





ENRICHING PINOY LIVES



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.



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.



- **S** STABILITY
- **P** PROFESSIONALISM
- **I** INTEGRITY
- **R** RESPONSIVE
- **I** INNOVATIVE
- **T** TRANSPARENCY

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With 25 Branches to serve you including one in Quezon City

GRBank MAIN OFFICE

GRBank OLONGAPO

GRBank GUAGUA MARKET

GRBank BALIBAGO

GRBank AC HENSON

GRBank FRIENDSHIP

GRBank STA, RITA





PRODUCT & SERVICES

DEPOSIT PRODUCTS

PESO ACCOUNTS

Savings Accounts: REGULAR SAVINGS ACCOUNT

Interest bearing with passbook - P 100.00 Initial Deposit and Maintaining Balance Monthly ADB to earn interest - 5,000.00

For kids 12 yrs. old & below Interest bearing with passbook

Initial deposit and Maintaining Balance - P100.00 Monthly ADB to earn interest 5.000.00

For Cash deposits only, No checks allowed

Interest bearing with passbook - P 100.00 Initial deposit and Maintaining Balance Monthly ADB to earn interest - 5.000.00

For Cash deposits only, No checks allowed

Interest bearing with passbook No maintaining balance and no dormancy

Initial Deposit
Monthly ADB to earn interest - Below 100.00 - 5,000.00 Maximum balance - 50,000.00

Time Deposit Accounts: SPECIAL SAVINGS ACCOUNT

Principal & Interest can be withdrawn anytime Initial deposit and Maintaining Balance

- P10,000.00 High interestbearing account

GOLDEN EARNER SAVINGS ACCOUNT

Term is 1year Advance Interest for one year Initial Deposit is P 10,000.00 High interestbearing account

LONG TERM DEPOSIT (LTD)

Term is 5 yrs., Tax exempt Initial Deposit is P 10,000.00 High interestbearing account

Checking Accounts:

SMILE CHECKING ACCOUNT Initial Deposit& Maintaining Balance - P 5,000.00 Non-Interest bearing

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

GOLD CHECK PLUS

Interest bearing with passbook Initial Deposit - P 30,000.00 Maintaining Balance 25,000.00 Initial check booklet (25pcs) upon application

DOLLAR ACCOUNTS

DOLLAR SAVINGS ACCOUNT

Interest bearing with passbook

Initial Deposit and Maintaining Balance - \$ 100.00 Minimum balance to earn interest

DOLLAR SPECIAL SAVINGS ACCOUNT

Interest bearing with passbook

Initial Deposit and Maintaining Balance - \$ 1,000.00 High interest-bearing account Maturity term is 30 days

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



LOAN PRODUCTS

- 1. CAR LOAN
- 2. HOUSING LOAN
- 3. AGRI/AGRA LOAN
- 4. MSME LOAN
- 5. COMMERCIAL LOAN
- 6. INDUSTRIAL LOAN
- 7. SALARY LOAN
- 8. ASSIGNMENT OF DEPOSIT

OTHER SERVICES OFFERED

1.DEMAND DRAFTS

2.PAYROLL SYSTEM

3.SSS PENSION ACCOUNT

4.UNITELLER MONEY REMITTANCE

5.GCASH &GCASH REMIT

6.POS FACILITY

7.SSS PAYMENTS

8.PAGIBIG PAYMENTS

9.BILLS PAYMENTS

Overview of GRBANK

GRBank is a private solo bank, rural bank category, having varied business portfolio in loans, basic savings deposits, special savings, checking account, and bills payments with the thrust of "Empowering MSMEs, Enriching Pinoy Lives"

Top 5 market positions in the industry (as of 12/31/2019)

• Total assets: PHP 5.70 billion

Total deposits: PHP 4.24 billion

• Total loans: PHP 4.25 billion

• Total equity: PHP 1.08 billion; 19.79% CAR

Local network: 25 branches

Solid track record spanning over 65 years; AMONG THE FIRST TEN RURAL BANKS to be opened in the Philippines when Bangko Sentral ng Pilipinas granted its Certificate of Authority on May 8, 1954; established primarily to provide financial services to the Guagua-Sta. Rita community; now has reached out to most communities of Pampanga and the rest of Central Luzon

A member of PDIC, PCHC, PhilPass and bank associations like RBAP, CCLRB & PFRB

Majority-owned by the Carlos, Lapid and Coronel families whose major business interests are in financial services, real estate development and infrastructure.

Our founders handed down to us the values of prudence, integrity, and commitment to rural development, thus with more than 65 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, guided by these corporate concerns:

∞ Integrity ∞ Optimum financial Returns ∞ Stability over Profitability







Dear Fellow Shareholders,

It is my great pleasure to extend heartfelt greetings to all of you!

For 65 years, GRBank has grown and thrived by making sound business decisions. With the intent of ensuring the bank's stability and success, these decisions have also been made with the best interest of our depositors, employees, customers and stakeholders in mind.

