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GRBANK

TRUSTED SINCE 1954



**"INNOVATING FOR A GREAT
BANKING EXPERIENCE"**

ANNUAL REPORT

**20
21**

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OUR VISION

To be the most trusted and preferred rural bank in the Philippines by delivering innovative products “Where Service is Best”, enriching our people with a sense of ownership and commitment, and optimizing share of our stockholders.

OUR MISSION

As a responsive and ethical banking institution which values integrity, good governance and professional excellence, we are committed to our customers and fully accountable to our shareholders, partners and employees by delivering optimal results with transparent and efficient management systems.

We are a bank known for its outstanding support and commitment to MSMEs (micro, small and medium enterprises), nurturing and transforming them into viable and competitive business entities.

At the heart of this endeavor is our desire to see the lives of those we serve ever more enriched and capable of contributing to the success of our country, thereby improving the lives of every Filipino.

OUR VALUES

- S** - Stability
- P** - Professionalism
- I** - Integrity
- R** - Responsiveness
- I** - Innovativeness
- T** - Transparency





CORPORATE PROFILE

In 1954, a group of 14 determined and strong-minded professionals and businessmen from Guagua, Lubao and Sta. Rita led by Mr. Esteban G. Lapid, Dr. Felix M. Coronel and Mr. Jose L. Carlos, Sr. pooled their resources to put up Guagua Rural Bank, Inc., now known as GRBank. It was **AMONG THE FIRST TEN RURAL BANKS** to be opened in the Philippines when the Bangko Sentral ng Pilipinas (then Central Bank of the Philippines) granted its Certificate of Authority on May 8, 1954. “Our founders handed down to us the values of prudence, integrity, and commitment to rural development, thus with **68 years** of existence, we aim to be a bank of value, not just a bank of success. Such values have proven their worth as we steadily grow in strength and stability.”

Now, GRBank is among the country’s largest banks in its category, a private solo rural bank, and ranks no. 4 largest rural bank in the country (in terms of total assets)*. It is an active and bona-fide member of the Rural Bankers Association of the Philippines, Confederation of Central Luzon Rural Banks (CCLRB), Pampanga Federation of Rural Banks (PFRB), and Pampanga Chamber of Commerce (PamCham). It is a certified partner of DA-ACPC, Philippine Guaranty Corp., Home Guaranty Corp., DBP and LBP. It is also a member of the Philippine Deposit Insurance Corporation (PDIC) and the Philippine Clearing House Corporation (PCHC).

GRBank provides a wide variety of products and services. It has lending services (corporate, consumer loans, agriculture, and MSMEs) that provides fast processing, flexible terms and affordable interest rates. It offers a variety of deposit products – savings, current, special savings, dollar savings and basic savings deposit accounts. Aside from deposits and loans, the bank continues its advocacy of supporting the local MSMEs by providing a one-stop-shop facility by offering other services under GeRBilis – fund transfers, remittance, utility bills payments and ATM/POS withdrawals. GRBank is known for its image of friendly, caring aimed to provide personalized service to its clients. It is likewise active in social media using GRBank Facebook Page and its website, www.grbank.com.ph, which aim to provide more information about the bank. All 25 branches, located all over Central Luzon, with one in Quezon City, are well equipped to achieve operational efficiency in the delivery of its services. With the Vision to become the most preferred rural bank in the Philippines, GRBank continues to innovate and reach out to the underserved communities of the country.

During its 60th year, the bank launched its “**Empowering MSMEs, Enriching Pinoy Lives**” Program that aims to provide opportunities to micro-small-medium entrepreneurs. This program is also in line with the government’s call of bringing development to the countryside and achieving financial inclusion initiatives as well. GRBank’s MSME Program is a total package that includes financial literacy seminars, handled by the GRBank Academy, and offering credit facilities to micro, small and medium entrepreneurs, including farmers and fisherfolks, making sure they become competent businessmen.

GRBank’s core management is known to be one of the well-organized among rural banking institutions in the country today. The bank’s Board of Directors is composed of professionals with extensive experience and expertise in various fields – banking, accounting, finance, law, education, business, and marketing. Assisting the GRBank’s Board and management on its day to day operations are its highly qualified and competent officers and staff who are treated as “family” and are guided by these corporate concerns:

- Integrity
- Optimum financial Returns
- Stability over Profitability

*based on BSP website

2021 AT A GLANCE

STILL THE LARGEST RB IN CENTRAL LUZON

P 6.877 billion
Total Assets

P 1.154 billion
Total Capital

P 5.027 billion
Total Loans

P 5.335 billion
Total Deposits



Awards



Accreditation/Tie-ups/Partnerships/Other Projects



GRBANK ACADEMY (FINANCIAL & DIGITAL LITERACY CAMPAIGN)

CHAIRPERSON'S MESSAGE

Dear Shareholders,

It is with pleasure to share with you the highlights of GRBank's Performance for 2021.

The COVID-19 pandemic has caused people all over the world to make changes in their way of working and living.

GRBank was not spared from this, but we remained resilient to cater to the clients' needs in a safe environment.

Despite restrictions, your bank achieved a noteworthy above industry average of 13.19% return on equity while maintaining a high liquidity of 36% and providing better services for you.

We appreciate your loyalty with us throughout the years. Rest assured your bank will continue as your partners in the enhancement of your businesses and improve your families' lives.

Thank you for your continued support and stay safe!


Amanda L. Carlos
Chairperson



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PRESIDENT'S REPORT

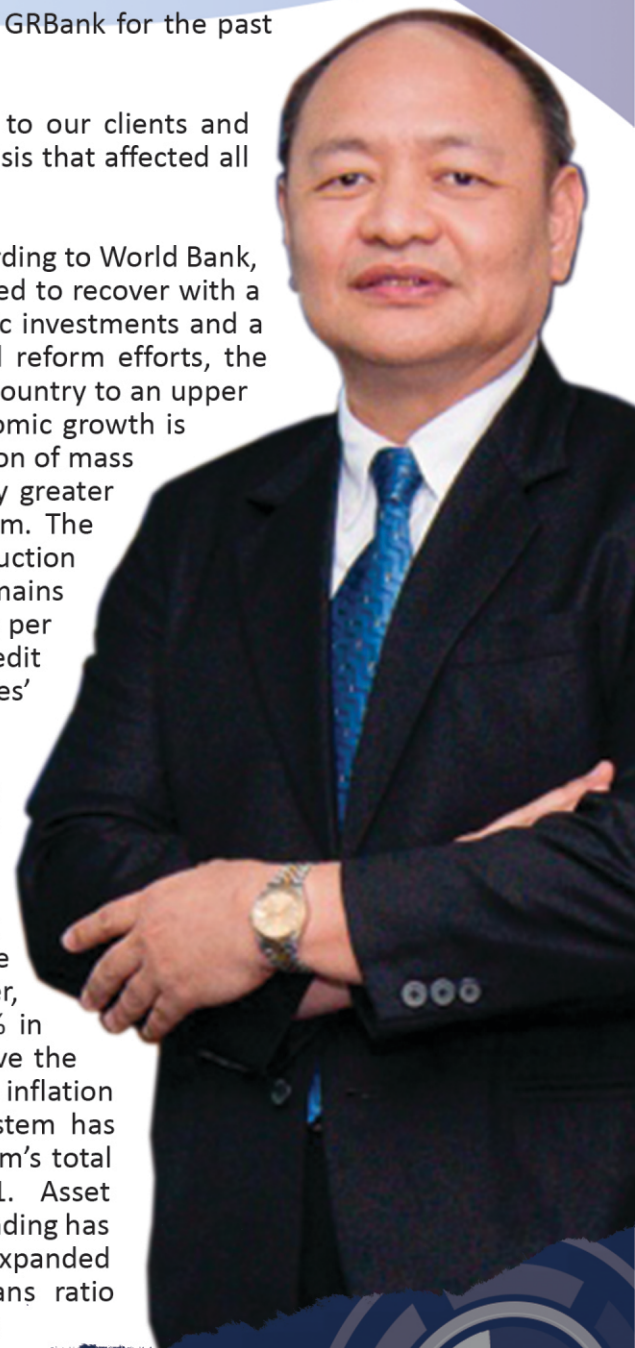
Dear Shareholders,

I appreciate this opportunity to convey to you the achievements of GRBank for the past year.

One of GRBank's main agenda for 2021 was to remain significant to our clients and shareholders as the country continues to face the challenges of this crisis that affected all countries, governments, businesses and families.

Let me walk you through how the economy was doing in 2021. According to World Bank, though growth significantly contracted in 2020, the economy has started to recover with a 3.7% year-on-year expansion in the first half of 2021, buoyed by public investments and a recovery in the external environment. With continued recovery and reform efforts, the country is getting back on track on its way from lower middle-income country to an upper middle-income country with a higher per capita income range. Economic growth is expected to rebound assuming the containment of the virus, acceleration of mass vaccination pace and with more robust domestic activity bolstered by greater consumer and business confidence and the public investment momentum. The recovery is expected to have an overall positive impact on poverty reduction as well. According to Standard & Poor, the Philippine economy remains among the fastest-growing in the world on a 10-year weighted average per capita basis. At S&P Global Ratings, they continue to view this as a credit strength that underpins sovereign rating, affirming the Philippines' investment-grade BBB+ in May with a stable outlook.

