



2022 ANNUAL REPORT

RURAL BANK OF PARACALE
(Camarines Norte), INC.

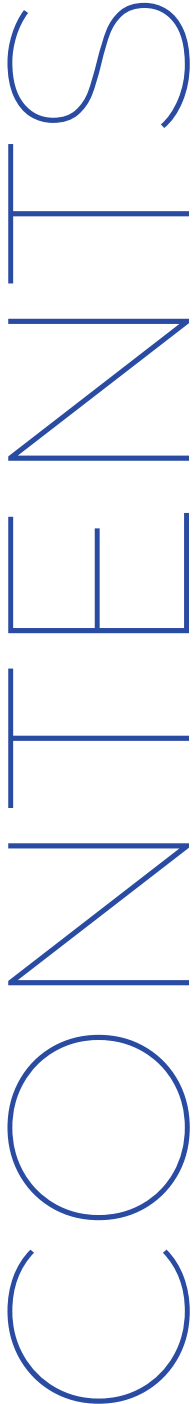
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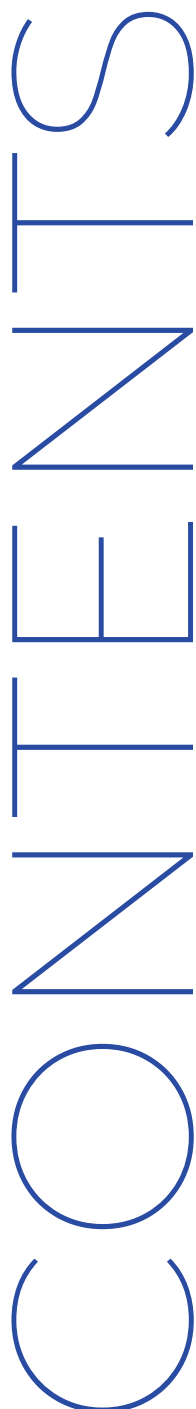
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RURAL BANK OF PARACALE

Founded on May 16, 1978 with seventy-six (76) stockholders pooling their resources to address socio-economic needs of the Municipality of Paracale as its priority target, it serves as catalyst of growth and presently has two (2) branches in the two biggest municipalities in the Province of Camarines Norte such as Labo and Daet.

We cater to the financial needs of the province by offering deposit services, working capital financing through short and medium terms and a participant in the alleviation poverty program of the government with the micro financing program of the bank.

The bank was also in the Microfinance Lending Program in 2000 through its Main Branch Office in Paracale before it was extended to the Daet Branch Office and Labo Branch Office by 2001. The bank noticed a high potential market in Microfinance Lending activities that's why the bank established Other Banking Office in Sta. Elena, Camarines Norte in 2003 as bank extension Office catering Microfinance Operations in Sta. Elena area. After a year, the bank expanded MFLP operations in Tagkawayan, Lopez, Calauag all in Quezon and Jose Panganiban, Camarines Norte.

Presently, Rural Bank of Paracale (Camarines Norte), Inc. has 143 Stockholders 9 of which are elected as Board of Directors and with 11 officers and 77 employees bank wide. The Bank also expanded their operation with three (3) Branch Lite Units located at Jose Panganiban, Camarines Norte, Calauag and Tagkawayan in Quezon Province which performs banking services as Regular Branch to extend and cater the needs of the community

VISION AND MISSION

Vision

To answer the needs of the people in the countryside and to professionally manage the bank by Directors and Staff toward the enhancement of sound banking services to uplift their living conditions.

Mission

- To make the credit facilities available at reasonable terms.
- To generate jobs by assisting businesses in providing efficient banking services.
- To support agro-economic activities and projects of the government in the countryside.
- To professionalize the bank's management and personnel and complement through capability building programs for Employees, Officers and members of the Board of Directors.
- To establish and sustain a viable and profitable financial institution for its stakeholders.

OBJECTIVE

Promote and maximize the delivery of efficient and competitive banking services, especially to underserved markets and customers through innovative policies.

CORE VALUES

01

Integrity

We, at Rural Bank of Paracale (RBP), adhere to the highest standards of ethics in our practices and conduct throughout our operations to continually strengthen and build long lasting relationships through honesty, fairness, trustworthiness and reliability. We respect and safeguard the interests of all our stakeholders and of our community as a whole. We are open and transparent in all our dealings with customers. We believe that maintaining the trust and confidence of the public is the key to earning an outstanding reputation and is at the center of all our core values. 'Do what is right'.

02

Accountability

We honor our commitments and take personal responsibility for our actions. We promise only what we can deliver and we exercise promptness and responsiveness in all our business dealings within and outside the Company. Own your actions.

03

Transparency

Transparency helps create trust among all stakeholders, encourages more informed decision-making, and supports an open exchange of ideas and information.

04

Stewardship

We are accountable for the resources entrusted to us by our stockholders, the depositors, the well-being of our employees and the banking needs of our customers. We are in business to protect their interests. Thus, we take care to act with vision, ever mindful of the effect of our decisions and actions.

CORE VALUES

05

Prudence

RBP fiduciary function requires prudence in making investment decisions so that public funds are on safe grounds. We advocate growth and expansion without sacrificing the interest and welfare of the bank.

06

Teamwork

We emphasize teamwork that respects individuality and promotes the free exchange of ideas. One gathers information from a number of departments and sources to base decisions on a comprehensive perspective. Work as one.

07

Leadership

We focus on leadership that encompasses a strong commitment to realizing one's own vision and generates growth by maximizing the synergy of the organization.

08

Trust and respect

We earn the trust and respect of our customers and colleagues by being open, honest and honourable in all we say and do.

09

Performance

We recognize, reward and promote outstanding performance. Our commitment to excellence lies in the constant improvement of our management practices and know-how. As a result-oriented culture, we are driven by an inner passion to perform and succeed while demonstrating pride in our work.

BANK'S BRAND

The Bank uses a slogan **“Ang Bangkong Subok at Tapat sa Paglilingkod”** since 1978” that reflects to what the bank wanted to impart to all clients that RBP is giving service for the benefits and protection of the clients as we give full honesty for all the services we offered to the public.

BANK'S BUSINESS MODEL

The Existing Business model of the Bank is considered simple since the bank is currently engaged in simple business activities such as deposits taking and servicing loans. The bank also engaged in the following:

- 01 Releasing 4Ps/ conditional fund transfer to its beneficiaries and lending conduit of the government;
- 02 LBP Agent Banking Partner; and
- 03 GCash Merchant Partner

Financial Highlight

The Financial Highlight as presented below shows the profitability of the Bank, selected Balance Sheet data, selected financial ratios and other information of the Bank for 2 consecutive years comparing the bank operation for 2021 and 2022 as follows:

Profitability	Year 2022	Year 2021
Total Net Interest Income	48,646,311.00	49,733,923.00
Total Non-Interest Income	9,404,109.00	6,488,577.00
Total Non-Interest Expenses	52,481,234.00	47,943,471.00
Pre-Provision Profit	5,284,272.00	6,027,811.00
Provision for Credit Losses	284,914.00	2,251,217.00
Net Income	4,344,138.00	4,045,786.00

Selected Balance Sheet Data

Liquid Assets	101,991,487.00	141,069,967.00
Gross Loans	380,756,741.00	332,104,315.00
Total Assets	541,656,958.00	522,566,069.00
Deposits	367,431,536.00	343,102,774.00
Total Equity	86,613,308.00	81,730,716.00

Selected Ratios

Return on Equity	5.16%	5.02%
Return on Assets	0.82%	0.77%
CET I capital ratio (for Ubs/KBs)		
Tier I capital ratio (for Ubs/KBs)		
Capital Adequacy Ratio	13.25%	15.04%

Others

Cash dividends declared	None	None
Headcount	88	86
Officers	11	10
Staff	77	76

Financial Condition & Results of Operation

PRESIDENT'S REPORT

We witnessed the passing of the year 2022 against the backdrop of May 9, 2022 national election for the executive and legislative branches of our government both national, provincial and local executives except for the barangay officials, the opening up of the Philippine economy with the easing up of covid 19 pandemic restrictions and the postponement of the barangay election to November of 2023 amidst the increasing cost of commodities and spiking the cost of living for all of us impacting our economy and our lives. On a micro level, your bank incurred a non-recurring cost of Ps1.4 Million due to lapse in internal control involving a cashier who pocketed cash out the deposit of our clients. We already terminated the involved personnel and filed the necessary criminal charges and are currently on trial. We are currently conducting a business review of our banking operations to identify lapses and improve our internal control, process and procedures. Our supervising agency sanctioned the bank and we have instituted changes to strengthen our internal control and are currently working to comply with their directives which we are confident we will meet in the normal course of our business.

In spite of the setbacks, your bank registered net income for the year in the amount of Ps4.344 Million up from P4.046M in 2021 and ended the year with a total assets of Ps541.6 Million up from P522.5 in 2021.

Total assets in 2022 ended with a growth of P19.1 M coming from the hefty increase in loan portfolio of Ps48M from releases of business and salary loans towards the end of the year. This is, however, eclipsed by the Ps38M dropped in cash in bank yet buoyed by the increase in sale of foreclosed properties thru instalment arrangement, growth in bank premises and increased in other assets composed of accounts receivables from atm withdrawals awaiting reimbursement, accrued interest income as service fees from 4Ps and miscellaneous assets composed of Gcash balances among others.

