-2008

Management Specialist 2003-2004

LBP Tuguegarao

Account Mgt. Specialist 2001-2003

Property Appraiser 2000-2001

LBP Cauayan

Property Appraiser 1992-2000

DENR LMB Tuguegarao

Utility Worker I 1991-1992

Survey Mancartographer 1989-1990

BOARD-LEVEL COMMITTEES AND FUNCTIONS

AUDIT, RISK MANAGEMENT AND COMPLIANCE OVERSIGHT COMMITTEE

Members



RODRIGO P. NARAG
CHAIRMAN



CARLO ESTEBAN A. GUINTO
MEMBER



ALELI P. GUINTO
MEMBER

Functions

1. 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.
2. 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.
3. 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.
4. Evaluate the scope, effectiveness, and significant findings of the internal audit process for GRBP's operations.
5. Review the internal auditor's report on the results of the annual audit plan.
6. Evaluate whether recommendations for improved internal controls are effectively implemented by Management.
7. Evaluate, annually, the adequacy of the ARMCO Committee Charter and the performance of the Committee thereunder.

Financial Reporting/ Disclosure

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

Internal Control

Risk Management

1. 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.
2. Oversee the establishment and maintenance of internal risk management framework throughout the bank.
3. Identify, assess and measure risks arising from the firm's activities
4. Oversee risk functions

Compliance with Laws, Regulations and Company Policies

1. Review the effectiveness of the system for monitoring compliance with laws and regulations.
2. Review the effectiveness of compliance risk assessment and the result of compliance testing.
3. Recommends appropriate actions to be taken on non-compliance with laws and regulations.
4. 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.
5. Ensure that GRBP's policy statements are kept up to date and are accessible to and adhered to by the entire organization.
6. Engage and determine funding for independent legal counsel, accounting and other advisors as it deems necessary to carry out its duties.

Relation with External Auditor

1. 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.
2. Have sole authority to approve the engagement letter and the fees to be paid to the external auditors.
3. 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.
4. 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.
5. 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.
6. 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
7. 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.

BOARD-LEVEL COMMITTEES AND FUNCTIONS

CREDIT COMMITTEE

Members



ELINOR N. JAVIER
CHAIRMAN



RONALISSA A. GUINTO
MEMBER



JULIE ANN A. GUINTO
MEMBER

Functions

1. Reports directly to the Board of Directors
2. 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
3. Monthly reviews of large loan made within the Bank's lending limits
4. Reviews the loan policy and compliance with that policy
5. Monitors loan quality through quarterly problem loan reports, past due reports, loan charge-offs and potential loss predictions
6. Monitors loan loss reserve adequacy
7. Looks for concentration or industry trends in the portfolio
8. Keeps management informed of economic and industry trends that Committee members are aware of
9. Determines what peso limit is appropriate for review and may change that limit periodically
10. Fulfill its statutory, fiduciary and regulatory responsibilities.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Name of Director	Board Number of Meetings	ARMCO Number of Meeting	CRECOM Number of Meeting
Carlo Esteban A. Guinto	100%	93.33%	
Arturo E. Guinto	100%		
Enrico Arturo E. Guinto	72.73%		
Rona Lissa A. Guinto	100%		100%
Julie Ann A. Guinto	95.45%		96%
Renato P. Guinto	100%		
Aleli P. Guinto	86.36%	100%	
Rodrigo P. Narag	100%	100%	
Elinor N. Javier	100%		100%
Total Number of Meetings Held During the Year	22	15	47

EXECUTIVE OFFICERS / SENIOR MANAGEMENT



RONALISSA A. GUINTO

POSITION: PRESIDENT

AGE: 39 Y/O

NATIONALITY: FILIPINO

EXPERIENCE/S:

**Golden Rural Bank of the
Philippines, Inc.**

President- May 2022- present

Director- 2012 to present

Strategic Planning Head-
2020-2022

Marketing & Planning Head-
2011-2020

Holcim Philippines, Inc.

Procurement Analyst- 2007-
2009

**Collins International
Corporation**

Marketing Assistant 2006-
2007

PLDT, UK

Marketing Executive 2005-
2006

**Present position-Other Private
Institution**

Director- Golden Land
Development Corporation

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 Bank has set performance standards to objectively measure the performance, work and attitude of the Bank's Board of Director and Committee members as a whole and toward their peer. As required by regulatory authorities and as a matter of good corporate governance practice, the Board of Directors shall conduct at least on a semi-annual basis, a review of its performance against established criteria, for purposes of assessing its effectiveness and as a tool in its efforts to improve its structure, composition, and practices and procedures.

PERFORMANCE EVALUATION PROCEDURE FOR BOARD OF DIRECTORS AND COMMITTEES

1. On a semi-annual basis of the presented year, the HR Department shall facilitate the conduct of the Board's and Committees' Performance Appraisal (as individual and as a collegian body) determine performance and work attitude of the members from the board of directors and committees.

2. The performance evaluation shall be conducted every month of August of the current year covering performance for the 1st semester (January to June of the presented year) and every February of the following year covering the performance for the 2nd semester (July to December of the presented year).

3. Directors and committee members are required to complete all sections of the Evaluation Forms. The Board's Performance Evaluation Form is composed of 3 parts:

Part I – The Board (as a body) - Overall assessment of the quality of board oversight.

Part II – The Chairman - This is an assessment for evaluation of the Chairperson of the board.

Part III – Individual Director (Peer Assessment) - This is an assessment for evaluation of individual director toward other members of the Board.

On the other hand Committees' Performance Evaluation Forms only have 1 part each.

4. The HR Department shall collate all duly accomplished performance evaluation forms and tabulate the ratings given by each directors and committee members.

PERFORMANCE ASSESSMENT PROGRAM

5. The result of the tabulation shall be submitted to the Chief Compliance Officer for independent validation.
6. The Chief Compliance Officer shall give his/her comments and reports to the board during regular BOD meeting, the result of the performance evaluation and result of his/her independent validation. Only the result of the Board's performance evaluation as a body shall be reported to the board, the Chairman's, and Peers' performance evaluation shall be discussed by the HR Head, directly to the Chairman and each member.
7. The identity of directors who gave a rating shall be kept confidential and shall not be disclosed to the Board during the reporting. Only the HR Department and the Chief Compliance Officer shall know and have access to the individual rating given to/by each director.
8. The Corporate Secretary shall take the minutes of the discussion.
9. After reporting to the Board, the Chief Compliance Officer shall keep the result of his/her independent validation and give a copy to the HR Department, together with the accomplished Performance Evaluation Form for filing and ready reference.
10. The HR Department shall give each director a copy of the summary of their rating for their reference.

ORIENTATION AND EDUCATION PROGRAM

All GRBP employees, including the BODs shall have a defined training and development program that serves as their guide to determine the training gap and improvement that the employee must focus on to make them feel confident about improving efficiency and productivity, as well as finding new ways towards personal development and success. The Human Resource Department is in-charge in conducting orientation and in finding appropriate trainings/seminars for all employees. They are consolidating all training of employees per position to easily track the training 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.

All employee who attends outsourced training/seminar/webinar will be required to submit a course outline report and shall cascade to all concerned employees within a month after the completion of the said training/seminar/webinar. However, in consideration of the cost of training/seminar/webinar provided by the company to employees, concerned employees shall continue working at the company until the end of lock in period.

RETIREMENT AND SUCCESSION POLICY

Retirement Policy

Golden Rural Bank of the Philippines' retirement policy covers the bank employees' normal retirement, early retirement, late retirement, and disability retirement benefit. The normal and late retirement employee eligibility is adopted from 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". Meanwhile, the early retirement policy and disability retirement policy are established by the bank as an act of goodwill for employees who have served the company for a longer period in order to encourage retention and ensure employee protection in the event of an accident during duty.

Normal Retirement

- a. The normal retirement date of an employee shall be the first day of the month coincident with or next following his/her sixtieth (60th) birthday provided he has served the bank for at least five (5) years of credited service.
- b. The normal retirement benefit shall be equivalent to the 1-month current salary of the employee multiplied by the no. of years of credited service.

Early Retirement

- a. With the consent of the management, an employee may elect to retire prior to his/her normal retirement.
- b. The employee's early retirement benefit shall be a percentage of the 1-month current salary of the employee multiplied by the no. of years of credited service.

Late Retirement

- a. An employee who is allowed by the management to continue to work on a case-to-case and yearly extension basis beyond his/her normal retirement date shall continue to work up to his/her late retirement date. The late retirement date of an employee shall be the first day of any month after attaining his/her normal retirement date.
- b. The employee's late retirement benefit shall be equivalent to the 1-month current salary of the employee multiplied by the no. of years of credited service, including the extension of service.
- c. The employee is eligible for late retirement pay provided that he served at least five (5) years of credited service with the bank but not beyond the age of 65.

Disability Retirement Benefit

- a. In the event that an employee is retired by the bank due to permanent total incapacity or disability, as determined by the attending physician, his/her disability retirement benefit shall be equivalent to the 1-month current salary of the employee multiplied by the no. of years of credited service

RETIREMENT AND SUCCESSION POLICY

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.

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 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 are 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.

REMUNERATION POLICY

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.

Benefit	Concern Employees	Conditions
Car Allowance, Gas Allowance	BM/OIC's, Foreclosure Head	Php. 4,000 will be given 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 consider. (Attachment will be necessary)
Per Diem	All Employees	Snacks and Lunch Meals will be provided every meeting. Exceptions: Training outside Isabela, Quirino and Cagayan.
Car Rental	BM/OIC's	Car allowance is already provided to cover Transportation for BM/OIC.
Relocation Allowance	All Employees	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	Provided that attachment (O.R) will be submitted for review and future reference.

REMUNERATION POLICY

Corresponding allowances 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 Representative/Account Officer/Appraisal Head/I.T exceeds the gas allowance, provided justified and with complete attachments it will be reviewed for approval.

Concern Employees	Motor Rental	Gas Allowance	Liters
Appraisal Head	P1500	P1,500/month	30 liters/month
Marketing Specialist	P1500	P1,500/month	30 liters/month
Account Representative	P1,000	P750 (If with Motorcycle)	14 liters/ month
Account Officer	P1,500	P1,500	30 liters/month
IT	P500	P750	14 liters/month



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 prorate 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 disclosure 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.