In his speech to the Management Association of the Philippines (MAP) this January 2022, BSP Governor Diokno pointed out that the dawn of recovery has begun to emerge. He said that after five consecutive quarters of negative growth, the economy bounced back with growth of 12.0% on the second quarter of 2021 followed by 7.1% in the third quarter. Labor conditions have improved, with the unemployment rate declining to an 11-month low of 6.5% last November, from the peak of 17.6% in April 2020. Inflation decelerated to 3.6% in December, which brought the average inflation for 2021 to 4.5%, above the official target range of 2.0 to 4.0%. For this year and the next, we see inflation easing back to within the target range. The Philippine banking system has remained sound amid the COVID-19 pandemic with the banking system's total resources growing by 6.6% to P 20.1 trillion as of end-October 2021. Asset expanded by 8.6% to P 15.6 trillion, funded mainly by deposits. Bank lending has improved, as of end-October 2021, banks' total loan portfolio expanded year-on-year by 3.3% to P 11.0 trillion, while non-performing loans ratio remained manageable at 4.4% over the same period. Banks likewise



PRESIDENT'S REPORT

remained profitable, recording an annualized net profit growth of 8.5% last year. Capitalization remained ample, with the capital adequacy ratio staying well above the BSP's 10% minimum requirement, and liquidity buffers stayed sufficient.

In the last two years, your bank has demonstrated strength in steering through challenging circumstances. The balance sheet of the Bank has been strengthened substantially and risk management practices have focused on generating sustainable and stable growth in business. The steps taken have enabled the Bank to emerge more dynamic and this reflects in the 2021 performance.

In 2021, growth in the Bank's core operating profit was healthy and the capital and liquidity position remain strong. We had an astonishing net income of P 154.7 million which translated to a favorable Return on Equity (ROE) of 13.19% compared to 12.29% of last year, while the RB Industry posted an average ROE of 6.72%.

GRBank's Total Loan Portfolio (TLP) grew to P 5.03 billion or an almost 15% increase from the previous year; the P 647.6 million increase on loans translates to a 17.40% increase since the pandemic outbreak last March 2020. In comparison to other Rural Banks and even Universal and Commercial Banks, the 17.40% growth is way better than their 9.19% and -1.01% respectively during the same period. Your bank was able to maintain its single digit Past Due Ratio of 9.39% as compared to the RB industry's 17.17%.

Total Deposits increased to P 5.34 billion, which is 13.47% higher than year 2020 with an increase of P 633.5 million, while maintaining a high liquidity ratio of 36%. GRBank's deposits has been better than its peers compared to the RB Industry and Universal-Commercial Banks which had an increase of 10.85% and 4.49%, respectively. The Bank's Total Assets rose to P 6.88 billion or an astounding 12.8% increase. This retains your bank's spot as the 4th largest rural bank in the country in terms of total assets, as of Sept. 30, 2021. Towards the end of 2021, GRBank's Board of Directors declared a P 190 million worth of cash and stock dividends. Total Capital is at a handsome P 1.15 billion. Despite the dividends declaration, the bank's Capital Adequacy Ratio is still healthy at 18.93% which is way above than the BSP threshold of 10%.

Aligning with BSP's Digital Payments Transformation Roadmap, the bank also embarked in this journey towards providing our clients with digital streams to remain significant and competitive. We started the year by being a member of the PPML and operating together with other commercial and universal banks in the PesoNet ACH. GRBank depositors can now transfer funds to their GRBank accounts from other banks. As we transition to the new core-banking system, we expect to launch our own platform, this 2022, so clients can do transfer both ways and soon pay their bills without the hassle of long queues. Yet, we still find it important to reach out to communities and care for those who are looking for the traditional banking services, so we still look forward to opening more branches in the future as approved by the BSP. We remain to be responsive as we continue with our social responsibility to provide financial literacy to our MSMEs through our GRBank Academy's webinars - personality development, basic taxation, handling your finances and learning the basics of accounting. All these and many more to help the owners of small businesses remain competitive.

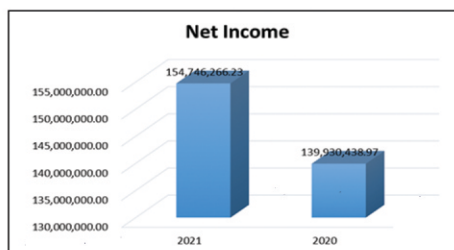
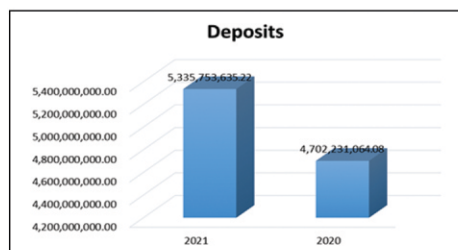
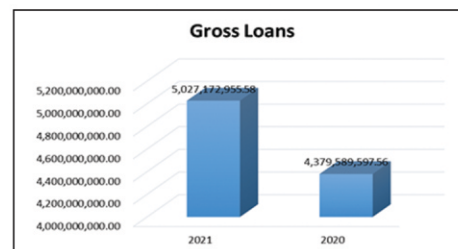
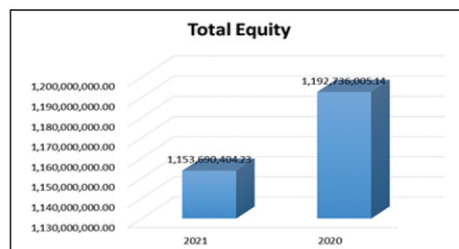
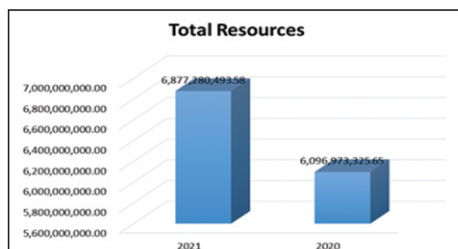
We are truly grateful to all our stakeholders, clients, partners and friends for supporting us and we look forward to commemorating our 68 years with you. Your bank has remained resilient, adaptable and innovative while remaining grounded to our founders' values which are keys to our success. We would like to thank our dedicated and loyal officers and staff for in these extraordinary times, our frontliners have been our new heroes who, despite the risks, continued to provide excellent services to cater our clients' financial needs. And thank you to our hardworking Board of Directors and Management for stirring the bank to where it is today.

Kudos to us all for God's grace is always with us!


Jose Antonio Blas L. Carlos
President & Chief Executive Officer

FINANCIAL SUMMARY / FINANCIAL HIGHLIGHTS

Minimum Required Data	Parent Bank (Solo)		
	Current Year (2021)	Previous Year (2020)	CHANGE
Profitability			
Total Net Interest Income	347,156,919.46	287,720,647.37	20.7%
Total Non-Interest Income	40,196,148.81	45,309,697.11	-11.3%
Total Non-Interest Expenses	225,360,401.97	185,322,317.59	21.6%
Pre-provision profit	161,992,666.30	147,708,026.89	9.7%
Allowance for credit losses	298,656,091.71	233,448,802.25	27.9%
Net Income	154,746,266.23	139,930,438.97	10.6%
Selected Balance Sheet Data			
Liquid Assets	1,920,235,424.95	1,699,783,386.19	13.0%
Gross Loans	5,027,172,955.58	4,379,589,597.56	14.8%
Total Assets	6,877,280,493.58	6,096,973,325.65	12.8%
Deposits	5,335,753,635.22	4,702,231,064.08	13.5%
Total Equity	1,153,690,404.23	1,192,736,005.14	-3.3%
Selected Ratios			
Return on equity	13.19%	12.29%	
Return on assets	2.39%	2.37%	
Capital Adequacy Ratio	18.93%	21.23%	
Capital Structure and Capital Adequacy			
Tier 1 capital and a breakdown of its components			
Paid up common stock	505,221,600.00	505,221,600.00	
Retained Earnings	648,129,318.56	686,660,967.94	
Cumulative foreign currency transaction	9,888.45	(38,903.17)	
Tier 2 capital and a breakdown of its components			
General Loan Loss Provision	45,045,843.49	39,226,789.35	
Deduction from Tier 1(50%)	0.00	0.00	
Deduction from Tier 2(50%) capital	0.00	0.00	
Total Qualifying Capital	1,198,406,650.50	1,191,843,664.77	
Capital Requirements for credit risk	298,656,091.71	233,448,802.25	
Capital Requirements for operational risk	60,100,000.00	30,100,000.00	
Others			
Cash Dividends Declared	40,000,000.00	30,000,000.00	
Headcount			
Officers	62	63	
Staff	71	62	



Sr. EVP/COO's *Message*

2021 was a year filled with challenges for the banking industry as it tries to adapt to changes, and continue to provide banking services to its clients. GRBank upholds its commitment to always be by its customers' side and support the national economic recovery process. The Bank proactively provides support to its borrowers by offering them flexible schemes tailored to different needs.

Continuous support to the bank's digitalization project, complemented by strong corporate branding, has delivered an encouraging outcome during the transition towards the new normal. This is reflected in the significant increase in the number of customers and strong growth in deposits, loans and GerBilis services.

Despite the challenges, the bank took the opportunity to start its transformation and strengthen GRBank's business capabilities. Owing to the support of its customers, regulators and all stakeholders, the Bank has navigated this difficult time and delivered a satisfactory performance. In general, GRBank achieved its business targets due to the efforts of all GRBankers.



Elizabeth Carlos-Timbol
Senior Executive Vice President/
Chief Operating Officer



Highlights of Operations

Alongside the nation and the banking sector, GRBank has proudly attained comprehensive results on many aspects, satisfactorily fulfilling the mission as one of the leading rural banks in the Philippines while prudently conducting measures to combat the effects of the COVID-19 pandemic and helping clients to overcome hardships, playing a part in the economic recovery, at the same time making sure that operations were continuous, secure and effective.

BRANCH BANKING GROUP

As of 31 December 2021, deposit reached P 5.34 billion, increasing P 633.5 million, a growth of 13.47% from last year.