2019 has been fruitful as we opened three more branches: Magalang, Pampanga; Tarlac City and Concepcion, Tarlac. For the past two years we gained an average growth of 12.35% in Total Assets, 17.7% in Total Loans, 10.75% in Deposits, and 5.8% in Total Capital. We look forward to forging great relationships with you as we continue to be transparent and prudent in our business dealings. As we continue to strengthen our operations, we will do our best to provide you with the service that you deserve. As your partner, we are here to help you grow.

Ultimately, if we are successful it is all because of the concerted efforts of our Board of Directors and the management team for their dedication and for your continuous patronage and trust.

Sincerely,

Amanda L. Carlos Chairperson



GRBANK ACTIVITIES

















BRANCH BANKING









KAMIAS

LUBAO

MABALACAT

MAGALANG







MALOLOS

MEXICO







OLONGAPO

ORANI

PORAC



TARLAC







SAN FERNANDO

SINDALAN

STA. RITA

THE PRESIDENT'S REPORT



Dear Fellow Stakeholders,

2019 showed the resilience of the Philippine economy, having shown one of the fastest growing economies in the world. Inflation rate has been tamed, and the liquidity was boosted with the reduction of the level of deposits banks are required to keep with the Bangko Sentral ng Pilipinas (BSP). The GDP was at an average of 5.8%, despite the soft global markets amid US-China trade war, the tightening cycle by the BSP in 2018 that saw interest rates jump by 175 basis points, as well as the impact of the delayed implementation of the 2019 national budget. In 2019, the BSP Monetary Board slashed interest rates by 75 basis points. Unemployment is low, the gross international reserves is at an all-time high and the exchange rate is

At this point, on behalf of the Board of Directors, it is my honor to report that GRBank has continued to make good progress by being the Top 4 in the rural banking industry nationwide, amidst these challenges, thus creating long-term shareholder value in 2019.

As a result of our good banking practices, Net Income reached a handsome P 102 million in 2019. GRBank also continued to trail blaze with its P 5.70 billion in Assets, P 4.25 billion in Loans, P 4.24 billion Deposits, and P 1.08 billion in Capital. The Capital Adequacy Ratio (CAR) at 19.79% remained above the limit the BSP limit of 10%, Return on Equity is at 9.67%, and Return on Assets is at 1.85%. Your bank now has an authorized capital stock of P 1.0 billion, as granted by the Securities and Exchange Commission (SEC).

Also in 2019, GRBank launched initiatives which focused on its strengths. It was able to expand its reach and coverage, with the opening of three (3) new branches in the areas of Magalang, Tarlac City and Concepcion, Tarlac, bringing the total number of GRBank branches to 25, as it celebrated its 65th anniversary. It also introduced new products and services to create new business opportunities. We now have the Philippine Clearing House Corporation (PCHC) direct clearing of checks, the local remittance through Philpass; on line payments for SSS and Pag-ibig members; MetroBank, BPI and AUB credit card payments; PLDT, Smart, Globe, Sun, PELCO, Prime Water and other utility payments.

With the positive prospects for the next 5 years, GRBank lays the ground work for growth by pursuing the digitalization of operations and the empowerment of the workforce. With these, GRBank aims to continue providing excellent service to its clients, build a more profitable business for its stakeholders, and sustain being a partner in the financial inclusion project of the government for the continuing progress of the nation.

In 2020, the Philippine economy will experience a tremendous growth opportunity. Governor Benjamin Diokno has hinted the BSP could reduce interest rates further by 50 points as Central Banks around the world continued to pursue monetary easing. Loan growth is also expected to accelerate as the government catches up on the Build Build Build program fueled by higher liquidity and lower interest rates. 2020 presents a more conducive environment than in 2019 for the economy to thrive, despite the likely persistence of external uncertainty. The GDP growth is forecasted at 6.5%. GRBank will focus on core income generated by growth in loan volume and transaction fees, to sustain its steady profit growth.

I am sincerely grateful to our management team and to all of our employees for their tireless service to our clients, as well as their dedication and commitment to our vision. I would like to thank our Stockholders, Board of Directors, Partners & Friends for their continuous support to GRBank.

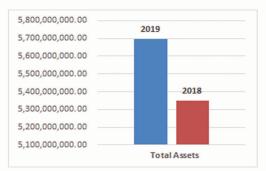
Yours truly,

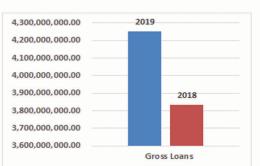
Jose Antonio Blas L. Carlos President/CEO



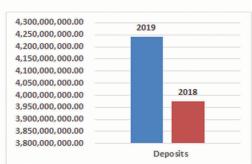
SUMMARY OF SELECTED FINANCIAL INFORMATION