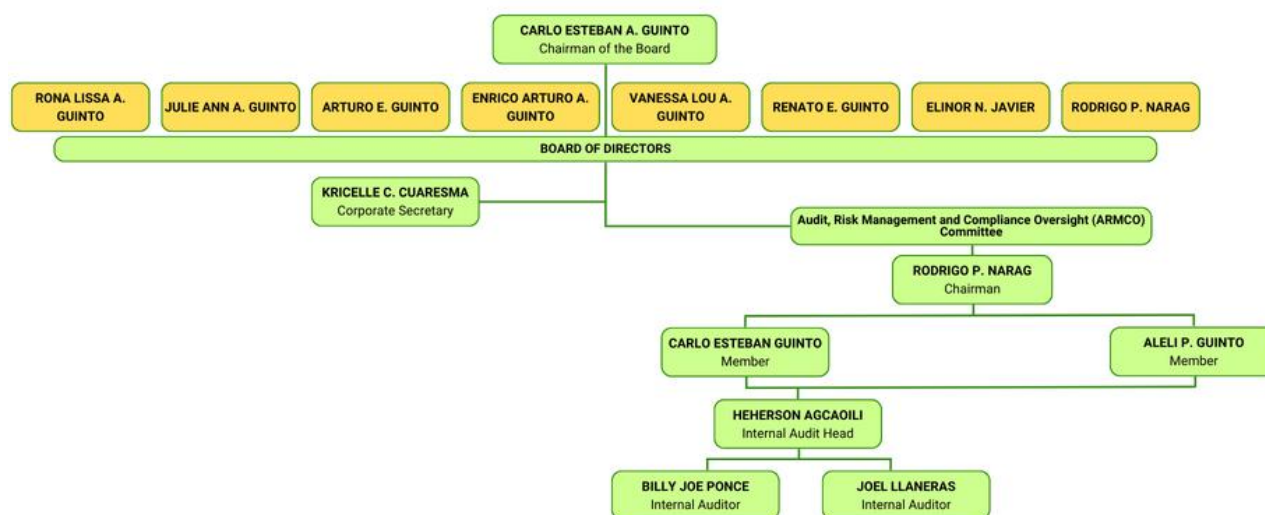
Directors and officers with personal interest or known to have conflicting interest in the transaction shall refrain/abstain from recommendation, discussion, evaluation, approval and management of such transaction or matter affecting the Bank. As such, the involved transaction shall not be processed 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.

Details of Material RPT's for the year 2023

Related Counterparty	Relationship Between the Parties	Type of Transaction	Aggregate Amount for 2023
Guinto Land Development Corp.	Related Interest	Rent Expense	304,312.38
Guinto Land Development Corp.	Related Interest	Rent Expense	305,104.32
Guinto Land Development Corp.	Related Interest	Rent Expense	406,805.76
Guinto Land Development Corp.	Related Interest	Rent Expense	308,360.67
Mr. G. D. Alingog	Related Interest	Loan transfer to ROPA	4,393,346.67
Mr. G. D. Alingog	Related Interest	Loan transfer to ROPA	11,273,134.90
Mr. G. D. Alingog	Related Interest	Loan transfer from ROPA to SCR	16,266,627.77
Mr. E. G. Cabauatan	Related Interest	Loan payment	58,187.50
Golden Trading Shell Service Station	Related Interest	Fuel Consumption	624,612.77
Golden Trading Shell Service Station	Related Interest	Fuel Consumption	159,130.57
Golden Trading Shell Service Station	Related Interest	Fuel Consumption	139,239.48

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.

Internal Auditor:

1. Plans, completes and reports on internal control programs undertaken within agreed time frame.
2. Conducts directly spot cash count, regular audit to branches.
3. Conducts investigations into all matters as may be directed by the Board of Directors.
4. Makes recommendations for improvements in internal control procedures and programs
5. Provides guidance to branches of the Bank on control procedures
6. Verifies that the Bank's operational and accounting controls are in place and working properly
7. Monitors control findings and follow-up on remedial actions
8. Debriefs management on branches control findings and to ensure procedures are in place to safeguard the Bank's assets
9. Investigates frauds and irregularities and make recommendations to prevent recurrence 10. Conducts inspection at the Bank's agencies
10. Contributes to the control of risks and operational efficiency
11. Conducts a periodic formal review of the effectiveness of the Bank's system and internal controls governing RPT'S to assess consistency with the board approved policies and procedures. The resulting audit reports, including expectations or breaches in limits, shall be communicated to the ARMCO Committee.

Self-Assessment Function

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 Personal 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
ARMCO Committee	2. Receive and read Final Audit Report 3. During ARMCO Committee Meeting, the members shall review and assess the Audit Report	ARMCO Committee will receive the final audit report on the fifth(5th) day from exit conference
BOD	4. Receive and read Final Audit Report	BOD will receive the final audit report on the fifth(5th) day from exit conference
HR Head/ Assistant	5. Receives copy and issued personnel memorandum	

Compliance Structure



Self-Assessment Function

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 to direct access to the Board of Directors and 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

GRBP's Board of Directors shall be responsible for issuing all resolutions on the declaration and payment of Dividends. The decision to declare and pay Dividends, including the procedure for making Dividend payments on each type and class of shares (as applicable) shall be made at the Annual Stockholders Meeting (ASM), upon the recommendation of the Board of Directors shall be presented in the form of a recommendation to the Stockholders; The decision on whether to declare and pay Dividends shall be a separate item of agenda at the ASM. Dividend amount payable and the payment procedures shall be made by the Board of Directors and recommended to the Stockholders for approval. Any declaration to pay Dividends must provide the: i. Type and class of shares on which the dividends have been declared; ii. The amount of dividends per share of each type and class; iii. The period for payment and iv. The form of payment.

The decision to declare dividends on common shares may be only after a decision has been made to declare dividends on all classes of preferred shares and in the full amount, as determined in the articles of Incorporation. If GRBP has classes of preferred shares, a decision to declare dividends on the preferred shares shall be made pursuant to item V.6 and in accordance with GRBP's Articles of Incorporation. Where there is an inconsistency between item V.6 and GRBP's Article of Incorporation with the respect to the order of priority of Dividends, the provisions set forth in GRBP's Articles of incorporation shall be adhered to. 9. The amount of dividend to be declared shall comply with the limits set forth under Section 124 of the MORB.

DIVIDEND POLICY

GRBP shall not declare any Dividends:

a) Where, at the time of the declaration.

1. Its Clearing account with the Bangko Sentral Pilipinas is overdrawn;
2. Its liquidity floor requirement for government funds is not complied with the (as applicable);
3. Its minimum capitalization requirement and risk-based capital ratios as provided under applicable and existing capital adequacy framework are not complied with;
4. Is not compliant with the Minimum Liquidity Ratio of 20% required under Section 145 of the MORB ; or
5. The capital conservation buffer requirement as defined in Appendix 62, Part II.C for stand-alone TBs, RBs and Coop Banks is not complied with.
6. Has committed any unsafe or unsound banking practice as defined under existing regulations and/or major acts or omissions as may be determined by the Bangko Sentral to be ground for suspension of dividend distribution, unless this has been addressed by GRBP as confirmed by the Monetary Board or the Deputy Governor, FSD as may be applicable, upon recommendation of the appropriate department of the BSP.

b) If, after dividend payment, it will be;

1. Unable to pay its liabilities or discharge its obligations as and when they become due or comply with the Minimum Liquidity Ratio of 20%; or
2. Unable to comply with the minimum capitalization requirement and risk-based capital ratios as provided under applicable and existing capital adequacy framework;

Dividends Payment

1. Dividends shall be paid out of GRBP's distributable profits which shall not exceed the limit provided for under item 9, and shall be allocated among Stockholders on a pro rata basis according to the number of each type and class of shares held.
2. The form of payments for dividends on common shares may be in cash or stocks as recommended by Board of Directors and approved by the stockholders during the ASM. Dividends on preferred shares be in cash.
3. The date on which dividends are to be paid shall be determined by the outcome of the ASM.
4. No interest shall accrue on unclaimed dividends

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES



On May 20, 2023, Golden Rural Bank of the Philippines (GRBP) organized a tree planting event in San Pablo, Cauayan City, Isabela. This annual commitment reflects GRBP's dedication to environmental stewardship and sustainability. By actively engaging in tree planting activities, GRBP not only contributes to the beautification and preservation of natural landscapes but also demonstrates its commitment to fostering a greener future for the community. Through these efforts,

GRBP exemplifies its corporate values of social responsibility and environmental consciousness, making a positive impact on both the local environment and the broader community.

GRBP enthusiastically participates in the annual fire drill awareness campaign held every Fire Prevention Month. By actively engaging in fire drill exercises, GRBP demonstrates its commitment to safety and emergency preparedness. These drills serve as invaluable opportunities for employees to familiarize themselves with proper fire safety protocols, evacuation procedures, and the use of firefighting equipment. Through its involvement in this initiative, GRBP not only prioritizes the well-being of its workforce but also underscores its dedication to fostering



a safe and secure workplace environment. By promoting fire safety consciousness, GRBP contributes to building a culture of preparedness and resilience within the organization and the broader community.

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 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 over-all framework for the entire product and service life-cycle.

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.

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.