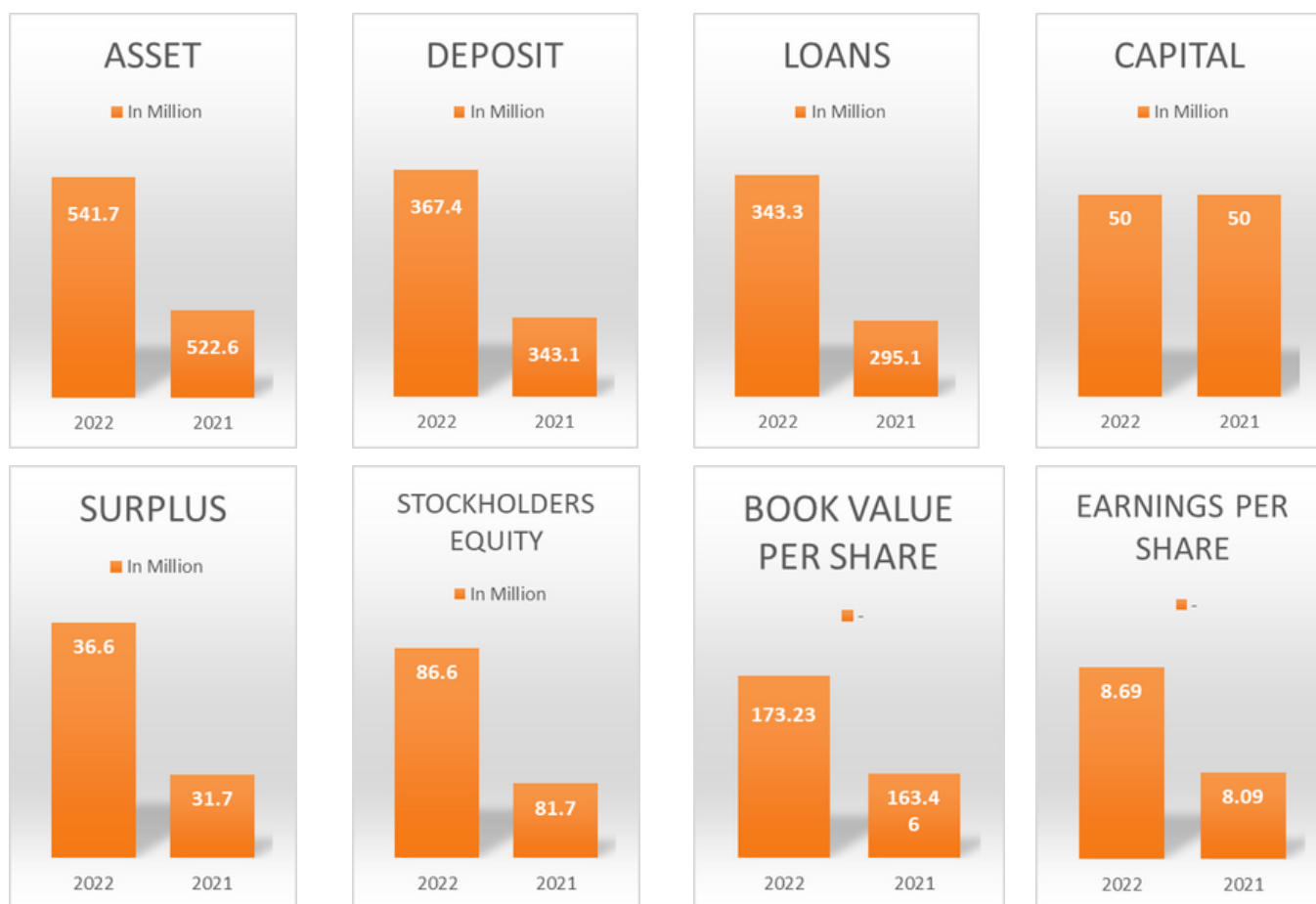
Deposit liabilities grew by Ps24.3M and was just tempered by the return of paid loans funded by the ACPC reducing our accountability in the amount of Ps15M. With increases in other accounts under accrued expenses and other liabilities account specifically income tax payable by Ps.569M, accrued interest payable on deposits by Ps.317M and other taxes and license payable by Ps.575M and about a million increase in retirement payable, your total liabilities grew by 14.2Million. Surplus, on the other hand, increased by Ps4.9 Million, a testament of the bank's sustained profitable operation. Growth in deposit is an affirmation of the trust and confidence the bank is enjoying in the community we serve. Our deposit liabilities continue to grow and we brace for stiff competition coming from commercial, universal, rural banks, other financial institutions and private lenders which are putting up business operations in our territory to get both loans and deposits, as the case maybe, slowly eroding our business if we do not prepare for their coming, through innovation, continuing improvement in quality services and products.

PRESIDENT'S REPORT

During the first half of the year, we noticed a lingering tightening of business activities translating to low income due to uncertainties or possible repercussions of election campaign activities not following covid 19 protocols. After the election, without the much feared spike in covid cases materializing, it brought new hopes out of the realization that we will just have to live with covid 19 and must return to business as usual mode and from thereon economy really opened up as shown by the good performance in the second semester resulting to a modest bottom line for the year. By easing up health protocols, it allows people to move around and spur lively business activities. Bulk of the Ps48.2 million increase in loan portfolio happened in the last quarter of the year negating its positive contribution to the interest income which registered a decline of Ps.613M settling at P54.8M in 2022 from P55.4M in 2021. 2022 interest income primarily came from our portfolio in micro, small and medium enterprises giving credence to our suspicion that our economy has returned to normal. Its increase, however, was overshadowed by the drop in interest income from our salary based loans coming from the barangay and LGU whose terms ended and renewed with the local election in May 2022 and extended until next year for the barangay officials. Reduced portfolio translates to reduced interest income. This is what happened to our salary based loans with Igu and barangay officials whose terms ended in 2022. LGU had an election in May 2022 so loans were renewed only by that time while barangay elections were just extended in November 2022 so their loans for a year were renewed towards the end of the year. With reduced loan balances from this group as its loan maturity comes to an end its income decreased by about Ps3.4M from last year's level. Another factor that added credibility to normalcy of business is the drop in interest from our past due loans in the amount of Ps3.2M. With some of our portfolio for the installment sale of foreclosed assets also settled and updated on time during the year and the reduced interest income from salaries past due loans, they all translate to P.613M reduced interest income for the year 2022.

Total loan portfolio settled at Ps380.7M in 2022 compared to Ps332.1M in 2021 registering a growth of P48.6M. Current portfolio for 2022 grew by P35M totalling Ps324.5M from 2021 level of Ps289.2M. Past due deteriorated to Ps56.3M from Ps42.9M due to reversal of some accounts due to lingering operational challenges exacerbating further their loan status. ACPC loans are turning delinquent with borrowers not paying the loan as they consider them government dole outs and failures in their respective projects which were supposed to be financed by the loan. We are in the process of subrogation under our Agreement allowing us to remove delinquent accounts from our books and transfer them to ACPC. These accounts though are part of the past due ratio but since they are non risk considering the bank is just a conduit and the government taking the risk they are exempted from loan loss provisioning. For this reason, there is a minimal increased booking of allowance for impairment loss or provision in the amount of Ps.429M with balance of Ps37.411M in 2022 and Ps36.928 in 2021. For problematic bank loan accounts, however, we are implementing strict monitoring, continuing assessment of the accounts and being ready to arrest further deterioration with remedial management intervention guided by our policy. Failure of these loan accounts to generate their expected debt service commitments in spite of our intervention means additional loan loss provisioning impacting our bottom line. It is part of the risk of doing our lending operation which we really work hard to put under control to minimize its negative impact to our operation.

PRESIDENT'S REPORT



Net income after tax for the year amounted to Ps4.344M surpassing the 2021 reported income of Ps4.046M. Sources of interest income coming from loans, investments, deposit with banks and sales contract receivables took a slight dip and settled at Ps54.816M from last year's Ps55.429M. As mentioned earlier the bulk of growth in loans came about in the second half of the year not being able to deliver the much needed interest to surpass last year's top line. The economy opened up during the year. The timing of the actual demand for working capital materializes over the year with the second half of the year after the national election witnessing an upsurge in loan releases. Interest expense for the year expanded by Ps.474M to Ps6.170M from last year's Ps5.605M with the growth in deposit liabilities when entrepreneurs took a respite from doing business and decided to just park their working capital in the bank during the pandemic.

Given the excess in provision for losses in 2021 in the amount of Ps5.529M, we made a minimal provision of Ps.285M in 2022 compared to the previous year's booking of Ps2.251M or a reduction of Ps1.966M. We still have an excess provision in 2022 in the amount of Ps2.186M.

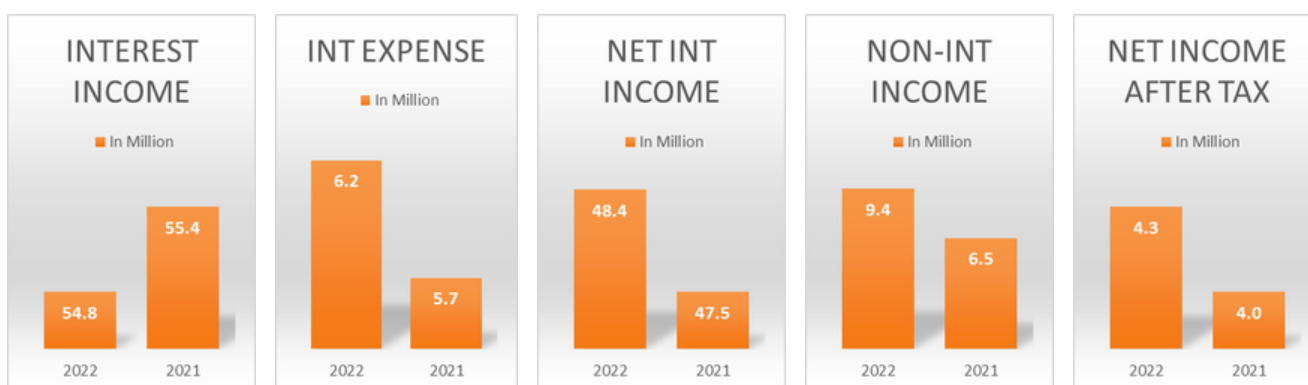
With top line failing to register growth, the comparative figures between 2022 vs 2021 of the combined non-interest income which are composed of fees and commission in the amount of Ps.788M vs Ps.469, other income of Ps4.125M vs Ps2.993M and gain from sale of acquired assets of Ps4.4M vs Ps2.9M totalling Ps9.4M up from last year's Ps6.5M delivered the needed push that cemented the modest bottom line. During the year there were some big accounts with term loans that were terminated which accelerated the recognition of the service fee as income during the year that could have been amortized over the remaining terms. Additionally, the bank was able to negotiate successfully the sale of some of its acquired assets, realizing modest gain in the process also contributing to the bottom line.