	Parent Bank (Solo)		
Minimum Required Data	Current Year (2019)	Previous Year (2018)	
Profitability	•	, ,	
Total Net Interest Income	289,313,295.73	240,645,118.66	
Total Non-Interest Income	32,644,995.24	34,105,558.47	
Total Non-Interest Expenses	208,521,151.09	167,072,147.13	
Pre-provision profit	113,437,139.88	107,678,530.00	
Allowance for credit losses	194,863,748.67	140,250,669.34	
Net Income	102,018,005.98	96,354,649.93	
Selected Balance Sheet Data			
Liquid Assets	1,357,301,628.01	1,408,399,485.76	
Gross Loans	4,252,816,223.58	3,835,226,951.21	
Total Assets	5,696,723,873.83	5,350,846,907.95	
Deposits	4,240,637,423.64	3,973,623,253.81	
Total Equity	1,083,757,178.96	1,026,552,006.80	
Selected Ratios			
Return on equity	9.67%	9.66%	
Return on assets	1.85%	1.95%	
Capital Adequacy Ratio	19.79%	20.67%	
Capital Structure and Capital Adequacy			
Tier 1 capital and a breakdown of its components			
Paid up common stock	505,221,600.00	350,221,600.00	
Retained Earnings	578,228,826.09	678,454,995.71	
Cumulative foreign currency transaction	(3,038.16)	17,003.80	
Tier 2 capital and a breakdown of its components			
General Loan Loss Provision	39,226,789.35	17,365,727.18	
Deduction from Tier 1(50%)		-	
Deduction from Tier 2(50%) capital		-	
Total Qualifying Capital	1,122,674,177.28	1,046,059,326.69	
Capital Requirements for credit risk			
Capital Requirements for oprational risk	359,629,932.87	319,839,736.03	
Others			
Cash Dividends Declared	51,013,296.00		
Headcount			
Officers	64	61	
Staff	69	60	









BRANCH BANKING







MAIN OFFICE

AC - HENSON

APALIT











AC - FRIENDSHIP

BALIBAGO

BALANGA

BETIS







CONCEPCION



DINALUPIHAN



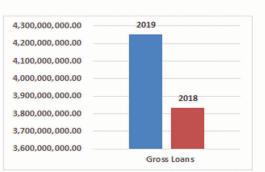
FLORIDA

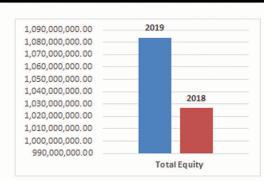


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BRANCH BANKING







MAIN OFFICE

AC - HENSON

APALIT







BALIBAGO



BALANGA



BETIS



CAPAS



CONCEPCION



DINALUPIHAN



FLORIDA





MANAGEMENT
CREDIT
COMMITTEE

FinAAACom





BUSINESS
DEVELOPMENT
COMMITTEE



Elizabeth C. Timbol
Sr. Executive Vice President/Chief Operating Officer

Operation's Highlights

Disruptive forces are changing how banking is done. Banks can add customer value by fortifying their foundation and staying true to their core identity as financial intermediaries, matching demand with supply of capital.

As we enter a new decade, GRBank has made efforts to fortify our core foundation on multiple dimensions, including technology infrastructure, data management, talent, and risk management as we try to stay true to our core identity.

2019 has been a challenging year for the bank, as we create new product brands, enhance our corporate policies, train our people and amplify customer experience.

Thank you to our Valued Gustomers

We wish to extend our deepest gratitude in making our 65th Anniversary Celebration a big success. As our guest of honor, Former House Speaker Gloria Macapagal-Arroyo emphasized that night, "MSMEs became part of countryside development, which greatly enhances the national economy". GRBank is here to assist you in becoming viable and competitive business entities.

As we move onwards to our 70th year, we extend our warmest thank you to our customers.

Our growth and success have come from your trust in us.



Operation's Highlights

Committed to Our Communities

Commitment to serving the local community has always been part of our core beliefs. Increasing the availability of affordable products and services, providing business development loans and lending to small businesses are some of the ways that we fulfill that commitment. As active participants in our communities, our Top Executives and associates work alongside local organizations and educational institutions to promote financial literacy, financial management and tools in transforming clients to become competent businessmen.



Grace C. Glorioso Sr. Vice President-Admin/Operations

BRANCH BANKING

3 New Branches **TOTAL GRBANK NETWORK: 25 BRANCHES**

6.72% DEPOSIT INCREASE TOTAL DEPOSIT: P4.24 Billion

PARTICIPANT: **PHILIPPINE CLEARING HOUSE CORPORATION** (PCHC)

The Branch Banking group spearheaded the opening of three (3) new branches in 2019 located at Magalang in the Province of Pampanga and two (2) in the Province of Tarlac located at Concepcion and Tarlac City, bringing the total network to 25 strategic banking units. This makes GRBank accessible in more areas so we can provide banking services to the communities we serve.

Branches were able to generate P 267.0 million in deposits ending at a handsome P 4.24 billion by Dec. 31, 2019, while Other Services had a 66% increase in total number of transactions from the previous year.

As a new member of the Philippine Clearing House Corporation (PCHC), the bank launched its "One Day Clearing" on outward checks last October 2019, a move benefitting our clients. Inward clearing will be launched in the first quarter of 2020, together with the new design checks proudly bearing the name of GRBank as a direct participant in the Check Image Clearing System (CICS) of the PCHC.

