



GRBANK



ANNUAL REPORT 2022

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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. 6 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., DBP and LBP. It is also a member of Philippine Deposit Insurance Corporation (PDIC), the Philippine Clearing House Corporation (PCHC), PhilPass Plus, Philippine Payments Management, Inc. (PPMI) and PESONet.

GRBank provides a wide variety of products and services. Its lending services (corporate, consumer loans, agriculture and MSMEs) that provide 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 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 seminars, handled by the GRBank Academy, and offering credit facilities to micro, small and medium entrepreneurs making sure they will 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

MESSAGE FROM THE CHAIRPERSON

Dear Shareholders,

The year 2022 is another year characterized by changes as the country starts to recover from COVID-19 pandemic that has significantly impacted the lives of the Filipinos. Nevertheless, your Bank has been quick to adjust and respond to changes as well as the changing needs of our customers.

For the operating performance of GRBank in the past year, overall results are quite remarkable even in the extreme fluctuations of the global economic conditions. The Bank consistently adheres to business conduct on the basis of sustainability, emphasizing a balance between business plan execution and risk management, responding to changing factors. It has evolved in various aspects especially in the development of new products, adoption of modern systems to enhance efficiency in banking process, talent development to enhance expertise of employees, R&D for products to meet customer expectations, and other opportunities to fortify its potential with the concern of shareholders' return.

The Board of Directors has dedicated its energy and abilities to navigating the Bank through the great crisis and progressing on organization's competency development as well as finding new opportunities and building good relationship with partners so that we will be prompted for the more intense competition to come and enhance clear goals of future growth, stability and sustainability.

Lastly, as Chairman of the Board of Directors, I would like to thank our business alliances, suppliers and all stakeholders for your support and trust in GRBank's business operations including our board members, executives and all employees for your collaboration in performing your duties with all the efforts and abilities. The Bank will remain steadfast in our adherence to good corporate governance principles and stay committed to developing the organization to achieve sustainable growth to be among top 3 leading rural banks in the country.

Sincerely yours,



Amanda L. Carlos

Chairperson of the Board of Directors



PRESIDENT'S REPORT

RESILIENCY AMIDST CHALLENGES

Philippine banks remained resilient amid challenges as the economy continued to recover from the impact of COVID-19 pandemic, Russia invasion of Ukraine, and the aggressive rate hikes in 2022, delivered by the US Federal Reserve.

We believe that the banking industry will remain resilient in 2023 despite the global challenges.

The Philippines has the second fastest growing economy in Southeast Asia next to Vietnam with a 7.6% GDP growth.

GRBank had a sustained growth in 2022 as the country continued to rebound. The accelerated growth in the loan portfolio was matched with the continued growth in the deposit base. Consumer confidence returned post pandemic, as GRBank expanded its reach in the areas that would benefit from financial inclusion.

GRBANK HIGHLIGHTS IN 2022

2022 turned out to be a banner year for GRBank as it ended with bright colors.

Total Assets grew 10.5% to ₱ 7.596 billion, from ₱6.88 billion of last year. Loans now total ₱5.808 Billion, a growth of 15.5% from ₱5.03 Billion surpassing target increase for 2022. Deposits increased by ₱523.9 Million and now reached ₱5.859 Billion, a 9.8% growth.

Your Bank reached a net income (before adjustments) of ₱212 million, an indication of great management of resources. From this, Return on Equity of 17.37% and a Return on Assets of 2.93% is achieved.

GRBank's Total Capital stood at a high ₱1.288 billion and capital build up is one of the Board's priority commitments to maintain stability, together with Liquidity, which remains high at 35.74%. Capital Adequacy Ratio (CAR) is likewise a measurement of stability at 20.10%, and it remains well above BSP standards of 10% and better than its peers at 18.17%.

PRESIDENT'S REPORT

OPERATIONS

Enhanced corporate governance, internal control and risk management earned GRBank a good BSP rating. The Board enhanced its risk oversight function by reinforcing the board committees with the Corporate Governance Committee and Audit Committee headed by Independent Directors. The bank, thus, continues to operate in a safe and sound manner to maintain good governance as the Board enhanced its committees and their charters.

Intensive collection efforts coupled with improved credit risk management trimmed down the past due ratio to 8.65% by year end, yet allowance for credit losses are provided adequately to keep the bank steady and strong in times of crisis. All hands on deck as the branch banking group, accounting, and credit are undergoing the transition to the new core banking system using cloud-based technology with the end view of providing better banking experience to the bank's customers. The transition also aims to provide seamless transactions, accurate and timely reports both for the management and board, and the BSP, and other reportorial requirements. Information Technology is on its toes to provide better infrastructure for the safety and security of customer and bank information. It is likewise paving the way for digitalization, as plans to offer mobile banking have been laid down and as the economy fully opens. Monitoring of risks and enhancing controls is given utmost attention by the audit and compliance group to ensure the resources of the bank are used properly and the interest of the depositors and other stakeholders are protected.

GRBank sees to it that it gives back to the communities where it serves through community building as it helps MSME's build up their businesses and support local schools in financial literacy activities.

ONWARDS TO 70 YEARS

As the country's economy transforms and recovers, your bank, too, looks forward to its 70th year. It considers the sustainability of its operations through products and services that are aligned with the Sustainable Development Goals (SDGs) of the United Nations. The bank focuses on 6 SDGs and aims to provide measures at improving sustainability of agricultural processes, energy efficiency, clear water and sanitation, and climate action. It likewise supports decent work and economic growth, and quality education. The bank intends to allot an amount equivalent to 10% of its total loan portfolio to its sustainability finance activities. All these are encompassed in the bank's Sustainable Finance Framework. It likewise aims to achieve at least 10% growth in Total Resources or P 9 Billion and open more branches/branch-lite units by its 70th Anniversary.

In all of the bank's achievements and goals, the people behind it all is where the greatness comes from, the bank's partners, Board of Directors, top executives, department heads, officers and staff. It is also owed to the founders who started it all, the customers who remained loyal and the Lord Almighty who made things possible.

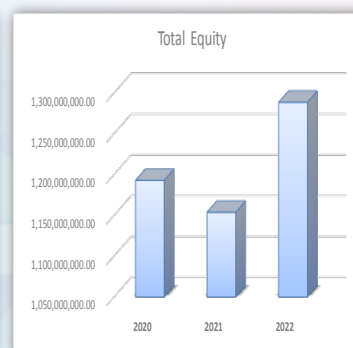
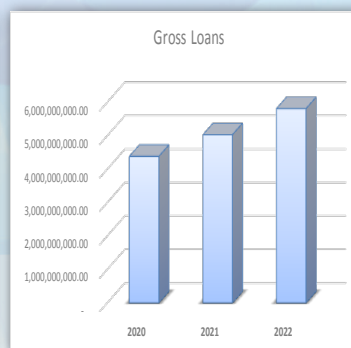
Thank you and I remain
Sincerely yours,