GeRBilis, the bank's other financial services platform, recorded more than 100,000 transactions this year when it was officially launched in January 2021. GeRBilis offers ATM withdrawal, Fund Transfer Facility, Payment Services and Remittances, this includes PesoNet and Philpass Plus.

GRBank likewise rolled out in 2021 are 6 ATMs, through the ATM Piggybacking partnership with DBP, located strategically in GRBank's branches - Betis, Porac, Mexico, AC Friendship, Magalang and its Main Office. Two (2) more ATMs are in the pipeline and will be installed in 2022.

LENDING

In 2021, GRBank continued to follow the direction of the government and the BSP, promptly promulgating policies to support customers affected by COVID-19. Lending revenue is maintained steadily, contributing to the continued growth of the Bank's business, overcoming difficulties and challenges.

Outstanding loans as of 31 December, 2021 was P 5.027 billion, an increase of P 647.6 million compared to 31 December 2020. Achieving the growth objectives of 14-15% as set by the Board of Directors and meeting the demands of the bank's lending initiatives and develop customers' production and business hopes for a victorious 2021 for all. Amidst the many challenges brought about by the COVID-19 crisis, the bank continued its lending operations with simple loan procedures, especially to the MSMEs, to help businesses to thrive and survive thus contributing to the country's economic recovery.

In addition, GRBank applied multiple solutions to actively assist customers who encountered difficulties in their business activities due the pandemic and natural disasters while closely monitoring these accounts to control the bank's credit risks. This is always an effective tool which was again proven as the bank was able to maintain its past




Grace Carlos Glorioso
Senior Vice President –
Admin/Operations



Highlights *of Operations*

due ratio at a single digit of 9.39% as of year-end of 2021. The bank was likewise able to dispose of foreclosed assets and decreased ROPA by P 16 million.

GRBank continued to effectively implement the programs of ACPC of the Department of Agriculture and has released funds to a total of 1,536 beneficiaries for the SURE Covid-19 ANYO, KAYA, SURE TYPHOON and SURE HOGS to help farmers, fisherfolks and agri-businesses to recover from pandemic and natural calamities. The Bank also has a tie-up with Philippine Guarantee Corporation for SME Credit Guarantee Facility, Home Guarantee and DBP for MSME recovery program.

TREASURY

GRBank has continuously positioned itself for increased balance sheet strength throughout the past 67 years, with its organic growth and well selected branch expansions. It now has 25 branches to serve your financial needs, and growing. Enjoying a high liquidity rate of 36%, GRBank has managed to optimize its liquidity, achieving a balance between a good return on equity and remaining very solid and stable. The Treasury department has always managed the bank's cash, investments, and other financial assets well, thus enabling the bank to achieve its financial targets for 2021.

BUSINESS DEVELOPMENT

GRBank has embraced the technological revolution and focused on overcoming the challenges towards its digitalization projects.

For the Business Development team, 2021 was a crucial year as it was tasked to deliver the best service to clients based on information technology while practicing social distancing and observing health protocols as dictated by the slogan "Where Service is Best".

In January 2021, GRBank was granted a membership with the PPMI and PesoNet to support the BSP's National Retail Payment System modernizing retail payments for the benefit of consumers in a safe, efficient and reliable way. GRBank clients are now able to transfer funds, on-line, from other banks to their GRBank accounts.

Access to cash for many is remaining essential during lockdowns. Given this, aside from PesoNet, ATMs are playing an equally crucial role in ensuring that clients have access to cash and other services. The BusDev also lead in the success of GRBank's partnership with DBP's ATM Piggybacking program where eight (8) machines will be installed in the most strategic branches of GRBank.

The biggest project of the BusDev is the migration to a new cloud core-banking system, as approved by Board of Directors. This objective aims to cater the digital demands of the Bank's clients and to maximize collaborations and interfaces with other Fintechs, Billers and Merchants using the application program interface (API). This shall likewise improve the way things are being done in the whole operations of the bank - retail deposits, lending, accounting and finance, in terms of procedures and policies that will improve the risk management of the bank.

Looking forward, in 2022, with the success of the final migration and go-live production of the new cloud-based system, GeRBilis shall be transformed into a more sophisticated platform offering digital banking services to GRBank customers. The BusDev team continues to innovate as it attempts to provide seamless digital transactions for enhanced customer experience.

HUMAN RESOURCES

In 2021, GRBank focused mainly on the safety and health of its employees and continued with its professional training programs adjusting to the pandemic situation.

The safety and health of our employees remain the bank's priority and with the help of different institutions like the PFRB, PamCham, different LGUs, and the Provincial Government of Pampanga, all employees were vaccinated in 2021. In 2022, the bank aims to have all employees protected with the booster shot to safely serve the customers better without any worries.

The GRBank Academy continues to educate the bank's workforce to enhance their skills and competencies to fulfil their duties better and thus provide better service to clients. Webinars on risk management, sustainable finance, strengthening audit and compliance, digital roadmaps, to name a few, also provided them additional knowledge to enhance their efficiency and effectiveness thereby coming up with improved bank policies and procedures.

In 2022, HR will continue to provide guidance, empowerment, and support to all the employees to motivate and strengthen their morale for GRBank believes that happy employees make happy customers. Also, the HR will enhance its recruitment policy on the basis of assessing the manpower complement by the size of a branch aligned to the strategies of the bank, and its succession policy ensuring successors are chosen and prepared for positions where they are fit according to their competencies.

MARKETING AND SOCIAL MEDIA

2021 was a year of innovating GRBank's digital presence. An all-new website was launched earlier in the year, featuring GRBank's latest news, products, and services. On the social media front, GRBank maintains a strong regional presence on Facebook, while it has a growing base of followers in additional platforms like Instagram, Twitter, LinkedIn and Youtube. This way, we are better able to reach our clients and provide them with the information they need.

In collaboration with Business Development and Operations, several projects materialized like the PESONet accreditation, expansion of GeRBilis, GRB Anniverary Week, ATM Installations, GeRBie Viber stickers, Vaccination Drive, and the GRBank Academy.

The Financial and Digital Literacy Campaign of GRBank Academy has also sponsored a number of webinars and partnered with several institutions covering topics like: Financial Literacy (DTI), Basic Taxation for MSMEs (BIR), Managing Personal Finances (Pisobilities), and Basic Accounting for MSMEs.

Through these efforts, GRBank garnered prestigious awards in 2021: MaDiskarteng Kabalikat Award (RCBC) and Best Choice Trusted Bank Services Provider (Netizen's Best Choice Awards).

RISK MANAGEMENT

GRBank believes that its business strategies and objectives entail risks. Managing the risk can be more than just protecting the value by avoiding the downsides; it can actually help create value by taking advantage of uncertainty and opportunity to maximize gains and improve the bank's competitive position. The bank is likewise influenced by the developments of the external environment in which it is called to operate, as well as by its internal organization, procedures and processes. The board is aware and is therefore apt in aligning with the BSP's thrust of promoting the adoption of effective risk management systems to sustain the safe and sound operations of the bank to protect the interest of all stakeholders.

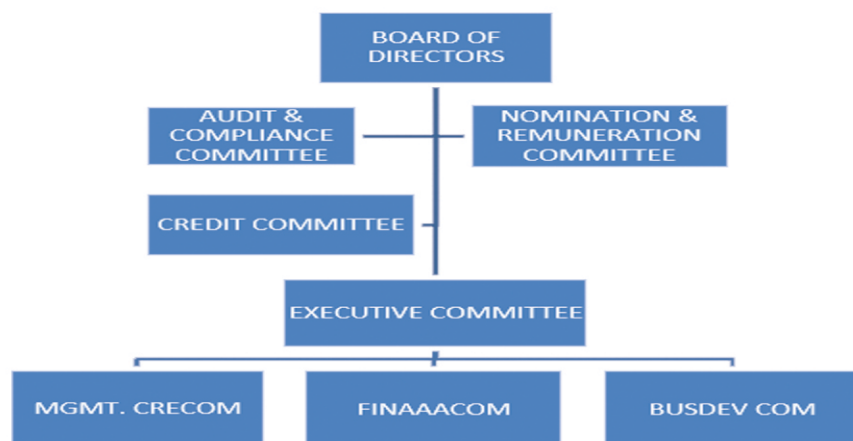
OVERALL RISK MANAGEMENT CULTURE AND PHILOSOPHY

Risk Management principles and directives set by the BSP have been the guiding tools of GRBank to manage and mitigate the risks involved pertaining to the implementation of its strategic plans. Formulation of internal policies as approved by the Board to mitigate the different identified risks such as operational, credit and liquidity, are also implemented. Regular training and seminars are provided to increase the awareness of the potential risks involved in the execution of routine processes. Inculcation and embodiment of integrity, transparency and prudence in the day-to-day operations involving all members of the organization are all part of the measures being taken to enhance opportunities, reduce threats and gain competitive advantage.

RISK APPETITE AND STRATEGY

To ensure a strong financial position, the bank ensures to carry out its value of integrity, transparency and efficient management systems and live up to its vision of becoming the most trusted and preferred rural bank in the country. GRBank also sees to it that stability is not compromised over profitability and adequate capital ratios are maintained. Credit and liquidity risks are well monitored and within approved-limits of the Board. Risks are managed well by policies and procedures to ensure internal control. The foregoing which are given emphasis, are part of the Banks goals and plans as written in the Bank's strategic map.