ADMIN & **OPERATIONS GROUP**





CREDIT DEPARTMENT

AUDIT & COMPLIANCE **GROUP**





ACCOUNTING & FINANCE GROUP



EXECUTIVE COMMITTEE





AUDIT & COMPLIANCE COMMITTEE

BOARD NOMINATION & REMUNERATION COMMITTEE





BOARD CREDIT COMMITTEE

Lending Operations

As expected, the year 2019 has been a challenging but a good year in our Lending Operation despite the stiff competition. In spite of an arduous year we posted a positive growth in total loan portfolio of P 4.25 billion from P 3.84 billion in 2018 or a P 418M increase for the year which is equivalent to 70% of the loan quota set by management. Some branches have met and even surpassed their target quotas for the year.

Car Loan and housing loan guidelines were amended to be more affordable to the clients with more competitive rates. Our partnership with the ACPC of the Department of Agriculture under the SURE Assistance program help many small farmers and fisherfolk in areas affected by natural calamities resulting to severe losses in agricultural production. The bank was able to serve more than 1,000 beneficiaries in the affected areas of Bataan. In 2020 we are again helping the backyard hog raisers in different municipalities of Pampanga for the SURE Hog Loan Program of ACPC. We are also improving our MSME product to help more MSMEs improve their businesses. Other guidelines and policies were enhanced to achieve a more efficient lending operation in the years to come.

Furthermore, close monitoring of accounts is always an effective tool in maintaining a single digit past due ratio. This time, past due ratio is still at a single digit of 8.98% as of yearend of 2019. And this was made possible through the collective efforts and guidance of its Management and its ever so dedicated personnel.

At GRBank, we deliver fast and efficient processing of loans. From the challenges of last year, we look forward to a more triumphant year ahead with the support of our stakeholders, management and clientele.

Accounting

The year 2019 has been a busy one for the Accounting department as it went full blast in the implementation of the new accounting system where the old system will finally be replaced sometime in the 1st quarter of 2020. Accounting reports will surely improve to assist the management in their decisions for the bank's strategic moves. The department also gave its share of training for all branch accountants to equip them with proper procedures and policies, and additional knowledge on reporting standards prescribed by the BSP. The department members themselves attended the training of PhilPASS for the implementation of fund transfers between banks within the Philippine banking system. Other trainings focused on for the year were: TRAIN Law updates, PFRS 9 on Financial Assets & PFRS 16 on Lease, and New AMLA updates.

Treasury Management

Prudent liquidity management in 2019 led to optimum fund sourcing, which helped sustain positive growth in the net interest margins. This resulted in reaching a high Net Income for 2019. Close monitoring of the interest rates was key in securing a decent income. Timely T-bills purchases and close coordination with the branches and developing fee based income added to the income growth as well.



Human Resource

The HR plays a vital role in every organization. It serves as the bridge between the employees and the management. It acts as the heart of the organization that pumps blood and keeps the employees motivated and drives them to be productive. GRBank has maintained the "Family" culture through the years and the HRD instills this to each and every employees. This results to good team work and productivity. With the opening of three branches, many were added to the GRBank family and some were given the opportunity to step up the ladder. As a fast growing institution, we provide great career opportunities with competitive compensation package and most especially, a great work-life balance. The management saw the challenges that came and immediately hired a consultant to help in the training and development programs of the bank. 2019 ended with a Leadership Training which is the start of a series of trainings that will go on until 2020. This is part of the make-over that the department is undergoing through the concerted efforts of the team with the assistance of the HR Consultant.

Audit and Compliance

The Audit & Compliance group have been busy in 2019 in ensuring that risks are mitigated through the implementation of the risk based audit methodology that they enhanced. Challenges in mitigating risks of money laundering were done through the updated program for ML/TF prevention. Such is managed both by the audit and compliance group and the branch banking group. The group was able to achieve 45% of their audit plan. This does not include training for AML, and formulation of new policies and enhancement of existing ones. The team looks forward to implementing the new plans in 2020 and achieve greater performance for the team and the bank as a whole.

Information Technology/Innovations

As the bank applied and became a clearing participant in the PCHC, the IT unit took charge of preparations for the infrastructure and additional server needed for the implementation of the CICS (check image clearing system). The department made sure that lines are connected and secured, back-up systems are ready, disaster recovery has been tested and all systems are go for this new project. Training of users have likewise been done to ensure that service to clients go smoothly. Enhancements to the accounting system is likewise a project of the bank. Soon accounting reports will be easier to retrieve where manual entries will be minimized by more than 90%. Reports to the management, board and BSP will be more timely and accurate. Additional projects in the pipeline include ATM, and remittance services to generate other income from service fees.

GRBank Promotes Financial Literacy

The knowledge to make financially responsible decisions can have a great impact on one's future. Through our partnerships with schools and the no less than the BSP itself, our branches regularly host sessions for school students, young entrepreneurs and seasoned businessmen to educate them about a range of financial literacy topics, including saving, basic banking, budgeting, borrowing and income planning.