PRESIDENT'S REPORT

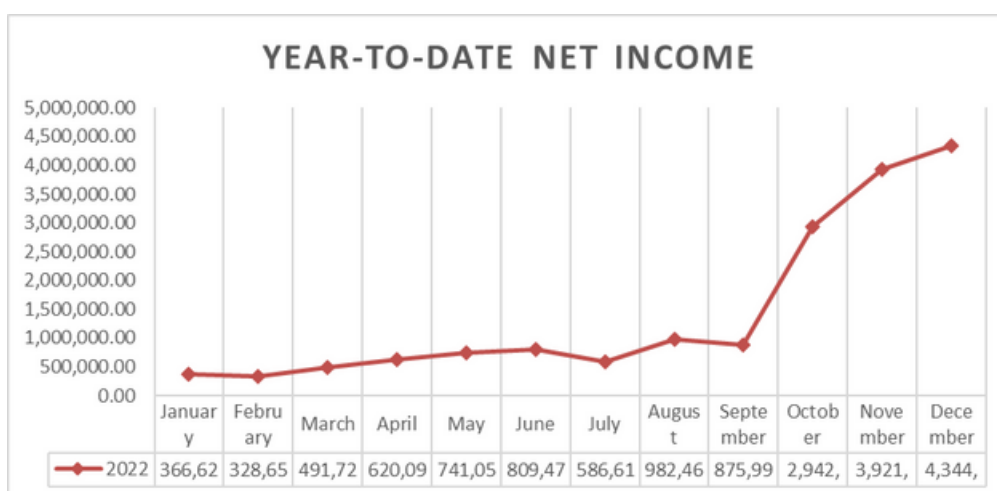
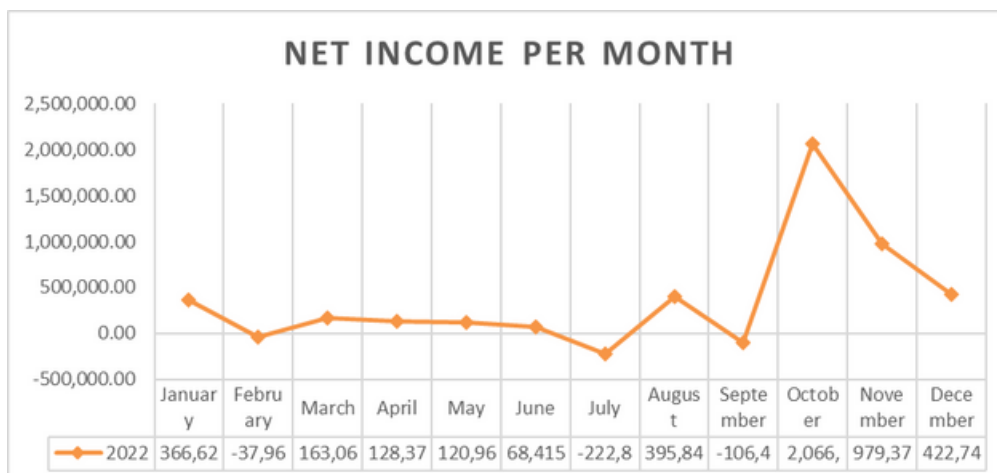
Total non-interest expense amounted to Ps52.5M up from last year's Ps47.943M surpassing it by Ps4.5M. The increase is due to salary increases given to the bank personnel to address the skyrocketing cost of living. We believe it is just but right to give our bank personnel the increase after the pandemic period when there was no increase given at that time but only financial assistance and food subsidy. Coupled with the manpower cost increase is Ps1.5M increase in other operating expenses which amounted to Ps15.036M in 2022 from last year's Ps13.517M. The big ticket items under this account is the write off of cashier's accountability amounting to Ps1.468M and the marked increases of power, light and water by Ps.354M (1.257 vs .903), security, clerical, messengerial and janitorial services by Ps.234M (1.484 vs 1.251), travelling expenses PsP.207M (1.459 vs 1.251) and other expenses Ps.643M (2.247 vs 1.604).

Following are the 2022 Financial Highlights.

- Total Earnings increased by Ps2.302 Million or 3.72% to Ps64.220 Million from Ps 61.998 Million in 2021
- Total Expenses increased by Ps2.007 or 3.46% to Ps 59.878 Million from Ps 57.871 Million in 2021.
- 2022 Net Earnings increased by Ps.298 Million 7.36% to Ps4.344 Million from Ps4.046 Million in 2021.
- Capital Adequacy Ratio (CAR) at 13.25 in 2022 from 15.04 in 2021.
- Total Assets increased by Ps19.091 Million or 3.65% to Ps541.657 Million from Ps 522.566 Million in 2021.
- Loan Receivables-Net increased by Ps48.223 Million or 16.34% to Ps 343.346 Million from Ps 295.122 Million in 2021.
- Deposit Liabilities increased by Ps24.329Million or 7.09% to Ps367.431 Million from Ps 343.103 Million in 2021.
- Capital Funds increased by Ps4.882 Million of 5.97% to Ps 86.613 Million from Ps81.731 Million in 2021.
- Return on Average Equity in 2022 improved slightly to 5.16% from 5.02% in 2021.
- Return on Average Assets increased to .82% from .77% in 2021.
- Net Interest Margin in 2022 slightly increased to Ps10.8 from Ps11.75 in 2021.
- Capital Risk Asset Ratio decreased to 15.46% in 2022 from 16.96% in 2021.
- Risk-based Capital Adequacy Ratio decreased in 2022 at 13.25% from 15.04% in 2021
- Past Due Ratio increased to 14.78 from 12.91 in 2021.
- Book Value per share in 2022 increased to Ps 173.23 from Ps 163.46 in 2021.
- Earnings per share also increased to Ps 8.69 from Ps 8.09 in 2021.



PRESIDENT'S REPORT



We are faced with the following challenges in 2023: lingering covid 19 amidst economic recovery with expiring and trickling availability of improved vaccine, balancing of operational cost against pressure on revenues given the increased cost of doing business, digitalization; improved profitable branch lite performance, high cost of living, influx of big players to countryside and higher capitalization requirements.

Goals for 2022 remain at profitability and growth, strengthening of internal control, implement self-assessment, improved governance, institutionalize operational risk management, improved credit risk assessment, system full implementation, revitalize microfinance and sustainable framework implementation.

On behalf of the Management and the Board of Directors, thank you for your continued support and trust.

NORMAN A. BALITBIT
President

Risk Management Framework Adopted

RISK MANAGEMENT CULTURE AND PHILOSOPHY

It is the bank's mission to make credit facilities available at reasonable terms. To support its direction, we based our credit evaluation mainly on the basis of one's credit needs and debt service capacity with collateral taking a secondary but likewise important consideration. We believe by doing it this way we can help those in need of capital to support their personal and business financial requirements and help the community we serve increase its economic activity towards continued growth.

Rural Bank of Paracale (Camarines Norte), Inc., can be considered conservative in managing risk and has adopted a Risk Management System that are aligned with the regulation set by the Monetary Board specially those applicable for RBs wherein risk profile of the Bank is considered to be able to ensure that risk is mitigated. The Bank ensures the effectiveness of the Risk Management System by following the three (3) Lines of Defense such as Business Function, Management and Compliance Function, and Audit Function.

The Bank has an established Approval Matrix, Single Borrowers Limits, Threshold amount and concentration limits that would serve as guiding factors for approving certain transactions. The Board also adopted risk management policies and strategies that would help the bank in identifying, measuring, monitoring and controlling the Bank's risk exposure.

In the operational area, the Bank aims to promote the adoption of effective risk management systems to sustain its safe and sound operations. Cognizant that operational risk is inherent in all activities, products and services, and is closely tied in with other types of risks (e.g., credit, liquidity and market risks), it established the guidelines to clearly set and define the minimum prudential requirements on operational risk management.

The best way to effectively control risk is to train bank employees on their roles and obligations to efficiently carry out their duties and responsibilities with the bank that's why the Bank ensures that all employees are properly trained and well informed in the Product and Services and to the Bank's policies and procedures for them to deliver to the clients the best services at the same time assess and calibrate risks associated with day-to-day operations.

The board of directors is responsible for the approval and regular review of credit risk strategy and credit policy, as well as the oversight of the implementation of a comprehensive and effective credit risk management system appropriate for the size, complexity and scope of operations of the bank. The board ensures that the system provides for adequate policies, procedures and processes to identify, measure, monitor and control all credit risks inherent in a banks' products and activities, both at the individual and portfolio levels on a consistent and continuing basis; and that an independent assessment of the system is periodically performed, the results of which shall be reported to them for appropriate action.

Compliance risk is the risk of legal or regulatory sanctions, financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with all applicable laws, regulations, code of conduct and standards of good practice. It exposes the bank to fines, civil monetary penalties, administrative sanctions, payment of damages, and the violation of contracts. It can lead to diminished reputation, limited business opportunities, reduced expansion potential and an inability to enforce contracts.