BANK-WIDE RISK GOVERNANCE STRUCTURE



AREAS OF RISK

- Operational**
 - Strategic
 - Market
 - Reputational/Social
 - AML
 - Succession
 - IT
- Credit**
- Financial**
 - Liquidity
 - Interest Rate
- Compliance**
 - Reportorial

To sustain safe and sound operations, GRBank has adopted a suitable structure where the Board of Directors is responsible for the over-all formulation and management of an effective risk management system. It regularly reviews the entire risk management process and takes responsibility for all risks taken. The different board and management committees tasked by the Board are responsible for the oversight of the different risks inherent to the bank and to monitor the systems to ensure proper allocation of resources. The Audit & Compliance Committee is responsible for the oversight of the financial reporting framework, monitoring and evaluating the adequacy and effectiveness of internal control system and the internal audit function and compliance function. The Nomination and Remuneration Committee assists the Board in fulfilling its duty in the nomination, remuneration and election of directors. The Credit Committee is responsible for approving credit-specific transactions and monitors the credit risk limits and other credit risks. It oversees the proper implementation of credit policies and procedures together with the Mgmt. Crecom. The Executive committee is responsible for the day to day operations of the bank, including approval of loans within their level of authority, and oversees the following risks the operational and financial risks assisted by the FinAACom and the BusDev Com.

RISK MANAGEMENT PROCESS

The establishment of the different committees and their respective duties is attributed for the continuous improvement in the management of the Bank's risks. Among others, these committees/departments shall regularly perform risk monitoring activities, in order to promptly detect deficiencies in the policies, procedures and processes, and propose controls and other corrective actions. All units of the Bank shall conduct self-assessment exercises of the specific risks inherent in their activities, including their identification and assessment with regard to their frequency of occurrence and materiality, and shall report the identified events to the Execom. This shall allow the Bank to identify changing risks upon their occurrence and respond to them promptly.

Although known to be proactive when it comes to business opportunities, GRBank ensures that it carries out prudent financial management practices and principles at all times. During a new product approval process, the risk related to each new product, activity, process and system, or their amended versions, will be identified and assessed, and mitigating controls will be established. The same shall be done for expansion initiatives and IT infrastructure enhancements. Insurance policies may be used to confront losses which may occur as a result of events such as third-party claims resulting from errors and omissions, employee or third-party fraud and natural disasters.

AML GOVERNANCE AND CULTURE

The Bank's Manual on Money Laundering and Terrorist Financing Program, ensures to protect and preserve the integrity and confidentiality of bank accounts. It also ensures that GRBank shall not be used as a money laundering site for the proceeds of any unlawful activity, thereby contributing to the safety, soundness and integrity of the national banking and financial system. The Branch Banking Group and Credit Group, where customer front-end activities start, are responsible for the proper implementation of customer due diligence procedures including risk profiling. Both heads see to it that transactions are properly monitored while the compliance office sees to it that covered or suspicious transactions are reported properly. The Board shall ensure that oversight of the Bank's anti-money laundering and combating the financing of terrorism compliance management is adequate.



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STRUCTURE AND PRACTICES

GRBank's core management is one of the well-organized, committed and stable among rural banking institutions in the country today. Since banks operate mainly on the value of trust, GRBank is equally careful in maintaining its goodwill at all times. Given our present standing, we believe that GRBank has gained the trust and confidence of communities where we are present.

Combining the right balance of centralized and decentralized management, GRBank's top officers devote hands-on management style to provide crucial decisions.

GRBank practices good corporate governance in a broad umbrella concept, extending to all relationships between the bank and its shareholders, customers, employees, suppliers, regulators and other government institutions. The Board oversees the activities of the Bank and acts with utmost integrity and transparency and in accordance with the Bank's code of conduct to promote good corporate governance, increase public confidence, and seeing to it that the actions are in the best interests of the Bank and their own interest are put behind those of the Bank. The bank continuously improves its governance practices through yearly assessment and to align with regulations.

SELECTION PROCESS FOR BOARD AND SENIOR MANAGEMENT

The screening of new directors and senior management is the responsibility of the Board through the Nomination and Remunerations Committee. The Nom/Rem Com leads the process by evaluating the candidates as to the fit and proper rule of the BSP and aligns as well with the standards of the bank as to culture, integrity, experience and professionalism. They likewise see to it that candidates pass the qualifications set in Section 132 and 134 of the MORB and the bank's Policy on Nominations and Qualifications of Directors. Candidates that are recommended by the committee are approved by the Board. The candidates for Directors are presented for election and/or re-election of directors held during the Annual Stockholders' Meeting. Directors serve for one year until the next election.

CHAIRPERSON OF THE BOARD

The Chairperson provides the direction and leadership in the Board. She fosters trust and promotes a harmonious relationship within the board and with management and encourages healthy discussions that are constructive and beneficial for the growth of the bank. She encourages their continuous education and self-evaluation. She sets the tone of the bank's culture of professionalism and integrity, takes a lead role in ensuring that the Board promotes good governance, receives accurate, timely and relevant information and acts with prudence in the decision-making and effective execution of the strategic plans of the bank.

OVER-ALL BOARD RESPONSIBILITY

- ❖ The Board of Directors shall be ultimately responsible for setting the tone at the top and for the overall good governance and risk management, ensuring that risk appetites are within the limits set.
- ❖ It shall set the over-all strategies and goals of the bank and overseeing its proper implementation by the senior management.
- ❖ It shall oversee the full compliance of the Bank with the rules and regulations of regulators and other government institutions including provisions of the AMLA and its Implementing Rules and Regulations to protect all stakeholders of the Bank.

Each director assumes a position of trust and shall therefore see to it that he shall remain fit and proper for the position during his term, to act judiciously, honestly and in good faith and conduct business fairly, to devote time and attention in the proper discharge of duties and responsibilities. Significant contributions and independent judgment in the decision-making process is expected. Each director is expected to keep himself updated in matters important for the bank and shall observe confidentiality at all times. The Independent and Non-executive directors are able to execute their duties through their respective committee charters. The independent director is head of the audit & compliance committee whose charter dictates that it is responsible in overseeing the internal audit function and compliance function. These committees conduct meetings without the presence of management and discuss matters that are pertinent to improving internal control and ensure safe and sound banking practices.

BOARD COMPOSITION

GRBank's Board of Directors is composed of 9 directors, more than 60% of whom serve as non-executive directors including one independent director. This provides independent, diversified views and judgment to ensure that corporate matters are discussed openly for transparency. Strategies are provided with objective views and ideas. Members of the Board are all professionals with extensive experience and expertise in various fields- banking, accounting, finance, law, education, entrepreneurship and marketing.

Board Composition

3 Executive Directors



5 Non-Executive Directors



1 Independent Director



Name of Director	Position/Type of Directorship	No. of Years as Director	Total No. of Direct (D) and Indirect (ID) Shares	Percent to Total Outstanding Shares
Amanda L. Carlos	Chair person/ Non-Executive Director	49	3 (D)	0.00%
Jose Antonio Blas L. Carlos	President & CEO/ Executive Director	37	5,475 (D)	0.11%
Elizabeth C. Timbol	Senior Executive Vice President/ Executive Director	29	127 (D)	0.00%
Grace C. Glorioso	Sr. Vice President/ Executive Director	25	127 (D)	0.00%
Michael B. Lapid	Non-Executive Director	5	117,580 (D)	2.33%
Angelo Raymundo Q. Valencia	Independent Director	1	1 (D)	0.00%
Carlos S. Coronel	Non-Executive Director	13	192 (D)	0.00%
Diana C. Cruz	Non-Executive Director	6	22,367 (D)	0.44%
Jacinto L. Carlos	Non-Executive Director	1st term: 1 yr. 2nd term: 1 yr.	127 (D)	0.00%

BOARD OF DIRECTORS



Amanda L. Carlos
Chairperson
Non-Executive Director
Filipino, 90 years old

Amanda L. Carlos has been a member of the Board of Directors of Guagua Rural Bank, Inc. since 1972. Currently, she serves as the Chairperson of the Board. She assumed this position in 2009.

A graduate of St. Michael's College with a degree of Bachelor of Science in Education, Mrs. Carlos brings to the board her inner educator prowess and provides impactful insights and wisdom.



Jose Antonio Blas L. Carlos
President & Chief Executive Officer
Executive Director
Filipino, 63 years old

Mr. Jose Antonio Blas L. Carlos is the President & Chief Executive Officer of Guagua Rural Bank, Inc. since 2009. He has been elected as a Board of Director in 1984. Apart from this, he is also the Chairman of the Executive Committee and the Board Credit Committee. Concurrently, Mr. Carlos serves as the Chairman of Sta. Rita College. He is a stockholder of Yellow Green Global Corporation, Fourteen Stars Realty, Inc., and CARLAN Corporation. He served as President of the Confederation of Central Luzon Rural Banks in 2018-2019 and is an active member of the provincial (PFRB) as well as national association of Rural Banks (RBAP).

A Bachelor of Arts in Economics and Masters degree holder of the Ateneo De Manila University, Mr. Carlos leads by example and shares his diverse expertise in business, banking and finance to the board.

Mr. Carlos is also an advocate of Financial Literacy. Through GRBank's CSR Programs, Mr. Carlos is able to impart awareness and educate our stakeholders to become smart in handling their finances.



Elizabeth C. Timbol
Sr. Executive Vice President/
Chief Operating Officer
Executive Director
Filipino, 52 years old

Ms. Elizabeth C. Timbol is an Executive Director and the Senior Executive Vice President and Chief Operating Officer of Guagua Rural Bank, Inc. She was elected to the Board of Directors in January 1992. She is a member of the Executive Committee and the Board Credit Committee. Aside from these, Ms. Timbol serves as a Director of Fourteen Stars Realty, Inc., Clark Nature Park (CNPI), and Oilserve Philippines. She is also the President of Blossom Forth School, Inc. and Euroasia International Hotel, Inc. She is the Treasurer of Yellow Green Global Corporation and a stockholder of CARLAN Corporation. Ms. Timbol served as the President of the Rural Bankers Association of the Philippines (RBAP) in 2020-2021 and currently, the Chairman of the Rural Bankers Research and Development Foundation, Inc. (RBRDFI). Ms. Timbol has a Master's Degree in Business Administration at the Ateneo Graduate School of Business and a Bachelor of Commerce in Legal Management degree at the De La Salle University. With her energy, enthusiasm, and business acumen, Ms. Timbol brings great contributions that lead the bank to where it is now.