This project is the advocacy of our very own President and CEO Jose Antonio Blas L. Carlos. And for 2019, he conducted one in Malolos, Bulacan and another in Balanga City, Bataan.

School visits was likewise conducted in Lyceum, Subic Bay and Subic Bay Colleges, Inc. in Olongapo and Porac National High School in Porac and DHVSU in Bacolor, Pampanga.

For these efforts, the bank was awarded by the BSP as finalist for the Outstanding Regional Partner for Conduct of Public Information Campaign – Region III in recognition of its exemplary support to the various statistical initiatives, information requirements, and advocacy programs of the BSP given during the 2019 Awards Ceremony and Appreciation Dinner for BSP Stakeholders in Region III, on September 13, 2019 at the Subic Bay Travelers Hotel. A partner-



Name of Director: Grace C. Glorioso Age & Nationality: 46 yrs., Filipino **Board Position:**

Sr. Vice President-Admin/Operations Executive Director since January 1996 Committee:

Executive Committee Board Credit Committee Concurrent Positions:

Stockholder, CARLAN Corp.

Education:

BSC major in Management of Financial Institutions (with honors)

De La Salle University. Manila Masters in Business Administration (units earned)

Ateneo Graduate School of Business



Name of Director: Michael B. Lapid Age & Nationality: 59 yrs., Filipino **Board Position:**

Non-Executive Director, January 1994-1998 and since January 2016

Committee:

Audit and Compliance Committee Board Credit Committee

Nomination & Remuneration Committee Concurrent Positions:

President, Mary The Queen Academy Education:

BS Physics at Don Bosco College Seminary Masters in Business Economics at University of Asia and the Pacific

Masters in Theology at Divine Word Diploma in Management, College of London



Name of Director: Carlos S. Coronel Age & Nationality: 50 yrs., Filipino **Board Position:**

Non-Executive Director, since January 2008 Committee:

Board Credit Committee

Nomination & Remuneration Committee

Concurrent Positions:

President, Corsan Realty Corporation Director, Stockholder of Allied Concrete Products, Inc. & Majestic Shipping Corp.

Chief Operating Officer, Kapalaran Realty Development, Inc.

Gen. Manager, Don Antonio Sports Center Education:

BS Management

Ateneo De Manila University



Name of Director: Emilio Philip L. Carlos Age & Nationality: 53 vrs., Filipino

Board Position:

Non-Executive Director, 2013 and since

February 2019 Committee:

Board Credit Committee

Nomination & Remuneration Committee

Concurrent Positions:

General Manager, JAP Building

Technical Consultant, Mr. Cool Aircon Service

Director, Hotel EuroAsia

Trustee, Sta. Rita College

Education:

BS Mechanical Engineering De La Salle University



Name of Director: Benigno N. Ricafort Age & Nationality: 81 yrs., Filipino **Board Position:**

Non-Executive/Independent Director, since January 2018

Committee:

Audit and Compliance Committee, Chairman **Concurrent Positions:**

Chairman, Chamber of Commerce of the

Philippine Islands

President/Founder, Kapampangan Development Foundation (KDF)

Education:

BSC Finance

San Beda College, Manila

MBA, Economics

St. John University, New York, USA

Degree of Honorary Doctor of Philosophy. Institutional Development & Management

Sultan Kudarat Polytechnic State College



BOARD OF DIRECTORS



L-R: Michael B. Lapid, Diana C. Cruz, Emilio Philip L. Carlos, Elizabeth C. Timbol, Amanda L. Carlos, Jose Antonio Blas L. Carlos, Grace C. Glorioso, Carlos S. Coronel, Benigno N. Ricafort



Name of Director: Amanda L. Carlos
Age & Nationality: 89 yrs., Filipino

Board Position: Chairperson since 2009,

Non-Executive Director
Director of Guagua Rural

Bank, Inc. 1972-2008

Education: B. S. Education

Past Position:



Name of Director: **Elizabeth C. Timbol**Age & Nationality: 50 yrs., Filipino
Board Position:

Sr. Executive Vice President/COO Executive Director since January 1992

Committee:

Executive Committee
Board Credit Committee
Concurrent Positions:

Stockholder, CARLAN Corp.

Education:

Masters in Business Administration Ateneo Graduate School of Business BS in Commerce major Legal Management De La Salle University, Manila



Name of Director: Jose Antonio Blas L. Carlos

Age & Nationality: 61 yrs., Filipino Board Position:

President & CEO since 2009 Executive Director since 1984

Committee:

Executive Committee
Board Credit Committee

Concurrent Positions:

President, Sta. Rita College
Director, Mary The Queen Academy

Education:

Masters in Business Administration Ateneo Graduate School of Business Bachelor of Arts In Economic Ateneo De Manila University



Name of Director: **Diana C. Cruz**Age & Nationality: 63 yrs., Filipino

Board Position:

Concurrent Positions:

Non-Executive Director since April 2015

Audit and Compliance Committee Board Credit Committee

President of CRESDI Marketing Corp. Education:

BS Commerce – Accounting; CPA St. Paul's College, Manila

Risk Management

Risk Management Culture & Philosophy

Managing risks 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 our competitive position.