Jose Antonio Blas L. Carlos
President and CEO

FINANCIAL SUMMARY/FINANCIAL HIGHLIGHTS

	As of December 31,		
	2022	2021	2020
Profitability			
Total Net Interest Income	413,076,915.21	347,156,919.46	287,720,647.37
Total Non-Interest Income	53,059,982.88	40,196,148.81	45,309,697.11
Total Non-Interest Expenses	244,573,154.80	225,360,401.97	185,322,317.59
Pre-provision profit	221,563,743.29	161,992,666.30	147,708,026.89
Allowance for credit losses	536,969,160.17	298,656,091.71	233,448,802.25
Net Income	212,036,187.82	154,746,266.23	139,930,438.97
Selected Balance Sheet Data			
Liquid Assets	2,092,967,138.00	1,920,235,424.95	1,699,783,386.19
Gross Loans	5,808,437,795.22	5,027,172,955.58	4,379,589,597.56
Total Assets	7,596,004,911.47	6,877,280,493.58	6,096,973,325.65
Deposits	5,859,750,285.67	5,335,753,635.22	4,702,231,064.08
Total Equity	1,288,265,339.86	1,153,690,404.23	1,192,736,005.14
Selected Ratios			
Return on equity	17.37%	13.19%	12.29%
Return on assets	2.93%	2.39%	2.37%
Capital Adequacy Ratio	20.10%	18.93%	21.23%
Capital Structure and Capital Adequacy			
Tier 1 capital and a breakdown of its components			
Paid up common stock	655,221,600.00	505,221,600.00	505,221,600.00
Retained Earnings	633,218,540.99	648,129,318.56	686,660,967.94
Cumulative foreign currency transaction	98,599.36	9,888.45	(38,903.17)
Total Tier 1 Capital	1,288,538,740.35	1,153,360,807.01	1,191,843,664.77
Tier 1 Capital Adequacy Ratio	19.32%	18.21%	20.55%
Tier 2 capital and a breakdown of its components			
General Loan Loss Provision	52,077,715.18	45,045,843.49	39,226,789.35
Deduction from Tier 1(50%)	0.00	0.00	0.00
Deduction from Tier 2(50%) capital	0.00	0.00	0.00
Total Tier 2 Capital	52,077,715.18	45,045,843.49	39,226,789.35
Total Qualifying Capital	1,340,616,455.53	1,198,406,650.50	1,231,070,454.12
Capital Requirements for credit risk	536,969,160.17	298,656,091.71	233,448,802.25
Capital Requirements for operational risk	60,100,000.00	60,100,000.00	30,100,000.00
Credit Risk-Weighted Assets	6,160,601,178.33	5,874,909,467.35	5,384,508,244.38
Operational Risk-Weighted Assets	509,340,480.87	457,164,993.29	414,449,478.54
Market Risk-Weighted Assets	0.00	0.00	0.00
Total Risk-Weighted Assets	6,669,941,659.20	6,332,074,460.63	5,798,957,722.91
Others			
Cash Dividends Declared	40,000,000.00	40,000,000.00	30,000,000.00
Headcount			
Officers	62	62	63
Staff	70	71	62



Sr. EVP/COO's *Message*

We have been facing challenges at every turn, and though each member of our team is unique, we set aside our differences, come up with solutions and work together to meet our goals.

I remain proud of what our Bank and our teams have achieved, collectively and individually. We have long championed the essential role of rural banking in the countryside, how we serve our communities through our personal touch as we enable MSMEs to reach their potential and helping families reach their dreams. GRBank never stopped doing things to help serve our clients and our communities. With our new core banking system, selected bank's products and services can be accessed through your fingertips. You need not worry, because your information is kept safe and secure, and you may access it anytime, anywhere.

With the steadfast dedication of our people, who are all working for you, GRBank looks forward to another strong year in 2023 and onwards to our 70th anniversary.

We thank you for your continued trust in GRBank,

Sincerely yours,



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



HIGHLIGHTS *of Operations*

LENDING OPERATION

2022 is another victorious year for GRBank. Although the COVID-19 crisis is still here, the bank continues to be of vast help to businesses in order for them to fully recover from the pandemic. The bank sees opportunity within the threat of the pandemic that affected the economy of the country. Despite the stiff competition with other banks and private financial institutions, GRBank's lending operation continues to perform tremendously in terms of delivering fast, efficient and quality service to its clientele. GRBank truly delivered exceptional performances in reaching and even surpassing its loan target by 130%. It did not only achieve its target net increase of P600M but even surpassed it by attaining P781.3M which makes the total loan portfolio to P 5,808,437,795.22 at year end from P5,027,172,955.58 of last year.

Close monitoring of accounts is always an effective tool which was again proven as we met a single past due ratio of 8.65% as of year-end of 2022.

Continuing partnership with DA-ACPC, as the President of the Republic of the Philippines himself is now the Secretary of Department of Agriculture to help boost the economy more and uplift the lives of our farmers. Our partner with the ACPC of the Department of Agriculture has continuously trusted us and has released funds of P63.2M to a total of 1,622 beneficiaries for the various SURE PROGRAMS to help farmers, fisherfolks and agri-businesses to recover from pandemic and natural calamities. We also have a continuing tie-up with Philippine Guarantee Corporation for SME Credit Guarantee Facility and Home Guarantee and also a new loan product for PVAO Pensioners has already started in 2022. New loan products are being studied to diversify our loan portfolio. Guidelines and policies were enhanced to achieve a more efficient lending operation in the years to come.

As we expect the economic recession this 2023, we again look forward to turn every threat into opportunity to achieve another victorious year for GRBANK. Through the guidance of our Lord Almighty, the Management and collective efforts of its personnel and the cooperation and loyalty of its clientele we can surpass and overcome all of the challenges that may hinder our continuing success.

Grace Carlos-Glorioso

Senior Vice President
- Admin/Operations

HIGHLIGHTS *of Operations*

BRANCH BANKING GROUP (BBG)

Deposit increased by 9.8% or 523.9M and now reached P5.859 billion by year end 2022.

GeRBilis increased by 29% or a total 141,000 transactions.

Since GRBank joined Pesonet in Feb. 2021, the transactions increased by 136%.

The BBG was busy in 2022 with the new Core Banking System; hands on training and system enhancements. The bank is ready to go-live by the first quarter of 2023 and is excited to offer more products and services to our clients especially in digital banking.

TREASURY

Maintaining GRBank's ideal liquidity rate at 35.74% helped balance the income derived from interest and loans. Despite the challenges brought about by the lingering effects of the pandemic, growth in deposits, loans and net income proves GRBank's ideal business model. The bank has managed its net interest margin by matching long-term assets with long-term funding to reduce interest rate risk and has diversified funding sources for credit uses.

With the re-opening of the economy, GRBank is well-posted and prepared for 2023!

ACCOUNTING & FINANCE

Each one of us has shown a passion in doing our job well as an accounting role impacts all aspects of bank operations from accurate and reliable information and reports needed to meet the need of clients, shareholders, and authorities. Implementation of the new accounting system is still in the transition phase as it moves into its succession. Everyone is moving forward together, and then success takes care of itself.

Our team together with Audit & Compliance, and HR Group have held an annual meeting and training of all branch accountants and officers last 24th of September, 2022 via Zoom which focuses on re-orientation of the branch accounting duties and responsibilities. Also, Accounting and Finance Group enjoyed one of the organizational incentives "The Gold Awardee Year 2021" as we celebrated it in La Jolla Luxury Beach Resort, Bagac Bataan. Bonding together boosts our spirit to continue to serve and share a common vision to reach the organizational highest zenith and be a blessing in our workplace.



BUSINESS DEVELOPMENT

Rural banks in the Philippines have started their digitalization projects this 2022 as the economy has woken up from its pandemic slumber and growth opportunities abound. Those who are quick to infuse technology in their businesses will reap most of the economic rewards. Most of all, the digitalized rural banks will better fulfill their mission to drive economic growth in the regions.

GRBank always rises up to such challenges. Digital transformation is among its transformation efforts. The BSP has granted the Bank its approval, last March 4, 2022, to implement a cloud-based Core Banking System thru the help of a third party Provider, NXTBK, Inc. That can help us to become more intelligent, agile, and sustainable in this changing digital economy.

As indicated in the timeline, the plan to go live with the new core banking system is in February of 2023. Soon GRBank can offer products and services to our customers with the click of a finger.