Grace C. Glorioso
Sr. Vice President
Executive Director
Filipino, 47 years old

Ms. Grace C. Glorioso is an Executive Director and the Senior Vice President of Guagua Rural Bank, Inc. She was elected to the Board of Directors in January 1996. She is also a member of the Executive Committee and the Board Credit Committee. Ms. Glorioso is currently a stock holder of several corporations which includes CARLAN Corporation, Fourteen Stars Realty, Inc., Yellow Green Global Corporation, and Euroasia International Hotel, Inc. Ms. Glorioso has a degree in BSC major in Management of Financial Institutions at the De La Salle University and some units earned in Masters in Business Administration at the Ateneo Graduate School of Business. Her proficiency in the management of financial institutions gives added value to the bank.





Diana C. Cruz
Non-Executive Director
Filipino, 65 years old

Ms. Diana C. Cruz is a Non-Executive Director of Guagua Rural Bank, Inc. since 2015. She is a member of the Board Credit Committee and Audit and Compliance Committee. Concurrently, she is the President of CREDSI Marketing Corporation.

Ms. Cruz is a Certified Public Accountant and has a BS Commerce-Accounting degree at St. Paul's College Manila.



Michael B. Lapid
Non-Executive Director
Filipino, 60 years old

Mr. Michael B. Lapid is a Non-Executive Director of Guagua Rural Bank, Inc. since 2016 and in 1994-1998. Currently, he is a member of the Board Credit Committee, Audit and Compliance Committee and Nomination and Remuneration Committee. Concurrently, he is the President of Mary the Queen Academy. He was previously the Executive Vice President of Bank of Florida from 1998 to 2012.

Mr. Lapid graduated with a degree of BS Physics at Don Bosco College. He also has a Diploma in Management at the College of London. Moreover, he has a Master's Degree in Business Economics at the University of Asia and the Pacific as well as Masters in Theology at the Divine World. Lastly, Mr. Lapid obtained his Doctorate Degree in Educational Leadership and Management at the De La Salle University in 2021.



Carlos S. Coronel
Non-Executive Director
Filipino, 52 years old

Mr. Carlos S. Coronel has been serving Guagua Rural Bank, Inc. as a Non-Executive Director since 2008. He sits as a member of the Board Credit Committee and Nomination and Remuneration Committee. Apart from his position in GRBank, Mr. Coronel is also a Director and Stockholder of Allied Concrete Products, Inc. and Majestic Shipping Corporation. Furthermore, he is the President of Corsan Realty Corporation, COO of Kapalaran Realty Development Corporation, and General Manager of Don Antonio Sports Center.

Mr. Coronel has a BS Management degree at the Ateneo De Manila University.



Jacinto L. Carlos
Non-Executive Director
Filipino, 58 years old

Mr. Jacinto L. Carlos was elected to the Board of Directors in February 2021. He is currently a member of the Board Credit Committee and Nomination and Remuneration Committee. Prior to this, he also served as an Executive Director in 2009 to 2010 and held the position of Vice President of Credit. Concurrently, Mr. Carlos is the Vice President and Trustee of Sta. Rita College. He also sits as a Director of XARLAN Corporation.

Mr. Carlos has a degree in BS Management at San Beda University.





Atty. Angelo Raymundo Q. Valencia
Independent Director
Filipino, 53 years old

Atty. Angelo Raymundo Q. Valencia was elected as an Independent Director of Guagua Rural Bank, Inc. in February 2021 and is the Chairman of the Audit and Compliance Committee. Concurrently, he sits as a Director of Nickel Asia Corporation, Country Bankers Life Corporation, and Country Bankers Non-Life. Also, Atty. Valencia is the Director of Operations of Community Sustainability Ventures, Inc. Moreover, he is a Senior Fellow in the Development Academy of the Philippines.

Atty. Valencia served as Senior Corporate and Tax Counsel for the Lucio Tan Group of Companies from November 2, 1998 to September 30, 2012. He also served as the COO of Mindanao Grains Corporation, La Filipina Uyongco Group of Companies from November 1, 2012 to January 31, 2016.

He graduated with a Bachelor of Arts degree at Lacson College and Juris Doctor at the Ateneo School of Law.

BOARD COMMITTEES

The Board established 4 committees to assist in the execution of its duties to ensure efficiency, focus and responsiveness to deal with specific issues that require specialized areas of expertise. These committees run under the guidance of their charters and report directly to the Board.

EXECUTIVE COMMITTEE

The Executive Committee is composed of three executive directors appointed by the Board and oversees the overall risk management policies and procedures of the Bank. It approves or recommends policies and procedures proposed by different management/sub-committees and are confirmed by the Board. This committee is in-charge of executing and monitoring the strategic plans. Acts and approves loan applications up to P 2 million. It also assists the board in the management of risks related to operations, liquidity, market, strategy, IT and reputation.



Chairman
Jose Antonio Blas L. Carlos
Members
Elizabeth C. Timbol
Grace C. Glorioso

EXECUTIVE COMMITTEE	PRESENCE	%	Average
JOSE ANTONIO BLAS L. CARLOS	37/37	100%	100%
ELIZABETH C. TIMBOL	37/37	100%	
GRACE C. GLORIOSO	37/37	100%	

AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee is composed of three non- executive directors, wherein the third member is the independent director, sitting as Chairman, whose main function is to protect the Bank's assets by playing a key role in financial control and reporting. The Committee examines the major risk exposures of the bank with regard to management's accountability on monitoring and controlling such risk exposures. It also oversees the functions of the internal audit and compliance group to ensure that they are always relevant to the operations of the Bank.



AUDIT COMMITTEE	PRESENCE	%	Average
ANGELO RAYMUNDO Q. VALENCIA	3/6	50%	50%
MICHAEL B. LAPID	3/6	50%	
DIANA C. CRUZ	3/6	50%	

Chairman
Angelo Raymundo Q. Valencia
Members
Michael B. Lapid
Diana C. Cruz

CREDIT COMMITTEE

The Board Credit Committee, composed of seven directors (3 executives and 4 non-executives), takes care of the deliberations of loan applications of more than P 2 million. The committee recommends policies to the Board, approves loans in accordance with the credit risk policies and procedures of the Bank, and is responsible in monitoring credit exposure limits, SBL and large exposures.



CREDIT COMMITTEE	PRESENCE	%	Average
JOSE ANTONIO BLAS L. CARLOS	40/40	100%	99.6%
ELIZABETH C. TIMBOL	40/40	100%	
GRACE C. GLORIOSO	40/40	100%	
MICHAEL B. LAPID	40/40	100%	
JACINTO L. CARLOS	40/40	100%	
DIANA C. CRUZ	40/40	100%	
CARLOS S. CORONEL	39/40	98%	

Chairman
Jose Antonio Blas L. Carlos
Members
Elizabeth C. Timbol
Grace C. Glorioso
Michael B. Lapid
Jacinto L. Carlos
Diana C. Cruz
Carlos S. Coronel

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee, which is made up of three non-executive directors, assists the Board in its oversight duties to shareholders by ensuring that the Board and Top Management comprise of individuals that are best able to discharge the responsibilities of Directors and Executives, having regard to the law and aspire to excellence in governance standards at all times.



NOM/REM COMMITTEE	PRESENCE	%	Average
MICHAEL B. LAPID	2/2	100%	100%
CARLOS S. CORONEL	2/2	100%	
JACINTO L. CARLOS	2/2	100%	

Chairman
Michael B. Lapid
Members
Carlos S. Coronel
Jacinto L. Carlos

SUSTAINABILITY FINANCE FRAMEWORK

GRBank Board of Directors has adopted the GOOD NEWS Attitude, in 2021, as part of its sustainability framework that is aligned with the requirements of Cir. 1085 on Sustainable Finance Framework. The GOOD NEWS framework is focused on initiatives that the bank finds value and relevance that provide positive impact on its sustainability.

Good Governance, which covers great leadership from the top and commitment of the entire organization covering risk management and policies.

Nurturing Financial Literacy, which advocates educating the communities where the bank operates.

Empowering Communities and MSMEs, that covers social development programs and supporting LGUs and other government programs.

Welfare of Employees, ensures that employee and management relations provide equal opportunities, career development and health & well-being of all.

Safe and Secure Work Place, covers emergency response and crisis management, security and disaster response mechanisms.

Built by the legacies of the past, GRBank moves forward with the promise of a better tomorrow. It shall continuously be in the service of the Filipino people. It shall fuel dreams, empower MSMEs, energize communities and take care of families. GRBank shall continue to review this framework, monitor and report its effectiveness and relevance. The detailed risk management system covering environmental and social risks are being reviewed to add more coverage.

PERFORMANCE ASSESSMENT OF THE BOARD AND SENIOR MANAGEMENT

The Board has created an internal self-rating system to determine and measure compliance, good governance principles and strategic initiatives. Each director self-rates and rates the other directors by answering a set of questionnaires which are tabulated through the assistance of the HRD.

The board committees and senior management are likewise assessed by each Board of Director, except for those involved. A set of questionnaires are also filled out and then tabulated by the HRD. All assessments are presented to the Board for their discussion and proper action is done where weaknesses are seen. Assessment is done yearly.