RISK APPETITE AND STRATEGY

The bank has established a niche in its area of operation as reflected in its top two loan portfolio classification. Small and medium enterprises showed the biggest in our portfolio with a total portfolio of Ps 151.9 Million with total releases during the year of Ps 117.4 Million. Loan portfolio for salary based and loans for personal use increased from Ps 70.9 Million to Ps 96.5 Million this year. We continue to assess our niche to improve the portfolio mix and develop ways to expand it further within the defined aggregate levels.

For 2022 operation, the bank's capital adequacy ratios remained higher with 13.25% than the required 10% by the BSP which represents that the Bank capital is sufficient and strong to cover risk assets of the Bank. Liquidity also shows a strong position despite a high forecast of cash outflows even with the continuing effects of pandemic in 2021 based on the conducted stress testing on liquidity position of the Bank. But based on the actual accomplished report for the year ended 2022, it shows that the Bank was able to generate additional 3% in Deposit Liabilities. The 15% Past Due Ratios of the Bank as of December 31, 2022 is higher than the industry rate of 11.04%. CAR and Liquidity Position of the Bank is regularly monitored by the Finance Department aside from the compliance test conducted by the Compliance Department and regular Audit Review by the Internal Audit Department of the Bank.

All credit exposures are within the prescribed ceiling set by the Board of Directors in accordance with the ceiling set by the Monetary Board such as Ceiling on Related Party Transaction, loans granted to Directors, Officers, Stockholders and Related Interest (DOSRI), concentration limits set per industry classification and limit set based on capital account of the Bank. Compliance with prescribed ceilings and regulations on those accounts are regularly monitored by the Credit Department and Finance Department and with compliance review by the Compliance and Audit Department.

Currently, the Bank is promoting compliance culture in all areas of Bank's Operation as it will serve as tools in controlling potential compliance risks bridging to control some other risks exposure of the bank such as credit, operational, legal, reputation, liquidity and the like. The bank is now adoptive to all changes of regulations, processes and procedures to ensure bank compliance with all regulatory issuances from the government regulatory agencies such as BSP, PDIC, SEC, etc.

BANK WIDE GOVERNANCE STRUCTURE AND RISK MANAGEMENT PROCESS

The Board of Directors has the ultimate responsibility for ensuring an effective risk management system within the Bank with the assistance of the Management, Compliance function and Audit Function. The Board has created the Audit Committee that would assist the Board of Directors in monitoring and evaluating the adequacy and effectiveness of the internal control system and oversight for the overall risk exposures of the bank respectively.

AML GOVERNANCE CULTURE AND DESCRIPTION OF MTPP

The Bank adopted a comprehensive and risk-based MTPP geared toward the promotion of high ethical and professional standards and the prevention of the bank being used, intentionally or unintentionally, for money laundering and terrorism financing. The Bank's MTPP is consistent with AMLA, as amended and the provision set out in these rules and designed according to the covered institution's corporate structure and risk profile.

The main objective of the Bank's MTPP is to protect the integrity and confidentiality of banks accounts and to ensure that the bank in general shall not be used as a money laundering site and conduit for the proceeds of an unlawful activity as hereto defined; and to protect life, liberty and property from acts of terrorism and condemn those who support and finance it and reinforce the fight by criminalizing the financing of terrorism and related offenses.

The Board and Management ensure that the bank will not be an avenue for Money-Laundering and Terrorist Financing activities by continuously complying with the rules and regulations set by the AMLC. The Bank strictly enforces effective implementation of the Bank's MTPP through client's identification and proper application of applicable due diligence based on the risk profile of the client and reporting of CTR and STR.

Corporate Governance

OVERALL CORPORATE GOVERNANCE STRUCTURE

Our board and senior management joined hands to govern the bank in setting up corporate objectives, run the day-to-day operation, operate the bank in a safe and sound manner, always consider the interests of recognized stakeholders, protect the interests of depositors and comply with the applicable laws and regulations.

We endeavor to follow pertinent laws, establish management processes through responsible business practices, rules and regulations. Continuing training education are necessary while compliance is a must through our people, systems and process.

The Bank acknowledges the thrust of the Bangko Sentral ng Pilipinas to continuously strengthen corporate governance in all of its supervised financial institutions cognizant that this is central in sustaining the resiliency and stability of the financial system. In this light, the Bank will align its existing regulations with the BSP Regulations which are also aligned with international best practices that promote good corporate governance such as the "Principles for Enhancing Corporate Governance" issued by the Basel Committee on Banking Supervision and at the same time aligning its existing regulations with the Code of Corporate Governance for Publicly-Listed Companies issued by the Securities and Exchange Commission as well as with best practices and standards issued by globally recognized standard setting bodies.

The Board of Directors and Management of the Rural Bank of Paracale (Camarines Norte), Inc. commit themselves to the principles and guidelines contained in the board approved Corporate Governance Manual, and acknowledge that the same shall guide the attainment of its corporate goals. The board of directors and management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness thereof within the bank.

SELECTION PROCESS FOR THE BOARD AND SENIOR MANAGEMENT

The Board of Director was selected through election during annual stockholders meeting wherein all of the stockholders are considered official candidates with strong contenders being subjected to evaluation by the outgoing board if they conform with the qualifications to become a Board of Director and final approval of the BSP. Senior Management was selected after evaluation of the HR and the President and approval of the Board after meeting the following selection criteria: educational attainment, experience, exposure to bank operation, integrity, leadership and contribution and fit to the position.

The Bank aims to ensure that the Board of Directors is composed of a collective mix of individuals who possess the expertise and competence to effectively manage the Bank.

BOARD'S OVERALL RESPONSIBILITY

The board of directors shall be primarily responsible for the governance of the bank. The board should formulate the bank's vision and mission, strategic objectives, policies and procedures that guide and direct the activities of the bank, and the mechanism for monitoring management's performance. It shall be the board's responsibility to foster long-term success of the bank and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Bank and its stockholders. The board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

DESCRIPTION OF THE MAJOR ROLE AND CONTRIBUTION OF THE CHAIRMAN OF THE BOD

Roles of the Chairperson of the Board of Directors

The Chairperson of the board of directors shall provide leadership in the board of directors. He shall ensure effective functioning of the board of directors, including maintaining a relationship of trust with members of the board of directors. He shall:

- 1.Ensure that the meeting agenda focuses on strategic matters including discussion on risk appetites, and key governance concerns;
- 2.Ensure a sound decision-making process;
- 3.Encourage and promote critical discussion;
- 4.Ensure that dissenting views can be expressed and discussed within the decision-making process;
- 5.Ensure that members of the board of directors receive accurate, timely, and relevant information;
- 6.Ensure the conduct of proper orientation for first-time directors and provide training opportunities for all directors; and
- 7.Ensure conduct of performance evaluation of the board of directors at least once a year.

Qualifications of the Chairperson of the Board of Directors

To promote checks and balances, the Chairperson of the board of directors shall be a non-executive director or an independent director, and must not have served as President of the Bank within the past three {3} years. The positions of Chairperson and President shall not be held by one person. In exceptional cases where the position of Chairperson of the board of directors and President is allowed to be held by one (1) person as approved by the Monetary Board, a lead independent director shall be appointed.

For this purpose, the board of directors shall define the responsibilities of the lead independent director, which shall be documented in the corporate governance manual. The board of directors shall ensure that the lead independent director functions in an environment that allows him to effectively challenge the President as circumstances may warrant. The lead independent director shall perform a more enhanced function over the other independent directors and shall:

- 1.lead the independent directors at board of directors meetings in raising queries and pursuing matters; and
- 2.lead meetings of independent directors, without the presence of the executive directors.

DEFINITION, LIMITS AND COMPOSITION OF THE BOARD AND MINIMUM NO. OF INDEPENDENT DIRECTORS

Definition of Directors

- Directors who are named as such in the articles of incorporation;
- Directors duly elected in subsequent meetings of the stockholders; and
- Those elected to fill vacancies in the board of directors

Limits in the Number of Directors

There will be either nine (9) members of board of directors but not less than five (5) or more than eleven (11) directors as stated in the bank's By-Laws at least two (2) of whom shall be independent directors. To the extent practicable, the members of the board of directors shall be selected from a broad pool of qualified candidates. A sufficient number of qualified non-executive members shall be elected to promote the independence of the board from the views of senior management. To the extent practicable, the members of the board of directors shall be selected from a broad pool of qualified candidates. Non-executive directors, who shall include independent directors, shall comprise at least majority of the board of directors to promote the independent oversight of management by the board of directors.

Minimum Number of Independent Director

At least one-third (1/3) but not less than two (2) members of the board of directors shall be independent directors: Provided, That any fractional result from applying the required minimum proportion, i.e., one-third (1/3), shall be rounded up to the nearest whole number: Provided, further, That in the case of RBs, at least one (1) independent director shall be elected to the board of directors: Provided, furthermore, That RBs whose business model, is deemed complex by the Bangko Sentral, or as directed by the appropriate supervising department of the Bangko Sentral, shall have at least one-third (1/3) but not less than two (2) members of the board of directors as independent directors: Provided, finally, That any fractional result from applying the required minimum proportion, i.e., one-third (1/3) shall be rounded-up to the nearest whole number.