HUMAN RESOURCES DEPARTMENT

2022 wrapped up with great energy and enthusiasm for GRBankers! GRBank was able to hold an in-person Christmas Party for its employees after almost three years. This brought great joy and excitement for everyone. Employees were able to meet again, mingle, and participate in fun games, not to mention the showcase of talents which added spark to the event. This kind of social event provides opportunity to foster employee-employer relationship in a more relaxed environment. As part of GRBank's mission to provide great service to our clients, continuing education was also provided through several seminars and trainings through in-house and external sources to equip our employees with applicable knowledge to deal with day-to-day operations and other significant matter making them competent in their field. Moreover, GRBank values its employees making sure that they are properly compensated and rewarded for their exemplary performance in achieving GRBank's goals.



MARKETING AND SOCIAL MEDIA

Giving a more personalized relationship is the thrust and commitment of GRBank. Despite restrictions due to covid-19 pandemic, client visits were made to strengthen the business and personal bond between the bank and our clients.

The Marketing Department's goal for the GRBank awareness campaign includes activities like town fiesta parades showcasing Gerbie and joining different organizations, aside from the active campaigns and advertisements done in social media. Our FB Page has now garnered a total of 18,000 likes and followers since we activated it in 2020. Our Instagram account and website are quickly following suit. All thanks to you!



RISK MANAGEMENT

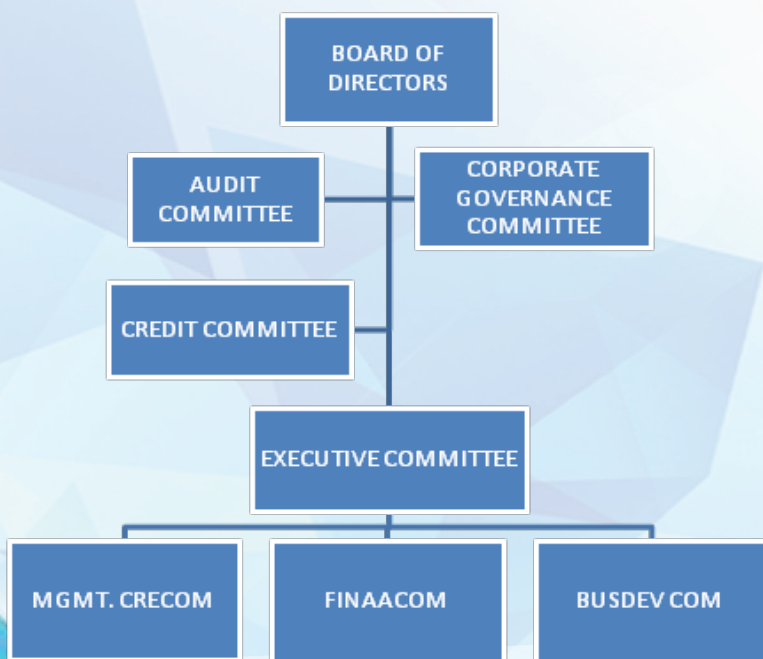
GRBank believes that its business strategies and objectives entail risks. Managing the risk can be more than just protecting the value by avoiding the downsides; it can actually help create value by taking advantage of uncertainty and opportunity to maximize gains and improve the bank's competitive position. 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. Incultation 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.



AREAS OF RISK

Operational

- Strategic
- Internal Control
- Reputational/Social
- AML
- Succession
- IT

Credit

Financial

- Liquidity
- Interest Rate

Compliance

- Reportorial

BANK-WIDE RISK GOVERNANCE STRUCTURE

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 Committee is responsible for the oversight of the financial reporting framework, monitoring and evaluating the adequacy and effectiveness of internal system and the internal audit function and compliance function. The Corporate Governance 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 bank underwent a reorganization this year and an additional independent director made it possible for the bank to create another committee that complies with BSP standards. The screening of new directors and senior management is the responsibility of the Board and is now being handled by the Corporate Governance Committee (CorpGov Com). The CorpGov Com leads the process by evaluating the candidates using 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 directors each head the audit committee and the corporate governance committee whose charters dictate their responsibilities 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 two independent directors. 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



4 Non-Executive Directors



2 Independent Directors



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	50	4 (D)	0.00%
Jose Antonio Blas L. Carlos	President & CEO/ Executive Director	38	7,101 (D)	0.11%
Elizabeth C. Timbol	Senior Executive Vice President/ Executive Director	30	165 (D)	0.00%
Grace C. Glorioso	Sr. Vice President/ Executive Director	26	165 (D)	0.00%
Michael Anthony B. Lapid	Non-Executive Director	6	152,489 (D)	2.33%
Angelo Raymundo Q. Valencia	Independent Director	2	1 (D)	0.00%
Carlos S. Coronel	Non-Executive Director	14	249 (D)	0.00%
Diana C. Cruz	Non-Executive Director	7	29,008 (D)	0.44%
Illuminada M. Dizon	Independent Director	11 months starting Feb. 2022	6,933 (D)	0.11%

BOARD OF DIRECTORS



Amanda L. Carlos
Chairperson of the Board
Non-Executive Director
Filipino, 91 years old

Amanda L. Carlos is a non-executive member of the Board of Directors of Guagua Rural Bank, Inc. since 1972. Currently, she serves as the Chairperson of the Board, a position assumed in 2009.

She is a member of the Corporate Governance Committee since February 2022.

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.

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 member of the Board of Directors in 1984 and serves as an Executive Director. Apart from this, he is also the Chairman of the Executive Committee and the Board Credit Committee. Concurrently, Mr. Carlos is the President and a Trustee of Sta. Rita College. 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, where he likewise imparts the values of integrity and good governance.

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.



Jose Antonio Blas L. Carlos
President & Chief Executive Officer
Executive Director
Filipino, 64 years old



Elizabeth C. Timbol

Sr. Executive Vice President/ Chief Operating Officer
Executive Director
Filipino, 53 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., Yellow Green Global Corporation, Euroasia International Hotel, Inc. and she is likewise a Trustee of Blossom Forth School, Inc.

Ms. Timbol served as the President of the Rural Bankers Association of the Philippines (RBAP) in 2020-2021 and currently, she sits as a member of the Board of the RBAP.

Ms. Timbol has a Master's Degree in Business Administration (MBA) at the Ateneo Graduate School of Business and a Bachelor's degree in Commerce major in Legal Management at the De La Salle University. With her energy, enthusiasm, and business acumen, Ms. Timbol brings great contributions that led the bank to where it is now.

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 a Director of Fourteen Stars Realty, Inc. Ms. Glorioso has a Bachelor's degree in Commerce 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.



Grace C. Glorioso

Senior Vice President
Executive Director
Filipino, 48 years old



Diana C. Cruz
Non-Executive Director
Filipino, 66 years old

Ms. Diana C. Cruz is a Non-Executive Director of Guagua Rural Bank, Inc. since April 2015. She is a member of the Audit Committee.

Concurrently, Ms. Cruz is a Director of CREDSI Marketing Corporation.

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

Mr. Michael Anthony B. Lapid is a Non-Executive Director of Guagua Rural Bank, Inc. since February 2016 and was a Director in 1994-1998. Currently, he is a member of the Board Credit Committee

Concurrently, he is a Director of FM Lapid and Sons, Inc. and 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.



Michael Anthony B. Lapid
Non-Executive Director
Filipino, 61 years old



Carlos S. Coronel
Non-Executive Director
Filipino, 53 years old

Mr. Carlos S. Coronel has been serving Guagua Rural Bank, Inc. as a Non-Executive Director since January 2008 and he sits as a member of the Board Credit Committee.

Apart from his position in GRBank, Mr. Coronel is also a Director of Allied Concrete Products, Inc., Majestic Shipping Corporation, Corsan Realty Corporation, Kapalaran Realty Development Corporation, and Moikel Realty Corporation.

Mr. Coronel has a BS Management degree at the Ateneo De Manila University and he shares his expertise in business during board meetings.