CONSUMER PROTECTION PRACTICES

THE CONSUMER PROTECTION RISK MANAGEMENT SYSTEM OF THE BANK

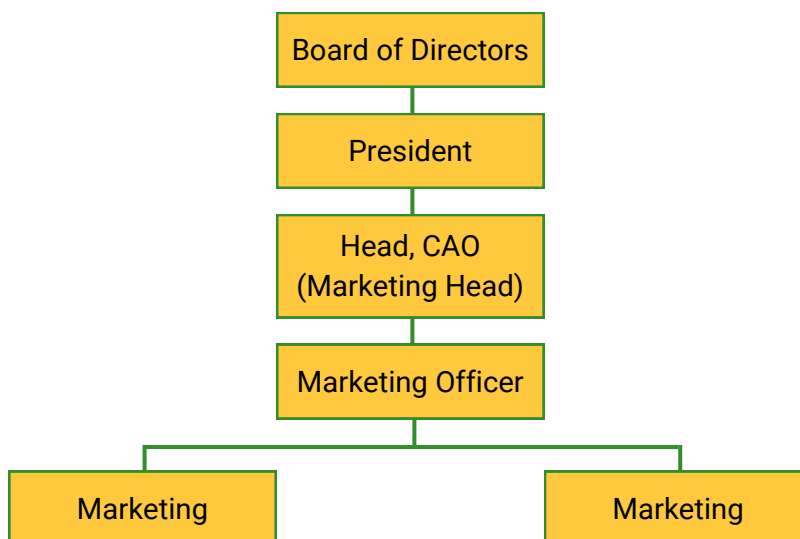
The Consumer Protection Risk Management System (CPRMS) is a means by which a Bank can identify, measure, monitor, and control customer protection risks inherent in its operations. The risks belong to the financial customer or the Bank. GRBP's CPRMS is proportionate to its operations' size, structure, and complexity. It provides the foundation for ensuring the Bank's adherence to CP standards of conduct and compliance with customer protection laws, rules, and regulations in order to prevent risk to the Bank and any harm or financial loss to the customer.

The system involves a risk management process wherein the bank identifies its customer protection risks in each principle by analyzing its effects on the Bank and the customer, Risk measurement and analysis, the bank has established 2 approaches in measuring the impact of failure to follow the required protection standards/principles. Risk control, techniques, and strategies involve the Board and ARMCO Committee to supervise the CPRMS and Board shall regularly require the senior management to report on the customer's complaints and update their status. Risk monitoring and management information system requires GRBP to identify and manage all significant risk exposures, including compliance risk. Identifying such risk throughout its operations is important to ensure that the Bank modifies its compliance management program as needed to respond to any internal or external changes that affect the institution. Risk monitoring activities are supported by appropriate MIS that provides senior management and directors with timely information on the customer protection compliance risk exposure of the Bank, as well as with regular and sufficient information for line managers engaged in the day-to-day management of the Bank's activities.

CORPORATE STRUCTURE OF THE BANK'S CONSUMER ASSISTANCE MANAGEMENT SYSTEM

GRBP follows its existing operational channel in handling customer complaints and 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 reports 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:

CONSUMER PROTECTION PRACTICES



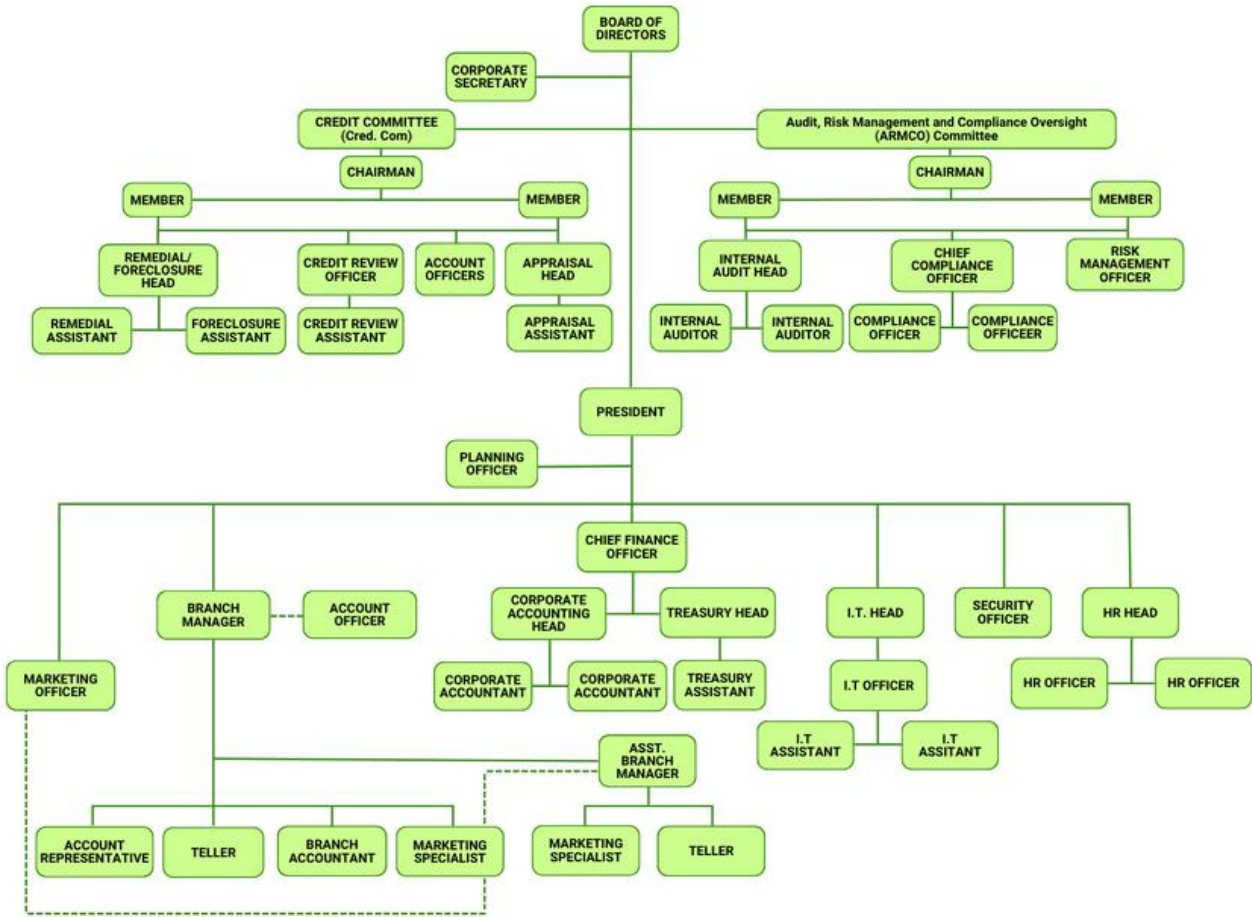
Customers may lodge their complaints or requests to any of the Bank's channels:

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



CORPORATE INFORMATION

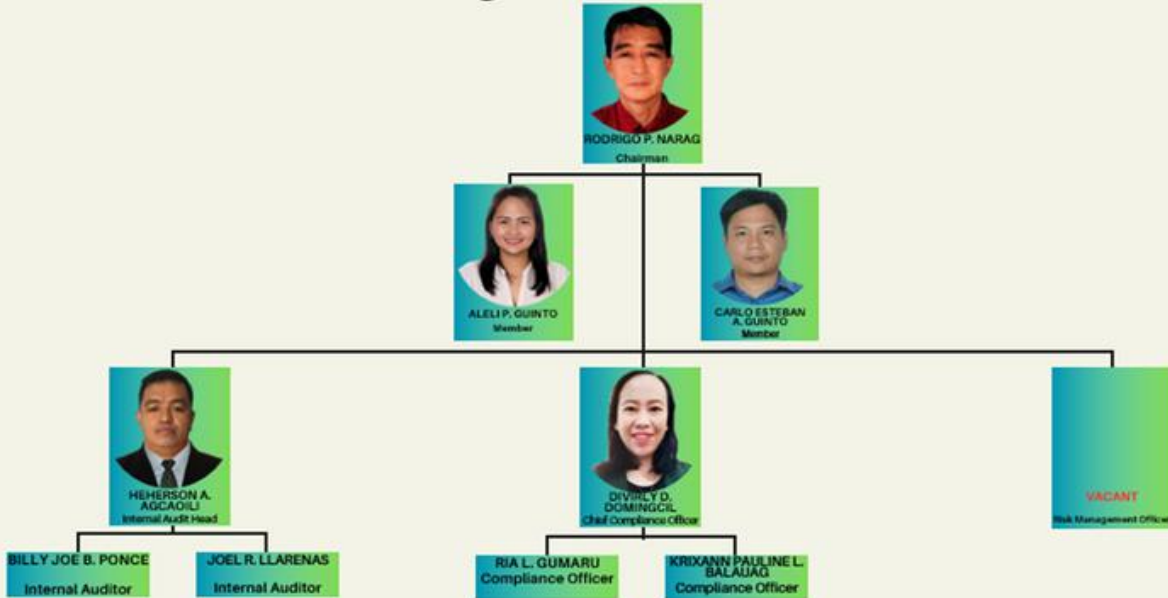


Board of Directors (BOD)