The composition of the Board of Directors of the Rural Bank of Paracale (Camarines Norte), Incorporated as of December 31, 2022 was as follows:

Name	Designation	Type of Directorship	No. of Years as Director	No. of Shares held with the Bank	% of Shares to Total Outstanding Shares
Errol R. Parcero	Chairman	Non-Executive Regular Director	14 years	8,740	1.75%
Oscar C. Fulong	Vice Chairman	Non-Executive Regular Director	29 Years	32,526	6.51%
Norman A. Balitbit	Director/President	Executive Regular Director	18 years	43,705	8.74%
Jocelyn Edna L. De Belen	Independent Director	Non-Executive Independent Director	4 years	6,543	1.31%
Janet D. Ereño	Director / Credit Manager	Executive Regular Director	1 year	368	0.07%
Benjamin Frias	Director	Non-Executive Regular Director	10 years	12,129	2.43%
Jeron C. Lamadrid	Director	Non-Executive Regular Director	15 years	34,882	6.98%
Gina H. Lim	Director	Non-Executive Regular Director	23 years	26,176	5.24%
Delia M. Ramirez	Independent Director	Non-Executive Independent Director	6 years	4,786	0.96%

BOARD QUALIFICATION

Qualifications of a Director

A director shall have the following minimum qualifications:

(1) He must be fit and proper for the position of a director. In determining whether a person is fit and proper for the position of a director, the following matters must be considered: integrity/probity, physical/mental fitness; relevant education/financial literacy/ training; possession of competencies relevant to the job, such as knowledge and experience, skills, diligence and independence of mind; and sufficiency of time to fully carry out responsibilities.

In assessing a director's integrity/probity, consideration shall be given to the director's market reputation, observed conduct and behavior, as well as his ability to continuously comply with company policies and applicable laws and regulations, including market conduct rules, and the relevant requirements and standards of any regulatory body, professional body, clearing house or exchange, or government and any of its instrumentalities/agencies.

(2) He must have attended a seminar on corporate governance for board of directors. A director shall submit to the Bangko Sentral a certification of compliance with the Bangko Sentral-prescribed syllabus on corporate governance for first time directors and documentary proof of such compliance: Provided that the following persons are exempted from complying with the aforementioned requirement:

(a) Filipino citizens with recognized stature, influence and reputation in the banking community and whose business practices stand as testimonies to good corporate governance;

(b) Distinguished Filipino and foreign nationals who served as senior officials in central banks and/or financial regulatory agencies, including former Monetary Board members; or

(c) Former Chief Justices and Associate Justices of the Philippine Supreme Court:

Provided, further, that this exemption shall not apply to the annual training requirements for the members of the board of directors.

Qualification of Independent Director

In selecting independent and non-executive directors, the number and types of entities where the candidate is likewise elected as such, shall be considered to ensure that he will be able to devote sufficient time to effectively carry out his duties and responsibilities. In this regard, the following shall apply:

(1) A non-executive director may concurrently serve as director in a maximum of five (5) publicly listed companies. In applying this provision to concurrent directorship in entities within a conglomerate, each entity where the non-executive director is concurrently serving as director shall be separately considered in assessing compliance with this requirement; and

(2) An independent director of the Bank may only serve as such for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from serving as independent director in the same Bank, but may continue to serve as regular director. The nine (9) year maximum cumulative term for independent directors shall be reckoned from 2012.

Miscellaneous provisions on Board's Qualification

Members of the board of directors shall not be appointed as Corporate Secretary or Chief Compliance Officer.

Name	Educational Attainment	Relevant Trainings attended (Required for Director)	Relevant Work Experience/ Officership / Directorship in Other Companies	Age	Nationality	Others
Errol R. Parcerro	BS-Mathematics	Basic Rural Banking Course and Corporate Governance	System-Analyst and Program – All Asia Capita (1997-2002)	57	Filipino	Confirmed by BSP
Oscar C. Fulong	BS-Agriculture, Animal Husbandry	Basic Rural Banking Course and Corporate Governance	Director - Rufino Fulong Pawnshop, Inc. (1988- Present)	70	Filipino	Confirmed by BSP
Norman A. Balitbit	AB-BS Commerce	Corporate Governance	Vice President – Metro Drug Distribution Inc. (1990-1999) Treasurer- First Pacific Metro Corp (1987-1990) Manager /Sector Head - Traders Royal Bank (1981-1987) Staff Auditor- SGV (1978-1980) Accounting Assistant – FGU Insurance (1976-1978)	68	Filipino	Confirmed by BSP
Jocelyn Edna L. De Belen	BS in Business Administration	Corporate Governance	Owner- JEL Drug Store (2002-present) Teller-Metrobank (2000-2002) Teller – Solid Bank (1980-1982) Auditor – Solid Bank (1982-1995) Acting Branch Marketing Officer/Cashier – Solid Bank (1995-1998) Teller – Solid Bank (1998-2000) Accounting Clerk - Farm System Devt. Corp (1979-1979)	64	Filipino	Confirmed by BSP
Janet D. Ereño	BSC- Management	Basic Rural Banking Course and Corporate Governance	Credit Manager – Rural Bank of Paracale (CN), Inc. (2016-Present) Loan Officer – Rural Bank of Paracale (CN), Inc. (2008-2015) Collection Officer – Rural Bank of Paracale (CN), Inc. (2004-2008) Technical Officer – Rural Bank of Paracale (CN), Inc. (2001-2004)	48	Filipino	Confirmed by BSP
Benjamin Frias	BSBA- Accounting	Corporate Governance	President of P&F Mineral Expert Corp. (2003-2017)	70	Filipino	Confirmed by BSP
Jeron C. Lamadrid	BS-Electronics and Communication Engineering	Basic Rural Banking and Corporate Governance	Owner of Works and Concepts Enterprise (2010-Present) Sales Engineer – Poongsan Microtech Corp. (2006-2007) OSP – Globe Telecom (2002-2003)	42	Filipino	Confirmed by BSP

Name	Educational Attainment	Relevant Trainings attended (Required for Director)	Relevant Work Experience/ Officership / Directorship in Other Companies	Age	Nationality	Others
Gina H. Lim	BS-Medical Technology; and Doctor of Medicine	Basic Rural Banking and Corporate Governance	Physician – Dr. Gina H. Lim Children’s Medical and Surgical Clinic (2007 to Present)	61	Filipino	Confirmed by BSP
Delia M. Ramirez	BS-Pharmacy	Corporate Governance	Co-owner of Moreno Copra Dealer (1997 to present) Manager of DMR Commercial Building (1978 to present) Cashier at DMR Bakery and Restaurant (2001-2005) Cashier/Manager at EMR Bakery & Grocery (1978-2000)	72	Filipino	Confirmed by BSP

BOARD LEVEL COMMITTEE

The bank has created the Audit Committee together with their duties as follows:

a) Membership

- Chairman - Independent Dir. Delia M. Ramirez
- Member - Independent Dir. Jocelyn Edna L. De Belen
- Member - Director Gina H. Lim

b) Duties and Functions

- Oversee the financial reporting framework.
- Monitor and evaluate the adequacy and effectiveness of the internal control system.
- Oversee the internal audit function.
- Oversee the external audit function.
- Oversee implementation of corrective actions
- Investigate significant issues/concerns raised.
- Establish whistle blowing mechanism.

DIRECTORS ATTENDANCE

a) The Board of Directors' attendance in the regular and special meeting for the year 2022 is as follows:

1. Errol R. Parceró	Chairman	24/24	100%
2. Oscar C. Fulong	Vice Chairman	20/24	83%
3. Norman A. Balitbit	Director	24/24	100%
4. Jocelyn Edna L. De Belen	Independent Director	24/24	100%
5. Janet D. Ereño	Director	23/24	96%
6. Benjamin Frias	Director	24/24	100%
7. Jeron C. Lamadrid	Director	24/24	100%
8. Gina H. Lim	Director	24/24	100%
9. Delia M. Ramirez	Independent Director	22/24	92%

b) Attendance in the Audit Committee Meeting for the Year 2022

Independent Director Delia M. Ramirez	Chairman	Independent Director	4/5 - 80%
Independent Director Jocelyn Edna L. De Belen	Member	20/24	5/5 - 100%
Director Gina H. Lim	Member	24/24	5/5 - 100%

CHANGES IN THE BOARD OF DIRECTORS FOR THE YEAR

The Annual Stockholders meeting of the Bank is scheduled every 2nd Saturday of March every year. The Board of Directors election for 2022 did not result in any changes to the current members.

LIST OF EXECUTIVE OFFICER/SENIOR MANAGEMENT

Name	Designation	Educational Attainment	Length of Service	Age	Nationality	Relevant Qualifications/Experience of the Executive Officer	Other Qualification
Norman A. Balitbit	President	AB-BS Commerce	11 Years	68	Filipino	Vice President – Metro Drug Distribution Inc. (1990-1999) Treasurer- First Pacific Metro Corp (1987-1990) Manager /Sector Head - Traders Royal Bank (1981-1987) Staff Auditor- SGV (1978-1980) Accounting Assistant – FGU Insurance (1976-1978)	Confirmed by BSP
Solly Fatima D. Lagriada	Chief Compliance Officer	BSBA-Marketing Management	8 years	29	Filipino	N/A	Confirmed by BSP
Maria Victoria A. Vega	Audit Manager	BS-Accountancy	6 years	34	Filipino	N/A	Confirmed by BSP
Adelina T. Esperas	Chief Accountant/ Treasurer	BS-Accountancy	19 years	43	Filipino	N/A	Confirmed by BSP
Analiza L. Obmaña	Main Branch Manager	BS-Accountancy	28 years	51	Filipino	N/A	N/A
Roland M. De Jesus	Labo Branch Manager / Corporate Secretary	BS-Accountancy	21 years	42	Filipino	N/A	N/A
Gloria N. Salen	Daet Branch Manager	BS-Accountancy	19 years	55	Filipino	N/A	N/A
Janet D. Ereno	Credit Manager	BS-Commerce	21 years	48	Filipino	N/A	N/A
Dionisio Gil B. Badaguas III	IT/Security Officer	BS-Information Technology	15 years	37	Filipino	N/A	N/A
Glenn C. Catle	Branch Lite Unit Manager	BS-Accountancy	18 years	39	Filipino	N/A	N/A

The Board sets the compensation and benefits package of the Bank's officers and staff members. To ensure competitiveness and personnel retention, the compensation and benefits packaged is benchmarked with competition through informal surveys within the area of operation and what the bank can afford.