Atty. Angelo Raymundo Q. Valencia was elected as an Independent Director of Guagua Rural Bank, Inc. in February 2021. He is the Chairman of the Corporate Governance Committee and a member of the Audit Committee.

Concurrently, he sits as an Independent Director of Nickel Asia Corporation, Country Bankers Insurance Corporation.

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 Uygongco 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.



Atty. Angelo Raymundo Q. Valencia
Independent Director
Filipino, 54 years old



Iluminada M. Dizon

Independent Director

Filipino, 74 years old

Ms. Iluminada M. Dizon is one of the Independent Directors of Guagua Rural Bank. She was elected on February 2, 2022. She has more than 40 years experience in the banking industry, mostly with GRBank. She previously held the position of Chief Finance Officer prior to her retirement in 2018. She sits as the Chairman of the Audit Committee and a member of the Corporate Governance Committee.

She is a Certified Public Accountant and graduated Cum Laude at the University of the East in Manila.

She is concurrently holding the position of Chairman of the Board of Trustee of the Bacolor Water District.

Her banking experience brings insights to the Board that is beneficial to the bank.



Mr. Emilio Philip L. Carlos was appointed as Board Adviser in February 2022. He previously served as a non-executive director of GRBank in 2013 and 2019.

Concurrently, he is a Director of Euroasia International Hotel, Inc. and a Trustee of Santa Rita College of Pampanga. He is the proprietor of JAP building and is Technical Consultant at Mr. Kool Airconditioning Service.

He has a degree in BS in Mechanical Engineering at the De La Salle University. As adviser, he provides insights that are timely and adept to the bank and ensures that the bank's resources are used properly.

Emilio Philip L. Carlos

Board Adviser

Filipino, 56 years old

Atty. Daryl G. Liangco was appointed as Corporate Secretary of the Board on February 2, 2022. He previously served as GRBank's Legal Counsel/Consultant. He is a lawyer and a Certified Public Accountant.

He is currently a part-time faculty at the Mary the Queen College (Pamp.), Inc. and Don Honorio Ventura State University. Also, a member and Director of the Integrated Bar of the Philippines – Pampanga Chapter and the Philippine Institute of Certified Public Accountants – Pampanga Chapter.

His previous positions are former faculty member of the University of the Assumption, Colegio de Sebastian, Guagua National Colleges, Holy Cross College and Guagua Community College. He also held previous positions at the JBL Memorial Regional Hospital, Commission on Appointment, Coop Center for Development Foundation, Inc, a Junior Associate at Molo Sia Velasco Tuazon & Ty Law Offices, and Department Manager, Account Officer and Admin Asst. at Cooperative Bank of Pampanga.

Atty. Liangco is a graduate of Bachelor of Arts in Psychology at the University of the Philippines – Ext. Program in San Fernando, a Bachelor of Laws at the San Beda College, Mendiola and Bachelor of Science in Accountancy at the University of the Assumption.



Atty. Daryl G. Liangco
Corporate Secretary
Filipino, 56 years old

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.

EXECUTIVE COMMITTEE	TOTAL	PRESENCE	%
JOSE ANTONIO BLAS L. CARLOS	40	40	100%
ELIZABETH C. TIMBOL	40	40	100%
GRACE C. GLORIOSO	40	40	100%



Chairman
Jose Antonio Blas L. Carlos

Members
Elizabeth C. Timbol
Grace C. Glorioso

AUDIT COMMITTEE

The Audit Committee is composed of three non-executive directors. Sitting as Chairman, is the independent director, 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	TOTAL	PRESENCE	%
ILUMINADA M. DIZON	12	12	100%
ANGELO RAYMUNDO Q. VALENCIA	12	11	92%
DIANA C. CRUZ	12	12	100%



Chairman

Iluminada M. Dizon

Members

Angelo Raymundo Q. Valencia
Diana C. Cruz

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is composed of three non-executive directors, two of which are independent directors where one sits as Chairman. They assist the Board in fulfilling its oversight responsibility to its stakeholders 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 laws, rules and regulations; as well as best practices in excellence and governance standards.

Chairman

Angelo Raymundo Q. Valencia

Members

Iluminada M. Dizon
Amanda L. Carlos



CORPORATE GOVERNANCE COMMITTEE	TOTAL	PRESENCE	%
ANGELO RAYMUNDO Q. VALENCIA	12	12	100%
AMANDA L. CARLOS	12	12	100%
ILUMINADA M. DIZON	12	12	100%

CREDIT COMMITTEE

The Board Credit Committee, composed of five directors (3 executives and 2 non-executives) assisted by two advisers, takes care of the deliberation 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.

Chairman

Jose Antonio Blas L. Carlos

Members

Elizabeth C. Timbol
Grace C. Glorioso
Michael B. Lapid
Carlos S. Coronel



BOARD CREDIT COMMITTEE	TOTAL	PRESENCE	%
JOSE ANTONIO BLAS L. CARLOS	38	38	100%
ELIZABETH C. TIMBOL	38	35	92%
GRACE C. GLORIOSO	38	38	100%
MICHAEL B. LAPID	38	38	100%
CARLOS S. CORONEL	38	37	97%

KEY OFFICERS



Rosalina R. Aguilar
Sr. Asst. VP, Finance



Atty. Elisa M. Laqui, CPA-Lawyer
Chief Compliance Officer/
Internal Audit Head



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



Luzviminda P. Dungca
Sr. Asst. VP, Credit



Jenifer G. Cayanan
Asst. VP, Corporate Accounting



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



Myrha E. Rodriguez
Head, Products Management



Marilou S. Mungcal
Head, Admin



Garry G. Alfonso
Head, Business Development

PERFORMANCE ASSESSMENT OF THE BOARD AND SENIOR MANAGEMENT

The Board acknowledges its intention to establish and follow “best practices” in Board governance in order to fulfill its fiduciary role to the Bank. Fundamental to sound governance is the practice of undertaking a Board evaluation on an annual basis. The objective of the evaluation is to give all Board members an opportunity to evaluate and discuss the Board’s performance with candor and from multiple perspectives. The Board believes the evaluation will lead to a closer working relationship among Board members, greater efficiency in the use of the Board’s time, and increased effectiveness of the Board as a governing body.

The Corporate Governance Committee (CGC) is required to carry out evaluation of every Director’s Performance. Further the Board is also required to undertake a performance evaluation of its Independent Directors on an annual basis for determining whether to extend or continue the term of appointment of the independent director. The annual evaluation made by the Board of its own performance and that of its committees and Individual Directors shall be reported in a Board meeting.

PROCESS FOR EVALUATION

The performance evaluation is done once a year during the last quarter of every year (the evaluation period) to be initiated by the Chairman of the Board. At the Board’s discretion, a person designated by the Board, to be assisted the HR department, will coordinate the evaluation process.

The performance evaluation of Independent Directors shall be carried out by the entire Board excluding the Independent Directors. In the overall Board and Committees evaluation, each Board member will be asked to assess the Board as a whole and each board committee. Senior management assessment follows the same process in evaluation of board committees, where they are assessed for the fulfillment of their roles and responsibilities in line with regulations, making decision using timely and accurate information, and proper use of the bank’s resources, among others in the execution of their day-to-day duties. Each Board Committee member will take charge of assessing the management committees and/or the personnel performing self-assessment functions that are in their charge.

Results will be tabulated and analyzed, with the assistance of HR, prior to the meeting and presented in a summary to the CGC and the Board for evaluation. The tabulated scores will be averaged. An overall rating of 4 or 5 is a favorable outcome and is what the bank desires. However, for ratings of 3 to 1, items will have to be scrutinized and dealt with positive action plans.

The Board will discuss areas that are working well and those that need attention and may decide on changes that affect governance practices and policies that need to be made or amended going forward. Mgmt. Committees and/or Department heads may work with the Board to implement necessary changes.