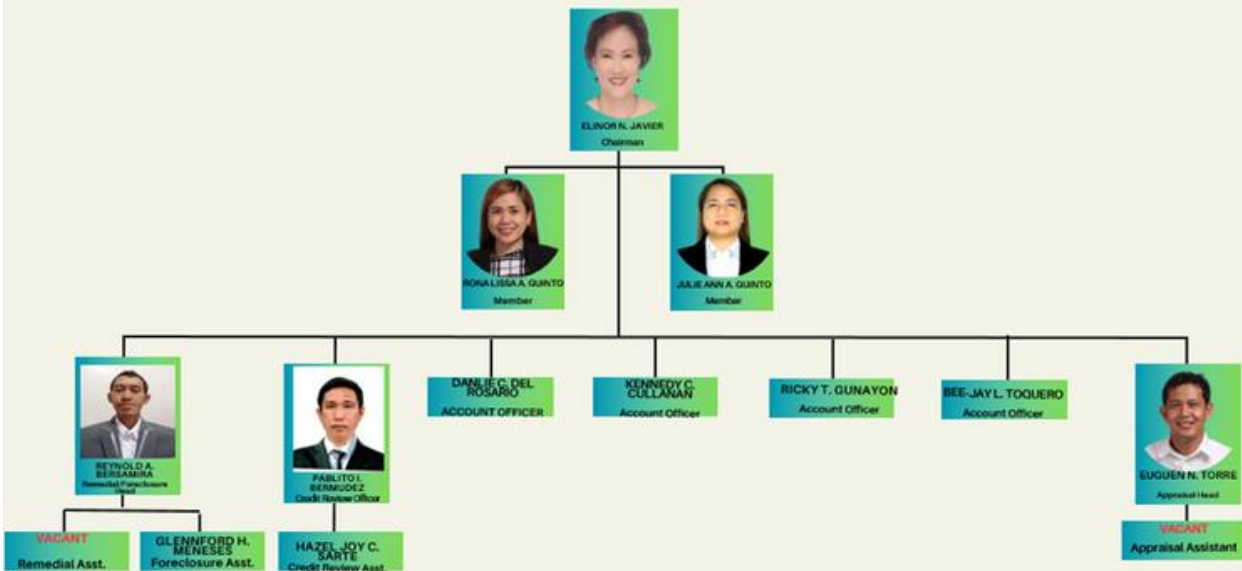


CORPORATE INFORMATION

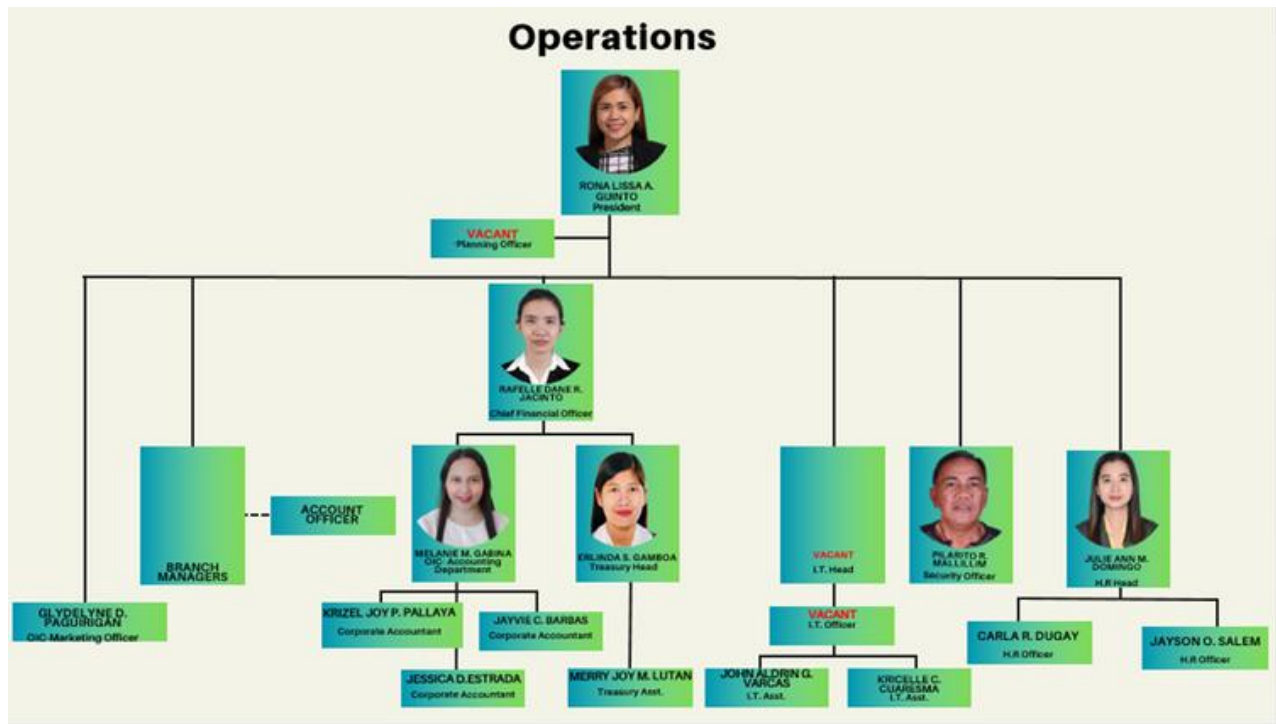
Audit, Risk Management and Compliance Oversight (ARMCO) Committee



Credit Committee (Cre. Com)



CORPORATE INFORMATION



List of Major Stockholders

Name of Stockholder	Nationality	Percentage of Stockholdings	Voting Status
Arturo E. Guinto	Filipino	28.9%	YES
Carlo Esteban A. Guinto	Filipino	14.1%	YES
Enrico Arturo A. Guinto	Filipino	14.1%	YES
Rona Lissa A. Guinto	Filipino	14.1%	YES
Julie Ann A. Guinto	Filipino	14.1%	YES
Vanessa Lou A. Guinto	Filipino	14.1%	YES

PRODUCTS AND 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 Asanso Loan (GOAL) ACPC
 - Golden Agri-Negosyo Loan (GANEL) SME's – ACPC
 - Golden Agri-Negosyo Loan (GANEL) SFP's – ACPC
- 02 COMMERCIAL LOAN**
- Regular Commercial loan
 - Market Vendor Loan
 - Sari-Sari Store Loan
- 03 PERSONAL LOAN**
- Arangtoda Loan
 - Salary Loan



OTHER SERVICES

- 01 REMITTANCE**
- Cebuana Lhuillier (Domestic)
 - Western Union (International)
- 02 BILLS PAYMENT**
- Ruralnet (CashKO)
- 03 ATM FACILITY**
- | | |
|--------------------|-------------|
| TRADITIONAL | MPOS |
| • Ramon | • Cabagan |
| • San Mariano | • Echague |
| | • Diifun |
- 04 MISCELLANEOUS**
- Deposit Pick-up
 - Impok Pangarap
 - GRBP Privilege Card



Savings Deposit Products

Start-Up Savings Passbook Account

Available to elementary and high school students aged 7 to 18 years old, with a relatively lower minimum initial deposit and maintaining a daily balance of 50 pesos. Offers a high-interest rate per annum. Interest is credited monthly based on the Average Daily Balance (ADB) and can be deposited or withdrawn over the counter during banking hours.



Step-Up Savings Passbook Account

Available to college students who are no older than 23 years old, with a relatively lower minimum initial deposit and a daily balance requirement of 100 pesos. Offers a high-interest rate per annum. Interest is credited monthly based on the Average Daily Balance (ADB) and can be deposited or withdrawn over the counter during banking hours.



Regular Savings Account

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



Abot-Kaya Savings Passbook Account (Basic Deposit Account)

There are no maintaining balance requirements and no dormancy charges. The account has a maximum capacity of 50,000 pesos. The minimum initial deposit is 25 pesos, and there is no maintaining balance.

Impok Pangarap

A Savings Bond is available for small, medium, and large companies. Deductions are made based on the salary pay dates of the client's company, and clients must have filled out or signed the GRBP Enrollment form. Interest is credited and compounded monthly based on Average Daily Balance (ADB). Deposits and withdrawals can be made over the counter during banking hours.



Time Deposit Products

Golden Time Deposit Classic Account

A regular time deposit account offers a high interest rate, with both interest and principal only available for withdrawal upon maturity of the term. The account requires a minimum deposit of P10,000 and offers terms ranging from 3 months to 5 years. Additionally, the deposit can serve as collateral for borrowing from the bank.



Golden Protect Time Deposit Account

This Time Deposit Product is designed for individuals seeking investment opportunities with complimentary accident insurance coverage. Both the product's interest and principal can only be withdrawn upon maturity of the term. The account requires a minimum deposit of P25,000 and allows deposits up to a maximum of P499,999. The term of deposit ranges from 1 year to 5 years.



Golden Money Maximizer Special Savings Account

This investment option is ideal for individuals seeking medium-term investment opportunities (1-3 years) with a relatively high interest rate. The principal amount can be withdrawn upon maturity, while there is flexibility to withdraw the interest earned on a monthly basis. The account requires a 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.

Loan Products

AGRICULTURAL LOAN

A. Regular Agricultural Loan

This loan product is available for farmers, fisherfolk, and livestock raisers, offering loan amounts starting from P10,000 with interest rates as low as 1.33% per month. It is designed to finance various agricultural activities, including the purchase of farm inputs, acquisition of machinery and equipment, work animals, and other similar items for the production of crops such as rice, corn, coconut, livestock, poultry, etc. The loan term ranges from 3 months to 1 year, and payment options include lump sum or installment payments with guaranteed easy payment schemes.

B. Golden Agri Easy Loan

This product is designed to assist small farmers by providing loans for use as capital in farming operations. Borrowers can access loan amounts of up to P150,000, with an interest rate of 23% for a duration of 5 months. Collateral is required for amounts exceeding P50,000, which will be held in safekeeping. Fast loan release is guaranteed, along with easy payment schemes.

C. Flexi- Pig Raiser Loan

This loan is tailored to support former backyard raisers and contract growers who lack financial resources but are eager to raise hogs. Each account can accommodate a minimum of 15 and a maximum of 50 hogs, with a minimum loan amount starting from 100,000 pesos. Payment is made in lump sum, with a flexible interest rate and a term ranging from 120 to 180 days.



COMMERCIAL LOAN

A. Regular Commercial Loan

A commercial loan is provided to market vendors, sari-sari store owners, medium-sized business enterprises, and traders to support the expansion and maintenance of their businesses. It can be either a secured or unsecured loan and can be used for various purposes such as business capital, additional working capital, business expansion, purchase of heavy motor vehicles for business operations, or any other business-related needs.

B. Market Vendor Loan

The Market Vendor Loan offers a loanable amount ranging from P10,000 to a maximum of P50,000, with an interest rate between 30% to 36% per annum. The minimum term for repayment is three (3) months, extendable up to six (6) months. Payment options are flexible, allowing borrowers to choose from daily, weekly, monthly, lump sum, or installment basis. Payments can be conveniently made through over-the-counter transactions. Notably, no collateral is required for this loan, although a co-maker is necessary to secure the loan.

C. Sari-Sari Store Loan

The Sari-Sari Store Loan offers a loanable amount ranging from P10,000 to a maximum of P50,000, with an interest rate between 30% to 36% per annum. The minimum term for repayment is three (3) months, extendable up to six (6) months. Payment options are flexible, allowing borrowers to choose from daily, weekly, monthly, lump sum, or installment basis. Payments can be conveniently made through over-the-counter transactions. Notably, no collateral is required for this loan, although a co-maker is necessary to secure the loan.