PERFORMANCE ASSESSMENT PROGRAM

The Board has adopted a corporate governance assessment being done at the end of the year composed of four parts: 1. individual contribution as a director, 2. director assessment of the board as a group, 3. director assessment of bank performance and 4. the financial performance of the bank. Results are being deliberated and action plans for improvements are discussed and agreed and monitored for its completion.

The Senior Management sets goals at the start of the year defining key results area, its deliverables, person responsible and timelines. Quarterly updates of the goals are submitted to HR and discussed with the concerned officers and personnel for feedback and discussions for the goals to be achieved.

ORIENTATION AND EDUCATIONAL PROGRAM

The Bank recognizes the need for maintaining, training and development programs to prepare employees for more responsible positions, to tap potentials in order to place employees where their talents can best be utilized. The Bank will continually seek to maximize and accelerate employee development and will provide a continuing program of training and development for all employees.

The Bank normally relies on the trainings and seminar/webinar conducted by the Bicol Federation of Rural Banks, Rural Bankers Association, Anti-Money Laundering Council, Credit Information Corporation, and Bangko Sentral ng Pilipinas specifically for the Officers and Directors of the Bank aside from the in-house training for new policy and policy changes aligned with the new regulation set by the Monetary Board of the Philippines.

For the newly hired employees, the bank conducted orientation training/seminars about the existing products and services as well as the policies and procedures of the Bank. Orientation also includes the company's background and profiles such as but not limited to the vision, mission, objective, core values, organizational frameworks, code of disciplines and employee's manual, Manual of Bank's products and services, AMLA and the like. Updates of manual, policies and procedures will be disseminated through memorandum and/or training to all bank officers and employees.

RETIREMENT AND SUCCESSION POLICY

Pursuant to the mandate of Bangko Sentral ng Pilipinas to all Banks to have a board approved Retirement Plan for its Officers and Employees in accordance with the laws, the Bank established retirement plan to ensure financial security of the Bank's officers and employees when retirement comes. Retirement plan serves as guide for the Bank to establish the amount of benefits and to administer the accrued retirement benefit of the Bank's Officers and Employees. Provision for retirement and pensions amounts to Ps12,337,817 and 11,340,541 for 2022 and 2021 respectively. Based on the existing Labor laws, the amount of liability for retirement as at December 31, 2022 and 2021 were reasonable. The Retirement Plan shall be fully funded by the Bank. There shall be no contribution to be collected from the officers/employees of the Bank. Funds set aside for this purpose shall be invested in the form of savings and time deposits of other high yielding deposits/investments in bonds or other debt instruments and income therefrom shall be part of the fund. The board is primarily responsible to ensure that the retirement fund is fully funded at all times.

As a matter of policy, the Bank established a policy that officers and employees of the Bank are entitled for an optional retirement age of sixty (60) years. Any officer/employee upon completing the age of 60 years or at any time thereafter may retire at employee's option, and when so retired shall be entitled to the full benefit provided in the Bank's Retirement Plan. Any Officers and Employees who have completed twenty (20) years of continuous service to the Bank may retire at his option and if he retires, he shall be entitled to the full benefits. The compulsory retirement age is sixty-five (65) years. Any officer and employees reaching the age of 65 will automatically be considered a retired officer/employee of the bank, and when so retired shall be entitled to the full benefits provided in the retirement plan of the bank.

The Bank shall make an assessment of its preparedness to replace departing staff in critical positions and identify people who are ready to step into someone's shoes at the appropriate time under appropriate circumstances with seamless transition. It should involve nurturing and developing employees from within the Bank. Employees who are perceived to have skills, knowledge, qualities, experience and the desire can be groomed to move up to fill specific key positions. Succession procedures include identifying key/critical position, conduct position analysis, developing succession plan and monitoring, revision and evaluation of the existing succession policies and procedures of the Bank.

The Bank so far has no formal policy on the term limit, retirement and succession of the Board. As long as they are fit and proper for the position of Director and possess all the qualifications of the Board, they can serve as Board of Director except for Independent Director which has a maximum term of nine (9) years as Independent Director.

REMUNERATION POLICY

Executive and Non-Executive Director

The Board of Director considered the number of scheduled meetings, transportation and other expenses of the Board in attendance of meetings in setting up monthly per diems. The Board of Directors follows Section 30 of the Corporate Code of the Philippines that the Board compensation other than per diems shall not exceed 10% of the preceding year net income before tax. Directors Compensation requires approval from the majority of the stockholder of the Bank.

Senior Management

The Board considered the weight of the position and designation of the senior management together with their performance in setting up compensation packages.

POLICIES AND PROCEDURES FOR RPTS

The bank recognizes that transactions between and among related parties create financial, commercial and economic benefits in the bank. In this regard, related party transactions are generally allowed provided these are done on an arm's length basis. The bank should exercise appropriate oversight and implement effective control systems for managing said exposures as these may potentially lead to abuses that are disadvantageous to the bank depositors, creditors, fiduciary clients, and other stakeholders.

To effectively manage the Related Party Transaction, the Board has set Php 2M materiality threshold aside from establishing Php 3M individual Ceiling and 25% of the equity account for aggregate Ceiling for RPT transactions. All transactions related to RPTs must be properly reviewed and approved by the Board of Director. All material RPTs shall be reported to the BSP within 20 days after the reference quarter. All those not meeting the materiality thresholds are not required to be reported to the BSP but are nonetheless subject to the approval of the Board of Directors.

The Bank normally manages RPT transactions initially by the Bank Officers by identifying RPT transactions based on the updated database of RPTs wherein relationships in the Bank and its DOSRI were already identified. So far, the common RPT transactions of the bank were Loan Transactions wherein they were treated as regular borrowers except for handling wherein the banks evaluated the loans strictly without special treatment since the BSP are firm on evaluating RPT and DOSRI transactions. RPTs related to loans were evaluated in accordance with the board approved loan processes, policies and procedures. All Related Party Transactions are subject to the approval of the Board of Directors.

The existing Related Party Transactions of the Bank are more on Granting of two Other Salary Loans and Two Commercial Loans totaling Ps830,000.00 with outstanding balance of Ps591,355.44to as of December 31, 2022.

SELF-ASSESSMENT FUNCTION

The Board of Directors annually conducts self-assessment on an individual basis. The result of individual self-assessment shall be reported to the board for further evaluation, especially assessment on the functions of the Board, Senior Management, Compliance and Audit.

Structure of Internal Audit Function

The Internal Audit Function of the Bank is an independent function and acted upon by the Internal Audit Department which is directly reporting to the Audit Committee then to the Board of Director. The Internal Audit Group is headed by the Audit Manager Maria Victoria A. Vega with the Audit Supervisor Gerald Rey T. Morada and with four (4) Audit Staff Omar Nathaniel Alpapara, Jeffrey B. Cabaltera, Jayther Pena and Harold Bryan Z. Aberia.

The Internal Audit Department is responsible to ensure that all bank transactions are properly audited and the same are complied with the Internal Control Processes and Policies of the Bank likewise ensure that fictitious transactions, irregularities, anomalies and fraud have no place in the Bank.

The Audit Committee ensures that the Internal Control System is strong at the same time Audit Manual and Program are approved by the Board and ensure that risk areas of the Bank are properly audited. The Audit Committee is also responsible for the selection of Internal and External Auditors and ensures that those are qualified in accordance with the standard and qualification set by the monetary Board. All Audit Reports are elevated to the Board for their information, further discussion and appropriate actions.

Structure of Compliance Function

The Compliance Function of the Bank is an independent function and acted upon by the Compliance Department which is directly reporting to the Board of Director. The Compliance Department is headed by the Chief Compliance Officer Solly Fatima D. Lagriada with the Assistant Chief Compliance Officer Sheilu Faye Y. Jimenez. All Bank Officers and Employees are considered compliance officers to ensure that compliance culture is present in the Bank. The Compliance Department is primarily responsible for the effective compliance with laws, rules and regulations issued by regulatory agencies.

The responsibilities of the bank's compliance function should be to assist senior management in managing effectively the compliance risks faced by the bank. Responsibilities carried out by staff in different departments are clear. The scope and breadth of the activities of the compliance function should be subject to periodic review by the internal audit function. Compliance should be regarded as a core risk management activity within the bank. Specific tasks of the compliance function may be outsourced, but they must remain subject to appropriate oversight by the head of compliance and must be with prior approval by BSP.

The Chief Compliance Officer is the lead senior officer for the purposes of administering the compliance program and interacting with the BSP on compliance-related issues. The principal function of the Chief Compliance Officer is to oversee the design of an appropriate compliance risk management system, promote its effective implementation and address breaches that may arise. The CCO shall also be responsible for ensuring the integrity and accuracy of all documentary submissions to the BSP.

DIVIDEND POLICY

The Bank declares dividends based on the available retained earnings but also considers the required capital accounts to maintain capital adequacy ratio within the industry level. The Bank also considered declaring dividends the level of retained earnings by ensuring that its value shall not be higher than the total paid capital. There are no dividends declared during the year.

CORPORATE SOCIAL RESPONSIBILITIES

Initiates community-oriented projects including charitable causes and social involvement in organizations and clubs.

- a) Member of Rural Bankers Association of the Philippines
- b) Member of Bicol Federation of Rural Banks
- c) Member of Camarines Norte Bankers Association

Promotes environmental awareness and commitment to the green programs of the community.