Part of the assessment includes attendance to meetings, each Director is responsible in ensuring that they participate at least 50% and has been physically present in at least 25% of Board meetings every year. They are encouraged to contribute valuable ideas and strategies, controls and safeguards for the good of the Bank. The table below shows the Board attendance in 2022 and overall they got an average of 98%.

<u>BOARD OF DIRECTORS</u>	TOTAL*	PRESENCE	%
AMANDA L. CARLOS	14	13	93%
JOSE ANTONIO BLAS L. CARLOS	14	14	100%
ELIZABETH C. TIMBOL	14	14	100%
GRACE C. GLORIOSO	14	14	100%
MICHAEL B. LAPID	14	14	100%
ANGELO RAYMUNDO Q. VALENCIA	14	13	93%
JACINTO L. CARLOS	14	14	100%
DIANA C. CRUZ	14	14	100%
CARLOS S. CORONEL	14	13	93%
* 12 - REGULAR; 2 - SPECIAL			

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 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 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 bank is guided by its Succession Plan and Policy, as amended.

The Board of Directors shall be responsible for implementing this policy and its related procedures, with the assistance of the Corporate Governance Committee for directors, 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. The bank's non-executive directors other than the independent directors may serve as directors as long as they still possess the necessary criteria to fulfill his/her duty as director of the bank according to the guidelines set forth in the bank's Policy on Board Nomination and Qualification of Directors, as amended.

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

REMUNERATION POLICY

The remuneration principles in GRBank are designed to attract and retain Directors that possess relevant skills, industry knowledge and experience to oversee the bank's achievement of its performance and strategy goals with emphasis on long-term shareholder value creation. It is also 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.

It is likewise aligned with Sec. 29 of the Revised Corporation Code of the Philippines on Compensation of Directors, which states that the total yearly remuneration of Directors shall not exceed 10% of the net income before income tax of the bank during the preceding year and that Directors shall not participate in the determination of their own per diems or compensation.

All Directors receive a basic fee for their duties as a Board member. Additional fees are paid for added responsibilities such as membership of committees.

Remuneration for Executive Directors, including the President & CEO, 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. This is based on the bank's salary scale which is adjusted yearly to consider industry standards, and labor laws. They also receive per diems during Board and committee meetings.

The four (4) most highly compensated management officers of the Bank are the President & CEO, SEVP/COO, SVP and one(1) SAVP.

POLICIES AND PROCEDURES

RELATED PARTY TRANSACTIONS

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 bank has created a whistle-blowing mechanism and other remedies for abusive RPTs. As of December 31, 2022, the bank has no material related party transactions.

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 Corporate Governance Committee (CGC) 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 is reviewed at least once a year by the CGC.

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 CGC 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 audit approach 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 Audit Committee (AC). 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 AC 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 approves 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.

SUSTAINABILITY FRAMEWORK

GRBANK'S SUSTAINABILITY OBJECTIVES AND PRINCIPLES

Sustainability is not just an opportunity but a genuine mission for GRBank to represent a model of excellence in the rural banking industry by adopting an effective approach to business that is at the core of our underlying principles to be able to respond to the challenges that is increasingly sensitive to the impacts generated by industrial processes on society and the environment. GRBank's Sustainable Finance Framework is fostered at the Board level and is focused on initiatives that the bank finds value and relevance as part of its commitment to environmental and social responsibility which cut across credit and operational risk management, and investment activities where the bank is allowed to venture in. It recognizes its role in pursuing sustainable and resilient growth by enabling environmentally and socially responsible business decisions. 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.

SUSTAINABILITY STRATEGIES

GRBank supports and upholds the following sustainability principles aligned with the United Nations Global Compact thru the following strategies:

- Support environmental-friendly solutions and opportunities for business
- Support to initiatives that provide access to clean, renewable and reliable energy sources and services for the bank and for businesses.
- Improve water quality and/or water use efficiency by providing financial support to residents and businesses.
- Improve sustainability of agricultural processes by supporting DA projects for farmers and fisherfolks.
- Support medical facilities, hospitals and supplies of affordable medicine and promote wellness among employees.
- Access to quality education and services through support of educational institutions.
- Support MSMEs by providing financial literacy for competence and sustainability for employment and economic growth.
- Provide enhanced employment conditions through work-life balance, fair compensation and equal opportunities for growth.

These strategies shall be done and reviewed per year within a 5-10 year horizon until it is fully imbedded into the bank's best practices for sustainability.

LINKAGE TO THE SUSTAINABLE DEVELOPMENT GOALS

GRBank, anchors its sustainable development strategy to the United Nations Sustainable Goals focusing on 6 SDGs where we believe GRBank can have an effective approach using our underlying principles to respond to the challenges and create an impact on society and the environment where we serve.



OVERVIEW OF ENVIRONMENT AND SOCIAL RISK MANAGEMENT SYSTEM

The bank has identified and assessed the following environmental and social risks that may affect the bank and it is committed to implement environment and social consideration into its credit, operations and investment activities.

The bank shall review the composition of its exposure limits on industries taking into consideration the environmental risks the industries are exposed to.

The bank shall review the locations of its branches, if any is located in flood prone areas, typhoon belt or fault lines. Any damage brought about by natural causes will cause setbacks in the plans of the bank. Aside from operations risks, it may also cause market risk and reputation risk if the bank is unable to immediately open its doors for business after the catastrophe.

The bank shall prepare plans for contingency or relocation should any of its branches be located in such high risk areas, like ensuring that computers and records are stored in elevated and secured sections of the bank, and that proper backups are done before the storm arrives. A proper insurance coverage monitoring system should also be instituted.

The bank should start referring to weather bulletins every time a weather disturbance is reported. This is to be able to take extra precautions to safeguard the lives of its employees, protect bank properties and maybe of service to the community. By this way, the severity of the damage may be lessened.

Below is the breakdown of the E&S risks that the bank has identified and we believe that our clients may be exposed to as well. By identifying them, we believe we can assist them better.

Environmental Risks			Bank	Client	Social Risks			Bank	Client
1	Damage to buildings caused by calamities like earthquakes, floods, volcanic eruptions		✓	✓	1	Non-compliance with labor standards, and other occupational safety and health standards		✓	✓
2	Damage to crops caused by calamities			✓	2	High employee turn-over/Job insecurity		✓	✓
3	Water Shortage/Contamination		✓	✓	3	Lack of training/incompetent staff		✓	✓
4	Improper waste disposal		✓	✓	4	Inadequate procedures/controls		✓	✓
5	Oil & Gas Shortage		✓	✓	5	Employee disruption			✓
6	Business Shutdown			✓	6	Non-compliance with LGU laws; Unregistered Business		✓	✓
7	Supply Chain problems			✓	7	High crime rate in community		✓	✓
8	Agri-Agra viruses and diseases			✓	8	Data Breach		✓	✓
9	Frequent power interruption		✓	✓	9	On-line gaming/illegal gambling			✓
10	Fire damage		✓	✓	10	Misleading product labelling/branding		✓	✓
11	Air pollution			✓	11	Poor Management		✓	✓
12	Natural resource exploitation like illegal logging, illegal mining and illegal fishing			✓					
13	Telecom/Internet disruption/breakdown		✓	✓					

So far, we have identified our risk exposure in terms of credit and below is the summary. However, we have yet to assess how it shall impact the bank.