OTHER LOANS

A. Salary Loan

The Salary Loan is extended to regular and permanent employees, or groups of employees, to assist in financing their personal needs, whether they work in the private or public sector (such as teachers, bank employees, etc.). The loan serves various purposes, including debt consolidation, moving costs, home remodeling, emergency expenses, appliance purchases, and more

B. Arang-Toda Loan

The Arangtoda Loan is specifically designed to support tricycle drivers and operators by providing financial assistance for their business and operational needs. With loanable amounts of up to P30,000 per borrower, the loan features an interest rate ranging from 30% to 36%, along with a 3% service charge per annum. Payment options are flexible, allowing borrowers to choose from daily, weekly, or monthly installments. Payments can be conveniently made through over-the-counter transactions or through authority to deduct from a savings account. The loan term ranges from three (3) to six (6) months. While collateral is required for safekeeping, a co-maker is also necessary to secure the loan.



C. Golden Asenso Loan(GOAL)- ACPC

Extend capital (working capital and/or acquisition of machinery/equipment facility) required for the start up or with existing agri-based projects for young agri-preneurs. Agri-Fishery entrepreneurs who are 18-30 years old; Agri Fishery graduates of either formal or non formal schooling including but not limited to graduates of agriculture and fishery related degrees from higher education institutions ;Registered/enrolled in the Registry System for Basic Sectors in Agriculture (RSBSA) or Farmers and Fisherfolk enterprise development information system (FFEDIS). Loanable amount up to P500,000 maximum per borrower with 0% interest rate; Mode of payment is Lump sum, Semi Annual or Annual.

D. Golden Agri-Negosyo Loan (ACPC – Agri Negosyo 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.



GCASH - Loan payment and Cash in



Bills Payment

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



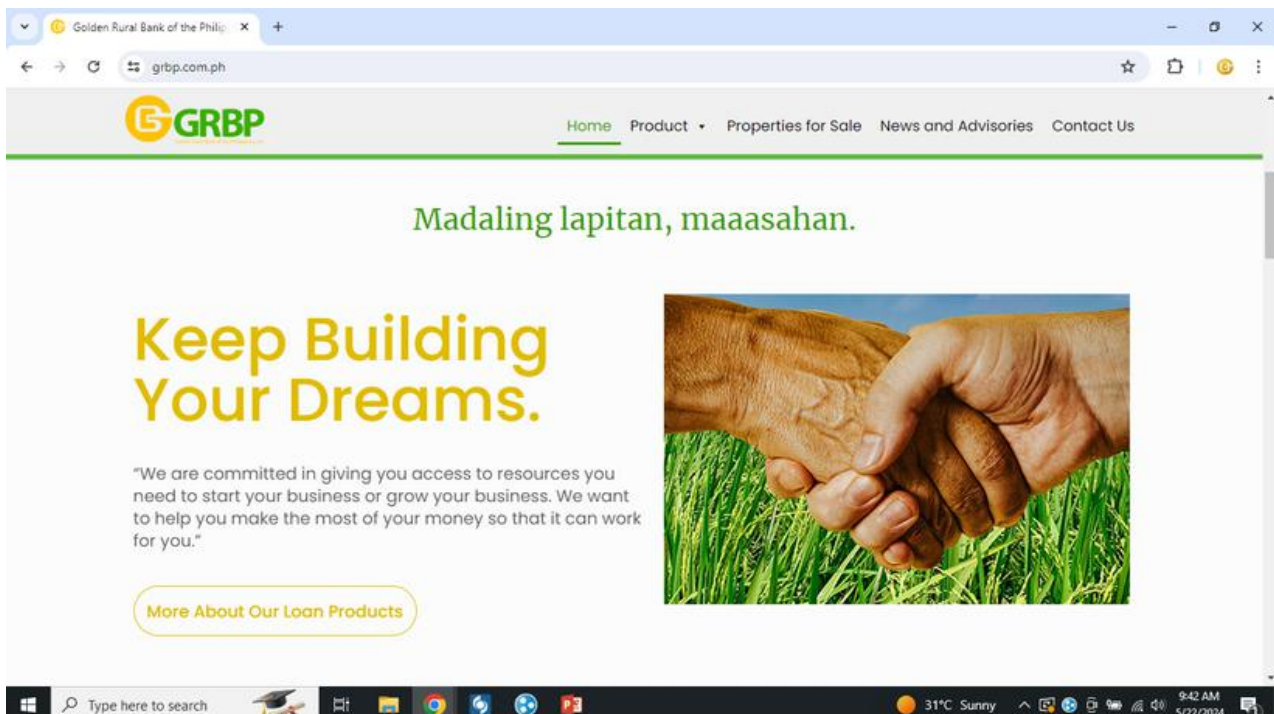
ATM Facility

ATM service (on site machine) Ramon and San Mariano



ATM service (MPOS)
all branches

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.



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 Roxas Branch
San Bernabe St. Luna Roxas
Isabela
0917-532-8030



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



GRBP Diffun BLU
Branch Lite Unit
 Nat'l Hway Andres Bonifacio, Diffun Quirino
 0917-503-3959



GRBP San Mateo BLU
Branch lite Unit
 Nat'l Highway Barangay I, San Mateo Isabela
 0917-861-9028



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



**GRBP Alicia BLU
Branch Lite Unit**
Nat'l Highway Magsaysay Alicia Isabela
0917-702-5894



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



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

Audited Financial Statements (AFS) with Auditors Opinion

Alas Oplas & Co., CPAs

INDEPENDENT AUDITORS' REPORT

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

Alas Oplas & Co., CPAs
7/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7116-4366
Email: aocheadoffice@alasoelas.com
Website: www.alasoelascpas.com

Independent Member of
B K R International

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, 2023 and 2022, 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 material accounting policies and other explanatory information.

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, 2023 and 2022, 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 4 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, 2023 and 2022, the Bank's total allowance on credit losses amounted to ₱14.18 million and ₱15.02 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, 2023 and 2022 have not been determined.

Moreover, the Bank has unbooked allowance for credit losses on loans and other receivables amounting to ₱7,888,419 and ₱1,903,655, as of December 31, 2023 and 2022, respectively, 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, 2023 and 2022 will be reduced by ₱5,913,314 and ₱1,427,741, respectively, and capital adequacy ratio (CAR) as of December 31, 2023 and 2022 will be reduced to 15.65% and 16.20%, respectively.



Offices: Makati • Alabang • Cavite • Ortigas • Bulacan • Isabela • Nueva Ecija • Bacolod • Iloilo

Audited Financial Statements (AFS) with Auditors Opinion

Alas Oplas & Co., CPAs

INDEPENDENT AUDITORS' REPORT

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

Alas Oplas & Co., CPAs
7/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7116-4366
Email: aocheadoffice@alasoelas.com
Website: www.alasoelascpas.com

Independent Member of
B K R International

Qualified Opinion

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As discussed in Note 4 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, 2023 and 2022, the Bank's total allowance on credit losses amounted to ₱14.18 million and ₱15.02 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, 2023 and 2022 have not been determined.

Moreover, the Bank has unbooked allowance for credit losses on loans and other receivables amounting to ₱7,888,419 and ₱1,903,655, as of December 31, 2023 and 2022, respectively, 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, 2023 and 2022 will be reduced by ₱5,913,314 and ₱1,427,741, respectively, and capital adequacy ratio (CAR) as of December 31, 2023 and 2022 will be reduced to 15.65% and 16.20%, respectively.



Offices: Makati • Alabang • Cavite • Ortigas • Bulacan • Isabela • Nueva Ecija • Bacolod • Iloilo

Audited Financial Statements (AFS) with Auditors Opinion

Alas Oplas & Co., CPAs

INDEPENDENT AUDITORS' REPORT

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

Alas Oplas & Co., CPAs
7/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7116-4366
Email: aocheadoffice@alasoelas.com
Website: www.alasoelascpas.com

Independent Member of
B K R International

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, 2023 and 2022, 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 material accounting policies and other explanatory information.

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, 2023 and 2022, 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 4 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, 2023 and 2022, the Bank's total allowance on credit losses amounted to ₱14.18 million and ₱15.02 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, 2023 and 2022 have not been determined.

Moreover, the Bank has unbooked allowance for credit losses on loans and other receivables amounting to ₱7,888,419 and ₱1,903,655, as of December 31, 2023 and 2022, respectively, 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, 2023 and 2022 will be reduced by ₱5,913,314 and ₱1,427,741, respectively, and capital adequacy ratio (CAR) as of December 31, 2023 and 2022 will be reduced to 15.65% and 16.20%, respectively.



Offices: Makati • Alabang • Cavite • Ortigas • Bulacan • Isabela • Nueva Ecija • Bacolod • Iloilo

Audited Financial Statements (AFS) with Auditors 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.

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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Audited Financial Statements (AFS) with Auditors Opinion

Alas Oplas & Co., CPAs

- 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 Regulation No. 15-2010

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 32 and Revenue Regulation No. 15-2010 on taxes, duties and license fees paid or accrued during the taxable year in Note 31 to the financial statements 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 October 31, 2022, to February 18, 2025
BIR A.N. 08-001026-000-2024, issued on January 5, 2024; effective until January 4, 2027
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. 08-001026-004-2023, issued on February 9, 2023; effective until February 8, 2026

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. 10075665, issued on January 2, 2024, Makati City

April 26, 2024
Makati City, Philippines

Audited Financial Statements (AFS) with Auditors Opinion

GOLDENRURALBANKOFTHEPHILIPPINES,INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
In Philippine Peso

	Notes	2023	2022
ASSETS			
Cash and other cash items	8	5,276,228	4,056,955
Due from Bangko Sentral ng Pilipinas	8	2,123,352	5,641,761
Due from other banks	8	47,994,518	57,943,597
Investment securities at amortized cost	9	20,460,202	18,781,973
Loans and other receivables—net	10	157,240,875	208,005,414
Bank premises, furniture, fixtures and equipment—net	11	5,989,410	7,336,198
Investment properties—net	12	72,872,145	65,229,070
Non-current assets held for sale	13	1,702,795	1,702,795
Deferred tax assets	25	3,215,486	4,097,123
Other assets	14	5,726,545	6,237,132
TOTALASSETS		322,601,556	379,032,018
LIABILITIESANDEQUITY			
LIABILITIES			
Deposit liabilities	15	179,031,946	178,280,048
Bills payable	16	63,066,661	79,191,694
Accrued and other liabilities	17	10,371,445	53,017,243
Retirement benefit obligation	18	2,280,214	5,213,588
Income tax payable		234,604	88,054
Total Liabilities		254,984,870	315,790,627
EQUITY			
Capital stock—common	19	42,100,000	42,100,000
Surplus free	20	24,808,636	23,341,140
Surplus reserve	20	120,000	120,000
Actuarial gain(loss) on defined benefit obligation—net	18	588,050	(2,319,749)
Total Equity		67,616,686	63,241,391
TOTALLIABILITIESANDEQUITY		322,601,556	379,032,018

See Notes to Financial Statements.