For the 2021 assessment, overall assessment still showed the Board's adherence to its code of conduct and compliance to policies. It showed that each has discharged their duties and responsibilities well and relationship remains harmonious and positive in and out of meetings. Everyone has acted in good faith and in the best interest of the bank and all its stakeholders. Strategies and improvements were suggested for the continuous growth of the bank and to improve policies and procedures along the way.

Part of the assessment includes attendance to meetings, each Director is responsible in ensuring that they attend and participate in Board meetings as well as contribute valuable ideas and strategies for the proper implementation of plans, provide control and to safeguard the assets of the Bank. The table below shows that the Board got an average of 99.1% attendance for the year 2021.

BOARD OF DIRECTORS	PRESENCE	%	Average
AMANDA L. CARLOS	12/12	100%	99.1%
JOSE ANTONIO BLAS L. CARLOS	12/12	100%	
ELIZABETH C. TIMBOL	12/12	100%	
GRACE C. GLORIOSO	12/12	100%	
MICHAEL B. LAPID	12/12	100%	
ANGELO RAYMUNDO Q. VALENCIA	11/12	92%	
JACINTO L. CARLOS	12/12	100%	
DIANA C. CRUZ	12/12	100%	
CARLOS S. CORONEL	12/12	100%	

ORIENTATION AND EDUCATION

As the Board of Directors support the continuing education of its GRBank family, they too keep themselves abreast with the latest trends, developments and regulations surrounding the banking industry by attending different conventions, and seminar/webinar on banking, business, finance and technology. All new directors are required to attend a corporate governance seminar as required prior to on-boarding and when on-boarded they are given a short orientation about the bank and given a copy of their duties & responsibilities. Every year, the HR department provides a list of relevant seminars that the Board can attend and has a training map to keep track of seminars attended. Directors are likewise given updates on business and regulatory environments which are discussed during board meetings. They likewise attend conventions and webinars conducted by the RBAP and the regional association of rural banks who provide training on risk management and other relevant topics, and refresher courses on corporate governance. For this year, webinars on Related Party Transactions and Corporate Governance were among those attended.

RETIREMENT AND SUCCESSION

GRBank's succession plan focuses at the top of the organization, particularly the Board of Directors, the President and CEO, and going down to the lowest level given the retention value of offering development opportunities as well as the increase in profitability associated with competent and motivated workforce.

The Board of Directors shall be responsible for implementing this policy and its related procedures, with the assistance of the Nom/Rem Committee for directors, and Senior Management, and the Executive Committee for officers of rank below VP. Regular assessment to the policy is done and is updated accordingly. It ensures that successors are identified and that appropriate exposure and trainings are done so they become qualified and capable successors for the position. For succession planning in the Board, it has adopted the maximum cumulative term of nine (9) years for independent directors, as per Sec. 132 of the MORB.

GRBank has created a retirement plan, aligned with the Philippine Labor Code, which will provide retirement to all eligible employees of the bank.

REMUNERATION POLICY

GRBank's remuneration policy is not only focused on providing fair compensation and remuneration in accordance with industry standards, job requirements and work performance that are aligned with the Bank's values and objectives, but is also geared to attract competent candidates, and retain and motivate its employees and members of the Board. It provides for yearly increases to all employees to keep up with cost of living and retain its attractiveness. Compensation packages for senior management include a fixed pay, allowances, fringe benefits approved by the BSP, bonuses and incentives based on performance of the preceding year and an executive health package by an HMO. The Board receives some allowance, aside from per diem every board meeting that is commensurate to their effort, responsibilities and time.

RELATED PARTY TRANSACTION

It is the policy of the Bank and the responsibility of the Board to ensure that there is an effective compliance with existing laws, rules and regulations and that no stakeholder is unduly disadvantaged in handling transactions with directors, officers, stockholders, their related interests (DOSRI), the Bank's affiliates and other related parties. All extensions of credit and other bank related transactions to related parties shall be on an arm's length basis, handled in a sound and prudent manner, with integrity and in accordance with the Bank's credit granting criteria and other policies in relation to the transaction, and in the regular course of business, and upon terms not less favorable to the Bank than those offered to non-related borrowers. Directors and officers with personal interest in a transaction do not participate in any deliberation, approval or voting on the transaction.

The policy include definition of related parties, coverage of the RPT policy, guidelines in ensuring arm's length terms, identification and prevention of potential or actual conflict of interest, materiality threshold, and internal individual and aggregate limits and procedural and reporting requirements. The policy should likewise include a whistle-blowing mechanism and other remedies for abusive RPTs. For the year 2021, there were 2 covered DOSRI/RPTs under credit transactions by DOSRI as follows: 1) Michael Francis L. Carlos availed of P3.7 million against hold-out for 3 years and 2) Antonio Florencio L. Carlos availed of P7.0 million for 3 years, back-up by security.

The Board shall 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 and its depositors, creditors, fiduciary clients, and other stakeholders.

SELF-ASSESSMENT FUNCTION

COMPLIANCE

The bank's Compliance Group reports to and is under the direct supervision of the Audit and Compliance Committee (ACC) and, through the Chief Compliance Officer (CCO), oversees the design of an appropriate compliance system, promote its effective implementation and address breaches that may arise. The Compliance Group is also responsible for ensuring the integrity and accuracy of all reportorial requirements to the BSP, and other regulatory agencies. It is likewise responsible for establishing a monitoring and assessment process and periodic review to ensure compliance of all units of the bank with the banking standards, laws and regulations. This shall form part of the compliance system. The compliance system shall be reviewed at least once a year by the ACC.

The CCO keeps a library of all laws, rules and regulations of governing bodies and sees to it that it is updated and disseminated properly to all units of the bank. Such laws, rules and regulations are then placed in a matrix to be checked accordingly against practices, policies and procedures of the bank through testing to ensure the bank's compliance. Testing reports are submitted to the ACC for proper action of the Board. The CCO is likewise responsible for ensuring that BSP report on examinations is likewise complied with and approved by the Board.

INTERNAL AUDIT

The Internal Audit Group (IAG) is guided by the principles required by the International Standards for the Professional Practice of Internal Auditing and applies the risk based internal auditing as a methodology that links internal auditing to an organization's overall risk management processes and managing risks effectively in relation to the risk appetite. The IAG reports directly and is supervised by the ACC. In following the standards, it aims to provide a framework for performing and promoting a broad range of value-added internal auditing services, establish a basis for the evaluation of internal audit performance, and foster improved organizational processes and operations. Its role is to create an audit program that brings a systematic, disciplined approach to evaluate and improve the effectiveness of the risk management, control and governance processes. The ACC is responsible in ensuring that the audit program is effectively implemented and review is done every audit cycle.

DIVIDENDS

The Bank shall, at the end of each fiscal year, apply the amount of its earnings, in excess of operating expenses during such fiscal year to (1) a capital retirement fund to provide for the gradual retirement of the government's equity investment in the Bank, if any (2) establishing and maintaining a reserve for bad and doubtful accounts, (3) replenishing any impairment to its capital. Any sums remaining shall be distributed as dividends to stockholders, but no dividends in excess of 20% per annum shall be paid. The Board has to approve the declaration of dividends as of record date and specifies the date of distribution. This is confirmed by the stockholders during the annual stockholders meeting.



CONSUMER PROTECTION

GRBank values its customers. Thus with more than 60 years of dedicated untarnished banking service excellence, the Bank continues to innovate and usher in a more improved banking service by implementing its Customer Assistance and Protection Program to further complement the well-being of its customers.

The Board shall be primarily responsible for approving and overseeing the implementation of policies governing major areas of the Bank's consumer protection program, including the mechanism to ensure compliance with the set policies.

The Roles of the Board shall include the following:

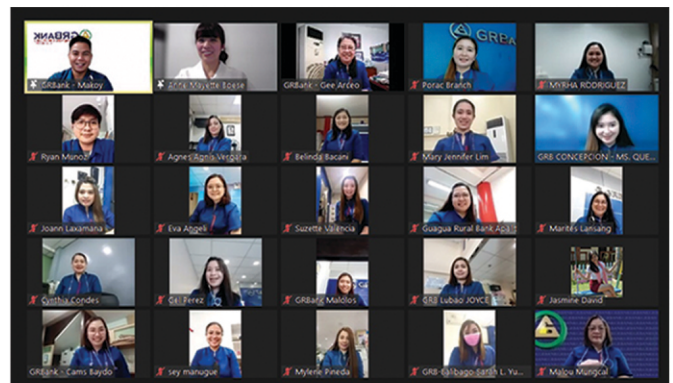
- a. Approve the Consumer Protection policies;
- b. Approve Risk Assessment Strategies relating to Effective Recourse by the Consumer;
- c. Provide adequate resources devoted to Consumer Protection;
- d. Review the applicable policies periodically

The Execom shall be responsible for proper implementation of the Consumer protection policies and procedures duly approved by the Board. Also, its role shall focus on ensuring effective management of day-to-day consumer protection activities.

The program is set to cater the concerns, complaints and appreciate compliments to further enhance the delivery of its banking service and promote transparency in all transactions with the Bank. There is a Customer Assistance and protection group that is in charge of processing customer concerns received through any of the branch managers or department heads. Aside from personal channels, concerns may be coursed through the bank's official mobile number, through the official corporate email or the bank's website. Feedback is given within a specified timeframe and resolutions, which are well formulated, are suggested to the customer. The Bank values both the customer and relationship thus we ensure that "GRBank...Where Service is Best" is practiced faithfully.