- a) Not lending to clients who are involved in illegal mining activities.

Participates in fundraising campaigns and community development programs.

- a) Servicing distribution of Conditional Cash Fund Transfer for 4P's Beneficiaries.
- b) Sponsorship for fund raising activities of LGUs.

CONSUMERS PROTECTION PRACTICES

The RURAL BANK OF PARACALE (Camarines Norte), INC. and its Board of Directors, Officers and Employees fully support the policy of the State to protect the interest of the consumers, promote their welfare and to establish standards of conduct for the Rural Banking industry.

The Financial Customer Protection (FCP) framework shall be the guiding document of the Bank to deliver the required level of fair treatment, honesty, transparency and commitment with the Bank's customers.

The Bank assumes full responsibility to give to our clients the best services that are aligned with the existing rules and regulations as prescribed by the BSP and other government regulatory agencies such as Deposit-Related Laws and Regulations, Credit-Related Laws and Regulations, Electronic Banking-Related Regulations and other applicable laws and regulations. Any changes, subsequently issued by the BSP, in the existing consumers protections guidelines would also be supported by the Bank.

Role of the Board and Senior Management in Developing Consumer Protecting Strategy and Establishing Effective Oversight over Consumer Protection Programs

It is the responsibility of the Board of Directors and Senior Management to develop strategies and establish effective oversight over its Consumer Protection Programs. To this end, the Bank embraced a culture of transparency and fair dealing with all its clients. It likewise maintains the confidentiality of client information, and actively informs its clients of their rights and recourse should they have any complaints or concerns. The Head CAO reports to the Board of Directors on a monthly basis on any complaints received by any of the Bank. The Head CAO reports become the basis for policy formulations and re-alignments, if necessary. The Head CAO is also responsible in the preparation of the Quarterly Report to BSP.

Consumer Protection Risk Management System

The Board is likewise committed to ensure that those directly responsible for implementing the Consumer Protection Risk Management System (CPRMS) have authority and independence in the course of its function. The Board ensures that there is a periodic review of the CPRMS, and that prompt corrective action is taken should there be any weakness in the CPRMS of the bank. The Bank's commitment to enforcing its Consumer Protection Framework can be gleaned from its continuous training and education of its officers, employees, and staff which aims to reduce risks of non-compliance with policies and procedures that would violate financial consumers' rights. The training of RBP staff, as well as the dissemination of information pertinent to consumer protection, encompass consumer protection standards, which includes, among others, disclosure and transparency, fair treatment, protection of client information, effective recourse, as well as financial education and awareness. All RBP Personnel are enjoined to embody the ideals of truth, integrity, and fair dealing in all of their interaction with clients. All bank transactions follow Standard Operating Procedures as far as Financial Consumer Protection is concerned.

Consumer Assistance Management System, Policy and Procedures

The Board of Directors, with the input of Senior Management, sets the goals and oversees the implementation of the Consumer Assistance Management System (CAMS) of the Bank. The head CAO implements the consumer assistance policies and procedures of the bank. The respective Branch Bookkeepers are the designated Consumer Assistance Officers (CAO) in each of the RBP Branches and the Branch Lite Units and the HRO is designated as Head CAO and they submit consumer complaints/inquiries when it arises, depending on the complexity of the concern, and in accordance to the Board-approved Consumer Assistance Process and Timeline of the bank. Should the client have an inquiry, concern or complaint, he may directly proceed to the CAO in the branch, and it will be elevated to the Head CAO accordingly. Depending on the nature of the concern or complaint, due process and investigations will be conducted. The findings and recommendations of the Head CAO will be elevated to the Board for appropriate action, if necessary. All concerns and complaints shall be acted upon judiciously and without unnecessary delay, ensuring due process

For simple cases, the bank must be able to communicate its resolution to the concerned parties/client within 7 working days from receipt of the complaint and reply shall be issued within 2 days after resolution is completed. For complex cases, the bank has up to 47 days from receipt of the complaint to communicate its resolution. The Bank has trained its CAO and all personnel on the necessary documentation and reportorial requirements. The Head CAO summarizes the monthly reports from the CAO and submits the necessary reports to the BSP. The Head CAO likewise reports to the Board of Directors any Consumer inquiry or complaint during the monthly Board Meetings, if there is any.

SUSTAINABLE FINANCE FRAMEWORK

Your bank together with the BSP recognizes that climate change and other environmental and social risks pose financial stability concerns considering their significant and protracted implications on the bank's operations and financial interest. We will pursue sustainable and resilient growth by enabling environmentally and socially responsible business decisions consistent with the aspirations set out for the Filipinos under the Philippine Development Plan.

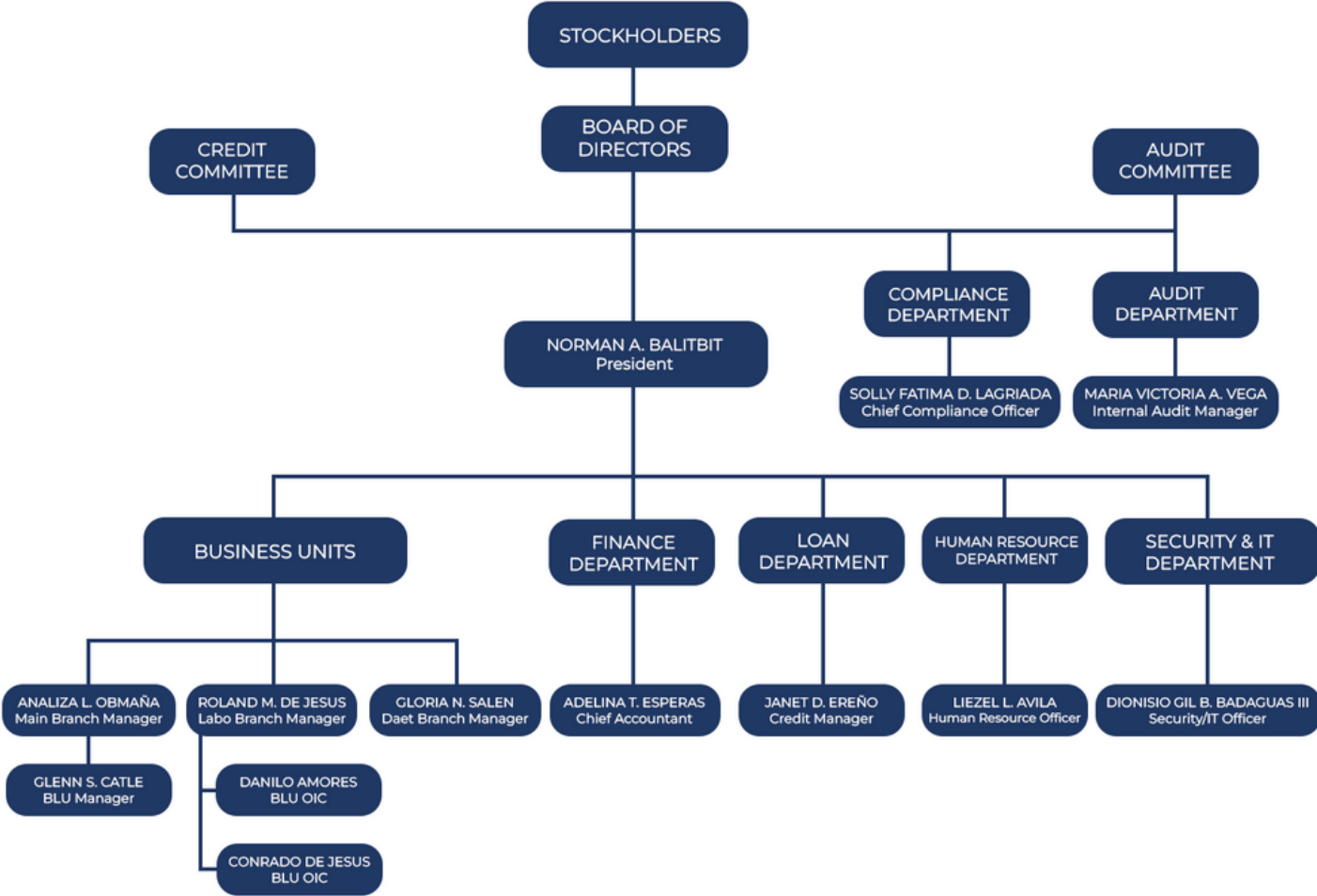
The following sustainability principles are at the core of our business and emphasize the bank's commitment to environmental and social responsibility.

1. We commit the balancing of economic success with environmental and social responsibility
2. We identify and address the environmental and social impacts of our business activities.
3. We foster business that enables sustainable growth.
4. We are guided by internationally recognized principles and standards.
5. We ensure that our sustainability strategy is firmly grounded in robust governance policies and processes.
6. We encourage transparent communication and open dialogue with stakeholders.

RBP is setting a modest target of Ps20M for its SME loan portfolio of sustainable investments/financing by 2024 that will sustain granting of loans directed to this framework.