CATEGORY	GRBank's Sustainable Portfolio as of December 31, 2022			ELIGIBLE GREEN PROJECTS
	No. of Accounts	Type of Business/Financing	LOAN BALANCE	
Clean water	1	Water station	7,096,446.33	6 - Clean water and sanitation
Renewable energy	3	Solar Panels	19,638,300.95	7 - Affordable and clean energy
				ELIGIBLE SOCIAL PROJECTS
Access to health services	18	Hospitals/ healthcare / distributor of generic medicines	348,038,927.71	3 - Good health and well-being
Access to quality education	13	Schools	299,265,496.52	4 - Quality education
Access to food	41	Agri - Palay, Corn, Vegetables, Poultry, Piggery, Fishery	561,078,887.51	2 - Zero hunger
Employment generation	337	MSME LOANS	4,276,658,416.87	8 - Decent work and economic growth

We have likewise sent some of our officers to sustainability trainings for 2022 and latter part of 2021, they have attended the following:

1. Climate Risk Mapping and Getting RBs Started on their Sustainable Finance Framework by RBAP
2. Learning Session with the Bangko Sentral ng Pilipinas on Basics of Climate Related Risks
3. Webinar on Sustainability focused on Clean Water by Water.Org

The HR department has set up a training program on Sustainability in 2023 for the bank's continuing education.

We believe we are on track with the implementation of our initiatives, as seen in Operations Highlights and Corporate Social Responsibility sections of this Annual Report and we expect to have fully integrated our sustainability principles as stated in our Sustainability Strategies.

GRBANK AND THE COMMUNITY - CORPORATE SOCIAL RESPONSIBILITY

GRBank gives back to the community by opening its doors to schools for their Lakbay – Aral Program. These are conducted by our trained employees in the different GRBank branches.

The Bank also participated in the launching of DepEd's Brigada Eskwela 2022. The collaboration between the parents, the teachers and the entire community creates a safe learning environment for all students.

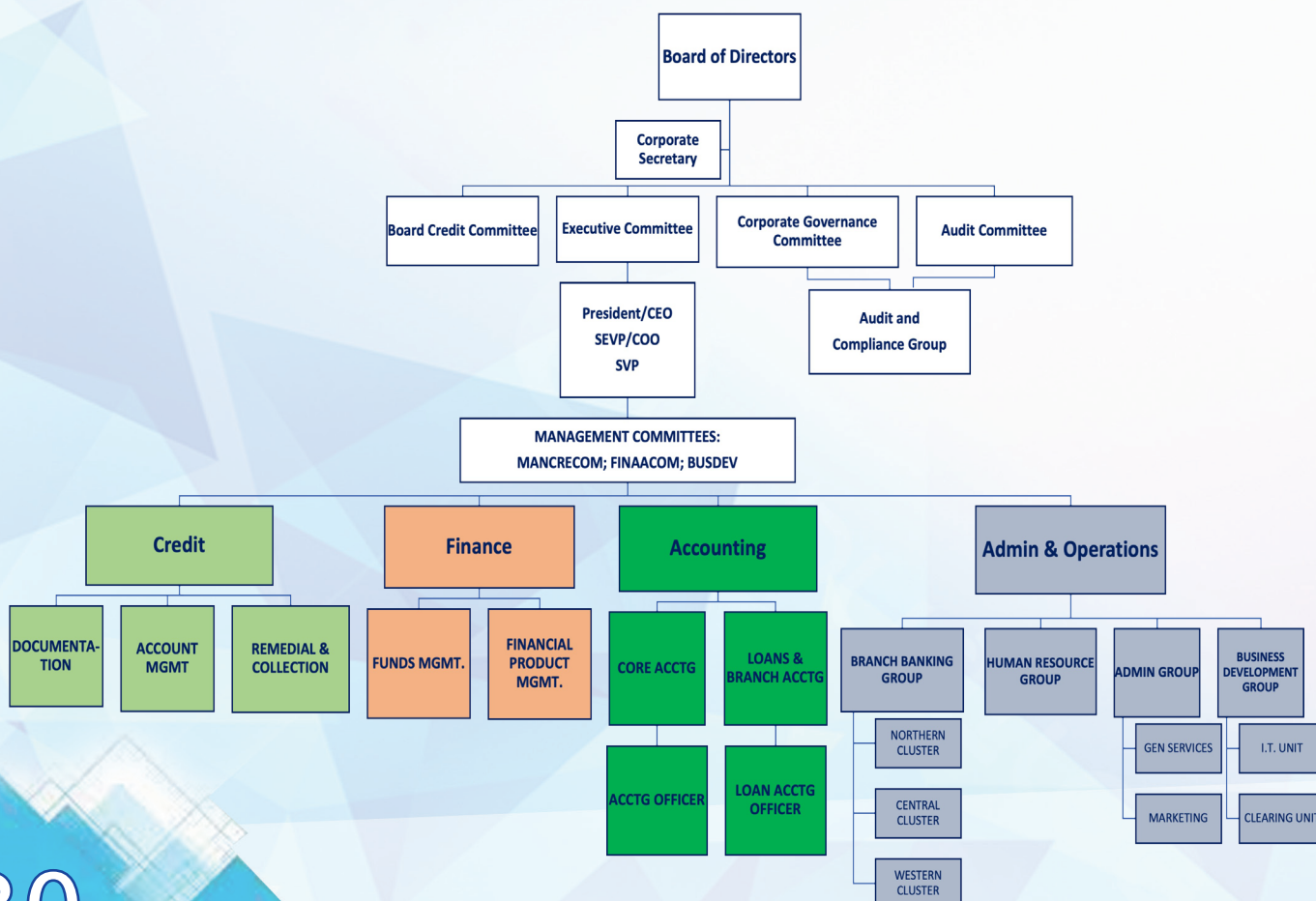


MAJOR STOCKHOLDERS

As of December 31, 2022, 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



DEPARTMENTS



**ADMIN & OPERATIONS
DEPARTMENT**



**AUDIT & COMPLIANCE
DEPARTMENT**



**ACCOUNTING
& FINANCE
DEPARTMENT**



CREDIT DEPARTMENT

MANAGEMENT COMMITTEES



**MANAGEMENT CREDIT
COMMITTEE**



**BUSINESS DEVELOPMENT
COMMITTEE**



FINAACOM

BRANCH BANKING GROUP



MAIN OFFICE



AC-HENSON



AC-FRIENDSHIP



APALIT

BALANGA



BALIBAGO



BETIS



CAPAS



CONCEPCION



DINALUPIHAN

FLORIDABLANCA



MARKET





LUBAO



MABALACAT



MAGALANG

SAN FERNANDO



STA. RITA



KAMIAS



OLONGAPO



MEXICO



ORANI

PORAC



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)



BRANCHES AND ADDRESSES

GRBank Main Office

Plaza Burgos, Guagua Pampanga
(045)900-0110, (045)900-2951, 0919-063-8127
guaguamain@grbank.com.ph

GRBank Capas Branch

Sto. Rosario, Capas Tarlac
(045)628-8546, 0919-063-8130
capas@grbank.com.ph

GRBank Mexico Branch

Poblacion, Mexico, Pampanga
(045)966-0999, 0919-063-812
mexico@grbank.com.ph

GRBank Market Branch

Sto. Nino Guagua, Pampanga
(045)900-0250, 0919-063-8119
guaguamarket@grbank.com.ph

GRBank Concepcion Branch

La Purisima St. Brgy. San Nicolas,
Poblacion, Concepcion, Tarlac
(045)456-0108, 0925-761-7977
concepcion@grbank.com.ph

GRBank Olongapo Branch

#30 18th, E.B.B. Olongapo City
(047)222-4139, 0919-063-8132
olongapo@grbank.com.ph

GRBank AC- Henson Branch

Henson Street, Angeles City
(045)404-6624, 0919-063-7123
achenson@grbank.com.ph

GRBank Dinalupihan Branch

San Juan, Dinalupihan, Bataan
(047)636-1067, 0919-603-8124
dinalupihan@grbank.com.ph

GRBank Orani Branch

Masantol, Orani, Bataan
(047)431-4416 (047)237-0359, 0919-063-8126
orani@grbank.com.ph