Audited Financial Statements (AFS) with Auditors Opinion

GOLDEN RURAL BANK OF THE PHILIPPINES, INC.
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
In Philippine Peso

	Notes	2023	2022
INTEREST INCOME			
Due from other banks	8	46,251	188,022
Investment securities at amortized cost	9	834,044	220,451
Loans and other receivables	10	28,640,158	27,330,106
		29,520,453	27,738,579
INTEREST EXPENSE			
Deposit liabilities	15	(7,131,998)	(6,623,776)
Bills payable	16	(6,247,180)	(3,354,663)
		(13,379,178)	(9,978,439)
NET INTEREST INCOME		16,141,275	17,760,140
OTHER INCOME	21	27,571,360	16,268,636
TOTAL OPERATING INCOME		43,712,635	34,028,776
OPERATING EXPENSES	22	(40,954,532)	(38,036,924)
NET OPERATING INCOME (LOSS) BEFORE PROVISION		2,758,103	(4,008,148)
PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	23	(1,048,768)	(716,039)
PROFIT (LOSS) BEFORE TAX		1,709,335	(4,724,187)
INCOME TAX BENEFIT (EXPENSE)	25	(241,839)	1,225,105
PROFIT (LOSS)		1,467,496	(3,499,082)
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss:			
Actuarial gain on defined benefit obligation—net	18	2,907,799	—
TOTAL COMPREHENSIVE INCOME (LOSS)		4,375,295	(3,499,082)

See Notes to Financial Statements.

Audited Financial Statements (AFS) with Auditors Opinion

GOLDEN RURAL BANK OF THE PHILIPPINES, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
In Philippine Peso

	Capital Stock (Note 19)	Surplus Reserve (Note 20)	Surplus Free (Note 20)	Actuarial gain (loss) on Defined Benefit Obligation (Note 18)	Total
Balance at December 31, 2021	42,100,000	120,000	26,840,222	(2,319,749)	66,740,473
Comprehensive income:					
Profit	-	-	(3,499,082)	-	(3,499,082)
Balance at December 31, 2022	42,100,000	120,000	23,341,140	(2,319,749)	63,241,391
Comprehensive income:					
Profit	-	-	1,467,496	-	1,467,496
Actuarial gain on defined benefit obligation—net of tax	-	-	-	2,907,799	2,907,799
	-	-	1,467,496	2,907,799	4,375,295
Balance at December 31, 2023	42,100,000	120,000	24,808,636	588,050	67,616,686

See Notes to Financial Statements.

Sustainable Finance Framework

GRBP Risk Appetite Statement:

GRBP is committed to (i) managing the risks of climate change, both transition and physical risks, that we are facing today and will face under future scenarios; and (ii) managing the risks associated with the strategic commitment to help the Philippines to transition to a low-carbon economy.

As such, we will monitor our exposure levels as follows:

On Transition Risk

- 5 % limit on exposures or investments in high transition risk industries

On Alignment and Strategy:

- 5% portfolio increase that is focus on renewables/sustainable financing

PRODUCTS/SERVICES

GRBP has already conducted an in-depth feasibility study on solar water pumps, which have significant potential to benefit our clients, the majority of whom are farmers. The study included conducting surveys with our farmer clients to assess the demand and potential impact of solar water pumps on their agricultural productivity, identifying and evaluating various suppliers to ensure the availability of high-quality and cost-effective solar water pumps, and exploring the feasibility of implementing solar water pumps on agricultural lots versus residential areas to maximize efficiency and benefits. The proposal has been presented to the Board of Directors twice. However, the Board requested additional studies.

KEY FOCUS AREAS

Climate Change

GRBP was not spared of the impact of climate change, and it understands the urgency to address this issue. The environmental and social risk brought about by climate change was very clear in the past years when our country experienced different super typhoons. To be specific, because of the extreme weather condition, the physical risks became so evident, as it created a material impact to the Bank's portfolio and consequently created losses to the Bank's financial chain. Although the Bank's main service is to provide financial products and services, it cannot deny that it has a role to play in addressing the issue of climate change.

Sustainable Finance Framework

KEY FOCUS AREAS

Climate Change

Commitments:

- The Bank commits to identify and determine thoroughly if it has any exposure from its portfolio, activities or businesses that contributes to climate change or that are carbon extensive.
- If determined to have exposure, it will measure its extent or assess its total impact to its portfolio.
- The Bank's threshold or appetite for a carbon extensive portfolio should not increase by 5% from its current exposure.

Strategies:

To achieve above commitments, the bank will implement a risk- categorization according to their environment and social impact in all its accounts. GRBP will also include in its interview sheet the possible environment and social risk exposure of a client.

GRBP will consider in its due diligence the Physical Risk associated with climate risk. Factors to be considered under this risk criteria are as follows:

- i. Geographical location of the business operation and the collateral being offered by the client.
- ii. Extreme weather conditions and events experienced by the client in the past.
- iii. Any social issues that the client was involved in the past.

Lastly, GRBP will:

- Continuously empower the capability of its Board of Directors, senior management, and employees to assess E&S risks, and clearly articulate the Bank's policies and approaches to stakeholders;
- Regularly review its exposures to carbon-intensive sectors;
- Better understand the impacts of climate change by properly identifying and managing the Bank's E&S risk exposures in its operations and supply chain (i.e., vendors/suppliers);
- Ensure compliance to applicable environmental laws and regulations;
- Advocate and support its stakeholders (i.e. supply chain, clients) in their transition to a low-carbon economy;
- Disclose initiatives that the Bank is taking or has taken, and report the progress to its internal and external stakeholders in a timely manner; and
- Keep up-to-date with the latest developments from regulatory agencies

Sustainable Finance Framework

KEY FOCUS AREAS

Environment

In a rapidly changing world fueled by accelerated economic growth and globalization, environmental issues, such as excessive water and energy consumption, and waste pollution, are becoming more destructive to the natural ecosystem and are considered to be one of the most pressing global concerns alongside climate change. This is exacerbated by the fact that the Philippines is a developing country and ranked among the world's highest risk¹ and most vulnerable to the impacts of environmental disasters.

GRBP recognizes that it plays an important role in mitigating environmental impacts and developing adaptive communities by embedding sustainability principles in its governance, risk management, business strategy, operations, and corporate social responsibility.

Commitments:

To help preserve and protect the environment, the Bank will:

1. Continue to transition to a sustainable finance framework that embeds environmental impact management, mitigation, and adaptation in its governance, lending, risk management, business strategy, and operations;
2. Identify, develop and promote financial products towards programs that protect and conserve the environment;
3. Manage and reduce the carbon footprint of the business and its operations;
4. Manage and reduce its energy, water, and fuel consumption;
5. Minimize the production of all types of waste, especially paper. Drive the reuse and recycling of non-hazardous waste, and the safe and proper disposal of hazardous waste in all its offices and branches.
6. Support healthy ecosystems and the biological diversity through participation in tree planting activities and other environmental rehabilitation program of the government
7. Improve resource efficiency, reduce waste and pollution in the bank's operation
8. Offering loans for green businesses/purposes
 - a) Energy management (turn-off lights, air condition, when not in use)
 - b) Water management
 - c) Plan for paperless transactions
 - d) Promote financial literacy and inclusion
 - e) Support community development projects

Sustainable Finance Framework

KEY FOCUS AREAS

Environment

Strategies:

1. GRBP will continue to find projects and expand its financing, address safe water supply, water scarcity, wastewater management and infrastructure that prevent environmental pollution, preserve clean water resources, and disaster resilience while supporting the country's climate goals.
2. GRBP will also welcome any partnership with organizations that promote any of our identified scope under this area, especially those that focus on renewable energy projects.
3. GRBP will also explore shifting to renewable energy sources for its operations to the extent possible and where renewable sources are available. It will be part of our plan to equip our offices with technologies designed for improved efficiencies that reduce water and energy consumption and ensure that effluents are well-managed.
4. Enhance existing environmental considerations such as materials, water, energy, waste, and effluents management in key business decisions and operations and employ leading practices, where applicable
5. Continuously minimize consumption of natural resources, such as water and energy, to the extent that it is economically feasible to do so;
6. Prioritize sourcing of materials from local providers, with consideration for the environmental impact criteria in the selection process;
7. Provide training and awareness programs to our internal and external stakeholders on the environmental impacts of the Bank's operations down to the branches;
8. Improve collection and analysis of relevant environmental data (e.g., historical data on water and energy consumption and amount of waste produced).
9. Monitor, evaluate, and report on the Bank's most significant environmental impacts and set goals, objectives and targets comparable to its peers;
10. Use science-based and data-driven information in decision-making;
11. Ensure compliance to applicable environmental laws and regulations;
12. Communicate to internal and external stakeholders its commitments, strategies, targets and objectives related to minimizing environmental impacts;
13. Incorporate environmentally friendly initiatives in product design to educate and raise awareness on ecosystem services to clients or customers;
14. Invest in clients or customers that exhibit good practices in areas of environmental, social and governance;
15. Incentivize clients or customers that are shifting to more sustainable practices through sustainable financing; and
16. Pursue continuous improvement related to environmental performance.

Sustainable Finance Framework

KEY FOCUS AREAS

Human Rights

GRBP recognizes its responsibility to respect human rights in line with the Principles for Business and Human Rights. The Bank seeks to proactively manage and mitigate human rights-related risks in its business practice and operations, abide by the UN Guiding Principles, and support international human rights principles enshrined in the Universal Declaration of Human Rights and the UN Global Compact.

Strategies:

To ensure adherence to these commitments, GRBP has practiced inclusivity in the workplace and embodied sensitivity towards other people. All employees have ensured that there is always a safe workplace for everyone as evident by the strict implementation of the Bank's Code of Discipline.