GRBank took on the directives given by the Bangko Sentral ng Pilipinas to serve as a guide in effective-ly managing the different risks it has to face in the implementation of its strategic plans. Policies are formulated and approved by the Board to mitigate the risks, identified by the bank as operational risk, credit risk and liquidity risk. Regular training is provided to increase the awareness of the potential risks involved in the execution of routine processes. The value of integrity, transparency and prudence are inculcated and embodied in the day-to-day operations where all levels and members of the bank's organization are involved.

Risk Appetite and Strategy

GRBank aims to be the most preferred rural bank in the country. It values integrity and is accountable to its shareholders therefore providing transparent and efficient management systems. Hence the bank ensures that stability is not sacrificed over profitability and adequate capital ratios are maintained to ensure a strong financial position. The bank also ensures that credit and liquidity risks are well monitored and are within Board-approved limits. Risks are managed well by policies and procedures that ensure internal control.

Risk Management Structure



The Bank has adopted a structure that is suitable to its culture, where the Board has the over-all responsibility of formulating and managing an effective risk management system to sustain the safe and sound operations of the bank. The Execom is responsible for the over-all monitoring of the system, and sees to it that resources are properly allocated.



Risk Management process

Sub-committees were created, (Management CRECOM, FINAACOM & BUSDEV) composed of the different department heads. They recommend new policies and innovations necessary to mitigate the risks identified and are responsible in monitoring of the risks within each of their departments and in all the branches.

The establishment of the different committees/duties of departments itself is deemed to contribute to the improvement of the management of the Bank's risk. 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 corrective actions. The frequency of monitoring shall reflect the risks involved and the frequency and nature of changes in the operating environment. The scope and breadth of the activities of these committees shall be subject to independent periodic review by the Execom.

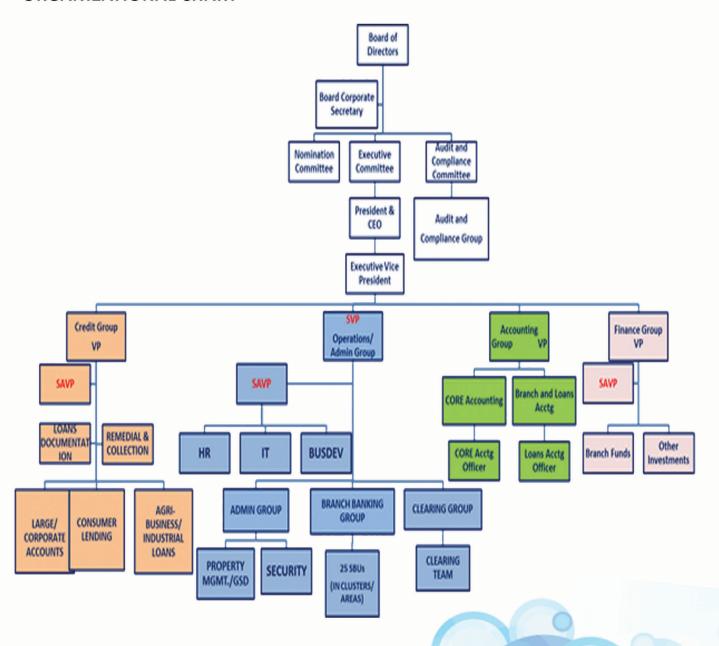
All units of the Bank shall conduct self-assessment exercises of the specific risks inherent in their activities, including their identification and assessment with regard to their frequency of occurrence and materiality, and shall report the identified events to the Execom. This shall allow the Bank to identify changing risks upon their occurrence and respond to them promptly.

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.

Disaster recovery and business continuity plans shall take into account different types of plausible scenarios to which the Bank may be vulnerable, commensurate with the size and complexity of the Bank's operations. The plan shall include alternate or recovery sites in case of downtime due to communication/connection problems and disasters. Such plans shall periodically be reviewed and tested, frequency of which will be determined by each unit of the bank. With regard to the adequacy of the human resources, all efforts shall be made to ensure that staff has appropriate expertise and training. Also, adequate performance assessment systems and career advancement procedures should be in place.

The bank's Manual on Money Laundering and Terrorist Financing Program, which is regularly updated, 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, is responsible for the proper implementation of customer due diligence procedures. The head of operations sees to it that transactions are properly monitored while the compliance office sees to it that covered or suspicious transactions are reported properly. The Board through the ACC shall ensure that oversight of the bank's anti-money laundering and combating the financing of terrorism compliance management is adequate.

ORGANIZATIONAL CHART





Related Party Transactions

It is the policy of the bank and the responsibility of the board to ensure that there is effective compliance with existing laws, rules and regulations and that no stakeholder is unduly disadvantaged in handling transactions with directors, officers, stockholder, 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 board sees to it that interests of depositors, creditors and stockholders are protected through proper disclosure, review and approval of related party transactions.