Corporate Information

Organization Structure



List of top 10 Stockholders of the Bank as December 31, 2022

	Name	Nationality	% of Share	Voting Status
1	BALITBIT, NORMAN A.	Filipino	8.74%	393,345
2	LAMADRID, JERON C.	Filipino	6.98%	313,938
3	FULONG, OSCAR C.	Filipino	6.51%	292,734
4	LIM, GINA H.	Filipino	5.24%	235,584
5	FRIAS, FRANCIAS S.	Filipino	4.69%	211,032
6	LAMADRID, VICTORINO JR.	Filipino	3.69%	166,212
7	QUIJANO, LASARA F.	Filipino	2.51%	113,013
8	FRIAS, BENJAMIN	Filipino	2.43%	109,161
9	ROY, GRACE H.	Filipino	2.40%	107,856
10	LIM, JOSEPH I.	Filipino	1.77%	79,434

List and Description of the Products and Services Offered

Loan Products

Agrarian Reform Credit	Loans granted to beneficiaries of agrarian reform, namely: tillers, tenant farmers, settlers, agricultural lessees, amortizing owners, owner-cultivators, farmers, cooperatives, and compact farms, as stated in P.D. No. 717
Hog Fattening Loan	Loans granted to farmers who are hog raisers with at least two (2) years' experience in hog fattening and an available pig pen.
Rice Production	Loans granted to farmers to be used for cultivation and planting expenses for one (1) cropping season.
Motorcycle Loans	Loans granted to individuals for the acquisition of motorcycles primarily for personal use.
Auto Loans	Loans granted to individuals for the acquisition of automobiles primarily for personal use.

List and Description of the Products and Services Offered

Loan Products

Honorarium Loan	Loans designed for Sangguniang Barangay Officials in both elective and appointive positions.
LGU Loans	Offered to all LGU officers and employees, either permanent or by job order of certain municipalities. It should be covered by a Memorandum of Agreement.
Teachers Loan	Loans granted to all qualified public and private school teachers under the Department of Education to address their credit needs.
Other Salary Loan	Loan offered to all permanent employees of the GOCC and other private companies within the province.
OFW Loan	Offered to all OFWs or beneficiaries who received remittances through bank issued ATMs, Passbooks, and other remittance channels.
Bonus Loan	Offered to LGUs and teachers who received mid-year and year-end bonuses as mandatory incentives from the Government.
Pension Loan	Loans offered to all clients who received pensions from SSS, GSIS, and PVAO through a bank issued ATM or savings account passbook.
Emergency Loans	To finance the emergency needs of MFLP borrowers.
Housing Loan	Loan proceeds will be used for repair and maintenance of the house of the MFLP borrowers.
OPL with Real Estate Mortgage (REM)	Loans granted to individuals to finance household needs and other personal consumption purposes. These loans will be covered by REM.
Commercial Loan	Loans granted to borrowers engaged in business related activities but not qualified under the SME loan product of the bank.
Regular Vendors Loan	Loans granted to merchants in the form of short term loans.
Vendors Seasonal Loan	Loans granted to merchants to address their immediate needs, especially during peak seasons.
Van loan	Loans extend to individuals to finance PUVs with franchises on LTFRB.

List and Description of the Products and Services Offered

Loan Products

Van loan	Loans extend to individuals to finance PUVs with franchises on LTFRB.
Truck Loan	Extend credit to businessmen who want to purchase trucks for trucking businesses.
Bridge Financing and Short-Term Contractors Loan	Involving borrowers of Land Bank approved loan accommodations and Land Bank endorsed short term loans.
Construction Loan	Contractors within the bank territory whose entered into contract agreements with the Government.
Credit Lines	Loans extend exclusively to merchants with total assets of above 3 million in the form of revolving credit facilities.
Micro Finance Loan	Loans to individual with existing or start up small businesses.
E- Micro	Loans to individual borrower to enhance their small businesses.
Micro Finance Plus	Loans granted to borrowers who have a track record of at least two microfinance loan.
Gadget Loan	Loans to finance the purchase of electronic gadgets.
Gold Pawning	Loans to serve the working capital of gold trading business in Paracale during lockdown which did not allow them to sell their gold and liquefy their gold inventory and secure funds to continue their buying activity.

List and Description of the Products and Services Offered

Savings Products

Regular Savings Deposit	Deposit with an average daily balance of P1,000.00 and above shall earn interest of .5% per annum. The interest shall be credited to the account quarterly. A tax equivalent to 20% of the interest earned shall be withheld at time of interest payment. In case of Micro Deposit, no minimum maintaining balance and is not subject to dormancy charges.
Kaibigan Savings Deposit	Deposit with an average daily balance of P500.00 and above shall earn interest of .25% per annum. Maximum balance should not be more than 100,000.00; if the balance exceeds it shall be converted into the Regular Savings Account. The interest shall be credited to the account quarterly. A tax equivalent to 20% of the interest earned shall be withheld at time of interest payment.
Special Savings Deposit	Interest rate and term is based on the approved matrix that will vary according to amount and term of deposit. Interest on special savings deposits may be paid upon withdrawal on maturity, however those clients with long term deposits may be paid interest on monthly, quarterly, semi-annually provided approved by BOD. A tax equivalent to 20 % of the interest earned shall be withheld at time of interest payments.
Pilit Impok	Compulsory savings deposit of Microfinance Clients.

Micro Insurance

CB Kalinga	is a Group Yearly Renewable Microinsurance product of Country Bankers Life Insurance Corporation with the RBP as Microinsurance Agent duly authorized by the BSP.
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BANK'S WEBSITE

www.rbparacale.ph

The screenshot displays the website for Rural Bank of Paracale (Camarines Norte), Inc. The header includes the bank's logo and name, along with the tagline "Ang Bangkang Subik at Tapat sa Pagtitingkad". A navigation menu lists Home, Deposit Products, Loan Products, About Us, and Contact Us. The main content area features a "GADGET LOAN" promotion with images of a tablet, laptop, monitor, and smartphone. The loan details are: Rural Bank of Paracale (CN) Inc is now offering this kind of loan to finance the purchase of electronic gadgets with low interest rate. Gadget Loan is a loan package intended for borrowers of the Micro finance and Regular loan with good repayment records and and new client with good credit standing within the community. Loan amounts range from 5,000 to 30,000 Pesos, with terms from 3 months to 1 year and repayment options of Weekly or Monthly.

Below the promotion is a "Welcome to Our Website!" message and a "Services" section. Under "Lending", there are three featured services:

- Microfinance Loan:** Loans granted to the poor and low-income households for their microenterprises and small business. Micro is designed for individual borrowers which will offer an additional capital to enhance and finance need. MICRO+ borrowers will qualify on this product. MICRO+ borrowers shall have a track record of at least two microfinance loan.
- Agrarian Reform Credit:** Loans granted to borrowers who are not beneficiaries of agrarian reform but engaged in agricultural related activities relating to processing, marketing, storage and distribution of products.
- Gadget Loan:** Rural Bank of Paracale (CN) Inc is now offering this kind of loan to finance the purchase of electronic gadgets with low interest rate. Gadget Loan is a loan package intended for borrowers of the Micro finance and Regular loan with good repayment records and and new client with good credit standing within the community.

Under "Real Estate", there is a brief description: Real estate is a class of "real property" that includes land and anything permanently attached to it, whether natural or man-made. There are five main categories of real estate: residential, commercial, industrial, raw land, and special use. You can invest in real estate directly by purchasing a home, rental property or other property, or indirectly through a real estate investment trust (REIT).

At the bottom, there are four promotional tiles:

- HOLD OUT ON DEPOSIT:** Hold out on Deposits Loans to individual against their Time...
- PENSION LOAN:** Pension Loans
- RBP BAGS HALYAO AWARDS 2017:** RBP BAGS HALYAO AWARDS 2017
- CANORECO BILLS PAYMENT IS NOW AVAILABLE IN RBP:** CANORECO BILLS PAYMENT IS NOW AVAILABLE IN RBP

LIST OF BANKING UNITS

	OFFICE	LOCATION	CONTACT NO.
1	Corporate Office	2nd Floor, RBP Building, San Antonio Street, Brgy. Poblacion Norte, Paracale, Camarines Norte	054 603 2994
2	Main Branch Office	Ground Floor, RBP Building, San Antonio Street, Brgy. Poblacion Norte, Paracale, Camarines Norte	054 605 0519
3	Labo Branch Office	Maharlika Highway, Brgy. Kalamunding, Labo, Camarines Norte	054 212 0082 054 605 0364
4	Daet Branch Office	Vinzons Avenue, Brgy. V, Daet, Camarines Norte	054 212 0084 054 603 3026
5	Jose Panganiban Branch Lite Unit	P-5 Brgy. South Poblacion, Jose Panganiban Camarines Norte	054 603 3036
6	Calauag Branch Lite Unit	Arguelles Street, Brgy. Poblacion, Calauag, Quezon	042 731 6305
7	Tagkawayan Branch Lite Unit	Eleazar Street, Brgy. Poblacion, Tagkawayan Quezon	042 731 6390

COMPLIANCE WITH APPENDIX 62 OF THE NEW MORB -DISCLOSURE IN THE ANNUAL REPORT AND PUBLISHED STATEMENT OF CONDITION

Risk Based Capital Adequacy Framework	2022	2021
Tier 1 Capital and Breakdown		
Paid up Common Stock	50,000,000.00	50,000,000.00
Retained Earnings	32,269,169.66	27,684,929.50
Undivided Profits	4,344,138.00	4,045,786.00
TOTAL TIER 1	86,613,307.66	81,730,715.50
Tier 2 Capital and Breakdown		
General Loan Loss Provision	2,784,458.23	2,365,005.69
TOTAL TIER 2	2,784,458.23	2,365,005.69
Deduction from Tier 1 and Tier 2 (50%)		
NONE		
Total Qualifying Capital		
TIER 1 Capital	86,613,307.66	81,730,715.50
TIER 2 Capital	2,784,458.23	2,365,005.69
TOTAL Qualifying Capital	89,397,765.89	84,095,721.19
Capital requirements for Credit Risk		
Risk Weighted On-Balance Sheet Assets	501,376,524.57	477,356,031.66
Capital requirements for Market Risk		
NONE		
Capital requirements for Operational Risk		
Total Operational Risk Weighted Assets	83,726,296.97	83,872,239.98
Total and Tier 1 Capital Adequacy Ratio (SOLO & CONSO)		
Capital Adequacy Ratio	13.25%	15.04%