1. Ensure Board oversight and senior management responsibility in implementation of the Human Rights policy
2. Partner with the Philippine Commission on Human Rights (PCHR) to generate greater awareness and understanding of human rights in the workplace and the role of business
3. Create a Human Rights Impact Assessment report on the Bank's initiatives.
4. Build greater awareness and understanding of business and human rights in the workplace among employees and how the Bank manages its social impact
5. Create a Supply Chain Ethical Code that mirrors the Bank's Code of Discipline, reinforces E&S-related practices and application of human rights principles in expectations for the supply chain (i.e. partners, vendors, contractors)
6. Ensure that any breaches of our Code of Discipline are properly investigated and resolved in a timely manner
7. Conduct a human rights (Appendix D-2) due diligence to identify, prevent or mitigate human rights impacts in our operations, risk management, and governance, to create a human rights impact assessment in collaboration with the Philippine Commission on Human Rights (CHR)
8. Regularly review and update the progress on these efforts
9. Communicate the results of our human rights impact assessment in the Bank's Sustainability Report and other communication tools
10. Ensure that where the Bank may have caused or directly contributed to adverse human rights impacts, to engage in appropriate and timely remediation processes internally, or in cooperation with other stakeholders.
11. Promotes gender equality through accessible credit, and safe and accepting workplace for all
12. Support economic empowerment of women through the provision of accessible, affordable and flexible loans for strengthening livelihood initiatives
13. Support employment generation through Micro, Small and Medium Enterprises (MSME) financing

Sustainable Finance Framework

KEY FOCUS AREAS

Disaster Response

In identifying disaster response as one of its key focus areas, the Bank drives mitigation and adaptation initiatives to address physical risks associated with the geographical location of the Philippines that makes it vulnerable to climate change. Disasters critically impact the safety and well-being of the Bank's employees, customers, and communities, as well as pose disruption and damage to the Bank's assets, operations, and facilities.

Strategies:

To best mitigate and adapt to the environmental and social impact of disasters brought about by climate change and human activities, the Bank will focus its resources on the aftermath of such events to immediately provide relief, fund rehabilitation, help advance recovery, and strengthen adaptive capabilities of disaster-stricken communities.

GRBP will closely coordinate with local government units (LGUs), government agencies (National Disaster Risk Reduction and Management Council, Department of Social Welfare and Department, Department of Education, Department of Health,) non-government organizations (NGOs), Rural Bankers Association of the Philippines (RBAP), Federation of Cagayan Valley Rural and Cooperative Banks (FCVRCB), humanitarian agencies, and other corporate foundations to deliver the services by immediately responding to the needs of the affected local community.

1. Help ease the suffering of victims of natural and man-made disasters through a timely distribution of relief assistance for basic needs such as food, hygiene, and well-being;
2. Help communities recover from calamities by providing assistance in the rebuilding of essential community facilities such as shelter, health centers, and school buildings;
3. Help improve the local health delivery system, especially the provision of primary health care, by rehabilitating Rural Health Units in the municipal and city levels, including, but not limited to, overall renovation, creating of special spaces for children and the elderly, provision of additional furniture and fixtures, and other facilities;
4. Help in community recovery by improving the capacity of government agencies and other organizations in the delivery of financial education to their respective constituencies through the development of content and modules, the design and production of materials, and training of trainers;
5. Grow and nurture the Foundation's partnerships through open dialogue, transparency, and accountability, resources development, accounting, compliance with regulatory requirements, and others.
6. Support disaster recovery through creation of credit program for rehabilitation and provision of budget for relief activities

Sustainable Finance Framework

KEY FOCUS SECTOR

Energy Sector

The energy sector includes interrelated companies that are involved in the power generation, transmission and distribution of electric power. Energy companies in power generation are typically categorized based on the sources of energy which are from either renewable (e.g., solar, hydroelectricity, hydropower, wind power and geothermal energy) or non-renewable sources (e.g., coal, oil and gas, and nuclear). The environmental risk is mainly impacted by potential high-risk exposure due to harmful greenhouse gas (GHG) emissions from non-renewable sources of energy such as coal and oil and gas that contributes to climate change. For social risk, there is a potential high risk due to possible health and safety concerns of employees or workforce working in power generation plants and repairs and maintenance of power transmission and distribution lines. Power generation and infrastructure projects might also expose local communities to increased risks and adverse impacts related to worksite accidents, hazardous materials, spread of diseases, or interactions with private security personnel.

Commitments:

GRBP is committed to transition finance towards the development of more sustainable sources of energy in the Philippines. The bank recognizes that the banking industry plays a critical role in the Philippines' commitment to transition to a low-carbon economy, a transition that will require providing access to affordable, reliable, sustainable and clean energy.

GRBP believes that this transition is a journey that requires adopting a balanced approach, which must acknowledge the difficult trade-offs that need to be made along the way between national economic development that depends on affordable and reliable energy, and the relentless pursuit of the broader goal of climate sustainability.

Strategies:

Coal-fired power

The E&S risks for coal-fired power energy generation includes GHG emission, large volumes of water extraction for cooling operations which affects water flow and quality and health and safety concerns for employees working in the plants.

- GRBP will not lend to coal-fired power plant capacity.
- GRBP will promote best practices with its clients and will require clients to demonstrate:
 - > Compliance with applicable environmental and social regulation and permit requirements
 - > Compliance with regulations that address mitigants related to pollution and greenhouse emissions, impacts on biodiversity and community health and safety related issues.

Sustainable Finance Framework

KEY FOCUS SECTOR

Energy Sector

Renewable energy

Energy from renewable sources such as solar, wind, hydropower, and geothermal energy are cleaner forms of electric power generation, considered to be essential in transitioning to a low-carbon economy. As a renewable energy source, biomass offers huge clean energy capacity opportunities for the Philippines, where there is an abundant supply of biomass resources from agricultural waste products.

- GRBP will expand its Sustainable Finance initiatives, towards funding new and existing renewable energy projects to increase their capacity, and contribute to the country's avoidance of GHG emissions.

Other High Potential E&S Risks Sectors

a. Transportation and Storage Sector

The transportation and storage sector stand at the forefront of ensuring that mobility is inclusive, efficient, clean, and safe for everyone. With global standards and agreements opting for the shift to more sustainable forms of transportation, the Bank acknowledges the importance of this transition as an avenue to combat climate change, expand access to essential services, and foster inclusive growth.

The environmental risk for the transportation and storage industry is mainly impacted by high consumption of energy and carbon dioxide emissions from transportation vehicles, which contributes largely to global warming and eventually, to climate change. For social risk, potential high risks can come from health and safety (e.g., vehicle incidents and health issues on exposure to smoke from vehicle emission), child labor (e.g., minors working in public transport), modern slavery (e.g., employees might be forced to work), and labor rights (e.g., possible lack of compensation and benefits).

b. Construction Sector

The construction industry is one of the largest users of global natural resources, and therefore, has a responsibility in ensuring sustainability in its operations. The GRBP recognizes the role and potential of the construction industry in literally building a world with better quality of life for people, while also ensuring responsible use of natural resources and conservation of the environment in the long term.

Sustainable Finance Framework

b. Construction Sector

The environmental risk for this industry is mainly impacted by potential high-risk exposure from construction projects and activities. The climate change risk is potentially high for construction projects due to possible increase in severity and occurrence of extreme weather events such as flooding, cyclones and heat wave where the construction project is located. Deforestation and biodiversity loss could also arise from construction site clearing. For social risk, potential high risks are can come from health and safety (e.g., possible accidents in construction sites), child labor (e.g., minors might be working in construction projects), labor rights (e.g., possible lack of compensation and benefits and overworked) and human rights (e.g., possible physical harm to workers).

c. Mining and Quarrying Sector

The mining and quarrying sector face key challenges: meeting the needs for mineral products that will support the development of technology for the energy transition, and quarrying of construction materials that support the development of sustainable cities and economic growth, while at the same time minimizing the cost to environment damages and community welfare. To resolve these challenges, the E&S impacts associated with the mining and quarrying sector must be closely assessed and managed for each client.

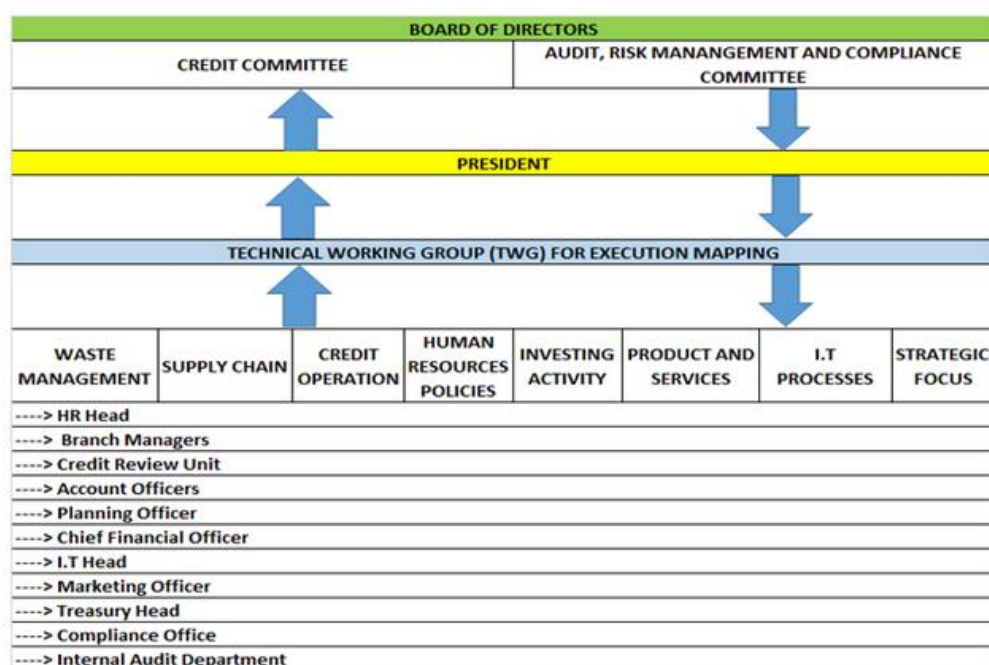
The industry has a high-risk exposure from climate change, deforestation for open-pit mining, biodiversity loss and high energy and water use. For social risk, potential high risks can come from health and safety issues (e.g., possible accidents in mining site), child labor (e.g., minors might be working in mining), labor rights (e.g., possible lack of compensation and benefits), human rights (e.g., possible physical harm to workers), indigenous people rights (e.g., possible relocation of indigenous people for mining sites) and community rights (e.g., community might be exposed to environmental mining accidents).