CORPORATE SOCIAL RESPONSIBILITY

As part of the bank's social responsibility to impart knowledge to GRBank customers and prospects, especially the MSMEs, the GRBank Academy was able to conduct three (3) free webinars to the public: (1) Basic Taxation for MSMEs; (2) Managing Personal Finances in the New Norm; and (3) Basic Accounting for MSMEs. Also, the bank never ceases to provide help when needed. A donation was made, through the RBAP, for the victims of Typhoon Odette that hit the country in the latter part of 2021.

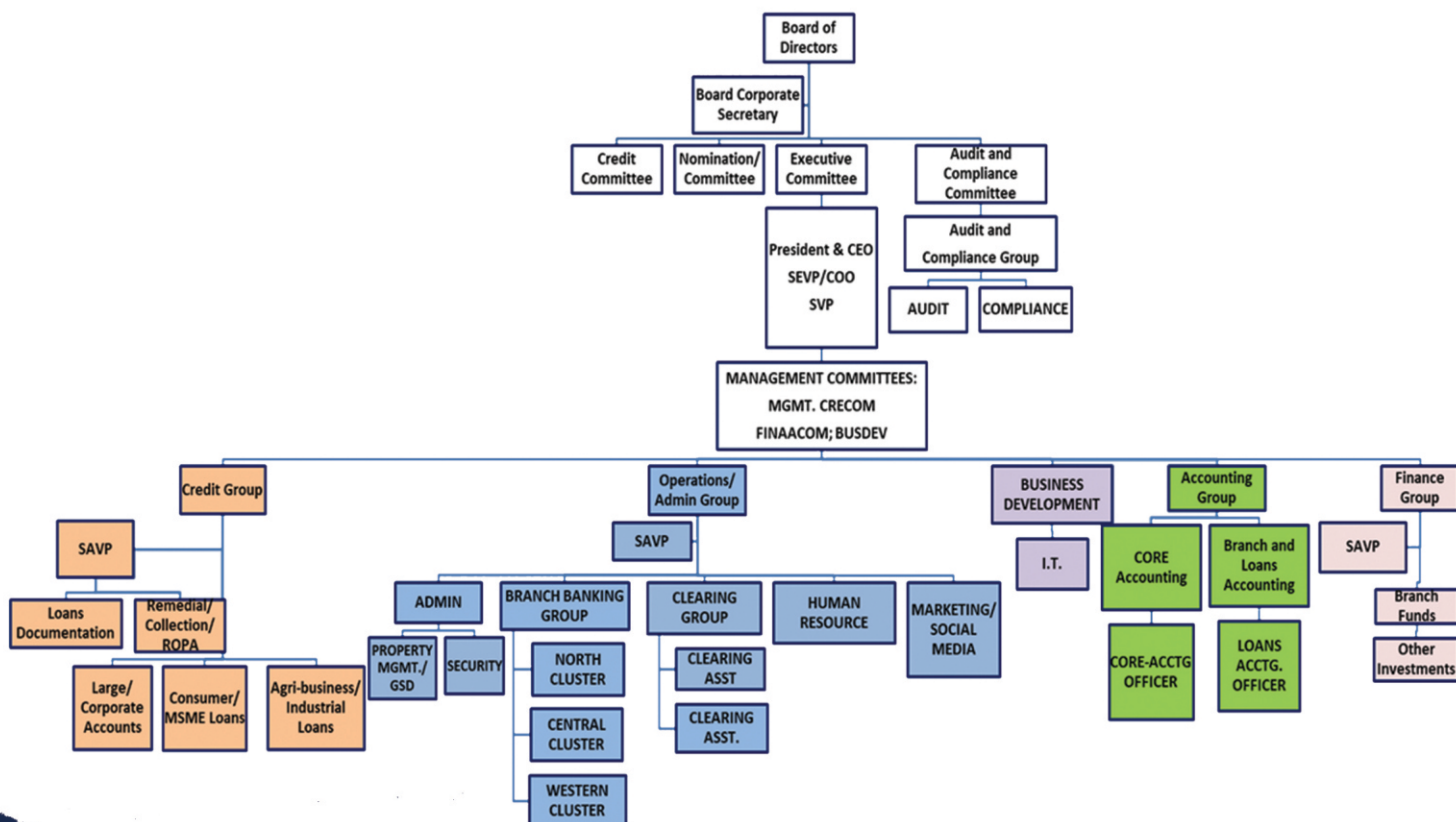


MAJOR STOCKHOLDERS

As of December 31, 2021, below are the major stockholders of Guagua Rural Bank, Inc. of record, owning more than 2% of Common stocks.

Name of Stockholder	Type of Share	Citizenship	Percentage
Carlan Realty & Dev. Corp.	Common	Filipino	19.76%
Fourteen Stars Realty Inc.	Common	Filipino	20.71%
Yellow Green Global Corp.	Common	Filipino	14.92%
CORSAN Realty Corp.	Common	Filipino	14.79%
Kapalaran Realty Development, Inc.	Common	Filipino	7.59%
San Jose, Bettina L.	Common	Filipino	2.33%
Lapid, Cinderella	Common	Filipino	2.33%
Basa, Gina L.	Common	Filipino	2.46%
Lapid, Michael B.	Common	Filipino	2.33%
Lapid, Mario B.	Common	Filipino	2.33%
Lapid, Daniel B.	Common	Filipino	2.46%
Total Common			95.27%

ORGANIZATIONAL CHART



KEY OFFICERS



Rosalina R. Aguilar
Sr. Asst. VP, Finance



Gianna Maria I. Arceo
Sr. Asst. VP, Admin/Operations



Jenifer G. Cayanán
Asst. VP, Corporate Accounting



Luzviminda P. Dungca
Sr. Asst. VP, Credit



Rod Byron P. Ladea
Asst. VP, Loans & Branch Accounting



Myrha E. Rodriguez
Head, Products Management



Robert Joshua G. Saddi
Acting Internal Audit Head



Marilou S. Mungcal
Head, Admin



Garry G. Alfonso
Head, Business Development



Kimberly G. Jimenez
Acting Compliance Officer/
Data Privacy Officer

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of GUAGUA RURAL BANK, INC. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, 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.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

CARIDAD S. ESPINA, CPA, the independent auditor appointed by the stockholders, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.


Amanda L. Carlos
Chairwoman


Jose Antonio Blas L. Carlos
President & Chief Executive Officer


Carlos S. Coronel
Treasurer

CONSOLIDATED STATEMENT OF CONDITION

CONSOLIDATED STATEMENT OF CONDITION

For the Period Covered December 31, 2019 & December 31, 2020

	12/31/2021	12/31/2020	Increase/Decrease	Percentage
ASSET ACCOUNTS				
Cash on Hand	46,997,781.97	49,606,005.10	(2,608,223.13)	-5.26%
Checks and Other Cash Items	-	7,526,943.55	(7,526,943.55)	-100.00%
Due from Bangko Sentral ng Pilipinas	346,620,608.30	206,047,379.97	140,573,228.33	68.22%
Due from Other Banks	1,278,479,378.81	1,237,092,593.66	41,386,785.15	3.35%
Available-for-Sale (AFS) Financial Assets (Net)	25,329,597.22	25,892,340.37	(562,743.15)	-2.17%
Held-to-Maturity (HTM) Financial Assets (Net)	222,808,058.65	173,618,123.55	49,189,935.10	28.33%
Loan Portfolio - Gross	5,027,172,955.58	4,379,589,597.56	647,583,358.02	14.79%
Less: Allowance for Probable Losses	(298,656,091.71)	(233,448,802.25)	(65,207,289.46)	27.93%
Loan Portfolio - Net	4,728,516,863.87	4,146,140,795.31	582,376,068.56	14.05%
Sales Contract Receivable (Net)	28,796,099.50	31,109,847.99	(2,313,748.49)	-7.44%
Accrued Interest Income from Financial Assets (Net)	1,166,721.09	1,734,929.15	(568,208.06)	-32.75%
Bank Premises, Furniture, Fixture and Equipment (Net)	129,051,242.47	134,340,006.45	(5,288,763.98)	-3.94%
Real and Other Properties Acquired (Net)	51,348,003.53	64,960,165.89	(13,612,162.36)	-20.95%
Other Assets (Net)	18,166,138.17	18,904,194.66	(738,056.49)	-3.90%
TOTAL ASSETS	6,877,280,493.58	6,096,973,325.65	780,307,167.93	12.80%
LIABILITY ACCOUNTS				
Deposit Liabilities	5,335,753,635.22	4,702,231,064.08	633,522,571.14	13.47%
Bills Payable	50,000,000.00	70,000,000.00	(20,000,000.00)	-28.57%
Accrued Interest Expense on Financial Liabilities	61,044,871.73	52,812,385.76	8,232,485.97	15.59%
Treasurer/Cashier/Manager's Checks	1,371,344.72	412,982.40	958,362.32	232.06%
Unearned Income	5,066,457.13	5,509,289.55	(442,832.42)	-8.04%
Other Liabilities	270,353,780.54	73,271,598.72	197,082,181.82	268.97%
TOTAL LIABILITIES	5,723,590,089.34	4,904,237,320.51	819,352,768.83	16.71%
EQUITY ACCOUNTS				
Paid-in Capital Stock	505,221,600.00	505,221,600.00	-	
Retained Earnings	648,129,318.56	686,660,967.94	(38,531,649.38)	-5.61%
Other Comprehensive Income	339,485.67	853,437.20	(513,951.53)	-60.22%
TOTAL EQUITY	1,153,690,404.23	1,192,736,005.14	(39,045,600.91)	-3.27%
TOTAL LIABILITIES & EQUITY	6,877,280,493.58	6,096,973,325.65	780,307,167.92	12.80%