GRBank AC-Friendship Branch

Fil-Am Friendship Highway, Brgy. Anunas, Angeles City
(045)624-0196, 0919-063-8135
acfriendship@grbank.com.ph

GRBank Floridablanca Branch

Sta. Maria St., Poblacion Floridablanca Pampanga
(045)404-0447 0919-063-8137
floridablanca@grbank.com.ph

GRBank Porac Branch

Cangatba, Porac Pampanga
(045)436-3715, 0919-063-8136
porac@grbank.com.ph

GRBank Apalit Branch

San Vicente, Apalit, Pampanga
(045)652-1113, (045)879-1578, 0919-063-8129
apalit@grbank.com.ph

GRBank Kamias Branch

100K Tower, Kamias Quezon City
(02)8355-9879, 0919-063-8133
kamias@grbank.com.ph

GRBank San Fernando Branch

Dolores, City of San Fernando
(045)649-6264, (045)963-7267,
(045)300-1316 0919-063-8122
sfdolores@grbank.com.ph

GRBank Balanga Branch

Capitol Drive, San Jose Balanga City, Bataan
(047)240-5349, 0925-708-5879
balanga@grbank.com.ph

GRBank Lubao Branch

Gomburza St. Sta. Cruz Lubao, Pampanga
(045)971-5002, 0919-063-8134
lubao@grbank.com.ph

GRBank Sindalan Branch

Mc. Arthur Highway Sindalan, City of San Fernando
(045)626-5835 0919-063-8157
sfsindalan@grbank.com.ph

GRBank Balibago Branch

1st Street, Balibago, Angeles City
(045)625-5554, 0919-063-8128
acbalibago@grbank.com.ph

GRBank Mabalacat Branch

Mabiga, Mabalacat City
(045)624-5406, (045)458-0353, 0919-063-8131
mabalacat@grbank.com.ph

GRBank Sta. Rita Branch

San Vicente, Sta. Rita Pampanga
(045)900-2562, (045)497-0025, 0919-063-8121
starita@grbank.com.ph

GRBank Betis Branch

San Nicolas Betis, Guagua, Pampanga
(045)900-0188, 0919-063-8120
guaguabetis@grbank.com.ph

Grbank Magalang Branch

Angeles-Magalang Road,
Poblacion, Magalang, Pampanga
(045)981-4907 0925-760-0969
magalang@grbank.com.ph

GRBank Tarlac City Branch

L-Square Hotel San Rafael Mac Arthur
Highway, Tarlac City, Tarlac
(045)800-6362 0925-762-0527
tarlaccity@grbank.com.ph

GRBank Malolos Branch

KM 41, Sumapang Matanda Mc
Arthur Highway, Malolos City
(044)793-0943 0925-323-1248
malolos@grbank.com.ph



GRBank



www.grbank.com.ph



2022 Audited
Financial Statements

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47	Reconciliation of Audited FS and Statement of Income and Expense

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

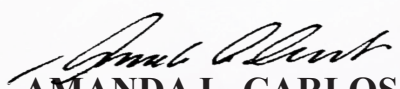
The management of **GUAGUA RURAL BANK, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended 31 December 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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.

Sicangco Menor Villanueva and Company, the independent auditor appointed by the stockholders for the period 31 December 2022, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


AMANDA L. CARLOS
Chairman of the Board


JOSE ANTONIO BLAS L. CARLOS
President and CEO


CARLOS S. CORONEL
Treasurer

SMV & Co.

Certified Public Accountants

Sirango Menor Villanueva & Co.
BOA/PRC Reg. No. 0719
SEC Accreditation No. 0719-SEC
BSP Accredited
BIR Accredited

82 Dona Gloria Ave., Villa Gloria Subd., Angeles City
Tel. No. (045) 624-3933
Mobile No. (0943) 130-4672; (0916) 244-8819
e-mail address: sirangomenorvillanueva630@gmail.com

Unit 107 Workplus Acacia Drive, Filinvest
Alabaster Plus, Clark Freeport Zone 2021
Tel. No. (045) 499-3185
Mobile No. (0998) 574-6472; (0917) 874-1186
e-mail address: www.smv.clark@yahoo.com.ph

INDEPENDENT AUDITOR'S REPORT

The Member Board of Directors
GUAGUA RURAL BANK, INC.
Plaza Burgos,
Guagua, Pampanga

We have audited the accompanying financial statements of **GUAGUA RURAL BANK, INC.** which comprise the statements of financial position as of 31 December 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Philippine Financial Reporting Standards (PFRS), 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted audits in accordance with the Philippine Standards on Auditing (PSA). Those standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedure to obtain audit evidence about the amounts and disclosure in the financial statements. The procedure selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the of the financial statement, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation pf the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010 and 19-2011

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information required under Revenue Regulation 15-2010 and 19-2011 in Note 24 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not required part of the basic financial statements. Such information is the responsibility of the management of the Company. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

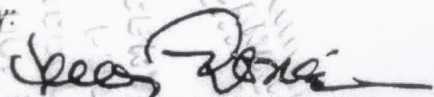
Report on Other Legal and Regulatory Requirement

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The application supplementary Schedule A of the Company for the year ended 31 December 2022, required by the Securities and Exchange Commission, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information in such supplementary schedules has been subjected to the auditing procedure applied in the audit of the basic financial statements and, on our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SICANGCO MENOR VILLANUEVA & CO.

TIN 000-817-816

By:



ARLYN S. VILLANUEVA, DBA

Partner

TIN No. 103-501-444

CPA Certificate No. 35733

PRC/BOA No. 0719

16 December, 2021 valid until 13 July 2024

SEC Accreditation No. 35733-SEC,

2021-2025 Audit Financial Statement

BIR Accreditation No. 04-003650-001-2022

03 October 2022, valid until 03 October 2025

PTR No. 1910130, 02 February 2023, Angeles City

Auditor's Address: Villa Gloria Subdivision, Angeles City

29 March 2023

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SMV & Co.

Certified Public Accountants

Sicangco Menor Villanueva & Co.
BOA/PRC Reg. No. 0719
SEC Accreditation No. 0719-SEC
BSP Accredited
BIR Accredited

#2 Doña Gloria Ave., Villa Gloria Subd., Angeles City
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Unit 107 Workplus Aencia Drive, Filinvest
Mimosa Plus, Clark Freeport Zone 2023
Tel. No. (045) 499-3185
Mobile No. (0998) 574-6472; (0917) 874-1186
e-mail address: www.smv_clark@yahoo.com.ph

AUDITOR'S LETTER OF COMMENT

The review and evaluation of the accounting records, systems and controls is done corollary to our audit of financial statements of **GUAGUA RURAL BANK, INC.** conducted annually at the bank's offices. Based on our observation during our audit and follow-up with our findings, we are of the opinion that the affairs and records of the bank for the year ended December 31, 2022 have been fairly handled and have no further comments to make thereto.

SICANGCO MENOR VILLANUEVA & CO.