Our Approach

1. Governance Structure

GRBP's commitment to sustainability is fostered at the Board level, role modelled by senior management, executed by the business units, and brought to life by its employees. The Sustainability Transition Steering Committee and Sustainability Technical Working Groups as presented in the illustration below will help in the identification and management of the Bank's E&S risks.

Sustainable Finance Framework



Sustainability Transition Steering Committee

- Audit, Risk Management and Compliance Oversight Committee – oversees E&S risks in the Bank’s risk management system and recommends to the Board for the approval of all sustainability programs across GRBP and their corresponding budgets for implementation. Also oversees compliance and internal audit reporting on sustainability programs and sustainability reporting, as well as compliance testing against regulatory mandates on sustainability.
- Credit Committee – oversees the E&S risks in the Bank’s credit operation and ensures compliance to the sustainability framework.
- President – provides high-level strategic direction on sustainability; from the articulation of GRBP Sustainability Strategies to key focus areas where the Bank has the most ESG impact. The President also approves the Bank’s strategic external partnerships and commitments on sustainability on global, regional, and local levels. In addition, the President, through the Technical Working Groups, oversees and drives day-to-day implementation of sustainability initiatives, manages E&S due diligence, and produces the annual Sustainability Report. Also, reports to the Board and represents the Bank in external forums.

Sustainability Technical Working Groups

Composed of representatives from operation, audit and compliance, human resources who are chosen for their expertise and experience in their respective fields. The Technical Working Groups are also assigned a key Focus Area where the Bank has the greatest E&S impact and tasked to review and enhance related policies to embed E&S impact principles and criteria, articulate practice into policy and recommend and implement sustainability programs for the Bank.

Sustainable Finance Framework

2. Credit

All clients will undergo the E&S risk customer due diligence (Appendix D) and determine the level of risk the bank is exposed to as to the client's E&S responsibility compliance. Information regarding their sustainability compliance is incorporated in the bank's interview sheet (Appendix C). Refer to the Bank's Manual of Operations under Credit Cycle for the Credit Operation's process flow

3. Operations

GRBP committed to conduct its business activities in an environmentally and socially responsible manner. To this end, we will integrate an annual environmental and social (E&S) impact evaluation process to assess the current and potential impacts of our business activities and processes on the environment, our employees, and the communities we operate.

Furthermore, to support our TWG, a vendor E&S risk assessment process that will determine the E&S risks associated with our vendor's products and services that may impact our business operations. A vendor risk score and business criticality score will be determined wherein the risk response will be determined depending on the results.

a. Facilities

Our process for integrating E&S in our Facilities Group is as follows:

1. The TWG will identify all known E&S aspects and impacts of the operation/activity.
2. The TWG, will carry out an environmental aspect and impact evaluation process. They will do the risk identification and mapping using the Environmental Impact Register approach:

Environmental Impact Register

a. All process of the Bank will be thoroughly checked for the existence of the following environmental aspects in all types of operating conditions by the TWG:

Environmental Aspects

- Energy – electricity
- Water consumption
- Waste management
- Emissions to air
- Effluents

Sustainable Finance Framework

Operating Conditions

- Normal: where the expected environmental impact is within normal operation conditions.
 - Abnormal: where expected environmental impact is greater than that of during normal operations conditions
 - Emergency: where the environmental aspect is relevant to the potential outcome.
- b. All known environmental impacts will be identified for each aspect, whether they are current, potential, direct and indirect impacts.
- c. The following will carefully be considered by the TWG when evaluating each aspect:
- Severity, scale and duration of current / potential environmental impact
 - The probability that the environmental impact will occur
 - The potential to exceed statutory limits or regulatory requirements
 - The likely cost of changes to processes, mitigating measures/environmental reputation
 - The consequences of changes to the other processes, services or activities
 - Reputational risk to businesses
- d. Based on the assessments, the TWG will assign an Environmental Impact Score and a Probability of Occurrence Score depending on how often the aspect may occur, including a documentation of the justification of scores.
- e. Both scores are multiplied to get a Total Environmental Aspect Score.
- f. Once all aspects have been evaluated, the most significant aspects will be ranked, with 1 being the aspect with the highest significance. Items ranked as 1 will be considered for inclusion in the risk register.
- g. The significance of each aspect will determine the objectives, targets and programs GRBP will formulate and implement. The President will provide the current control measures in place for the environmental aspect concerned.
3. The TWG will choose a risk response based on the following:
- Accept: Take no action to change the severity of the risks
 - Avoid: Remove the risks
 - Pursue: Convert risks into opportunities
 - Reduce: Take action to reduce severity of risks
 - Share: Transfer the risks or collaborate externally
4. Depending on the risk response, the President will determine the sufficiency of current control measures in place. If the current control measure is insufficient, she will consider potential control measures aligned with the risk appetite, including the nature of the control measure and cost associated with its implementation, and will propose to Senior Management and Board for their approval.

Sustainable Finance Framework

3. Once the potential future control measure is approved, The President will implement it. For current control measures in place that are deemed sufficient, the Bank will continue to implement the measure as necessary.

4. Monitoring of KPIs will be performed on a quarterly basis by the TWG, where necessary, which will be reported to Senior Management for their approval.

5. The Audit/Compliance Unit should evaluate appropriateness of risk response based on quarterly monitored KPIs.

b. Procurement

Our process for integrating E&S in our Procurement is found under the Investment Properties Management Cycle of the Bank's Manual of Operations

1. The IT Officer will conduct a risk identification and mapping of our vendors' products and services.

Vendor Risk Assessment

a. The IT Officer will assess the vendors' products and services on the following E&S issues (whichever is applicable) by accomplishing the E&S Due Diligence Questionnaire:

b. The IT Officer will also assess the vendors' products and services in terms of its criticality to the Bank's operations by accomplishing the Business Criticality Questionnaire.

c. The IT Officer will assign a Vendor Risk Scoring (Appendix G. Vendor Risk Scoring Guide) based on the accomplished E&S Due Diligence Questionnaire and the Business Criticality Questionnaire.

2. The IT Officer will determine the risk response through the Vendor Segmentation Matrix (Appendix H Vendor Segmentation Matrix) based on the scores determined from the E&S Questionnaire and Business Criticality Questionnaire.

3. The IT Officer will then propose to the Management Committee for their approval.

4. Once the risk response is approved, the IT Officer will implement it.

5. Monitoring of KPIs for a vendor will be performed on a yearly basis by the TWG, where necessary, which will be reported to the Management Committee.

6. The TWG should evaluate appropriateness of the risk response based on yearly monitored KPIs.

II. Compliance with Appendix 63c of the MORB Disclosures in the Annual Reports and Published Statement of Condition

A. Capital structure and capital adequacy

Information regarding the Bank's qualifying capital as of December 31, 2023 is shown below:

	2023
CET 1 Capital	66,463,785
AT 1 Capital	0
Tier 1 Capital	66,463,785
Tier 2 Capital	1,302,903
Qualifying Capital	67,766,688
Total Risk-weighted Assets	390,255,249
CET 1 Ratio	17.03
Tier 1 Capital	17.03
Total CAR	17.36

- Tier 1 capital and a breakdown of its components;

A. Tier 1 Capital	
A.1 Common Equity Tier 1 (CET 1) Capital	
Paid up common stock	42,100,000
Retained earnings	23,461,141
Undivided profits	1,467,496
Other Comprehensive Income	588,050
Subtotal	67,616,687
A.2 Deductions from CET 1 Capital	1,152,902
A.3 Total CET 1 Capital [A.1 less A.2]	66,463,785
A.4 Additional Tier 1 (AT1) Capital	0
A. 5 Deductions from AT1 Capital	0
A.6 Total AT1 Capital	0
A.7 Total Tier 1 Capital [Sum of A.3 and A.6]	66,463,785

- Tier 2 capital and a breakdown of its components;

B. Tier 2 Capital	
B.1 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)]	1,302,903
B.2 Deductions from Tier 2 Capital	0
B.3 Total Tier 2 Capital [B.1 less B.2]	1,302,903

II. Compliance with Appendix 63c of the MORB Disclosures in the Annual Reports and Published Statement of Condition

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

A.2 Deductions from CET 1 Capital	
Defined benefit pension fund assets (liabilities) 5/	(2,280,214)
Other Intangible Assets, net	217,630
Deferred tax asset, net of deferred tax liability 2/	3,215,487
Subtotal	1,152,902
B.2 Deductions from Tier 2 Capital	0

- Total qualifying capital;

A. Calculation of Qualifying Capital	
A.1 Tier 1 Capital [Sum of A.2 and A.3]	66,463,785
A.2 Common Equity Tier 1 Capital	66,463,785
A.3 Additional Tier 1 Capital	0
A.4 Tier 2 Capital	1,302,903
A.5 Total Qualifying Capital [Sum of A.1 and A.4]	67,766,688

- Capital requirements for credit, market and operational risk;

B. Calculation of Risk-Weighted Assets	
B.1 Total Credit Risk-Weighted Assets	348,410,194
B.2 Total Market Risk-Weighted Assets	0
B.3 Total Operational Risk-Weighted Assets	41,845,055
B.4 Total Risk-Weighted Assets [Sum of B.1, B.2 and B.3]	390,255,249

- Total and Tier 1 capital adequacy ratio on both solo and consolidated bases.

C. Capital Ratios	
C.1 Risk-based Capital Adequacy Ratio [A.5 divided by B.4]	17.36
A.5 Total Qualifying Capital	67,766,688
B.4 Total Risk-weighted Assets	390,255,249
C.4 Tier 1 Capital Ratio [A.1 divided by B.4]	17.03
A.1 Tier 1 Capital	66,463,785
B.4 Total Risk-weighted Assets	390,255,249