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 improve banking service by implementing its Customer Assistance and Protection Program to further complement the well-being of its customers. 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 a hotline number or thru the bank's customer service email. 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.

Major Stockholders

As of December 31, 2019, 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	Citizensh ip	Percentage
Carlan Reality & Dev. Corp.	Common	Filipino	19.76%
Fourteen Stars Reality 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	2.33%
Lapid, Michael B.	Common	Filipino	2.33%
Lapid, Mario B.	Common	Filipino	2.33%
Lapid, Anthony B.	Common	Filipino	2.33%
Lapid, Daniel B.	Common	Filipino	2.33%
Total Common			97.33%

Directors' Ownership Structure as of December 31, 2019.

Name of Director	Pas Idan/ Type of Directorship	No. of Years as Director	Total Relet Other (D and Indice Source ()	Percent to Total OutstandingShares
Arranda L Carlos	Chairperson/ Nor Executive Director	47	3 (0)	0.00%
Elizabeth C. Timbol	Sr. Breadlive Vice President, ICOO Executive Olivector	27	127 (0)	0.00%
Emilio Philip L Carlos	Non-Breathy Director	1st termt 1 yc 2nd termt 1 yr.	127 (0)	0.00%
Jose Antonio Blas L. Carlos	President & CED Executive Divector	35	5, 475 (0)	013%
Grace C Glorioso	Sr. Vice President Admin/Operations Executive Director	23	127 (0)	0.00%
Carlos S Coronel	Non-Breathy Director	11	75 (D)	0.00%
Diana C Cruz	Non-Breative Director	4	22,367 (C)	0.4%
Michael B. Lapid	Non-Breadive Director	3	117, 9 80 (0)	233%
Benigno N. Akafort	Independent Director	2	1 (0)	0.00%

Corporate Governance

Management Stability

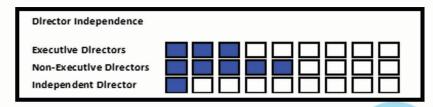
GRBank's core management is one of the well-organized among rural banking institutions in the country today. Since a bank mainly operates on the value of trust. GRBank is equally careful in maintaining its good will. Given our present standing, we believe that the bank has gained the trust and confidence of communities where we are present.

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 act 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 actions are in the best interests of the bank and put their own interests behind those of the bank. In 2018, several policies have been approved to continuously improve GRBank's governance practices.

Governance Structure

Board Composition

Its Board of Directors is composed of nine directors, 60% of whom serve as non-executive directors including one independent director. This provides independent views and judgement to ensure that corporate matters are discussed openly for transparency and strategies are provided with objective views and ideas. Members of the Board consists of professionals with extensive experience and expertise in various fields – banking, accounting, finance, education, entrepreneurship, and marketing. Except for the independent director, the board is composed mostly by members of the second and third generation of the Carlos, Lapid and Coronel families. Members of the Board are elected every year by the stockholders during the Annual Meeting of Stockholders. They serve for one year until the next election. Through the Nomination and Remuneration Committee, the bank ensures that all directors pass the criteria set in the Policy on Nominations and Qualifications of Directors.



As the Board supports the continuing education of its GRBank family, they keep themselves abreast with the latest trends, developments and regulations surrounding the banking industry by attending different conventions on banking, business, finance and technology.

Board Functions:

- The Chairperson and the Board shall provide direction and leadership for the effective execution of the bank's plans in accordance with the bank's business model.
- The Board of Directors shall be ultimately responsible for the overall good governance and risk management of the bank, seeing to it that risk appetites are within the limits set.
- It shall oversee the full compliance of the bank with the rules and regulations of its regulators and other government institutions including provisions of the AMLA and its Implementing Rules and Regulations to protect all stakeholders of the bank.

Board Committees

Board Committees were created to handle special duties for the board to ensure efficiency, focus and responsiveness.

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 the different management/sub-committees and are confirmed by the Board. It is in-charge of monitoring the strategic plans and approves loan applications below P 2.0 million.

Board Credit Committee

The Board Credit Committee, composed of seven directors with 2 consultants, is in-charge of deliberations for applications of loans of more than P 2.0 million. They approve such loans in accordance with the credit risk policies and procedures of the bank. They are also responsible in monitoring credit exposure limits, SBL and large exposures and recommends policies to the board.

Audit and Compliance Committee

The Audit and Compliance Committee is composed of three non-executive directors, one of which is the Independent Director, who helps protect the bank's assets by playing a key role in financial control and reporting. It examines the major risk exposures of the bank with regards to management's accountability on monitoring and controlling such risk exposures. It also oversees that the functions of the internal audit and compliance group are continuously relevant to the size and operations of the bank.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee, composed of three non-executive directors, assists the Board in its oversight responsibility to shareholders by ensuring that the GRBank Board and Top Management comprise of individuals best able to discharge the responsibilities of Directors and Executives having regard to the law and aspiring to excellence in governance standards.

Performance Assessment for the Board

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. Assessment is done yearly and proper action is done where weaknesses are seen.