TIN 000-817-816

By: 

ARLYN S. VILLANUEVA, DBA

Partner

TIN No. 103-501-444

CPA Certificate No. 35733

PRC/BOA No. 0719

16 December, 2021 valid until 13 July 2024

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2021-2025 Audit Financial Statement

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03 October 2022, valid until 03 October 2025

PTR No. 1910130, 02 February 2023, Angeles City

Auditor's Address: Villa Gloria Subdivision, Angeles City

29 March 2023

GUAGUA RURAL BANK, INC.
STATEMENTS OF FINANCIAL POSITION

	Notes	December 31 2022	2021
ASSETS			
Current Assets			
Cash and Other Cash Item	5 P	58,589,300 P	46,997,782
Due from Bangko Sentral ng Pilipinas	6	414,301,058	346,620,608
Due from Other Banks	7	1,188,805,421	1,278,479,378
Loans and Receivables	8	5,271,468,635	4,728,516,864
Available for sale financial assets	9	14,726,600	25,329,597
Debt securities measured at amortized cost	10	416,544,759	222,808,059
Accrued Interest Income from FA		3,353,699	1,166,721
Total Current Assets	P	7,367,789,472 P	6,649,919,010
Non-Current Assets			
Bank premises, furniture, fixtures and equipment, net	13	119,616,897	129,051,241
Investment Properties and Real and Other Properties			
Acquired	11	63,519,029	51,348,004
Sales Contract Receivable	12	21,571,047	28,796,099
Other Assets	14	23,508,466	18,166,137
Total Non-Current Assets	P	228,215,439 P	227,361,481
TOTAL ASSETS	P	7,596,004,911 P	6,877,280,494
LIABILITIES AND EQUITY			
Liabilities			
Deposit Liabilities	15 P	5,859,750,286 P	5,335,753,635
Accrued Expenses, taxes and other Expenses	16	56,783,156	62,616,870
Other Current Liabilities	17	391,206,130	325,219,585
Total Current Liabilities		6,307,739,572	5,723,590,090
EQUITY			
Share Capital	18	655,221,600	505,221,600
Retained Earnings - Reserve		60,100,000	60,100,000
Retained Earnings - Free		572,943,740	588,368,804
TOTAL EQUITY		1,288,265,340	1,153,690,404
TOTAL LIABILITIES AND EQUITY	P	7,596,004,911 P	6,877,280,494

See Accompanying Notes to Financial Statements

GUAGUA RURAL BANK, INC.
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Notes	2022	2021
INTEREST INCOME			
Interest Income on Loans and Discounts	20 P	257,106,205 P	357,066,497
Interest Income on Investment in Bonds	20	-	6,702,012
Interest on Deposit with BSP and Other Banks	20	12,118,416	9,686,421
Interest on Past Due Items	20	53,538,339	46,080,618
Interest - Others	20	155,308,192	2,376,672
Interest on Avail. For Financial Asset	20	10,816,036	945,712
		488,887,187	422,857,932
INTEREST EXPENSE			
Interest Expense	21	75,810,272	75,701,013
		75,810,272	75,701,013
NET INTEREST INCOME		413,076,916	347,156,919
OTHER INCOME			
Gains on Sale of Other Financial and Non-financial Asset		7,374,796	9,189,098
Foreign Exchange Rate Profit (Loss)		3,721	2,320
Service Charges and Fees		13,154,258	13,323,945
Other		32,527,209	17,680,787
		53,059,983	40,196,150
TOTAL INCOME		466,136,898	387,353,069

GUAGUA RURAL BANK, INC.
STATEMENT OF CHANGES IN EQUITY

2022					
		Cumulative Earnings		Other Comprehensive	
	Share Capital	Free	Reserved	Income (Loss)	Total
Balance, January 1, 2022	505,221,600	588,029,318	60,100,000	339,486	1,153,690,404
Adjustment during the year	150,000,000	(186,946,965)		(514,287)	(37,461,252)
Dividend declared		(40,000,000)			(40,000,000)
Income for the year		212,036,188			212,036,188
Balance, December 31, 2022	655,221,600	573,118,541	60,100,000	(174,801)	1,288,265,340

2021					
		Cumulative Earnings		Other Comprehensive	
	Share Capital	Free	Reserved	Income (Loss)	Total
Balance, January 1, 2021	505,221,600	656,939,517	30,100,000	853,438	1,193,114,555
Adjustment during the year		(33,656,465)	30,000,000	(513,952)	(4,170,417)
Dividend declared		(190,000,000)			(190,000,000)
Income for the year		154,746,266			154,746,266
Balance, December 31, 2021	505,221,600	588,029,318	60,100,000	339,486	1,153,690,404

GUAGUA RURAL BANK, INC.
STATEMENTS OF CASH FLOWS

	Notes	December 31, 2022	December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income After Income Tax	P	212,036,188 P	154,746,267
Adjustments for:			
Depreciation	13	12,821,876	15,408,070
Adjustments		(187,461,247)	-
Foreign Currency and Others		-	(19,769,922)
Operating income (loss) before working capital changes		37,396,817	150,384,415
Decrease/(Increase) in Operating Assets:			
Loans and Receivables	8	(542,951,771)	(581,807,861)
Accrued Interest Income from FA		(2,186,978)	(1,166,721)
Increase (Decrease) in Sales Contract Receivable	12	7,225,052	(2,313,748)
Increase/(Decrease) in Current Liabilities:			
Deposit Liabilities	15	523,996,651	633,522,571
Accrued Expenses, Taxes and Other Expenses		(5,833,714)	8,232,486
Other Liabilities	17	65,986,545	177,976,260
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		83,632,602	384,827,402
INVESTING ACTIVITIES:			
Available for sale financial assets	9	10,602,997	562,743
Debt securities measured at amortized cost	10	(193,736,700)	(49,189,935)
Proceeds from disposal of properties and equipment	13	2,431,068	-
Acquisition of properties and equipment	13	(2,703,549)	(3,452,235)
Disposal of investment properties and ROPA	11	2,147,506	-
Acquisition of investment properties and ROPA	11	(17,433,584)	(1,661,186)
Payment of Other Assets	14	(5,342,329)	738,057
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES		(204,034,591)	(53,002,556)
FINANCING ACTIVITIES:			
Additional Paid-in Capital (Share Dividends)	18	150,000,000	-
Addition on Reserves		-	30,000,000
Dividends Declared		(40,000,000)	(190,000,000)
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES		110,000,000	(160,000,000)
NET INCREASE/(DECREASE) IN CASH		(10,401,989)	171,824,846
CASH BALANCE - BEGINNING OF YEAR		1,672,097,768	1,500,272,923
CASH BALANCE - END OF YEAR	P	1,661,695,779 P	1,672,097,768

See Accompanying Notes to Financial Statements

GUAGUA RURAL BANK, INC.
RECONCILIATION OF AUDITED FS AND STATEMENT OF INCOME AND EXPENSE
As of December 31, 2022

		AUDITED FS	SUBMITTED FS	DISCREPANCY	REASONS FOR DISCREPANCY
Cash and Other Cash Item	P	58,589,300	P 58,589,300	P -	
Due from Bangko Sentral ng Pilipinas		414,301,058	414,301,058	-	
Due from Other Banks		1,188,805,421	1,188,805,421	-	
Loans and Receivables		5,271,468,635	5,271,468,635	-	
Available for sale financial assets		14,726,600	14,726,600	-	
Debt securities measured at amortized cost		416,544,759	416,544,759	-	
Accrued Interest Income from FA		3,353,699	3,353,699	-	
Bank premises, furniture, fixtures and equipment, net		119,616,897	119,616,897	-	
Investment Properties and Real and Other Properties Acquired		63,519,029	63,519,029	-	
Sales Contract Receivable		21,571,047	21,571,047	-	
Other Assets		23,508,466	23,508,466	-	
		7,596,004,911	7,596,004,911	P -	Net effect of adjustments
Deposit Liabilities	P	5,859,750,286	5,859,750,286	P -	
Accrued Expenses, taxes and other Expenses		56,783,156	56,783,156	-	
Other Current Liabilities		391,206,130	391,206,130	-	
Total Liabilities		6,307,739,572	6,307,739,572	-	
Total Stockholders' Equity		1,288,265,340	1,288,265,340	-	
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	P	7,596,004,911	P 7,596,004,911	P -	Net effect of adjustments
Total Gross Income	P	541,947,170	P 541,947,170	P -	
Total Expenses		329,910,982	329,910,982	-	
NET INCOME AFTER TAX	P	212,036,188	P 212,036,188	P -	Net effect of adjustments