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE

CONSOLIDATED STATEMENT OF INCOME & EXPENSES				
For the Period Covered December 31, 2020 & December 31, 2021				
PARTICULARS	12/31/2021	12/31/2020	Increase/Decrease	Percentage
1. TOTAL OPERATING INCOME	453,864,983.00	422,264,740.50	31,600,242.50	7.48%
a. Interest income	422,857,932.06	387,164,006.85	35,693,925.21	9.22%
b. Service Charges/Fees	13,323,944.56	14,584,067.25	(1,260,122.69)	-8.64%
c. Foreign Exchange Profit	2,319.53	(2,039.93)	4,359.46	213.71%
d. Other Income	17,680,786.85	20,518,706.33	(2,837,919.48)	-13.83%
2. TOTAL OPERATING EXPENSES	235,854,125.11	246,180,623.49	(10,326,498.38)	-4.19%
a. Interest Expenses	75,701,012.60	99,443,359.48	(23,742,346.88)	-23.88%
1) Interest - Deposits	75,436,568.16	89,081,994.26	(13,645,426.10)	-15.32%
2) Interest - Borrowed Funds	264,444.44	10,361,365.22	(10,096,920.78)	-97.45%
b. Compensation/ Fringe Benefits	80,602,276.03	69,436,030.84	11,166,245.19	16.08%
c. Taxes & Licenses	4,984,325.64	4,560,299.52	424,026.12	9.30%
d. Depreciation/Amortization	15,408,070.08	17,213,026.88	(1,804,956.80)	-10.49%
f. Other Expenses	59,158,440.76	55,527,906.77	3,630,533.99	6.54%
3. EXTRAORDINARY CREDITS/(CHARGES)	9,189,097.87	10,208,963.46	(1,019,865.59)	-9.99%
a. Income from Assets Acquired	9,189,097.87	10,208,963.46	(1,019,865.59)	-9.99%
4. NET OPERATING INCOME before Provision	227,199,955.76	186,293,080.47	40,906,875.29	21.96%
Less: Provisions for doubtful accounts	*** 65,207,289.46	38,585,053.58	26,622,235.88	69.00%
5. NET INCOME/(LOSS) AFTER PROVISION	161,992,666.30	147,708,026.89	14,284,639.41	9.67%

FINANCIAL RATIOS

FINANCIAL RATIOS				
<i>I. Tests of Liquidity</i>		<u>2021</u>	<u>2020</u>	
1	$\frac{\text{Primary Liquid Assets}}{\text{Total Deposits + Due to Local Banks}}$	31.81%	32.46%	Tests the ability of the bank to meet its daily cash needs. The ideal minimum limit is twenty (20%) percent.
2	$\frac{\text{Secondary Liquid Assets}}{\text{Total Deposits+Due to Local Banks}}$	4.18%	3.69%	A ten (10%) percent ratio may be considered adequate provided primary reserves are within the twenty (20%) percent minimum limit.
<i>II. Tests of Financial Strength</i>		<u>2021</u>	<u>2020</u>	
1	$\frac{\text{Risk Based Capital Adequacy Ratio}}{\text{Total Deposits}}$	18.93%	21.23%	Indicates the exposure the bank has on risk assets. The min. capital legal requirement is ten (10%) percent.
2	$\frac{\text{Total Deposits}}{\text{Net Worth}}$	462.49%	394.24%	This ratio determines the ability of the bank in generating deposits. The min. ideal ratio is 10:1.
3	$\frac{\text{Total Loans \& Discounts}}{\text{Total Deposits}}$	94.22%	93.14%	Determines how much loan the bank has granted based on deposits.
4	$\frac{\text{Total Fixed Assets}}{\text{Net Worth}}$	9.38%	11.26%	Indicates whether the bank has overinvested in fixed assets. BSP legal requirement is not more than fifty (50%) percent of total net worth.
5	$\frac{\text{Past Due Loans/Loans in Lit.}}{\text{Total Loans \& Discounts}}$	9.39%	8.97%	Indicates the ability of the bank in collecting the bank's loan exposure.
<i>III. Tests of Profitability</i>		<u>2021</u>	<u>2020</u>	
1	$\frac{\text{Gross Income}}{\text{Earning Assets}}$	7.00%	7.34%	Indicates the rate of return the bank derives from its total loans and other earning investments.
2	$\frac{\text{Gross Expenses}}{\text{Gross Income}}$	66.58%	67.64%	Shows profit performance as well as control of operating expenses.
3	$\frac{\text{Net Income}}{\text{Gross Income}}$	28.31%	32.36%	Determines net profit ratio over total earnings. Any substantial decrease may mean undue increase in the bank's operating expenses.
4	$\frac{\text{Net Income}}{\text{Average Capital Accounts}}$	13.19%	12.29%	Measures the productivity of the resources that the stockholders have committed to the operations of the bank (ROE).
5	$\frac{\text{Gross Income}}{\text{Total Resources}}$	6.73%	7.09%	Indicates the rate of return on resources committed to the operations of the bank.
6	$\frac{\text{Earning Assets}}{\text{Total Resources}}$	96.16%	96.64%	Determines the ratio of earning assets over total assets. A high ratio indicates productivity of the bank.
7	$\frac{\text{Net Income}}{\text{Total Resources}}$	2.39%	2.30%	Determines the ratio of net income over total resources.

DEPARTMENTS



**ADMIN & OPERATIONS
DEPARTMENT**



**AUDIT & COMPLIANCE
DEPARTMENT**



**ACCOUNTING & FINANCE
DEPARTMENT**



CREDIT DEPARTMENT

MANAGEMENT COMMITTEES



**MANAGEMENT CREDIT
COMMITTEE**

**BUSINESS DEVELOPMENT
COMMITTEE**



FINAAACOM



BRANCH BANKING GROUP



MAIN OFFICE



AC-HENSON



AC-FRIENDSHIP



APALIT



BALANGA



BALIBAGO



BETIS



CAPAS



CONCEPCION



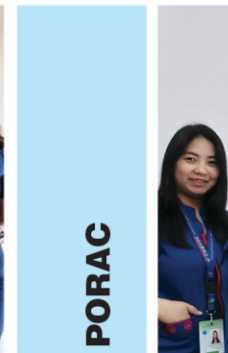
DINALUPIHAN



FLORIDABLANCA



MARKET



PORAC



LUBAO



MABALACAT



MAGALANG



SAN FERNANDO



STA. RITA



KAMIAS



OLONGAPO



MEXICO



ORANI



MALOLOS



SINDALAN



TARLAC



PRODUCTS AND SERVICES

Deposits are insured by PDIC up to P500,000.00 per depositor.

PESO DEPOSIT PRODUCTS

REGULAR SAVINGS ACCOUNT

Safe, convenient and affordable way to save your money.

Initial Deposit & Maintaining Balance

Php 100.00 ONLY

Features

Savings account with passbook
Interest bearing

GOLDEN KIDDIE SAVINGS ACCOUNT

For children 12 years old and below: teach your children the value of saving

Initial Deposit & Maintaining Balance

Php 100.00 ONLY

Features

Savings account with passbook
Interest bearing

BASIC SAVINGS ACCOUNT

Simple requirements

Initial deposit - below P100.00

Features

Savings account with passbook
Interest bearing
No Maintaining balance and no dormancy
No checks deposit allowed

SMILE CHECKING ACCOUNT

Small & Medium Industry Local Entrepreneurs Checking Account (SMILE) is designed for businesses with low and predictable monthly transaction activity.

Initial Deposit & Maintaining Balance

Php 5,000.00

Features

Non-Interest bearing
Checking account with passbook
Initial check booklet (25pcs) upon application

GOLD CHECK PLUS

Full-featured business banking checking account with affordable cash management services
Easily access services that are often used by larger business

Initial Deposit & Maintaining Balance

Php 25,000.00

Features

Interest-bearing
Checking account with passbook
Initial check booklet (25pcs) upon application

SPECIAL SAVINGS ACCOUNT

Initial Deposit & Maintaining Balance

Php 10,000.00

Features

High interest-bearing account
Maturity terms range from 30 days, 60 days and 90 days
Pre-termination of account without service charge

LONG TERM DEPOSIT

Let GRBank earn for your future

Initial Deposit & Maintaining Balance

Php 10,000

Features

Tax-free deposit
High interest-bearing account
Maturity term is five (5) years
Back-to-Back loan facility

GOLDEN EARNER SAVINGS ACCOUNT

Special savings account wherein interest for 1 year is automatically withdrawn upon placement.

Initial Deposit & Maintaining Balance

Php 10,000.00 ONLY

Features

High interest-bearing account
Maturity term is one (1) year
Advance interest for one (1) year

DOLLAR DEPOSIT PRODUCTS

DOLLAR SA

A US Dollar denominated savings account, deposit/withdrawal allowed through passbook.

Initial Deposit & Maintaining Balance

US \$ 100.00

Features

Interest-bearing
Minimum balance to earn interest - \$ 500.00

DOLLAR Special Savings Account

A US Dollar dominated savings account that has tiered interest rates which are higher than regular dollar savings account, deposit/withdrawal allowed through passbook, Interest rates are based on the Market price.

Initial Deposit & Maintaining Balance

US \$ 1,000.00

Features

High interest-bearing account
Maturity term is 30 days

LOANS

- ✓ Competitive loan rates
- ✓ Fast processing
- ✓ Easy payment terms

CAR
LOAN

HOUSING
LOAN

AGRI/AGRA
LOAN

SALARY
LOAN

ASSIGNMENT
OF DEPOSIT

MSME
LOAN

GeRBilis SERVICES

ATM Card Withdrawals
Fund transfer to other banks
Payments (bills, credit cards, loans;
insurance, gov't services, loading)
Remittances (International & Domestic)



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