For the 2018 assessment, overall assessment showed the board's adherence to its code of conduct and compliance to policies. Improvement has been seen in its committees and recommendations can be seen in terms of improving operations, employee and directors' development, good governance and, innovation and growth strategies. The harmonious relationship has been maintained between Management and staff and among members of the board.

Attendance to meetings is likewise part of the assessment. The Board got an average of 95% presence, the Audit and Compliance Committee achieved a 100% presence while the Executive Committee and the Board Credit Committee both had 97% presence. Directors are responsible in seeing to it that they attend the meetings of the board and their committees and to contribute ideas and strategies for the proper implementation of plans, provide control and to safeguard the assets of the bank. Details of attendance per member is seen below.

CARLOSS, CORONEL	12/13	92%	95%
		_	050/
DIANA C. CRUZ	13/13	100%	
EMILIO PHILIP L. CARLOS	13/13	100%	
BENIGNO N. RICAFORT	11/13	85%	
MICHAELB. LAPID	13/13	100%	
GRACE C. GLORIOSO	13/13	100%	
ELIZABETH C. TIMBOL	12/13	92%	
JOSE ANTONIO BLAS L. CARLOS	12/13	92%	
AMANDA L. CARLOS	12/13	92%	
BOARD OF DIRECTORS	PRESENCE	%	

EXECUTIVE COMMITTEE	PRESENCE	%	
JOSE ANTONIO BLAS L. CARLOS	34/35	97%	
ELIZABETH C. TIMBOL	34/35	97%	
GRACE C. GLORIOSO	34/35	97%	97%

BOARD CREDIT COMMITTEE	PRESENCE	%	
JOSE ANTONIO BLAS L.CARLOS	34/35	97%	
ELIZABETH C. TIMB OL	35/35	100%	
GRACEC. GLORI OSO	34/35	97%	
MICHAELB.LAPID	35/35	100%	
EMILIO PHILIP L. CARLOS	35/35	100%	
DIANA C. CRUZ	33/35	94%	
CARLOS S. CORONEL	32/35	91%	97%

ACC	PRESENCE	%	
BENIGNO N. RICAFORT	6/6	100%	
MICHAEL B. LAPID	6/6	100%	
DIANA C. CRUZ	6/6	100%	100%

Succession Planning

GRBank's Succession Plan focuses mainly on Executive Officers and Senior management positions starting at the top of the organization, particularly the Board of Directors, the President and CEO and going to the lowest level given the retention value of offering development opportunities as well as the increase in profitability associated with a competent and motivated workforce.

A change in leadership is inevitable for all organizations and can be a very challenging time. Therefore, it is the policy of GRBANK to be prepared for eventual changes in its leadership and in its key positions – either planned or unplanned – to insure the stability and accountability of the bank. The board of directors shall be responsible for implementing this policy and its related procedures. The board, with the assistance of the Executive Committee, will assess the needs of the bank to help ensure the selection of a qualified and capable candidate who is a representative of the community; a good fit for the bank's mission, vision, goals, and objectives; and who has the necessary skills for the organization. To ensure that the bank's operations are not interrupted, the board will appoint an interim key officer to ensure that the bank continues to operate without disruption.

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, objectives, but is also geared to attract competent candidates, and retain and motivate its employees and members of the board. Compensation packages for employees include additional allowances that increments as the employee's tenure progresses, thereby encouraging them to stay longer with the bank. Fringe benefits are likewise enjoyed by regular employees while the board receives some allowance, aside from per diem every meeting, that is commensurate to their effort, responsibilities and time spent.

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, which is usually during the annual stockholders meeting.





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** RESPONSIVE
- **I** INNOVATIVE
- **T** TRANSPARENCY

Overview of GRBANK GRBank is a private solo bank, rural bank category, having varied business portfolio in loans, basic savings deposits, special savings, checking account, and bills payments with the thrust of "Empowering MSMEs, Enriching Pinoy Lives" Top 5 market positions in the industry (as of 12/31/2019) • Total assets: PHP 5.70 billion • Total deposits: PHP 4.24 billion • Total loans: PHP 4.25 billion • Total equity: PHP 1.08 billion; 19.79% CAR • Local network: 25 branches Solid track record spanning over 65 years; AMONG THE FIRST TEN RURAL BANKS to be opened in the Philippines when Bangko Sentral ng Pilipinas granted its Certificate of Authority on May 8, 1954; established primarily to provide financial services to the Guagua-Sta. Rita community; now has reached out to most communities of Pampanga and the rest of Central Luzon ❖ A member of PDIC, PCHC, PhilPass and bank associations like RBAP, CCLRB & PFRB Majority-owned by the Carlos, Lapid and Coronel families whose major business interests are in financial services, real estate development and infrastructure. Our founders handed down to us the values of prudence, integrity, and commitment to rural development, thus with more than 65 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, guided by these corporate concerns: ∞ Integrity ∞ Optimum financial Returns ∞ Stability over Profitability RURAL GUAGUA

GRBANK